

# Semiannual Report to Congress

April 1, to September 30, 1999

**October 1999**

U.S. Department of Energy  
Office of Inspector General

The Honorable Bill Richardson  
Secretary  
U.S. Department of Energy  
Washington, D.C. 20585

Dear Secretary Richardson:

I am pleased to submit the Office of Inspector General's (OIG) Semiannual Report to Congress. The report summarizes significant OIG activities and accomplishments during the 6-month period ending September 30, 1999. The Inspector General Act, as amended, requires you to forward the report to the appropriate congressional oversight committees within 30 days of your receipt of this report.

The mission of the OIG is to assist Department managers by identifying opportunities to improve the efficiency and effectiveness of Department programs and operations. With this goal in mind, the OIG issued reports on nearly 50 inquiries conducted during this reporting period. These included reviews, made at your request, of various aspects of the Department's security affairs program. In addition, in responding to a request from the Chairman of the Senate Committee on Governmental Affairs, this office, along with the Inspectors General at the Departments of Commerce, Defense, State, Treasury, and the Central Intelligence Agency evaluated the licensing process for the export of dual-use and munitions items. We participated in two hearings on this matter.

During this reporting period, we were gratified to learn that the President's Council on Integrity and Efficiency cited members of our staff for awards for specific audit, investigative, and inspection efforts. The President's Council also acknowledged the extensive community service work of this office.

As you are aware, the core missions and functions of the Department of Energy are diverse and highly complex. The Department faces a number of significant management challenges. In this environment, the demand for the services provided by the Office of Inspector General is increasing. While we do not have the resources to do all that we believe to be prudent, we are attempting to utilize the resources available to us in a way which allows the OIG to address the Department's most pressing challenges. Our primary objective, identifying strategies for making Department operations more efficient and effective, is consistent with the goal for the Department that you have stressed. In Fiscal Year 2000, we plan to emphasize reviews of Department programs relating to security affairs; contract management; environment, safety and health; program and project management; financial management; and, laboratory operations. We continue to examine the Department's implementation and execution of the Government Performance and Results Act, and we intend to emphasize the successful pursuit of significant criminal and civil investigations.

We look forward to working with you, other Department and Administration officials and the Congress in pursuing our mutual objectives.

Sincerely,

Gregory H. Friedman  
Inspector General

Enclosure

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## Overview

The Semiannual Report to Congress for the period April 1 to September 30, 1999, summarizes significant Office of Inspector General (OIG) audit, investigative, and inspection accomplishments. Also, we planned and focused our work efforts on the major issue areas identified as most susceptible to fraud, waste, and abuse. We completed reviews under the following issue areas:

- Contract/Grant Administration
- Intelligence/Counterintelligence
- Safeguards and Security
- Program Management and Operations
- Environment, Safety, and Health
- Financial Management
- Administrative Safeguards
- Information Technology Management

The following statistical data summarizes the OIG's accomplishments for this reporting period:

### **FY 1999 Second Half Statistical Accomplishments**

Audit and Inspection reports issued: **67**  
Dollar value of recommendations that funds be put to better use:  
**\$85,167,413**  
Dollar value of management commitments to taking corrective actions:  
**\$7,866,250**  
Questioned costs: **\$1,233**  
Open Investigations: **227**  
Investigative cases closed: **41**  
Open Qui Tam investigations: **20**  
Open multi-agency task force and joint agency investigations: **56**  
Cases referred for prosecution: **9**  
Cases accepted for prosecution: **6**  
Criminal and civil actions: **11**  
Fines, settlements, and recoveries: **\$4,663,613.58**  
Debarments/suspensions: **6**  
Administrative discipline and other management actions: **8**  
Investigative reports to prosecutors and Department management: **9**  
Total Hotline calls, letters, and other complaints: **841**

In the report summaries that follow where it is indicated that management has not concurred with OIG recommendations, appropriate followup action will be pursued. When audit and management inspection reports contain recommendations with which management has agreed, corrective actions are tracked by the Department until completed. When there is disagreement between Department management and the OIG, the Department

must prepare a Management Decision describing its position and any alternative actions. Management Decisions are reviewed by the Chief Financial Officer (CFO). If disagreements persist, the CFO may convene a meeting of the Departmental Internal Control and Audit Review Council (DICARC), which consists of the CFO, the Inspector General and other management representatives. The DICARC works to achieve mutually agreeable audit resolution.

*This section describes, by major issue area, the high profile and more resource intensive work efforts of the OIG.*

### **I**ntelligence/ Counterintelligence

#### **Improvements in the Department's Counterintelligence Program are Ongoing**

In February 1998 the President issued Presidential Decision Directive 61 to reorganize and improve the counterintelligence program at the Department. At the request of the Under Secretary, the OIG evaluated the implementation status of 46 actions included in the Department's Counterintelligence Implementation Plan (CIP). The Department separated the 46 recommendations into three tiers to emphasize those that were most critical.

We reviewed the status of the recommendations at Headquarters and the three largest national laboratories. For those recommendations that the Department reported as implemented, at each location we reviewed documentation, observed practices, and interviewed Department and laboratory counterintelligence officials and FBI personnel to determine if the recommendation had, in fact, been implemented. On June 1, 1999, the Department reported 26 recommendations as having been implemented. We found that the Department had actually understated the number of implemented recommendations and that, in total, the Department had implemented 28 of the 46 recommendations. The Department decided it would be best to not implement one of the recommendations, because that action would decrease the level of interaction between its counterintelligence functions and the FBI.

We did have some concerns regarding implementation methodology and suggested a series of management actions which, in our judgment, would help to ensure that the CIP is a success. We found that counterintelligence elements at all levels were well aware of the importance of implementing the CIP and were focused on achieving its goals. (IG-0448)

#### **Inquiry into the Circumstances Surrounding the Security Clearance, Access, and Work Assignments of a Los Alamos National Laboratory (LANL) Employee**

At the request of the Secretary, the OIG conducted an inquiry into the circumstances surrounding the security clearance, access, and work assignments of a LANL employee previously identified

as a possible espionage suspect. We dedicated nearly 50 percent of our field investigative staff full-time to this expedited 49-day investigation. Our investigation included 97 witness interviews and extensive records reviews, and involved in excess of 6,000 staff hours. In a classified report to the Secretary, the OIG cited several issues that include, but are not limited to, the fact that systemic problems existed in the Department's management of certain counterintelligence matters; that a lack of adequate communication and confusion as to individual responsibilities and accountability existed at all levels; and that several senior employee transitions were not structured to ensure that incoming Department and LANL officials were fully conversant with ongoing counterintelligence matters, including details of the history and status of the suspect's clearance, access and work assignments.

We identified 19 Department and/or LANL officials who had a degree of responsibility regarding Department intelligence and counterintelligence matters or programmatic security, a degree of understanding with respect to the status of the request by the FBI to keep the suspect in his position, and a certain level of knowledge regarding the suspect's clearance, access or work assignments. Based on the facts contained in our report, the Secretary concluded that, while a significant number of the 19 officials properly carried out their responsibilities based on the information available to them, others bore responsibility in varying degrees for failures in management, leadership, or follow-through. The Secretary asked the LANL Director to take disciplinary action against selected individuals at the Laboratory whose responsibilities in the matter were clear and, who by action or inaction, failed to meet those responsibilities. (I99HQ010)

### **Inquiry into Whether Department Officials Interfered with the Reporting of Alleged Espionage at the Los Alamos National Laboratory**

At the request of the Secretary, the OIG completed an inquiry into allegations of delays and interference in briefing various officials on espionage at the Department of Energy's Los Alamos National Laboratory (LANL). The OIG assigned 9 Special Agents full-time and dedicated in excess of 3,300 staff hours to the inquiry.

The OIG's 60-day inquiry involved 82 witness interviews and resulted in a 50-page report to the Secretary. We found that

witnesses possessed varying degrees of recollection of facts and circumstances relating to this matter. Further, we were provided with conflicting versions about the reporting of the LANL espionage allegations to the Secretary and the Congress. Despite numerous interviews and document reviews designed to clarify key matters, we were not able to reconcile the conflicting information. As a consequence, we could not establish that any Department official, knowingly or intentionally, improperly delayed, prohibited, or interfered with briefings to the Secretary or to the congressional intelligence committees. (I99HQ006)

## **S**afeguards and Security

### **Internal Report is Released Without Proper Authority**

At the request of the Secretary, we reviewed the facts and circumstances relating to the unauthorized release outside the Department of an internal report that was designated “Unclassified Controlled Nuclear Information.” Our 46-day expedited inspection found that numerous copies of the Internal Report existed, including 30 original copies and at least 31 reproduced copies. We determined that in excess of 125 Department and DOE contractor employees had access to the Internal Report. We interviewed over 60 Department and DOE contractor employees who had access to the Internal Report, and everyone interviewed denied releasing the Internal Report outside the Department.

Our inspection was unable to conclusively determine who released the Internal Report outside the Department.

## **P**rogram Management and Operations

### **Export Licensing Process for Dual-Use and Munitions Needs Improvement**

At the request of the Chairman of the Senate Committee on Governmental Affairs, Inspectors General from the Departments of Commerce, Defense, Energy, State, and Treasury and the Central Intelligence Agency initiated an interagency review to evaluate the export licensing process for dual-use and munitions commodities to determine whether current practices and procedures are consistent with established national security and foreign policy objectives. Over an 8-month period, the OIG assigned 10 employees to this effort. The Inspector General testified at two hearings before the Senate Governmental Affairs Committee on the results of this review.



We determined that Energy's process for reviewing export license applications for nuclear dual-use and munitions commodities appeared adequate. However, we identified issues that required corrective action by Energy, as well as issues that would best be addressed by other agencies or an interagency task force.

A significant finding requiring action by Energy was the need to improve the process for determining whether an export license is required in conjunction with assignments of foreign nationals to Energy laboratories. Guidance was not clear regarding when a "deemed" export license would be required for an assignment involving a foreign national. Access by a foreign national to export controlled information is "deemed" to be exported to the foreign national's home country; therefore, the individual may require an export license to access the information. The processes at the laboratories for reviewing assignments of foreign nationals generally rely on the host of the foreign national assignee to determine whether there are export concerns associated with the assignment. We found several hosts who were not aware of, or did not understand the requirements for, deemed export licenses and several hosts who did not appear to appropriately exercise their host responsibilities. Also, there did not appear to be an organization within Energy that has management responsibility for the deemed export license process.

