



U.S. Department of Energy
Office of Inspector General
Office of Audits and Inspections

Audit Report

Follow-up Audit on Term Assignments of Contractor Employees

DOE/IG-0890


July 2013



Department of Energy
Washington, DC 20585

July 2, 2013

MEMORANDUM FOR THE SECRETARY

FROM: 
Gregory H. Friedman
Inspector General

SUBJECT: INFORMATION: Audit Report on "Follow-up Audit on Term Assignments of Contractor Employees"

BACKGROUND

The Department of Energy frequently assigns facility contractor personnel to the Washington, DC, area on a temporary basis when program officials consider it necessary to obtain technical expertise not available locally. Commonly referred to as term assignments, the estimated cost of all such assignments for Fiscal Year (FY) 2012 was over \$37 million, all of which was reimbursed by the Department. In accordance with Department Order 350.2B, Federal officials authorizing such assignments are required to ensure that costs for assignees are reasonable when compared to other means of acquiring the necessary knowledge and experience.

Our 2005 report on *Management of Facility Contractors Assigned to the Washington, DC Area* (DOE/IG-0710), identified issues related to term assignments such as insufficient justifications, excessive moving and temporary living expenses for some employees, and, inconsistent dislocation allowances¹ paid to employees by different contractors. The audit further identified an average annual cost of \$247,000 per employee, including employee salaries and other expenses related to the term assignment. The Department pledged to address the concerns raised in our 2005 report. Given the importance of fiscal responsibility in the current economic climate, this audit was initiated to determine whether the Department had effectively implemented the recommendations made in the prior audit and whether adequate controls were in place for the management and oversight of term contractor employees assigned to the Washington, DC, area.

RESULTS OF AUDIT

The Department's management of term assignments had improved since the 2005 report. However, additional opportunities exist to enhance the effectiveness and reduce the cost of the program. Specifically:

- Some allowances appeared excessive. For example, in about one-third of the cases reviewed, contractor term assignees received \$230,000 in relocation payments as well as extended per diem allowances. We found this practice to be unreasonable, although its use was clarified in subsequent Department policy guidance.

¹ Dislocation allowances include temporary living allowances, shipment of household goods, and provisions of premium locality pay.

- Employee allowances varied significantly between the facility contractors providing term assignees. Notably, maximum annual per diem amounts authorized by contractors for each term assignment employee varied from \$59,556 to \$81,215, a difference of \$21,659 per individual.
- A cost analysis, specifically required by existing Department policy, had not been conducted to determine whether cost effective alternatives to term assignments were available.

The issues we discovered occurred, in part, because of inadequate controls and management oversight. For example, the Department lacked adequate guidance for administering the program in that it had not established complex-wide standards for term assignment allowances. From a managerial perspective, the requirement for cost comparisons was not enforced. In addition, actual costs were not tracked or reviewed to ensure that they were reasonable and in line with original estimates.

As a result of these lapses, the Department lacked assurance that the cost of technical and program support provided by the facility contractor personnel assigned to Washington was both reasonable and necessary and that this approach was the most efficient, least expensive means of obtaining needed skills. Furthermore, inconsistencies in the dislocation allowances authorized by site contractors likely resulted in unreasonable and unnecessary costs to the Department. To put this matter in some perspective, we found that the average annual cost per term assignee in FY 2011 for the five sites reviewed was over \$306,000, an increase of approximately \$59,000 since our 2005 report.

During FY 2011, the National Nuclear Security Administration (NNSA) took action to improve controls over term assignments. NNSA managed sites are now required to adhere to an NNSA Supplemental Directive that clarifies the amounts and types of allowances permitted for assignees. Further, during the latter stages of our audit field work and subsequent to our May 2012 Management Alert on *Extended Term Assignments at Princeton Plasma Physical Laboratory* (DOE/IG-0864), the Department issued an Acquisition Letter on Contractor Domestic Extended Personnel Assignments. This policy set up many of the same cost restrictions that are in NNSA's Supplemental Directive. We noted that had all of the sites included in our review consistently applied per diem and relocation allowances limited to the amounts allowed by these recent directives, the Department could have reduced costs by nearly \$500,000 annually for just the individuals included in our audit.

