

OFFICE OF INSPECTOR GENERAL
SEMIANNUAL REPORT
TO CONGRESS

FOR PERIOD ENDING
SEPTEMBER 30
2024

A MESSAGE FROM THE INSPECTOR GENERAL

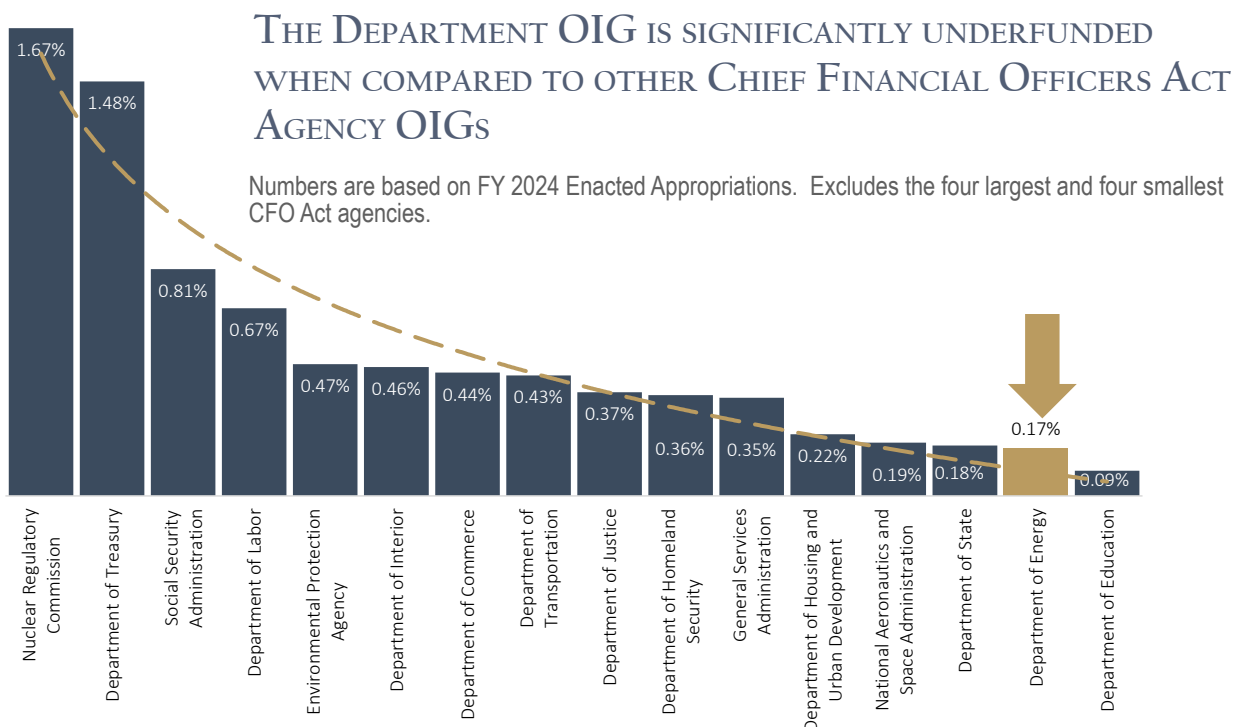
Honorable Members of Congress,

I am pleased to present this Semiannual Report to Congress which highlights the significant achievements and contributions of the Department of Energy Office of Inspector General (OIG) over the last half of fiscal year (FY) 2024. The OIG team has posted some remarkable results. In one instance, our team identified more than \$4 billion at unnecessary fraud risk due to insufficient application of the Pandemic Response Accountability Committee’s best practices. Another team found that the National Nuclear Security Administration paid for energy savings that did not exist. Once identified by the OIG, the National Nuclear Security Administration took immediate actions which will save the American taxpayers approximately \$2.5 million.

unsupported costs, funds that could be put to better use, restitution, funds returned to the Department, penalties, and court costs. During this reporting period, the OIG yielded a return on investment of about 1:9. In other words, every budget dollar spent by the OIG disclosed approximately 9 dollars in potential unallowable costs expended by the Department and its contractors. This \$380 million estimate does not include the value of the numerous OIG recommendations that may not be readily monetized. In fact, during this reporting period, less than 6 percent of the OIG recommendations could be monetized; however, these non-monetary recommendations result in significant benefits. For example, during this reporting period alone, the OIG provided 23 recommendations for improvement to the Department regarding changes needed to address cybersecurity weaknesses.

During this reporting period, the OIG reported an estimated monetary impact of \$380 million. This includes questioned and

The results are particularly noteworthy given that the OIG is operating under the tremendous strain of being underfunded.

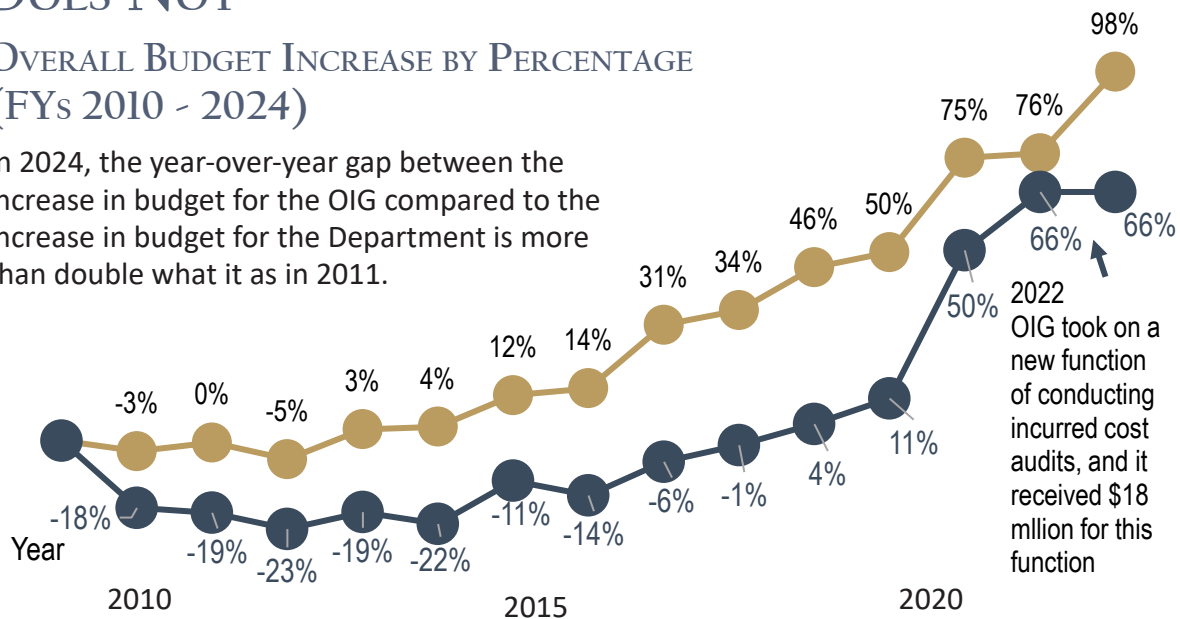


The OIG has a long history of being underfunded. From 2010 to 2024, the gap between the funding for the OIG and the Department continued to grow even as salaries and other base expenses increased.

WHILE DOE CONTINUES TO GROW, THE OIG DOES NOT

OVERALL BUDGET INCREASE BY PERCENTAGE (FYs 2010 - 2024)

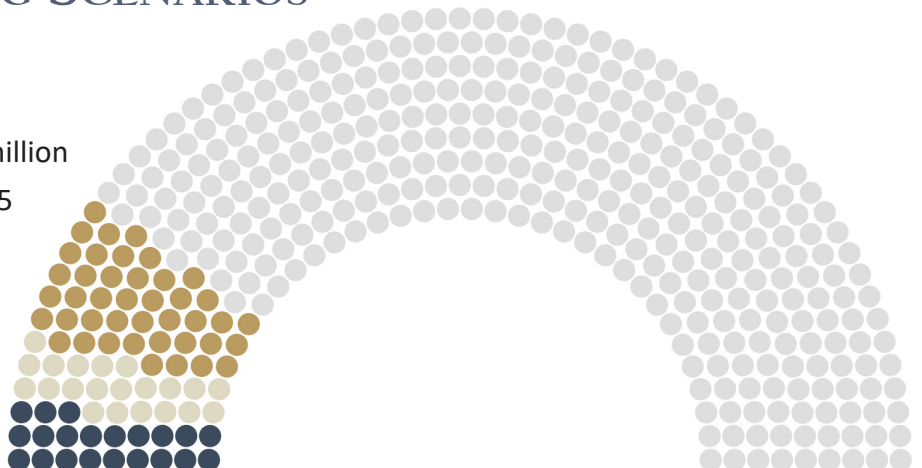
In 2024, the year-over-year gap between the increase in budget for the OIG compared to the increase in budget for the Department is more than double what it was in 2011.



The OIG's FY 2024 base budget of \$86 million only allows for oversight of 5% of the Department's high-risk base programs. This equates to covering each program once every 20 years. The Department OIG's current budget request for FY 2025 of \$179.5 million seeks the funding needed to cover the Department's programs once every 10 years. Beyond FY 2025, the OIG's goal is to acquire the resources to support a more appropriate oversight program, allowing for oversight of 20 percent of the Department's programs each year, which equates to oversight of each program once every 5 years.