Other findings requiring action by Energy concerned the adequacy of the staffing level of the organization responsible for reviewing export license applications and access by Energy analysts to certain intelligence information required to support their export license activities. Regarding Energy's actions in response to recommendations in our 1993 report on Energy's export licensing process, we found that although Energy has implemented some corrective actions, certain recommendations may require additional review and action by Energy or interagency coordination.

Additional findings that would best be addressed by other agencies or an interagency task force included, among others, whether a process is needed for the escalation of disagreements concerning export licenses for munitions commodities and the inability of the Commerce database to process image-type information, which prevents electronic transmittal of certain documents and may adversely impact the timeliness of Energy's review process.

We recommended actions to strengthen Energy's deemed export-licensing process and to improve its export licensing review process. We also recommended actions to address issues that remain from our 1993 inspection report. Management concurred with the findings and recommendations and initiated corrective action. The Department promptly established an Export Control Task Force, formed by the Under Secretary, to review export control issues, including the Department's treatment of deemed exports.

On July 28, 1999, the Secretary issued revised "DOE Export Control Guidelines" to the Heads of Department Elements and the Directors of Department Laboratories. The Guidelines address when a license is needed for a "deemed export" in connection with foreign travel and foreign visits and assignments. In addition, the Secretary tasked the Export Control Task Force to develop recommendations to improve Headquarters support and strengthen export control expertise in the Field. (IG-0445)

### **The Department Needs to Act More Promptly and Effectively to Follow up on Corrective Actions Identified by Audit**

Audit follow-up is an integral part of good management. Over the past several years, the OIG issued reports addressing a variety of Department challenges. Management is responsible for taking prompt and effective corrective action on those issues where Department concurrence has been obtained.

Although some problem areas had been addressed, we found that the Department needs to act more promptly and effectively to correct weaknesses identified by audit. This audit examined management actions to address OIG findings and recommendations in three areas—personnel security clearances, personal property management, and quality assurance laboratory testing. Security clearance issues had only been partially resolved. The audit disclosed that personal property problems had been addressed, but only after considerable time had elapsed. Quality assurance laboratory weaknesses had not yet been corrected.

The Department's audit follow-up system tracked corrective actions reported by management. The system did not, however, verify that implemented actions addressed the underlying control weakness, and the system did not share information on potential weaknesses across the Department complex. Further, the impetus

for corrective action usually took place outside of the formal audit follow-up process.

To address these and other issues, we recommended that the Department adopt a more proactive management approach to audit follow-up. We also recommended enhancements to the system to ensure that operational economies and efficiencies, agreed to by management, are implemented in a prompt and effective manner. Department management agreed with our findings and recommendations. Senior management has recently placed renewed emphasis on resolution and follow-up of audit findings and the OIG recommendations from this audit would strengthen the Department's process. (IG-0447)

### **Performance Measures Need To Be Developed to Correct Inefficiencies in Maintenance Program**

Department policy requires the use of performance measures to assess the efficiency of maintenance operations. Despite the policy, Lockheed Martin, a management and operating contractor, did not adequately use performance measures to identify and correct inefficiencies in its maintenance program. Lockheed did not adequately apply engineered time standards in estimating jobs, nor did it use variance analysis to resolve deviations from job plans. As a result, Lockheed missed opportunities to improve its performance and cost-effectiveness. If Lockheed were to improve its maintenance labor efficiency at the Y-12 Plant by just 10 percent, it could perform additional maintenance valued at about \$3 million annually. The additional maintenance activity could be used to reduce the current \$11.2 million backlog for plant maintenance projects. Lockheed had known of inefficiencies in maintenance for several years. Lockheed agreed that maintenance had been operating inefficiently and provided a corrective action plan.

We recommended that Department management formalize and implement the corrective action plan initiated during the audit, and ensure that performance measures are developed and used to identify and correct operating inefficiencies. Management concurred and has initiated corrective action. (ER-B-99-07)

## **IG Report Recommendations Result in Establishment of Aviation Management Office**

In our last Semiannual Report, we reported on two OIG reports that identified the Department's need to improve the cost effectiveness and management of its aircraft activities.

One of the reviews identified a need for increased Department management of aviation activities. We recommended that the Department assign overall management responsibility and authority for aircraft activities to a Headquarters entity.

During the reporting period, the Department established an Office of Aviation Management to provide policy, direction, and assistance for the Department's aviation activities. (IG-0435 and IG-0437)

*This section describes audit, inspection, and investigative reviews not included in the preceding “Highlights” section.*

### **C**ontract/Grant Administration

#### **Contractor Claim to Have Created \$13.5 Million in New Jobs Not Properly Supported**

Bechtel Jacobs Company’s contract terms required it to create new jobs—specifically, \$11 million in new payroll in Oak Ridge, Tennessee, by the end of FY 1998. Bechtel Jacobs claimed it created \$13.5 million in new payroll through September 30, 1998, but the OIG could not verify this claim. Bechtel had not provided the Department with sufficient data to determine that all claimed payroll had been created. The Oak Ridge Operations Office verified that Bechtel National, Inc., and Jacobs Engineering Group, Inc., created \$4.9 million in new payroll through September 30, 1998. But the only data supporting the remaining \$8.6 million claimed by Bechtel Jacobs were letters from local companies showing the amount of new payroll claimed. The Operations Office did not require Bechtel Jacobs to obtain sufficiently detailed records to support the local companies’ claims and accepted the letters as adequate support. The Operations Office believed that company officials would not sign payroll creation claims unless the claims were true. As a result, the Department has little assurance that Bechtel Jacobs created \$13.5 million in new payroll, and Bechtel Jacobs may have received up to \$4.5 million in fees to which it was not contractually entitled.

We recommended that the Department require Bethel Jacobs to provide data that will enable validation of new payroll, fully validate Bechtel Jacobs’ payroll creation claims, and recoup fees if Bechtel Jacobs fails to meet its commitments. Although management concurred with two of the three recommendations, no corrective actions are planned. (ER-B-99-06)

#### **Subcontract Terms and Conditions Not Fully Enforced**

The management and operating contractor at Brookhaven National Laboratory (Brookhaven) had not fully enforced the terms of four subcontracts for health physics technicians. As a result, Brookhaven paid about \$288,000 more than necessary for health physics technicians. Brookhaven reimbursed the subcontractor for per diem on days it did not work and when the subcontractor did not pay subsistence expenses to its technicians. Brookhaven also increased the subcontracts’ fixed reimbursement

rates without adequate justification and reimbursed the subcontractor for overtime even though the subcontract did not provide for an overtime reimbursement rate.

We recommended that the Department recover the unreasonable costs identified in the audit and require Brookhaven to strengthen its subcontract administration practices. Management agreed with the audit finding and recommendations and needs to further examine the issues in order to determine what appropriate actions may be required. (ER-B-99-08)

**False Claims by Department Grantee Result in Civil Settlement of \$40,000 and Organizational Changes Valued at an Estimated \$157,500**

The OIG received information from the U.S. Attorney's Office in Baltimore, Maryland, that a Department grantee misappropriated Government funds through overpayments to a senior advisor/consultant. This information was originally reported in a Baltimore newspaper.

In coordination with the Defense Contract Audit Agency (DCAA), we determined that the grantee's consultant improperly received contingency fee payments based on a percentage of total Department monies received by the grantee. We further determined that the grantee's consultant was paid at a higher hourly rate, and worked fewer hours, than approved by the Department when the grant was initially awarded. The grantee had not been given approval to increase the hourly rate or to decrease the hours worked. The investigation revealed that the grantee also misrepresented to the Department the actual amount of incurred costs under the grants and misused Government funds to finance pre-award costs and other unallowable charges.

Under the terms of a civil settlement, the grantee executed a consent judgment for \$40,000. The 3-year consent decree requires, among other things, that the grantee create two internal oversight committees, hire a controller to assure compliance with applicable Federal laws and regulations, conduct annual independent audits, implement a confidential complaint process to encourage staff members to report suspected wrongdoing, and file annual reports to the Department. The cost to implement these changes is estimated at \$157,500, and will be incurred by the grantee. (I98HQ009)

# **P**rogram Management and Operations

## **Procedures for Handling Non-Nuclear Materials Inventory Need Improvement**

In recent years, the United States significantly reduced the number of weapons maintained in the stockpile. As a result, a large quantity of non-nuclear materials, valued at \$575 million, accumulated at the Department's Kansas City Plant, as of October 1998.

The Department was not effectively identifying and disposing of unneeded non-nuclear materials inventory at the Kansas City Plant. As of October 1998, materials valued at about \$275 million had not been reviewed and approved for retention or disposal. These materials were kept in the Plant's inventory even though Kansas City officials had made a preliminary determination that there was no current or future need for these materials. A final decision was not made because the Kansas City Plant's inventory procedures were not detailed enough, and management had not given priority attention to this issue and had not developed a plan on how to reduce the inventory. As a result, Kansas City incurred over \$2 million annually in additional storage costs, and did not benefit from the revenue that could have been derived from the sale of any marketable portion of the unneeded materials.

We recommended that the Department improve procedures for handling materials inventory, create an inventory management plan to address the unneeded inventory, dispose of all materials determined to be excess, and verify that the inventory management plan is implemented. Management concurred and provided a corrective action plan for reducing the inventory. (IG-0450)

## **Management of Unneeded Non-Nuclear Materials Needs Strengthening**

For more than 50 years the Department and its contractors operated large production facilities and laboratories that acquired and produced directly or as by-products enormous amounts of non-nuclear materials such as sodium, lead, chemicals, and scrap metal. A mission change resulting from the end of the Cold War called into question the need for continued stockpiling of these materials.

