



Annual Performance Report **FY 2005**

Annual Performance Plan **FY 2006**

U.S. DEPARTMENT OF ENERGY
OFFICE OF INSPECTOR GENERAL

**ANNUAL PERFORMANCE REPORT
FY 2005**

**ANNUAL PERFORMANCE PLAN
FY 2006**



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OFFICE OF INSPECTOR GENERAL**

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Message from the Inspector General

I am pleased to present the Office of Inspector General's combined *Fiscal Year 2005 Annual Performance Report and Fiscal Year 2006 Annual Performance Plan*.

Our office continues to work vigorously in support of the Department and its mission. During FY 2005, we issued 99 audit and inspection reports containing recommendations for over \$619 million in savings; referred 31 criminal cases for prosecution; obtained 14 convictions; recovered over \$27.4 million in fines, restitutions and settlements; and, addressed over 1,300 complaints and concerns from employees, contractors and citizens regarding Departmental operations. All of our work is designed to assist the Department in effectively managing its national security complex.

My staff and I appreciate the critical importance of the Department of Energy's activities. We look forward to continuing our work on behalf of the people of this Nation.

A handwritten signature in black ink, reading "Greg Friedman", is positioned above the printed name.

Gregory H. Friedman
Inspector General

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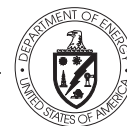


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Overview, Vision, and Mission

As mandated by the *Inspector General Act of 1978*, as amended, the Office of Inspector General (OIG) promotes the effective operation of the Department of Energy (Department), including the National Nuclear Security Administration (NNSA) and the Federal Energy Regulatory Commission (FERC). This is accomplished through audits, investigations, and inspections designed to detect and prevent fraud, waste, abuse, mismanagement, and violations of law. As part of a collective effort, the OIG's goal is to ensure that the Department is:

- Fulfilling its program goals effectively;
- Using its resources efficiently in this pursuit;
- Operating within the scope of its legislative mandates;
- Meeting the President's Management Agenda; and,
- Addressing Departmental priorities established by the Secretary.

This report highlights the OIG's FY 2005 actual performance and FY 2006 planned activities. The goals, objectives, and performance measures included in this document will be used to measure OIG performance, report on positive results, and plan OIG work. This document includes the OIG's response to the President's Management Agenda initiatives and the Secretary's mission priorities and challenges. It is divided into five major sections and four appendices:

Major Sections:

- Measuring FY 2005 Performance Results
- FY 2005 President's Management Agenda and OIG-Identified Management Challenge Activities
- Relationship with the Department of Energy
- FY 2006 Funding Priorities
- FY 2006 Annual Performance Plan

Appendices:

- Appendix A - FY 2006 Performance Plan Schedule
- Appendix B - OIG Responsibilities and Authorities and Other Mandates
- Appendix C - OIG Organization
- Appendix D - Validation and Verification



Vision:

To be a highly effective organization that promotes positive change by identifying opportunities for improvements in the performance and efficiency of the Department's programs and operations.

Mission:

To promote the effective, efficient, and economical operation of the Department through audits, investigations, inspections, and other reviews to detect and prevent waste, fraud, abuse, and violations of law.

Measuring FY 2005 Performance Results

Over the past two years, the beneficial impact of OIG efforts was, on average, valued at \$39 for every dollar spent for its operations. In FY 2005, the OIG continued to make positive contributions to the Department's mission-related priorities. Some highlights of our work in FY 2005 include:

- \$619 million in recommendations that funds be put to better use;
- \$27.4 million in investigative fines, settlements, and recoveries;
- 12 successful prosecutions;
- 19 suspensions and debarments;
- 1,307 hotline complaints and inquiries processed;
- 67 civil or administrative actions taken; and,
- Approximately \$200 million in potential recoveries from 25 open False Claims Act investigations.

In addition, OIG work consistently results in Departmental management agreeing to improve program performance. As a result of OIG audits, investigations, and inspections, the Department has:

- Initiated a plan to retrieve and secure tons of highly enriched uranium scattered among research reactors and repositories around the world, which could be used for making nuclear weapons or dirty bombs;
- Halted beryllium oxide operations at the Y-12 National Security Complex, thereby saving \$200 million in modernization costs;
- Committed to identify waste disposal possibilities in current and near-term feasibility studies and modify the approved Record of Decision to ensure that the use of Hanford's five chemical separation facilities is maximized;



Los Alamos - Waste drums are checked against a shipping manifest in preparation for the drums' shipment to offsite storage.

- Initiated action to reestablish Los Alamos National Laboratory's (LANL's) waste disposition baseline to reflect actual operating capabilities and resource allocations;
- Initiated action to develop a comprehensive baseline to carry out the Department's responsibilities for the Gas Centrifuge Enrichment Plant cleanup project at Portsmouth;

- Initiated action to resume production of plutonium-238 as an energy source for spacecraft and some national security activities;
- Initiated action to fund the decommissioning of 70 unused underground water wells to prevent radioactive contamination from spreading to ground water;
- Executed a Memorandum of Understanding with the Department of Defense that identifies each Department's respective aircraft support role in the event of a terrorist incident involving a nuclear weapon; and,
- Initiated a review of the indirect cost allocation methodology for home office expenses for the new contract awarded to the University of California. Until the methodology is approved, the University will be paid only half of its allocated indirect costs.

Additionally, the OIG, as an independent fact-finder, assists the Department in resolving high profile, controversial matters. The OIG regularly performs sensitive, complex, and quick response reviews as requested by the Secretary and Congress. Recent examples include reviews of:

- Allegations against senior Department program officials, affecting the prospective award of billion dollar contracts;



Hanford – Radiological control technicians set up sampling equipment during a recent Operational Readiness Review.

- Allegations surrounding concerns with quality assurance issues raised in e-mails at the Yucca Mountain nuclear repository;
- Allegations regarding intimidation of congressional witnesses by Department or contractor officials; and,
- Allegations that Hanford Site contractors improperly altered and destroyed medical records relating to worker injuries and covered up vapor exposures and other injuries.

As part of its law enforcement authority, the OIG carries out an aggressive investigative program. The following results over the past year exemplify the success of this effort:

- A former quality assurance manager and a company vice president entered guilty pleas in connection with a scheme to provide defective valves to the Department and other agencies.
- A company paid \$2.9 million to settle allegations that it falsely certified that it tested and serviced cylinders containing a variety of gases, including hydrogen, oxygen, and natural gas.



- A university agreed to pay \$13.2 million to resolve allegations that it mischarged costs on various Department grants.
- An individual was convicted for the production of counterfeit Department security and identification badges.
- A Department contractor entered into a \$2.6 million settlement agreement to resolve improper travel claims.

The OIG measures its performance against the long-term goals and annual goals set forth in OIG planning documents. During this reporting period, the OIG successfully achieved its FY 2005 performance goals. In most instances, the OIG exceeded its goals. The following are the specific results:

Goal 1:

Promote the President's Management Agenda and the Mission Priorities of the Secretary and Congress

Objective 1:

A positive change is made in the Department relating to the implementation of the initiatives in the President's Management Agenda, the Secretary's Mission Priorities, and OIG-identified Management Challenges.

Performance Measure:

- Conduct reviews as outlined in the OIG annual plan relating to: (1) the President's Management Agenda initiatives; (2) the Secretary's Mission Priorities; and, (3) OIG-identified Management Challenges. Specifically:
 - Complete reviews that address every Presidential, Secretarial, and OIG-identified initiative, priority, and/or challenge as identified in FY 2003 to be completed by FY 2005.
 - Conduct a review within one year of any new Department initiatives and priorities.

Performance Results: Met Goal.

The OIG has completed reviews that address every Presidential, Secretarial, and OIG-identified initiative, priority, and/or challenge as identified in FY 2003.

The Office of Audit Services completed a total of 69 reviews that addressed the President's Management Agenda initiatives, the Secretary's Mission Priorities, and OIG-identified Management Challenges, including national security, contract administration,

environmental cleanup, project management, and information technology. For example, the Office of Audit Services conducted reviews to determine if:

- The Richland Operations Office had followed its initiative under the Hanford Groundwater Management Plan to decommission Hanford Site wells in a timely manner in order to prevent additional contaminants from reaching the groundwater;



Waste handling technicians emplacing transuranic waste at a Department site.

- The Department was on schedule to meet its transuranic waste disposal commitments at LANL;
- The Department was monitoring and controlling its purchase card system at Headquarters in a cost effective manner;
- The Department and its contractors were maintaining an effective pollution prevention program, creating benefits such as savings in waste treatment, storage, and disposal costs; reduced environmental compliance costs; and, reduced health risks to workers and the public;
- The Department was deactivating and decommissioning facilities at the Savannah River Site in a manner that reduced the threat to the environment, workers, and the public using a risk-based approach;
- The State of Nevada and affected units of local government used oversight funds associated with the Department's Yucca Mountain Project in accordance with the terms of the *Nuclear Waste Policy Act* and annual appropriations language; and,
- The NNSA would complete the refurbishment of the B61 weapon system according to the schedule, scope, and cost set forth in its project plan.

During FY 2005, the Office of Inspections and Special Inquiries completed 42 reviews that addressed the President's Management Agenda initiatives, including budget and performance integration; the Secretary's Mission Priorities, including corporate management and national security; and OIG-identified Management Challenges, including national security and contract administration. For example, the Office of Inspections and Special Inquiries conducted reviews to determine if:

- The Office of Counterintelligence's Counterintelligence Evaluation Program's activities resulted in the collection and retention of information in violation of law or contradiction of Executive order or Presidential directive;
- The Department's contractors and subcontractors at the Y-12 National Security Complex, the Pantex Plant, and the Savannah River Operations Office were able to procure needed security equipment to implement the Design Basis Threat document;



- The operating contractor at the Idaho National Laboratory had established and implemented adequate controls to ensure Government property was protected from loss or theft;
- Security operations in place at the Strategic Petroleum Reserve Office adequately protected Department assets;
- The dosimetry programs at LANL, the Oak Ridge National Laboratory (ORNL), and the East Tennessee Technology Park were consistent with Department policy for radiation protection programs; and,
- The East Tennessee Technology Park was appropriately storing and disposing of chemicals.

Goal 2:

Improve economy and efficiency and reduce waste, fraud, and abuse within the Department

Objective 2:

OIG efforts are concentrated on issues that have the greatest impact and usefulness to the Department.

Performance Measures:

- Ensure that every performance review includes an analysis of program accomplishments and the use of metrics to measure results.
- Increase by 10 percent last year's baseline measure with respect to ensuring that at least 50 percent of all performance audits include recommendations leading to demonstrable cost savings, program efficiencies, and/or funds put to better use.
- Complete at least five follow-up reviews annually from FYs 2003 to 2007 to determine the status and efficacy of corrective actions.
- Complete an annual risk-based programmatic assessment that considers OIG institutional knowledge; past program performance; funding levels; Presidential, Secretarial, and congressional concerns; as well as input from Department program managers.
- Ensure that each year at least 80 percent of all planned performance audits address high-risk areas as identified in the OIG annual risk-based programmatic assessments.
- Strive for the Department to accept 75 percent of review recommendations.



