DOE/IG-0541

AUDIT REPORT

REMEDIATION AND CLOSURE OF THE ASHTABULA ENVIRONMENTAL MANAGEMENT PROJECT

JANUARY 2002

U.S. DEPARTMENT OF ENERGY
OFFICE OF INSPECTOR GENERAL
OFFICE OF AUDIT SERVICES

U. S. DEPARTMENT OF ENERGY
Washington, DC 20585

January 15, 2002

MEMORANDUM FOR THE SECRETARY

FROM: Gregory H. Friedman (Signed)
Inspector General

SUBJECT: INFORMATION: Audit Report on "Remediation and Closure of the Ashtabula Environmental Management Project"

BACKGROUND

The RMI Titanium Company's Earthline Technology Division (RMI) is the Department of Energy's environmental restoration contractor at the Ashtabula Environmental Management Project (AEMP) in Ashtabula, Ohio. RMI owns the Ashtabula property, formerly known as the RMI Extrusion Plant, where the firm processed uranium for the Department and its predecessor agencies. In March 1993, the Department awarded a cost-reimbursable contract to RMI to clean the extrusion plant and adjacent grounds to a level that permits release of the site for unrestricted use. The contract required that RMI complete the project on or about March 31, 2003. The estimated cost to complete the project was about $237 million.

The objective of this audit was to determine whether the remediation of the AEMP is on schedule to be completed by March 31, 2003.

RESULTS OF AUDIT

Despite the planned 2003 completion date, information developed during the audit indicated that the AEMP clean-up effort might not be completed until 2012. This delay extends the 10-year expected life of the project to 19 years, resulting in a likely increase in project costs of over $60 million. Further, we identified about $4.9 million in questionable contract costs that had been billed by RMI and reimbursed by the Department.

Our concern regarding the progress of the Ashtabula project is reflected in our finding that, as of October 2001, about 8 years after the remediation contract was awarded, only about 50 percent of the site's contaminated acreage and about 20 percent of the potentially contaminated soil had been remediated. In addition, we found that the site's "footprint" had actually increased significantly since the contract award. Specifically, the site's building space had been increased by over 75 percent, and the value of equipment at the site had almost doubled. The rationale for the significant increase in the AEMP's footprint could not be explained to our satisfaction.

We found that the original remediation completion date would not be met because:

- the Department did not fund the project consistent with the approved decommissioning plan;
- RMI did not follow the decommissioning plan;

- the Department did not hold RMI accountable for the lack of progress in site remediation; and,
- the Department did not require compliance with the terms of the contract.

A delay in completion of the Ashtabula project until FY 2012 carries with it significant cost, and health and safety implications.

MANAGEMENT REACTION

Management generally concurred with the finding and recommendations. Management is developing a definitive plan to complete the AEMP by 2006 and intends to hold the contractor accountable for complying with the updated plan. Also, the contracting officer had initiated reviews of contract extensions and the allowability of costs questioned in this report. Although management agreed to obtain audits of the allowability of costs incurred by RMI, starting with FY 2000, it did not agree with our recommendation to obtain audits of costs incurred in prior years. Management also disagreed with our estimate of unnecessary costs and fees that could be incurred through 2012, stating that the estimate relied on an unvalidated and unapproved RMI proposed baseline.

Management's planned actions are generally responsive to the audit finding and recommendations. However, we believe that the reluctance to obtain audits of costs incurred by RMI prior to FY 2000 is unwise given the lack of internal cost controls and the potentially unallowable costs identified in the report. With respect to our projection of future cost growth, we used the latest RMI estimate since the Department had not as yet updated its baseline estimate for project completion.

This is the latest in a series of Office of Inspector General reports concerning the remediation activities at Ashtabula.

Attachment

cc: Deputy Secretary
Under Secretary for Energy, Science and Environment
Assistant Secretary for Environmental Management
Manager, Ohio Field Office

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OVERVIEW

INTRODUCTION AND OBJECTIVE

The RMI Titanium Company's Earthline Technologies Division (RMI) is the Department of Energy's (Department) environmental restoration contractor at the Ashtabula Environmental Management Project (AEMP) in Ashtabula, Ohio. RMI owns the property formerly known as the RMI Extrusion Plant, where RMI processed uranium for the Department and its predecessor agencies for the production of nuclear fuel elements between 1962 and 1988. The Department awarded RMI a cost-reimbursable contract in March 1993 to clean the extrusion plant and adjacent grounds to a level that permits release of the site for unrestricted use. The contract requires that RMI complete the project on or about March 31, 2003. In September 1993, the Department estimated the project would cost about $237 million to complete. As of September 2001, the Department had spent about $103 million on the contract.