ABILITY TO COVER DOE'S 419 PROGRAMS AT VARIOUS FUNDING SCENARIOS

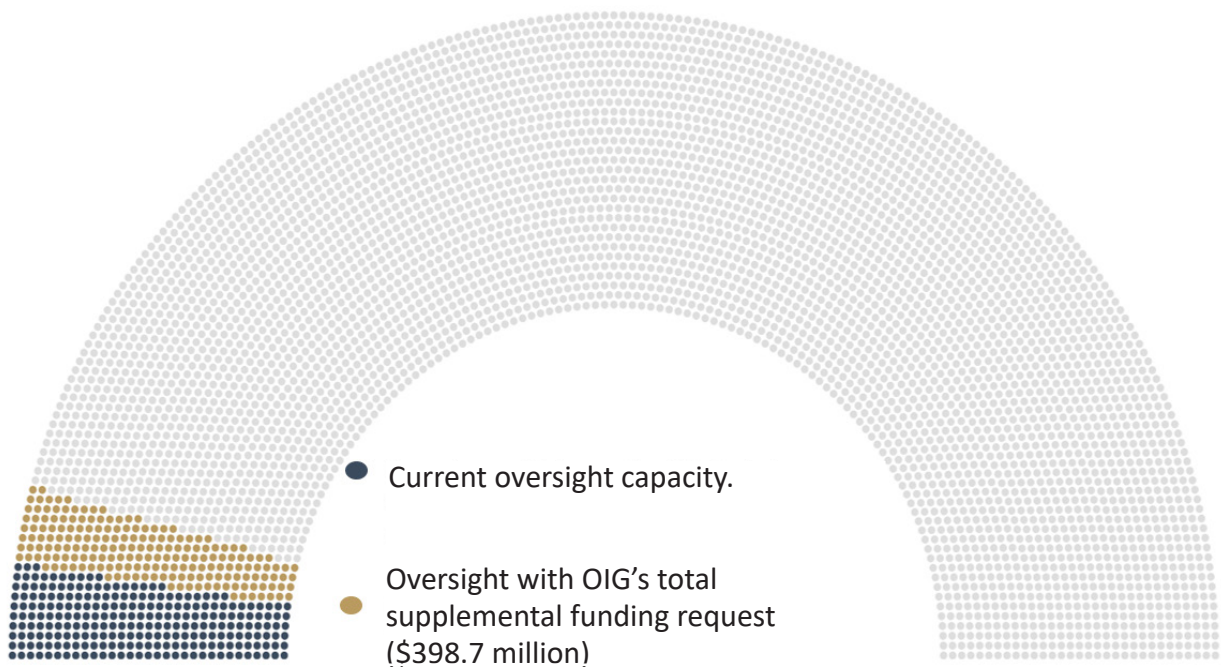
- Oversight capacity at \$86 million
- Oversight capacity at \$179.5 million
- Projects that require additional funding to support a more robust oversight program (20 percent)



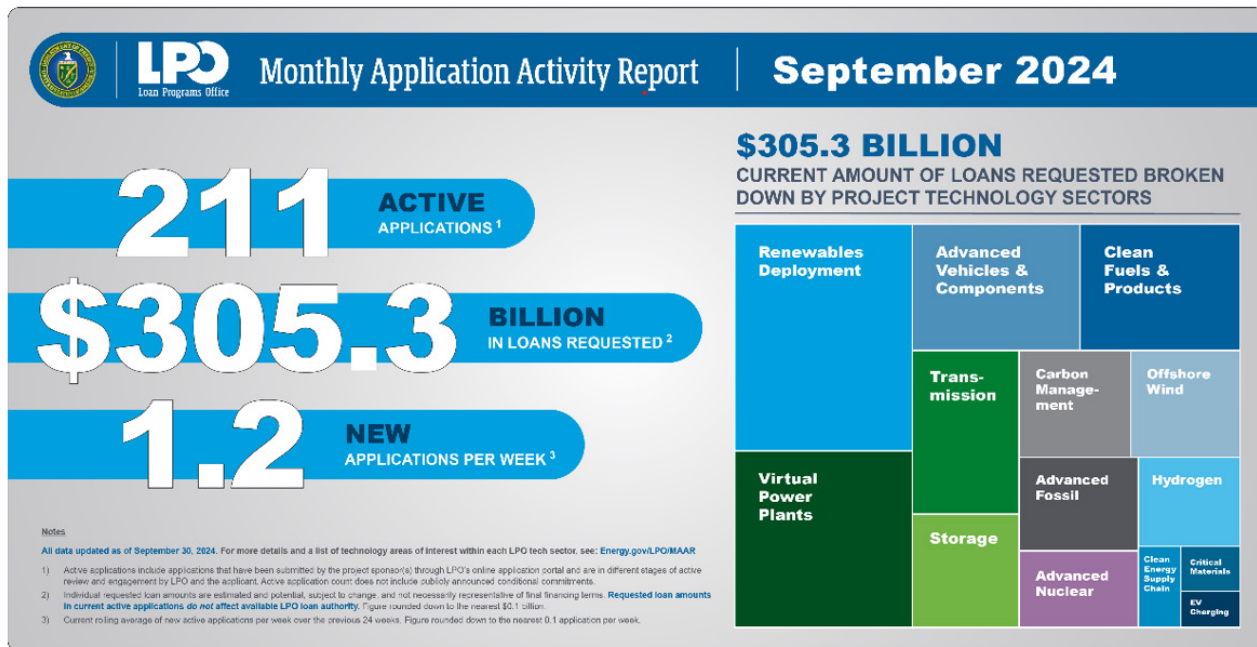
Additionally, the recent historic expansion of Department programs resulting from the passage of the Infrastructure Investment and Jobs Act (IIJA) and the Inflation Reduction Act (IRA), with minimal funding to the OIG under these Acts, further exacerbated the issue. The Department received an unprecedented nearly \$100 billion in supplemental funding. In 2024, Congress directed the Department to transfer a small portion of the Department's unexpended IIJA and IRA funds to the OIG, which lessened, but did not close, the funding gap. Even with the transferred funds, the Department OIG only has the resources to oversee 245 (4.8 percent) of the estimated 5,054 awards the Department is planning.

ABILITY TO COVER THE DEPARTMENT'S MORE THAN 5000 PROJECTED IIJA AND IRA AWARDS

The OIG was underfunded by \$316.2 million to oversee the high-risk programs funded under IRA and IIJA. A transfer of a small portion of Department unexpended IRA and IIJA funds in 2024 lessened, but did not close, this funding gap.



In addition to the funds appropriated under this legislation, the Department’s Loan Programs Office (LPO) saw an unprecedented increase in authority under IJA and IRA. Specifically, LPO’s authority increased by at least \$385 billion to a total of at least \$402.4 billion.¹ Of this amount, \$290 billion must be used by the end of FY 2026 or it will expire. As of the end of FY 2024, the LPO had 211 applications seeking \$305.3 billion in loans from the Department. This funding is moving extremely fast.



Given the enormous and unprecedented risks within the Department’s expanded portfolio, it is critically important to correct the funding of the OIG.

In closing, please join me in congratulating my outstanding team for achieving such remarkable results in the latter half of FY 2024. While some organizations that operate under the daily pressure of being severely underfunded would not rise to the challenge, the Department OIG certainly did.

Teri L. Donaldson
 Inspector General


¹ The OIG was tracking an estimated \$385 billion in expanded loan portfolio enabled by IJA and IRA, as managed by the LPO program. Of this amount, \$60 billion is an estimate, as the statute has no cap/unrestricted cap for those programs. The LPO will make loans until the credit subsidy supporting the loans are committed. Estimates for these programs will change annually. Additionally, the \$385 billion estimate does not account for an additional loan portfolio that the Grid Deployment Office is now standing up, which includes more than \$2 billion of credit subsidy, which may support an additional large portfolio of loan guarantees for electrical transmission lines. The Department does not have an official estimate for what size portfolio this appropriation can support, but it may be between \$20–\$40 billion. It is important to understand that the LPO estimated portfolio of loans and guarantees will likely increase.

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STATISTICAL HIGHLIGHTS

TOTAL MONETARY IMPACT \$ 392.5 MILLION

	Questioned and unsupported costs	\$ 262.9 million
	Restitution, funds returned to the Department, penalties, and court costs	\$ 20.1 million
	Funds put to better use	\$ 109.5 million

ACCOUNTABILITY

	Persons referred to a prosecuting authority	22
	Administrative discipline and other management action	9
	Criminal convictions	4

REPORTS AND RECOMMENDATIONS

	Reports issued	27
	Recommendations contained in issued reports	87

PREVENTION

	Referrals for suspension and debarment	13
	Fraud Awareness Briefings	94

INVESTIGATIVE ACTIVITIES

What We Investigate

The Office of Inspector General's (OIG) Office of Investigations (OI) addresses alleged violations of law that impact Department of Energy programs, operations, facilities, and personnel.

How Investigations Promote Accountability

The OIG works closely with officials who have the authority to hold wrongdoers accountable, including the Department of Justice (DOJ) and other law enforcement organizations and Department of Energy officials.

How Investigations Save Taxpayer Dollars

Our findings result in financial remedies such as fines, settlements, and recoveries as well as opportunities for funds to be put to better use. These all have a monetary impact with potential taxpayer savings.

Cases	
Cases Open as of April 1, 2024	227
New Cases Opened	20
Cases Closed	14
Cases Open as of September 30, 2024	233
Multi-Agency Joint Cases Opened During the Reporting Period	85
Qui Tam Cases Opened During the Reporting Period	0
Total Open Qui Tam Investigations as of September 30, 2024	15
Reports	
Total Investigative Reports Issued During the Reporting Period	9
<i>Investigative Reports issued by OI include Reports of Investigation and Investigative Reports to Management</i>	

Actions Taken on Investigative Findings	
Administrative Discipline and Other Management Actions	9
Suspensions/Debarments ¹ <i>Suspensions/debarments reported may have been referred in prior reporting periods.</i>	26
Referrals for Suspension/Debarment <i>This number reflects referrals for this reporting period.</i>	13
Total Persons Referred to a Prosecuting Authority <i>Persons is defined as an individual or an entity. For example, two co-owners and their business entity would be counted as three persons.</i>	22
DOJ Referrals	20
State/Local Referrals	2
Referrals Accepted for Prosecution <i>Some referrals accepted during the 6-month period were referred for prosecution during a previous reporting period.</i>	17
Total Indictments/Criminal Informations <i>Sealed indictments are included.</i>	2
Indictments/Criminal Informations Resulting From Prior Reporting Periods	2
Criminal Convictions	4
Pre-Trial Diversions	1
Civil Actions	9

Monetary Impact	
Dollars Recovered (Fines, Settlements, Recoveries) <i>Some of the money collected was the result of investigations involving multiple agencies.</i>	\$20,089,083.95
Savings/Funds Put to Better Use <i>This includes funds from awards that were canceled or modified as a result of OIG investigations.</i>	\$106,965,134.02

Qui Tams allow whistleblowers to pursue a case on behalf of the Government and receive a monetary award up to 30 percent of the amount collected.



