

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

FISCAL YEAR 1999 ANNUAL PERFORMANCE PLAN

This plan is published pursuant to requirements of the Government Performance and Results Act of 1993. The plan outlines the goals, objectives, and strategies that the Office of Inspector General intends to implement and execute in FY 1999. The plan also includes the details of this office's efforts to continually improve customer service.



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MASTER

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INTRODUCTION

Fiscal Year 1999 is the first year that an Annual Performance Plan is required by the Government Performance and Results Act of 1993 (Results Act). Consistent with the Results Act, the OIG's Annual Performance Plan establishes the performance goals and strategies the OIG will undertake in FY 1999 to achieve its strategic goals as contained in the OIG's FY 1999-2003 Strategic Plan published in October 1997. The OIG Annual Performance Plan is also linked closely to the OIG's budget submissions. Performance goals and measures in this Plan will be regularly assessed and will be adjusted, as appropriate.

OIG MISSION

Major statutory responsibilities of the OIG are to detect and prevent fraud, abuse, and violations of law and to promote economy, efficiency, and effectiveness in the operations of the Department of Energy (DOE). The President and Congress have directed the OIG to assume other responsibilities, such as performing financial statement audits, intelligence oversight, and audits of the Department's Working Capital Fund and the operation of the value engineering program in DOE.

OIG VISION STATEMENT

The OIG does quality work that facilitates positive change.

RESPONSIBILITIES

The OIG operates under the Inspector General Act of 1978, as amended, with the following responsibilities:

Conducts reviews to prevent and detect fraud and abuse in DOE programs and operations.

Reviews and comments on existing and proposed legislation and regulations impacting DOE programs and operations.

Conducts, supervises, or coordinates relationships between DOE and other Federal, state, and local agencies concerning the identification and prosecution of fraud and abuse.

In further fulfillment of its mission and goals, other mandated responsibilities include:

- Reporting, in accordance with the Government Management Reform Act of 1994 (GMRA), on the Department's audited financial statements by March 1 of each year. The GMRA requires examination of the Department's Consolidated Statement of Financial Position, Statement of Operations and Changes in Net Position, a report on the Department's internal control structure, and a report on compliance with laws and

regulations. In conjunction with the financial statement audit, the OIG also must conduct evaluations of:

- financial management systems in accordance with the Federal Financial Management Improvement Act;
 - implementation of the new Federal Accounting Standards Advisory Board standards on development and implementation of a performance measurement system; and
 - the Federal Agencies' Centralized Trial-Balance System transmission to Treasury, and interagency costs, such as Federal retiree expenses.
- Auditing the Department's Working Capital Fund.
 - Reviewing assurance letters prepared by all Department elements and expressing views on the status of internal controls or material weaknesses within the Department under the *Federal Managers' Financial Integrity Act* (FMFIA).
 - Examining, at the end of each fiscal year, the Statement of Costs Incurred and Claimed by integrated contractors to ensure that only costs allowable under contract terms and applicable laws and regulations are incurred and claimed.
 - Performing certain pre-award and incurred cost audits where DOE has cognizance.
 - Auditing in-house energy management for the Department.
 - Auditing the savings reported by the Department as a result of the systematic application of value engineering.
 - Reviewing the Department's audit follow-up system.
 - Reporting to the "Intelligence Oversight Board" concerning intelligence activities carried out by DOE or its contractors that the IG has reason to believe may be unlawful or contrary to Executive order or Presidential directive.
 - Conducting inquiries of contractor employee allegations that they were subjected to employer reprisals because they disclosed concerns regarding waste, fraud, abuse, or violations of law, rules or regulations; and investigating certain other contractor employee whistleblower reprisal complaints.

DEPARTMENT OF ENERGY BUSINESS LINES

The planning of OIG work supports the goals, objectives, and strategies outlined in the OIG's 5-year Strategic Plan. The OIG organizes and prioritizes its workload to ensure that audits, inspections, and investigations help the Department in enhancing the overall performance of its core business lines (Energy Resources, National Security, Environmental Quality, and Science and Technology). Following is a brief overview of these business lines.

Energy Resources - focuses on (i) increasing the efficiency of energy end-use primarily through improvements in the building, transportation and industrial sectors of the economy, (ii) securing future energy supplies by diversifying fuel sources, developing technologies which utilize indigenous resources, and reducing the Nation's vulnerability to energy supply disruptions, and (iii) reducing adverse environmental impacts associated with energy production, delivery, and use.

National Security - includes a variety of activities that contribute to national security through DOE's defense and non-defense programs, as well as through international nuclear nonproliferation activities. These programs ensure the safety and reliability of the nuclear

weapons stockpile, provide for production, maintenance and surveillance of those nuclear weapons specified in the Nuclear Weapons Stockpile Plan and the dismantlement and disposal activities associated with weapons returned from the stockpile. The Naval Reactors program will continue to provide the Navy with safe, long-lived, militarily-effective nuclear propulsion plants in keeping with the nation's defense requirements, and to ensure their continued safe and reliable operation.

Environmental Quality (Weapons Site Cleanup) - is one of the Department's most vital missions, focusing on managing environmental risks at former weapons production and research facilities contaminated with various hazardous and radioactive materials. Activities associated with environmental quality include waste management, environmental restoration, nuclear materials and facilities stabilization, technology development, environment, safety and health, and civilian radioactive waste management.

Science and Technology - provides funding for a substantial portion of the nation's basic research and development in areas such as high energy physics, nuclear physics, basic energy sciences, biological and environmental research, and fusion energy. This work is done through DOE's extensive National Laboratory and university network and supports the Department's other business lines.

OIG FY 1999 GOALS, OBJECTIVES, PERFORMANCE MEASURES, AND STRATEGIES

This section identifies the specific goals and objectives the OIG plans to achieve in FY 1999 in support of the broad, long-term goals contained in its Strategic Plan. Performance measures to be used in evaluating success in meeting the objectives, and strategies describing how the OIG plans to achieve the desired results, are also presented.

GOAL: Conduct statutorily required audits of the Department of Energy's four business lines (Energy Resources, National Security, Environmental Quality, and Science and Technology) to enhance the public's ability to rely on the Department's financial and management systems.

Objective:

Complete Chief Financial Officers Act (CFO), Government Management Reform Act (GMRA), and other audits by established due dates.

Performance Measures:

Complete required financial statement audits by designated due dates in the law.

Render an opinion annually on the Department's consolidated financial statements, system of internal controls, and compliance with laws and regulations.

Strategies:

Evaluate the Department's progress in implementing GMRA.

Audit the "Statement of Costs Incurred and Claimed" to evaluate the reliability of the internal controls which contractors and the Department use to certify that only costs allowed under contract are claimed by contractors and reimbursed by the Department.

Objective:

Identify and report significant systems' deficiencies, thereby enabling the Department to take corrective action and demonstrate improved stewardship of public resources.

Performance Measures:

Coordinate, at least annually, with Department management and other interested parties to identify and prioritize audit opportunities each fiscal year.

Complete at least 60 percent of audits planned for the year and replace those audits not started with more significant audits which identify time-sensitive issues needing review.

In 90 percent of open audits, consider past audit work to determine if the Department has taken corrective action on audit recommendations.

Complete 90 percent of all audits within 12 months to provide timely information to Department management.

Develop a strategic and annual plan for a Technology Audits unit comprised of auditors with specialized skills and training in the audit and analysis of information systems.

Strategies:

Evaluate the effectiveness of the Department's management controls over processes, systems, operations, and programs.

Review allegations of waste or wrongdoing in the business lines, with the objective of recommending improvements to applicable management controls.

Audit the Department's and Department contractors' management controls in activities with high inherent vulnerabilities such as imprest funds, travel, payroll, claims, telephone use, and contractor cost claims.

GOAL: Conduct performance reviews which promote the efficient and effective operation of the Department of Energy's business lines.

Objective:

Focus performance reviews on those issues and programs having the greatest potential for the protection or recovery of public resources.

Performance Measures:

Plan and conduct reviews based on assessment of risk of, or benefit to, key Department programs.

Improve internal Offices of Audit Services and Inspections processes in order to more effectively and efficiently manage high-profile, sensitive, and priority reviews.

Complete 90 percent of all audits within 12 months to provide timely information to Department management.

Reduce by 25 percent the time required to complete programmatic inspections that promote more efficient and effective Department operations.

Strategies:

Identify opportunities for organizational streamlining, cost savings, and other improvements in Department and contractor policies and practices.

Identify "best practices" in key issue areas which could be adopted by other organizational elements and programs.

Conduct reviews to determine whether the power marketing administrations, the Strategic Petroleum Reserve, and Naval Petroleum and Oil Shale Reserves are using their resources economically and effectively, and whether they have sufficient management controls in place to account for funds and other resources under their cognizance.