Performance Results: Exceeded Goal.

During FY 2005, the Office of Audit Services and the Office of Inspections and Special Inquiries completed 43 performance audits as well as 20 performance inspections.

All of the 43 performance audits completed included an analysis of program accomplishments and the use of metrics to measure results. The OIG was able to assist the Department in analyzing the operation of various programs and determining whether or not those programs were effectively measuring their performance.

For the performance audits issued, 81 percent included demonstrable cost savings, program efficiencies and/or funds that can be put to better use in excess of \$523 million. For example, as a result of our audit of "The Los Alamos Neutron Science Center," DOE/IG-0666, NNSA agreed to determine whether the Los Alamos Neutron Science Center has a viable mission within the Department. Until NNSA thoroughly reviews the future mission needs and funding priorities for the facility, approximately \$90 million annually will be expended on a facility that may not satisfy long-term mission needs.

Based on our audit of "Sludge Removal Operations at the Hanford Site's K Basins," DOE/IG-0698, the Department has initiated actions to focus on project planning and mitigation needs and risk assessments that need to be implemented. Specifically, the Department is currently reevaluating and updating the project baseline to reflect impacts associated with K East Sludge containerization.

Based on our audit of "The Department's Federal Purchase Card Program at Headquarters," DOE/IG-0675, the Department has taken action to implement a web-based, secure procurement system (DOE/C-Web) and enforce its use for purchases over \$2,500. Also, additional resources have been assigned to oversee the Department's purchase card program, and a software package that would permit data mining of purchase card transactions is being implemented.

Eleven of the 43 performance audits completed were follow-up reviews to determine the status and efficacy of corrective actions.

Fundamental to the annual audit planning process is conducting risk assessments and the development of audit profiles. The OIG considers all major contractor sites to be high risk. Other considerations include OIG institutional knowledge; past program performance; funding levels; and Presidential, Secretarial, and congressional concerns. In FY 2005, we completed risk-based programmatic assessments in the environmental, national nuclear security, science, energy, and technology program areas. These risk assessments resulted in the identification of significant auditable entities/activities at various Department locations. Another part of our audit planning process includes input from Department management, other interested parties, and OIG staff.



In FY 2005, 86 percent of our planned performance audits addressed high-risk and sensitive areas identified in the OIG annual risk-based programmatic assessments. In addition to our planned audits, we also conducted audits in response to time-sensitive and complex reviews for the Secretary or Congress. For example, the United States House of Representatives Report for FY 2004 *Energy and Water Development Appropriations Act* required that the Department audit the use of oversight funds by the State of Nevada and local governments for activities described in the *Nuclear Waste Policy Act*. The OIG selected three counties and the State of Nevada to review and questioned \$1.2 million of the \$11.7 million spent by the counties and the State of Nevada. We determined that oversight funds continued to be used for activities either unrelated to the Yucca Mountain Project or specifically prohibited by the applicable Appropriations Act.

Finally, there were 97 audit recommendations included in the 43 performance audits conducted in FY 2005. The Department concurred with 97 percent of our recommendations. Several examples of significant recommendations or results include:

- The Department took action to reduce the baseline for the Gas Centrifuge Enrichment Plant Cleanup Project (GCEP) at Portsmouth by \$16 million in non-cleanup costs for activities conducted in support of the United States Enrichment Corporation's American Centrifuge Program. Our report disclosed that the Department had incurred up to \$17 million in non-cleanup costs during the early stages of GCEP and was at risk of increasing the project's life-cycle costs for additional activities not related to cleanup. The OIG found that a June 2002 agreement did not outline the specific costs to be borne by each party. As a result, there was a good deal of confusion as to the Department's responsibility for absorbing costs not directly related to the cleanup at Portsmouth.
- After an OIG audit of the Western Area Power Administration's Central Valley Project Transmission services, guidance was issued in February 2005 to improve project management and monitoring and also address contingency planning. This should ensure that services are not disrupted and that transmission-related business services are available.
- An OIG audit on the use of performance-based incentives by the Office of Civilian Radioactive Waste Management (OCRWM) found that, since 2001, OCRWM had paid approximately \$4 million in incentive fees even though the contractor did not meet contract performance expectations. In addition, the contractor received a super stretch incentive fee for completing additional work when, in fact, it had not completed initial work package requirements. Accordingly, we made several recommendations to improve OCRWM's administration of performance-based incentives to assure the contractor submits timely and quality products.

The performance inspections completed during the reporting period included an analysis of program accomplishments and the use of metrics to measure results, as



appropriate. The OIG assisted the Department in analyzing the operation of various programs to determine whether program performance was being effectively measured. For example, an inspection conducted of LANL's out-processing procedures for its terminated employees found that the contract between the Department and LANL did not contain performance measures to evaluate the effectiveness of LANL's employee out-processing procedures, which have significant security implications.

In FY 2005, the Office of Inspections and Special Inquiries issued 31 inspection reports, which contained a total of 78 recommendations to management. The Department concurred with 97 percent of the inspection recommendations. The following are examples of positive outcomes resulting from OIG recommendations:

- Disciplinary action was taken against a Federal employee who violated Department policy when he brought an unauthorized privately-owned handgun onto the Nevada Test Site and then had a contractor employee repair it. Disciplinary action was also taken against contractor employees who did not adhere to established requirements regarding the handling of two Government-owned handguns and the repair of the privately-owned handgun.
- The management and operating contractor at the Idaho National Laboratory modified a management control procedure to ensure that the accountability and chain of custody of Government property is maintained during the staging and transportation of excess property.
- The Y-12 National Security Complex revised its access policy to help prevent inappropriate access to its facilities.
- The Office of Intelligence implemented an on-line training program to ensure that intelligence personnel are familiar with the collection and retention requirements of intelligence activities.

Objective 3:

The Department has timely information so that prompt action can be taken to improve program performance.

Performance Measures:

- Issue 80 percent of audit reports no later than 60 days following receipt of management comments.
- Complete the field work for 75 percent of special inquiries within 60 work days.
- Ensure that the average time to issue Administrative Reports to Management is 60 days or less following final resolution of criminal and civil investigations.
- Complete the field work for 80 percent of inspections within 90 days.



Performance Results: Exceeded Goal.

For the audits completed in FY 2005, 90 percent were issued within 60 days following receipt of management comments, to provide timely information to Department management.

Administrative Reports to Management were issued on average 48 days following final resolution of criminal and/or civil action.

The OIG received responses to recommendations made in investigative reports to management during FY 2005, with a 95 percent compliance rate. Department management took administrative action against 24 individuals and obtained 5 debarments of contractors and individuals.

Examples of successes resulting from OIG investigative recommendations to management include the following:

- A Department National Laboratory employee repaid the Laboratory for duplicate travel reimbursements received from the Laboratory. The Laboratory's award fee was also reduced by \$100,000.
- A Department National Laboratory recovered \$22,278 from employees involved in the improper sale and distribution of a Department-owned computer code.
- A subcontractor employee was terminated from his position at a Department National Laboratory for stealing Government property, over a period of 18 months, for personal use.

During FY 2005, the Office of Inspections and Special Inquiries initiated one special inquiry, and it was completed within 60 work days of initiation. In addition, the Office completed the field work for 93 percent of its inspections within 90 days. The following are examples of positive results:

- The Savannah River Operations Office (SRO) terminated a sole-source contract with a university after an OIG inspection found that SRO officials lacked documentation to support the award and that the costs associated with the sole-source contract appeared excessive when compared to the cost of courses provided by local accredited universities.
- LANL revised its out-processing procedures to ensure that, prior to departure, terminating employees turned in security badges; received security termination briefings; and completed Security Termination Statements. Revised procedures also included: (1) notification requirements when security clearances and access authorizations needed to be terminated and (2) review and reconciliation of any outstanding financial obligations by terminating employees.



- ORNL modified its research and development work control process to ensure that the safeguards and security risks/threats of all biological projects are appropriately identified and analyzed.

Objective 4:

Financial management and cyber security are strengthened through completion of mandatory reviews in accordance with Office of Management and Budget (OMB) and other applicable requirements.

Performance Measures:

- Complete annually the Department's consolidated financial statement audits to determine whether the financial statements are free from material misstatement.
- Review the Department's classified and unclassified information security system programs in conjunction with the financial statement audit.
- Initiate at least 10 "Statement of Costs Incurred and Claimed" audits annually to assess internal controls over costs claimed by the Department's major contractors.

Performance Results: Met Goal.

The OIG's independent public accounting firm audited the Department's FY 2005 consolidated financial statements, but was unable to complete the audit and rendered a disclaimer of opinion on November 11, 2005. The disclaimer was due to scope limitations associated with a material weakness in financial management and reporting controls. The weakness resulted, in large part, from problems associated with the reorganization of the Department's accounting operations and the decision to implement a new accounting system.

In conjunction with the financial statement audit, we completed reviews of the Department's unclassified information security systems as required by the *Federal Information Security Management Act* (FISMA) of 2002. While we noted that the Department had made certain improvements, problems continued to exist in several critical areas. As permitted by FISMA and as designated by the Secretary, the Office of Independent Oversight and Performance Assurance performed the annual review of classified information systems.

Finally, we completed 13 "Statement of Costs Incurred and Claimed" audits to determine whether the Department's integrated contractors were reimbursed for allowable costs consistent with their contracts.



Objective 5:

Investigative efforts are concentrated on allegations of criminal and civil violations of law that adversely impact major Department programs and operations, with emphasis on maximizing the recovery of public resources and deterring future wrongdoing.

Performance Measures:

- Achieve an annual acceptance rate of 70 percent for investigative cases presented for prosecutorial consideration.
- Ensure that 75 percent of all investigative cases opened focus on key areas of Department vulnerability, specifically procurement and grant fraud, environmental violations, Qui Tams, or computer crimes.

Performance Results: Exceeded Goal.

The OIG achieved a prosecutorial acceptance rate of 91 percent during the fiscal year. The OIG obtained 20 criminal indictments and 24 convictions, pretrial diversions, and civil judgments. Eighty-four percent of the cases opened in FY 2005 focused on key areas of vulnerability in the Department.

