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Office of Inspector General
Office of Audits and Inspections

Audit Report

The Department of Energy's International Offices and Foreign Assignments

OAS-L-13-05

January 2013



Department of Energy
Washington, DC 20585

January 16, 2013

MEMORANDUM FOR THE ASSOCIATE PRINCIPAL DEPUTY ADMINISTRATOR,
NATIONAL NUCLEAR SECURITY ADMINISTRATION
PRINCIPAL DEPUTY ASSISTANT SECRETARY FOR POLICY
AND INTERNATIONAL AFFAIRS
DEPUTY DIRECTOR FOR FIELD OPERATIONS, OFFICE OF
SCIENCE

A handwritten signature in black ink, appearing to read "David Sedillo".

FROM: David Sedillo
Director, Western Audits Division
Office of Inspector General

SUBJECT: INFORMATION: Audit Report on "The Department of Energy's
International Offices and Foreign Assignments"

BACKGROUND

The mission of the Department of Energy and its semi-autonomous National Nuclear Security Administration (NNSA) is to ensure America's security and prosperity by addressing its energy, environmental and nuclear challenges through transformative science and technology solutions. In support of its mission, the Department's Federal and contractor employees travel extensively worldwide. Furthermore, the Department maintains a cadre of Energy Attachés and specialized personnel in Department offices located in U.S. Embassies, missions, consulates and military commands. NNSA serves as the Executive Secretariat for the Overseas Presence Advisory Board that oversees the Department's overseas presence. The Board consists of representatives from the Department's various program offices. During Fiscal Years (FY) 2009 to 2011, there were 109 foreign relocations, known as permanent changes of station (PCS), for periods of 1 to 2 years or longer. Finally, for FY 2011, the Department funded international offices in 13 countries at an approximate cost of \$11.6 million.

On a related note, we previously reported the Department had not taken sufficient action to reduce Federal and contractor foreign travel. Specifically, our report on *The Department of Energy's Management of Foreign Travel* (DOE/IG-0872, October 2012) pointed out that the Department, at the corporate level, had not made the maximum use of currently available data to identify trends and reduce the \$360 million in international travel expenditures it incurred during FY 2007 through FY 2012.

Due to the significant mission and the amount of funding, we initiated this audit to determine whether the Department effectively managed selected administrative functions of its international offices, foreign assignments and foreign travel.

CONCLUSIONS AND OBSERVATIONS

We found that the Department and its contractors, for the most part, effectively managed the selected administrative activities included in our review of international offices and foreign assignments. We did, however, note opportunities to improve international office and foreign assignment administration. Specifically, we observed that:

- The Department was unable to fill, or fill in a timely manner, key positions at three international offices; and,
- Foreign PCS and foreign travel were not always properly managed at the contractor level. In particular, travelers did not always receive required training or country clearance prior to foreign travel/assignments.

We also identified a negligible number of errors made in the processing of reimbursement claims for PCS and foreign travel by the Department and its national laboratories. We provided information regarding the errors directly to management officials. During our review, we performed work at Department Headquarters in Washington, DC; Lawrence Berkeley National Laboratory (Berkeley) in Berkeley, California; Fermi National Accelerator Laboratory (Fermilab) in Batavia, Illinois; SLAC National Accelerator Laboratory (SLAC) in Menlo Park, California; and, Lawrence Livermore National Laboratory (Livermore) in Livermore, California.

International Offices

The Department was unable to fill, or fill in a timely manner, key positions in its Russia, France and Azerbaijan offices. For example, an Office Director position at the Azerbaijan office was requested in June 2009 by the Office of Intelligence and Counterintelligence and remained unfilled until the position was abolished in December 2011, due to the lack of funding. As of February 2012, an oil and gas Analyst position in Russia had also been vacant for about 18 months. The position was eventually abolished due to lack of funding. Additionally, the position for an Energy Attaché at the Paris, France office went unfilled for about 3 years despite written appeals from two successive U.S. Ambassadors to France. According to the Director, Office of International Operations, NNSA, the Department has struggled to fill positions that respond to multi-program requirements, primarily due to funding constraints.

According to the Department, employees who fill key positions at the international offices are important because they perform vital work in fulfilling the Department's multi-program missions and goals. In Azerbaijan, for example, the position for an Office Director required a mastery of Department and NNSA nonproliferation goals and policies, as well as energy security, nuclear security, and scientific innovation and discovery. The responsibilities for the Analyst position in the Paris, France office were to include establishing and maintaining appropriate points of contact with foreign energy counterparts and information sources to ensure effective implementation and assessment of the Department's energy policies, initiatives and programs.