Audit or review the Department's performance of its programmatic responsibilities for the national laboratories as they pursue basic and applied research and development programs.

Audit Federal Energy Regulatory Commission programs and operations to identify opportunities for increased economy and efficiency, and for improved management controls.

Audit or review the economy and effectiveness of the Department's programs, operations and activities in the business lines.

Refer allegations of noncriminal waste or wrongdoing to Department managers for their own review and action whenever appropriate.

Follow up on Department corrective actions resulting from OIG recommendations.

Communicate with OIG customers before, during, and after OIG reviews to ensure mutual understanding of the purpose, scope, and objectives of OIG work.

Review performance measures which the Department uses to monitor its program and operations, and the results of those performance measures.

Evaluate Department progress in meeting commitments made in the current performance agreement between the Secretary and the President, and ensure that findings and recommendations in OIG reports and referrals cite applicable performance agreement goals and commitments whenever appropriate.

Identify areas in which automation could save resources, increase the efficiency or effectiveness of Department programs and operations, or increase the quality of Department products.

Objective:

Conduct oversight, consistent with Executive Order requirements, of the Department's intelligence programs.

Performance Measure:

Provide quarterly OIG intelligence oversight reports to the Intelligence Oversight Board within required time frames.

Strategies:

Survey DOE senior managers quarterly regarding intelligence activities that they believe may be unlawful or contrary to Executive Order, Presidential Directive, or DOE intelligence procedures.

Conduct periodic inspections of field intelligence components.

Periodically meet with the Intelligence Community IG Forum to foster interagency cooperation.

GOAL: Conduct investigations to promote efficient and effective Department operations and maintain the integrity of the Department of Energy's business lines by aggressively pursuing fraud, waste, and abuse.

Objective:

Conduct investigations of allegations of violations of criminal and civil Federal law, as well as serious administrative misconduct, in order to facilitate successful prosecutions and administrative actions that maximize recovery of public resources and deter future wrongdoing.

Performance Measures:

Obtain 75 percent acceptance rate on criminal and civil cases formally presented for prosecutorial consideration.

Obtain judicial and/or administrative action on 30 percent of all cases in open status during the fiscal year.

Improve internal Office of Investigations processes in order to more effectively and efficiently manage high-profile, sensitive, and priority investigations.

Strategies:

Focus priority investigative resources on violations most likely to be accepted for prosecution.

Ensure investigations are conducted in accordance with the Investigative Process and Performance Measurement System, which is characterized by specific milestones for completing the various critical stages of an investigation, and conduct internal review team inspections to ensure compliance with the established procedures.

Prepare reports of investigation and provide briefings to Assistant U.S. Attorneys (AUSAs) on alleged violations, ensuring critical adherence to the President's Council on Integrity and Efficiency Quality Standards for Investigations and ensuring that sufficient evidence is provided for AUSAs to make sound prosecutorial decisions.

Appear and testify in criminal and civil court proceedings on behalf of Federal and state prosecutors.

Establish a priority alert system to immediately advise OIG management of significant developments in high profile cases.

Establish Office of Investigations program areas, dedicating investigative resources and expertise to the accomplishment of program requirements.

Objective:

Maintain investigative inter-agency cooperative efforts to combat fraud, waste, and abuse.

Performance Measure:

Ensure 25 percent of all cases in open status during the fiscal year are task force/joint agency investigations.

Strategies:

Work with other federal law enforcement agencies on task force/joint agency investigations.

Establish substantive contacts and maintain productive working relationships with law enforcement officials at the Federal and state levels, Department management, U.S. Attorneys' offices, AUSAs, and other entities from the

Department of Justice including the Criminal and Civil Divisions; and ensure compliance with this requirement through the internal review team inspections.

Centralize the coordination of Office of Investigations *Qui Tam* cases, and work closely with the Department of Justice in the analysis and investigation of the growing number of *Qui Tam* cases.

Objective:

Make recommendations for positive change in Department program operations through the issuance of administrative reports to management resulting from investigations.

Performance Measures:

Obtain a 90 percent management compliance rate for recommendations made in administrative reports issued to the Department during the fiscal year.

Establish a mechanism for tracking and reporting on notable positive change to Department programs and operations that result from Office of Investigations administrative reports to management.

Strategies:

Prepare administrative reports to management presenting specific issues raised during an investigation with recommendations to management for major positive change.

Inform appropriate Department managers when investigations are opened, ensuring that such customer coordination does not compromise the investigation.

Maintain the OIG Hotline.

Objective:

Conduct proactive investigative efforts focusing on areas most vulnerable to fraud, waste, and abuse within the Department.

Performance Measures:

Establish a computer crimes unit comprised of Federal agents who possess the specialized skills necessary to proactively and reactively investigate highly complex computer crimes within the Department.

Establish a methodological profile of known grant fraud “indicators” for use in identifying areas of vulnerability within the Department’s grant program, utilizing data from previously successful cases.

Strategies:

Develop a business plan establishing the mission, goals, resource requirements, and operational responsibilities of a computer crimes unit, and move forward with the implementation of the business plan.

Establish a project team to work on the development of grant fraud “indicators” and the process for applying those indicators to investigative work.

GOAL: Conduct inquiries which assist in fostering public confidence in the Department of Energy.

Objective:

Conduct inquiries which enable the Department to hold employees and contractors accountable to the highest standards of honesty, objectivity and integrity.

Performance Measures:

Establish a multidisciplinary unit capable of quickly responding to sensitive issues or allegations involving high visibility/critical programs or the integrity of senior Department officials.

Decrease the average number of days to process mismanagement, integrity and abuse allegations by 10 percent, thereby assisting management through more timely resolution of complaints.

Refer 80 percent of allegations to management within 14 days of the case being initiated after a referral decision has been made.

Strategies:

Review allegations of waste or wrongdoing in the business lines, with the objective of recommending improvements to applicable management controls.

Refer allegations of noncriminal waste or wrongdoing to Department managers for their own reviews and action whenever appropriate.

Review complaints concerning waste and wrongdoing in contracted programs and operations.

Objective:

Conduct inquiries into allegations of contractor-employee whistleblower reprisals, which will promote a more open, non-retaliatory environment throughout the Department.

Performance Measure:

Decrease the average number of days to process whistleblower reprisal cases by 15 percent in FY 1999.

Strategy:

Review complaints from contractor employees regarding alleged reprisal, and produce reports of inquiry for Department adjudication.

OIG OPERATIONAL PROCESSES AND RESOURCE CONSIDERATIONS

OPERATIONAL PROCESSES

The OIG has four main operating components: the Offices of Audit Services, Investigations, Inspections, and Resource Management. This structure allows the OIG to focus its resources on key issues of the Department as expressed in the Secretary's Strategic Plan. Following are detailed descriptions of the responsibilities of these components:

The Office of Audit Services provides policy direction and supervises, conducts, and coordinates all internal and contracted audit activities for Department programs and operations. Audits are planned annually through a prioritized work planning strategy that is driven by several factors, including the flow of funds to Department programs and functions, strategic planning advice, statutory requirements, and expressed needs. The Office is organized into three regional offices: Capital Regional Audit Office, with field offices in Washington, DC, Germantown, and Pittsburgh; Eastern Regional Audit Office, with field offices in Cincinnati, Chicago, Oak Ridge, Princeton, and Savannah River; and Western Regional Audit Office, with field offices in Albuquerque, Denver, Idaho Falls, Las Vegas, Livermore, Los Alamos, and Richland.

The Office of Investigations performs statutory investigative duties relating to the promotion of economy and efficiency in the administration of, or the prevention or detection of fraud and abuse in, programs and operations of the Department. Priority is given to investigation of apparent or suspected violations of statutes with criminal or civil penalties, especially procurement fraud; environmental, health and safety matters; and matters which reflect on the integrity and suitability of Department officials. Suspected criminal or civil violations are promptly reported to the Department of Justice for prosecutive consideration. The Office is organized into the Office of Eastern Investigation Operations, with field offices in Washington, DC, Pittsburgh, Chicago, Oak Ridge, Savannah River, and Cincinnati; and the Office of Western Investigation Operations, with field offices in Denver, Idaho Falls, Richland, Albuquerque, and Livermore. Also, the OIG Hotline is organizationally aligned within the Office of Investigations.

The Office of Inspections performs inspections and analyses, including reviews based on administrative allegations. In addition, the Office investigates contractor employee allegations of employer retaliation, pursuant to the Department of Energy Contractor Employee Protection Program (10 C.F.R. Part 708) or Section 6006 of the Federal Acquisition Streamlining Act of 1994. The Office is organized into three regional offices: the Eastern Inspection Region Office which is located in Oak Ridge, with a field office in Savannah River; the Western Inspection Region Office which is located in Albuquerque, with a field office in Livermore; and the Capital Inspection Region Office, which is located in Washington, DC. The Office also processes referrals by the OIG of administrative allegations to Department management.

