



U.S. Department of Energy  
Office of Inspector General  
Office of Audits and Inspections

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# AUDIT REPORT

Follow-Up Audit of Contractor  
Intergovernmental Personnel Act  
Assignments

DOE/IG-0928

November 2014

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**Department of Energy**  
Washington, DC 20585

November 12, 2014

MEMORANDUM FOR THE SECRETARY

FROM:   
Gregory H. Friedman  
Inspector General

SUBJECT: INFORMATION: Audit Report on "Follow-Up Audit of Contractor Intergovernmental Personnel Act Assignments"

BACKGROUND

The Department of Energy maintains 16 contractor-operated laboratories designated as Federally Funded Research and Development Centers. Many of these contractors use *Intergovernmental Personnel Act* (IPA) assignments to facilitate the temporary movement of employees to Federal agencies including the Department. While on these assignments, employees share their scientific, technological and professional expertise and gain valuable experience, which is to benefit the laboratory, the Department and the receiving Federal agency. During Calendar Year 2012, there were more than 165 active assignments from the laboratories to Federal agencies. The estimated cost of these assignments was over \$23 million, of which almost \$9 million was reimbursed by the Department.

Our March 2007 report on *The Department of Energy's Management of Contractor Intergovernmental Personnel and Change of Station Assignments* (DOE/IG-0761), revealed that the Department's contractors had inappropriately paid all assignment costs; paid excessive allowances; inappropriately assigned employees to other organizations for extended periods; and failed to collect all funds owed to the Department under cost-sharing agreements. These problems occurred because the Department had not issued guidance governing contractor employee IPA assignments to other Federal agencies and had not adequately monitored such assignments. The Department agreed to develop new guidance to address these issues.

Prior to initiating this audit, we received a complaint alleging improprieties with four contractor IPA assignments from two Department laboratories. Given the importance of operating the laboratories in a cost effective manner, we initiated this audit to determine whether the Department had adequately managed contractor IPA assignments and whether the recommendations made in our prior audit had been effectively implemented.

RESULTS OF AUDIT

Although the Department had improved its management of contractor IPA assignments, particularly with respect to the collection of shared costs, opportunities for improvement remain.

Notably, the Department did not follow through on several previous audit recommendations and, as a consequence, incurred approximately \$6 million in excess allowances or inequitably shared costs during 2012. The Department had not updated policies to add guidance specific to laboratory contractor employees on IPA assignments to other Federal agencies. Absent specific Department guidance, we benchmarked our findings against policies applicable to Federal employees on IPA assignments. Similar to our previous audit, we found that contractor employees on assignment received allowances and relocation payments that exceeded those provided to Federal employees in similar situations. In addition, we observed continuing cost-sharing issues, assignments that appeared to be excessive in length and assignee hiring issues. Our detailed review of 65 IPA assignments at 3 laboratories for 2012 revealed that:

- Los Alamos National Laboratory (LANL) and Lawrence Livermore National Laboratory (LLNL) IPA assignees received excessive extended travel pay for 26 assignments to other Federal agencies. In some cases, employees received both extended travel allowances and relocation payments, even though the assignments exceeded 1 year. Regulations applicable to similarly situated Federal employees allowed only one or the other.
- LANL and LLNL, through Department funding, paid 100 percent of costs, totaling over \$5 million, for 23 IPA assignments with other Federal agencies even though the assignments were intended to benefit both organizations.
- Thirteen assignees from LANL, LLNL and Oak Ridge National Laboratory (ORNL) had been on assignments for what appeared to be excessive lengths of time, some exceeding 6 years in duration.
- ORNL and LLNL hired nine employees solely for the purpose of working on a specific IPA assignment. Such practice defeats one of the primary purposes for IPA assignments—the sharing of agency- or organization-specific knowledge.

Prior to beginning our audit, we received and subsequently substantiated allegations that four contractor employees had been on IPA assignments for as long as 6 years. In one case, the assignee received reimbursement for both extended travel and relocation expenses.

