



Office of Inspector General

# Semiannual Report to Congress

The Inspector General's Message - Page 1

The Department's Management Challenges Page 2

Other Significant Accomplishments Page 33



OIG Reports Issued and Followup Action Process - Page 41

Statistical Data-Savings, Questioned Costs, Hotline Statistics, and Fines, Settlements and Recoveries Page 45



October 1, 2001 - March 31, 2002



**Department of Energy**  
Washington, DC 20585

April 30, 2002

The Honorable Spencer Abraham  
Secretary  
U.S. Department of Energy  
Washington, D.C. 20585

Dear Secretary Abraham:

I am pleased to submit the Office of Inspector General's (OIG) Semiannual Report to Congress. This Report summarizes significant OIG activities and accomplishments during the 6-month period ending March 31, 2002.

The Report reflects our continuing commitment to focus OIG efforts on the issues and concerns most critical to you, the Administration, and the Congress. In particular, it describes OIG accomplishments in identifying the most significant management challenges facing the Department.

We look forward to working with you on matters of mutual interest.

Sincerely,

A handwritten signature in black ink, appearing to read "Greg Friedman".

Gregory H. Friedman  
Inspector General

Enclosure



Printed with soy ink on recycled paper

***Table of Contents***

■	THE INSPECTOR GENERAL'S MESSAGE	1
■	MANAGEMENT CHALLENGES AND SIGNIFICANT ACCOMPLISHMENTS	2
■	OTHER SIGNIFICANT ACCOMPLISHMENTS	33
■	REPORTS ISSUED	41
■	STATISTICS	45

I am pleased to provide the Office of Inspector General (OIG) Semiannual Report to Congress. The report summarizes significant OIG accomplishments for the reporting period October 1, 2001, to March 31, 2002. During this period, we continued to support senior leadership of the Department of Energy (Department) and the Congress by identifying opportunities for improving management, program performance, and accountability.

In this vein, in December 2001, the OIG completed its annual assessment of the most significant management challenges facing the Department, including the National Nuclear Security Administration (NNSA). These are:

- ◆ *Performance Management*
- ◆ *Stockpile Stewardship*
- ◆ *Security and Safety*
- ◆ *Information Technology*
- ◆ *Energy Supply*
- ◆ *Human Capital*
- ◆ *Environmental Standards and Stewardship*
- ◆ *Research and Development Investment*
- ◆ *Contract Administration*
- ◆ *Infrastructure and Asset Management*



The OIG is committed to serving as a facilitator of management reform by continuing to evaluate program performance in these critical areas. These issues are central to the President's Management Reform Agenda, as well as the Secretary's mission priorities.

We have summarized our most recent work on these issues in this report, and look forward to being of continued assistance in the future.

A summary of the OIG's 2001 special report on the Department's management and performance challenges follows:

### **Management Challenges Facing the Department in 2002 and Beyond**

For the past several years, at the request of congressional leadership, the OIG has reviewed the most significant management and performance challenges facing the Department. This effort, now required by the Reports Consolidation Act of 2000, is conducted on an annual basis and includes an assessment of the agency's progress in addressing each challenge area. As in the past, the methodology employed by the OIG for this review is based on recent and ongoing audit, inspection, and investigative work.

Many of the challenges identified in the OIG report parallel the mission and priorities of the Department as outlined by the Secretary. Prevalent in the Secretary's outline were priorities relating to energy supply, environmental standards and stewardship, human capital, performance management, research and development investment, security and safety, and stockpile stewardship.

Department management has initiated a number of positive actions to address some of the challenges. The OIG will continue to evaluate the Department's progress in addressing these issues. (IG-0538)

The following are highlights of OIG accomplishments in the management challenge areas for which final reports were issued during the reporting period:

#### **■ Performance Management**

In 1993, Congress enacted the Government Performance and Results Act (GPRA) to require agencies to focus Federal

programs on performance. More recently, under the President's *Improved Financial Performance* management reform initiative, Federal agencies must obtain and sustain "clean" audit opinions. Although some progress has been made, more needs to be done to ensure that the Department has the appropriate metrics in place to manage its programs and operations effectively. Based on OIG financial statement audits, the Department has made improvements in its financial management system and has for 3 years in a row received a "clean" audit opinion. The following is a summary of the OIG's audit of the Department's consolidated financial statements:

### **Report on the Department of Energy's Consolidated Financial Statements**

The Department received an unqualified (clean) opinion on its Fiscal Year (FY) 2001 consolidated financial statements. This marks the third year in a row for such an opinion. The OIG conducted the audit pursuant to the Government Management Reform Act of 1994 (GMRA). The objective of the GMRA is to improve financial practices of Federal agencies. The preparation of the statements is the responsibility of the Department, and the OIG is responsible for the audit.

The OIG contracted with the accounting firm of KPMG LLP to conduct the audit. The accounting firm concluded that the financial statements present fairly, in all material respects, the Department's financial position as of September 30, 2001, and its net costs, changes in net position, budgetary resources, reconciliation of net costs to budgetary obligations, and custodial activities for the year then ended. The OIG agreed with this opinion.

As part of this determination, the auditors considered the Department's internal control over financial reporting and tested the Department's compliance with certain provisions of applicable laws and regulations that could have a direct and material effect on the consolidated financial statements.

Four reportable conditions in the Department's system of internal controls were identified. These related to: (1) Performance Measurement Reporting; (2) Unclassified

Information System Security; (3) Financial Management at the Western Area Power Administration; and (4) Environmental Liabilities for Active Facilities. The first three of these items represent repeat findings from the prior year's audit report.

- The Department has made progress improving its performance measurement reporting, but more remains to be done to satisfy the requirements of the GPRA and related OMB guidance. Specifically, performance goals, in many cases, were not output- or outcome-oriented, some were not meaningful or relevant, and some were not stated in objective or quantifiable terms. Additionally, the relationship between operating costs and actual outcomes was not transparent. The weaknesses limit the casual reader's ability to properly assess the Department's performance.
- The Department has certain network vulnerabilities and general access control weaknesses that could affect unclassified information system security. As previously reported, full implementation of the Department's Cyber Security Program should help ensure that Federal information standards are met and that information systems are adequately protected against unauthorized access.
- The Department's Western Area Power Administration (Western) did not uniformly perform reconciliations and could not promptly prepare account analyses. These problems increased the risk of significant misstatements in Western's financial statement balances and were the principal reason that its FY 2001 financial statements were not ready for separate audit. To compensate for the increased control risk created by these conditions, the auditors performed agreed-upon procedures to verify the reliability of Western's financial information and account balances included in the consolidated financial statements.
- The Department's Active Facilities Data Collection System contained inaccurate data, including incorrect

*efficiency*

facility types and errors in reported square footage, which prior to audit adjustment, overstated the active facilities environmental liability estimate.

To ensure the quality of the audit, the OIG approved the scope of KPMG's assignment and monitored their work. The OIG also reviewed the audit report and related working papers to ensure compliance with applicable auditing standards.

The OIG transmittal memorandum and the KPMG audit report are included in the Department's Fiscal Year 2001 Performance and Accountability Report, DOE/ME-0011. (IG-FS-02-01)

### ■ **Stockpile Stewardship**

This year, the OIG identified the efficient and effective performance of NNSA's primary mission, Stockpile Stewardship, as a significant management challenge. OIG reviews continue to disclose difficulties the Department is having with meeting this critical mission, which is vital to our national security. Recent examples include:

#### **Backlogs Identified in Stockpile Surveillance Testing Program**

Under the Stockpile Stewardship program, the Department conducts surveillance testing as part of its annual certification to the President that the Nation's nuclear weapons stockpile is safe and reliable. Each year, the Department randomly selects approximately 100 weapons upon which to conduct various surveillance tests, including flight tests, laboratory tests, and component tests.

The OIG conducted an audit to determine whether the Department's stockpile surveillance testing program was meeting scheduled milestones. The audit found that since 1996, the Department had not met many of its internally generated milestones for flight, laboratory, and component tests. This has resulted in a significant testing backlog that is projected to continue for several years.

The OIG recommended that the Deputy Administrator for Defense Programs develop a management plan to address the backlog of flight, laboratory, and component tests.

Management generally agreed with the OIG's recommendations and assured that actions to eliminate backlogs were being initiated. Management advised that most of the backlogs are scheduled to be eliminated by the first part of FY 2003. (IG-0528)

### **Improvements Needed in the Department's Processing of Stockpile Surveillance Program's Significant Finding Investigations**

In accordance with annual reporting and certification requirements under the Department's Stockpile Stewardship program, nuclear weapons laboratories must annually assess and report the condition of weapons systems for which they are responsible. Significant finding investigations are conducted to determine the cause and impact of a defect or malfunction and to recommend corrective action.

The OIG conducted an audit to determine whether the processing of significant finding investigations was being carried out in a timely manner. The audit found that the Department was not always meeting internally established timeframes for resolving investigations of defects and malfunctions in nuclear weapons. In some instances, confirming the need for an investigation of an identified defect or malfunction took over 300 working days, despite the Department's 45-day requirement. It also was determined that the Department did not have complete or readily accessible information on either the status of investigations or action plans detailing how significant finding investigations would be completed.

Taken together with the report on Stockpile Surveillance Testing (DOE/IG-0528), serious concerns have been raised about the process the Department has employed to maintain a satisfactory confidence level in the nuclear weapons stockpile.

The OIG recommended that the Deputy Administrator for Defense Programs develop and implement a laboratory-wide database to track the notification and resolution phases of the

significant finding investigation process. Department management generally agreed with OIG recommendations and advised that corrective actions would be implemented in the near future. (IG-0535)

## ■ **Security and Safety**

The Department's complex is large and multi-faceted with a wide variety of locations, facilities, sensitive materials, and activities that must be kept safe and secure. However, OIG reviews continue to demonstrate that security and safety controls need to be strengthened. Specifically, OIG reports identified the following weaknesses in the Department's security and safety program:

### **Audit Identifies Weaknesses in Personnel Security Clearances and Badge Access Controls at Department Headquarters**

The OIG conducted an audit to determine whether the Department had appropriately terminated unnecessary security clearances and/or recovered unneeded badges at Headquarters.