Use this QR code for more information.

¹ This number includes proposed debarments issued under the Federal Acquisition Regulation (FAR). We report proposed debarments under FAR because those actions have the same effect as a debarment or a suspension in accordance with 48 Code of Federal Regulations (CFR) § 9.405. The inclusion of proposed debarments under FAR presents a more complete picture of the effect of OIG referrals, but they are not final actions.

AUDIT AND INSPECTION ACTIVITIES

TOTAL REPORTS ISSUED	27
The Office of Audits	14
The Office of Inspections, Intelligence Oversight, and Special Projects	5
The Office of Cyber Assessments and Data Analytics	8

What audit and inspection activities the OIG performs	Our work provides oversight of Department organizations, programs, and operations; its operational efficiency, effectiveness, and vulnerabilities; assessments of cybersecurity; and determinations about the costs incurred by contractors.
How audit and inspection activities save taxpayer dollars	Our reports include recommendations for better (more efficient) use of funds , questioned costs, and unsupported costs. We question costs that are unnecessary, unreasonable, or an alleged violation of law, regulation, contract, etc. (may include unresolved subcontract costs pending audit). We identify costs claimed that are not supported by adequate documentation as unsupported .

Better Use of Funds	Reports	Dollars
Reports issued before the reporting period that included recommendations for better use of funds for which decisions on dollars had not been made as of September 30, 2024 <i>Management decisions are Department management's evaluation of the findings and recommendations included in the audit report and the issuance of a final decision by management concerning its response.</i>	1	\$ 6,430,000
Reports issued during the reporting period that included recommendations for better use of funds (regardless of whether a decision on dollars has been made)	1	\$ 2,520,895
Reports that include recommendations for better use of funds for which a decision on dollars was made during the reporting period <i>The report associated with this dollar value was issued prior to this reporting period.</i>	1	\$ 6,430,000
Agreed to by management		\$ 0
Not agreed to by management		\$ 6,430,000
Reports that include recommendations for better use of funds for which decisions on dollars have not been made at the end of the reporting period	1	\$ 2,520,895

Questioned and Unsupported Costs	Reports	Questioned	Unsupported	Total
Reports issued before the reporting period that included questioned or unsupported costs for which decisions on dollars had not been made as of September 30, 2024	8	\$ 1,054,539,644	\$ 161,900,568	\$ 1,216,440,232
Reports issued during the reporting period that include questioned or unsupported costs (regardless of whether a decision on dollars has been made)	5	\$ 258,958,501	\$ 3,972,519	\$ 262,931,020
Reports that include questioned or unsupported costs for which a decision on dollars was made during the reporting period (includes reports for which the Department may have made some decisions on dollars but not all issues were resolved)	3	\$595,869,240	\$ 161,900,568	\$757,769,808
Value of disallowed costs		\$1,054,562	\$ 0	\$1,054,562
Value of costs not disallowed		\$594,814,678	\$ 161,900,568	\$756,715,246
Reports that include questioned or unsupported costs for which decisions on dollars have not been made at the end of the reporting period	10	\$717,628,925	\$3,972,519	\$721,601,444

WHISTLEBLOWER AND HOTLINE ACTIVITIES

Whistleblowers and individuals who report suspected wrongdoing to our Hotline play a critical role in keeping Government honest, efficient, and accountable.

Federal laws outline the duty of Federal employees to disclose wrongdoing, and they are to do so in an environment free from the threat of retaliation. The whistleblower activities reported below capture our investigations of alleged retaliation. The Hotline activities reported below capture the reporting and disposition of allegations received from Department employees, contractors, and the public.

Whistleblower Activities		
Whistleblower matters opened as of April 1, 2024		60
Whistleblower matters opened this period		3
Whistleblower matters closed this period		2
Whistleblower matters closed via Investigative Reports	0	
Whistleblower matters close via Letters	2	
Whistleblower matters open as of September 30, 2024		61

Hotline Activities	
Total Hotline calls, emails, letters, and other complaints (contacts) <i>This number refers to any contact that required Hotline staff review, including re-contacts for additional information and requests for disposition.</i>	6,051
Hotline contacts resolved immediately/redirected/no further action	5,808
Hotline contacts predicated for evaluation	243
Total Hotline predications processed this reporting period <i>This number includes seven predications carried over from the last semiannual reporting period.</i>	250
Hotline predications transferred to OIG Program Office	49
Hotline predications referred to Department management or other entity for information/action	106
Hotline predications closed based upon preliminary OIG activity and review	78
Hotline predications pending at the end of the reporting period	17

ACTIONS TAKEN BY DEPARTMENT MANAGEMENT IN RESPONSE TO OFFICE OF INSPECTOR GENERAL REPORTS AND INVESTIGATIONS

DEPARTMENT DE-OBLIGATED \$100 MILLION GRANT AWARD AFTER THE OIG IDENTIFIED THAT THE GRANTEE WAS UNDER INVESTIGATION FOR EXPORTING EQUIPMENT TO A CHINESE COMPANY

BONNEVILLE POWER ADMINISTRATION ACTIONS TO ADDRESS OIG-IDENTIFIED CYBERSECURITY RISKS WILL REDUCE RISK OF DISRUPTION TO MILLIONS OF ELECTRICITY CUSTOMERS



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During a proactive investigation, the OIG identified a Departmental grantee that was the subject of an investigation for potential violation of U.S. export control laws and regulations for exporting semiconductor manufacturing equipment to a Chinese company. The grantee had failed to disclose this information on the pre-application award sheet. The Department de-obligated the \$100 million Infrastructure Investment and Jobs Act grant. The Department was unaware of the ongoing investigation, which would have been material to the Department's decision to award the grant originally. This is an ongoing investigation.

During our audit on *Bonneville Power Administration Need to Improve Cybersecurity Over Selected Transmission Infrastructure Systems* (DOE-OIG-24-18, September 2024), we found that the Bonneville Power Administration (BPA) had initiated actions to address weaknesses identified during our review. Management indicated that it was providing additional resources to enhance and expand BPA's operational technology vulnerability management program. Management also noted that it had begun enhancing configuration management practices to address weaknesses identified during our review. These actions should enhance BPA's ability to secure its transmission systems that provide electricity to millions of individuals.

SECRETARY INFORMED CONGRESS AND PRESIDENT OF ANTIDEFICIENCY VIOLATION FOLLOWING ETHICS/ PROCUREMENT INTEGRITY ACT INVESTIGATION

The OIG received concurrence from the Department that an Antideficiency Act violation occurred. The OIG Office of Counsel reviewed concerns regarding the National Nuclear Security Administration's (NNSA) general use of unpaid consultants, including the interaction with Continuing Service Agreements. The Department's Chief Financial Officer agreed there was an Antideficiency Act violation, and the Secretary issued a formal notice of the violation to Congress and the President.

DEPARTMENT TOOK IMMEDIATE ACTION TO PROTECT SENSITIVE PERSONNEL INFORMATION OF ALMOST 15,000 EMPLOYEES AFTER OIG ALERTED THEM TO VULNERABILITY

The OIG's Office of Counsel identified sensitive personnel information that was available to any employee with access to the internal SharePoint site. The information in question included, but was not limited to, a data set of the names, titles, pay status, locations, probationary status, pay, retirement dates, raise dates, clearances, and related information for almost 12,000 employees. Another data set included the race/origin and disability status of almost 15,000 employees. The Office of Counsel worked directly with the Office of the Chief Information Officer to immediately remedy the identified issue. The Office of Counsel later worked in partnership with the OIG's Hotline team to request information from the Office of the Chief Information Officer to understand the origin of the issue, and how the Office of the Chief Information Officer would prevent a recurrence.



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RICHLAND OPERATIONS OFFICE REDUCED PAYMENTS TO CONTRACTOR IN RESPONSE TO OIG COST MISCHARGING INVESTIGATION

Because of an OIG investigation, the Department's Richland Operations Office issued a short pay, a payment less than the invoiced amount, to a Department contractor. As previously reported in the September 30, 2023, *Semiannual Report to Congress*, the Department's Richland Operations Office issued a reduced payment to a Department contractor because an OIG investigation determined the contractor company double-billed for various charges related to their employees' pay. The total amount of reduced payments made to the contractor company by the Department in this investigation is \$339,966. This is an ongoing investigation.

CONTRACTOR REIMBURSED THE DEPARTMENT FOLLOWING OIG TRAVEL FRAUD INVESTIGATION THAT UNCOVERED TRAVELER INCENTIVE PAYMENTS OBTAINED WITH FALSIFIED FORMS

Pursuant to OIG investigative findings, a Department contractor reimbursed the Department \$320,808 associated with fraudulent travel incentive funds obtained by eight former contractor employees. As previously reported in the March 31, 2023, *Semiannual Report to Congress*, the OIG was notified that 51 contractor employees voluntarily terminated their travel incentive payments. The OIG investigation determined the former contractor employees falsified certifications to appear eligible to receive traveler incentive payments. The OIG investigation further determined the seven individuals falsely certified contractor eligibility forms and misrepresented their housing status to obtain traveler incentive pay.



