



January 2020

# NATIONAL NUCLEAR SECURITY ADMINISTRATION

## Additional Verification Checks Could Improve the Accuracy and Consistency of Reported Financial Data

# GAO Highlights

Highlights of [GAO-20-180](#), a report to congressional committees

## Why GAO Did This Study

NNSA has long faced challenges in determining and comparing the costs of its programs, which are principally performed by M&O contractors across eight sites. Congress needs this information to provide effective oversight and make budgetary decisions. The National Defense Authorization Act for Fiscal Year 2017 required NNSA to implement a common financial reporting system, to the extent practicable, across all sites by December 2020. NNSA's efforts began in 2016 and are ongoing.

The Senate report accompanying a bill for the National Defense Authorization Act for Fiscal Year 2018 includes a provision for GAO to periodically review NNSA's implementation of common financial reporting. This is GAO's second report on this issue. This report examines (1) the steps NNSA has taken to implement common financial reporting since GAO's January 2019 report, and (2) the extent to which NNSA's approach to data collection aligns with the purpose of common financial reporting, including collecting accurate and consistent data from its M&O contractors. GAO reviewed NNSA documents about implementing common financial reporting, including policy and briefing documents, and interviewed NNSA officials and M&O contractor representatives.

## What GAO Recommends

GAO is making four recommendations, including that NNSA implement an internal process to verify the M&O contractors' crosswalks of their financial data to NNSA's work breakdown structures for reporting information. NNSA agreed with the four recommendations.

View [GAO-20-180](#). For more information, contact Allison Bowden at (202) 512-3841 or [bawden@gao.gov](mailto:bawden@gao.gov)

January 2020

# NATIONAL NUCLEAR SECURITY ADMINISTRATION

## Additional Verification Checks Could Improve the Accuracy and Consistency of Reported Financial Data

### What GAO Found

The National Nuclear Security Administration (NNSA)—a separately organized agency within the Department of Energy (DOE)—is required to implement common financial reporting, to the extent practicable, across its sites to better understand the total costs of its programs. NNSA has taken additional steps to implement such reporting since January 2019 but faces challenges in fully implementing the effort (see table). For example, for fiscal years 2018 and 2019, NNSA used separate work breakdown structures—a method of dividing a project into successive levels of detail—to collect data for some offices. Without a common work breakdown structure, NNSA cannot ensure that it can collect reliable financial data across its sites. NNSA plans to assess the feasibility of implementing a common work breakdown structure, in response to GAO's January 2019 recommendation. In fiscal years 2018 and 2019, NNSA also faced challenges in collecting financial data from management and operating (M&O) contractors, including collecting complete data for all program offices. NNSA is working to resolve these issues.

#### GAO Assessment of NNSA's Progress toward Implementing Common Financial Reporting

Steps	Progress as of January 2020
Identify an approach and develop a tool	Completed
Develop a policy	Completed
Establish common cost elements and definitions	Completed
Identify and report costs for programs of record and base capabilities	Identified programs and capabilities, but not all costs reported
Implement a common work breakdown structure	Assessing feasibility in fiscal year 2020
Collect financial data from contractors	Collected data, with challenges
Publish and analyze data	Published data, but did not perform NNSA-wide analysis

Source: GAO analysis of NNSA information. | GAO-20-180

NNSA's approach to data collection provides limited assurance that the data collected for common financial reporting are accurate and consistent across the M&O contractors. At most sites, the M&O contractors track their financial data in a way that does not align with how NNSA requests the contractors report the data. M&O contractors use professional judgment to crosswalk, or map, the financial data from their business systems to the NNSA structures to report the data. NNSA's data quality checks on the M&O contractors' financial data focus on data formatting and ensuring the data match the agency's accounting system. NNSA does not have a process to verify whether the contractors accurately crosswalk their financial data. Under NNSA's financial integration policy, the program director for financial integration is to, among other things, execute a plan to improve cost analysis, comparability, and reporting consistency among programs and M&O contractors. By developing an internal process for NNSA to verify how the M&O contractors crosswalk their financial data to the work breakdown structures, NNSA will have better assurance that it is collecting accurate financial data that are comparable across the M&O contractors, that satisfy the needs of Congress and other stakeholders, and that address long-term issues with its ability to report the total costs of its programs.

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### Abbreviations

DOE	Department of Energy
M&O	management and operating
NNSA	National Nuclear Security Administration
STARS	Standard Accounting and Reporting System

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January 16, 2020

Congressional Committees

The National Nuclear Security Administration (NNSA)—a separately organized agency within the Department of Energy (DOE)—is responsible for enhancing national security through the military application of nuclear energy, maintaining and modernizing infrastructure for the U.S. nuclear weapons stockpile, and supporting the nation’s nuclear nonproliferation efforts, among other things. To execute its missions, NNSA relies on management and operating (M&O) contracts to manage and operate its eight laboratory and production sites, collectively known as the nuclear security enterprise.<sup>1</sup> In fiscal year 2019, NNSA obligated \$15.1 billion, of which it obligated \$13.1 billion—about 90 percent—to M&O contracts, according to officials from NNSA’s Office of Management and Budget.

M&O contractors use different methods of accounting for and tracking costs to manage the sites across the nuclear security enterprise. However, this has resulted in NNSA and Congress having difficulty understanding the total costs of NNSA’s programs—especially programs for which work is conducted at multiple sites—and comparing costs across its contractors. As we have emphasized, effective management and oversight of the contracts, projects, and programs that support NNSA’s mission are dependent upon the availability of enterprise-wide cost information that is accurate and reliable. This information is needed to, among other things, identify the costs of activities and ensure the validity of NNSA’s cost estimates. DOE’s management of contracts and projects, including those executed by NNSA, has been on our list of areas at high risk for fraud, waste, abuse, and mismanagement since 1990.<sup>2</sup>

Congress’s ability to provide effective oversight and determine whether NNSA is operating the nuclear security enterprise in an efficient, cost-effective manner has been challenged because the cost of activities

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<sup>1</sup>50 U.S.C. § 2501. Seven contractors operate the eight sites. M&O contracts are agreements under which the government contracts for the operation, maintenance, or support, on its behalf, of a government-owned or government-controlled research, development, special production, or testing establishment wholly or principally devoted to one or more of the major programs of the contracting agency. 48 C.F.R. § 17.601.

<sup>2</sup>GAO, *High-Risk Series: Substantial Efforts Needed to Achieve Greater Progress on High-Risk Areas*, [GAO-19-157SP](#) (Washington, D.C.: Mar. 6, 2019).

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cannot be easily compared and analyzed across NNSA's programs and sites. To address this issue, the National Defense Authorization Act for Fiscal Year 2014 required NNSA to develop and submit to Congress a plan for improving and integrating financial management of the nuclear security enterprise.<sup>3</sup> NNSA submitted its plan in February 2016, and in January 2017 we found the plan did not provide the framework needed to guide NNSA's effort to improve and integrate financial management of the nuclear security enterprise.<sup>4</sup> Subsequently, the National Defense Authorization Act for Fiscal Year 2017 required NNSA to implement common financial reporting, to the extent practicable, for the nuclear security enterprise by December 23, 2020.<sup>5</sup> According to the act, the common financial reporting system is to include the following:

1. common data reporting requirements, including reporting of financial data by standardized labor categories, labor hours, functional elements, and cost elements;
2. a common work breakdown structure; and
3. definitions and methodologies for identifying and reporting costs for programs of record and base capabilities.<sup>6</sup>

According to NNSA's financial integration policy, the purpose of the agency's common financial reporting effort is to collect standardized financial management data; increase transparency of financial accountability; and improve cost analysis, comparability, and reporting

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<sup>3</sup>National Defense Authorization Act for Fiscal Year 2014, Pub. L. No. 113-66, div. C, title XXXI, subtitle B, § 3128, 127 Stat. 672, 1065-66 (2013).

<sup>4</sup>GAO, *National Nuclear Security Administration: A Plan Incorporating Leading Practices Is Needed to Guide Cost Reporting Improvement Effort*, [GAO-17-141](#) (Washington, D.C.: Jan. 19, 2017).

<sup>5</sup>National Defense Authorization Act for Fiscal Year 2017, Pub. L. No. 114-328, § 3113, 130 Stat. 2000, 2757 (2016).

<sup>6</sup>The act also required NNSA to leverage, where appropriate, the Department of Defense Office of Cost Assessment and Program Evaluation using historical costing data. NNSA's financial integration team consulted with the Office of Cost Assessment and Program Evaluation, and NNSA's program director for financial integration concluded that it would not be appropriate to use the Cost Assessment Data Enterprise because their cost reporting requirements are not directly or sufficiently comparable.

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consistency among programs and M&O contractors.<sup>7</sup> The policy also states that the program director for financial integration is to manage and coordinate all NNSA activities to meet National Defense Authorization Act requirements, develop and maintain clear and consistent reporting requirements, analyze enterprise-wide financial data using leading business best practices, and monitor the effects of financial integration, among other responsibilities. NNSA established the position of program director for financial integration within NNSA's Office of Management and Budget and first filled the position in January 2016.

The Senate report accompanying S.1519, a bill for the National Defense Authorization Act for Fiscal Year 2018, includes a provision for us to conduct periodic reviews of NNSA's progress in implementing common financial reporting. In January 2019, we issued our first report on the steps NNSA had taken to plan for and implement common financial reporting.<sup>8</sup> This is our second review. This report evaluates (1) the steps NNSA has taken to implement common financial reporting since our January 2019 report, and (2) the extent to which NNSA's approach to data collection aligns with the purpose of common financial reporting, including collecting accurate and consistent data from M&O contractors.

To determine the steps NNSA has taken to implement common financial reporting since our January 2019 report, we reviewed available project documentation such as meeting minutes and briefing slides regarding NNSA's progress to implement the effort, M&O contractors' site strategic plans, NNSA's financial integration policy, and NNSA's recent annual reports. In addition, we interviewed NNSA officials including the program director for financial integration and officials from each of the NNSA program offices that participated in the common financial reporting effort: Defense Programs; Defense Nuclear Nonproliferation; Emergency Operations; Safety, Infrastructure, and Operations; Defense Nuclear

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<sup>7</sup>National Nuclear Security Administration, *Financial Integration*, NAP-412.1 (Washington, D.C.: Feb. 11, 2019). NNSA's financial integration policy includes requirements for M&O contractors to report financial data for common financial reporting. The requirements become binding through incorporation into their contracts. Our review of the public versions of the contracts indicated that the requirements have been incorporated into two of the contracts, and NNSA officials said that the requirements have been incorporated into the remaining contracts.

<sup>8</sup>GAO, *National Nuclear Security Administration: Additional Actions Needed to Collect Common Financial Data*, [GAO-19-101](#) (Washington, D.C.: Jan. 31, 2019). See appendix I for information about our January 2019 recommendations and NNSA's actions to implement them.

