



Highlights of [GAO-12-912T](#), a testimony before the Subcommittee on Oversight and Investigations, Committee on Energy and Commerce, House of Representatives.

Why GAO Did This Study

NNSA is responsible for managing nuclear weapon- and nonproliferation-related national security activities in laboratories and other facilities, collectively known as the nuclear security enterprise. Major portions of NNSA's mission are largely carried out by contractors at each site within the enterprise. GAO has designated contract management at NNSA as an area at high risk for fraud, waste, and abuse. Progress has been made, but GAO continues to identify problems such as inadequate oversight of safety and security as well as cost and schedule overruns on major projects. With NNSA proposing to spend tens of billions of dollars to modernize the nuclear security enterprise, it is important to ensure scarce resources are spent in an effective and efficient manner.

This testimony addresses (1) DOE's and NNSA's safety and security oversight and (2) NNSA's project and contract management. It is based on prior GAO reports issued from August 2000 to July 2012.

DOE and NNSA continue to act on the numerous recommendations GAO has made to improve NNSA's management of the nuclear security enterprise. GAO will continue to monitor DOE's and NNSA's implementation of these recommendations.

View [GAO-12-912T](#). For more information, contact Mark Gaffigan at (202) 512-3841 or gaffiganm@gao.gov

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MODERNIZING THE NUCLEAR SECURITY ENTERPRISE

Observations on the National Nuclear Security Administration's Oversight of Safety, Security, and Project Management

What GAO Found

The National Nuclear Security Administration (NNSA), a separately organized agency within the Department of Energy (DOE), has successfully ensured that the nuclear weapons stockpile remains safe and reliable by using state-of-the-art facilities as well as the skills of top scientists. Nevertheless, DOE's and NNSA's ineffective oversight of its contractors has contributed to many safety and security problems. As work carried out at NNSA's sites involves dangerous nuclear materials such as plutonium and highly enriched uranium, stringent safety procedures and security requirements must be observed. In response to numerous serious safety incidents over several decades, DOE has taken steps to improve safety oversight. Recently, laboratory and other officials have raised concerns, however, that federal oversight has become excessive and overly burdensome. To address these concerns, DOE completed a safety and security reform effort to streamline or eliminate many DOE directives. However, GAO reported in April 2012 that the benefits of this reform effort are unclear because DOE did not determine if the original directives were, in fact, burdensome. In addition, the reform effort did not fully address safety concerns GAO and others identified in the areas of quality assurance, safety culture, and federal oversight. For example, the reform effort gives the NNSA site offices, rather than DOE's Office of Independent Oversight staff, responsibility for correcting problems identified in independent assessments. Site office determinations of what issues require more formal contractor responses may be influenced by their responsibility for keeping costs under control and work on schedule. NNSA has also experienced security deficiencies, including numerous incidents involving the compromise or potential compromise of classified information that pose the most serious threat to U.S. national security. NNSA has made progress addressing these deficiencies—including the establishment of an effective headquarters security organization—but a recent and unprecedented security incident at an important NNSA site highlights the challenges the agency faces in fully implementing and sustaining safety and security improvements.

NNSA continues to experience significant cost and schedule overruns on its major projects. For example, NNSA's estimated cost to construct a modern Uranium Processing Facility at NNSA's Y-12 National Security Complex experienced a nearly seven-fold cost increase from between \$600 million and \$1.1 billion in 2004 to between \$4.2 billion and \$6.5 billion in 2011. In addition, NNSA's estimated cost to construct a new plutonium research facility at Los Alamos National Laboratory experienced a nearly six-fold increase from between \$745 million and \$975 million in 2005 to between \$3.7 billion and \$5.8 billion in 2010. The project has also been delayed between 8 to 12 years from NNSA's original plans. DOE has recently taken a number of actions to improve management of major projects, including those overseen by NNSA. For example, DOE has updated program and project management policies and guidance in an effort to improve the reliability of project cost estimates, better assess project risks, and better ensure project reviews are timely, useful and identify problems early. However, in GAO's view, DOE and NNSA need to (1) commit sufficient people and resources to resolve contract management problems, and (2) demonstrate, on a sustained basis, the ability to complete major projects on time and on budget.