



U.S. DEPARTMENT OF ENERGY

# Office of Inspector General

DOE-OIG-26-23

March 12, 2026

## Consolidated Nuclear Security, LLC's Statements of Cost Incurred and Claimed for Fiscal Years 2016 Through 2018 Under Contract No. DE-NA0001942



AUDIT REPORT



**Department of Energy**  
Washington, DC 20585

March 12, 2026

MEMORANDUM FOR THE CONTRACTING OFFICER, Y-12 FIELD OFFICE, NATIONAL  
NUCLEAR SECURITY ADMINISTRATION

SUBJECT: Audit Report: *Consolidated Nuclear Security, LLC's Statements of Cost Incurred and Claimed for Fiscal Years 2016 Through 2018 Under Contract No. DE-NA0001942*

The attached report discusses our audit of Consolidated Nuclear Security, LLC's (CNS) Statement of Costs Incurred and Claimed for fiscal years 2016 through 2018 under Department of Energy Contract No. DE-NA0001942. Our audit identified one noncompliance and one control deficiency, and we questioned approximately \$324,000 in labor costs as unallowable. We also identified a control deficiency related to improperly classified subcontracts.

We conducted this audit from March 2022 through August 2025 in accordance with generally accepted government auditing standards. This report contains two recommendations that, if fully implemented, should help ensure that costs charged to the contract are allowable, allocable, and reasonable in accordance with applicable laws, regulations, and contract terms. CNS concurred with our recommendations; however, it did not agree with all the information presented in the report specifically regarding the Department of Justice matter and details of the time and attendance investigation.

CNS management provided comments, which are included in the report. However, pursuant to Public Law 117-263, Section 5274, CNS has 30 days from the date of publication of this report on our website to submit an optional written response to [OIG.Reports@hq.doe.gov](mailto:OIG.Reports@hq.doe.gov) for the purpose of clarifying or providing additional context to any specific reference. The response will be posted on our public website. If the response contains any classified or other nonpublic information, the response should clearly identify the portions that need to be redacted and should provide a legal basis for the proposed redactions. We appreciated the cooperation and assistance received during this audit.

A handwritten signature in blue ink, appearing to read "M. Dove", with a long horizontal line extending to the right.

Matthew D. Dove  
Assistant Inspector General  
for Audits  
Office of Inspector General

cc: Deputy Secretary  
Chief of Staff

# DOE OIG HIGHLIGHTS

## *Consolidated Nuclear Security, LLC's Statements of Costs Incurred and Claimed for Fiscal Years 2016 Through 2018 Under Contract No. DE-NA0001942*

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### Why We Performed This Audit

The Office of Inspector General initiated this audit to review the \$5,872,733,964 of costs claimed by Consolidated Nuclear Security, LLC (CNS) to manage and operate the Pantex Plant and the Y-12 National Security Complex for fiscal years (FY) 2016 through 2018.

CNS managed and operated both the Pantex Plant and the Y-12 National Security Complex as a management and operating contractor for the Department of Energy's National Nuclear Security Administration.

Specifically, the audit objective was to determine if costs charged to Department Contract No. DE-NA0001942 for FYs 2016 through 2018 were allowable, allocable, and reasonable in accordance with applicable laws, regulations, and contract terms.

### What We Found

We identified one noncompliance and one control deficiency. We questioned approximately \$324,000 of costs claimed by CNS in its Statement of Cost Incurred and Claimed in FYs 2016 and 2017 for unworked overtime due to an administrative error. We also found that CNS improperly classified subcontracts as firm-fixed-price due to control deficiencies in subcontract administration.

### What We Recommend

To address the issues identified in this report, we made two recommendations that, if fully implemented, should reduce the risk of reimbursing unallowable costs. Further, we recommend that CNS work with the contracting officer to resolve the questioned costs identified in this report.

### How the Contractor Responded

CNS concurred with our recommendations; however, it did not agree with all the information presented in the report specifically related to an investigative matter.

## FEEDBACK

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