

# GAO Highlights

Highlights of [GAO-23-106081](#), a report to congressional requesters

## Why GAO Did This Study

EM is responsible for cleaning up a nationwide complex of 15 sites contaminated by radioactive and hazardous materials resulting from decades of nuclear weapons production and nuclear energy research. Annually, EM officials develop a budget request for each site, which includes both base operations and progress activities. In fiscal year 2022, EM's annual budget request for base operations across all of its sites totaled \$3.1 billion, or 41 percent, of EM's budget request of almost \$7.6 billion.

GAO was asked to review the costs for base operations at EM sites. This report examines (1) the extent to which EM sites vary in how they categorize their activities as base operations and progress and (2) EM's mechanisms to incentivize contractors to manage base operations in a cost-effective manner.

GAO reviewed EM guidance and interviewed officials at each EM site and headquarters regarding efforts to collect consistent information on annual base operations costs. GAO also reviewed contracts that covered base operations to identify efforts to manage these costs.

## What GAO Recommends

GAO is recommending that EM (1) develop budget guidance that clearly defines base operations and progress activities and (2) assess whether its contract-based approach is improving the cost-effective performance of base operations at major cleanup sites. EM concurred with both recommendations.

View [GAO-23-106081](#). For more information, contact Nathan Anderson at (202) 512-3841 or [andersonn@gao.gov](mailto:andersonn@gao.gov).

August 2023

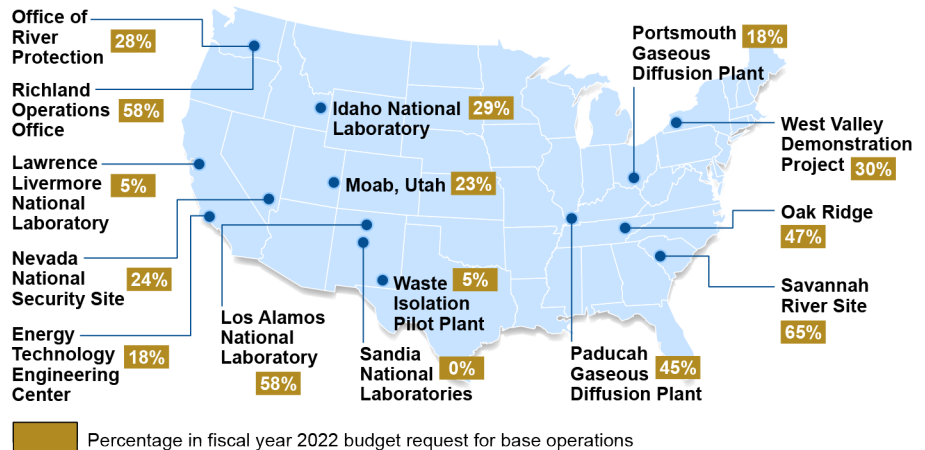
# DOE NUCLEAR CLEANUP

## Clear Guidance on Categorizing Activities and an Assessment of Contract Cost Effectiveness Needed

### What GAO Found

Officials at the 15 sites operated by the Department of Energy's (DOE) Office of Environmental Management (EM) are responsible for categorizing site activities during budget formulation. For this process, EM generally divides activities into two categories: (1) those that do not advance the cleanup mission, which GAO refers to as "base operations"; and (2) those that advance the cleanup mission, which are referred to as "progress." The figure below shows the percentage of base operations for each site in the fiscal year 2022 budget request. EM officials use these data to inform decisions on how to prioritize activities for funding. However, EM sites vary in how they categorize activities. Specifically, several sites placed similar activities in different categories because guidance did not include clear definitions. According to officials in EM's budget office, EM has issued guidance in the past for a more uniform definition of base operations, but EM sites have expressed concern, citing the unique aspects of each site's activities. By providing guidance that includes clear definitions, EM management could better weigh options for prioritizing funding.

Base Operations as a Percentage of the Fiscal Year 2022 Budget Request for Department of Energy Office of Environmental Management Cleanup Sites



Sources: GAO analysis of Department of Energy information; Map Resources (map). | GAO-23-106081

According to senior EM officials, EM relies primarily on contract-based approaches to ensure that base operations are performed in a cost-effective manner. EM issued guidance that states that performance evaluation plans for contracts with incentives should incentivize efficiencies in base operations costs. However, at several sites, certain base operations are performed under firm-fixed-price contracts, a type of contract that does not typically include performance incentives. Federal internal control standards call for management to design control activities to achieve objectives and respond to risks. Yet EM has not assessed whether its contract-based approach is achieving the desired results. Without assessing whether the current approach is improving the cost-effectiveness of base operations, EM management does not have a clear understanding of whether its reliance on contract mechanisms is achieving the intended results.