

United States  
Department of Energy

**SEMIANNUAL REPORT  
TO CONGRESS  
ON INSPECTOR GENERAL  
AUDIT REPORTS**



April 1 to September 30, 1989

**November 1989**

Assistant Secretary, Management and Administration  
Office of the Controller  
Washington, DC 20585

**MASTER** 8

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# U. S. DEPARTMENT OF ENERGY

## Semiannual Report to Congress on Inspector General Audit Reports

For the Period April 1 to September 30, 1989

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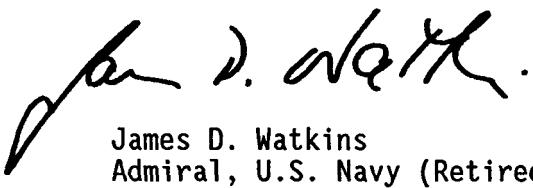
## FOREWORD

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It is my belief that strong management controls are an essential part of the day-to-day operations of any organization. For this reason, I am fully committed to a rigorous audit resolution and follow-up program which effectively participates in and responds to Inspector General audits.

The Department has an established audit resolution and follow-up program to ensure that corrective actions responding to audit recommendations are completed in a timely manner and that the actions taken do correct the deficiencies. Senior management attention is provided by the Departmental Internal Control and Audit Review Council, which has oversight over all audit resolution and follow-up activities. In addition, I have recently issued a notice to all senior managers requesting their personal commitment to a strong program and reiterating my policy that corrective actions be undertaken as soon as the need for them is identified, rather than waiting for the completion of the audit or issuance of the final report.

I believe that our audit resolution and follow-up program provides a powerful management tool for improving the Department's effectiveness and efficiency and I am committed to using it for that purpose.



James D. Watkins  
Admiral, U.S. Navy (Retired)



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## **INTRODUCTION**

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This is the first Semiannual Report to Congress by the Secretary of the Department of Energy to be submitted under the Inspector General Act of 1978, as amended. Pursuant to the Inspector General Act Amendments of 1988 (Public Law 100-504), agency heads are to report to Congress on the status of final action taken on audit report recommendations. This report is complemented by a report prepared by the Department's Office of Inspector General (IG), which provides information on audit reports issued during the period and on the status of management decisions made on IG audit reports.

During the time period covered by this report, from April 1 to September 30, 1989, the Department took final action on 30 contract and financial assistance audit reports and recovered \$9.6 million of the \$9.7 million in associated disallowed costs. This represents a 99 percent recovery rate. At the end of the period, there were only six reports pending final action. With regard to operational, financial, and preaward audits, the Department made management decisions on 34 reports and took final action on 37 reports. There were 68 audit reports requiring final action at the end of the reporting period.

This report has three parts. The first outlines significant management accomplishments achieved by the Department during the reporting period. The second part contains the statistical tables which illustrate the status of final action on IG audit reports. The third lists the audit reports which are one year or more past management decision and have not completed final action, and provides the status of corrective actions on each report.



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## **SIGNIFICANT MANAGEMENT ACCOMPLISHMENTS**

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The period covered by this semiannual report has been a time of significant change for the Department of Energy (DOE). In support of the President's Building a Better America program, the Secretary of Energy has implemented organizational and management changes that are designed to set a "new course" for the Department and provide for more efficient and effective mission execution. Some of the significant accomplishments of the Department during this period are identified below.

- o Efforts were initiated to develop an integrated National Energy Strategy for the President that places energy, health, safety, environment, technology, and the economy into a mutually supportive framework. Public hearings have been conducted across the country to solicit information and perspectives from all interested parties and will continue through the end of the calendar year with an initial draft of the National Energy Strategy being available by April 1990.
- o The Department's FY 1991 Budget was developed using a new process and presented in a new format which ties the budget request to Departmental goals. This budget reflects the commitment to restore balance and direction to the Department's major defense and energy activities, and includes initiatives directly tied to enhancing energy security, extending the research frontier with the Superconducting Super Collider, expanding biomedical research, increasing investment in basic research, promoting international competitiveness and protecting safety and the environment at nuclear weapons plants.
- o Management reform initiatives that will effect both program reform and cultural change were implemented during the semiannual period. These initiatives are intended to strengthen the Department's commitment to environment, safety, and health, and include the following actions:
  - "Tiger teams" were established to conduct independent oversight compliance and management assessments of environment, safety and health programs at DOE facilities. Two tiger team assessments were completed during the period and three more assessments were started.
  - An Environmental Restoration and Waste Management Five-Year Plan was developed which establishes priorities and identifies resources required to bring DOE facilities into compliance with Federal and State requirements, to remediate contaminated sites, to minimize, treat and safely store and dispose of radioactive, hazardous or mixed waste, and to perform research and development to advance the technology in this area.