The issues identified occurred, in part, because the Department had not established adequate policy, guidance or oversight of contractor IPA assignments. Despite the Department's previous commitment to do so, it had not completed the corrective actions necessary to resolve the recommendations in our 2007 report on this subject. In response to our report, the Department indicated that it would develop guidance specifically for contractors on IPA assignments to other Federal agencies; however, the action was never completed. While the Department issued Acquisition Letter 2013-01, *Contractor Domestic Extended Personnel Assignments*, to incorporate the Federal Travel Regulation limitations on dislocation reimbursements for most temporary assignments, IPA assignments were excluded. Furthermore, the Department did not have an active oversight process to ensure that sponsoring program elements managed IPA assignment costs effectively.

As a result of these lapses, the Department continued to incur excessive costs for contractor IPA assignments. In fact, the Department reimbursed almost \$6 million in costs associated with assignments that either had excessive allowances/dislocation payments or the costs were not appropriately shared between the participating Federal agencies.

In an effort to improve performance in this area, Federal officials at one site took it upon themselves to implement additional controls related to funding of IPA assignments. Specifically, the ORNL Site Office reviewed packages for all funding arrangements that did not result in a zero cost burden to ORNL. While this effort should help address issues at ORNL, additional actions are necessary to ensure IPA assignments managed by the laboratories are mutually beneficial, cost effective and operated in accordance with good business practices. To that end, we made several recommendations designed to improve the Department's management of contractor IPA assignments, similar to those included in our previous report.

### MANAGEMENT REACTION

Management concurred with the report's recommendations and indicated that it had initiated or planned corrective actions to address our recommendations. Management's comments and our response are summarized and more fully discussed in the body of the report. Management's formal comments are included in Appendix 3.

Attachment

cc: Deputy Secretary  
Under Secretary for Nuclear Security  
Deputy Under Secretary for Science and Energy  
Chief of Staff  
Director, Office of Management

# AUDIT REPORT ON FOLLOW-UP AUDIT OF CONTRACTOR INTERGOVERNMENTAL PERSONNEL ACT ASSIGNMENTS

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# **FOLLOW-UP AUDIT OF CONTRACTOR INTERGOVERNMENTAL PERSONNEL ACT ASSIGNMENTS**

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While the Department of Energy (Department) had made certain improvements in its management of *Intergovernmental Personnel Act* (IPA) assignments since our 2007 report on *The Department of Energy's Management of Contractor Intergovernmental Personnel and Change of Station Assignments* (DOE/IG-0761), additional actions are necessary to ensure the assignments are managed in an efficient and cost-effective manner. To the Department's credit, its collection of shared costs had improved at Los Alamos National Laboratory (LANL) and Lawrence Livermore National Laboratory (LLNL). To Oak Ridge National Laboratory's (ORNL) credit, it included Department officials in the review and approval of IPA assignments.

However, our review of the 65 IPA assignments, from LANL, LLNL and ORNL to other Federal agencies, revealed that several issues identified in our prior report had not been adequately addressed. Specifically, certain costs appeared excessive, cost sharing was generally underutilized and length of assignments appeared excessive. Also, our review confirmed most of the allegations contained in a hotline complaint that we received prior to the start of this audit regarding improprieties in four contractor IPA assignments from two laboratories.

## **Travel and Relocation Costs**

LANL and LLNL paid excessive allowances to its employees on IPA assignments, including reimbursing employees for both extended travel and relocation expenses. According to the Department of Energy Acquisition Regulation, contractor employees may be reimbursed for reasonable and allowable travel costs that are in compliance with the Federal Travel Regulation. For assignments at a long-term duty station intended to last between 6 and 30 months, the Federal Travel Regulation allows the contractor to assign the employee a temporary change of station status to reimburse relocation allowances instead of potentially more costly per diem costs. To ensure the most cost-effective approach for its Federal assignees, the Department typically performs a cost-benefit analysis on each IPA assignment and the lower of the per diem or relocation costs is reimbursed. Further, the Office of Personnel Management's (OPM) IPA provisions state that a per diem allowance should not be paid for an assignment expected to last for more than 1 year or for an indefinite period.

