



**OFFICE OF INSPECTOR GENERAL**

U.S. Department of Energy

# INSPECTION REPORT

DOE-OIG-23-30

August 2023

**ALLEGATIONS OF OVERSIGHT  
CONCERNS AT THE NATIONAL  
NUCLEAR SECURITY  
ADMINISTRATION'S W88 ALTERATION  
370 FEDERAL PROGRAM OFFICE**



**Department of Energy**  
Washington, DC 20585

August 29, 2023

**MEMORANDUM FOR THE ADMINISTRATOR, NATIONAL NUCLEAR SECURITY  
ADMINISTRATION**

**SUBJECT: Inspection Report on Allegations of Oversight Concerns at the National Nuclear Security Administration's W88 Alteration 370 Federal Program Office**

The attached report discusses our review of allegations regarding oversight concerns at the National Nuclear Security Administration's W88 Alteration 370 Federal Program Office. This report does not contain recommendations. Therefore, no management response is required.

We conducted this inspection from January 2023 through August 2023 in accordance with the Council of the Inspectors General on Integrity and Efficiency's *Quality Standards for Inspection and Evaluation* (December 2020). We appreciated the cooperation and assistance received during this inspection.

A handwritten signature in black ink, appearing to read "Anthony Cruz".

Anthony Cruz  
Assistant Inspector General  
for Inspections, Intelligence Oversight,  
and Special Projects  
Office of Inspector General

cc: Deputy Secretary  
Chief of Staff



## Department of Energy Office of Inspector General

### Allegations of Oversight Concerns at the National Nuclear Security Administration's W88 Alteration 370 Federal Program Office (DOE-OIG-23-30)

#### WHY THE OIG PERFORMED THIS INSPECTION

The Office of Inspector General received four allegations pertaining to oversight concerns at the National Nuclear Security Administration's (NNSA) W88 Alteration (Alt) 370 Federal Program Office where officials: (1) exhibited abusive behavior towards employees at NNSA management and operating (M&O) sites; (2) hired an excessive number of contractors who did not add value; (3) engaged in the extensive use of unclassified communication channels that created security risks; and (4) interfered with the oversight of the weapons anomaly reporting and investigation process to prioritize schedule over quality.

We conducted this inspection to determine the facts and circumstances regarding the alleged oversight concerns at NNSA's W88 Alt 370 Federal Program Office.

#### What Did the OIG Find?

We did not substantiate the four allegations pertaining to oversight concerns at NNSA's W88 Alt 370 Federal Program Office. Specifically, we did not substantiate that W88 Alt 370 Federal Program Office officials: (1) exhibited abusive behavior towards employees at NNSA M&O sites; (2) hired an excessive number of contractors who did not add value; (3) engaged in the extensive use of unclassified communication channels that created security risks; and (4) interfered with the oversight of the weapons anomaly reporting and investigation process to prioritize schedule over quality. However, interviews with M&O contractors conveyed that there was pressure from NNSA's W88 Alt 370 Federal Program Office to resolve issues expeditiously.

#### What Is the Impact?

NNSA is being asked to do more to support the strategic nuclear deterrence mission. A window exists for NNSA to refine its enterprise-wide processes and restore relationships. Although we did not substantiate any of the allegations brought to our attention, NNSA is in the process of assessing the state of relationships between the Federal and M&O workforce.

#### What Is the Path Forward?

NNSA's September 2022 report on the Enhanced Mission Delivery Initiative builds upon prior reviews and governance reform efforts to provide substantive actionable recommendations by senior leadership and subject matter experts from across the Nuclear Security Enterprise. Also, the Government Accountability Office initiated a review of the implementation of NNSA's Enhanced Mission Delivery Initiative; therefore, we are not making any recommendations.

## **BACKGROUND**

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The National Nuclear Security Administration (NNSA) is a semi-autonomous agency within the Department of Energy responsible for protecting the American people by maintaining a safe, secure, and effective nuclear weapons stockpile. The W88 nuclear warhead entered the stockpile in late 1988 and is deployed on the U.S. Navy's Trident II D5 Submarine-Launched Ballistic Missile system, carried onboard Ohio-class ballistic missile submarines. Deployed for more than three decades, the W88 nuclear warhead requires several updates to address aging issues and to maintain its current state of readiness. NNSA's W88 Alteration (Alt) 370 Program allows the submarine-launched ballistic missile warhead to meet modern safety and reliability standards. NNSA implements the overall nuclear weapons strategy, collaborating with its management and operating (M&O) contractors to oversee and coordinate activities to ensure these activities are accomplished in an efficient, fiscally responsible manner. NNSA Nuclear Security Enterprise M&O contractors that have roles in the W88 Alt 370 Program include Los Alamos National Laboratory (LANL), Sandia National Laboratories (SNL), Kansas City National Security Campus, and the Pantex Plant.