The Department has been unable to fill key positions at its international offices because it had not fully implemented its policy to establish a mechanism to fund the offices. Department Order 313.1, *Management and Funding of the Department's Overseas Presence*, issued November 19, 2009,

specifies that the Department, through its Overseas Presence Advisory Board, is to establish appropriate methodologies and procedures for funding costs associated with Departmental representation at U.S. Embassies. According to officials from NNSA's Office of International Operations, there was a hesitance on the part of other programs to fund international offices that support their programs because they would have to increase the share of funding provided for the offices. In January 2011, the Under Secretary for Nuclear Security stated in a memorandum to the Deputy Secretary that although Department program offices agreed there was a need for an equitable cost-sharing mechanism, some program offices had a concern about paying more than the proportional amount for missions. More specifically, some program offices with significantly larger domestic programs and limited international programs had concerns about potential contributions being based upon total program budget rather than actual usage of the offices. NNSA officials also told us that implementation of Department Order 313.1 was delayed because members of the Overseas Presence Advisory Board engaged in working toward developing a funding methodology had not always been involved in the process.

In response to the January 2011 memorandum, the Deputy Secretary approved an action requiring the program offices in the Overseas Presence Advisory Board to develop a mechanism to fund the international offices. According to the Principal Deputy Assistant Secretary for Policy and International Affairs, the creation of an agency-wide approach to the Department's overseas presence represents a significant change in how the Department thinks about its international offices. Additionally, the Department official explained that it is not easy to design a fair system to allocate funds because there is no evident and fair approach to the burden-sharing. During FY 2012, the Department made progress towards fully implementing Department Order 313.1, as the number of individual program offices that provided personnel and/or associated operational funding for the Department's international offices increased. However, the degree to which each program office uses the international offices and how the costs should be equitably distributed remained areas for discussion. According to the Principal Deputy Assistant Secretary for Policy and International Affairs, the Department is currently working toward a resolution and has a goal to fully implement Department Order 313.1 in FY 2013.

If the present management and funding approach regarding the placement of personnel in key positions at its international offices continues, the Department may experience further challenges for achieving its security and prosperity missions and goals. Specifically, if key positions are not filled in a timely manner, activities to promote nuclear nonproliferation, economic and other energy related issues, and scientific innovation and discovery may not be accomplished as intended.

Foreign Permanent Changes of Station and Travel

Contractor employees did not always comply with Department requirements governing foreign PCS and travel. We determined that three laboratories failed to ensure that employees traveling overseas for 30 or more days received security training required by both the Department and the U.S. Department of State. The training provides travelers with instruction on topics such as personal security, evacuation planning and foreign intelligence. We noted that 12 of the 17 employees at 3 laboratories traveling on PCS assignments included in our review did not receive

the required *Serving Abroad for Families and Employees* training (the fourth laboratory did not have employees on PCS assignments during the period of our review).

Additionally, contractor employees did not always obtain country clearances to travel overseas via the *Department Foreign Travel Management System (FTMS)* as required per Department Order 551.1c, *Official Foreign Travel*. In order for Department employees and contractors to conduct international travel, a trip request must be entered and approved in FTMS. Prior to final approval within FTMS, country clearance must be obtained from the U.S. Department of State, which is the traveler's permission to enter into the specified foreign country. We tested both contractor and Federal employee foreign PCS and found that of the 27 employees sampled, 3 PCS contractor travelers had not received the required country clearances. We also tested 30 foreign travel vouchers at each of the 4 laboratories visited and found 2 instances in which contractor travelers had not obtained proper clearance. A traveler from Berkeley, for example, traveled to Austria via Germany, but did not obtain authorization from the U.S. Department of State to enter Austria. A traveler from SLAC neglected to specify an additional visit to England while participating in a European Organization for Nuclear Research (i.e., CERN) workshop in Geneva, Switzerland. As previously noted, Department Order 551.1c prohibits entering countries without approval.

