



OFFICE OF INSPECTOR GENERAL

U.S. Department of Energy

INSPECTION REPORT

DOE-OIG-24-16

April 2024

**ALLEGATIONS REGARDING
TIMEKEEPING AND PERSONNEL
PRACTICES AT
SANDIA NATIONAL LABORATORIES**



Department of Energy
Washington, DC 20585

April 1, 2024

MEMORANDUM FOR THE MANAGER, SANDIA FIELD OFFICE

SUBJECT: Inspection Report on Allegations Regarding Timekeeping and Personnel Practices at Sandia National Laboratories

The attached report discusses our review of allegations regarding timekeeping and personnel practices at Sandia National Laboratories' Personnel Security Department in Albuquerque, New Mexico. This report contains three recommendations that, if fully implemented, should help reduce further occurrences of the identified issues. Management fully concurred with our recommendations.

We conducted this inspection from January 2022 through December 2023 in accordance with the Council of the Inspectors General on Integrity and Efficiency's *Quality Standards for Inspection and Evaluation*. 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 Regarding Timekeeping and Personnel
Practices at Sandia National Laboratories
(DOE-OIG-24-16)**

**WHY THE OIG
PERFORMED THIS
INSPECTION**

The Office of Inspector General received allegations regarding inappropriate timekeeping and personnel practices at Sandia National Laboratories' (SNL) Badge Office in Albuquerque, New Mexico. The allegations stated that a manager: (1) instructed employees to charge time to projects not worked; (2) encouraged and allowed unnecessary overtime; and (3) preferentially hired and converted an employee from limited term to full-time status.

We initiated this inspection to determine the facts and circumstances regarding alleged inappropriate timekeeping and personnel practices at SNL.

What Did the OIG Find?

We substantiated the allegation that the former Personnel Security Department (PerSec) Manager at SNL instructed employees to charge time to a different project/task code than to the project/task code they worked. We also substantiated the allegation that the former PerSec Manager encouraged and allowed unnecessary overtime. We attributed these actions to two factors: (1) the former PerSec Manager interpreted upper management communication as pressure to address a budget underrun, while (2) the former PerSec Manager lacked appropriate budgetary knowledge and experience. We did not substantiate the allegation that the former PerSec Manager preferentially hired an employee and later preferentially converted that employee to a full-time position.

What Is the Impact?

As a result of our inspection, we questioned \$34,796 as unallowable for the costs associated with 330.5 overtime hours. Additionally, charging work hours to unrelated project/task codes impacts SNL's ability to appropriately track costs and allocate resources. Lastly, charging work to unrelated projects and bypassing policy and contractual limitations undermines ethics and standards of conduct and has the potential to erode public confidence in the Department of Energy and its contractors. Furthermore, we identified a matter not associated with the initial allegations. We questioned \$3,977 in costs that SNL retroactively paid for 39.5 hours of overtime to resolve claims without supporting documentation.

What Is the Path Forward?

To address the issues identified in this report, we have made three recommendations that, if fully implemented, should help ensure that problems identified during our inspection are corrected.

BACKGROUND

Sandia National Laboratories¹ (SNL) delivers essential science and technology to resolve the Nation's most challenging security issues. As such, SNL supports not only the Department of Energy's National Nuclear Security Administration but also several Federal, state, and local Government agencies, companies, and organizations. SNL's headquarters is located in Albuquerque, New Mexico. SNL's Personnel Security Department's (PerSec) Badge Office is responsible for granting physical access to SNL by issuing badges to employees, contractors, and visitors. The PerSec Badge Office is also responsible for processing incoming classified and unclassified visits, outgoing classified visits, and answering everyday questions about physical access to SNL. In March 2020, SNL began limiting site access for most employees in response to COVID-19; however, the PerSec Badge Office never fully shut down. It needed to remain minimally staffed to provide essential in-person services such as badge issuance.

