

**Department of Energy  
Office of Inspector General**

**Deputy Inspector General  
for Audit Services**



**FY 1998  
Annual Performance Plan**

*dg*  
DISTRIBUTION OF THIS DOCUMENT IS UNLIMITED

**Issue Date: September 30, 1997**

**MASTER**

We have continued to streamline the FY 1998 Office of Audit Services Annual Performance Plan. This year's Plan focuses on audits planned to start in FY 1998, and does not include discussions of audits completed the preceding year. Readers interested in summaries of the prior work and in the outcomes associated with this work are referred to the Office of Inspector General's *Semiannual Report to Congress* issued in April and October of each year. These reports summarize significant audit accomplishments during each respective six month reporting period.

The Performance Plan schedule beginning on page 32 lists all of the carry-in audits and new audits scheduled to begin this fiscal year. The list of new audits has been developed based on the planning model described in this document. The reader will note that a number of high priority, significant audits planned for FY 1998 will likely be deferred because of a lack of sufficient audit resources. These audits are denoted with an asterisk. The circumstances surrounding this problem are discussed in the Performance Plan narrative.

The Office of Audit Services welcomes any comments or suggestions for improving the presentation of this Plan. Your comments or suggestions may be addressed to the Assistant Inspector General for Audits, U.S. Department of Energy, Office of Inspector General, Mail Stop 5D-031, 1000 Independence Avenue, SW, Washington, DC, 20585.

## **DISCLAIMER**

**Portions of this document may be illegible electronic image products. Images are produced from the best available original document.**

U.S. DEPARTMENT OF ENERGY  
DEPUTY INSPECTOR GENERAL FOR AUDIT SERVICES  
FISCAL YEAR 1998 ANNUAL PERFORMANCE PLAN

This plan is published pursuant to requirements of DOE Order 2321.1B. The plan outlines the audit strategies that the Deputy Inspector General for Audit Services intends to implement and execute in FY 1998. The plan also includes the details of this office's efforts to continually improve customer service and to implement the Inspector General's streamlining initiatives. Because of the impact of DOE's downsizing and realignment, the Office of Audit Services' personnel strength has declined from an authorized level of 208 at the beginning of FY 1995 to an on-board strength of 138 at the beginning of FY 1998. This trend is expected to continue for the foreseeable future.

These staffing reductions along with the mandated financial statement audit requirements of the *Chief Financial Officers Act of 1990* and the *Government Management Reform Act of 1994* make it necessary to significantly reduce the level of performance audit coverage that we will be able to provide the Department. Therefore, it is unlikely that all scheduled performance audits can be started in FY 1998, as planned. Further, the continued erosion of staff size places practical limits on the flexibility of this office to address significant audit issues within the Department of Energy.



Gregory H. Friedman  
Deputy Inspector General  
for Audit Services

## TABLE OF CONTENTS

	<u>PAGE</u>
<b>INTRODUCTION .....</b>	<b>1</b>
<b>OVERVIEW .....</b>	<b>2</b>
<b>FY 1998 PERFORMANCE PLAN CONSIDERATIONS .....</b>	<b>4</b>
<b>OIG KEY ISSUE AREAS .....</b>	<b>7</b>
<b>OFFICE OF AUDIT SERVICES RESOURCES .....</b>	<b>8</b>
<b>KEY AUDIT ISSUE AREA DETAILS AND PLANS .....</b>	<b>10</b>
Financial Management .....	11
Contract Administration .....	14
Program Management .....	16
National Laboratories .....	16
Power Marketing Administrations .....	18
Strategic Petroleum Reserve .....	20
Safeguards and Security .....	20
National Security .....	21
Environmental Quality .....	24
Infrastructure .....	27
Administrative Safeguards .....	29
<b>CUSTOMER SERVICE .....</b>	<b>31</b>
<b>FISCAL YEAR 1998 PERFORMANCE PLAN SCHEDULE .....</b>	<b>32</b>
<b>ORGANIZATION CHART OF THE DEPARTMENT OF ENERGY OFFICE OF THE DEPUTY INSPECTOR GENERAL FOR AUDIT SERVICES .....</b>	<b>40</b>
<b>APPENDICES</b>	
Appendix I -- Goals, Objectives, and Performance Measures .....	41
Appendix II -- List of Abbreviations .....	43

**U.S. DEPARTMENT OF ENERGY  
DEPUTY INSPECTOR GENERAL  
FOR AUDIT SERVICES  
FISCAL YEAR 1998 ANNUAL PERFORMANCE PLAN**

**INTRODUCTION**

In April 1994, the Department of Energy (DOE) published its first Strategic Plan, presenting the Department's strategic outlook in response to a changing world. In August 1997, the final draft of an updated DOE Strategic Plan was issued. Like its predecessor, this Plan discusses the Department's unique capabilities; its mission, vision, and core values; and key customer and stakeholder considerations. The draft DOE Strategic Plan is more directly linked to actions and results. The Plan identifies a strategic goal for each of the Department's four business lines and, in response to the *Government Performance and Results Act* (GPRA) and the National Performance Review, identifies a fifth goal addressing corporate management.

The Office of Inspector General (OIG) has an important role in carrying out the goals and objectives of the Secretary's Strategic Plan. The OIG mission is to promote the effective, efficient, and economical operation of DOE programs through audits, inspections, investigations, and other reviews. The ultimate goal of the OIG is to facilitate positive change by assisting its customers, responsible Government officials, in taking actions to improve programs and operations.

In prior years, the Inspector General has issued his own annual Strategic Plan containing program guidance for the upcoming fiscal year. Beginning with FY 1999, the Strategic Plan will span a five-year period. As a result of this change, the Inspector General's program guidance for Fiscal Year (FY) 1997 will be extended to cover FY 1998, and efforts will be directed towards the development of the OIG's five-year Strategic Plan. The FY 1997/1998 Strategic Plan emphasizes six key issue areas: Financial Management, Contract Administration, Program Management, Environmental Quality, Infrastructure and Administrative Safeguards. These issue areas were chosen to ensure that the Inspector General's audit, inspection, and investigative functions are focused to assist the Department to reach its goals, pursue its strategies, and monitor its success indicators. This plan also establishes goals, objectives, and performance measures, which are discussed in detail in Appendix I.

The Office of the Deputy Inspector General for Audit Services (Office of Audit Services) prepares an Annual Performance Plan that projects audit work for the succeeding fiscal year. Factored into the selection process is the overall budget of the Department, analyses of trends in Departmental operations, guidance contained in the strategic plans, statutory requirements, OIG funding/staffing constraints and the expressed needs and audit suggestions of Departmental program managers and

OIG staff. The FY 1998 Audit Performance Plan includes audits that are carried over from FY 1997 and audits scheduled to start during FY 1998. Audits included in the plan will be performed by OIG staff. To the extent funds are available, specialized expertise focusing on audits of the Department's financial statements will be obtained through a Certified Public Accounting firm.

As part of a Cooperative Audit Strategy developed by the OIG, additional audit coverage of the Department's programs is provided by internal auditors of the Department's integrated contractors. Through the Cooperative Audit Strategy, the OIG ensures that the internal auditors satisfy audit standards, provides planning guidance to the internal auditors, and coordinates audit work to avoid duplication.

## OVERVIEW

### Office of the Inspector General

The Office of Inspector General was established by the *Department of Energy Organization Act of 1977* to provide audit, inspection, investigative, and related services to the Department. Under the Act, the Inspector General is responsible for recommending improvements in policies and procedures, promoting economy and efficiency, and preventing and detecting fraud and abuse in the programs and operations of the Department.

The OIG has four main operating components: the offices of Investigations; Policy, Planning and Management; Inspections; and Audit Services. This structure allows the OIG to focus its resources on key issues of the Department as expressed in the Secretary's Strategic Plan.

### Office of the Deputy Inspector General for Audit Services

The Office of Audit Services is responsible for performing independent audits of all DOE programs. These include financial and financial-related audits, economy and efficiency audits, and program results audits. Our objective is to provide high quality audit products that help the Department of Energy become a better steward of the programs and assets for which it is responsible. The annual performance plan focuses resources on the key issue areas identified previously and on DOE's core business lines: Energy Resources, National Security, Environmental Quality, and Science and Technology, as well as corporate management. The audits are designed to identify opportunities to enhance the effectiveness, efficiency and the integrity of departmental programs and operations.

In addition, where resources allow, audit efforts are specifically directed at problems identified in the Secretary's *Federal Managers Financial Integrity Act* assurance letter to the President. On January 17, 1997, the Secretary identified the following nine reportable problems:

- ◆ Environmental Compliance
- ◆ Safety and Health
- ◆ Nuclear Waste Storage and Disposal
- ◆ Contract / Project Management
- ◆ Strategic Petroleum Reserve
- ◆ Materials Inventory Management
- ◆ Property Controls
- ◆ Infrastructure
- ◆ Inadequate Audit Coverage

## FY 1998 PERFORMANCE PLAN CONSIDERATIONS

The performance planning effort for the Office of Audit Services is driven by several factors, including the flow of funds to Departmental programs and functions, strategic planning guidance, statutory requirements and expressed needs. Further, in developing this plan, the Office of Audit Services was mindful of the severe budget constraints under which it is operating. This issue is discussed more fully beginning on page 8.

### Department of Energy Budget

The DOE Congressional Budget Request for FY 1998 was for \$19.2 billion and is divided among the Department's business lines as shown below:

BUSINESS LINE	FY 1998 Budget Request (millions)	Percent of Budget
ENERGY RESOURCES	\$1,970	10.2%
NATIONAL SECURITY	\$6,650	34.6%
ENVIRONMENTAL QUALITY	\$6,783	35.3%
SCIENCE & TECHNOLOGY	\$2,537	13.2%
OTHER ACTIVITIES	\$277	1.4%
EM PRIVATIZATION	\$1,006	5.2%
<b>TOTALS</b>	<b>\$19,224</b>	<b>100%</b>

The DOE budget request for FY 1998 was \$2.7 billion above the FY 1997 level. This increase is due almost entirely to changes in two areas: (1) a switch from incremental funding of construction projects to full up-front funding (\$1.6 billion), and (2) an expansion of the privatization program for building cleanup or deactivating DOE facilities (\$0.7 billion). The largest part of the budget, 40.5%, continues to be directed towards Environmental Quality.

