



U.S. Department of Energy
Office of Inspector General
Office of Inspections and Special Inquiries

Inspection Report

Protective Force Property Management
at Lawrence Livermore National
Laboratory



Department of Energy

Washington, DC 20585

October 11, 2006

MEMORANDUM FOR THE SECRETARY

FROM:

Greg Friedman
Gregory H. Friedman
Inspector General

SUBJECT:

INFORMATION: Inspection Report on "Protective Force Property Management at Lawrence Livermore National Laboratory"

BACKGROUND

The Department of Energy's Lawrence Livermore National Laboratory supports the maintenance of a safe, secure, and reliable nuclear weapon stockpile and provides expertise toward the prevention of the proliferation of weapons of mass destruction and terrorist attacks. Livermore is a National Nuclear Security Administration (NNSA) site operated by the University of California. In support of its core mission, Livermore maintains a protective force that is trained and equipped to secure the Livermore facility and its operations. Livermore's protective force maintains a supply room, at a cost of about \$380,000 annually, that provides its Security Police Officers with that equipment necessary to carry out their duties.

In February 2006, the Office of Inspector General received an allegation that the Livermore protective force supply room was being mismanaged. Specifically, it was alleged that: (1) there was no organized method of accountability and distribution of equipment; (2) equipment was scattered throughout the supply room with no apparent system of organization; (3) orders for equipment were written down on scratch paper, with no formal ordering or order tracking system; (4) there were instances where equipment ordered for specific individuals was not received or was received but given to other officers; and, (5) when equipment was issued, it was not documented. In addition, concern was expressed that, because of the poor property controls, there was a strong possibility for equipment to be diverted and resold outside the Laboratory.

The objective of this inspection was to review the adequacy of internal controls associated with Livermore's protective force supply room. To provide context for this review, we also conducted limited reviews of the protective force supply rooms at two other facilities, Los Alamos National Laboratory and Sandia National Laboratory-New Mexico.

RESULTS OF INSPECTION

We substantiated many of the key allegations. We concluded, as well, that the control environment in the Livermore protective force supply room was inadequate to protect its sensitive property from loss or theft. Specifically, we found that the operation of Livermore's protective force supply room did not include:

- Adequate accountability, organization, and requisition processing for mission-related equipment.



- A shelf stock of mission-related equipment for issuance to the protective force. Equipment was usually purchased by individual requisition on an as-needed basis. It could take extended periods of time to receive the equipment; and, in the interim, the supply room would be searched for a spare or the item would be borrowed from an off-duty officer.
- Appropriate measures to properly secure unused Security Police Officer metal badges (shields), as required by Department policy.

By contrast, based on our limited reviews at Los Alamos and Sandia, we found that the protective force supply rooms at those sites had adequate internal controls to ensure the accountability and availability of the equipment necessary for their protective force mission.

The mission readiness of a protective force is, in part, dependent upon the type, condition, and availability of the equipment necessary for the Security Police Officers to perform their functions. Thus, in our view, having a well managed supply room can support the effective accomplishment of that mission. Therefore, we made several recommendations to NNSA and the Office of Security and Safety Performance Assurance intended to enhance protective force operations.

MANAGEMENT REACTION

In responding to a draft of this report, NNSA generally agreed with the report and recommendations and stated that actions either have been taken or would be taken in the near future to meet the intent of the recommendations addressed to NNSA. The Office of Security and Safety Performance Assurance concurred in principle with the recommendation addressed to that office. Management's comments are included in their entirety in Appendix B of the report.

We found management's comments to be generally responsive to the report recommendations.

Attachment

cc: Deputy Secretary
Administrator, National Nuclear Security Administration
Under Secretary of Energy
Under Secretary of Science
Chief of Staff
Director, Office of Security and Safety Performance Assurance
Manager, Livermore Site Office
Director, Policy and Internal Controls Management (NA-66)
Director, Office of Internal Review (CF-1.2)
Audit Liaison, Livermore Site Office

PROTECTIVE FORCE PROPERTY MANAGEMENT AT LAWRENCE LIVERMORE NATIONAL LABORATORY

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Overview

INTRODUCTION AND OBJECTIVE

The Department of Energy's (DOE's) Lawrence Livermore National Laboratory (LLNL) supports the maintenance of a safe, secure, and reliable nuclear weapon stockpile and provides expertise toward the prevention of the proliferation of weapons of mass destruction and terrorist attacks. LLNL is a National Nuclear Security Administration (NNSA) site operated by the University of California.

