



U.S. DEPARTMENT OF
ENERGY

Inspector General Semiannual Report to Congress

April 1, 2009 – September 30, 2009

Inspector General



DEPARTMENT OF ENERGY HEADQUARTERS (FORRESTAL BUILDING)
WASHINGTON, D.C.



Department of Energy
Washington, DC 20585

October 30, 2009


The Honorable Dr. Steven Chu
Secretary of Energy
Washington, DC 20585

Dear Secretary Chu:

I am pleased to submit the Office of Inspector General's (OIG) *Semiannual Report to Congress*. This report summarizes significant OIG activities and accomplishments during the six month period ending September 30, 2009. This report reflects our continuing commitment to focus OIG efforts on the issues and concerns most critical to you, the Administration, the Congress, and the taxpayer.

We look forward to working with you on matters of mutual interest.

Sincerely,


Gregory H. Friedman
Inspector General

Enclosure



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Message from the Inspector General



The Department of Energy's Office of Inspector General is pleased to submit our Semiannual Report to Congress for the period ending September 30, 2009. This report highlights key accomplishments of the Office of Inspector General, particularly pertaining to our efforts to work with agency management to ensure the economy, efficiency, and effectiveness of Department of Energy operations.

During this reporting period, we focused on providing oversight of the Department's implementation of the *American Recovery and Reinvestment Act of 2009* (Recovery Act). Under the Recovery Act, the Department of Energy received \$36.7 billion for various science, energy, and environmental programs and initiatives. The Recovery Act and the additional programmatic resources have had a transformative impact on the operations and activities of the Department. In recognition of the need for effective oversight to protect taxpayer interests, the Recovery Act included the creation of the Recovery Accountability and Transparency Board specifically including the Department of Energy's Inspector General as a member, and mandated specific actions by the Inspector General community.

With these responsibilities in mind, this office has developed a multi-phase strategy to provide the most effective oversight possible with available resources. The strategy focuses on achieving the accountability and transparency goals clearly established in the Recovery Act. In this regard, we have established proactive efforts to evaluate internal control structures of Recovery Act programs; worked to ensure that such programs are periodically reviewed to determine if they are meeting established objectives; developed strategies for preventing and detecting possible unlawful acts associated with Recovery Act funds; and, implemented special programs called for in the Recovery Act to protect whistleblowers who feel they have been retaliated against for their disclosures.

Since issuing our last Semiannual Report in April of this year, we have completed several reviews and initiatives relating to energy concerns and the Recovery Act. For example, we have issued reports pertaining to:

- The Department's Management of the Energy Star Program;
- The Department's Efforts to Meet Accountability and Performance Reporting Objectives of the Recovery Act;
- The Department of Energy's Acquisition Workforce and its Impact on Implementation of the Recovery Act;



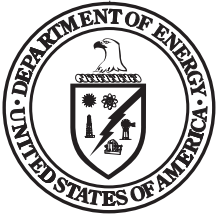
- Management of Energy Savings Performance Contract Delivery Orders at the Department; and,
- The Department's Opportunity for Energy Savings Through the Use of Setbacks in its Facilities.

In addition, the Office of Inspector General has also conducted nearly 100 fraud awareness briefings to more than 8,000 individuals, including Federal and contractor personnel as well as state and local entities. The briefings serve to educate individuals on specific vulnerabilities within the programs, contracts, and grants for which they are responsible. This process has also familiarized these individuals as to the role and responsibilities of the Office of Inspector General in Department-wide efforts to prevent and detect fraud.

The Department of Energy has an extraordinary mission, which is vitally important to the future of the Nation. One of its mission goals is to provide effective stewardship over the billions of American taxpayers dollars entrusted to it under the Recovery Act. We look forward to working with program officials, Department management, and others in our mutual effort to protect the interests of the U.S. taxpayer as this process unfolds.



Gregory H. Friedman
Inspector General



Statistical Summary
**of OIG Activity For Period Ending
September 30, 2009**

Public Reports Issued (audit and inspection)	42
Dollars Put to Better Use	\$49,900,000
Questioned Costs	\$43,509,539
Hotline Complaints and Inquiries	888
Criminal Convictions	14
Suspensions/Debarments	21
Civil/Administrative Actions Taken	67
Open Qui Tam Investigations	16
Dollars Recovered (Fines/Settlements/Recoveries)	\$8,094,878



Accomplishments Addressing Management Challenges

Each year, the Office of Inspector General (OIG) identifies what it considers to be the most significant management challenges facing the Department. This effort highlights those programs and operations that are, in our judgment, the most difficult to manage as well as those with the most significant demonstrated performance problems. The OIG determined that the most serious challenges facing the Department are in the areas of:

- Contract Administration
- Cyber Security
- Energy Supply
- Environmental Cleanup
- Safeguards and Security
- Stockpile Stewardship

Highlights of our work during this reporting period are categorized by each management challenge area.

CONTRACT ADMINISTRATION

Recovery Act Accountability and Performance Reporting Objectives

In response to the Recovery Act's requirement for accountability and transparency, the Office of Management and Budget issued guidance requiring the Department to compile and report a wide variety of funding, accounting, and performance information. We initiated a review to determine if the Department had ensured that Recovery Act funds can be appropriately tracked and are transparent to the public, and whether the benefits of the expenditures can be properly measured and reported clearly, accurately, and in a timely manner. Several challenges were identified relating to Recovery Act performance management, accounting and reporting accuracy, and timeliness that should be addressed and resolved. While much has been done to mitigate these challenges, additional work is necessary if the Department is to successfully manage Recovery Act-related risks. We made a number of recommendations that could help enhance the Department's ongoing efforts. (OAS-RA-09-04)

Public reports are available in full text on our website at www.ig.energy.gov

Aircraft Refurbishment Contract Improvements

During our audit of the Office of Secure Transportation, we found that cost increases of about \$1 million and four separate work stoppages associated with contract modifications could have been avoided for its most recent acquisition and refurbishment of a DC-9 aircraft. Management generally agreed with our recommendations to improve the contracting process by fully involving aviation management experts in the decision making process and, to the extent practical, by minimizing uncertainties prior to contract award. (DOE/IG-0815)

Closure of Subcontracts at Savannah River Site, Oak Ridge National Laboratory, and East Tennessee Technology Park

Our review at Savannah River Site (Savannah River), Oak Ridge National Laboratory (ORNL), and East Tennessee Technology Park disclosed that subcontracts were not always closed in a timely manner because management at these facilities had not included a requirement for timely closure. This issue becomes more significant because these DOE sites will rely, in part, on subcontractors for Recovery Act activities. (OAS-L-09-09, OAS-L-09-10)

Fire Protection Deficiencies at Los Alamos National Laboratory

We initiated this audit to determine whether pre-existing fire protection deficiencies at the Los Alamos National Laboratory (Los Alamos) had been addressed. Our review disclosed that the managing and operating contractor had not resolved many of the fire protection deficiencies that had been identified in early 2006:

- Of the 296 pre-existing deficiencies we selected for audit, 174 (59 percent) had not been corrected; and,
- A substantial portion of the uncorrected deficiencies, 86 (49 percent), were considered to be significant enough to warrant compensatory actions until the deficiency was corrected or was tracked to closure through implementation of corrective actions.

