



**OFFICE OF INSPECTOR GENERAL**

U.S. Department of Energy

# INSPECTION REPORT

DOE-OIG-22-20

January 2022

**PROPERTY MANAGEMENT AT THE  
HANFORD SITE**



**Department of Energy**  
Washington, DC 20585

January 12, 2022

**MEMORANDUM FOR THE MANAGER, RICHLAND OPERATIONS OFFICE/OFFICE OF  
RIVER PROTECTION**

**SUBJECT: Inspection Report on Property Management at the Hanford Site**

The attached report discusses our review of whether Mission Support Alliance, LLC appropriately accounted for and dispositioned excessed property. This report contains two recommendations that, if fully implemented, should help ensure that the Department of Energy's contracted property management programs are compliant with Federal regulations. Management fully concurred with our recommendations.

We conducted this inspection from January 2021 through October 2021 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 evaluation.

A handwritten signature in black ink, appearing to read "Anthony Cruz", is written over a light-colored rectangular background.

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

cc: Deputy Secretary  
Chief of Staff  
Senior Advisor, Office of Environmental Management



## Department of Energy Office of Inspector General

### Property Management at the Hanford Site (DOE-OIG-22-20)

#### WHY THE OIG PERFORMED THIS REVIEW

With the size and scale of operations at the Hanford Site (Hanford), there is a wide assortment of High-Risk or Sensitive Property (HRSP) utilized. The Department of Energy's Richland Operations Office is tasked with overseeing property management at Hanford and relied upon Mission Support Alliance, LLC (MSA) to manage that property.

We initiated this inspection to determine whether MSA appropriately accounted for and dispositioned excessed property.

#### What Did the OIG Find?

We found that MSA did not properly account for or disposition excessed HRSP. Specifically, we found that MSA did not:

1. Appropriately characterize HRSP items;
2. Always designate property as high-risk or export-controlled when required or include restriction notices;
3. Adequately account for Hanford Patrol Protection Force non-weapon HRSP; and
4. Always document that excessed hard drives were sanitized or destroyed.

We attributed these shortcomings to MSA's incomplete application of Federal regulations and the Department's insufficient oversight of MSA's HRSP program.

#### What Is the Impact?

By not appropriately accounting for and dispositioning HRSP, MSA risked that unauthorized parties could have gained access to export-controlled items. Further, sensitive information could have been released to the public where it could be used to damage the interests of the Nation, the Department, or its personnel. For the period of our inspection, MSA was the contractor responsible for the Department's property management program at Hanford. In January 2021, Hanford Mission Integration Solutions, LLC became responsible for that program and adopted the same policies and procedures in effect during MSA's contract. As of October 2021, those documents had not been updated. Therefore, these weaknesses may still be occurring.

#### What Is the Path Forward?

To address the issues identified in this report, we have made two recommendations that, if fully implemented, will improve the management of HRSP at Hanford.

## BACKGROUND

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The Hanford Site (Hanford) is a Department of Energy cleanup site managed by the Office of Environmental Management. Cleanup began in 1989 and continues today as the largest, most complex environmental cleanup operation in the Department's portfolio. With the size and scale of operations at Hanford and the number of contractors involved in the cleanup efforts, there is a wide assortment of personal property utilized. The Department's Richland Operations Office is tasked with overseeing property management at Hanford and relied upon Mission Support Alliance, LLC (MSA) to manage that program. MSA managed a Hanford-wide Personal Property System from April 2009 through January 2021<sup>1</sup> that included tracking all accountable property, managing the Sunflower Asset Management System (Sunflower), which is the property database of record, and dispositioning excessed property. MSA's responsibility to disposition all Government-owned, contractor-managed excessed personal property extended to all Hanford contractors except for Bechtel National, Inc. and limited property managed by the Pacific Northwest National Laboratory. Once determined excessed, MSA had the responsibility to appropriately disposition the property.

Federal regulations characterize many of the items utilized at Hanford as High-Risk or Sensitive Property (HRSP) because of the potential impact on public safety or proliferation concerns. Title 41 Code of Federal Regulations (CFR) 102, *Federal Management Regulation*, defines sensitive property as items that require special control and accountability due to unusual rates of loss, theft, misuse, or national security or export control considerations, which includes explosives and Information Technology Equipment with Memory Capability (IT). Title 41 CFR 109, *The Department of Energy Property Management Regulation*, states that high-risk personal property must be "disposed of in other than the routine manner." This category includes Automatic Data Processing Equipment (ADPE), proliferation sensitive property, and export-controlled property. Federal Acquisition Regulations, Department Orders, and Contractor Requirements Documents provide further direction for the management and disposition of HRSP. According to Department Order 580.1A, *Personal Property Management Program*, accountable property includes any item characterized as HRSP. Further, it requires accountable property records to be kept current in the system of record, including an item's high-risk designation and export control jurisdiction. The property management system of record at Hanford was Sunflower. We initiated this inspection to determine whether MSA appropriately accounted for and dispositioned excessed property.

