



U.S. DEPARTMENT OF ENERGY

Office of Inspector General

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October 6, 2026

Action Needed to Ensure Centerra-Savannah River Site Appropriately Manages High-Risk Property at the Savannah River Site



AUDIT REPORT



Department of Energy
Washington, DC 20585

October 6, 2026

MEMORANDUM FOR THE ACTING MANAGER, SAVANNAH RIVER FIELD OFFICE;
AND THE DEPUTY ASSOCIATE ADMINISTRATOR,
PARTNERSHIP AND ACQUISITION SERVICES

SUBJECT: Audit Report: *Action Needed to Ensure Centerra-Savannah River Site Appropriately
Manages High-Risk Property at the Savannah River Site*

The attached report discusses our audit of Centerra-Savannah River Site's high-risk property at the Savannah River Site. This report contains four recommendations that, if fully implemented, should help ensure that high-risk property is properly classified, accounted for, and dispositioned. Management concurred with our recommendations.

We conducted this audit from August 2025 through July 2026 in accordance with generally accepted government auditing standards. We appreciated the cooperation and assistance received during this audit.

A handwritten signature in blue ink, reading "Sarah Nelson", is positioned above the typed name.

Sarah Nelson
Senior Official
Performing the Duties of the Inspector General
Office of Inspector General

cc: Deputy Secretary
Chief of Staff

DOE OIG HIGHLIGHTS

Action Needed to Ensure Centerra-Savannah River Site Appropriately Manages High-Risk Property at the Savannah River Site

Why We Performed This Audit

Centerra-Savannah River Site (Centerra-SRS) is a paramilitary organization that provides security services to the Savannah River Site. Due to the nature of its work, Centerra-SRS maintains a large inventory of high-risk property such as protective gear, weapons, ammunition, optics, and explosives. Centerra-SRS' Personal Property Section is responsible for property management. Prior to October 2024, the Office of Environmental Management's Savannah River Operations Office was responsible for overseeing property management at Centerra-SRS. In October 2024, the National Nuclear Security Administration's Savannah River Field Office assumed responsibility for overseeing property management at Centerra-SRS.

We initiated this audit to determine whether Centerra-SRS' property management program was sufficient to adequately classify, account for, and disposition high-risk property.

What We Found

We found that Centerra-SRS' property management program was not sufficient to adequately classify, account for, and disposition high-risk property. Specifically, we found that Centerra-SRS did not appropriately classify or account for thousands of property items as high-risk. Further, Centerra-SRS did not perform required high-risk property assessments prior to dispositioning the property.

These issues occurred because Centerra-SRS' property management procedures did not fully incorporate Federal requirements related to high-risk property. Further, Centerra-SRS did not always follow its own procedures, and personnel were not fully knowledgeable of high-risk property requirements. Additionally, the Department of Energy's oversight of Centerra-SRS' high-risk property program was insufficient.

By not sufficiently classifying, accounting for, and dispositioning its high-risk property, Centerra-SRS is at risk for potential adverse impact on public health and safety, the environment, national security interests, and proliferation concerns. Proper classification of high-risk property is important to ensure that only authorized individuals have access to it. Unauthorized access could lead to loss, theft, or misuse of protective gear, weapons, ammunition, optics, and explosives.

What We Recommend

To address the issues identified in this report, we have made four recommendations that, if fully implemented, should help ensure that Centerra-SRS' high-risk property is properly classified, accounted for, and dispositioned.

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Background and Objective

The Department of Energy's Savannah River Site (SRS) is a 310 square mile site located near Aiken, South Carolina. SRS is tasked with safely producing, securing, and processing nuclear materials in support of national defense and U.S. nuclear nonproliferation efforts. SRS also develops and deploys technologies to protect the environment including the treatment of solid and liquid nuclear and hazardous wastes left from the Cold War.

SRS has several contractor occupants including Centerra-Savannah River Site (Centerra-SRS), a subsidiary of Centerra Group, LLC. Centerra-SRS is a paramilitary organization that provides security services to SRS. Centerra-SRS' Personal Property Section is responsible for property management. Due to the nature of its work, Centerra-SRS maintains a large inventory of high-risk items such as protective gear, weapons, ammunition, optics, and explosives.

