



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

Management Alert

Purchase of Computers for the U.S.
Department of Agriculture Forest
Service at the Savannah River Site



Department of Energy
Washington, DC 20585

March 23, 2012

MEMORANDUM FOR THE MANAGER, SAVANNAH RIVER OPERATIONS OFFICE

A handwritten signature in blue ink, appearing to read "Rickey R. Hass".

FROM: Rickey R. Hass
Deputy Inspector General
for Audits and Inspections
Office of Inspector General

SUBJECT: INFORMATION: Management Alert on "Purchase of Computers for the U.S. Department of Agriculture Forest Service at the Savannah River Site"

IMMEDIATE CONCERN

In October 2011, the Office of Inspector General received a complaint that the U.S. Department of Agriculture Forest Service - Savannah River (Forest Service) had purchased a number of computers under its Interagency Agreement (Agreement) with the Department of Energy's Savannah River Operations Office (SRO) that were not placed into use. The complaint also alleged that the computers were being stored in a manner that left them vulnerable to theft or misuse.

We confirmed the existence of 17 Hewlett-Packard (HP) desktop computers that had been purchased in September 2010, by the Forest Service with SRO funds, with the intention of connecting the computers to the Savannah River Site (SRS) network. One of the 17 computers had been placed into use, while the other 16 were being stored in an SRS office building. In fact, 14 of the 16 unused computers were in unopened boxes. We also substantiated that the computers were not stored in a secure location, making them vulnerable to theft or diversion. Furthermore, we determined that, contrary to property management guidelines, none of the computers had been recorded in a property accountability system. Because the computers remain vulnerable to theft, and in light of the property control weaknesses identified, we are bringing this matter to your attention in the form of a management alert.

BACKGROUND

In 1990, SRO entered into the Agreement with the Forest Service to conduct a natural resource stewardship program at SRS. Under the terms of the Agreement, allowable costs to be reimbursed by SRO include all reasonable and allocable expenditures incurred by the Forest Service in performance of the defined scope of work. Accordingly, SRO reimburses the Forest Service quarterly for all allowable costs incurred.

The Forest Service retains title to property purchased with funds provided by SRO until the Agreement is terminated or expires, at which time the title would transfer to SRO. Also, per the

Agreement, excess SRO equipment and property shall be turned in for disposal through SRO's authorized Asset Management Specialist. In February 2011, the Agreement was modified to specifically address computer purchases. The amended Agreement stated that Forest Service procured computers requiring site network access will be titled to SRO in order to maintain security control of the items, provide appropriate network capability and support Forest Service activities.

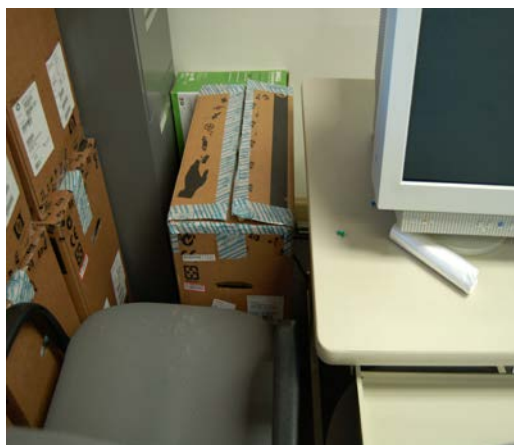
OBSERVATIONS AND CONCLUSIONS

We substantiated the allegation that 17 computers had been purchased in September 2010, 16 of which had not been placed into use. We observed a room containing 17 stacked boxes with identification stickers indicating the contents to be HP full-size desktop computers. Of the 17 computers, 14 were still in sealed boxes, but 3 had been opened. Of the three open boxes, two of the opened boxes contained computers, but one box was empty. We determined that the final computer was being used in another office in the same building.

Computers Stored in SRS Office



Opened Computer Box



We also substantiated the allegation that the computers were being stored in a largely unsecured area. We observed that the main entrance to the building that housed the computers had a cipher lock that was unlocked during business hours. The office containing the computers had exterior windows that opened and a door that was equipped with a lock, but was opened and unlocked. We made several visits to the storage location and each time found the building and the office containing the computers unlocked. However, while the building was not locked during the day, we verified that the building was secured after business hours.

We did not substantiate the allegation that the purchase of the computers represented a procurement irregularity or that the Forest Service ignored the computer specifications provided by SRO. We inquired of Forest Service and SRO personnel as to why the 17 computers in question had not been placed into service, as intended. According to Forest Service personnel, they have a blanket agreement to purchase computers from HP. Therefore, they coordinated with SRO Help Desk personnel to identify an HP model that met specifications for being

connected to the SRS network. Based on the recommendation of the Help Desk, the Forest Service placed the order for the 17 computers. However, when the computers arrived, Help Desk personnel determined that it would not be cost effective to connect all of the computers to the SRS network for the limited purposes intended. The Help Desk estimated that it would cost approximately \$300 monthly per computer to maintain network connectivity and the Forest Service only needed limited access to the internet and email. Therefore, the Help Desk recommended that a more cost-effective arrangement be pursued.