## HRSP ITEMS NOT APPROPRIATELY ACCOUNTED FOR OR DISPOSITIONED

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We found that MSA did not always appropriately account for or disposition excessed HRSP. Specifically, MSA did not appropriately characterize items as HRSP, when applicable. In addition, MSA did not always designate property as high-risk or export-controlled for those who received it at disposition. Further, MSA did not adequately account for Hanford Patrol Protection Force (Hanford Patrol) non-weapon HRSP items. Finally, MSA could not always provide evidence that it sanitized or destroyed excessed ADPE or IT hard drives prior to disposition.

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<sup>1</sup> In January 2021, MSA's contract ended, and Hanford Mission Integration Solutions, LLC (HMIS) became the contractor responsible for HRSP management. Therefore, our recommendations are directed to HMIS.

## **Inadequate Property Characterization**

MSA did not appropriately characterize items as HRSP, when applicable. Specifically, we found that 140 of 141 (99 percent) items tested were not properly characterized in Sunflower as export-controlled HRSP. To identify items for review, we reviewed a list of 854 excessed items that were not characterized as ADPE, IT, or HRSP. We then selected those items whose names appeared to be HRSP. To determine the nature of the items, we asked the Department's Export Control Assistance Program personnel to review our list. Export Control Assistance Program personnel reviewed the Commerce Control List, U.S. Munitions List, and consulted product manufacturers to confirm 140 items were export-controlled. A determination could not be made for the remaining item due to a lack of information. As export-controlled items, MSA should have characterized them as HRSP. According to Title 41 CFR 102 and Title 41 CFR 109, export-controlled property is specifically included among the categories of HRSP. Export-controlled items are defined as property subject to licensing by, among others, the U.S. Department of State, the U.S. Department of Commerce, or authorized by the Department of Energy.

Additionally, we found 8,455 of 9,615 (88 percent) ADPE and IT items reviewed were not properly characterized as HRSP in Sunflower. According to Title 41 CFR 102 and Title 41 CFR 109, ADPE and IT are characterized as HRSP. Further, we determined that most of these items were also subject to export control requirements by performing a basic search of some manufacturers' trade compliance websites. That search revealed that over 7,400 of the 8,455 mischaracterized items above were subject to export controls. Specifically, Title 41 CFR 102 and Title 41 CFR 109 characterize export-controlled property as HRSP.

## **Inadequate Designation of High-Risk and Export Restriction Notices**

MSA did not always designate property as high-risk or export-controlled for those who received it at disposition. Specifically, MSA could not provide documentation that a high-risk designation or export restriction notice was included for items in three separate areas we reviewed. For example, we found that:

- 45 of 47 items reviewed did not include the required high-risk designation or export restriction notices. These 47 items were part of the 140 mischaracterized items mentioned above;
- 64 export-controlled computers MSA dispositioned at public auction did not include the required export restriction notices; and
- 4 export-controlled Hanford Patrol items, sent to an electronics recycling vendor, did not include the required export control documentation and restriction notices. These items included a spotting scope, night vision goggles, and two laser range finders. To MSA's credit, we found a handwritten note next to each item in the transfer documents indicating they were HRSP.

According to Title 41 CFR 109, all applicable documentation, including records concerning the property's designation as high-risk and a specific Export Restriction Notice must be included

with all transfers, sales, or other offerings. These documents ensure end users or subsequent recipients understand the sensitivity or restrictions involved with the items they are receiving from the Department.

### **Inadequate Accounting for Hanford Patrol Items**

MSA did not adequately account for Hanford Patrol non-weapon HRSP. Specifically, we could not validate how MSA had destroyed and dispositioned these items, and MSA did not properly track them in Sunflower.