In support of its core mission, Livermore maintains a protective force that is trained and equipped to secure its facilities and operations. For the past five years, the Laboratory's protective force has maintained a supply room that provides equipment required for Security Police Officers (SPOs) to carry out their duties. We were told by a knowledgeable Livermore employee that about \$380,000 in Government funds was expended annually on Government property that is issued by the supply room to the Laboratory's SPOs.

In February 2006, the Office of Inspector General received an allegation that the LLNL protective force supply room was being mismanaged. Specifically, it was alleged that: (1) there was no organized method of accountability and distribution of equipment; (2) equipment was scattered throughout the supply room with no apparent system of organization; (3) orders for equipment were written down on scratch paper, with no formal ordering or order tracking system; (4) there were instances where equipment ordered for specific individuals was not received or was received but given to other officers; and, (5) when equipment was issued, it was not documented. In addition, concern was expressed that, because of the poor property controls, there was a strong possibility for equipment to be diverted and resold outside the Laboratory.

The objective of this inspection was to review the adequacy of internal controls associated with LLNL's protective force supply room. To provide context for this review, we also conducted limited reviews of the protective force supply rooms at two other NNSA facilities, Los Alamos National Laboratory (Los Alamos) and Sandia National Laboratory-New Mexico (Sandia).

OBSERVATIONS AND CONCLUSIONS

We substantiated the majority of the allegations and concluded that conditions in the LLNL protective force supply room created an environment where the equipment was vulnerable to loss or theft. Specifically, we found that the operation of Livermore's protective force supply room did not include:

- Adequate organization, accountability and requisition processing for mission-related equipment.
- A shelf stock of mission-related equipment for issuance to the protective force. Equipment was usually purchased by individual requisition on an as-needed basis. It could take extended periods of time to receive the equipment; in the interim, the supply room would be searched for a spare or the item would be borrowed from an off-duty officer.
- Appropriate measures to properly secure unused SPO metal badges (shields), as required by DOE policy.

In addition, we observed that LLNL's protective force did not have written guidance on maintaining and operating the supply room.

By contrast, based on our limited reviews at Los Alamos and Sandia, we found that the protective force supply rooms at those sites had adequate internal controls to ensure the accountability and availability of the equipment necessary for their protective force mission. We noted that both these sites had written guidance on maintaining and operating their supply rooms.

The mission readiness of a protective force is, in part, dependent upon the type, condition, and availability of the equipment necessary for the SPOs to perform their functions. Thus, in our view, having a well managed supply room can support the effective accomplishment of that mission.

Details of Findings

MISSION EQUIPMENT MANAGEMENT

We found that the operation of LLNL's protective force supply room did not include adequate organization, accountability, and requisition processing for mission-related equipment. About \$380,000 in Government funds was expended annually for Government property issued by the supply room to LLNL's SPOs. The supply room operations include receiving, storing, controlling, and issuing mission-related equipment such as ammunition pouches, handcuffs, flashlights, gloves, goggles, tactical vests, uniforms, and boots.

Organization

We conducted an unannounced visit to the LLNL protective force supply room and found the supply room to be in the disorganized condition shown in Picture 1. We learned that the LLNL supply room contained many items of equipment that were: (1) pending issuance to officers; (2) returned from departing SPOs; (3) damaged and needing repair or pending replacement; or (4) obsolete.



Picture 1 (Livermore)

We observed that there were many items of equipment scattered around the supply room (see Picture 2). This included items that are normally issued via other entities, not the supply room, such as a gas mask, a rifle barrel, and night vision goggles and a scope. We inquired about the source and status of these items. We were told that some items had been left by unknown persons, that others

probably required repair, and that it was unknown what the disposition of the items would be.



Picture 2 (Livermore)

The supply room was primarily staffed by one protective force employee. We were told that the employee had received very little instruction and no training in maintaining and operating the supply room. When we sought to establish who else had access to the supply room, we were told that there was not a written record of this information, but that approximately 14 members of the LLNL protective force had access to the supply room because they had keys to it. We were also told that this situation made it difficult to ascertain who removed property or left items to be stored or repaired. We noted that a sign posted on the supply room front desk requested individuals to use a sign-out sheet for any items taken from the room (in the absence of the regularly assigned supply room employee), but there was no way to readily ascertain whether individuals accessing the supply room were utilizing the sign-out sheet.