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Security; and Counterterrorism and Counterproliferation. We also interviewed officials from the seven M&O contractors and NNSA's Offices of Management and Budget and Cost Estimating and Program Evaluation.<sup>9</sup> We compared the information we collected from these sources with the seven steps for implementing common financial reporting that we identified in our January 2019 report.<sup>10</sup> We also compared how NNSA makes changes to its work breakdown structures<sup>11</sup> with leading project management practices for establishing a change control process, as identified by the Project Management Institute.<sup>12</sup>

To determine the extent to which NNSA's approach to data collection aligns with the purpose of common financial reporting, we reviewed available documentation including NNSA's financial integration policy, information on the process NNSA uses to complete data validation and reconciliation, agency guidance to M&O contractors, and NNSA's work breakdown structure templates for fiscal years 2018 through 2020.<sup>13</sup> We interviewed officials from the seven M&O contractors about their process for submitting financial data to NNSA and reviewed available documentation about their processes. We also conducted three site visits for M&O contractors to describe to us the processes they use to submit their financial data into the NNSA work breakdown structures and cost elements; these visits included interviews with M&O contractor program

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<sup>9</sup>The Office of Cost Estimating and Program Evaluation conducts independent cost estimates for NNSA programs, including the life extension programs, which modernize and replace nuclear components to extend their useful lives.

<sup>10</sup>[GAO-19-101](#).

<sup>11</sup>A work breakdown structure is a method of deconstructing a program's end product into successive levels of detail with smaller specific elements until the work is subdivided to a level suitable for management control.

<sup>12</sup>Project Management Institute, Inc., *A Guide to the Project Management Body of Knowledge (PMBOK® Guide)*, Sixth Edition, 2017. *PMBOK* is a trademark of Project Management Institute, Inc.

<sup>13</sup>Data validation refers to NNSA's process to ensure the quality of the data provided by the M&O contractor for common financial reporting, such as the formatting of the data. Data reconciliation refers to NNSA's process to ensure that the submitted data total to the amounts reported by the M&O contractor in NNSA's financial management system. NNSA performs data validation and reconciliation checks of the M&O contractors' data and rejects the data when errors are identified for the M&O contractors to correct. According to NNSA officials, it is important for the agency to perform these checks prior to accepting the M&O contractors' financial data to ensure data quality.



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managers for each of the sites.<sup>14</sup> We selected the Kansas City National Security Complex, Los Alamos National Laboratory, and Sandia National Laboratories to visit to include a variety of types of work performed at the site (e.g., national laboratories or production sites) and a range of data validation and reconciliation errors NNSA identified in the M&O contractors' data submissions for fiscal year 2018.<sup>15</sup> We interviewed the program director for financial integration, officials from the participating program offices, and NNSA's Office of Cost Estimating and Program Evaluation. We also compared NNSA's process for data validation and reconciliation with federal standards for internal control to determine whether the process is designed to ensure the data are accurate and consistent<sup>16</sup> and meet the purpose of common financial reporting as described in NNSA's financial integration policy.<sup>17</sup>

We conducted this performance audit from January 2019 to January 2020 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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<sup>14</sup>Within work breakdown structures, cost elements capture discrete costs of a particular activity of work, such as labor and materials.

<sup>15</sup>We received data from NNSA on the number of data validation and reconciliation errors M&O contractors received when submitting their financial data for fiscal year 2018. Each of the M&O contractors submit different amounts of data based on the work conducted and funds executed at their site. We calculated validation and reconciliation errors as a percentage of the data submitted and selected sites with a range of errors.

<sup>16</sup>GAO, *Standards for Internal Control in the Federal Government*, [GAO-14-704G](#) (Washington, D.C.: Sept. 10, 2014).

<sup>17</sup>The financial integration policy was written to respond to the requirements in the National Defense Authorization Acts for Fiscal Years 2014 and 2017 with respect to common financial reporting.

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## Background

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### NNSA's Missions and Organization

NNSA largely executes its missions at eight sites that comprise the nuclear security enterprise and that are managed by seven M&O contractors.<sup>18</sup> These eight sites are

- three national security laboratories—Lawrence Livermore National Laboratory in California, Los Alamos National Laboratory in New Mexico, and Sandia National Laboratories in New Mexico and other locations;
- four nuclear weapons production plants—the Pantex Plant in Texas, the Y-12 National Security Complex in Tennessee, the Kansas City National Security Complex in Missouri, and tritium operations at DOE's Savannah River Site in South Carolina;<sup>19</sup> and
- the Nevada National Security Site, formerly known as the Nevada Test Site.

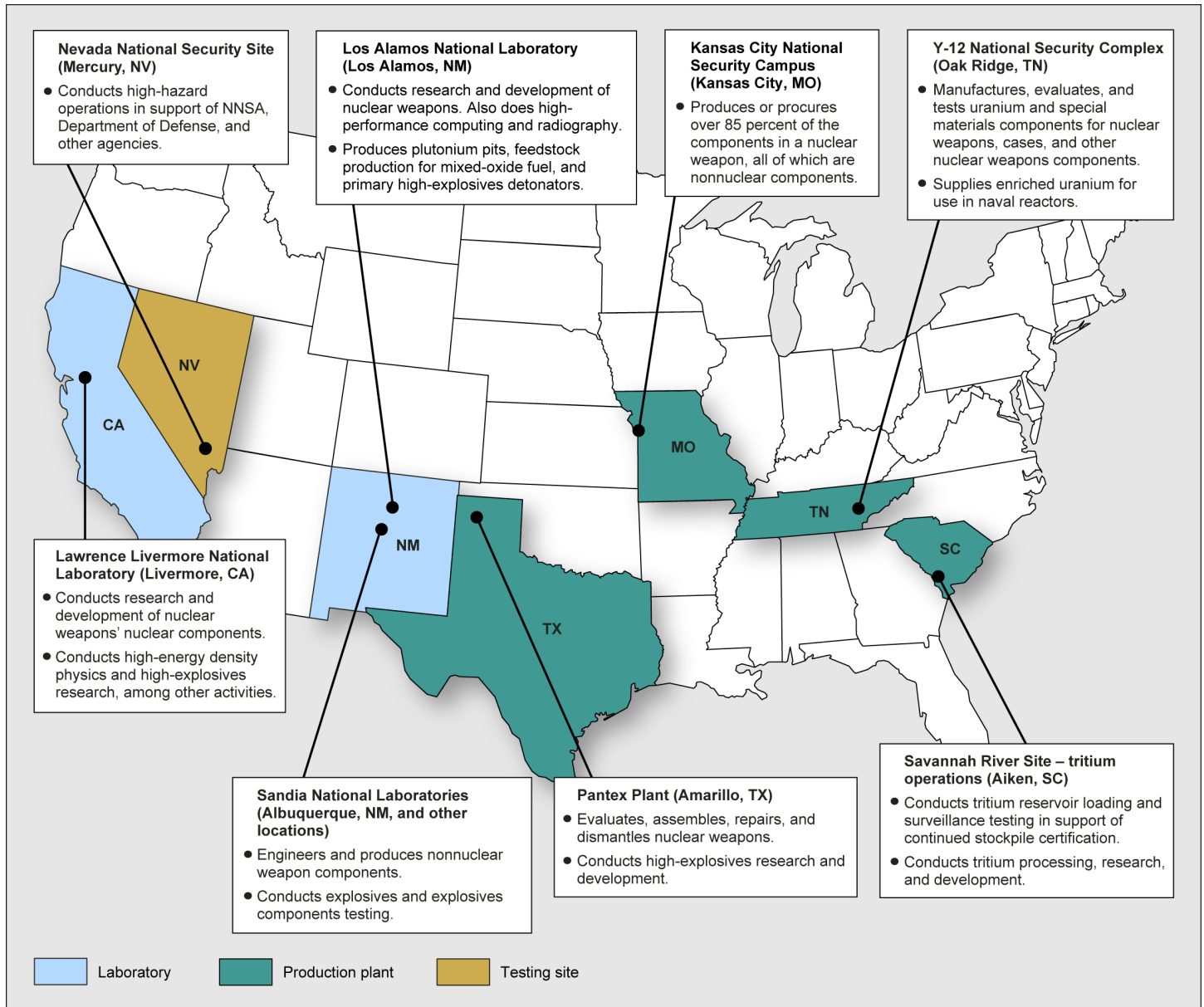
As shown in figure 1, each of NNSA's eight sites has specific responsibilities within the nuclear security enterprise. NNSA also executes portions of its missions across several other DOE sites, such as the Pacific Northwest National Laboratory in Washington and the Oak Ridge National Laboratory in Tennessee. At this time, NNSA's common financial reporting efforts are focused on the eight sites, as required by the National Defense Authorization Act for Fiscal Year 2017.

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<sup>18</sup>In January 2013, NNSA awarded a single contract to Consolidated Nuclear Security, LLC (CNS) for two of NNSA's major production sites that contribute to the maintenance of nuclear weapons and production of their components—Y-12 National Security Complex and Pantex Plant. These two sites were previously managed under separate M&O contracts.

<sup>19</sup>Tritium is a radioactive isotope of hydrogen used to enhance the power of U.S. nuclear weapons. The DOE Office of Environmental Management manages the M&O contract for the Savannah River Site, but the contractor also performs work for NNSA and the site is part of the nuclear security enterprise. 50 U.S.C. § 2501.

**Figure 1: National Nuclear Security Administration (NNSA) National Security Laboratories, Production Plants, and Testing Sites**



Sources: GAO presentation of NNSA information; Map Resources (map). | GAO-20-180

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NNSA's sites are owned by the federal government but managed and operated by M&O contractors. According to DOE, the use of M&O contracts is supported by an underlying principle: the federal government employs highly capable companies and educational institutions to manage and operate government-owned or -controlled scientific, engineering, and production facilities because these companies and educational institutions have greater flexibility than the government in bringing scientific and technical skills to bear. As we previously found, an M&O contract is characterized by, among other things, a close relationship between the government and the contractor for conducting work of a long-term and continuing nature.<sup>20</sup>

To support its missions, NNSA is organized into program offices that oversee the agency's numerous programs. For example, the Office of Defense Programs oversees the B61-12 Life Extension Program,<sup>21</sup> and the Office of Defense Nuclear Nonproliferation oversees the Nuclear Smuggling Detection and Deterrence Program. NNSA's program offices are

- Defense Programs;
- Defense Nuclear Nonproliferation;
- Emergency Operations;
- Safety, Infrastructure, and Operations;
- Defense Nuclear Security;
- Counterterrorism and Counterproliferation; and
- Naval Reactors.<sup>22</sup>

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<sup>20</sup>GAO, *National Nuclear Security Administration: Reports on the Benefits and Costs of Competing Management and Operating Contracts Need to Be Clearer and More Complete*, [GAO-15-331](#) (Washington, D.C.: Mar. 23, 2015).

<sup>21</sup>The B61 nuclear bomb is the oldest nuclear weapon type in the United States' active stockpile, and critical components of these bombs are approaching the end of their operational lives. To maintain the safety, security, and effectiveness of B61 bombs, NNSA and the Department of Defense are undertaking a life extension program that will result in a bomb known as the B61-12.

<sup>22</sup>The Office of Naval Reactors does not participate in the common financial reporting effort. NNSA is not required to implement common financial reporting for the Office of Naval Reactors because those facilities are not a part of the statutorily defined nuclear security enterprise.

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Mission-related activities are primarily overseen by these program offices, which are responsible for integrating the activities across the multiple sites performing work. NNSA field offices, co-located at the sites, oversee the day-to-day activities of the contractors as well as mission support functions such as safety.