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COUNTERMEASURES TAKEN AS RESULT OF OUR TEST WORK REDUCED RISKS ASSOCIATED WITH RANSOMWARE ATTACKS

During our audit on *The Department of Energy's Ransomware Countermeasures and Response* (DOE-OIG-24-18, May 2024), we found that the Department had taken action as a result of our test work to limit its exposure to risks associated with ransomware attacks. One site reviewed implemented additional testing of ransomware scenarios to evaluate its countermeasures and response. Another location developed plans of actions and milestones to ensure that weaknesses identified during our review were tracked and corrective actions taken. These actions should enhance the Department's ability to protect its sensitive information and networks from malicious activity.

DEPARTMENT MADE PROGRESS IN ADDRESSING PRIOR OIG PAYMENT INTEGRITY PROGRAM RECOMMENDATIONS DESIGNED TO REDUCE IMPROPER PAYMENTS

During our audit on *The Department of Energy's Payment Integrity Reporting in the Fiscal Year 2023 Agency Financial Report* (DOE-OIG-24-19, May 2024), we found that the Department was making progress towards addressing recommendations made in our prior report. This improvement included, but was not limited to, automating data links between the master improper payment consolidation file and the individual site submission file to ensure the information matched. The Department also started taking preliminary steps to expand its use of data analytics to help mitigate and reduce improper payment rates. When fully implemented, these actions should help mitigate recurrences of improper payments across the Department.



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OAK RIDGE NATIONAL LABORATORY IMPROVEMENTS TO ITS CALIBRATION PROGRAM TO ADDRESS OIG'S INSPECTION FINDINGS SHOULD INCREASE SAFETY

In response to the inspection report, *Allegation Regarding Computer Facilities Maintenance and Calibration at the Oak Ridge National Laboratory* (DOE-OIG-24-08, November 2023), Oak Ridge National Laboratory contractor, UT-Battelle LLC (UT-Battelle), took a number of actions to address our inspection findings. Our inspection found that UT-Battelle's calibration program was inadequate to meet quality assurance requirements in the data centers related to Buildings 5300, 5600, and 5800 at Oak Ridge National Laboratory, and the Department told us that UT-Battelle developed a software quality assurance plan for the monitoring software that replaces manual calibration. The report also found that maintenance was not always performed on pressure relief valves according to applicable criteria. The Department told us that all pressure relief safety valves that support high-performance computing were identified and placed in the database that tracks maintenance and generates work orders for relief valve inspections. Finally, the report found that UT-Battelle's quality assurance requirements did not always flow down properly to its subcontracts. Department management told us that UT-Battelle modified the subcontract noted in our report to include updated flow down requirements.

DEPARTMENT-ISSUED COST ESTIMATING SYSTEM REQUIREMENTS POLICY TO IMPLEMENT OIG AUDIT RECOMMENDATION

In response to an audit recommendation in *Bechtel National, Inc.'s Cost Proposal Estimates for Baseline Change Proposal 02 and Its Contract Modification 384 Counterpart for the Waste Treatment and Immobilization Plant* (DOE-OIG-23-34, September 2023), the Department of Energy issued an Acquisition Letter, dated July 23, 2024, titled *Contract Pricing: Proposal Analysis and Contractors' Cost Estimating System*. The audit recommended that the Department develop a policy that prescribes cost estimating system requirements, similar to those described in our report, for inclusion in Department contracts. The Department took timely action to issue this Acquisition Letter and close this recommendation.

OFFICE OF ENVIRONMENTAL
MANAGEMENT IMPLEMENTED OIG'S
RECOMMENDATION TO UPDATE LIFE
CYCLE COST ESTIMATE FOR WEST
VALLEY DEMONSTRATION PROJECT,
RESULTING IN MORE ACCURATE
DECOMMISSIONING COST ESTIMATES

In the OIG's audit report, *The Department of Energy's West Valley Demonstration Project* (DOE-OIG-17-05, April 2017), there was a recommendation for the Office of Environmental Management to ensure life-cycle cost estimates reflect current expected costs to fulfill the Department's responsibilities under the West Valley Demonstration Project Act. In response to our report, the West Valley Demonstration Project developed a reasonable and achievable life-cycle cost estimate for Phase 1 decommissioning at the site. Although a Record of Decision has not been established for Phase 2 yet, it is in process, and once established, the life-cycle cost estimate will be adjusted to more accurately reflect Phase 2 decommissioning estimated costs.

TABLE OF PUBLISHED REPORTS

The following list identifies all reports issued from April 1, 2024, through September 30, 2024.

THE OFFICE OF AUDITS					
Date Issued	Report Title	Number of Recs	Better Use of Funds	Questioned Costs	Unsupported Costs
June 21, 2024	<i>Audit of the URS CH2M Oak Ridge, LLC's Statement of Costs Incurred and Claimed (SCIC) Submissions for Fiscal Years Ended September 30, 2017, and September 30, 2019, through September 30, 2022 (Independent Public Accountant Report 0589266-2380-20)</i>	6	N/A	\$ 188,722	N/A
June 21, 2024	<i>Adequacy Findings Related to URS CH2M Oak Ridge LLC's Cost Accounting Standards Disclosure Statement (Independent Public Accountant Memorandum 0589267-2360-22)</i>	0	N/A	N/A	N/A
July 3, 2024	<i>Allegations Concerning Quality Assurance Over Glovebox Procurements at Los Alamos National Laboratory (DOE-OIG-24-22)</i>	0	N/A	N/A	N/A
July 8, 2024	<i>The National Nuclear Security Administration's Energy Savings Performance Contract with NORESKO, LLC at the Pantex Plant (DOE-OIG-24-23)</i>	2	\$2,520,895	N/A	N/A
July 11, 2024	<i>Audit of the Pacific Northwest National Laboratory's SCIC Submissions Fiscal Years Ended September 30, 2017, through September 30, 2020 (Independent Public Accountant Report 0596258-2380-20)</i>	0	N/A	N/A	N/A
July 19, 2024	<i>Audit of the National Renewable Energy Laboratory's Management and Operating Contract of Alliance for Sustainable Energy, LLC's SCIC Submissions for Fiscal Years Ended September 30, 2019, and September 30, 2020 (Independent Public Accountant Report 0608547-2380-20)</i>	0	N/A	N/A	N/A

THE OFFICE OF AUDITS					
Date Issued	Report Title	Number of Recs	Better Use of Funds	Questioned Costs	Unsupported Costs
Aug. 13, 2024	<i>Implementation and Administration of the Human Reliability Program at the Savannah River Site</i> (DOE-OIG-24-25)	5	N/A	N/A	N/A
Aug. 30, 2024	<i>Opportunities Exist to Improve Bonneville Power Administration's Management of Fish and Wildlife Program Contracts</i> (DOE-OIG-24-27)	8	N/A	\$1,178	N/A
Sept. 6, 2024	<i>Audit of The Regents of the University of California's Management and Operating Contract of Lawrence Berkeley National Laboratory SCIC Submissions for Fiscal Years Ended September 30, 2019, and September 30, 2020</i> (Independent Public Accountant Report 0617584-2381-20)	2	N/A	N/A	N/A
Sept. 23, 2024	<i>UChicago Argonne, LLC Costs Claimed Under Department of Energy Contract No. DE-AC02-06CH11357 for Fiscal Year 2019</i> (DOE-OIG-24-29)	6	N/A	\$232,664,914	\$3,933,746
Sept. 24, 2024	<i>Western Area Power Administration Would Benefit From Improvements to Its Management of Critical Spare Parts</i> (DOE-OIG-24-30)	2	N/A	N/A	N/A
Sept. 25, 2024	<i>NNSA's Office of Secure Transportation and the Strategic Survivability Research Group, LLC Did Not Violate Medical Ethics or Training Requirements as Alleged</i> (DOE-OIG-24-32)	0	N/A	N/A	N/A
Sept. 26, 2024	<i>Opportunities Exist to Improve NNSA's Contract Administration and Oversight of Skookum Educational Programs</i> (DOE-OIG-24-33)	7	N/A	N/A	N/A
Sept. 30, 2024	<i>Independent Audit Report on Battelle Energy Alliance, LLC's Proposed Amounts on Unsettled Flexibly Priced Contracts for Fiscal Year 2021</i> (U.S. Department of Interior Report 1001-2021B10100001)	0	N/A	\$26,103,687	N/A

THE OFFICE OF INSPECTIONS, INTELLIGENCE OVERSIGHT, AND SPECIAL PROJECTS

Date Issued	Report Title	Number of Recs	Better Use of Funds	Questioned Costs	Unsupported Costs
Apr. 1, 2024	<i>Allegations Regarding Timekeeping and Personnel Practices at Sandia National Laboratories (DOE-OIG-24-16)</i>	3	N/A	N/A	\$38,773
July 2, 2024	<i>Bonneville Power Administration's Physical Protection Program for Critical Assets (DOE-OIG-24-21)</i>	2	N/A	N/A	N/A
Aug. 20, 2024	<i>Lawrence Berkeley National Laboratory Should Ensure Proper Monitoring of Workers for Radiation Exposure When Processing Packages (DOE-OIG-24-26)</i>	5	N/A	N/A	N/A
Sept. 23, 2024	<i>Allegations Concerning Ethics Violations at the Bonneville Power Administration (DOE-OIG-24-28)</i>	0	N/A	N/A	N/A
Sept. 25, 2024	<i>Using "Lessons Learned" From the Pandemic Relief Programs, Which Suffered Substantial Fraud Losses to Protect the \$4.257 Billion Made Available Under the Inflation Reduction Act's Home Electrification and Appliance Rebates Program (DOE-OIG-24-31)</i>	2	N/A	N/A	N/A

THE OFFICE OF CYBER ASSESSMENTS AND DATA ANALYTICS

Date Issued	Report Title	Number of Recs	Better Use of Funds	Questioned Costs	Unsupported Costs
Apr. 17, 2024	<i>Congressionally Directed Report for the Office of Inspector General's Data Analytics Program (DOE-OIG-24-36)</i>	0	N/A	N/A	N/A
May 17, 2024	<i>The Department of Energy's Unclassified Cybersecurity Program – 2023 (DOE-OIG-24-17)</i>	0	N/A	N/A	N/A
May 23, 2024	<i>The Department of Energy's Ransomware Countermeasures and Response (DOE-OIG-24-18)</i>	5	N/A	N/A	N/A
May 29, 2024	<i>The Department of Energy's Payment Integrity Reporting in the Fiscal Year 2023 Agency Financial Report (DOE-OIG-24-19)</i>	0	N/A	N/A	N/A
June 10, 2024	<i>The Western Area Power Administration's Fiscal Year 2023 Financial Statements Audit (DOE-OIG-24-20)</i>	6	N/A	N/A	N/A
July 25, 2024	<i>The Southwestern Federal Power System's Fiscal Year 2023 Financial Statements Audit (DOE-OIG-24-24)</i>	4	N/A	N/A	N/A
Sept. 27, 2024	<i>Bonneville Power Administration Needs to Improve Cybersecurity Over Selected Transmission Infrastructure Systems (DOE-OIG-24-34)</i>	18	N/A	N/A	N/A
Sept. 30, 2024	<i>The Department of Energy Has Made Little Progress Implementing the Geospatial Data Act of 2018 (DOE-OIG-24-35)</i>	4	N/A	N/A	N/A

INVESTIGATIVE OUTCOMES

INVESTIGATIONS RESULTING IN REPORTABLE OUTCOMES

All OIG investigations that result in a reportable outcome are disclosed to the public in our *Semiannual Report to Congress*. The following table includes reportable outcomes during the period from April 1, 2024, through September 30, 2024.

