



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

Inspection Report

Personal Property Management at Lawrence Livermore National Laboratory

INS-O-09-03


May 2009



Department of Energy
Washington, DC 20585

May 28, 2009

MEMORANDUM FOR THE ADMINISTRATOR, NATIONAL NUCLEAR
SECURITY ADMINISTRATION

FROM: 
Elise M. Ennis
Assistant Inspector General for Inspections

SUBJECT: INFORMATION: Inspection Report on "Personal Property
Management at Lawrence Livermore National Laboratory"

BACKGROUND

The Department of Energy's (DOE's) Lawrence Livermore National Laboratory (Livermore) is a premier research and development institution for science and technology supporting the core mission of national security. According to Livermore, as of November 2008 the Laboratory managed 64,933 items of Government personal property valued at about \$1 billion. At the beginning of Fiscal Year 2008, Livermore reported 249 DOE property items valued at about \$1.3 million that were missing, unaccounted for, or stolen during Fiscal Year 2007.

Livermore centrally tracks property utilizing the Sunflower Assets system (Sunflower), which reflects the cradle to grave history of each property item. Changes in the custodianship and/or location of a property item must be timely reported by the custodian to the respective property center representative for updating in Sunflower.

In Fiscal Year 2008, over 2,000 individuals were terminated as a result of workforce reduction at Livermore, of which about 750 received a final notification of termination on the same day that they were required to depart the facility. All of these terminations potentially necessitated updates to the property database, but the involuntary terminations had the potential to pose particular challenges because of the immediacy of individuals' departures.

The objective of our inspection was to evaluate the adequacy of Livermore's internal controls over Government property. Based upon the results of our preliminary field work, we particularly focused on personal property assigned to terminated individuals and stolen laptop computers.

RESULTS OF INSPECTION

We concluded that Livermore's internal controls over property could be improved, which could help to reduce the number of missing, unaccounted for, or stolen property items. Specifically, we found that:

- The location and/or custodian of approximately 18 percent of the property items in our sample, which was drawn from the property assigned to individuals terminated on short notice in 2008, was inaccurately reflected in Sunflower. The data in this system is relied upon for tracking purposes, so inaccurate entries could increase the probability of property not being located during inventories and, thus, being reported as "lost" or "missing." We believe that providing formal training to property custodians, which was not being done at the time of our inspection, could help improve this situation.
- Some property custodians were not adequately protecting their Government laptop computers when taking them offsite, and they were not held accountable for the subsequent theft of the laptops.

We made several recommendations to management intended to improve property controls at Livermore.

MANAGEMENT REACTION

In comments on a draft of this report, management agreed with the report and its recommendations. However, management's comments did not include planned corrective actions with target completion dates; therefore, a management decision is required. Management's comments are included in their entirety at Appendix C of the report.

Attachment

cc: Chief of Staff
Manager, Livermore Site Office
Director, Policy and Internal Controls Management (NA-66)
Director, Office of Internal Review (CF-1.2)
Audit Liaison, Livermore Site Office

PERSONAL PROPERTY MANAGEMENT AT LAWRENCE LIVERMORE NATIONAL LABORATORY

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Overview

INTRODUCTION AND OBJECTIVE

The Department of Energy's (DOE's) Lawrence Livermore National Laboratory (Livermore) is a premier research and development institution for science and technology supporting the core mission of national security. Livermore is managed and operated by Lawrence Livermore National Security for DOE's National Nuclear Security Administration.

As the site managing and operating contractor, Lawrence Livermore National Security is responsible for the efficient and economical management of Government personal property throughout its life cycle. According to a Livermore property management official, as of November 2008 Livermore managed 64,933 items of Government personal property valued at about \$1 billion. At the beginning of Fiscal Year (FY) 2008, based upon its wall to wall inventory, Livermore reported 249 DOE property items valued at about \$1.3 million that were missing, unaccounted for, or stolen during FY 2007.

Livermore centrally tracks property utilizing the Sunflower Assets system (Sunflower), which is a property management database common to several DOE facilities. Sunflower records the cradle to grave history of each property item. Each department at Livermore has a property center representative who maintains the database and performs associated administrative functions for that department. A property custodian name and a property location must be identified in order to enter information into Sunflower. Changes in the custodianship and/or location of a property item must be timely reported by the custodian to the property center representative for updating in Sunflower.

