Department of Energy
Washington, DC 20585

February 13, 2015

Mr. James R. Haynes
Chief Executive Officer
Consolidated Nuclear Security, LLC
Post Office Box 2009
Oak Ridge, Tennessee 37830-8245

SEL-2015-01

Dear Mr. Haynes:

The Office of Enterprise Assessments' Office of Enforcement has completed an investigation into a security incident involving the unclassified waste stream at the Y-12 National Security Complex (Y-12), as identified in the Department of Energy's (DOE) Safeguards and Security Information Management System (SSIMS) report NPOY12-09/2014-0007, dated September 10, 2014. The Office of Enforcement also conducted a fact-finding review into a separate security incident involving inventory discrepancies, as identified in SSIMS report NPOY12-05/2014-0004, dated May 22, 2014. Based on evaluations of these security incidents, DOE has determined that both incidents occurred during the previous management and operating (M&O) contractor's tenure, before Consolidated Nuclear Security, LLC (CNS) became the M&O contractor at Y-12 on July 1, 2014. Recognizing that CNS is responsible for developing responses for both security incidents, the Office of Enforcement has identified concerns that warrant management attention by CNS.

The Office of Enforcement investigation into the facts and circumstances surrounding the security event involving the unclassified waste stream found that this event resulted from failure to evaluate work control processes and operational conditions for work activities in a classified subject area, contributing to inaccurate identification and marking of classified information or information that could become classified through compilation or association. The investigation also revealed confusion within the workforce about what information is actually classified, particularly when the information is compiled or annotated. These circumstances, as well as the lack of requisite classification reviews, were instrumental in contributing to the mishandling and unauthorized disposition of classified information.

Contractor self-assessment of classification, classified matter protection and control, and operations security is another area of concern. The self-assessment results that the Office of Enforcement reviewed lacked sufficient scope and depth to ensure both compliance and performance consistent with classified information security requirements. Lastly, the initial categorization and preliminary inquiry conducted by the previous M&O contractor inappropriately determined that this event resulted in no

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loss, compromise, or potential compromise of classified information. As a result, this security event received a lower categorization (i.e., "B" level) and a premature (and less rigorous) causal analysis that concluded this was an isolated event caused by housekeeping activities in preparation for an important visitor and general unease among the workforce about the impending contractor transition. However, the Office of Enforcement investigation found that the noncompliant conditions involving this security event, as described above, resulted not from an isolated incident, but from poor work control processes that had existed for over a decade.

The Office of Enforcement also conducted a fact-finding review of a separate security event that involved discrepancies in the inventory of accountable nuclear material that was determined to be classified. The fact-finding review confirmed that inventory practices and documentation have been inconsistent and inaccurate for several years. Poor accounting and housekeeping practices caused significant difficulty in reconciling inventory discrepancies and determining the final disposition of a number of accountable items. The resulting corrective actions appear to be adequate to address the underlying causes of these longstanding accountability issues, and CNS management attention is needed to ensure that corrective actions are completed, sustained, and effective in preventing recurrence.

The Office of Enforcement elects to issue this Enforcement Letter to convey concerns with the noncompliant conditions discussed above. Issuance of this Enforcement Letter reflects DOE's decision not to pursue further enforcement activity against CNS at this time. In coordination with the National Nuclear Security Administration, the Office of Enforcement will continue to monitor CNS's efforts to improve Y-12 security performance.

This letter imposes no requirements on CNS, and no response is required. If you have any questions, please contact me at (301) 903-7707, or your staff may contact Mr. Steven G. Crowe, Director, Office of Security Enforcement, at (301) 903-0107.

Sincerely,

Steven C Simonson

Steven C. Simonson
Director
Office of Enforcement
Office of Enterprise Assessments

cc: Steve Erhart, NA-NPO
Arnold Guevara, NA-NPO
Kimberly Fee, CNS
Bruce Rogers, CNS