In December 2021, the Office of Inspector General received allegations that a former SNL PerSec Manager had engaged in several questionable behaviors related to timekeeping and personnel practices. The allegations stated that a manager: (1) instructed employees to charge time to projects not worked; (2) encouraged and allowed unnecessary overtime;² and (3) preferentially hired and converted an employee from limited-term to full-time status.

We initiated this inspection to determine the facts and circumstances regarding alleged inappropriate timekeeping and personnel practices at SNL.

MISCHARGED TIMEKEEPING CODES

We substantiated the allegation that in March 2021 the former PerSec Manager instructed employees to charge some of their daily hours worked to the Incoming Classified Visits (ICV) timekeeping project/task code (Code) with the purpose of avoiding underrunning the project's budget. In addition, the complainant stated that on more than one occasion, the former PerSec Manager requested that the complainant charge more hours to ICV than were actually worked on the project. The complainant claimed that he normally worked 2 hours per week on ICV tasks. However, subsequent to the former PerSec Manager's instructions, the complainant stated that he began charging 2 hours per day (10 hours per week) to the ICV Code. We corroborated the complainant's statements with SNL timekeeping data that showed a clear change in charges between the first and second half of fiscal year 2021. In fact, prior to the week of March 25, 2021, the complainant had not charged any time to the ICV Code. However, from that week through September 2021, the complainant charged an average of 2.1 hours per day (211 total hours) to the ICV Code.

According to SNL policy HR012, *Time Charging Policy*, employees are required to ensure that their timekeeping is accurate, appropriate, and properly recorded. Additionally, employees are

¹ Sandia National Laboratories is operated by National Technology and Engineering Solutions of Sandia, LLC. For purposes of this report, the term "employees" is used to refer to contractor personnel only.

² For purposes of this report, "overtime" is assessed as any time claimed by SNL employees in excess of the average 40-hour work week and is compensated at time and one-half of "straight time." "Straight time" is the employee's current base rate plus shift premiums, if applicable.

required to ensure that time is charged to the appropriate Code. Furthermore, SNL's 2020 *Code of Ethics and Standards of Conduct* states that employees and managers are responsible for understanding and complying with SNL's labor-recording policies and procedures. Employees are also responsible for properly accounting for labor costs and ensuring that these costs are recorded and charged promptly and accurately.

We also identified another employee who began charging additional time to the ICV Code based on instructions from the former PerSec Manager. These additional hours totaled 325.5 hours from July 2020 through the end of fiscal year 2021. We identified this employee by reviewing timecard data from all 36 Badge Office employees and conducting interviews. According to this employee's signed and sworn statement, "around March 2021" the former PerSec Manager mentioned to multiple employees that there was a budget underrun and that they needed to charge some hours to that ICV program. The employee recalled a similar discussion in July 2020 where the former PerSec Manager had also instructed the employee to charge more time to the ICV Code. Based on 16 years of experience working in PerSec, the employee stated that only 1 hour per day was necessary for the employee to complete their ICV work and additional hours should have been allocated to non-ICV activities.