Examples of successes as a result of OIG investigations include:

- An OIG investigation determined that a Department contractor and its affiliated companies falsified test results and other services relating to compressed gas cylinders. The contractor entered into a \$2.9 million civil settlement with the Department of Justice, Civil Division, to settle a civil claim.
- A former subcontractor Quality Assurance Manager at a Department National Laboratory was sentenced to 33 months incarceration followed by 3 years supervised release and ordered to pay \$4.1 million in restitution for conspiracy and Nuclear Regulatory Commission violations. The investigation determined that the subcontractor did not comply with welding and nondestructive test requirements for valves manufactured under various Government contracts.
- A Department prime contractor improperly transferred costs between projects to cover cost overruns and allowed work to begin before funding was secured from other Federal agencies. The Department and the contractor finalized a \$1.8 million settlement agreement to resolve the allegations.
- Two individuals who gained unauthorized access to multiple unclassified Government-owned computers at a Department National Laboratory pled guilty to Title 18, United States Code, Section 1030, "Fraud and Related Activity in Connection with Computers." One subject was sentenced to 1 year home detention, 3 years probation, \$135,548 restitution, and a \$200 special assessment fee and was ordered not to access the Internet for 4 years. The second subject was sentenced to 4 months in Federal prison, \$71,181 restitution, and 3 years of supervised release.



- A former security guard stationed at the Department's Albany Research Center (ARC) who stole three Government computer hard drives was sentenced to 10 days incarceration, 5 days of compensatory service, 18 months of supervised probation, and revocation of his security guard certification with the Oregon State Department of Public Safety Standards and Training. In addition, the guard was ordered to have no contact with any Department property and facility.

Objective 6:

Effective networks are established through coordination with other law enforcement agencies in order to identify areas that are most vulnerable to waste, fraud, and abuse.

Performance Measure:

- Ensure at least 25 percent of all open cases are joint agency/task force investigations with external law enforcement agencies, such as the Federal Bureau of Investigation and other OIGs.

Performance Results: Exceeded Goal.

The OIG opened 115 cases during FY 2005, 35 percent of which were joint agency/task force investigations. The following are examples of successes from joint agency/task force investigations:

- Two former National Laboratory employees purchased items with Government funds for their personal use. One subject was sentenced to 1 year plus 1 day confinement, 2 years probation, \$39,400 restitution, and a \$200 special assessment fee. The second subject was sentenced to 6 months confinement, 6 months of electronically monitored home detention, 2 years supervised probation, a \$30,000 fine, \$39,401 restitution, and a \$200 special assessment fee.
- Three employees of a computer security business gained unauthorized access to multiple corporate- and Government-owned computers, including an unclassified Department computer located in Germantown, Maryland. One of the subjects pled guilty to one misdemeanor count of violating Title 18, United States Code, Section 1030, "Fraud and Related Activity in Connection with Computers," and was sentenced to 60 days in a work-release program, 2 years probation, and 100 hours of community service and was to refrain from doing any work involving computer security while on probation. Judicial action is pending for the two other subjects of this investigation.
- One subject was sentenced to 12 years and 1 month imprisonment, 3 years of supervised release, and a \$700 special assessment fee for manufacturing and/or stealing various forms of identification, to include Department credentials. Over 100 victims were identified during the investigation.



Objective 7:

Internal and external customers have heightened awareness of potential fraud.

Performance Measure:

Provide 20 fraud awareness briefings annually to Department and contractor employees and managers.

Performance Results: Exceeded Goal.

OIG investigative personnel conducted 50 fraud awareness briefings in FY 2005. These presentations are designed to discuss the process for reporting fraud, waste, and abuse to the OIG and to highlight priorities and initiatives of the Office of Investigations. The following are examples of successes from cases initiated as a result of referrals from Department and contractor employees and managers.

- An OIG investigation determined that a university inappropriately charged expenses to the Government. The university did not meet its cost matching requirements and charged unrelated administrative costs and other university project costs directly to a cooperative agreement held with the Department. As a result of the investigation, the university agreed to repay \$11.5 million and forgo claims against the Department for another \$1.7 million.
- A contractor entered into a \$2.6 million settlement agreement to resolve improper travel claims. The investigation determined that a Department prime contractor allowed employees to claim long-term temporary assignment per diem after they had relocated their personal residences to the temporary assignment location.
- A private citizen residing in Austin, Texas, was sentenced to one year probation and six months incarceration and was ordered to pay \$14,000 in restitution and \$2,025 in fines for improper use of a Government purchase card assigned to a National Laboratory employee.



Goal 3:

Support the Taxpayer

Objective 8:

The Department and the public have an effective and efficient mechanism to report waste, fraud, and abuse.

Performance Measures:

- Operate the OIG Hotline in a manner that ensures at least 85 percent of Hotline complaints warranting further action begin processing within 7 days of receipt.
- Forward 85 percent of the complaints identified for referral to Department or other agency management within 14 days of initiation of the case.

Performance Results: Exceeded Goal.

Ninety-eight percent of predicated Hotline complaints, which are those determined to warrant further action, began processing within 7 days of receipt, and 100 percent of complaints identified for referral were processed within 14 days of initiation of the case. During the year, the OIG Hotline received 1,307 complaints/allegations; 410 of those items were predicated; and 153 matters were referred to management, of which 69 requested a management response.

Objective 9:

The public is aware of OIG reports.

Performance Measure:

Ensure that all OIG public reports that were identified by the OIG for inclusion on the Internet are posted within three working days of submission to the Secretary.

Performance Results: Met Goal.

The 51 public reports that were identified by the OIG for inclusion on the Internet were posted within 3 working days. In addition, the OIG maintains an early alert system that provides approved subscribers an advance notification of the release of OIG public reports. During this period, the OIG again received an increased volume of requests for placement on the early alert system. Also, numerous members of the public complimented the OIG's electronic reports distribution process and the early alert system.



FY 2005 President's Management Agenda and OIG-Identified Management Challenge Activities

The President's Management Agenda

During FY 2005, the OIG made steady progress in implementing the following Management Agenda initiatives:

Strategic Management of Human Capital. In their "FY 2004 President's Council on Integrity and Efficiency (PCIE) Progress Report to the President," Federal Inspectors General reported Strategic Management of Human Capital as one of the most significant, widespread challenges facing Federal agencies. The report stated that agencies should address their human capital issues through advocating and implementing human resources programs to aid in recruiting and retaining a highly skilled and well-trained staff for the future. Recommendations included: (1) continuing to create effective hiring processes and to use flexibilities and incentives to retain talent and reshape workforces, and (2) reforming performance management systems so that pay and awards are linked to performance and organizational results.

The Department has steadily progressed in addressing this critical challenge. For example, the Department has implemented a comprehensive human capital management strategy; created a new Department-wide performance management policy for non-supervisory employees to provide a more consistent application of performance measurement principles; and is in the process of developing a new Human Capital Accountability system for all program offices.

The OIG also has taken steps to ensure full implementation of this important human capital initiative. During FY 2005, the OIG continued its efforts to use available recruitment and retention tools to identify, hire, and maintain a knowledgeable, diverse, and high-performing workforce to carry out its mission. The OIG used the Federal Career Intern Program to hire 26 entry-level employees, over half of whom are minorities or women. Other examples of hiring tools currently used by the OIG include: (1) extensive use of career and college fairs; (2) recruitment, relocation, and retention allowances; (3) training agreements allowing for one-time accelerated promotion for entry-level hires; and, (4) tuition for training preparation courses for certified public accountants and certified fraud examiners. To address changing work requirements and initiatives such as the President's Management Agenda, the OIG also offered early outs/buy outs in FY 2005 to eligible employees to ensure the OIG has the mission-critical skills and qualifications in place for the future. Additional future flexibilities being considered as funds permit include: (1) payment of costs associated with job-related credentials and licenses; (2) increased use of telecommuting; and, (3) payment of student loans.



Also in FY 2005, the Inspector General community implemented a pilot on-line training program called IG E-Learning at <http://igel.skillport.com> to assist in its succession planning efforts to train, develop and retain OIG employees. This automated training tool is available to all OIG employees and is designed to provide targeted training of core competencies in each employee's area of specialty. By implementing and participating in this training program, the IG community expanded its use of automated human resource systems at a time when Government agencies must operate more efficiently and cost-effectively. The IG E-Learning Steering Committee, in collaboration with all IG offices, will monitor usage statistics and evaluate pilot results on an ongoing basis to continue to identify ways to enhance training/career development opportunities for OIG employees and ensure a highly qualified workforce for the future.

During FY 2006, the OIG will continue to aggressively implement and update, as necessary, its human capital management initiatives contained in its 5-Year Strategic Plan. For example, the OIG will continue to: (1) streamline its operations, redirect positions to the front-line, increase spans of control, and reduce the number of managers and organizational layers; (2) make use of all available Federal recruitment flexibilities to effectively staff vacant and critical positions with the right skill mix, including partnering with universities to utilize student and college graduate appointing authorities; (3) refine its succession planning efforts for leadership recruitment, including the identification, development, and succession of potential leaders within the organization, which includes specific objectives, actions, and timetables and an analysis of candidate pools; (4) integrate human capital management initiatives with all planning and budget documents; (5) establish effective learning tools to train, develop, and retain employees; and, (6) expand the use of automated human resources systems. To ensure effective organizational alignment, the OIG will continue to assess the size of its workforce and make decisions on deployment of staff based on changes in the Department's mission and current initiatives at specific sites.

Improved Financial Management. In response to requirements established by the *Government Management Reform Act of 1994*, the OIG engaged an independent public accounting firm (KPMG LLP) to perform the annual audit of the Department's consolidated financial statements. Audit work performed by our contract auditor identified significant deficiencies in financial management and reporting controls related to the Department's FY 2005 consolidated financial statements. The Department's ability to prepare accurate consolidated financial statements and supporting documentation was affected by issues such as accounting for and monitoring obligations and funds control, accounting for accruals, reconciling payment information with the U.S. Treasury, reconciling integrated contractor trial balances, resolving various posting errors, and reconciling accounting system modules to the general ledger.

These reporting and control deficiencies were caused, in large part, by problems associated with the reorganization of the Department's accounting operations and the decision to implement a new accounting system, the Standard Accounting and Reporting System



(STARS). As with any large Federal agency, the deployment of a new accounting system is a challenging and daunting task. In spite of a significant effort by personnel in the Office of the Chief Financial Officer, a number of implementation problems had not been resolved by year-end and accounting officials lacked reporting and analysis tools necessary to prevent, detect, or correct problems or errors in a timely manner. Specifically, the Department was unable to correct the previously described weaknesses and could not provide a number of supporting documents required for audit. As a consequence, it was impracticable for our independent public accounting firm to extend audit procedures sufficiently to determine the extent to which the Department's consolidated financial statements may have been affected by these conditions. As a consequence, a disclaimer of opinion was issued on the Department's FY 2005 consolidated financial statements.

Problems associated with the deployment of STARS have adversely impacted the Department's ability to achieve the President's Management Agenda goals related to improved financial performance. The Department concurred with our assessment and commented that it had initiated or planned to initiate corrective actions to address each of the issues detailed in the FY 2005 report. Correcting these weaknesses and resolving all of the accounting problems we encountered are likely to be challenging and costly efforts. The OIG will continue efforts to evaluate the adequacy of STARS and the efficacy of corrective actions during the audit of the Department's FY 2005 consolidated financial statements.