While management disagreed with our conclusions regarding the potential impact of the fire protection deficiencies, it did however, express its agreement with the proposed corrective actions and recommendations. In addition, officials initiated action to reassess and correct individual fire protection problems. (DOE/IG-0816)

Contractor for Office of River Protection Performing Inherently Governmental Functions

Our audit disclosed that the Office of River Protection (ORP) did not properly administer site contractor-performed functions. Specifically, ORP:

- Allowed site contractor employees to perform work that was inherently governmental, which created potential conflicts of interest; and,
- Assigned site contractor employees the responsibility to respond to Congressional inquiries related to OIG and the Government Accountability Office reports.

We made several recommendations to address these concerns. (OAS-M-09-02)

Department's Management of Its Energy Savings Performance Contract Program

We initiated this follow up audit to evaluate the Department's use of Energy Savings Performance Contracts (ESPC). This review of four of the Department's largest ESPC delivery orders, valued at \$256 million, determined that the Department (1) had not always effectively used ESPC orders to achieve energy savings; and, (2) had not ensured that the Government's interests were adequately protected in this process. As such, the Department may risk spending up to \$17.3 million more than it will realize in energy savings. Management generally concurred with our findings and recommendations and pledged to take or continue previously prescribed corrective actions to address the weaknesses identified in our reports. (DOE/IG-0822)

"Best Buy" Strategies Needed for Purchases at Bonneville

Approximately 5,200 purchases were made by Bonneville Power Administration (Bonneville) officials to acquire materials and equipment valued at more than \$162 million. We initiated this audit to determine whether goals and objectives were met for Bonneville's acquisition program. We found that controls were not effectively implemented to ensure that these purchases were in the Department's best interest. Further, Bonneville officials had not taken timely action, and in some instances took no action, to correct previously identified procurement-related weaknesses. We made several recommendations designed to help improve the process for acquiring materials and equipment. (DOE/IG-0824)

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Potentially Unallowable Payments to Facility Contractors for Fines, Penalties, and Settlements

We initiated this audit to determine whether the Department's process for managing contractor fines, penalties, and other legal costs was effective. Our audit testing revealed that the Department did not fully implement processes for managing the cost of legal services and settlements. We identified instances where payments were made for costs that, in certain cases, were potentially unallowable. Specifically, contractors we reviewed were permitted to claim legal costs directly associated with unallowable fines and penalties. The Department also allowed payments to contractors for a number of unauthorized settlements and for settlements that were made without a review of the facts and circumstances surrounding alleged contractor "managerial personnel" misconduct. Management agreed that corrective action was necessary to prevent future improper payments. (DOE/IG-0825)

CYBER SECURITY

Protection of Unclassified Sensitive Electronic Information

We conducted a review that identified opportunities to strengthen the protection of all types of sensitive unclassified electronic information. Our testing revealed that the weaknesses identified were attributable, at least in part, to Headquarters programs and field sites that had not implemented existing policies and procedures requiring protection of sensitive electronic information. Management generally concurred with the report's recommendations and pledged to take action to address the weaknesses identified in our report. (DOE/IG-0818)

National Nuclear Security Administration's Enterprise Secure Network Project

We initiated this audit to determine whether the National Nuclear Security Administration (NNSA) Enterprise Secure Network (ESN) project was adequately managed and meeting its intended goals and objectives. NNSA was mandated to develop the ESN for planning, analyzing, testing, and evaluating options to improve cyber security throughout the Nuclear Weapons Complex. We determined that neither the planning for nor execution of the ESN project had been effective. Furthermore, the existing process had created a system that failed to meet certain pre-established goals and objectives. Management concurred with our recommendations to improve the program's project management capabilities. (DOE/IG-0823)

Accountable Classified Removable Electronic Media at ORNL

We conducted a review at ORNL and associated facilities to determine whether Accountable Classified Removable Electronic Media (ACREM) was managed, protected, and controlled consistent with applicable requirements. Our review disclosed that eight pieces of Secret/Restricted Data media had not been identified as ACREM and placed into a system of accountability. Also, other required ACREM protections and controls were not properly implemented. Management concurred with our recommendations designed to enhance the security of ACREM, security areas, and computers. (INS-O-09-02)

Security Weaknesses and Inappropriate Downloads on Printers at ORNL

We initiated an inspection to evaluate ORNL's procedures for excessing printers with hard drive storage capability after receiving an allegation that ORNL was excessing printers used to process sensitive, unclassified information without purging or destroying their information storage devices. Department policy requires that information storage devices in printers and copiers used to process such information must be cleared, purged, or destroyed by approved overwriting software, degaussing, or physical destruction before being excessed, returned to vendors, or internally transferred. Our review concluded that ORNL did not have adequate procedures to prevent the unauthorized dissemination of sensitive, unclassified information. In addition to clear prohibitions against such use, pornographic websites had been browsed and downloaded to the printers. The property custodians for the examined printers told us it could not be determined which employees used the printers to print the inappropriate material. In response to our review, ORNL officials took significant actions to address these weaknesses. (INS-L-09-06)

ENERGY SUPPLY

Energy Saving Opportunities

The Recovery Act emphasizes energy efficiency and conservation as critical to the Nation's economic vitality; its goal of reducing dependence on foreign energy sources; and, related efforts to improve the environment. Our audit found that the Department had not always taken advantage of opportunities to reduce energy consumption associated with its information technology resources. Also, the Department had not ensured that Information Technology (IT) resources were managed in a way that minimized impact on the environment. Without improvements, the Department will not be able to take advantage of opportunities to reduce energy consumption and realize cost savings. (OAS-RA-09-03)

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Energy Savings Techniques Not Optimized at Departmental Facilities

Our audit determined that several Department facilities did not use or failed to properly maintain setback systems and equipment – mechanical and software systems that decrease heating and cooling energy usage during non-working hours. At the four sites visited during the audit, the Department did not ensure that setback conservation methods were used for 35 of the 55 (approximately 64 percent) owned or leased buildings that we evaluated. Our testing established that the Department could save over \$11.5 million in annual utility costs by using setbacks in its facilities. Management generally agreed with our findings and committed to take necessary corrective actions. (DOE/IG-0817)

Revenue Sharing Agreement Not Formally Approved at the Great Plains Synfuels Plant

We conducted an audit to determine if the Department received its share of revenue from operations at the Great Plains Synfuels Plant. Our review of revenue sharing records from the period of 2002 through 2007 disclosed no material errors. We did, however, determine that the Office of Fossil Energy had not formally approved and documented a proposal for deducting two new expense elements from revenue sharing payments. (OAS-L-09-13)

Royalty Oil Program

In a prior audit report on the “Department of Energy’s Receipt of Royalty Oil” (DOE/IG-0786, January 2008), we concluded that the Department had not implemented an effective internal control system over the receipt of Royalty oil at market centers. As a follow up, we initiated this audit to determine whether controls in place over Royalty oil exchanges were sufficient to protect the Government’s interest. We found that the Department had not:

- Established sufficient controls over the quality of pricing data used to evaluate competitive bids;
- Evaluated the cost effectiveness of alternative strategies for the acquisition of oil for the Strategic Petroleum Reserve; and,
- Incorporated specific provisions in exchange contracts to limit the Government’s liability resulting from the quantity of oil delivered to the Strategic Petroleum Reserve.