At the time of preparation of this plan, Congress had not yet approved the Department's FY 1998 budget. In several key program areas the Department was expected to receive less than the amount requested by the Secretary. Therefore, the budget figures presented in this performance plan may

vary from the final budget amounts. When fully analyzed, the final budget data may cause some changes in the audit plan for FY 1998.

### Strategic Planning Guidance

The Department's Strategic Planning Guidance focused on corporate management and four business lines mentioned above. Following is a brief overview of these activities.

*Energy Resources* - focuses on (i) increasing the efficiency of energy end-use primarily through improvements in the building, transportation and industrial sectors of our economy, (ii) securing future energy supplies by diversifying fuel sources, developing technologies which utilize indigenous resources, and reducing our 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. About 72% of the funds directed towards National Security will be used for weapons stockpile stewardship and management 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. Over 40 percent of the Department's FY 1998 budget covers activities in this area. 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.

*Other Activities* - includes a wide array of general management and support activities of the Department such as policy development and analysis activities, institutional and public liaison functions, and other program support requirements necessary to ensure effective Departmental

operation and management. It also includes the activities of the Energy Information Administration and various organizations which administer energy laws and regulations (\$0.28 billion).

### Statutory Audit Responsibilities

Work on audits required by specific law, regulation or DOE policy account for a significant amount of the available audit resources in the OIG. Foremost among these are the requirements of the *Government Management Reform Act of 1994* (GMRA) which requires us to report 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, we must also 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;
- \* development and implementation of a performance measurement system;
- \* the Federal Agencies' Centralized Trial-Balance System transmission to Treasury; and
- \* interagency costs, such as Federal retiree expenses.

Other mandated requirements include the following:

- \* audit the Department's Working Capital Fund;
- \* review assurance letters prepared by all Departmental elements and express views on the status of internal controls or material weaknesses within the Department under the *Federal Managers' Financial Integrity Act* (FMFIA);
- \* examine, 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;
- \* perform certain pre-award and incurred cost audits where DOE has cognizance;
- \* oversee audits of state and local governments where DOE has cognizance;
- \* audit in-house energy management for the Department; and
- \* audit the savings reported by the Department as a result of the systematic application of value engineering.

### Expressed Needs

The audit needs of the OIG's customers are carefully considered when formulating the annual audit performance plan. Priority is given to fulfilling requests for services from the Secretary of Energy, other Senior DOE officials, Congress, OMB, or other appropriate Government authorities. Additionally, each year the Office of Audit Services provides DOE managers the opportunity to formally identify areas where they believe audit coverage would benefit the Department, both within their own organization and within DOE as a whole. Audit suggestions developed by Office of Audit Services' managers and staff are also considered in the planning process.

## OIG KEY ISSUE AREAS

The OIG program guidance identified six key issue areas where the Deputy Inspectors General should concentrate their work as much as possible. The areas were chosen for their coverage of management controls over Department programs and operations, their alignment with the Department's core business lines, and their coverage of the Department's FFMIA material weaknesses.

1. **Financial Management:** This area focuses attention on the management controls, accounting systems and other processes that ensure that DOE and its management and operating (M&O) contractors exercise proper accountability over the Government resources entrusted to them. A number of processes have been developed in DOE to ensure this is achieved. These processes include the annual reviews of DOE's internal control systems under the FFMIA, the expression of an opinion on the DOE financial statements required by the *Chief Financial Officers Act* (CFO) of 1990, and the GMRA, and other reviews of DOE's financial management systems. Also, before the Department approves a contractor's annual accounting for its net expenditures, the OIG examines the reliability of the internal controls of contractors and DOE field elements which are used to ensure that only allowable costs are claimed and reimbursed.
2. **Contract Administration:** This key issue area encompasses all of the Department of Energy's procurement and grant management activities. The Department accomplishes many of its missions through M&O contractors who run DOE's major facilities and other operations. Accordingly, much OIG work involves the Department's direction and administration of its M&O contractors and their activities to ensure appropriate accountability.
3. **Program Management:** This key issue area includes the development, implementation, administration and operation of programs mandated by statute or regulation. This will help ensure that programs are operated in accordance with applicable statutes and regulations and in the most efficient and economical manner. These programs include those relating to Government property management, national laboratories, intelligence activities, security, equal employment opportunity, small and disadvantaged business utilization, Federal Energy Regulatory Commission operations,

Energy Information Administration operations, Compliance Program issues, Naval Reactors, Naval Petroleum and Oil Shale Reserves, Strategic Petroleum Reserve, Power Marketing Administrations, and defense programs.

4. Environmental Quality: The Department's activities have generated considerable radioactive and hazardous wastes. This key issue area includes all DOE activities related to the cleanup, storage, and disposal of radioactive and hazardous waste, including all work involving the civilian and defense radioactive waste repositories.
5. Infrastructure: 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 of these aging facilities and restoration of sites to make them safe and viable are two of the most important tasks facing DOE. As part of this initiative, the Department has embarked on a long-range program to consolidate and build a smaller, modern and more efficient weapons production complex. In addition to repair and improvement of existing facilities, the Department is in the process of building additional roads, utilities, and mission support structures. Proper oversight will help ensure that these operations are performed safely, economically and efficiently.
6. Administrative Safeguards: "Administrative Safeguards" are those OIG audits and other reviews of administrative operations in which there is high inherent vulnerability to waste, abuse, and mismanagement such as imprest funds, payrolls, travel claims, time cards, overtime claims, telephone use, transportation and subsidized employee assistance (such as subsidized parking or mass transit ridership). Although the dollar amounts involved may be comparatively small, OIG activities falling within this category have significant value in maintaining internal controls.

## OFFICE OF AUDIT SERVICES RESOURCES

### Audit Staffing and Contract Audit Support

In October 1991, the U.S. General Accounting Office reported that the OIG had not been able to provide the necessary Departmental audit coverage because of staffing and resource limitations. Annually, since 1991, the Department has reported the lack of OIG audit resources and the resulting shortfall in audit coverage of the Department's contract expenditures as a material weakness in the FMFIA letter to the President. While the Office of Audit Services has streamlined its operations, the fact is that recent budget reductions have greatly exacerbated this problem.

In October 1993 the Office of Audit Services had 210 staff on-board. The impact of DOE's downsizing, the Secretary's Strategic Initiative, Congressional budget cuts, and a hiring freeze, have caused a 34% decrease in staff size over a four year period. As of the beginning of FY 1998, the Office of Audit Services will have 138 staff members.

In 1990, Congress passed the *Chief Financial Officers Act* which required the OIG to audit the financial statements of selected business entities within the Department. In 1994, the *Government Management Reform Act* expanded annual financial statement audit provisions to all accounts and associated activities of the Department. No additional resources were provided for performing these financial statement audits.

Staffing and budget reductions along with the increased requirements of the CFO Act and GMRA have made it necessary to significantly reduce the level of performance audit coverage. Although a reduced number of performance audits are included in this year's plan (40) compared to the FY 1997 plan (55), it is unlikely we will be able to start all of them because of the large number of audit personnel who are assigned, on a dedicated basis, to meet CFO and GMRA requirements. Further, the Office continues to lose personnel without relief from restrictions on hiring new personnel. For purposes of clarity, the schedule of planned new audits beginning on page 36 has been annotated so as to denote which audit starts are questionable.

A limited amount of contractor resources are available to the Office of Audit Services for use in performing certain aspects of the financial audits required by the GMRA. These contractor personnel provide specialized audit expertise in such areas as actuarial science, petroleum engineering and mathematical modeling.

#### Management and Operating (M&O) Contractors and the Cooperative Audit Strategy

The Department of Energy has contracts with a number of large firms and non-profit entities for the operation, maintenance, or support, on its behalf, of government-owned or controlled research, development, special production, or testing facilities. These M&O contractors are heavily relied upon to carry out the management and operations of most of the Department's programs, activities, and functions.

The OIG is responsible for conducting audits of the Department's M&O contractors. However, because of the resource limitations discussed above, it has not been possible for the OIG to provide the necessary audit coverage for these contractors. To help alleviate this problem, the Cooperative Audit Strategy (Strategy) discussed in the Introduction was fully implemented during FY 1997. The Strategy was designed to (1) maximize audit coverage of the M&O contractors with existing OIG and M&O internal audit resources; (2) use risk-based assessment methodologies as the basis for planning and prioritizing audit coverage; (3) incorporate internal audit staffs' audit plans in the OIG risk assessments; and (4) utilize an automated tracking system to track the work planned and performed by internal audit staffs. A Quality Audit Steering Committee meets periodically, addresses issues which may impact implementation of the Strategy, and recommends changes.

We will continue to assess the work of the internal audit function at all integrated M&O contractor locations to assure compliance with audit standards and review M&O internal control changes.

Integrated contractors are required by their contracts to annually prepare a certification that costs were reasonable and allowable under the contract. In the field offices, Department financial officers will also confirm that the contractors maintained adequate and approved accounting systems. The OIG will verify and attest to the contractor and Departmental certifications.

This partnership approach has increased the amount of audit coverage provided to the Department's major contractors, but, like the Office of Audit Services, the internal audit personnel levels are being reduced. Depending on the severity of these cuts, the success of this approach to performing audits at the M&O contractors may be in jeopardy.

## **KEY AUDIT ISSUE AREA DETAILS AND PLANS**

The process for identifying and developing areas for audit focuses on DOE's major mission areas. As mentioned above, the performance plan includes strategies for auditing six key issue areas. Beginning on the following page is a summary of each key audit issue area that includes a brief discussion of many of the audits that are planned to start in FY 1998. A complete listing of carry-in audits and audits planned for FY 1998 can be found beginning on page 32.