The OIG reviewed 147 Headquarters Federal and contractor employee badge records. The review determined that in nine cases, the Department had either not terminated clearances or recovered unnecessary badges. In three of these instances, the Department's data systems indicated that the individuals held Q clearances although all three had no continuing business with the Department. The remaining six were shown as having badges granting access to Department facilities when they were no longer employed by the Department or its contractors. It was found that these errors occurred because program offices did not always provide employment information to Headquarters Security Operations. In addition, program offices did not always hold contractors accountable for adherence to Department policy regarding clearance termination and badge recovery.

The OIG recommended that the Office of Headquarters Operations expeditiously review and correct all data in the

Department's clearance and badge control systems. The OIG also recommended a number of system enhancements to improve communication among program offices, Headquarters Security Operations, and the Department's clearance-related information systems. Management concurred with the audit report recommendations. (IG-0548)

### **Weaknesses Found in System Used to Track and Account for Sealed Sources of Nuclear Materials Provided to Foreign Countries**

Through the Atomic Energy Act of 1954, the Department and its predecessor agencies provided nuclear materials to foreign facilities as part of the Atoms for Peace Program. The materials provided, including fuel rods, sealed sources, and raw materials, remained Government-owned. Beginning in the 1960's, the Government discontinued its policy of lending the material and began to transfer ownership through sale or donation. According to Department records, however, the Government still retained title to much of the nuclear material provided to foreign entities.

The Department's Nuclear Materials Management and Safeguards System (NMMSS) was designed, in part, to provide a system of accounting and control over source and special nuclear materials. The Department also maintained a separate registry to account for and track the location of "Sealed Sources." Sealed Sources are nuclear or radiological material packaged to be environmentally safe. The Sealed Source registry was discontinued in 1984.

The OIG conducted an audit to determine whether the Department could account for Government-owned sealed sources provided to foreign countries.

The audit found that the Department could not fully account for the sealed sources of nuclear materials loaned to foreign countries. Specifically, the Department did not maintain a database of sealed sources loaned to foreign entities that would identify their current location and condition. Furthermore, the OIG found that available information was inconsistent as to whether the Government continued to own certain sources or whether the Department was responsible

for their final disposition. While requirements set up by the Atomic Energy Commission called for NMMSS to track sealed sources, these requirements were not enforced. In addition, international agreements, negotiated with countries receiving our material, do not allow for monitoring and tracking of nuclear material after export or provide necessary safeguards over all sealed sources.

The OIG recommended that the Director, Office of Security: (1) continue ongoing reconciliation to determine whether the Government continues to own any of the sealed sources located in foreign countries; (2) update NMMSS to reflect the results of the ownership determination and the other follow-up actions discussed below; and (3) provide information on any sealed sources identified as Government-owned to the Office of Environmental Management for use in disposition planning.

The OIG also recommended that the Deputy Administrator for Defense Nuclear Nonproliferation within NNSA: (1) work with the International Atomic Energy Agency and other agencies to ensure that all sealed sources produced by the Government, even if they are no longer Government-owned property, are properly controlled; and (2) identify the current location and condition of any sealed sources determined to be Government-owned.

The Office of Security concurred with the OIG's recommendations and proposed corrective actions. The Associate Administrator for Management and Administration disagreed with recommendations directed to the Deputy Administrator for Defense Nuclear Nonproliferation, stating that the Department is not required to monitor and track sealed sources after export and to do so would require changes in executive policy, international agreements, and resources. (IG-0546)

### **Inadequate Control and Accountability of Department Sealed Radioactive Sources**

Sealed radioactive sources are used in large numbers at Department facilities. Sealed sources are used most commonly for the testing and calibration of radiation

detection instrumentation. The Department is required by regulation to establish and implement strict accountability and control over sealed radioactive sources at its facilities. The OIG conducted an inspection to determine the adequacy of procedures implemented by the Department, including NNSA, and its contractors for controlling, safeguarding, and disposing of sealed radioactive sources.

The OIG found no evidence that the Department's work with sealed radioactive sources adversely impacted the safety and health of Department contractor employees or the public. The inspection did determine that actions are needed by Department line managers to assure that sealed radioactive sources are properly controlled, inventoried, and leak-tested in accordance with Federal rules and local site procedures. Additionally, the inspection revealed that management contractors at Department sites are making decisions concerning the disposition of their unwanted sealed radioactive sources with minimal input from Department officials. The absence of a Departmentwide approach to disposition of sealed radioactive sources fails to allow cost-effective alternatives to be considered. Although each Department site has responsibility for determining how it will dispose of its unwanted sealed radioactive sources, the Department has not issued specific guidelines to ensure that there are viable disposition paths for surplus sealed radioactive sources. Furthermore, some sites are not aware of an organization, the Nonactinide Isotopes and Sealed Source Management Group, which could possibly provide disposition assistance to the sites.

The OIG recommended that the Under Secretary for Energy, Science and Environment and the NNSA Administrator: (1) ensure that line management officials under their purview take appropriate action to assure that sealed radioactive sources are properly controlled, inventoried, and leak tested in accordance with the requirements in applicable Federal rules and local site procedures; and (2) coordinate with each other to develop and implement actions to assist sites to identify cost-effective reuse and disposal alternatives for unwanted sealed radioactive sources. Department management concurred with the OIG recommendations and agreed to take corrective actions. (IG-0544)

**Better Coordination/Communication Between Agencies Needed in Export License Application Process**

The National Defense Authorization Act for Fiscal Year 2000 contained a provision that not later than March 30 of each year through 2007, the President will submit to Congress an annual report on the Government's policies and procedures with respect to the export of technologies and technical information with potential military applications to countries and entities of concern. Under the Act's provisions, annual audits in this area are to be conducted by the Inspectors General of the Departments of Energy, Commerce, Defense, and State. An interagency working group comprised of representatives from those OIGs and the OIG of the Department of the Treasury selected automated export control systems as the focus of the 2002 annual audit report.

The purpose of our inspection was to determine the adequacy of the Department of Energy's (DOE's) current automated system for processing export license applications. The objectives were to: (1) determine whether the Proliferation Information Network System (PINS), which contains DOE's Export Information System, provides sufficient capability to support export licensing activities by DOE's Office of Export Control Policy and Cooperation (ECPC Office) and (2) review actions by DOE in support of the Department of Defense's United States Export Systems (USXPORTS) Program Management Office to establish a common electronic interface to connect automated export licensing systems of various Federal agencies. We also sought to determine the status and disposition of recommendations we made in a March 2000 report concerning DOE's export license process for foreign national visits and assignments.

The OIG concluded that the PINS automated system is adequate to support the ECPC Office in fulfilling its responsibilities. We also concluded that improvements are needed in communication between DOE and the Department of State (State) regarding export license applications referred by State to DOE for review. It was further determined that although DOE has provided support to the USXPORTS

Program Management Office, it has not had a significant role in the development of the USXPORTS automated system.

With regard to the six open recommendations in our March 2000 report, one recommendation has been administratively closed, while five recommendations remain open pending issuance of a DOE order regarding foreign visits and assignments.

The OIG recommended that the Assistant Deputy Administrator for Arms Control and Nonproliferation coordinate with the Departments of Commerce and the Treasury to ensure access by DOE to information within the Automated Export System regarding the purchase and/or shipment of commodities under an approved export license and develop guidelines for DOE's access to the information. We also recommended that the Assistant Deputy Administrator coordinate with State to: (1) improve communications regarding reviews of export license applications for munitions commodities and (2) ensure access by DOE to information maintained by State regarding final disposition of export license applications and develop guidelines for DOE's access to the information. Management concurred with the recommendations. (IG-0533)

### **Did you know?**

Federal IT spending will rise from \$32.9 billion in 1999 to an estimated \$50 billion in 2003.

Source: Budget of the United States Government, FY 2003

## **■ Information Technology**

The Department spent over \$1.1 billion on information technology (IT) in FY 2001. Effective IT management is essential to the Department's performance of its multifaceted mission. In addition, *Expanded Electronic Government* is one of the President's Governmentwide initiatives for FY 2002. The goals are for the Federal Government to secure greater services at lower cost through electronic government and meet high public demand for services. While the Department has taken a number of actions to improve the overall management of IT, including cyber security, more progress could be made to improve its performance in this critical area. Several OIG reviews completed during this reporting period provided recommendations on ways in which the Department could enhance the performance of IT activities.

### **Improvements Needed in Cyber-Related Critical Infrastructure Identification and Protection Measures**

The OIG conducted an audit to determine whether the Department had identified and developed protection measures for its critical cyber and related physical infrastructure assets.

The audit determined that while the Department had initiated certain actions, it had not made sufficient progress in identifying and developing protective measures for certain critical infrastructures or assets. Identification of national priority assets had not been finalized, and specific identification of critical cyber-related assets had not begun. Corrective actions to address issues disclosed by a previous OIG audit of the Department's infrastructure protection program were also progressing slowly and remained incomplete. In addition, specific quantifiable infrastructure protection-related performance measures had not been developed, and the Department's critical infrastructure protection plan had not been updated.

The OIG proposed a series of actions designed to improve implementation of the critical infrastructure protection program. Department management concurred with the OIG recommendations but did not assign responsibility or authority for implementing and executing most of the recommendations, preferring instead to defer action until completion of a national-level protection plan by the Office of Homeland Security. (IG-0545)

### **Cyber Security Program Does Not Comply with the Privacy Act of 1974 and the Computer Security Act of 1987**

The OIG conducted an inspection to determine whether the Department's cyber security program met certain statutory privacy requirements designed to protect Department employees' personal information from the risks associated with possible loss. Specifically, the inspection related to possible compromise of this type of information on or over Department Headquarters and field site computer networks.