Controlling costs and conserving taxpayer-provided resources is especially critical during these tight economic times. As such, we have made several recommendations designed to aid the Department in reducing its support costs for contractor assignees to the Washington, DC, area.

MANAGEMENT COMMENTS

Management concurred with the report's recommendations and identified actions it had taken or planned to address our recommendations and to improve management of term assignments to the Washington, DC, area. Management comments are included in their entirety in Appendix 3.

Attachment

cc: Deputy Secretary
Acting Under Secretary of Energy
Acting Under Secretary for Science
Acting Under Secretary for Nuclear Security
Chief of Staff
Director, Office of Science
Director, Office of Management

REPORT ON FOLLOW-UP AUDIT ON TERM ASSIGNMENTS OF CONTRACTOR EMPLOYEES

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FOLLOW-UP AUDIT ON TERM ASSIGNMENTS OF CONTRACTOR EMPLOYEES

Term Assignments of Contractors

To its credit, the Department of Energy (Department) took actions to correct some of the issues identified in our 2005 report, *Management of Facility Contractors Assigned to the Washington, DC Area* (DOE/IG-0710, November 2005). In May 2011, the Department issued Department Order 350.2B, *Use of Management and Operating or Other Facility Management Contractor Employees for Services to DOE in the Washington, DC Area*, requiring program offices to, among other things, identify the number of term assignments needed each year. Organizations were required to develop staffing plans and justify the need for each assignment. To supplement Department Order 350.2B, the National Nuclear Security Administration (NNSA) issued Supplemental Directive 350.2 to ensure that NNSA Program Offices consistently evaluated the allowability, reasonableness and allocability of costs for all individuals on assignment. Furthermore, in October 2012, during our audit, the Department took action to improve this program by issuing a new Acquisition Letter on Contractor Domestic Extended Personnel Assignments. This new Acquisition Letter provides further guidance on dislocation allowances for these assignments. The Department also took action to discontinue dislocation reimbursements, funds paid to compensate assignees for travel and relocation to the new duty station when the term assignment exceeded the 3-year limit established by Department Order 350.2B.

Management of Term Assignments

While the Department's management of term assignments has improved since the issuance of our 2005 report, additional action is needed. Based on our review of the 96 contractor employees from five Department laboratories that were assigned to the Washington, DC area, for Fiscal Year (FY) 2011, we determined that many of the problems disclosed in our previous report persisted. Specifically, we found that some dislocation allowances appeared to be excessive and continued to vary significantly between the laboratory contractors providing term assignees. We also found that cost comparisons and alternatives analyses were not thoroughly performed.

Payment of Dislocation Allowances

We found that some dislocation allowances paid to employees on term assignment to the Washington, DC, area appeared to be excessive. Specifically, our test of relocation costs and per diem allowances at five sites revealed:

- Twenty-seven instances in which site contractors paid a total of over \$230,000 in relocation allowances to employees temporarily assigned to the Washington, DC, area and also paid extended per diem allowances.
- Twenty-five instances in which employees on term assignment were provided a total of over \$27,000 in per diem allowances, including lodging for business travel from Washington, DC, to their permanent duty station at the same time they had received per diem for their temporary assignment to Washington, DC.

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- Fourteen instances, totaling over \$61,000, in which contractors had paid employees on term assignment per diem allowances that exceeded the sites' established per diem limits.

Relocation allowances for the shipment of household goods, travel of family members, temporary storage of property, and property management services were paid to temporarily assigned employees, even though some employees were also paid extended per diem for these assignments. For example, in one instance, an individual received over \$37,000 to relocate in July and August 2011, and also received per diem of over \$65,000 during the year. Five other term contractors received over \$2,100 for trips to their permanent duty stations, while also receiving extended per diem for their stay in the Washington, DC, area. In addition, we noted that while each of the sites had policies that included limits on the amount of per diem employees on assignment were allowed to be paid, three sites either did not always follow their own policies or at times used incorrect per diem rates. Consequently, these sites paid per diem allowances that exceeded their established limits.