The Office of Resource Management directs the development, coordination, and execution of overall OIG management and administrative policy and planning. This responsibility includes directing the OIG's strategic planning process, financial management activities, personnel management programs, procurement and acquisition policies and procedures, and information resources programs. In addition, the staff members from this Office represent the Inspector General at budget hearings, negotiations, and conferences on financial, managerial, and other resource matters. Also, staff members provide management and administrative support services, including personnel, procurement, security, travel, training, and automated data processing services. The staff coordinates activities of the President's Council on Integrity and Efficiency in which the Inspector General participates. The Office is organized into three offices: Financial Resources, Human Resources, and Information Resources.

RESOURCE CONSIDERATIONS

Program Overview

The OIG promotes economy and efficiency in DOE programs through audits, inspections, investigations, and other reviews. Major areas of audit concentration include the Department's national laboratory system (which accounts for about \$6 billion in annual obligations), environmental remediation activities (\$6 billion), and defense programs. Further, the OIG has been successful in pursuing both criminal and administrative allegations associated with DOE programs.

Department of Energy Budget

The DOE budget for FY 1999 is \$17.2 billion and is divided among the Department's business lines as shown below:

BUSINESS LINE	FY 1999 Budget	Percent of Budget
	(billions)	
ENERGY RESOURCES	\$2.0	
NATIONAL SECURITY	\$6.0	
ENVIRONMENTAL QUALITY	\$6.3	
SCIENCE & TECHNOLOGY	\$2.7	
OTHER ACTIVITIES	\$0.2	
TOTALS	\$17.2	100%

OIG Budget

The FY 1999 appropriation for the OIG is \$29 million for the salaries, benefits, travel and support services associated with 266 FTEs. The FY 1999 increase of \$1.5 million is needed to fund the authorized staffing level and increase contractor resources to enable the OIG to begin to address the backlog of critical workload which has developed due to the situation described under "Key External Factors" below.

Because the OIG is a revenue-positive, "level of effort" organization, funding at the \$29 million level will result in greater returns to the taxpayer. During FY 1998, the OIG identified attainable economies and efficiencies which have provided a positive dollar impact of approximately \$4.4 million per audit employee per year.

Key External Factors

Several key external factors affect the OIG's achievement of its goals and objectives. These factors have significant impact on assigning workload, formulating budgets, assessing organizational structure, evaluating procedures and establishing priorities. These factors include numerous mandatory, statutory, and regulatory requirements which have recently been imposed on the OIG. For example, the Chief Financial Officers Act of 1990 and Government Management Reform Act of 1994 require audit of Department financial statements; Executive Order 12863, "President's Foreign Intelligence Advisory Board," requires at least quarterly and "as necessary or appropriate" reporting to the Intelligence Oversight Board; and appropriations report language creating the Department's Working Capital Fund requires an annual OIG audit of the Fund. OMB Circular A-131 requires the OIG to audit the Department's Value Engineering Program. This trend of placing additional mandates on the OIG appears to be continuing. For example, Congress is now considering proposed amendments to the Government Performance and Results Act which will require extensive OIG review of Department performance plans and reports. Congress is also considering a proposal to place additional responsibilities with intelligence community IGs (including this office) relating to intelligence community whistleblowers. In addition, the OIG is becoming increasingly involved in inter-agency cooperative investigations. These requirements, in combination with reduced resources, restrict the OIG's ability to focus on economic and efficient operation of the Department's contractor operations.

Additional Resources Required

The OIG has identified several critical areas of vulnerability from which substantial benefits could be realized if the OIG had additional resources. These include:

Conducting additional performance reviews of DOE's laboratory system. New review areas would include the planned National Ignition Facility, with estimated project costs of \$1.2 billion over the next 6 years; the Los Alamos National Laboratory, with an annual budget of approximately \$1.3 billion; and the \$1 billion National Spallation Neutron Source currently in the design stage at Oak Ridge National Laboratory.

Conducting additional reviews at the Department's major operating contractors. New review areas would include accounting and cost distribution systems. The OIG would conduct, for at least one major operating contractor, a complete accounting system audit. Particular emphasis would be given to the cost distribution process and other controls that assure only reasonable and allowable costs are reimbursed by the Department. The OIG has been unable to fulfill its requirement to audit cost distribution disclosure statements since 1996.

Expanding the capabilities of an Office of Investigations Computer Crimes Unit. The computer crimes unit, to be established in FY 1999, will be staffed with Criminal Investigators who have the specialized skills to investigate the growing number of high technology crimes that are occurring within many of the programs associated with the Department's business lines. Expanding the capabilities of the unit would enable the Office of Investigations to incorporate threat assessment initiatives as well as establishing preventative measures to curtail or prevent the occurrence of computer crimes.

FMFIA--Reportable Problem

The Department, in its FY 2000 Annual Performance Plan, identified inadequate audit coverage as an FMFIA reportable problem, as it has every year since 1991. The OIG reported that, in FY 1999, it will continue to request, through the appropriate budget process, additional audit resources to address this problem.

Clinger-Cohen Act/Year 2000 Problem

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, goals and objectives. Efforts in FY 1999 will focus primarily on completing all Year 2000 requirements. Over the next 5 years, the OIG 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 its in-house database management system. Additionally, the OIG will continue to evaluate and implement Department (Corporate) IT investment initiatives. Funds will be requested annually to support these activities.

As part of the overall OIG planning and budget process, all proposed IT investments and strategies are reviewed annually by OIG senior management and the Inspector General for approval. For example, in FY 1998, two key decisions were made by OIG management that impacted planning and budget estimates for FY 1999 and beyond. First, OIG management approved the transfer of the operation and maintenance of the OIG database management information system from the Department of Navy's David Taylor Model Basin (DTMB) in Carderock, Maryland, to the OIG's in-house operation. As a result, a savings of approximately \$.2 million will be realized in the first full year of operation. Currently, this amount is transferred to DTMB annually to support the operation and maintenance of this system. Secondly, OIG management approved the replacement of all IT hardware that is not Year 2000 compliant. Both initiatives are underway and are scheduled to be completed by March 31, 1999.

VERIFICATION AND VALIDATION

To verify and validate OIG performance measures, the OIG uses a variety of methods. For example, the OIG Management Information System (MIS) will be used to collect, track and analyze information related to the OIG performance goals and measures. In FY 1999, the OIG will continue to assess information from this system, and, where appropriate, revise the system's data collection procedures. The resolution and follow-up of OIG audit and inspection report recommendations is an integral part of verifying and validating OIG work. The Department's Chief Financial Officer (CFO) is primarily responsible, with other Department management, for resolving OIG report findings, either before or after a report is published. The OIG Customer Response Form, which is included in all OIG audit and inspection reports, is used as a component to assess the OIG success in achieving its performance measures. Other procedures for verifying and validating performance measures include:

- Performance against the goals and objectives will be tracked, analyzed, and discussed on a regular basis among OIG senior management.
- OIG accomplishments will be reported under the relevant performance goals in the semiannual reports to Congress for FY 1999.
- Performance-based information for strategic-level goals was incorporated into the OIG's budget justification for FY 2000.
- Progress toward meeting performance goals, objectives, and performance measures published in this Plan will be measured in the Annual Performance Report.
- Accomplishments and results associated with each of the performance goals established for FY 1999 will be reported to OMB and the Congress in the Annual Performance Report.

The information obtained from each year's performance measurements will be analyzed and used to determine whether the OIG has achieved its annual performance goals, and is on track toward achieving its strategic level goals and objectives. Results will be reviewed to make decisions on whether external/internal factors have changed that warrant modification of one or more of the OIG's goals and objectives.

Efforts will be made to consistently improve information gathering techniques and obtain data that best measures the critical elements of OIG operations. Performance measurement will enable the OIG to illustrate and communicate that it is providing a good return on investment, and help identify where changes are needed to improve organizational effectiveness and efficiency.

FISCAL YEAR 1999 PLANNED OIG WORK

Following is the planned work which the OIG has identified as most critical to be performed during FY 1999.

OFFICE OF AUDIT SERVICES

The Office of Audit Services (OAS) uses the Department's business lines as a guide for identifying specific areas for audit coverage, and, within the limits of its budget, efforts are made to identify areas with the most vulnerability and where significant dollar amounts are involved. Almost one-third of planned audits will relate directly to one of the four business lines. A significant portion of OAS resources is directed toward meeting statutory audit responsibilities. These responsibilities are mostly financial in nature and cross-cut all of the Department's business lines. Planned audits in other key areas that cross-cut all of the Department's business lines will focus on DOE's Infrastructure and Contract Administration.

A total of 87 new audits are scheduled for FY 1999, of which 25 relate exclusively to one of the four business lines. Forty of the remaining 62 planned audits deal with financial management activities in the Department, while the remaining 22 deal with DOE's infrastructure (7), contract administration (8), or other (7).