Summary Title
Sentencing in Child Sexual Exploitation Case
Guilty Plea in Former Department Contract Employee Misconduct/Coronavirus Aid, Relief, and Economic Security (CARES) Act Investigation
Guilty Plea in Weatherization Investigation
Former Department Employee Pleads Guilty and Suspension Issued in Child Sexual Abuse Investigation
Criminal Remediation Agreement in CHIPS Funding Violation Investigation
Pre-Trial Diversion Agreement in Pension Theft Investigation
Indictment in Wire Fraud Investigation
Arrest and Criminal Complaint in Child Sexual Abuse Material Investigation
Charging in Theft of Government Property Investigation
Guilty Plea and Civil Settlement
Civil False Claims Settlement in Time and Attendance Investigation
Civil Settlement in Economic Injury Disaster Loan Fraud Investigation
Civil Settlement in Economic Injury Disaster Loan Fraud Investigation
Funds Returned to the Department Through Corporate Monitorship of Former Labor Mischarging Offenders
Reimbursement in Travel Fraud Investigation
De-obligation of Infrastructure Investment and Jobs Act Grant Award Funds
Reimbursement in Cost Mischarging Investigation
Funds Related to Purchase Card Fraud Returned to the Department
Service of Target Letter in Travel Incentive Fraud Investigation
Debarment Issued in Unauthorized Access Investigation
Debarment Issued in Solicitation of Minor Investigation
Two Debarments From Misconduct/CARES Act Investigation
Suspension Actions in Former Department Contract Employee Misconduct/CARES Act Investigation
Antideficiency Act Violation Confirmed From Ethics/Procurement Integrity Act Investigation
Department Policy/Program Improvement in False Claims Investigation
Notice of Suspension and Proposed Debarment Issued by the Department
Debarment in Timecard Fraud Investigation of Former Pacific Northwest National Laboratory Contractor Employee

INVESTIGATIONS INVOLVING UNAUTHORIZED PUBLIC DISCLOSURE OF CLASSIFIED INFORMATION

Pursuant to the requirement of Section 6718 of the National Defense Authorization Act, during the reporting period from April 1, 2024, through September 30, 2024, the work of OI included the following reports:

The number of investigations opened regarding an unauthorized public disclosure of classified information	None
The number of investigations completed regarding an unauthorized public disclosure of classified information	None
Of the number of such completed investigations identified under Subparagraph (B), the number referred to the Attorney General for criminal investigation	N/A

INVESTIGATIONS INVOLVING SENIOR GOVERNMENT EMPLOYEES WHERE ALLEGATIONS OF MISCONDUCT WERE SUBSTANTIATED

During the reporting period from April 1, 2024, through September 30, 2024, no investigations were conducted by OI that resulted in substantiated misconduct involving a senior Government employee at the GS-15 level or above.



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DATA ANALYTICS

Under the authority of the Inspector General Act of 1978, the OIG conducts data analytics to assess risk; detect potential fraud, waste, and abuse in Department programs; and identify opportunities to improve the efficiency, economy, and effectiveness of those operations. The OIG's integration of data analytics is central to streamlining, while also increasing strategic impact, of its independent, objective, and risk-prioritized oversight. The use of data analytics is informing our understanding of the Department's risk and enabling more proactive, targeted, and timely allocation of our scarce resources against those risks. The OIG's existing authorities encourage the use of data analytics consistent with current use, as does Federal law, strategy, and policy to treat data as a strategic asset.

The OIG's Data Analytics Division was a vital team member working on 32 proactive and objective risk-based projects and more than 16 other discrete requests in fiscal year 2024. About 10 percent of the case workload in the Semiannual Report to Congress reporting period for the OIG's OI resulted from referrals generated through data analytics, a contribution that is growing. This work spans the Department's base and Infrastructure Investment and Jobs Act, Inflation Reduction Act, and Puerto Rico Energy Resilience Fund appropriations, and it identifies likely pandemic-related fraud by bad actors in the Department's complex.

The Data Analytics Division also produced a System of Records Notice, continued to enhance its cybersecurity posture, and responded to Congressional requests. The OIG manages the gathered information using the Department's shared services information technology environment and employs safeguards to ensure the safeguarding and

10%

of investigative leads originated with data analytics

48

proactive and discrete request-based projects

appropriate use of sensitive information. The OIG recognizes the sensitivity of the data it requests, stores, analyzes, and aggregates, and it uses additional controls to safeguard the information, going beyond basic controls mandated by the Department that are based on the OIG's risk assessment.

The OIG continues to integrate, manage, and govern the use of data analytics across its operations. The OIG's organic data analytics capability, leveraging the Department's technical infrastructure and sourcing data across the complex, is reducing risk and cost to the Department. It is critical the Department invest in, and deploy like capabilities; however, until those capabilities are deployed and vetted, the OIG will lead the way in investing in and using data analytics as a leading, well-established tool to accelerate, scale, and modernize oversight.



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INCURRED COST AUDITS

In April 2021, the OIG issued a Special Report (DOE-OIG-21-26), *The Transition to Independent Audits of Management and Operating Contractors' Annual Statements of Costs Incurred and Claimed*, and recommended a transition to an independent audit strategy for the Department's M&O contractors incurred costs. That transition has progressed, and in fiscal year 2024, the OIG continued moving forward with implementing this effort with increases in outreach and coverage. Specifically, all the Department's applicable management and operating (M&O) contractors were engaged in active incurred cost audits in fiscal year 2024. Further, the OIG has performed a limited number of real-time labor testing audits and Cost Accounting Standards (CAS) Disclosure Statement Adequacy reviews. With a commitment of additional appropriated funding in future years, the OIG will be able to recruit additional skilled auditors and engage independent public accountants and the Defense Contract Audit Agency to expand its audit coverage in these areas and perform other related efforts such as CAS Disclosure Statement Compliance Audits, CAS compliance audits, system audits, and real-time material testing. These activities are vital to ensure that billions of dollars in taxpayer funding are used to further the important missions of the Department, as directed by Congress.



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COOPERATION WITH THE OFFICE OF INSPECTOR GENERAL

INTERFERENCE WITH INSPECTOR GENERAL INDEPENDENCE

During the reporting period from April 1, 2024, through September 30, 2024, the Department neither interfered with OIG independence nor denied funding for OIG activities.

MANAGEMENT DECISION STATUS

During the reporting period from April 1, 2024, through September 30, 2024, there were no audit or inspection reports where the OIG disagreed with the management decision, and no revised management decisions were made. Regarding audit and inspection reports issued during prior reporting periods, none received a management decision or lacked a management decision.



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200 RECOMMENDATIONS ACCEPTED BUT NOT YET IMPLEMENTED

The following table identifies 45 reports with a total of 200 recommendations, which were agreed to by the Department but have not been implemented as of September 30, 2024. The total potential cost savings associated with these reports is \$301,541,484. Beyond these potential cost savings, many of the recommendations of the OIG will result in additional benefits and savings that may not be readily monetized at the time the report is published.

Date Issued	Report Title	Open Recs	Potential Monetary Benefit
Dec. 17, 2007	<u>Beryllium Surface Contamination at the Y-12 National Security Complex</u> (IG-0783)	1	N/A
June 24, 2013	<u>Mitigation of Natural Disasters at Los Alamos National Laboratory</u> (OAS-M-13-04)	4	N/A
Feb. 14, 2014	<u>The Technology Transfer and Commercialization Efforts at the Department of Energy's National Laboratories</u> (OAS-M-14-02)	3	N/A
Oct. 31, 2018	<u>The Department of Energy's Funds Distribution System 2.0</u> (DOE-OIG-19-03)	5	N/A
June 10, 2019	<u>The Department of Energy's Management of the ActioNet Information Technology Support Contract</u> (DOE-OIG-19-35)	4	N/A
June 1, 2020	<u>The Strategic Petroleum Reserve's Modernization Program</u> (DOE-OIG-20-43)	1-2	N/A
July 13, 2020	<u>Audit Coverage of Cost Allowability for Nuclear Waste Partnership, LLC, from October 1, 2014, to September 30, 2017, under the Department of Energy Contract No. DE-EM0001971</u> (DOE-OIG-20-49)	1	\$31,760,414
Sept. 30, 2020	<u>Tank Waste Management at the Hanford Site</u> (DOE-OIG-20-57)	2	N/A
Sept. 21, 2022	<u>The Management of Emergency Communication Systems at the Oak Ridge Reservation</u> (DOE-OIG-22-43)	1, 3	N/A
Mar. 6, 2023	<u>Audit Coverage in Office of Science Grants</u> (DOE-OIG-23-14)	1, 4	\$15,047,601 (Rec 1)
Mar. 6, 2023	<u>Review of the Department's Insider Threat Analysis and Referral Center</u> (DOE-OIG-23-15)	1-2, 4	N/A
Mar. 30, 2023	<u>Security over Cloud Computing Technologies at Select Department of Energy Locations</u> (DOE-OIG-23-18)	1-4	N/A

