



Highlights of [GAO-09-406T](#), a testimony before the Subcommittee on Energy and Water Development, Committee on Appropriations, House of Representatives

Why GAO Did This Study

The Department of Energy (DOE) manages over 100 construction projects with estimated costs over \$90 billion and 97 nuclear waste cleanup projects with estimated costs over \$230 billion. DOE has about 14,000 employees to oversee the work of more than 93,000 contractor employees. Due to DOE's history of inadequate oversight and management of contractors, GAO continues to include DOE contract and project management on its list of government programs at high risk for fraud, waste, abuse, and mismanagement. This testimony discusses (1) recent GAO work on contract and project management within two of DOE's largest program offices—the National Nuclear Security Administration (NNSA) and the Office of Environmental Management (EM), (2) preliminary results of ongoing GAO work on project management at NNSA's Mixed Oxide Fuel Fabrication Facility (MFFF) project at the Savannah River Site in South Carolina, and (3) actions needed by NNSA and EM to improve contract and project management.

GAO's reports over the past 3 years have contained nearly 60 recommendations collectively calling for DOE to ensure that project management requirements are consistently followed, to improve oversight of contractors, and to strengthen accountability. While DOE has generally agreed with these recommendations and some actions have been taken, the majority are still open and awaiting action by DOE.

View [GAO-09-406T](#) or key components. For more information, contact Gene Aloise at (202) 512-3841 or aloise@gao.gov.

DEPARTMENT OF ENERGY

Contract and Project Management Concerns at the National Nuclear Security Administration and Office of Environmental Management

What GAO Found

Since 2006, GAO has issued 12 reports examining DOE's contract and project management. Two of these reports examined the performance of DOE's largest construction projects—nearly all of which are managed by NNSA or EM—and EM's largest nuclear waste cleanup projects. These reports documented that the cost increases and schedule delays that have occurred for most of these projects have been the result of inconsistent application of project management tools and techniques on the part of both DOE and its contractors. Specifically, GAO reported in March 2007 that 8 of the 10 major NNSA and EM construction projects that GAO reviewed had exceeded the initial cost estimates for completing these projects—in total, DOE added nearly \$14 billion to these initial estimates. GAO also reported that 9 of the 10 major construction projects were behind schedule—in total, DOE added more than 45 years to the initial schedule estimates. In particular, the Waste Treatment Plant project at the Hanford Site had exceeded its original cost estimate by almost \$8 billion and experienced schedule delays of over 8 years. GAO also reported in September 2008 that 9 of the 10 major EM cleanup projects GAO reviewed had experienced cost increases and schedule delays—in total, DOE estimated that it needed an additional \$25 billion to \$42 billion to complete these cleanup projects over the initial cost estimates and an additional 68 to 111 more years than initially estimated. In addition, GAO has issued a number of other reports over the past 3 years on specific projects which found similar management problems with NNSA and EM.

Preliminary results from GAO's ongoing review of NNSA's MFFF project indicate project management concerns continue. The facility, which is designed to convert 34 metric tons of surplus weapons-grade plutonium into fuel for use in commercial nuclear reactors, is estimated to cost about \$4.8 billion and begin operations in 2016. One of the key management systems NNSA uses to measure and report on the project's progress—the project's earned value management system—depends on a reliable schedule that specifies, for example, when the project's work activities will occur, how long they will take, and how they relate to one another. GAO has previously identified nine key practices necessary for developing a reliable schedule. However, the project's schedule, in addition to other problems, does not adhere to a key practice that is fundamental to having a sufficiently reliable schedule—specifically, MFFF project staff have not conducted a risk analysis on their current schedule using statistical techniques. DOE officials responded that they plan on conducting a risk analysis of the schedule for the MFFF project during the summer of 2009. Consequently, NNSA cannot adequately state its level of confidence in meeting the MFFF project's completion date, and NNSA's schedule for the project therefore may not be reliable. GAO's work on this project is continuing, and GAO intends to work with NNSA to resolve these issues.