- Efforts were initiated to establish an integrated plan for modernization of both Defense and Non-Defense facilities for the near-term (0-5 years) and long-term (5-20 years). The plan will endeavor to modernize and adequately maintain the DOE complex.
- Contract management efforts to modify and strengthen existing contracting strategies were initiated. These include expanded incentives for contractors to achieve excellence and cost effectiveness in their performance, an enhanced understanding of performance expectations and performance criteria by both Federal and contractor employees, and tighter controls to assure that DOE line managers have the tools to ensure corrective action will be forthcoming when contractors do not perform to standards.

**AUDIT REPORT STATISTICAL TABLE**  
 For the Period April 1 - September 30, 1989

**Total Number of Audit Reports (Contract and Financial Assistance), and the dollar value of disallowed costs:**

|   | <u>Number of Reports</u> | <u>Disallowed Costs</u> |
|---|--------------------------|-------------------------|
| Audit reports with management decisions on which final action had not been taken at the beginning of the period ..... | 3                        | \$ 1,285,030            |

**Audit reports on which management decisions were made during the period:**

|   |                  |                            |
|---|------------------|----------------------------|
| Those issued prior to enactment of P.L. 100-504 .....               | 13               | 8,104,108                  |
| Those issued after enactment of P. L. 100-504 <sup>a/</sup> .....   | <u>20</u>        | <u>1,551,911</u>           |
| <b>Total audit reports pending final action during period .....</b> | <b><u>36</u></b> | <b><u>\$10,941,049</u></b> |

**Audit reports on which final action was taken during the period:**

|                    |                  |                            |
|--------------------|------------------|----------------------------|
| Recoveries .....   | 29               | 9,642,374                  |
| Write-offs .....   | 1                | 33,092                     |
| <b>Total .....</b> | <b><u>30</u></b> | <b><u>\$ 9,675,466</u></b> |

|   |     |              |
|---|-----|--------------|
| Audit reports needing final action at the end of the period ..... | 6   | \$ 1,265,583 |
|   | --- | =====        |

<sup>a/</sup> Agrees with the Inspector General's Semiannual Report to Congress for the same reporting period.

**AUDIT REPORT STATISTICAL TABLE**  
 For the Period April 1 - September 30, 1989

Total Number of Audit Reports (Operational, Financial and Preaward), and the dollar value of recommendations that funds be put to better use agreed to by management in a management decision:

|   | <u>Number of Reports</u> | <u>Agreed Upon Funds Be Put To Better Use</u> |
|---|--------------------------|---|
| Audit reports with management decisions on which final action had not been taken at the beginning of the period ..... | 71                       | <u>a/</u>                                     |
| Audit reports on which management decisions were made during the period:  |                          |   |
| Operational and Financial .....   | 25                       | \$ 65,492,283 <u>b/</u>                       |
| Preawards .....   | <u>9</u>                 | <u>241,657</u>                                |
| Total audit reports pending final action during period .....  | <u>105</u>               | <u>\$ 65,733,940</u>                          |
| Audit reports on which final action was taken during the period:  |                          |   |
| Operational and Financial .....   | 28                       |   |
| Preawards .....   | <u>9</u>                 |   |
| Value of recommendations completed  |                          |   |
| Operational and Financial .....   |                          | <u>\$ a/</u>                                  |
| Preawards .....   |                          | <u>241,657</u>                                |
| Value of recommendations that management concluded should not or could not be implemented or completed .....          |                          | <u>a/</u>                                     |
| Total .....   | <u>37</u>                | <u>\$ 241,657</u>                             |
| Audit reports needing final action at the end of the period .....   | 68                       | \$ 65,492,283 <u>b/</u>                       |
|   | <u>====</u>              | <u>=====</u>                                  |

<sup>a/</sup> This value is unknown because management decisions on operational and financial audit reports did not address the estimated dollar impact of the findings before P.L. 100-504 became effective. The value is \$0 for the preaward audit reports.

<sup>b/</sup> Includes \$64.4 million associated with severance pay at the Savannah River Plant. The Department agrees with the Inspector General that these funds should not be paid, and, in fact, never intended to make such a payment. Therefore, technically, it may be misleading to consider these as funds put to better use.

