



U.S. Department of Energy
Office of Inspector General
Office of Inspections and Special Inquiries

Inspection Report

Protective Force Overtime Pay at Lawrence Livermore National Laboratory

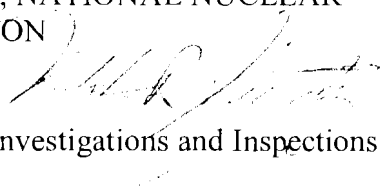


Department of Energy

Washington, DC 20585

July 23, 2007

MEMORANDUM FOR: ACTING ADMINISTRATOR, NATIONAL NUCLEAR
SECURITY ADMINISTRATION

FROM: Christopher R. Sharpley 
Deputy Inspector General for Investigations and Inspections

SUBJECT: INFORMATION: Inspection Report on "Protective Force
Overtime Pay at Lawrence Livermore National Laboratory"

BACKGROUND

The Lawrence Livermore National Laboratory (LLNL) is a research and development institution that supports the Department of Energy's core national security mission. The University of California operates LLNL under a contract with the National Nuclear Security Administration. In May 2007, the Department selected Lawrence Livermore National Security, LLC, to be the new management and operating contractor for the site, and to take over mission activities starting October 1, 2007. In support of its mission, LLNL maintains a highly trained Protective Force Division (PFD) to secure its facilities and operations.

The Office of Inspector General received multiple allegations regarding operations and payroll compensation within the LLNL Protective Force Division. The objective of our inspection was to review applicable policies and procedures, determine current practices, and review the adequacy of related internal controls to ensure safeguarding of government resources. Our recommendations are intended to apply to the University of California and its successor contractors.

RESULTS OF INSPECTION

Our review did not substantiate the bulk of the allegations. However, we found that as alleged, PFD supervisors were not properly managing payroll input for physical fitness training. Specifically, PFD supervisors were not properly verifying the accuracy of physical fitness training overtime charges prior to approving timecards as required. Consequently, many protective force officers received overtime pay for undocumented physical fitness training. This may have resulted in payment of an estimated \$104,000 in questionable costs over a three-month period.

Had the University of California followed established procedures for verifying time card entries, protective force overtime would have been properly documented or would not have been charged.



We recommended several corrective actions. These included directing the University of California and its successor contractors to ensure that physical fitness overtime documentation and verification policy is clearly understood by PFD employees, and that responsible supervisors properly verify overtime payments for physical fitness training prior to payment being made. Additionally, we recommended that management review the allowability of payment for as much as \$104,000 in undocumented overtime for the period cited in this review, as well as remaining physical fitness overtime paid from March 2006 to the present.

MANAGEMENT REACTION

In responding to our draft report, management concurred with the recommendations and identified corrective actions that will be taken to address them by September 2007. Management's comments are included in their entirety at Appendix B.

We found management's comments to be responsive to our recommendations.

Attachment

cc: Manager, Livermore Site Office
Director, Policy and Internal Controls Management (NA-66)
Director, Office of Internal Review (CF-1.2)

PROTECTIVE FORCE OVERTIME PAY AT LAWRENCE LIVERMORE NATIONAL LABORATORY

TABLE OF CONTENTS

OVERVIEW

Introduction and Objective	1
Observations and Conclusions	1

DETAILS OF FINDING

Overtime Pay for Physical Fitness Training.....	3
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<u>RECOMMENDATIONS</u>	4
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<u>MANAGEMENT COMMENTS</u>	5
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<u>INSPECTOR COMMENTS</u>	5
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APPENDICES

A. Scope and Methodology	6
B. Management Comments	7

Overview

INTRODUCTION AND OBJECTIVE

The Lawrence Livermore National Laboratory (LLNL) is a research and development institution that supports the Department of Energy's core national security mission. The University of California operates LLNL under a contract with the National Nuclear Security Administration (NNSA). In support of its mission, LLNL maintains a highly trained Protective Force Division (PFD) to secure its facilities and operations.

The Office of Inspector General received multiple allegations regarding the LLNL Protective Force. Specifically, it was alleged that: (1) PFD Sergeants were not making the required field evaluation before "clearing" an alarm; (2) PFD officers were sleeping during shifts and dispatchers, therefore, had difficulty contacting officers during required radio checks; (3) PFD Captains and Training Sergeants received evening and night shift differential pay even though they were assigned to day shifts; (4) PFD Sergeants received extra compensation for working through lunch when they actually took lunch; and (5) PFD Shift Sergeants managed payroll input for subordinate officers and gave officers credit for physical training workouts whether the officers actually exercised or not.