We could not validate that MSA had properly destroyed Hanford Patrol non-weapon HRSP. For example, we found 228 export-controlled items that lacked adequate evidence of proper destruction, meaning items were not destroyed in a prescribed manner that prevented their identification and reuse. These items included riflescopes, body armor, respirators, night vision goggles, and a Kevlar helmet. In particular, we noted that MSA did not destroy the body armor (140 of 228 items) we reviewed, as required; rather, MSA sent it intact to a public garbage disposal company for secure burial. In addition, MSA could not document if it had destroyed the other 88 items in accordance with the applicable requirements. The destruction of all these items is governed by Title 41 CFR 102 or the *Department of Defense Demilitarization Manual* (DEMIL Manual) because they were on the U.S. Munitions List or the Commerce Control List. According to Title 41 CFR 102, MSA is required to demilitarize or reduce these items to scrap prior to disposing of them. It also prescribes the use of the DEMIL Manual when disposing of items with demilitarization codes on those lists. The DEMIL Manual lists specific destruction requirements for different items and requires that destruction is carried out by qualified personnel who sign a demilitarization certificate once destruction is completed. Additionally, a separate technically qualified individual must validate that the destruction occurred by signing a verification document.

Further, we could not validate that MSA had physically dispositioned 122 of the 228 items to the intended recipients. According to Title 41 CFR 102 and Federal Acquisition Regulation 52.245-1, *Government Property*, MSA is required to provide a complete audit trail for property transactions from receipt to final disposition. Additionally, Department Order 580.1A states that accountable property records must be managed and maintained from inception to formal disposition and removal from Department inventory.

Finally, we found that Sunflower did not include records for 187 of the 228 export-controlled items we reviewed. MSA was required to maintain current accountable property records in Sunflower. Department Order 580.1A states that accountable property records must be maintained current in the property management system of record. According to MSA's contract, along with MSA and Department officials, Sunflower is Hanford's property management system of record.

### **ADPE and IT Sanitization and Destruction Records**

MSA could not always provide evidence that it sanitized or destroyed excessed ADPE or IT hard drives prior to disposition. For example, in a separate test of 95 ADPE and IT items, we found

61 (64 percent) without evidence that MSA sanitized or destroyed the hard drives. Department Order 205.1B, *Department of Energy Cyber Security Program*, requires MSA to track, document, and verify media sanitization and disposal actions, and destroy information system media it could not sanitize prior to disposition. Of greater concern, MSA dispositioned 52 of the 61 items to places where resale was probable without having documentation that the items no longer contained sensitive information (e.g., Official Use Only or Personal Identifying Information).

## **INADEQUATE MANAGEMENT AND INSUFFICIENT OVERSIGHT OF HRSP**

These issues occurred because MSA did not adequately manage its HRSP program. In addition, the Department did not perform sufficient oversight of MSA's HRSP program.

### **Inadequate Management of HRSP Program**

MSA did not adequately manage its HRSP program because it did not fully incorporate Federal requirements related to HRSP, and MSA did not maintain a proper record keeping system.

MSA did not fully incorporate Federal requirements related to HRSP. For example, MSA did not consider all items that could be categorized as HRSP. Title 41 CFR 102 and 109 include ADPE, IT, and items subject to export controls among the categories of HRSP. However, MSA excluded ADPE and IT items in its HRSP program because it concluded Title 41 CFR 102 and 109 did not apply to these items. Additionally, MSA did not recognize the full extent of how export control requirements applied. We did not identify any exemptions to HRSP requirements in the CFR or MSA's contract. Finally, MSA did not incorporate the DEMIL Manual for applicable HRSP items, as required by Title 41 CFR 102. In fact, its policies and procedures did not mention any destruction requirements or specify any destruction processes for non-weapon items.

Moreover, MSA did not maintain a proper record keeping system. Specifically, MSA's policies and procedures did not prescribe which documents should be included in disposition packages. The disposition packages we reviewed were inconsistent or incomplete. For example, some of the disposition packages were missing HRSP identifications, physical transfer documentation, export restriction notifications, itemized lists, and evidence of ADPE and IT sanitization or destruction. Further, MSA's HRSP records were incomplete. For example, we found 10 riflescopes that did not have any database records for at least 4 years prior to disposition. MSA only discovered these items were excluded in its inventory counts when we asked why there were no database records for them. Title 41 CFR 102 requires a complete audit trail for all property transactions, and Department Order 580.1A requires the database of record (i.e., Sunflower) to be kept current.

