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United States Government

Department of Energy

memorandum

DATE: September 24, 2004

Audit Report Number: OAS-L-04-24

REPLY TO

ATTN OF: IG-35 (A04AL004)

SUBJECT: Audit Report on "The National Nuclear Security Administration's Secure Transportation Asset Program"

TO: Deputy Administrator for Defense Programs, National Nuclear Security Administration

INTRODUCTION AND OBJECTIVE

The Secure Transportation Asset (STA) program provides the safe and secure transport of nuclear weapons, components, and materials to meet projected Department of Energy (DOE), Department of Defense, and other customer requirements. Several DOE and National Nuclear Security Administration (NNSA) programs are dependent on this capability to achieve short- and long-term national security goals. The objective of this audit was to determine whether STA is able to meet projected customer requirements.

CONCLUSIONS AND OBSERVATIONS

Although STA is able to meet current workload, we are concerned with the significant gap between customer planned shipments and their actual performance. Additionally, there is a risk that STA may not meet projected workload requirements. However, there are several factors and processes in place that should help STA mitigate the possibility of not meeting its future customer requirements. Specifically, STA is hiring federal agents, procuring additional vehicles, and will have the ability to adjust overtime and workload to better accommodate shipping demands.

We noted a significant variance between customer planned performance and actual performance. For instance, of 87 packages Environmental Management (EM) planned to ship in April 2004, not a single package was moved. Additionally, during the time period October 2003 through June 2004, STA customers, including EM, projected they would ship approximately 5,500 packages. However, about 4,100 packages were actually shipped. Since STA is challenged with matching its resources to the needs of its customers, the gap between projected and actual workload must be resolved. If the gap is not resolved, STA may not be able to efficiently react and respond to not only the projected work but also the unexpected and unforeseen workload requirements.

Agent Availability

There is a risk that STA may not meet projected workload because agent availability hours are less than the projected workload demand. In Fiscal Year (FY) 2005, customers are projecting a workload of 489,731 hours, while STA will only have approximately 419,520 available agent hours. In FY 2006 the same scenario will occur, as projected workload will be 510,411 hours, and agent availability hours will only be 434,759.

STA has been able to meet its current workload because actual workload has been less than projected workload. For instance, during the time period October 2003 through July 2004, 41 Transportation Shipping Requests never materialized due to customer cancellations or the customers not having the material ready for shipment. An STA official explained that in one instance the customer canceled a shipment the morning the shipment was to occur. However, STA officials did state that if all projected workload materialized, STA would not be able to meet the current workload.

Mitigating Factors and Processes

While the agent workforce is the limiting factor to meeting the projected workload, STA is recruiting new agents to meet the workload demand. Each year, STA conducts two recruitment classes with a goal of 40 recruits per class. STA has yet to meet this goal, but continues to recruit new agents to eventually meet the workload demand. The overall goal is to achieve an agent workforce of 420 by FY 2008.

In addition to recruiting new agents, STA is also procuring additional vehicles to increase its fleet size to meet future workload. STA is working to increase its Safeguard Transporters, and working to replace escort vehicles and armored tractors. STA plans to achieve a Safeguard Transport fleet size of 51 in FY 2011, replace their aged escort vehicles during FY 2006, and receive their last replacement of armored tractors at the end of FY 2004, which will assist in meeting projected workload demand.

Although STA plans to reduce overtime, the hiring of additional agents will allow STA the flexibility to adjust overtime as the workload dictates. STA's current overtime target is 900 hours per agent per year with the present staffing level. However, as it hires agents, the long-term goal is 600 hours of overtime per agent per year. This will allow STA the capability to adjust overtime as needed.

The Secure Transportation Asset Advisory Board (Board) and the Secure Transportation and Packaging Steering Committee (Committee) were created to resolve shipping conflicts using prioritization guidelines. The Board and Committee will:

- Resolve conflicts created by priority use of the STA;
- Review schedules and long-range workload projections; and,
- Review manpower and resource capabilities.

To date, the Board has not been challenged with resolving conflicts between competing programs' shipping priorities. However, as unpredictable events may affect future shipping requirements, we believe the assistance of the Board and Committee will enable STA to better meet DOE and other customer requirements.

SCOPE AND METHODOLOGY

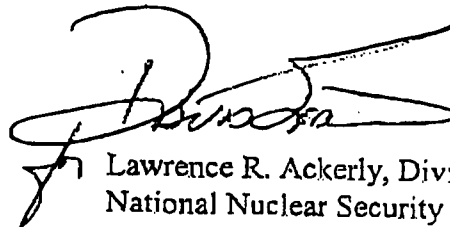
The audit was performed from June 16, 2004 to August 24, 2004 at NNSA Headquarters, Washington, D.C.; DOE, Germantown, MD; and the Secure Transportation Asset, Albuquerque, NM. Although we gathered data on STA's customers, we did not audit those customers.

To accomplish the audit objective, we:

- Reviewed projected workload requirements for STA through FY 2010;
- Evaluated STA's agent recruitment plans and vehicles procurement plan;
- Interviewed STA personnel and STA customer personnel;
- Observed the Committee's quarterly meeting for 4th quarter FY 2004; and,
- Determined whether STA would be able to meet projected workload requirements.

The audit was performed in accordance with generally accepted Government auditing standards for performance audits and included tests of internal controls and compliance with laws and regulations to the extent necessary to satisfy the audit objective. 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 relied on information processed on automated data processing equipment to accomplish our audit objective, and therefore we verified the validity of the automated data processing systems.

Since no recommendations are being made in this Letter Report, a formal response is not required. We appreciate the cooperation of your staff during the audit.



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cc: Director, Policy and Internal Controls Management, NA-66
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