At present, the University of California manages and operates LLNL under contract with DOE. In May 2007, DOE announced that Lawrence Livermore National Security, LLC, was selected to be the new management and operating contractor for the site, and to take over mission activities starting October 1, 2007. The current contract with the University of California requires that the contractor ensure resources are safeguarded against waste, loss, mismanagement, unauthorized use or misappropriation. Due to the lack of specific names or dates in the complaint, we reviewed the available facts and circumstances surrounding the allegations. The objective of our inspection was to review applicable policies and procedures, determine current practices, and review the adequacy of related internal controls to ensure safeguarding of government resources.

OBSERVATIONS AND CONCLUSIONS

Our review did not substantiate the bulk of the allegations. However, we found that as alleged, PFD supervisors were not properly managing payroll input for physical fitness training. Specifically, PFD supervisors were not properly verifying the accuracy of physical fitness training overtime charges prior to approving timecards as required. Consequently, many protective force officers received overtime pay for undocumented physical fitness training. This may have resulted in payment of an

estimated \$104,000 in questionable costs over a three-month period.

Had the University of California followed established procedures for verifying time card entries, protective force overtime would have been properly documented or would not have been charged.

Details of Findings

OVERTIME PAY FOR PHYSICAL FITNESS TRAINING

We found that PFD supervisors were not properly verifying the accuracy of physical fitness training overtime charges prior to approving timecards as required. Consequently, many protective force officers received overtime pay for undocumented fitness training. The “University of California Lawrence Livermore National Laboratory and Security Police Officers Association 2004-2008 Agreement” states that each officer is allowed to earn up to three hours of overtime for physical fitness training per week. However, we determined that supervisors were not taking steps to ensure the accuracy of timecard entries for overtime charged for physical fitness training. Associated supporting training documentation was not being maintained as required by LLNL policies.

Timecard Input and Approval

The LLNL Protective Force Division “Payroll Order” states that officers’ and sergeants’ supervisors must review timecard entries for each person to ensure accuracy, resolve discrepancies, and make any necessary corrections before approving timecards. Under the policy, each employee and supervisor is held accountable for the legitimacy of the entries.

In accordance with the Payroll Order, PFD personnel including officers are responsible for inputting their own weekly timecard information into LLNL’s Laboratory Institutional Time Entry automated system for payroll transactions. The PFD supervisors, as timecard approvers, must verify the accuracy of the timecard and electronically approve each timecard before it is sent through the payroll system. Our analysis showed that frequently, supervisors were not verifying the accuracy of training overtime charges prior to approving the timecards. We interviewed LLNL PFD officials, who told us that supervisors did not verify the accuracy of physical fitness training overtime charges because they lacked the time to do so. These officials stated that instead, timecard approvers relied on the officers’ integrity when approving the timecards.

Documentation for Physical Fitness Training Workouts

The PFD “Compensated Workouts Work Rule,” dated March 2006, states that for the officers to receive physical fitness training overtime pay, a “Workout Training Log,” which will enable the Fitness Staff to monitor progress, shall be used to document all paid workouts, and that “. . . failure to complete the log prohibits the Fitness Staff from monitoring progress; therefore, workouts not documented on the log will not be compensated.” Each officer is required to maintain his/her own training log and make entries including the date, exercise completed, number of repetitions, and time spent exercising.

We conducted a review of the Workout Training Logs of 25 percent of the LLNL PFD officers and compared the logs to the officers' weekly timecards. Our analysis revealed that officers charged 1,577 physical fitness overtime hours from August through October 2006. However, 75 percent of the officers in the sample made only partial entries in the log to document their participation in the exercise program. As a result, it was impossible to verify 602 overtime hours.

Additionally, six officers in the sample charged and were paid for more than the allowable three hours of physical fitness training per week. Seven additional officers had no physical fitness records to justify their overtime charges. For example, during the three month time period of our sample, one officer charged 33 hours of overtime, and another officer charged 31 hours of overtime for which there were no records for verification. We questioned the officers about the lack of documentation. One officer cited old habits of not having to document the physical fitness training hours. The other officer cited that constant policy change, the lack of communication from management, and misinformation from other PFD personnel contributed to the lack of documentation and failure to follow correct procedures. We note that the Compensated Workouts Work Rule had been in effect and should have been available to PFD officers for eight months prior to our visit.

We requested that the LLNL Payroll Office provide specific salary information regarding the officers who failed to properly document overtime for physical fitness training. Based upon the information provided by the Payroll Office, we determined that the amount of money paid under these circumstances from August through October 2006 was approximately \$26,000 for the sample we evaluated. If the findings regarding our sample are consistent across the entire PFD population, the estimated cost for the time period reviewed could be as much as \$104,000. The total cost could be greater since the program has been in place since March 2006.