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### Cost Accounting Requirements and Methods of Accounting for and Tracking Costs

NNSA is subject to different cost accounting requirements than its seven M&O contractors. NNSA is required to follow Managerial Cost Accounting Standards.<sup>23</sup> The principal purpose of Managerial Cost Accounting Standards is to determine the full cost of delivering a program or output to allow an organization to assess the reasonableness of this cost or to establish a baseline for comparison. The standards state that federal agencies should accumulate and report the costs of their activities on a regular basis for management information purposes. The standards also state that agencies should allow flexibility for agency managers to develop costing methods that are best suited to their operational environment. Such information is important to Congress and to NNSA managers as they make decisions about allocating federal resources, authorizing and modifying programs, and evaluating program performance. Separate standards—referred to as federal Cost Accounting Standards—govern how NNSA’s M&O contractors structure and account for their costs.<sup>24</sup> Federal Cost Accounting Standards provide direction for the consistent and equitable distribution of a contractor’s costs to help federal agencies more accurately determine the actual costs of their contracts and the contractor’s costs associated with specific projects and programs.

To comply with federal Cost Accounting Standards, M&O contractors classify costs as either direct or indirect when they allocate these costs to programs. Direct costs are assigned to the benefitting program or programs. Indirect costs—costs that cannot be assigned to a particular program, such as costs for administration and site support—are to be accumulated, or grouped, into indirect cost pools. The contractor is to

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<sup>23</sup>The Statement of Federal Financial Accounting Standards No. 4, *Managerial Cost Accounting Standards and Concepts*, requires government agencies to determine and report the full costs of government goods and services, including direct and indirect costs.

<sup>24</sup>The Cost Accounting Standards are a set of 19 standards promulgated by the U.S. Cost Accounting Standards Board, an independent and statutorily established board that is administratively part of the Office of Management and Budget’s Office of Federal Procurement Policy. 41 U.S.C. § 1501. For current applicability, see 48 C.F.R. pt. 9904.

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estimate the amount of indirect costs to distribute to each program (accumulated into indirect cost pools) and make adjustments by the end of the fiscal year to reflect actual costs. The contractor is then to distribute these costs proportionally across all programs based on a rate in accordance with the contractor's cost allocation model. The final program cost is the sum of the total direct costs plus the indirect costs distributed to the program.

In implementing these allocation methods, federal Cost Accounting Standards provide contractors with flexibility regarding the extent to which they identify incurred costs directly with a specific program and how they collect similar costs into indirect cost pools and allocate them among programs. Therefore, different contractors may allocate similar costs differently because the contractors' cost allocation models differ—that is, a cost classified as an indirect cost at one site may be classified as a direct cost at another.<sup>25</sup> Because each contractor can allocate similar indirect costs differently and contractors may change the way they allocate indirect costs over time, it is difficult to compare contractors' costs among sites and accurately calculate total program costs when work for a program is conducted at multiple sites.

The seven NNSA M&O contractors and NNSA's program offices account for and track costs differently. We previously found that NNSA's M&O contractors have historically developed their own processes to manage and track costs for work at each site even when their work contributes to the same program.<sup>26</sup> These processes have generally differed from the ones NNSA program offices have developed to describe the scope of its programs. This makes it difficult for NNSA and others to track and compare costs for analogous activities across programs, contractors, and sites. For example, in May 2018, we found that NNSA's work breakdown structure for the B61-12 Life Extension Program and its \$7.6 billion cost estimate (at that time) did not include \$648 million in activities that were undertaken by other NNSA programs, such as research and development, test and evaluation activities, and infrastructure elements.<sup>27</sup>

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<sup>25</sup>Cost allocation models outline the contractor's structure for identifying and allocating indirect costs.

<sup>26</sup>[GAO-17-141](#).

<sup>27</sup>GAO, *B61-12 Nuclear Bomb: Cost Estimate for Life Extension Incorporated Best Practices, and Steps Being Taken to Manage Remaining Program Risks*, [GAO-18-456](#) (Washington, D.C.: May 31, 2018).

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Leading practices for developing work breakdown structures state that a work breakdown structure should include all activities that contribute to a program's end product, and should not treat contributing activities separately.<sup>28</sup>

DOE's and NNSA's financial management and accounting system—the Standard Accounting and Reporting System (STARS)—provides budget execution, financial accounting, and financial reporting capabilities for the department. STARS is also integrated with other agency systems for procurement, funds distribution, travel, and human resources. The M&O contractors' financial systems must be able to directly provide cost reports to NNSA's financial management system. The primary source of cost data contained in STARS comes from summary-level cost reports provided by M&O contractors, which they report for NNSA's appropriations at the budget and reporting code level.<sup>29</sup> Program offices access STARS financial data through the DOE Office of the Chief Financial Officer's integrated data warehouse.<sup>30</sup> While financial data collected through STARS represent DOE's official financial data, the data are not detailed and therefore may not satisfy the information needs of NNSA's program offices. For example, STARS financial data do not differentiate labor costs from other programmatic costs, nor do they provide detailed information about the costs of activities that contribute to program costs. In addition, according to M&O contractor representatives, if one M&O contractor provides funding to another contractor, such as to conduct testing, NNSA does not have the ability in STARS to identify that funding was transferred.

In the absence of an automated managerial cost accounting system that collects data from financial systems and relevant operating systems to consistently and uniformly produce useful cost information, NNSA's program offices developed various systems, tools, and spreadsheets to track relevant cost information. Specifically, NNSA's program offices separately collect cost information from M&O contractors that is more

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<sup>28</sup>Project Management Institute, Inc. *A Guide to the Project Management Body of Knowledge* (PMBOK® Guide), Sixth Edition, 2017.

<sup>29</sup>NNSA establishes budget and reporting codes that correlate with activities and that are used for reporting obligations, costs, and revenues; formulating budgets; and controlling and measuring actual (rather than budgeted) performance.

<sup>30</sup>The DOE Office of the Chief Financial Officer's integrated data warehouse is part of the agency's financial management systems architecture and provides data storage for accounting, procurement, budget and planning, and workforce systems.

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detailed than costs reported through STARS. Collecting these data requires M&O contractors to map, or “crosswalk,” their cost data to the work breakdown structures of one or more of NNSA’s program offices. Some program offices collect financial data through ad hoc data calls, rather than regular data calls. Some tools the program offices use include program management systems or spreadsheets designed to meet each program office’s programmatic, budgetary, and project requirements. For example, the Office of Defense Programs built the Enterprise Portfolio Analysis Tool in 2007 to capture financial data from the M&O contractors for its programs.<sup>31</sup>

Also, in 2007, officials from the Office of Defense Nuclear Nonproliferation developed a program management system designed to integrate and manage data such as scope, schedule, budget, and cost at the program level with greater detail than the data in STARS. The Office of Safety, Infrastructure, and Operations later adopted this system and called it the G2 program management system.<sup>32</sup> M&O contractors use the G2 system to upload crosswalks of financial data for those program offices’ work breakdown structures after the costs were incurred. This process allows M&O contractors to report detailed financial data to the respective program offices every month. The process to track cost information is different for each program office and depends on the tool used and the information collected. However, for all program offices the process to track cost information is in addition to the financial reporting that M&O contractors provide for STARS (see fig. 2).

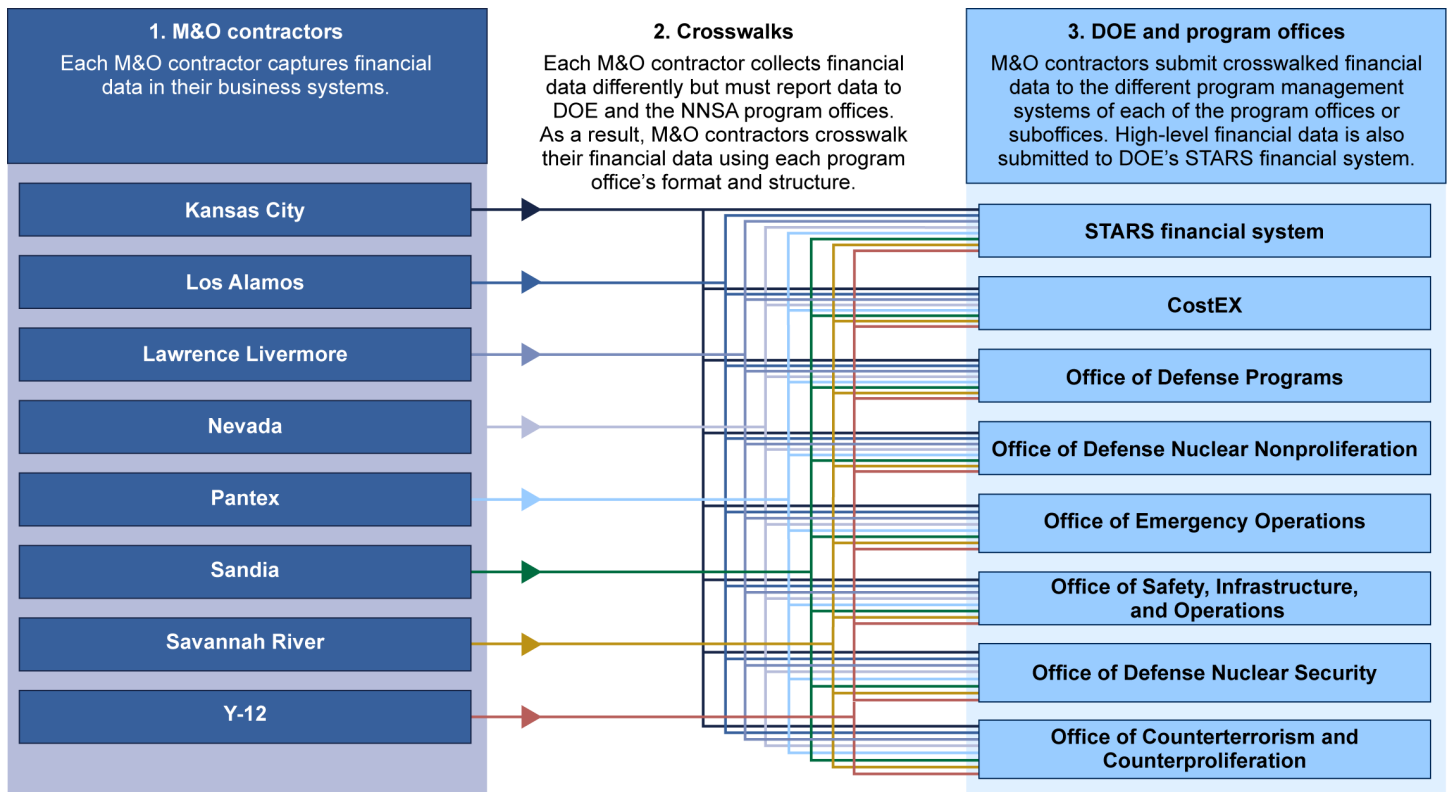
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<sup>31</sup>The Enterprise Portfolio Analysis Tool was a database tool for NNSA federal program managers and M&O contractors to report budget formulation and execution data using a work breakdown structure. The Office of Defense Programs archived the tool and developed a new budget formulation tool.

<sup>32</sup>Another subprogram in the Office of Defense Nuclear Nonproliferation uses WebPMIS to track project costs and maintain an archive of project-related documentation.