In March 2022, the Office of Inspector General received four allegations pertaining to oversight concerns at NNSA's W88 Alt 370 Federal Program Office. Specifically, the complainants alleged that Federal Program Office officials: (1) exhibited abusive behavior towards employees at NNSA M&O sites; (2) hired an excessive number of contractors who did not add value; (3) engaged in the extensive use of unclassified communication channels that created security risks; and (4) interfered with the oversight of the weapons anomaly reporting and investigation process to prioritize schedule over quality. We conducted this inspection to determine the facts and circumstances regarding the alleged oversight concerns at NNSA's W88 Alt 370 Federal Program Office.

## **ABUSIVE BEHAVIOR TOWARDS EMPLOYEES AT M&O SITES**

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We did not substantiate the allegation that Federal Program Office officials exhibited abusive behavior towards employees at NNSA M&O sites. According to the allegation, there was enduring condescension and lack of trust and collaboration that lead to personnel turnover at a site, which puts the quality of W88 Alt 370 production at risk. The U.S. Equal Opportunity Employment Commission clarifies that harassment is a form of employment discrimination that violates Title VII of the Civil Rights Act of 1964, the Age Discrimination in Employment Act of 1967, and the Americans with Disabilities Act of 1990. The U.S. Equal Employment Opportunity Commission also states that for conduct to be unlawful, it must create a work environment that would be intimidating, hostile, or offensive to reasonable people.

Results from our interviews with M&O contractors from SNL, LANL, Kansas City National Security Campus, and the Pantex Plant conveyed that there was pressure from the Federal Program Office to resolve issues expeditiously. Additionally, M&O contractors informed us that schedule was the main driver of officials' behavior at the Federal Program Office. One M&O contractor also described a work environment that demanded a "thick skin" to keep from getting upset or offended. However, while some M&O contractors viewed officials at the Federal Program Office as demanding, they stopped short of believing that the officials' behavior was

abusive. Most importantly, the individuals we interviewed did not feel that the pressure and work environment were detrimental to the Program.

Additionally, our review of documentation, including emails between Federal Program Office officials and M&O contractors, did not uncover behaviors that met the threshold of abusive, inappropriate, or hostile behavior. Our review of the documentation was consistent with the results of interviews we conducted with M&O contractors who stated that the Federal Program Office officials expressed urgency to resolve technical issues pertaining to the W88 Alt 370 Program in an expedient manner. A Federal Program Office official explained that NNSA has an agreed-upon schedule with the U.S. Navy, and there are national security implications if delays occur. Given the critical nature of the W88 Alt 370 Program, we found that schedule priority was inherent on all aspects of the program, and this schedule priority created pressure between different stakeholders of the W88 Alt 370 Program.

## **EXCESSIVE USE OF CONTRACTORS**

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We did not substantiate the allegation that there was an excessive number of contractors hired into the Federal Program Office that did not provide added value. Specifically, the allegation stated that many of the contractors hired into the W88 Alt 370 Federal Program Office had a negative impact on productivity due to their lack of knowledge. According to NNSA's September 2022 report, *Evolving the Nuclear Security Enterprise: A Report of the Enhanced Mission Delivery Initiative*, Federal program offices are lightly staffed. Support service contractors have been hired to do programmatic integration and are empowered to get data from the product realization teams, so Federal staff can integrate across the sites and prioritize activities.

We reviewed support service contracts and job openings for the support service contractors, and there were professional requirements associated with the positions that included Department security clearances, minimum education, and experience. Additionally, the number of support service contractor personnel was consistent with the B61-12 and the W80-4 Life Extension Program Federal Program Offices. Support service contractor personnel at the Federal Program Office were from three different contractors. These contractors provide support services across NNSA's Office of Stockpile Management, which includes the Federal Program Office. During our interviews, M&O contractors had varying degrees of experience with the value of support service contractor personnel. Some officials informed us that it was unclear what some support service contractor roles were, while other officials found that the support service contractors did add value to the program. One M&O contractor also stated that some support service contractor personnel are from M&O sites formerly, and their expertise has been beneficial to the program.