In October 2024, the Department transitioned landlord responsibilities at SRS from the Office of Environmental Management to the National Nuclear Security Administration (NNSA). Landlord responsibilities include, among other things, primary oversight for the Centerra-SRS contract through NNSA's Savannah River Field Office. NNSA's Organizational Property Management Officer (OPMO) is responsible for establishing and administering the personal property management program for Centerra-SRS consistent with applicable laws, regulations, practices, and standards.

Title 41, Code of Federal Regulations (CFR), Chapter 109, *Department of Energy Property Management Regulations*, Section 109-1.5201, "Policy," states that contractors shall establish, implement, and maintain a system that provides for an efficient personal property management program. The system shall be consistent with the terms of the contract; prescribed policies, procedures, regulations, statutes, and instructions; and directions from the contracting officer. This includes high-risk personal property (high-risk property), which is defined as items with potential impact on public health and safety, the environment, national security interests, or proliferation concerns that must be controlled, and disposed of, in other than the routine manner. High-risk property includes, but is not limited to, automatic data processing equipment, export-controlled property,¹ hazardous property, and proliferation sensitive property.

We initiated this audit to determine whether Centerra-SRS' property management program was sufficient to adequately classify, account for, and disposition high-risk property.

Results of Review

CENTERRA-SRS' PROPERTY MANAGEMENT PROGRAM WAS NOT SUFFICIENT

We determined that Centerra-SRS' property management program was not sufficient to adequately classify, account for, and disposition high-risk property. As we detail below,

¹ Export-controlled property is property whose export is subject to licensing by the Department of Commerce, the Department of State, the Nuclear Regulatory Commission, or authorized by the Department of Energy.

Centerra-SRS did not properly classify or account for thousands of property items as high-risk. Further, Centerra-SRS did not perform required high-risk property assessments prior to dispositioning the property.

High-Risk Property Not Appropriately Classified

We found that Centerra-SRS did not appropriately classify its property as high-risk. For example, at least 5,701² of the 8,036 items (about 71 percent) we reviewed met the 41 CFR § 109–1.100–51, “Definitions and acronyms,” definition of high-risk property but were not classified as such.³ This property was also subject to export-control requirements. As of May 2025, these items accounted for approximately \$5.6 million (about 17 percent) of the total inventory value of about \$32.7 million and included items such as ammunition, weapons, explosives, respirator masks, and body armor. Export-controlled property is specifically included among the categories of high-risk property in both 41 CFR § 109–1.100–51, “Definitions and acronyms,” and the Centerra-SRS procedure 1-1700, *Property Management*. Export-control requirements regulate how technologies (i.e., high-risk property), technical data, and information are shipped, transferred, or transmitted to foreign countries. These requirements are intended to protect U.S. economic interests and foreign policy goals, as well as to prevent the acquisition of technologies, technical data, and information by parties hostile to the U.S.

Further, Centerra-SRS did not review its personal property at acquisition or during regularly scheduled physical inventories to ensure it was properly identified as high-risk. Title 41 CFR § 109–1.5303, “Procedures,” states that newly acquired high-risk personal property shall be identified and tracked during the acquisition process. This requirement is intended to ensure appropriate processes are followed when high-risk property is dispositioned and to prevent inadvertent or uncontrolled release.

To its credit, starting in May 2025, NNSA officials began giving guidance to Centerra-SRS about properly classifying high-risk property items in accordance with 41 CFR § 109–1.100–51, “Definitions and acronyms.” NNSA officials concurred that the items we identified were misclassified. During our review, Centerra-SRS officials informed us that since we presented them with the list of misclassified items, they had taken steps to reclassify all these items as high-risk property.

High-Risk Property Not Appropriately Accounted For

Centerra-SRS did not properly account for its high-risk property. For example, we identified 233 body armor items subject to export-control requirements in the personal property inventory, even though Centerra-SRS had sent these items to the vendor to be dispositioned more than a year

² The 5,701 items represent about 44 percent of Centerra-SRS’ total personal property inventory of 12,831 items as of May 31, 2025.