The Office of the Inspector General's (IG) Semiannual Report to the Congress for the period April 1 to September 30, 1989 states that "... reports where a final Departmental position was received, management committed to taking corrective actions which the IG estimates will result in a more efficient use of funds totaling \$71.1 million." The majority of this amount is represented in 12 of the operational reports for which a management decision was made during the reporting period. Since the amount in this report is different than the amount in the IG's report, the following comparison is provided:

|  | <u>Number of Reports</u> | <u>Amounts In IG Report</u> | <u>Amounts in Secretary's Report</u> |
|--|--------------------------|-----------------------------|--------------------------------------|
| <b>Department Has Agreed to Full Cost Reductions/Savings .....</b>                     | 4                        | \$ 64,874,346               | \$ 64,874,346                        |
| <b>Department Has Agreed to Partial Cost Reductions/Savings .....</b>                  | 3                        | 994,000                     | 617,937                              |
| <b>Savings Issue Remains Open Pending Completion of Further Studies/Evaluations ..</b> | 5                        | 4,968,000                   | 0                                    |
| <b>TOTAL, Operational Audits ....</b>  | 12                       | \$ 70,836,346               | <sup>a/</sup> \$65,492,283           |

In some cases, management has committed to taking the recommended action but does not agree with the amount of funds to be put to better use as estimated by the IG auditors. The primary reason for the difference in the amounts shown in the IG's Semiannual Report and this report is in the methodology used to calculate that amount. For reports having a management decision that fully concurred with the recommendation(s) contained in the report, the IG considered all savings identified in the findings and associated with the recommendation(s) to be agreed upon by the Department, even in those instances where the management decision specifically disagreed with the savings. The Department has analyzed the estimated cost reduction/ avoidance contained in the IG audit reports and used the results of that analysis in this report.

In four reports, the Department agreed with the amount of cost reduction identified by the IG. One report, IG-0260, Severance Pay Issue at the Savannah River Plant, shows the same values, although the Department does not view the \$64.4 million as funds that could be put to better use. Nevertheless, that amount has been included in the report because it does represent a cost the Department has refused to recognize as a valid reimbursement due the contractor.

<sup>a/</sup> The IG report reflects a total of \$71,078,003, which includes \$241,657 from preaward audits with which the Department agrees.

There were three reports that had different values resulting from an analysis wherein the Department was able to quantify with a greater degree of precision the amount of cost reduction resulting from implementation of agreed to recommendations contained in the IG audit reports.

The five remaining reports represent those where the Department has concurred with the majority of the recommendations contained in the IG report but is still in the process of evaluating the estimated amount. As these actions are completed, any cost reductions realized will be incorporated into the budget requirements of subsequent years.

INSPECTOR GENERAL AUDIT REPORTS  
OPEN ONE YEAR OR MORE AFTER MANAGEMENT DECISION  
AS OF SEPTEMBER 30, 1989

| <u>REPORT</u>  | <u>DISALLOWED<br/>COSTS</u> | <u>AGREED UPON<br/>FUNDS PUT TO<br/>BETTER USE</u> | <u>1/</u><br><u>STATUS</u>   |
|--|-----------------------------|--|--|
| <u>HEADQUARTERS OFFICES</u>  |                             |  |  |
| <u>Defense Programs</u>  |                             |  |  |
| DP-85-004 ISSUED 09/30/85 (Management Decision 01/17/86)<br>REPORT NUMBER: IG-0220<br>REPORT TITLE: Nuclear Safeguards and Security  | \$ 0                        | --   | This is an extensive, classified report on nuclear safeguards and security at DOE facilities. It had 83 recommendations, 69 of which have been closed to date. Action on many of the 14 recommendations still open has been delayed because it is dependent on the future availability of funds for capital improvements at DOE facilities. The target date for final action on these remaining recommendations is the end of FY 1994.   |
| DP-86-003 ISSUED 06/24/86 (Management Decision 11/14/86)<br>REPORT NUMBER: IG-0228 REPORT TITLE: Retention of Security Clearances at Department of Energy Headquarters         | 0                           | --   | This report determined that many DOE Headquarters employees had security clearances at a level higher than required. Corrective actions pertaining to five of the six recommendations have been completed. Currently, DOE is modifying its clearance forms and process, as well as implementing new requirements related to its reinvestigation program. The effort was also expanded to include all requests for clearances and the enhancement of various related security systems into an integrated system. That system has been developed and was accepted in September, 1989. The target for final action is June, 1990. |
| DP-87-002 ISSUED 05/04/87 (Management Decision 12/14/87 )<br>REPORT NUMBER: IG-0238<br>REPORT TITLE: Selected Aspects of the Department of Energy's Personnel Security Program | 0                           | --   | This report stated that over 50% of all DOE security clearances remained active based on investigations that were over five years old. Five of the six recommendations in the report pertaining to Defense Programs have been closed. The remaining recommendation concerns the incorporation of 8,500 employees and contractors of other Federal agencies into the reinvestigation program. The additional DOE personnel necessary to accomplish these reinvestigations have been requested for FY 1990 and 1991.   |