### **Insufficient Department Oversight**

The Department did not perform sufficient oversight of MSA's HRSP program. For example, the Department's oversight function includes monitoring work performed, conducting facility walkthroughs, reviewing documentation (e.g., excessed property requests and disposition

packages), conducting spot-checks, and regularly interacting with contractor property staff and management. However, despite these activities, and knowing that MSA managed items subject to the DEMIL Manual and export control requirements, the Department was unaware that MSA was not following these requirements. Instead, a Department official stated that unless MSA attached an export control number to items in the disposition packages, the reviewer could not confirm whether the item was export-controlled. Therefore, the Department did not independently verify or have a process to confirm items had been dispositioned with proper export-control notifications. In addition, the Department did not have access to some of MSA's property systems (e.g., Hanford Patrol's property inventory), which limited its visibility of MSA's management of HRSP.

The Department also did not ensure that MSA's records were complete regarding ADPE and IT sanitization. According to a Department official, the Department conducted spot-checks to determine if MSA had sanitization records. In each of those instances, MSA had the records. However, we noted that the Department did not require MSA to submit the sanitation records when it reviewed ADPE or IT disposition packages. Rather, it relied on verbal assurances from MSA that the records were kept and could be verified. Moreover, the Department did not take action to address an audit finding that sanitization records were missing. Specifically, in fiscal year 2016, an internal Department Finance Division independent assessment identified that MSA could not provide sanitization records for 9 of 10 (90 percent) items reviewed. By not acting on that finding, the Department missed the opportunity to identify the extent that MSA's records were incomplete. According to the Finance Division, it did not review sanitization records in subsequent years because it noted more important issues to focus on regarding MSA's property management. For example, from fiscal year 2015 through fiscal year 2018, the Finance Division found that the Department was not reviewing all disposition packages submitted by MSA, as required. We did not identify documentation that indicated how the Department resolved these findings. These findings represented opportunities for the Department to identify and correct similar issues as those in this report.

## **IMPACT**

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By not appropriately accounting for and dispositioning its HRSP, MSA risked that unauthorized parties could have gained access to export-controlled items. Additionally, HRSP could have been lost or stolen. Improperly dispositioned items (e.g., riflescopes, night vision goggles, and intact body armor) are highly desirable and easily pilfered. Further, without proper record keeping practices, the Department could not determine how many HRSP items remain unaccounted for or are potentially missing. Finally, sensitive information (e.g., Official Use Only or Personal Identifying Information) could have been inadvertently released to the public or restricted parties where it could be used to damage the interests of the Nation, the Department, or its personnel.

## **RECOMMENDATIONS**

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For the period reviewed during our inspection, MSA was the contractor responsible for the Department's property management program at Hanford. In January 2021, HMIS became responsible for that program and adopted the same policies and procedures in effect during

MSA's contract. HMIS had not updated the policies and procedures as of October 2021. Therefore, we recommend that the Manager, Richland Operations Office/Office of River Protection, ensure:

1. HMIS develops adequate policies and procedures that incorporate Federal regulations to identify, track, and disposition all HRSP.
2. The Richland Operations Office monitors HMIS' property management system to ensure it correctly identifies, tracks, and dispositions HRSP.

## **MANAGEMENT RESPONSE**

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Management fully concurred with our recommendations and stated that the estimated completion date for corrective actions is June 15, 2022. The Richland Operations Office will monitor and provide direction to HMIS to develop adequate policies and procedures that incorporate Federal regulations for identifying, tracking, and dispositioning of all HRSP.

Management comments are included in Appendix 3.

## **INSPECTOR COMMENTS**

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

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

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### **OBJECTIVE**

We initiated this inspection to determine whether Mission Support Alliance, LLC (MSA) appropriately accounted for and dispositioned excessed property.

### **SCOPE**

This inspection was performed from January 2021 through October 2021 at the Hanford Site located in Richland, Washington. The scope was limited to a review of MSA's personal property records from October 2015 through September 2020. This inspection was conducted under Office of Inspector General project number S21RL007.

### **METHODOLOGY**

To accomplish the inspection objective, we:

- Reviewed applicable laws, regulations, policies, and procedures, and tested for compliance with key provisions;
- Reviewed prior reports by the Office of Inspector General and external audit or review groups;
- Reviewed inventory and disposition records maintained by MSA for the Hanford Site;
- Interviewed key officials involved with property management and disposition with MSA and the Department of Energy;
- Judgmentally selected 141 from a list of 11,193 items from the Sunflower Asset Management System Report;
- Reviewed 9,615 Automatic Data Processing Equipment and Information Technology Equipment with Memory Capability items for proper classification;
- Judgmentally selected 228 export-controlled items; and
- Randomly selected 95 Automatic Data Processing Equipment and Information Technology Equipment with Memory Capability items from our list of 11,193 items.