³ We judgmentally selected 8,036 items that appeared to meet the definition of high-risk property, such as respiratory masks, ammunition or ammunition-related items, explosives or explosive-related items, weapons or weapon-related items, and body armor or body armor-related items from Centerra-SRS’ property inventory listing, and compared these results to the definition of export-controlled items in 41 CFR § 109–1.100–51, “Definitions and acronyms,” the Department of State’s *The U.S. Munitions List*, and the Bureau of Industry and Security’s *The Commerce Control List*.

earlier. Further, Centerra-SRS marked 205 of the 233 items as physically verified and accounted for in its September 2024 annual inventory count (approximately 6 months after the items were reportedly destroyed). Lastly, 2 of the 205 items were still marked as physically verified and accounted for by Centerra-SRS as of September 2025 (approximately 18 months after the items were reportedly destroyed). Title 41 CFR § 109–1.5110, “Physical inventories of personal property,” requires 100 percent annual physical inventory verification of high-risk property. This process includes actual verification of the location and existence of the high-risk property. However, Centerra-SRS’ September 2024 and 2025 inventory counts did not identify the discrepancies previously discussed.

Additionally, Centerra-SRS did not independently perform or verify its annual inventory reviews, as required. Title 41 CFR § 109–1.5110, “Physical inventories of personal property,” states that physical inventories shall be performed by personnel other than custodians of the property. Where staffing restraints or other considerations apply, the inventory may be performed by the custodian with verification by a second party. For the two annual inventories previously mentioned, the same Centerra-SRS Area Property Custodian performed the review, and there was no evidence that a second party verified the inventory.

High-Risk Property Disposition Process Incomplete

Centerra-SRS did not perform the required high-risk property assessments prior to dispositioning the property. Specifically, we reviewed 20 items⁴ that Centerra-SRS identified as excess from October 2021 through April 2024, to include, among other items, night vision devices, weapons, and body armor. Centerra-SRS had transferred or disposed of 18 of the 20 items.⁵ Title 41 CFR § 109–1.5303, “Procedures,” requires all personal property to be assessed prior to disposition to determine whether it should be classified as high-risk and subject to export-control requirements. However, Centerra-SRS did not perform high-risk assessments for the 18 items prior to disposition. Since June 2025, NNSA has required Centerra-SRS to provide evidence it completed high-risk property assessments prior to approving requests to disposition property.

Moreover, Centerra-SRS did not properly dispose of high-risk property items as required. Specifically, 3 of the 20 items previously discussed were sent to a vendor for destruction as part of a group of 470 body armor items. These body armor items are subject to the export-control requirements of 15 CFR Part 774, *The Commerce Control List*, and must be disposed of in accordance with the Department of Defense’s Defense Demilitarization Manual (DEMIL). Also, Centerra-SRS’ Procedure 3-1779, *Disposition of Excess Personal Property*, requires personnel from the Department’s Savannah River Operations Office (DOE-SR) to witness all DEMIL actions. However, Centerra-SRS and DOE-SR personnel did not follow these requirements when they disposed of the 470 items. Further, the vendor verified that only 327 of the 470 body armor items were destroyed. As of November 2025, Centerra-SRS had not reconciled its records with those of the vendor. We also identified that the documentation the vendor returned to Centerra-SRS stated that 141 of the items received had illegible serial or model numbers. According to

⁴ We obtained a listing of 1,608 personal property items identified as excess by Centerra-SRS from October 1, 2021, through May 31, 2025. We selected a judgmental sample of 20 personal property items from this list to review during our audit.

⁵ The remaining two items were awaiting disposition and were located onsite.

Federal Acquisition Regulation 52.245-1, “Government Property,” Centerra-SRS must maintain a complete audit record for all property transactions. Nevertheless, Centerra-SRS could not provide evidence that all 470 body armor items had been destroyed.