Absent specific Departmental guidance for contractor IPA assignments to other Federal agencies and unlike the actions taken for Federal employee IPA assignments, we found that LANL and LLNL authorized 26 IPA assignments in Calendar Year 2012 that lasted more than 1 year, providing allowances to their employees that appeared excessive. Assignees from these laboratories were paid for extended travel and, in some cases, also received relocation costs, even though the assignments exceeded 1 year. Again, reimbursement of actual relocation costs would have been the only benefit available for Federal employees for assignments of similar duration. However, all of the 26 contractor assignees received per diem payments, and 11 received per diem/housing allowances as well as relocation/shipping allowances during their assignments. For example, one LLNL assignee was paid nearly \$67,000 in per diem allowances while also receiving almost \$12,000 in relocation reimbursements. At LANL, one employee received over \$26,000 in per diem while being reimbursed nearly \$10,000 for relocation. We also noted instances at LLNL and LANL where the host Federal agency refused to pay both travel and relocation expenses for the laboratories' IPA assignees, yet the laboratories provided for the additional allowances using Department funds. For example, a Federal agency included a

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very detailed addendum to some of its agreements with LLNL, stating that it would only pay per diem or relocation, not both, and that per diem was intended to be temporary and therefore should not be used in assignments intended to last more than 1 year. This was consistent with OPM's guidance on the IPA Mobility Program for Federal employees. Nonetheless, LLNL paid the additional costs associated with dislocation for one such assignment, resulting in per diem payments of almost \$45,000 in 2012.

LANL contractor officials told us that employees were hesitant to go on assignments because they weren't sure whether allowances would be sufficient to cover costs. Both LANL and LLNL employees who had been on IPA assignments also told us that they had to think about whether the assignment would be a financial burden to them and that they had concerns even under current provisions. However, we noted that Federal employees that follow the aforementioned cost requirements still participate in IPA assignments.

### **Cost Sharing for Assignments**

LANL and LLNL, through Department funding, also paid all costs associated with 23 IPA assignments with other Federal agencies, even though the assignments were intended to benefit both organizations. In the case of Federal assignees, OPM guidance dictates that, "Cost-sharing arrangements should be based on the extent to which the participating organizations benefit from the assignment. The larger share of the costs should be absorbed by the organization which benefits most from the assignment."

Lacking specific Departmental guidance in this area in 2012, both LANL and LLNL elected to pay all costs associated with 23 agreements, 9 and 14 respectively, totaling over \$5 million. We identified one instance where an IPA agreement cited the host agency's need for a subject matter expert as the benefit they would receive from the assignee, while the benefits LLNL garnered were that the individual acquired substantial experience with program management in the Department of Defense and also made many new professional contacts throughout Washington, DC. Nonetheless, the Laboratory paid 100 percent of the associated costs of the IPA assignment. According to laboratory personnel, this occurred because the benefiting agency was unable to obtain funding for the assignment. In contrast, ORNL properly shared 99 percent of its costs with the host Federal agency during 2011 through 2012. In fact, 16 of the 18 IPA agreements we reviewed at ORNL were paid for entirely by the host Federal agency.

### **Assignment Length**

Thirteen assignees from LANL, LLNL and ORNL had been on assignments for more than 6 years during their careers. For example, one LLNL employee had begun an IPA assignment in June 1997 and continued this assignment, with the required breaks, through January 31, 2007.<sup>1</sup> After a 14-month break, this individual undertook a new IPA assignment beginning April 1, 2008, and ended the assignment April 30, 2013, again with the requisite breaks. During our audit, LLNL had initiated paperwork to have this individual placed on another IPA

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<sup>1</sup> Per 5 CFR 334, IPA assignments can last up to 4 years. If the 4-year mark is reached, a 12-month break is required before going on another assignment. However, if the assignment is less than 4 years, a 60-day break is deemed sufficient to consider the next assignment new.

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assignment. At ORNL, one employee had been on assignments for more than 9 years during their employment at the laboratory. Again, three of this employee's assignments were all with the same host agency, and most of the time were in the Washington, DC area.

While there is currently no limit on the number of years a contractor assignee can spend on an IPA assignment, Federal employees are limited to a 6-year maximum over their entire career. According to OPM, this limit lends itself to shorter assignments in which employees can bring the knowledge they have gained back to the Department and use it to enhance their work. In our view, the same logic could be equally applicable to contractor employees of Federally Funded Research and Development Centers.

