



Office of *INSPECTOR GENERAL*

U.S. DEPARTMENT OF ENERGY

DOE-IG-0074



SEMIANNUAL REPORT TO *Congress*

OCTOBER 1, 2017 - MARCH 31, 2018

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MESSAGE FROM PRINCIPAL DEPUTY INSPECTOR GENERAL

The *Semiannual Report to Congress* highlights activities and accomplishments of the Office of the Inspector General. I am pleased to present our results which reflect a continued commitment to focus on the issues and concerns most critical to the United States Department of Energy, the Congress, and the taxpayer.

During this reporting period, we released our annual report on [*Management Challenges at the Department of Energy – FY 2018*](#), which focuses attention on significant issues with the objective of working with Department officials to enhance the effectiveness of agency programs and operations. The management challenges in the latest report were largely consistent with those identified in previous years with the addition of subcontract management as a component of contract oversight. The work of the Office of Inspector General has shown subcontract management is an increasing challenge for the Department. In one instance during the reporting period, we investigated a former Sandia National Laboratories contractor procurement officer who pled guilty to one count of Major Fraud against the United States, three counts of Wire Fraud, and seven counts of Money Laundering. We determined the former contractor procurement officer engaged in a scheme to direct a \$2.3 million Sandia contract to a company surreptitiously created and controlled by the former contractor procurement officer.

Our audit report on [*National Nuclear Security Administration's Energy Savings Performance Contracts*](#) found that Energy Savings Performance Contracts at the Los Alamos National Laboratory and Y-12 National Security Complex did not always achieve the full energy savings envisioned under the contracts due, in part, to inadequacies in oversight and follow-up. Our report on [*Department of Energy's Implementation of the Cybersecurity Information Sharing Act of 2015*](#) brought to light the concerns of another management challenge – cybersecurity. Although we determined that the Department had taken actions to carry out the requirements of the Cybersecurity Act, we identified several opportunities for improvement related to managing the cyber information sharing process.

Our investigative activities this period highlight a contract oversight challenge that exists in Department programs. One of our investigations led to the guilty pleas of two former executives of a Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) grant recipient for Conspiracy to Defraud the United States, Conspiracy to Commit Wire Fraud and Engaging in Monetary Transactions in Property Derived from Specified Unlawful Activity. This investigation determined that the two former grant recipient executives provided false statements in proposals, budgets, timesheets, and/or reports in at least 27 SBIR/STTR awards from the Department, National Science Foundation and the U.S. Department of Agriculture. The scheme amounted to the loss of over \$8.4 million, with more than \$5.1 million specifically from the Department.

As part of our oversight activities under the Department's Cooperative Audit Strategy, we completed the Lawrence Livermore National Security, LLC, Costs Claimed under Department of Energy Contract No. DE-AC52-07NA27344 for Fiscal Year 2015 report and identified internal control weaknesses and costs totaling \$1.3 million that should not have been reimbursed under the terms of the contract (i.e., unallowable costs).

I applaud the efforts of my staff who remain dedicated and vigilant to the detection and prevention of fraud, waste, abuse, and mismanagement throughout the Department of Energy complex.



April G. Stephenson

STATISTICAL HIGHLIGHTS

INVESTIGATIONS

INVESTIGATIVE ACTIVITIES

Cases Open as of October 1, 2017	194
Cases Opened	34
Cases Closed	32
Cases Open as of March 31, 2018	196
Multi-Agency Task Force Cases Opened During Period	7
Qui Tam ¹ Investigations Opened During Period	3
Total Open Qui Tam Investigations as of March 31, 2018	15
Total Investigative Reports ² Issued During Period	10
Administrative discipline and other management actions	12
Suspensions/Debarments	38
Total Persons ³ Referred to a Prosecuting Authority	29
Department of Justice Referrals	27
State/Local Referrals	2
Referrals accepted for prosecution ⁴	21
Total Indictments ⁵ /Criminal Informations	11
Indictments/Criminal Informations Resulting from Prior Period Referrals	11
Criminal convictions	15
Pre-trial diversions	4
Civil actions	7
Dollars Recovered ⁶ (Fines, Settlements, Recoveries)	\$83,863,696

HOTLINE RESULTS

Total Hotline calls, emails, letters, and other complaints (contacts) ⁷	966
Hotline contacts resolved immediately/redirected/no further action	789
Hotline contacts predicated for evaluation	177
Total Hotline predications processed this reporting period ⁸	184
Hotline predications transferred to OIG Program Office	15
Hotline predications referred to Department management or other entity for information/action	57
Hotline predications closed based upon preliminary OIG activity and review	111
Hotline predications open at the end of the reporting period	1

¹For more information on Qui Tams:

<https://www.justice.gov/usam/usam-9-42000-fraud-against-the-government>

²Investigative Reports issued by the Office of Investigations include Reports of Investigation and Investigative Reports to Management.

³Persons is defined as an individual or an entity. For example, two co-owners and their business entity would be counted as three persons.

⁴Some referrals accepted during the 6-month period were referred for prosecution during a previous reporting period.

⁵Sealed Indictments are included.

⁶Some of the money collected was the result of investigations involving multiple agencies.

⁷This number includes any contact that required Hotline staff review including: re-contacts for additional information and requests for disposition.

⁸This number includes 7 predications carried over from the last semiannual reporting period.

STATISTICAL HIGHLIGHTS

AUDITS AND INSPECTIONS

AUDITS AND INSPECTION ACTIVITIES

Total Reports Issued	27
Audit Reports Issued	25
Inspection Reports Issued	2

BETTER USE OF FUNDS

	TOTAL NUMBER	BETTER USE OF FUNDS
Reports issued before the reporting period that included recommendations for better use of funds for which decisions on dollars had not been made as of September 30, 2017: ¹	7	\$48,404,093
Reports issued during the reporting period that include recommendations for better use of funds (regardless of whether a decision on dollars has been made):	1	\$307,300
Reports that include recommendations for better use of funds for which a decision on dollars was made during the reporting period: ²	0	\$0
(i) Agreed to by management:	0	\$0
(ii) Not agreed to by management:	0	\$0
Reports that include recommendations for better use of funds for which decisions on dollars have not been made at the end of the reporting period:	8	\$48,711,393

QUESTIONED COSTS

	TOTAL NUMBER	QUESTIONED COSTS	UNSUPPORTED COSTS	TOTAL COSTS
Reports issued before the reporting period that included questioned and/or unsupported costs for which decisions on dollars had not been made as of September 30, 2017: ¹	22	\$713,361,340	\$5,218,610	\$718,579,950
Reports issued during the reporting period that include questioned or unsupported costs (regardless of whether a decision on dollars has been made):	4	\$2,576,144	\$1,259,561	\$3,835,705
Reports that include questioned and/or unsupported costs for which a decision on dollars was made during the reporting period: ²	8	\$18,039,624	\$5,123,000	\$23,162,624
(i) Value of disallowed costs:		\$463,347	\$0	\$463,347
(ii) Value of costs not disallowed:		\$17,576,277	\$5,123,000	\$22,699,277
Reports that include questioned and/or unsupported costs for which decisions on dollars have not been made at the end of the reporting period:	18	\$697,897,860	\$1,355,171	\$699,253,031
Definitions: Better Use of Funds: Funds that could be used more efficiently by implementing recommended actions. Management Decision: Management's evaluation of the finding and recommendations included in the audit report and the issuance of a final decision by management concerning its response. Questioned costs: A cost that is (1) unnecessary; (2) unreasonable; or (3) an alleged violation of law, regulation, contract, etc. Unsupported costs: A cost that is not supported by adequate documentation.				

¹Includes reports for which the Department may have made some decisions on dollars but not all issues within the report have been resolved.

²Does not include reports for which the Department has made decisions on some aspects of the report but not all.

POSITIVE OUTCOMES

During this reporting period, the Department took positive actions as a result of OIG work conducted during the current or previous periods.

Investigative Outcomes

Sentencing, Indictment and Deferred Prosecution Agreement in Conspiracy to Commit Money Laundering, Wire Fraud and Foreign Corrupt Practices Act Investigation

A co-conspirator was sentenced in the U.S. District Court, District of Maryland to 12 months and 1 day incarceration, followed by 3 years supervised release for Conspiracy to Commit Money Laundering. A former co-president of a Maryland-based transportation company that provides services for the transportation of nuclear materials to customers in the U.S. and abroad, was indicted in the U.S. District Court, District of Maryland on 11 counts of Conspiracy, Wire Fraud, International Money Laundering and violations of the Foreign Corrupt Practices Act. The transportation company has entered into a deferred prosecution agreement with the Department of Justice to pay a \$2 million penalty to resolve charges of Conspiracy to Violate the Anti-Bribery provisions of the Foreign Corrupt Practices Act (FCPA). The investigation determined the former co-president engaged with several co-conspirators in a scheme to bribe a Russian official to influence the awarding of contracts to the Russian State-owned nuclear energy corporation, TENEX. As reported in the March 31, 2016, Semiannual Report to Congress, a former executive of a Russian company was sentenced to 48 months incarceration and

forfeiture of \$2,126,622 for Conspiracy to Commit Money Laundering. The sentencing was the result of the former executive's guilty plea which determined the executive violated the FCPA by participating in a kickback scheme with several American co-conspirators to direct the awarding of contracts for the shipment of uranium from Russia to the United States without competition under the Megatons to Megawatts program. This is an on-going joint investigation with the Federal Bureau of Investigation and is being coordinated with the U.S. Attorney's Office for the District of Maryland.

Former Department Grantee Found Guilty and Former Grant Coordinator Sentenced in Grant Fraud Investigation

A former Department grantee was found guilty by trial in the U.S. District Court, Northern District of Florida, on charges of Conspiracy, Mail and Wire Fraud, and Theft of Government Funds. Additionally, a former grant coordinator was sentenced to 12 months incarceration, 2 years supervised released, and a \$100 special assessment fee. As previously reported in the September 30, 2016, Semiannual Report to Congress, a Federal Grand Jury in the Northern District of Florida indicted the former grantee and former grant coordinator on one count of Conspiracy to Defraud the United States and one count of Theft of Government Property. The former grant coordinator subsequently pleaded guilty. The investigation determined that the former Department grantee and former grant coordinator submitted a series of fraudulent checks and invoices in order to receive approximately \$2.23 million in Department Recovery Act grant funds

administered through the Department's State Energy Program formula grants. The grant funds were subsequently used for personal expenses, such as a New York City penthouse condo and suite rental at Lincoln Financial Field in Philadelphia. An Investigative Report to Management was issued recommending suspension and/or debarment actions against the grant coordinator from Government contracting. This is an ongoing joint investigation with the United States Secret Service.

Guilty Plea and Notices of Suspension and Proposed Debarment in Conspiracy to Defraud the Government Investigation

The president of a prospective Department contractor pled guilty in the U.S. District Court, Northern District of California, to a violation of Conspiracy to Defraud the Government. As previously reported in the September 30, 2017, Semiannual Report to Congress, a Federal Grand Jury in the U.S. District Court, Northern District of California returned an eight-count indictment against eight individuals for engaging in a contract bid-rigging scheme at the Lawrence Berkeley National Laboratory (LBNL), Berkeley, California. The indictment included charges of Receiving a Bribe, False Statements, Conspiracy to Receive a Bribe, and Conspiracy to Defraud the United States. The investigation determined multiple individuals representing multiple companies conspired to manipulate a contract award through bid-rigging for the renovation of a building at the LBNL to ensure a specific developer was awarded the contract in exchange for financial reward or construction work from that developer. The eight indicted individuals and five of their respective companies have been

suspended and proposed for debarment from Government contracting. This is a joint investigation with the Federal Bureau of Investigation.

Indictment Returned for the Former Employee of an Energy Efficiency Block Grant Sub-Recipient

A Federal Grand Jury in the Eastern District of Tennessee indicted the former operator of a city Waste Water Treatment Plant (WWTP) on 25 counts of violating the Clean Water Act. The investigation determined the former operator diverted waste water from the WWTP directly into a local river without processing the waste. The WWTP was the recipient of a Department Energy Efficiency and Conservation Block Grant through the Tennessee Department of Environment and Conservation (TN DEC) funded by the American Recovery and Reinvestment Act. This is a joint investigation with the Environmental Protection Agency (EPA) Crime Investigation Department, EPA OIG, the Internal Revenue Service, the Tennessee Valley Authority OIG, and TN DEC.

Hotline Outcomes

Based on a Hotline referral, the Office of Environmental Management (EM) conducted a review into an allegation that non-cleared personnel were granted access into a secure telecommunications vault-type room (VTR) at the Environmental Management Consolidated Business Center, Boulder, CO. It was alleged Department management directed the escort of inappropriately cleared Nuclear Regulatory Commission personnel into the VTR. EM determined that appropriate DOE orders were followed and there was no spillage of classified information. Additionally, it was disclosed escort services had been "requested," not directed, and visitors were

EM support contractors that followed the same security protocols/procedures as other visitors. The allegation was unsubstantiated; however, EM is taking steps to improve access control procedures and enhanced escorting procedures are in the approval process.

After receiving a Hotline referral, the Office of Environmental Management (EM) conducted a review into an allegation that a contractor supporting the Office of River Protection (ORP) was forcing incumbent ORP employees to sign an agreement prohibiting employees from pursuing judicial remedies in the event of harassment or misconduct. Employees had to agree to arbitration or lose their job. After reviewing the company's Arbitration Agreement, EM directed they change a specific aspect of their Agreement prohibiting monetary relief or recovery, which did not comply with the Energy Reorganization Act or Title 10 CFR 708, the DOE Contractor Employee Protection Program. The contractor has committed to revising the agreement, having employees sign the new version and removing the old one from their personnel files.

In response to a Hotline referral, the National Nuclear Security Administration (NNSA), Los Alamos Field Office reviewed all FY 2017 Nuclear Quality Assurance Supplier Evaluation Audits completed on suppliers who had requested approval or retention on the Institutional Evaluated Suppliers List (IESL). Based on its review, NNSA determined one supplier had an inadequate quality assurance program. The supplier was removed from the IESL.

Corrective actions were also implemented in order for that supplier to be considered for future inclusions on IESL.

Audit and Inspection Outcomes

In September 2017, the Civilian Board of Contract Appeals issued a ruling on the CH2M-WG Idaho, LLC v. Department of Energy (CBCA 3876). One issue in this litigation concerned our audit report, [*Cost Transfers at the Department's Sodium Bearing Waste Treatment Facility Construction Project \(August 2013, OAS-M-13-03\)*](#). The Sodium Bearing Waste Treatment Facility is a capital construction project being built at the Idaho National Laboratory to treat 900,000 gallons of liquid radio-active waste. At the request of the Department, we initiated an audit of certain cost transfers that the contract made from capital accounts to operating accounts. In the report, we concluded that \$7.9 million should be treated as capital construction costs. Relying on our report, the Contracting Officer reclassified \$7.9 million as capital construction costs. By reclassifying the costs as construction costs, the contractor was unable to collect the costs since they exceeded the construction project's cost cap. The contractor sued the Department, challenging the Contracting Officer's action. Ultimately, the CBCA sustained the Department's action, and the conclusions in the IG report.

In response to our report on [*The Review of Training Expenses at the Department of Energy's Office of Fossil Energy, OAI-M-17-08*](#), the Office of Fossil Energy (Fossil Energy) modified its guidance on required continued service agreements for employees attending certain training programs. In addition to the existing requirement to obtain continued service agreements from employees attending courses over a specified number of hours, Fossil Energy implemented requirements for continued service

agreements for other courses meeting certain monetary thresholds. Our audit found that Fossil Energy had not considered obtaining a continued service agreement from an employee who had taken training at considerable cost to the Department. These guidance changes were communicated in a Memorandum dated December 6, 2017.

management, access controls, and integrity of Web applications. These actions resulted in the closure of numerous prior year weaknesses at programs and sites across the Department. This report addressed our management challenge related to cybersecurity.

