

Why GAO Did This Study

The Recovery Act aimed to stimulate the economy and create jobs. DOE received \$6 billion in Recovery Act funds that it is using to clean up 17 sites contaminated by radioactive and hazardous wastes from decades of nuclear research and weapons production. The cleanup is primarily carried out by contractors. The National Defense Authorization Act for Fiscal Year 2010 requires GAO to periodically report on DOE's Recovery Act-funded EM cleanup projects. In response to this mandate, GAO examined (1) the number of Recovery Act-funded FTEs by quarter; (2) the status and performance of cleanup projects; and (3) project management issues, if any, that arose during project implementation and any lessons learned. In addition, the Recovery Act requires GAO to comment and report quarterly on estimates of jobs funded and counted as measured by the number of FTEs and to conduct bimonthly reviews on the use of the act's funds. GAO examined Recovery Act FTEs, spending, project performance data, and lessons learned from Recovery Act projects; and interviewed DOE and contractor officials.

What GAO Recommends

GAO recommends, among other things, that DOE (1) clarify guidance on developing and documenting project performance baselines and (2) issue a policy that sets out the criteria with greater specificity for reclassifying capital asset projects over \$10 million into smaller operation activity projects under \$10 million. DOE agreed with GAO's recommendations.

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RECOVERY ACT

Most DOE Cleanup Projects Are Complete, but Project Management Guidance Could Be Strengthened

What GAO Found

From October 2009 through March 2012, the number of full-time equivalent (FTE) employees funded by the American Recovery and Reinvestment Act of 2009 (Recovery Act) and working on Department of Energy's (DOE) Office of Environmental Management (EM) cleanup projects peaked at about 11,000 FTEs in the quarter ending September 2010, according to data on the federal government's Recovery Act website. By the second quarter of fiscal year 2012, as projects were completed, FTEs had decreased to about 1,400 FTEs; 12 of 17 sites reported no Recovery Act FTEs; and about \$5.6 billion of a total \$6 billion in Recovery Act funds had been spent.

According to EM data, as of April 30, 2012, 78 of the 112 Recovery Act-funded cleanup projects were complete, and 72 of the 78 projects met DOE's performance standard of completing project work scope without exceeding the cost target by more than 10 percent. According to EM officials, the completed Recovery Act projects have helped accelerate the cleanup at the sites. GAO, however, found several inconsistencies in how EM set and documented projects' scope, cost, and schedule targets. Without clear scope, cost, or schedule targets in performance baselines, it becomes difficult to assess project performance. For example, in some cases, EM set scope targets differently in different documents and claimed project success even if key performance parameters were not achieved. Current guidance on setting performance baselines is more comprehensive for capital asset projects, such as building or demolishing facilities or constructing remediation systems, than for projects known as operation activity projects, such as operating a groundwater treatment plant. In addition, capital asset projects costing under \$10 million are classified as operation activity projects.

Some of EM's long-standing project management problems occurred during its implementation of several Recovery Act projects, primarily insufficient early planning before setting performance baselines. For example, a project to remove wastes from a landfill at one site exceeded its \$111 million cost target by \$20 million because, after beginning the project, officials determined that the site would need to be excavated to a depth of almost double that planned. In addition, EM's new initiative to reclassify projects as either capital asset or operation activity projects raised concerns about how projects were reclassified. EM does not have a clear policy that sets out under what conditions and how EM should break a capital asset project into smaller, discrete operation activity projects. Project classification is important, however, because some requirements apply only to capital asset projects. EM's guidance for projects classified as operation activity projects under this initiative states that certain approval and reporting requirements will not be applied, and others will be applied as appropriate. Some DOE and other officials expressed concern that projects could be broken into smaller projects to avoid the requirements. For example, a \$30 million project, partially funded with Recovery Act funds, was divided into 18 smaller projects, each below the \$10 million threshold. The cost for one of these smaller projects eventually doubled—from \$8 million to \$16 million—but was not reclassified as a capital asset project. EM has been gathering information on lessons learned from Recovery Act projects, some of which could be applied as corrective measures to other EM cleanup work.