Following is a summary of audits scheduled to begin in FY 1999. The audits are grouped by business line or other key areas as appropriate.

Energy Resources

The Energy Resources business line budget for FY 1999 is \$2 billion or about 12 percent of the total DOE budget. Included in this business line are activities associated with Energy Efficiency and Renewable Energy, the Fossil Energy program, non-defense Nuclear Energy, the Power Marketing Administrations (PMAs), and the Energy Information Administration.

OAS will perform financial statement audits at two of the PMAs, and will review financial statements prepared by independent contractors for two other PMAs. In addition, the following is planned:

- A review of the management of the Department's activities associated with integrating advanced technological concepts for high-efficiency power generation and pollution control into new energy systems that would be virtually pollution free. (A99CF004)
- An audit of the Department's Solar Thermal Energy Program (scheduled to begin late in FY 1999) with the objective of determining if the Program is meeting its goals and if a system is in place to track progress in bringing technologies into the marketplace. (A99CF006)

- A review of Energy Research Grants and Cooperative Agreements awarded and administered by the Chicago Operations Office to determine whether they comply with acquisition regulations and provide the greatest advantage to the Department at the lowest cost. (A99CH002)

National Security

The Department's National Security responsibilities are focused on maintaining the safety and reliability of nuclear weapons, advancing arms control and nonproliferation initiatives, and providing nuclear reactors for the U.S. Navy. Approximately \$6 billion has been approved for FY 1999. This represents over one-third of the total DOE FY 1999 budget. Five audits are planned in this business line. They are:

- An audit of the Department's Accelerated Strategic Computing Initiative (ASCI) to determine if this program will give the Department the ability to certify the safety and reliability of the nuclear weapons stockpile by using computer modeling in place of active nuclear testing. (A99CG010)
- An audit of the Advanced Design and Production Technologies program to determine if milestones for deploying new information and manufacturing technologies to remanufacture weapons are attainable and if the milestones are being completed in a timely manner. (A99CG009)
- A survey to determine if the Sandia National Laboratories Aerospace Systems Development Center is fully recovering the costs of work they perform for others. (A99AL002)
- An evaluation to determine whether appropriate analysis was used in the Department's decision to cease funding research for alternate electrical power systems for defense weapons systems and to continue using PU-238 fueled systems. (A99CN005)
- An audit to determine if there is a national security requirement or mission for DOE's W-84 warheads or if unnecessary costs are being incurred to ensure their safety and reliability. (A99LL027)

Environmental Quality

As mentioned earlier, Environmental Quality is one of the most vital missions of the Department, focusing on managing environmental risks at former weapons production and research facilities. Over one-third of the Department's budget, \$6.3 billion, is for Environmental Quality. Site restoration work is scheduled at numerous locations with Savannah River and Richland receiving the largest share of the Defense Environmental Restoration & Waste Management funds. Three sites, Rocky Flats in Colorado, and Fernald and Mound in Ohio, are designated as Defense Facilities Closure Projects.

The OIG Plan for FY 1999 includes nine audits that focus on the Environmental Quality business line.

- An audit to determine if the Office of Environmental Management is developing accurate, valid, and reasonable baselines for cleanup projects. The Department has set a goal of cleaning up more than 90 percent of the contaminated sites by 2006. (A99CG008)
- A follow-up review to determine if the Department has established performance measures and is achieving program goals for characterizing, retrieving, pre-treating, and disposing of high-level waste stored at the Hanford site in Richland, WA. (A99CG012)
- A review to determine whether the Department's plan to privatize hazardous waste cleanup does so cost-effectively, attains measurable management efficiencies, and reduces the Government's risks. (A99DN007)
- An audit to determine whether waste from the Rocky Flats Environmental Technology Site is being shipped off-site in the most efficient and economical way. (A99DN008)
- An audit to determine whether Kaiser-Hill, the site contractor at Rocky Flats, and its subcontractors are performing redundant or excessive compliance and oversight assessments. (A99DN010)
- Two audits to look at groundwater activities in the Department. One is a multi-location review to determine whether the Department's drilling program for Groundwater Monitoring is consistent with regulatory requirements and is being conducted in an economic manner. (A99CF003)
- A review of the installation of test wells at Los Alamos to determine if DOE is paying more than necessary. (A99LA022)
- An audit to determine if the Department is characterizing mixed and low-level waste in the most cost-effective manner. (A99OR010)
- A comparison of Environmental and Bioassay Sampling costs at Savannah River, Oak Ridge, and Hanford to ensure the Department is obtaining these services in a cost-effective manner. (A99OR011)

Science and Technology

About \$2.7 billion has been approved for FY 1999 Science and Technology activities. This business line supports programs in a variety of scientific areas including High Energy Physics, Nuclear Physics, Biological and Environmental Research, Computational and Technology

Research, and Basic Energy Sciences. OAS plans to begin eight audits in this business line during FY 1999.

- An audit to determine if the Department's support for Shock Physics Program at Washington State University duplicates work being performed at DOE's National Laboratories. (A99AL001)
- A review of the Department's involvement in the Large Hadron Collider Project in Switzerland to determine whether contributions being made by the Department are consistent with the terms of the international agreement. (A99CH001)
- An audit of Performance Measures and Results at the Idaho Nuclear Technology and Engineering Center to determine whether the various programs at the Center are managed according to the principles identified in the GPRA. (A99IF017)
- An audit of Technology Transfer Activities at the Idaho National Engineering and Environmental Laboratory to determine whether (1) the Department established effective performance measures over technology transfer, (2) the program is supported by the Department's Strategic Plan, (3) technology being developed is related to the Department's mission, and (4) the program is cost effective. (A99IF018)
- A review to determine the extent that the Department's Cooperative Research and Development Agreement practices comply with Department policy and whether the program is being managed in an effective and efficient manner. (A99PT018)
- A survey of the Department's plans for disposing of surplus plutonium to determine whether the Department has performed appropriate analyses before planning and constructing a Mixed Oxide fuel facility. (A99SR024)
- An audit to determine if management at the Fast Flux Test Facility has developed budget projections given several possible scenarios of the need for tritium gas. (A99RL036)
- A review of Analytical Laboratory Operations at the Hanford Site and at commercial sites used by Hanford contractors to determine if services for analytical laboratory activities, such as analysis of soil, groundwater, gases, etc., are being duplicated. (A99RL037)

Financial Management

The Financial Management area encompasses controls such as accounting systems, financial reporting, and other internal control processes that ensure the Department and its major prime contractors exercise proper accountability over Government resources entrusted to them. Financial Management audits can be generally divided into two areas – financial statement audits, such as those required by the *Government Management Reform Act (GMRA)* of 1994

and the *Chief Financial Officers Act (CFO)* of 1990, and Other Financial audits. These audits cut across all of the Department's business lines.

The purpose of financial statement audits is to determine whether (1) the Department or components' statements present fairly, in all material respects, the financial position and results of operations in accordance with appropriate accounting principles and practices; (2) the internal control structure was adequate to provide reasonable assurance that control objectives were met; and (3) compliance with laws and regulations was sufficient in all material respects.

Audit fieldwork for the FY 1998 financial statements audit began in April 1998. The focus of activity is on changes in internal controls, compliance with laws and regulations, and transactions processed during FY 1998. Year-end work includes adjusting entries, statement disclosure note issues, and closing procedures employed by the CFO. A significant portion of the work will be done in FY 1999, with completion scheduled for the second quarter of the fiscal year.

Audit fieldwork in support of the FY 1999 financial statements will begin in the second quarter of FY 1999. Nineteen of the planned Financial Management audits relate to financial statements, including audits of Power Marketing Administrations, the Federal Energy Regulatory Commission, the Isotope Production and Distribution Fund, and the Uranium Enrichment Decontamination and Decommissioning Fund. When completed, these audits will form the basis for the OIG's opinion on the Department's Consolidated Financial Statement for Fiscal Year 1999.

In addition to financial statement audits required by the GMRA and CFO, six year-end audits and seven financial certification audits are scheduled in FY 1999. The financial certification audits include statements of costs incurred and claimed, internal audit assessments and reviews of internal control changes. OAS has also scheduled eight other audits in the Financial Management area.

