



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

AUDIT REPORT

Legacy Management Activities at Selected
Closure Sites

OAS-L-15-07


May 2015



Department of Energy
Washington, DC 20585

May 29, 2015

MEMORANDUM FOR THE DIRECTOR, OFFICE OF LEGACY MANAGEMENT

FROM: 
Debra K. Solmonson, Director
Eastern Audits Division
Office of Inspector General

SUBJECT: INFORMATION: Audit Report: "Legacy Management Activities at Selected Closure Sites"

BACKGROUND

As part of its national defense efforts, the Federal Government developed a vast network of industrial facilities for the research, production, and testing of nuclear weapons. Operations at these facilities resulted in widespread environmental contamination, both hazardous and radioactive. In 2003, the Department of Energy (Department) established the Office of Legacy Management (Legacy Management) to better manage its long-term responsibilities following the completion of environmental remediation activities. These responsibilities and obligations include environmental surveillance, facility and site maintenance, records management, and pension and benefit programs oversight. For fiscal year (FY) 2015, the Department budgeted about \$172 million for Legacy Management activities.

Since its creation, Legacy Management assumed responsibility for 89 sites requiring varying levels of support. Two of the Department's eight *Comprehensive Environmental Response, Compensation, and Liability Act* (CERCLA) sites receive more significant assistance from Legacy Management: the former Feed Materials Production Center, now known as the Fernald Preserve (Fernald), near Cincinnati, Ohio, and the Mound Site (Mound), in Miamisburg, Ohio. The Department ceased operations at Fernald in 1989 and Mound in 2003. Legacy Management became responsible for surveillance and maintenance activities at Fernald in 2006 and Mound in 2010.

Due to the long-term nature of the Department's obligations, we conducted this audit to determine whether Legacy Management was effectively managing surveillance and maintenance activities at the Fernald and Mound closure sites.

RESULTS OF AUDIT

Nothing came to our attention during the audit to indicate that Legacy Management had not adequately managed surveillance and maintenance activities at Fernald and Mound. However, we identified certain maintenance and public outreach-type activities where, in our judgment, there may be opportunities to achieve efficiencies while still fulfilling the Department's

commitments at these sites. Legacy Management provides funding for the maintenance and monitoring activities for a series of artificially created ecosystems at Fernald, spending approximately \$1.1 million in FY 2014. In addition, Legacy Management funds the operation of a visitor center and related public affairs program at Fernald, and a museum and public affairs program at Mound, spending about \$1.2 million in FY 2014 on these activities. While we recognize the Department's responsibility for postclosure maintenance and making information available to surrounding communities, there may be opportunities to evaluate the level of support necessary to meet these commitments.

Fernald Site

According to the Comprehensive Legacy Management and Institutional Control Plan, environmental remediation activities at the 1,050-acre Fernald site were conducted, as specified in CERCLA, and completed in 2006. In 2008, the Department signed a Consent Decree to settle a long-standing natural resource damage claim filed by the State of Ohio. The Department's remedial activities and subsequent ecological restoration work have converted the site from an industrial production facility to an undeveloped park-like setting with prairies, forests, walking trails, a visitor center, and one of the largest man-made wetlands in Ohio. In FY 2014, Legacy Management spent about \$1.1 million maintaining and monitoring these artificially created ecosystems. According to the terms of the Restored Area Maintenance Plan, an enforceable part of the Consent Decree, the Department is obligated to continue maintaining these ecosystems until at least 2020. At that time, the Fernald Natural Resource Trustees—a group consisting of the Department, the State of Ohio, and the U.S. Department of the Interior—will evaluate the need for continued maintenance of the ecologically restored areas.

The Department plans to maintain ownership and control of Fernald indefinitely to monitor and maintain an on-site disposal cell where waste generated during site cleanup activities was buried. Also, Legacy Management operates a water treatment system to remove uranium from groundwater at the site and adjoining property.

In addition to the environmental monitoring and ecological maintenance activities, the Department funds the operation of a public outreach program at Fernald. In the Comprehensive Legacy Management and Institutional Controls Plan for the site, the Department stated that it offers public involvement beyond regulatory requirements. The Department has been conducting public participation activities to meet citizen expectation for involvement in the decision making process for areas not specified by statutes and regulations.