Further, the five sites included in our review had authorized different dislocation allowances for employees on term assignment, resulting in a wide range of annual dislocation costs between sites. For example, in FY 2011, Sandia National Laboratories (Sandia) authorized dislocation allowance payments per individual up to \$81,215, while Pacific Northwest National Laboratory (Pacific Northwest) authorized up to \$59,556, a difference of more than \$21,000. We observed that two sites paid employees-on-assignment differing percentages of the General Services Administration's (GSA) approved per diem rate, which includes lodging, meals and incidental expenses. The three remaining sites paid assigned employees differing percentages of only the GSA-approved lodging rates. Additionally, two sites also included compensation in their per diem payments to offset taxes that were applied to the employee's per diem. For instance, Pacific Northwest paid its term assignment employees 85 percent of lodging, while Sandia compensated 55 percent of lodging, meals and incidental expenses, plus compensation to offset taxes on per diem. We also found that three of the five sites reviewed provided more than half of their combined term assignees with a cost of living adjustment of approximately 10 percent of their annual salary base. Officials at one of the sites stated that the salary adjustment was provided because the term assignees took on additional responsibilities.

Cost Comparisons and Alternatives

Programs were not able to demonstrate in writing that required cost comparisons had been performed. Department Order 350.2B states that sponsors must determine in writing, for each assignment, that "Technical expertise or experience critical to the program is neither available within the program or site office and costs are reasonable when compared to other types of contracts." The majority of the justifications we reviewed described the need for the assignment and contained information relating to potential alternatives and cost justifications. However, the information provided was vague and did not provide specific examples of alternatives evaluated or show calculated cost alternatives to prove that the term assignment was the most efficient means of obtaining the required skills and knowledge. For example, at one site we found several assignees whose justifications had nearly identical language. These justifications stated that the program had made a considerable investment to develop a Washington, DC-based, analytical

capability provided by the site and finding adequate substitutes with the appropriate technical expertise would take time and resources. Program officials were unable to provide any additional information to demonstrate in writing what alternatives were considered and, comparatively, how costs were reasonable. While some program officials stated they conducted cost comparisons and looked for alternatives, they did not document the results of their analyses, as required by Department Order 350.2B. In addition, some program officials informed us that they did not always conduct cost comparisons.

Guidance, Oversight and Monitoring

These problems occurred, in part, because the Department did not provide adequate and timely guidance to effectively control dislocation costs. In addition, the Department did not provide sufficient oversight to ensure cost comparisons were performed and alternatives were considered. Furthermore, the facility contractor database used by program officials to monitor term assignments was incomplete, inaccurate, and did not track the actual costs of term assignments.

Guidance

The Department had not provided adequate and timely guidance to effectively control dislocation allowances associated with contractor employee term assignments. Department Order 350.2B details requirements for the written justification of contractor term assignments, but provides only general guidance on managing dislocation costs associated with these assignments. In contrast, both NNSA's recently issued Supplemental Directive, which was implemented after the period covered by our audit, and the Department's Acquisition Letter on Contractor Domestic Extended Personnel Assignments, issued during the course of our audit in October 2012, include specific standards to assist its program offices in evaluating dislocation allowances. For instance, the Supplemental Directive requires term assignees to be reimbursed either as a Temporary Change of Station or Extended Travel Duty. Specific guidance within these two term assignment categories limits the assignee to receive either temporary relocation payments or extended per diem, but not both. In Temporary Change of Station status, the employee is considered temporarily relocated. Relocation expenses are allowable and payments for per diem and personal travel to the employee's home location are unallowable. In Extended Travel Duty status, the employee is considered in travel status. Reduced per diem payments (55 percent of the GSA rate for Washington, DC) are allowable and payments for relocation expenses and per diem for employee trips home are unallowable. We believe that many of the issues we observed would be corrected if these new policies are fully implemented.