- An audit of the Management Analysis Reporting System to determine if the system is designed with sufficient general and application controls for ensuring the integrity and reliability of financial information processed through the system. (A99AT001)
- An audit of the Business Management Information System development effort to determine if it will provide the Department with a financial management system that satisfies the information needs of various programs, is consistent with the Department information technology architecture, and is being implemented in a cost efficient manner. (A99AT002)
- A review to determine if the Department's Facility Information Management System provides management with reliable and useful information to manage real property assets of the Department. (A99CM013)

- A limited review to determine if the Department and its contractors are using credit cards for the appropriate purposes and within the limitations established by Federal and Department regulations. (A99CN007)
- An audit to determine if financial assistance awards were made through an objective merit-based selection process by the Golden Field Office and the Denver Support Office. (A99DN009)
- A review of project estimates by the Los Alamos National Laboratory to determine why final costs of projects continually exceed estimates, often by significant amounts. (A99LA023)
- An audit of the security protective services contract at Las Vegas to determine whether direct costs charged to the contract were actually incurred and allowable. (A99LV034)
- An audit of radiation laundry services at the Savannah River Site to determine if the current practice of contracting for the service is more cost effective than constructing a new laundry facility on site. (A99SR023)

Contract Administration

This key area includes all of DOE's procurement and grant administration activities and crosscuts every program and activity in the Department. Unlike other Federal agencies, DOE uses the majority of its procurement dollars as a catalyst in support of technology development and basic and applied research.

A significant portion of the DOE mission is carried out by industrial, academic, and nonprofit institutions operating the DOE-owned plants and laboratories under a management and operating relationship. Consequently, a large portion of the DOE funding is directed toward such management and operations contracts. For example, contractors operate nine major, multi-program National Laboratories located throughout the United States. These laboratories provide scientific support for the DOE programs and provide a scientific staff with core capabilities to support various technology programs. The programs carried out in the laboratories range from fundamental research in the physical and life sciences to advanced and goal-oriented development of nuclear and alternative energy.

In addition, financial assistance grants and awards are made for a variety of purposes to State and local governments, colleges, universities and private sector firms.

In FY 1999, OAS plans to initiate eight audits in this key area.

- Three audits will look at performance based fees paid to contractors by the Department. These audits will look at contracts to the University of California, TRW Environmental Safety Systems, Inc., and Lockheed Martin Idaho Technologies Company to determine whether performance measures are clearly stated, results

oriented, structured to reward superior performance, and established prior to performance. (A99IF019, A99LV033, and A99LL028)

- A review of contract clauses in the Department's Management and Operating contracts to determine whether the clauses are consistent with Department procurement guidance and are in the best interest of the Government. (A99PT019)
- A review of results of a contract for environmental restoration work at Oak Ridge to determine if the award fee paid for new job creation can be verified to new, private sector jobs in Oak Ridge. (A99OR009)
- A review of contracts at the Los Alamos National Laboratory to determine whether Los Alamos issued the appropriate contract for the goods and services required. (A99LA024)
- An audit to determine if the University of California-managed laboratories could acquire consumer-grade information technology items for less by making the purchases through the State of California system. (A99LL026)
- A review of contractor practices in Oak Ridge to determine whether overtime payments are necessary and cost-effective. (A99OR012)

Infrastructure

Infrastructure is defined as the basic facilities, equipment, and installations needed for DOE to fulfill its current and future missions. Many of the Department's facilities (particularly in the area of weapons development and production) are old, and their operating availability and efficiency have declined. Modernization and maintenance of these aging facilities and restoration of sites to make them safe and viable are important tasks facing DOE. The Department has embarked on a long-range program to consolidate and build a smaller, modern and more efficient weapons production complex. This long-range program includes repairing and improving existing facilities, upgrading roads and utilities, and improving or constructing mission support structures. Additionally, a large portion of the Department's infrastructure/assets and facility management activities support its various research and weapons complex facilities. These facilities are primarily national laboratories that are responsible for the bulk of DOE's far-ranging research and development and national security activities.

Seven audits scheduled for FY 1999 will focus on the issue of Infrastructure.

- Three audits related to the maintenance of Department facilities are scheduled. One audit will look at the reasonableness of estimates for deferred maintenance costs of property, plant, and equipment. (A99CM014) A second audit directed at the nuclear weapons complex will determine if the Department is maintaining the physical infrastructure to allow testing and/or production to resume in an economic manner if required. (A99CG011) An audit of maintenance activities at the Oak Ridge

Reservation is planned to determine if contractors are performing maintenance in the most cost-effective manner throughout the Reservation. (A99OR008)

- A review of facility management at the Idaho National Engineering and Environmental Laboratory to determine whether the site contractor is utilizing space to ensure maximum use of active facilities and maintaining vacant or idle facilities only when new missions are foreseeable. (A99IF016)
- An audit of long-term leases at the Albuquerque complex to determine if (1) DOE and its contractors need the leased facilities, and (2) if purchasing the facilities would be more economical than leasing. (A99AL003)
- A review of transportation utilization at the Nevada Operations Office to determine if vehicles are being utilized properly and if there is a need for the large number of light vehicles currently in the fleet. (A99LV035)
- A multi-region audit to determine if the Office of Energy Research is maintaining and operating its user facilities in an economical manner. (A99PT020)

Other Audits

Seven additional audits planned to start during FY 1999 do not clearly fit into any of the above categories, but are grouped together under this "Other Audits" category.

- A Departmentwide audit of contractor training to determine whether the Department has established performance goals for contractor training, and if the training programs are cost-efficient. (A99CF005)
- A review of energy consumption by the Federal Energy Regulatory Commission to determine whether the Commission has developed and implemented steps to reduce building energy consumption as required by the Energy Policy Act of 1992 and Executive Order 12902. (A99CF007)
- An evaluation of medical services provided at Department facilities to determine whether medical services provided to employees of the Department and contractors are reasonable, economical, and comparable to those provided by other governmental agencies and private industry. (A99CN006)
- A review of contractor activities at the Brookhaven National Laboratory to determine whether the new contractor has addressed management concerns that led to the termination of the previous contractor, and whether it is appropriate for the Department to fund all activities of the transition team. (A99PR017)

- A review of selected multi-purpose laboratories to assess administrative and service functions and to determine if operating efficiency can be improved by avoiding duplication of these functions. (A99PR018)
- An audit to determine whether adequate cost benefit analysis was performed for conversions to new software within the Department, and whether the Department has paid only its fair share of contractor's implementation costs. (A99SR021)
- An audit to determine whether the Department has paid the Savannah River Site contractor the correct amount of fees earned in the current contract. (A99SR022)

OFFICE OF INVESTIGATIONS

The Office of Investigations processes complaints and conducts criminal and civil investigations within the programs of each of the Department's business lines. Since 1995, the Office of Investigations has closed over 700 investigations. Of those 700 cases, 24 percent involved matters which were presented and accepted for prosecution and 27 percent resulted in administrative reports to management identifying areas for positive change.

In FY 1999, the Office of Investigations will continue its investigative work across each of the Department's business lines. To provide an enhanced level of investigative expertise to this work, and based on historical analysis and review, the Office has established four program areas in which to dedicate specialized investigative resources. The four areas are: (1) computer crimes; (2) contract and grant fraud; (3) *Qui Tams*; and (4) environment, safety and health matters and environmental crimes. Each program area will be managed by a senior criminal investigator with an investigative support staff specialized to investigate cases associated with the individual program.

With regard to the Office of Investigations computer crimes program, in FY 1999 a computer crimes unit will be established. This unit will be staffed with Criminal Investigators who have the specialized skills to proactively and reactively investigate the expanding number of high technology crimes that are occurring within many of the programs associated with the Department's business lines. Recently, in connection with a new and aggressive approach to cyber crime at the national level, the Attorney General stated that Federal law enforcement agents need technological skills to cope with increasingly complex computer crimes.

The Department is one of the largest civilian contracting agencies. The Department has awarded thousands of assistance grants with life cycle values totaling close to \$19 billion. Given these large numbers, the Department is vulnerable to grant fraud within all of its business lines. In FY 1999, the Office of Investigations will establish a group of Criminal Investigators who have specialized skills in identifying and investigating grant fraud. This specialized expertise will be applied to grant fraud investigations occurring within any of the Department's business lines.

Over the past 5 years, *Qui Tam* referrals from the Department of Justice have doubled. As a rule, *Qui Tam* related allegations are complex and staff-hour intensive. As of September 30,

1998, the Office of Investigations had 25 open *Qui Tam* investigations -- the highest number ever -- with claims involving an estimated recovery range of \$400,000 to over \$100 million. *Qui Tam* investigations occur in programs associated with all the Department's business lines. To improve the efficiency and effectiveness of processing *Qui Tam* cases, in FY 1999, the Office of Investigations will dedicate resources to centralizing the coordination and management of *Qui Tam* investigations.

An ever-increasing portion of the Department's budget is appropriated to aggressively cleaning up the environmental legacy of nuclear weapons and civilian nuclear research and development programs. In light of the commitment of billions of dollars and tens of thousands of contractor and Department employees to the national commitment of environmental cleanup, the Office of Investigations has taken the position that a significant portion of investigative resources should be dedicated to crimes associated with the environmental cleanup. As such, in FY 1999, the Office of Investigations will establish an environmental crimes program with Criminal Investigators specialized to effectively and efficiently identify and investigate environmental crimes. This initiative is in support of the Department's environmental quality business line.

