U.S. DEPARTMENT OF ENERGY

Office of Inspector General

DOE-OIG-26-45 August 6, 2026

National Technology & Engineering Solutions of Sandia, LLC's Statement of Costs Incurred and Claimed for Fiscal Years 2019 and 2020 Under Contract No. DE-NA0003525

AUDIT REPORT

On August 6, 2026, the Department of Energy Office of Inspector General issued audit report DOE-OIG-26-45, *National Technology & Engineering Solutions of Sandia, LLC's Statement of Costs Incurred and Claimed for Fiscal Years 2019 and 2020 Under Contract No. DE-NA0003525*. Due to the audit report containing controlled unclassified information, it was not released publicly. However, in the interest of transparency, we prepared a highlights document to convey key summary facts from our work that is free of controlled information.

Department of Energy
Washington, DC 20585

August 6, 2026

MEMORANDUM FOR THE CONTRACTING OFFICER, SANDIA FIELD OFFICE, NATIONAL NUCLEAR SECURITY ADMINISTRATION

SUBJECT: Audit Report: *National Technology & Engineering Solutions of Sandia, LLC's Statement of Costs Incurred and Claimed for Fiscal Years 2019 and 2020 Under Contract No. DE-NA0003525*

The attached report discusses our audit of National Technology & Engineering Solutions of Sandia, LLC's Statement of Costs Incurred and Claimed for fiscal years 2019 and 2020 under Department of Energy contract No. DE-NA0003525. We identified one material noncompliance—which the National Nuclear Security Administration reported as resolved and closed in 2022, subject to Office of Inspector General verification in a subsequent audit—and two internal control deficiencies. This report contains three recommendations that, if fully implemented, should help ensure that costs charged to the Department are allowable, allocable, and reasonable in accordance with contract terms. Management concurred with two of our recommendations and nonconcurred with one.

We conducted this audit from September 2022 through February 2026 in accordance with generally accepted government auditing standards. National Technology & Engineering Solutions of Sandia, LLC management provided comments, which are included in the report. However, pursuant to Public Law 117-263, Section 5274, National Technology & Engineering Solutions of Sandia, LLC has 30 days from the date of publication of this report on our website to submit an optional written response to OIG.Reports@hq.doe.gov for the purpose of clarifying or providing additional context to any specific reference. The response will be posted on our public website.

We appreciated the cooperation and assistance received during this audit.

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

cc: Deputy Secretary
Chief of Staff

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DOE OIG HIGHLIGHTS

National Technology & Engineering Solutions of Sandia, LLC's Statement of Costs Incurred and Claimed for Fiscal Years 2019 and 2020 Under Contract No. DE-NA0003525

Why We Performed This Audit

The Office of Inspector General initiated this audit to evaluate $7,369,374,522 of costs claimed by National Technology & Engineering Solutions of Sandia, LLC (NTESS) to manage and operate Sandia National Laboratories for fiscal years 2019 and 2020.

NTESS served as the management and operating contractor for the Department of Energy's National Nuclear Security Administration at Sandia National Laboratories

Specifically, our audit objective was to determine if costs charged to Department contract No. DE-NA0003525 for fiscal years 2019 and 2020 were allowable, allocable, and reasonable in accordance with contract terms, applicable laws, and regulations.

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What We Found

Our audit identified one instance of material noncompliance and two control deficiencies. We found no material unallowable costs in the NTESS Statements of Costs Incurred and Claimed for fiscal years 2019 and 2020. However, NTESS dispositioned its Year-End Spread of Variation in a manner that did not comply with Cost Accounting Standard 418, *Allocation of Direct and Indirect Costs*. According to NNSA, this noncompliance was resolved and closed in 2022 via approved corrective actions; the Office of Inspector General will verify the effectiveness of these corrective actions during our next scheduled audit.

Additionally, due to control deficiencies in subcontract administration, NTESS improperly classified certain subcontracts as firm-fixed-price. We also found that NTESS claimed an immaterial amount of unallowable travel costs because of a control deficiency in travel voucher administration.

What We Recommend

To address the issues identified in this report, we have made three recommendations that, if fully implemented, should help ensure that costs charged to the Department are allowable, allocable, and reasonable in accordance with contract terms.

How the Contractor Responded

Management concurred with two recommendations and nonconcurred with the remaining recommendation regarding subcontract administration. Management's formal comments are included in the report.

FEEDBACK

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