In response to findings identified in the annual evaluation of [*The Department of Energy's Unclassified Cybersecurity Program - 2017*](#), we determined that actions were taken to correct issues related to vulnerability and configuration

TABLE OF REPORTS

INVESTIGATIVE OUTCOMES

All of our investigations that result in a reportable outcome are disclosed to the public in our Semiannual Report. Reportable outcomes are defined as public and nonpublic reports, indictments, convictions, disciplinary actions, monetary recoveries, contractor debarments, and other similar results. The following reportable outcomes occurred during the period October 1, 2017, through March 31, 2018.

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Settlement Reached in False Claims Investigation	25
Sentencing in Conspiracy to Defraud the Government Investigation	26
Civil Settlement with Department Contractor	26
Search Warrant Executed and Involuntary Commitment in Terroristic Threat Investigation	26
Guilty Pleas and Sentencings in Small Business Concern Fraud Investigation	27
Sentencing in Wire Fraud Investigation	27
Former Department Grantee Found Guilty and Former Grant Coordinator Sentenced in Grant Fraud Investigation	27
Guilty Plea and Sentencing in False Claims Investigation	28
Sentencing in Theft of Government Property Investigation	28
Information Filed, Guilty Plea and Sentencing in Controlled Substance Act Investigation	29
Civil Settlement in Small Business Innovative Research Grant Investigation	29
Indictment, Arrest and Guilty Plea in Major Fraud, Wire Fraud and Money Laundering Investigation	29
Information Filed and Guilty Pleas in Small Business Innovation Research Fraud Investigation	29
Guilty Plea and Notices of Suspension and Proposals for Debarment in Conspiracy to Defraud the Government Investigation	30

SUMMARY TITLE	PAGE
Guilty Pleas in Theft of Government Property Investigation	30
Restitution Imposed and Response to Investigative Report to Management in Recovery Act Grant Fraud Investigation	30
Indictment, Arrest and Search Warrant Executed in Child Pornography Investigation	31
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Indictment Returned for the Former Employee of an Energy Efficiency Block Grant Sub-Recipient	32
Superseding Indictment Returned in Small Business Innovative Research Grant Fraud Investigation	32
Demand Letter Issued in Grant Fraud Investigation	32
Arrest Warrant Issued and Executed in Embezzlement and Theft Investigation	32
Indictment and Arrest in Theft Investigation	33
Arrest Warrant Issued and Executed in Stalking Investigation	33
Debarment Action in Travel and Time and Attendance Fraud Investigation	33
Debarment Action in Child Solicitation Investigation	33
Debarment Action in Theft of Government Property Investigation	33
Debarment Action in Copper Theft Investigation	34
Debarment Action in False Claims Investigation	34
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Debarment Action in False Claims Investigation	34
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Recovery of Funds and Policy Improvements in Fraud Investigation	35
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Response to Investigative Report to Management in Time and Attendance Investigation	36
Recovery of Funds in Time and Attendance Investigation	36
Resignation in Lieu of Termination in Theft of Government Property Investigation	36
Civil Settlement with Department Contractor	37
Restitution Imposed in Recovery Act Grant Fraud Investigation	37
Sentencing in Theft of Government Property Investigation	37
Debarment in Travel and Time and Attendance Fraud Investigation	38
Suspension of Former Contractor Employee in Child Solicitation Investigation	38

AUDITS

The following identifies all audit reports issued between October 1, 2017, and March 31, 2018.

DATE ISSUED	REPORT TITLE	NUMBER OF RECS	BETTER USE OF FUNDS	QUESTIONED COSTS	UNSUPPORTED COSTS	PAGE
Oct 11, 2017	The Department of Energy's Unclassified Cybersecurity Program – 2017 (DOE-OIG-18-01)	1				39
Oct 13, 2017	Southwestern Federal Power System's Fiscal Year 2016 Financial Statement Audit (DOE-OIG-18-02)	1				40
Oct 19, 2017	Audit Coverage of Cost Allowability for UT-Battelle, LLC During Fiscal Year 2015 Under Department of Energy Contract No. DE-AC05-00OR22725 (DOE-OIG-18-03)	0				40
Oct 27, 2107	Management of the National Ignition Facility and the Advanced Radiographic Capability (DOE-OIG-18-04)	3				42
Oct 27, 2017	Federal Energy Regulatory Commission's Unclassified Cybersecurity Program – 2017 (DOE-OIG-18-06)	1				43
Nov 6, 2017	National Nuclear Security Administration's Energy Savings Performance Contracts (DOE-OIG-18-07)	3	\$307,300	\$66,610		44
Nov 8, 2017	Department of Energy's Implementation of the Digital Accountability and Transparency Act of 2014 (DOE-OIG-18-08)	2				46
Nov 27, 2017	Management Challenges at the Department of Energy – Fiscal Year 2018 (DOE-OIG-18-09)	0				47
Dec 7, 2017	Federal Energy Regulatory Commission's Fiscal Year 2017 Financial Statement Audit (DOE-OIG-18-10)	0				48
49 Dec 13, 2017	National Nuclear Security Administration's Oversight of the Consolidated Nuclear Security, LLC, Cost Savings Program at the Y-12 National Security Complex and the Pantex Plant (DOE-OIG-18-11)	0				48

DATE ISSUED	REPORT TITLE	NUMBER OF RECS	BETTER USE OF FUNDS	QUESTIONED COSTS	UNSUPPORTED COSTS	PAGE
Dec 22, 2017	Lawrence Livermore National Security, LLC, Costs Claimed under Department of Energy Contract No. DE-AC52-07NA27344 for Fiscal Year 2015 (DOE-OIG-18-12)	7		\$2,894	\$1,259,561	49
Jan 5, 2018	Department of Energy's Implementation of the Cybersecurity Information Sharing Act of 2015 (DOE-OIG-18-13)	0				50
Jan 8, 2018	Management Letter on the Federal Energy Regulatory Commission's Fiscal Year 2017 Financial Statement Audit (DOE-OIG-18-14)	2				50
Jan 9, 2018	Information Technology Management Letter on the Audit of the Department of Energy's Consolidated Financial Statements for Fiscal Year 2017 (DOE-OIG-18-15) Full Report Not Publically Available - Official Use Only	17				50
Feb 7, 2018	Audit Coverage of Cost Allowability for Stanford University During Fiscal Years 2014 and 2015 under Department of Energy Contract No. DE-AC02-76SF00515 (DOE-OIG-18-16)	0				51
Feb 8, 2018	The Office of Fossil Energy's Oversight of the Texas Clean Energy Project under the Clean Coal Power Initiative (DOE-OIG-18-17)	3		\$2,500,000		51
Feb 9, 2018	Management Letter on Southwestern Federal Power System's Fiscal Year 2016 Financial Statement Audit (DOE-OIG-18-18)	5				52
Feb 27, 2018	Western Federal Power System's Fiscal Year 2017 Financial Statement Audit (DOE-OIG-18-21)	5				52
Mar 5, 2018	Followup on Cooperative Research and Development Agreements at National Laboratories (DOE-OIG-18-22)	5				53

DATE ISSUED	REPORT TITLE	NUMBER OF RECS	BETTER USE OF FUNDS	QUESTIONED COSTS	UNSUPPORTED COSTS	PAGE
Mar 9, 2018	Issues Management Within the Office of Science (DOE-OIG-18-23)	0				54
Mar 14, 2018	The Department of Energy's Management of Management and Operating Contractor Temporary Foreign Assignments (DOE-OIG-18-24)	0				54
Mar 14, 2018	Audit Coverage of Cost Allowability for Oak Ridge Associated Universities, Inc. During Fiscal Years 2012 Through 2015 Under Department of Energy Contract No. DE-AC05-60R23100 (DOE-OIG-18-25)	2		\$6,640		55
Mar 15, 2018	Audit Coverage of Cost Allowability for Fluor Federal Petroleum Operations, LLC from April 1, 2014, through September 30, 2016 under Department of Energy Contract No. DE-FE0011020 (DOE-OIG-18-26)	0				56
Mar 23, 2018	Decontamination and Decommissioning Activities at the Separations Process Research Unit (DOE-OIG-18-27)	2				56
Mar 27, 2018	Management Letter on the Western Federal Power System's Fiscal Year 2017 Financial Statement Audit (DOE-OIG-18-28)	11				57

INSPECTIONS

The following identifies all inspection reports issued between October 1, 2017, and March 31, 2018.

DATE ISSUED	REPORT TITLE	NUMBER OF RECS	BETTER USE OF FUNDS	QUESTIONED COSTS	UNSUPPORTED COSTS	PAGE
Feb 15, 2018	Alleged Information Technology Weaknesses and Inappropriate System Access at the Oak Ridge National Laboratory (DOE-OIG-18-19)	2				59
Feb 20, 2018	Los Alamos National Laboratory Chronic Beryllium Disease Prevention Program (DOE-OIG-18-20)	4				59

RESULTS

LEGISLATIVE AND REGULATORY REVIEWS

The Inspector General Act of 1978, as amended, requires the OIG to review and comment upon legislation and regulations relating to Department programs and to make recommendations concerning the impact of such legislation or regulations on Departmental economy and efficiency. During this reporting period, we reviewed 11 proposed regulations, bills, and draft testimony (from other departments, etc.), commenting on none.

INTERFERENCE WITH IG INDEPENDENCE

The Department did not interfere or restrict communications between our office and Congress nor put in place any budgetary constraints designed to limit the capabilities of our office.

RESISTANCE TO OVERSIGHT ACTIVITIES OR RESTRICTED/SIGNIFICANTLY DELAYED ACCESS

Access to documents the OIG believed necessary to perform work was not restricted during this period.

INVESTIGATIONS INVOLVING SENIOR GOVERNMENT EMPLOYEES

During the reporting period October 1, 2017 through March 31, 2018, the following investigations that involved an employee at the GS-15 level or above were conducted by the Office of Investigations.

FACTS AND CIRCUMSTANCES	STATUS AND DISPOSITION	REFERRED TO DOJ	DOJ DECLINATION	DECLINATION REASON
Allegation GS-15 employee had inappropriate communications with a subordinate employee and interfered with OIG investigation	Closed; substantiated; retired while under investigation	Yes	June 27, 2017	Lack of prosecutorial interest, and in lieu of administrative remedies
Allegation SES violated the Anti-Deficiency Act and instructed a potential cover up.	Closed; referred to Office of Audits & Inspections ¹	Yes	January 5, 2018	Lack of prosecutorial interest

¹ The inspection involving the underlying allegations was still in process at the close of the semi-annual reporting period.

WHISTLEBLOWER RETALIATION COMPLAINTS

During the reporting period October 1, 2017 through March 31, 2018, there were no instances of confirmed whistleblower retaliation. However, during this period, the OIG received the following complaints under 41 USC Section 4712 and/or under the Presidential Policy Directive 19:

Complaints Received	6
Complaints Accepted for Investigation	1
Complaints Not Accepted for Investigation	5

COMMENTS NOT PROVIDED WITHIN 60 DAYS

For the reporting period October 1, 2017, through March 31, 2018, the Department failed to provide comments on the following reports and referrals within 60 days.

DATE ISSUED	REPORT TITLE	LENGTH OF TIME TO RECEIVE COMMENTS
	<u>Audits/Inspections</u>	
Ongoing	Subcontract Administration at Selected NNSA and M&O Contractors	179 days
Ongoing	Sandia Silicon Fabrication Revitalization Initiative	108 days
Ongoing	Supplier Quality Management at National Nuclear Security Administration Sites	99 days
Feb. 20, 2018	Los Alamos National Laboratory Chronic Beryllium Disease Prevention Program (DOE-OIG-18-20)	71 days

DATE ISSUED	INVESTIGATIVE REFERRALS	LENGTH OF TIME TO RECEIVE COMMENTS
Aug 11, 2017	IT Summit Irregularities – Office of Science	Not yet received; 238 days
Sep 8, 2017	Contract Irregularities - Office of Science	210 days

REPORTS LACKING MANAGEMENT DECISION

The Department has a system in place to track audit and inspection 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 as efficiently and expeditiously as possible. The following audit report is over six months old and no management decision had been made by the end of the reporting period. An explanation for the lack of management decision is described in the table below.

DATE ISSUED	REPORT TITLE	STATUS OF MANAGEMENT DECISION
Apr 10, 2002	Use of Non-Competitive Procurements to Obtain Services at the Savannah River Site (IG-0862)	The OIG has requested the Department temporarily delay submitting a Management Decision on the recommendations in this report, pending the outcome of an external matter.

RECOMMENDATIONS NOT IMPLEMENTED

The following table identifies 63 reports with a total of 141² recommendations which were agreed to by the Department but have not been implemented as of March 31, 2018. The total potential cost savings associated with these reports is \$373,939,057. The OIG is committed to working with management to expeditiously address the management decision and corrective action process, recognizing that certain initiatives will require long-term, sustained, and concerted efforts. [Non-hyperlinked reports are not available on the OIG website.]

DATE ISSUED	REPORT TITLE	TOTAL # OF OPEN RECS ³	POTENTIAL MONETARY BENEFIT ⁴
Dec 17, 2007	Beryllium Surface Contamination at the Y-12 National Security Complex (IG-0783)	1	
Nov 13, 2009	Management Controls over Selected Aspects of the Department of Energy's Human Reliability Program (OAS-M-10-01)	2	
Sep 22, 2010	The Department of Energy's Audit Resolution and Follow-up Process (IG-0840)	2	
Feb 20, 2013	Assessment of Audit Coverage of Cost Allowability Sandia Corporation during Fiscal Years 2009 and 2010 under Department of Energy Contract No. DE-AC04-94AL85000 (OAS-V-13-07)	1	\$12,760,295
Jun 24, 2013	Mitigation of Natural Disasters at Los Alamos National Laboratory (OAS-M-13-04)	1	
Jan 2, 2014	NNSA's Management of the \$245 Million Nuclear Materials Safeguards and Security Upgrades Project Phase II (IG-0901)	2	
Feb 14, 2014	The Technology Transfer and Commercialization Efforts at the Department of Energy's National Laboratories (OAS-M-14-02)	1	
Apr 15, 2014	The Department of Energy's Management and Use of Mobile Computing Devices and Services (IG-0908)	1	

¹Those recommendations that are not agreed to by management are not tracked by the Department as open/unimplemented recommendations. Since 2007, the Department has only failed to agree on 3 recommendations issued by the OIG.

² A single recommendation in our reports may often be addressed to multiple program elements. The total number of open recommendations will include any recommendation that has not been corrected by at least one of the program elements.

³The Potential Monetary Benefits identified are representative of reports with open recommendations rather than individual recommendations. These amounts include funds that could be used more efficiently by implementing the recommended actions as well as other unresolved or questioned costs. Based on our experience, a significant portion of unresolved and questioned costs are ultimately determined to be allowable by contracting officials.