OFFICE OF INSPECTIONS

The Office of Inspections assists in meeting the strategic objectives of the OIG by complementing the missions of the Office of Investigations and the Office of Audit Services. The Office of Inspections provides a resource to the OIG as a flexible organization with a wide range of analytical skills and methodologies for conducting reviews and inquiries. The mission of the Office of Inspections is to review the effectiveness, economy, and efficiency of DOE's programs, projects, and operations; to review compliance with laws, executive orders, and regulations; and to review program results. Inspection efforts address diverse and important areas such as: environment, safety, and health; safeguards and security; environmental restoration and waste management; intelligence; standards of conduct; and management issues that impact economy, efficiency, and effectiveness of operations. Assignments are often unanticipated issues that suddenly arise and need immediate attention. In addition, the Office may be called upon to perform special inquiries that can require large amounts of staff time. These inquiries are usually initiated at the request of senior DOE management or Congress.

The Office of Inspections generally does three types of reviews: administrative (i.e., noncriminal) allegations received via the OIG Hotline; management issue(s); and contractor employee complaints of reprisal by their employers for engaging in "whistleblower" activities.

An allegation based inspection is a highly focused, fact-finding inspection that is typically in response to an allegation of waste or mismanagement and is generally performed using procedures similar to those used by the Office of Investigations. As such, this type of inspection is usually not planned, but is conducted when an allegation is received by the OIG.

An inspection of management issue(s) focuses on fact-finding and analysis regarding a specified management issue(s). The scope is usually tightly focused around a single issue or cluster of issues. Types of management issue(s) inspections are:

- Program/Project Operations Inspection: An inspection of policies, procedures and controls applicable to the program/project being inspected to determine if resources are being managed or utilized economically and efficiently, and whether the goals and objectives specified by law or the organization are being met.
- Assistance and Analysis Inspection: Assistance provided to other elements of the OIG or elements outside the OIG, as requested.
- Compliance Inspection: An inspection designed to determine compliance with specific laws, regulations, policies and procedures. This is an inspection that involves a set of specific tests and criteria, specified in a detailed Compliance Inspection Work Plan.

Topics for management issue inspections include issues of specific interest to the Inspector General; issues identified by Department management and/or Congress; issues identified in conjunction with contractor employee complaints of "whistleblower" reprisals; and issues the Office of Inspections believes may impact the economy, efficiency, and effectiveness of the Department's programs and operations.

In addition, the Office investigates contractor employee allegations of employer reprisal as a result of the employee engaging in activities protected under the Department of Energy Contractor Employee Protection Program (10 C.F.R. Part 708), or section 6006 of the Federal Acquisition Streamlining Act of 1994, i.e., review of contractor employee complaints of reprisal by their employers for engaging in "whistleblower" activities or making protected disclosures. These types of inspections are usually not planned, but are scheduled as complaints are received.

In addition to the reviews discussed above, in FY 1999 the Office of Inspections will perform the following continuing responsibilities, many of which are pursuant to statute, regulation, or DOE order.

The Office will administer the OIG management referral system. Under this system, selected complaints/allegations received by the OIG through the OIG Hotline or from other sources are referred to other agencies, DOE management, or OIG offices for action. Also, the Office of Inspections ensures that, when requested, responses from management are received and adequately address the matter that was referred.

The Office performs all OIG intelligence oversight and reporting as required by Executive Order and statute. This includes quarterly and "as required" reporting to the President's Intelligence Oversight Board in accordance with Executive Order 12863, "President's Foreign Intelligence Advisory Board," and oversight of the Department's intelligence activities conducted in accordance with Executive Order 12333, "United States Intelligence Activities." In addition, the Office of Inspections will conduct intelligence whistleblower reviews, as provided in recently enacted legislation, the "Intelligence Authorization Act for Fiscal Year 1999." The OIG will

review and, as appropriate, report to the Secretary and Congress on allegations by DOE Federal or contractor employees of the intelligence component regarding improprieties involving an urgent concern relating to intelligence activities.

The Office coordinates the OIG review of existing and proposed legislation and regulations relating to the Department's programs and operations, as required by the Inspector General Act.

The Office plans on undertaking the following new initiatives, contingent on the availability of resources.

The Office will review selected environmental restoration programs at Richland and Savannah River to determine whether environmental restoration efforts have measurable performance goals and objectives, funds are being spent on tasks supporting these goals and objectives, contractors have the ability to perform the tasks, and objectives are being met by the contractors.

The Office will review the adequacy of DOE's management of its program for the handling and disposal of non-nuclear explosive materials. The review will examine public and worker safety issues and will identify any opportunities for cost savings and recoveries. Sites to be reviewed will include Pantex and the Lawrence Livermore National Laboratory.

In FY 1998, the Department spent an estimated \$343 million on physical security to safeguard the Department's assets, including nuclear weapons and weapons components during transit between and storage at DOE sites. The Office of Inspections will review selected aspects of the Department's safeguards and security program regarding the transportation and subsequent storage of these devices to determine the adequacy of implementation of existing policies and procedures. The Office plans to review the activities of the Transportation Safeguards Division at Albuquerque and Oak Ridge and potential issues regarding accountability of guard force weapons. The Office of Inspections also will review the personnel security clearance process at selected sites, including Savannah River and Oak Ridge, to identify any inefficiencies and inconsistent application of Departmental guidelines. Focus will be placed on cost issues and issues associated with transferring clearances from site to site.

The Department annually disposes of excess property with an acquisition cost of approximately \$230 million. The Office will review the disposal of excess property at selected sites, including Rocky Flats and Albuquerque, to determine whether property is being properly identified, stored, and processed as excess property and whether appropriate procedures are in place and have been implemented to ensure maximum return to the Government from the sale of excess property.

There is considerable congressional interest regarding the transfer of certain U.S. technology and information to sensitive countries. A recent allegation regarding the improper transfer of technology from a DOE laboratory to a sensitive country was substantiated. The Office plans to review export controls as they relate to technology and information provided to foreign visitors by DOE laboratory employees. The Office of Inspections also will examine export controls at

selected DOE facilities and laboratories to determine the adequacy of procedures implementing export control requirements.

The issuance of Presidential Decision Directive 61 (PDD-61) resulted in a major reorganization of the Department's intelligence, counterintelligence, and security functions. The Office will look at the effectiveness of the Department's implementation of PDD-61 regarding counterintelligence activities.

Preliminary inquiries regarding the training costs of certain major DOE contractors determined that the Department has not routinely tracked these costs, which presumably are significant. The Office of Inspections will conduct a review of contractor training that will look at DOE's oversight of training costs, the establishment of training needs and requirements, the funding of discretionary versus required training, and the benefit derived by the Government.

The Department spent approximately \$15 million between July 1, 1996, and March 30, 1998, for workers' compensation. The Office will review whether DOE management is actively working with Department of Labor case workers and DOE workers' compensation coordinators to return injured employees to duty, including temporary light or limited duty positions, and take the employees off the workers' compensation rolls.

OIG CUSTOMER SERVICE

The Office of Inspector General has three primary customers: (1) Department management, (2) Congress, and (3) prosecutors. The OIG considers complainants, employees, and taxpayers to be customers, as well. In planning and scheduling work, the OIG carefully considers the needs of customers. Priority is given to fulfilling requests for services from the Secretary of Energy, other Senior Department officials, Congress, Office of Management and Budget, and other appropriate Government authorities. Each year the OIG provides Department managers the opportunity to formally and informally identify areas where they believe coverage would benefit the Department's business lines both within their own organization and within the Department as a whole. The OIG also conducts focus group meetings with representatives of Department management in order to better understand their needs and objectives and provide the greatest benefit to their programs. Thus, the planning process is open to suggestions on an interactive basis.

The heart of maintaining quality customer service is in determining customer needs and expectations. To that end, the OIG uses customer surveys, focus groups, questionnaires, and one-on-one meetings to gather information on customer needs, perceptions and expectations, and ensures that "hands-on" or "frontline" employees actively participate in these efforts.

Customers are also afforded the opportunity to comment on draft and final reports. OIG staff meet with customers to discuss their comments during exit conferences and respond to their comments in final reports. A customer response form is included in every final public report issued, including the Semiannual Report to Congress, which allows customers to provide their perceptions and recommendations for improved service. A senior-level OIG employee responds directly to each customer who provides formal or informal feedback.

The OIG meets with Department management periodically to discuss their perspectives with respect to the scope, methodologies and objectives of OIG oversight efforts, and to consider their input when planning and implementing OIG work, consistent with Inspector General independence.