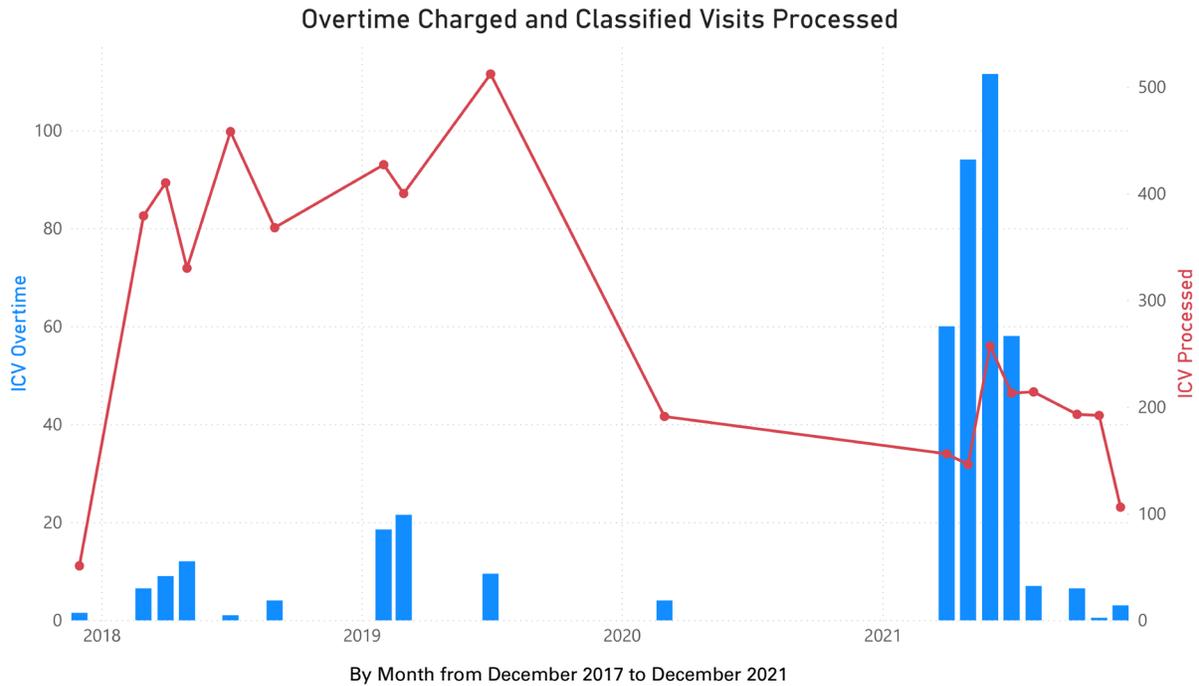
The former PerSec Manager could not recall instructing employees to charge some of their daily hours worked to the ICV Code. During the initial interview, he denied having instructed employees to charge additional time to the ICV Code, stating that it was something that he would not have done. During a follow-up interview, he was asked again if he instructed employees to charge additional time to the ICV Code, and this time he did not deny having had such conversations. He stated in a signed and sworn statement, "I do recall discussing the opportunity to mitigate risk, but I do not recall intentionally directing my staff to charge a specific area they were not working in."

When we discussed the misallocation of time with SNL management, it stated that the former PerSec Manager had the authority to direct employees to charge their time to specific project/task codes even if the employees felt that they were being instructed to do so inappropriately. We agree that a manager has the authority to instruct how employees charge their time within the requirements of SNL policy. However, based on the information we gathered to address these allegations, the former PerSec Manager's instructions to these employees to charge the ICV Code were not aligned with SNL policy.

CHARGING UNNECESSARY OVERTIME

We substantiated the allegation that the former PerSec Manager encouraged and allowed unnecessary overtime. We questioned \$34,796 as unallowable for the costs associated with 330.5 hours of overtime. The complainant alleged that the former PerSec Manager authorized overtime for employees to reduce the ICV budget underrun. We identified 330.5 hours of overtime that were charged to the ICV Code from April 2021 through August 2021. By comparison, employees only charged 91 hours of overtime to the ICV Code during the preceding 42 months from October 2017 through March 2021. In addition, as shown in Chart 1, these 91 hours corresponded to a significantly higher volume of processed ICV. This was because work on ICV significantly decreased in March 2020 when COVID-19 protocols were enacted.

Chart 1



Federal Acquisition Regulations (FAR) 22.103-2, *Overtime Policy*, states that contractors shall perform all contracts, so far as practicable, without using overtime except when lower overall costs to the Government will result or when it is necessary to meet urgent program needs. The 330.5 hours of overtime that were charged to the ICV Code from April 2021 through August 2021 constituted a 363 percent increase of overtime use when compared to the preceding 42 months. Furthermore, as the chart illustrates, PerSec processed significantly fewer ICV during the same 5-month period. Therefore, based on PerSec’s reduced workload data, we questioned the overtime charged from April 2021 through August 2021 as unnecessary to meet urgent program needs.