DATE ISSUED	REPORT TITLE	TOTAL # OF OPEN RECS ³	POTENTIAL MONETARY BENEFIT ⁴
Apr 23, 2014	Assessment of Audit Coverage of the Cost Allowability for Sandia Corporation under Department of Energy Contract DE-AC04-94-AL-85000, for Fiscal Years 2011 and 2012 (OAS-V-14-10)	1	5,741,818
Aug 6, 2014	Management of the National Nuclear Security Administration's Biosafety Laboratories (IG-0917)	1	
Sep 19, 2014	The Department of Energy's Management of Cloud Computing Activities (IG-0918)	1	
Sep 24, 2014	Assessment of Audit Coverage of Cost Allowability for Bechtel Jacobs Company, LLC under Department of Energy Contract No. DE-AC05-98OR22700 during Fiscal Year 2011 (OAS-V-14-17)	1	160,007,744
Oct 22, 2014	The Department of Energy's Unclassified Cybersecurity Program – 2014 (IG-0925)	2	
Nov 12, 2014	Follow-up Audit of Contractor Intergovernmental Personnel Act Assignments (IG-0928)	2	\$3,000,000
Feb 26, 2015	Argonne National Laboratory Infrastructure Projects (OAS-M-15-02)	1	
Jun 10, 2015	Allegations Related to the Energy Information Administration's Reporting Process (DOE/IG-0940)	1	
Jun 12, 2015	Southwestern Federal Power System's Fiscal Year 2014 Financial Statement Audit (OAS-FS-15-11)	1	
Jun 22, 2015	The Department of Energy's Implementation of the Pilot Program for Agreements for Commercializing Technology (OAS-M-15-04)	1	
Jul 10, 2015	The National Nuclear Security Administration's Management of Support Service Contracts (OAS-M-15-05)	1	
Sep 3, 2015	The Department of Energy's Management of Electronic Mail Records (DOE/IG-0945)	3	
Sep 9, 2015	Assessment of Audit Coverage of Cost Allowability for Sandia Corporation During Fiscal Year 2013 Under Department of Energy Contract No. DE-AC04-94AL85000 (OAS-V-15-03)	1	\$2,569,251
Nov 3, 2015	The Department of Energy's Unclassified Cybersecurity Program – 2015 (DOE-OIG-16-01)	1	
Nov 4, 2015	The Department of Energy's Cybersecurity Risk Management Framework (DOE-OIG-16-02)	1	

DATE ISSUED	REPORT TITLE	TOTAL # OF OPEN RECS ³	POTENTIAL MONETARY BENEFIT ⁴
Nov 17, 2015	Procurement of Parts and Materials for the Waste Treatment and Immobilization Plant at the Hanford Site (DOE-OIG-16-03)	2	
Jan 7, 2016	Information Technology Management Letter on the Audit of the Department of Energy's Consolidated Balance Sheet for Fiscal Year 2015 (OAI-FS-16-05) Full Report Not Publically Available – Official Use Only	1	
Jan 15, 2016	Management Letter on the Audit of the Department of Energy's Consolidated Financial Statements for Fiscal Year 2015 (OAI-FS-16-06)	2	
Mar 1, 2016	The Department of Energy's Audit Resolution and Followup Process (DOE-OIG-16-08)	3	
Mar 21, 2016	Procurement Administration and Human Reliability Program Revocations Within the Office of Secure Transportation (OAI-M-16-07)	1	
Apr 1, 2016	Management and Oversight of Information Technology Contracts at the Department of Energy's Hanford Site (DOE-OIG-16-10)	1	\$183,500,000
Apr 4, 2016	Followup on Western Area Power Administration's Critical Asset Production (DOE-OIG-16-11)	1	
May 2, 2016	The Department of Energy's Energy Information Technology Services Federal Support Costs (DOE-OIG-16-12)	3	
Jul 7, 2016	Lawrence Livermore National Laboratory's Laser Inertial Fusion Energy Endeavor (OAI-M-16-13)	3	
Jul 27, 2016	Battelle's Pacific Northwest National Laboratory Procurement Activities (OAI-M-16-14)	4	
Sep 29, 2016	Followup Audit of the Department's Continuity of Operations Planning (DOE-OIG-16-16)	2	
Oct 14, 2016	The Department of Energy's Unclassified Cybersecurity Program – 2016 (DOE-OIG-17-01)	1	
Oct 31, 2016	Management Letter on the Southwestern Federal Power System's Fiscal Year 2015 Financial Statement Audit (OAI-FS-17-01)	2	
Jan 10, 2017	Management Letter on the Audit of the Department of Energy's Consolidated Financial Statements for Fiscal Year 2016 (OAI-FS-17-05)	2	
Jan 12, 2017	Information Technology Management Letter on the Audit of the Department of Energy's Consolidated Financial Statements for Fiscal Year 2016 (OAI-FS-17-07)	2	
Jan 17, 2017	Followup Review of Controls Over the Department's Classification of National Security Information (DOE-OIG-17-04)	1	

DATE ISSUED	REPORT TITLE	TOTAL # OF OPEN RECS ³	POTENTIAL MONETARY BENEFIT ⁴
Feb 15, 2017	Quality Assurance for River Corridor Closure Contract Procurements (OAI-M-17-05)	2	\$270,894
Feb 23, 2017	Management of Suspended Procurements at the Waste Treatment and Immobilization Plant Project (OIG-SR-17-04)	3	\$1,900,000
Apr 11, 2017	Followup on the Small Business Innovation Research and Small Business Technology Transfer Programs (OAI-M-17-06)	3	\$46,050
Apr 26, 2017	Department of Energy's West Valley Demonstration Project (DOE-OIG-17-05)	8	
May 17, 2017	Audit Coverage of Cost Allowability for Battelle Memorial Institute Under its Contract to Manage the Pacific Northwest National Laboratory During Fiscal Years 2013 and 2014 Under Department of Energy Contract No. DE-AC05-76RL01830 (OAI-V-17-04)	1	
May 19, 2017	Construction Rework at the Mixed Oxide Fuel Fabrication Facility (OAI-M-17-07)	1	
Jul 21, 2017	Alleged Tesa Access Issues at Lawrence Livermore National Laboratory (OAI-M-17-09)	2	
Jul 25, 2017	Allegations of Mismanagement of the Human Reliability Program at the Oak Ridge National Laboratory (OAI-M-17-10)	1	
Aug 16, 2017	Followup on Bonneville Power Administration's Cybersecurity Program (DOE-OIG-17-06)	4	
Sep 14, 2017	Quality Assurance Management at the Waste Isolation Pilot Plant (DOE-OIG-17-07)	3	
Sep 21, 2017	The Department of Energy's Implementation of Multifactor Authentication Capabilities (DOE-OIG-17-08)	4	
Oct 11, 2017	The Department of Energy's Unclassified Cybersecurity Program – 2017 (DOE-OIG-18-01)	1	
Oct 27, 2017	Management of the National Ignition Facility and the Advanced Radiographic Capability (DOE-OIG-18-04)	3	
Nov 6, 2017	National Nuclear Security Administration's Energy Savings Performance Contracts (DOE-OIG-18-07)	3	\$373,910
Dec 22, 2017	Lawrence Livermore National Security, LLC, Costs Claimed under Department of Energy Contract No. DE-AC52-07NA27344 for Fiscal Year 2015 (DOE-OIG-18-12)	7	\$1,262,455

DATE ISSUED	REPORT TITLE	TOTAL # OF OPEN RECS ³	POTENTIAL MONETARY BENEFIT ⁴
Jan 9, 2018	Information Technology Management Letter on the Audit of the Department of Energy's Consolidated Financial Statements for Fiscal Year 2017 (DOE-OIG-18-15) <i>Full Report Not Publically Available – Official Use Only</i>	8	
Feb 8, 2018	The Office of Fossil Energy's Oversight of the Texas Clean Energy Project under the Clean Coal Power Initiative (DOE-OIG-18-17)	3	\$2,500,000
Feb 9, 2018	Management Letter on Southwestern Federal Power System's Fiscal Year 2016 Financial Statement Audit (DOE-OIG-18-18)	3	
Feb 15, 2018	Alleged Information Technology Weaknesses and Inappropriate System Access at the Oak Ridge National Laboratory (DOE-OIG-18-19)	2	
Feb 20, 2018	Los Alamos National Laboratory Chronic Beryllium Disease Prevention Program (DOE-OIG-18-20)	4	
Mar 5, 2018	Followup on Cooperative Research and Development Agreements at National Laboratories (DOE-OIG-18-22)	5	
Mar 14, 2018	Audit Coverage of Cost Allowability for Oak Ridge Associated Universities, Inc. During Fiscal Years 2012 Through 2015 Under Department of Energy Contract No. DE-AC05-06OR23100 (DOE-OIG-18-25)	1	\$6,640
Mar 23, 2018	Decontamination and Decommissioning Activities at the Separations Process Research Unit (DOE-OIG-18-27)	2	
Mar 27, 2018	Management Letter on the Western Federal Power System's Fiscal Year 2017 Financial Statement Audit (DOE-OIG-18-28)	6	
Total Open Recommendations		141	\$373,939,057

REVIEWS CLOSED AND NOT DISCLOSED TO THE PUBLIC

The Office of Inspector General had no undisclosed reports from the public for this reporting period October 1, 2017, through March 31, 2018.

PEER REVIEWS

PEER REVIEWS CONDUCTED BY OIG OCTOBER 1, 2017 – MARCH 31, 2018			
TYPE OF REVIEW	DATE OF PEER REVIEW	OIG REVIEWED	OUTSTANDING RECOMMENDATIONS
Audits	None this reporting period		
Inspections	None this reporting period		
Investigations	None this reporting period		

PEER REVIEWS CONDUCTED OF OIG OCTOBER 1, 2017 – MARCH 31, 2018				
TYPE OF REVIEW	DATE OF PEER REVIEW	REVIEWING OIG	FREQUENCY REQUIREMENT	OUTSTANDING RECOMMENDATIONS
Audits	None this reporting period			
Inspections	None this reporting period			
Investigations	None this reporting period			

SUMMARIES

INVESTIGATIVE OUTCOMES

Sentencing, Indictment and Deferred Prosecution Agreement in Conspiracy to Commit Money Laundering, Wire Fraud and Foreign Corrupt Practices Act Investigation

A co-conspirator was sentenced in the U.S. District Court, District of Maryland to 12 months and 1 day of incarceration, followed by 3 years of supervised release after pleading guilty to Conspiracy to Commit Money Laundering. A former co-president of a Maryland-based transportation company that provides services for the transportation of nuclear materials to customers in the U.S. and abroad, was indicted in the U.S. District Court, District of Maryland on 11 counts of Conspiracy, Wire Fraud, International Money Laundering and violations of the Foreign Corrupt Practices Act (FCPA). The transportation company has entered into a deferred prosecution agreement with the Department of Justice to pay a \$2 million penalty to resolve charges of Conspiracy to Violate the Anti-Bribery provisions of the FCPA. The investigation determined the former co-president engaged with several co-conspirators in a scheme to bribe a Russian official to influence the awarding of contracts to the Russian State-owned nuclear energy corporation, TENEX. As reported in the March 31, 2016, Semiannual Report to Congress, a former executive of a Russian company was sentenced to 48 months incarceration and forfeiture of \$2,126,622 for Conspiracy to Commit Money Laundering. The sentencing was the result of the former executive's guilty plea which determined the executive violated the FCPA by participating in a kickback scheme with several American co-conspirators to direct the awarding of contracts for the shipment of uranium from Russia to the United States without competition under the Megatons to Megawatts program. This is an on-going joint investigation with the Federal Bureau of Investigation and is being coordinated with the U.S. Attorney's Office for the District of Maryland.

Settlement Reached in False Claims Investigation

The U.S. Department of Justice entered into a \$66 million civil settlement agreement with a foreign biotechnology subcontractor and its American subsidiary to resolve allegations made under the False Claims Act. The investigation determined the Department subcontractor and its American subsidiary sold defective Zylon fiber used in bullet proof vests purchased for Federal, State, local, and tribal law enforcement agencies, including DOE OIG. To date, recoveries have been received from 16 entities involved in the manufacture, distribution or sale of Zylon vests, including body armor manufacturers, weavers, international trading companies, and five individuals, bringing the overall recoveries to over \$132 million. This is an ongoing joint investigation with the General Services Administration OIG, Department of Commerce OIG, Defense Criminal Investigative Service, U.S. Army Criminal Investigative Command, U.S. Department of the Treasury IG for Tax Administration, Air Force Office of Special Investigations, Defense Contracting Audit Agency and is being coordinated with the U.S. Department of Justice, Civil Division.

Sentencing in Conspiracy to Defraud the Government Investigation

The manager/co-owner of a former waste transportation subcontractor was sentenced in the U.S. District Court, Eastern District of Tennessee to 12 months and 1 day of incarceration, 3 years of probation, \$2.5 million in restitution and a \$100 special assessment fee on a charge of Conspiracy to Defraud the Government. As reported in the September 30, 2017, Semiannual Report to Congress, the manager/co-owner's tax preparer was sentenced in the U.S. District Court, Eastern District of Tennessee to 41 months incarceration followed by three years of probation and \$1,441,818 restitution to the Internal Revenue Service on Conspiracy violations. The tax preparer was also sentenced to 15 months incarceration followed by three years of probation, to be served concurrently, for violating the Sex Offender Registration and Notification Act (SORNA). The investigation determined the tax preparer, a registered sex offender, conspired with the manager/co-owner of the former Department waste transportation subcontractor to file or cause others to file fraudulent tax returns. Additionally, the tax preparer attempted to evade prosecution by fleeing the state of his registered address without updating his registration as required by the SORNA. This was a joint investigation with the Internal Revenue Service Criminal Investigations Division and the Federal Bureau of Investigation.

Civil Settlement with Department Contractor

The U.S. Department of Justice (DOJ) entered into a \$15 million settlement agreement with a contractor to several Federal agencies, including the Department. The settlement resolves civil and administrative monetary claims arising out of the contractor's failure to comply with immigration laws. The DOJ requested the OIG's assistance during this civil matter, which was initiated by a criminal investigation conducted by U.S. Immigration and Customs Enforcement Homeland Security Investigations. The OIG determined the contractor conducted business, while not in compliance with immigration laws, with multiple Department entities. The Department entities included the Western Area Power Administration, Bonneville Power Administration, and Brookhaven National Laboratory. Additionally, the civil investigation identified clauses in Department contracts that required specific approvals regarding foreign nationals. The \$15 million civil settlement will be divided between the affected Federal agencies, with the Department recovering \$684,226. This investigation was coordinated with the U.S. Attorney's Office, Eastern District of Pennsylvania.

Search Warrant Executed and Involuntary Commitment in Terroristic Threat Investigation

The OIG was notified that a former Paducah Gaseous Diffusion Plant (PGDP) contractor employee made electronic terroristic threats against the Department and others. OIG special agents executed a Federal search warrant at the former PGDP contractor employee's residence, with the assistance of the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF), the Federal Bureau of Investigation (FBI), and the Bedford County Tennessee Sheriff's Office. The search yielded ten firearms, marijuana, ammunition and body armor. Hazmat experts from the local drug task force were brought in to evaluate suspicious chemicals found in the former PGDP contract employee's home laboratory. The former PGDP contractor employee was transported to a local hospital for a mental health

evaluation and was involuntarily committed. The former PGDP contractor employee was ultimately entered into FBI's National Instant Background Check System as an individual who is prohibited by law from purchasing firearms. This is an ongoing joint investigation with the ATF.

Guilty Pleas and Sentencings in Small Business Concern Fraud Investigation

An individual and his company pleaded guilty and were sentenced in the U.S. District Court, District of South Carolina on charges of Conspiracy to Defraud the United States. The individual was sentenced to 24 months' incarceration, 3 years of supervised release and a \$100 special assessment. The company was sentenced to 5 years of probation, a \$500,000 fine and a \$400 special assessment. Additionally, a co-conspirator pleaded guilty to making a False Statement and three other co-conspirators pleaded guilty to Misprision of a Felony. All of the co-conspirators were sentenced in the U.S. District Court, District of South Carolina to 3 years of probation. Another co-conspirator pleaded guilty to Wire Fraud and is awaiting sentencing. As reported in the September 30, 2016, Semiannual Report to Congress, a 20-count Indictment including charges of Conspiracy to Defraud the United States, False Statements, Major Fraud against the Government, Wire Fraud, and Misprision of a Felony was returned against seven co-conspirators. The investigation determined the defendants conspired to use figure head small business concerns, meaning they were not controlled by individuals eligible for small business set aside awards, in order to obtain set aside contracts. The set aside contracts included two Department subcontracts and one Department funded other agency contract. This is a joint investigation with multiple agencies including the Department of Agriculture OIG, Defense Criminal Investigative Service, and Small Business Administration OIG.