## FINANCIAL MANAGEMENT

### BACKGROUND

The Financial Management area encompasses controls such as accounting systems, financial reporting, and other internal control processes that ensure the Department and its Management and Operating contractors exercise proper accountability over Government resources entrusted to them. To do this, the Department and the Office of the Inspector General have developed a number of processes to cover stewardship of the major financial management functions which include:

- ◆ Audits of Departmentwide and designated component financial statements to comply with the *Chief Financial Officers Act* of 1990 and the *Government Management Reform Act* of 1994;
- ◆ Audits of statements of costs incurred and claimed by management and operating contractors required by Departmental orders; and
- ◆ Annual reviews of internal control systems required by the *Federal Managers' Financial Integrity Act*.

### Financial Statement Audits

The objectives of financial statement audits are 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.

On February 24, 1997, the Office of Inspector General issued its report on the "Audit of the U.S. Department of Energy's Consolidated Financial Statements For Fiscal Year 1996." The report included the OIG's opinion that the Department's financial statements presented fairly, in all material respects, the financial position of the Department as of September 30, 1996, and the results of its operations and changes in net position for the year then ended.

This report was a hallmark event for the Department. It was the culmination of a multi-phased effort by the OIG to audit the statements of the Department of Energy. Phase I focused on the Department's FY 1995 Consolidated Statement of Financial Position and provided the Department with early notification of significant weaknesses that needed correcting prior to the statutorily required statements for FY 1996. This early notification allowed the Department to take corrective actions in time for the Phase II audit of the FY 1996 statements. The audit of statements was

completed before the statutory reporting date of March 1, 1997, established by the *Government Management Reform Act*.

The consolidated financial statement audit is a mandated yearly requirement which is unprecedented in its scope and resource demands on the Office of Inspector General. The FY 1996 audit provided nationwide coverage of the Department's financial management activities including 29 financial reporting entities which were subject to detailed testing. For the FY 1997 audit, the OIG will have to increase the scope of its work to focus on how the Department is implementing new standards, such as the Federal Accounting Standards Advisory Board's Managerial Cost Accounting Standards, as well as new reporting requirements such as the *Federal Financial Management Improvement Act*. This increased workload and associated resource demand continues to be of special concern to the OIG given the decreasing resources available to meet statutory requirements for financial and performance audits.

### FISCAL YEAR 1998 PLANNED AUDITS

#### Financial Statement Audits

Audit fieldwork for the audit of the FY 1997 financial statements began in March 1997. The focus of activity is on changes in internal controls; compliance with laws and regulations; and transactions processed during FY 1997. Year-end work includes adjusting entries; statement disclosure note issues; and closing procedures employed by the Chief Financial Officer. A significant portion of the work will be done in FY 1998, with completion scheduled for the second quarter of the fiscal year.

Audit fieldwork in support of the FY 1998 financial statements will begin in the second quarter of FY 1998. As in FY 1996 and 1997, this work will include financial statement audits of Power Marketing Administrations, the Federal Energy Regulatory Commission, the Isotope Production and Distribution Fund, and the Uranium Enrichment Decontamination and Decommissioning Fund. Additionally, sites will be selected for review that do not qualify based on an analysis of their risks. This process will be repeated each year to insure that all elements of DOE receive coverage.

#### Other Financial Audits

In addition to financial statement audits required by the CFO and GMRA, financial certification audits, which include statements of costs incurred and claimed, internal audit assessments and reviews of internal control changes will continue to be performed in FY 1998. We have also scheduled other audits in the financial management area, including:

- ◆ An audit to determine whether the Department has identified mission-essential computer systems and has taken action to ensure that these systems can handle transactions in the Year 2000. Specifically, we will determine if the Department has:

- ⇒ adequately planned and budgeted for achieving Year 2000 compliance;
- ⇒ identified and analyzed mission-critical computer systems as part of the Year 2000 compliance effort;
- ⇒ developed data conversion strategies to convert computer systems by early 1999 in order to allow for testing and error correction; and
- ⇒ prepared contingency plans for systems that will not be changed in time.

There are indications that the Department may not be taking sufficient corrective action to ensure that systems will function properly after 12/31/99. (A98AT001)

- ◆ An audit to determine if the Department has managed its working capital fund in an effective and efficient manner. The Energy and Water Appropriations Report dated July 16, 1996 requires the OIG to audit the fund annually. (A98CM015)
- ◆ An audit of Westinghouse Savannah River Company's use of Government Contract Airfares to determine whether Westinghouse is taking all measures necessary to minimize air travel costs as required by their contract with the Department. (A98SR007)
- ◆ A review of transfer costs at the Los Alamos National Laboratory to determine if the Laboratory has been transferring costs from one program type to another without adequate justification, and to ensure costs are being recorded properly and used as intended by Congress. (A98LA020)
- ◆ An audit to determine if contractors performing environmental restoration work at the Hanford, Washington site are utilizing site-wide services that are paid for by the Department. Specifically, the audit will focus on telecommunications services being supplied to the site. (A98RL032)

## CONTRACT ADMINISTRATION

### BACKGROUND

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. DOE is engaged in four types of activities, each of which draws on substantial expertise in the private sector. These activities include:

- ◆ Fundamental research in basic sciences.
- ◆ Development of applied science and technologies principally related to increasing efficiency, ensuring future energy supplies, and understanding the effects of energy use on the environment.
- ◆ Development of nuclear defense and nonproliferation technologies and strategies.
- ◆ Environmental restoration and waste management, principally at nuclear weapons production facilities.

DOE procurement activities also support the management of the Strategic Petroleum Reserve and the Naval Petroleum and Oil Shale Reserves. Financial assistance grants and awards are made for a variety of purposes to State and local governments, colleges, universities and private sector firms.

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 M&O contracts. For example, M&O 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.

Following are some FY 1996 highlights (the most recent data available) relating to contract administration:

- ◆ The DOE procurement and financial assistance obligations in FY 1996 were \$17.8 billion, a decrease of 8 percent from FY 1995.
- ◆ Obligations for M&O contractors totaled \$13.1 billion.

- ◆ The number of active procurement awards over \$25,000 (excluding M&O contracts) on September 30, 1996, totaled 2,164, with a total award value of \$26.9 billion.
- ◆ The number and award value of financial assistance instruments active on September 30, 1996, was 5,002 and \$20.7 billion.
- ◆ Subcontract awards totaled \$5.0 billion, of which \$2.6 billion (51%) were awarded to small businesses.
- ◆ DOE funded 28 unsolicited proposals with total obligations of \$9.3 million.

#### FISCAL YEAR 1998 PLANNED AUDITS

New Contract Administration audits planned to begin in FY 1998 include:

- ◆ An audit of the Department's acquisition and management of information technologies to determine whether the Department and its contractors are acquiring information technology systems in a cost effective manner. The General Accounting Office and the OIG have previously reported on the need for the Department to improve its procurement practices, including information technology acquisition. In 1996, Congress passed the *Clinger-Cohen Act* which seeks, in part, to strengthen executive leadership in information management and institute sound capital investment decision-making to maximize the return on investment in such systems. This audit will focus on (1) ensuring the Department does not develop or acquire duplicate or overlapping information systems, and (2) ensuring that information technology resources are acquired in a cost-effective manner. (A98AT002)
- ◆ An audit of the East Tennessee Technology Park to determine whether the reindustrialization of the Technology Park is achieving the Department's goals of reducing the cost and time to clean up facilities no longer needed, and creating jobs for East Tennessee. The Technology Park, formerly known as the K-25 Site, was built during World War II to produce highly enriched uranium for use in nuclear weapons. The plant was permanently shutdown in 1987, and the current mission is to reindustrialize and reuse the assets of the facility. (A98OR006)
- ◆ A review of the Idaho National Engineering and Environmental Laboratory purchase card program to determine whether (1) the program has adequate controls to ensure that unallowable and unauthorized items are not purchased; (2) purchase card holders maintain adequate support for payment of purchase card invoices; and (3) the program has reduced costs of procuring goods and services compared to other forms of procurement. (A98IF017)

## PROGRAM MANAGEMENT

This key issue area includes the development, implementation, administration and operation of programs mandated by statute or regulation. The major areas encompassed by program management include:

- ◆ National Laboratories;
- ◆ Power Marketing Administrations;
- ◆ Safeguards and Security;
- ◆ Strategic Petroleum Reserve; and
- ◆ National Security.

### NATIONAL LABORATORIES

#### BACKGROUND

The Department of Energy's national laboratories are Federally-owned facilities operated for DOE by universities, university consortia, or industry under contract to DOE. These operators provide the scientific, technical, and support staff to conduct the work under the direction of DOE's program managers. The detailed day-to-day management of each laboratory is provided by the contractor, while contract management and laboratory performance appraisals are conducted by the DOE's operations offices.

The work at DOE's national laboratories involves a variety of research and development activities, primarily within two of DOE's Business Lines: Science and Technology, and Energy Resources. The programs cover a wide range of fields, including: high energy physics; nuclear physics; basic energy sciences; biological and environmental research; fusion energy; nuclear energy; solar and renewable energy; and technology transfer. The national laboratories also perform work in DOE's other two Business Lines: Environmental Quality and National Security. This work primarily involves research and development efforts in environmental cleanup, stockpile stewardship, and stockpile management.

Over the past several years, the Office of Audit Services has performed, and plans to continue performing, work at many of the national laboratories. Although resources are not available to perform all necessary audit work, the Office has conducted annual financial audits and numerous performance audits at the facilities to ensure the reasonableness of expenditures, and the efficiency and effectiveness of operations. Our strategy for auditing the national laboratories includes:

- ◆ Reviewing DOE's performance of its programmatic responsibilities for the national laboratories as they pursue basic and applied research and development programs.
- ◆ Reviewing DOE's pilot oversight initiatives and other strategies for meeting the responsibilities to set and achieve workable performance measures.
- ◆ Identifying opportunities for organizational streamlining, achieving cost savings, and other improvements in DOE and contractor program management policies and practices.