To address these issues, we made suggestions to maximize the benefits of Royalty oil exchanges and reduce the inherent risks of such exchanges. (OAS-L-09-07)

ENVIRONMENTAL CLEANUP

Improvements Made to Fish Hatchery Projects

An audit was initiated to determine whether Bonneville had adequately managed fish hatchery projects. We found that Bonneville had not ensured that scientific issues concerning project objectives and performance measures were always addressed for four fish hatchery projects. As a result of our review, Bonneville planned to (1) enhance its use of adaptive management to ensure that hatchery project operations are based on sound scientific principles; (2) have clearly defined objectives and outcome-oriented performance measures; (3) include management plans that deliver cost-effective mitigation of risks to fish from Federal hydroelectric development; and, (4) introduce a new project management system to document project decision histories and ensure that projects address major scientific concerns. (OAS-L-09-15)

Future Plans for Mixed Low-Level Waste Disposal

We conducted an audit to determine whether the Department had an effective strategy for disposing of mixed low-level waste throughout the complex. Although a disposal strategy exists, we noted that the Department had not determined the total volume of waste that will require disposal beyond 2010. To address this concern, we suggested the Department update the Waste Information Management System forecast for mixed low-level waste. We further suggested the completion of plans to construct a new waste disposal facility at the Nevada Test Site. (OAS-L-09-17)

SAFEGUARDS AND SECURITY

“Fair Opportunity” in Technology Transfer

The OIG received a letter from Congressman Mark Steven Kirk of Illinois forwarding an allegation that an exclusive technology licensing agreement by Argonne National Laboratory (Argonne) was tainted by inadequate competition, conflicts of interest, and other improprieties. The specific technology was PROTECT - Program for Response Options and Technology Enhancements for Chemical/Biological Terrorism. Our review confirmed that there were problems, among other things, with apparent conflicts of interest. To help address these issues, we made several recommendations designed to help improve the safeguards and practices associated with fairness of competition in the technology transfer. (DOE/IG-0819)

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Personal Property Management Improvements Needed at Lawrence Livermore National Laboratory

Our inspection revealed that Lawrence Livermore National Laboratory's (Livermore) internal controls over property could be improved. Specifically, we found that:

- The location and/or custodian of approximately 18 percent of the property items in our sample was inaccurately reflected in the contractor's property management database; and,
- Some employees were not adequately protecting laptops while offsite and were not held accountable for the subsequent theft of the computers.

Management agreed with our recommendation to improve property accountability at Livermore. (INS-O-09-03)

STOCKPILE STEWARDSHIP

Quality Assurance Standards for Nuclear-Related Activities at Savannah River

The objective of this audit was to determine whether the Department met quality assurance standards when procuring structures, systems, and components (SSCs) for nuclear-related activities at Savannah River. We found that SSCs procured and installed in three major nuclear facilities at Savannah River failed to meet quality assurance standards because of inadequate controls to prevent and detect quality problems. These findings have potential implications on the site's management of Recovery Act stimulus funds used for similar purposes. Accordingly, we made several recommendations designed to strengthen the quality assurance process at Savannah River. (DOE/IG-0814)

Stockpile Surveillance Program Redesign

The Nuclear Weapons Stockpile Surveillance Program is critical to the Department's mission and provides information on the status of the Nation's nuclear weapons stockpile. We conducted an audit to determine whether previously reported stockpile surveillance testing backlogs continued and, if so, to what extent pursuant to the FY 2009 National Defense Authorization Act. Our review revealed that NNSA made fundamental changes to this program, including a redesigned testing approach, which resulted in the elimination of all test backlogs. Because the program is relatively new and considering the complexity of the testing program, we were unable to determine whether the change was appropriate. We suggested that NNSA conduct a post-implementation review to validate the efficacy of the new testing approach. (OAS-L-09-16)



Other Significant Reviews

Implementing the Department's Cooperative Audit Strategy

We periodically assess the reliability of the work performed by each Management and Operating (M & O) contractor's internal audit function during our review of controls over costs reported on the Statement of Costs Incurred and Claimed. We conducted two separate audits to provide an assessment of the effectiveness in implementing the requirements of the Cooperative Audit Strategy (Strategy) by M&O contractors managed by: (1) the Department's Office of Science, Environmental Management, and Energy Efficiency and Renewable Energy; and, (2) NNSA. We found that for the most part, the M&O contractors effectively implemented the requirements of the Strategy and met its overall goal of improving accountability in the Department. However, various Departmental and NNSA M&O contractors had not fully satisfied all requirements set forth in the Strategy implementation guidance. We suggested that the Contracting Officers take action to ensure that contractors comply with all requirements of the Strategy as part of the M&O contractor performance and evaluation process. (OAS-L-09-08, OAS-L-09-11)

Federal Payroll Processing Actions

We conducted an audit to determine whether base salary and life insurance, health and retirement benefits withholdings and contributions for

selected Department employees were reasonable and accurate. Several items in our sampling disclosed errors such as inaccurate retention incentive pay; incorrect Federal Employee Group Life Insurance; and, three instances where official personnel files lacked documentation authorizing the employees' withholdings. While no recommendations were made, we referred these errors to management officials who indicated that all errors have been or will be corrected and that procedures to review the official personnel files of new and transferred employees would be strengthened. (OAS-L-09-12)

Reporting Performance Measures

We initiated an audit to determine if the Department's process for accumulating and reporting performance data was accurate, complete and reliable. Our review disclosed that while the Department had made a number of improvements and policy changes in its performance monitoring and reporting process, issues were revealed that necessitated correction. We suggested steps be taken to ensure the accuracy and consistency of performance information by reinforcing existing requirements and improving coordination and communication between appropriate program officials. Improving performance monitoring and reporting accuracy is an essential element in meeting transparency goals of the Recovery Act. (OAS-L-09-14)

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Department's Misstatement of Financial Support to Tribal Colleges and Universities

We initiated an inspection to examine the facts surrounding an allegation that the Department overstated its financial support to Tribal Colleges and Universities (TCU) for FY 2007. While our efforts substantiated that the Department's TCU financial support was grossly misstated, we found no evidence that the data was intentionally falsified. As a result of our inspection, the data was corrected for FY 2007 and FY 2008, and subsequent corrections were made to the Department's figures in its Minority Education Award Staging System and to reports for the Office of the White House Initiative on Tribal Colleges and Universities. We further suggested that program officials follow up with the applicable program office(s) to ensure the data is accurate in the future.