Sentencing in Wire Fraud Investigation

A former Department contractor employee was sentenced in the U.S. District Court, District of South Carolina to 13 1/2 months' incarceration, 3 years of supervised release, restitution in the amount of \$317,657 and a \$100 special assessment for a violation of Wire Fraud. As reported in the September 30, 2016, Semiannual Report to Congress, a Federal Grand Jury in the District of South Carolina indicted the former Department contractor employee on one count of Wire Fraud. Subsequently, the former contractor employee pleaded guilty. The investigation determined the former contractor employee operated a Ponzi scheme for approximately 9 years by recruiting individuals, to include other Department contractor employees via Department email, to invest money that the former contractor employee promised would be used to buy gold and silver. Through this scheme, the former contractor employee diverted and obtained in excess of \$700,000 of investor funds. The former contractor employee used a portion of the funds to pay for personal expenses while using remaining funds to re-pay investors in continuance of the scheme.

Former Department Grantee Found Guilty and Former Grant Coordinator Sentenced in Grant Fraud Investigation

A former Department grantee was found guilty by trial in the U.S. District Court, Northern District of Florida on charges of Conspiracy, Mail and Wire Fraud, and Theft of Government

Funds. Additionally, a former grant coordinator was sentenced to 12 months' incarceration, 2 years of supervised release, and a \$100 special assessment fee. As previously reported in the September 30, 2016, Semiannual Report to Congress, a Federal Grand Jury in the Northern District of Florida indicted the former Department grantee and former grant coordinator on one count of Conspiracy to Defraud the United States and one count of Theft of Government Property. The former grant coordinator subsequently pleaded guilty. The investigation determined the former Department grantee and former grant coordinator submitted a series of fraudulent checks and invoices in order to receive approximately \$2.23 million in Department Recovery Act grant funds administered through the Department's State Energy Program formula grants. The grant funds were subsequently used for personal expenses, such as a New York City penthouse condo and suite rental at Lincoln Financial Field in Philadelphia. An Investigative Report to Management was issued recommending suspension and/or debarment actions against the grant coordinator. This is an ongoing joint investigation with the United States Secret Service.

Guilty Plea and Sentencing in False Claims Investigation

A former Department subcontractor employee pleaded guilty in the U.S. District Court, District of Idaho to one count of False Claims. Subsequently, the former subcontractor employee was sentenced to 6 months of incarceration followed by 6 months of home confinement, 3 years of supervised release, and ordered to pay \$337,000 in restitution with a \$5,000 fine. The investigation determined the former subcontractor employee, while employed by the subcontractor, created a business entity and falsely purported that items sold to the Idaho National Laboratory were ordered from the subcontractor employee's business entity when, in fact, the items had been ordered from the Department subcontractor. Improper payment was then directed to the subcontractor employee's business entity. This was a joint investigation with the Federal Bureau of Investigation.

Sentencing in Theft of Government Property Investigation

A former Western Area Power Administration (WAPA) employee was sentenced in the U.S. District Court, District of South Dakota to 5 years of probation and ordered to pay \$24,152 in restitution, a \$2,000 fine, and a \$100 special assessment fee. As reported in the March 31, 2017, Semiannual Report to Congress, the former WAPA employee was indicted on one count of Theft of Government Property and one count of Bank Fraud. As reported in the September 30, 2017, Semiannual Report to Congress, the former WAPA employee pleaded guilty to one count of Theft of Government Property. The investigation determined the former WAPA employee fraudulently used a Government purchase card to obtain property worth over \$20,450 which was subsequently sold for personal benefit. The former WAPA employee resigned in lieu of termination prior to the opening of this investigation. An Investigative Report to Management was issued recommending suspension and/or debarment of the former WAPA employee. Suspension of the former employee occurred on March 12, 2018. This is a joint investigation with General Services Administration OIG.

Information Filed, Guilty Plea and Sentencing in Controlled Substance Act Investigation

A one-count Information was filed at the U.S. District Court, Northern District of Illinois Eastern Division charging a former Argonne National Laboratory (ANL) contractor employee with violating the Controlled Substance Act. Subsequently, the former ANL contractor employee pleaded guilty and was sentenced to 6 months of home confinement, 3 years of probation, 400 hours of community service, \$1,000 fine and a \$100 special assessment fee. The investigation determined the former ANL contractor employee illegally imported and distributed steroids from China. The investigation also found that the former ANL contractor employee brought the illegal substance onto ANL and used an ANL computer to track the illegal substance shipments. This was a joint investigation with Homeland Security Investigations.

Civil Settlement in Small Business Innovative Research Grant Investigation

A Department Small Business Innovative Research (SBIR) grant recipient entered into a \$100,000 civil settlement agreement with the U.S. Attorney's Office for the District of Massachusetts to resolve allegations made under the False Claims Act. The investigation determined the grantee failed to adequately account for time and effort expenses claimed in numerous Department and National Science Foundation (NSF) SBIR awards, improperly inflated the owner's pay rate beyond that approved in project budgets, and falsely certified that they had spent Government funds in accordance with grant agreements. This is a joint investigation with the NSF OIG.

Indictment, Arrest and Guilty Plea in Major Fraud, Wire Fraud and Money Laundering Investigation

A Federal Grand Jury in the District of New Mexico indicted a former Sandia National Laboratories contractor procurement officer on one count of Major Fraud against the United States, three counts of Wire Fraud, and seven counts of Money Laundering. Subsequently, the former procurement officer was arrested by OIG agents and pleaded guilty in the U.S. District Court, District of New Mexico to one count of Wire Fraud and one count of Money Laundering. The investigation determined the former procurement officer engaged in a scheme to direct a \$2.3 million Sandia contract to a company surreptitiously created and controlled by the former contractor procurement officer. This investigation is being coordinated with the Department of Justice Criminal Division's Public Integrity Section, Washington, D.C.

Information Filed and Guilty Pleas in Small Business Innovation Research Fraud Investigation

Two former executives of Small Business Innovation Research (SBIR) grant recipient companies pleaded guilty in the U.S. District Court, Western District of New York. One executive pleaded guilty to a one-count Information charging Conspiracy to Defraud the United States. The other executive pleaded guilty to a two-count Information charging Conspiracy to Commit Wire Fraud and Engaging in Monetary Transactions in Property Derived from Specified Unlawful Activity. The scheme involved numerous SBIR and Small Business Technology Transfer (STTR) awards to the companies, amounting to over

\$8.4 million, from the Department, National Science Foundation (NSF) and the U.S. Department of Agriculture (USDA). The Department's portion of the awards was over \$5.1 million. The investigation determined the two former executives provided false statements in proposals, budgets, timesheets, and/or reports in at least 27 SBIR/STTR awards. This is a joint investigation with the Federal Bureau of Investigation, NSF OIG, USDA OIG, and the Internal Revenue Service Criminal Investigation Division.

Guilty Plea and Notices of Suspension and Proposals for Debarment in Conspiracy to Defraud the Government Investigation

The president of a prospective Department contractor pleaded guilty in the U.S. District Court, Northern District of California to a violation of Conspiracy to Defraud the Government. As reported in the September 30, 2017, Semiannual Report to Congress, a Federal Grand Jury returned an eight-count Indictment against eight individuals for engaging in a contract bid-rigging scheme at the Lawrence Berkeley National Laboratory (LBNL), Berkeley, California. The Indictment included charges of Receiving a Bribe, False Statements, Conspiracy to Receive a Bribe, and Conspiracy to Defraud the United States. The investigation determined multiple individuals representing multiple companies conspired to manipulate a contract award through bid-rigging for the renovation of a building at the LBNL to ensure a specific developer was awarded the contract in exchange for financial reward or construction work from that developer. The eight indicted individuals and five of their respective companies have been suspended and proposed for debarment from Government contracting. This is a joint investigation with the Federal Bureau of Investigation.

Guilty Pleas in Theft of Government Property Investigation

Two former Lawrence Berkeley National Laboratory (LBNL) contractor employees pleaded guilty in the U.S. District Court, Northern District of California to a one-count Information charging Theft of Government Property. Both former LBNL contractor employees entered into Post-Plea Diversion Agreements and each agreed to pay restitution separately in the amounts of \$11,109 and \$28,855. As reported in the September 30, 2017, Semiannual Report to Congress, the U.S. Attorney's Office for the Northern District of California filed an Information charging the two former LBNL contractor employees with one count of Theft of Government Property. The investigation determined both of the former LBNL contractor employees stole scrap copper wire from LBNL valued at approximately \$39,000 and sold the copper wire for personal gain. The OIG took possession of \$21,381 in cash after one of the former LBNL contractor employees admitted that the money was criminal proceeds derived from multiple thefts of copper wire from LBNL. Both former LBNL contractor employees have been suspended from Government contracting.

Restitution Imposed and Response to Investigative Report to Management in Recovery Act Grant Fraud Investigation

The president of a green technology startup company that received Department Recovery Act funds was ordered to pay \$663,395 in restitution. As reported in the September 30, 2017, Semiannual Report to Congress, the president and Chief Executive Officer (CEO) of

the green technology startup company were each indicted on five counts of Wire Fraud in the U.S. District Court, Northern District of Illinois. The president pleaded guilty to one count of Wire Fraud and was sentenced to 24 months of incarceration, 1 year supervised release, and 60 hours of community service. The CEO entered into a Pretrial Diversion Agreement and was ordered to pay a \$10,000 fine, serve 200 hours of community service, and was further ordered to not apply for, or hold, any management, executive or leadership role in any entity which is the recipient or administrator of grant funding from any governmental entity. The investigation determined the president and CEO of the green technology startup company fraudulently obtained approximately \$1.4 million in Recovery Act grant funds by falsifying vendor and subcontractor payment documents submitted to the City of Chicago, Pennsylvania Department of Environmental Protection, and Bay Area Air Quality Management for installing electric vehicle charging stations in Chicago, Pennsylvania and California. In response to an Investigative Report to Management, the president and the CEO of the green technology startup company were suspended from Government contracting and notified of proposed debarment. This is a joint investigation with the Federal Bureau of Investigation and the City of Chicago Office of Inspector General.

Indictment, Arrest and Search Warrant Executed in Child Pornography Investigation

A Grand Jury in Roane County, Tennessee, indicted a former Oak Ridge National Laboratory (ORNL) contractor employee on charges of Sexual Exploitation of a Minor. Subsequently, the former ORNL contractor employee was arrested by OIG special agents. The investigation determined there had been suspicious browsing activity on the ORNL visitor Wi-Fi network related to child pornography. A search warrant was later obtained and executed at the former ORNL contractor employee's residence where multiple personal electronic devices were seized. This investigation is being coordinated with the U.S. Attorney's Office for the Eastern District of Tennessee, and the District Attorney's Office for the 9th Judicial District of Tennessee.

Indictment and Arrest in Procurement Fraud Investigation

A Federal Grand Jury in the U.S. District Court, District of Colorado returned a one-count Indictment charging Mail Fraud against a former Principal Investigator (PI) of a Los Alamos National Laboratory (LANL) research subcontract. Subsequently, the former PI was arrested. The investigation determined the former PI devised a scheme to circumvent the University's Office of Contracts and Grants in the administration of the LANL subcontract and diverted the subcontract funds to a discretionary account held at the University which the former PI controlled. The former PI submitted false invoices requesting reimbursement for labor related costs of the former PI and a graduate student as well as tuition reimbursement of the graduate student, which were allowable under the subcontract. However, the investigation found that the reimbursements were not paid to the University, but were placed in a discretionary account and used to pay for the former PI's international personal travel. The former PI fraudulently obtained and diverted approximately \$205,000 in LANL funds for his personal benefit. This is a joint investigation with the University's police department.

Indictment Returned for the Former Employee of an Energy Efficiency Block Grant Sub-Recipient

A Federal Grand Jury in the Eastern District of Tennessee indicted the former operator of a city Waste Water Treatment Plant (WWTP) on 25 counts of violating the Clean Water Act. The investigation determined the former operator diverted waste water from the WWTP directly into a local river without processing the waste. The WWTP was the recipient of a Department Energy Efficiency and Conservation Block Grant through the Tennessee Department of Environment and Conservation (TN DEC) funded by the Recovery Act. This is a joint investigation with the Environmental Protection Agency (EPA) Crime Investigation Department, EPA OIG, the Internal Revenue Service, the Tennessee Valley Authority OIG, and TN DEC.

Superseding Indictment Returned in Small Business Innovative Research Grant Fraud Investigation

A Federal Grand Jury in the U.S. District Court, Western District of Virginia returned a 24-count Superseding Indictment against two former Department grantees charging False Claims, False Statements, Wire Fraud, Obstruction of Justice and Conspiracy. As reported in the September 30, 2017, Semiannual Report to Congress, one of the Department grantees was arrested and charged with Conspiracy to Defraud the Government. Simultaneous to the arrest, search warrants were served at the grantees' residence, as well as the grantees' offices and university laboratory. The investigation determined the grantee conspired with other employees of his company to submit false claims and false statements to the Government in relation to Small Business Innovation Research and Small Business Technology Transfer grants; as well as steal trade secrets from former company employees and transfer the technology overseas. This is a joint investigation with the National Science Foundation OIG and the Federal Bureau of Investigation.

Demand Letter Issued in Grant Fraud Investigation

The U.S. Attorney's Office for the District of Puerto Rico issued a civil demand letter to the University of Puerto Rico seeking the recovery of up to \$5,318,370 in false claims and \$330,000 in penalties for violations of time and effort requirements related to Federal awards from the Department, National Aeronautics and Space Administration, (NASA), and the National Science Foundation (NSF). The investigation determined the University paid several employees additional compensation above their allowed base salaries and fringe benefits from various Federal grant awards in violation of grant terms. This is an ongoing joint investigation with the NASA OIG and the NSF OIG.

Arrest Warrant Issued and Executed in Embezzlement and Theft Investigation

An arrest warrant was issued by the Alameda County, California District Attorney's Office on charges of Embezzlement and Grand Theft by a former Lawrence Livermore National Laboratory (LLNL) contractor employee. The former LLNL contractor employee was subsequently arrested. As reported in the September 30, 2017, Semiannual Report to Congress, the former LLNL contractor employee was terminated for theft of Government

property. The investigation determined the former LLNL contractor employee stole numerous Government-purchased, freon-cylinder containers, valued at approximately \$20,000, and used them for a personal business. The former LLNL contractor employee also admitted to selling some of the containers online.

Indictment and Arrest in Theft Investigation

An indictment for Theft was handed down by a Grand Jury in Anderson County, Tennessee against a former contractor employee. The former contractor employee was subsequently arrested. The investigation determined the former contractor employee stole 7,000 pounds of lead belonging to the Department, with a replacement value of \$11,000. The former contractor employee had been terminated for acts unrelated to the OIG investigation.

Arrest Warrant Issued and Executed in Stalking Investigation

An arrest warrant was issued by the Anderson County, Tennessee District Attorney's Office for a charge of Stalking by a former Y-12 subcontractor employee who was subsequently arrested. The investigation determined the former subcontractor employee sent harassing messages to a fellow Y-12 subcontractor employee using a fictitious Facebook account. This is a joint investigation with the Oak Ridge, Tennessee Police Department.

Debarment Action in Travel and Time and Attendance Fraud Investigation

In response to an Investigative Report to Management, a former Department employee was debarred from doing business with the Government for a period of 5 years. As reported in the September 30, 2017, Semiannual Report to Congress, the former Department employee was sentenced in the U.S. District Court, Eastern District of Tennessee to 7 months of incarceration, 6 months of home confinement, 3 years of supervised release, ordered to pay \$40,112 in restitution, and a special assessment of \$2,300 on charges of Wire Fraud, False Claims, and False Statements. The investigation determined the former Department employee submitted numerous fraudulent travel vouchers totaling approximately \$22,000 and fraudulent time and attendance documents totaling approximately \$67,000, for work not performed.