Oversight

In addition, the Department did not provide sufficient oversight to ensure cost comparisons were performed and alternatives were considered, as required by Department Order 350.2B. Specifically, program office review and authorization of term assignment justifications did not include a detailed review of cost comparisons to ensure that they were properly performed and alternatives to contractor term assignments were given reasonable consideration. Thus, program officials could not establish that the term assignment was the most efficient means of obtaining the required skills and knowledge.

Program Monitoring

Furthermore, the Office of Management's Department Management and Tracking System (DMATS), a tool used by program officials to monitor term assignments, was incomplete, inaccurate and did not track the actual costs of term assignments. Specifically, our review of DMATS as of February 29, 2012, disclosed that 9 term assignments were inappropriately included in the database and 41 were missing. An inaccurate and incomplete data source increases the risk that justifications for all term assignments are not completed and assignment lengths are not tracked. Additionally, DMATS only tracked the estimated monthly cost for each term assignment, and did not track actual costs to ensure that costs were reasonable and in line with original estimates.

Opportunities for Improvement

Without improvements in the administration of term assignments, Department management cannot be assured that it is making the most cost effective use of its limited resources. Specifically, in the absence of effective cost comparisons and full consideration of alternatives to contractor term assignments, the Department is at risk of using term assignments when more efficient, less expensive means of obtaining needed skills and knowledge may be available. Furthermore, inconsistencies in the dislocation allowances authorized by site contractors likely resulted in unreasonable and unnecessary costs to the Department. Maximum annual per diem amounts authorized by contractors varied significantly, ranging from \$59,556 to \$81,215, a difference of \$21,659 per term assignment employee. In FY 2011, had sites consistently applied per diem and relocation allowances limited to the amounts allowed by the recently issued NNSA Supplemental Directive and the Department's Acquisition Letter, the Department would have reduced costs by nearly \$500,000 for just the individuals included in our audit.

RECOMMENDATIONS

To strengthen controls over facility contractor term assignments to the Washington, DC, area, we recommend that the Director, Contract and Financial Assistance Policy, in conjunction with the NNSA Principal Deputy Administrator and cognizant program secretarial officers:

1. Ensure complete and timely implementation Department-wide, of NNSA's Supplemental Directive 350.2 and the Department's Acquisition Letter on Contractor Domestic Extended Personnel Assignments for evaluating the allowability, reasonableness, and allocability of dislocation allowances provided to term assignees by the Department's facility contractors; and
2. Improve the term assignment tracking system's accuracy and capability to track the length and actual cost of assignments.

We further recommend that the NNSA Principal Deputy Administrator and cognizant program secretarial officers:

3. Ensure that cost comparisons are sufficient to properly determine reasonableness of costs and availability of alternate sources.

MANAGEMENT REACTION

Department and NNSA management generally concurred with the report's recommendations. The Office of Acquisition and Project Management agreed the Department needs to maintain control over term assignments to Washington, DC, and stated that it will redistribute the Acquisition Letter to authorized users of the DMATS to ensure organizational cognizance and required use of the guidance. It also agreed that DMATS accuracy needs improvement and that it will initiate quarterly DMATS notifications to ensure accuracy of records. However, the Office of Acquisition and Project Management did not agree that "active" records should or can include actual length and cost data.

NNSA noted that it has implemented the NNSA Supplemental Directive 350.2 and the Department's Acquisition Letter on Contractor Domestic Extended Personnel Assignments into all NNSA current management and operating contracts. In addition, NNSA agrees that information in DMATS can be improved and will support the Department in their effort to enhance the system. In the interim, NNSA has created a requirement in the Supplemental Directive directing management and operating contractors to complete and submit an annual report detailing the costs for all assignments to the Washington, DC, area, including the actual cost of previous fiscal year assignments. Finally, NNSA felt that a qualifying sentence should be added to clarify the difference between dislocation costs at Sandia and Pacific Northwest.