(INS-L-09-04)

Improvements Needed in the Office of Intelligence and Counterintelligence

We initiated an inspection of the Office of Intelligence and Counterintelligence's (IN) Foreign Intelligence Surveillance Act (FISA) support activities. We reviewed four cases IN identified as having been referred by the Federal Bureau of Investigation (FBI) for analysis of raw data collected under FISA court orders, as well as applicable IN policies and procedures.

While our inspection did not disclose any evidence that IN processed casework in a manner that was inconsistent with FISA, we did find however, that one of the four FISA cases referred by the FBI for analysis was not completed in a timely manner

and IN management was not aware of this situation. We also found that IN did not have written procedures for processing FISA cases and lacked an IN-wide process for tracking and following up on FISA cases. We suggested that management develop procedures and implement protocols to improve the processing, tracking, and follow up of FISA cases. (INS-L-09-05)

Yucca Mountain's Purchase Card Program

Our inspection revealed that the operation of the Yucca Mountain Project's (Yucca Mountain) purchase card programs was not consistent with applicable policies and procedures and contained weaknesses that could expose the Department to the risk of fraud, waste, or abuse. Specifically, we found that, contrary to requirements:

- A Yucca Mountain approving official did not provide proper approval or review of purchase transactions and did not always review cardholders' Statements of Account and supporting documentation in a timely manner;
- Another approving official who had been approving cardholder transactions since 2006 had not completed the required certification training; and,
- Two purchase cardholders had shared their account numbers and allowed others to make purchases using their numbers.

Management agreed with our recommendations to improve their purchase card program. (INS-O-09-04)

Workers' Compensation Made at Hanford Site

We initiated an inspection to review allegations of overpayment, unauthorized settlements, and incorrect timecard coding for workers' compensation. We substantiated that employees were receiving workers' compensation payments over 100 percent of employees' net salaries and that employees were compensated beyond the 180 days allowed under the site labor agreement. We suggested that management review and ensure compliance with labor agreements. We further suggested that management continue to protect Department interests by closely evaluating the cost allowability of any proposed non-workers' compensation settlements submitted to Department for cost reimbursement. (INS-L-09-07)

Protective Force Authority at Livermore

The OIG received an allegation that the Livermore protective force was acting outside its established authority by assisting local law enforcement in instances unrelated to official duties. Also alleged was that the protective force violated employees' privacy rights by accessing the California Department of Motor Vehicles (DMV) database when conducting vehicle traffic stops. Generally, Federal regulations and Department policy limit protective force officials' arrest authority to the performance of official duties related to Department property. Our review determined that the practice of assisting a local law enforcement agency at offsite locations was inconsistent with Department policy. Further,

Livermore's protective force may have also exceeded its authority when querying DMV database records during vehicle stops. Departmental and Livermore management issued memoranda ceasing these practices. (DOE/IG-0820)

Fire Suppression Services at Los Alamos

The OIG received information that problems existed with regard to fire suppression and related services at Los Alamos. Our inspection determined that firefighters had not been properly trained nor did they have the knowledge to confidently and effectively respond to emergencies in the unique operational environments they may encounter at Los Alamos; and, facility management had not addressed long-standing recommendations made in the 1995 and 2004 Los Alamos Baseline Needs Assessments. To fully correct the conditions identified during this review, we recommended the NNSA Administrator take immediate action to address these problems. (DOE/IG-0821)

Public reports are available in full text on our website at www.ig.energy.gov

Improvements Needed for the Completion and Dissemination of Research and Development Reports

We initiated this audit to determine whether the Office of Science managed the Cooperative Research and Development process. We found that the Office of Science generally managed the use of Cooperative Research and Development Agreements (CRADA) activities in accordance with Department requirements. However, it had not always taken steps to ensure that the laboratories obtained final reports and forwarded these reports to the Office Scientific and Technical Information (OSTI). To improve this process, we

recommended the Office of Science direct the site offices to:

- Establish performance measures to assess the laboratories' performance in obtaining final CRADA reports and transmitting the report to OSTI;
- Verify that the laboratories establish policies to require researchers to transmit final CRADA reports for all completed or terminated CRADAs; and,
- Review periodically whether the laboratories are receiving and promptly transmitting final CRADA reports to OSTI.
(DOE/IG-0826)



Investigative Outcomes

Recovery Act Fraud Awareness Briefings

The OIG provided fraud awareness briefings to groups of Federal employees, contractor officials, and fund recipients. These briefings aid significantly in preventing fraud, waste, and abuse by heightening awareness of fraud indicators and familiarizing officials with our operations and oversight of Recovery Act funds. Since the inception of the Recovery Act, our office conducted 84 fraud awareness briefings hosting over 8,000 participants.



An OIG Fraud Awareness Briefing.

Washington Savannah River Company Agrees to Reimburse Department \$2.4 Million for Unallowable Costs

As previously reported, an investigation determined that a contractor withheld pension contribution information from the Department during negotiations for the M & O contract at Savannah River. Failure to disclose this information had a net effect of making additional monies available for the firm's award fee pool. The contractor agreed to pay in excess of \$2.4 million to resolve allegations of fraud. The settlement also required the contractor to abandon a claim for fee payment of \$35.6 million from the Department making the total value of the settlement to the Government in excess of \$38 million. During this reporting period, the contractor agreed to reimburse the Department in excess of \$61,000 in unallowable costs incurred by in-house corporate counsel and company employees relating to the investigation.

Contractor Enters into a Million Dollar Civil Settlement After Allegations of Fraud

An OIG investigation determined that a former Department security subcontractor at the Strategic Petroleum Reserve switched to a self insurance health insurance program and billed the Department for health insurance premiums that exceeded allowable self insurance health insurance premiums. The subcontractor agreed to pay

\$1 million to resolve allegations of fraud. During a previous reporting period, the contractor disallowed payment to the subcontractor which resulted in a \$3.9 million monetary recovery to the Department.

Grantee Employees and Associated Subcontractor Personnel Sentenced for Submitting False Claims

As previously reported, a joint investigation with the FBI determined that a subcontractor official, along with other co-conspirators, used the U.S. Postal Service to submit invoices and obtain payments from a Federal Energy Regulatory Commission grantee for work not performed. During this reporting period, two grantee employees were sentenced to 12 to 24 months in prison and 2 years supervised probation, and were ordered to make restitution in excess of \$5 million. Two associated subcontractor personnel were also sentenced to 2 years probation, 200 hours of community service, and fined \$10,000 and \$50,000. Another subcontractor employee was debarred, along with his wife and two associated companies.

Former Subcontractor Employee Convicted for Submitting False Claims

A joint investigation with the FBI determined that a former subcontractor employee at the Department's Pantex facility submitted false travel and time and attendance claims on behalf of company employees and himself from October 2007 to June 2008. The estimated dollar loss to the Government was \$170,000. The employee was convicted on 16 counts of False Claims,

11 counts of Forged or Altered Public Records, 1 count of Theft of Public Money, and 1 count of Wire Fraud. Sentencing is pending.