| <u>REPORT</u>   | <u>DISALLOWED COSTS</u> | <u>AGREED UPON FUNDS PUT TO BETTER USE</u> | <u>STATUS</u>  |
|---|-------------------------|--|--|
| DP-88-002 ISSUED 02/11/88 (Management Decision 06/21/88 )<br>REPORT NUMBER: IG-0250<br>REPORT TITLE: Economic Discard Limits for Plutonium Recovery   | \$ 0                    | --   | 1/<br>This report determined that DOE had not updated its guidance on economic discard limits for the recovery of weapons-grade plutonium from plutonium-bearing scrap. One of two recommendations is open. Updated guidance on these economic discard limits has been completed as part of a DOE directive, which is expected to be issued by December 31, 1989. That issuance will provide final action on this audit report.  |
| DP-88-004 ISSUED 11/02/87 (Management Decision 02/17/88 )<br>REPORT NUMBER: IG-0245<br>REPORT TITLE: Use of Functional Analysis to Reduce the Cost of Weapons Production Facilities   | 0                       | --   | This report indicated positive results from the use of functional analysis techniques during conceptual design of facilities at the Albuquerque Operations Office. It recommended an evaluation to determine Department-wide utilization and the development of guidelines within Defense Programs. A directive establishing DOE policy regarding the use of functional analysis was issued in February, 1989. Subsequently, draft Defense Programs guidelines were prepared. Final issuance is targeted for November, 1989, which will constitute final action on this report.  |
| <u>Fossil Energy</u>  |                         |  |  |
| FE-85-002 ISSUED 05/14/85 (Management Decision 08/26/85 )<br>REPORT NUMBER: IG-0218<br>REPORT TITLE: Collection of Windfall Profit Tax for Crude Oil Sales at the Naval Petroleum Reserves in California, Elk Hills, California | 0                       | --   | The report stated that not all purchasers of NPPC crude oil during the period October 1, 1983 through September 30, 1984 were paying the Windfall Profit Tax (WPT) at the same time they made payment for purchases to the Department, as required by the oil sales contracts and WPT regulations. In September 1986, the Department requested immediate payment of interest due the Government from four firms. Two of the four firms have paid in full and the third firm is paying monthly. The fourth firm declared bankruptcy in 1985 and paid the Department a settlement amount assessed against the firm. Completion of payment, and final action, is anticipated by September 1990. |

REPORT

FE-87-001 ISSUED 03/27/87 (Management Decision 01/27/88 )

REPORT NUMBER: IG-0235

REPORT TITLE: Wet Gas Processing at Chevron's McKittrick Plant, Naval Petroleum Reserve No. 1, Elk Hills, California

| <u>DISALLOWED COSTS</u> | <u>AGREED UPON 1/<br/>FUNDS PUT TO BETTER USE</u> | <u>STATUS</u>   |
|-------------------------|---|---|
| \$ 0                    | --  | The report determined that the Reserve had not limited payments to Chevron for processing wet gas at the McKittrick gas plant to the cost of processing gas through the Reserve's 35R gas plant, as stipulated in Chevron's contract. Therefore, Chevron had been overpaid by approximately \$5 million from August 1978 through July 1986. A review was conducted on the validity of the processing cost calculations and two of the three issues surrounding these overcharges have been resolved. The final issue of the historical processing fees is expected to be resolved based on a recently completed analysis of historical data. Resolution of the dispute based on this analysis is being pursued to preclude the need for legal action. |

Management and Administration

MA-86-006 ISSUED 03/31/86 (Management Decision 06/06/86 )

REPORT NUMBER: CR-0-86-04

REPORT TITLE: Utilization of Telephone Lines at DOE Headquarters

|   |    |   |
|---|----|---|
| 0 | -- | This report indicated that unutilized telephone lines in Headquarters were a result of a lack of detailed procedures. To establish adequate policies and procedures for the management of telecommunications resources, a major revision was made to DOE Order HQ 5330.1. Final action occurred after the end of the reporting period when the Order was issued on October 6, 1989. |
|---|----|---|

MA-86-016 ISSUED 09/04/86 (Management Decision 11/28/86 )

REPORT NUMBER: IG-0230

REPORT TITLE: Selected Aspects of Exempt Employee Leave Benefits for Contractors of the U.S. Department of Energy

|   |    |   |
|---|----|---|
| 0 | -- | The report determined that the Department may be incurring unnecessary costs of up to \$16 million annually because leave benefits for several contractors exceeded those of their parent organizations and the private sector. Subsequently, the Department issued interim guidance that the parent organization's leave benefits should be considered when determining leave benefits for the contractor. This interim guidance is being incorporated into a DOE directive, DOE 2330, which is in final Departmental coordination. Issuance of the directive, which will provide final action on this report, is targeted for December, 1989. |
|---|----|---|