## **UNCLASSIFIED COMMUNICATIONS**

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We did not substantiate the allegation that the Federal Program Office engaged in the extensive use of unclassified communication channels that created security risks, including the use of phone conference bridge lines. According to Department Order 471.3, *Identifying and Protecting Official Use Only Information*, and Department Manual 471.3-1, *Manual for Identifying and Protecting Official Use Only Information*, official use only information

transmitted over voice circuits should be protected by encryption whenever possible. If such encryption capabilities are not available and transmission by other encrypted means is not a feasible alternative, then regular voice circuits may be used. Additionally, Department Order 471.7, *Controlled Unclassified Information*, states that encryption is not required for phone transmission, and the authorized holders should consider if the sensitivity of the controlled unclassified information merits encryption. Therefore, the transmission of sensitive unclassified information over telephone circuits may be used.

W88 Alt 370 Program production status and leadership meetings were conducted on unsecured phone conference bridge lines. However, the production status and leadership meetings were moved to the WebEx collaboration tool in February 2021 and August 2022 respectively. We obtained a July 2021 NNSA memorandum that contained guidance for the transmission of unclassified information such as Controlled Unclassified Information and Unclassified Controlled Nuclear Information. According to the guidance, WebEx can be used for all types of Controlled Unclassified Information except Unclassified Naval Nuclear Propulsion Information. During our inspection, no documents, emails, or discussions involving Unclassified Naval Nuclear Propulsion Information came to our attention.

## **INTERFERENCE WITH OVERSIGHT OF WEAPONS ANOMALY REPORTING**

We did not substantiate the allegation that Federal Program Office officials interfered with the oversight of the weapons anomaly reporting and investigation process to prioritize schedule over quality. According to the allegation, prioritization of schedule was accomplished by meeting production targets and discouraging Significant Finding Investigations (SFIs) against the weapon system by encouraging the use of Specification Exception Releases (SXR) to authorize the use of a product that did not completely meet its specification. The NNSA Defense Program Business Process System's Federal Requirements R017, *Anomaly Reporting and Investigation* (R017), defines an SFI as an investigation to determine the cause and impacts of anomalies that could adversely affect nuclear weapon safety, performance, reliability, or field operations and to recommend courses of remedial action. SFIs can take time to resolve since NNSA and contractors stated that SFIs usually have a lifespan of a few years. An NNSA official stated that if a product does not meet specifications, it can be dispositioned in one of three ways: leave the product as-is; scrap it; or re-work it. SXRs are used to authorize and document the use of product or acceptance equipment that does not conform to its product definition.

We reviewed relevant emails between Federal Program Office officials and M&O contractors from January 2020 through August 2022. The emails and interviews with M&O contractors from multiple sites did not indicate that Federal Program Office officials discouraged the use of SFIs and encouraged the use of SXRs to authorize the use of a product that did not completely meet its specification. We did note that the W88 Alt 370 Program utilized a high number of SXRs when addressing products that did not conform to specifications. One NNSA official estimated that over 90 percent of nonconformances result in SXRs. Another NNSA official told us that "the [product] specifications may be too [rigid]." In August 2021, NNSA began the SXR Improvement Initiative. This initiative will assist the Nuclear Security Enterprise with improvements on how SXRs are requested, dispositioned, and how corrective action data is

captured. As of July 2023, NNSA was in the process of completing the SXR Improvement Initiative and addressing appropriate corrective actions.

We also noted that, in a February 2022 NNSA memorandum to the Sandia and Los Alamos Field Offices, the Federal Program Office requested that field offices direct their respective M&O contractors, SNL, and LANL to provide notification of Potential Significant Finding Notifications (PSFNs) to the Federal Program Office in a timely manner. The memorandum's requirement appeared to modify procedures established in R017 since PSFNs are not required to be reported to the Federal Program Manager. When we inquired about the memorandum, a Federal Program Office official stated that SNL was not informing them about Significant Finding Notifications (SFNs) in a timely fashion, as required. Per R017, a PSFN is elevated to an SFN when there is potential impact on stockpile reliability, safety, performance, or field operations, and the Federal Program Manager must be notified in writing when opening an SFN. However, the official stated that the issue has since been resolved. In June 2022, NNSA issued another memorandum to the Sandia and Los Alamos Field Offices that modified the direction given in the earlier February 2022 memorandum regarding PSFNs. Specifically, the June 2022 memorandum states that LANL and SNL shall notify NNSA in writing of an anomaly as soon as possible after opening an SFN per R017, thus eliminating the prior direction of PSFN notifications. Based upon issuance of this June 2022 memorandum, the Federal Program Office is not impeding the established R017 process.