When the project began, the AEMP consisted of 25 buildings with about 115,000 square feet of space on 7 acres and about 35 acres of adjacent grounds. Only 17 of the 35 acres were potentially contaminated. The Department owned about half the buildings and about 99 percent of the equipment at the site. The original decommissioning plan required the removal of all Department-owned equipment, demolition of 21 buildings, and excavation and disposal of contaminated soils.

The objective of this audit was to determine whether the remediation of the AEMP is on schedule to be completed by March 31, 2003.

CONCLUSIONS AND OBSERVATIONS

The remediation of the AEMP is not on schedule to be completed by March 31, 2003. In fact, RMI's latest estimate for project completion is Fiscal Year (FY) 2012. The project is behind schedule because (1) the Department did not fully fund the project; (2) RMI did not follow the approved decommissioning plan; (3) the Department did not hold RMI accountable for the lack of progress in site remediation; and, (4) the Department did not require compliance with the terms of the contract. As a result, site workers and the public will be exposed to additional health and safety risks, and the Department could incur up to $67 million in unnecessary costs and fees to keep the site open until FY 2012. Additionally, we identified about $4.9 million in questionable contract costs billed by RMI and reimbursed by the Department.

The Office of Inspector General (OIG) and the General Accounting Office (GAO) have previously reported concerns with the Department's defense facility closure projects. In May 2001, OIG Report DOE/IG-0501, *Remediation and Closure of the Miamisburg Environmental Management Project*, concluded that the project will not be closed on schedule because the Department and its contractor committed to a completion date without knowing whether the date was achievable, and did not develop a valid baseline to effectively manage the project. In April 1999, GAO Report GAO/RCED-99-100, *Accelerated Closure of Rocky Flats: Status and Obstacles,* questioned whether the Department and its contractor could meet the Department's 2006 target date for cleaning and closing Rocky Flats at the costs and savings originally projected.

The Office of Inspector General (OIG) recently issued report DOE/IG-0530, *Inspection of the Management of Personal Property at the Ashtabula Environmental Management Project*, which found that the Ashtabula site was not managing Government-owned personal property in accordance with Departmental and other Federal property management requirements. In addition, the OIG has several ongoing reviews at the AEMP. The reviews are being performed to evaluate the cost and performance of soil washing, cost sharing for cleanup activities, and RMI's compliance with nuclear safety requirements.

This audit identified issues that management should consider when preparing its yearend assurance memorandum on internal controls.

(Signed)
Office of Inspector General

Remediation May Not Be Complete Until 2012

The remediation of the AEMP is not on schedule to be completed by March 31, 2003. In fact, RMI's latest estimate for completion, which has not been validated by the Department, is FY 2012. The estimate assumes constant annual funding of $16.2 million. Thus, the expected life of the project has grown from 10 years in 1993 to 19 years in 2001. Even with unrestricted funding, RMI estimated it would not complete the project until FY 2007. However, the Department is developing alternatives to achieve site closure in FY 2006.

The Department expected RMI to remediate all of the land, property, and buildings by March 2003. As of October 2001, RMI had remediated about 50 percent of the site's contaminated acreage and about 20 percent of the potentially contaminated soil. However, the site's equipment inventory had almost doubled in value, and the site's building space had increased by about 77 percent.

The value of Department-owned equipment at the site increased from about $7 million in 1993 to about $13 million in 2001. When the project began, the principal equipment item was a 3,850-ton extrusion press acquired by the Department in the 1950s. RMI disposed of the extrusion press and associated tooling, valued at about $5 million, then acquired $7 million in new equipment and obtained about $4 million in surplus equipment from other Department sites. Equipment valued at about $3 million was stored at the site, but had never been used.[1/] All of the Department-owned equipment at the AEMP must be removed before the project is complete.