AUDITOR COMMENTS

Management's corrective actions, planned and taken, are responsive to our recommendations. As to the areas in which the Office of Acquisition and Project Management expressed concern, we determined that sponsors can calculate the actual cost of each term assignment for the fiscal year and input that data into DMATS prior to fiscal year-end closeout. Because estimated costs for each assignment are already posted to DMATS, this would allow the organizations to see how actual costs compare to estimated costs each fiscal year. As previously noted, NNSA has already created a requirement for their contractors to complete and submit an annual report detailing the costs for all assignments to the Washington, DC, area, including the actual cost of previous fiscal year assignments. With regard to the sentence clarification suggested by NNSA, our report already states that Sandia and Pacific Northwest include different components in their authorized dislocation costs, which accounts for the differences in costs between the sites. Thus, we do not believe additional language is necessary. Management's comments are included in their entirety in Appendix 3.

Appendix 1

OBJECTIVE

To determine whether the Department of Energy (Department) has effectively implemented the recommendations made in the prior audit and whether adequate controls are in place for the management and oversight of term contractor employees assigned to the Washington, DC, area.

SCOPE

This audit was conducted between January 2012 and June 2013, and included all term contractors assigned to the Washington, DC, area from Sandia National Laboratories, Pacific Northwest National Laboratory, Argonne National Laboratory, Idaho National Laboratory, and Los Alamos National Laboratory in Fiscal Year (FY) 2011 and FY 2012.

METHODOLOGY

To accomplish our audit objective, we:

- Judgmentally selected five of the nine Department sites listed in DMATS in February 2012, for review of their term assignments, based on their greater number of assignments. Because we reviewed a judgmental sample, the results are not projectable and are limited to the contractor term assignments for those sites selected.
- Reviewed applicable laws and regulations pertaining to facility contractor assignments to the Washington, DC, area.
- Reviewed prior reports issued by the Office of Inspector General.
- Reviewed program staffing plans and discussed the staffing plans with program offices.
- Obtained listings of current assignments to the Washington, DC, area from five of the Department's laboratories and compared those listings to the Department's Management and Tracking System.
- Obtained and reviewed policies and supporting documents related to dislocation allowances provided to selected employees at the five laboratories.
- Obtained and reviewed assignment justifications and cost analyses for technical employees at five sites.
- Discussed processes for assigning facility contractors to the Washington, DC, area with program officials and contractors.

We conducted this performance audit in accordance with generally accepted Government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions

Appendix 1 (continued)

based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective. Accordingly, the audit included tests of controls and compliance with laws and regulations necessary to satisfy the audit objective. In particular, we assessed compliance with the *GPRA Modernization Act of 2010* and found that performance measures had not been established. Because our review was limited, it would not necessarily have disclosed all internal control deficiencies that may have existed at the time of our audit. We did not rely on computer-processed information to achieve our audit objective.

Management waived an exit conference on June 12, 2013.