Former Sandia National Laboratory Employee Sentenced for Theft of Government Property

A joint investigation with the FBI determined that a Sandia National Laboratory (Sandia) employee misused his position to obtain various electronic items including laptop computers, which were subsequently sold for personal gain. The employee pled guilty to two counts of Theft of Government Property and two counts of False Claims and was sentenced to one year incarceration and two years supervised probation. The person was also ordered to pay \$113,490 in restitution.

Former Department Employee Sentenced for Theft of Government Property

As previously reported, an investigation determined that a former Headquarters administrative support specialist claimed and was paid for 2,415 overtime hours for work not performed. The employee, who received approximately \$94,494 in compensation over a three-year period for which the employee was not entitled and pled guilty to one count of Theft of Government Property. During this reporting period, the former employee was sentenced to 36 months probation (including 180 days of home confinement with electronic monitoring) and was ordered to pay restitution in the amount of \$94,494.

Individual Pleads Guilty to Charges of Damage/Destruction of an Energy Facility

An OIG investigation with South Dakota law enforcement officials determined that a private citizen, with no affiliation to the Department, vandalized the Department's Western Area Power Administration Mission substation in South Dakota. The individual's actions resulted in approximately \$53,000 in losses and damages. The individual pled guilty to "Damage/Destruction of an Energy Facility" and was sentenced to 16 months incarceration, 3 years supervised release, and ordered to participate in the Bureau of Prison's substance abuse treatment program and pay \$40,000 in restitution.

Former Government Employee Sentenced for Theft of Public Money

An OIG investigation determined that a Department administrative support specialist gave family members a total of 10 Government cellular telephones for their personal use. The individual pled guilty to one count of Theft of Public Monies and resigned. She was sentenced to 5 years probation, 400 hours of community service and was ordered to pay \$19,051 in restitution.

Former Department Manager Sentenced for Theft of Government Funds

As previously reported, an OIG investigation determined that a Headquarters manager improperly initiated, approved, and received a \$7,500 individual cash award for personal work

performance. The manager was placed on administrative leave during the course of the investigation and subsequently resigned. The manager later pled guilty to one felony count of False Statements. During this reporting period, the former manager was sentenced to 3 years probation, including 6 months of electronic monitoring, and 600 hours of community service.

Employment of Laboratory Staff Scientist Terminated in Connection with Conflict of Interest Investigation

An OIG investigation determined that a scientist at the Department's Lawrence Berkeley National Laboratory (Berkeley) failed to obtain proper authorization prior to engaging in outside employment relating to the individual's laboratory work. Berkeley terminated the individual's employment. The former employee was also required to reimburse Berkeley \$4,650.

Former Contractor Employee Pleads Guilty to Theft

An investigation determined that an ORNL employee fraudulently used a contractor-issued purchase card to buy personal items including groceries, gasoline, and miscellaneous household items. As a result, the individual's employment was terminated, and she subsequently pled guilty to state Theft charges and was sentenced to 4 years probation and 20 hours of community service, and ordered to pay \$4,257 in restitution. The individual was also debarred from Federal contracting.

Former Subcontractor Employees Sentenced for Theft of Government Property

A joint investigation with the Oak Ridge, Tennessee, Police Department determined that two former subcontractor employees at the Department's Y-12 National Nuclear Security Complex (Y-12) attempted to steal assorted Government tools for their personal use. Both individuals pled guilty to Tennessee State Theft charges and received sentences ranging from one to two years supervised probation and were fined a combined total of \$2,080. Both employees were also debarred from Government contracting for a three-year period.

Former Subcontractor Employee Sentenced for Theft of Laboratory Equipment

An investigation determined that a former subcontractor employee at Argonne attempted to sell stolen laboratory high-energy physics electronic equipment to a private company specializing in the resale of used electronics equipment. The employee previously pled guilty to one felony count of Theft of Government Property. During this reporting period, the employee was sentenced to 180 days incarceration and 24 months probation, and ordered to pay \$1,334 in fines and restitution. The individual was also debarred for a three-year period.

Former Contractor Employee Sentenced for Theft of Government Property

A joint investigation with the New Mexico Rio Arriba County Sheriffs Department determined

that a former contractor employee at Los Alamos stole Government-owned computer monitors for personal gain. The employee resigned and later pled guilty to one count of Theft of Government Property. The individual was sentenced to one year supervised probation and was ordered to pay \$1,026.86 in restitution. The monitors were recovered during the investigation and returned to Los Alamos.

Former Contractor Employee Sentenced for Obscene Acts

A joint investigation with California state law enforcement officials determined that a former contractor employee at Livermore possessed approximately 3,000 images depicting child pornography. The employee pled no contest to California State charges of Developing, Duplicating, Printing, or Exchanging Obscene Matter Depicting Sexual Conduct of Persons Under Age 18. The employee was sentenced to 60 days incarceration, 5 years probation, and ordered to pay \$350 in fines and restitution. Additionally, the employee was registered as a Sex Offender and his employment was terminated.

Former Y-12 Security Police Officer Agrees to Pretrial Diversion in Theft Case

A joint investigation with the FBI, U.S. Drug Enforcement Administration (DEA), and the Smith County Sherriff's Department determined that a former security police officer stole multiple items from the Y-12 complex. The employee agreed in the General Sessions Court of Smith County, Tennessee, to a pretrial diversion for Theft, Possession of Schedule II Controlled Substances (steroids), Drug Paraphernalia, and Disorderly Conduct and was ordered to pay court

costs. The Department's prime contractor at Y-12 previously terminated the security officer's employment, and that of two other officers, for testing positive for anabolic steroids.

Former Subcontractor Employee Sentenced for Theft of Government Property

An investigation determined that a former subcontractor employee at the Department's Fermi National Accelerator Laboratory stole 259 pounds of copper wire for sale to a local scrap yard. The individual subsequently resigned in lieu of termination. Later, the individual pled guilty to state Theft charges and was sentenced to 1 year court supervision and 30 hours of community service, and was ordered to pay a \$235 fine.

Contractor Employee Also a Deputy Sheriff Misused Status While Travelling with Firearm on DOE Business

A joint investigation with the U.S. Department of Homeland Security OIG determined that a contractor employee at Savannah River misused his status as a Reserve Deputy Sheriff to fly armed on at least 26 commercial airline flights while on Department and Work-for-Others assignments. In response to an OIG investigative report, corporate management notified the employee in writing of company policy relating to carrying a firearm on Government travel. A record of the incident was also placed in the employee's personnel security file.

Prior Convicted Felons Sentenced for Possessing Weapons at a NNSA Facility

A joint OIG investigation with the FBI and DEA determined that two individuals trespassed onto the Y-12 complex. At the time, the individuals, both prior convicted felons with no affiliation to the Department, were found to have a loaded firearm and methamphetamine equipment in their vehicle. Both individuals pled guilty to Federal charges for possession of a firearm and ammunition. One of the individuals was sentenced to 48 months in prison and 3 years supervised probation, and fined \$100. The second individual's sentencing is pending.