### FISCAL YEAR 1998 PLANNED AUDITS

Audit work scheduled to start in FY 1998 includes:

- ◆ An audit of the Department's Solar and Renewable Energy Program to determine whether the photovoltaic, biofuels and wind technology programs are improving the nation's energy position. Work on these programs is conducted by the National Renewable Energy Laboratory in Golden, CO. The laboratory's mission is to lead the nation toward a sustainable energy future by developing renewable energy technologies, improving energy efficiency, advancing related science and engineering, and facilitating commercialization. (A98CF004)
- ◆ Two audits that will examine the Department's Work for Others Program. This program is designed to attract reimbursable outside work to the Department. Both audits will focus on determining if the Department is properly charging others for its costs. These audits are being conducted at the Argonne and Brookhaven National Laboratories (A98CH001), and the Sandia National Laboratory. (A98AL001)
- ◆ An audit of Bechtel Laboratories in New Mexico and California to determine if these laboratories continue to serve a useful purpose and whether their work duplicates work being done by Los Alamos and Lawrence Livermore National Laboratories. (A98LV027)
- ◆ An audit to determine the need for the Advanced Mixed Waste Treatment Project at the Idaho National Engineering and Environmental Laboratory (INEEL). The purpose of the project is to excavate, treat and ship off site transuranic waste that is presently stored and buried at the INEEL. Specific objectives of the audit are to:
  - ⇒ determine if the size of the project is consistent with program requirements, and if similar facilities are either available or being constructed in the Department or commercially;
  - ⇒ substantiate that the amount the Department projects to save by privatizing the project are reasonable; and

- ⇒ determine if controls are in place to ensure against major planning and design problems, lengthy project delays, major cost overruns, and gross overstatements of estimated savings. (A98IF015)

Additionally, we have scheduled an audit of waste characterization activities at the Los Alamos National Laboratory to begin in FY 1998. (A98LA021) This audit is included in the discussion of new Environmental Quality audits that follows.

### **POWER MARKETING ADMINISTRATIONS**

#### **BACKGROUND**

The Department of Energy Organization Act of 1977 transferred the five Power Marketing Administrations - Alaska, Bonneville, Southeastern, Southwestern, and the Western Area - to the Department of Energy while preserving them as separate and distinct entities. The PMAs assist the Department in achieving its goal of deploying energy resources by marketing electricity generated primarily by Federal hydropower projects. Revenues from selling power and transmission services of the five PMAs are used to repay annual operation and maintenance costs, repay funds invested in capital projects along with the interest thereon, provide assistance in the form of funds to cover interest on other projects, and provide assistance to cover capital repayment on irrigation features of certain projects. PMAs contract for the purchase and sale of power; develop rates; construct and maintain transmission lines, substations, switchyards, and attendant facilities; and conduct energy conservation programs.

The Bonneville Power Administration operates on a self financed revolving fund basis, i.e., it does not require appropriated funds to finance its day-to-day operations. However, Bonneville requires borrowing authority to fund its capital investment activities.

Public Law 104-58, signed by the President on November 28, 1995, directs the Secretary of Energy to sell the assets of the Alaska Power Administration (APA). The Eklutna Project will be sold to the three current power customers, and the Snettisham Project will be sold to an agency of the State of Alaska. Sale of both projects is expected to be completed by November 28, 1997. However, if the State of Alaska experiences delays in securing financing for the Snettisham project, the sale could be delayed until August 20, 1998. A total of \$85 million is expected to be realized from the sale of Alaska Power Administration assets.

The FY 1997 comparable appropriation and the FY 1998 budget request are shown below:

#### POWER MARKETING ADMINISTRATIONS

	(\$000)	
	<u>FY 1997</u>	<u>FY 1998</u>
Alaska Power Administration	\$ 4,000	\$ 1,000
Southeastern Power Administration	27,445	16,222
Southwestern Power Administration	27,804	26,500
Western Area Power Administration	252,465	229,964
Other Adjustments	<u>(77,819)</u>	<u>(36,663)</u>
 Total Power Marketing Administrations	 \$ 233,895	 \$ 237,023
	<hr/>	<hr/>

Note: The Bonneville Power Administration proposes to obligate \$253 million of its borrowing authority in fiscal year 1998, and will have net outlays of -\$66 million.

#### FISCAL YEAR 1998 PLANNED AUDITS

The FY 1997 CFO financial statement audit cycle is in progress at four of the PMAs (Alaska, Southeast, Southwest and Western). The OIG, through its independent contractor, is performing audits at these four sites. Additionally, we oversee work being done at Bonneville by an independent firm under contract to Bonneville.

Beginning with this fiscal year, the OIG will only be providing audit services to Western. We have agreed to let Southeast and Southwest contract for their own audit services. This is being done on a test basis, until we are assured that we can rely on the results for completing our responsibilities in the audit of the Department's financial statements. We will participate with the PMAs in the contracting process and closely monitor the resulting work.

If the sale of Alaska is completed as scheduled, no audit will be required.

One performance audit is scheduled for FY 1998 at the Western Area Power Administration. The audit will evaluate the policies and procedures being followed by Western and their effectiveness in managing the purchase of power. Western purchased about \$175 million and \$130 million in power in FY 1995 and FY 1996 respectively. Many of the contracts for purchased power are long term (up to 30 years). In light of industry deregulation and decreasing prices being paid for electricity, we want to determine if Western is likely to be able to recover its purchased power costs from customers. (A98DN007)

## **STRATEGIC PETROLEUM RESERVE**

### **BACKGROUND**

The Strategic Petroleum Reserve (Reserve) was created as a result of the *Energy Policy and Conservation Act* of 1975. The mission of the Reserve, which is an emergency crude oil stockpile, is to reduce the nation's economic vulnerability to oil supply interruptions by discouraging supply disruptions as a tool of other nations, and by adding to crude oil supplies in the United States, in the event of a disruption due either to political, military or natural causes. The Reserve consists of four crude oil storage sites (a fifth site is being decommissioned because the integrity of the mine has been compromised; all crude oil has been moved to two of the other storage sites), interconnecting pipelines, a marine terminal, and a project management office. Crude oil is stored in underground salt caverns along the Texas and Louisiana gulf coast. The program will maintain a 680 million barrel capacity.

The FY 1998 budget request of \$209.0 million provides for storage site maintenance, security, drawdown testing, and drawdown readiness; continues mitigation of operational problems associated with gas-in-oil; provides for long term replacement of critical physical systems to assure the capability of the Reserve to effectively perform its mission through the year 2025; and continued decommissioning of Weeks Island storage facility. There is no oil acquisition planned in FY 1998; only payment of fixed terminaling costs which maintains the capability to resume crude oil fill operations.

### **FISCAL YEAR 1998 PLANNED AUDITS**

One GMRA audit is planned at the Strategic Petroleum Reserve in FY 1998.

## **SAFEGUARDS AND SECURITY**

### **BACKGROUND**

The Nuclear Safeguards and Security Program is responsible for the development of measures to assure adequate, cost-efficient, and effective protection of the Department's nuclear weapons, nuclear materials, facilities, and classified information against theft, sabotage, espionage, and terrorist activity. The program supports development of state-of-the-art technology designed to provide cost-effective, long-term security at DOE facilities. It also continues to emphasize a comprehensive review and revision of existing classification policies and the declassification of large volumes of documents, especially those documents concerning environmental, safety, and health issues. The FY 1998 budget request for these activities is \$47.2 million, including \$2.0 million for the enhanced nuclear smuggling/terrorism initiative.

## FISCAL YEAR 1997 PLANNED AUDITS

Safeguards and Security audits scheduled to start in FY 1998 include:

- ◆ Follow-up of an earlier audit of Albuquerque Transportation Safeguards Division (TSD) couriers' work schedules where we found internal control weaknesses regarding the scheduling of couriers. We estimated that Albuquerque could save about \$1.2 million annually if it established a basic workweek for TSD couriers that better fit actual work requirements. This audit would determine the adequacy of actions taken to improve the efficiency of the program and to survey other TSD activities for economy and efficiency of operations. (A98AL002)
- ◆ An audit of the Dismantlement of Nuclear Weapons at the Department's Pantex Plant to determine whether Pantex is performing dismantlement activities in an efficient, effective and safe manner. Specific objectives are to determine if:
  - ⇒ the Department will meet its dismantlement goals;
  - ⇒ if the contractor operating the Pantex Plant for the Department is meeting all safety requirements; and
  - ⇒ storage of nuclear weapons and storage of the nuclear materials and parts from the dismantlement operation are handled properly. (A98AL003)

## NATIONAL SECURITY

### BACKGROUND

One of DOE's missions is to maintain the safety, security, and reliability of the nation's enduring nuclear weapons stockpile within the constraints of a comprehensive test ban, utilizing a science-based approach to stockpile stewardship and management in a smaller, more efficient weapons complex infrastructure. The future weapons complex will rely on scientific understanding and expert judgment, rather than on underground nuclear testing and the development of new weapons, to predict, identify and correct problems affecting the safety and reliability of the stockpile. Enhanced experimental capabilities and new tools in computation, surveillance, and advanced manufacturing will become necessary to recertify weapons safety, performance, and reliability without underground nuclear testing. Weapons will be maintained, modified, or retired and dismantled as needed to meet arms control objectives or remediate potential safety and reliability issues.

The National Security Program of DOE represents \$6.65 billion of DOE's FY 1998 budget request. The National Security budget is divided into three broad areas: Weapons Activities (\$3.58 billion), National Defense Asset Acquisition (\$1.52 billion), and Other Defense Programs (\$1.55 billion).

The Weapons Activities component has two major complementary elements: Stockpile Management (\$1.73 billion), and Stockpile Stewardship (\$1.38 billion).

