



Highlights of [GAO-12-867T](#), a testimony before the Subcommittee on Strategic Forces, Committee on Armed Services, House of Representatives

## Why GAO Did This Study

During the late 1990s, DOE had difficulties with a lack of clear management authority and responsibility that contributed to security problems at the nation's nuclear weapons laboratories and management problems with major projects. In response, Congress created NNSA as a separately organized agency within DOE under the NNSA Act. NNSA is responsible for managing nuclear weapon- and nonproliferation-related national security activities in laboratories and other facilities, collectively known as the nuclear security enterprise. 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. With NNSA proposing to spend tens of billions of dollars to modernize its facilities, it is important to ensure scarce resources are spent in an effective and efficient manner.

This testimony addresses (1) NNSA's early experiences organizing and operating as a separately organized agency within DOE and (2) NNSA's efforts to correct long-standing management deficiencies. It is based on prior GAO reports issued from January 1995 to March 2012.

DOE and NNSA continue to act on the numerous recommendations GAO has made to improve NNSA's management. GAO will continue to monitor DOE's and NNSA's implementation of these recommendations.

View [GAO-12-867T](#). For more information, contact Gene Aloise at (202) 512-3841 or [aloiseg@gao.gov](mailto:aloiseg@gao.gov).

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## MODERNIZING THE NUCLEAR SECURITY ENTERPRISE

### Observations on the Organization and Management of the National Nuclear Security Administration

## What GAO Found

After the enactment of Title 32 of the National Defense Authorization Act for Fiscal Year 2000 (NNSA Act), the Department of Energy (DOE) and the National Nuclear Security Administration (NNSA) struggled to determine how NNSA should operate as a separately organized agency within the department. A number of factors contributed to this. First, DOE and NNSA did not have a useful model to follow for establishing a separately organized agency in DOE. Several federal agencies were suggested as models, such as the National Oceanic and Atmospheric Administration in the Department of Commerce. However, GAO reported in January 2007 that agency officials GAO interviewed did not consider their agency to be separately organized or believed that their agency's operational methods were transferable to NNSA. Second, DOE's January 2000 plan to implement the NNSA Act did not define how NNSA would operate as a separately organized agency within DOE. Internal DOE opposition to the creation of NNSA led the department to fill virtually every significant statutory position in NNSA with DOE officials (i.e., having DOE officials contemporaneously serve in NNSA and DOE positions). As GAO testified in April 2001, this practice of "dual-hatting" caused considerable concern about NNSA's ability to independently function. Also, lack of formal agreement between DOE and NNSA in a number of key areas such as, among others, budgeting and procurement, led to organizational conflicts that inhibited effective operations. Even where formal procedures were developed, interpersonal disagreements hindered effective cooperation. For example, a January 2007 GAO report described the conflict between NNSA and DOE counterintelligence offices, which led to Congress subsequently amending the NNSA Act to consolidate the counterintelligence programs of DOE and NNSA under DOE.

NNSA has made considerable progress resolving some of its long-standing management deficiencies, but significant improvement is still needed especially in NNSA's management of its major projects and contracts. GAO reported in June 2004 that NNSA has better delineated lines of authority and has improved communication between its headquarters and site offices. In addition, NNSA's establishment of an effective headquarters security organization has made significant progress resolving many of the security weaknesses GAO has identified. Nevertheless, NNSA continues to experience major cost and schedule overruns on its projects, such as research and production facilities and nuclear weapons refurbishments, principally because of ineffective oversight and poor contractor management. In some areas, NNSA can be viewed as a success. Importantly, NNSA has continued to ensure that the nuclear weapons stockpile remains safe and reliable in the absence of underground nuclear testing. At the same time, NNSA's struggles in defining itself as a separately organized agency within DOE, and the considerable management problems that remain have led to calls in Congress and other organizations to increase NNSA's independence from DOE. However, senior DOE and NNSA officials have committed to continuing reform, and DOE's and NNSA's efforts have led to some management improvements. As a result, GAO continues to believe, as it concluded in its January 2007 report, that drastic organizational change to increase independence is unnecessary and questions whether such change would solve the agency's remaining management problems.