#### **Did you know?**

According to a 2002 Computer Crime and Security Survey performed by the Computer Security Institute, 90 percent of respondents (primarily large corporations and Government agencies) detected computer breaches within the last 12 months. Eighty percent acknowledged financial losses due to computer breaches. Forty-four percent of the respondents estimated that their financial losses related to the attacks totaled about \$455.8 million.

Source: Computer Security Institute Website

The OIG inspection concluded that the Department: (1) does not have Departmentwide baseline criteria for protecting Privacy Act information; (2) does not group Privacy Act information with other unclassified sensitive information for protection; and (3) allows individual sites and program offices to develop differing security measures for protection of Privacy Act information.

The OIG recommended that the Administrator, NNSA, and the Chief Information Officer, in conjunction with the Director, Freedom of Information and Privacy Acts Division, evaluate the need for additional policy or direction regarding Departmentwide security requirements to protect Privacy Act information maintained on, or transmitted to and from, Department computer systems connected to the internet, intranet (e.g., DOEnet), or e-mail. Department management agreed with the OIG recommendation and provided several corrective actions that will be taken with regard to additional policy and protections for this type of sensitive information. (IG-0531)

### **Management of Telecommunications Infrastructure Needs Improvement**

The OIG conducted an audit to determine whether the Department had taken steps to consolidate and optimize its telecommunications infrastructure, including its voice, data, and video services, as required by the Clinger-Cohen Act of 1996 and Office of Management and Budget guidance.

The audit found that duplicative data transmission infrastructures existed across the complex and the Department had not optimized the acquisition of internet and video services. Specifically: (1) organizations maintained about 190 data transmission circuits that duplicated capabilities of other Departmentwide networks; (2) a number of sites utilized open market sources to acquire internet service that could have been provided from existing capacity; and (3) organizations were maintaining video teleconferencing capabilities that were incompatible with corporate networks. As a consequence, the OIG determined that the Department annually spends at least \$4 million more than necessary to operate and maintain its telecommunications infrastructure.

The OIG made a number of recommendations designed to improve the performance of the Department's telecommunications infrastructure. Department management agreed with the OIG recommendations and plans to take corrective action. (IG-0537)

### **Hacker Guilty of Unauthorized Access to Government Computers**

A joint investigation with the Federal Bureau of Investigation established that an individual gained unauthorized access to Government-owned computers at the Department's Lawrence Livermore National Laboratory, Livermore, California. The investigation determined that the hacker modified data files and downloaded budget material from Livermore's computer network. None of the information was classified.

The U.S. Attorney's Office for the District of Northern California accepted the case for prosecution. The subject of the investigation pleaded guilty to one felony count of violating Title 18, United States Code, Section 1030, Fraud and Related Activity in Connection with Computers. Sentencing is pending. (I00TC007)

### **Unauthorized Computer Intrusion into Department Firewalls**

An OIG joint investigation with the U.S. Army Criminal Investigation Division and the New Jersey State Police substantiated allegations that a New Jersey resident gained unauthorized access to four Department of Energy and four U.S. Army computer systems.

The investigation resulted in the subject pleading guilty in New Jersey State Court to "Computer Related Theft and Theft by Unlawful Taking." The subject was subsequently sentenced to 1 year suspended sentence; 3 years probation; 100 hours community service; and \$5,000 restitution to the Department. (I01TC004)

### **Unauthorized Intruder Compromises Government Laptop**

An OIG investigation determined that an unauthorized intruder compromised a Government-owned laptop issued to a contractor employee at the Department's Lawrence Livermore National Laboratory. The intruder was found to have deleted data and system files from the laptop. The intrusion occurred due to inadequate computer systems configuration management and cyber security policies.

The OIG issued an Administrative Report to Management (ARM) reporting the results of the investigation and making recommendations regarding cyber security and computer systems configuration management policy at Livermore. Management informed the OIG that an extensive automated Intrusion Detection and Response System has been implemented and standard configuration guidelines have been issued. (I01TC010)

### **Misuse of a Government Computer by a Department Employee**

An OIG investigation determined that a Bonneville Power Administration (BPA) employee misused an assigned Government-owned computer. The employee was found to have downloaded and viewed approximately 1,100 images of adult pornography.

The U.S. Attorney's Office for the Western District of Washington advised that administrative action would be appropriate in this matter. Subsequently, the OIG issued an ARM reporting the results of the investigation and recommending that BPA take appropriate administrative action against the employee. BPA management subsequently terminated the individual's employment. (I01TC024)



Six-Phase Electric  
Transmission Tower



Bayou Choctaw Site,  
Strategic Petroleum  
Reserve

## ■ Energy Supply

As the agency responsible for national energy policy, the Department will have a critical role in addressing the Nation's energy supply and demand challenge. Energy supply issues represent one of the most important policy and programmatic challenges facing the Department. As the Administration and Congress have recognized, energy supply issues have serious implications for our economic and national security. A variety of reviews are currently ongoing or planned in this area. As an example, the OIG completed the following review:

### Contractor Reimburses the Department for Natural Gas Overcharges

During the course of an OIG investigation, a prime contractor at the Ashtabula Environmental Management Project (AEMP), Ashtabula, Ohio, credited the Department for charges billed in excess of actual costs incurred for natural gas. The overcharges were made by the contractor over a 5-year period. The contractor credited the Department \$107,230.37 as reimbursement for the overcharges. The U.S. Attorney's Office for the Northern District of Ohio approved the reimbursement in lieu of prosecution. (I01OR014)

## ■ Environmental Standards and Stewardship

The Department is charged with the daunting task of protecting human health and the environment by cleaning up sites that supported nuclear weapons production activities. It also must address the need to permanently dispose of defense-related high-level radioactive wastes as well as spent nuclear fuel from civilian nuclear power plants. All of these activities must be carried out consistent with established Federal, State, and local requirements and standards. These environmental stewardship activities are some of the most complex managerial and public policy issues facing this Nation. Although the Department's goal has been to clean up as many sites as possible by 2006, it may not be able to meet that date in as many cases as anticipated. The following OIG reports issued during the reporting period underscore the

### Did you know?

The Environmental Management (EM) program is responsible for cleaning up 114 sites involved in research, development, production, and testing of nuclear weapons. Taken together, these sites encompass an area of over 2 million acres—equal to the size of Rhode Island and Delaware combined.

Source: Executive Summary, *Top-to-Bottom Review of the EM Program*, February 4, 2002, Energy.gov, Office of EM Home Page

Department's difficulty in overcoming the challenge of operating this program in an efficient and cost-effective manner:

### **Cost Estimate of the Department's Strategy for Disposal of Plutonium**

In September 2000, the United States and the Russian Federation entered into an agreement stipulating that each country will irreversibly transform 34 metric tons of weapons-grade plutonium into forms which could not be used for weapons purposes. To meet the United States' commitment, the Department planned activities at its Savannah River Site to immobilize 8.4 metric tons of weapons-grade plutonium and to convert 25.6 metric tons into nuclear reactor fuel. The plan called for the design and construction of three major facilities at Savannah River: the Pit Disassembly and Conversion Facility; the Plutonium Immobilization Plant; and the Mixed Oxide Fuel Fabrication Facility. The Department's total estimated life cycle cost for these facilities was about \$6.1 billion, of which about \$400 million has been expended.

On January 23, 2002, the Secretary announced a significant change in the Department's strategy. Under this new approach, the Department would meet its obligation under the agreement by converting 34 metric tons of plutonium into mixed oxide fuel for use in nuclear reactors. By choosing this method, the Department expects to save about \$2 billion compared to its previously announced approach. At the time the announcement was made, the OIG had also concluded, based on an audit which began in August 2001, that the Department's plan to immobilize some plutonium and convert the rest to reactor fuel was not the most cost-effective approach for disposing of surplus plutonium.

The OIG conducted an audit estimating that the Department's original approach, immobilizing 8.4 metric tons of plutonium and converting 25.6 metric tons to fuel, would cost about \$6.3 billion. In contrast, the OIG found that converting all 34 metric tons to reactor fuel would cost about \$4.6 billion and immobilizing all the material would cost about \$4.3 billion. Department officials

economy

originally believed that converting all of the plutonium into fuel was not technically feasible and that the Russian Federation would reject a proposal to immobilize the entire amount. The Department has since resolved technical feasibility issues surrounding conversion. The audit disclosed that the Department could save at least \$1.7 billion by converting all of the surplus plutonium into fuel and avoiding the cost of plutonium immobilization. (ER-L-02-01)



**Ashtabula Environmental  
Management Project**

### **Audits Conducted at Ashtabula Environmental Management Project Find Shortfalls in Completion Schedule, Questionable Contract Costs, and Failure in Meeting Departmental Cost Reduction Expectations**

The RMI Titanium Company's Earthline Technology Division (RMI) is the Department's environmental restoration contractor at the AEMP in Ashtabula, Ohio. RMI owns the Ashtabula property, formerly known as the RMI Extrusion Plant, where the firm processed uranium for the Department and its predecessor agencies. In March 1993, the Department awarded a cost-reimbursable contract to RMI to clean the extrusion plant and adjacent grounds to a level that permits release of the site for unrestricted use.

The OIG conducted two audits of RMI at AEMP. The first audit (IG-0541) was conducted to determine whether the remediation of the AEMP is on schedule for completion by March 31, 2003. The second audit (IG-0542) was conducted to determine whether the AEMP's soil washing project has met the Department's performance and cost expectations.

IG audit IG-0541 found that, despite the planned 2003 completion date, the AEMP cleanup effort might not be completed until 2012. This delay extends the 10-year expected life of the project to 19 years, resulting in a likely increase in project costs of over \$60 million. Further, the OIG identified about \$4.9 million in questionable contract costs that had been billed by RMI and reimbursed by the Department.

The OIG made a series of recommendations designed to ensure that the Department develops and implements a fully funded plan to complete the remediation of the AEMP by 2006 and that the contractor complies with the terms of its contract. Department management generally concurred with the majority of OIG recommendations but disagreed with the recommendation to request audits of costs incurred in prior years and the OIG's estimate of unnecessary costs and fees that could be incurred by extending the project schedule to 2012, stating that the estimate relied on an unvalidated and unapproved contractor proposed baseline.