**Figure 2: National Nuclear Security Administration’s (NNSA) Methods for Collecting Financial Data from M&O Contractors**



DOE: Department of Energy  
M&O: management and operating  
STARS: Standard Accounting and Reporting System

Source: GAO presentation of information from NNSA documents and interviews. | GAO-20-180

Notes: M&O contractors are identified by their site location. The complete name of each location is as follows: Kansas City National Security Campus, Los Alamos National Laboratory, Lawrence Livermore National Laboratory, Nevada National Security Site, Pantex Plant, Sandia National Laboratories, Savannah River Site, and Y-12 National Security Complex. One M&O contractor manages both the Y-12 National Security Complex and the Pantex Plant and provides separate data for each site.

STARS provides budget execution, financial accounting, and financial reporting for DOE.

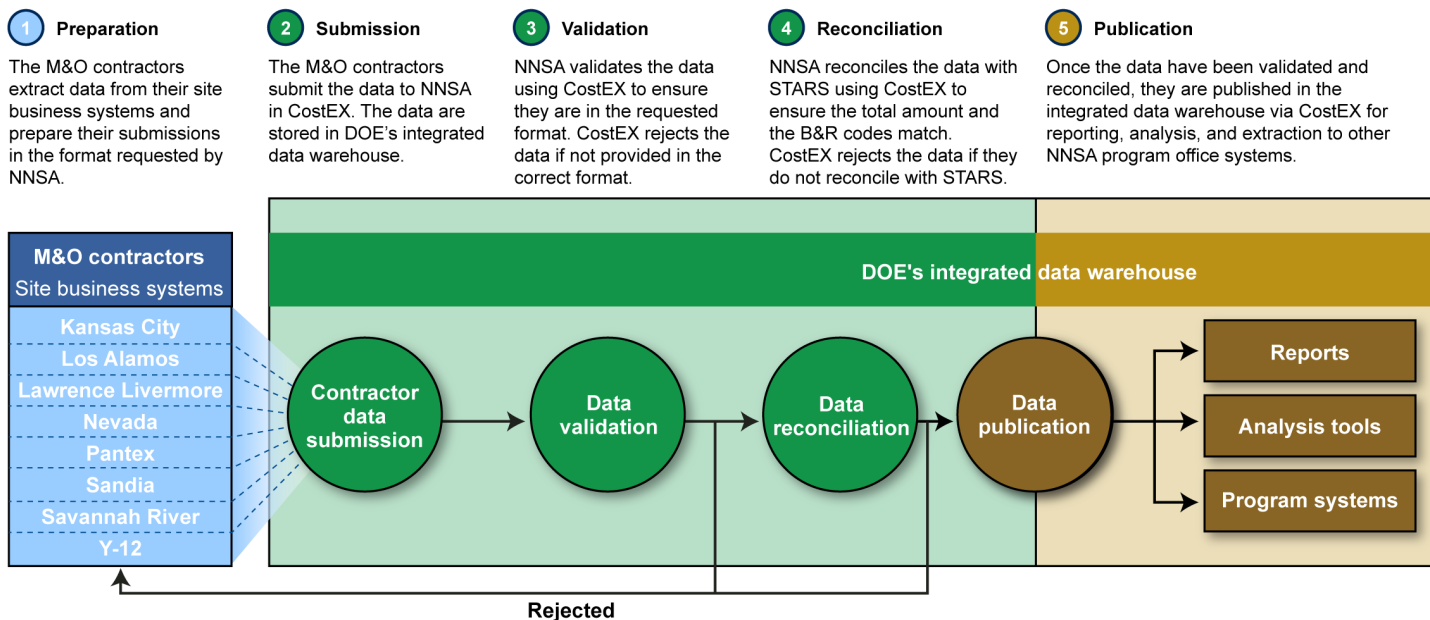
Each NNSA program office may use more than one tool to collect financial data. These tools include the G2 program management system, WebPMIS, and spreadsheets. The common financial reporting effort collects financial data using a data reporting and analysis tool, known as CostEX.

## NNSA’s Approach to Implementing Common Financial Reporting

To implement common financial reporting and standardize financial reporting by the M&O contractors across programs and sites, NNSA is pursuing an approach in which the agency collects M&O contractors’ financial data in a common reporting framework using an NNSA-wide

data reporting and analysis tool. M&O contractors produce crosswalks of their financial data and submit the data to NNSA using a data reporting and analysis tool called CostEX. NNSA then stores the reported financial data in the DOE Office of the Chief Financial Officer's integrated data warehouse. The Office of Defense Programs has used this process to collect financial data from the M&O contractors for its programs since fiscal year 2017. NNSA implemented this process for the broader common financial reporting effort in fiscal year 2018. Figure 3 illustrates NNSA's data management process for common financial reporting.

**Figure 3: National Nuclear Security Administration's (NNSA) Common Financial Reporting Data Management Process**



B&R: budget and reporting  
DOE: Department of Energy  
M&O: management and operating  
STARS: Standard Accounting and Reporting System

Source: GAO presentation of information from NNSA documents and interviews. | GAO-20-180

Notes: M&O contractors are identified by their site location. The complete name of each location is as follows: Kansas City National Security Campus, Los Alamos National Laboratory, Lawrence Livermore National Laboratory, Nevada National Security Site, Pantex Plant, Sandia National Laboratories, Savannah River Site, and Y-12 National Security Complex. One M&O contractor manages both the Y-12 National Security Complex and the Pantex Plant and provides separate data for each site.

The common financial reporting effort collects financial data using a data reporting and analysis tool, known as CostEX.

NNSA establishes budget and reporting codes that correlate with activities and are used for reporting obligations, costs, and revenues; formulating budgets; and controlling and measuring actual (rather than budgeted) performance.

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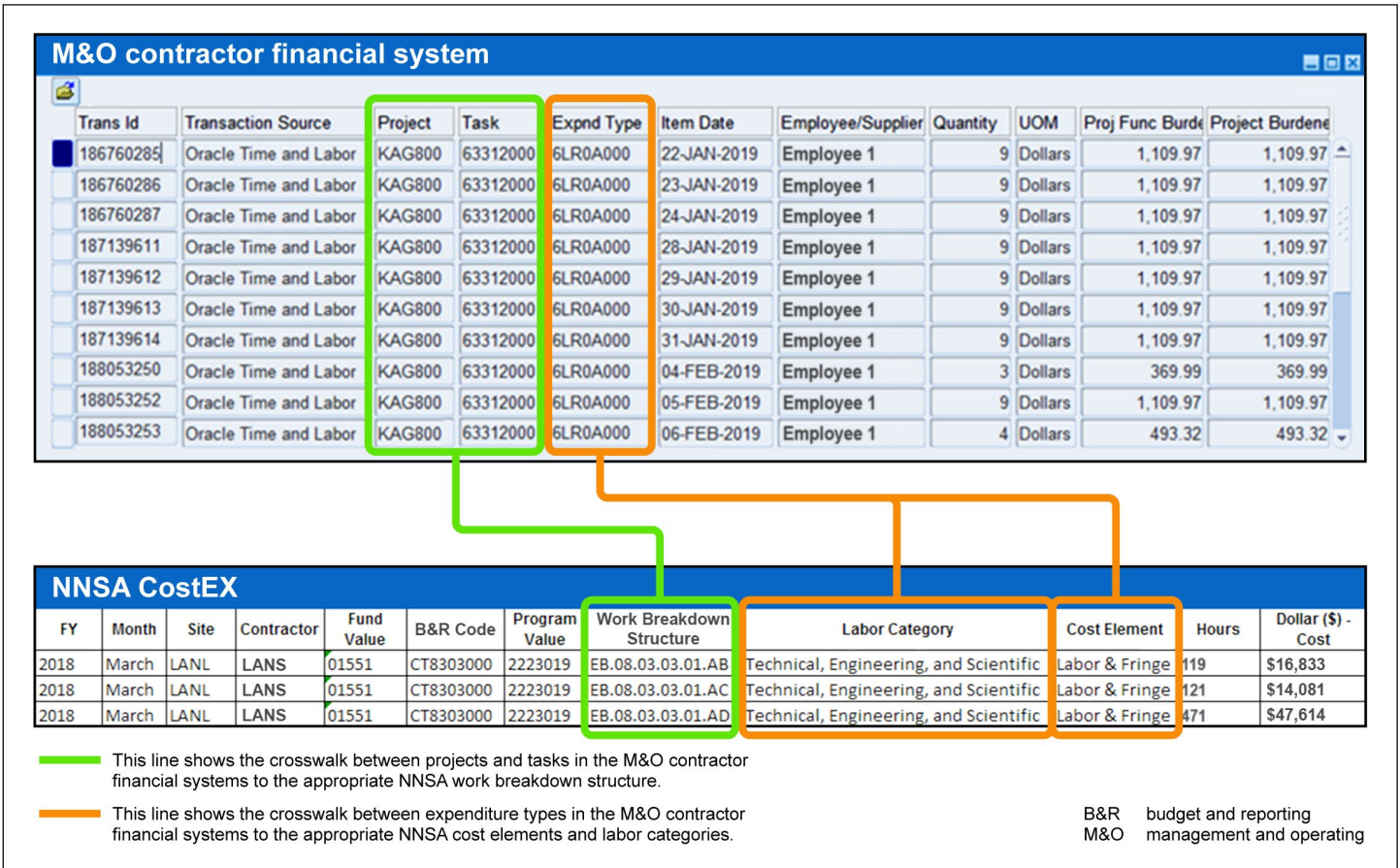
To implement common financial reporting, NNSA established a common reporting framework using agreed-upon work breakdown structures and common cost elements and definitions. However, in January 2019, we found that NNSA did not establish a common work breakdown structure for all of the participating program offices, although the agency had established 22 common cost elements and definitions.<sup>33</sup> Specifically, the Offices of Defense Programs, Emergency Operations, Defense Nuclear Security, and Counterterrorism and Counterproliferation used NNSA's common work breakdown structure, while the Offices of Safety, Infrastructure, and Operations and Defense Nuclear Nonproliferation used their own programmatic work breakdown structures.

The M&O contractors crosswalk their internal financial data into a work breakdown structure for each of the participating program offices (either NNSA's common work breakdown structure or a programmatic work breakdown structure) using common cost elements and definitions. The M&O contractors' business systems capture their financial data at a more detailed level than is needed for common financial reporting. Each M&O contractor tracks financial data for its site based on how it manages the work using projects, tasks, and expenditure types. For example, M&O contractors collect time and attendance data from their employees based on the number of hours spent working on a project for the pay period. The M&O contractors aggregate this information across multiple employees to report on labor costs for a project. When the M&O contractors prepare their data for common financial reporting, site managers identify the component(s) of the applicable work breakdown structure and cost elements with which the project aligns and crosswalk their financial data to the NNSA structure using professional judgment. Figure 4 shows an example of how an M&O contractor crosswalks its financial data into an NNSA work breakdown structure in CostEX.

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<sup>33</sup>[GAO-19-101](#). When we refer to NNSA's work breakdown structure in this report, we are referring to the structure used for common financial reporting.