Equipment Accountability

DOE Order 580.1, "Department of Energy Personal Property Management Program," requires that personal property control records be established when there are personal property items under stock control for more than 90 days. DOE defines "personal property" as property of any kind except for real estate, permanent fixtures, nuclear materials, and petroleum products. DOE stock control policy requires that records be: (1) maintained to account for inventories on hand, on order, received, issued, and disposed of; and, (2) supported by proper documents evidencing these transactions, with stock record accounts available for review and inspection.

Our inspection disclosed that the supply room did not have a system of itemized stock control records that could account for inventory on hand, received, issued to SPOs subsequent to their initial equipment issue, disposed of, or turned in for repair or replacement. The only records maintained related to items of equipment initially issued to SPOs. These records were kept on a locally developed spreadsheet maintained by the supply room employee, with no supporting documentation, such as receipts signed by SPOs. An LLNL protective force official acknowledged that the supply room accountability process was informal and without a lot of records. He also said that if there were a DOE requirement to maintain tighter inventory control over SPO equipment, they would probably do a better job.

Requisitioning

Requisitioning of LLNL protective force equipment was not a function of the supply room employee, and protective force employees could order equipment without the knowledge of the supply room employee. We were told that this resulted in many occasions where items were received at the supply room and the supply room employee did not know who requested them or, in some instances, their purpose. In addition, we were told that there have been instances where verbal requests for equipment have resulted in equipment being ordered for SPOs without a requisition form being completed, so there was no documentation for the supply room employee to consult to try to determine for whom or for what such equipment was intended. The above situations led to some newly purchased equipment remaining unissued for extended periods of time.

Los Alamos and Sandia

We determined that, in contrast to the approximately 14 people who had access to LLNL's protective force supply room, both Los Alamos and Sandia limited access to their supply rooms to a cadre of trained personnel authorized to distribute equipment for the protective force. Further, these two sites had established systems to separate and organize equipment for easy accountability, accessibility, and distribution (see Pictures 3 and 4); required written documentation for all orders to be processed; and maintained an individual file for each SPO, with either the SPO's initials or signature required for all uniform and equipment transactions. The sites also maintained a computer database to assist in accounting for on-hand and issued equipment. Their procedures appeared to reduce the opportunity for equipment to become lost or stolen.



Picture 3 (Los Alamos)



Picture 4 (Sandia)

MISSION EQUIPMENT AVAILABILITY

We found that the operation of LLNL's protective force supply room did not include a shelf stock of mission-related equipment for issuance to the protective force. Instead, equipment was usually purchased by individual requisition when needed. It could take extended periods of time to receive the equipment; in the interim, the supply room would be searched for a spare or the item would be borrowed from an off-duty officer.

The DOE Protective Force Manual (DOE Manual 470.4-3) requires that protective forces be equipped with the necessary resources to effectively, efficiently and safely perform both routine and emergency duties in daylight or under reduced visibility conditions. The Manual lists the specific minimum mission-related equipment that is required for SPOs to have while on duty and states that equipment must be available in sufficient quantities and properly maintained to support the protective force mission. At the LLNL protective force supply room, we found that a practice of stocking a minimal level of replacement equipment had not been established. Under these circumstances, there is potential for SPOs to not be properly equipped if there is an instance of malfunctioning, stolen, or lost equipment.

In contrast, we determined that Los Alamos and Sandia both maintained a shelf stock of mission-related uniforms and equipment to immediately replace an SPO's equipment when necessary. These two sites also had a system in place to maintain a specified level of shelf stock.

SECURITY POLICE OFFICER BADGES

We found that the operation of LLNL's protective force supply room did not include appropriate measures to properly secure unused SPO metal badges (shields), as required by DOE policy. The DOE Protective Force Manual states that contractors requiring firearms/arrest authority as a function or duty are issued "Arming and Arrest Credentials with Shield" and may be issued metal police-type shields. The Manual also states that the shields are the property of the Government and unissued shields must be stored in a manner assuring their protection against loss, theft, or unauthorized use.

