



U.S. Department of Energy
Office of Inspector General
Office of Audits and Inspections

Inspection Report

Follow-up Review of Control and Accountability of Emergency Communication Network Equipment

INS-L-12-01

December 2011



Department of Energy
Washington, DC 20585

December 21, 2011

MEMORANDUM FOR THE ASSOCIATE ADMINISTRATOR FOR EMERGENCY OPERATIONS

Sandra D. Bruce

FROM: Sandra D. Bruce
Assistant Inspector General
for Inspections
Office of Inspector General

SUBJECT: INFORMATION: Inspection Report on "Follow-up Review of Control and Accountability of Emergency Communication Network Equipment"

BACKGROUND

The Department of Energy's (Department) Emergency Communications Network (ECN) mission is to enable the exchange of classified and unclassified voice, data and video capabilities during national or Department emergencies. ECN connects approximately 80 remote Department sites and mobile units across the nation using various forms of electronic communication capabilities – audio and video teleconferencing, e-mail, faxes and intranet. The National Nuclear Security Administration's (NNSA) Office of Emergency Operations manages the ECN program for the Department. NNSA has contracted with National Security Technologies, LLC (NSTec) for the administration, maintenance and operation of the ECN network at NNSA's Nevada Site Office (Nevada). NSTec is responsible for managing the ECN property, about 1,100 pieces, including computers, laptops, servers and switches.

In September 2004, the Office of Inspector General issued a report entitled, "[Control and Accountability of Emergency Communication Network Equipment](#)," (DOE/IG-0663). We concluded that the Department had not established effective oversight of its property inventory system. Departmental management concurred with our recommendations and stated that they took corrective actions to address the accountability issues identified in our report.

CONCLUSIONS AND OBSERVATIONS

Our inspection revealed that Department officials have taken positive steps in response to our 2004 report to improve ECN equipment control and accountability. Specifically, Department and NSTec officials:

- Consolidated ECN equipment inventories for Headquarters and Nevada into a centralized property management system;

- Developed procedures to improve its process for increased property accountability;
- Developed procedures to reassign property from terminating or transferring employees;
- Modified NSTec procedures to strengthen the process to conduct required annual ECN property inventories; and,
- Improved Departmental guidance for the ECN equipment loan process.

Our observations are based on testing of various inventory procedures, direct confirmation that sampled property was properly accounted for and a review of new or updated policies and procedures (see attachment).

While we identified minor issues, some of which were immediately corrected, we generally confirmed that the Department had addressed our previous findings and was adequately accounting for ECN property.

We appreciate the cooperation received from your staff during our inspection. Given that Department officials have addressed the prior inspection report findings, and that steps and procedures have been instituted to continually improve current operations, we are not making any recommendations and a response is not required.

Attachment

cc: Deputy Secretary
Associate Deputy Secretary
Administrator, National Nuclear Security Administration
Chief of Staff

OBJECTIVE, SCOPE AND METHODOLOGY

OBJECTIVE

Given the Department of Energy's (Department) past property accountability concerns, and the importance of the Emergency Communication Network's (ECN) mission, we initiated this inspection to determine if Nevada has improved its process for control and accountability of property assigned to the ECN program.

SCOPE AND METHODOLOGY

This inspection was performed from July through September 2011 at the Nevada Operations Site and Headquarters, Washington, D.C. This was a follow-up performance inspection to our previous report on "[Control and Accountability of Emergency Communication Network Equipment](#)," issued (DOE/IG-0663), September 24, 2004. To accomplish the inspection objective, we:

- Reviewed and analyzed the prior Office of Inspector General (OIG) issued Emergency Communications Network Property report, and related work papers;
- Reviewed and analyzed recommendations and corrective actions in the Departmental Audit Reporting and Tracking System associated with the previous Inspection;
- Reviewed and analyzed applicable Contractor directives, Department of Energy regulations, and other guidance related to property management;
- Reviewed prior reports issued by the OIG and the Government Accountability Office;
- Interviewed Contractor and Federal officials at both locations to gather information regarding ECN control and accountability measures and procedures for property management;
- Tested a judgmental sample of 35 percent (380 of 1,085 pieces of equipment) of current ECN inventory to assess accountability of property by the contractor;
- Tested a judgmental sample of 22 percent (45 of 204 pieces of equipment) of transferred property; and,
- Tested a judgmental sample of 42 percent (25 of 60 pieces of equipment) of reassigned property.

We conducted this performance inspection in accordance with the Council of the Inspectors General on Integrity and Efficiency's *Quality Standards for Inspection and Evaluation*. The standards require that we plan and perform the inspection to obtain sufficient, appropriate evidence to provide a reasonable basis for our conclusions and observations based on our inspection objective. We believe the evidence obtained provides a reasonable basis for our

conclusions and observations based on our inspection. The inspection included tests of controls to comply with laws and regulations to the extent able to satisfy the inspection objectives. Because our review was limited, it would not necessarily have disclosed all internal control deficiencies that may have existed at the time of our inspection. Also, we assessed Nevada's compliance with *Government Performance and Results Act of 1993* and found that performance measures had been established relating to property management. Specifically, we reviewed National Security Technologies, LLC (NSTec) Fiscal Year (FY) 2010 Annual Report of Physical Inventory and Write-off Request, which is reviewed and approved by a Department official. During our review of the document, we noted that NSTec had achieved a property inventory accountability rate, based on total acquisition dollars, of 99.99 percent for sensitive assets and 99.96 percent for equipment during the FY 2010 Inventories. Finally, we relied on computer processed data to some extent to satisfy our objective related to property management. We confirmed the validity of such data, when appropriate, by reviewing source documents and performing physical observations.

Management waived the Exit Conference.

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