Expanded Electronic Government. The OIG continues to partner with the Department to implement those Federal electronic Government (E-government) initiatives that support the Management Agenda's E-government goal. During this past year, the OIG made significant progress in implementing these initiatives. In fact, the OIG scored "green" in all areas of the Department's internal E-government scorecard for all quarters of FY 2005. Those areas include cyber security, enterprise architecture, and capital planning and investment control.

Cyber Security. The OIG submitted timely input to the Department's FY 2005 Federal Information Security Management Performance Metrics Report. This report forms the basis for the Department's annual report to OMB. We did not identify any significant problems with OIG cyber security operations. Other accomplishments include the certification and accreditation of our in-house standalone system, and the continued maintenance of an accurate inventory of all OIG information technology (IT) systems. Furthermore, the OIG reported all known cyber security incidents to the Department within established due dates.

Enterprise Architecture, Capital Planning, and other E-Government Initiatives. The Office continued to participate in the Department's Extended Common Integrated Technology Environment (eXCITE) program for all desktop, network and application hosting services. This is a major Department initiative that combines all aspects of common IT systems and services throughout the Department under one umbrella. This consolidation benefited the OIG and the Department in several ways, including a reduction



in overall IT spending, elimination of dedicated OIG IT contractor resources, improved customer service, increased Department IT purchasing power, and increased cyber security protection. The OIG also continues to assist the Department in meeting its goals for maintaining a complete and mature enterprise architecture. The Department's enterprise architecture goal aims to ensure that IT is most effectively supporting the Department's business environment while providing a framework that drives its IT investment decisions. Moreover, a sound enterprise architecture should help eliminate redundant Department-wide IT systems. The OIG continued its participation in the ongoing enterprise architecture effort, and met all OMB A-11 IT reporting requirements.

Budget and Performance Integration. In support of this initiative, the OIG aligns budget priorities with its overarching strategic goal and the Department's mission priorities. The linkage of budget costs to performance helps to ensure that the OIG prioritizes its spending of the funding Congress allocates. In addition, budget and performance integration helps the Office make more efficient and effective planning decisions. The OIG is committed to achieving this important initiative and will continue to refine and strengthen the integration of its budget and performance goals. In FY 2005, the OIG submitted its first integrated budget to the Office of Management and Budget.

OIG-Identified Management Challenges

Pursuant to the Reports Consolidation Act of 2000, the OIG annually identifies the most significant management challenges facing the Department. This effort reflects new work performed by the OIG, an assessment of the Department's progress in addressing previously identified challenges, as well as emerging issues facing the Department. For FY 2005, the list included one new challenge, Financial Management and Reporting.

The challenges are not amenable to simple, near-term resolution and can only be addressed by a concerted, persistent effort, resulting in progress over a long period of time. These challenges are associated with mission-related activities and also with weaknesses in the Department's internal control structure. Specifically, national security, environmental cleanup, and stockpile stewardship represent risks that are inherent to the Department's complex operations. These challenges are likely to persist well into the future, in part, because they involve factors that are outside the Department's direct control. The remaining challenges represent risk related to weaknesses in the Department's management processes. The following are the OIG-identified Management Challenges for FY 2005:

- Environmental Cleanup
- National Security
- Stockpile Stewardship



- Contract Administration
- Information Technology
- Project Management
- Financial Management and Reporting

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Relationship with the Department of Energy

The Department's overarching mission is to advance the national, economic, and energy security of the United States; to promote associated scientific and technological innovation; and to ensure the environmental cleanup of the national nuclear weapons complex. The Department has four key strategic goals and five mission priorities to support achieving its mission:

Strategic Goals



Constructing test beds at Russia's Ministry of Defense, Weapon Safety and Security Technology Research Center, St Petersburg.



Proteus, the aircraft used by Sandia's atmospheric radiation measurement – unmanned aerospace vehicle program.

Defense Strategic Goal: To protect national security by applying advanced science and nuclear technology to the Nation's defense.

Energy Strategic Goal: To protect national and economic security by promoting a diverse supply and delivery of reliable, affordable, and environmentally sound energy.

Science Strategic Goal: To protect national and economic security by providing world-class scientific research capacity and advancing scientific knowledge.

Environmental Strategic Goal: To protect the environment by providing a responsible resolution to the environmental legacy of the Cold War and by providing for the permanent disposal of the Nation's high-level radioactive waste.

Mission Priorities

- Promote energy conservation
- Modernize the energy infrastructure
- Increase energy supplies
- Protect the environment
- Increase our Nation's energy security



Further, Secretary of Energy Samuel Bodman has stated that his top programmatic priorities are:

- Pursuing nuclear power and the resolution of nuclear waste disposal and environmental cleanup;
- Addressing the threat of nuclear proliferation;
- Stimulating a global dialogue on the development and use of energy; and,
- Advancing the role of science and technology to achieve energy solutions.

The OIG's critical functions directly support the strategic missions of the Department. The OIG identifies opportunities for cost savings and operational efficiencies; identifies programs that are not meeting performance expectations; returns hard dollars to the Department and the U.S. Treasury as a result of civil and criminal prosecutions; and identifies ways to make Departmental programs safer and more secure. Further, the OIG helps assure the Department that those attempting to defraud the Government are apprehended and brought to justice. As part of a collective effort, the OIG's goal is to ensure that the Department is:

- Fulfilling the goals of its programs effectively;
- Using its resources efficiently in this pursuit;
- Operating within the scope of its legislative mandates;
- Meeting the President's Management Agenda; and,
- Addressing Departmental priorities established by the Secretary.

OIG Strategic Goal

To operate a robust review program and provide timely performance information and recommendations to facilitate the Department's efforts to: (1) implement the President's Management Agenda; (2) resolve management challenges; (3) execute the Secretary's priorities; and, (4) ensure the integrity of the Federal and contractor workforce, while ensuring that the OIG completes statutory mandates, recovers monies, and provides opportunities for savings.



FY 2006 Funding Priorities

OIG Funding by Strategic Goal

To assist in advancing the Department's mission priorities, the OIG focuses its resources toward the most significant mission-related priorities and challenges facing the Department. The OIG's overarching strategic goal supports the Department's mission priorities and the Management Agenda.

	Strategic Goal	FY 2005 Appropriated	FY 2006 Requested	FY 2006 Appropriated
Office of Inspector General	<i>The OIG's overarching Strategic Goal is to operate a robust review program and provide timely performance information and recommendations to facilitate the Department's efforts to: (1) implement the President's Management Agenda; (2) resolve management challenges; (3) execute the Secretary's priorities; and, (4) ensure the integrity of the Federal and contractor workforce, while ensuring that the OIG completes statutory mandates, recovers monies, and provides opportunities for savings.</i>	\$41.176 million	\$43.0 million	\$42.0 million

The OIG's current FY 2006 budget appropriation is \$42 million. This funding will help to ensure that the OIG continues to successfully conduct independent audits, investigations, inspections, and other reviews of the Department's programs.



Mission Priorities	Outcomes
National Security	<ul style="list-style-type: none">■ Promote the safety and reliability of the nuclear stockpile.■ Promote security and safety within Department programs.■ Assess the Department’s cyber security programs to protect the integrity, reliability, availability, and confidentiality of important information while maintaining its information systems.■ Assess the Department’s progress in addressing and resolving the threat from weapons of mass destruction.■ Promote effective intelligence and counterintelligence programs.
Energy/Science	<ul style="list-style-type: none">■ Contribute to the protection of the critical energy infrastructure.■ Promote the implementation of the President’s National Energy Plan.■ Assist in directing research and development that directly relate to and support the missions of the Department and aid in ensuring greater application of mature technologies.■ Promote the advancement of energy, science and technology to achieve energy solutions.
Environmental Management	<ul style="list-style-type: none">■ Promote implementing environmental cleanup faster and cheaper.■ Contribute to the success of the Department’s licensing and construction of a permanent repository for nuclear waste at Yucca Mountain and the acceptance of waste by 2010.■ Assess the Department’s management of uranium enrichment and civilian nuclear power development.
Corporate Management	<ul style="list-style-type: none">■ Contribute to the effectiveness of the Department’s financial management (audit of the Department’s financial statements).■ Assure the American public that the Department is fiscally responsible in carrying out its mission.■ Promote effective contract management.■ Contribute to the Department’s efficient and economic management of real property assets.■ Foster responsiveness to complaints and allegations from Department and OIG customers.■ Ensure the Department has metrics in place and uses them to manage its programs and activities effectively.■ Promote worker and community safety.



Critical Outside Influences

Internal and external entities increasingly request the OIG to conduct quick turnaround, unplanned, and resource-intensive reviews. In addition, the OIG must also undergo a periodic external quality control review. These requirements, to a large extent, directly impact the OIG's workloads, formulating budgets, assessing organizational structure, evaluating procedures, and establishing priorities. Examples include:

Secretarial/Congressional Priorities. Emerging mission-related priorities require the Secretary to frequently request the OIG to conduct related reviews. Also, the OIG regularly receives requests from various members of Congress and their staffs to provide information and to participate in briefings and hearings. These requests are often unanticipated and require immediate attention. Satisfying these requests often affects the OIG's progress in achieving its strategic planning goals.

New Statutory Requirements. New legislative mandates and unfunded audit, investigative, inspection, or special inquiry requirements divert resources away from other critical areas, including evaluating the performance of the Department's programs and operations as they relate to the Management Agenda, the Secretary's mission priorities, and the most serious management challenges facing the Department.

Budgetary Constraints. Budgetary constraints, such as the one the Federal Government is currently facing, could significantly impact the OIG's allocation of resources and the achievement of OIG strategic planning goals.

Sarbanes-Oxley Act of 2002. There is a critical issue on the horizon that could greatly impact OIG operations. The cost of auditing the Department's FY 2007 Financial Statement, costs over which the OIG has no control, could increase by at least \$3 million from the current budgeted amount of \$8.1 million. Should internal control audit opinion requirements (*Sarbanes-Oxley Act of 2002*) be adopted throughout Government, a proposal under active consideration, the Department must anticipate this 30 to 40 percent increase in the cost of the financial statement audit. The OIG needs a contingency provision to address resource implications of adoption of Sarbanes-Oxley requirements Government-wide.

External Peer Reviews. As in the private sector, under relevant Government Auditing Standards, Government audit organizations must have a periodic external quality review. The purpose of the review is to report on the system of quality control for the audit function and compliance with that system. In addition, a provision of the *Homeland Security Act of 2002* requires periodic peer reviews of Federal Offices of Investigations. In FY 2005, the Department of Education OIG completed the first peer review of our Office of Investigations. The review concluded that the Office of Investigations was in full compliance with applicable quality standards. The preparation for and participation in external peer reviews is resource intensive and time consuming.