Debarment Action in Child Solicitation Investigation

In response to an Investigative Report to Management, a former contractor employee was debarred from Government contracting for a period of 3 years. As reported in the September 30, 2017, Semiannual Report to Congress, the former contractor employee pleaded guilty in the Benton County Superior Court to Gross Misdemeanor Communication with a Minor for Immoral Purposes and was sentenced to 364 days of incarceration with 364 days suspended, 2 years of probation and was required to register as a sex offender. This is a joint investigation with Homeland Security Investigations Task Force and Kennewick Police Department.

Debarment Action in Theft of Government Property Investigation

In response to an Investigative Report to Management, a former Los Alamos National Laboratory (LANL) subcontract employee was debarred from Government contracting for

a period of 3 years. As reported in the September 30, 2017, Semiannual Report to Congress, the former LANL subcontract employee pleaded no contest in the First Judicial District Court, County of Los Alamos to Larceny and Tampering with Evidence charges and was sentenced to 2 years of probation. The investigation determined the former LANL subcontract employee stole several tools from a LANL Technical Area used to process radiological waste. This was a joint investigation with the Los Alamos Police Department and Federal Bureau of Investigation.

Debarment Action in Copper Theft Investigation

In response to an Investigative Report to Management, a former Los Alamos National Laboratory (LANL) contractor employee was debarred from Government contracting for a period of 3 years. As reported in the September 30, 2017, Semiannual Report to Congress, the former LANL contractor employee pleaded no contest in the Los Alamos Magistrate Court to Third Degree Larceny charges and was sentenced to 3 years of probation and ordered to pay \$3,474 in restitution. The investigation determined the former LANL contractor employee stole copper fittings and tubing from LANL and sold the items at a local metal recycling facility. This was a joint investigation with the Los Alamos Police Department.

Debarment Action in False Claims Investigation

In response to an Investigative Report to Management, a former National Renewable Energy Laboratory (NREL) contractor employee was debarred from Government contracting for a period of 3 years. As reported in the September 30, 2017, Semiannual Report to Congress, the contractor employee entered into an \$80,000 civil settlement agreement with the U.S. Department of Justice to resolve allegations of false claims arising from the contractor employee's use of NREL-paid work time, NREL-owned equipment, and NREL-owned resources for personal financial gain while consulting for three private companies. The contractor employee resigned in lieu of termination.

Debarment Action in Theft Investigation

In response to an Investigative Report to Management, a former Western Area Power Administration (WAPA) contractor employee was debarred from Government contracting for a period of 3 years. As reported in the September 30, 2017, Semiannual Report to Congress, the former WAPA contractor employee pleaded guilty to a one-count Information charging Theft of Government Property. The investigation determined the former WAPA contractor employee knowingly used a Government purchase card to make multiple unauthorized purchases for his personal benefit. This was a joint investigation with the General Services Administration OIG.

Debarment Action in False Claims Investigation

In response to an Investigative Report to Management, a former Department grantee and five affiliate companies were debarred from Government contracting for a period of three years. As reported in the September 30, 2017, Semiannual Report to Congress, the former grantee pleaded guilty in the U.S. District Court, Western District of Pennsylvania, to a one-count Information charging submission of False Claims to the Department. The investigation

determined the former grantee submitted false claims for work not performed and converted over \$5.7 million in grant funds to personal use. Sentencing is pending. This investigation is being coordinated with the U.S. Department of Justice, Civil Division and the U.S. Attorney's Office, Western District of Pennsylvania.

Department Contractor Disallows Cost in Spear-Phishing Investigation

In response to an Investigative Report to Management, the Pacific Northwest Site Office disallowed \$430,167 in costs associated with a Pacific Northwest National Laboratory (PNNL) fraudulent payment to a false contractor. The investigation determined that PNNL was targeted in a spear-phishing scheme which resulted in a PNNL contractor's legitimate bank routing information being changed to that of a fraudulent account. This resulted in an improper payment by PNNL of \$530,000 to the fraudulent account.

Recovery of Funds and Policy Improvements in Fraud Investigation

In response to an Investigative Report to Management, Washington State University (WSU) implemented a corrective action plan to address allegations that Department and National Aeronautics and Space Administration (NASA) grants had been improperly charged for employee salaries. The corrective action plan outlined several policy changes/improvements to include: requiring updated Responsible Conduct of Research Training for Faculty and researchers; enhancing current Provost's training for Chairs and other administrators; reviewing and updating the Training Module for research administrators; notifying sponsors and OIG investigators of internal audit results; and implementing a new Enterprise system to enhance financial management and reporting. The investigation determined that WSU made \$36,248 in associated mischarges to the Department and NASA. WSU has fully reimbursed the Department and NASA. This is a joint investigation with NASA OIG.

Notices of Suspension in Bribery Investigation

In response to an Investigative Report to Management, a prospective Department contractor, a former Department contractor, and a former senior Department employee were suspended and notified of a proposed 3 year debarment from Government contracting. As reported in the September 30, 2017, Semiannual Report to Congress, the former senior Department employee pleaded guilty to Conspiracy and Bribery violations and was sentenced in the U.S. District Court, District of Maryland to 18 months of incarceration, 3 years of probation and ordered to pay \$469,287 in restitution, a \$200 special assessment fee and a \$75,000 fine. The prospective Department contractor employee was sentenced in U.S. District Court for the District of Maryland to 1 year and 1 day of incarceration, 1 year of probation, ordered to pay \$15,000 in fines with a \$100 special assessment fee, and directed to forfeit \$7,000 that was paid in bribe money. The former Department contractor employee was sentenced in U.S. District Court for the District of Maryland to 18 months of incarceration to be followed by 1 year of supervised release and ordered to pay \$70,000 in restitution with a \$25,000 fine and a \$200 special assessment fee. Additionally, a co-conspirator was sentenced in U.S. District Court for the District of Columbia to 2 years of probation. As reported in the March 31, 2017, Semiannual Report to Congress, a two-count Information was filed against the former

senior Department employee, the prospective Department contractor employee pleaded guilty to one count of Bribery, and the co-conspirator pleaded guilty to one count of False Statements. The investigation determined the former senior Department employee solicited and was paid bribes to secure Department contracts for various companies and individuals, the prospective Department contractor employee paid bribes to secure a contract with the Department, the former Department contractor paid bribes to secure and maintain its contract with the Department, and the co-conspirator made false statements to federal agents related to bribery payments made to the senior Department employee. This is an ongoing, joint investigation with the Federal Bureau of Investigation.

Notice of Suspension in Theft of Government Property Investigation

In response to an Investigative Report to Management, a former Western Area Power Administration (WAPA) contractor employee was suspended and notified of a proposed 3 year debarment from Government contracting. As reported in the September 30, 2017, Semiannual Report to Congress, the former WAPA contractor employee was sentenced in the U.S. District Court, District of Colorado to 3 years of supervised release, 100 hours of community service and ordered to pay \$27,237 in restitution with a \$100 special assessment fee. As reported in the March 31, 2017, Semiannual Report to Congress, the former WAPA contractor employee pleaded guilty to one count of Theft of Government Property. The investigation determined the former WAPA contractor employee fraudulently used a Government purchase card to obtain over \$27,000 worth of property for personal benefit. An Investigative Report to Management was issued recommending suspension and/or debarment of the former WAPA contractor employee from Government contracting. This was a joint investigation with General Services Administration OIG.

Response to Investigative Report to Management in Time and Attendance Investigation

In response to an Investigative Report to Management, a Department employee was placed on administrative leave and proposed for removal. The investigation determined the Department employee was repeatedly absent from their place of duty over a period of 5 years and spent work time visiting museums and the Supreme Court, attending a car show, and conducting personal errands. Additionally, the investigation determined the Department employee viewed sexually explicit images on their Department computer. The Department also complied with two other recommendations by separating employee oversight and approval roles and implementing quarterly supervisory inventory of assigned Department electronic devices.

Recovery of Funds in Time and Attendance Investigation

A Department contractor at the Idaho National Laboratory (INL) refunded \$25,749 to the Department. The investigation determined a former INL contractor employee spent over 395 hours viewing non-work related videos online over a 5-month period. This is an ongoing investigation being coordinated with Butte County, District Attorney's Office.

Resignation in Lieu of Termination in Theft of Government Property Investigation In response to an Investigative Report to Management, Bonneville Power Administration

(BPA) issued a proposal to terminate a contractor employee for theft of Government Property. The contractor employee resigned in lieu of termination. As reported in the September 30, 2017, Semiannual Report to Congress, the investigation determined the contractor employee stole BPA-owned fuel, tires, and other miscellaneous property. A portion of the stolen Government property, valued at \$3,711, has been recovered.

Civil Settlement with Department Contractor

The U.S. Department of Justice (DOJ) entered into a \$15 million settlement agreement with a contractor to several Federal agencies, including the Department. The settlement resolves civil and administrative monetary claims arising out of the contractor's failure to comply with immigration laws. The DOJ requested the OIG's assistance during this civil matter, which was initiated by a criminal investigation conducted by U.S. Immigration and Customs Enforcement Homeland Security Investigations. The OIG determined the contractor conducted business, while not in compliance with immigration laws, with multiple Department entities. The Department entities included the Western Area Power Administration, Bonneville Power Administration, and Brookhaven National Laboratory. Additionally, the civil investigation identified clauses in Department contracts that required specific approvals regarding foreign nationals. The \$15 million civil settlement will be allocated between the affected Federal agencies, with the Department recovering \$684,226. This investigation was coordinated with the U.S. Attorney's Office, Eastern District of Pennsylvania.

Restitution Imposed in Recovery Act Grant Fraud Investigation

The president of a green technology startup company that received Department Recovery Act funds was ordered to pay \$663,395 in restitution. As reported in the September 30, 2017 Semiannual Report to Congress, the president and Chief Executive Officer (CEO) of the green technology startup company were each indicted on five counts of Wire Fraud in the U.S. District Court, Northern District of Illinois. The president pleaded guilty to one count of Wire Fraud and was sentenced to 24 months incarceration, 1 year supervised release, and 60 hours of community service. The CEO entered into a Pretrial Diversion Agreement and was ordered to pay a \$10,000 fine, serve 200 hours of community service, and was further ordered to not apply for, or hold, any management, executive or leadership role in any entity which is the recipient or administrator of grant funding from any governmental entity. The investigation determined the president and CEO of the green technology startup company fraudulently obtained approximately \$1.4 million in Recovery Act grant funds by falsifying vendor and subcontractor payment documents submitted to the City of Chicago, Pennsylvania Department of Environmental Protection, and Bay Area Air Quality Management for installing electric vehicle charging stations in Chicago, Pennsylvania and California. This is a joint investigation with the Federal Bureau of Investigation and the City of Chicago Office of Inspector General.

Sentencing in Theft of Government Property Investigation

A former Western Area Power Administration (WAPA) employee was sentenced in the U.S. District Court, District of South Dakota to 5 years of probation and ordered to pay \$24,152

in restitution, a \$2,000 fine, and a \$100 special assessment fee. As reported in the March 31, 2017 Semiannual Report to Congress, the former WAPA employee was indicted on one count of Theft of Government Property and one count of Bank Fraud. As reported in the September 30, 2017 Semiannual Report to Congress, the former WAPA employee pleaded guilty to one count of Theft of Government Property. The investigation determined the former WAPA employee fraudulently used a Government purchase card to obtain property worth over \$20,450 which was subsequently sold for personal benefit. The former WAPA employee resigned in lieu of termination prior to the opening of this investigation. This is a joint investigation with General Services Administration OIG.

Debarment in Travel and Time and Attendance Fraud Investigation

In response to an Investigative Report to Management, a former Department employee was debarred from doing business with the Government for a period of 5 years. As reported in the September 30, 2017 Semiannual Report to Congress, the former Department employee was sentenced in the U.S. District Court, Eastern District of Tennessee to 7 months incarceration, 6 months home confinement, 3 years supervised release, ordered to pay \$40,112 in restitution, and a special assessment of \$2,300 on charges of Wire Fraud, False Claims, and False Statements. The investigation determined the former Department employee submitted numerous fraudulent travel vouchers totaling approximately \$22,000 and fraudulent time and attendance documents totaling approximately \$67,000, for work not perform.

Suspension of Former Contractor Employee in Child Solicitation Investigation

In response to an Investigative Report to Management, a former contractor employee was suspended and notified of proposed debarment. As reported in the September 30, 2017 Semiannual Report to Congress, the contractor employee pleaded guilty in the Benton County Superior Court to Gross Misdemeanor Communication with a Minor for Immoral Purposes and was sentenced to 364 days incarceration with 364 days suspended, 2 years of probation and was required to register as a sex offender. This is a joint investigation with Homeland Security Investigations Task Force and Kennewick Police Department.

AUDIT REPORTS

The Department of Energy's Unclassified Cybersecurity Program – 2017

The Department operates nearly 100 entities across the Nation and depends on information technology (IT) systems and networks for essential operations required to accomplish its national security, research and development, and environmental management missions. The systems used to support the Department's various missions face millions of cyber threats each year ranging from unsophisticated hackers to advanced persistent threats using state-of-the-art intrusion tools and techniques. For instance, the Department responded to more than 18,000 potential incidents in FY 2017 related to areas such as malicious code, information and system compromise, and unauthorized use. Many of these malicious attacks were designed to steal information and disrupt, deny access, degrade, or destroy the Department's information systems.

The Federal Information Security Modernization Act of 2014 requires Federal agencies to develop, implement, and manage agency-wide information security programs. In addition, Federal agencies are required to provide acceptable levels of security for the information and systems that support their operations and assets. As required by the Federal Information Security Modernization Act of 2014, the Office of Inspector General conducted an independent evaluation to determine whether the Department's unclassified cybersecurity program adequately protected its data and information systems. This report documents the results of our evaluation of the Department for FY 2017.

We found that opportunities existed for the Department to enhance its ability to adequately protect information systems and data. The Department, including the National Nuclear Security Administration, had taken a number of actions over the past year to address previously identified weaknesses related to its cybersecurity program. In particular, programs and sites made progress remediating weaknesses identified in our FY 2016 evaluation, which resulted in the closure of 13 of 16 prior year weaknesses. While these actions were positive, our current evaluation found that the types of weaknesses identified in prior years, including issues related to vulnerability management, system integrity of Web applications, and access controls continue to exist. In particular, we found the following:

- Although improvements were made, weaknesses continue to exist related to the Department's vulnerability management program.
- Vulnerabilities existed related to system integrity of Web applications.
- Access control weaknesses were identified at six locations.

The weaknesses identified occurred, in part, because Department officials had not fully developed and/or implemented policies and procedures related to the issues identified in our report. Without improvements to its cybersecurity program in areas such as enhanced controls over vulnerability management and access controls, the Department's systems and

information may be at a higher-than-necessary risk of compromise, loss, and/or modification. Furthermore, without improvements to ensure that the most current Federal security requirements are implemented, programs and sites may not keep pace with the challenges facing an ever-changing cybersecurity landscape.

We have continuously recognized cybersecurity as a management challenge area for the Department, emphasizing the critical need to enhance the Department's overall security posture. Therefore, we made several recommendations that, if fully implemented, should help strengthen the Department's cybersecurity program. Management concurred with the report's recommendation and indicated that corrective actions had been initiated or were planned to address the issues identified in the report.

Southwestern Federal Power System's Fiscal Year 2016 Financial Statement Audit

This report presents the results of the independent certified public accountants' audit of the Southwestern Federal Power System's (SWFPS) combined balance sheets, as of September 30, 2016 and 2015, and the related combined statements of changes in capitalization, revenues and expenses, and cash flows for the years then ended.