We found that although the four laboratories we visited had policies and procedures in place for obtaining proper authorization to travel into foreign countries and receiving required security training, the policies and procedures were not being followed as intended. For example, Berkeley and SLAC acknowledged errors in processing FTMS approvals. Specifically, although the laboratories had a checkbox on the foreign travel authorization for FTMS approvals, it was not completed as required due to human error. Regarding the *Serving Abroad for Families and Employees* training, Fermilab officials described the prior online training system as not functional and SLAC officials deemed the training not applicable. Recently, officials at Berkeley stated that steps were taken to strengthen its internal controls regarding country clearance approvals, and all three laboratories stated that the required security training is now being completed.

Potential Impact

The lack of compliance with established policies places the security and safety of the Department's foreign travelers at an increased risk. The FTMS is an essential part of the Department's safety and security system. Not only does the FTMS system provide the required country clearance for entering foreign countries, it also provides the Department with an excellent method of tracking Department employees and contractors while overseas in times of natural disasters or political upheaval. For example, FTMS was utilized to confirm the location of Department employees in Chile during a 2010 earthquake, and also to locate employees around the world because of a volcanic eruption in Iceland. Further, employees who do not receive the required security and safety training could be jeopardized during the previously mentioned natural disasters and political upheaval. The training is specifically designed to meet the security awareness needs of employees and their families when assigned overseas, including the important topics of foreign intelligence, counterintelligence and detecting surveillance.

SUGGESTIONS

We noted that the Department is in the process of taking action to fill the vacancies at its international offices. However, to address the concerns noted in this report, we suggest that the Associate Principal Deputy Administrator, NNSA and the Chairperson of the Overseas Presence Advisory Board, who is currently the Principal Deputy Assistant Secretary for Policy and International Affairs, work with the Overseas Presence Advisory Board to fully implement Department Order 313.1.

We also suggest that the managers at the Berkeley, Fermilab, SLAC and Livermore Site Offices ensure that the laboratories follow the Department's PCS and foreign travel policies and procedures.

Attachment

cc: Deputy Secretary
Associate Deputy Secretary
Administrator, National Nuclear Security Administration
Acting Under Secretary for Science
Chief of Staff

OBJECTIVE, SCOPE AND METHODOLOGY

OBJECTIVE

The objective of the audit was to determine whether the Department of Energy (Department) effectively managed selected administrative functions of its international offices, foreign assignments and foreign travel.

SCOPE

The audit was performed between March 2011 and January 2013. Our audit included activities at the National Nuclear Security Administration's (NNSA) Office of International Operations and the Office of International Travel and Visitor Exchange Program in Washington, DC; the Energy Finance and Accounting Service Center's Travel Services Team in Germantown, Maryland; Lawrence Berkeley National Laboratory in Berkeley, California; Lawrence Livermore National Laboratory in Livermore, California; Fermi National Accelerator Laboratory in Batavia, Illinois; and, SLAC National Accelerator Laboratory in Menlo Park, California.

The scope of our audit did not include salary related compensation and payments such as cost of living allowances that may be made to employees on long-term foreign assignments.

METHODOLOGY

To accomplish the audit objective, we:

- Reviewed applicable laws and regulations, as well as Department policies and procedures related to international offices, temporary foreign travel and foreign permanent changes of station (PCS);
- Held discussions with Department personnel from NNSA, the Office of International Travel and Visitor Exchange Program and the national laboratories;
- Evaluated data related to the Department's international offices such as the number of personnel per office and budgets for Fiscal Years (FY) 2009 through 2011;
- Obtained access and reviewed data contained within the *Department's Foreign Travel Management System* (FTMS) and other systems at the national laboratories;
- Judgmentally sampled and reviewed Federal and contractor employee PCS for appropriateness; and,
- Randomly sampled and reviewed foreign trips for appropriateness.

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 provides a reasonable basis for our findings and conclusions based on our audit objective. The audit included tests of controls and compliance with laws and regulations necessary to satisfy the audit objective. During the audit, we assessed the Department's compliance with the *GPRA Modernization Act of 2010* and found that specific performance measures regarding international offices, temporary foreign travel, and foreign PCS had been established. 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 utilized computer-processed data to identify the population and samples of temporary foreign trips in order to accomplish our audit objective. Based on our comparisons of computer-processed data to supporting documentation, we determined that the data was sufficiently reliable for the purposes of our report but noted that FTMS cost data was not always complete. No computer-processed data was available for reviewing PCS during the audit.

We discussed the contents of this report with NNSA and the Office of Science on December 21, 2012, and January 4, 2013, respectively.

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