In FY 2008, over 2,000 individuals were terminated as a result of workforce reduction at Livermore, of which about 750 received a final notification of termination on the same day that they were required to depart the facility. All of these terminations potentially necessitated updates to the property database, but the involuntary terminations had the potential to pose particular challenges because of the immediacy of individuals' departures.

The objective of our inspection was to evaluate the adequacy of Livermore's internal controls over Government property. Based upon the results of our preliminary field work, we particularly focused on personal property assigned to terminated individuals and stolen laptop computers.

OBSERVATIONS AND CONCLUSIONS

We concluded that Livermore's internal controls over property could be improved, which could help to reduce the number of missing, unaccounted for, or stolen property items. Specifically, we found that:

- The location and/or custodian of approximately 18 percent of the property items in our sample, which was drawn from the property assigned to individuals terminated on short notice in 2008, was inaccurately reflected in Sunflower. The data in this system is relied upon for tracking purposes, so inaccurate entries could increase the probability of property not being located during inventories and, thus, being reported as "lost" or "missing." We believe that providing formal training to property custodians, which was not being done at the time of our inspection, could help improve this situation.
- Some property custodians were not adequately protecting their Government laptop computers when taking them offsite, and they were not held accountable for the subsequent theft of the laptops.

The Office of Inspector General (OIG) has conducted several reviews that identified weaknesses in property management at other DOE sites. These reports are listed in Appendix B.

Details of Findings

PROPERTY ACCOUNTABILITY

We found that the location and/or custodian of approximately 18 percent of the property items in our sample, which was drawn from the property assigned to individuals terminated on short notice in 2008, was inaccurately reflected in Sunflower.

Livermore's "Property Management Policies and Procedures" states that "The [property] custodian is responsible for knowing the location of the property and is accountable for its maintenance, condition, and physical security." In addition, custodians must timely inform their property center representative of property location and/or custodian changes, so the representative can update the property's information in Sunflower. We believe that this is of particular importance because the system is relied upon for tracking purposes, so items not being properly annotated in Sunflower could increase the probability of the property not being located during subsequent property inventories and, thus, being reported as "lost" or "missing."

To determine the accuracy of Sunflower data pertaining to the many recently terminated individuals, we sampled 125 property items assigned to 75 of the individuals who were given a final termination notification and were required to depart the facility on the same day. The 125 items, which included computers, cameras, and laboratory equipment, had been redistributed to new custodians. Using the data in Sunflower and with the assistance of property center representatives, we physically searched for the 125 property items. Of the 125 items, we could not immediately locate 22 items (about 18 percent) because changes in custodianship and/or property location had not been updated in Sunflower as required. We were unable to ascertain who was at fault for the erroneous information.

Several of the missing items were computers, some of which could only be located when the property center representatives electronically "pinged" the computers via the local network to determine their physical location since no one we interviewed had any knowledge as to their whereabouts. Ultimately, we were able to determine the physical location and custodianship of each of the 22 items and advised Livermore's property center representatives of the correct information.

We determined that Livermore does not provide formal training to property custodians on their responsibilities. We were told by a property management official that Livermore relies on property center representatives to informally train property custodians on their responsibilities. We believe that providing formal training to the custodians could help improve this situation.

STOLEN LAPTOPS

We found that some property custodians were not adequately protecting their Government laptop computers when taking them offsite, and they were not held accountable for the subsequent thefts of the laptops. DOE Order 580.1, "Department of Energy Personal Property Management Program," states that appropriate physical and administrative controls must be provided for sensitive property items, which include laptop computers. Livermore's property manual states that custodians must take reasonable measures to safeguard property against theft, loss, destruction, and damage. The manual also states that (1) a property custodian may be held financially liable for the repair or replacement of property that is lost, damaged, destroyed, or stolen as the result of willful misconduct or gross negligence by the property custodian and (2) individuals who engage in conduct prohibited by the Laboratory's property management policies are subject to "corrective action" up to and including dismissal.