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FY 2006 Annual Performance Plan

Our work is important to the Department's success in fulfilling its mission-related goals. The OIG must ensure that its resources and activities cover issues and concerns most critical to the Department. This Performance Plan identifies the FY 2006 goals, objectives, and measures that will help the Office to better plan its priorities and continue to assist the Department in identifying and taking corrective action to improve areas most vulnerable to waste, fraud, and mismanagement. This Performance Plan also describes the specific projects and activities the OIG plans to undertake during FY 2006. These projects and activities will include an increased focus on national/homeland security, information technology security, environmental cleanup, procurement, and contract management. In FY 2006, OIG audits, inspections, and special inquiries will continue to identify opportunities for cost savings and operational efficiencies, and OIG investigations will continue to return hard dollars to the Department and the U.S. Treasury.

FY 2006 Performance Measures

During FY 2005, the OIG conducted an annual assessment of its strategic planning goals, objectives, and measures. As a result of this assessment, the OIG adjusted several performance measures and added new performance measures to cover training, development, and retention of OIG employees. For FY 2006, the OIG will measure its accomplishments against the following performance measures:

Performance Measures:

- Conduct reviews as outlined in the OIG annual plan relating to: (1) the President's Management Agenda initiatives; (2) the Secretary's Mission Priorities; and, (3) OIG-identified Management Challenges. Specifically:
 - Complete reviews that address each Presidential, Secretarial, and OIG-identified initiative, priority, and/or challenge as identified in FY 2005 to be completed by FY 2011.
 - Initiate a review within one year of any new Department initiatives and priorities.
- Ensure that every performance review includes an analysis of program accomplishments and the use of metrics to measure results.
- Increase by at least 10 percent the OIG baseline measure of ensuring that at least 50 percent of all performance audits include recommendations leading to demonstrable cost savings, program efficiencies, and/or funds put to better use.
- Complete at least five follow-up reviews annually to determine the status and efficacy of corrective actions.



- Complete an annual risk-based programmatic assessment that considers OIG institutional knowledge; past program performance; funding levels; Presidential, Secretarial, and congressional concerns; and input from Department program managers.
- Ensure that each year at least 80 percent of all planned performance audits address high-risk areas as identified in the OIG annual risk-based programmatic assessments.
- Strive for the Department to accept at least 75 percent of OIG report recommendations.
- Issue at least 80 percent of audit reports no later than 60 days following receipt of management comments.
- Complete the field work for at least 75 percent of special inquiries within 60 work days.
- Ensure that the average time to issue Administrative Reports to Management is 60 days or less following final resolution of criminal and civil investigations.
- Complete the field work for at least 80 percent of inspections within 90 work days.
- Complete annually the Department's consolidated financial statement audits to determine whether the financial statements are free from material misstatement.
- Review the Department's classified and unclassified information security system programs in conjunction with the financial statement audit.
- Initiate at least 10 "Statement of Costs Incurred and Claimed" audits annually to assess internal controls over costs claimed by the Department's major contractors.
- Achieve an annual acceptance rate of at least 70 percent for cases presented for prosecutorial consideration.
- Ensure that at least 75 percent of all cases opened focus on key areas of Department vulnerability, specifically procurement and grant fraud, environmental violations, Qui Tams, or computer crimes.
- Ensure at least 25 percent of all open cases are joint agency/task force investigations with external law enforcement agencies, such as the Federal Bureau of Investigation and other OIGs.
- Provide at least 20 fraud awareness briefings annually to Department and contractor employees and managers.
- Operate the OIG Hotline in a manner that ensures at least 85 percent of Hotline complaints warranting further action begin processing within 7 days of receipt.
- Forward at least 85 percent of the complaints identified for referral to Department or other agency management within 14 days of initiation of the case.



- Ensure that all OIG public reports that were identified by the OIG for inclusion on the Internet are posted within three working days of submission to the Secretary, unless otherwise specified by the Inspector General.
- Establish and maintain an OIG core training program that identifies the education, skills, and core competencies necessary for positions in each OIG discipline.
- Develop and implement an OIG-wide training coordination process to maximize the use of training funds and allocate training funds on an equitable basis.
- Ensure individual development plans that tie to the OIG's training program are developed for all OIG employees.
- Fully utilize all recruitment resources available.
- Ensure that all auditors meet the training requirements as specified by generally accepted Government Audit Standards.
- Ensure that all investigators meet the training requirements as specified by Federal law enforcement and other related investigative standards.
- Ensure that all inspectors meet the training requirements as specified by the PCIE "Quality Standards for Inspections."

The OIG will focus its resources and planned activities toward the following Department mission priorities:

National Security

One of the primary responsibilities of the Department is to enhance national security through the application of nuclear technology. The Department oversees maintenance of the U.S. nuclear weapons stockpile, development of responsive infrastructure that can adapt quickly to stockpile changes while drawing down the stockpile of weapons excess to defense needs, security of the nuclear complex, strengthening of international nuclear nonproliferation controls, reduction in global danger from weapons of mass destruction, provision to the U.S. Navy of safe and effective nuclear propulsion systems, and operation of its national laboratories.

In coordination with the Department of Defense and other agencies, the Department helps to ensure a safe and secure world. The 21st century presents the prospect of a national security environment in which threats may evolve more quickly, be more variable in nature, and be less predictable than in the past. In our current threat environment, nuclear weapons will continue to play a critical role in the overall United States security posture. The Nuclear Posture Review established a major change in the Department's approach to the role of nuclear offensive forces in deterrent strategy. For the foreseeable future, offensive strike systems, both nuclear and non-nuclear, integrated with both passive and active defenses and a revitalized defense infrastructure have become the New Triad.

The Department issued a revised Design Basis Threat (DBT) in May 2003, identifying the postulated threat in terms of numbers of adversaries and weapons capabilities that Department sites were expected to design their security strategies to meet. In February 2004, the DBT Implementation Plans for all NNSA sites were approved; these plans identify the actions considered necessary to upgrade each site's individual security posture to meet the Secretary's mandate to be in compliance with the revised DBT policy by the end of FY 2006. The implementation of the DBT will be the focus of the Safeguards and Security program during the next fiscal year in order to ensure the Secretary's mandate is met.

The Department is focusing resources to achieve the following three goals: (1) ensure that nuclear weapons continue to serve their essential deterrence role by enhancing and maintaining the safety, security, and reliability of the nuclear weapons stockpile; (2) provide technical leadership to limit or prevent the spread of materials, technology, and expertise relating to weapons of mass destruction; advance the technologies to detect the proliferation of weapons of mass destruction worldwide; and eliminate or secure inventories of surplus materials and infrastructure usable for nuclear weapons; and, (3) provide the Navy with safe, militarily effective nuclear propulsion plants and ensure their continued safe and reliable operation.

Environmental Management

Since it was established in 1977, the Department has had an environmental mission. This mission has become more important since the end of the Cold War. With 50 years of nuclear defense work and energy research, there are now large volumes of solid and liquid radioactive waste, along with significant areas of contaminated soil and water. The scope of the environmental program includes stabilization and disposition of some of the most hazardous materials known to man, and it is the largest active cleanup program in the world.



Workers begin treating the first radioactive sludge retrieved from a loadout pit.

The Department's Environmental Management program was established to clean up the contamination from these operations and dispose of the waste in a manner that protects the environment, the workers, and the public. The program, originally only focused on managing risk, is now demonstrating the benefits of accelerating cleanup and closure by realizing tangible results. Over the past few years, the program has seen significant risk reduction and cleanup results while ensuring that the cleanup is safe for workers, protects the environment, and is respectful to the taxpayer.

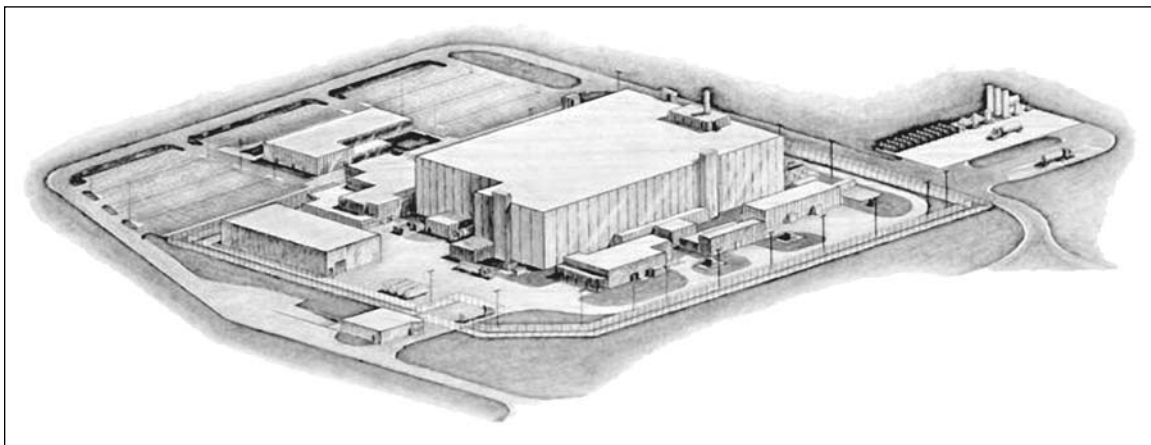


The Department has taken major steps toward fulfilling its commitment to clean up the environmental portion of its legacy and is now faced with large scale closure of entire sites and the associated impacts on the Federal and contractor workforce. In order to ensure proper focus on and management of these emerging responsibilities, the Department established the Office of Legacy Management in December 2003. This office is responsible for ensuring the protection of human health and the environment through effective long-term stewardship of land, structures, and facilities, as well as providing oversight of the Department's post-closure responsibilities for former contractor employees.

The Department is also developing a geologic repository to safely dispose of high-level radioactive waste and spent nuclear fuel at the Yucca Mountain Site. The repository is designed to support the environmental cleanup of the Cold War legacy and to enhance energy security by maintaining a viable nuclear option.

Energy/Science

The Department is taking steps to improve energy conservation and efficiency and increase domestic energy production in order to avoid increased dependence on imports because the demand for energy in the U.S. is rising much faster than the projected increase in domestic energy production. The shortfall between energy demand and domestic supply is projected to increase nearly 50 percent by 2020. To make up for the projected shortfall, the Department considered various options: (1) import more energy; (2) improve energy conservation and efficiency; and/or, (3) increase domestic supply.



Artist's concept of the future Mixed Oxide Fuel Fabrication Facility at the Savannah River Site.

In its development of the National Energy Policy (NEP), the Department concluded that increased dependence on oil imports would jeopardize our national and economic security. For this reason, the Department is taking steps to improve energy conservation and efficiency and increase domestic energy production in order to avoid increased dependence on imports. Science and technology are the Department's principal tools for achieving the goals for the NEP. The Department invests in high-risk, high-value energy research and



development that the private sector alone would not or could not develop in a market driven economy. These technologies will allow renewable energy to play a more important role in the future of our Nation.