Also, building space at the site increased from about 115,000 square feet in 1993 to about 202,000 square feet in 2001. When the project began, the AEMP had 25 buildings with about 115,000 square feet of space. During the first eight years of the project ended March 2001, RMI demolished four buildings and built three new buildings. Since March 2001, RMI demolished three additional buildings. As a result, the existing buildings contained 99,000 square feet of space in June 2001. Additionally, the Department leased 104,000 square feet of space in RMI-owned buildings adjacent to the AEMP, including 67,000 square feet used to store some of the newly acquired Department-owned equipment. Most of the leased space will require no appreciable remediation work when it is no longer required for the cleanup project; however, we identified two areas where contaminated equipment was stored.

[1] Further information related to RMI's purchase and management of Government property is available in DOE/IG-0530, *Inspection of the Management of Personal Property at the Ashtabula Environmental Management Project.*

In addition to new equipment and office space, RMI has constructed 31,000 square feet of concrete slabs, roadways, and ramps at the AEMP during the first 8.5 years of the contract. None of these structures were required in the original plan. Instead, they were built to support the AEMP's soil washing facilities, which were not included in the original plan.

Contract Requires Completion By March 2003

RMI's contract requires that the project be completed on or about March 31, 2003. Also, the March 2003 milestone was incorporated into the Department's *Accelerating Cleanup: Paths to Closure*. Further, the Department reported to Congress in January 2001 that the decontamination and decommissioning activities at the AEMP would be completed in FY 2005. Congress has required the Department to request adequate funding to keep the project on schedule for closure by 2006 or earlier. Congress' intent for this requirement was to use any savings resulting from early closure of the AEMP for cleanup activities at other closure sites.

The Project Was Not Fully Funded or Properly Managed

The project is behind schedule because the Department did not fully fund the project. Also, RMI did not follow the approved decommissioning plan; the Department did not hold RMI accountable for the lack of progress in site remediation; and the Department did not require compliance with the terms of the contract.

Department Did Not Fully Fund the Project

During the first 8.5 years of the 10-year project, RMI received about $45 million less than required to meet the Department's approved decommissioning plan. According to project management, the AEMP was not fully funded because of other program priorities. For example, in 1995, the Department decided to increase funding for the Columbus Environmental Management Project and reduce funding for the AEMP accordingly. Since 1997, the Department has not requested adequate funding to close the AEMP by 2003.

RMI Did Not Follow the Decommissioning Plan

Also, RMI did not always follow the approved decommissioning plan. The original decommissioning plan required the demolition of 21 buildings before September 30, 2000; however, only 7 buildings had been demolished as of August 2001. The original plan also required that contaminated soils be excavated and shipped offsite for disposal; however, RMI constructed, with Department approval, a soil-washing complex and treated about 10,000 tons of soil onsite.

Additionally, the approved plan states that soil with less than 30 picocuries of radioactivity per gram is considered to be clean and does not require treatment. In two cases, RMI excavated clean soil and either treated the soil at the soil washing facility or shipped the soil offsite. For example, RMI conducted tests and determined that over 80 percent of the soil covering AEMP's Area C East was clean according to the established criteria. Still, RMI excavated and treated the soil for all of Area C East. As a result, RMI excavated and treated 2,825 tons of soil that did not need to be treated. In addition, RMI excavated and disposed of 497 tons of PCB-contaminated soil from an overlapping Superfund site as low-level waste, even though laboratory analyses showed that the soil was below 30 picocuries of radioactivity per gram.

To further emphasize the fact that RMI was not executing the approved decommissioning plan, RMI spent resources on developing new technologies and questionable costs at the AEMP instead of dedicating resources to site remediation activities.

New Technologies

Instead of executing the decommissioning plan, RMI focused on developing new technologies at the AEMP. RMI spent about $15.8 million of AEMP funds between September 1996 and June 2001 to research and deploy new technologies at the site. During that time, RMI researched 11 different technologies and eventually deployed three.

"Soil washing" was one of the new technologies deployed by RMI at the AEMP. RMI spent about $6.3 million of Department funds to design and build a new soil-washing complex. However, the construction of the soil-washing complex increased the amount of waste that must be disposed of before the site can be closed. RMI estimated the demolition of the soil-washing complex would cost $1.2 million and add 10 months to the site cleanup. Further, RMI stated that the soil-washing complex will be one of the most difficult structures at the site to decontaminate and decommission; therefore, the actual costs might exceed the estimate.

In addition to researching and deploying new technologies, RMI spent about $348,000 of AEMP funds to develop bids, proposals, and business development plans for other Government and commercial work. Furthermore, RMI estimated that it will incur about $723,000 in additional business development costs before the AEMP is completed.