| <u>REPORT</u>  | <u>DISALLOWED COSTS</u> | <u>AGREED UPON 1/<br/>FUNDS PUT TO BETTER USE</u> | <u>STATUS</u>   |
|--|-------------------------|---|---|
| MA-87-004 ISSUED 06/01/87 (Management Decision 01/22/88 )<br>REPORT NUMBER: IG-0240<br>REPORT TITLE: Management and Operating Contractors' Pension Plans                       | \$ 0                    | --  | The findings of this report were that the Department needed to improve its oversight of M&O contractor pension plans to reduce expenditures and that there was no Departmental policy to prevent contractors from unilaterally terminating pension plans and keeping excess assets. The Departmental policy on funding levels of contractor pension plans was revised to a goal of maintaining an equilibrium between assets and present value of accrued benefits. A draft Order, DOE 3830, is being coordinated within the Department. Final issuance of the Order is anticipated by January, 1990.   |
| MA-87-006 ISSUED 08/18/87 (Management Decision 01/15/88 )<br>REPORT NUMBER: CR-OC-87-03<br>REPORT TITLE: Management of a Support Contractor to the Waste Management Office     | 0                       | --  | The report indicated that staff-hours and costs under the support contract were not being managed in terms of discrete work projects, and thus it could not be determined if the accelerated use of staff-hours by the contractor was fully justified by additional work requirements. The report also indicated that the Department should recover any of the excessive direct labor charges which are unallowable. The follow-on contract will be managed on a task assignment basis. The contractor has successfully demonstrated its cost schedule cost system controls and the contract will be modified to recognize them and to reflect acceptance by the Government. In addition, a recent DCAA audit report regarding the direct labor charges states, "Our review of labor escalations determined that these increases are in themselves allowable." Final action on this report is expected by December, 1989. |
| MA-87-010 ISSUED 05/04/87 (Management Decision 12/14/87 )<br>REPORT NUMBER: IG-0238<br>REPORT TITLE: Selected Aspects of the Department of Energy's Personnel Security Program | 0                       | --  | This report indicated that the sensitivity of many Departmental positions was improperly designated, that supervisors were uncertain of how position sensitivity designations were to be made, and that improper or inadequate investigations or reinvestigations were resulting from these problems. A Departmental Order has been developed to address these issues. It incorporates comments received from the Office of Personnel Management and includes several new forms which are in the design process. Issuance of the final Order is expected by December, 1989.   |

| <u>REPORT</u>   | <u>DISALLOWED COSTS</u> | <u>AGREED UPON FUNDS PUT TO BETTER USE</u> | <u>1/ STATUS</u>  |
|---|-------------------------|--|---|
| MA-88-002 ISSUED 12/07/87 (Management Decision 02/29/88 )<br>REPORT NUMBER: CR-OC-88-01<br>REPORT TITLE: Headquarters Mail Operations   | \$ 0                    | --   | The report identified findings that the cost of mailing the Energy Information Administration's (EIA) publications could be reduced by: using other than first class; establishing better audit trails over bulk mailings performed by printing/mailing contractors; and, placing all Headquarters mail user organizations on direct accountability for mail costs. Corrective action has been completed on the first two, but is incomplete on the third. Direct accountability has been implemented in EIA, but due to Postal Service accounting problems, final action is targeted for late FY 1990. |
| MA-88-013 ISSUED 04/27/88 (Management Decision 09/12/88 )<br>REPORT NUMBER: IG-0255<br>REPORT TITLE: Timeliness in Processing Department of Energy Headquarters Security Clearances | 0                       | --   | The report stated that the average time for processing applications after the necessary security clearance forms were completed was more than 100 days, that no one organization was accountable for tracking applications and ensuring timely processing, and that these delays could result in employees being less than fully productive. All the corrective actions to be taken are included in the policy and procedures of the draft Order, DOE 3731. Final issuance of the Order is anticipated by December, 1989.   |
| <b><u>Civilian Radioactive Waste Management</u></b>   |                         |  |   |
| RW-87-001 ISSUED 10/10/86 (Management Decision 12/16/86 )<br>REPORT NUMBER: IG-0231<br>REPORT TITLE: Accuracy of Fees Paid by the Civilian Power Industry to the Nuclear Waste Fund | 0                       | --   | The report stated that DOE did not have a contract with the State of New York (NY) for the disposal of high-level, radioactive waste at West Valley or for the payment of a one-time fee for such disposal. The estimation of the share of disposal costs which should be assigned to NY had to await the development of the 1988-89 total system life cycle cost report, which was completed recently. A letter to NY requesting the initiation of contract negotiations is under review within the Department.  |