Use and Allocation of Overtime

We determined that the 330.5 hours of overtime were used for unallowable training activities, time not actually worked, and already compensated periods.³

According to the former PerSec Manager and multiple employees, overtime was used for training. The former PerSec Manager stated that the use of overtime was a business necessity because it was used to meet the organization’s strategic goals. He further elaborated that the downturn in workload associated with COVID-19 restrictions allowed his team time to conduct cross training and develop their capabilities. In addition, he explained that training after normal

³ The Badge Office time and attendance system did not capture sufficient detail to allow us to identify specific overtime hours attributable to each of these concerns. Based on testimonial evidence, however, we concluded that a significant portion of the overtime charged, if not all, was attributable to these concerns.

work hours avoided the distractions of customer interactions and offered a win-win scenario. Moreover, employees stated that on a weekly basis the former PerSec Manager approached them as a group and offered overtime for training. FAR 31.205-44, *Training and Education Costs*, states overtime compensation for training and education is unallowable. Accordingly, we questioned the costs associated with training as expressly unallowable.

SNL management stated that the training conducted was on-the-job training or job shadowing and as such did not constitute training for purposes unallowable under FAR 31.205-44. However, we could find no evidence of such an exemption in FAR 31.205-44.

Additionally, we found that PerSec employees claimed overtime for time not actually worked. Specifically, four employees stated that the former PerSec Manager allowed them to round up to the next full hour of overtime. According to one employee, the former PerSec Manager had at least on one occasion instructed them to charge a full hour for only working 30 minutes of that hour. Another employee recalled that the former PerSec Manager instructed employees to charge an entire hour after only working 5 to 10 minutes of overtime. Based on our interviews of Badge Office employees, we concluded that rounding up to a full hour became a common practice.⁴ We did not find any SNL policy that authorized rounding up time.

Finally, we found that employees claimed overtime for already compensated periods (meal and rest breaks) that were inappropriately shifted to the end of the employees' standard daily work schedules. SNL policy and the employee union agreement specify that an employee is entitled to a 30-minute unpaid meal break and two paid rest breaks amounting to 25 minutes. The agreement also specifies that employees, with supervisory concurrence, may combine their unpaid meal break with paid rest breaks for a 55-minute break period. However, SNL policy states that the meal cannot be delayed to vary an employee's daily stop times. Several employees stated that combining the breaks was common office practice. Moreover, several employees and the former PerSec Manager stated that during COVID-19 restrictions, shifting the meal break and paid rest breaks to the end of the daily work schedule became an accepted practice. This allowed them to vary their stop time and leave work an hour early while claiming all hours of their daily work schedule.⁵ Once the former PerSec Manager began offering overtime, employees stayed at work and began charging overtime for any time after their shortened stop time. As Chart 2 represents, the employees double-counted the 55-minute break period: first, by shortening their daily work schedule stop time; then, by claiming overtime, 25 minutes of which represented already compensated rest breaks.

According to FAR 31.201-2, *Determining Allowability*, a contractor is responsible for accounting for costs appropriately and for maintaining records, including supporting documentation that adequately demonstrates that costs claimed have been incurred, are allocable to the contract, and

⁴ We could not independently verify these statements because SNL's time and attendance, access system, and physical security systems do not produce the data necessary to validate PerSec's use of overtime.

⁵ According to the current PerSec Manager and other employees, the Badge Office employee schedule is "9/80," meaning that employees work 9 paid hours per day from Monday through Thursday and 8 paid hours every other Friday. Their 9-hour day is from 6:30 a.m. through 4:00 p.m.

comply with applicable cost principles. Based on employee statements that not all overtime charged was actually worked and that overtime was claimed for already compensated periods, we questioned the associated costs as unsupported.