### **Hiring Practices**

Nine employees appeared to have been hired solely for the purpose of working on an IPA assignment. IPA regulations require that an employee of a non-Federal organization be employed by the organization for at least 90 days before entering into an IPA agreement. We identified four individuals at ORNL who met this requirement by only a few days. As an example, one individual was hired in Alexandria, Virginia on August 15, 2011, and began an IPA assignment in Washington, DC on November 15, 2011. In another instance, an individual was hired in Brandon, Florida on March 12, 2007, and began an assignment in Tampa, Florida on June 15, 2007. In one other case, the individual was hired by ORNL while living in King George, Virginia to start work on an assignment at an Air Force base in Florida after being an ORNL employee for only 92 days. Three other ORNL employees started IPA assignments between 126 and 147 days after initial hire. ORNL officials stated they did not know how it was possible to start an IPA assignment 90 days after being hired, as it usually takes 5 to 12 months to set up an assignment.

While not as prevalent, we also found two similar instances of individuals being hired shortly after the 90-day mark at LLNL. During follow-up discussions, LLNL officials noted that these individuals had prior experience at the laboratory. In regards to the first instance, the individual began a 3-year assignment in 2003 as a post-doctoral research fellow and terminated employment at the laboratory in 2006. This individual was rehired at LLNL on November 3, 2009, while living in Houston, Texas and began an assignment in February 2010 in Washington, DC. In the second instance, the individual did not work directly for the laboratory; however, beginning in 1996, he worked for 2 years at LLNL under a Military Research Agreement while an employee of the Navy. This individual was employed by LLNL on June 1, 2010, while living in Bethesda, Maryland and began his IPA assignment on November 8, 2010, in Washington, DC. These hiring practices are questionable in light of the purpose of the IPA Mobility Program, which is intended to further the goals and objectives of the participating organizations and share skills and technologies with the participating Federal entity. In our view, without significant experience at a Department laboratory prior to the assignment, the assignee may not be able to provide extensive insight and expertise to the host Federal agency.

### **Allegations of IPA Improprieties**

We confirmed much of the information in the complaint we received regarding four contractor IPA assignments from LANL and LLNL. We verified that the individuals cited in the complaint

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had been on IPA assignments for extended lengths of time. Also, in one case, the individuals received reimbursement for both extended travel and relocation expenses. Specifically, we found the following:

- One individual received just over \$225,000 in per diem payments since 2009, and just under \$15,000 in relocation reimbursements.
- Another individual received over \$264,000 in per diem payments between 2009 and 2013; however, he did not receive relocation reimbursements during this same period.
- A third individual received a housing allowance for two of the five assignments at a cost of \$202,770 but did not receive any relocation reimbursements.
- The fourth individual stated she did not have a residence in the area of the laboratory and had not been receiving relocation or housing payments for Washington, DC for a very long time. We were able to confirm that this person had not received per diem or relocation allowance since at least 2007.

Individuals identified in the complaint had been on IPA assignments as early as 2006, but we were unable to verify whether they participated in assignments earlier due to limited availability of information as a result of contract changes. Limited information also prevented us from determining whether the allowances paid were more than the actual costs incurred by these employees, as alleged in the complaint. The allegations we confirmed were similar to the issues we discovered at the laboratories visited.

## **Management of Contractor Intergovernmental Personnel Act Assignments**

The problems identified occurred because, similar to issues revealed during our 2007 review, the Department had not developed and issued policy and guidance or provided the oversight necessary to effectively manage contractor use of IPA assignments. Although our 2007 report contained recommendations to correct similar problems, and the Department stated it had acted on our recommendations, we determined that adequate corrective action had been taken on only two of the five recommendations.

### **Policies and Procedures**

Despite a recommendation in our 2007 report, the Department had not developed requirements and adequate guidance for contractor IPA assignments to other Federal agencies, to include when to pay per diem allowances versus relocation allowances and the length of assignments. Policy for Federal employees on IPA assignments states that an agency should not pay per diem allowance for an assignment expected to last more than 1 year. In 2012, the Department issued new policy in Acquisition Letter 2013-01, *Contractor Domestic Extended Personnel Assignments*, which incorporated guidance pertaining to extended travel assignments and Federal Travel Regulation limitations on dislocation allowances. The Federal Travel Regulation allowed the lesser of per diem allowances or relocation allowances to be paid after a cost comparison had been conducted, but not both. However, this new Department policy specifically excluded IPA assignments.