CONTRIBUTING FACTORS

These issues occurred because Centerra-SRS’ property management procedures did not fully incorporate Federal requirements related to high-risk property. Further, Centerra-SRS did not always follow its own procedures, and personnel were not fully knowledgeable of high-risk property requirements. Additionally, the Department did not provide sufficient oversight of Centerra-SRS’ high-risk property program.

Centerra-SRS Procedures, Process, and Training

Centerra-SRS’ standard procedures did not fully incorporate the requirements of 41 CFR 109. Specifically, Centerra-SRS’ Standard Procedures 1-1700, *Property Management*, and 3-1779, *Disposition of Excess Personal Property*, did not include the requirement of 41 CFR § 109–1.5302, “Policies,” or 41 CFR § 109–1.5303, “Procedures,” that high-risk reviews must be performed for all personal property items prior to disposition. Additionally, Centerra-SRS’ Standard Procedure 1-1700, *Property Management*, did not incorporate the requirement of 41 CFR § 109–1.5110, “Physical inventories of personal property,” that the person conducting an inventory review must be someone other than the property custodian or that the inventory review can be performed by the property custodian with verification by a second party.

Further, Centerra-SRS did not always follow its own standard procedures. For example, Centerra-SRS’ Standard Procedure 1-1700, *Property Management*, requires: (1) inventories to be conducted using the wall-to-wall method; and (2) physically inspecting each item to ensure accountability. For the 2024 annual inventory review, we determined that Centerra-SRS had not completed accurate inventories when it marked already dispositioned body armor items as physically verified, despite these items having been dispositioned 6 months earlier. Moreover, a prior version of Centerra-SRS’ Standard Procedure 3-1779, *Disposition of Excess Personal Property*, required Centerra-SRS to get approval and coordinate the DEMIL process with DOE-SR. We determined that two night vision items were improperly transferred to another SRS contractor for final disposition. These items were subject to DEMIL requirements and should have been dispositioned in accordance with Centerra-SRS’ Standard Procedure 3-1779, *Disposition of Excess Personal Property*, which required getting approval from DOE-SR for demilitarization.

Finally, Centerra-SRS personnel were not fully knowledgeable of high-risk property requirements. Specifically, Centerra-SRS officials did not consider all items that should be designated as high-risk property. According to Centerra-SRS officials, they only consider items found on *The U.S. Munitions List* to be high-risk and subject to DEMIL procedures. However, we identified numerous items that are subject to *The Commerce Control List* requirements and were considered high-risk property subject to export-control requirements. Further, Centerra-SRS personnel were not required to maintain export-control certifications or take training specific to high-risk property. Since our review, two of Centerra-SRS’ personnel have registered for export-control and high-risk property specific training.

Insufficient Department Oversight

The Department's oversight of Centerra-SRS' high-risk property program was insufficient and did not identify issues. Specifically, neither DOE-SR nor NNSA ensured that Centerra-SRS adhered to the requirements of 41 CFR 109 to properly classify, account for, and disposition high-risk property. For example, the Department did not review Centerra-SRS' personal property management system to ensure it complied with 41 CFR 109 high-risk property requirements. Title 41 CFR § 109-1.5204, "Review and approval of a designated contractor's personal property management system," requires the OPMO or Property Administrator to make an appraisal of the contractor's personal property management system every 3 years. NNSA completed an assessment of Centerra-SRS' personal property management system in July 2025 and recommended that the contracting officer approve it for another 3 years. However, the purpose of this review was to ensure that Centerra-SRS was managing Government personal property in accordance with the provisions of FAR 52.245-1, "Government Property," but did not include a review to ensure compliance with the high-risk property requirements of 41 CFR 109. Therefore, the Department did not have visibility or an understanding of how Centerra-SRS classifies, accounts for, and dispositions high-risk property. This is evidenced by the fact that Centerra-SRS did not submit the 2024 inventory list to the OPMOs at DOE-SR or NNSA's Savannah River Field Office. Additionally, the 2025 inventory list Centerra-SRS submitted to the OPMO at the Savannah River Field Office did not contain complete and accurate information. However, since the Centerra-SRS personal property management system review in July 2025, NNSA has obtained a better understanding of how Centerra-SRS classifies, accounts for, and dispositions high-risk property, and has taken steps to ensure that Centerra-SRS follows the requirements of 41 CFR 109.