Chart 2

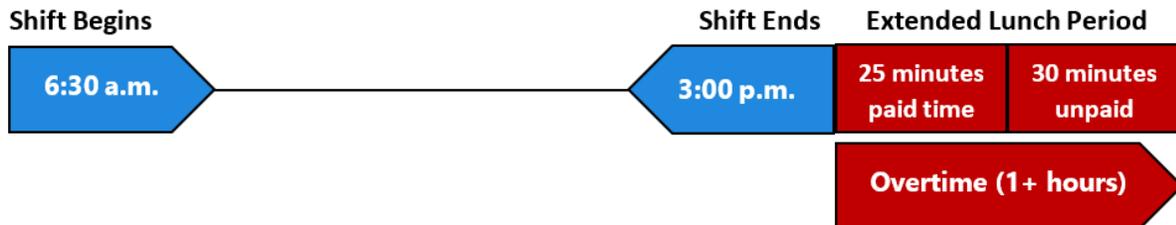
Union-Approved Alternative Work Schedule (AWS) at Sandia PerSec Office



Optional Union-Approved AWS at Sandia PerSec Office



Manager-Approved COVID-19 AWS at Sandia PerSec Office



PERSONNEL PRACTICES

We did not substantiate the complainant’s allegation that the former PerSec Manager preferentially hired and converted a candidate from a limited-term to a full-time status without competition. Specifically, we did not identify evidence to support the allegation that the former PerSec Manager: (1) hired his wife’s best friend and that the friend received the interview questions in advance; or (2) preferentially converted the employee from a limited-term to a full-time employee or that this conversion was illegitimate.

We did not substantiate the complainant’s allegation that the former PerSec Manager hired his wife’s best friend and that the friend received the interview questions in advance. Specifically, the former PerSec Manager, the former office Administrative Assistant, and the staff employee all stated that the former PerSec Manager’s spouse did not meet or befriend the staff employee in question until several months after being hired while at a party hosted by the office Administrative Assistant. Additionally, the former office Administrative Assistant stated that she did refer a family member for the position and acknowledged possessing and maintaining the interview questions on behalf of the former PerSec Manager. However, she denied giving the

interview questions to the staff employee, and the staff employee denied receiving the interview questions. We did not identify any emails, instant messages, or other documentation to refute this testimony. We did find that the staff employee disclosed the job referral when applying for the position.

Finally, we did not identify evidence to support that the former PerSec Manager preferentially converted the staff employee from a limited-term to a full-time employee or that this conversion was illegitimate. According to SNL's policy, *HR002 Talent Acquisition*, it is permissible not to post a full-time employee conversion, otherwise known as a "no-post action." No-post actions are permitted provided there is no change in the department and the action is approved by a senior manager. In this case, the staff employee was hired as a limited-term employee in April 2021. In June 2021, the former PerSec Manager initiated an authorized conversion for this eligible limited-term employee to full-time status. The staff employee remained in the same position within the same department and received senior management approval for the conversion.

TIMEKEEPING MANAGEMENT

We identified two factors that contributed to the mischarging of time worked and the unnecessary and improper use of overtime. Specifically, we concluded that the former PerSec Manager interpreted upper management communication as pressure to address a PerSec budget underrun and that the manager lacked appropriate budgetary knowledge and experience.

The former PerSec Manager interpreted upper management communication as pressure to address a budget underrun. We found that in March 2021, the former PerSec Manager received an email from the Director of Safeguards and Security addressing a budget underrun. In the email, the Director identified a significant budget underrun to various functional leaders, including the former PerSec Manager. Specifically, the Director stated that Safeguards and Security was underrunning so badly that it was having issues with Department oversight officials and called on all recipients "to really step up and make some immediate changes in order to make a dent in that underrun." The Director concluded the email, "[W]e are exactly halfway through the year, so every FTE [Full Time Equivalent] underrun has to be multiplied by 2 in order to catch up." When we presented the email to the former PerSec Manager, he stated that he considered his management of the budget would be used as a factor during his annual performance evaluation. In a separate interview, the former PerSec Manager stated that there are inherent goals to hit budget targets. The former PerSec Manager's concern and desire to assuage his leadership was evidenced by his response to the Director's email. The former PerSec Manager stated that PerSec was underrunning in its ICV budget, but since the last budget meeting, PerSec had been charging more hours, purchasing equipment, etc. He also disclosed his plan to assign special projects to an intern and onboard a new employee in April 2021.