A very important component of the Department's science activities is its operation and management of 10 national laboratories and 27 scientific user facilities. Its goals are to deliver the basic scientific research and knowledge for the Department's applied technology programs through strategic investments that advance the frontiers of the physical sciences and areas of biological, medical, environmental, and computational sciences and provide world-class research facilities and scientific human capital to the Nation's overall science enterprise.

Corporate Management

The Department manages a diverse portfolio of program missions, facilities, and contractor resources over a nationwide complex that includes Headquarters organizations, operations offices, field/site offices, national laboratories, power marketing administrations, and sites dedicated to environmental cleanup. The offices that support the corporate management framework are responsible for supporting the Secretary's initiatives to improve management and accountability while ensuring the safety, security, and health of the workforce and public. Some of the associated challenges the Department faces include:

- Financial Management
- Project Management
- Oversight of Contractors
- Performance Management
- Information Technology Management
- Worker and Community Safety



Office of Audit Services

The Office of Audit Services (OAS) provides internal and contracted audit activities for Department programs and operations, including NNSA. The Office strives to provide reliable, credible financial and performance information to senior management, the Congress, and the taxpayers. The Office is organizationally aligned with the Department's programmatic lines in national security; energy; science and environmental quality; and financial, technology, and corporate. This organizational structure helps to ensure that audit work provides comprehensive coverage over Department organizations, programs and operations, while meeting the Department's evolving needs.

The Office uses a risk-based process for identifying areas for audit coverage. Specific areas with the greatest vulnerability and those with significant dollar amounts are identified. This process leads to conducting program performance reviews that focus on the President's Management Agenda, the Secretary's priorities, and the most serious management challenges facing the Department. A significant portion of audit resources is directed toward meeting OIG statutory audit responsibilities. In the past, these responsibilities were mostly financial in nature and crosscut all of the challenge areas, the President's key management initiatives, and the Secretary's priorities. Statutory audit responsibilities of the OIG continue to increase with the addition of financial and information technology security responsibilities.

The Office of Audit Services has scheduled 79 performance audits to start in FY 2006. Many non-discretionary taskings from external sources impact on OAS workload demands, and it is sometimes necessary to delay, postpone, or cancel planned audits to accommodate these demands. The following is a summary of audits scheduled to begin in FY 2006 grouped by the Department's business lines. The planned audit workload is summarized later in this plan.

National Security

To promote the safety and reliability of the nuclear stockpile; assess the Department's progress in addressing and resolving the threat from weapons of mass destruction; and promote security and safety within Department programs, the following audits will determine whether:

- NNSA sites will implement the October 2004 Design Basis Threat by the end of FY 2008. (A06AL001)
- The Department and its contractors have effective controls to guard against noncompliance with the Foreign Corrupt Practices Act. (A06AL002)



- The Sandia National Laboratory's (SNL) Nonproliferation and Verification Research and Development Program meets its goals and addresses near-term user needs. (A06AL005)
- Retired warheads have been dismantled and had the required surveillance conducted. (A06DC006)
- NNSA has current safety basis documentation for its nuclear facilities. (A06DC007)
- The Dual Axis Radiographic Hydrodynamic Test Facility's second axis will be commissioned within budget and on schedule. (A06LA008)
- Transferring the Neutron Target Tube Loading mission from LANL to SNL is cost effective. (A06LA009)
- The Pit Production Program will develop a certifiable pit by 2007. (A06LA011)
- The relocation of Technical Area-18 to the Nevada Test Site will be completed on schedule and within budget. (A06LA012)
- The Satellite-Base Nuclear Detonation Project delivered new generation satellite sensors by 2005. (A06LA014)
- The Highly Enriched Uranium Transparency Implementation Program is meeting its programmatic objectives. (A06LL015)
- NNSA and the Lawrence Livermore National Laboratory (LLNL) are achieving interim goals and milestones that will lead to ignition fusion by the end of FY 2010. (A06LL016)
- NNSA is utilizing the Device Assembly Facility to meet its milestones for warhead dismantlement. (A06LV019)
- The ATLAS Facility is operational and meeting its program objectives. (A06LV022)
- The Department is effectively identifying and disposing of excess non-nuclear materials inventory at the Kansas City Plant. (A06YT026)
- The Department's goal of fully transitioning operations and maintenance of Materials Protection Control and Accountability Program upgrades to full Russian responsibility is being achieved. (A06YT027)
- Nuclear Nonproliferation programs and activities at the Oak Ridge Reservation are effective. (A06YT036)
- Department security configurations and vulnerability management are adequate for safeguarding information technology resources. (A06TG021)
- The Department has developed a consistent approach for contracting out security services at Environmental Management sites. (A06SR029)

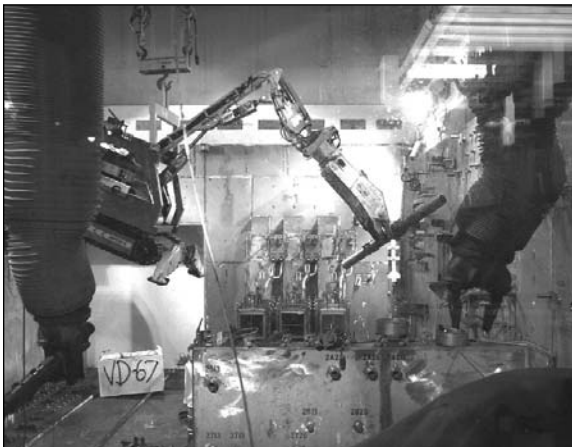


- There is a mission need for the proposed Plutonium Vitrification Projects at the Savannah River Site. (A06SR031)
- NNSA's development and implementation of the Nuclear Materials Accountability Program is achieving its intended goals and meeting the Department's needs. (A06TG027)

Environmental Management

To promote implementing environmental cleanup faster and cheaper; contribute to the success of the Department completing the characterization of the Yucca Mountain Site for permanent storage of the Nation's spent nuclear fuel; and assess the Department's management of uranium enrichment and civilian nuclear power development, the following audits will determine whether:

- The Molten Salt Reactor Experiment Cleanup Project is on schedule and within budget. (A06ET010)
- The method selected for converting depleted uranium hexafluoride is the best balance between reducing the cost of the project and minimizing waste. (A06ET009)



West Valley, NY. A crane is used to remove pieces of a vitrification cell header.

- The Department is on track for cleanup of the West Valley site. (A06ET011)
- Pump and treat activities are remediating Idaho's groundwater in a cost effective manner. (A06ID014)
- The Department's disposal package design is more expensive than necessary. (A06ID015)
- The Department has adequately integrated its transuranic waste disposal program. (A06ID016)
- The Office of Nuclear Energy, Science and Technology effectively manages its cooperative and grant agreements. (A06ID017)
- The Department is managing its freon inventories in an environmentally responsible manner. (A06OR018)
- The Department is effectively remediating the Paducah Gaseous Diffusion Plant. (A06OR019)
- The Department's uranium-233 disposition and medical isotope production project will be completed within budget and on schedule. (A06OR021)



- The Department is managing its International Thermonuclear Experimental Reactor Project participation to ensure that commitments and deadlines are met. (A06PR023)
- The Department has proceeded with Hanford Site tank closure without an approved final end state. (A06RL026)
- The Department has adequately evaluated the feasibility of the direct disposal method for low-activity tank waste at Savannah River. (A06SR028)
- The Department's Highly Enriched Uranium "off-specification" blend-down project at Savannah River is needed and, if so, it is on schedule and within budget. (A06SR030)
- Y-12 has taken action to ensure that the depleted uranium operations capability will be available to meet upcoming demand. (A06YT025)

Energy/Science

To contribute to the protection of the critical energy infrastructure; promote the implementation of the President's National Energy Plan; and assist in directing research and development that directly relate to and support the missions of the Department and aid in ensuring greater application of mature technologies, the following audits will determine whether:

- The Department is efficiently and effectively managing the Advanced Photon Source. (A06CH001)
- The Department is effectively and efficiently managing the Hydrogen Technology projects. (A06CH002)
- The Department is effectively and efficiently managing its nanotechnology projects. (A06CH003)
- The Bonneville Power Administration's conservation programs are achieving their goals in a cost-effective manner. (A06DN004)
- Superconductivity Partnership agreements are meeting their goals and cost sharing requirements. (A06DN006)
- The power marketing administrations are acquiring materials and equipment for transmission projects in the most cost effective manner. (A06DN007)
- The Western Area Power Administration infrastructure projects are meeting cost, schedule, and quality assurance targets. (A06DN008)
- The Department's carbon sequestration program will meet its goal to develop affordable sequestration technologies. (A06PR022)
- Actions have been taken to ensure the safety and security of high and significant hazard non-Federal hydroelectric dams. (A06GT008)



- The Federal Energy Regulatory Commission appropriately identifies and investigates potential energy market abuses in a timely manner. (A06GT010)

Corporate Management

To contribute to the effectiveness of the Department's financial management, the following audits will be performed:

- Audit of the Department's Consolidated Financial Statements as of and for the year ended September 30, 2005. (A06FN001)
- Audit of the Federal Energy Regulatory Commission's Financial Statements as of and for the year ended September 30, 2005. (A06FN002)
- Audit of the Isotope Production Distribution Financial Statements as of and for the year ended September 30, 2005. (A06FN003)
- Audit of the Decommissioning and Decontamination Financial Statements as of and for the year ended September 30, 2005. (A06FN004)

To assure the American public that the Department is fiscally responsible in carrying out its mission; promote effective contract management; ensure the Department has metrics in place and uses them to manage its programs and activities effectively; and promote the safety and health of the Department's workforce, the following audits will determine whether:

- Community and Regulatory Support funding is being spent for its intended purposes. (A06DN005)
- The Department effectively implemented information obtained from contracted External Independent Reviewers. (A06ET012)
- Naval Reactors' Expanded Core Facility Dry Cell Project will meet cost and schedule parameters. (A06ID013)
- The Office of Environmental Management is managing its projects consistent with established Department project management principles. (A06OR020)
- Hanford Site Field Offices have an effective process for soliciting bids and awarding contracts. (A06RL024)
- Operations Offices at the Hanford Site will maintain their technical expertise. (A06RL025)
- The Department will complete construction and commissioning of the Waste Treatment Plant on schedule and within budget. (A06RL027)