Further, DOE-SR personnel were not fully knowledgeable of high-risk property requirements. For example, in September 2023, Department personnel completed an export-control review of weapons and related items Centerra-SRS was preparing to disposition. In this review, Department personnel incorrectly assessed the classification of the items. Specifically, the reviewer determined that 550 weapons and related parts were not high-risk property because they were no longer subject to International Traffic in Arms Regulations.⁶ While correct that these regulations were no longer applicable, the items were still subject to the export-control regulations of *The Commerce Control List* and, therefore, should have been considered high-risk property.

CONCLUSION

By not sufficiently classifying, accounting for, and dispositioning its high-risk property, Centerra-SRS is at risk for potential adverse impact on public health and safety, the environment, national security interests, and proliferation concerns. Proper classification of high-risk property is important to ensure that only authorized individuals have access to it. Unauthorized access could lead to loss, theft, or misuse of protective gear, weapons, and explosives. To its credit,

⁶ The International Traffic in Arms Regulations (22 CFR Parts 120-130) govern the manufacture, export, and temporary import of defense articles, the furnishing of defense services, and brokering activities involving items described on *The U.S. Munitions List*.

since October 2024, NNSA officials have been proactively working with Centerra-SRS to evaluate and improve Centerra-SRS' personal property management system.

Recommendations

We recommend that the Acting Manager, Savannah River Field Office, coordinate with the contracting officer to direct Centerra-SRS to:

1. Ensure its property management procedures are consistent with requirements of 41 CFR 109;
2. Follow its procedures for the conduct of inventories and disposition of high-risk property items; and
3. Ensure its property management employees are properly trained to classify, account for, and disposition high-risk property.

We also recommend that the Deputy Associate Administrator, Partnership and Acquisition Services:

4. Reassess the adequacy and effectiveness of Centerra-SRS' property management program in accordance with the high-risk property management requirements of 41 CFR 109.

Management Comments and OIG Response

NNSA management concurred with the findings and recommendations and agreed to take action to address each of our recommendations. Specifically, for Recommendation 1, management stated that Centerra-SRS incorporated 41 CFR 109 into its procedures. For Recommendation 2, management stated that Centerra-SRS has implemented the inventory and high-risk property management processes reflected in the draft procedures through its fiscal year 2026 Personal Property Inventory Plan. For Recommendation 3, management stated that Centerra-SRS personnel completed specialized training to support the classification, accountability, and disposition of high-risk property. Finally, for Recommendation 4, management stated that NNSA's Personal Property Branch will conduct a High-Risk Property Program Assessment of Centerra-SRS in November 2026. We found management's responses and planned actions to be responsive to our recommendations.

Management's comments are included in Appendix 3.

Objective, Scope, and Methodology

Objective

We conducted this audit to determine whether Centerra-Savannah River Site's (Centerra-SRS) property management program was sufficient to adequately classify, account for, and disposition high-risk property.

Scope

The audit was performed from August 2025 through July 2026 at the Savannah River Site near Aiken, South Carolina, and other locations, as required. The scope was limited to a review of Centerra-SRS' personal property records from October 2021 through May 2025. The audit was conducted under Office of Inspector General project number A25OA014.

Methodology

To accomplish our audit objective, we:

- Reviewed applicable laws, regulations, and Centerra-SRS procedures.
- Reviewed prior and related reports.
- Interviewed key Centerra-SRS and Federal officials involved with personal property management and disposition.
- Identified Centerra-SRS' personal property inventory, as of May 31, 2025, which contained 12,831 items, and judgmentally selected and reviewed 8,036 items that appeared to meet the definition of high-risk property such as ammunition, weapons, explosives, respirator masks, and body armor to determine if the items were properly classified as high-risk property. Because we selected a judgmental sample, results cannot be projected to the population.
- Judgmentally selected 20 items from Centerra-SRS' 1,608 excessed personal property items from October 2021 through May 2025, based on descriptions and classifications to determine if the items were properly dispositioned. Because we selected a judgmental sample, results cannot be projected to the population.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective. We assessed internal controls and compliance with laws and regulations necessary to satisfy the audit objective. In particular, we assessed key internal control components and underlying principles related to property

management, inventory verification, and property disposition. However, because our review was limited to these internal control components and underlying principles, it may not have disclosed all internal control deficiencies that may have existed at the time of this audit.