PRIOR REPORTS

- Audit Report on [*Management Alert on "Extended Assignments at Princeton Plasma Physics Laboratory"*](#) (DOE/IG-0864, May 2012). We found that the Department of Energy (Department) reimbursed Princeton Plasma Physics Laboratory \$1.04 million for lodging subsidies incurred by two employees who were on extended assignments – 14 years in one case and 9 years in the other. While existing Laboratory policy permitted temporary assignments, the duration of these particular assignments appeared to be excessive and inconsistent with Department policies that we used for benchmarking purposes. Consequently, we considered these costs to be unreasonable, and, as a result, we questioned their allowability.
- Audit Report on [*Management of Facility Contractors Assigned to the Washington D.C. Area*](#) (DOE/IG-0710, November 2005). Although required by Department Order 350.2A, *Use of Management and Operating or Other Facility Management Contractor Employees for Services to DOE in the Washington, DC Area*, justifications as to the need for and duration of assignments had not been prepared or were inadequate for the 30 employees included in our sample, assignments were routinely extended beyond the one-year threshold, and moving and other temporary living allowances paid to assignees varied significantly from contractor to contractor and, in some cases, appeared excessive. Management committed to changes needed to improve the quality and accuracy of reporting and initiated action to improve oversight and approval controls.
- Audit Report on [*Audit of Facility Contractor Employee Assignments by Energy Efficiency and Renewable Energy*](#) (OAS-L-04-07, December 2003). The Office of Energy Efficiency and Renewable Energy (EERE) and the National Renewable Energy Laboratory (NREL) had not followed requirements for assigning facility contractor employees to the Washington, DC, area. Specifically, EERE assigned seven facility contractor employees to Headquarters, but did not notify the Department or include them in the facility contractor database; and despite strict prohibitions to the contrary, NREL procured the technical services of a facility contractor employee on EERE's behalf and assigned the individual to Washington, DC. By not ensuring that the Department was fully informed about the number of contractor employees assigned to Headquarters, EERE placed the Department at risk of exceeding the Congressional ceiling on the assignment of such employees.
- Audit Report on [*Follow-Up Audit on the Department's Management of Field Contractor Employees Assigned to Headquarters and Other Federal Agencies*](#) (OAS-L-03-03, December 2002). The Department had improved its management and use of field contractors assigned to Headquarters and had taken corrective actions that satisfy the intent of the recommendations outlined in the prior audit reports. However, the report noted that enhancements to the Department's Facility Contractor Employee Database were needed to make it more useful to Headquarters Program elements. Specifically, the database lacked the data needed to ascertain total program funding requirements. For

Appendix 2 (continued)

example, the database could not identify funding levels for employees that were funded by multiple programs; instead, multi-funded employees were recorded under only one sponsor.


- Audit Report on [*Audit of the Department of Energy's Management of Field Contractor Employees Assigned to Headquarters and Other Federal Agencies*](#) (DOE/IG-0414, December 1997). The Department did not effectively manage the use of field contractor employees assigned to Headquarters and other Federal agencies. Specifically, the Department was unable to identify all contractor employees assigned to the Washington, DC area or determine the total cost of maintaining them. Additionally, several of the Department's contractors had assigned their employees to work in other agencies without receiving full reimbursement for their services. The audit further identified over 800 field contractor employees working in the Washington, DC, area, while Procurement's database reported just over 400. The report also noted that the Department did not fully implement the corrective actions it agreed to in the prior audit report.
- Audit Report on [*Audit of The Department of Energy Program Offices' Use of Management and Operating Contractor Employees*](#) (DOE/IG-0392, July 1996). The Department did not effectively manage the use of field contractor employees assigned to Headquarters and other Federal agencies. Specifically, 378 laboratory employees were assigned to the Washington, DC, area for periods of 6 months or longer. In addition, these employees worked on projects that have the potential to impact their laboratory employers. As a result, laboratory contract employees were involved in programmatic and policy areas in which real or perceived conflicts may exist between their official duties and the tasks they assume when serving the Department program offices. Further, the Department may be augmenting its Federal workforce in a way that might not be cost-effective and consistent with its staffing objectives.



Department of Energy
Washington, DC 20585

May 28, 2013

MEMORANDUM FOR GREGORY H. FRIEDMAN
INSPECTOR GENERAL

FROM: PAUL BOSCO 
DIRECTOR
OFFICE OF ACQUISITION
AND PROJECT MANAGEMENT

SUBJECT: Draft Report on "Follow-up Audit on Term Assignments of
Contractors"

The Office of Acquisition and Project Management (APM) has reviewed the subject draft report (attached) and has the following general comment:

General Comment: APM agrees the Department needs to maintain control over facility contractor term assignments to Washington, D.C. Control over these assignments is the responsibility of the sponsoring program. The report identified the issuance of the National Nuclear Security Administration's (NNSA) supplemental directive and the Department's recent issuance of Acquisition Letter (AL-2013-01) dated October 18, 2012. As reported, these documents were issued to establish more specific Department-wide guidance and cost limitations. The AL, in conjunction with DOE Order 350.2B, provides guidance on approving assignments and determining the allowability of costs for these assignments. Program offices are expected to use the guidance to evaluate assignments based on these requirements including reasonableness of dislocation allowances plus the justification, approval and monitoring to DOE organizations sponsoring assignments.