LLNL SPOs have firearms/arrest authority and are issued shields. While inspecting LLNL's supply room, we observed that, although LLNL's unissued SPO shields were kept in a locked cabinet, the cabinet key was left unsecured on top of the cabinet. Given the fact that access to the supply room was available to approximately 14 people, this created a vulnerability that we concluded to be unacceptable. In fact, we determined that there has been at least one instance where an "unissued" LLNL SPO shield was found in the possession of an unauthorized individual.

WRITTEN GUIDANCE

We observed that LLNL's protective force did not have written guidance on maintaining and operating its supply room, while both Los Alamos and Sandia did have such guidance. Although there was no DOE or NNSA policy specifically requiring a supply room to have written procedures, given the important function that is

performed by the supply room and the dollar value of Government property managed, we believe consideration should be given at LLNL to establishing written guidance specific to the protective force supply room operations. In addition, we were told by an official from DOE's Office of Security and Safety Performance Assurance that the protective force supply room function was not included as part of the office's regular reviews of security at Department sites. The official acknowledged that, given what we found at LLNL, the status of SPO supply rooms might be a consideration with respect to sites' operational readiness, which is an element of the office's reviews.

RECOMMENDATIONS

We recommend that the Manager, Livermore Site Office ensures that the LLNL protective force:

1. Establishes a system of stock records for SPO equipment that:
(a) accounts for inventories on hand, on order, received, issued, and disposed of; and, (b) is supported by proper documents evidencing these transactions, with stock record accounts available for review and inspection.
2. Defines a minimum level of mission-related uniforms and equipment that are required to sustain protective force operations, and ensures that such inventory is on hand for ready issue to SPOs.
3. Establishes improved access controls for the supply room to minimize the number of non-supply room personnel obtaining unescorted access.
4. Secures SPO badges in accordance with the requirements of the DOE Protective Force Manual.
5. Develops and implements written procedures regarding the management of the protective force supply room function.

We recommend that the Director, Office of Security and Safety Performance Assurance consider:

6. Establishing policy regarding the operational expectations of the protective force supply function and including the protective force supply function in future assessment activities.

**MANAGEMENT
COMMENTS**

In comments on a draft of this report, NNSA stated that actions either have been taken or would be taken in the near future to meet the intent of recommendations 1 through 5. Regarding recommendation 6, NNSA agreed with the intent of the recommendation, but believed that the issue was a property matter, not a security matter, and that there is sufficient published guidance related to property management. NNSA stated that it would have a Senior Procurement Executive make a determination as to the best course of action necessary to ensure that equipment is appropriately managed.

The Office of Security and Safety Performance Assurance (SSA) concurred in principle with recommendation 6 and stated that it believes that DOE property management directives appear to be adequate. SSA also stated that it believes that the Manager of the Livermore Site Office should require that protective force management develop written supply room procedures and that the protective force supply room be inspected during each annual site safeguards and security survey. Further, SSA stated that protective force supply rooms will be considered in its future inspections when the operation of the supply room appears to impact protective force capabilities or readiness.

Management's comments are included in their entirety in Appendix B of this report.

**INSPECTOR
COMMENTS**

We found management's comments to be generally responsive to the report recommendations.

Appendix A

SCOPE AND METHODOLOGY

The fieldwork for this inspection was conducted in March and April of 2006. As part of this inspection, we visited the LLNL, Los Alamos, and Sandia protective force supply rooms and interviewed officials and examined documents and records at those locations. We also conducted a document review and analysis that included:

- DOE Order 580.1 “Department of Energy Personal Property Management Program”;
- DOE Manual 470.4-3 “Protective Force Manual”; and,
- The DOE Property Management Regulations at 41 Code of Federal Regulations, Chapter 109.

This inspection was conducted in accordance with the “Quality Standards for Inspections” issued by the President’s Council on Integrity and Efficiency.

Appendix B

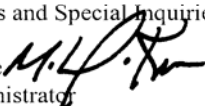


Department of Energy
National Nuclear Security Administration
Washington, DC 20585



August 16, 2006

MEMORANDUM FOR Alfred K. Walter
Assistant Inspector General
for Inspections and Special Inquiries

FROM: Michael C. Kane 
Associate Administrator
for Management and Administration

SUBJECT: Comments to Protective Force Property
Management Draft Report, S06IS017/2006-28127

The National Nuclear Security Administration (NNSA) appreciates the opportunity to review the Inspector General's draft report, "Protective Force Property Management at Lawrence Livermore National Laboratory." We understand that the IG conducted this inspection because of an allegation that the Laboratory protective force supply room was being mismanaged.