In the early stages of its annual planning process, the OIG solicits audit suggestions from Department managers. Periodic customer focus groups and meetings with program managers are also convened to discuss audit suggestions and to obtain additional planning input. Customer suggestions are evaluated by senior staff to determine their priority by their relationship to the business lines, the Department's Strategic Plan, and previous or ongoing work by the OIG. The OIG advises its customers about the disposition of their suggestions at the end of the planning process.

During the performance of audits, the OIG ensures that customers are afforded many opportunities to express their views and expectations. An entrance conference is conducted with customers to inform them about audit goals and objectives.

The OIG maintains a fully integrated and collaborative planning process to ensure that projects it performs address issues that are important and useful to its customers, and fully support the Department's four business lines. The OIG will continue to seek feedback from Department managers, the Office of Management and Budget, members of Congress, Federal and State prosecutors, and other customers as it continues to refine and improve its performance planning.

APPENDIX II

U.S. DEPARTMENT OF ENERGY OFFICE OF INSPECTOR GENERAL FISCAL YEAR 1999 PERFORMANCE PLAN SCHEDULE

AUDIT
NUMBER

TITLE

FISCAL YEAR 1999 PERFORMANCE CARRY-IN AUDITS

A97OR010	OAK RIDGE OPERATIONS OFFICE DECONTAMINATION / DECOMMISSIONING
A97OR011	PREPARATION FOR PROGRAMMATIC ENVIRONMENTAL IMPACT STATEMENTS
A98AL002	ALBUQUERQUE TRANSPORTATION SAFEGUARDS DIVISION COURIERS
A98AL044	AIRCRAFT & AIR SERVICE
A98AL050	URANIUM TAILINGS MANAGEMENT
A98AL054	PIT DISASSEMBLY & CONVERSION FACILITY
A98AT023	AUDIT OF THE PROCUREMENT DATA AND ASSISTANCE SYSTEM
A98CF006	STOCKPILE STEWARDSHIP & MANAGEMENT
A98CF034	ROBOTICS PROGRAM
A98CG009	NONPROLIFERATION & VERIFICATION
A98CG011	ENVIRONMENTAL MANAGEMENT PRIVATIZATION
A98CG012	WEAPONS COMPLEX KNOWLEDGE BASE
A98CG030	DECOMMISSIONING & DECONTAMINATION @ LARGE SCALE DEMONSTRATION PROJECTS
A98CG033	EXCESS MATERIALS & CHEMICALS
A98CH028	CHICAGO CONTRACT ADMINISTRATION
A98CM026	AUDIT FOLLOW-UP
A98CM032	RESOLUTION OF YEAR 2000 COMPUTER ISSUES
A98DN047	NATIONAL RENEWABLE ENERGY LABORATORY MANAGEMENT OF LABORATORY DIRECTED RESEARCH AND DEVELOPMENT
A98IF015	IDAHO NATIONAL ENGINEERING AND ENVIRONMENTAL LABORATORY ADVANCED WASTE PROJECT
A98IF016	IDAHO NATIONAL ENGINEERING AND ENVIRONMENTAL LABORATORY TRANSPORTATION AND EQUIPMENT USE
A98LA048	WASTE ISOLATION PILOT PROJECT PLANNED WASTE SHIPMENTS
A98LL024	LAWRENCE LIVERMORE NATIONAL LABORATORY COMMERCIALIZED TECHNOLOGY
A98LV028	NEVADA STOCKPILE STEWARDSHIP & MANAGEMENT
A98LV029	NEVADA TEST SITE DEVICE ASSEMBLY FACILITY USE
A98OR004	TREATMENT OF MIXED / LOW LEVEL WASTE
A98OR005	WASTE MANAGEMENT INFORMATION SYSTEMS
A98OR034	SALE OF LAND
A98PR026	SELECTED LABORATORY USER FACILITIES
A98PT021	DOE'S IMPLEMENTATION OF RESULTS ACT
A98PT027	FEDERAL ENERGY TECHNOLOGY CENTER FUNDS DISTRIBUTION & CONTROLS

**AUDIT
NUMBER**

TITLE

A98RL032 HANFORD SITE-WIDE SERVICES USE
A98RL033 ENVIRONMENT, SAFETY & HEALTH AT HANFORD
A98RL049 COLUMBIA RIVER RESTORATION
A98SR008 WESTINGHOUSE SAVANNAH RIVER COMPANY'S HEALTH BENEFIT PLAN

CFO/GMRA FISCAL YEAR 1999 CARRY-IN AUDITS

CHIEF FINANCIAL OFFICER ACT AUDITS

A98CM019 CFO - FEDERAL ENERGY REGULATORY COMMISSION - FY 1998
A98DN010 CFO - WESTERN AREA POWER ADMINISTRATION - FY 1998
A98OR010 CFO - DECOMMISSIONING & DECONTAMINATION - FY 1998
A98OR011 CFO - ISOTOPE PRODUCTION DISTRIBUTION - FY 1998
A98OR012 CFO - SOUTHEASTERN FEDERAL POWER SYSTEM - FY 1998
A98OR029 CFO - ALASKA POWER ADMINISTRATION - FY 1998
A98RL035 CFO - BONNEVILLE POWER ADMINISTRATION - FY 1998

GOVERNMENT MANAGEMENT REFORM ACT AUDITS

A98AL004 GMRA - ALBUQUERQUE - FY 1998
A98CH009 GMRA - CHICAGO OPERATIONS - FY 1998
A98CM014 GMRA - DOE CONSOLIDATED STATEMENTS - FY 1998
A98CM016 GMRA - ENVIRONMENTAL LIABILITY - FY 1998
A98CM017 GMRA - NUCLEAR MATERIALS INVENTORY - FY 1998
A98CM018 GMRA - PENSIONS - FY 1998
A98DN011 GMRA - SOUTHWESTERN POWER - FY 1998
A98IF018 GMRA - IDAHO OPERATIONS OFFICE - FY 1998
A98LL026 GMRA - OAKLAND OPERATIONS OFFICE - FY 1998
A98OR013 GMRA - OAK RIDGE OPERATIONS OFFICE - FY 1998
A98PR015 GMRA - STRATEGIC PETROLEUM RESERVE OFFICE - FY 1998
A98RL034 GMRA - RICHLAND OPERATIONS OFFICE - FY 1998
A98SR016 GMRA - SAVANNAH RIVER SITE - FY 1998

OTHER FISCAL YEAR 1999 FINANCIAL CARRY-IN AUDITS

A98AT001 YEAR 2000 COMPUTER PROBLEMS
A98CG031 FY 1999 FEDERAL MANAGERS' FINANCIAL INTEGRITY ACT AUDIT
A98CH017 ARGONNE NATIONAL LABORATORY FY 1998 YEAR END AUDIT

AUDIT NUMBER	TITLE	PLANNED STARTING QUARTER
A98CH018	WEST VALLEY FY 1998 YEAR END AUDIT	
A98DN012	BOULDER CANYON FY 1998 FINANCIAL STATEMENT	
A98DN013	PARKER DAVIS FY 1998 FINANCIAL STATEMENT	
A98LV030	BECHTEL NEVADA FY 1998 FINANCIAL CERTIFICATION	
A98LV031	BECHTEL PETROLEUM FY 1998 FINANCIAL CERTIFICATION	
A98LV045	DOE / CHEVRON UNIT PLAN CONTRACT	
A98OR033	FY 1998 LOCKHEED MARTIN ENERGY SYSTEMS' FINANCIAL CERTIFICATION	
A98PR019	BROOKHAVEN NATIONAL LABORATORY FY 1998 YEAR END AUDIT	
A98PR020	PRINCETON PLASMA PHYSICS LABORATORY FY 1998 YEAR END	
A98PR025	PRINCETON UNIVERSITY INDIRECT COST RATES	
A98PR035	PRINCETON UNIVERSITY COST ACCOUNTING STANDARDS DISCLOSURE STATEMENT	
A98SR021	WSRC FY 1998 FINANCIAL CERTIFICATION	