DOE's Defense Programs Stockpile Stewardship and Management Program is the program for maintaining the safety and reliability of the U.S. nuclear stockpile without underground nuclear testing and without new nuclear weapons development and production. The three primary goals of the Stockpile Stewardship and Management Program are to: (1) provide high confidence in the safety, security and reliability of the U.S. stockpile to ensure the continuing effectiveness of the U.S. nuclear deterrent while simultaneously supporting U.S. arms control and nonproliferation policy; (2) provide an appropriately sized, affordable, environmentally sound, and effective production complex to provide component and weapon replacements when needed, including limited lifetime components and tritium; and (3) provide the ability to reconstitute U.S. nuclear testing and weapon production capacities, consistent with Presidential Directives and the Nuclear Posture Review, should national security so demand in the future.

The Stockpile Stewardship program is responsible for maintaining confidence in stockpile and reliability without underground nuclear testing through a technically challenging and comprehensive science-based stockpile stewardship program utilizing upgraded and new experimental, computational, and simulation capabilities. The Stewardship budget request supports major initiatives in high energy density research with lasers and accelerated research and development in advanced computations to acquire and use data to improve predictive capabilities which will be the foundation of the science-based stewardship approach.

The Stockpile Management program supports the enduring stockpile as directed in the Nuclear Weapons Stockpile Plan; assures the availability of adequate supplies of tritium to meet the requirements of the enduring stockpile; provide safe and secure storage of nuclear materials and components to prevent proliferation of capabilities, technologies, and systems; provides the ability to respond to potential and real weapons incidents/accidents, and to respond to continuing and evolving nuclear terrorist threats; and provides a flexible infrastructure capable of supporting changing stockpile sizes.

#### FISCAL YEAR 1998 PLANNED AUDITS

Several audits relating to National Security are scheduled to begin during FY 1998. They include:

- ♦ Three audits related to Stockpile Stewardship and Management.
  - ⇒ One audit is to determine whether projected cost savings from "right sizing" the weapons complex are supportable. By the year 2010, estimates are that about \$1 billion will be saved. (A98CF006)

- ⇒ A second audit will examine the Department's Accelerated Strategic Computing Initiative. Supercomputers are being designed to simulate nuclear testing and to ensure the safety, reliability and effectiveness of the nation's nuclear weapons stockpile. Similar systems have been developed or are being developed at Sandia National Laboratories, Lawrence Livermore National Laboratory and Los Alamos National Laboratory. The objective of this audit is to determine whether (1) available computing resources are shared, and (2) duplication of effort in supercomputer development is minimized. (A98DN008)
- ⇒ The third audit focuses on stewardship activities at the Nevada Operations Office, with the objective of determining whether Nevada's activities are consistent with requirements specified in DOE's Defense Programs Stockpile Stewardship and Management Program. (A98LV028)
- ◆ A review of the Department's Nonproliferation and Verification Program to determine if strategic nuclear materials are being properly protected, controlled, and accounted for. (A98CG009)
- ◆ A review to determine whether the Department has developed a program to maintain the knowledge base needed to operate a downsized weapons complex. The Department has several initiatives in place to ensure that a knowledge base is maintained, but how the Department is fulfilling it's mandate to "attract and retain the highest caliber of scientists and engineers" is not clear. This audit will focus on the Department's overall plan for maintaining the human capability within the stockpile stewardship program and the assurances that the Department will have the human capability to resume nuclear testing. (A98CG012)
- ◆ An audit to determine if it is cost effective to continue keeping the Device Assembly Facility at the Nevada Test Site ready for operation. The facility was designed for use in assembling nuclear devices for the Nevada Test Site. Although a moratorium on nuclear testing went into effect in October 1992, DOE completed the facility and currently spends about \$8 million per year to keep the facility ready for operations, even though there is no mission for it in the foreseeable future. (A98LV029)

## ENVIRONMENTAL QUALITY

### BACKGROUND

For almost 50 years the Department of Energy and its predecessor agencies have been involved in the research, development, demonstration and production of a wide variety of products that either contain radioactive materials or use them in the fabrication process. Many of these processes used non-radioactive toxic chemicals which have accumulated over the years at the Department's facilities. Additionally, the private sector has been generating and continues to generate substantial spent nuclear fuel for which safe storage must be found.

The Department's environmental quality objectives include:

- ◆ Making progress on the treatment, storage, and disposal of radioactive wastes;
- ◆ Reducing the risks of cleaning up nuclear sites;
- ◆ Preventing future pollution;
- ◆ Finding solutions to spent nuclear fuel storage; and
- ◆ Eliminating serious health, safety and environmental vulnerabilities.

Responsibilities for environmental quality activities is divided among the Office of Environment, Safety and Health, the Civilian Radioactive Waste Management Program, and the Office of Environmental Management. The Office of Environmental Management is responsible for \$6.24 billion, or about 92%, of the environmental quality budget request and is divided into five major programmatic areas:

- ◆ *Environmental Restoration* -- responsible for stabilizing radioactive waste, conducting remediation, and performing decommissioning and decontamination work at DOE sites. The program also performs assessments and characterizations to determine the potential for radioactive and hazardous waste releases and to reduce and remove potential risks to the environment.
- ◆ *Uranium Enrichment Decontamination and Decommissioning Fund* -- provides for the cleanup of the Department's three gaseous diffusion plants and administers a reimbursement program for active uranium and thorium processing sites which sold uranium and thorium to the United States Government.
- ◆ *Waste Management* -- provides a system to characterize, store, transport, treat and dispose of radioactive, hazardous, mixed and sanitary wastes generated by past and ongoing operations at DOE facilities.
- ◆ *Science and Technology* -- provides new and improved cleanup technologies that reduce risk to workers, the public, and the environment, as well as reducing the cost of cleanup at DOE facilities. The Environmental Management Science Program strives to develop and implement a targeted long-term basic research agenda for environmental

problems so that breakthrough approaches will lead to significantly reduced cleanup costs over the life-cycle of the Environmental Management Program.

#### FISCAL YEAR 1998 PLANNED AUDITS

The Office of Audits currently has eight performance audits scheduled for FY 1998 that primarily relate to the Environmental Quality area. Two other audits previously discussed also have environmental quality implications. They are the audit of the need for the Advanced Mixed Waste Treatment Project at the Idaho National Engineering and Environmental Laboratory (A98IF015), included in our discussion of National Laboratory audits, and the audit of the Dismantlement of Nuclear Weapons at the Department's Pantex Plant (A98AL003) discussed in the Safeguards and Security section.

Other Environmental Quality work currently planned to begin in FY 1998 includes:

- ◆ An audit of the Department's Environmental Management Privatization efforts to determine if they are meeting the goals of reducing the cost and time required to complete environmental restoration and waste management projects. (A98CG011)
- ◆ An audit of the Mound Plant Transition to Community Use to determine if the Department has adequately assessed future plans for the Mound Plant and cleaned up or demolished facilities appropriately. (A98CN003)
- ◆ An audit of the Treatment of Mixed and Low-Level Waste. The Department plans to spend almost \$2 billion dollars in the next few years for the treatment of mixed and low-level radioactive waste. Much of this money is directed at construction of 13 major treatment facilities. However, on-site treatment facilities may not be necessary if more cost-effective opportunities exist in the private sector. The audit will evaluate the Department's approach to treating the waste. (A98OR004)
- ◆ An audit of the treatment of low-level mixed waste at the Rocky Flats Environmental Technology Site to determine if Rocky Flats is treating its low-level mixed waste at the Site only when necessary. (A98DN006)
- ◆ An audit to determine whether the Department's waste management information systems and programming activities for the management and tracking of wastes are accurate, reliable, and cost-effective. (A98OR005)
- ◆ An audit of waste characterization activities at the Los Alamos National Laboratory to determine whether Los Alamos is characterizing its waste in the most cost effective manner and whether their waste characterization activities ensure safe storage as well as the safety of its workers, the public, and the environment. (A98LA021)

- ◆ An audit of the Oakland Operations Office Ten-Year Environmental Management Plan to determine if the environmental cleanup proposed by Oakland is being achieved and if the technology is available to implement the plan. (A98LL025)
- ◆ An audit of Hanford On-Site Environmental Health and Safety Programs to determine if the safety level at the Hanford, Washington Site has declined because of reduced worker training. (A98RL033)

## INFRASTRUCTURE

### BACKGROUND

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 of these aging facilities and restoration of sites to make them safe and viable are two of the most 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.

A major 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.

The Office of Energy Research is the primary landlord or funding source for facilities support for multiprogram non-defense energy laboratories. The goal of facilities support is to provide for the ongoing rehabilitation, upgrade, and replacement of general purpose infrastructure support facilities necessary to the continued safe, cost-effective, and environmentally responsible operation of the Department's multi-program laboratories. Although superb facilities exist at DOE laboratories, some facilities have been allowed to languish. A gradual reinvestment by the Government in repairing research laboratories, and upgrading research instrumentation is needed.

The Department has committed to transforming its national security infrastructure to better align with the changes resulting from the collapse of the Soviet Union and easing of world tensions. The Department's national security activities are being transformed from an emphasis on weapons production to stockpile stewardship. A key mission is to enhance the technology infrastructure and core competencies for the execution of the National security mission while assisting industrial competitiveness. The Core Stockpile Stewardship program provides for the physical and intellectual infrastructure required for the science-based stewardship program at the three defense laboratories and maintains the Nevada Test Site in a state of readiness to conduct underground nuclear tests within 3 years, if necessary.

The other major National Defense function of the Department is stockpile management. Stockpile management encompasses the production, maintenance, and surveillance of those nuclear weapons specified in the Nuclear Weapons Stockpile Plan, which is jointly developed by the Department of Defense and Department of Energy and approved annually by the President. Although no new nuclear weapons are expected to be built in the near future, maintenance and surveillance responsibilities remain.