Questionable Costs

Also, instead of executing the decommissioning plan, RMI spent contract funds on questionable costs. For example, RMI charged the Department $2.2 million for rent, including $551,000 for buildings that are scheduled to be demolished, $1.16 million for RMI occupied facilities, and $504,000 for RMI-owned storage space. In addition, RMI charged the Department $107,000 for natural gas in excess of its actual cost.

RMI has collected about $551,000 in rent from the Department for buildings that must be demolished before the AEMP can be closed. Ironically, the Department paid RMI $1.5 million for the rights to demolish these same buildings and in settlement of any claims to restore or replace the buildings. In addition to paying rent and buying the rights to demolish the buildings, the Department has also reimbursed RMI the full cost of maintaining the buildings, and will eventually pay the full cost of demolishing them as well. Obviously, RMI has conflicting incentives to demolish the buildings as long as the Department continues to pay for their maintenance and make rental payments to use them.

In addition, RMI received about $1.16 million in rent for facilities that are owned and occupied by RMI. According to RMI, these rental charges represent revenues RMI could have generated by leasing the facilities to a third party. These costs appear to exceed the normal cost of ownership, since the Department not only paid rent but also paid for upgrades to the property and about 95 percent of the facilities' maintenance costs. For example, RMI charged the Department an estimated $30,000 to convert an old locker room into a new conference room and storage area. After the renovation, RMI charged the Department $76,000 to rent the conference room and storage area. Prior to the renovation, the Department did not pay RMI rent for the locker room.

The Department also paid about $504,000 to rent storage space owned by RMI. RMI promptly billed the Department for additional storage space as new equipment was placed into storage. However, it did not reduce its rental charges when equipment items were removed from storage. In one case, RMI removed an item in 1999 and continued to charge the Department rent until July 2001, after an OIG inspection revealed the space was empty. After the inspection, RMI reduced the amount of rented space by 29,000 square feet, then unilaterally raised the rental fee which offset the effect of the reduction in square footage. RMI actually charged the Department more for rent, in August 2001, than it had before reducing the space in July 2001. Also, we noted that RMI did not give the Department credit for its previous overbillings and did not notify the Contracting Officer that the rental rates were increased.

Further, RMI overcharged the Department about $107,000 for natural gas used at the AEMP between 1996 and 2001. RMI charged $388,000 for natural gas that cost only about $281,000. The difference was a discount that RMI obtained from its gas supplier and did not pass on to the Department. RMI did not notify the Department of the discount. RMI believed it was unfair to expect the corporation to pass its discount on to the Department, since the discount could not have been obtained without RMI's assistance. However, under the terms of RMI's contract, costs are allowable up to the amount actually incurred.

Department Did Not Hold RMI Accountable for Lack of Progress

Despite RMI's performance, the Department did not hold RMI accountable for the lack of progress in site remediation. The Department paid RMI about $6.2 million out of a possible $7 million in contract fees even though the project was behind schedule. The Department did not establish performance-based fees for RMI's contract until FY 1997. Even then, the fees were not tied to completion of the project or significant milestones. Finally, in FY 2001 the Department developed performance incentives that required RMI to decontaminate and decommission facilities at the AEMP. As a result, three buildings were removed during FY 2001.

Department Did not Require RMI to Comply with the Contract

Also, the Department did not require RMI to comply with the terms of its contract. RMI was not required to follow the decommissioning plan schedule or treat contaminated soil in accordance with the approved criterion. Also, the Department paid RMI for questionable costs, such as rent that exceeded the normal cost of ownership and payments for natural gas in excess of actual costs. [2/]

[2] According to the terms of RMI's contract, the cost principles in Federal Acquisition Regulation (FAR) are to be used to determine the allowability of costs incurred and invoiced by RMI. The FAR states that to be allowable, costs must be incurred and reasonable. Also, the FAR states that rent charges are allowable to the extent they do not exceed the normal cost of ownership.

Further, the Department did not request or receive audits of RMI's incurred costs from the cognizant audit organization, the Defense Contract Audit Agency (DCAA) since 1994. The last DCAA cost incurred audit for this contract was performed for the FY 1993 costs.