To assess the reliability of the data sets needed to answer the audit objective, we evaluated the data sets for applicability, completeness, accuracy, and consistency. We also interviewed Centerra-SRS officials knowledgeable about the data and obtained source documents related to the data. We determined that the data was sufficiently reliable for the purposes of our audit objective.

Management officials waived an exit conference on September 17, 2026.

Prior Reports

Office of Inspector General

- Inspection Report: [*Sensitive and High-Risk Property Management at the Brookhaven National Laboratory*](#) (DOE-OIG-23-35, September 2023). The inspection found that Brookhaven National Laboratory's (BNL) property management program was insufficient to adequately classify, account for, and disposition sensitive and high-risk property. Specifically, BNL did not: classify its property as sensitive or high-risk, and items were not always identified as subject to export-control requirements; properly account for property by conducting appropriate physical inventories of sensitive and high-risk property; and sufficiently disposition loaned property or Security Operations Division non-weapons inventory. The inspection attributed these issues to BNL's property management policies and procedures not fully incorporating 41 Code of Federal Regulations 109, *Department of Energy Property Management Regulations*. Additionally, the Brookhaven Site Office's oversight of BNL's sensitive and high-risk property program was insufficient. The Brookhaven Site Office and the Office of Asset Management concurred with the three recommendations made in the report.
- Inspection Report: [*Property Management at the Hanford Site*](#) (DOE-OIG-22-20, January 2022). The inspection found that Mission Support Alliance, LLC (MSA) did not always appropriately account for or disposition excessed high-risk or sensitive property (HRSP). Specifically, MSA did not appropriately characterize items as HRSP, when applicable. In addition, MSA did not always designate property as high-risk or export-controlled for those who received it at disposition. Further, MSA did not adequately account for Hanford Patrol Protective Force non-weapon HRSP items. Finally, MSA could not always provide evidence that it sanitized or destroyed excessed hard drives prior to disposition. The inspection attributed these shortcomings to MSA's inadequate management of the HRSP program because it did not fully incorporate Federal requirements related to HRSP, and MSA did not maintain a proper record-keeping system. In addition, the Department of Energy did not perform sufficient oversight of MSA's HRSP program. Richland Operations Office/Office of River Protection management concurred with the two recommendations made in the report.

Management Comments



Department of Energy
Under Secretary for Nuclear Security
Administrator, National Nuclear Security Administration
Washington, DC 20585



MEMORANDUM FOR THE SENIOR OFFICIAL PERFORMING THE DUTIES OF
INSPECTOR GENERAL

FROM: BRANDON M. WILLIAMS

[Handwritten signature] 4/28/24
[Handwritten initials]

SUBJECT: Response to the Office of Inspector General (OIG) Draft Report, *Action Needed to Ensure Centerra-SRS Appropriately Manages High-Risk Property at the Savannah River Site* (A25OA014)

Thank you for the opportunity to review and comment on the subject draft report. The National Nuclear Security Administration (NNSA) acknowledges OIG's observations regarding Centerra-Savannah River Site's (Centerra-SRS) property management program, which are consistent with concerns identified by NNSA's Organizational Property Management Officer after NNSA assumed oversight responsibilities for Centerra-SRS in October 2024.

After assuming oversight responsibilities on October 1, 2024, NNSA began evaluating Centerra-SRS' property management system for alignment with NNSA expectations and regulatory requirements. Among other things, NNSA clarified contract requirements for Centerra-SRS; provided consistent feedback to Centerra-SRS regarding its inventory plan, sensitive items list, and high-risk transfer procedures and documentation; and relocated an Industrial Property Management Specialist to SRS in April 2025 to increase direct engagement with Centerra-SRS. In September 2025, NNSA issued formal direction requiring Centerra-SRS to incorporate DOE Property Management Regulations, including those related to high-risk property, into its procedures, consistent with the audit report's recommendations.