**Figure 4: M&O Contractors Crosswalk into National Nuclear Security Administration (NNSA) Common Financial Reporting Framework**



Source: GAO analysis of NNSA and M&O contractor documents. | GAO-20-180

After the M&O contractors submit their financial data in CostEX, NNSA performs data quality and accuracy checks of the M&O contractors' data, referred to as "data validation" and "data reconciliation." NNSA performs data validation using CostEX, which automatically checks each row for data quality—such as confirming that the correct contractor is entering data for the site—and formatting based on 45 validation checks.<sup>34</sup> CostEX

<sup>34</sup>According to NNSA officials, NNSA increased the number of data validation checks from 43 in fiscal year 2018 to 45 in fiscal year 2019 to include quality checks of the M&O contractors' additional data that were not collected by NNSA through common financial reporting in fiscal year 2018.

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identifies data that do not pass the validation check as errors and rejects them, and the M&O contractor corrects and resubmits the data until it passes the validation check. NNSA performs data reconciliation with STARS using CostEX at the budget and reporting code level. CostEX extracts STARS data for selected budget and reporting codes and compares it with the data the M&O contractors submitted for common financial reporting. CostEX identifies data that differ from the STARS data by more than \$1 as an error and rejects the data, and the M&O contractor corrects and resubmits the data until it passes the reconciliation check. According to NNSA officials, it is important for the agency to perform these data validation and reconciliation checks prior to accepting the M&O contractors' financial data to ensure data quality.

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## **NNSA Made Progress toward Implementing Agency-Wide Common Financial Reporting but Faces Challenges in Fully Implementing the Effort**

NNSA has made progress toward implementing common financial reporting across the nuclear security enterprise since our last report in January 2019, but it faces challenges in fully implementing the effort. We identified seven steps related to NNSA's efforts to implement common financial reporting in our January 2019 report: (1) identifying an approach and developing a tool to implement common financial reporting, (2) developing a policy, (3) establishing common cost elements and definitions, (4) identifying and reporting costs for programs of record and base capabilities, (5) implementing a common work breakdown structure, (6) collecting financial data from the M&O contractors, and (7) publishing and analyzing data.<sup>35</sup> To date, the agency has completed three steps but has not yet completed four others, as shown in table 1. As required by the National Defense Authorization Act for Fiscal Year 2017, NNSA is to implement common financial reporting by December 23, 2020, to the extent practicable.

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<sup>35</sup>[GAO-19-101](#).

**Table 1: GAO’s Assessment of the National Nuclear Security Administration’s (NNSA) Progress toward Implementing Steps for Common Financial Reporting**

<b>Steps</b>	<b>Progress as of January 2020</b>
Identify an approach and develop a tool to implement common financial reporting	Completed
Develop a policy	Completed
Establish common cost elements and definitions	Completed
Identify and report costs for programs of record and base capabilities	Identified programs and capabilities, but not all costs reported
Implement a common work breakdown structure	Assessing feasibility in fiscal year 2020
Collect financial data from contractors	Collected data, with challenges
Publish and analyze data	Published data, but did not perform NNSA-wide analysis

Source: GAO analysis of NNSA information. | GAO-20-180

NNSA’s progress to implement common financial reporting in these seven steps since our January 2019 report is described below:

**Identify an approach and develop a tool to implement common financial reporting.** NNSA identified an approach and developed a tool to implement common financial reporting prior to our January 2019 report. NNSA continues to use CostEX to collect financial data from the M&O contractors and stores the data in DOE’s integrated data warehouse.

**Develop a policy.** NNSA developed a policy for common financial reporting. NNSA began developing the policy in October 2016 and approved it in February 2019.<sup>36</sup>

**Establish common cost elements and definitions.** NNSA established common cost elements and definitions prior to our January 2019 report.<sup>37</sup> An NNSA official said NNSA established the cost elements and definitions based on data that the M&O contractors could readily provide from their business systems. In fiscal year 2019, NNSA used the established cost elements to collect the M&O contractors’ data and added a requirement for the contractors to report data on unpaid commitments.<sup>38</sup>

<sup>36</sup>National Nuclear Security Administration, *Financial Integration*, NAP-412.1 (Washington, D.C.: Feb. 11, 2019).

<sup>37</sup>[GAO-19-101](#).

<sup>38</sup>Commitments, also known as encumbrances, represent the unpaid balance of awarded subcontracts. The M&O contractors should report financial data that contain only the total unpaid portion of all commitments through the reporting period.

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NNSA officials are considering adding cost elements in the future, such as additional details on labor categories. NNSA is working with the M&O contractors to ensure they can provide the additional data.

**Identify and report costs for programs of record and base capabilities.** NNSA has not yet identified and reported costs for all programs of record or costs for base capabilities.<sup>39</sup> The National Defense Authorization Act for Fiscal Year 2017 required NNSA to establish definitions and methodologies for identifying and reporting costs for programs of record and base capabilities as part of its efforts to implement common financial reporting. According to the program director for financial integration, NNSA establishes its programs of record in its congressional budget justification and other documents to align with agency appropriations, which include Weapons Activities, Defense Nuclear Nonproliferation, and Federal Salaries and Expenses. Through common financial reporting in fiscal year 2018, NNSA collected financial data from the M&O contractors for \$8.9 billion of \$13 billion from these appropriations.<sup>40</sup> In May 2018, NNSA issued guidance that identified 25 base capabilities that the M&O contractors used to develop their site strategic plans. We reviewed the M&O contractors' site strategic plans for 2018 and found that the contractors identified base capabilities for their sites, but did not include information about the costs to maintain each sites' base capabilities.<sup>41</sup> NNSA is working to determine whether or how to collect information on the cost of base capabilities through the M&O contractor site strategic planning process in coordination with the common financial reporting effort. We will continue to monitor NNSA's progress in addressing this requirement.

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<sup>39</sup>NNSA has adopted the term core capabilities, rather than base capabilities, to ensure consistency within DOE. The core capabilities were developed in coordination with the Department of Energy, particularly the Office of Science, to ensure a standard set of capabilities is used throughout the agency. A base capability captures an increment of discipline, or skill, that serves a variety of functions depending on the desired product. NNSA's base capabilities range from logistics and mission support to specific scientific and technical expertise, such as high energy density physics.

<sup>40</sup>NNSA also receives appropriations for Naval Reactors, which is excluded from the common financial reporting effort. In fiscal year 2018, the total appropriation for Naval Reactors was \$1.6 billion.

<sup>41</sup>An NNSA official said the M&O contractors released site strategic plans for 2019 that did not include any updated information about the costs to maintain each site's base capabilities.

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**Implement a common work breakdown structure.** NNSA has not yet implemented a common work breakdown structure across the program offices in the nuclear security enterprise, but plans to assess the feasibility of implementing a common structure in fiscal year 2020. The National Defense Authorization Act for Fiscal Year 2017 requires NNSA to develop a common work breakdown structure as part of its efforts to implement common financial reporting. In January 2019, we found that NNSA decided not to pursue a common work breakdown structure.<sup>42</sup> Rather, NNSA collected financial data from the M&O contractors using a common work breakdown structure for four program offices and used different, programmatic work breakdown structures for two other program offices.<sup>43</sup> As we found in January 2019, these two offices did not want to change their work breakdown structures to the common structure. For example, the Office of Safety, Infrastructure, and Operations did not want to change its work breakdown structure because it uses the structure for scope, schedule, and risk management, in addition to budget and cost. We recommended that NNSA implement a common work breakdown structure across its participating program offices because without doing so, NNSA could not ensure that its efforts would result in the collection of reliable, enterprise-wide financial data that satisfies the needs of Congress and enables NNSA to report the total costs of its programs. At the time of that report, NNSA neither agreed nor disagreed with the recommendation. The agency stated that it would continue to use its current approach, while focusing on enhancing analysis and reporting to provide comparative data across the enterprise. Once this was completed, NNSA planned to assess the effectiveness of the approach and evaluate what changes, if any, were necessary to the work breakdown structures to meet the overarching objectives of common financial reporting.

In May 2019, in response to our recommendation, NNSA changed its approach and decided to conduct an assessment in fiscal year 2020 of the feasibility of implementing a common work breakdown structure

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<sup>42</sup>[GAO-19-101](#). See appendix I for information about our January 2019 recommendations and NNSA's actions to implement them.

<sup>43</sup>Specifically, the Offices of Defense Programs, Emergency Operations, Defense Nuclear Security, and Counterterrorism and Counterproliferation used the agency's common work breakdown structure. The Office of Safety, Infrastructure, and Operations used one work breakdown structure for its three subprograms. The Office of Defense Nuclear Nonproliferation used three different work breakdown structures across its four subprograms.



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across all participating program offices. To do so, NNSA plans to collect M&O contractors' financial data in fiscal year 2020 using both the common work breakdown structure for all program offices and—specifically for the Offices of Safety, Infrastructure, and Operations and Defense Nuclear Nonproliferation—the programmatic work breakdown structures while it assesses the feasibility of a common work breakdown structure. NNSA decided to take this approach to assess the potential benefits while mitigating potential risks to the program offices that use the data collected through the programmatic work breakdown structures to oversee their programs. NNSA officials said that reporting the same data using two different work breakdown structures will require additional resources for the M&O contractors to prepare their data submissions, which NNSA does not view as a long-term solution for common financial reporting.

NNSA planned to collect data using these two approaches in parallel starting in November 2019 and make a decision on whether to implement a common work breakdown structure across the nuclear security enterprise in March 2020. NNSA plans to assess the feasibility of implementing a common work breakdown structure using criteria such as (1) whether using a common work breakdown structure reduces burden on the M&O contractors, (2) how much it will cost NNSA to update other program management systems, (3) whether NNSA can collect financial data quickly enough to meet the needs of the program offices, and (4) whether financial data collected using the common work breakdown structure provides program offices with comparable data to support existing program analysis.

**Collect financial data from M&O contractors.** Since our January 2019 report, the M&O contractors submitted their financial data for fiscal years 2018 and 2019 for the participating program offices using CostEX. However, NNSA and the M&O contractors faced challenges in collecting accurate and consistent financial data for common financial reporting across the nuclear security enterprise. Specifically, NNSA faced challenges in (1) fully implementing its data validation and reconciliation process, (2) collecting financial data from each M&O contractor for all of the program offices, and (3) communicating information about changes in a timely manner.

First, NNSA faced challenges fully implementing its data validation and reconciliation process for fiscal year 2018. NNSA designed CostEX to automatically validate the M&O contractors' data to check data quality and formatting and perform data reconciliation with STARS. However,

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according to an NNSA official, for fiscal year 2018, the agency manually reconciled the M&O contractors' fiscal year 2018 data with STARS to identify and fix issues with the process prior to automation. For example, an NNSA support contractor manually submitted and reconciled data for one M&O contractor that manages two sites because the M&O contractor submits combined data for the two sites into STARS, but NNSA collects financial data for common financial reporting by site.<sup>44</sup> For the fiscal year 2019 data collection effort, NNSA officials said they corrected the submission issue and CostEX was able to automatically reconcile the M&O contractors' data with STARS. Another M&O contractor's fiscal year 2018 financial data did not reconcile each month with STARS. NNSA officials and representatives from the M&O contractor said the reconciliation issue was due to timing differences between when the contractor reported data into STARS and CostEX. Specifically, M&O contractor representatives for the site said that when NNSA is delayed in collecting data for common financial reporting in CostEX, the relationships between the data reported into STARS and CostEX will have changed, which may result in reconciliation errors. During that time, the site changed how it tracked some of the data, which led to differences in how the data were provided for STARS and common financial reporting, and which caused the reconciliation errors. NNSA officials said they resolved the issue with the M&O contractor for fiscal year 2019 and completed data collection in October 2019.