## **PATH FORWARD**

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NNSA is being asked to do more to support the strategic nuclear deterrence mission. A window exists for NNSA to partially readjust its approach by refining its enterprise-wide processes and restoring relationships. Although we did not substantiate any of the allegations brought to our attention, NNSA is in the process of assessing the state of relationships between the Federal and M&O workforce. NNSA's September 2022 report on the Enhanced Mission Delivery Initiative (EMDI) builds upon prior reviews and governance reform efforts to provide substantive actionable recommendations by senior leadership and subject matter experts from across the Nuclear Security Enterprise. Specifically, the scope of the EMDI review was to identify obstacles to agility and responsiveness across the Nuclear Security Enterprise, and to assess the state of relationships between the Federal and M&O workforce.

The EMDI report shows that there were issues with priorities alignment and personnel integration because the sites received different priorities from each program office, and Headquarters staff often did not recognize the realities of competing program execution requirements in the field. Likewise, M&O site staff could be unaware of the pressures driving Headquarters' data calls and decisions. According to the report, the national laboratories collectively believe they are not being allowed the necessary freedom to operate as Federally Funded Research and Development Centers. The erosion of experience in both the Federal and M&O workforce manifested itself in transactional ways, with the Federal Program Manager giving what became technical direction and acting as the decision-maker on technical issues instead of deferring to the M&O site partner as the technical lead. The EMDI report also contains recommendations to aid the Nuclear Security Enterprise in changing its direction, which

includes the creation of a joint Headquarters and M&O working group to achieve desired cultural change.

We did not inspect the contents of the EMDI report and recommendations; however, the Government Accountability Office (GAO) initiated a review on NNSA's EMDI. Specifically, in March 2023, the GAO announced a review of NNSA's EMDI implementation in response to a Congressional mandate. According to the GAO, its review will focus on EMDI findings and recommendations related to contracting, Federal oversight, risk acceptance, and decision-making authority. Objectives of the GAO review include determining how NNSA defined its goals for the EMDI and the extent NNSA developed EMDI implementation plans for achieving those goals. Because the GAO review includes the implementation of EMDI recommendations, we are not making any recommendations.

## **Appendix 1: Objective, Scope, and Methodology**

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### **OBJECTIVE**

We conducted this inspection to determine the facts and circumstances regarding the alleged oversight concerns at the National Nuclear Security Administration's (NNSA) W88 Alteration 370 Federal Program Office.

### **SCOPE**

The inspection was performed from January 2023 through August 2023 at the NNSA John A. Gordon Albuquerque Complex. The scope was limited to the facts and circumstances regarding the allegations concerning oversight concerns from January 2020 through April 2023. The inspection was conducted under Office of Inspector General project number S22AL019.

### **METHODOLOGY**

To accomplish our inspection objective, we:

- Identified criteria (i.e., laws, regulations, and Department of Energy directives) related to the allegations;
- Interviewed key officials from NNSA, Los Alamos National Laboratory, Kansas City National Security Campus, Pantex Plant, and Sandia National Laboratories;
- Reviewed prior and related reports and determine the impact, if any, on the inspection; and
- Obtained and reviewed documentation pertaining to the circumstances of the allegations and technical matters of NNSA's W88 Alteration 370 Program.

We conducted our inspection in accordance with the *Quality Standards for Inspection and Evaluation* (December 2020) as put forth by the Council of the Inspectors General on Integrity and Efficiency. We believe that the work performed provides a reasonable basis for our conclusions.

Management officials waived an exit conference on July 19, 2023.

## **Appendix 2: Prior Report**

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Audit Report on [\*National Nuclear Security Administration Nuclear Weapons Systems Configuration Management\*](#) (DOE/IG-0902, March 2014). The audit substantiated the allegations and identified instances in which the National Nuclear Security Administration had not maintained accurate and complete configuration management information for its nuclear weapons and components. The audit also identified additional concerns with the use of nuclear weapons parts and components that did not conform to specifications. Specifically, Sandia National Laboratories and Los Alamos National Laboratory did not always justify the use of nonconforming parts in nuclear weapons in Specification Exception Releases. In addition, sites had not documented, so the audit could not determine whether corrective actions for nonconforming parts were planned and completed.

## FEEDBACK

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