Why GAO Did This Study

NNSA relies on M&O contracts to manage and operate its eight laboratory and production sites. In 2013, NNSA awarded a consolidated M&O contract to CNS for the Y-12 and Pantex sites to reduce costs. In the contract, NNSA required that CNS create a Cost Savings Program. CNS proposed it would save about $2.9 billion over the contract’s potential 10-year term.

The Senate committee report accompanying a bill for the National Defense Authorization Act for Fiscal Year 2019 includes a provision for GAO to review the cost savings achieved from the competition and award of the CNS contract. GAO’s report examines the extent to which (1) CNS achieved proposed cost savings from fiscal year 2014 through fiscal year 2018 and (2) NNSA identified benefits associated with the Cost Savings Program and used that information to improve its M&O contracts.

GAO reviewed documentation and data on the Cost Savings Program from NNSA and CNS, interviewed NNSA headquarters and field office officials as well as representatives from M&O contractors, and toured the Y-12 site to understand examples of cost savings initiatives.

What GAO Recommends

GAO is making four recommendations, including that NNSA document its analysis of the Cost Savings Program to determine whether it is exportable to other contracts. NNSA generally agreed with the four recommendations.

View GAO-20-451. For more information, contact Allison Bawden at (202) 512-3841 or bawdena@gao.gov.