IG audit IG-0542 determined that despite investing over \$6 million on a soil washing facility, the Department has not realized the expected performance improvements or reductions in site remediation costs. The OIG found that the soil treatment process had a number of known technical problems which were not resolved by RMI prior to this effort. As a result, the facility has provided little or no value-added benefit. Washing the remaining soil could cost the Department between \$6.1 million and \$13.3 million more than shipping the soil offsite for disposal. The OIG concluded that the cost differential and remaining technical problems associated with soil washing at RMI suggest that this process be terminated.

The OIG recommended that the Manager, Ohio Field Office: (1) discontinue funding for soil washing at the AEMP; and (2) direct RMI to follow the original plan to ship contaminated soil offsite. Management agreed with recommendation No. 1, but has deferred action on recommendation No. 2 pending completion of an internal evaluation to establish the most economical method for completing the entire cleanup and closure of the AEMP by FY 2006. (IG-0541 and IG-0542)

### Did you know?

The FY 2003 budget requests record levels for Federal R&D (\$118 billion, an 8 percent increase)

Source: Analytical Perspective, Budget of the United States Government, FY 2003

## ■ Research and Development Investment

*Better R&D Investment Criteria* is one of the President's Program Initiatives for FY 2002. Science and technology are critically important to keeping the Nation's economy competitive and for addressing challenges we face in health care, defense, energy production and use, anti-terrorism, and the environment. As such, every Federal research and development dollar must be invested as effectively as

possible. During FY 2001, the Department spent about \$7.7 billion on a broad range of research activities, representing more than 40 percent of its budget. This past year, the OIG focused its attention on examining whether the Department was managing R&D activities efficiently and ensuring that the results of research it funds were being properly disseminated.

**Failure to Conduct Peer Reviews of the Passive Magnetic Resonance Anomaly Mapping Technology Results in Unnecessary Costs to the Department in Excess of \$400,000**

The Department's Office of Environmental Management (EM), Office of Science and Technology (OST), manages and directs a national program that provides the scientific foundation, new approaches, and new technologies that are intended to significantly reduce the risk, cost, and schedule for completing the Department's environmental cleanup mission. OST's policy is to perform peer reviews to evaluate the technical merit and plausibility of new technologies before investing in field tests.

In January 2000, several EM field sites began conducting tests of "Passive Magnetic Resonance Anomaly Mapping" (PMRAM) which was supposed to map underground location of groundwater, faults, fractures, buried objects, and chemicals by sensing changes in magnetic fields. The basic premise behind this device is that it attempts to combine an electronic system and a human operator into a single bio-sensory unit.

The OIG conducted an audit to determine whether the OST evaluated the technical merit and plausibility of PMRAM technology before field tests began. The audit found that the Department spent over \$400,000 to field test PMRAM prior to any OST evaluation of the merits and plausibility of the technology. In fact, OST was not even aware that field tests of the PMRAM technology had been conducted until FY 2001. In FY 2001, OST funding was requested to continue testing PMRAM at other EM field locations. Once funding was requested, OST performed a peer review of the PMRAM

technology. The peer review concluded that the technology: appeared to be implausible; did not allow for a scientifically-based evaluation; provided no useful information during the three field demonstrations; and appeared inadequate as a site-characterization tool. The OIG concluded that, had a peer review been performed prior to testing, the Department could have avoided spending over \$400,000 on this technology.

The OIG made several recommendations designed to ensure compliance with the Department's philosophy of evaluating the viability of new technologies before they are implemented in costly field tests. Department management agreed with the OIG recommendations and agreed to implement corrective actions. Further, management stated that field testing of the PMRAM technology has been discontinued. (IG-0539)

### **Did you know?**

The Department operates a suite of 27 scientific user facilities—such as x-ray light sources, fusion experiments, particle accelerators and colliders. Over 18,000 scientists from universities, industry and Government agencies use these facilities every year.

Source: Analytical Perspectives, Budget of the United States Government, FY 2003

### **Research Results Need to be Better Disseminated**

A review of the Oakland Operations Office (Oakland) grants awarded in FYs 1998 through 2000 showed that the Department did not disseminate an estimated 63 percent of the technical reports generated by the science and technology grants administered by Oakland. The Department awards science and technology grants to advance scientific research. Grantees are required to document the results of their work in technical reports. Although the Department received most of the technical reports specified in its grants, many of the results were not sent to the Office of Science and Technical Information (OSTI) for dissemination to the scientific community and the public. Other recent OIG audits disclosed similar problems with collecting grantee deliverables and forwarding research results. Grant results can be of significant benefit to the scientific community and public in promoting scientific advancement.

The OIG recommended that Oakland require grantees to send all technical reports to the Oakland contract specialists, track the collection of technical reports, and ensure that technical reports collected are sent to OSTI. Department management concurred with the recommendations but disagreed with the OIG's data, indicating that it inaccurately represented the number of reports not forwarded to OSTI. (WR-B-02-02)

## **Sandia National Laboratories Violates Department Policy on Trade Secret Licenses**

The OIG initiated an inspection into the facts and circumstances surrounding the issuance of a trade secret license in June 2000 by Sandia National Laboratories (Sandia) to a private company. This inspection was initiated after the OIG received allegations that Sandia issued a trade secret license in violation of Department policy and the requirements of its management and operating contract. The inspection determined that since 1995, Sandia improperly issued trade secret licenses to 11 private companies. Sandia licensed information and data owned by the Department without the Department's knowledge or approval. In doing so, Sandia: (1) disregarded Department policy prohibiting the licensing of trade secrets; (2) disregarded the Department's statutory mandate to widely disseminate the results of research and development; and (3) acted in a manner not authorized by its management and operating contract with the Department.

Furthermore, Sandia's trade secret licensing activities could have jeopardized national security by releasing technologies without review for potential weapons applications. These activities also potentially exposed the Department to possible liability in the event that it disclosed or disseminated information that was the subject of the trade secret. Additionally, these activities may have resulted in Sandia's inappropriate collection of \$617,422 in royalties on 8 of the 11 trade secret licenses issued. Further, the costs incurred in connection with Sandia's unauthorized trade secret licensing may have been unallowable.

The OIG recommended a series of actions designed to correct Sandia's trade secret licensing violations. Department management concurred with the recommendations and is in the process of initiating appropriate corrective actions. (IG-0547)

### **■ Contract Administration**

The Department's programs are largely accomplished through contractors that operate and manage a broad range of scientific and production activities and facilities for the

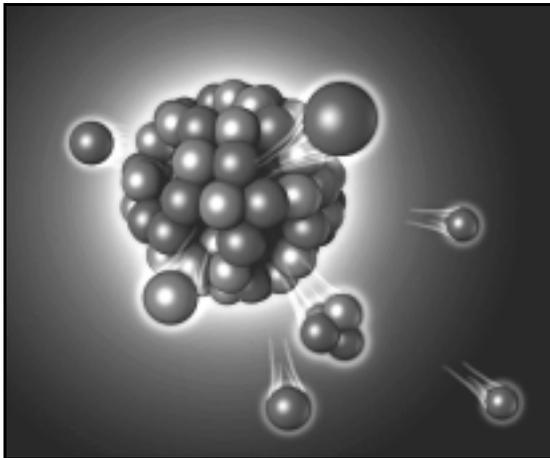
Department. These contracts represent the largest share of the Department's annual budget. Contract administration, which includes project management, has been a longstanding challenge. The Department continues to experience difficulties in the management of some of its major projects. Additionally, since the early 1990's, the OIG has issued a series of reports critical of the planning, justification, and management of major projects. Most recently, OIG reviews have found the following:

### Spallation Neutron Source Project Not on Track to Meet Approved Project Requirements

When completed, the Spallation Neutron Source (SNS) will be the world's foremost neutron-scattering facility. It will be an important scientific tool for basic research in materials science, life sciences, chemistry, solid state and nuclear physics, earth and environmental sciences, and engineering sciences. Approximately 1,000 to 2,000 users are expected to conduct research at the SNS facility each year. The facility is being built in Oak Ridge, Tennessee, as a partnership among six of the Department's national laboratories. The \$1.4 billion project, currently under construction, is scheduled for completion in June 2006. The OIG conducted an audit to determine whether the SNS Project was within technical scope, cost, and schedule.

The OIG determined that the SNS Project's technical scope was reduced to allow the cost and schedule components to be met. Contrary to original commitments, in June 2006, the anticipated completion date, the SNS Project will not have instruments to address all of the initially planned areas of science, provide complete user facilities, and possess critical spare parts and equipment.

The OIG recommended that the Manager, Oak Ridge Operations Office: (1) adjust the baseline for the SNS Project to reflect the total project cost for providing (a) state-of-the-art instruments to cover all of the initially planned areas of science, (b) completed user facilities, (c) spare parts and equipment, and (d) facility enhancements; (2) use contingency funds only for unforeseen and unpredictable conditions or uncertainties, and not to enhance project capabilities or to adjust for known errors in cost estimates;

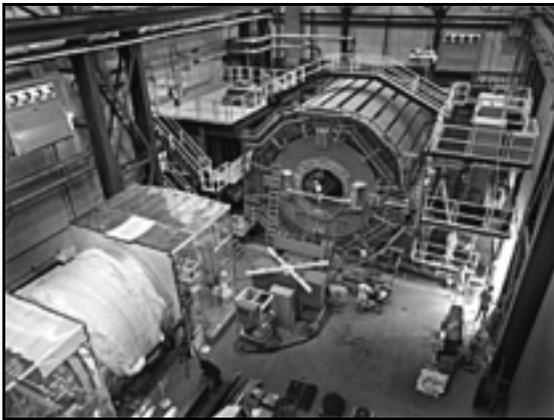


Neutron Spalled



Conceptual Layout of the Spallation Neutron Source

(3) maintain the contingency fund at an adequate level without jeopardizing the project's technical requirements; and (4) ensure that the project delivers approved project requirements on schedule as well as within cost. Department management disagreed with the basis for the report and the report's conclusions. Additionally, management did not concur with the first recommendation and concurred with the other three recommendations, stating that the recommendations merely required following accepted project management practices, to which they believed they had already adhered. (IG-0532)



Star Detector, RHIC, Brookhaven

### **The Relativistic Heavy Ion Collider's Performance and Cost Expectations Were Not Met at Project Completion**

The Relativistic Heavy Ion Collider (RHIC), located at Brookhaven National Laboratory, is the world's newest and largest particle accelerator for nuclear physics research. RHIC was constructed between 1991 and 1999 at a reported cost of \$617 million and is designed to enhance scientific exploration by advancing our understanding of the most basic constituents that make up the matter in our universe. In August 1999, the Office of Science determined that the RHIC project was completed within budget. The RHIC was then designated an operating facility. The OIG conducted an audit to determine whether the RHIC project met performance and cost expectations when it was designated as an operating facility.