The Department needs to strengthen its management of unneeded materials and chemicals. Large quantities of unneeded

inventories existed at many contractor sites, and Department actions to sell or reuse these items have been fragmented. This situation existed because the Department has not assigned organizational responsibility and instituted an overall program to sell, reuse, or characterize as waste its unneeded inventory. As a result, the Department may be missing disposition opportunities that could result in savings or reduced costs.

We recommended that Department management assign responsibility and work with a designated Headquarters organization to reduce the Department's unneeded materials and chemicals inventory to a level commensurate with current mission requirements.

Department management agreed that there are opportunities to improve its asset disposition program. (CR-B-99-02)

### **Department Authorizes Payment of Unsupported Title X—Remedial Action Claims**

Title X—Remedial Action and Uranium Revitalization (Title X) of the Energy Policy Act of 1992—authorizes active uranium or thorium processing site owners reimbursement for the costs of decontamination, decommissioning, reclamation, and other remedial action. Title X requires that reimbursement claims be supported by reasonable documentation.

We reviewed seven remediation claims and found that the Albuquerque Operations Office (Albuquerque) approved portions of six claims that were properly supported. The seventh claim, however, was approved for payment even though an \$18.1 million portion of the \$30.5 million claim was unsupported. The Defense Contract Audit Agency had twice reviewed the \$18.1 million portion and found no reasonable documentation to support the claim. Despite these audit results, Albuquerque approved the payment of the claim. The claim would not have been approved for payment if Albuquerque had followed its procedures for processing claims. As a result of its actions, Albuquerque approved an unsupported claim that will cost taxpayers about \$14.7 million, the Federal portion of the \$18.1 million claim.

We recommended that Albuquerque (1) reverse the approval and payment decision of the \$14.7 million Federal portion of the claim, and (2) follow its internal control procedures based on Title X requirements, including procedures for approving claims



for payment based solely upon reasonable documentation. Albuquerque contended that the regulations gave them certain flexibility in the type of documentation they could accept. Department management nonconcurred with our finding and recommendations. (WR-B-99-04)

### **Robotics and Intelligent Machine Projects Not Being Managed Cost Effectively**



Robotic Manufacturing Science and Engineering Laboratory

Robotics and Intelligent Machines (RIM) have a wide range of applications for solving many operational challenges including nuclear waste cleanup and weapons manufacturing and dismantlement. Within the Department, the Offices of Defense Programs and Environmental Management are the organizations most involved with RIM. We estimated that Defense Programs funded about \$14 million and Environmental Management funded about \$24 million of Department RIM projects. It is anticipated that funding for these activities will increase substantially in the future. We focused our review on Defense Programs RIM research and development projects to determine if they were effectively managed.

Defense Programs RIM projects may not have been managed in the most cost effective manner. Defense Programs did not have accurate information regarding the number of projects funded, the amount of funds expended, or locations where work was being accomplished. Furthermore, Defense Programs had not maintained such data at the Headquarters level or established a reporting system that extracted the data from contractors

performing the work. In addition, overall responsibility for RIM activities in Defense Programs had not been assigned. The lack of a reporting system and an integrated management approach could result in unnecessary redundancy of projects and lessen assurance that fund usage was prioritized and resources were used as envisioned.

We recommended that Defense Programs establish enhanced management controls including a central point of contact with oversight responsibility for RIM projects. Management's comments did not fully satisfy the intent of our recommendations. Defense Programs planned to establish a mechanism to collect reliable and timely information, but did not specify what that mechanism would be or when it would be implemented. Defense Programs also agreed to adopt an integrated management approach under a single point of contact at Headquarters for all of its RIM activities should they become part of a Departmentwide national initiative. However, the latter action will not be consolidated into a formal program with assigned program responsibility. With Department operating costs from RIM activities currently exceeding \$66 million per year and expected to increase significantly, we believe adopting an integrated management approach would be appropriate at this time. (IG-0449)

### **National Laboratory Did Not Properly Account for Laboratory Directed Research and Development and Incurs Questionable Housing Costs**

The management and operating contractor at the Department's National Renewable Energy Laboratory (NREL) is the only national laboratory dedicated to furthering the development and commercialization of renewable energy and energy efficiency technologies. As part of its mission, NREL performs discretionary research and development, more commonly known as Laboratory Directed Research and Development (LDRD). LDRD requirements stipulate that (1) projects must be in the forefront of science and technology, and (2) non-LDRD funds must not be used to accomplish the technical goals of a LDRD project.

Although it was NREL's intention to meet the Department's requirements for LDRD, it funded projects that were not science-based or research and development. Of 60 projects reviewed, we concluded that 21 did not have the characteristics of an LDRD project. Consequently, NREL spent about \$2.5 million on

projects that were not LDRD. In addition, NREL did not properly account for \$72,286 in LDRD costs and incurred questionable housing allowance costs of \$10,177 paid to temporary employees.

We recommended that Department management (1) take the necessary actions to ensure that LDRD costs are properly accounted for, and (2) ensure that the Contracting Officer makes a determination on the allowability of questioned housing costs and recover any such costs determined to be unallowable.

Department management concurred with our recommendations and has initiated or is planning corrective action. (WR-B-99-05)

### **Large-Scale Demonstration and Deployment Projects**

Development and deployment of new technologies helps the Department to reduce deactivation and decommissioning (D&D) costs of about 7,000 surplus buildings. The Department's Office of Environmental Management uses Large-Scale Demonstration and Deployment Projects to identify and promote the use of improved technologies throughout the Department.

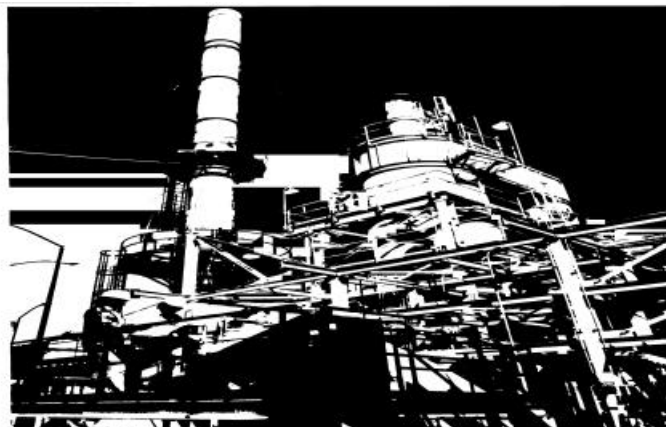
The Department was not successful in deploying newly demonstrated technologies throughout its facilities. In FY 1998, only 10 of 46 deployments were to Department sites that did not originally demonstrate the technology. While several factors may have affected the rate of deployment of the new technologies, we noted that deployments to other Department sites did not occur because technology end-users from these sites were not usually members of the team managing the demonstrations.

In addition, the Department did not control management costs of the demonstrations. The costs of the Integrating Contractor Teams, which manage, administer and provide technical support for the demonstrations, represent a large percentage of the total funds available to demonstrate technologies. In one project, for example, these costs represented 74 percent of the \$5.5 million in total costs. Additional administrative costs also were incurred because of repetitive procurements for contractor services. Environmental Management had not identified or collected specific cost information that would allow consistent analysis and control of these costs.

We made a series of recommendations to enhance the Department's management and control of the large-scale Demonstration and Deployment Projects. Department management agreed with our findings and recommendations and has begun corrective actions to control Project costs. (IG-0444)

## **E**nvironment, Safety, and Health

### **Waste Incinerator Operates at Below “Permitted or Attainable” Capacity and Generates Excessive Costs**



TSCA (Toxic Substances Control Act) Incinerator

The Toxic Substances Control Act (TSCA) Incinerator is located at the East Tennessee Technology Park (ETTP) in Oak Ridge, Tennessee. It is the only incinerator in the Department permitted to treat TSCA-regulated, radioactively contaminated polychlorinated biphenyl (PCB) waste.

The Department's contractor, Bechtel Jacobs, did not operate the incinerator at the 17.3 million-pound annual burn rate permitted by the State of Tennessee or at the “attainable” capacity. The “attainable” capacity represented the more realistic burn rate as determined by Bechtel Jacobs, the contractor operating the incinerator.

Several factors contributed to the incinerator's operating capacity shortfall. The facility was designed to incinerate more waste than the Oak Ridge Reservation planned to treat. Additionally, current operations were limited because (1) the majority of on-site waste was not sufficiently characterized for developing an effective burn plan, and (2) the State of Tennessee restricted incineration of out-of-state waste until such time as more local waste is treated or disposed of. Between Fiscal Years 1996 and 1998, the Department spent about \$45 million to incinerate

7.7 million pounds of waste. Had the Department been more aggressive in incinerating the waste at Oak Ridge, the 7.7 million pounds could have been incinerated in 1 year rather than 3 years, at a savings of about \$24 million. The 7.7 million pounds of incinerated waste was well within the 9.2 million pound “attainable” annual burn rate established by the contractor. Furthermore, we determined that the waste could be treated more economically at commercial facilities, once these treatment options become available in June 2000. We concluded that the Department could treat all of the Oak Ridge Reservation’s existing inventory of incinerable waste by June 2000 and close the incinerator at that time. This would be 39 months earlier than planned, and would reduce operating costs by \$39 million.