Moreover, the former PerSec Manager lacked appropriate budgetary knowledge and experience. Specifically, the former PerSec Manager told us that he did not have any specific budget knowledge, experience, or specialized budget training. Furthermore, he stated that prior to accepting the manager position, he had not managed an organization's budget. He also acknowledged having a poor understanding of how to manage PerSec's budget during his first

years as a manager. He also mentioned that he had been provided the *Business Operations Book of Knowledge*, which contained an overview of SNL's Safeguards and Security budget process. However, we did not identify examples relevant to timekeeping and overtime in the *Business Operations Book of Knowledge*. SNL management told us that there were other resources and guidance available to the manager on SNL's internal website. However, the former PerSec Manager did not acknowledge these other resources and guidance during our interviews. When we asked the current PerSec Budget Manager about budgetary training requirements, he stated that there was no budget-specific training that the PerSec Manager would have been required to take.

IMPACT

We questioned \$34,796 as unallowable for the costs associated with 330.5 hours of overtime. Additionally, charging work hours to unrelated project codes impacts SNL's ability to appropriately track costs and allocate resources. Lastly, charging work to unrelated projects and bypassing policy and contractual limitations undermines ethics and standards of conduct and could erode public confidence in the Department and its contractors.

OTHER MATTERS

During our inspection, we identified another noteworthy matter that was not associated with addressing the initial allegations. Specifically, we found that SNL retroactively paid 39.5 hours of overtime to resolve claims of overtime without supporting documentation. Specifically, according to multiple employees and documents we reviewed, Badge Office employees were split into two groups during COVID-19 restrictions. One group purportedly took its unpaid lunch periods on Fridays, while the other group purportedly worked through its lunch periods on Fridays. When the groups reintegrated in late 2021, this difference became an issue. For example, in December 2021, four employees requested to be paid overtime for Friday lunch periods worked during fiscal year 2021. According to PerSec managers and employees, there was a misunderstanding regarding the need to work through lunch periods on Fridays during COVID-19 restrictions. Despite a lack of supporting documentation evidencing that employees worked through their lunches, SNL retroactively paid the employees for the requested overtime. The agreements made between SNL and the employees stated that the employees had not provided documentation to support their claim for overtime, yet SNL agreed to retroactively pay it. FAR 31.201-2, *Determining Allowability*, requires a contractor to maintain records, including supporting documentation that adequately demonstrates that costs claimed have been incurred.

As a result, we questioned \$3,977 as unsupported for the costs associated with the 39.5 hours of overtime.

RECOMMENDATIONS

We recommend that the Manager, Sandia Field Office, direct the Contracting Officer to:

1. Conduct an extent of condition review regarding SNL Safeguards and Security's use of overtime;

2. Determine the allowability of costs questioned in this report and recover any amounts deemed unallowable; and
3. Direct SNL to conduct appropriate training for PerSec employees and managers in the following areas: time charging and approval, budget, and ethics and standards of conduct.

MANAGEMENT RESPONSE

Management fully concurred with our recommendations. Management stated that the Contracting Officer will direct the management and operating contractor's Internal Audit division to conduct an extent of condition review regarding its Safeguards and Security's use of overtime and provide the results to the Contracting Officer. The Sandia Field Office will then take any actions deemed appropriate. Additionally, the Contracting Officer will review the information contained in this report along with supplemental information provided by the management and operating contractor, determine whether the costs are allowable or unallowable, and recover any amounts deemed unallowable. Finally, the Contracting Officer will direct the management and operating contractor to conduct training in the relevant areas, including refresher training, as appropriate, for all PerSec employees and managers.

INSPECTOR COMMENTS

Management's comments and corrective action are responsive to our recommendations.

Appendix 1: Objective, Scope, and Methodology

OBJECTIVE

We conducted this inspection to determine the facts and circumstances regarding alleged inappropriate timekeeping and personnel practices at Sandia National Laboratories (SNL).