The OIG determined that when the RHIC project was declared complete, beam collisions, which were expected for project completion, had not taken place, and the facility was not ready to begin operations with beam-collision experiments. It was also determined that the cost of the project exceeded its \$617 million budget by about \$32 million. Consequently, in August 1999, the RHIC was not an operational facility and the Department prematurely reported the project's completion to Congress. In addition, other Brookhaven projects and activities had to absorb about \$20 million in overhead that should have been charged to the RHIC project.

#### **Did you know?**

The RHIC uses enough helium to fill all the balloons in the Macy's Thanksgiving Day Parades for the next 100 years.

Source: Fascinating facts, RHIC website.

The OIG recommended, for current and future Department projects, that: (1) the Acting Director, Office of Science require that projects meet established performance expectations prior to designating facilities as completed and ready for operations; and (2) the Chicago Operations Office and the Brookhaven Area Office ensure that all applicable overhead and other project specific costs are included in total project costs. The Office of Science agreed with the recommendations, but did not agree with the report's conclusions. (IG-0543)

**Audit Recommends a Series of Actions Needed to Strengthen the Department's Fixed-Price Contracting Practices**

The OIG conducted an audit to determine if the cost savings anticipated from the use of fixed-price contracts for environmental cleanup activities will be realized.

The audit disclosed that projected savings associated with 9 of the 11 contracts reviewed were not likely to be fully realized. The OIG found that some savings estimates were unsupported; some were based on invalid cost comparisons; and some estimates were invalid because increases in actual costs had occurred or were likely.

To improve the application of fixed-price contracting, the OIG recommended that the Assistant Secretary for EM, working in concert with the Director of the Contract Reform and Privatization Office, strengthen the processes by which decisions are made to use fixed-price contracts and implement a process to assess the performance of those contracts. Department management disagreed with some of the OIG audit conclusions, but generally concurred with the finding and agreed to take corrective action. (CR-B-02-01)

**Interagency Agreements Necessary to Recover Mission-Specific Costs of the Advanced Radioisotope Power Systems Program**

The Department's Advanced Radioisotope Power Systems (ARPS) program maintains the sole national capability to produce radioisotope power systems for the National

Aeronautics and Space Administration (NASA) and the Department of Defense (DOD). The Department's policy is to pay only the cost of maintaining the capability to produce the power systems and to recover mission-specific development and hardware costs from NASA and DOD. In FY 2001, ARPS program funding included \$31.8 million for the Department, \$20 million from NASA, and \$4.7 million from DOD. In its FY 2000 Committee report, the House Appropriations Committee directed the Department to negotiate new agreements with NASA and to seek additional funding from NASA and DOD for the ARPS program. The OIG performed an audit to determine whether the Department had established interagency agreements with NASA and DOD to ensure that mission-specific costs are fully recovered.

The audit found that the Department had not established interagency agreements with NASA and DOD to recover mission-specific costs. The Department chose to fund all safety-related ARPS activities even when these activities were directly related to and supported NASA and DOD missions. This policy was in contrast to a 1999 Streamlining Plan provided to Congress in which the Department stated that NASA and DOD would fund all mission-specific development and hardware costs. Unless the Department brings its practices in line with the Streamlining Plan provided to Congress, by 2003 the Department will have incurred as much as \$15.5 million for mission-specific, safety-related costs that should have been recovered from NASA and DOD.

The OIG recommended that the Director, Office of Nuclear Energy, Science and Technology, in coordination with the Office of Management, Budget and Evaluation: (1) establish interagency agreements with NASA and DOD for ongoing ARPS projects, requiring user agencies to pay all mission-specific development and hardware costs; and (2) develop and implement procedures to ensure interagency agreements are established consistent with the Department's policy prior to production of future ARPS projects. Department management agreed with the OIG recommendations in part. It did not agree with the OIG conclusions that safety-related activities, even if mission-specific, should be funded by the user agencies. Management contends that the capability to

perform the required safety analysis and testing is a unique expertise that cannot be turned on and off as specific missions, program and facility infrastructure come along. (IG-0540)

### **Did you know?**

Value Engineering originated in the industrial community, and has spread to the Federal Government due to its potential for yielding a large return on investment. Its most extensive use has been in Federal acquisition programs.

Source: Office of Management and Budget Circular A-131

### **Improvements Needed in the Department's Implementation of Value Engineering**

OMB Circular A-131 requires Federal agencies to use Value Engineering, where appropriate, to reduce program and acquisition costs. The Circular also requires Inspectors General to evaluate how well the agencies have done in their efforts to implement Value Engineering. In July 1998, the OIG reported the results of its audit of the Department's Value Engineering program in OIG audit report HQ-B-98-01. That review found various deficiencies in the Department's Value Engineering program. Management concurred with the audit recommendations and identified actions that would be taken to address the OIG's findings and recommendations. During the current reporting period, the OIG conducted a follow-on inspection to determine if the Department has taken appropriate action to implement an effective Value Engineering program.

The OIG concluded that the Department has not fully developed and implemented an effective Value Engineering program as required by OMB Circular A-131. Furthermore, the Department has not taken all the actions it agreed to implement in response to the recommendations made by the OIG in the July 1998 report on this subject. The inspection did identify that to varying degrees some elements of the NNSA, the Office of Science, and the Office of Environmental Management did employ the use of Value Engineering to increase the efficiency and performance of their programs. Even in these organizations, however, Value Engineering methodologies have not been applied consistently and, for the most part, have only been applied to construction projects.

The OIG recommended a series of actions designed to improve the Department's implementation of a robust and aggressive Value Engineering program. Department management agreed with the OIG recommendations and

identified corrective actions that, if fully implemented, would be responsive to the recommendations. (IG-0536)

### **■ Infrastructure and Asset Management**

The Department's physical infrastructure includes more than 50 major facilities in 35 States. These facilities include structures ranging from temporary trailer-type buildings, to office space, to state-of-the-art nuclear reactors and laboratories. It has about 125 million square feet of building space, 4,000 miles of roads, over 100 miles of railroad track, and 1.1 million feet of sidewalks. For several years, the OIG has reported that the condition of the Department's infrastructure is deteriorating at an alarming pace and may be inadequate in the future to meet mission requirements. OIG reviews have also noted problems in asset management. While the Department has taken steps to improve its management of infrastructure and asset inventories, such as seeking additional funding for infrastructure purposes, drafting management policy for real property, and demonstrating new technologies to identify and track the locations of assets, more needs to be done. Examples of recent asset management reviews include the following:

#### **Did you know?**

At the beginning of FY 2001, the Federal Government reported \$185 billion in inventory and related property.

Source: Executive Guide, Best Practices in Achieving Consistent, Accurate Physical Counts of Inventory and Related Property, General Accounting Office (GAO-02-4476), March 2002

### **Accounting and Tracking Inaccuracies of the Department's Nuclear Materials Loaned or Leased to Domestic Licensees**

Since the 1950's, pursuant to Chapter 4 of the Atomic Energy Act, the Department and its predecessor agencies have loaned and/or leased certain nuclear materials to other Government agencies, academic institutions, and commercial facilities. These materials, including plutonium and uranium, were to be used for research, medical purposes, or projects consistent with the Department's mission. As of September 30, 2000, the Department had nuclear materials at over 300 non-Department domestic facilities. The Department and NRC share accounting and tracking responsibilities for such nuclear materials. The NMMSS is an electronic database used by these organizations to track such materials. The OIG conducted an audit to determine whether the Department was able to account for nuclear materials provided to domestic licensees.

The audit determined that the Department could not fully account for nuclear materials loaned or leased to domestic licensees. According to NMMSS records, substantial amounts of nuclear materials were reported to be located at two licensed facilities that no longer existed and several licensee facilities carried balances that were not logical and could not be adequately explained or reconciled. Also, records were incomplete in that they did not contain information on all Government-owned nuclear materials provided to licensees. These problems occurred and persisted because the Department did not provide adequate oversight of the system, nor was there effective coordination with the NRC on these matters.

As a result, the OIG set forth a series of recommendations designed to ensure that the Department: (1) undertakes a complete confirmation of Government-owned nuclear materials held by domestic licensees; (2) enhances its oversight and control of nuclear material placed with non-Department domestic sources; and (3) improves coordination with the NRC. Department management agreed with the OIG recommendations and has developed a corrective action plan. (IG-0529)

### **Improper Management of Government-Owned Personal Property at the Ashtabula Environmental Management Project**



**Stored Pilot Plant Equipment**

The OIG conducted an inspection to review the management of Government-owned personal property at the Department's Ashtabula Environmental Management Project (Ashtabula Site) in Ashtabula, Ohio. Earthline Technologies (Earthline) is the Department's environmental restoration contractor at Ashtabula.

The OIG concluded that the Ashtabula Site did not manage Government-owned personal property in accordance with Department and other Federal property management requirements. Specifically, Department officials allowed Earthline to stockpile Government-owned personal property without a valid Department need or mission requirement. Additionally, it was observed that Earthline's marketing

brochure and its Department funded web-site advertised some of the Government-owned personal property for the commercial disposal of potentially contaminated waste. This work was outside the scope of the Department's cleanup contract with Earthline.