### FISCAL YEAR 1998 PLANNED AUDITS

Several audits scheduled for FY 1998 are related to the Infrastructure of the Department of Energy. These include:

- ◆ An audit to determine whether the Department has appropriate systems in place to estimate and budget for major construction projects. We will review cost estimating systems and policies being used by the Department to develop cost estimates for major science and technology projects. (A98PT020)
- ◆ Follow-up of an earlier audit of costs and management of the Yucca Mountain Project. Yucca Mountain has been designated as an underground repository for nuclear waste, and through FY 1997, the Department has spent about \$2.5 billion on site characterization activities. The objective of this audit is to determine if the Department has implemented recommendations made in our June 1994 report to reduce the number of participants on the project and to reduce overhead costs. (A98CF007)

## ADMINISTRATIVE SAFEGUARDS

### BACKGROUND

The key issue area of Administrative Safeguards includes those audits that cover activities with a high risk for waste, fraud, or mischarging. These audits are performed to identify instances of waste, fraud, or mischarging and to deter similar instances from occurring in the future. For example, identification of fraudulent actions in an activity will often deter others from engaging in the same actions. Similarly, identification of claims for unallowable costs will alert the Department to such improper claims and help deter their recurrence. Prompt detection of problem areas in an activity will foster corrective actions before operations are significantly impacted.

Past audits of vulnerable activities have identified improper actions such as misuse of imprest funds, claims for overtime not worked, and fraudulent travel claims. In addition, past audits have identified numerous instances of claims for unallowable costs such as travel and relocation costs that were not in compliance with contract terms or applicable regulations. Generally, audits of these activities involved more than one key issue area.

Most vulnerable activities have received some coverage. However, further audits in these areas can help reduce the risk of waste, fraud, and mischarging.

### FISCAL YEAR 1998 PLANNED AUDITS

Several audits focusing on Administrative Safeguards are planned for FY 1998, including the following:

- ◆ A follow-up audit of the Federal Energy Regulatory Commission's Office of Chief Accountant (OCA). Our April 1995 audit reported problems with the level of audit coverage, the accuracy of final reports, the adequacy and completeness of supporting working papers, and the timely issuance of audit reports by the OCA. This audit will evaluate the OCA's audit performance since or earlier review, and determine whether prior audit recommendations have been implemented. (A98CF008)
- ◆ A review of the Department's management of Government-furnished equipment associated with canceled or completed projects to determine if proper controls are in place to ensure that the Government's interest in the equipment is protected. (A98CG010)

- ◆ A follow-up of our January 1993 report on the Department's in-house energy management program where we visited six sites and identified energy efficiencies not being taken that could save the Department an estimated \$14 million annually. We also reported that another \$29 million in energy cost reductions had not been realized because of delays in completing retrofit projects and the non-use of projects after completion. Our objective in this audit is to determine if the Department has developed and implemented programs to reduce energy costs. (A98CG013)

## **CUSTOMER SERVICE**

The Deputy Inspector General for Audit Services has established policies and procedures to ensure that customer input is obtained and responded to throughout the audit process from planning through post-evaluation of issued audit reports.

In the early stages of its annual planning process, the Office of Audit Services solicits audit suggestions from Program Secretarial Officers and others, including local field office managers. Senior OIG staff, including the Deputy Inspector General for Audit Services, periodically convene customer focus groups to discuss audit suggestions and to obtain additional planning input. Similarly, OIG staff at local DOE field offices periodically meet with program managers to obtain their input to the audit planning process.

In FY 1997, as a result of this process of customer involvement, the Office of Audit Services' continued a financial review of alleged overcharges by an electric cooperative as well as annual financial statement audits at two power projects. (A96DN051, A97DN031, and A97DN056) These audits were requested by the Western Area Power Administration. The audit of alleged overcharges culminated in a report being issued in June 1997, and a subsequent court filing by the Department of Justice on behalf of the Department of Energy seeking recoveries for False Claims Act violations, Breach of Contract, Unjust Enrichment, and Payment by Mistake.

Customer suggestions are evaluated by senior OIG staff to determine their priority as shown by their relationship to the OIG key issue areas, the Secretary's Strategic Plan, previous or ongoing work by the OIG or other audit entities working in the Department. The Office of Audit Services advises its customers about the disposition of their suggestions at the end of the planning process.

During the performance of audits, the Office of Audit Services ensures that customers are afforded many opportunities to express their views and expectations. Audit policy requires an entrance conference with the auditees to inform them about audit goals and objectives. Also, it is our policy to obtain management comments on audit findings as early as possible during an audit, rather than waiting until all field work has been completed and a draft report written -- thus ensuring continual communication with customers about the results of our work.

Customers are also afforded the opportunity to comment officially on Office of Audit Services' Official Draft Reports and Final Reports. OIG staff meet with auditees to discuss their comments during exit conferences and respond to comments in final reports.

The Office of Audit Services also includes a "Customer Response Form" in each issued final report which allows customers to provide the Office of Inspector General with their perceptions and recommendations for improved service. The Deputy Inspector General for Audit Services responds directly to each customer who provides formal or informal feedback.

**U.S. DEPARTMENT OF ENERGY  
DEPUTY INSPECTOR GENERAL FOR AUDIT SERVICES  
FISCAL YEAR 1998 PERFORMANCE PLAN SCHEDULE**

<b>AUDIT NUMBER</b>	<b>TITLE</b>
<b><u>FISCAL YEAR 1998 PERFORMANCE CARRY-IN AUDITS</u></b>	
A96OR057	DISPOSAL OF MIXED AND LOW-LEVEL WASTE
A96OR058	OAK RIDGE RADILOGICAL CONTROL PROGRAM
A97AL060	TONOPAH TEST RANGE OPERATIONS
A97AL067	SANDIA NATIONAL LABORATORY PERFORMANCE AWARDS
A97AL071	LOS ALAMOS AND SANDIA NATIONAL LABORATORIES ARCHITECT/ENGINEER COSTS
A97CF036	NEW GENERATION OF VEHICLES
A97CG008	COST OF MANAGEMENT & OPERATING CONTRACTORS IN DOE HEADQUARTERS
A97CG033	MANAGEMENT INFORMATION SYSTEMS FOLLOW-UP REVIEW
A97CH039	HEADQUARTERS DIRECTED PROCUREMENTS
A97CN047	FERNALD ENVIRONMENTAL MANAGEMENT PROJECT SERVICE AGREEMENT
A97CN050	FUNDING FOR ISOTOPE POWER SYSTEMS
A97DN006	ROCKY FLATS FACILITY DECOMMISSIONING
A97DN068	REDUCTION OF SURVEILLANCE & MAINTENANCE COSTS AT ROCKY FLATS
A97DN070	NATIONAL RENEWABLE ENERGY LABORATORY CRADA'S/LICENSEES/PARTNERS SURVEY
A97IF007	ASSOCIATED WESTERN UNIVERSITY GRANTS MANAGEMENT
A97IF008	INEEL PROPERTY LOAN PROGRAM
A97LA010	LOS ALAMOS NATIONAL LABORATORY RADIOACTIVE WASTE MINIMIZATION
A97LV015	BECHTEL NEVADA CORPORATION PERFORMANCE MEASURES
A97LV016	SOLAR ENTERPRISE ZONE
A97OR010	OAK RIDGE OPERATIONS OFFICE DECONTAMINATION & DECOMMISSIONING
A97OR011	PREPARATION FOR PROGRAMMATIC ENVIRONMENTAL IMPACT STATEMENTS
A97OR042	CONTRACTS WITH ENVIROCARE OF UTAH
A97PR052	BROOKHAVEN NATIONAL LABORATORY USER FACILITIES
A97PT013	MANAGEMENT & OPERATING CONTRACTOR RISK
A97PT014	MATERIALS & COMPONENTS RESEARCH & DEVELOPMENT
A97PT017	MANAGEMENT & OPERATING CONTRACTOR ADMINISTRATION OF SUBCONTRACTS

**U.S. DEPARTMENT OF ENERGY  
DEPUTY INSPECTOR GENERAL FOR AUDIT SERVICES  
FISCAL YEAR 1998 PERFORMANCE PLAN SCHEDULE**

<b>AUDIT NUMBER</b>	<b>TITLE</b>
-------------------------	--------------

**FISCAL YEAR 1998 PERFORMANCE CARRY-IN AUDITS (CON'T)**

A97PT034	DOE RESEARCH & DEVELOPMENT PEER REVIEW PROCESS
A97RL019	BATTELLE PACIFIC NORTHWEST LABORATORY USE OF GOVERNMENT EQUIPMENT
A99RL069	PROJECT HANFORD MANAGEMENT CONTRACT COSTS & PERFORMANCE
A97SR045	TRITIUM WASTE WATER MANAGEMENT
A97SR049	NATIONAL INSTITUTE OF ENVIRONMENTAL HEALTH & SAFETY AGREEMENT
A97SR051	SAVANNAH RIVER SITE COST REDUCTION INCENTIVE PROGRAM

**U.S. DEPARTMENT OF ENERGY  
DEPUTY INSPECTOR GENERAL FOR AUDIT SERVICES  
FISCAL YEAR 1998 PERFORMANCE PLAN SCHEDULE**

<b>AUDIT NUMBER</b>	<b>TITLE</b>
-------------------------	--------------

**CFO / GMRA FISCAL YEAR 1998 CARRY-IN AUDITS**

A97AL021	CFO - ALBUQUERQUE OPERATIONS OFFICE - FY 1997
A97AT001	MANAGEMENT & OPERATING CONTRACTOR ADP CONTROL
A97CH016	CFO - CHICAGO OPERATIONS OFFICE - FY 1997
A97CM019	CFO - AUDIT CONTROL POINT - FY 1997
A97CM021	CFO - FEDERAL ENERGY REGULATORY COMMISSION - FY 1997
A97DN027	CFO - ROCKY FLATS - FY 1997
A97DN028	CFO - BONNEVILLE POWER ADMINISTRATION - FY 1997
A97DN029	CFO - SOUTHWESTERN FEDERAL POWER SYSTEM - FY 1997
A97DN030	CFO - WESTERN AREA POWER ADMINISTRATION - FY 1997
A97IF032	CFO - IDAHO OPERATIONS OFFICE - FY 1997
A97LL034	CFO - OAKLAND OPERATIONS OFFICE - FY 1997
A97OR018	CFO - DECOMMISSIONING & DECONTAMINATION - FY 1997
A97OR019	CFO - ISOTOPE PRODUCTION & DISTRIBUTION - FY 1997
A97OR020	CFO - SOUTHEASTERN FEDERAL POWER SYSTEM - FY 1997
A97OR021	CFO - OAK RIDGE OPERATIONS OFFICE - FY 1997
A97OR046	CFO - ALASKA POWER ADMINISTRATION - FY 1997
A97PR023	CFO - STRATEGIC PETROLEUM RESERVE OFFICE - FY 1997
A97RL037	CFO - RICHLAND OPERATIONS OFFICE - FY 1997
A97SR024	CFO - SAVANNAH RIVER SITE - FY 1997