We recommended that the Department (1) require Bechtel Jacobs to characterize the inventory of incinerable waste as soon as possible to facilitate preparation of a burn plan that will allow the TSCA Incinerator to operate more efficiently and (2) close the TSCA Incinerator as soon as other treatment options are in place. Management concurred with the finding and recommendations and initiated corrective actions. (IG-0451)

### **Waste Cleanup Objectives Are Inconsistent With Projected Land Uses**

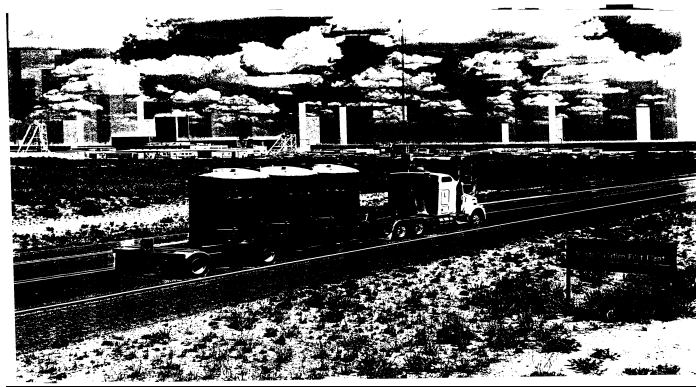
Department management estimates that the cleanup of the Hanford Site (Hanford) will take over 50 years at a cost close to \$100 billion. Prior OIG reviews showed that unrealistic land use assumptions can increase cleanup costs. During a recent review, we found that the 200, 300, and 1100 Areas were being cleaned consistent with projected future uses, but the 100 Area was not. A 1995 interim Record of Decision (ROD), issued by the U.S. Environmental Protection Agency and the Washington State Department of Ecology, showed that Richland was cleaning the 100 Area waste sites for unrestricted use, which would make the land suitable for residential use. Since 1992, however, projected land uses for the 100 Area were all nonresidential. Richland cost analyses showed that cleaning for nonresidential use could significantly reduce cleanup costs. Although Richland could have sought amendment of the cleanup objective specified in the interim ROD, it did not.

In April 1999, Richland issued the draft Hanford Remedial Action Environmental Impact Statement (HRA-EIS). The draft included six scenarios for the future use of the entire site. None of the scenarios included residential use. Richland anticipated

issuing the HRA-EIS ROD, which would specify the Department's land use decision, in November 1999.

We recommended that Department management seek to amend the 1995 interim ROD in order to achieve consistency between projected land use and the cleanup objective. We also recommended that the Department challenge any future cleanup objectives that are inconsistent with projected land uses. Management agreed with both recommendations. The Department estimates that changing the cleanup objective from residential to nonresidential for just three waste sites within the 100 Area could result in a \$12 million savings. (IG-0446)

### **Management Plan for Shipping Transuranic Waste Not Current or Consistent**



Transuranic Package Transporter (TRUPACT-II) Entering WIPP

The Department's Carlsbad Area Office (Carlsbad) operates the Waste Isolation Pilot Plant (WIPP) and manages the Nation's Transuranic (TRU) waste disposal efforts. To assist the waste disposal efforts, Carlsbad prepared a National TRU Waste Management Plan (Management Plan) dated December 1997.

The Management Plan was not current or consistent with the data at the generator sites and could not be used to measure target dates for shipping waste to WIPP. Planned schedules were based on the generator sites securing full funding, but the largest sites anticipated funding at approximately 75 percent. Although this has not adversely affected the movement of waste to date, there is no assurance that generator sites or WIPP will be able to close by the dates cited in the Management Plan unless full funding is received.

We recommended that Department management require Carlsbad, after receipt of the Resource Conservation and Recovery Act, Part B hazardous waste permit, to (1) update its Management Plan; (2) attempt to secure full funding for each generator site; and (3) inform Congress of the impact on the generator sites and WIPP if sufficient funding is not secured. Department management generally concurred with the recommendations and indicated that a revised Management Plan will be issued later in Calendar Year 1999. (WR-B-99-06)

### **OIG Makes Recommendations to Improve the Department's Accident Investigation Process, Reporting of Incidents, and Updating of Contract Safety Clauses**

As part of an OIG inspection, we reviewed an April 1997 Office of Environment, Safety, and Health (EH) investigation report regarding an accident involving a Lockheed Martin Energy Systems (LMES) welder, who suffered fatal burns when his clothing caught fire while he was using a cutting torch at the Oak Ridge K-25 Site. We also reviewed reports of other accident investigations conducted by EH and Department field organizations.

Although considerable improvement has occurred in the Department's accident investigation process since our last review of this topic in 1996, additional improvement is needed in identifying the root and contributing causes of accidents. We concluded that the deficiencies we identified regarding root cause analysis were more the result of inadequate implementation of existing policies, procedures, and guidelines, than the result of deficiencies in the guidance. Many of the deficiencies we identified regarding the root cause analyses conducted by accident investigation boards could be alleviated by assigning an individual trained and experienced in root cause analysis as either a member of the accident investigation board or as a technical advisor to the board.

We determined that incidents involving welders' clothing burning or catching fire and resulting in medical treatment, which had been reported in the Department's Computerized Accident/ Incident Reporting System, had not been reported in the Department's Occurrence Reporting and Processing System (ORPS). In our judgment, these incidents were "near misses" and should have been reported in ORPS. The term "near misses" refers generally to incidents in which only one remaining

“barrier” prevented a serious accident or injury, after other “barriers” failed.

In addition, we found that although the 1967 revision of a national standard regarding welding/cutting operations was incorporated in the LMES contract, a 1994 revision of the standard that contained a requirement concerning the selection of welders' protective clothing had not been incorporated into the contract at the time of the welder fatality. We concluded that management systems should have ensured that requirements, such as those pertaining to welders' protective clothing contained in the 1994 revision of the national standard, had been incorporated in the LMES contract. We also concluded that action is required to ensure that Department contractors immediately implement the Department order requirements regarding compliance with the current revision of the national standard.

The OIG report contains recommendations for corrective action to ensure (1) the proper reporting and trending of occurrences, including “near misses”; (2) the conduct of an annual review of requirements, e.g., Department orders, that are listed in contracts to ensure the requirements are current; (3) the placement of emphasis on conducting a thorough causal analysis, to include root cause analysis, for accident investigations; and (4) the appropriate documentation of determinations by the Board Chairperson regarding possible conflicts of interest resulting from individuals serving as accident investigation board members or advisors. Management concurred with the findings and recommendations and initiated appropriate corrective actions.

The Department has issued a memorandum to the Heads of Department Field Elements requesting they emphasize to members of their staffs and contractors the importance of reporting operational incidents that constitute precursors or near miss events. (IG-0442)

### **Contractor Found Liable for Submitting False Claims Relating to Environmental Cleanup**

At the request of the Department of Justice (DOJ), the OIG provided investigative assistance during DOJ's pursuit of a counterclaim against a former contractor at the Department's Rocky Flats Site. The contractor filed a breach of contract action against the Department, claiming it should be reimbursed for additional award fees. The Government argued in the



counterclaim that the contractor should not have received any award fee based on the contractor's failure to properly dispose of radioactive waste. During the process of filing the counterclaim, the DOJ determined that issues in the counterclaim were closely related to issues raised in a Qui Tam suit filed by a former contractor employee. The DOJ subsequently intervened in the Qui Tam action.

Two OIG Special Agents were assigned full time to the investigation for an 18-month period. The investigation determined that under its contract with the Department, the contractor was responsible for converting radioactive sludge into a solid waste form for shipment to an off-site storage facility. The investigation developed evidence to indicate that problems with the production and storage of radioactive waste were not disclosed to the Department. By not disclosing the problems, the contractor received performance awards that it would not have otherwise received.

A trial was held in U.S. District court for the District of Colorado. On April 1, 1999, a jury found that the contractor submitted false claims under the False Claims Act. The jury awarded the Government treble damages of \$4.2 million. The contractor and the Government have appealed aspects of the verdict. (I97DN002)

### **Subcontractor Illegally Disposes of Pesticides**

A joint investigation with the FBI and the Environmental Protection Agency (EPA), Criminal Investigations Division, determined that a Department subcontractor at the Idaho National Engineering and Environmental Laboratory illegally disposed of pesticides into a publicly owned treatment works.

The subcontractor operated a pesticide/chemical application business. The investigation determined that the subcontractor rinsed the spray tanks on its trucks and discharged the wastewater containing pesticides into the public sewer system. As a result of the investigation, the U.S. Attorney's Office for the District of Idaho accepted the case for criminal prosecution.

The subcontractor company pleaded guilty to one count of illegally discharging wastewater-containing pesticides into a sewer system in violation of the Federal Water Pollution Control Act. A senior official of the subcontractor company entered into a pretrial diversion agreement for violating the pre-treatment

standards for disposal of pesticides to a publicly owned treatment works. The official will be under U.S. Probation supervision for a period of 18 months. The company was ordered to pay a fine of \$25,000 and a special assessment of \$200, and was sentenced to 5 years probation. In addition, as a result of the investigation, the State of Idaho Department of Agriculture fined the company \$6,000.

The company and senior official also were debarred from U.S. Government contracting for an indefinite period pending compliance by the company with certain conditions stipulated by the EPA. (I96IF003)

### **Subcontractor Illegally Disposes of Hazardous Waste**

Based on allegations from an anonymous source, the OIG developed information that a Department subcontractor illegally transported and disposed of hazardous waste from the Department's Superconducting Super Collider (SSC) site. The activities occurred in 1993 and 1994 during the shutdown process at SSC.

Our investigation determined that the subcontractor illegally transported 18 drums containing hazardous waste generated at the SSC. The drums were not properly labeled because they did not identify the contents as hazardous. Additionally, they were not accompanied by an accurate hazardous waste manifest as required by Federal law. The drums were subsequently illegally buried at a waste facility in southern Texas. The waste facility did not have the required permits to store such hazardous waste.

As a result of the investigation, the U.S. Attorney's Office for the Southern District of Texas accepted the case for criminal prosecution. The subcontractor pleaded guilty to a felony violation of the Resource Conservation and Recovery Act. The subcontractor was required to pay a fine of \$8,000 and a special assessment of \$200. (I94AL011)



### **Environmental Liability – Interim Status Review Results**

The Secretary directed the Office of Environmental Management (EM) to implement a system of controls to correct the environmental liability estimates material weakness identified during the FY 1998 financial statement audit. The Secretary also requested the OIG to conduct an "interim status" review to ensure that the controls were sufficient to correct the weakness. The

OIG interim review showed that completed and planned corrective actions, if properly implemented, should resolve the material weakness.

EM, working closely with the CFO, has communicated the need for better environmental liability estimates to project managers in the field. This was evident at both Oak Ridge and Idaho where we conducted work and found increased sensitivities toward cost estimating and project management. For example, we found expanded EM and CFO participation, revised baseline change control procedures, and improved supporting documentation. In addition, we found a genuine sense of commitment to the timely execution of corrective actions. Although these interim results suggest a markedly improved control structure, we consider them preliminary based on limited audit test work, and the need for project baseline improvements still exists. In this regard, EM communicated to the Secretary additional actions it plans to implement by the end of the fiscal year to further strengthen project management.