Department Management Responds to an Investigative Report to Management Concerning Alleged Conflict of Interest

An OIG investigation determined that a Department Headquarters manager and a subordinate employee co-owned or co-operated four private land development and real estate businesses while maintaining a supervisor/subordinate relationship at work. In response to an OIG investigative report, Department management advised that as outlined in the Standards of Ethical Conduct for Federal Employees, the manager and employee should have requested written approval from their immediate supervisor(s) and the Department's Office of General Counsel before engaging in outside employment. The Department manager, who was assigned to a non-supervisory position, later retired.

NNSA Employee Reprimanded for Misuse of Official Position

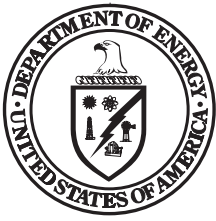
An OIG investigation determined that a Headquarters emergency response specialist used his official position to solicit information from another Government agency concerning his son's arrest. In response to an OIG Investigative Report to Management, the specialist received a letter of reprimand. Subsequently, all NNSA Office of Emergency Operations personnel were reminded of the conduct provisions pertaining to "Misuse of Position."

Former Contractor Employee Pleads Guilty in Disability Fraud Investigation

A joint investigation with the Social Security Administration OIG determined that a former contractor employee at Savannah River knowingly accepted funds to which he was not entitled by violating the terms of his disability insurance programs. The former employee was found to have owned and operated his own business, worked for a construction company, and traveled to Iraq as a heavy machinery operator while receiving disability benefits. The individual pled guilty in U.S. District Court for the District of South Carolina to one count of Theft of Government Funds. Sentencing is pending.

Government Employee's Relative Convicted of Unlawfully Obtaining Excess Government Property

An investigation determined that an employee of the Federal Aviation Administration (FAA) misused a Government computer system to improperly obtain surplus items from other federal agencies for the employee's and a family member's personal use. The surplus items included a backhoe from Los Alamos and other items from Sandia laboratories and Western Area Power Administration. During this reporting period, the family member was convicted of Mail and Wire Fraud, Theft, and Unlawful Monetary Transactions. Judicial proceedings against the FAA employee are pending. This effort was a joint investigation with the General Services Administration's OIG and other federal law enforcement agencies.



Positive Results

Highlights Based on Office of Inspector General Work

During this report period, the Department took positive actions as a result of OIG work conducted during the current or previous periods. Consistent with our findings and recommendations:

- Several sites including the National Energy Technology Laboratory, ORNL, Y-12, Sandia, and the NNSA Service Center have initiated action to implement power management settings in an effort to conserve energy used by information technology resources. **(OAS-RA-09-03)**
- On October 2, 2009, in response to our audit report, the Under Secretary of Energy issued a memorandum to Departmental heads emphasizing the importance of energy conservation within the Department. **(DOE/IG-0817)**
- As a result of our ESPC audit, the Department initiated corrective actions to address contract management, measurement and verification, and risks associated with energy cost fluctuations. **(DOE/IG-0822)**
- The ORNL improved security by disabling document servers for 160 copiers with hard drives, modifying copier lease agreements to require the removal of hard drives before excessing the copiers, and identifying 218 hard drives to be removed from leased copiers and purged or destroyed. Also, local procedures were updated to incorporate the examination of excess printers and copiers to identify hard drives for proper disposition. **(INS-L-09-06)**
- The Department took positive steps to ensure that Secret/Restricted Data was controlled and accounted for and could not be reproduced or copied without required authorizations. **(INS-O-09-02)**
- Los Alamos initiated a series of corrective actions to ensure that fire protection deficiencies were properly addressed. In addition, the Department initiated corrective actions to verify the efficacy of the closure of significant fire protection deficiencies. Finally, the Department and Los Alamos are developing metrics to actively monitor the effectiveness of Los Alamos' corrective action management system to ensure that issues are tracked and closed on a timely basis and that significant corrective actions are validated effective. **(DOE/IG-0816)**
- NNSA entered into a Cooperative Agreement with the County of Los Alamos for the provision of fire suppression and related services at Los Alamos National Laboratory after years of unsuccessful attempts to negotiate a contract. The Cooperative Agreement requires the County, NNSA, and Los Alamos to collaboratively develop exercises, drills, and site specific training commensurate with the various hazards at Los Alamos, with particular emphasis on nuclear and industrial hazards. The Cooperative

Agreement also requires that the County participate in these exercises, drills, and site specific training. Since February 2009, the Cooperative Agreement has prompted actual and planned initiatives to secure the appropriate level of fire suppression services for Los Alamos, reducing the risk to its facilities, personnel, and operations. (DOE/IG-0821)

- The NNSA agreed to review protective force law enforcement authorities at all NNSA sites to ensure that they are in compliance with the Code of Federal Regulations. NNSA also agreed to ensure that access to law enforcement databases by protective force officers is in accordance with official policy. (DOE/IG-0820)

Congressional Responses

During this reporting period, the OIG provided information at the request of Congress in 24 instances and briefed congressional staff on 3 occasions.

Hotline System

The OIG operates a Hotline System to facilitate the reporting of allegations involving the programs and activities under the auspices of the Department. During this reporting period, the Hotline received 2,264 contacts, of which 888 were processed as complaints. The OIG Hotline System can be reached by calling **1-800-541-1625** or **1-202-586-4073**.

Management Referral System

The OIG referred 129 complaints to Department management and other Government agencies during this reporting period and specifically requested Department management to respond concerning the actions taken on 59 of these complaints. Otherwise, Department management was asked to respond only if it developed information or took action that it believed should be reported. The following referral demonstrates management's use of OIG-provided information to stimulate positive change or to take decisive action:

- A complaint raised allegations of unhealthy working conditions due to heat exposure in a contractor-operated facility. In response to the complaint, the program office physically inspected the facility and identified serious issues with the implementation of the contractor's heat stress prevention program. Based on this information, the program office communicated the issues to the contractor and identified immediate and long-term corrective actions to ameliorate the working conditions.

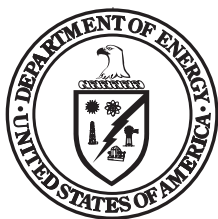
Qui Tams

Since 1996, the OIG has been instrumental in working with the Department of Justice in *Qui Tam* cases. The OIG is currently working on 16 *Qui Tam* lawsuits involving alleged fraud against the Government in the amount of approximately \$295,625,000. These cases are highly resource intensive, requiring the active participation of OIG investigative and audit assets. However, they have proven to result in a high return on our investment of resources.


Legislative and Regulatory Reviews

The Inspector General Act of 1978, as amended, requires the OIG to review and comment upon legislation and regulations relating to Department programs and to make recommendations concerning the impact of such legislation or regulations on departmental economy and efficiency. The OIG coordinated and reviewed 53 items during the reporting period.