**GOVERNMENT MANAGEMENT REFORM ACT AUDITS**

A97CG028	GMRA - ENVIRONMENTAL LIABILITIES - FY 1997
A97CG029	GMRA - NUCLEAR MATERIALS INVENTORY - FY 1997
A97CM032	GMRA PENSIONS & ACTUARIAL LIABILITIES - FY 1997
A97PT030	GMRA - PITTSBURGH NAVAL REACTORS - FY 1997

**U.S. DEPARTMENT OF ENERGY  
DEPUTY INSPECTOR GENERAL FOR AUDIT SERVICES  
FISCAL YEAR 1998 PERFORMANCE PLAN SCHEDULE**

<b>AUDIT NUMBER</b>	<b>TITLE</b>
<b><u>OTHER FISCAL YEAR 1998 FINANCIAL CARRY-IN AUDITS</u></b>	
A97CG035	FY 1998 FEDERAL MANAGERS FINANCIAL INTEGRITY ACT AUDIT
A97CH030	FERMI FY 1997 FINANCIAL CERTIFICATION
A97CH031	ARGONNE NATIONAL LABORATORY FY 1997 FINANCIAL CERTIFICATION
A97CN025	EG&G FY 1997 FINANCIAL CERTIFICATION
A97DN055	BOULDER CANYON FY 1997 FINANCIAL STATEMENT
A97DN056	PARKER DAVIS FY 1997 FINANCIAL STATEMENT
A97IF044	LOCKHEED MARTIN IDAHO FY 1996 FINANCIAL CERTIFICATION
A97LA047	LOS ALAMOS NATIONAL LABORATORY FY 1996 FINANCIAL CERTIFICATION
A97LL048	LAWRENCE LIVERMORE NATIONAL LABORATORY FY 1996 FINANCIAL CERTIFICATION
A97LV062	DOE'S SALE OF THE NAVAL PETROLEUM RESERVE NO. 1
A97OR014	MANAGEMENT OF PROPERTY AT DOE OPERATIONS OFFICES AND CONTRACTORS
A97OR028	LOCKHEED MARTIN ENERGY SYSTEMS FY 1997 FINANCIAL CERTIFICATION
A97PR034	BROOKHAVEN NATIONAL LABORATORY FY 1997 FINANCIAL CERTIFICATION
A97PR054	PRINCETON CONTRACT WITH NATIONAL ENERGY RENEWABLE LAB. - FINAL AUDIT
A97SR036	WESTINGHOUSE SAVANNAH RIVER COMPANY FY 1997 FINANCIAL CERTIFICATION

**U.S. DEPARTMENT OF ENERGY  
DEPUTY INSPECTOR GENERAL FOR AUDIT SERVICES  
FISCAL YEAR 1998 PERFORMANCE PLAN SCHEDULE**

AUDIT NUMBER	TITLE	PLANNED STARTING QUARTER
<b><u>PLANNED FISCAL YEAR 1998 PERFORMANCE AUDITS</u></b>		
A98AL001	SANDIA NATIONAL LABORATORY AEROSPACE SYSTEMS DEVELOPMENT	1
A98AL002	ALBUQUERQUE TRANSPORTATION SAFEGUARDS DIVISION COURIERS	4
* A98AL003	PANTEX PLANT ACTIVITIES	3
A98AT002	INFORMATION TECHNOLOGY ACQUISITION	3
A98CF004	SOLAR & RENEWABLE ENERGY PROGRAM	1
A98CF006	STOCKPILE STEWARDSHIP & MANAGEMENT	1
* A98CF007	YUCCA MOUNTAIN PROJECT	2
* A98CF008	FEDERAL ENERGY REGULATORY COMMISSION OFFICE OF CHIEF ACCOUNTANT	4
A98CG009	NONPROLIFERATION & VERIFICATION PROGRAM	1
* A98CG010	DOE MANAGEMENT OF GOVERNMENT FURNISHED EQUIPMENT	2
A98CG011	ENVIRONMENTAL PRIVATIZATION	2
A98CG012	WEAPONS COMPLEX KNOWLEDGE BASE	3
A98CG013	ENERGY MANAGEMENT PROGRAM	1
A98CH001	WORK FOR OTHERS @ ARGONNE & BROOKHAVEN NATIONAL LABORATORIES	1
A98CM015	WORKING CAPITAL FUND MANAGEMENT	2
* A98CN002	MEDICAL SERVICES @ DOE FACILITIES	2
A98CN003	MOUND PLANT TRANSITION TO COMMUNITY USE	2
A98DN006	ROCKY FLATS LOW-LEVEL WASTE TREATMENT	2
A98DN007	WESTERN AREA POWER ADMINISTRATION PURCHASED POWER	2
* A98DN008	ACCELERATED STRATEGIC COMPUTING INITIATIVE	3
A98IF015	INEEL ADVANCED WASTE TREATMENT PROJECT	1
A98IF016	INEEL TRANSPORTATION & EQUIPMENT USE	3
A98IF017	INEEL PURCHASE CARD PROGRAM	4
A98LA021	LOS ALAMOS NATIONAL LABORATORY WASTE CHARACTERIZATION ACTIVITIES	4
* A98LA022	AUDIT OF ADVANCED HYDRODYNAMICS TESTING FACILITY	3
A98LL024	LAWRENCE LIVERMORE NATIONAL LABORATORY COMMERCIALIZED TECHNOLOGY	2

“\*” indicates significant audits that are a high priority, but will probably not be started due to staffing limitations

**U.S. DEPARTMENT OF ENERGY  
DEPUTY INSPECTOR GENERAL FOR AUDIT SERVICES  
FISCAL YEAR 1998 PERFORMANCE PLAN SCHEDULE**

<b>AUDIT NUMBER</b>	<b>TITLE</b>	<b>PLANNED STARTING QUARTER</b>
<b><u>PLANNED FISCAL YEAR 1998 PERFORMANCE AUDITS (CON'T)</u></b>		
* A98LL025	OAKLAND OPERATIONS OFFICE ENVIRONMENTAL MANAGEMENT PLAN	4
A98LV027	NEED FOR BECHTEL LABORATORY SITES	1
* A98LV028	NEVADA OPERATIONS OFFICE STOCKPILE STEWARDSHIP/MANAGEMENT PROGRAM	2
A98LV029	USE OF NEVADA TEST SITE DEVICE ASSEMBLY FACILITY	4
A98OR004	TREATMENT OF MIXED AND LOW-LEVEL WASTE	1
A98OR005	WASTE MANAGEMENT INFORMATION SYSTEMS	1
* A98OR006	REINDUSTRIALIZATION OF THE EAST TENNESSEE TECHNICAL PARK	3
A98PT020	CONSTRUCTION COST ESTIMATING PROCESS	1
A98PT021	DOE'S PERFORMANCE MEASURES	1
* A98PT022	ENERGY TECHNOLOGY EXPORTS & INVESTMENTS	3
A98RL032	HANFORD CONTRACTORS' USE OF SITE-WIDE SERVICES	1
* A98RL033	HANFORD ON-SITE HEALTH AND SAFETY PROGRAMS	4
A98SR007	WESTINGHOUSE'S USE OF GOVERNMENT AIRFARES	1
A98SR008	WESTINGHOUSE SAVANNAH RIVER COMPANY'S HEALTH BENEFIT PLAN	2

“\*” indicates significant audits that are a high priority, but will probably not be started due to staffing limitations