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Also, the Department had not developed guidance, as recommended during our previous review. Specifically, the Department Manual M 321.1-1, *Intergovernmental Personnel Act Assignments*, had not been revised to add guidance specific to IPA assignments between the Department's laboratory contractor employees and other Federal agencies. Thus, current requirements within the Manual only apply to the Department's Federal employees or contractor employees assigned to the Department. For example, the Manual requires that IPA assignments for Federal employees are limited to a 6-year maximum over their entire career and they must sign a continuing service agreement. Under the policy, Federal employees on IPA assignments must agree to return to their agency for a time equal to that of their assignment or pay back the money they received, less salary, for going on the assignment. Since this does not apply to contractors assigned to other Federal agencies, they are able to resign after an assignment with no consequence and take their new knowledge and skills with them. For example, we examined all 93 contractor IPA assignments during Fiscal Years 2009 through 2012 at the 3 laboratories we reviewed and found that 22 assignees (24 percent) had resigned within 12 months of the assignment end date.

### **Department Oversight**

Department officials also did not oversee or track contractor IPA assignments. In addition to our recommendation to develop contractor IPA requirements and guidance, the 2007 report also recommended that Department site offices develop and implement processes to oversee the implementation of the newly developed requirements. However, since requirements for contractor IPA assignments to other Federal agencies were never developed, the Department site and field offices never implemented any substantive oversight processes over these assignments. Contractor IPA agreements were negotiated between the laboratory contractors and the host Federal agencies, with little or no involvement by the Department to ensure that cost sharing arrangements were equitable, dislocation allowances were reasonable and lengths of assignments were appropriate. While Headquarters officials kept track of Department Federal employees on IPA assignments and non-Federal employees who were assigned to the Department, they did not track Department contractor employees on IPA assignments to other agencies. Without review or approval authority over assignments, the Department cannot ensure that sponsoring program elements managed IPA assignments cost effectively or that the IPA assignments actually achieved their intended goals for the Department, the participants and the partnering agency.

### **Opportunities for Improvement**

The Department continues to incur excessive costs for IPA assignments and may not be realizing the benefits these assignments are designed to generate. Specifically, during 2012, LLNL and LANL paid per diem allowances totaling over \$460,000 to employees who were on IPA assignments lasting more than 1 year and who also received relocation reimbursements in the same year. Had the Department applied the same requirements to contractors that are applied to Federal employees, a cost-benefit analysis would have ensured that the lesser of the two costs were paid to contractors on each assignment. In addition, the two laboratories incurred over \$5 million during 2012 for IPA assignments that provided benefit to the host Federal agency, but were 100 percent funded by the Department. Furthermore, by allowing laboratory contractor employees to spend excessive lengths of time on assignments and permitting the use of

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questionable hiring practices, the Department may be unable to take advantage of the knowledge and experience that IPA assignments are designed to provide and which cost the Department almost \$6 million in 2012 at the three sites we reviewed.

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## RECOMMENDATIONS

To strengthen controls over contractor IPA assignments and ensure that the Department does not incur excessive costs, we recommend that the Under Secretary for Nuclear Security and the Deputy Under Secretary for Management and Performance:

1. Develop and implement specific policy and guidance for contractor IPA assignments to other Federal agencies that are aligned with guidance for Federal employee IPA assignments and designed to maximize the cost efficiency and benefit of such assignments to the Department; and
2. Coordinate with Department site and field offices to establish adequate oversight of contractor IPA assignments to ensure that dislocation allowances are reasonable, cost sharing arrangements are equitable, lengths of assignments are appropriate, hiring practices are applicable and Department guidance specified under Recommendation 1 is implemented.

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## **MANAGEMENT RESPONSE**

Management concurred with each of the report's recommendations and indicated that corrective actions were planned to address the issues identified. Specifically, management indicated that the Department, including the National Nuclear Security Administration, will establish a working group to evaluate these issues and determine what policy and guidance is appropriate for the management of contractor IPA assignments. In addition, the working group will coordinate with site and field offices to establish more stringent standards for oversight of these assignments.

## **AUDITOR COMMENTS**

Management's comments and planned corrective actions were responsive to our recommendations. Management's comments are included in Appendix 3.