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Appendix 1 - Reports

 Recovery Act Reports Issued April 1, 2009 – September 30, 2009				
Report Number	Title	Date Issued	Savings	Questioned Costs
OAS-RA-09-03	<i>Department of Energy Efforts to Manage Information Technology Resources in an Energy-Efficient and Environmentally Responsible Manner</i>	05-27-09	\$9,400,000	
OAS-RA-09-04	<i>Department of Energy's Efforts to Meet Accountability and Performance Reporting Objectives of the American Recovery and Reinvestment Act</i>	09-04-09		

Audit Reports Issued April 1, 2009 – September 30, 2009				
Report Number	Title	Date Issued	Savings	Questioned Costs
IG-0814	<i>The Procurement of Safety Class/Safety-Significant Items at the Savannah River Site</i>	04-23-09		\$30,796,112
IG-0815	<i>The Office of Secure Transportation DC-9 Aircraft Refurbishment</i>	05-06-09	\$1,000,000	
IG-0816	<i>Fire Protection Deficiencies at Los Alamos National Laboratory</i>	06-23-09		
IG-0817	<i>The Department of Energy's Opportunity for Energy Savings Through the Use of Setbacks in its Facilities</i>	07-20-09	\$11,500,000	
IG-0818	<i>Protection of the Department of Energy's Unclassified Sensitive Electronic Information</i>	08-04-09		

Audit Reports Issued

April 1, 2009 – September 30, 2009

Report Number	Title	Date Issued	Savings	Questioned Costs
IG-0819	<i>Allegations of Conflict of Interest Regarding Licensing of PROTECT by Argonne National Laboratory</i>	08-05-09		
IG-0822	<i>Management of Energy Savings Performance Contract Delivery Orders at the Department of Energy</i>	09-10-09	\$7,130,000	\$9,870,000
IG-0823	<i>The Management of the National Nuclear Security Administration's Classified Enterprise Secure Network Project</i>	09-16-09		
IG-0824	<i>Bonneville Power Administration's Acquisition of Transmission-Related Materials and Equipment</i>	09-29-09	\$11,000,000	
IG-0825	<i>The Department of Energy's Management of Contractor Fines, Penalties and Legal Costs</i>	09-30-09		\$1,764,650
IG-0826	<i>Cooperative Research and Development Agreements at the Department of Energy's Office of Science Laboratories</i>	09-30-09		
OAS-M-09-02	<i>Management Controls over the Use of Service Contracts at the Office of River Protection</i>	04-29-09		
OAS-L-09-07	<i>Controls over Royalty Oil Exchanges</i>	04-30-09		
OAS-L-09-08	<i>Effectiveness in Implementing the Cooperative Audit Strategy</i>	06-30-09		
OAS-L-09-09	<i>Closure of Subcontracts at the Savannah River Site</i>	06-24-09		\$6,700,000
OAS-L-09-10	<i>Closure of Subcontracts at the Oak Ridge National Laboratory and East Tennessee Technology Park</i>	06-24-09		\$3,900,000
OAS-L-09-11	<i>Implementation of the Cooperative Audit Strategy by National Nuclear Security Administration Managed Contractors</i>	07-23-09		

Audit Reports Issued

April 1, 2009 – September 30, 2009

Report Number	Title	Date Issued	Savings	Questioned Costs
OAS-L-09-12	<i>Agreed-Upon Procedures for Federal Payroll</i>	07-23-09		
OAS-L-09-13	<i>Revenue Sharing at the Great Plains Synfuels Plant</i>	07-24-09		
OAS-L-09-14	<i>Controls over the U.S. Department of Energy's Performance Measures</i>	07-24-09		
OAS-L-09-15	<i>Bonneville Power Administration Fish Hatchery Projects</i>	07-24-09		
OAS-L-09-16	<i>Follow-Up Audit of the Stockpile Surveillance Program</i>	08-20-09		
OAS-L-09-17	<i>Mixed Low-Level Waste Disposal within the Department of Energy</i>	09-28-09		
OAS-V-09-08	<i>Assessment of Changes to the Internal Control Structure and Their Impact on the Allowability of Costs Claimed by Battelle Energy Alliance, LLC During Fiscal Year 2007</i>	04-23-09		
OAS-V-09-09	<i>Assessment of Changes to the Internal Control Structure and Their Impact on the Allowability of Costs Claimed by UT-Battelle, LLC During Fiscal Year 2007</i>	07-02-09		
OAS-V-09-10	<i>Assessment of Changes to the Internal Control Structure and Their Impact on the Allowability of Costs Claimed by and Reimbursed to Los Alamos National Laboratory Under Department of Energy Contract No. DE-AC52-06NA25396 from June 1, 2006 to September 30, 2007</i>	08-24-09		\$271,011
OAS-V-09-11	<i>Audit Coverage of Cost Allowability for Bechtel Bettis Inc. Under Department of Energy Contract No. DE-AC11-98PN38206 During Fiscal Years 2005, 2006, 2007, 2008, and the Four Month Period October 1, 2008 through February 1, 2009</i>	08-31-09		

Audit Reports Issued

April 1, 2009 – September 30, 2009

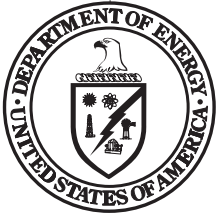
Report Number	Title	Date Issued	Savings	Questioned Costs
OAS-V-09-12	<i>Audit Coverage of Cost Allowability for KAPL, Inc. Under Department of Energy Contract No. DE-AC12-00SN39357 During Fiscal Years 2005, 2006, 2007, 2008, and the Four Month Period October 1, 2008 through February 1, 2009</i>	08-31-09		
OAS-FC-09-01	<i>Audit of National Security Technologies, LLC Costs Claimed Under Department of Energy Contract No. DE-AC52-06NA25946 for Fiscal Year 2007</i>	05-18-09		\$84,566
OAS-FS-09-05	<i>The Fiscal Year 2006 Balance Sheet for the Isotope Programs</i>	04-22-09		
OAS-FS-09-06	<i>Uranium Enrichment Decontamination and Decommissioning Fund's Fiscal Year 2005 and 2006 Financial Statement Audit</i>	08-26-09		

Inspection Reports Issued*

April 1, 2009 – September 30, 2009

Report Number	Title	Date Issued
DOE/IG-0820	<i>Lawrence Livermore National Laboratory Protective Force Authority</i>	09-04-09
DOE/IG-0821	<i>Fire Suppression and Related Services at Los Alamos National Laboratory</i>	09-11-09
INS-L-09-04	<i>Department of Energy Funding of Tribal Colleges and Universities</i>	04-07-09
INS-L-09-05	<i>Selected Aspects of the Department of Energy's Activities Involving the Foreign Intelligence Surveillance Act</i>	05-06-09
INS-L-09-06	<i>Security Weaknesses in the Handling of Unclassified Printers and Copiers at the Oak Ridge National Laboratory</i>	05-22-09
INS-L-09-07	<i>Allegations of Improper Hanford Workers' Compensation Payments</i>	08-27-09
INS-O-09-02	<i>Internal Controls over Accountable Classified Removable Electronic Media at Oak Ridge National Laboratory</i>	05-04-09
INS-O-09-03	<i>Personal Property Management at Lawrence Livermore National Laboratory</i>	05-28-09
INS-O-09-04	<i>Yucca Mountain Project Purchase Card Programs</i>	08-20-09