**U.S. DEPARTMENT OF ENERGY  
DEPUTY INSPECTOR GENERAL FOR AUDIT SERVICES  
FISCAL YEAR 1998 PERFORMANCE PLAN SCHEDULE**

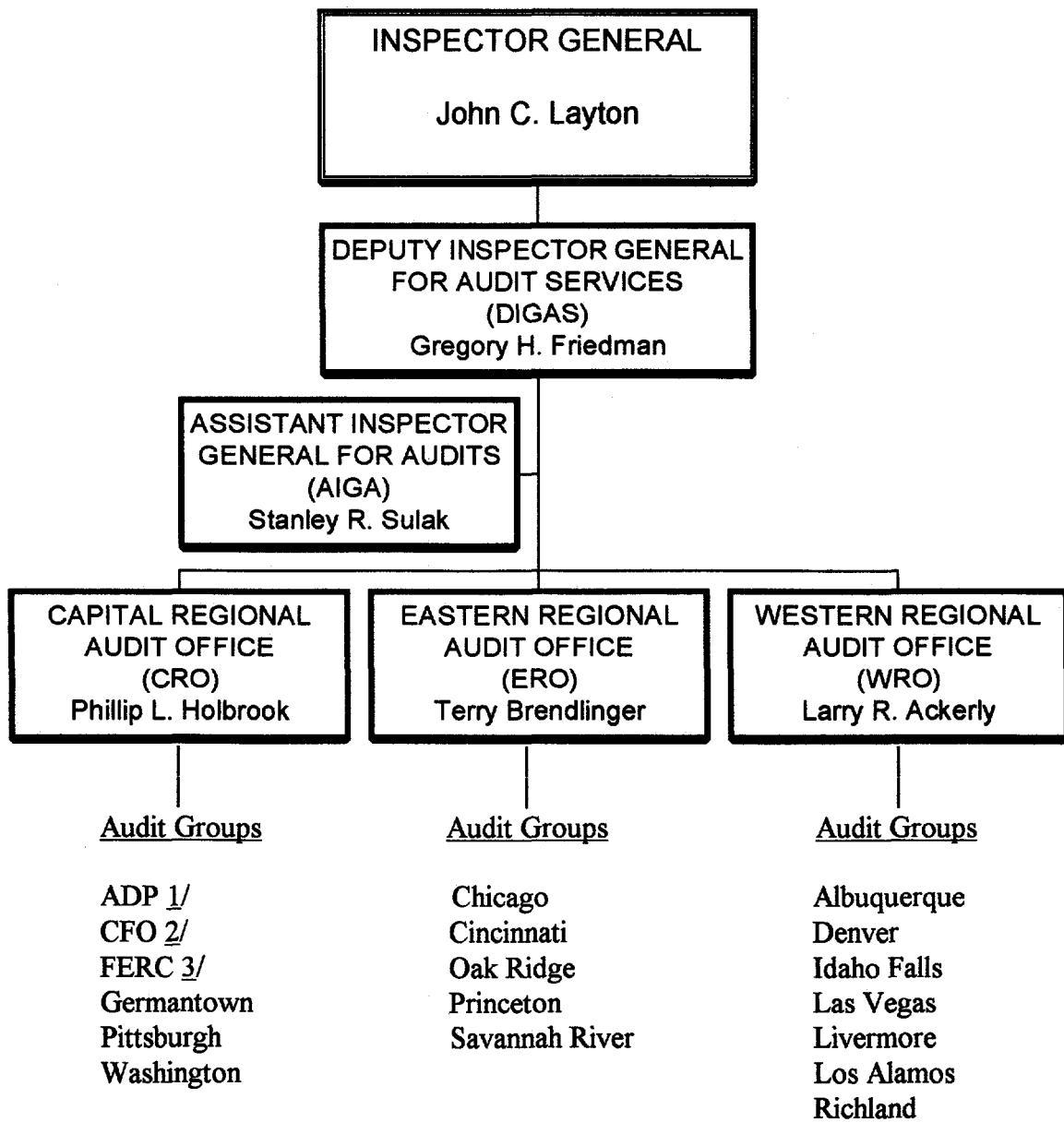
AUDIT NUMBER	TITLE	PLANNED STARTING QUARTER
<b><u>PLANNED FISCAL YEAR 1998 CFO / GMRA AUDITS</u></b>		
<b>CHIEF FINANCIAL OFFICERS ACT AUDITS</b>		
A98CM019	CFO - FEDERAL ENERGY REGULATORY COMMISSION - FY 1998	3
A98DN010	CFO - WESTERN AREA POWER ADMINISTRATION - FY 1998	4
A98DN011	CFO - SOUTHWESTERN FEDERAL POWER SYSTEM - FY 1998	4
A98OR010	CFO - DECOMMISSIONING & DECONTAMINATION - FY 1998	4
A98OR011	CFO - ISOTOPE PRODUCTION & DISTRIBUTION PROGRAM - FY 1998	4
A98OR012	CFO - SOUTHEASTERN FEDERAL POWER SYSTEM - FY 1998	4
A98RL035	CFO - BONNEVILLE POWER ADMINISTRATION - FY 1998	4
<b>GOVERNMENT MANAGEMENT REFORM ACT AUDITS</b>		
A98AL004	GMRA - ALBUQUERQUE - FY 1998	3
A98CH009	GMRA - CHICAGO OPERATIONS OFFICE - FY 1998	4
A98CM014	GMRA - DOE CONSOLIDATED STATEMENTS - FY 1998	2
A98CM016	GMRA - ENVIRONMENTAL LIABILITIES FY - 1998	3
A98CM017	GMRA - NUCLEAR MATERIALS INVENTORY - FY 1998	3
A98CM018	GMRA - PENSIONS & OTHER ACTUARIAL LIABILITIES - FY 1998	3
A98DN009	GMRA - ROCKY FLATS - FY 1998	3
A98IF018	GMRA - IDAHO OPERATIONS OFFICE - FY 1998	3
A98LL026	GMRA - OAKLAND OPERATIONS OFFICE - FY 1998	3
A98OR013	GMRA - OAK RIDGE OPERATIONS OFFICE - FY 1998	4
A98RL034	GMRA - RICHLAND - FY 1998	3
A98SR015	GMRA - STRATEGIC PETROLEUM RESERVE - FY 1998	4
A98SR016	GMRA - SAVANNAH RIVER SITE - FY 1998	4

**U.S. DEPARTMENT OF ENERGY  
DEPUTY INSPECTOR GENERAL FOR AUDIT SERVICES  
FISCAL YEAR 1998 PERFORMANCE PLAN SCHEDULE**

AUDIT NUMBER	TITLE	PLANNED STARTING QUARTER
<b><u>OTHER PLANNED FISCAL YEAR 1998 FINANCIAL AUDITS</u></b>		
A98AL005	SANDIA NATIONAL LABORATORY FY 1998 FINANCIAL CERTIFICATION	2
* A98AT001	DOE YEAR 2000 PROBLEMS	1
A98CF005	TESS FY 1998 STATEMENT OF COSTS INCURRED & CLAIMED	1
A98CH017	ARGONNE NATIONAL LABORATORY FY 1998 YEAR END AUDIT	4
A98CH018	WEST VALLEY NUCLEAR SITE FY 1998 YEAR END AUDIT	4
A98DN012	BOULDER CANYON FY 1998 FINANCIAL STATEMENT	4
A98DN013	PARKER DAVIS FY 1998 FINANCIAL STATEMENT	4
A98DN014	CASPER FY 1998 FINANCIAL CERTIFICATION	1
A98IF019	LOCKHEED CONTRACT FY 1998 FINANCIAL CERTIFICATION	1
A98LA020	LOS ALAMOS NATIONAL LABORATORY COST TRANSFERS	1
A98LA023	LOS ALAMOS NATIONAL LABORATORY FY 1998 FINANCIAL CERTIFICATION	1
A98LV030	BECHTEL NEVADA FY 1998 FINANCIAL CERTIFICATION	4
A98LV031	BECHTEL PETROLEUM FY 1998 FINANCIAL CERTIFICATION	4
A98LL039	LAWRENCE LIVERMORE NATIONAL LABORATORY FY 1998 FINANCIAL CERTIFICATION	1
A98LL040	LAWRENCE BERKELEY NATIONAL LABORATORY FY 1998 FINANCIAL CERTIFICATION	1
A98PR019	BROOKHAVEN NATIONAL LABORATORY FY 1998 YEAR END AUDIT	4
A98PR020	PRINCETON PLASMA PHYSICS LABORATORY FY 1998 YEAR END AUDIT	4
A98RL036	PACIFIC NORTHWEST LABORATORY FY 1998 FINANCIAL CERTIFICATION	1
A98RL037	HANFORD ENVIRONMENTAL HEALTH FACILITY FY 1998 FINANCIAL CERTIFICATION	4
A98SR021	WESTINGHOUSE SAVANNAH RIVER COMPANY FY 1998 YEAR END AUDIT	4
A98SR022	LOCKHEED MARTIN FY 1998 YEAR END AUDIT	4

“\*” indicates significant audits that are a high priority, but will probably not be started due to staffing limitations

# ORGANIZATION CHART OF THE DEPARTMENT OF ENERGY OFFICE OF THE DEPUTY INSPECTOR GENERAL FOR AUDIT SERVICES



1/ ADP and Technical Support Group

2/ *Chief Financial Officers Act Audit Group*

3/ Federal Energy Regulatory Commission Audit Group

**OFFICE OF AUDIT SERVICES FY 1998 GOALS  
OBJECTIVES, AND PERFORMANCE MEASURES**

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

**Objectives:**

- ◆ Complete Chief Financial Officers Act , Government Management Reform Act , and other audits by established due dates, to enable the Department to improve its fiscal integrity.
- ◆ Identify and report significant systems' deficiencies, enabling the Department to take corrective action and demonstrate improved stewardship of public resources.

**Performance Measures:**

- ◆ Complete required financial statement audits by due dates designated in the law.
- ◆ Render an opinion annually on the Department's consolidated financial statements, system of internal controls, and compliance with laws and regulations.
- ◆ Coordinate with Departmental 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.
- ◆ Achieve 85 percent acceptance/adoption rate on recommendations made in audit reports, thereby allowing DOE managers to take corrective, cost saving, or recoupment action(s).
- ◆ Devote at least 10 percent of available resources to subsequent reviews of areas to determine if DOE's commitment to the acceptance/adoption of previous recommendations has resulted in implementation of corrective actions.

**GOAL:** Conduct performance reviews which promote the efficient and effective operation of the Department'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:**

- ◆ Complete reviews on key programs, identifying areas with weaknesses or problems where resources are at risk.
- ◆ Recommend actions for the Department to diminish or alleviate the risks identified in the reviews above.
- ◆ Achieve 85 percent acceptance/adoption rate on recommendations made in performance review reports thereby allowing DOE managers to take corrective, cost saving, recoupment or disciplinary action(s).

## Appendix II

### DEPUTY INSPECTOR GENERAL FOR AUDIT SERVICES FISCAL YEAR 1998 ANNUAL PERFORMANCE PLAN LIST OF ABBREVIATIONS

<u>ABBREVIATION</u>	<u>DEFINITION</u>
<b>ADP</b>	Automatic Data Processing
<b>CFO</b>	<i>Chief Financial Officers Act</i>
<b>DOE</b>	Department of Energy
<b>FMFIA</b>	<i>Federal Manager's Financial Integrity Act</i>
<b>FY</b>	Fiscal Year
<b>GMRA</b>	<i>Government Management Reform Act</i>
<b>GPRA</b>	<i>Government Performance Review Act</i>
<b>INEEL</b>	Idaho National Engineering and Environmental Laboratory
<b>M&amp;O</b>	Management and Operating (contractor)
<b>OCA</b>	Office of Chief Accountant
<b>OIG</b>	Office of Inspector General
<b>TSD</b>	Transportation Safeguards Division