During the course of our field work, we interviewed nine individuals who had reported their Government laptops stolen. Five said their laptops were stolen from their personal vehicles while offsite, and four of the individuals acknowledged that their laptops were clearly visible from outside their vehicles. They also acknowledged that, in hindsight, they should have better protected their laptops. We confirmed with the individuals that none of them had received any disciplinary action or were held financially liable for the stolen laptops.

RECOMMENDATIONS

We recommend the Manager, Livermore Site Office:

1. Ensures that Livermore's Sunflower database contains accurate information, so property can be readily tracked and located.
2. Ensures that Livermore establishes and provides property custodian training regarding roles and responsibilities consistent with property management policies and procedures.
3. Ensures that Livermore takes measures to better safeguard Government property against theft, and that appropriate disciplinary action is taken against property custodians who fail to adhere to these measures.

**MANAGEMENT
COMMENTS**

In responding to a draft version of this report, management agreed with the report and its recommendations, stating that detailed corrections will be provided during the Management Decision process. Management's comments are provided in their entirety in Appendix C of this report.

**INSPECTOR
COMMENTS**

We found management's comments to be generally responsive to our report. We will evaluate the adequacy of management's corrective actions upon receipt of the Management Decision.

Appendix A

SCOPE AND METHODOLOGY

We performed the majority of our inspection field work between July 2008 and January 2009. We interviewed Livermore employees and affiliated personnel and National Nuclear Security Administration officials regarding personal property management policies and procedures. We reviewed Livermore and DOE policies, procedures, and records involving personal property. Documentation reviewed for this inspection included:

- DOE Order 580.1, “Department of Energy Personal Property Management Program,” and
- Lawrence Livermore National Laboratory “Property Management Policies and Procedures.”

Also, pursuant to the “Government Performance and Results Act of 1993,” we reviewed Livermore’s performance measurement processes as they relate to personal property management.

This inspection was conducted in accordance with the “Quality Standards for Inspections” issued by the President’s Council on Integrity and Efficiency.

Appendix B

Prior OIG Reports

The following DOE OIG reports are related to personal property management:

- “Property Control and Accountability at the Idaho National Laboratory” (DOE/IG-0687, April 2005);
- “Operations at Los Alamos National Laboratory” (DOE/IG-0584, January 2003);
- “Inspection on the Management of Excess Personal Property at Lawrence Livermore National Laboratory” (INS-O-02-01, November 2001);
- “Inspection of the Management of Personal Property at the Ashtabula Environmental Management Project” (DOE/IG-0530, November 2001); and,
- “Inspection of Surplus Computer Equipment Management at the Savannah River Site” (DOE/IG-0472, June 2000).

Appendix C

April 23, 2009

MEMORANDUM FOR: Elise M. Ennis
Assistant Inspector General
for Inspections and Special Inquiries

FROM: Michael C. Kane /S/
Associate Administrator
for Management and Administration

SUBJECT: Comments to Draft Inspection Report on Missing/Stolen
Property at Livermore; Project No. S08IS011; IDRMS No.
2008-02105

The National Nuclear Security Administration (NNSA) appreciates the opportunity to review the Inspector General's (IG) draft report, *Personal Property Management at Lawrence Livermore National Laboratory*. We understand that this inspection was initiated to determine if Lawrence Livermore National Laboratory (LLNL) is following applicable policies and procedures regarding missing and stolen property items.

NNSA appreciates the fact that the IG's inspection revealed that LLNL's internal controls over property could be improved. The Livermore Site Office and Laboratory have paid attention to the IG's observations and will correct the deficiencies noted. NNSA agrees with the report and the recommendations and we will provide detailed corrections to the recommendations during the Management Decision process.

Should you have any questions about this response, please contact Cathy Tullis, Acting Director, Policy and Internal Controls Management, at 202-586-3857.

cc: Alice Williams, Manager, Livermore Site Office
David Boyd, Senior Procurement Executive
Karen Boardman, Director, Service Center

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3. What format, stylistic, or organizational changes might have made this report's overall message clearer to the reader?
4. What additional actions could the Office of Inspector General have taken on the issues discussed in this report which would have been helpful?
5. Please include your name and telephone number so that we may contact you should we have any questions about your comments.

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