### **Control Over Nuclear Material Protection, Control, and Accounting Program Funds and Equipment Needs Improvement**

Since 1994, the Department and its national laboratories have worked in the successor states of the Former Soviet Union (FSU) to improve nuclear material security and accountability. The goal of the Department's Nuclear Material Protection, Control, and Accounting (MPC&A) program is to reduce the threat of nuclear proliferation and nuclear terrorism. The Department provides the expertise, funds, and equipment to facilities in the FSU that store, process, and/or transport plutonium or highly enriched uranium.

Although the Department accounted for funds and the purchase of equipment it provides to the FSU under the MPC&A program, improvements are needed to ensure that funds and equipment are used for their intended purposes. We identified instances where low priority upgrades were planned and funded. In a number of locations, U.S. project teams lacked access to facilities which impaired their ability to establish priorities and to determine that upgrades were functioning as intended. Further, contractors did not always adhere to strategic plan guidelines, there was limited Federal oversight, and the Department lacked specific policy on the minimum acceptable level of access to facilities and information. The conditions resulted in (1) the expenditure of approximately \$929,000 for which little reduction of risk to

weapons-useable nuclear material was achieved and (2) reduced assurance that certain MPC&A upgrades were justified, properly installed, used, and maintained.

It is also unclear whether MPC&A funds were used to pay taxes assessed on Russian Institutes for the value of MPC&A assistance received. The institutes had not provided the Department with amounts paid and/or accrued. An MPC&A Task Force member familiar with the issue estimated the amounts to be significant. The Russian Federation recently passed legislation that may resolve this issue. The Department is also attempting to address this issue in an agreement under negotiation with the Russian Ministry of Atomic Energy. Timely resolution is important, as the conditions the MPC&A program seeks to address are due, in part, to the financial crisis faced by the Russian Institutes. The financial burden created by these tax levies may further weaken economic conditions at the institutes, exacerbating the problem that the MPC&A program is attempting to mitigate.

We recommended a series of corrective actions the Department needs to take to improve the MPC&A program. Department management concurred with our finding and recommendations and indicated that the review and related recommendations will assist in strengthening the MPC&A program. (IG-0452)

### **Contractor Improperly Withdraws Cost Reduction Incentive Program Fees from Letter-of-Credit Account**

Westinghouse Savannah River Company (Westinghouse) receives three types of fees for managing and operating the Savannah River Site (1) award fees commensurate with its overall performance rating, (2) Performance Based Incentive (PBI) fees, and (3) Cost Reduction Incentive Program (CRIP) fees.

Westinghouse correctly withdrew from the letter-of-credit account, \$51 million in award fees and \$47 million in PBI fees in Fiscal Years (FYs) 1997 and 1998. However, it withdrew \$170,400 more in CRIP fees than authorized by the Department. Westinghouse did not have formal procedures for processing and recording CRIP fee withdrawals. Furthermore, the Savannah River Operations Office did not reconcile Westinghouse's withdrawals to the amounts authorized by the Contracting Officer. At the completion of our audit, Westinghouse returned \$170,400 to the Department. Also, contrary to the terms of the

contract, Westinghouse did not share its CRIP fees with senior managers who suggested or implemented cost reductions. As of January 1999, Westinghouse had accrued a liability of \$109,300 in CRIP fees that had not been distributed to senior managers. As a result, Westinghouse retained control of Department funds to which it was not contractually entitled. Westinghouse returned control of the \$109,300, but did not return its share of the fees totaling \$970,700.

We recommended that Department management (1) establish formal procedures to ensure withdrawals of CRIP fees are processed and recorded accurately and are restricted to the amounts authorized by the Contracting Officer, (2) enforce contract requirements and establish procedures to reconcile CRIP fees withdrawn by Westinghouse to ensure withdrawn amounts are accurate and approved by the Contracting Officer, (3) reconcile CRIP fee withdrawals made between FYs 1992 and 1996, (4) recover amounts determined by the Contracting Officer to be unallowable, plus interest, (5) discontinue the practice of awarding fees to Westinghouse for CRIP proposals suggested by senior managers, and (6) recover \$970,700 from Westinghouse.

Management concurred with the findings and four of the six recommendations. Department management did not concur with recommendations to discontinue awarding fees to Westinghouse for CRIP proposals suggested by senior managers and to recover \$970,700 from Westinghouse. (ER-B-99-05)

### **Audit Identifies Weaknesses in Financial Management System**

In FY 1998, the Federal Energy Technology Center (FETC) managed about \$723 million in budgetary resources. The OIG reviewed FETC's financial management system to determine if FETC had a funds distribution and control system to ensure appropriated funds were managed in accordance with congressional intent and applicable policies and procedures. We identified needed improvements in FETC's administration of budgetary and accounting transactions. FETC did not have a comprehensive system to allocate indirect costs to funding programs and work-for-others projects. In addition, FETC did not completely adhere to Headquarters Clean Coal budget direction. We reached our report conclusions despite a scope impairment. Written documentation was not always available, and the audit team did not have ready access to key personnel

who could explain certain transactions and management practices and procedures.

To strengthen the FETC financial management system, we recommended (1) the development of policies, procedures, and practices to accurately collect and allocate indirect costs and (2) improvements in internal control procedures. We also recommended that the Chief Financial Officer conduct a detailed “for cause” review of the financial management practices at FETC and work with the Office of Field Management to develop a schedule for reviewing the financial management system of all Department elements. Department management concurred with the audit recommendations. As a result of the draft report, Department management initiated a 1-week review of FETC’s accounting and budgeting practices and agreed to conduct a more indepth review once FETC had an appropriate amount of time to implement the report’s recommendations. FETC has developed an action plan to correct OIG noted deficiencies and has informed its employees that they need to cooperate with the OIG. (IG-0443)

## **A** **Administrative Safeguards**

### **National Laboratory Inappropriately Pays “Professional Research or Teaching Leave” Expenses**

In March 1999, while conducting other inspection work, we determined that officials at the Lawrence Livermore National Laboratory (Livermore) had authorized and paid 24 months of “Professional Research or Teaching Leave” for two Livermore employees. These employees were research scholars at a local area university during this 24-month period.

Actions taken by Livermore management officials in approving the leave for the two Livermore employees were inconsistent with the provisions of the Livermore management and operating contract. Specifically, Livermore officials approved the leave for a 24-month period of time rather than the 12 months allowed by the contract. In addition, Livermore officials paid an estimated \$306,152 in unallowable wages and benefits to the two employees for the 12-month period in excess of that allowed by the contract.

We recommended that Department management take action to recover the \$306,152 in estimated unallowable costs and review the Livermore Professional Research or Teaching Leave program to determine if there are other situations where such leave has been granted in violation of the contract provisions. Management

concurred with the finding and recommendations and is planning to take the recommended actions. (INS-O-99-02)

### **Contractor Employee Engages in Scheme to Improperly Sell Equipment and Fails to Disclose a Potential Conflict of Interest**

Based on a referral from a local Sheriff's department, the OIG investigated an allegation that a Department contractor employee at the Idaho National Engineering Laboratory (INEL) was involved in a fraudulent scheme to sell technological equipment. The contractor employee was the principal investigator in charge of a Cooperative Research and Development Agreement (CRADA) between the Department contractor and a major oil company to develop a special technology relating to methane conversion. The CRADA reached a value of \$1.2 million over a 3-year period.

The investigation determined that the contractor employee formed a company in the same month that the CRADA started. The employee then utilized his company to sell equipment to the oil company to be used on the CRADA project. The investigation determined that the contractor employee devised a scheme for his company to improperly receive \$23,871 for equipment sold.

The investigation further determined that the contractor employee failed to disclose "outside business interests" as required by conflict of interest policy. In fact, he indicated that he did not have outside business interests on an updated conflict of interest form filed with the Department contractor. The contractor employee continued to conceal his true business interests during continued communications with officials of the Department contractor as well as the OIG.

We referred this matter to the U.S. Attorney's Office for the District of Idaho where it was accepted for criminal prosecution. The subject entered into a pretrial diversion agreement pursuant to which he acknowledged violation of a mail fraud statute. He will be required to be under U.S. Probation Office supervision for a period of 18 months. (I96IF002)

### **Contractor Employee Pleads Guilty to Travel Related Fraud**

The OIG received an allegation from a Department contractor that a contractor employee, under the Department's Work-for-

Others (WFO) Program, fraudulently charged a Department of Army project for travel and labor charges. Under the Department's WFO program, Department contractors, using Department facilities, are permitted to conduct work for other government agencies and private entities.

A joint investigation with the Army Criminal Investigations Division substantiated that the employee submitted numerous false travel vouchers and timecards related to his travel, representing an estimated loss of nearly \$65,000.

We referred the case to the U.S. Attorney's Office for the Eastern District of Washington, and it was accepted for criminal prosecution. The employee was subsequently indicted on 28 counts of making false statements in violation of Title 18, U.S.C., Section 1001. Following a guilty plea to one count of submitting a false statement, the employee was sentenced to 1-year home detention, 100 hours of community service, 2 years supervised probation, and a \$100 special assessment. In addition, as a result of the investigation, the employee was debarred from Government contracting for a period of 3 years. (I97RL006)

#### **Oak Ridge Operations Office Prime Contractor Employee Sentenced for Misusing Government Credit Card**

In our last Semiannual Report, we reported that a joint investigation by the OIG and the Defense Criminal Investigative Service substantiated an allegation that an employee of an Oak Ridge Operations Office management and operating contractor had misused Government credit cards. The investigation disclosed that the employee used two Government credit cards to purchase \$7,295 worth of items for personal use. The employee had previously pled guilty to theft of Government property.

During this reporting period, the employee was sentenced to 2 years of supervised probation and ordered to pay a \$25 special assessment fee. (I98OR011)

#### **Oak Ridge Contractor Employee Incarcerated for Conversion of Government Property**

In our last Semiannual Report, we reported on an OIG investigation that substantiated an allegation from an Oak Ridge Operations Office contractor that an employee of the company had downloaded child pornography from the Internet. The investigation determined that the employee used a Government-



owned computer to download images of child pornography. The employee subsequently pled guilty to theft of Government property.