In 2004, the Department initiated activities to convert existing modular office buildings and a warehouse into a campus-like setting for use as a postclosure public information center that would house records and displays about the site's history, the environmental remediation, and ecological restoration activities. The Department spent about \$6.6 million for these conversion activities at Fernald and, in 2008, opened a 10,000-square-foot visitor center. In addition to educational exhibits, the visitor center has a state-of-the-art community meeting room. The visitor center is open 4 days per week and has had over 50,000 visitors to date. As activities at the site decrease, the Department anticipates a corresponding reduction in activities to support

the site. Although the site's Comprehensive Legacy Management and Institutional Controls Plan addressed the reduction in the Department's activities to support the site, such as the remedial action activities, the plan did not address when support for the visitor center may end.

Mound Site

According to the Long-Term Surveillance and Maintenance Plan for Mound, environmental remediation activities at the 305-acre site were also conducted, as specified in CERCLA. The Department began working with regulators in 1995 and developed an expedited cleanup strategy. The site has been remediated for industrial use and divided into a number of discrete areas. To date, the Department has conveyed about 60 percent of the site to the Mound Development Corporation (Corporation) and leases the remaining 40 percent to the Corporation. The Corporation is an entity chartered by the City of Miamisburg, Ohio, to transition the site for reuse and is supported by the Department with grants and matching funds. The Department plans to transfer its remaining property at the site to the Corporation by the end of 2017.

The Department also funds public outreach activities at Mound. Rather than directly fund the construction and operation of a visitor center at the site, the Department used a grant to fund the operation of the Mound Science and Energy Museum. In 2011, the Department awarded a Miamisburg, Ohio, nonprofit organization a \$190,000 grant to operate the museum until 2014. The Department subsequently increased the value of the grant to \$380,000 and extended its expiration date into 2016. We noted that one of the goals of this grant was to assist the Mound Science and Energy Museum to become a self-sustaining entity. Legacy Management officials stated that it intends to continue funding the museum after the expiration date of the grant.

SUGGESTED ACTIONS

We recognize the contributions made by Fernald and Mound to national security over many years. Additionally, we acknowledge the value of appropriately honoring this work so it can be understood and appreciated by future generations and the importance of working with stakeholders on matters pertinent to Legacy Management sites. However, the cost of doing more than required by regulations is significant. Under these circumstances and in light of the current budget challenges facing the Department, we suggest that Legacy Management periodically reassess the benefits of these programs and make prudent adjustments as warranted.

Attachments

cc: Deputy Secretary
Chief of Staff

OBJECTIVE, SCOPE, AND METHODOLOGY

OBJECTIVE

The objective of the audit was to determine whether the Office of Legacy Management (Legacy Management) was effectively managing surveillance and maintenance activities at the Fernald and Mound closure sites.

SCOPE

We conducted the audit from June 2014 to May 2015 at Legacy Management in Washington, DC; the Feed Materials Production Center, now known as the Fernald Preserve, (Fernald) near Cincinnati, Ohio; and the Mound Site (Mound) in Miamisburg, Ohio. The scope of the audit covered postclosure activities funded by Legacy Management at the Fernald and Mound closure sites. The audit was conducted under Office of Inspector General project number A14OR047.

METHODOLOGY

To accomplish the audit objective, we:

- Toured the Fernald and Mound closure sites and observed surveillance and maintenance activities;
- Reviewed Legacy Management's strategic plan;
- Examined budget requests and cost reports for postclosure activities; and
- Reviewed long-term surveillance and maintenance plans and long-term institutional control plans for the Fernald and Mound sites.

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 observations and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our 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. We also assessed Legacy Management's compliance with the *GPRA Modernization Act of 2010* and found that performance measures had been established to assist in measuring the effectiveness of the Department's obligations at legacy sites. 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. Finally, we concluded that a data reliability assessment did not need to be conducted for this audit because computer-processed electronic data was not used in reaching our conclusions. An exit conference was waived by Legacy Management personnel.

RELATED REPORT

Office of Inspector General Report

- Audit Report on [Management of Long-Term Surveillance and Maintenance of Uranium Mill Tailings Radiation Control Act of 1978 Title II Sites](#) (OAS-L-15-02, October 2014). The audit identified opportunities for the Department of Energy (Department) to improve its administration of the long-term surveillance and maintenance of costs for Title II sites. Specifically, the Department's costs exceeded revenue available from mill operator assessments. During fiscal years 2010 through 2012, Office of Legacy Management (Legacy Management) spent \$4.1 million more on long-term surveillance and maintenance activities than it collected from mill operators. Further, Legacy Management spent another \$1.1 million for pretransfer activities at sites not yet under its control.

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