It should be noted that in the past few years, the Department has taken a more active role in administering the RMI contract and resolving issues uncovered during management reviews. Specifically, in December 1999, the Department's Contracting Officer required RMI to obtain approval before awarding any subcontracts for the treatment or disposal of radioactive waste, regardless of dollar value. In January 2001, after RMI failed to comply with this requirement, the Contracting Officer rescinded RMI's purchasing authority under the contract. In addition, the Contracting Officer required RMI to obtain pre-approval for all travel planned for contract performance after travel-related problems were uncovered in a management review.

Health and Safety Risks and Excessive Costs Will Be Incurred

As a result of not completing the project on schedule, RMI has subjected AEMP workers and the public to health and safety risks, and the Department could incur up to $67 million in unnecessary costs. According to the Department's *Accelerating Cleanup: Paths to Closure*, there is a moderate overall risk to site workers and the public from contamination at the AEMP. While the Department estimated a very low likelihood of catastrophic injuries or illnesses to site workers, it estimated a very high likelihood of low-level exposures to the public. These risks were expected to continue until the contaminated buildings, equipment, and soils were removed. The risks of exposure to workers and the public will be virtually eliminated when the project is completed.

Also, as a result of not completing the AEMP until 2012, the Department will incur up to $67 million in unnecessary costs and fees. The Department will incur up to $44 million in additional finance and infrastructure costs and $18 million in contingency funding to keep the AEMP open from FY 2004 through FY 2012. Furthermore, based on prior experience, RMI will have an opportunity to earn an additional $5 million in fees because of these cost increases and schedule extensions.

Finally, we identified about $4.9 million in questionable costs billed by RMI and reimbursed by the Department between FY 1993 and FY 2001. The costs include $1.5 million paid for the excavation and washing of Area C East soil that was already clean, $1.1 million paid for the excavation and shipment of PCB-contaminated wastes from an overlapping Superfund site as low-level waste, $2.2 million for rent that exceeded the cost of ownership, and $107,000 for natural gas charges in excess of actual cost.

RECOMMENDATIONS

We recommend that the Manager, Ohio Field Office:

1. Develop and implement a fully funded plan to complete the remediation of the AEMP by 2006, or notify the Deputy Assistant Secretary, Office of Site Closure and Congress that the AEMP will not be closed on time;

2. Direct RMI to follow the approved Decommissioning Plan, comply with the terms of its contract, and only charge the Department for work necessary to perform within the scope of the contract;

3. Monitor RMI's performance to ensure that it excavates and remediates soils in accordance with approved Decommissioning Plan criteria;

4. Evaluate RMI's cost of ownership for real property and ensure that rental payments do not exceed these costs;

5. Discontinue payment of natural gas charges in excess of costs incurred;

6. Ensure that future costs incurred for the development of bids, proposals, and business development plans are equitably distributed;

7. Obtain an audit of costs invoiced by RMI and paid by the Department from the inception of the contract, evaluate audit results, and disallow costs determined to be unallowable; and,

8. Evaluate RMI's performance and determine whether the Department should extend RMI's existing contract beyond March 2003.

MANAGEMENT REACTION

Management generally concurred with the finding and all but one of the recommendations. Management is developing a definitive plan to complete the AEMP by 2006 and intends to hold the contractor accountable for complying with the updated plan. Management has also initiated reviews of contract extensions and the allowability of costs questioned in this report. Although management agreed to request that the Defense Contract Audit Agency perform audits of costs incurred by RMI, starting with FY 2000, it did not agree to request audits of costs incurred in prior years. Additionally, management disagreed with our estimate of unnecessary costs and fees that could be incurred by extending the project schedule to 2012, stating that the estimate relied on an unvalidated and unapproved contractor proposed baseline.

Finally, management took exception with our use of book value to demonstrate the amount of equipment at the AEMP. Specifically, management stated "The amount and value of the equipment is stated as evidence of the lack of progress at the site. However, substantially all of the legacy process equipment has been remediated. The remaining equipment was acquired to address specific waste management problems at the site. It should be noted that the statement of value at acquisition cost somewhat distorts the true picture at the AEMP. The principle item of legacy government equipment at the AEMP was a gargantuan 3,850-ton extrusion press and associated tooling that was acquired by the Department in the 1950s. Were the value of this press adjusted to reflect the current likely acquisition value, the value of disposed equipment would exceed $50M. A comparison to equipment with acquisition values established some 40 or more years later is invalid."

