



Highlights of [GAO-06-83](#), a report to the Chairman, Committee on Energy and Commerce, House of Representatives

## Why GAO Did This Study

On July 16, 2004, the director of the Los Alamos National Laboratory (LANL) declared a suspension, or stand-down, of laboratory operations to address safety and security concerns. LANL is one of three laboratories that conduct nuclear weapons research for the National Nuclear Security Administration (NNSA) within the Department of Energy (DOE). In deciding to stand down operations, LANL's director consulted with senior officials from NNSA and the University of California, the management and operating contractor for the laboratory. GAO was asked to assess (1) the extent to which LANL's and NNSA's estimates capture the total cost of the stand-down, (2) the effect of the stand-down on LANL's major research programs, and (3) whether there was a reasonable basis for NNSA's decisions regarding the reimbursement of stand-down costs to the University of California.

## What GAO Recommends

GAO is recommending that DOE take actions to improve its oversight of management and operating contractors by requiring that contractors (1) track the costs of future stand-downs on an actual cost basis and (2) achieve an overall rating of outstanding as a basis to be awarded extra years to their contract terms. In commenting on the draft report, DOE generally concurred with GAO's recommendations.

[www.gao.gov/cgi-bin/getrpt?GAO-06-83](http://www.gao.gov/cgi-bin/getrpt?GAO-06-83).

To view the full product, including the scope and methodology, click on the link above. For more information, contact Gene Aloise at (202) 512-3841 or [aloisee@gao.gov](mailto:aloisee@gao.gov).

# STAND-DOWN OF LOS ALAMOS NATIONAL LABORATORY

## Total Costs Uncertain; Almost All Mission-Critical Programs Were Affected but Have Recovered

### What GAO Found

Neither LANL's \$121 million estimate nor NNSA's \$370 million estimate, which it considers an upper bound, accurately captures the total cost of the LANL stand-down. LANL did not establish separate stand-down activity codes to track the actual time spent on stand-down activities, such as safety reviews and training. As a result, neither NNSA nor GAO can calculate actual stand-down costs. LANL's estimate used a formula-based approach to estimate this time and did not include most administrative and other support costs associated with stand-down activities. While both LANL's and NNSA's estimates include labor and other direct costs, NNSA's estimate also includes the costs of administrative and other activities that supported stand-down activities. NNSA officials said that while their estimate fully covers stand-down activities, it overstates actual stand-down costs because it does not take into account the sequenced resumption of activities.

As a result of the stand-down, many mission-critical programs had to extend key milestones. In particular, the stand-down affected LANL's Nuclear Weapons Program, including the refurbishment of three nuclear weapons to ensure their reliability, because many of these activities were stood down longer. While LANL's Nuclear Weapons Program has changed only one major delivery date, it assumed additional risk of achieving its other major delivery dates by reducing the time available for scientists to analyze test data and to make design changes or run additional tests if initial tests yield unexpected results. However, LANL has not substantially reduced the scope of any of its efforts because of the stand-down and almost all programs had recovered from stand-down delays by the end of fiscal year 2005, according to LANL and NNSA program managers. LANL program managers said that the results of tests performed to date have confirmed predictive models, and thus far have not indicated that nuclear weapons programs' schedules will bear additional risk.

The basis for NNSA's determination that almost all of the stand-down costs were allowable appears to be reasonable because (1) NNSA's contract for LANL authorizes stand-downs to address serious safety and security concerns, (2) NNSA found that almost all stand-down costs were consistent with the allowability and safety provisions of the contract, (3) NNSA personnel were substantially involved in stand-down and restart activities, and (4) NNSA concluded that the duration of the stand-down was reasonable. However, NNSA has not fully ensured that LANL will be held accountable for safe and secure future operations. Specifically, recent DOE management and operating contracts have given contractors the opportunity to earn extra years to their contract terms, primarily by achieving an overall rating of outstanding performance. For the new LANL contract to be awarded in December 2005, however, the contractor could earn additional years to the contract term by achieving a lower performance score.