During this reporting period, the employee was sentenced to 1 year of incarceration and 3 years supervised probation. The employee was also fined \$500 and ordered to pay \$2,880 in restitution to the Department. The sentencing United States District Judge has further prohibited the employee from possessing printed photographs or recorded material involving child pornography and from frequenting places where such materials are available. (I96OR035)

## OTHER ACCOMPLISHMENTS

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*In addition to the major issue area accomplishments, we completed other noteworthy accomplishments and took steps to improve the OIG's methods of operation.*

### **C**ongressional

The OIG received 48 requests for data from Congress, all of which were responded to in a timely manner. OIG staff provided briefings to Committee staff on 14 occasions and data or reports to Congress in 62 instances. At the request of the Senate Committee on Governmental Affairs, the Inspector General testified at two hearings. At the first hearing the Inspector General testified on the review by the OIG of the Department's export licensing process for dual-use and munitions commodities. A summary of the results of the review can be found on Page 5 of this report. At the second hearing, the Inspector General joined with the other Inspectors General export licensing task group members in providing testimony.

### **M**anagement Referral System

The OIG operates an extensive Management Referral System. Under this system, selected matters received through the OIG Hotline or other sources are referred to the appropriate Department manager or other Government agency for review and appropriate action. Complaints referred may include such matters as time and attendance abuse, misuse of Government vehicles and equipment, violations of established policy, and standards of conduct violations. We referred 125 complaints to Department management and other Government agencies during the reporting period. We asked Department management to respond concerning the actions taken on 85 of these complaints. The following are examples of the actions taken by management during this reporting period on referred matters:

- A management inquiry substantiated that a contractor employee conducted personal business on Government time, using Government equipment and office space. Contractor management terminated the employee for cause based on these findings.
- In response to a management referral concerning a subcontractor's possible poor performance in maintaining between 400-500 port-a-potties, Department management requested a review of the subcontractor's performance. The review determined that the subcontractor's performance was unacceptable, and as a result, the

subcontractor was issued a cure notice and new procedures were instituted to track the location of individual port-a-potties.

- A management referral alleged that a Department consultant who was awaiting the clearance required to fulfill a Presidential appointment was inappropriately directing Department employees. In response to the referral, the individual in question (1) was advised that he must abide by and uphold Federal rules and regulations; (2) was given an ethics briefing by the Office of General Counsel; (3) was provided with managerial and supervisory training; and (4) was required to attend monthly meetings with higher level Department management to ensure compliance with appropriate rules and regulations.

## **I**ntelligence Activities

We issued two quarterly intelligence reports pursuant to Executive Order 12863, “President’s Foreign Intelligence Advisory Board.” The Order requires the Inspectors General of the Intelligence Community to report to the Intelligence Oversight Board concerning intelligence activities that the Inspectors General have reason to believe may be unlawful or contrary to Executive Order or Presidential directive.

## **L**egislative and Regulatory Reviews

We coordinated and reviewed 22 legislative and regulatory items. This work is done in accordance with the Inspector General Act of 1978, which requires the OIG to review existing and proposed legislation and regulations relating to Department programs and operations and to comment on the impact which they may have on economical and efficient operations of the Department.

## **C**ontractor Employee Reprisal Complaints

We conducted a number of inquiries into contractor employee complaints filed pursuant to 10 C.F.R. Part 708. These complaints concerned allegations that employees disclosed fraud, waste, abuse, mismanagement, or health and safety issues or engaged in other activity protected by Part 708 and that the disclosure(s) contributed to adverse action by contractor management against employees. We issued eight Reports of Inquiry. On April 14, 1999, pursuant to a Department revision of Part 708, responsibility for the processing of Part 708 complaints transferred to the Department’s Office of Employee Concerns

and the Office of Hearings and Appeals. Pursuant to the revision of Part 708, 29 cases were transferred to the Office of Hearings and Appeals for the completion of the inquiry and issuance of the Report of Inquiry.

## **D**atabase Management System

Consistent with the spirit of the Clinger-Cohen Act, the OIG will continue to plan and budget for information technology (IT) investments that support the accomplishment of the OIG mission, goal, and objectives.

We will continue to identify and implement IT tools to improve processes and reduce costs, evaluate and acquire hardware and software upgrades that meet OIG prescribed standard workstation configurations, and operate and maintain our in-house database management system. Over the next year, we will focus additional resources on enhancing our computer security posture to include further evaluation and use of encryption capabilities, deployment of the latest anti-virus protection and intrusion detection software, and examination of other technology that will help protect OIG computer networks and the information they process from attack. Additionally, we will continue to evaluate and implement Department (Corporate) IT investment initiatives.

As part of the overall OIG planning and budget process, all proposed IT investments and strategies are reviewed annually or more frequently, if required, by the Inspector General for approval. For example, in FY 1999, OIG management made a decision to improve the OIG website with three desired outcomes (1) making more information about the OIG available to the public; (2) making it easier for the public to access publicly available information concerning the operation and management of the OIG; and (3) providing the public with an awareness of the various products and services offered by the OIG.

Our new database management system went on-line for OIG-wide use during this reporting period. The impact of this effort is monetarily significant. That is, by transferring the operation and maintenance of this system from the Department of Navy's David Taylor Model Basin to the OIG's in-house operation, the OIG will realize an annual cost saving of about \$200,000.

## **T**echnology Sections

In response to increased cyber threats at the Department, the OIG is moving aggressively to form a Technology Crimes Section and a Technology Audit Section. The mission of the Sections is to

promote the effective, efficient, and economical operation of Department computer systems by providing technology-oriented investigative and audit services.

## **N**ew Millennium Preparation

During FY 1999, we began a major initiative to acquaint personnel with automated data acquisition and analysis techniques. Detailed 3-day training courses in the use of Audit Control Language were held in Washington, DC; Oak Ridge, Tennessee; and Albuquerque, New Mexico. Full-scope training was provided to 52 individuals from the Offices of Audit Services, Investigations, and Inspections. Presentations designed to alert management-level personnel to opportunities for applying automated data analysis techniques were also held in each of the above listed locations and were attended by over 60 persons.

We also began a pilot implementation of an electronic workpaper solution in July 1999. A total of 16 pilot participants attended a 2-day training session on electronic workpapers held in Washington, DC. Pilot implementation testing is proceeding in each of the OIG divisions described above and should conclude during the second quarter of FY 2000.



Pilot Members Hard at Work

## MANAGEMENT CHALLENGES

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The Inspector General plays a significant role in the Department's Federal Managers' Financial Integrity Act (FMFIA) process. As part of that process, the Department details the areas of operations that it deems most vulnerable to inefficiencies. In our previous semiannual report, we listed these as follows:

- Surplus Fissile Materials
- Environmental Compliance
- Waste Isolation Pilot Plant
- Yucca Mountain
- Safety and Health
- Contract Management
- Project Management
- Inadequate Audit Coverage
- Unclassified Computer Security
- Financial Management System Improvements

Over this reporting period and in the OIG planning processes, the OIG continued to focus efforts on these critical issues.

# INSPECTOR GENERAL ACT REPORTING REQUIREMENTS

| <b>IG Act Citation</b>         | <b>Requirement</b>  | <b>Page</b>    |
|--------------------------------|---|----------------|
| Section 4(a)(2)                | Review of Legislation and Regulations   | 32             |
| Section 5(a)(1)                | Significant Problems, Abuses, and Deficiencies  | See Write-ups  |
| Section 5(a)(2)                | Recommendations for Corrective Actions  | See Write-ups  |
| Section 5(a)(3)                | Prior Recommendations Not Yet Implemented<br>(To be reported in the Department's Fiscal Year<br>1999 Accountability Report) |                |
| Section 5(a)(4)                | Matters Referred to Prosecutive Authorities   | Pages 1 and 45 |
| Section 5(a)(5)<br>and 6(b)(2) | Summary of Refusals to Provide Information  | None           |
| Section 5(a)(6)                | List of OIG Audit Reports   | 37             |
| Section 5(a)(7)                | Summary of Significant Audit Reports  | See Write-ups  |
| Section 5(a)(8)                | Table--Questioned Costs   | 43             |
| Section 5(a)(9)                | Table--Funds to be Put to Better Use  | 43             |
| Section 5(a)(10)               | Summary of Prior, Unresolved Audit Reports  | 44             |
| Section 5(a)(11)               | Significant Revised Management Decisions  | None           |
| Section 5(a)(12)               | Significant Management Decisions With Which the IG Disagreed  | None           |
| Section 5(a)(13)               | Summary of Unmet Remediation Plan Target Dates for<br>Noncompliant Financial Systems as Required by FFMIA of 1996           | None           |

## REPORTS ISSUED

### *AUDIT REPORTS ISSUED IN THE SECOND HALF OF FISCAL YEAR 1999*

#### **Contract Audit Reports**

- ER-C-99-02 Interim Audit of Costs Claimed From October 1,1987, to September 30, 1998, Under a Cooperative Agreement Between the U.S. Department of Energy Research and Development Authority on the West Valley Demonstration Project, West Valley, New York, April 9, 1999
- ER-C-99-03 Final Audit of Princeton University's Costs Claimed for Department of the Air Force Contracts F19628-92-K-0024 and F30602-93C-0060, July 7, 1999  
**Questioned Costs: \$1,233**
- ER-C-99-04 Princeton University's Cost Accounting Standards Disclosure Statement, July 30, 1999