| <u>REPORT</u>  | <u>DISALLOWED COSTS</u> | <u>AGREED UPON 1/<br/>FUNDS PUT TO BETTER USE</u> | <u>STATUS</u>  |
|--|-------------------------|---|--|
| RW-87-005 ISSUED 08/19/87 (Management Decision 01/15/88 )<br>REPORT NUMBER: IG-0244<br>REPORT TITLE: Transportation Planning for Civilian Radioactive Waste Transportation System Requirements | \$ 0                    |   | This report indicated that changes in the Civilian Waste program called for reevaluating the need for the full development of all ten shipping casks types and the development of minimum criteria that each cask would have to meet in order to qualify for further development. A reevaluation has been performed and minimum criteria have been developed and applied. Final action on this report is awaiting the formalization of these criteria by the issuance of the Transportation System Requirements Document, which is targeted for early CY 1990. |
| RW-88-001 ISSUED 03/24/88 (Management Decision 06/07/88 )<br>REPORT NUMBER: IG-0253<br>REPORT TITLE: Integration of Defense Waste into the Civilian Repository Program                         | 0                       | --  | The findings of this report were that a more equitable allocation of costs between civilian and defense radioactive waste could be made and that a fee payment schedule and interest accrual dates for defense waste had not been established. A revised method of allocation of costs has been adopted. Agreement on a fee payment schedule and interest accrual dates is awaiting the inclusion of funds for the fee in the Congressional budget request.  |

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FIELD OFFICES

Albuquerque Operations Office

AL-86-004 ISSUED 07/07/86 (Management Decision 12/17/86 )  
REPORT NUMBER: WR-0-86-06  
REPORT TITLE: Management of Non-Nuclear Material Inventories at the Pantex and Kansas City Plants

0 -- This report identified findings that the operating contractors were maintaining excess parts in inventory and that the cost of these parts was being accounted for improperly. Corrective action has been completed on two of the three recommendations. The remaining issue pertains to the clarification of Departmental policy.

AL-87-004 ISSUED 11/26/86 (Management Decision 03/29/88 )  
REPORT NUMBER: IG-0233  
REPORT TITLE: Sandia Corporation Defined Benefit Pension Plans

0 -- This report stated that the Department had incurred unnecessary expenditures because Sandia had made excessive payments into its pension plans. Sandia has since discontinued payment into its plans which were funded at or above the IRS full funding limit. Final action on this report is awaiting the issuance of a Departmental directive revising pension plan funding policy. Issuance is expected in January, 1990.

| <u>REPORT</u>  | <u>DISALLOWED COSTS</u> | <u>AGREED UPON 1/<br/>FUNDS PUT TO BETTER USE</u> | <u>STATUS</u>  |
|--|-------------------------|---|--|
| AL-87-005 ISSUED 02/09/87 (Management Decision 05/26/87 )<br>REPORT NUMBER: WR-OC-87-02<br>REPORT TITLE: Materials Management at Rockwell International, Rocky Flats Operations                          | \$ 0                    | --  | This report indicated that Rockwell was not consistently following either DOE's or its own procedures for managing inventory. Only one of the five recommendations remains open. Albuquerque is revising its property management instructions and expects to issue them in January, 1990, which will be final action on this report.   |
| AL-87-014 ISSUED 07/09/87 (Management Decision 10/09/87 )<br>REPORT NUMBER: WR-0-87-05<br>REPORT TITLE: Economy and Efficiency of Janitorial Activities at Selected Management and Operating Contractors | 0                       | --  | This report's finding was that annual overhead costs for janitorial services at M&O contractors could be reduced if average per square foot costs comparable to the private sector were achieved. Albuquerque is making every effort to mitigate future salary increases and, perhaps, create a separate job classification for these union janitors, in order to reduce costs.  |
| <u>Bonneville Power Administration</u>   |                         |   |  |
| BP-88-001 ISSUED 03/25/88 (Management Decision 06/07/88 )<br>REPORT NUMBER: WR-0-88-04<br>REPORT TITLE: Maintenance Operations, Bonneville Power Administration  | 0                       | --  | This report determined that a large backlog of maintenance tasks at substations was jeopardizing Bonneville's goal of providing a safe, reliable, and cost-effective power transmission system. Bonneville has since taken aggressive action has been taken to reduce the backlog by 16% and to develop a draft ten year plan to continue backlog reduction while performing all necessary routine maintenance tasks. Final action will be achieved once the plan is approved as final, which is targeted for March, 1990. |
| <u>Chicago Operations Office</u>   |                         |   |  |
| CH-86-029 ISSUED 06/24/86 (Management Decision 08/14/86 )<br>REPORT NUMBER: ER-OC-86-07<br>REPORT TITLE: Management of Plant Maintenance Resources at Fermi National Accelerator Laboratory              | 0                       | --  | The report stated that the Fermi National Accelerator Laboratory's equipment history and preventive maintenance systems needed to be modernized and the storeroom locations consolidated into one central area. New systems have been developed and are operational. The project for consolidation of the storerooms was awarded to a firm which subsequently declared bankruptcy. DOE has contacted a bonding company to complete the project by December, 1989.  |

