

GAO Highlights

Highlights of [GAO-19-101](#), a report to congressional committees

Why GAO Did This Study

GAO has identified challenges in determining and comparing costs across NNSA's eight sites. Congress needs this information to carry out its oversight responsibilities and make budgetary decisions. The National Defense Authorization Act for Fiscal Year 2017 required NNSA to implement a common financial reporting system across all sites. Separately, in 2013, NNSA awarded a single M&O contract for the Y-12 and Pantex sites, which included a requirement to consolidate the two sites' business systems.

An explanatory statement accompanying the act included a provision for GAO to review the agency's progress. This report examines (1) the status of the effort to consolidate the business systems at Y-12 and Pantex and the extent to which CNS and NNSA followed guidance and leading practices, and (2) the steps NNSA has taken in implementing common financial reporting across all eight sites and the extent to which this effort follows leading practices. GAO reviewed documentation for both efforts and compared it with leading practices, and interviewed NNSA officials and M&O contractors.

What GAO Recommends

GAO is making seven recommendations, including that NNSA should implement a common work breakdown structure and should follow leading practices to collect and document requirements to define project scope. NNSA generally agreed with six recommendations and neither agreed nor disagreed with one. GAO maintains that the recommendations are valid.

View [GAO-19-101](#). For more information, contact Allison Bawden at (202) 512-3841 or bawdena@gao.gov.

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NATIONAL NUCLEAR SECURITY ADMINISTRATION

Additional Actions Needed to Collect Common Financial Data

What GAO Found

The National Nuclear Security Administration (NNSA)—a semiautonomous agency within the Department of Energy (DOE)—and Consolidated Nuclear Security, LLC (CNS)—the management and operating (M&O) contractor for the Y-12 National Security Complex (Y-12) in Tennessee and the Pantex Plant (Pantex) in Texas—implemented a consolidated business system for the two sites. CNS, NNSA, and DOE generally followed DOE guidance as well as leading project management and information technology investment practices for three areas of project management that may be useful in identifying problems that can arise after a system is implemented. Specifically, they (1) developed required plans and documents to support critical decisions on information technology projects, (2) generally followed leading practices for risk management, and (3) initiated a review by the investment review board during the system's operations and maintenance phase.

With regard to NNSA's broader effort to implement common financial reporting across its eight sites, GAO found that NNSA's progress on seven key implementation steps has varied (see table). For example, NNSA is not pursuing an important step to implement a common work breakdown structure—a method of dividing a project into successive levels of detail—as required by the National Defense Authorization Act for Fiscal Year 2017 (the act). All of NNSA's program offices had not accepted a common work breakdown structure, in part because program office leaders do not agree one is needed. According to GAO leading practices, not doing so causes difficulty in comparing costs across programs and contractors, which is the purpose of common financial reporting. Without pursuing this approach, the effort may not result in reliable, enterprise-wide financial data that meets the needs of Congress and improves NNSA's ability to report the total costs of its programs.

NNSA Progress toward Implementing Common Financial Reporting, as of December 2018

Steps	Progress
Identify an approach and develop a tool	Completed
Develop a policy	Not yet completed
Establish common cost elements and definitions	Completed
Identify and report costs for programs of record and base capabilities	Not yet completed
Implement a common work breakdown structure	Not pursuing
Collect financial data from M&O contractors	Not yet completed
Publish and analyze data	Not yet completed

Source: GAO analysis of NNSA documents and interviews with NNSA officials. | GAO-19-101

In addition, NNSA generally has not followed six project management leading practices, including one that emphasizes the importance of collecting and documenting stakeholder requirements to define project scope. NNSA officials said the act included the basic requirements and project scope, and therefore stakeholders only needed to provide input on how to meet requirements in the act rather than identify their own; this input was not documented. However, the act did not provide specific or detailed requirements. Without collecting and documenting stakeholder requirements, NNSA will not have assurances that data will meet stakeholder needs, which could limit the effectiveness of the effort.