To fulfill our audit responsibilities, we contracted with the independent public accounting firm of KPMG LLP to conduct the audit, subject to our review. KPMG LLP concluded that the combined financial statements present fairly, in all material respects, the respective financial position of SWFPS as of September 30, 2016 and 2015, and the results of its operations and its cash flow for the years then ended, in conformity with United States generally accepted accounting principles.

As part of this review, the auditors also considered SWFPS's internal control over financial reporting and tested for compliance with certain provisions of laws, regulations, contracts, and grant agreements that could have a direct and material effect on the determination of financial statement amounts. The audit identified the following significant deficiency in internal control over financial reporting:

- An internal control deficiency over accrued expenses was identified where goods and services were not properly accrued for.

Audit Coverage of Cost Allowability for UT-Battelle, LLC During Fiscal Year 2015 Under Department of Energy Contract No. DE-AC05-00OR22725

Since 2000, UT-Battelle, LLC (UT-Battelle) has managed and operated the Oak Ridge National Laboratory under contract with the Department. Oak Ridge National Laboratory is the Department's largest science and energy laboratory and through its activities in neutron science, high-performance computing, materials research, and nuclear technology, Oak Ridge National Laboratory supports the Department's national missions of scientific discovery, clean energy, and security. During FY 2015, UT-Battelle incurred and claimed costs totaling \$1,415,425,695.

As an integrated management and operating contractor, UT-Battelle's financial accounts are integrated with those of the Department, and the results of transactions are reported monthly according to a uniform set of accounts. UT-Battelle is required by its contract to account for all funds advanced by the Department annually on its Statement of Costs Incurred and Claimed, to safeguard assets in its care, and to claim only allowable costs. Allowable costs are incurred costs that are reasonable, allocable, and allowable in accordance with the terms of the contract, applicable cost principles, laws, and regulations.

The Department's Office of Inspector General, Office of Acquisition Management, integrated management and operating contractors, and other select contractors have implemented a Cooperative Audit Strategy to make efficient use of available audit resources while ensuring that the Department's contractors claim only allowable costs. This strategy places reliance on the contractors' internal audit function (Internal Audit) to provide audit coverage of the allowability of incurred costs claimed by contractors. Consistent with the Cooperative Audit Strategy, UT-Battelle is required by its contract to maintain an Internal Audit activity with the responsibility for conducting audits, including audits of the allowability of incurred costs. In addition, UT-Battelle is required to conduct or arrange for audits of its subcontractors when costs incurred are a factor in determining the amount payable to a subcontractor.

To help ensure that audit coverage of cost allowability was adequate for FY 2015, the objectives of our assessment were to determine whether:

- UT-Battelle Internal Audit conducted cost allowability audits that complied with professional standards and could be relied upon;
- UT-Battelle conducted or arranged for audits of its subcontractors when costs incurred were a factor in determining the amount payable to a subcontractor; and,
- Questioned costs and internal control weaknesses impacting allowable costs

Based on our assessment, nothing came to our attention to indicate that the allowable cost-related audit work performed by UT-Battelle's Internal Audit could not be relied upon. We did not identify any material internal control weaknesses with the allowable cost reviews Internal Audit conducted, which generally met the Institute of Internal Auditors International Standards for the Professional Practice of Internal Auditing. In audits performed since our last assessment, Internal Audit questioned \$44,171 in costs, which had all been resolved. Additionally, we found that UT-Battelle conducted or arranged for audits of subcontractors when costs incurred were a factor in determining the amount payable to a subcontractor, and had resolved all costs questioned in those audits.

While it did not impact our reliance on its work, we noted that as part of Internal Audit's risk-based planning approach, as approved by the Contracting Officer, Internal Audit did not review FY 2015 costs in each of UT-Battelle's four major disbursement categories. Beginning with its FY 2013 allowable cost reviews, Internal Audit had determined that the

risk of unallowable costs only warranted testing on a rotational basis and alternated auditing UT-Battelle's major disbursement categories, auditing procurement and travel costs one year, and then non-procurement and payroll costs the next. Accordingly, Internal Audit conducted allowable cost audits on FY 2015 procurement and travel costs, but did not conduct audits on payroll and non-procurement costs. Despite this change in approach, we noted that Internal Audit had relied on the same sampling approach it had used when it was performing annual audits of major disbursement categories. In particular, for FY 2015 costs, Internal Audit had selected and tested approximately 50 transactions in each disbursement category, as it had done with costs incurred since FY 2007 when it was performing annual audits in each category. As the risk of unallowable costs may change from year to year, we suggest that Internal Audit, in coordination with the Contracting Officer, continue to assess and validate whether the rotational transaction testing strategy provides for adequate audit coverage of incurred costs.

Management of the National Ignition Facility and the Advanced Radiographic Capability

The Department's National Ignition Facility (NIF), located at Lawrence Livermore National Laboratory (Livermore), is the world's only operational megajoule-class laser facility. NIF is composed of 192 precision-aligned laser beamlines, a 10-meter-diameter target chamber with associated experimental and diagnostic equipment, and other supporting infrastructure. Livermore manages NIF as a facility which supports a large range of missions including the Stockpile Stewardship Program and the Department's fundamental science and energy missions. The National Ignition Campaign (NIC) was established to achieve fusion ignition and support non-ignition stockpile stewardship experiments on NIF, and transition NIF to routine facility operations. The NIC ended in FY 2012 and did not achieve fusion ignition. In FY 2015, NIF received approximately \$275 million in Department funding for operations and related activities.

Based on the results of the 2015 Review of the Inertial Confinement Fusion and High Energy Density Science Portfolio, performed by the National Nuclear Security Administration (NNSA), achieving NIF's mission of fusion ignition in the near term (1 or 2 years) is unlikely and is uncertain over the next 5 years. NNSA's review found that while ignition remains a significant technical challenge, its pursuit and achievement remains important to the Stockpile Stewardship Program into the foreseeable future. Further, NNSA stated in its review that costs will continue to be incurred over the next 5 years in support of diagnostics and facility improvements. Due to NIF's significance in support of various missions, we initiated this audit to determine if Livermore is effectively managing NIF.

Nothing came to our attention to indicate that Livermore has not effectively managed NIF. However, we identified an opportunity to improve Livermore's management and NNSA's oversight of capital asset projects such as the Advanced Radiographic Capability (ARC), a key NIF diagnostic tool. Specifically, we found that NIF users reported accomplishing nearly all NNSA Level 2 program milestones from FYs 2013 through 2015. NIF users were generally satisfied with how Livermore had overseen the scheduling and execution of experiments at NIF. In addition, Livermore reported that it significantly improved its

target shot rate, achieving a total of 417 shots in FY 2016, which was the most ever achieved in a single year at NIF. We also noted that in December 2015, Livermore performed its first programmatic experiments using ARC, one of NIF's key diagnostic tools. In FY 2016, ARC produced its first radiographs of NIF targets which demonstrate progress towards the quality imagery of the more complex NIF experiments that ARC is designed to produce. While ARC is expected to continue making progress that is relevant to understanding the operation of modern nuclear weapons, we noted that NNSA did not require Livermore to apply Department Order 413.3B, Program and Project Management for the Acquisition of Capital Assets in ARC's development and installation efforts, and therefore did not receive complete transparency. Ultimately, ARC was commissioned nearly 5 years later than the original schedule, over its total planned cost and only providing 50 percent of its original planned capability. Although NNSA was aware and approved ARC milestone delays, the lack of transparency and risk analysis for ARC obscured NNSA's full awareness of the specific time and resources Livermore provided to ARC.

The challenges Livermore experienced with ARC, in turn, impacted scientific advancements in support of the Stockpile Stewardship Program. Without project management controls in place, efforts to develop new diagnostics may be at risk of not being delivered within schedule, cost, and scope. To address the issues we identified, we made recommendations to the Administrator of the National Nuclear Security Administration. Management concurred with the report's recommendations.

Federal Energy Regulatory Commission's Unclassified Cybersecurity Program – 2017

The Federal Energy Regulatory Commission (Commission) is an independent agency within the Department of Energy responsible for, among other things, regulating the interstate transmission and transportation of the Nation's electricity, natural gas, and oil. The Commission's mission is to assist consumers in obtaining reliable, efficient, and sustainable energy services at a reasonable cost through appropriate regulatory and market means. To accomplish this, the information technology infrastructure that supports the Commission must be reliable and protected against attacks from malicious sources.

The Federal Information Security Modernization Act of 2014 established requirements for Federal agencies to develop, implement, and manage agency-wide information security programs, including periodic assessment of the risk and magnitude of the harm that could result from the unauthorized access, use, disclosure, disruption, modification, or destruction of information systems and data that support the operations and assets of the agency. In addition, the Federal Information Security Modernization Act of 2014 mandated that an independent evaluation be performed annually by the Office of Inspector General to determine whether the Commission's unclassified cybersecurity program adequately protected data and information systems. We contracted with KPMG LLP to perform an assessment of the Commission's unclassified cybersecurity program. This report presents the results of that evaluation for FY 2017.

Based on FY 2017 test work performed by KPMG LLP, nothing came to our attention to indicate that attributes required by the Office of Management and Budget, Department of Homeland Security, and the National Institute of Standards and Technology were not incorporated into the Commission's unclassified cybersecurity program for each of the major topic areas tested. In particular, the Commission had implemented information technology security controls for various areas such as configuration management, risk management, and security training. For instance, testing on multiple targets within the Commission's unclassified internal network, including servers and workstations, found the technical controls implemented within that environment were effective.

However, near the completion of our test work, we became aware of a recent security incident involving the Commission's unclassified cybersecurity program. Upon learning of the incident, Commission officials initiated action to identify the cause of the incident, determine its impact, and implement corrective actions, as necessary. While we commend the Commission for its response to the security incident, we are concerned that certain controls may not have been in place that could have potentially prevented the incident. At the time of our test work, the Commission was still in the process of determining the impact of the incident.

To help improve the Commission's unclassified cybersecurity program, we made a recommendation to the Executive Director for the Commission. Management concurred with the recommended action and indicated that corrective actions had been taken or were initiated to address the issues identified in the report.

National Nuclear Security Administration's Energy Savings Performance Contracts

The National Nuclear Security Administration (NNSA) uses Energy Savings Performance Contracts (ESPCs) to help reduce the overall energy used at its Management and Operating Contractor run sites. An ESPC is a contract between a Federal Agency and an energy service company. Such a contract allows a Federal Agency to undertake energy-savings projects without first obligating capital funds or requesting special Congressional appropriations. These projects incorporate energy savings measures, which are upgrades to equipment and controls intended to save energy and associated costs. There are currently over \$300 million worth of ESPCs managed by NNSA. Under ESPCs, energy service companies have guaranteed that the savings generated will cover the costs of those projects over the terms of the contracts (up to 25 years). These guarantees use projections of energy cost escalation from the start of the contract. The Federal Agency pays for the contract using the savings generated from the project and keeps all additional cost savings after the contract ends.

The Federal agency is responsible for oversight of installation of energy saving equipment, verification of its functionality and performance, and, where agreed upon in the contract, maintenance of the equipment. Failure to perform such oversight can reduce the effectiveness of the installed energy savings measures and result in significant losses to the government. Due to the importance of ensuring energy savings are being achieved, and an allegation that NNSA had modified ESPCs to accept increased costs and reduced energy

savings, we conducted this audit to determine whether the NNSA is realizing guaranteed energy savings from its ESPCs.

Energy savings measures in ESPCs at the Los Alamos National Laboratory (Los Alamos) and Y-12 National Security Complex (Y-12) did not always achieve the full energy savings under the contracts. Specifically, we found that:

- NNSA entered into an ESPC at Los Alamos, which guaranteed savings of at least \$33.4 million, which included the installation of energy savings lighting equipment that was not installed.
- NNSA paid an energy service company the full contracted amount even though the company reported that it failed to meet guaranteed savings that were to be achieved from upgrading thermostats at Los Alamos.
- Los Alamos used different thermostat settings than what the ESPC specified for several buildings, resulting in NNSA not achieving the full savings from the thermostat upgrades that were completed.
- A Y-12 ESPC, which guaranteed savings of at least \$54 million, has not achieved the full savings from one of its energy savings measures that involved reconnecting a condensate return system in a facility.

In addition, we were tasked with validating an allegation that NNSA modified an ESPC for work at Los Alamos that increased the cost, extended the schedule, and reduced the scope of the contract. These changes required a cost increase to the contract of nearly \$5 million and an additional 2 years of contract term to pay back the additional cost. If two years are added to a contract without additional cost savings being generated, the government will have to pay the energy service company costs. In this case, the government will pay an additional amount of approximately \$5 million without the generation of additional energy savings.

The identified issues occurred because of inadequacies in oversight and follow-up, construction support, and project planning. The issues we identified with the implementation of the energy savings measures installed under these ESPCs could lead to approximately \$9 million in savings that may not be realized over the life of the respective ESPCs (which guarantee savings of approximately \$87 million), if not corrected. These issues are similar to those identified in our September 2009 report on Management of Energy Savings Performance Contract Delivery Orders at the Department of Energy (DOE/IG-0822, September 2009). Management generally concurred with the report's recommendations and indicated that corrective actions had been initiated or were planned to address the issues identified in the report.

Department of Energy's Implementation of the Digital Accountability and Transparency Act of 2014

The Digital Accountability and Transparency Act of 2014 (DATA Act) requires Federal agencies to report on financial and non-financial data in accordance with standards established by the U.S. Department of the Treasury (Treasury) and the Office of Management and Budget (OMB). Agency reported data is made available to the public and other stakeholders on USASpending.gov, a Web site operated by Treasury in consultation with OMB. In May 2015, Treasury and OMB published 57 data definition elements and required agencies to report on the data elements, such as obligation amounts and legal entity address, beginning in January 2017. Once submitted by agencies to the Treasury, the data is displayed quarterly on USASpending.gov for taxpayers and policy makers.

The DATA Act requires each Office of Inspector General to report on the completeness, timeliness, quality, and accuracy of data submitted by the cognizant agency. In preparation for the initial report to be issued in November 2017, we conducted a review to determine the Department's readiness to implement the provisions of the DATA Act. Our report on [The Department of Energy's Readiness to Implement the Digital Accountability and Transparency Act of 2014 \(OIG-SR-17-03, November 2016\)](#) determined that the Department was well-positioned to execute and implement goals of the DATA Act. Consistent with guidelines established by the Council of the Inspectors General on Integrity and Efficiency, we completed this review to determine the completeness, accuracy, timeliness, and quality of fiscal year 2017 second quarter financial and non-financial data submitted for publication on USASpending.gov. This report documents the results of our test work related to the Department's implementation of the DATA Act.

We determined that the overall quality of available Department information related to the DATA Act was negatively impacted by weaknesses in completeness, accuracy, and timeliness of information reported in the second quarter of fiscal year 2017. In particular, we identified weaknesses related to completeness, accuracy, and/or timeliness of information in the data files tested. While the majority of these errors were caused by other external agencies' data management processes and were outside the control of the Department and the scope of this audit, we found that 28 percent of the 354 transactions sampled contained errors caused by Department weaknesses. To the Department's credit, we noted that 91 percent of the 23,688 data elements tested from the sampled transactions were complete, accurate, and/or timely.

To meet the needs of the Inspector General community, the Council of the Inspectors General on Integrity and Efficiency, Federal Audit Executive Council, established the DATA Act Working Group. The Working Group developed a guide intended to provide a baseline framework for the reviews required by the DATA Act. In performing this audit, we adhered to the Inspectors General Guide to Compliance Under the DATA Act, issued in February 2017.

In conducting our audit, we evaluated and assessed the internal controls over the Department's and the Federal Energy Regulatory Commission's information systems used

to report financial and non-financial data. Based on test work performed, we noted that the information technology controls tested for DATA Act purposes on the Department's financial and procurement systems appeared sufficient.

Just prior to issuance of our report, the OIG received allegations related to the Department's internal control environment over financial data. At the time our DATA Act test work was completed, the OIG was still evaluating the allegations and any potential impacts. If the results of our ongoing inquiry prove necessary, we will consider issuing supplemental correspondence in the future.