- Selected Departmental field sites adequately manage their hazardous chemicals inventories and have made adequate emergency preparations to deal with incidents involving these chemicals. (A06GT006)
- The Department is effectively managing facility contractors' travel. (A06GT007)
- The Energy Information Administration has effective quality control procedures in place to ensure that its products are accurate and timely. (A06GT009)
- The Department's re-baselining efforts are effective at correcting problems with projects. (A06GT011)
- Department facilities have effective safety management programs. (A06GT012)
- The Department is issuing the appropriate level of access authorization and is recovering unneeded security badges and terminating unneeded clearances. (A06PT013)
- The Department has taken appropriate actions to resolve issues identified through internal and external audits. (A06PT014)
- The Department's bio-assay program and related laboratory testing is meeting worker and community safety requirements in an economical manner. (A06PT015)
- The Department is effectively managing its inventory of precious metal. (A06PT016)
- The Department is maintaining websites that are accurate and secure and are meeting users' needs. (A06TG017)
- The Extended Common Integrated Technology Environment (eXCITE) initiative is being effectively managed and is meeting Department goals and objectives. (A06TG018)
- Project management principles were employed effectively during development and procurement of I-MANAGE and its predecessor systems. (A06TG019)
- Real property asset management information systems are meeting Department goals and user information needs. (A06TG020)
- The Department has effectively managed its acquisition and use of user-level information technology resources. (A06TG022)
- The Office of Science's Advanced Scientific Computing Research Program is meeting its intended goals and objectives and Department requirements. (A06TG023)
- The Department is effectively securing select data communications. (A06TG024)
- Progress has been made by the Department in implementing the E-Government Act of 2002. (A06TG025)



- The Electronic Research and Development Management Tracking and Reporting Environment System (ePME) will meet its intended goals and objectives. (A06TG026)
- The Microsystem and Engineering Sciences Application Project is being adequately managed under the cost, scope, and schedule milestones for construction and the operational plans for the project will meet the Departmental needs communicated in the project's justification. (A06AL003)
- The Robust Nuclear Earth Penetrator Project is meeting cost, scope and schedule milestones. (A06AL004)
- LANL has corrected the deficiencies identified as a result of the stand down. (A06LA010)
- The Department has established an effective risk mitigation strategy for transitioning the LANL contract. (A06LA013)
- LLNL is identifying laboratory functions that could be subcontracted to small and set-aside businesses. (A06LL017)
- Only eligible employees are receiving workers' compensation payments at LLNL. (A06LL018)
- NNSA effectively controls the level of effort, cost, and work of wage rate workers at the Nevada Test Site. (A06LV020)
- BWXT Y-12 is meeting performance objectives established at the start of the performance period. (A06YT024)

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Office of Investigations

The Office of Investigations' (OI's) primary responsibility is to investigate allegations involving violations of Federal criminal and/or civil law and serious administrative misconduct. The goal of the Office is to ensure that its investigative efforts focus on allegations relating to the most serious violations, and programs most vulnerable to fraud, waste, and abuse. Particular emphasis is placed on the prevention and detection of contract and grant fraud; environment, safety and health violations; computer crimes; and issues that reflect on the integrity and credibility of Department officials.

A provision of the *Homeland Security Act of 2002* amended the *Inspector General Act of 1978* to grant statutory law enforcement authority to all Inspectors General appointed by the President. This legislation requires periodic peer review of those Inspectors General's investigative functions. During FY 2005, the Department of Education's OIG completed the first peer review of our Office of Investigations and issued a report that concluded the Office was in full compliance with applicable PCIE quality standards. In FY 2006, OI is scheduled to conduct a peer review of the Treasury Inspector General for Tax Administration. The Office of Investigations is committed to preserving the integrity of investigative work by continuing to adhere to the PCIE "Quality Standards for Investigations."

This year the Office implemented a comprehensive reorganization of field operations to better align investigative resources with Department programs and operations. In addition to improving investigative coverage, the reorganization will present promotional opportunities and enhance succession planning efforts. Some other areas of OI focus include:

National Program Area Initiative

The National Program Area Initiative is continuing to thrive as the OI's primary tool for identifying and examining Department programs and operations most vulnerable to fraud, waste and abuse. The program area initiative is closely correlated with the OIG-identified Management Challenges. The initiative focuses on four primary areas: (1) contract and grant fraud; (2) environment, safety, and health (ES&H) violations; (3) Qui Tams; and, (4) technology crimes. One of OI's goals is to have at least 75 percent of open investigations address at least one of the four program areas. In FY 2006, work on the National Program Area Initiative will continue to move forward as plans are implemented and expanded.



Contract and Grant Fraud

The Department is one of the largest civilian contracting agencies in the Federal Government. During FY 2005, OI continued to identify and interact with key Department and NNSA procurement personnel, as well as conduct fraud awareness briefings with special emphasis on procurement and grant fraud. One major success in this area involved a university that, pursuant to a civil judgment, was ordered to repay the Government \$13 million in connection with allegations of cost mischarging.

Given the continuing potential for significant fraud in the area of contract and grant administration, OI will continue to: (1) prioritize contract and grant fraud investigations, placing emphasis on cases with a potential high dollar recovery to the Department; (2) work with established contract and grant task forces, and identify opportunities to establish new task forces with Department of Justice (DOJ) involvement; (3) expand Fraud Awareness Briefings throughout the Department, including NNSA; (4) coordinate and pursue leads referred by the OIG Offices of Audit Services and Inspections and Special Inquiries; and, (5) identify and pursue contract and grant fraud investigations proactively.

Environment, Safety, and Health

An ever-increasing portion of the Department's budget is appropriated to aggressively cleaning up the environmental legacy of nuclear weapons and civilian nuclear research and development programs. In FY 2005, the OIG identified environmental cleanup as one of three Department management challenges that is likely to persist well into the future. In light of the commitment of billions of dollars and tens of thousands of contractors and Department employees to the national environmental cleanup, OI has taken the position that a significant portion of investigative resources should be dedicated to crimes associated with the environmental cleanup. Ensuring the safety and health of the public and the Department's workers is a top priority. The Department is focused on ensuring that the general safety at its laboratories and plants is maintained. A subcontractor was ordered to pay the Government \$4.1 million in restitution for providing substandard valves used at depleted uranium sites in Tennessee, Kentucky, and Ohio.

In FY 2006, OI will continue to work with established ES&H task forces; identify opportunities to establish new task forces; and develop and maintain ES&H contacts in the Department, NNSA, and other Government agencies.

Qui Tams

As a rule, Qui Tam-related allegations are complex and staff-hour intensive. As of September 30, 2005, OI had 25 open Qui Tam investigations with \$162 million in potential recoveries from false claims. The Government recovered \$8.7 million in FY 2005



in connection with Qui Tam investigations. The Office continues to work closely with the DOJ's Commercial Litigation Branch in the investigation and analysis of the Qui Tam cases. One such investigation resulted in \$41 million returned to several different Government agencies for the submission of false travel claims by a contractor.

In FY 2006, the OI will continue to: (1) assist the DOJ in investigating and providing analysis of Qui Tam cases; (2) adjust resources appropriately to ensure priority Qui Tam cases are being resolved in a timely manner; and, (3) identify specific Qui Tam training for OI personnel.

Technology Crimes

The Office of Investigations' Technology Crimes Section (TCS) is staffed by investigators with the specialized skills necessary to proactively and reactively investigate the expanding number of complex technology crimes that are occurring within many of the Department's programs. The Department has a large and complex infrastructure that facilitates its mission of conducting research and development, managing waste disposal, and protecting national security. Utilization of a group such as TCS is critical because technology risks and vulnerabilities are on the rise (i.e., security breaches, computer systems intrusions, virus attacks, and employee misuse). In FY 2005, TCS investigations led to several criminal convictions against individuals who hacked into Department computer networks. TCS also provided technical expertise on standard fraud cases.

During FY 2006, TCS will: (1) proactively contribute to and support fraud investigations through consultations and forensic media analysis; (2) investigate incidents of technology crime and non-compliance with applicable regulations involving protection of the information infrastructure throughout the Department's complex; (3) clarify and extend the Office's role in technology incident response and investigations for the Department; (4) provide basic technology crimes training to criminal investigators; and, (5) refine and provide technology crimes awareness briefings throughout the Department complex.

Other Initiatives

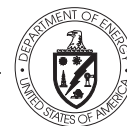
In addition to its work within the four program areas in FY 2006, OI will, as resources allow, address other initiatives aimed at improving operational effectiveness and efficiency. This includes, for instance, streamlining policies and procedures.



Proactive Work

The work performed by the OI has been historically reactive in nature, responding to allegations of wrongdoing. The Office of Investigations, however, has streamlined and formalized a proactive case development process with a targeted approach designed to ensure more efficient and effective use of resources.

The Office of Investigations will continue its pursuit of proactive initiatives designed to effect positive change within the Department complex and to enhance the Office's ability to meet organizational goals and objectives. Close attention will be paid to OI infrastructure needs to ensure adequate skills, tools, and processes are in place to respond promptly and appropriately to emerging priority issues identified by the President, the Secretary, the Congress, and the public. Partnerships with other established law enforcement agencies and Department managers and employees will be expanded and productive sources of information will be further cultivated.



Office of Inspections and Special Inquiries

The Office of Inspections and Special Inquiries conducts performance and allegation-based inspections, as well as special inquiries in response to concerns raised by Congress, senior managers of the Department, and others. The Office also manages the OIG Hotline and Management Referral Systems. The Office facilitates management reform in the Department by evaluating and providing recommendations to improve program performance. Although the Office plans a portion of its annual inspection work, it retains flexibility in order to be able to promptly address concerns and allegations received during the course of the year. The Office of Inspections and Special Inquiries initiated an annual average of 13 allegation-based inspections over the last 4 years. When planning its performance inspection work, the Office identifies and prioritizes topics responsive to the President's Management Agenda, the Secretary's Mission Priorities, and the Department's Management Challenges as identified by the OIG. Inspections are initiated with consideration given to their significance and potential impact on Department programs and operations. In light of current heightened concerns over homeland security, the Office is focusing its resources to address critical safety and security issues affecting programs and operations throughout the Department. The office has 28 active inspections into the new year, and the following are planned inspections for FY 2006:

National Security

- Internal Controls over Sensitive Property
- Interagency Annual Export Review
- Internal Controls over Emergency Response Equipment
- Quarterly Intelligence Oversight Reviews
- Foreign Ownership, Control, or Influence Program
- Canine Security Program
- Security of Department Nuclear Material
- Quality Assurance Processes for Nuclear Operations
- Effectiveness of Radiation Portals
- Material Control and Accountability
- Internal Controls for Foreign Visitor Access



Information Technology

- Internal Controls over Personal Computers
- Computer Security with Respect to Foreign Nationals
- Excessing and Disposal of Sensitive Unclassified Removable Media