| <u>REPORT</u>   | <u>DISALLOWED COSTS</u> | <u>AGREED UPON<sup>1/</sup><br/>FUNDS PUT TO BETTER USE</u> | <u>STATUS</u>   |
|---|-------------------------|---|---|
| CH-87-045 ISSUED 07/21/87 (Management Decision 07/22/88 )<br>REPORT NUMBER: ER-OC-87-07<br>REPORT TITLE: General Plant Maintenance Program and General Plant Projects<br>Princeton Plasma Physics Laboratory  | \$ 0                    | --  | The report indicated that Princeton Plasma Physics Laboratory's (PPPL) general plant maintenance program had not fully implemented DOE's policies and procedures to assure that the program had adequate work order priority, performance measurement, and preventive maintenance systems. Procedures have been revised and systems implemented to address all corrective actions except one. DOE and PPPL are in the process of developing the remaining directive on preventative maintenance procedures, which will constitute final action once issued. |
| CH-87-046 ISSUED 07/21/87 (Management Decision 04/01/88 )<br>REPORT NUMBER: ER-OC-87-08<br>REPORT TITLE: Plant Maintenance Program, Brookhaven National Laboratory  | 0                       | --  | The report determined that the Brookhaven National Laboratory (BNL) needed to improve its maintenance management policies and procedures to make work order priority, performance measurement, and preventative maintenance capabilities more responsive and more cost effective. Systems have been developed and implemented to address several of the corrective actions. A survey is being made of each BNL department to determine the extent of the formal maintenance practices. Upon completion, a revised policy will be developed.                 |
| CH-88-054 ISSUED 03/18/88 (Management Decision 07/07/88 )<br>REPORT NUMBER: ER-OC-88-04<br>REPORT TITLE: Review of the Salary Increase Fund at the Argonne National Laboratory  | 0                       | --  | The findings of the report were that Argonne National Laboratory (ANL) did not adhere to DOE policy for justifying the merit portion of the salary increase fund with valid market comparisons. Some of the corrective actions have been completed. Implementation of the Job Evaluation System and development of policies and procedures are underway. Completion of corrective action is anticipated by December, 1990.  |
| CH-88-056 ISSUED 06/08/88 (Management Decision 08/25/88 )<br>REPORT NUMBER: ER-VC-88-08<br>REPORT TITLE: Financial and Compliance Audit of Iowa State University of Science and Technology's Ames Laboratory for the Fiscal Years Ended September 30, 1987 and 1986 | 0                       | --  | All corrective actions have been completed. Final action on this report will occur when Chicago certifies that an audit followup assessment or review of those actions has been conducted.  |
| CH-88-057 ISSUED 06/10/88 (Management Decision 08/25/88 )<br>REPORT NUMBER: ER-OC-88-08<br>REPORT TITLE: Property Management Program, Brookhaven National Laboratory  | 0                       | --  | All corrective actions have been completed. Final action on this report will occur when Chicago certifies that an audit followup assessment or review of those actions has been conducted.  |

REPORT

DISALLOWED COSTS      AGREED UPON 1/  
FUND'S PUT TO BETTER USE      STATUS

Oak Ridge Operations Office

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|---|------|----|--|
| OR-87-048 ISSUED 06/01/87 (Management Decision 06/07/88 )<br>REPORT NUMBER: ER-CC-87-50<br>REPORT TITLE: Interim Audit of Ohio Valley Electric Corporation Costs<br>Claimed, January 1, 1981 to December 31, 1982   | \$ 0 | -- | The report determined as a result of IRS's audit of OVEC, that OVEC did not pass an investment tax credit (ITC) flow-through to its customers in Calendar Year 1979. The IRS also asserted that OVEC had an additional tax liability for tax years 1981-84 of approximately \$20 million, for which the Department has determined it is legally liable. The Department has asked OVEC to periodically reconsider the propriety of asking IRS to modify its existing ruling by specifically allowing a 1979 catch-up adjustment that would not violate the ratable ceiling to flow-through the 1979 ITC benefit. Now that the income dispute with the IRS on the 1981-84 tax audits has been settled, OVEC is analyzing the overall ITC issue to determine whether to ask IRS for a modification to the ruling. A final decision is anticipated by March, 1990. |
| OR-88-022 ISSUED 01/19/88 (Management Decision 04/26/88 )<br>REPORT NUMBER: ER-OC-88-02<br>REPORT TITLE: Management of Stores Inventory Levels and Staffing at the Martin Marietta Energy Systems, Inc. for the Department of Energy's Oak Ridge, Paducah and Portsmouth Plants | 0    | -- | All corrective actions have been completed. Final action on this report will occur when Oak Ridge certifies that an audit followup assessment or review of those actions has been conducted.   |
| OR-88-050 ISSUED 03/23/88 (Management Decision 06/24/88 )<br>REPORT NUMBER: ER-OC-88-05<br>REPORT TITLE: Maintenance Management System at Martin Marietta Energy Systems, Inc. Y-12 Plant   | 0    | -- | The report identified findings which pertain to performance measurement for the Maintenance Data Management System (MDMS) at the Y-12 Plant. The only open recommendation involves the restriction of data modification privileges to employees whose duties warrant them, the identification of reasons for all data changes, and implementation of planned system modifications which will automatically identify the employees who change performance data. Functional requirements for program modifications to the MDMS have been complied with by management and documented. The system will be modified to automatically require the reason for any data changes before such information can be accepted. Target closure for this recommendation is December, 1989.   |

