

# GAO Highlights

Highlights of [GAO-22-104810](#), a report to congressional committees

## Why GAO Did This Study

NNSA has long faced challenges in identifying the total costs of its programs, which are principally performed by M&O contractors. Congress needs this information to provide 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. NNSA's efforts began in 2016.

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 third report on this issue. This report examines (1) the steps NNSA has taken since GAO's January 2020 report, and (2) the extent to which NNSA offices use common financial data to support management purposes.

GAO reviewed NNSA documents about implementing common financial reporting, examined cost data submitted to NNSA, and interviewed NNSA and DOE officials and M&O contractor representatives.

## What GAO Recommends

GAO is making four recommendations, including for DOE to facilitate an agreement on collecting standardized cost data, and for NNSA to establish goals and expectations for using the common financial data. NNSA agrees with the four recommendations.

View [GAO-22-104810](#). For more information, contact Allison Bawden at (202) 512-3841 or [bawdena@gao.gov](mailto:bawdena@gao.gov).

February 2022

# NATIONAL NUCLEAR SECURITY ADMINISTRATION

## Actions Needed to Improve Usefulness of Common Financial Data

## What GAO Found

The National Nuclear Security Administration (NNSA)—a separately organized agency within the Department of Energy (DOE)—has taken additional steps to implement common financial reporting since GAO's January 2020 report. NNSA has fully implemented four steps and made progress on three steps, as shown in the table, and some additional work remains. For example, NNSA has not collected standardized cost data from all contractors that manage the contracts to which it obligates funds. Specifically, some management and operating (M&O) contractors that are overseen by another DOE office, DOE's Office of Science, are not reporting complete data to NNSA because the two offices have not agreed on the standardized cost elements for reporting this information. This is, in part, because Office of Science officials believed that the data were not comparable across programs or useful for their own program management. DOE's Office of the Chief Financial Officer is responsible for cost reporting at the departmental level and is positioned to facilitate an agreement on the data to be reported by the Office of Science to ensure that NNSA can collect standardized data for all of the funds it obligates.

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

Steps	Progress as of February 2022
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 multiple sets of capabilities, but costs not reported in this way
Implement a common work breakdown structure	Completed
Collect financial data from contractors	Collected data, but not all contractors submit standardized data
Publish and analyze data	Analyzed data, and continuing to improve reporting

Source: GAO analysis of National Nuclear Security Administration (NNSA) information. | GAO-22-104810

NNSA has made common financial reporting data available to offices, and the data support some management purposes for some offices. For example, some offices use the data for budget analysis, and other offices use the data for project management, such as monitoring spending trends. However, offices have used the data inconsistently because NNSA has not established agency-wide goals or expectations for using the data or communicated how the data will help NNSA achieve its objectives. According to the program director for financial integration, NNSA did not want to limit offices' potential uses for the data. By establishing goals or expectations for using the data, officials would better understand how data can be used—as well as options for how the data could be used—and could better achieve the benefits of common financial reporting.