NNSA generally agrees with the report and subsequent recommendations and we offer the following comments:

- With regards to the recommendation addressed to the Director, Office of Security and Safety Performance Assurance, NNSA agrees with the intent of the recommendation. However, we believe that the recommendation is not needed or, at a minimum, directed to the wrong functional area. Property control, inventory, and management is not a security function but, rather a sub-function of supply chain management. NNSA believes there is sufficient published guidance related to the management of property and will have the Senior Procurement Executive make a determination as to the best course of action necessary to ensure that military/military-type equipment is appropriately managed. We do not believe that NNSA has a systemic weakness in this area.
- With regards to recommendations 1 and 5, NNSA believes that recommendation 1 is not necessary since the actions being recommended should be captured in the corrective actions of recommendation 5. The Site Office has stated that the corrective actions related to the intent of these two recommendations will be completed by September 8, 2006.



-
- With regards to recommendation 2 the definition of the minimum level of mission-related uniforms has been established at three complete uniforms per year per SPO. These uniforms are currently issued directly to the SPOs. Protective Force Management is exploring the option of issuing clothing allowances, which will improve efficiency by allowing SPOs to purchase their own uniforms. Additionally, the determination of required equipment to sustain protective force operations, i.e., helmets, batons, holsters, etc., is under way. The current stock of this equipment is being reduced and inventoried. Both an in-use and automated inventory process is being implemented. The expected completion date of this project is October 31, 2006.
 - For recommendation 3, the supply facility is under electronic access control. The access list is currently under review with the goal to reduce the list to the absolute minimum access consistent with operational needs. A target date for completion and implementation is August 15, 2006, with validation no later than September 30, 2006.
 - The actions already taken for recommendation 4 appear to be responsive and we consider the recommendation to be closed. Security of badges has been accomplished and validated. All Protective Force credentials and badges have been secured in a locked cabinet in a specific room of the Protective Force building since June, 2006. Control and access is restricted to the Credential Custodian and two members of her staff.

Should you have any questions related to this response, please contact Richard Speidel, Director, Policy and Internal Controls Management.

cc: William Desmond, Associate Administrator for Defense Nuclear Security
David Boyd, Senior Procurement Executive
Camille Yuan Soo-Hoo, Manager, Livermore Site Office
Karen Boardman, Director, Service Center



Department of Energy
Washington, DC 20585

August 17, 2006

Inspections

MEMORANDUM FOR GREGORY L. FRIEDMAN
INSPECTOR GENERAL

FROM: GLENN S. PODONSKY
DIRECTOR
OFFICE OF SECURITY AND SAFETY
PERFORMANCE ASSURANCE

SUBJECT: COMMENTS FOR IG DRAFT INSPECTION REPORT –
Protective Force Property Management at Lawrence Livermore
National Laboratory (SO6IS017)

The Office of Security and Safety Performance Assurance (SSA) has reviewed the subject draft inspection report provided by the Inspector General's memorandum of July 27, 2006, and provides the following comments.

Recommendation 6:

We recommend that the Director of the Office of Security and Safety Performance Assurance:

Establish policy regarding the operational expectations of the protective force supply function and include the protective force supply function in future assessment activities.

Management Response:

The Office of Security and Safety Performance Assurance (SSA) concurs in principle with recommendation six; however, absent an indication that the Lawrence Livermore National Laboratory (LLNL) situation is anything other than a Departmental anomaly, we believe that protective force (PF) policy revision is not called for. DOE property management directives appear to be adequate. Conversely, we believe that the Manager, Livermore Site (LSO), should require not only that PF management develop written supply room procedures, but also that the PF supply room be inspected during each annual site safeguards and security survey.

The Department of Energy (DOE) Office of Security Evaluations (SP-41) routinely evaluates the management of protective forces in order to assess the capability and readiness of the force to implement its security mission. These inspections include an



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assessment of equipment maintenance and demonstration through testing of PF proficiency in use of the equipment. PF supply rooms will be considered in future inspections when the operation of the supply room appears to impact protective force capabilities or readiness.

cc: William Desmond, NA-70
Camille Yuan-Soo Hoo, LSO
Richard Speidel, NA-66
Michael Kilpatrick, SP-1
Lesley Gasperow, SP-1.2
Arnold Guevara, SP-41
Barbara Stone, SP-60

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