The OIG inspection focused specifically on seven pieces of Government-owned personal property chosen to illustrate Ashtabula Site property management practices. This equipment had an original cost to the Department of over \$2.6 million. Once this equipment was transferred to Earthline, the Department spent over \$1.8 million for equipment upgrades. The Department also spent over \$250,000 to transport and store the equipment at Ashtabula. Much of this equipment sat idle once it was obtained and retrofitted by Earthline.



**The Portable Ash Block  
Processing Plant**

The OIG recommended that the Manager, Ohio Field Office: (1) conduct an evaluation to determine what personal property is required for mission accomplishment at Ashtabula and have those items not required processed through the Department's excess property system; and (2) direct the Department's Ashtabula Project Director to: (a) review all requests for personal property and ensure that the contractor has a valid requirement before approval and (b) require Earthline to perform life cycle cost analysis when costs are significant. The Manager, Ohio Field Office, agreed with the OIG's recommendations. (IG-0530)

### **Inspection Identifies Weakness in the Management of Excess Personal Property at Lawrence Livermore National Laboratory**

The Department's Lawrence Livermore National Laboratory (Livermore), which is operated under contract with the University of California, has a personal property inventory of over 53,500 line items with an acquisition value of over \$823 million. It generates thousands of excess personal property items each year. For example, in FY 2000, Livermore exceeded over 12,000 items of personal property with an acquisition value of over \$59 million. These items were disposed of through reutilization, donations, and public sales. An OIG inspection evaluated the economy and efficiency of Livermore's management of excess personal property.

The OIG determined that Livermore complied with the Department's Property Management Regulations (DOE-PMR) in the area of property storage and screening of personal property suspected of contamination. The OIG further determined that, contrary to DOE-PMR, Livermore program officials did not perform high risk reviews of personal property items prior to reutilization and disposal and have not been responsible for placement of certification tags indicating risk or need for special handling of property. It was also found that Livermore failed to record all "reportable" excess property in the Department's Energy Asset Disposal System (EADS). As a result, Department organizations as well as Federal and State agencies with valid requirements for the items were not always aware that the items were available. Additionally, in some cases, Livermore sold personal property items in EADS before the reutilization screening period had expired, thereby denying the Department as well as Federal and State agencies the opportunity to acquire property.

The OIG recommended that the Manager, Oakland Operations Office, direct Livermore to: (1) revise the current procedures for identifying high risk personal property to comply with the provisions of the DOE-PMR as it relates to the responsibilities of program officials; (2) ensure that the Livermore high risk property procedures are submitted to the Oakland Operations Office for approval; (3) ensure that all "reportable" excess personal property items are recorded in the EADS for Departmentwide reutilization screening; and (4) ensure that excess personal property items are not sold prior to the expiration of the applicable screening period as established by the DOE-PMR. Department management agreed with all OIG recommendations. (INS-O-02-01)

In addition to the accomplishments under the management challenge areas, the OIG completed other noteworthy work as follows:

**Did you know?**

The False Claims Act (Act) prohibits any person from "knowingly" presenting "a false or fraudulent claim for payment or approval" to the Federal Government. The Act authorizes individual citizens to bring private suits, referred to as Qui Tam actions, to enforce the Act on behalf of the Government.

Source: False Claims Act

**Congressional Responses**

During the reporting period, the OIG received 13 requests for information from Congress, provided information in 21 instances to Congress, and briefed Committee staff on 3 occasions.

**Qui Tams**

Since 1996, the OIG has been instrumental in working with the Department of Justice (DOJ) in Qui Tam cases in which it is alleged that a Department contractor or grantee has submitted false claims. The OIG is currently working with the DOJ on 27 Qui Tam lawsuits involving alleged fraud against the Government in the amount of approximately \$187 million.

**Administrative Safeguards**

***The Department's Purchase Card Programs - Lessons Learned***

Along with many agencies of the Federal Government and numerous private sector entities, the Department has adopted the purchase card concept as a method to simplify its small purchase procedures and improve cash management. Since 1998, the OIG has conducted 20 reviews, including audits, inspections, and investigations, involving instances where Department employees or contractors have allegedly misused Government purchase cards. During the course of these reviews, the OIG identified a number of complex schemes devised to facilitate individual misuse of Government

purchase cards to acquire goods and services for personal use. The OIG issued a letter report summarizing its findings to date and to present a series of “lessons learned” which can be used to improve the integrity and performance of the Department’s purchase card program.

The OIG identified four key lessons learned. The lessons include the need to: (1) conduct independent receipt and verification of goods and services; (2) implement policies and procedures for identifying unallowable and non-reimbursable costs; (3) adhere to established policies and procedures; and (4) implement purchase card issuance controls. Management agreed with the report and indicated that it is their intent to ensure that the Department and its contractors have adequate purchase card controls in place to provide reasonable assurance against Government purchase card abuse or misuse. Management also stated that the Department has initiated and will continue to implement very aggressive measures to combat purchase card abuse and misuse. (I01OP001)

### ***Theft by Department Contractor Employee of Approximately \$138,000 Through Use of Government Credit Card***

An OIG investigation determined that a former Department contractor employee at the Idaho National Engineering and Environmental Laboratory misused a Government-sponsored credit card to obtain over \$138,000 worth of personal funds and property. The employee was found to have used the Government credit card to make purchases from a personal business. The employee pleaded guilty to one count of violating Title 18, USC § 641 (Theft of Government Property). Sentencing is pending.

During the course of the investigation, the subject’s employment was terminated and some of the improperly acquired property was seized. Disciplinary action was also taken against two of the employee’s managers. Both managers received a written reprimand and one was suspended without pay for 13 business days for failing to properly supervise the employee’s use of the Government purchase card. (I01IF003)

### ***Theft by Department Subcontractor Employees of Approximately \$80,000 Through Use of Government Credit Card***

An OIG joint investigation with the Federal Bureau of Investigation and the U.S. Attorney's Office for the District of Idaho determined that two former Department subcontractor employees at the Idaho National Engineering and Environmental Laboratory misused a Government sponsored credit card to obtain over \$80,000 worth of personal property. Both subcontractor employees pleaded guilty to one count of violating Title 18, U.S.C. § 641 (Theft of Government Property). One employee was sentenced to 4 months home detention and 2 years probation. The court also ordered that this individual pay \$6,080 in court ordered restitution, a \$1,000 fine, and a \$100 special assessment fee. The other subcontractor employee was sentenced to 6 months incarceration followed by 6 months home detention and 3 years probation. The court also ordered that this individual pay restitution of \$31,304, a fine of \$2,000, and a \$100 special assessment fee. During the course of the investigation, both employees were terminated and the improperly acquired property was seized. (100IF001)

### ***False Per Diem Claims by Subcontractors Result in a \$2.2 Million Civil Settlement***

An OIG investigation, in conjunction with the U.S. Department of Justice and the U.S. Attorney's Office for the District of South Carolina, culminated in a \$2.2 million Civil Settlement Agreement between the Government and an engineering and architectural services subcontractor at the Department's Savannah River Site (SRS), Aiken, South Carolina. The Department directly received \$1.1 million of the \$2.2 million stipulated in the agreement.

This settlement follows a \$2.5 million civil settlement that occurred during a previous reporting period with another subcontractor. In that agreement the Department directly received \$1.2 million of the \$2.5 million.

The investigation involved allegations that from July 1991 through November 1993, while performing a subcontract at the SRS, subcontractor employees improperly received over a

efficiency

million dollars in Long-Term Temporary Assignment per diem payments. The investigation revealed that subcontractor employees falsely certified that the residences of family members and friends and rental/vacation properties were their permanent residences. (I96SR028)

***Contractor Repays Department for Unallowable Travel Costs***

An OIG investigation determined that a contractor at the Department's Hanford Site improperly paid extended travel and per diem costs to one of its subcontractors. The investigation did not identify any violations of criminal or civil Federal statutes; however, over \$200,000 in potential questioned costs were identified.

The OIG issued an ARM recommending that Management review the investigative findings to determine whether the questioned costs were allowable. As a result, management determined that the questioned costs identified in the ARM were unallowable and the contractor credited the Department \$201,618. (I00RL001)

***Questionable Training Authorized for Department Employees***

The OIG reviewed an allegation that one Department employee had been authorized to take golf lessons and three employees had been authorized to take pilot training at taxpayer expense. The review substantiated these allegations and confirmed violations of Federal regulations and laws associated with Government training. In addition, the review identified questionable conduct by the officials involved in authorizing and paying for the training and failure by the site manager to take timely and decisive action after concerns about the appropriateness of the training were raised.

The OIG recommended that Department management: (1) consider the full range of options for disciplinary action against the involved Department employees; (2) review all training at the site to ensure compliance with applicable laws, regulations, and Department directives; (3) reevaluate transitional training programs and procedures

Departmentwide to ensure that such programs comply with all applicable laws, regulations, and Department directives; and (4) if appropriate, issue supplemental Departmentwide policy on this topic. (S02IS020)

### ***Local Union Reimburses the Government \$130,000 for Improper Training Fund Claims***

A joint OIG investigation with the Federal Bureau of Investigation determined that a local labor union in the State of Washington improperly billed its international office for Department grant funds earmarked for hazardous worker protection training. Over a 4-year period, the local union submitted invoices and received payment for instructors' labor hours associated with this training. These costs were also paid by the Department to the instructors' employer, a prime contractor at the Hanford Site. Under the terms of a settlement agreement with the U.S. Attorney's Office for the Eastern District of Washington, the local union and its former business manager agreed to pay the Government \$130,000 to resolve potential civil liabilities stemming from violations of the Civil False Claims Act. (I97RL005)

### ***Subcontractor Employee Sentenced for Submitting False Claims***

As previously reported, an OIG investigation determined that the owner of a former subcontractor to the West Valley Demonstration Project, West Valley, New York, submitted false claims for a leased vehicle and temporary lodging for himself and a consultant. The investigation also determined that the subcontractor submitted false claims related to compensation and expenses for the consultant. The false claims resulted in a loss to the Department of approximately \$210,000. The owner pleaded guilty to one count violation of Title 18, U.S.C., Section 287 (False Claims) in July 2001.