RECOMMENDATIONS

We recommend the Manager, Livermore Site Office take the following actions with respect to the University of California and its successor contractors:

1. Direct the University of California, and successor contractors, to ensure that: (1) physical fitness overtime documentation and

verification policy is clearly understood by PFD employees; and (2) responsible supervisors properly verify overtime payments for physical fitness training prior to payment being made.

2. Review the allowability of payment for as much as \$104,000 in undocumented overtime for the period cited in this review, as well as remaining physical fitness overtime paid from March 2006 to the present.

**MANAGEMENT
COMMENTS**

In comments to a draft version of this report, management concurred with the recommendations and identified corrective actions that will be taken to address them by September 2007. Management's comments are included in their entirety at Appendix B.

**INSPECTOR
COMMENTS**

We found management's comments to be responsive to our recommendations.

Appendix A

SCOPE AND METHODOLOGY

The fieldwork for this inspection was conducted between November 2006 and February 2007. As part of this inspection, we interviewed LLNL officials, as well as LLNL employees involved in the PFD physical fitness training program. We also reviewed LLNL policies, procedures, and records relating to physical fitness training. Documents used in this review included:

- University of California Lawrence Livermore National Laboratory and Security Police Officers Association 2004-2008 Agreement;
- Security Department Protective Force Division “Compensated Workouts Work Rule”;
- Security Department Protective Force Division “Payroll Order”; and
- Security Department Protective Force Division “Patrol and Alarm Response Order.”

This inspection was conducted in accordance with the “Quality Standards for Inspections” issued by the President’s Council on Integrity and Efficiency.




Department of Energy
National Nuclear Security Administration
Washington, DC 20585



JUN 01 2007

MEMORANDUM FOR Christopher R. Sharpley
Deputy Inspector General
For Investigations and Inspections

FROM: Michael C. Kane 
Associate Administrator
For Management and Administration

SUBJECT: Comments to Draft Inspection Report on
Livermore Protective Force Overtime Pay;
S07IS003; 2007-01961

The National Nuclear Security Administration (NNSA) appreciates the opportunity to review the Inspector General's (IG) draft report, "Protective Force Overtime Pay at Lawrence Livermore National Laboratory." We understand that the IG received several allegations related to the Protective Forces at Lawrence Livermore National Laboratory.

NNSA appreciates the work that the IG did and we understand that only one of the allegations was substantiated. The allegation that was substantiated was related to supervisors not properly managing payroll input for physical fitness training. Subsequently, we agree with the report and the recommendations.

I have attached, and support, Livermore Site Office's comments to the recommendations. Should you have any questions related to this response, please contact Richard Speidel, Director, Policy and Internal Controls Management.

Attachment

cc: Camille Yuan Soo-Hoo, Manager, Livermore Site Office
William Desmond, Chief, Defense Nuclear Security
David Boyd, Senior Procurement Executive



Appendix B

**National Nuclear Security Administration
Livermore Site Office (LSO)
Response to: OIG Draft Inspection Report "Protective Force Overtime Pay at Lawrence
Livermore National Laboratory" (LLNL)**

We appreciate the opportunity to respond to the subject draft report. The LSO agrees with the facts presented, the conclusion reached, and concurs with the report's recommendations. LSO will validate the corrective actions taken or planned by the LLNL to ensure that they adequately address the issues identified.

Recommendation 1

Direct the University of California to ensure that: (1) physical fitness overtime documentation and verification policy is clearly understood by PFD employees; and (2) responsible supervisors properly verify overtime payments for physical fitness training prior to payment being made.

LSO Response

Concur.

The facts presented in recommendation #1 are consistent with the most current LLNL Self-assessment of "Effectiveness of the PFD Fitness Program" dated March 2007 (PFD-MGMT-07-03), in which deficiencies, causes and corrective actions were issued by the Assessor. These include:

"Security Police Officers do not adhere to the workout requirements outlined in PFD-WR-033". Rules are known but not followed. Supervisors shall enforce PFD-WR-033 by checking Officers' workout logs including all elements required for a compensated workout. Workouts will not be compensated if they are not documented correctly and/or do not include all the elements listed ... The Fitness Section Leader shall provide monthly ... status reports by the 30th of each month regarding Officers' compensated workouts to each shift Watch Commander who shall address non-compliance issues for each Officer." The completion date for these actions is August 30, 2007. This deficiency is consistent with the IGs' recommendation and the corrective action should prevent a future occurrence. The LSO will validate corrective actions taken no later than 30-days after August 30.

Recommendation 2

Review the allowability of payment for as much as \$104,000 in undocumented overtime for the period cited in this review, as well as remaining physical fitness overtime paid from March 2006 to the present.

LSO Response

Concur.

The LSO will collect and review relevant data and make an allowability determination, to be completed no later than September 30, 2007.

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4. What additional actions could the Office of Inspector General have taken on the issues discussed in this report which would have been helpful?
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