Management's specific comments, organized by recommendation are as follows:

Recommendation 1: The Facility Remediation Plan is currently under revision, with an anticipated submittal date of March 31, 2002. The revision will provide a definitive plan and underlying assumptions to reach closure by FY 2006. The Decommissioning Plan will be updated to provide a consistent set of top-level documents.

Recommendation 2: The Department has directed RMI to develop a comprehensive baseline to define the path forward to meet the contractual requirement. Upon validation of the baseline, the

Department intends to hold RMI accountable to comply with the plan. Management stated that the decommissioning technical approach has evolved over time, and thus the current Decommissioning Plan does not fully represent current needs. The Decommissioning Plan has not been consistently updated through a formal change control process as the project has proceeded.

Recommendation 3: Management concurs with the recommendation, with the same caveat with respect to the currency of the Decommissioning Plan.

Recommendation 4: The Ohio Field Office Financial Review Team (Review Team) is currently performing an evaluation of RMI's cost of ownership to ensure that rental payments do not exceed appropriate costs.

Recommendation 5: The Review Team is currently evaluating natural gas costs from the current period back to the inception of the contract. Management emphasized that RMI did not inform the Department of natural gas charges that exceeded actual costs. Management stated "If RMI has not submitted the actual cost of the natural gas as has been alleged and brought to the contracting officer's attention, the contracting officer, unequivocally, has every intent of enforcing compliance with the actual cost requirements of the contract."

Recommendation 6: The Review Team is currently evaluating bid and proposal costs and business development costs. Such costs will only be allowable as provided in the Federal Acquisition Regulation.

Recommendation 7: Management agrees to request Defense Contract Audit Agency audits of costs incurred starting with FY 2000; however, it does not agree to request audits of costs incurred in prior years. The Ohio Field Office performed reviews of costs incurred on RMI's contract from FY 1995 through FY 1999 due to Defense Contract Audit Agency scheduling difficulties. Costs were disallowed based on these reviews, and management does not consider it necessary to request additional audits.

Recommendation 8: Management is conducting an extensive review of contract options for the AEMP to ensure that a fair and cost-effective approach is implemented, which meets the Department's programmatic, legal, and ethical obligations.

AUDITOR COMMENTS

Management's planned actions are generally responsive to the recommendations. However, we are concerned that management did not agree to obtain audits of the allowability of costs incurred by RMI prior to FY 2000. Our concern stems from the lack of internal cost controls and RMI's practice of billing based on corporate policy instead of actual costs.

We used the latest RMI estimate to calculate future unnecessary costs because it was the only estimate available–the Department had not yet developed any other baseline for project completion. Also, we used the book value to calculate the value of AEMP equipment because it is a standard measure of inventory. After RMI removed the extrusion press from the main plant, RMI refilled the plant with new equipment designed to process AEMP and commercial wastes. This reinstallation of equipment in the main plant was in direct conflict with the Department's goal to demolish and remove the facility.

Appendix

SCOPE

The audit was performed from June 4, 2001, to October 3, 2001, at the Ashtabula Environmental Management Project (AEMP) in Ashtabula, Ohio; RMI Titanium Company in Niles, Ohio; and Ohio Field Office in Miamisburg, Ohio. The audit included a review of the Department's and RMI Titanium Company's (RMI) activities at the AEMP from FY 1993 through August 2001. The audit also included a limited review of certain costs incurred on RMI's contract between FY 1993 and August 2001.

METHODOLOGY

To accomplish the audit objective, we:

- Reviewed the Department's requirements for the remediation and closure of AEMP;
- Assessed the terms and conditions of the Department's contract with RMI;
- Evaluated RMI's current and proposed baselines for project completion;
- Reviewed support for selected costs and charges invoiced by RMI's corporate office;
- Reviewed RMI's site characterization data and decommissioning plan; and,
- Interviewed personnel from the Ohio Field Office, the Ohio Department of Health, and RMI.

The audit was performed in accordance with generally accepted Government auditing standards for performance audits and included tests of internal controls and compliance with laws and regulations to the extent necessary to satisfy the audit objective. Accordingly, the assessment included reviews of the Department's contract with RMI, the Federal Acquisition Regulation, and RMI's Ohio Department of Health license for radioactive material. We determined that performance measures were established in accordance with the Government Performance and Results Act of 1993. We did not rely on computer-processed data to achieve our audit objective.

We held an exit conference with the Ohio Field Office Chief Financial Officer and Project Director on December 17, 2001.

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