During the current reporting period, the U.S. District Court, Buffalo, New York, sentenced the subcontractor owner to 4 years probation. The court also directed him to pay \$26,458 in restitution to the Department directly, a \$3,500 fine, and a \$100 special assessment fee. (I99CN001)

***Department Grant Recipient Pays the Government \$25,000***

The OIG conducted a joint investigation with the National Science Foundation and the NASA which determined that a Small Business Innovative Research (SBIR) grant recipient knowingly made numerous false statements and certifications in an attempt to receive multiple SBIR awards. The investigation disclosed that the grant recipient obtained funding for duplicate research projects by submitting similar proposals to several Government agencies.

The U.S. Attorney's Office for the Northern District of California accepted this case for civil prosecution. Under the terms of a Civil Settlement Agreement, the grant recipient was ordered to pay the Federal Government \$25,000 for violations of the Civil False Claims Act, Title 31 U.S.C., Sections 3729-3733. (I98HQ008)

***Employee of Non-Profit Organization Convicted for Embezzling Community Development Funds Under Financial Assistance Awards with the Department***

In a previous Semiannual Report, the OIG reported the results of an investigation into allegations that managers of a non-profit corporation, operating under grants from the Department, devised a plan to set up fictitious shell companies to fraudulently bill charges against the grants. The corporation's General Manager previously pleaded guilty to one count of Title 18, U.S.C., Section 666 (Theft from a Program Receiving Federal Funds).

During this reporting period, the General Manager was sentenced to 6 months home detention and 3 years probation. The court also ordered that the subject pay \$15,583 in restitution to the Department and a \$100 special assessment fee. (I96SR003)

***Los Alamos National Laboratory Contractor Employee Submits False Travel and Work Hour Claims***

An OIG investigation determined that a contractor employee at the Los Alamos National Laboratory (Los Alamos) submitted over \$25,000 in false claims pertaining to personal

travel expenses and work hours. Los Alamos subsequently terminated the individual's employment.

The U.S. Attorney's Office for the District of New Mexico accepted the case for civil prosecution. Under the terms of a Civil Settlement Agreement, the former contractor employee will pay the United States \$89,000, including triple damages and penalties. Approximately \$25,140 of the settlement amount will be forwarded directly to the Department. (I99AL003)

### **Intelligence Activities**

The OIG issued two quarterly intelligence reports pursuant to Executive Order 12863, "President's Foreign Intelligence Advisory Board." The Order requires the Inspectors General of the Intelligence Community to report to the Intelligence Oversight Board concerning intelligence activities that Inspectors General have reason to believe may be unlawful or contrary to Executive order or Presidential directive.

### **Legislative and Regulatory Review**

The OIG coordinated and reviewed 11 legislative and regulatory items, as required by the Inspector General Act of 1978 (Act). The Act requires the OIG to review existing and proposed legislation and regulations relating to Department programs and operations and to comment on the impact which they may have on economical and efficient operations of the Department.

### **Hotline System**

The OIG operates a Hotline System to facilitate the reporting of allegations involving the programs and activities under the auspices of the Department. During the reporting period, the Hotline processed 466 complaints.

### **Management Referral System**

The OIG operates an extensive Management Referral System. Under this system, selected matters received through the OIG Hotline or other sources are referred to the appropriate

Department manager or other Government agency for review and appropriate action. Complaints referred may include such matters as time and attendance abuse, misuse of Government vehicles and equipment, violations of established policy, and standards of conduct violations.

The OIG referred 130 complaints to Department management and other Government agencies during this reporting period and requested Department management to respond concerning the actions taken on 29 of these complaints.

### **OIG Reorganization**

Recently, both the Department and the OIG have undergone major organizational changes. The Department's responsibilities and mission have shifted and the focus is now on meeting critical requirements in national security, energy, science, and environmental quality. Recognizing a need to better serve the Department, the OIG realigned its audit and inspection Headquarters and field offices to ensure that the OIG's work provides the most comprehensive coverage over all Department organizations, programs, and activities.

### **Revised Strategic Planning Effort**

During this reporting period, the OIG began revising its Strategic Plan to cover FYs 2002 to 2007 and to bring the OIG's goals, objectives, and strategies more in line with each of the President's Management Initiatives, the Secretary's priorities, and the most serious challenges facing the Department. At the same time, the OIG also wanted to make the Plan more readable and user friendly.

***AUDIT REPORTS ISSUED  
October 1, 2001, to March 31, 2002***

***Reports Issued***

REPORT NUMBER	TITLE	DATE OF ISSUE	SAVINGS	QUESTIONED COSTS
IG-0528	Stockpile Surveillance Testing	10-05-01		
IG-0529	Accounting for Government-Owned Nuclear Materials Provided to Non-Department Domestic Facilities	10-26-01		
IG-0532	Progress of the Spallation Neutron Source Project	11-19-01		
IG-0535	Management of the Stockpile Surveillance Program's Significant Finding Investigations	12-18-01		
IG-0537	Telecommunications Infrastructure	12-21-01	\$20,000,000	
IG-0538	Special Report on "Management Challenges at the Department of Energy"	12-21-01		
IG-0539	Passive Magnetic Resonance Anomaly Mapping at Environment Management Sites	01-11-02		
IG-0540	Advanced Radioisotope Power Systems Program	01-14-02	\$27,500,000	
IG-0541	Remediation and Closure of the Ashtabula Environmental Management Project	01-15-02	\$67,000,000	\$5,000,000
IG-0542	Soil Washing at the Ashtabula Environmental Management Project	01-28-02	\$6,100,000	
IG-0543	Relativistic Heavy Ion Collider Project	03-06-02		
IG-0545	Cyber-Related Critical Infrastructure Identification and Protection Measures	03-20-02		
IG-0546	Accounting for Sealed Sources of Nuclear Material Provided to Foreign Countries	03-20-02		
IG-0548	Personnel Security Clearances and Badge Access Controls at Department Headquarters	03-26-02		
IG-FS-02-01	Department of Energy's Consolidated Financial Statements	02-13-02		
CR-B-02-01	Fixed-Price Contracting for Department of Energy Cleanup Activities	10-15-01		

***Reports Issued***

CR-L-02-01	Review of the Department's Repayment Activities	02-11-02		
CR-L-02-02	Federal Managers' Financial Integrity Act Audit Report	02-26-02		
CR-FS-02-01	Management Letter on the Audit of the Department of Energy's Consolidated Financial Statements for Fiscal Year 2001	03-29-02		
CR-V-02-01	Assessment of Changes to the Internal Control Structure and Their Impact on the Allowability of Costs Claimed by and Reimbursed to the Lockheed Martin Corporation's Knolls Atomic Power Laboratory Under Department of Energy Contracts No. DE-AC12-76SN00052 and DE-AC12-00SN39357	02-22-02		
CR-V-02-02	Assessment of Changes to the Internal Control Structure and Their Impact on the Allowability of Costs Claimed by and Reimbursed to the Bechtel Bettis, Inc. Bettis Atomic Power Laboratory Under Department of Energy Contract No. DE-AC11-98PN38206	02-22-02		
ER-L-02-01	The Department of Energy's Strategy for Disposal of Plutonium	02-07-02	\$1,700,000,000	
ER-V-02-01	Assessment of Changes to the Internal Control Structure and Their Impact on the Allowability of Costs Claimed by and Reimbursed to Westinghouse Savannah River Company Under Department of Energy Contract No. DE-AC09-96SR18500	10-12-01		
WR-B-02-01	Power Marketing Administration's Installation of Fiber Optics	10-16-01	\$2,700,000	
WR-B-02-02	Grant Administration at the Oakland Operations Office	01-15-02		
WR-L-02-01	Review of the Bi-National Sustainability Laboratory	03-05-02		
WR-V-02-01	Assessment of Changes to the Internal Control Structure and Their Impact on the Allowability of Costs Claimed by and Reimbursed to Bechtel BWXT Idaho, LLC Under Department of Energy Contract No. DE-AC07-99ID13727	10-09-01		\$3,990,195

WR-V-02-02	Assessment of Changes to the Internal Control Structure and Their Impact on the Allowability of Costs Claimed by and Reimbursed to Battelle-Pacific Northwest National Laboratory Under Department of Energy Contract No. DE-AC06-76RL01830	10-29-01		
WR-V-02-03	Assessment of Changes to the Internal Control Structure and Their Impact on the Allowability of Costs Claimed by and Reimbursed to TRW Environmental Safety Systems, Inc., Under Department of Energy Contract Numbers DE-AC01-91RW00134 and DE-AC08-91RW00134	03-12-02		\$396,040,881

**The OIG's Audit Followup Action:**

- OIG recommended corrective actions agreed to by the Department are tracked by the Department until complete.
- The OIG follows up on all Department nonconcurrences with OIG report recommendations.
- When the Department and the OIG disagree, the Department must prepare a Management Decision describing its position and any alternative action.
- The Department's Chief Financial Officer reviews the Management Decisions and may convene a meeting of the Departmental Internal Control and Audit Review Council (DICARC) to achieve mutually agreeable resolution.