Worker and Community Safety

- Implementation of Occupational Safety and Health Administration Requirements

Corporate Management

- Purchase Card Use
- Disposal of Government Furnished Property



Appendix A

FY 2006 Performance Plan Schedule

Office of Audit Services

AUDIT NUMBER	TITLE
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PLANNED FISCAL YEAR 2006 PERFORMANCE AUDITS

National Security

A06AL001	<i>NNSA Implementation of the 2008 Design Basis Threat</i>
A06AL002	<i>Controls for the Foreign Corrupt Practices Act</i>
A06AL005	<i>Sandia Management of Nonproliferation & Verification Research & Development</i>
A06DC006	<i>Retired Warheads Stockpile Systems</i>
A06DC007	<i>Safety Basis Documentation at NNSA</i>
A06LA008	<i>Follow-up Audit of the Dual Axis Radiographic Hydrodynamic Test Facility</i>
A06LA009	<i>Relocation of NNSA's Neutron Tube Target Loading Mission</i>
A06LA011	<i>Follow-up Audit of PIT Production at Los Alamos</i>
A06LA012	<i>Relocation of Technical Area 18 Mission to the Nevada Test Site</i>
A06LA014	<i>Satellite-Based Nuclear Detonation Project</i>
A06LL015	<i>Highly Enriched Uranium Transparency Implementation Program</i>
A06LL016	<i>Ignition Fusion Technology</i>
A06LV019	<i>Device Assembly Facility Utilization for Dismantlement Work</i>



A06LV022	<i>ATLAS Facility Operations at the Nevada Test Site</i>
A06SR029	<i>Contracting for Security Services at Environmental Sites</i>
A06SR031	<i>Plutonium Vitrification Project at the Savannah River Site</i>
A06TG021	<i>Security Configuration and Vulnerability Management</i>
A06TG027	<i>Sustainability of Materials Protection Control & Accountability Programs</i>
A06YT026	<i>Non-Nuclear Inventory at the Kansas City Plant</i>
A06YT027	<i>Sustainability of Materials Protection Control & Accountability Program</i>
A06YT036	<i>Nuclear Nonproliferation Activities at the Oak Ridge Reservation</i>

Environmental Management

A06ET009	<i>Uranium Hexafluoride Conversion Alternatives</i>
A06ET010	<i>Molten Salt Reactor Experiment Cleanup Project</i>
A06ET011	<i>West Valley Demonstration Closure Project</i>
A06ID014	<i>Groundwater Remediation Activities at INEEL</i>
A06ID015	<i>Department's High-Level Waste Package Design</i>
A06ID016	<i>Department's Integration of Transuranic Waste Programs</i>
A06ID017	<i>Nuclear Energy-Idaho Cooperative and Grant Agreements</i>
A06OR018	<i>Management of the Department's Freon Inventory</i>
A06OR019	<i>Environmental Remediation at Paducah Gaseous Diffusion Plant</i>
A06OR021	<i>Uranium-233 Disposition and Medical Isotope Production Project</i>
A06PR023	<i>International Thermonuclear Experimental Reactor Project</i>
A06RL026	<i>Tank Closure End States at the Hanford Site</i>
A06SR028	<i>Follow-up Audit of Salt Processing at the Savannah River Site</i>



- A06SR030 *Highly Enriched Uranium Blend Down at the Savannah River Site*
- A06YT025 *Follow-up Audit on Depleted Uranium Operations at the Y-12 Complex*

Energy/Science

- A06CH001 *Department's Management of the Advance Photon Source*
- A06CH002 *Department's Management of Hydrogen Technology Projects*
- A06CH003 *Nanotechnology Projects*
- A06DN004 *Energy Conversation Programs at the Bonneville Power Administration*
- A06DN006 *High Temperature Superconductivity Partnership*
- A06DN007 *Power Market Administrations Acquisition of Materials and Equipment*
- A06DN008 *Western Area Power Administration's Infrastructure Projects*
- A06GT008 *Federal Energy Regulatory Commission's Safety & Security Program for Hydroelectric Projects*
- A06GT010 *Federal Energy Regulatory Commission's Oversight & Investigations Program*
- A06PR022 *Carbon Sequestration Program*

Corporate Management

- A06AL003 *Microsystem and Engineering Sciences Application Project*
- A06AL004 *Management of the Robust Nuclear Earth Penetrator Project*
- A06DN005 *Office of Environmental Management Community and Regulation Support*
- A06ET012 *Department's Use of External Independent Reviews at Environmental Sites*
- A06GT006 *Management and Control of Hazardous Chemicals at Selected Department Sites*



A06GT007	<i>Contractor Travel Expenses</i>
A06GT009	<i>Energy Information Administration</i>
A06GT011	<i>Department's Project Reporting and Rebaselining Procedures</i>
A06GT012	<i>Safety Management within the Department of Energy</i>
A06ID013	<i>Naval Reactor's Management of the Expended Core Facility Dry Cell Project</i>
A06LA010	<i>Los Alamos National Laboratory Stand Down</i>
A06LA013	<i>Risk Mitigation Strategy for the Los Alamos Contract Transition</i>
A06LL017	<i>Small Business Opportunities at the Livermore Laboratory</i>
A06LL018	<i>Worker Compensation Program at the Livermore Laboratory</i>
A06LV020	<i>Nevada Test Site Work Authorization System</i>
A06OR020	<i>Project Management at the Department's Office of Environmental Management</i>
A06PT013	<i>Management of the Department's Access Authorization and Badge Controls</i>
A06PT014	<i>Audit Resolution and Follow-up Program</i>
A06PT015	<i>Bio-Assay Program and Related Laboratory Testing</i>
A06PT016	<i>Management of Precious Metals</i>
A06RL024	<i>Contract Bidding and Selection Process at the Hanford Site</i>
A06RL025	<i>Human Capital Management at the Hanford Site</i>
A06RL027	<i>Waste Treatment Plant Construction at the Hanford Site</i>
A06TG017	<i>Management of Department Websites</i>
A06TG018	<i>Implementation of the Department's Extended Common Integration Technology Environmental Services (eXCITE) Initiative</i>



A06TG019	<i>Development Efforts of the Department's Integrated Management Navigation System (I-MANAGE)</i>
A06TG020	<i>Real Property Asset Management Information Systems</i>
A06TG022	<i>Acquisition of Information Technology Hardware across the Department</i>
A06TG023	<i>Office of Science's Advanced Scientific Computing Research Program</i>
A06TG024	<i>Security of Select Department Data Communications</i>
A06TG025	<i>Department's Implementation of the E-Government Act of 2002</i>
A06TG026	<i>Electronic Research and Development Portfolio Management Tracking and Reporting Environment (ePME) System</i>
A06YT024	<i>Performance Based Incentives for BWXT Y-12, LLC</i>

PLANNED FISCAL YEAR 2006 GMRA AUDITS

A06FN001	<i>DOE FY 2006 GMRA</i>
A06FN002	<i>FERC FY 2006 GMRA</i>
A06FN003	<i>Isotope Production Distribution FY 2006 GMRA</i>
A06FN004	<i>Decommissioning and Decontamination FY 2006 GMRA</i>

OTHER PLANNED FISCAL YEAR 2006 FINANCIAL AUDITS

A06AL028	<i>Sandia FY 2004 SCIC</i>
A06CH033	<i>Argonne National Laboratory FY 2005 SCIC</i>
A06ET037	<i>Bechtel Jacobs FY 2005 SCIC</i>
A06FN005	<i>FMFIA – FY 2006</i>
A06ID036	<i>BEA FY 2005 SCIC</i>



A06LA029	<i>Los Alamos FY 2004 SCIC</i>
A06LL030	<i>Livermore FY 2005 SCIC</i>
A06LL031	<i>Berkeley FY 2004 - 2005 SCIC</i>
A06LV032	<i>Bechtel Nevada FY 2002 - 2005 SCIC</i>
A06OR034	<i>UT-Battelle FY 2005 SCIC</i>
A06OR035	<i>DynMcDermott FY 2003 - 2005 SCIC</i>
A06PR038	<i>Princeton University FY 2003 - 2005 SCIC</i>
A06PR032	<i>Jefferson Laboratory's Incurred Cost and Central Office Expenses</i>
A06SR039	<i>Westinghouse Savannah River Co FY 2004 SCIC</i>
A06YT033	<i>BWXT Pantex FY 2001 - 2005 SCIC</i>
A06YT034	<i>Honeywell FY 2005 SCIC</i>
A06YT035	<i>BWXT Y-12 FY 2005 SCIC</i>

Office of Inspections and Special Inquiries

TITLE

National Security

Internal Controls over Sensitive Property

Interagency Annual Export Review

Internal Controls over Emergency Response Equipment

Quarterly Intelligence Oversight Reviews

Foreign Ownership, Control, or Influence Program



Canine Security Program

Security of Department Nuclear Material

Quality Assurance Processes for Nuclear Operations

Effectiveness of Radiation Portals

Material Control and Accountability

Internal Controls for Foreign Visitor Access

Information Technology

Internal Controls over Personal Computers

Computer Security with Respect to Foreign Nationals

Excessing and Disposal of Sensitive Unclassified Removable Media

Worker and Community Safety

Implementation of Occupational Safety and Health Administration Requirements

Corporate Management

Purchase Card Use

Disposal of Government Furnished Property

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Appendix B

OIG Responsibilities and Authorities

The *Inspector General Act of 1978*, as amended, requires the OIG to:

- Conduct independent and objective audits and investigations;
- Promote economy, efficiency, and effectiveness;
- Prevent and detect waste, fraud, and abuse;
- Review pending legislation and regulations; and,
- Keep the Secretary and Congress fully and currently informed.

Other Mandates

The OIG is also mandated by the following statutes, Executive orders, and regulations to perform a number of functions:

- *Government Management Reform Act*
- *Government Information Security Reform Act*
- *Federal Information Security Management Act*
- *Government Performance and Results Act*
- Executive Order 12863, President's Foreign Intelligence Advisory Board
- Executive Order 12333, United States Intelligence Activities
- *National Defense Authorization Act* for Fiscal Year 2000

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Appendix C

OIG Organization

The OIG is organized into three major functional areas and a corporate support office:

- Office of Audit Services
- Office of Investigations
- Office of Inspections and Special Inquiries
- Office of Resource Management

OIG field offices are located at key Department sites around the Nation.



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Appendix D

Validation and Verification

The chart below represents how the OIG validates and verifies its performance activities.

Data Sources:	OIG Semiannual Reports to Congress; Inspector General Act of 1978, as amended; Government Management Reform Act; Government Performance and Results Act; Government Information Security Reform Act; False Claims Act; Executive Order 12863, "President's Foreign Intelligence Advisory Board"; and, Executive Order 12333, "United States Intelligence Activities."
Frequency:	Annually/Semiannually/Quarterly.
Data Storage:	OIG Energy Inspector General Project Tracking System.
Verification:	OIG policies and procedures; Yellow Book Standards; PCIE Quality Standards for Investigations and Inspections; and internal and external peer reviews.



**U.S. DEPARTMENT OF ENERGY
OFFICE OF INSPECTOR GENERAL**