The weaknesses identified occurred, in part, because the Department did not always ensure that data exported from external systems maintained by Treasury and GSA was complete, accurate, and timely. Without complete, accurate, and timely data, policymakers and the public may draw conclusions and make decisions based on inadequate Department DATA Act information. Specifically, without an adequate review process, the Department may continue to provide information to stakeholders that is misleading or erroneous. Due to the limited scope of our review, nothing came to our attention to indicate that the errors identified resulted in a misuse of funds. In light of the weaknesses identified during our review, we made recommendations that, if fully implemented, should help officials improve DATA Act reporting.

Management did not concur with our findings and recommendations. Management commented that the Department should not be held responsible for data discrepancies caused by other agencies and indicated there were no actions it could have taken to address certain issues identified in the report. Throughout the report, we recognized the challenges encountered by the Department when errors occurred due to actions of external organizations. However, such challenges do not relieve: (1) the Department of its responsibilities under the DATA Act; (2) the Department from coordinating with external agencies to resolve the issues identified in this report; and (3) the OIG from the requirement to test the quality of the data and to report on the results. The DATA Act requires Federal agencies to submit data for publication on USASpending.gov. Users of the Web site have a right to assume that the Department's data is complete, accurate, and timely.

Management Challenges at the Department of Energy – Fiscal Year 2018

While the FY 2018 challenge areas remain largely consistent with those in previous years, based on the results of our work over the last year, we made a few changes. As a result, the FY 2018 management challenges include the following:

- Contract Oversight
 - Contractor Management
 - Subcontract Management
- Cybersecurity
- Environmental Cleanup
- Nuclear Waste Disposal

- Safeguards and Security
- Stockpile Stewardship
- Infrastructure Modernization

The changes to this year's report includes the addition of Subcontract Management as a component of Contract Oversight. Over the past year, the work of the OIG has shown Subcontract Management is an increasing challenge for the Department. Given the large volume of contracts awarded by the Department and its management and operating contractors and the need for adequate oversight of subcontractors, we added Subcontract Management as a component of the Contract Oversight challenge.

The OIG also prepared an annual Watch List, which incorporates other issues that do not meet the threshold of a management challenge, yet in our view, warrant special attention by Department officials. For FY 2018, the Watch List includes the Department's Employee Concerns Program, the Power Marketing Administrations, Human Capital Management, the Loan Guarantee Program, and Worker and Community Safety.

Federal Energy Regulatory Commission's Fiscal Year 2017 Financial Statement Audit

The attached report presents the results of the independent certified public accountants' audit of the Federal Energy Regulatory Commission's (Commission) balance sheets, as of September 30, 2017 and 2016, and the related statements of net cost, changes in net position, budgetary resources, and custodial activity for the years then ended.

KPMG LLP concluded that the financial statements present fairly, in all material respects, the financial position of the Commission as of September 30, 2017 and 2016, and its net costs, changes in net position, budgetary resources, and custodial activities for the years then ended, in accordance with United States generally accepted accounting principles.

The results of the auditors' review of the Commission's compliance with certain laws and regulations disclosed no instances of noncompliance or other matters required to be reported under generally accepted Government auditing standards or applicable Office of Management and Budget guidance.

National Nuclear Security Administration's Oversight of the Consolidated Nuclear Security, LLC, Cost Savings Program at the Y-12 National Security Complex and the Pantex Plant

In December 2011, the National Nuclear Security Administration (NNSA) issued a request for proposals for a consolidated management and operating contract for the Y-12 National Security Complex (Y-12) in Oak Ridge, Tennessee and the Pantex Plant (Pantex) near Amarillo, Texas. NNSA awarded the new contract to Consolidated Nuclear Security, LLC (CNS) in January 2013. The contract has a 5-year base period and three option periods that may extend the period of performance to 10 years.

In its Merger and Transformation Plan, CNS identified a series of actions that were projected to save the Government about \$3.27 billion over the 10-year base and option period. In return for reducing costs, NNSA agreed to pay CNS 35 percent of the net savings achieved for each approved Cost Reduction Initiative item for 2 years. CNS expected to earn about \$250 million in cost savings incentive fee payments over a 10-year contract period.

We found that NNSA was actively engaged in overseeing the implementation of the Cost Savings Program under the CNS contract. NNSA cited delays in receiving an acceptable Merger and Transformation Plan, cost reduction proposals, and baselines; delays in implementing a single financial management system for both sites; and a failure to track all costs associated with executing the Cost Savings Program as problematic.

We noted that in 2016 CNS requested NNSA to provide relief from the contract's target cumulative cost savings, citing delayed contract start from their original proposal assumptions as well as differing conditions from information provided by NNSA in the request for proposals. NNSA agreed to lower the contract's cost savings target and directed CNS to revise the Merger and Transformation Plan. In addition, after we concluded our audit a subsequent event occurred that changed certain aspects of the CNS contract and the associated Cost Savings Program. Our findings and conclusions do not reflect changes made to the Cost Savings Program as a result of the contract modification as it would have significantly delayed the issuance of the final report.

Lawrence Livermore National Security, LLC. Costs Claimed under Department of Energy Contract No. DE-AC52-07NA27344 for Fiscal Year 2015

Lawrence Livermore National Laboratory is part of the Department of Energy's National Nuclear Security Administration, which has national security responsibilities that include ensuring the safety, security, and reliability of the Nation's nuclear weapons stockpile. National Nuclear Security Administration awarded a contract to Lawrence Livermore National Security, LLC (LLNS), to manage and operate Lawrence Livermore National Laboratory through September 2021.

LLNS is required by contract to account for all net expenditures accrued annually on its Statement of Costs Incurred and Claimed, to safeguard assets in its care, and to claim only allowable costs. During FY 2015, LLNS incurred costs totaling \$1,489,911,852. Each year, the Office of Inspector General selects one management and operating contractor to test the effectiveness of the internal audit group's annual incurred cost audit. Based on our audit, we questioned costs totaling \$1,262,455, identified weaknesses in internal controls for which we were unable to quantify the monetary impact, and identified weaknesses in LLNS' Internal Audit Services (Internal Audit) audit procedures. In particular, we questioned \$1,257,828.48 of interagency agreement costs for lack of supporting documentation and \$3,901 in other areas such as purchased materials and UniCard costs. Except for the reported questioned costs and internal control weaknesses, nothing came to our attention to indicate that the other costs incurred by LLNS were not allowable.

We made recommendations in the report to ensure that unallowable costs and internal control weaknesses identified in this report are properly audited in future incurred cost audits. Management concurred with the report's recommendations and has initiated corrective actions.

Department of Energy's Implementation of the Cybersecurity Information Sharing Act of 2015

The Cybersecurity Information Sharing Act of 2015 (Cybersecurity Act) was signed into law on December 18, 2015, to improve the Nation's cybersecurity through enhanced sharing of information related to cybersecurity threats. To address privacy and civil liberty concerns, Federal agencies were required to retain, use, and disseminate only information that is directly related to a cybersecurity threat and remove personally identifiable information not directly related to a cyber threat to prevent unauthorized use or disclosure. In addition, the Cybersecurity Act required Inspectors General to report to Congress at least every 2 years on the sufficiency of information sharing policies, procedures, and guidelines. We participated in a joint review led by the Office of the Inspector General of the Intelligence Community to summarize the efforts taken by six agencies, including the Department of Energy. To support the joint report, we performed this audit to determine whether the Department had taken actions consistent with the requirements of the Cybersecurity Act.

We determined that the Department had taken actions to carry out the requirements of the Cybersecurity Act; however, we identified several opportunities for improvement. Specifically, while the Department had taken actions related to: (1) development of policies and procedures; (2) sharing and use of cyber threat indicators and defensive measures; and (3) management and accounting of private sector security clearances for individuals responsible for sharing threat information, we noted that challenges existed that could have an impact on the sharing of cyber threat information in accordance with the Cybersecurity Act. Furthermore, although we did not test the effectiveness of the Department's efforts to implement the Cybersecurity Act, we did identify several opportunities for improvement related to managing the cyber information sharing process.

Management Letter on the Federal Energy Regulatory Commission's Fiscal Year 2017 Financial Statement Audit

During our audit KPMG LLP (KPMG), our contract auditor, noted certain matters involving internal control and other operational matters. These comments and recommendations are intended to improve internal control or result in other operating efficiencies.

The letter contains one prior year finding that was reissued during the course of the audit. Management partially concurred with the finding and recommendations in the Management Letter. Management's comments are included with the finding.

Information Technology Management Letter on the Audit of the Department of Energy's Consolidated Financial Statements for Fiscal Year 2017 [Official Use Only]

During the audit, KPMG, LLP (KPMG), noted certain matters involving internal control and other operational matters. These comments and recommendations are intended to improve internal controls or result in other operating efficiencies. Management concurred with and provided planned corrective actions for the recommendations listed in the management letter.

Audit Coverage of Cost Allowability for Stanford University During Fiscal Years 2014 and 2015 Under Department of Energy Contract No. DE-AC02-76SF00515

During FY 2014 and 2015, Stanford incurred and claimed costs for SLAC totaling \$384,596,381 and \$430,229,716, respectively. Stanford is required by its contract to account for all funds advanced by the Department annually on its annual Statement of Costs Incurred and Claimed, to safeguard assets in its care, and to claim only allowable costs. The Department's Office of Inspector General, Office of Acquisition Management, integrated management and operating contractors, and other select contractors have implemented a Cooperative Audit Strategy (Strategy) to make efficient use of available audit resources while ensuring that the Department's contractors claim only allowable costs.

Nothing came to our attention during our assessment to indicate that Internal Audit's allowable cost-related audit work for FYs 2014 and 2015 could not be relied upon. We did not identify any material internal control weaknesses with the allowable cost audits, which generally met the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing. As part of its FYs 2014 and 2015 allowable cost audits, Internal Audit reviewed subcontracts for which incurred costs were a factor in determining the amount payable to the subcontractor. Internal Audit identified internal control weaknesses in both audits and questioned costs totaling \$3,128 in the FY 2015 audit. The internal control weaknesses and questioned costs had all been resolved. During our retesting work, we identified additional questioned costs of \$990 related to printing expenses, which have been resolved.

The Office of Fossil Energy's Oversight of the Texas Clean Energy Project Under the Clean Coal Power Initiative

The Department's Clean Coal Power Initiative (Initiative) is a partnership with industry to demonstrate advanced coal-based technologies. The Initiative's goal is to accelerate commercial deployment of promising technologies to ensure the nation has clean, reliable, and affordable electricity. The Department's original share of the Project's total cost was \$350 million, which was later increased by \$100 million. The awardee, Summit Texas Clean Energy LLC (Summit), was to provide the remaining costs.

Subsequent to our review, the Department terminated the cooperative agreement with Summit due to its inability to secure funding. The purpose of this follow on report was to determine whether Fossil Energy effectively and efficiently managed financial aspects of the Project under the Initiative. We found Fossil Energy had not effectively implemented

ongoing invoice review controls it put in place to manage the risks associated with this complex project. We directly identified over \$2.5 million in expenditures Summit charged to the Project that we questioned as potentially unallowable, including over \$1.2 million in potential lobbying costs and \$1.3 million in questionable or prohibited travel-related expenses.

The issues identified occurred, in part, because Fossil Energy had not always exercised sound project and financial management practices in its oversight of the Project. Subsequent to our review, Summit filed for Chapter 7 bankruptcy in October 2017. Issues related to the bankruptcy were outside the scope of this audit and consequently, are not addressed in this report. Management concurred with the report's recommendations and indicated that corrective actions will be taken to address the issues identified in the report.

Management Letter on the Southwestern Federal Power System's Fiscal Year 2016 Financial Statement Audit

KPMG LLP, our contract auditors, planned and performed an audit of the combined financial statements of the Southwestern Federal Power System as of and for the year ended September 30, 2016, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. As part of the audit of the combined financial statements, KPMG LLP considered the Southwestern Federal Power System's internal control over financial reporting (internal control) as a basis for designing auditing procedures for the purpose of expressing an opinion on the combined financial statements but not for the purpose of expressing an opinion on the effectiveness of the Southwestern Federal Power System's internal control. This review disclosed no instances where KPMG LLP did not comply, in all material respects, with generally accepted Government auditing standards.

During the audit, KPMG LLP noted certain matters involving internal control and other operational matters that are presented in the attached management letter prepared by KPMG LLP. The letter contains four findings that were issued during the course of the Southwestern Federal Power System's Fiscal Year 2016 Financial Statement Audit. Management concurred with each of the findings and provided planned corrective actions for the recommendations listed in the Management Letter.

Western Federal Power System's Fiscal Year 2017 Financial Statement Audit (DOE-OIG-18-21)

The attached report presents the results of the independent certified public accountant's audit of the Western Federal Power System's combined balance sheets, as of September 30, 2017 and 2016, and the related combined statements of revenues and expenses, changes in capitalization, and cash flows for the years then ended.

To fulfill the Office of Inspector General's audit responsibilities, we contracted with the independent public accounting firm of KPMG LLP to conduct the audit, subject to our review. KPMG LLP is responsible for expressing an opinion on the Western Federal Power System's financial statements and reporting on applicable internal controls and compliance

with laws and regulations. The Office of Inspector General monitored audit progress and reviewed the audit report and related documentation. This review disclosed no instances where KPMG LLP did not comply, in all material respects, with generally accepted Government auditing standards. The Office of Inspector General did not express an independent opinion on the Western Federal Power System's financial statements. KPMG LLP concluded that the combined financial statements present fairly, in all material respects, the respective financial position of the Western Federal Power System as of September 30, 2017 and 2016, and the results of its operations and its cash flow for the years then ended, in conformity with United States generally accepted accounting principles.

As part of this review, the auditors also considered the Western Federal Power System's internal control over financial reporting and tested for compliance with certain provisions of laws, regulations, contracts, and grant agreements that could have a direct and material effect on the determination of financial statement amounts. The audit revealed three deficiencies in internal controls over financial reporting that were considered to be significant deficiencies. The significant deficiencies in the Western Federal Power System's internal controls are not considered material weaknesses.

The results of the auditors' review of the Western Federal Power System's compliance with provisions of laws and regulations disclosed no instances of noncompliance or other matters that are required to be reported herein under Government Auditing Standards, issued by the Comptroller General of the United States.

Followup on Cooperative Research and Development Agreements at National Laboratories

One of the Department's top priorities is the transfer or dissemination of technology it develops. Under the National Competitiveness Technology Transfer Act of 1989, the Department's contractor-operated laboratories are authorized to use Cooperative Research and Development Agreements (CRADAs) to facilitate the development and transfer of technology to the general science community, private firms, and the public. Department site offices are responsible for ensuring laboratories provide final reports documenting the results of research to the Department's Office of Scientific and Technical Information (OSTI). OSTI is responsible for preserving the scientific and technical information and making it publicly available. The Department's laboratories had approximately 1,600 active CRADAs between fiscal years 2013 and 2015.

While the awarding, funding, and approval of CRADAs generally adhered to Departmental requirements, the Department and its laboratories had not taken sufficient corrective action to address previously identified weaknesses in the management of final technical reports. Further, the Department had still not always disseminated final reports received by OSTI following the expiration of the statutory data protection period, which should not exceed 5 years, as reported in our prior reports. By not ensuring that its laboratories obtained and disseminated final reports, the Department has not ensured that the scientific

and technical information generated by CRADAs was available throughout the Department, the scientific community, and the public. Management concurred with the report's recommendations and indicated that corrective actions had been initiated or were planned to address the issues identified in the report.