**INSPECTION REPORTS ISSUED  
October 1, 2001, to March 31, 2002\***

REPORT NUMBER	TITLE	DATE OF ISSUE
IG-0530	Inspection of the Management of Personal Property at the Ashtabula Environmental Management Project	11-09-01
IG-0531	Inspection of Cyber Security Standards for Sensitive Personal Information	11-13-01
IG-0533	Inspection of the Department of Energy's Automated Export Control System	12-07-01
IG-0534	Inspection of Lawrence Livermore National Laboratory Protective Force and Special Response Team (Classified)	12-14-01
IG-0536	Follow-on Inspection of the Department of Energy's Value Engineering Program	12-20-01
IG-0544	Inspection of the Accountability and Control of Sealed Radioactive Sources at Selected Department of Energy Sites	03-12-02
IG-0547	Inspection of the Licensing of Trade Secrets by Sandia National Laboratories	03-22-02
INS-L-02-01	Oak Ridge Operations Office Management of Personal Property	01-03-02
INS-O-02-01	Inspection on the Management of Excess Personal Property at Lawrence Livermore National Laboratory	11-08-01

**INVESTIGATION REPORTS ISSUED  
October 1, 2001, to March 31, 2002\***

REPORT NUMBER	TITLE	DATE OF ISSUE
I01IG001	Review of Alleged Conflicts of Interest Involving a Legal Service Contract for the Yucca Mountain Project	11-13-01
I01OP001	U.S. Department of Energy's Purchase Card Programs – Lessons Learned	02-26-02

\* Does not include non-public reports.

**AUDIT REPORT STATISTICS**  
*October 1, 2001, to March 31, 2002*

The following table shows the total number of operational and financial audit reports, and the total dollar value of the recommendations.

	TOTAL NUMBER	ONE-TIME SAVINGS	RECURRING SAVINGS	TOTAL SAVINGS
Those issued before the reporting period for which no management decision has been made:*	19	\$ 983,397,313	\$491,516,670	\$1,474,913,983
Those issued during the reporting period:	29	\$2,190,331,076	\$ 38,000,000	\$2,228,331,076
Those for which a management decision was made during the reporting period:*	17	\$1,191,283,900	\$355,925,274	\$1,547,209,174
<i>Agreed to by management:</i>		<i>\$53,524,000</i>	<i>\$203,296,000</i>	<i>\$256,820,000</i>
<i>Not agreed to by management:</i>		<i>\$732,500,000</i>	<i>\$147,000,000</i>	<i>\$879,500,000</i>
Those for which a management decision is not required:	9	\$1,700,000,000	\$0	\$1,700,000,000
Those for which no management decision had been made at the end of the reporting period:*	22	\$2,387,704,389	\$179,220,670	\$2,566,925,059

\*The figures for dollar items include sums for which management decisions on the savings were deferred.

**AUDIT REPORT STATISTICS**  
*October 1, 2001, to March 31, 2002*

The following table shows the total number of contract audit reports, and the total dollar value of questioned costs and unsupported costs.

	TOTAL NUMBER	QUESTIONED COSTS	UNSUPPORTED COSTS
Those issued before the reporting period for which no management decision has been made:	4	\$7,651,747	\$84,241
Those issued during the reporting period:	0	\$0	\$0
Those for which a management decision was made during the reporting period:	1	\$3,218,853	\$0
<i>Value of disallowed costs:</i>		\$ 512,000	\$0
<i>Value of costs not disallowed:</i>		\$2,706,853	\$0
Those for which a management decision is not required:	0	\$0	\$0
Those for which no management decision had been made at the end of the reporting period:	3	\$4,432,894	\$84,241

**REPORTS LACKING MANAGEMENT DECISION**

The following are audit reports issued before the beginning of the reporting period for which no management decisions had been made by the end of the reporting period, the reasons management decisions had not been made, and the estimated dates (where available) for achieving management decisions. These audit reports are over 6 months old without a management decision. The Department has a system in place which tracks audit reports and management decisions. Its purpose is to ensure that recommendations and corrective actions indicated by audit agencies and agreed to by management are addressed and effected as efficiently and expeditiously as possible.

The Contracting Officers have not yet made decisions on the following contract audit reports and the reasons for not doing so included the delaying of settlement of final costs questioned in audits pending completion of review of work papers and voluminous additional records, additional work by the Defense Contract Audit Agency, and completion of certain legal and contractual investigations.

- |            |  |
|------------|--|
| WR-C-95-01 | Independent Final Audit of Contract No. DE-AC34-RIRF00025, July 26, 1990, to March 31, 1993, Wackenhut Services, Inc., Golden, Colorado, March 14, 1999<br><i>(Estimated date of closure: September 30, 2002)</i>  |
| ER-C-97-01 | Report on Interim Audit of Costs Incurred Under Contract No. DE-AC24-92OR219721 from October 1, 1994, to September 30, 1995, Fernald Environmental Restoration Management Corporation, Fernald, Ohio, December 20, 1996<br><i>(Estimated date of closure: August 30, 2002)</i> |
| ER-C-00-03 | Interim Audit of Thomas Jefferson National Accelerator Facility Costs Incurred Under Contract No. DE-AC05-84ER40150 Fiscal Years 1994 Through 1999<br><i>(Estimated date of closure: June 30, 2002)</i>  |

*Additional time was necessary to develop management decisions for the following reports. Further explanations for the delays follow each audit report.*

- |         |   |
|---------|---|
| IG-0411 | Contractor Incentive Programs at the Rocky Flats Environmental Technology Site, August 13, 1997 |
|---------|---|

*The finalization of the management decision on this report is pending the resolution of one outstanding legal issue. Attempts to resolve this issue are continuing. This should occur by September 30, 2002.*

- CR-B-99-02      Management of Unneeded Materials and Chemicals,  
September 30, 1999
- The recommendation to assign this responsibility to the Office of Procurement and Assistance Management has been forwarded to the Under Secretaries for approval. A management decision is expected before September 30, 2002.*
- IG-0457      Follow-up Audit of Program Administration by the Office of  
Science, January 24, 2000
- Final drafting of the management decision is underway. It is expected that it will be approved by July 30, 2002.*
- WR-B-00-07      Vehicle Use at Lawrence Livermore National Laboratory,  
September 20, 2000
- A final management decision is being reviewed by the necessary Department Element. It is estimated that this will occur by May 30, 2002.*
- IG-0508      Stocked Inventory at the Savannah River Site, June 27, 2001
- Final negotiations on the management decision are proceeding. It is expected that it will be approved by June 30, 2002.*
- IG-0510      Use of Performance-Based Incentives at Selected Departmental  
Sites, July 9, 2001
- A final management decision is being reviewed by the necessary Department Element. It is estimated that this will occur by May 30, 2002.*
- IG-0511      Research and Development at Lawrence Livermore National  
Laboratory, July 9, 2001
- Final Draft of Management Decision is underway. It is expected that it will be approved by July 30, 2002.*
- IG-0514      Administrative Control of the Hanford Reach National Monument,  
July 19, 2001
- A final management decision is being reviewed by the necessary Department Element. It is estimated that this will occur by May 30, 2002.*

IG-0515 Control of Classified Matter at Paducah, July 30, 2001

*Final drafting of the Management Decision is underway. It is expected that it will be approved by May 30, 2002.*

IG-0516 Information Technology Support Services Contract, August 23, 2001

*The finalization of the management decision is pending the resolution of complex issues. This is expected to occur by June 30, 2002.*

IG-0519 The Department's Unclassified Cyber Security Program, August 30, 2001

*A final management decision is being reviewed by the necessary Department Element. It is estimated that this will occur by May 30, 2002.*

**INVESTIGATIVE STATISTICS**  
**October 1, 2001, to March 31, 2002**

Investigations open at the start of this reporting period .....	189
Investigations opened during this reporting period.....	73
Investigations closed during this reporting period .....	78
Investigations open at the end of this reporting period .....	184
Qui Tam investigations opened.....	4
Total open Qui Tam investigations as of 3/31/02 .....	27
Multi-agency task force investigations opened.....	15
Total open multi-agency task force investigations as of 3/31/02.....	68
Investigative reports to prosecutors and Department management .....	16
Recommendations to management for positive change and other actions.....	43
Administrative discipline and other management actions.....	22
Suspensions/Debarments .....	5
Investigations referred for prosecution .....	20
<i>Accepted*</i> .....	18
<i>Indictments</i> .....	4
<i>Criminal convictions</i> .....	16
<i>Pretrial diversions</i> .....	1
<i>Civil actions</i> .....	4
Fines, settlements, recoveries** .....	\$2,735,155.28

*\*Some of the investigations accepted during the 6-month period were referred for prosecution during a previous reporting period.*

*\*\*Some of the money collected was the result of task force investigations.*

**INSPECTION STATISTICS**  
*October 1, 2001, to March 31, 2002*

Inspections open at the start of this reporting period .....	52
Inspections opened during this reporting period .....	22
Inspections closed during this reporting period .....	18
Inspections open at the end of this reporting period .....	56
Reports issued (includes non-public reports) .....	12
Inspection recommendations	
<i>Accepted this reporting period</i> .....	47
<i>Implemented this reporting period</i> .....	19
Complaints referred to Department management/others .....	130
<i>Referrals to Department management requesting a response for</i> <i>OIG evaluation</i> .....	29

**Hotline Statistics**

Hotline calls, e-mails, letters, and other complaints .....	461
Hotline calls, e-mails, letters, and other complaints predicated .....	175
Hotline referrals received via the General Accounting Office and predicated .....	5
Unresolved Hotline predications from previous reporting periods .....	11
Total Hotline predications .....	191
Hotline predications transferred to the Management Referral System .....	107
Hotline predications closed based upon preliminary OIG activity .....	69
Hotline predications pending disposition .....	15
Total predications processed .....	191

**FEEDBACK SHEET**

The contents of the April 2002 Semiannual Report to Congress comply with the requirements of the Inspector General Act of 1978, as amended. However, there may be additional data which could be included or changes in format which would be useful to recipients of the Report. If you have suggestions for making the Report more responsive to your needs, please complete this feedback sheet and return it to:

Department of Energy  
Office of Inspector General (IG-121)  
Washington, D.C. 20585

ATTN: Wilma Slaughter

**Your name:**

**Your daytime telephone number:**

**Your suggestion for improvement:** (Please attach additional sheets if needed.)

If you would like to discuss your suggestion with a staff member of the Office of Inspector General or would like more information, please call Wilma Slaughter at (202) 586-1924 or contact her on the internet at [wilmatine.slaughter@hq.doe.gov](mailto:wilmatine.slaughter@hq.doe.gov).

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