## **OBJECTIVE, SCOPE AND METHODOLOGY**

### **Objective**

In addition to assessing information received in a hotline complaint, the objective of this audit was to determine whether the Department of Energy (Department) had adequately managed contractor *Intergovernmental Personnel Act* (IPA) assignments and whether the recommendations made in our prior audit had been effectively implemented.

### **Scope**

The audit was conducted from June 2013 to November 2014 at Department Headquarters in Washington, DC; Lawrence Livermore National Laboratory in Livermore, California; Los Alamos National Laboratory in Los Alamos, New Mexico; and Oak Ridge National Laboratory in Oak Ridge, Tennessee. The audit reviewed IPA assignments between 2006 and 2013, with a specific focus on Calendar Year 2012 IPA costs. The audit was conducted under Office of Inspector General Project Number A13GT039.

### **Methodology**

To accomplish our audit objective, we judgmentally selected a sample of 3 Department sites from a universe of 16 sites. This selection was based primarily on the number of IPA assignments in effect at the three field sites visited, but it also enabled us to review the hotline complaint we received. Because a judgmental sample of Department sites was used, the results were limited to the sites or locations selected. Additionally, we:

- Reviewed laws, regulations, policies and procedures related to IPA;
- Reviewed prior reports issued by the Office of Inspector General and the Government Accountability Office;
- Obtained listings of all IPA assignees from 2006 to 2013 from all of the Department's Federally Funded Research and Development Center laboratories;
- Obtained and reviewed policies and supporting documents related to the cost compensation of IPA assignees at three Department laboratories;
- Obtained and reviewed assignment agreements and other documentation and cost analyses for IPA assignees at three Department laboratories;
- Obtained and reviewed 2012 cost data for IPA assignments at the three National Laboratories;
- Assessed the specific information contained in the hotline complaint allegations we received; and
- Discussed processes for assigning IPA employees to other Federal agencies with program officials and contractors.

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 that the evidence obtained provided a reasonable basis for our findings and conclusions based on our audit objective. Accordingly, the audit included tests of controls and compliance with laws and regulations necessary to satisfy the audit objective. In particular, we assessed compliance with the *GPRRA Modernization Act of 2010* and found that performance measures had not been established for IPA assignments. Because our review was limited, it would not necessarily have disclosed all internal control deficiencies that may have existed at the time of our audit. We did not rely on computer-processed information to achieve our audit objective.

Management waived an exit conference on October 30, 2014.

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## RELATED REPORTS

### Office of Inspector General

- Audit Report on [\*Follow-up Audit on Term Assignments of Contractor Employees\*](#) (DOE/IG-0890, July 2013). This audit found that the Department of Energy's (Department) management of term assignments had improved since our 2005 report; however, additional opportunities existed to enhance the effectiveness and reduce the cost of the Term Assignments Program. Specifically, some allowances appeared excessive, allowances varied significantly between facility contractors, and cost analyses to identify cost-effective alternatives had not been conducted. The audit found that these issues occurred, in part, because of inadequate controls and management oversight. In particular, the Department lacked adequate guidance for administering the Program, and it had not established complex-wide standards for term assignment allowances.
- Management Alert on [\*Extended Assignments at Princeton Plasma Physics Laboratory\*](#) (DOE/IG-0864, May 2012). This review found that the Department reimbursed the Princeton Physics Laboratory \$1.04 million for lodging subsidies incurred by two employees who were on extended assignments—14 years in one case and 9 years in the other. While existing Laboratory policy permitted temporary assignments, the duration of these particular assignments appeared to be excessive and inconsistent with Department policies. In addition, the review found that neither the Princeton Physics Laboratory nor the Department's Princeton Site Office had taken appropriate action to protect taxpayer interests by controlling the costs of these extended assignments. The review considered these costs to be unreasonable and, as a result, questioned their allowability.
- Audit Report on [\*The Department of Energy's Management of Contractor Intergovernmental Personnel and Change of Station Assignments\*](#) (DOE/IG-0761, March 2007). This audit found that the Department did not have a system to determine the number and propriety of *Intergovernmental Personnel Act* (IPA) and Change of Station (COS) assignments. The audit also found that at the sites reviewed, contractors paid all the costs associated with 16 assignments even though the participating entities benefited from the assignments and should have shared the costs; paid excessive allowances for 12 assigned employees, including the payment of both relocation and travel per diem costs; and assigned 10 employees to other organizations for extended periods of time, in one case up to 15 years, without ensuring that their assignments were the most cost effective approach to meeting the purported requirements. In addition, the audit found that the Department's policy regarding IPA and COS assignments was not adequate. In particular, although the Department had issued guidance for IPA assignments, the guidance was not specifically structured so as to be applicable to contractors on IPA and COS assignments with other Federal agencies and private organizations. Further, officials acknowledged that the lack of Department guidance contributed to the ineffective management of IPA and COS assignments for contractor employees.