PLANNED FISCAL YEAR 1999 PERFORMANCE AUDITS

A99AL001	SHOCK PHYSICS PROGRAMS	1
A99AL002	AEROSPACE SYSTEMS DEVELOPMENT	1
A99AL003	LONG TERM LEASES AT ALBUQUERQUE	4
A99CF003	GROUNDWATER MONITORING	1
A99CF004	VISION 21 ENERGYPLEX	2
A99CF005	CONTRACTOR TRAINING	4
A99CF006	SOLAR THERMAL ENERGY PROGRAM	4
A99CF007	FEDERAL ENERGY REGULATORY COMMISSION ENERGY CONSUMPTION	4
A99CG008	ENVIRONMENTAL MANAGEMENT'S PROJECT MANAGEMENT	1
A99CG009	NUCLEAR WEAPONS COMPLEX "ADaPT" PROGRAM	3
A99CG010	ACCELERATED STRATEGIC COMPUTING INITIATIVE "ASCI"	3
A99CG011	DOE'S PHYSICAL INFRASTRUCTURE MAINTENANCE	4
A99CG012	HIGH-LEVEL WASTE MANAGEMENT FOLLOW-UP AT HANFORD	4
A99CH001	LARGE HADRON COLLIDER	1
A99CH002	CHICAGO GRANTS	3
A99CM013	DOE FACILITY INFORMATION MANAGEMENT	2
A99CM014	DEFERRED MAINTENANCE	3
A99CN005	WEAPONS SYSTEMS POWER SOURCES	3
A99CN006	MEDICAL SERVICES	2
A99CN007	CREDIT CARD PURCHASES	3
A99DN007	DOE'S ENVIRONMENTAL PRIVATIZATION PLAN	1
A99DN008	WASTE DISPOSAL AT ROCKY FLATS	2
A99DN009	FINANCIAL ASSISTANCE AWARDS AT GOLDEN & DENVER	3

AUDIT NUMBER	TITLE	PLANNED STARTING QUARTER
A99DN010	ENVIRONMENTAL ASSESSMENTS AT ROCKY FLATS	4
A99IF016	FACILITY MANAGEMENT AT THE IDAHO NATIONAL ENVIRONMENTAL AND ENGINEERING LABORATORY	1
A99IF017	IDAHO NUCLEAR TECHNOLOGY AND ENGINEERING CENTER PERFORMANCE MEASURES	3
A99IF018	TECHNOLOGY TRANSFER AT THE IDAHO NATIONAL ENGINEERING AND ENVIRONMENTAL LABORATORY	4
A99IF019	PERFORMANCE INCENTIVE FEES AT THE IDAHO NATIONAL ENGINEERING AND ENVIRONMENTAL LABORATORY	4
A99LA022	GROUNDWATER TEST WELLS AT THE LOS ALAMOS NATIONAL LABORATORY	1
A99LA023	PROJECT COST ESTIMATES AT THE LOS ALAMOS NATIONAL LABORATORY	1
A99LA024	CONTRACT REVIEW AT THE LOS ALAMOS NATIONAL LABORATORY	4
A99LL026	COMPUTER PURCHASES BY THE UNIVERSITY OF CALIFORNIA FOR DOE	2
A99LL027	W-84 WARHEAD PROGRAM EXPENDITURES	3
A99LL028	PERFORMANCE BASED PROGRAM FEES AT UNIVERSITY OF CALIFORNIA LABORATORIES	4
A99LV033	YUCCA MOUNTAIN PROJECT PERFORMANCE INCENTIVES	3
A99LV035	TRANSPORTATION UTILIZATION AT NEVADA	4
A99OR008	OAK RIDGE RESERVATION MAINTENANCE	1
A99OR009	JOB CREATION	1
A99OR010	WASTE CHARACTERIZATION	3
A99OR011	SAMPLING PROGRAMS	3
A99OR012	LOCKHEED MARTIN OVERTIME	4
A99PR017	BROOKHAVEN NATIONAL LABORATORY TRANSITION	2
A99PR018	ADMINISTRATIVE FUNCTIONS AT LABORATORIES	2
A99PT018	REVIEW OF DOE'S COOPERATIVE RESEARCH AND DEVELOPMENT AGREEMENTS 'CRADA' PROGRAM	2
A99PT019	CONTRACT CLAUSES IN MANAGEMENT AND OPERATING CONTRACTS	3
A99PT020	ENERGY RESEARCH FACILITY OPERATIONS COSTS	3
A99RL036	FAST FLUX TEST FACILITY MANAGEMENT	4
A99RL037	DUPLICATION AT HANFORD SITE ANALYTICAL LABS	4
A99SR021	DATA PROCESSING SOFTWARE CONVERSION	1
A99SR022	WESTINGHOUSE FEES	2
A99SR023	SAVANNAH RIVER SITE RADIATION LAUNDRY SERVICES	2
A99SR024	MIXED OXIDE FUEL AT THE SAVANNAH RIVER SITE	3

AUDIT NUMBER	TITLE	PLANNED STARTING QUARTER
<u>PLANNED FISCAL YEAR 1999 CFO AND GMRA AUDITS</u>		
<u>CHIEF FINANCIAL OFFICERS ACT AUDITS</u>		
A99DN011	CFO - WESTERN AREA POWER ADMINISTRATION - FY 1999	3
A99DN012	CFO - SOUTHWESTERN FEDERAL POWER SYSTEM - FY 1999	3
A99OR013	CFO - DECOMMISSIONING & DECONTAMINATION - FY 1999	3
A99OR014	CFO - ISOTOPE PRODUCTION & DISTRIBUTION PROGRAM - FY 1999	3
A99OR015	CFO - SOUTHEASTERN FEDERAL POWER SYSTEM - FY 1999	4
<u>GOVERNMENT MANAGEMENT REFORM ACT AUDITS</u>		
A99AL004	GMRA - ALBUQUERQUE - FY 1999	3
A99CH030	GMRA - CHICAGO OPERATIONS OFFICE - FY 1999	3
A99GR015	GMRA - DOE FINANCIAL STATEMENTS - FY 1999	2
A99IF020	GMRA - IDAHO OPERATIONS OFFICE - FY 1999	3
A99OR027	GMRA - OAK RIDGE OPERATIONS OFFICE - FY 1999	3
A99PR028	GMRA - STRATEGIC PETROLEUM RESERVE OFFICE - FY 1999	3
A99LL029	GMRA - OAKLAND OPERATIONS OFFICE - FY 1999	3
A99RL038	GMRA - RICHLAND OPERATIONS OFFICE - FY 1999	3
A99SR029	GMRA - SAVANNAH RIVER OPERATIONS OFFICE	3
<u>OTHER PLANNED FISCAL YEAR 1999 FINANCIAL AUDITS</u>		
A99AL005	SANDIA NATIONAL LABORATORY FY 1998 FINANCIAL CERTIFICATION	2
A99AT001	MANAGEMENT ANALYSIS REPORTING SYSTEM "MARS" FINANCIAL REPORTING SYSTEM	1
A99AT002	BUSINESS MANAGEMENT INFORMATION SYSTEMS DEVELOPMENT	3
A99CH003	ARGONNE NATIONAL LABORATORY FY 1999 YEAR END	4
A99CH004	AMES LABORATORY FY 1999 YEAR END	4
A99DN013	BOULDER CANYON FY 1999 FINANCIAL STATEMENT	4
A99DN014	PARKER DAVIS FY 1999 FINANCIAL STATEMENT	4
A99DN015	NATIONAL RENEWABLE ENERGY LABORATORY COST STATEMENT AUDIT	2
A99IF021	LOCKHEED FY 1998 FINANCIAL CERTIFICATION	1
A99LA025	LOS ALAMOS NATIONAL LABORATORY FY 1998 FINANCIAL CERTIFICATION	1
A99LL030	LAWRENCE LIVERMORE NATIONAL LABORATORY FY 1998 FINANCIAL CERTIFICATION	1
A99LL031	ENERGY TECHNOLOGY AND ENGINEERING CENTER FY 1998 FINANCIAL CERTIFICATION	2
A99LL032	STANFORD LINEAR ACCELERATOR CENTER FY 1998 FINANCIAL CERTIFICATION	2

AUDIT NUMBER	TITLE	PLANNED STARTING QUARTER
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OTHER PLANNED FISCAL YEAR 1999 FINANCIAL AUDITS (CON'T)

A99LV034	WACKENHUT SERVICES INCURRED COSTS	3
A99OR016	LOCKHEED MARTIN FY 1999 YEAR END	4
A99OR026	BECHTEL-JACOBS FY 1999 YEAR END	4
A99PR019	BROOKHAVEN NATIONAL LABORATORY FY 1999 YEAR END	4
A99PT016	BETTIS ATOMIC POWER LABORATORY COST STATEMENTS	1
A99PT017	KNOLLS ATOMIC POWER LABORATORY COST STATEMENTS	1
A99RL039	PACIFIC NORTHWEST NATIONAL LABORATORY FY 1998 FINANCIAL CERTIFICATION	2
A99SR025	WESTINGHOUSE SAVANNAH RIVER FY 1999 YEAR END	4

ABBREVIATIONS AND DEFINITIONS

ABBREVIATION

DEFINITION

CFO Act	<i>Chief Financial Officers Act</i>
C.F.R.	<i>Code of Federal Regulations</i>
DOE	Department of Energy
FMFIA	<i>Federal Managers' Financial Integrity Act</i>
FY	Fiscal Year
GMRA	<i>Government Management Reform Act</i>
GPRA	<i>Government Performance and Results Act</i>
OIG	Office of Inspector General
OAS	Office of Audit Services
PMAs	Power Marketing Administrations
U.S.C.	United States Code