Date Issued	Report Title	Open Recs	Potential Monetary Benefit
May 17, 2023	<u>The Department of Energy's Payment Integrity Reporting in the Fiscal Year 2022 Agency Financial Report</u> (DOE-OIG-23-22)	3	N/A
June 1, 2023	<u>Access of Executive Branch Personnel Records</u> (DOE-OIG-23-23)	1-2	N/A
June 13, 2023	<u>Management of the Bonneville Power Administration's Cybersecurity Program</u> (DOE-OIG-23-25)	1-19	N/A
Aug. 11, 2023	<u>Management of the Los Alamos National Laboratory's Unclassified Cybersecurity Program</u> (DOE-OIG-23-28)	1-2	N/A
Aug. 28, 2023	<u>Fermi Research Alliance, LLC, Costs Claimed under Department of Energy Contract No. DE-AC02-07CH11359 for Fiscal Year 2018</u> (DOE-OIG-23-29)	2, 9	\$42,532 (Rec 2) \$30,890 (Rec 9)
Sept. 28, 2023	<u>Bechtel National, Inc.'s Cost Proposal Estimates for Baseline Change Proposal 02 and Its Contract Modification 384 Counterpart for the Waste Treatment and Immobilization Plant</u> (DOE-OIG-23-34)	1, 7	N/A
Sept. 29, 2023	<u>Sensitive and High-Risk Property Management at the Brookhaven National Laboratory</u> (DOE-OIG-23-35)	1-3	N/A
Sept. 29, 2023	<u>The Department of Energy's Oversight of the Employee Concerns Program</u> (DOE-OIG-23-36)	1	N/A
Sept. 29, 2023	<u>UT-Battelle, LLC, Costs Claimed under Department of Energy Contract No. DE-AC05-00OR22725 for Fiscal Year 2017</u> (DOE-OIG-23-37)	3	\$15,311,819
Nov. 22, 2023	<u>Management of Indirect Funded Minor Construction Projects at Argonne National Laboratory</u> (DOE-OIG-24-07)	2, 4	N/A
Jan. 16, 2024	<u>Management Letter on The Department of Energy's Fiscal Year 2023 Consolidated Financial Statements</u> (DOE-OIG-24-10)	1-7	N/A
Jan. 30, 2024	<u>Allegations of Security and Safety Concerns at Sandia National Laboratories</u> (DOE-OIG-24-11)	1-4	N/A
Mar. 7, 2024	<u>Management Letter on The Department of Energy's Unclassified Cybersecurity Program for Fiscal Year 2023</u> (DOE-OIG-24-12)	2a, 3a, 4a, 8a-b, 9a-b, 11a-b, 12a-b, 13a-b, 15a-b, 16a-b, 17a-d	N/A

Date Issued	Report Title	Open Recs	Potential Monetary Benefit
Mar. 11, 2024	<u>Bechtel National, Inc.'s Compliance with Contract Terms Relating to Self-Performed Work and Subcontracting for the Waste Treatment and Immobilization Plant</u> (DOE-OIG-24-13)	1-4	N/A
Mar. 11, 2024	<u>Audit of the Iowa State University's Management and Operating Contract of Ames National Laboratory's Statements of Costs Incurred and Claimed Submission for Fiscal Years Ended September 30, 2015, September 30, 2016, September 30, 2017, September 30, 2018, and September 30, 2019</u> (Independent Public Accountant Report 0603993-2380-19)	4	N/A
Mar. 27, 2024	<u>Management of Cybersecurity Over the Clearance Action Tracking System</u> (DOE-OIG-24-15)	1, 3-9, 12-27	N/A
Apr. 1, 2024	<u>Allegations Regarding Timekeeping and Personnel Practices at Sandia National Laboratories</u> (DOE-OIG-24-16)	1-2	\$38,773 (Rec 2)
May 23, 2024	<u>The Department of Energy's Ransomware Countermeasures and Response</u> (DOE-OIG-24-18)	1-5	N/A
June 10, 2024	<u>The Western Area Power Administration's Fiscal Year 2023 Financial Statements Audit</u> (DOE-OIG-24-20)	1-6	N/A
June 21, 2024	<u>Audit of the URS CH2M Oak Ridge, LLC's Statement of Costs Incurred and Claimed Submissions Fiscal Years Ended September 30, 2017, and September 30, 2019, through September 30, 2022</u> (Independent Public Accountant Report 0589266-2380-20)	1-6	\$188,722
July 2, 2024	<u>Bonneville Power Administration's Physical Protection Program for Critical Assets</u> (DOE-OIG-24-21)	1-2	N/A
July 8, 2024	<u>The National Nuclear Security Administration's Energy Savings Performance Contract with NORESKO, LLC at the Pantex Plant</u> (DOE-OIG-24-23)	1-2	\$2,520,895
July 25, 2024	<u>The Southwestern Federal Power System's Fiscal Year 2023 Financial Statements Audit</u> (DOE-OIG-24-24)	1-4	N/A
Aug. 13, 2024	<u>Implementation and Administration of the Human Reliability Program at the Savannah River Site</u> (DOE-OIG-24-25)	1-5	N/A
Aug. 20, 2024	<u>Lawrence Berkeley National Laboratory Should Ensure Proper Monitoring of Workers for Radiation Exposure When Processing Packages</u> (DOE-OIG-24-26)	1-5	N/A

Date Issued	Report Title	Open Recs	Potential Monetary Benefit
Aug. 30, 2024	<u>Opportunities Exist to Improve Bonneville Power Administration’s Management of Fish and Wildlife Program Contracts</u> (DOE-OIG-24-27)	1-8	\$1,178 (Rec 8)
Sept. 6, 2024	<u>Audit of The Regents of the University of California’s Management and Operating Contract of Lawrence Berkeley National Laboratory Statement of Costs Incurred and Claimed Submissions for Fiscal Years Ended September 30, 2019, and September 30, 2020</u> (Independent Public Accountant Report 0617584-2381-20)	1-2	N/A
Sept. 23, 2024	<u>UChicago Argonne, LLC Costs Claimed Under Department of Energy Contract No. DE-AC02-06CH11357 for Fiscal Year 2019</u> (DOE-OIG-24-29)	1-6	\$73,634,017 (Rec 5) \$162,964,643 (Rec 6)
Sept. 24, 2024	<u>Western Area Power Administration Would Benefit From Improvements to Its Management of Critical Spare Parts</u> (DOE-OIG-24-30)	1-2	N/A
Sept. 25, 2024	<u>Using “Lessons Learned” From the Pandemic Relief Programs, Which Suffered Substantial Fraud Losses to Protect the \$4.257 Billion Made Available Under the Inflation Reduction Act’s Home Electrification and Appliance Rebates Program</u> (DOE-OIG-24-31)	1-2	N/A
Sept. 26, 2024	<u>Opportunities Exist to Improve NNSA’s Contract Administration and Oversight of Skookum Educational Programs</u> (DOE-OIG-24-33)	1-7	N/A
Sept. 27, 2024	<u>Bonneville Power Administration Needs to Improve Cybersecurity Over Selected Transmission Infrastructure Systems</u> (DOE-OIG-24-34)	1-18	N/A
Sept. 30, 2024	<u>The Department of Energy Has Made Little Progress Implementing the Geospatial Data Act of 2018</u> (DOE-OIG-24-35)	1-4	N/A
Total Open Recommendations (The total potential monetary benefits under-represents the potential monetary impact of the recommendations. The Council of Inspectors General on Integrity and Efficiency is currently examining the metrics associated with monetary impact calculations.)		200	\$301,541,484

REVIEWS CLOSED AND NOT DISCLOSED TO THE PUBLIC

The OIG did not issue any reports that were undisclosed to the public for the reporting period from April 1, 2024, through September 30, 2024.

LEGISLATIVE AND REGULATORY REVIEWS

During the reporting period, DOE OIG reviewed proposed legislation and regulations related to the Department's programs and operations. Additionally, DOE OIG reviewed proposed legislation at the request of congressional staff, and at the request of the Legislative Committee of the Council of the Inspectors General on Integrity and Efficiency. DOE OIG, along with other Inspectors General, briefed the Senate Select Committee on Intelligence regarding the independence of Inspectors General.

CONGRESSIONAL TESTIMONY

No Congressional testimony was presented during the reporting period from April 1, 2024, through September 30, 2024.