**Government Accountability Office**

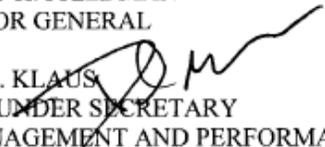
- Report on [\*DHS Needs to Improve Ethics-Related Management Controls for the Science and Technology Directorate\*](#) (GAO-06-206, December 2005). This audit focused on conflicts of interest created by IPA assignments at the Department of Homeland Security Science and Technology Directorate. The directorate had 18 portfolio managers, of which 5 came from Department laboratories. In Fiscal Year 2004, 23 percent of the Directorate's \$761 million in funding went to the Department laboratories. The review found that the role of the five Department managers, in determining where research and development projects and associated funds were directed, was unclear. The Government Accountability Office (GAO) concluded that this was due to the lack of documentation supporting the decision-making process, and the inability to determine the extent that IPA involvement affected funding decisions of their home laboratories.
- Report on [\*External Assignments Under the Intergovernmental Personnel Act's Mobility Program\*](#) (GAO-01-1016, September 2001). The Chairman of the House Science Committee requested GAO conduct a review on how the National Science Foundation (NSF) used the IPA Mobility Program. The objective of the review was to: (1) determine the extent of NSF's use of the Program; (2) determine whether the Program complied with applicable laws and regulations; (3) identify program costs to NSF and its partnering institutions; and (4) describe the benefits that NSF had identified from participating in the program. The review found that NSF had been one of the most active users of the Program. Additionally, NSF paid an estimated 78 percent of the total associated costs, and although NSF was confident that the Program yielded important results, the agency did not routinely measure or document program results or benefits. GAO concluded that NSF did not have a procedure in place to routinely evaluate the extent to which specific IPA assignments actually achieved their intended goals for the agency, the participants and the partnering institutions.

## MANAGEMENT COMMENTS

**Department of Energy**

Washington, DC 20585

October 23, 2014

MEMORANDUM FOR GREGORY H. FRIEDMAN  
INSPECTOR GENERALFROM: DAVID M. KLAUS   
DEPUTY UNDER SECRETARY  
FOR MANAGEMENT AND PERFORMANCESUBJECT: Comments on the Office of Inspector General Draft Report  
Titled "*Follow-Up Audit of Contractor Intergovernmental  
Personnel Act Assignments*"

Thank you for the opportunity to review and comment on the subject draft report. The Department concurs with the auditors' recommendations and agrees that guidance and oversight for contractor Intergovernmental Personnel Act (IPA) Assignments can be further clarified and enhanced. We will work collaboratively (via a working group) with Departmental elements, including the National Nuclear Security Administration (NNSA), to evaluate these issues and determine what policy and guidance is appropriate for the management of contractor IPA assignments. In addition, this group will coordinate with site and field offices to establish more stringent standards for oversight of these assignments. The initial estimated completion date for these activities is July 2015.

We appreciate the auditors' efforts and are committed to ensuring the concerns raised in the report are resolved. Efforts are already underway to develop enhanced guidance within NNSA, and we will be leveraging those efforts to ensure the development of timely and effective corporate guidance.

The attachment to this memorandum provides additional technical and general comments for your consideration to enhance the clarity and factual accuracy of the report. If you have any questions regarding this response, please contact Camille George on 202-586-0752.

Attachment

## **FEEDBACK**

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Office of Inspector General (IG-12)  
Department of Energy  
Washington, DC 20585

If you want to discuss this report or your comments with a member of the Office of Inspector General staff, please contact our office at (202) 253-2162.