| <u>REPORT</u>   | <u>DISALLOWED COSTS</u> | <u>AGREED UPON 1/<br/>FUNDS PUT TO BETTER USE</u> | <u>STATUS</u>   |
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| OR-88-052 ISSUED 04/04/88 (Management Decision 06/21/88 )<br>REPORT NUMBER: ER-VC-88-06<br>REPORT TITLE: Financial and Compliance Audit of Uranium Enrichment Activity for the Year Ended September 30, 1987            | \$ 0                    | --  | The report indicated that DOE should modify the "Assumptions and Instructions for Accounting and Reporting Uranium Enrichment Services Activity" to address major standby facilities and to ensure that the related liabilities for work-for-others are appropriately classified as non-uranium enrichment activities. Final issuance of the subject document is targeted for February, 1990. While revisions to the document have been made, final issuance is awaiting several major entity and financial changes which are being implemented.  |
| OR-88-061 ISSUED 05/13/88 (Management Decision 08/03/88 )<br>REPORT NUMBER: ER-OC-88-06<br>REPORT TITLE: Highly Enriched Uranium Recovery Activity at the Y-12 Plant  | 0                       | --  | The report stated that if additional resources were applied to the chemical recovery process for enriched uranium at the Y-12 Plant, the backlog of residue and scrap material could be recovered and converted to metal ingots. The report also stated that the Y-12 Plant maintains two accounting systems for special nuclear materials. Plans are underway for chemical recovery production to be limited to a level that can be accomplished while meeting all current DOE Orders and related guidelines. Closure for this action is targeted for December, 1989. The merging of the two accounting systems is part of a larger, long-term project of integrating all Y-12 systems in order to streamline operations. This conversion has been carefully planned in stages to protect ongoing accounting needs. Completion of this project is targeted for 1994. |
| <u>Savannah River Operations Office</u>   |                         |   |   |
| SR-88-001 ISSUED 12/02/87 (Management Decision 03/10/88 )<br>REPORT NUMBER: IG-0246<br>REPORT TITLE: Sole-Source Procurements by E.I. DuPont de Nemours and Company for the Department of Energy's Savannah River Plant | 0                       | --  | The report determined that DuPont had long standing procurement problems, and had not been responsive to Savannah River's recommendations for procurement system improvements. Subsequent to the issuance of this report, DuPont was replaced by Westinghouse. The new contractor has taken a firm stand on sole-source procurements. It has a well defined process for review and approval of sole-source justification documents and the number of sole-source awards have been significantly reduced. The only remaining issue is that of questionable pricing practices regarding a concrete subcontract. Negotiations are ongoing and resolution is anticipated by December, 1989.   |

REPORT

SR-88-002 ISSUED 04/07/88 (Management Decision 09/12/88 )

REPORT NUMBER; IG-0254

REPORT TITLE: Management of Power Resources at the Department of Energy's  
Savannah River Plant

| <u>DISALLOWED<br/>COSTS</u> | <u>AGREED UPON<sup>1/</sup><br/>FUNDS PUT TO<br/>BETTER USE</u> | <u>STATUS</u>   |
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| \$ 0                        | --  | This audit report stated that funds might be saved if the power produced by two powerhouses could be purchased from commercial sources. It also acknowledged that if the powerhouses were shut down, the contract for commercial power would have to be renegotiated to avoid paying excessive peak usage penalties. A facility study on the installation of combustion turbine generators to replace P-Area Powerhouse has been completed. The M&O contractor has since conducted an evaluation of all the power generation facilities and is developing a power facility strategic plan which will be provided to Savannah River shortly. |

Litigation

Five reports in litigation

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| -- | -- | There are two operational and three contract audit reports which are in litigation. |
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<sup>1/</sup>This is unknown because management decisions on operational and financial audit reports did not address the estimated dollar impact of the findings before P.L. 100-504 became effective. There are no preaward audit reports that are one year past management decision.