**Does not include non-public reports*



Appendix 2 - Tables

OIG Issued Audit Reports with Recommendations for Better Use of Funds

April 1, 2009 – September 30, 2009
(Dollars in Thousands)

The following table shows the total number of audit reports and the total dollar value of the recommendations that funds be put to better use by management:

	Total Number	One Time Savings	Recurring Savings	Total Savings
A. Those issued before the reporting period for which no management decision has been made:*	4	\$1,015,201,762	\$0	\$1,015,201,762
B. Those issued during the reporting period:	27	\$49,900,000**	\$0	\$49,900,000**
Subtotals (A + B)	31	\$1,065,101,762	\$0	\$1,065,101,762
C. Those for which a management decision was made during the reporting period:*	13	\$51,405,317	\$0	\$51,405,317
(i) Agreed to by management:		\$4,085,980	\$0	\$4,085,980
(ii) Not agreed by management:		\$13,119,337	\$0	\$13,119,337
D. Those for which a management decision is not required:	12	\$0	\$0	\$0
E. Those for which no management decision has been made at the end of the reporting period:*	6	\$1,047,896,445	\$0	\$1,047,896,445

Definition of Terms Used in the Table

Funds put to better use: Funds that could be used more efficiently by implementing recommended actions.

Unsupported costs: A cost that is not supported by adequate documentation. Questioned costs include unsupported costs.

Management decision: Management's evaluation of the finding and recommendations included in the audit report and the issuance of a final decision by management concerning its response.

* The figures for dollar items include sums for which management decisions on the savings were deferred.

** Includes Questioned Costs from one report totalling \$9,870,000.

OIG Issued Audit Reports with Questioned Costs

April 1, 2009 – September 30, 2009

(Dollars in Thousands)

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

	Total Number	Questioned Costs	Unsupported Costs
A. Those issued before the reporting period for which no management decision has been made:*	1	\$41,922,457	\$873,650
B. Those issued during the reporting period:	6	\$43,509,539**	\$6,800
Subtotals (A + B)	7	\$85,431,996	\$880,450
C. Those for which a management decision was made during the reporting period:*	5	\$37,083,332	\$757,450
(i) Value of disallowed costs:		\$47,286	\$16,308
(ii) Value of costs not disallowed:		\$6,744	\$741,142
D. Those for which a management decision is not required:	2	\$10,600,000	\$10,600,000
E. Those for which no management decision has been made at the end of the reporting period:*	0	\$85,377,966	\$123,000

Definition of Terms Used in the Table

Questioned costs: A cost that is (1) unnecessary; (2) unreasonable; (3) unsupported; (4) or an alleged violation of law, regulation, contract, etc.

Unsupported costs: A cost that is not supported by adequate documentation. Questioned costs include unsupported costs.

Management decision: Management's evaluation of the finding and recommendations included in the audit report and the issuance of a final decision by management concerning its response.

* The figures for dollar items include sums for which management decisions on the savings were deferred.

** Excludes Questioned Costs totalling \$9,870,000.

Reports Lacking Management Decision

The Department has a system in place to track audit reports and management decisions. Its purpose is to ensure that recommendations and corrective actions indicated by audit agencies and agreed to by management are addressed as efficiently and expeditiously as possible. Listed below is an audit report over six months old that were issued before the beginning of the reporting period and for which no management decision had been made by the end of the reporting period. The reason a management decision had not been made and the estimated date for achieving management decision is described below.

Management Audit

IG-0753: *Recovery Costs for the Proprietary Use of the Advanced Photon Source, January 11, 2007* – The Office of the Chief Financial Officer is working with the Department to address a complex accounting issue raised by the report. A final management decision is expected before March 30, 2010.

Prior Significant Recommendations Not Implemented

As of September 2009, closure actions on recommendations in 31 OIG reports had not been fully implemented within 12 months from the date of report issuance. The OIG is committed to working with management to expeditiously address the management decision and corrective action process, recognizing that certain initiatives will require long-term, sustained, and concerted efforts. The Department has closed 125 recommendations in the past 6 months. Management updates the Departmental Audit Report Tracking System on a quarterly basis, most recently in September 2009. Information on the status of any report recommendation can be obtained through the OIG's Office of Audit Services and Office of Inspections.

Summary of Inspection Activities

April 1, 2009 – September 30, 2009

Inspections/Special Inquiries open as of April 1, 2009	34
Inspections/Special Inquiries opened during this reporting period	11
Inspections/Special Inquiries closed during this reporting period	16
Inspections open as of September 30, 2009	29
Reports issued (includes non-public reports)	9
Report Recommendations:	
Issued this reporting period	25
Accepted by management this reporting period	25
Implemented by management this reporting period	25
Funds recovered	\$0
Complaints Referred to Department management/others	129
Referred to Department management requesting a response for OIG Evaluation	59
HOTLINE ACTIVITY	
Hotline calls, emails, letters, and other complaints*	888
Hotline calls, emails, letters, and other complaints predicated	254
Unresolved Hotline predications from previous reporting period	17
Total Hotline predications	271
Hotline predications transferred to the Management Referral System	138
Hotline predications closed based upon preliminary OIG activity	114
Hotline predications pending disposition	19
Total Hotline predications	271

**The figure includes complaints outside the purview of the Office of Inspector General. The complainants were referred to the appropriate Federal, State, local, or private organization for assistance, if applicable.*

Summary of Investigative Activities

April 1, 2009 – September 30, 2009

Cases open as of April 1, 2009	209
Cases opened during period	74
Cases closed during period	70
Multi-Agency Task Force Cases Opened	18
<i>Qui Tam</i> investigations opened	1
Total Open <i>Qui Tam</i> investigations as of September 30, 2009	16
Cases currently open as of September 30, 2009	213
IMPACT OF INVESTIGATIONS:	
Administrative discipline and other management actions	62
Recommendations to management for positive change and other actions	34
Suspensions/Debarments	21
Accepted for prosecution*	19
Indictments	10
Criminal convictions	14
Pretrial diversions	1
Civil actions	5
TOTAL DOLLAR IMPACT** (Fines, settlements, recoveries)	\$8,094,878

**Some of the investigations accepted during the 6-month period were referred for prosecution during a previous reporting period.*

***Some of the money collected was the result of task force investigations.*

Feedback Sheet

The contents of the September 2009 Semiannual Report to Congress comply with the requirements of the Inspector General Act of 1978, as amended. If you have any suggestions for making the report more responsive, please complete this feedback sheet and return it to:

United States Department of Energy
Office of Inspector General (IG-1)
Washington, D.C. 20585

ATTN: Felicia Jones

Name: _____

Daytime Telephone Number: _____

Comments/Suggestions/Feedback:
(Please attach additional sheets if needed)

For media inquiries, please dial (202) 253-2162 for assistance.

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Office of Inspector General

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