Issues Management Within the Office of Science

The Department's Office of Science is the steward of 10 national laboratories that are federally funded research and development centers operated by private sector organizations under management and operating contracts. The Office of Science's management and operating contractors are required to maintain comprehensive contractor assurance systems to provide reasonable assurance that objectives are being accomplished and that systems and controls will be effective and efficient. One of the key attributes of contractor assurance is the identification and correction of negative performance/compliance trends before they become significant issues. The Office of Science's management and operating contractors maintain issues management programs as integral parts of their contractor assurance systems to ensure that issues are properly analyzed and corrective actions are taken to address deficiencies.

In general, nothing came to our attention to indicate that SLAC and Argonne did not have effective issues management programs. We found that both laboratories had systems in place to track issues for corrective action purposes. In addition, we found that both laboratories used a graded approach to evaluate and correct issues based on risk and priority. However, during our audit, we did identify opportunities for improvement related to trending of issues and evaluating the effectiveness of corrective actions. We found that both laboratories had already made similar observations prior to our audit and had started making enhancements to their issues management programs to address these areas.

We believe the actions being taken by SLAC and Argonne should address the opportunities for improvement we identified related to trending of issues and evaluating the effectiveness of corrective actions. Therefore, we are not making any formal recommendations.

The Department of Energy's Management of Management and Operating Contractor Temporary Foreign Assignments

Due to the worldwide nature of the Department's mission, the Department's M&O contractor employees travel extensively to foreign countries on both short and long-term assignments. For the purpose of our audit, we focused on M&O contractor temporary foreign assignments lasting at least 6 months in duration. According to the Department's Foreign Travel Management System, M&O contractor employees took 123 trips lasting 6 months or more at an estimated cost of just over \$2 million from FY 2012 through 2015. Department of Energy Acquisition Regulation 970.3102-05-46, Travel Costs, considers costs incurred by contractors for official travel as allowable costs and permits the contractors to have flexibility in the method used in determining these costs as long as the method used results in a reasonable charge, with some limits. Due to the amount of travel

and funding involved, we initiated this audit to determine whether the Department effectively and efficiently managed M&O contractor temporary foreign assignments.

During our review, nothing came to our attention to indicate that the Department had not effectively and efficiently managed M&O contractor temporary foreign assignments. Each of the five sites that we reviewed had policies and procedures in place to manage temporary foreign assignments and generally followed those policies and procedures. When exceptions were noted to the policies at one of the five sites, the contractor had documented justification for the exceptions. Finally, although we did not identify any significant concerns with the Department's management of M&O contractor temporary foreign assignments, we did identify an opportunity to improve consistency on the treatment of costs for foreign assignments by the Department providing greater guidance to Contracting Officers and M&O contractors on the reasonableness of costs incurred.

Because nothing came to our attention to indicate that the Department had not effectively and efficiently managed contractor temporary foreign assignments, we are not making any formal recommendations. However, in order to provide for more consistency in the determination of cost reasonableness for temporary foreign travel, we suggest that the Director of the Office of Management, in consultation with the Department's Program Offices, provide clarification regarding the determination of reasonableness of foreign travel costs.

[Audit Coverage of Cost Allowability for Oak Ridge Associated Universities, Inc. During Fiscal Years 2012 Through 2015 Under Department of Energy Contract No. DE-AC05-06OR23100 \(DOE-OIG-18-25\)](#)

Since 1992, Oak Ridge Associated Universities, Inc. (ORAU) has managed and operated the Oak Ridge Institute for Science and Education (ORISE) under a contract with the Department. The entity was managed under a cost-plus-award-fee Federal Acquisition Regulation contract, which ended December 31, 2015. On March 10, 2016, the Department competitively awarded ORAU a new ORISE contract. During Fiscal Years 2012 through 2015, ORAU incurred and claimed costs totaling \$1,003,914,319.

In cooperation with the Office of Acquisition Management, integrated management and operating contractors, and other select contractors, we implemented a Cooperative Audit Strategy to make efficient use of available audit resources while ensuring that the Department's contractors claim only allowable costs. This strategy places reliance on the contractors' internal audit function (Internal Audit) to provide audit coverage of the allowability of incurred costs claimed by contractors.

Based on our assessment, nothing came to our attention to indicate that the allowable cost-related audit work performed by ORAU Internal Audit could not be relied upon. We did not identify any material internal control weaknesses with the allowable cost reviews, which generally met the Institute of Internal Auditors International Standards for the Professional Practice of Internal Auditing. Internal Audit identified \$3,341 in unallowable costs during

its FYs 2012 through 2015 allowable cost reviews, all of which had been resolved by the time of our assessment.

Finally, nothing came to our attention to indicate that questioned costs and internal control weaknesses affecting allowable costs that were identified in audits and reviews had not been adequately resolved. We did, however, identify issues regarding Internal Audit's documentation of their sampling methodology and ORAU's use of the contract's Letter of Credit bank account that need to be addressed. These issues did not adversely affect our ability to rely on Internal Audit's work or the costs claimed in the Statements of Costs Incurred and Claimed. However, we are questioning \$6,640 in transaction fees for ORAU's use of the Letter of Credit bank account for its corporate use of shared resources.

Audit Coverage of Cost Allowability for Fluor Federal Petroleum Operations, LLC from Apr. 1, 2014 - Sept. 30, 2016, under DOE Contract No.DE-FE0011020

Since April 1, 2014, Fluor Federal Petroleum Operations, LLC (FFPO) has managed and operated the Strategic Petroleum Reserve under a contract with the Department. The Strategic Petroleum Reserve is the world's largest Government-owned emergency crude oil stockpile with, as of January 2018, approximately 664 million barrels of crude oil stored in a series of underground salt caverns along the coastline of the Gulf of Mexico. During the period of April 1, 2014, through September 30, 2016, FFPO incurred and claimed \$427,880,175.

The Department's Office of Inspector General, Office of Acquisition Management, integrated management and operating contractors, and other select contractors have implemented a Cooperative Audit Strategy to make efficient use of available audit resources while ensuring that the Department's contractors claim only allowable costs. This strategy places reliance on the contractors' internal audit function (Internal Audit) to provide audit coverage of the allowability of incurred costs claimed by contractors.

Based on our assessment, nothing came to our attention to indicate that the allowable cost-related audit work performed by FFPO Internal Audit could not be relied upon. We did not identify any material internal control weaknesses with the allowable cost reviews Internal Audit conducted, which generally met the Institute of Internal Auditors International Standards for the Professional Practice of Internal Auditing. In audits performed since our last assessment, Internal Audit questioned \$171,575 in costs, which had all been resolved. Additionally, we found that FFPO conducted or arranged for audits of subcontractors when costs incurred were a factor in determining the amount payable to a subcontractor, and had resolved all costs questioned in those audits.

Decontamination and Decommissioning Activities at the Separations Process Research Unit

The Separations Process Research Unit (SPRU) is a set of inactive radiological facilities located at the Knolls Atomic Power Laboratory in Niskayuna, New York. Constructed in the late 1940s, the SPRU facilities include a former process research building, a waste processing building with an associated waste tank farm, and several interconnecting tunnels. In its September 2007 Action Memorandum, the Department's Office of

Environmental Management (Environmental Management) set forth its plan to decontaminate and remove SPRU's buildings and equipment, dispose of the resulting waste and contaminated soil, and return the areas to the Office of Naval Reactors for continuing mission use. In December 2007, Environmental Management awarded a \$67 million cost-plus-incentive-fee task order to URS Energy & Construction, Inc. (contractor) to complete the decontamination and decommissioning (D&D) activities described in the Action Memorandum by November 4, 2011. However, given that the project was still not complete by 2016, we initiated this audit to determine whether the Department was effectively managing the D&D of nuclear facilities at SPRU.

The Department's management of the SPRU D&D project was not always effective. Despite the Department's efforts, the project encountered significant challenges that slowed progress and increased the Department's costs. While it had made significant cleanup progress, as of January 2018, the contractor's schedule showed that D&D work most likely would continue into July 2018, nearly 7 years beyond the contract's original target completion date. Additionally, the contract's cost to the Department had increased to approximately \$180 million through January 2018. These contract costs included additional reimbursed costs for work scope determined to be the responsibility of the Department. We acknowledge a number of factors contributed to the schedule and cost increases, including factors beyond the Department and contractor's control. Nevertheless, we believe that there may be lessons to be learned from the various events that challenged the Department's management of the project and have made recommendations to that effect.

Due to the lagging schedule, the Department estimated that it could incur nearly \$18 million in additional direct costs to oversee the project, as compared to the original project baseline. Further, the Department will incur long-term storage costs for the site's transuranic waste. Management concurred with the report's recommendations and indicated that corrective actions are planned to address the issues identified in the report.

Management Letter on the Western Federal Power System's Fiscal Year 2017 Financial Statement Audit

KPMG LLP, our contract auditors, planned and performed an audit of the combined financial statements of the Western Federal Power System as of and for the year ended September 30, 2017, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. The combined financial statements include the Western Area Power Administration, a component of the U.S. Department of Energy, and the hydroelectric power generating functions of the Bureau of Reclamation, U.S. Department of the Interior; Army Corps of Engineers, U.S. Department of Defense; and the International Boundary and Water Commission, U.S. Department of State.

As part of the audit of the combined financial statements, KPMG LLP considered the Western Federal Power System's internal control over financial reporting (internal control) as a basis for designing auditing procedures for the purpose of expressing an opinion on the combined financial statements but not for the purpose of expressing an opinion on the effectiveness of the Western Federal Power System's internal control. Accordingly, KPMG LLP did not express an opinion on the effectiveness of the Western Federal Power System's internal control. The Office of Inspector General monitored audit progress and reviewed the audit report and related documentation. This review disclosed no instances where KPMG LLP did not comply, in all material respects, with generally accepted Government auditing standards.

During the audit, KPMG LLP noted certain matters involving internal control and other operational matters that are presented in the attached management letter prepared by KPMG LLP. The letter contains six findings that were issued during the course of the Western Federal Power System's Fiscal Year 2017 Financial Statement Audit. Management concurred with each of the findings and provided planned corrective actions for the recommendations included in the Management Letter.

INSPECTION REPORTS

Alleged Information Technology Weaknesses and Inappropriate System Access at the Oak Ridge National Laboratory

The Department's Oak Ridge Office of Environmental Management's (Environmental Management) mission, in part, includes de-inventorying uranium-233 at the Oak Ridge National Laboratory's Building 3019. Isotek Systems, LLC (Isotek), an Environmental Management contractor at Oak Ridge National Laboratory, is tasked with de-inventorying the materials. Isotek uses the Honeywell Vindicator Information System (Vindicator), a stand-alone Federal information system, to administer the intrusion detection system needed to assist with the physical protection of Building 3019. National Strategic Protective Services, LLC, another contractor at Oak Ridge National Laboratory, is responsible for monitoring the intrusion detection system alarms.

We received a complaint alleging that: (1) Isotek personnel misused a former Technical Security Administrator's (Technical Administrator) login credentials; (2) the current Technical Administrator accessed Vindicator without being HRP-certified; and (3) a note was displayed on a computer workstation informing users not to log off of Vindicator.

We substantiated the allegations that Isotek personnel had misused a former Technical Administrator's login credentials to access Vindicator and that the current Technical Administrator had accessed Vindicator prior to being HRP-certified. We did not substantiate the allegation that a note informing users to not log off of Vindicator was displayed on a computer workstation. Although, we substantiated the first two allegations, we also found that Isotek had stopped using the former Technical Administrator's login credentials to access Vindicator and that the current Technical Administrator was not required to be HRP-certified per Title 10 Code of Federal Regulations Part 712, Human Reliability Program, before accessing Vindicator. As such, we did not make any recommendations regarding these issues.

While Environmental Management and Isotek took several corrective actions during our review to address the issues we identified related to audit data and Vindicator access processes, we made additional recommendations aimed at improving the overall management and oversight of Vindicator. Management concurred with the report's recommendations and provided a path forward to address the issues identified in the report. Management stated that actions to designate a Risk Executive for the Vindicator System had already been taken. In addition, a corrective action plan and milestone date had been developed to ensure required assessments of the Vindicator security controls are performed.

Los Alamos National Laboratory Chronic Beryllium Disease Prevention Program

In December 1999, the Department established a Chronic Beryllium Disease Prevention Program to reduce worker exposure to beryllium at facilities managed by the Department and its contractors. According to the Department, exposure to beryllium can cause

sensitization or chronic beryllium disease, an often debilitating and sometimes fatal lung condition. Title 10, Code of Federal Regulations, Part 850, Chronic Beryllium Disease Prevention Program (10 CFR 850), requires Department contractors including Los Alamos to manage and control worker exposure to beryllium. Los Alamos implemented a Federally-approved Procedure 101-21 Chronic Beryllium Disease Prevention Program (Prevention Program) which defines the requirements for working with beryllium.

From 2009 to 2015, several internal and external entities assessed Los Alamos' compliance with its Prevention Program citing concerns with the beryllium inventory completeness and hazard assessment documentation. The inventory documents the locations of beryllium operations and potential beryllium contamination. Due to the significant risk to the work force of beryllium exposure, we initiated this inspection to determine whether Los Alamos implemented an effective Prevention Program.

We found that Los Alamos did not fully implement an effective Prevention Program. Although Los Alamos closed a number of corrective actions designed to address deficiencies identified in previous assessments, our work revealed that many of the deficiencies continued to exist in its Prevention Program.

These issues occurred because in 2016 Los Alamos followed a new procedure which had not been approved by the Field Office instead of following its approved Prevention Program. In response to an Occupational Safety and Health Division 2015 assessment finding, Los Alamos implemented the Interim Operational Procedure which reduced or eliminated many of the controls required by the Prevention Program. As a result, Los Alamos did not fully implement the requirements of its Federally-approved Prevention Program.

SEMIANNUAL REPORTING REQUIREMENTS INDEX

The following identifies the sections of this report that address each of the reporting requirements prescribed by the Inspector General Act of 1978, as amended.

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5(a)(11)	Significant Revised Management Decisions	N/A
5(a)(12)	Significant Management Decisions with which the OIG is in Disagreement	N/A
5(a)(13)	Federal Financial Management Improvement Act-related Reporting	N/A
5(a)(14-16)	Peer Review Results	24

ABOUT THE DEPARTMENT AND OIG

The U.S. Department of Energy is headquartered in Washington, DC and currently operates the Energy Information Administration, the National Nuclear Security Administration, 21 preeminent research laboratories and facilities, four power marketing administrations, nine field offices, and 10 Program Offices which help manage the Department's mission with more than 15,000 employees. The Department is the Nation's top sponsor of research and development and has won more Nobel Prizes and research and development awards than any other private sector organization and twice as many as all other Federal agencies combined. The mission of the Department is to ensure America's security and prosperity by addressing its energy, environmental and nuclear challenges through transformative science and technology solutions.

The OIG's mission is to strengthen the integrity, economy and efficiency of the Department's programs and operations. The OIG has the authority to inquire into all Department programs and activities as well as the related activities of persons or parties associated with Department grants, contracts, or other agreements. As part of its independent status, the OIG provides the Secretary with an impartial set of "eyes and ears" to evaluate management practices. With approximately 280 employees, the organization strives to be a highly effective organization that promotes positive change.

OIG HOTLINE CONTACTS

Contact the OIG Hotline if you suspect fraud, waste or abuse involving Department programs or by a Department employee, contractor or grant recipient.

Contact Information:

- Complaint Form: <https://www.energy.gov/ig/complaint-form>
- Toll Free Telephone Number: 1-800-541-1625
- Washington DC Metro Telephone Number: 202-586-4073
- Email Address: ighotline@hq.doe.gov
- Physical Address: U.S. Department of Energy
1000 Independence Ave, SW
Washington, DC 20585

FEEDBACK

The contents of this Semiannual Report to Congress comply with the requirements of the Inspector General Act of 1978, as amended. If you have any suggestions for making the report more responsive, please provide the following information by clicking the “submit email” button below:

- Name
- Telephone Number
- Comments/Suggestions/Feedback