SCOPE

We performed this inspection from January 2022 through December 2023 at SNL located in Albuquerque, New Mexico. Our scope included a review of timekeeping and labor records from September 2017 through April 2022. The inspection was conducted under Office of Inspector General project number S22RL014.

METHODOLOGY

To accomplish our inspection objective, we:

- Reviewed Federal, Department of Energy, and contractor requirements regarding timekeeping, overtime, ethics, and personnel practices;
- Conducted interviews with the alleging party to gain an understanding of the allegations;
- Reviewed and conducted analysis of SNL's timekeeping, badging, and incoming classified visits systems;
- Reviewed timecard records of all 36 employees assigned to the SNL Personnel Security Office during the scope of the inspection;
- Reviewed SNL internal documents and memoranda;
- Reviewed emails, email attachments, and instant messages sent and received by former and current SNL Safeguards and Security's Personnel Security employees; and
- Conducted interviews with current and former employees assigned to SNL's Safeguards and Security organization.

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 March 28, 2024.

Appendix 2: Management Comments

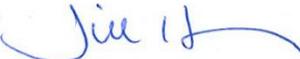


Department of Energy
Under Secretary for Nuclear Security
Administrator, National Nuclear Security Administration
Washington, DC 20585



March 11, 2024

MEMORANDUM FOR TERI L. DONALDSON
INSPECTOR GENERAL
OFFICE OF THE INSPECTOR GENERAL

FROM: JILL HRUBY 

SUBJECT: Response to the Office of Inspector General (OIG) Draft Report
*Allegations Regarding Timekeeping and Personnel Practices at Sandia
National Laboratories (S22RL014)*

Thank you for the opportunity to review and comment on the subject draft report. The National Nuclear Security Administration (NNSA) appreciates the OIG's independent review of the allegations related to timekeeping and personnel practices at the Sandia National Laboratories Badge Office in Albuquerque, New Mexico.

NNSA takes the allegations seriously and agrees that the issues discussed in the report warrant attention from the Sandia Field Office. The attached Management Decision outlines the actions planned in response to the OIG's recommendations. If you have any questions regarding this response, please contact Mr. Dean Childs, Director, Audits and Internal Affairs, at (202) 836-3327.

Attachment

Appendix 2: Management Comments

NATIONAL NUCLEAR SECURITY ADMINISTRATION Management Decision

Allegations Regarding Timekeeping and Personnel Practices at Sandia National Laboratories (S22RL014)

The Office of Inspector General (OIG) recommended that the National Nuclear Security Administration (NNSA):

Recommendation 1: Conduct an extent of condition review regarding SNL Safeguards and Security's use of overtime.

Management Response: Concur. The Contracting Officer will direct the Management and Operating (M&O) Contractor's Internal Audit division to conduct an extent of condition review regarding its Safeguards and Security's use of overtime and provide the results to the Contracting Officer. The Sandia Field Office will then take any actions deemed appropriate. The estimated completion date is December 31, 2024.

Recommendation 2: Determine the allowability of costs questioned in this report and recover any amounts deemed unallowable.

Management Response: Concur. The Contracting Officer will review the information contained in this report along with supplemental information provided by the M&O Contractor, determine whether the costs are allowable or unallowable, and recover any amounts deemed unallowable. The estimated completion date is September 30, 2024.

Management Response on Monetary Impacts:

Amount	Concur	Non-Concur	Identified By		
			NNSA	M&O	OIG
\$34,796	X				X
\$3,977	X				X

Recommendation 3: Direct SNL to conduct appropriate training for PerSec employees and managers in the following areas: time charging and approval; budget; and ethics and standards of conduct.

Management Response: Concur. The Contracting Officer will direct the M&O Contractor to conduct training in the relevant areas, including refresher training as appropriate, for all PerSec employees and managers. The estimated completion date is September 30, 2024.

FEEDBACK

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Office of Inspector General (IG-12)
Department of Energy
Washington, DC 20585

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