Second, NNSA faced challenges in collecting data from each M&O contractor for all of the participating program offices. Specifically, the Office of Defense Nuclear Nonproliferation made ongoing changes to its work breakdown structure templates throughout the fiscal year 2018 data collection effort. This resulted in challenges for the M&O contractors when reporting data for this program office. NNSA did not collect complete fiscal year 2018 financial data for this office, in part because one of the

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<sup>44</sup>The M&O contractor of the consolidated contract reports the combined data for the Y-12 National Security Complex and the Pantex Plant in STARS. NNSA officials said they capture financial data separately through common financial reporting for the Y-12 National Security Complex and the Pantex Plant because Congressional staff have requested that the data for the two sites continue to be reported separately for comparison purposes.

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contractors had significant data validation and reconciliation errors, resulting in data that NNSA could not validate and reconcile.<sup>45</sup>

Third, NNSA faced challenges in communicating information about changes to the work breakdown structure in a timely manner to M&O contractors. Leading project management practices emphasize the importance of establishing and implementing change control processes, which include reviewing and approving all change requests, documenting the changes, and communicating the decisions.<sup>46</sup> In fiscal years 2018 and 2019, not all NNSA programs consistently ensured that changes to the work breakdown structure were approved, documented, or communicated to the M&O contractors in a timely manner because NNSA had not established and implemented a work breakdown change control process. NNSA established aspects of such a process, in which program offices submitted changes to the work breakdown structures to the financial integration team so the team could upload the changes into CostEX and notify the M&O contractors of the changes prior to their data submissions. However, according to officials with the financial integration team, the federal program managers did not always follow the process. Officials with the financial integration team said that in some instances, the sites' program managers contacted the M&O contractors directly to request changes to their work breakdown structures. The financial integration team identified issues with the program offices' work breakdown structures when the M&O contractors' data could not be validated and reconciled. In such instances, the financial integration team contacted the program managers to request the updated work breakdown structures for CostEX. Further, the existing process does not include some aspects of change control processes that are consistent with leading practices.

- **Approving changes.** Under the existing process, the financial integration team does not check whether changes that federal program managers submit to them have been reviewed and approved, at a minimum, by program office management prior to

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<sup>45</sup>The M&O contractor that did not provide financial data for the Office of Defense Nuclear Nonproliferation manages and operates a site that is part of the nuclear security enterprise. Its contract, however, is administered by DOE's Office of Environmental Management. The contractor completes work for both NNSA and the Office of Environmental Management under the contract. The M&O contractor is participating in the common financial reporting effort generally and provided data for the other NNSA program offices.

<sup>46</sup>Project Management Institute, Inc. *A Guide to the Project Management Body of Knowledge (PMBOK® Guide)*, Sixth Edition, 2017.

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making changes to the work breakdown structures in CostEX. The program director for financial integration said that they defer to the program offices to ensure that program office management review and approve changes to the work breakdown structure before the program managers submit these changes to the financial integration team.

- **Documenting changes.** NNSA officials said that not all program offices have tracked changes to their work breakdown structures over time. NNSA's Office of Defense Programs has a process for tracking changes to its work breakdown structure, but that process—or a similar process—was not utilized consistently by all of NNSA's other program offices. If the program offices do not track the changes to their work breakdown structures over time, they cannot ensure the data are comparable across fiscal years. According to officials, NNSA built a tool in CostEX to track work breakdown structure changes across fiscal years. NNSA officials said the tool was tested at the end of fiscal year 2019 by the Office of Defense Programs. NNSA plans to test using the tool to track changes for the other program offices in fiscal year 2020.
- **Communicating decisions.** NNSA did not always communicate changes to the work breakdown structure to the M&O contractors in a timely manner. Representatives from the seven M&O contractors stated that they encountered challenges in submitting their data in CostEX on multiple occasions throughout fiscal years 2018 and 2019 because federal program managers in some offices made frequent changes to the work breakdown structures that often were not communicated to the M&O contractors in a timely manner. When work breakdown structures change, representatives from the seven M&O contractors said they have to redo the crosswalk of their financial data to the new work breakdown structures before they submit the data—this takes time and additional resources and may result in delayed data submissions. Representatives from three of the M&O contractors said the frequency of changes to the work breakdown structures decreased for the fiscal year 2019 data collection effort, but representatives from six M&O contractors said they continued to encounter challenges when changes were made to the work breakdown structures.

Without establishing and systematically implementing a work breakdown structure change control process, NNSA will not be able to verify that, at a minimum, program office management has approved changes to the work breakdown structure or that these changes have been documented, potentially leading to challenges in ensuring that the data are comparable

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over time. Furthermore, NNSA cannot ensure that changes to the work breakdown structures are communicated to the M&O contractors in a timely manner, which results in contractors using additional time and resources to address validation or reconciliation errors.

**Publish and analyze data.** NNSA has published the M&O contractors' financial data for fiscal years 2018 and 2019, but NNSA has not conducted agency-wide analysis of the data. The NNSA financial integration team has a website for common financial reporting from which the program offices can download financial data. However, an NNSA official stated that agency-wide analysis of the data was not feasible for fiscal years 2018 or 2019 because NNSA did not use a common work breakdown structure for all participating program offices. In addition, an NNSA official stated that the agency needs to collect at least 3 years of data to produce useful NNSA-wide findings.

Some of the NNSA program offices have started to analyze the financial data collected through the common financial reporting effort. For example, the Office of Defense Programs is using financial data collected through common financial reporting for program evaluation and to make budgetary decisions. In addition, an NNSA official from the Office of Counterterrorism and Counterproliferation stated that the office has used financial data from common financial reporting to identify and address accounting issues, such as identifying previously unidentified unspent funds carried over from prior fiscal years and redirecting these funds to support program activities in fiscal year 2019. However, some of the program offices have not used the data collected through common financial reporting for various reasons. For example, officials from the Office of Safety, Infrastructure, and Operations stated that the fiscal year 2018 data were not useful for analysis because they were not collected in a timely manner. NNSA officials said they completed data validation and reconciliation of the M&O contractors' fiscal year 2018 financial data in February 2019—nearly halfway through the following fiscal year—making the data late and not useful for that office's purposes.<sup>47</sup> Additionally, officials from the Office of Defense Nuclear Security stated that they have not used the data collected through the common financial reporting effort because they want to ensure that the data are accurate and consistent before using it for decision-making.

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<sup>47</sup>During the fiscal year 2018 data collection effort, NNSA did not enforce the deadline in the CostEX User Guide for the M&O contractors to submit their financial data in CostEX on the seventh workday of every month.

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## NNSA's Approach Provides Limited Assurance That Data Collected are Accurate and Consistent to Perform Agency-Wide Data Analysis

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### NNSA Has Not Verified Whether Contractors Accurately Crosswalk Financial Data to Work Breakdown Structures

As discussed previously, M&O contractors crosswalk their financial data into a reporting framework using work breakdown structures and common cost elements and definitions, and they submit their data to NNSA using CostEX. To help ensure the accuracy of the data, NNSA performs data quality checks of the M&O contractors' financial data submitted using CostEX. If NNSA cannot validate and reconcile the submitted data using the agency's processes, it rejects and returns the data to the M&O contractor to correct the errors.<sup>48</sup> NNSA also provides the M&O contractors with error reports from CostEX that they can use to identify and correct errors.

Each M&O contractor has established processes to check data quality prior to submitting the data to NNSA in CostEX. For example, representatives from all of the M&O contractors said they reviewed their data for missing information and errors before submitting the data into CostEX. In addition, all of the M&O contractors performed checks to compare their data submissions for common financial reporting with their STARS submissions before submitting the data into CostEX. After the M&O contractors complete their internal data quality checks, they submit their financial data into CostEX.

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<sup>48</sup>Data validation refers to NNSA's process to ensure the quality of the data provided by the M&O contractors for common financial reporting, such as the formatting of the data. Data reconciliation refers to NNSA's process in which an automated system checks to ensure that the submitted data total to the amounts reported by the M&O contractor in NNSA's financial management system.

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At most sites, M&O contractor representatives said the way their site tracks financial data does not align with how NNSA requests the data be reported in the work breakdown structure and cost elements. Officials from NNSA's Office of Cost Estimating and Program Evaluation said that because the M&O contractors do not track their financial data using NNSA work breakdown structures, the contractors have to make decisions using professional judgment as to how to crosswalk their project costs, raising concerns that each M&O contractor may make different decisions about how to allocate costs. The officials said this may result in data that are not accurate or comparable for conducting agency-wide analysis.

We identified several limitations to the approach NNSA uses to collect common financial data that could affect the accuracy and consistency of the data:

- **NNSA's data reconciliation process does not ensure M&O contractors' financial data are accurate.** M&O contractors identified potential issues with using STARS for reconciliation to ensure data accuracy. For example, two M&O contractors said that errors can sometimes occur in their monthly STARS reporting. Errors in STARS can be created when a number is mistyped or corrections are made to purchase card or time sheet information. Once the M&O contractor submits its data to STARS, errors cannot be corrected until at least the following month.<sup>49</sup> However, because the common financial reporting data must reconcile with STARS, the M&O contractor has to submit financial data into CostEX that includes the error. The program director for financial integration said a process is in place for the M&O contractors to identify any issues with STARS reporting and correct their reported data in the future.

More significantly, some M&O contractors said they make changes to their data before submitting it into CostEX to ensure that the data reconcile. Specifically, representatives from two M&O contractors said they compare their financial data for common financial reporting with their STARS data submission. If data from the two systems do not match for small dollar amounts, the contractors manually make adjustments to the data for common financial reporting rather than

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<sup>49</sup>Generally accepted accounting principles require M&O contractors to correct errors in STARS as the official accounting system in the following month or at the end of the year, according to an NNSA official.

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making the corrections in their business systems. The representatives also said they do not notify NNSA officials of the manual changes.

NNSA requires that financial data for common financial reporting reconcile with STARS. Specifically, NNSA rejects M&O contractor financial data that differs from the STARS data by more than \$1.<sup>50</sup> According to federal standards for internal control, management should define objectives clearly to enable the identification of risks and define risks tolerances.<sup>51</sup> For the fiscal year 2018 data collection effort, NNSA documentation indicated that M&O contractors reported financial data for \$8.9 billion of costs and reconciled the data with their STARS cost reporting to a total difference of \$5.03. According to an NNSA official, M&O contractors reported financial data for \$10.2 billion of costs and reconciled the data with STARS to a total difference of \$8.97 for fiscal year 2019. However, NNSA has limited assurance that the financial data provided internally reconcile as required because the agency does not know the extent of changes that M&O contractors made to ensure the data reconcile with STARS or the potential effects of those changes on the accuracy of the data. Assessing the extent to which M&O contractors make manual changes to ensure reconciliation with STARS for common financial reporting and determining the effect of these changes could provide additional assurance that the financial data collected through common financial reporting are accurately reported.