#### **Operational Audit Reports**

- HQ-L-99-02 Department of Energy's Working Capital Fund, September 24, 1999
- CR-B-99-02 Management of Unneeded Materials and Chemicals, September 30, 1999  
**Savings: \$590,000**
- CR-FS-99-01 Audit Management Report of the Department of Energy's Consolidated Financial Statements for Fiscal Year 1998, June 15, 1999
- ER-B-99-05 Westinghouse Savannah River Company's Withdrawal of Fees, April 8, 1999  
**Questioned Costs: \$1,676,400**
- ER-B-99-06 Bechtel Jacobs Payroll Creation, April 14, 1999
- ER-B-99-07 Maintenance Activities at the Y-12 Plant, May 4, 1999
- ER-B-99-08 Health Physics Technician Subcontracts at Brookhaven National Laboratory, May 12, 1999  
**Questioned Costs: \$288,000**
- ER-L-99-03 Preparation of Programmatic and Sitewide Environmental Impact Statements, April 29, 1999
- WR-B-99-04 Approval of Title X Remediation Claims, June 25, 1999
- WR-B-99-05 Management of Laboratory Directed Research and Development at the National Renewable Energy Laboratory, July 12, 1999  
**Questioned Costs: \$10,177**



- WR-B-99-06 Planned Waste Shipments to the Waste Isolation Pilot Plant, August 31, 1999
- WR-L-99-02 Nevada's Stockpile Stewardship and Management Program, April 9, 1999
- WR-L-99-03 Low-Level Mixed Waste Disposal at the Rocky Flats Environmental Technology Site, August 13, 1999
- IG-0443 The U.S. Department of Energy's Funds Distribution and Control System at the Federal Energy Technology Center, April 5, 1999
- IG-0444 The U.S. Department of Energy's Large-Scale Demonstration and Deployment Projects, May 20, 1999
- IG-0446 Hanford Site Cleanup Objectives Inconsistent With Projected Land Uses, June 18, 1999  
**Savings: \$12,100,000**
- IG-0447 The U.S. Department of Energy's Audit Follow-Up Process, July 7, 1999
- IG-0448 Review of the Status of the U.S. Department of Energy's Counterintelligence Implementation Plan, July 13, 1999
- IG-0449 The Office of Defense Programs Robotics and Intelligent Machines Project, July 19, 1999
- IG-0450 The U.S. Department of Energy's Non-Nuclear Materials Inventory at the Kansas City Plant, July 26, 1999  
**Savings: \$10,000,000**
- IG-0451 Waste Incineration at the Oak Ridge Reservation, August 13, 1999  
**Savings: \$39,000,000**
- IG-0452 Nuclear Material Production, Control, and Accounting Program, September 16, 1999  
**Savings: \$929,000**

### **Financial Audit Reports**

- ER-FC-99-01 Alaska Power Administration Combined Financial Statements and Supplemental Reports, September 30, 1998 and 1997, June 24, 1999
- ER-FC-99-03 Isotope Production and Distribution Program's Fiscal Year 1998 Financial Statement Audits, August 31, 1999
- ER-FC-99-04 Examination of Schedules of Fiscal Years 1996, 1997, and 1998 Individual Approved Claim Amounts and Payments for the United States Department of Energy's Uranium Enrichment Decontamination and Decommissioning Fund Contained in Exhibits 4, 5,

and 6 of the Department's 1998 Status Report—Reimbursements to Licensees of Active Uranium and Thorium Processing Sites, September 10, 1998

- ER-FS-99-01 Results of Audit Procedures Performed at Chicago Operations Offices During the Audit of the Department's Consolidated Fiscal Year 1998 Financial Statements, May 25, 1999
- ER-FS-99-02 Matters Identified at the Oak Ridge Operations Office During the Audit of the Department's Consolidated Fiscal Year 1998 Financial Statements, May 26, 1999
- ER-FS-99-03 Matters Identified at the Savannah River Operations Office During the Audit of the Department's Consolidated Fiscal Year 1998 Financial Statements, May 26, 1999
- ER-FS-99-04 Results of Audit Procedures Performed at the Strategic Petroleum Reserve During the Audit of the Department's Consolidated Fiscal Year 1998 Financial Statements, May 25, 1999
- ER-V-99-02 Assessment of Changes to the Internal Control Structure and Their Impact on the Allowability of Costs Claimed by and Reimbursed to Princeton University's Princeton Plasma Physics Laboratory Under Department of Energy Contract No. DE-AC02-76CH04073, April 7, 1999
- ER-V-99-03 Assessment of Changes to the Internal Control Structure and Their Impact on the Allowability Costs Claimed by and Reimbursed to Lockheed Martin Energy Systems, Inc., and Lockheed Martin Energy Research Corporation Under Department of Energy Contract Nos. DE-AC05-84OR21400 and DE-AC05-96OR22464, June 21, 1999  
**Questioned Costs: \$210,467**
- ER-V-99-04 Assessment of Changes to the Internal Control Structure and Their Impact on the Allowability of Costs Claimed by and Reimbursed to Brookhaven National Laboratory Under Department of Energy Contract Nos. DE-AC02-76CH00016 and DE-AC02-98CH1088, September 10, 1999
- WR-FC-99-04 Western Area Power Administration's Boulder Canyon Power System Fiscal Year 1998 Financial Statement Audit, April 26, 1999
- WR-FC-99-05 Western Area Power Administration's Parker-Davis Power System Fiscal Year 1998 Financial Statement Audit, April 30, 1999
- WR-FC-99-06 Agreed-Upon Procedures for the Unit Plan Contract Between the U.S. Department of Energy and Chevron U.S.A., Inc. for Operation of the Naval Petroleum Reserve Number 1, July 20, 1999
- WR-FS-99-02 Matters Identified at the Albuquerque Operations Office During the Audit of the Department of Energy's Consolidated Fiscal Year 1998 Financial Statements, April 7, 1999

- WR-FS-99-03 Matters Identified at the Richland Operations Office During the Audit of the Department of Energy's Consolidated Fiscal Year 1998 Financial Statements, May 3, 1999
- WR-FS-99-04 Matters Identified at the Oakland Operations Office During the Audit of the Department of Energy's Consolidated Fiscal Year 1998 Financial Statements, May 17, 1999
- WR-V-99-05 Assessment of Changes to the Internal Control Structure and Their Impact on the Allowability of Costs Claimed by and Reimbursed to the Regents of the University of California, Lawrence Livermore National Laboratory Under Department of Energy Contract No. W-7405-ENG-48, May 17, 1999
- WR-V-99-06 Assessment of Changes to the Internal Control Structure and Their Impact on the Allowability of Costs Claimed by and Reimbursed to Rocketdyne Propulsion and Power, Energy Technology Engineering Center Under Department of Energy Contract No. DE-AC03-76SF00700, May 17, 1999
- WR-V-99-07 Assessment of Changes to the Internal Control Structure and Their Impact on the Allowability of Costs Claimed by and Reimbursed to Stanford Linear Accelerator Center Under Department of Energy Contract No. DE-AC03-76SF00515, May 27, 1999
- WR-V-99-08 Assessment of Changes to the Internal Control Structure and Their Impact on the Allowability of Costs Claimed by and Reimbursed to Battelle-Pacific Northwest National Laboratory Under Department of Energy Contract No. DE-AC06-76RL01830, July 28, 1999
- WR-V-99-09 Assessment of Changes to the Internal Control Structure and Their Impact on the Allowability of Costs Claimed by and Reimbursed to Los Alamos National Laboratory Under Department of Energy Contract No. W-7405-ENG-36, July 30, 1999  
**Questioned Costs: \$36,000**
- WR-V-99-10 Assessment of Changes to the Internal Control Structure and Their Impact on the Allowability of Costs Claimed by and Reimbursed to Sandia Corporation Under Department of Energy Contract No. DE-AC04-94A185000, September 3, 1999  
**Questioned Costs: \$1,297,769**
- WR-V-99-11 Assessment of Changes to the Internal Control Structure and Their Impact on the Allowability of Costs Claimed by and Reimbursed to the Midwest Research Institute Under Department of Energy Contract No. DE-AC83CH10093, September 23, 1999

***INSPECTION REPORTS ISSUED IN THE SECOND HALF OF FISCAL YEAR 1999<sup>1</sup>***

|             |   |
|-------------|---|
| IG-0442     | Inspection of Selected Issues Regarding the Department of Energy Accident Investigation Program, April 1, 1999                        |
| IG-0445     | Inspection of the Department of Energy's Export Licensing Process for Dual-Use and Munitions Commodities, May 28, 1999                |
| INS-O-99-02 | Inspection of Lawrence Livermore National Laboratory Professional Research or Teaching Leave, July 9, 1999                            |
| INS-L-99-01 | Inspection of an Alleged Inappropriate Use of a Contractor by the Department of Energy's Office of Counterintelligence, July 19, 1999 |
| INS-L-99-02 | Allegation of Contracting Improprieties by the Office of Counterintelligence, August 4, 1999  |

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<sup>1</sup> Does not include 14 non-public reports.

## STATISTICS

**DEFINITIONS.** *The following definitions, based on the Inspector General Act of 1978, apply to terms used in this Semiannual Report.*

**Questioned Cost:** A cost which the Inspector General questions because of:

1. An alleged violation of a provision of a law, regulation, contract, grant, cooperative agreement, or other agreement or document governing the expenditure of funds;
2. A finding that, at the time of an audit, such cost is not supported by adequate documentation; or
3. A finding that the expenditure of funds for the intended purpose is unnecessary or unreasonable.

**Unsupported Cost:** A cost which the Inspector General questions because the Inspector General found that, at the time of an audit, such cost is not supported by adequate documentation.

**Disallowed Cost:** A questioned cost which Department management, in a management decision, has sustained or agreed should not be charged to the Government.

**Recommendation That Funds Be Put to Better Use (“Savings”):** An Inspector General recommendation that funds could be used more efficiently if Department management took actions to implement and complete the recommendations, including:

1. Reduction in outlays;
2. Deobligation of funds from programs or operations;
3. Withdrawal of interest subsidy costs on losses or loan guarantees, insurance or bonds;
4. Costs not incurred by implementing recommended improvements related to Department operations, contractors, or grantees;
5. Avoidance of unnecessary expenditures noted in preaward reviews of contract or grant agreements; or
6. Any other savings which are specifically identified.

**Management Decision:** The evaluation by Department management of the findings and recommendations included in an audit report and the issuance of a final decision by Department management concerning its response to such findings and recommendations, including actions determined to be necessary.