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 December 27, 2021.

## Appendix 2: Prior Report

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Inspection Report on [\*Disposition of Excess Government Weapons, Explosives, and Protective Force Equipment at Lawrence Livermore National Laboratory and the Hanford Site\*](#) (OAI-L-16-16, September 2016). The inspection uncovered nothing to indicate that Hanford Patrol Protection Force (Hanford Patrol) had improperly disposed of its excess firearms, or that Hanford Patrol had improperly disposed of its explosives and Protective Force equipment. A physical inventory of all firearms in the excess process not transferred or destroyed revealed no discrepancies. The inspection concluded that Hanford Patrol properly excessed damaged explosives by sending them to the local police department for final disposition in accordance with site policy. A review of protective force equipment documents and the corresponding shipping and receiving forms indicated that Hanford Patrol transferred usable items to another agency and destroyed unusable equipment by burying it in a secure facility. The inspection did not find any conditions for corrective action and made no formal recommendations or suggestions.

## Appendix 3: Management Comments

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### Department of Energy Hanford Site

Richland Operations Office | Office of River Protection

December 20, 2021

PSD:MAZ/21-PSD-004041

MEMORANDUM FOR ANTHONY CRUZ  
ASSISTANT INSPECTOR GENERAL FOR INSPECTIONS,  
INTELLIGENCE OVERSIGHT, AND SPECIAL PROJECTS  
OFFICE OF INSPECTOR GENERAL  
IG-60

FROM: COREY A. LOW **Corey A. Low** Digitally signed by Corey A. Low  
Date: 2021.12.20 11:34:46 -0800  
ACTING ASSISTANT MANAGER FOR MISSION SUPPORT  
RICHLAND OPERATIONS OFFICE

SUBJECT: MANAGEMENT RESPONSE TO THE OFFICE OF INSPECTOR  
GENERAL DRAFT INSPECTION REPORT ON PROPERTY  
MANAGEMENT AT THE HANFORD SITE

The U.S. Department of Energy (DOE), Richland Operations Office (RL) appreciates the opportunity to review and comment on the subject Office of Inspector General draft report (project number S21RL007). RL has reviewed the information in the draft report with respect to the facts presented, conclusions reached, appropriateness of the recommendations, and reasonableness of the estimated potential monetary impact or other benefits that may be realized. RL recognizes that additional improvements will ensure that RL's contracted property management programs are compliant with Federal regulation.

RL concurs with the report's recommendations and the Department's Management Response to each of the recommendations follows.

**Recommendation 1:**

Hanford Mission Integration Solutions, LLC (HMIS) develops adequate policies and procedures that incorporate Federal regulations to identify, track, and disposition all High-Risk or Sensitive Property (HRSP).

**Management Response: Concur**

RL will provide direction to HMIS to develop adequate policies and procedures that incorporate Federal regulations to identify, track, and disposition all HRSP. While awaiting formal direction, HMIS has informed RL they are currently updating their procedures to specifically address this recommendation. HMIS is also currently half-way through their 100% wall-to-wall inventory. There are many internal projects happening simultaneously while the inventory is being conducted. One of those projects is identifying, tagging, recording, or dispositioning HRSP as necessary.

**Estimated Completion Date:** The estimated completion date is June 15, 2022.

## Appendix 3: Management Comments

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Anthony Cruz

-2-

December 20, 2021

21-PSD-004041

**Recommendation 2:**

RL monitors HMIS' property management system to ensure it correctly identifies, tracks, and dispositions HRSP.

**Management Response: Concur**

RL will continue to monitor HMIS' property management system to ensure it correctly identifies, tracks, and dispositions HRSP. The Property Administrator for the HMIS contract has set up a monthly visit at HMIS' facility to discuss the actions being taken as well as physically reviewing excess property, with a high focus on HRSP. RL Property Administrators are currently working with other divisions within DOE to better define examples of HRSP to provide a better understanding of the property that is of higher risk, for the site contractors, as well as DOE employees.

**Estimated Completion Date:** The estimated completion date is June 15, 2022.

If you have any questions, please contact Marcy Aplet-Zelen, Hanford Audit Coordinator, on (509) 376-8510.

cc:

Director, Office of Financial Policy and Audit Resolution, CF-20  
Audit Resolution Specialist, Office of Financial Policy and Audit Resolution, CF-20  
Audit Liaison, Office of Environmental Management, EM-5.112  
Audit Liaison, Richland Operations Office/Office of River Protection, RL

## FEEDBACK

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