Specifically the Inspector General (IG) included the following: To strengthen controls over facility contractor term assignments to the Washington, D.C. area, we recommend that the Director, Contract and Financial Assistance Policy, in conjunction with the NNSA Principal Deputy Administrator and Cognizant Program Secretarial Officers:

Recommendation 1: *Ensure complete and timely implementation Department-wide, of NNSA's Supplemental Directive 350.2 and the Department's Acquisition Letter on Contractor Domestic Extended Personnel Assignments for evaluating the allowability of reasonableness, and allocability of dislocation allowances provided to term assignees by the Department's facility contractors.*



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Management Response: Concur in principle:

APM concurs with the recommendation and supports the timely implementation of the Acquisition Letter dated October 18, 2012. The AL was effective upon issuance and will be redistributed to authorized users of Department's Management and Tracking System (DMATS) to ensure organizational cognizance and required use of the guidance. The guidance must be included in assignment review and approval procedures that, per Department of Energy (DOE) Order 350.2B paragraph 5.c, are the responsibility of sponsoring organizations.

Recommendation 2: Improve the term assignment tracking system's accuracy and capability to track the length and actual costs of assignments.

Management Response: Concur in principle:

APM agrees that DMATS accuracy needs improvement and will initiate quarterly DMATS notifications to organizations sponsoring assignments to ensure completeness and accuracy of their records, in accordance with DOE policy. We do not agree that "active" records should or can include actual length and cost data. Final or "actuals" are unknown until completion of the assignment. DMATS was implemented to track "active" assignments records that, upon completion, are deleted from the system. Decisions to collect and use actual data should be made at the discretion of assignment sponsors. Records should reflect most recent data available e.g., following annual reassessments of assignments per the DOE order.

We further recommend that the NNSA Principal Deputy Administrator and Cognizant Program Secretarial Officers:

Recommendation 3: Ensure that the cost comparisons are sufficient to properly determine reasonableness of costs and availability of alternative sources assignments.

Management Response: Concur:

The recommendation is consistent with current policy requirements. Included in APMs quarterly notification, assignment sponsors will be reminded of the importance of conducting comprehensive assessments of costs and availability of alternative sources prior to approving assignments. The level of detail of information required for these determinations is at the discretion of the organization providing funding. While it has been suggested that improvements can be made, we note there were no references to assignments being approved in the absence of such considerations.

Attachment



**Department of Energy
National Nuclear Security Administration**
Washington, DC 20585



May 30, 2013

MEMORANDUM FOR RICKEY R. HASS
DEPUTY INSPECTOR GENERAL
FOR AUDITS AND INSPECTIONS
OFFICE OF INSPECTOR GENERAL

FROM: CYNTHIA LERSTEN
ASSOCIATE ADMINISTRATOR
FOR MANAGEMENT AND BUDGET

SUBJECT: Comments on the Office of Inspector General Draft Report Titled
"Follow-up Audit on Term Assignments of Contractors"
(A12GT013/2011-03429)

Thank you for the opportunity to review and comment on the subject draft report. The National Nuclear Security Administration (NNSA) appreciates the Office of Inspector General's (IG) efforts and its recognition of the actions we have taken to improve controls over term assignments.

The report provides three recommendations to further strengthen controls over facility contractor term assignments to the Washington, DC area. NNSA agrees with the recommendations, and the attachment to this memorandum identifies the actions we have taken and plan to take to address the IG's findings. If you have any questions regarding this response, please contact Dean Childs, Director, Audit Coordination and Internal Affairs, at (301) 903-1341.

Attachment



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