**Final Action:** The completion of all actions that Department management has determined, in its management decision, are necessary with respect to the findings and recommendations included in an audit report. In the event that Department management concludes no action is necessary, final action occurs when a management decision has been made.

**AUDIT REPORT STATISTICS**  
**April 1 through September 30, 1999**

The following table shows the total number of operational and financial audit reports, and the total dollar value of the recommendations.

|  | <b>Total<br/>Number</b> | <b>One-Time Savings</b> | <b>Recurring Savings</b> | <b>Total Savings</b> |
|--|-------------------------|-------------------------|--------------------------|----------------------|
| Those issued before the reporting period for which no management decision has been made: | 13                      | \$243,154,418           | \$174,520,000            | \$417,674,418        |
| Those issued during the reporting period:  | 45                      | \$77,167,413            | \$8,000,000              | \$85,167,413         |
| Those for which a management decision was made during the reporting period:              | 29                      | \$72,925,621            | \$65,320,000             | \$138,245,621        |
| <i>Agreed to by management:</i>  |                         | <i>\$2,146,250</i>      | <i>\$5,720,000</i>       | <i>\$7,866,250</i>   |
| <i>Not agreed to by management:</i>  |                         | <i>\$29,281,421</i>     | <i>\$59,600,000</i>      | <i>\$88,881,421</i>  |
| Those for which a management decision is not required:                                   | 16                      | \$0                     | \$0                      | \$0                  |
| Those for which no management decision had been made at the end of the reporting period: | 12                      | \$288,894,160           | \$117,200,000            | \$406,094,160        |

The following table shows the total number of contract audit reports, and the total dollar value of questioned costs and unsupported costs.

|  | <b>Total Number</b> | <b>Questioned Costs</b> | <b>Unsupported<br/>Costs</b> |
|--|---------------------|-------------------------|------------------------------|
| Those issued before the reporting period for which no management decision has been made: | 6                   | \$7,934,362             | \$84,241                     |
| Those issued during the reporting period:  | 3                   | \$1,233                 | \$60,695                     |
| Those for which a management decision was made during the reporting period:              | 3                   | \$1,506,042             | \$0                          |
| <i>Value of disallowed costs:</i>  |                     | <i>\$874,676</i>        | <i>\$0</i>                   |
| <i>Value of costs not disallowed:</i>  |                     | <i>631,366</i>          | <i>\$0</i>                   |
| Those for which a management decision is not required:                                   | 1                   | \$1,233                 | \$0                          |
| Those for which no management decision had been made at the end of the reporting period: | 5                   | \$6,552,760             | \$144,936                    |

## ***REPORTS LACKING MANAGEMENT DECISION***

The following are audit reports issued before the beginning of the reporting period for which no management decisions had been made by the end of the reporting period, the reasons management decisions had not been made, and the estimated dates (where available) for achieving management decisions. These audit reports are over 6 months old without a management decision.

The Contracting Officers have not yet made decisions on the following contract reports for the following reasons. They include delaying settlement of final costs questioned in audits pending completion of review of work papers and voluminous additional records. The Department has a system in place which tracks audit reports and management decisions. Its purpose is to ensure that recommendations and corrective actions indicated by audit agencies and agreed to by management are addressed and effected as efficiently and expeditiously as possible.

ER-CC-93-05            Report Based on the Application of Agreed-Upon Procedures With Respect To Temporary Living Allowance Costs Claimed Under Contract No. DE-AC09-88SR18035, October 1, 1987, to September 20, 1990, Bechtel National Inc., San Francisco, California, and Bechtel Savannah River, Inc., North Augusta, South Carolina, May 3, 1993  
*(Estimated date of closure: March 31, 2000)*

WR-C-95-01            Independent Final Audit of Contract No. DE-AC34-RIRF00025, July 26, 1990, to March 31, 1993, Wackenhut Services, Inc., Golden, Colorado, March 14, 1999  
*(Estimated date of closure: March 31, 2000)*

ER-C-99-01            Interim Audit of Costs Incurred Under Contract No. DE-AC24-92OR21972 From October 1, 1995, Through November 30, 1997, by Fluor Daniel Fernald, Inc., Fernald, Ohio  
*(Estimated date of closure: March 31, 2000)*

*Additional time was necessary to develop management decisions for the following reports. Further explanations for the delays follow each audit report.*

CR-B-97-02            Audit of Department of Energy's Contractor Salary Increase Fund, April 4, 1997  
  
*The finalization of the management decision on this report is awaiting resolution of one outstanding issue. It is estimated that this will occur by January 30, 2000.*

ER-B-98-02            Audit of Environmental Monitoring and Health Physics Laboratories at the Savannah River Site, October 24, 1997  
  
*The management decision is awaiting the resolution of a nonconcurrency. It should be made by February 15, 2000.*

- ER-B-99-05            Westinghouse Savannah River Company's Withdrawal of Fees, April 8, 1999
- The unresolved issues are being presented to the Departmental Internal Control and Audit Review Council. A management decision should be made by December 30, 1999.*
- ER-B-99-06            Bechtel Jacobs Payroll Creation, April 14, 1999
- The unresolved issues are being presented to the Departmental Internal Control and Audit Review Council. Resolution is expected to occur by December 30, 1999.*
- IG-0411                Contractors Incentive Programs at the Rocky Flats Environmental Technology Site, August 13, 1997
- The finalization of the management decision on this report is pending the resolution of one outstanding legal issue. This should occur by January 15, 2000.*
- IG-0425                Audit of the Department of Energy's Facility Reuse at the Rocky Flats Environmental Technology Site, August 20, 1998
- Final negotiations on the management decision are proceeding. It is expected that it will be approved by December 30, 1999*
- IG-0430                The U.S. Department of Energy's Project Hanford Management Contract Costs and Performance, November 5, 1998
- The finalization of the management decision on this report is pending the resolution of complex issues. This is expected to occur by January 30, 2000.*
- IG-0437                Aircraft and Air Service Management Programs, January 25, 1999
- Final drafting of the management decision is underway. It is expected that it will be approved by December 30, 1999*
- IG-0440                Waste Treatment Plans at the Idaho National Engineering and Environmental Laboratory, February 4, 1999
- A final management decision is awaiting the completion of a review of several substantive issues. It is estimated that this will occur by December 30, 1999*



**INVESTIGATIVE STATISTICS**  
*April 1 through September 30, 1999*

|  |                |
|--|----------------|
| Investigations open at the start of this reporting period .....          | 223            |
| Investigations opened during this reporting period .....                 | 45             |
| Investigations closed during this reporting period.....                  | 41             |
| Investigations open at the end of this reporting period .....            | 227            |
| Qui Tam investigations opened.....                                       | 2              |
| Total open Qui Tam investigations as of 9/30/99 .....                    | 20             |
| Multi-agency task force investigations opened.....                       | 4              |
| Total open multi-agency task force investigations as of 9/30/99 .....    | 56             |
| Investigative reports to prosecutors and Department management .....     | 9              |
| Recommendations to management for positive change and other actions..... | 12             |
| Administrative discipline and other management actions.....              | 8              |
| Debarments/suspensions .....   | 6              |
| Investigations referred for prosecution.....                             | 9              |
| <i>Accepted</i> <sup>1</sup> .....                                       | 6              |
| <i>Indictments</i> .....   | 3              |
| <i>Criminal convictions</i> .....  | 3              |
| <i>Pretrial diversions</i> .....   | 2              |
| <i>Civil actions</i> .....   | 3              |
| Fines, settlements, recoveries <sup>2</sup> .....                        | \$4,663,613.58 |

*Hotline Statistics*

|  |     |
|--|-----|
| Hotline calls, letters, and other complaints .....                 | 841 |
| Hotline calls, letters, and other complaints predicated.....       | 218 |
| Hotline referrals received via the General Accounting Office ..... | 9   |
| Total Hotline actions predicated.....                              | 227 |
| Investigations opened on Hotline complaints .....                  | 12  |
| Hotline actions pending disposition.....                           | 0   |
| Hotline actions transferred to the Management Referral System..... | 121 |
| Hotline actions that required no OIG activity.....                 | 94  |
| Total Hotline actions disposition.....                             | 227 |

<sup>1</sup> Some of the investigations accepted during the 6-month period were referred for prosecution during a previous reporting period.

<sup>2</sup> Some of the money collected was the result of task force investigations.

**INSPECTION STATISTICS**  
**April 1 through September 30, 1999**

|  |     |
|--|-----|
| Inspections open at the start of this reporting period.....                        | 103 |
| Inspections opened during this reporting period.....                               | 26  |
| Inspections closed during this reporting period.....                               | 82  |
| Inspections open at the end of this reporting period.....                          | 47  |
| Reports issued <sup>3</sup> .....  | 19  |
| Reprisal complaint actions during this reporting period .....                      | 37  |
| <i>Reports of reprisal inquiry issued</i> .....                                    | 8   |
| <i>Reprisal complaints transferred to the Office of Hearings and Appeals</i> ..... | 29  |
| Inspection recommendations   |     |
| Accepted this reporting period.....  | 27  |
| Implemented this reporting period .....  | 14  |
| Complaints referred to Department management/others .....                          | 125 |
| Referrals to Department management requesting a response for OIG evaluation .....  | 85  |

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<sup>3</sup> Reports include 14 non-public reports.

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## FEEDBACK SHEET

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The contents of the October 1999 Semiannual Report to Congress comply with the requirements of the Inspector General Act of 1978, as amended. However, there may be additional data which could be included or changes in format which would be useful to recipients of the Report. If you have suggestions for making the report more responsive to your needs, please complete this feedback sheet and return it to:

Department of Energy  
Office of Inspector General (IG-15)  
Washington, D.C. 20585

ATTN: Wilma Slaughter

**Your name:**

**Your daytime telephone number:**

**Your suggestion for improvement:** (please attach additional sheets if needed)

If you would like to discuss your suggestion with a staff member of the Office of Inspector General or would like more information, please call Wilma Slaughter at (202) 586-1924 or contact her on the Internet at [wilmatine.slaughter@hq.doe.gov](mailto:wilmatine.slaughter@hq.doe.gov).