- **M&O contractors crosswalk site projects and tasks to NNSA work breakdown structures, resulting in the potential for differences in how costs are allocated.** Each M&O contractor tracks financial data for its site based on how it manages the work using projects and tasks, as allowed by federal Cost Accounting Standards. When a site's projects and tasks do not align with NNSA's work breakdown structure, site program managers identify the component of the NNSA work breakdown structure with which the project and tasks best align and crosswalk their financial data to the NNSA structure using professional judgment. One site program manager said it is sometimes challenging to identify which of their internal projects and tasks aligns with the NNSA work breakdown

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<sup>50</sup>The M&O contractor corrects and resubmits the data until it passes the reconciliation check.

<sup>51</sup>[GAO-14-704G](#).



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structure, especially when internal projects have similar names to describe different project scopes. Another site program manager said the site's projects and tasks closely align with the NNSA work breakdown structure approximately 30 to 40 percent of the time, and contractor representatives use professional judgment to crosswalk the remaining 60 to 70 percent of their projects and tasks.

To create the crosswalk, site program managers consider which NNSA program the project mostly supports. It can be difficult to crosswalk the site data into NNSA's work breakdown structure, especially for work that benefits multiple weapons programs. For example, a site program manager said that the site's project to develop inert material for NNSA's high explosives activities supports multiple weapons programs. The site tracks that work as one project, but NNSA's work breakdown structure requires that the costs be reported across multiple programs.<sup>52</sup> When M&O contractors make decisions to crosswalk their financial data using professional judgment, the contractors do not provide information to NNSA on how the costs are allocated. By verifying this information, NNSA could ensure that allocation decisions are made consistently across the nuclear security enterprise.

- **M&O contractors provided different financial data for the same projects.** M&O contractors continue to report financial data for some program offices into multiple systems, including the G2 program management system, WebPMIS, and spreadsheets. For fiscal year 2018, NNSA compared financial data that the M&O contractors reported, for two NNSA program offices, into the G2 program management system and the CostEX tool used for common financial reporting and found differences between the data reported for the same budget and reporting codes and levels of the work breakdown. The program director for financial integration said he worked with the program offices and identified the cause of the differences in the data.

NNSA cannot ensure the accuracy of the data submitted for common financial reporting because NNSA does not have an internal process to verify whether M&O contractors crosswalk their financial data accurately from their business systems to the NNSA work breakdown structure. According to federal standards for internal control, management should use quality information to achieve the agency's objectives.<sup>53</sup> Under the

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<sup>52</sup>According to an NNSA official, the agency collects financial data at the unclassified level for high explosives.

<sup>53</sup>[GAO-14-704G](#).

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financial integration policy, the program director for financial integration is responsible for executing a plan for NNSA to achieve enterprise-wide financial integration to collect standardized financial management data; increase transparency of financial accountability; and improve cost analysis, comparability, and reporting consistency among programs and M&O contractors.<sup>54</sup> The program director for financial integration said that verifying whether the M&O contractors properly crosswalk their data to the work breakdown structure is an area in which the agency should improve its common financial reporting effort. NNSA officials stated that the common financial reporting effort does not have a process to validate financial data that are more detailed than STARS and indicated that until the agency has assurances the reported data are accurate, NNSA should not use that more detailed data for agency decision-making.<sup>55</sup> By developing an internal process for NNSA to verify the M&O contractors' crosswalks, the agency will have better assurance that the data collected through common financial reporting will produce accurate, enterprise-wide financial data that is comparable across the M&O contractors and that satisfies the needs of Congress and other stakeholders. Further, this would help address long-term issues with NNSA's ability to report the total costs of its programs, in accordance with Managerial Cost Accounting Standards.<sup>56</sup>

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## NNSA Has Not Verified Whether Contractors Accurately Crosswalk Financial Data to Cost Elements

As part of common financial reporting, M&O contractors crosswalk their financial data to NNSA's cost elements. Cost elements capture discrete costs of a particular activity of work and include direct costs such as labor and equipment and indirect costs such as general and administrative costs.<sup>57</sup> In March 2018, NNSA established 22 cost elements and definitions—including 10 indirect cost elements—that the M&O

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<sup>54</sup>National Nuclear Security Administration, *Financial Integration*, NAP-412.1, (Washington, D.C.: Feb. 11, 2019).

<sup>55</sup>The primary source of cost data contained in STARS comes from summary-level cost reports provided by M&O contractors, which they report for NNSA's appropriations at the budget and reporting code level. NNSA also collects more detailed financial data for common financial reporting below the budget and reporting code level.

<sup>56</sup>The principal purpose of Managerial Cost Accounting Standards is to determine the full cost of delivering a program or output to allow an organization to assess the reasonableness of this cost or to establish a baseline for comparison.

<sup>57</sup>NNSA defines the general and administrative cost element as costs incurred for institutional management and administration, procurement, and education and external relations activities.

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contractors use to report financial data. As we found in our January 2019 report, NNSA officials said this was a critical step toward implementing common financial reporting because without common cost elements, the agency was limited in its ability to report lower-level costs consistently across programs and sites.<sup>58</sup> In addition, having the M&O contractors report financial data across common cost elements would allow NNSA to improve its management of programs across the enterprise. NNSA developed the cost elements and definitions in consultation with the M&O contractors based on the data they could provide because officials said it is important for the contractors to report accurate financial data using the NNSA cost elements.

M&O contractors manage their sites' financial data using expenditure types to track the costs of their projects. These expenditure types capture similar costs as the cost elements, but at a more detailed level, and are specific to each individual M&O contractor based on how the contractor manages its expenses. M&O contractors have flexibility to determine how they structure their work and the expenditures they track in their financial systems consistent with Cost Accounting Standards. Based on our review of M&O contractor documents, M&O contractors varied significantly in the number of expenditure types they tracked. For example, the M&O contractor for one of the national laboratories tracked its financial data using over 900 expenditure types, while another national laboratory used around 50 expenditure types. NNSA officials said that the number of expenditure types at the sites varies based on the nature of the work performed at each site.

Most of the M&O contractors cannot crosswalk their expenditures to certain NNSA cost elements because of how they track costs in their systems. Specifically, representatives from five of the M&O contractors said they cannot accurately crosswalk their indirect expenditure types to NNSA's indirect cost elements because their systems do not capture the data in the way that NNSA wants these data reported. M&O contractors have discretion to classify which costs are considered indirect, and costs for similar activities can be allocated differently by each contractor. In fiscal year 2018, NNSA's M&O contractors reported spending \$3.5 billion on indirect activities. Generally, in cases in which the M&O contractors could not crosswalk their indirect costs to specific NNSA cost elements, representatives from one of the M&O contractors said they allocated their

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<sup>58</sup>[GAO-19-101](#).

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indirect costs to NNSA's cost elements using percentages, while others said they reported data that did not adhere to the NNSA cost elements.

Below are examples of situations in which M&O contractors were not able to accurately report expenditures into NNSA's indirect cost elements:

- Representatives from one M&O contractor said they could not accurately report financial data for the general and administrative cost element and site support from other overhead cost elements because the site did not capture its data in that way.<sup>59</sup> As a result, the M&O contractor allocated its indirect costs using formulas and composite rates, rather than reporting actual cost data to NNSA.
- Representatives from two M&O contractors said they could not accurately report financial data across the site support and infrastructure support cost elements because the structure of their indirect cost pool did not allow them to track those expenditures separately.<sup>60</sup> As a result, representatives from one of the M&O contractors said they reported all of their infrastructure expenditures to the site support cost element.

NNSA officials said they were aware of the M&O contractors' issues with reporting their expenditure types using the NNSA cost elements. Although M&O contractors are required to provide financial data using NNSA's cost elements, the program director for financial integration said he was aware that M&O contractors report some indirect costs for separate cost elements to a single cost element in CostEX, meaning that they do not accurately report some indirect costs based on NNSA's definitions. Additionally, the financial integration team identified differences between indirect cost data collected from the M&O contractors for common financial reporting and data reported to another group in NNSA's Office of Management and Budget. NNSA plans to conduct a review of the data

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<sup>59</sup>NNSA defines the site support cost element as costs incurred for organizational management and administration, site-wide infrastructure services, general purpose facility operations, worker safety and protection, computer and communications infrastructure, and other support costs necessary to ensure that work activities can be successfully managed and executed. NNSA's indirect (overhead) cost elements include site support, fee, program office support, general and administrative, safeguards and security, New Mexico gross receipts tax (as applies to sites in New Mexico), laboratory-directed research and development, infrastructure support, and other.

<sup>60</sup>NNSA defines the infrastructure support cost element as costs incurred to fund the maintenance, sustainment, and modernization of infrastructure and equipment, which includes costs for institutional-funded maintenance and recapitalization projects (e.g., minor construction, equipment, and facility disposition).

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reported through the two efforts to determine the cause of the differences. Officials from the Office of Safety, Infrastructure, and Operations stated that it is important that the common financial reporting effort is able to collect accurate information on M&O contractors' costs related to infrastructure spending.

NNSA is aware of the challenges its M&O contractors have with accurately reporting their expenditure types against the NNSA cost elements. However, NNSA cannot ensure that the agency collects accurate financial data because NNSA does not have a process to verify how the M&O contractors crosswalk their expenditure types to NNSA's cost elements, consistent with the previously described information quality standard under the federal standards for internal control<sup>61</sup> and NNSA's financial integration policy.<sup>62</sup> M&O contractors reporting data based on allocated—as opposed to actual—costs is not ideal because NNSA cannot ensure that each M&O contractor is consistently applying the allocation and because the data may not be standardized and comparable across the sites, which affects the quality of the data. By developing an internal process for NNSA to verify how the M&O contractors crosswalk their expenditure types, the agency could better ensure that the data collected through common financial reporting will produce accurate financial data across the nuclear security enterprise that satisfies the needs of Congress and other stakeholders. Further, this would help address long-term issues with NNSA's ability to report the total costs of its programs.

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## Conclusions

NNSA continues to make progress toward implementing agency-wide common financial reporting. However, NNSA faces challenges in fully implementing the effort. For example, NNSA has not consistently ensured that changes to the work breakdown structure are approved, documented, and communicated to the M&O contractors in a timely manner because NNSA has not established and implemented a change control process for the changes. Without establishing and fully implementing a work breakdown structure change control process, NNSA will not be able to verify that the changes to the work breakdown structure are approved by program office management, at a minimum; documented

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<sup>61</sup>[GAO-14-704G](#).

<sup>62</sup>National Nuclear Security Administration, *Financial Integration*, NAP-412.1 (Washington, D.C.: Feb. 11, 2019).

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and tracked for accurate data analysis and comparison over time; and communicated to the M&O contractors on a timely basis.

NNSA's approach to implementing common financial reporting relies on M&O contractors to crosswalk their internal financial data into a common reporting framework using a work breakdown structure and common cost elements and definitions, with certain quality checks to help ensure the accuracy of the data. However, NNSA has limited assurance that the financial data that the M&O contractors provide for common financial reporting are accurate because the agency does not know the extent of the changes the M&O contractors make to the data so that the data reconcile to the agency's accounting system or the potential effects of these changes. By determining the extent of these changes and whether these changes affect the accuracy of the data, NNSA could have greater assurance that the financial data collected through common financial reporting are accurate. Additionally, NNSA cannot ensure that M&O contractors accurately crosswalk their financial data to either the NNSA work breakdown structure or the common cost elements because NNSA has not established processes to verify the information. By developing internal processes that would allow NNSA to verify how the M&O contractors crosswalk their data to the work breakdown structure and common cost elements, NNSA could better ensure that the data collected through common financial reporting will produce accurate enterprise-wide financial data that is comparable across the M&O contractors and that satisfies the needs of Congress and other stakeholders. Further, this would help to address long-term issues with NNSA's ability to report the total costs of its programs.