Essentially, the computers were set aside until a more cost-effective solution for network connectivity could be arranged. However, SRO Safeguards and Information Technology (IT) officials who are responsible for managing and overseeing SRS automated data processing and communications, to include identification of capability needs and acquisition of resources, informed us that the Forest Service had not coordinated the planned purchase of the computers with them. They noted that the Help Desk is not an authoritative source for managing and overseeing Forest Service activities. According to SRO Safeguards and IT management personnel, the alternative that is now being implemented to allow the computers to be placed on the SRS network was available in March 2010, about 6 months before the computers were acquired; but they were not consulted. This networking solution is less costly and will meet the Forest Service's needs. Accordingly, we determined that much of the delay appears to have occurred because the Forest Service's computer needs were not effectively communicated and coordinated with the appropriate SRO IT personnel to ensure that a timely, workable solution was arranged.

Property Management

In addition to the above issues, we determined that the computers did not have adequate property inventory controls, according to Department requirements. Specifically, although the computers were received in September 2010, only one of the 17 computers had been tagged, and none had been entered into SRO's property inventory system. Additionally, while one computer in an open box did have a Forest Service tag with the computer model and serial number, the tag did not have a Forest Service property number.

Upon receipt of the computers, the Forest Service had submitted paperwork to transfer the 17 computers to SRO, which would have caused the computers to be captured in SRO's property management system. Transfer of the computers to SRO was necessary in order to permit SRO personnel to install the standard site system configuration for network connectivity, since licensing agreements prohibit computers that are not in the SRO property management system from having the software installed. However, since the Help Desk determined that placing the computers on the network was not cost-effective and it was attempting to come up with a more cost-effective solution, the computers were set aside, and SRO never entered the items into its inventory.

The Agreement requires that property purchased with SRO funds by the Forest Service be managed in accordance with procedures established by Federal property management requirements, as implemented by Forest Service regulations. Forest Service property accountability personnel informed us that they do not categorize computers as sensitive

equipment and thus computers are not captured in the Forest Service property management system. However, the Agreement also requires the Forest Service to comply with Departmental Orders which includes computers as sensitive property. Specifically, Departmental Order 580.1, *Department of Energy Personal Property Management Program*, requires that equipment and sensitive items, to include computers, are numbered for control purposes and marked legibly, conspicuously and securely, using media such as bar code labels, decals and stamping.

Failure to properly tag and capture these computers in SRO's inventory prevents SRO from minimizing the risk of loss or theft of sensitive equipment.

RECOMMENDATIONS

We recognize that the Agreement was modified in February 2011, to address additional requirements for Forest Service computer purchases requiring site network access. However, we noted there was conflicting guidance in the Agreement and believe that additional measures are necessary to address the issues we have identified. Accordingly, we recommend that SRO coordinate closely with the Forest Service regarding IT equipment purchases to:

1. Ensure that the Forest Service is informed about the authoritative sources within SRO regarding computers and network connectivity issues;
2. Ensure that computers purchased with SRO funds are appropriately safeguarded by Forest Service employees; and,
3. Consider modifying the Agreement with the Forest Service to ensure that all sensitive property, purchased with SRO funds, is managed in accordance with the Department's implementation of Federal property management requirements, to include prompt inventory upon receipt and proper safeguarding.

MANAGEMENT REACTION AND AUDITOR COMMENTS

Site management did not take issue with the facts presented in the report and agreed with the resulting recommendation regarding the need for an effective protocol for coordination of computers and network connectivity issues between the Forest Service and SRO. However, management disagreed that the computers that were the subject of this review were Department owned property and subject to the Department's Personal Property Management Program.

Regarding Recommendation 1, management agreed with our recommendation to ensure that the Forest Service is informed about authoritative sources within SRO regarding network and connectivity issues. We consider management's planned action to be responsive to the intent of the recommendation.

Regarding Recommendation 2, while management agreed with our recommendation, it modified its response to the recommendation to state it would ensure that computers purchased with SRO funds "and require site network access" are appropriately safeguarded by Forest Service employees. However, this is a mandatory process that is currently being followed and is

required by site software licensing agreements for networked computers. As such, the planned action does not address our concerns over accountability for computers purchased with Department funds and in the possession of the Forest Service, but not requiring site network access. Therefore, we do not believe management's planned action is responsive to our recommendation.

Finally, regarding Recommendation 3, management disagreed that the computers, and generally speaking any personal property purchased by the Forest Service with Department funds under the Agreement, are subject to the Department's requirements for management of personal property. Rather, management indicated that such items are Agriculture personal property subject to its own property management controls unless formally transferred to the Department. Therefore, management sees no value added in requiring the Forest Service to operate under two personal property management systems. However, we noted that these computers were purchased using Department funds and are required, under the Agreement, to be returned to the Department when no longer needed, indicating the Department's responsibility to ensure appropriate final disposition of the property. As such, management should consider whether increasing accountability over these items of sensitive equipment is beneficial and could help reduce the risk of loss/theft.

cc: Deputy Secretary
Associate Deputy Secretary
Under Secretary for Nuclear Security
Senior Advisor for Environmental Management
Manager, Savannah River Site
Chief Financial Officer
Chief of Staff

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