The attached management decision provides details regarding actions taken and planned that address the OIG's recommendations. Our subject matter experts have also provided technical comments under separate cover to enhance the accuracy and clarity of the report. If you have any questions regarding this response, please contact Ms. Jessica Juneja, Acting Director, Audits and Internal Affairs, at (240) 220-4654.

Attachment

NATIONAL NUCLEAR SECURITY ADMINISTRATION Management Decision

Action Needed to Ensure Centerra-SRS Appropriately Manages High-Risk Property at the Savannah River Site (A25OA014)

The Office of Inspector General (OIG) recommends the National Nuclear Security Administration (NNSA) direct Centerra-Savannah River Site (SRS) to:

Recommendation 1: Ensure its property management procedures are consistent with requirements of 41 CFR 109;

Management Response: Concur. In September 2025, the National Nuclear Security Administration (NNSA) issued formal direction requiring Centerra-SRS to incorporate 41 CFR 109 into its procedures. Centerra-SRS subsequently revised its procedures to align with FAR 52.245-1, *Government Property* and 41 CFR 109, *Department of Energy Property Management Regulations* requirements, and NNSA's Organizational Property Management Office reviewed and concurred on the revised procedures in June 2026. The revised procedures are undergoing final review and approval by Centerra-SRS management and are expected to be issued by December 31, 2026.

Recommendation 2: Follow its procedures for the conduct of inventories and disposition of high-risk property items; and

Management Response: Concur. Although the revised procedures referenced in Recommendation 1 are pending final issuance, Centerra-SRS has implemented the inventory and high-risk property management processes reflected in the draft procedures through its FY 2026 Personal Property Inventory Plan, which became effective on October 1, 2025. These processes include conducting annual wall-to-wall inventories of sensitive, high-risk, and accountable property; reconciling inventory variances; reporting property that cannot be located; and managing the disposition of high-risk property in accordance with 41 CFR 109. Centerra-SRS completed one high-risk disposition during FY 2026 under the new procedures, and these measures will be applied during the FY 2026 annual inventory and sustained as part of the ongoing property management program. NNSA will consider this recommendation closed upon completion of the FY 2026 annual inventory, and upon confirmation that the updated procedures were followed. The estimated completion date is December 31, 2026.

Recommendation 3: Ensure its property management employees are properly trained to classify, account for, and disposition high-risk property.

Management Response: Concur. During FY 2026, Centerra-SRS personnel completed specialized training to support the classification, accountability, and disposition of high-risk property. Training included the Export Compliance Assistance Program (ECAP) Nonproliferation for High-Risk Property course; the Nonproliferation for High-Risk Property Workshop in June 2026; High-Risk Property Awareness Training, and Introduction to Export

Control Classification Numbers. In addition, Centerra-SRS has scheduled personnel to attend the Defense Demilitarization Program Course in September 2026 to further enhance its high-risk property program. NNSA expects to close this recommendation by September 30, 2026, upon completion of the last scheduled course.

The OIG also recommends that the Acting Director, Acquisition Policy and Oversight Division:

Recommendation 4: Reassess the adequacy and effectiveness of Centerra-SRS' property management program in accordance with the high-risk property management requirements of 41 CFR 109.

Management Response: Concur. NNSA's Personal Property Branch, in consultation with NNSA's ECAP, will conduct a High-Risk Property Program Assessment of Centerra-SRS. As subject matter experts, ECAP will help assess the effectiveness of the high-risk property program to determine whether current processes adequately identify, classify, control, protect, account for, and disposition high-risk property in accordance with applicable Federal requirements. This assessment will also determine the effectiveness of Centerra-SRS' program and the completed corrective actions that address deficiencies raised during this audit. The assessment is scheduled for November 2026 with results expected to be captured in a final evaluation. The estimated completion date is December 31, 2026.

FEEDBACK

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