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## Recommendations for Executive Action

We are making four recommendations to NNSA:

The Program Director for Financial Integration, with input from NNSA's Office of Management and Budget and respective program offices, should establish and implement a work breakdown structure change control process for common financial reporting that ensures changes are approved by program office management, at a minimum; documented; and communicated to M&O contractors on a timely basis.  
(Recommendation 1)

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The Program Director for Financial Integration should assess the extent to which M&O contractors make manual changes to their financial data to reconcile with STARS and determine whether it has an effect on the accuracy of the data collected for common financial reporting. (Recommendation 2)

The Program Director for Financial Integration should develop and implement an internal process for NNSA to verify how the M&O contractors crosswalk financial data from their systems to the appropriate NNSA work breakdown structure to ensure the reported data are accurate and consistent. (Recommendation 3)

The Program Director for Financial Integration should develop and implement an internal process for NNSA to verify that the M&O contractors are consistently applying common cost element definitions at their sites and across the nuclear security enterprise. (Recommendation 4)

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## Agency Comments

We provided a draft of this report to NNSA for comment. In its written comments, which are reproduced in appendix II, NNSA agreed with the report's four recommendations and described actions it intends to take to address them. NNSA also provided technical comments that we incorporated into the report as appropriate.

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We are sending copies of this report to the appropriate congressional committees, the Secretary of Energy, the Administrator of NNSA, and other interested parties. In addition, this report is available at no charge on the GAO website at <http://www.gao.gov>.

If you or your staff have any questions about this report, please contact me at (202) 512-3841 or [bawden@gao.gov](mailto:bawden@gao.gov). Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made significant contributions to this report are listed in appendix III.



Allison Bawden  
Director, Natural Resources and Environment

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Committee on Armed Services  
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The Honorable Mike Simpson  
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House of Representatives



# Appendix I: Status of GAO's January 2019 Recommendations to the National Nuclear Security Administration on Its Common Financial Reporting Effort

In our January 2019 report on the National Nuclear Security Administration's (NNSA) efforts to implement common financial reporting, we made seven recommendations.<sup>1</sup> Table 2 describes NNSA's progress to implement these recommendations, as of December 2019.

**Table 2: Status of Recommendations to the National Nuclear Security Administration (NNSA) on Its Common Financial Reporting Effort, as of December 2019**

Recommendation	Status
The NNSA Administrator should implement a common work breakdown structure across NNSA program offices in the nuclear security enterprise, standardized at a high level to allow for program office customization but also to allow for the collection of total program costs.	<b>Not yet implemented.</b> In May 2019, NNSA decided to assess the feasibility of implementing a common work breakdown structure across all of the program offices. In fiscal year 2020, NNSA plans to collect the management and operating (M&O) contractors' financial data using the common work breakdown structure for all program offices and—for the Offices of Safety, Infrastructure and Operations and Defense Nuclear Nonproliferation—the programmatic work breakdown structures. In March 2020, NNSA plans to make a decision on whether to implement a common work breakdown structure across all of the program offices.
The Program Director for Financial Integration should collect and document requirements to define project scope and meet project objectives. These requirements should be updated periodically throughout the life of the project.	<b>Not yet implemented.</b> NNSA has not yet collected or documented requirements for the common financial reporting effort. The program director for financial integration stated that due to the decision to assess the feasibility of implementing a common work breakdown structure, the agency needs additional time to define project scope and objectives.
The Program Director for Financial Integration should develop a detailed project schedule. The detailed schedule should be documented as part of the annual report to Congress required in the National Defense Authorization Act for Fiscal Year 2017.	<b>Not yet implemented.</b> NNSA established a schedule with key milestones for assessing the feasibility of implementing a common work breakdown structure in fiscal year 2020 and provided this information to Congress during a briefing. However, according to documents provided by NNSA, the agency needs additional time to develop a detailed project schedule for the broader common financial reporting effort.
The Program Director for Financial Integration should develop a project budget that includes information on the human resources needed to implement common financial reporting.	<b>Implemented.</b> NNSA developed a project budget that includes information on the human resources needed to implement common financial reporting. Specifically, with regard to human resources, the project budget includes federal employee salaries and contractor support staff. The project budget also includes estimated costs to implement a common work breakdown structure including system upgrades. An NNSA official said the agency plans to update its project budget routinely to include additional costs in the future.
The Program Director for Financial Integration should develop a method to collect and report information on the costs associated with implementing common financial reporting.	<b>Implemented.</b> NNSA developed a method to collect and report information on the costs associated with implementing common financial reporting that includes M&O contractors' costs, federal employee salaries, federal contractor costs, and an estimated cost for implementing a common work breakdown structure. NNSA reported information on the costs associated with implementing common financial reporting.

<sup>1</sup>GAO, *National Nuclear Security Administration: Additional Actions Needed to Collect Common Financial Data*, [GAO-19-101](#) (Washington, D.C.: Jan. 31, 2019).

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**Appendix I: Status of GAO's January 2019  
Recommendations to the National Nuclear  
Security Administration on Its Common  
Financial Reporting Effort**

<b>Recommendation</b>	<b>Status</b>
The Program Director for Financial Integration should develop a formal process to identify risks, document those risks, and plan how to minimize risk exposure.	<b>Not yet implemented.</b> NNSA has made some progress in identifying and documenting risks to the common financial reporting effort and in planning how to minimize risk exposure, but has not established a formal process to do so. For example, NNSA plans to assess the feasibility of implementing a common work breakdown structure in fiscal year 2020 to mitigate any risks to the program offices that use the data collected through their programmatic work breakdown structures to oversee their programs.
The Program Director for Financial Integration should develop an approach to effectively engage with all project stakeholders that incorporates their expectations into project decisions.	<b>Not yet implemented.</b> The agency has developed an approach for engaging project stakeholders, which includes regular meetings with federal managers and staff and quarterly meetings with the M&O contractors. The program director for financial integration also stated that NNSA plans to meet with stakeholders after the first quarter of fiscal year 2020 data collection to ensure that the common financial reporting effort aligns with their expectations and that the agency plans to incorporate these stakeholders' expectations into project decisions. Additionally, NNSA is continuing to identify how stakeholders benefit from analyzing common financial reporting data. NNSA plans to document the benefits once they have been identified.

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Source: GAO analysis of NNSA information. | GAO-20-180

# Appendix II: Comments from the National Nuclear Security Administration



Department of Energy  
Under Secretary for Nuclear Security  
Administrator, National Nuclear Security Administration  
Washington, DC 20585



December 23, 2019

Ms. Allison B. Bawden  
Director, Natural Resources  
and Environment  
U.S. Government Accountability Office  
Washington, DC 20548

Ms. Bawden:

Thank you for the opportunity to review the Government Accountability Office (GAO) draft report *National Nuclear Security Administration: Additional Verification Checks Could Improve the Accuracy and Consistency of Reported Financial Data* (GAO-20-180). We appreciate GAO recognizing the progress the Department of Energy's National Nuclear Security Administration (DOE/NNSA) has made toward implementing common financial reporting since the auditor's last report in January 2019. Since that time, we approved a new financial integration policy; collected Management and Operating Contractor data for all sites using common cost elements and definitions; reconciled all data to the Standard Accounting and Reporting System; and began using data to support program analysis and decision making. These accomplishments were critical in advancing the goal of common financial reporting.

As we move into fiscal year 2020, NNSA is exploring the possibility of leveraging its site strategic planning process to collect information on base capabilities, and also assessing the feasibility of implementing a common work breakdown structure across all participating program offices. We also agree with GAO's recommendations and will take appropriate action to further enhance our integration processes.

The enclosure to this letter identifies the specific actions taken and planned to address GAO's recommendations. Our subject matter experts have also separately provided technical and general comments for your consideration to enhance the clarity and accuracy of the report. If you have any questions about this response, please contact Dean Childs, Director, Audits and Internal Affairs, at (301) 903-1341.

Sincerely,

Lisa E. Gordon-Hagerty

Enclosure



Enclosure

NATIONAL NUCLEAR SECURITY ADMINISTRATION

**Response to Report Recommendations**

**"National Nuclear Security Administration: Additional Verification Checks Could Improve the Accuracy and Consistency of Reported Financial Data" (GAO-20-180)**

The Government Accountability Office (GAO) recommends the Department of Energy's National Nuclear Security Administration (DOE/NNSA):

**Recommendation 1:** Establish and implement a work breakdown structure (WBS) change control process for common financial reporting that ensures changes are approved by program office management at a minimum, documented, and communicated to management and operating (M&O) contractors on a timely basis.

**Management Response:** NNSA has developed a web-based WBS change request process. The requestor/M&O submits automated requests to the WBS Change Control Secretariat, which is assigned to a technical representative (liaison) for review and coordination with the appropriate program office. The liaison then works with the program office to review and resolve the change request. Approved changes are sent to the Change Control Secretariat for implementation. The Change Control Secretariat notifies DOE's Office of Corporate Information Systems of revisions and provides the revised WBS for loading into CostEX. The requestor/M&O receives an updated file, usually within one to two business days. The Change Control Secretariat maintains a log of requests and resolutions. The estimated date for updating the change control process documentation and institutionalizing the business rules is June 30, 2020.

**Recommendation 2:** Assess the extent to which M&O contractors make manual changes to their financial data to reconcile with the Standard Accounting and Reporting System, and determine whether it has an effect on the accuracy of the data collected for common financial reporting.

**Management Response:** In fiscal year (FY) 2019, NNSA initiated a project in this area, starting with two main objectives: 1) Understand how NNSA M&Os capture and report financial integration indirect cost data; and 2) Review the process at each site to determine if financial integration indirect cost data is consistent with indirect cost data reported in the M&Os' project cost accounting systems. This project will be expanded to review the areas GAO identified in this recommendation, as well as recommendations 3 and 4. The estimated date for completing the project and the expanded review is September 30, 2020.

**Recommendation 3:** Develop and implement an internal process for NNSA to verify how the M&O contractors crosswalk financial data from their systems to the appropriate NNSA work breakdown structure to ensure the reported data are accurate and consistent.

**Management Response:** NNSA will establish a process to verify that the M&O contractors are cross-walking the financial data from their systems to the appropriate NNSA WBS. The estimated completion date for this action is September 30, 2020.

**Recommendation 4:** Develop and implement an internal process for NNSA to verify that the M&O contractors are consistently applying common cost element definitions at their sites and across the nuclear security enterprise.

**Management Response:** NNSA will establish a process to verify that the M&O contractors are consistently applying common cost element definitions at their sites and across the nuclear security enterprise. The estimated completion date for this action is September 30, 2020.

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# Appendix III: GAO Contact and Staff Acknowledgments

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## GAO Contact

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## Staff Acknowledgments

In addition to the individual named above, key contributors to this report included Hilary Benedict (Assistant Director), Amanda K. Mullan (Analyst in Charge), Colette Alexander, Antoinette Capaccio, Jennifer Echard, Cindy Gilbert, Michael LaForge, Jason Lee, Holly Sasso, and Sheryl Stein.

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