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PEER REVIEWS

Peer Reviews Conducted by Department OIG April 1, 2024 – September 30, 2024			
Type of Review	Date of Peer Review	OIG Reviewed	Outstanding Recommendations
Audit	April 2024	U.S. Department of Treasury	N/A
Inspection	None	N/A	N/A
Investigation	July 2024	Amtrak	N/A

Peer Reviews Conducted by Other OIGs April 1, 2024 – September 30, 2024				
Type of Review	Date of Peer Review	Reviewing OIG	Frequency Requirement	Outstanding Recommendations
Audit	None	N/A	At least once every 3 years	N/A
Inspection	None	N/A	At least once every 3 years	N/A
Investigation	None	N/A	N/A	N/A

SUMMARY OF SELECT ACTIVITIES

MORE THAN \$4 BILLION AT UNNECESSARY RISK OF FRAUD DUE TO INSUFFICIENT APPLICATION OF LESSONS LEARNED FROM PANDEMIC RECOVERY

The Inflation Reduction Act appropriated \$4.257 billion to the Department to be conveyed via grants to states and U.S. territories (States). These entities then convey the funds to applicants via rebates. The program is being administered by the Department's State and Community Energy Program Office (SCEP). SCEP is responsible for distributing these funds to States via the Home Rebates Program for States to develop and implement a rebate program. In the OIG's report (DOE-OIG-24-31, September 2024), we discuss opportunities for improving the Home Rebates Program grants awarded to States. The OIG identified two areas of concern: (1) Initially, SCEP was not using Pandemic Response Accountability Committee best practices to implement an effective fraud prevention program, including collecting basic data, such as social security numbers. Along the same lines, SCEP was not requiring States to do so. These best practices were recently learned the hard way by Federal agencies that experienced massive fraud during pandemic relief programs; and (2) SCEP allows States to rely on applicant "self-certification" in some circumstances to meet income qualifications. To management's credit, during the course of this review, SCEP took several constructive actions to improve fraud prevention controls. (DOE-OIG-24-31, September 2024)

DEPARTMENT GRANTEE ENTERED INTO CRIMINAL REMEDIATION AGREEMENT AFTER OIG INVESTIGATION FOUND THAT THEY ENGAGED IN ANTI-COMPETITIVE BEHAVIOR BY AGREEING WITH OTHER GRANTEES TO DIVIDE CHIPS AND SCIENCE ACT FUNDING EQUALLY RATHER THAN COMPETING WITH ONE ANOTHER

A Department grantee entered into a Criminal Remediation Agreement with the DOJ in exchange for a declination of prosecution for violation of Section 1 of the Sherman Antitrust Act. The OIG investigation determined the Department grantee and others agreed not to compete with one another when submitting funding proposals and agreed to arbitrarily divide the available funding equally among them. Department funding was a CHIPS and Science Act grant opportunity for \$11 million to support projects promoting advanced manufacturing jobs. As part of the Criminal Remediation Agreement, the Department grantee agreed to review its compliance program and implement compliance controls

CONTRACTOR PROVIDED MORE THAN \$1 MILLION TO DIRECTOR OF COMMUNITY ACTION COMMITTEE IN EXCHANGE FOR RECEIVING 70 PERCENT OF WORK TO WEATHERIZE HOMES FOR LOW-INCOME FAMILIES—CONTRACTOR PLEADED GUILTY TO TAX EVASION

designed to prevent and detect similar antitrust violations in the future, provide attestations for a period of 24 months in its responses to notices of funding opportunities consistent with the Certificate of Independent Price Determination contained within Section 52.203-2 of the Federal Acquisition Regulations, and provide reports to the DOJ about the implementation of the Criminal Remediation Agreement. This is an ongoing joint investigation with U.S. Department of Commerce OIG and Defense Criminal Investigative Service.

A contractor working for the Knoxville Knox County Community Action Committee, an organization that received Federal funding from the Department, Tennessee Valley Authority, and other Federal agencies to weatherize homes for low-income families, pleaded guilty to six counts of Tax Evasion in the U.S. District for the Eastern District of Tennessee. The OIG investigation determined the Director of the Knoxville Knox County Community Action Committee assigned approximately 70 percent of the weatherization work to the contractor company in exchange for receiving 50 percent of the profits. A part owner of the contractor company and the Knoxville Knox County Community Action Committee Director set up a secret bank account, and they split approximately \$2.7 million in profits. The two used the funds to purchase matching Polaris slingshots, guns, concrete, and withdrew thousands of dollars in cash. The part owner hid the secret bank account from the business accountant and their two other business partners. The part owner did not file tax returns for 2018, 2019, and 2020 and had approximately \$700,000 in taxes due. This is an ongoing joint investigation with the Federal Bureau of Investigation, Internal Revenue Service-Criminal Investigation, and Tennessee Valley Authority OIG.

NOTICE OF SUSPENSION AND PROPOSED DEBARMENT ISSUED BY THE DEPARTMENT TO GRANT RECIPIENT AND SPOUSE WHO PREVIOUSLY WERE ORDERED TO PAY \$2.1 MILLION IN RESTITUTION

The Department's Office of Acquisition Management issued an official Notice of Suspension and proposed 3-year debarment to a Department grant recipient and spouse. As previously reported in the September 30, 2021; March 31, 2021; September 30, 2020; and September 30, 2023, *Semiannual Report to Congress*, the grant recipient and spouse were sentenced by a District Court Judge for the U.S. District of the Western District of Oklahoma to 27 months in prison and ordered to pay \$2.1 million in restitution, as well as a \$10,000 fine, to the Department. This was a joint investigation.

PREVENTING MALICIOUS ATTACKS REQUIRES ACTIONS TO IMPROVE THE DEPARTMENT'S UNCLASSIFIED CYBERSECURITY PROGRAM

Without improvements to address cybersecurity weaknesses, the Department may be unable to adequately protect its information systems and data from compromise, loss, or modification. Our evaluation determined that the Department had taken actions to address some of the previously identified weaknesses related to its unclassified cybersecurity program. However, we issued 67 recommendations to programs and sites during fiscal year 2023 to addresses weaknesses identified in areas related to: risk management, configuration management, identity and access management, data protection and privacy, and information security continuous monitoring. The weaknesses identified occurred for a variety of reasons and could have had dramatic impacts on operations. For instance, identity and access management weaknesses occurred because officials were unaware of, or had not implemented, current account management requirements that could have allowed unauthorized access to sensitive information. Configuration and vulnerability management weaknesses existed due to implementation issues and could have allowed malicious attacks to disrupt normal business operations or have negative impacts on system and data reliability. (DOE-OIG-24-17, May 2024)

CYBERSECURITY IMPROVEMENTS NEEDED OVER SELECTED BONNEVILLE POWER ADMINISTRATION TRANSMISSION INFRASTRUCTURE SYSTEMS TO MITIGATE RISK OF COMPROMISE

Our review identified control weaknesses and opportunities for improvement for nearly one-third of the 153 controls tested in various areas related to BPA's transmission infrastructure systems. We made 18 recommendations and 2 suggestions for improvement that, if fully implemented, should improve the organization's cybersecurity posture. This is significant because BPA's transmission infrastructure will remain at a higher-than-necessary risk of compromise by nefarious individuals and organizations. Because this report contains Controlled Unclassified Information, it is not being released to the public. (DOE-OIG-24-34; September 2024)

EFFORTS NEEDED TO IMPROVE THE DEPARTMENT'S RANSOMWARE COUNTERMEASURES AND RESPONSE TO REDUCE VULNERABILITY TO UNAUTHORIZED ACCESS

Although the Department had implemented countermeasures to help limit its exposure to the risks associated with a potential ransomware attack, there were shortcomings at each of the sites reviewed. These shortcomings, which could impact the Department's ability to defend and respond to ransomware attacks, were related to failures in risk evaluation, contingency planning and incident response testing, system and information backups, and contractual requirements. Without improvements to the Department's risk management approach, it faces the risk of not properly identifying threat vectors and addressing risks associated with ransomware attacks that could potentially leave the Department and its assets vulnerable to unauthorized access. Because this report contains Controlled Unclassified Information, it is not being released to the public. (DOE-OIG-24-18, May 2024)

SUBCONTRACTOR AT HANFORD SITE PLEADED GUILTY TO BANK FRAUD AND AGREED TO PAY A \$1.1 MILLION CIVIL SETTLEMENT

A former Department subcontractor at the Hanford site, pleaded guilty in the Eastern District of Washington to one count of Bank Fraud. As previously reported in the September 30, 2023, *Semiannual Report to Congress*, the OIG investigation determined the subcontractor fraudulently sought and obtained a \$493,865 loan as part of the SBA PPP. The subcontractor's labor costs and payroll continued to be paid by the Department throughout COVID-19, including when the employees were unable to physically work at the site and instead were teleworking or simply home in "ready" status. Shortly after receiving the funds, the subcontractor transferred and used more than \$424,230 of the PPP proceeds on unauthorized expenditures. In addition, the owner agreed to pay \$1,105,498 as part of a DOJ civil settlement in order to resolve his individual liability arising from their receipt of PPP funding. This was a joint investigation with the SBA OIG and the Veterans Administration OIG.

DEBARMENT BASED ON PANDEMIC FRAUD

A former Department employee and their business were debarred for a period of 3 years by the Department's Office of Acquisition Management. As previously reported in the September 30, 2021; March 31, 2022; and September 30, 2022; *Semiannual Report to Congress*, the OIG investigation determined the employee, while teleworking in Mobile, Alabama, fraudulently applied for and received an SBA EIDL in the amount of \$129,800 and an additional cash advance of \$4,000. The employee admitted to providing fraudulent revenue and cost of goods amounts for their business within the SBA EIDL application. The former employee submitted the application online from a Department-controlled IP address using a Department-owned laptop computer. The former employee pleaded guilty in the U.S. District Court for the Southern District of Alabama to Conspiracy to Commit Wire Fraud and was sentenced to 30 days incarceration in the U.S. Bureau of Prisons' custody, serve 3 years of supervised release with special conditions, and pay restitution in the amount of \$140,694 with a \$100 special assessment.

