

# 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.