



Highlights of [GAO-12-473T](#), a testimony before the Subcommittee on Strategic Forces, Committee on Armed Services, House of Representatives

## Why GAO Did This Study

The National Nuclear Security Administration (NNSA), a separately organized agency within the Department of Energy (DOE), is responsible for managing its contractors' nuclear weapon- and nonproliferation-related national security activities in laboratories and other facilities, collectively known as the nuclear security enterprise. GAO designated DOE's management of its contracts as an area at high risk of fraud, waste, and abuse. Progress has been made, but GAO continues to identify problems across the nuclear security enterprise, from projects' cost and schedule overruns to inadequate oversight of safety and security at NNSA's sites. Laboratory and other officials have raised concerns that federal oversight of the laboratories' activities has been excessive. With NNSA proposing to spend tens of billions of dollars to modernize the nuclear security enterprise, it is important to ensure scarce resources are spent in an effective and efficient manner.

This testimony addresses (1) NNSA's ability to produce budget and cost data necessary to make informed management decisions, (2) improving NNSA's project and contract management, and (3) DOE's and NNSA's safety and security oversight. It is based on prior GAO reports issued from August 2000 to January 2012.

DOE and NNSA continue to act on the numerous recommendations GAO has made in improving budget and cost data, project and contract management, and safety and security oversight. GAO will continue to monitor DOE's and NNSA's implementation of these recommendations.

View [GAO-12-473T](#). For more information, contact Gene Aloise at (202) 512-3841 or [aloisee@gao.gov](mailto:aloisee@gao.gov).

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## NATIONAL NUCLEAR SECURITY ADMINISTRATION

### Observations on NNSA's Management and Oversight of the Nuclear Security Enterprise

## What GAO Found

NNSA has successfully ensured that the nuclear weapons stockpile remains safe and reliable in the absence of underground nuclear testing, accomplishing this complicated task by using state-of-the-art facilities as well as the skills of top scientists. Nevertheless, NNSA does not have reliable enterprise-wide management information on program budgets and costs, which potentially increases risk to NNSA's programs. For example, in June 2010, GAO reported that NNSA could not identify the total costs to operate and maintain essential weapons activities facilities and infrastructure. In addition, in February 2011, GAO reported that NNSA lacks complete data on, among other things, the condition and value of its existing infrastructure, cost estimates and completion dates for planned capital improvement projects, and critical human capital skills in its contractor workforce that are needed for its programs. As a result, NNSA does not have a sound basis for making decisions on how to most effectively manage its portfolio of projects and other programs and lacks information that could help justify future budget requests or target cost savings opportunities. NNSA recognizes that its ability to make informed decisions is hampered and is taking steps to improve its budget and cost data.

For more than a decade and in numerous reports, GAO found that NNSA has continued to experience significant cost and schedule overruns on its major projects. For example, in 2000 and 2009, respectively, GAO reported that NNSA's efforts to extend the operational lives of nuclear weapons in the stockpile have experienced cost increases and schedule delays, such as a \$300 million cost increase and 2-year delay in the refurbishment of one warhead and a nearly \$70 million increase and 1-year delay in the refurbishment of another warhead. NNSA's construction projects have also experienced cost overruns. For example, GAO reported that the cost to construct a modern Uranium Processing Facility at NNSA's Y-12 National Security Complex experienced a nearly seven-fold cost increase from between \$600 million and \$1.1 billion in 2004 to between \$4.2 billion and \$6.5 billion in 2011. Given NNSA's record of weak management of major projects, GAO believes careful federal oversight of NNSA's modernization of the nuclear security enterprise will be critical to ensure that resources are spent in as an effective and efficient manner as possible.

NNSA's oversight of safety and security in the nuclear security enterprise has also been questioned. As work carried out at NNSA's sites involves dangerous nuclear materials such as plutonium and highly enriched uranium, stringent safety procedures and security requirements must be observed. GAO reported in 2008 on numerous safety and security problems across NNSA's sites, contributing, among other things, to the temporary shutdown of facilities at both Los Alamos and Lawrence Livermore National Laboratories in 2004 and 2005, respectively. Ineffective NNSA oversight of its contractors' activities contributed to many of these incidents as well as relatively lax laboratory attitudes toward safety procedures. In many cases, NNSA has made improvements to resolve these safety and security concerns, but better oversight is needed to ensure that improvements are fully implemented and sustained. GAO agrees that excessive oversight and micromanagement of contractors' activities are not an efficient use of scarce federal resources, but that NNSA's problems are not caused by excessive oversight but instead result from ineffective departmental oversight.