\$2.5 MILLION IN TAXPAYER SAVINGS REALIZED AFTER OIG FOUND THAT NATIONAL NUCLEAR SECURITY ADMINISTRATION PAID FOR ENERGY SAVINGS THAT DID NOT EXIST AT PANTEX PLANT

NNSA approved \$6,705,006 in payments for guaranteed savings without validating that the cost-effective energy savings were achieved. The Office of Inspector General determined that NNSA paid over \$500,000 for replacement lighting that was never provided to the Pantex Plant for use; paid for energy savings for buildings that had been demolished or sold; and paid for energy savings from a steam distribution system that was not fully functional due to an abundance of leaks. NNSA took immediate action to stop all service activity and began working toward terminating the Energy Savings Performance Contract with NORESKO, LLC at the Pantex Plant. These actions will save American taxpayers approximately \$2.5 million. (DOE-OIG-24-23, July 2024)



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FORMER DEPARTMENT SENIOR EXECUTIVE SERVICE EMPLOYEE PLEADED GUILTY AND SUSPENSION ISSUED IN CHILD SEXUAL ABUSE INVESTIGATION

A former Department Senior Executive Service employee pleaded guilty in the U.S. District Court for the District of Maryland to two counts of Coercion and Enticement of a Minor. As previously reported in the March 31, 2024, *Semiannual Report to Congress*, the OIG investigation determined the former employee used his Government-issued cell phone to communicate illicitly with minors. The former employee was indicted, arrested, and entered into a plea agreement in the U.S. District Court for the District of Maryland. As part of the plea agreement, the former employee agreed to serve 10 to 12.5 years in prison; pay a possible max fine of \$250,000; make possible restitution payment to the victims; and be required to register as a sex offender. Also, the Department's Office of Acquisition Management issued a Government-wide suspension for a former Department Senior Executive Service employee. This was a joint investigation with Homeland Security Investigations, the Maryland State Police, the Hagerstown Police Department, and the Office of the State's Attorney for Anne Arundel County, Maryland.

MORE THAN \$232 MILLION IN COSTS CLAIMED IN FISCAL YEAR 2019 BY UCHICAGO ARGONNE, LLC REQUIRE FURTHER REVIEW BECAUSE THEY DID NOT CONSISTENTLY FOLLOW COST ACCOUNTING STANDARDS

Claimed costs incurred for fiscal year 2019 by UChicago Argonne, LLC may not have always been allowable, allocable, or reasonable in accordance with contract terms, applicable cost principles, laws, and regulations. Specifically, we found inconsistencies with its indirect cost accounting as well as inaccuracies in disclosed practices. We also found internal control weaknesses in our reviews of payroll and consulting agreement transactions. In total, we questioned \$169,198 in costs claimed, identified \$3,933,746 in unsupported costs claimed, and observed \$232,495,716 in costs needing further review to resolve, including \$73,634,017 in subcontract costs that UChicago Argonne, LLC failed to audit, as required. These issues could result in the Department reimbursing UChicago Argonne, LLC for costs that are unallowable, unallocable, or unreasonable. (DOE-OIG-24-29, September 2024)

LAWRENCE BERKELEY NATIONAL LABORATORY DID NOT ENSURE PROPER MONITORING OF WORKERS FOR RADIATION EXPOSURE WHEN PROCESSING PACKAGES

Lawrence Berkeley National Laboratory (LBNL) did not implement radiation monitoring of employees as required by 10 CFR 835, Occupational Radiation Protection. We determined that workers were not properly monitored when opening a package of radioactive material; that a supervisor lifted a stop work order without establishing proper monitoring controls; and that LBNL did not adequately monitor gloveboxes. Finally, LBNL did not define gloveboxes as an area that required monitoring, although gloveboxes meet the definition for an area per 10 CFR 835. By not implementing the proper monitoring controls, LBNL did not comply with 10 CFR 835 and may be unable to adequately ensure workers will not exceed exposure limits. (DOE-OIG-24-26, August 2024)

CONTRACTOR TAKES ACTION TO ELIMINATE LABOR WASTE AT THE DEPARTMENT'S DIRECTION FOLLOWING FALSE CLAIMS INVESTIGATION

Pursuant to an OIG investigation, the Department withheld \$6,837,187 in provisional contract award fees from a Department contractor at the Hanford Site. Further, the Department directed the contractor to provide the Department with an internal assessment identifying labor performance areas of concern and to develop actions aimed at eliminating labor waste. In response to the Department's request, the contractor submitted a Plan of Action and Milestones for work planning and time management. The Department notified the OIG that the contractor's Plan of Action and Milestones meets the Department's expectations, and the Department will actively monitor the contractor's progress to ensure the Plan of Action and Milestones' effectiveness.

CORPORATE MONITORSHIP OF FORMER LABOR MISCHARGING OFFENDERS HELPED TO PROTECT TAXPAYER DOLLARS WHEN DEPARTMENT CONTRACTOR RETURNED ALMOST \$300,000 TO THE DEPARTMENT

A Department contractor notified the OIG they issued a credit to the Department for \$296,197 as a result of the ongoing Corporate Monitorship of the Waste Treatment Plant at the Department's Hanford Site. The credit was issued following a review by the Corporate Monitorship to determine if hours charged for maintenance-related "walkdowns" by craft professionals was allowable and consistent with the terms of the contract, which resulted in an identified deficiency. Subsequently, the contractor deemed 3,307.5 hours as unallowable between November 15, 2021, and June 30, 2023, resulting in the credit to the Department. As previously reported in the September 30, 2020, *Semiannual Report to Congress*, the Corporate Monitorship commenced following a Federal Civil Settlement Agreement of \$57.75 million with the contractors resulting from their conduct involving fraudulent time charging, and the Agreement mandated implementation of a 3-year Corporate Monitorship.

TIME INTENTIONALLY CHARGED TO WRONG PROJECT AND UNNECESSARY OVERTIME PAID DUE TO INEFFECTIVE CONTROLS OVER SANDIA NATIONAL LABORATORIES' TIMEKEEPING PRACTICES

The Department does not have effective controls over timekeeping and personnel practices at Sandia National Laboratories. We determined that the former Sandia National Laboratories Personnel Security Department (PerSec) Manager instructed employees to charge time to a different project/task code than to the project/task code they worked on. We also determined that the former PerSec Manager encouraged and allowed unnecessary overtime. Specifically, the former PerSec Manager interpreted upper management communication as pressure to address a budget underrun, and the former PerSec Manager lacked appropriate budgetary knowledge and experience. As a result, \$34,796 in unallowable costs associated with the overtime hours were questioned. Additionally, charging work hours to unrelated project/task codes impacts Sandia National Laboratories' ability to appropriately track costs and allocate resources. Lastly, charging work to unrelated projects and bypassing policy and contractual limitations undermines ethics and standards of conduct and has the potential to erode public confidence in the Department and its contractors. (DOE-OIG-24-16, April 2024)

MANAGEMENT AND OPERATING CONTRACTOR AGREED TO PAY \$18.4 MILLION IN CIVIL SETTLEMENT AGREEMENT FOR KNOWINGLY SUBMITTING FALSE CLAIMS FOR TIME NOT WORKED

The DOJ entered into an \$18.4 million Civil Settlement Agreement with the M&O contractor at the Department's Pantex Plant, of which \$16.5 million was specified as restitution to the Department. The Settlement Agreement resolved allegations that the M&O contractor violated the Federal False Claims Act for knowingly submitting false claims to the Department for time claimed but not worked by production technicians at Pantex. The OIG conducted both criminal and civil investigations into this conduct, which resulted in over 130 security clearance suspensions or revocations, 46 debarments, 135 employee suspensions, and 48 terminations. The U.S. DOJ press release can be found [here](#).

FEDERAL FINANCIAL MANAGEMENT IMPROVEMENT ACT-RELATED REPORTING

Reporting on Federal Financial Management Improvement Act requirements is addressed annually via the audit of the Department's consolidated financial statements. The most recent audit was conducted by KPMG LLP on the OIG's behalf. In the audit report, *The Department of Energy's Fiscal Year 2023 Consolidated Financial Statements*, KPMG LLP stated that its test results disclosed no instances in which the Department's financial management system did not substantially comply with: (1) Federal financial management systems requirements; (2) applicable Federal accounting standards; and (3) the U.S. Government Standard General Ledger at the transactions level. (DOE-OIG-24-04, November 2023)



Photo courtesy of Shutterstock, 2024

SEMIANNUAL REPORTING REQUIREMENTS INDEX

This table identifies the report sections that meet each reporting requirement prescribed by the Inspector General Act of 1978 and the Inspector General Empowerment Act of 2016.

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Total Number of Persons Referred to the State/Local Prosecuting Authorities for Criminal Prosecution	5 U.S.C. § 405 (a)(11)(C)	2
Total Number of Indictments and Criminal Informations During the Reporting Period that Resulted from Any Prior Referral to Prosecuting Authorities	5 U.S.C. § 405 (a)(11)(D)	2
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ABOUT THE DEPARTMENT AND THE OFFICE OF INSPECTOR GENERAL

The Department is headquartered in Washington, DC, and is also responsible for the Energy Information Administration, the National Nuclear Security Administration, 21 pre-eminent research laboratories and facilities, 4 Power Marketing Administrations, 10 Field Offices, and 17 Program Offices, which help manage the Department’s mission with over 16,000 Federal employees and more than 124,000 contract employees. The Department is the Nation’s top sponsor of research and development and has won more Nobel Prizes and research and development awards than any private sector organization, and twice as many as all other Federal agencies combined. The mission of the Department is to ensure America’s security and prosperity by addressing its energy, environmental, and nuclear challenges through transformative science and technology solutions.

The OIG’s mission is to strengthen the integrity, economy, and efficiency of the Department’s programs and operations. The OIG has the authority to inquire into all Department programs and activities as well as the related activities of persons or parties associated with Department grants, contracts, or other agreements. As part of its independent status, the OIG provides the Secretary with an impartial set of “eyes and ears” to evaluate management practices.

THE OFFICE OF INSPECTOR GENERAL HOTLINE CONTACT INFORMATION

<i>Contact the OIG Hotline if you suspect fraud, waste, or abuse involving Department programs, a Department employee, contractor, or grant recipient.</i>	
Complaint Form	https://www.energy.gov/ig/complaint-form
Toll-Free Telephone Number	1-800-541-1625
Washington DC Metro Telephone Number	1-202-586-4073
Fax	1-202-586-4902
Email Address	ighotline@hq.doe.gov
Mailing Address	U.S. Department of Energy Office of Inspector General ATTN: IG Hotline 1000 Independence Ave, SW Washington, DC 20585

FEEDBACK

The contents of this *Semiannual Report to Congress* comply with the requirements of the Inspector General Act of 1978, as amended. If you have any suggestions for making the report more responsive, please email your comments to OIGPublicAffairs@hq.doe.gov.