

memorandum

Savannah River Operations Office (SR)

DATE: **AUG 29 2006**

REPLY TO

ATTN OF: FED (R. K. Alexander [803] 952-9159)

SUBJECT: Status of Management Controls

TO: Dr. Inés R. Triay, Chief Operating Officer for Environmental Management (EM-3), HQ

In accordance with the Federal Manager's Financial Integrity Act (FMFIA), a summary review of the management controls in effect at the Savannah River Site (SRS) as of August 29, 2006, has been completed. The review was performed in conformance with Departmental guidelines and assessed whether management controls are in compliance with underlying management principles, incorporating the Government Accountability Office's "Standards for Internal Controls in the Federal Government."

The review included consideration of the results of audit reports, internal management reviews, assurances from management and operating (M&O) contractors under SR's cognizance, and all other known information regarding the status of management controls. In addition, our review considered the areas of: (1) environmental management; (2) nuclear safety management; (3) non-nuclear safety management; and (4) safeguards and security.

Overall, the review concluded there is reasonable assurance that management controls are working effectively, consistent with applicable laws; that property, funds and other resources are safeguarded against fraud, waste, loss, or unauthorized use; and accountability for assets is maintained and that program and administrative functions are performed economically and efficiently, except in the area of contractor cost containment. SR has been continuously and systematically managing its primary M&O contract to reduce costs of operations. While we have had success, more needs to be done, especially in the area of pension and other contractor employee benefits, which are escalating exponentially. SR has worked with DOE Headquarters (HQ) elements to identify opportunities for cost management and cost containment in the pension and benefits areas. DOE policies and practices need to be revised to mirror market-driven pension and benefits plans rather than maintaining longstanding policies that perpetuate unnecessary and bloated Cold War policies.

MANAGEMENT ISSUES: The concept of reasonable assurance recognizes that management controls must be cost effective and there is always some potential for errors or irregularities to go undetected. However, our review disclosed the following reportable problems and concerns:

Escalating Requirements for Pension Contributions and Post-Retirement Benefits

Minimum funding requirements for defined benefit pension plans are prescribed by the Employee Retirement Income Security Act (ERISA) and include applicable "Additional Funding Charges" which are assessed when funding ratios drop below a specified level. The charts below demonstrate how the Washington Savannah River Company (WSRC) pension fund deficit (i.e., assets minus liabilities) by fiscal year (FY) has increased in spite of the progressively larger minimum annual contributions.

<u>Pension Fund Deficit</u>	<u>Minimum Contribution</u>
FY 2002 - \$62 million (M)	FY 2002 - \$16M
FY 2003 - \$210M	FY 2003 - \$68M
FY 2004 - \$226M	FY 2004 - \$82M
FY 2005 - \$283M	FY 2005 - \$84M
FY 2006 - \$367M	FY 2006 - \$166M
	FY 2007 - \$181M (estimated)

Additional funding charges of \$50M and \$64M were assessed for Plan Years 2005 and 2006, respectively, and have been factored into required contributions. The pension fund deficit has increased for the past several years due to declining market returns, lower discount rates, and benefit improvements such as the \$13M cost-of-living increase approved in Plan Year 2002. The required contribution for FY 2007 may be \$100M higher than the \$181M projected depending on the outcome of pending reform legislation. Use of the corporate bond discount rate to compute required contributions was permitted under legislation that expired on December 31, 2005. The FY 2007 contribution requirement was forecasted under the assumption that permission to utilize the corporate bond discount rate is extended to Plan Year 2006.

The chart below includes a comparison of the estimated pension contributions that WSRC provided to SR in April 2006 and the new projections based on information provided in August 2006.

<u>Year</u>	<u>Original Estimate</u>	<u>Estimate with New Pension Law</u>
FY 2007	\$181M	\$182M
FY 2008	\$110M	\$120M
FY 2009	\$27M	\$117M
FY 2010	\$11M	\$119M
FY 2011	\$26M	\$116M
FY 2012	\$n/a	\$116M

A potential liability is also associated with the "Multi-Employer" pension plans utilized for craft worker labor union employees who perform work for SRS. Specifically, SRS makes pension contributions to 14 separate craft labor unions based on the total number of hours worked. With the reduction of project/construction work, total craft hours worked have declined in recent years. As the number of working hours of craft workers declines, the amount of pension fund contributions for the 14 plans, referenced above, also declines.

Since pension fund shortfalls for Multi-Employer pension plans can be allocated on a pro-rated basis to contributing employers, SR's share of the combined craft worker pension fund shortfall was estimated to be \$34M as of September 2005¹. Liabilities associated with local craft unions (i.e., Plumbers and Steamfitters Local 150 Pension) are greater since a larger portion of pension fund contributions are attributable to SR. Such liability exposure exists in spite of the fact that the SR Chief Financial Officer (CFO) has no oversight authority with respect to how pension fund assets and liabilities are managed.

Information Technology/Cyber Security Systems

SRS is concerned with the ability to support security for computers and information in the current environment of rapid advances in technology convergence, miniaturization of communication technologies and a shrinking Information Technology staff. The combination of openness, adversarial technology advances, ease of worldwide communications, world conflict and users demanding the use of the latest technology has resulted in increased threat to both classified and unclassified information. While progress continues to be made in protecting cyber assets, SRS's overall Cyber Security Program is lagging behind. Failure to provide infrastructure investment and corresponding Information Technology and Computer Security staff will result in the SRS Cyber Security Program falling even further behind in meeting the adversarial challenges and the requirements of the Federal Information Security Management Act (FISMA). In addition, significant investment is needed to implement the FISMA requirements and to produce the step changes in the Cyber Security Program needed to meet the new "insider threat" performance standards set by the Office of Independent Oversight.

Continuity of Liquid Radioactive Waste System Operations

The reduction of risk posed by the storage of liquid radioactive waste in underground tanks at SRS remains critical to avoid impacts to the environment, the public and the work force. Planning is in place to continue risk reduction activities; however, implementation is in jeopardy due to delays in removal of the salt waste which constitutes approximately 93 percent of the total volume stored. This has resulted in liquid radioactive waste storage tanks being very close to their operational capacity maximums and has reduced the operational flexibility required to complete tank closures and to operate waste processing facilities. SRS is pursuing multiple paths to mitigate delays and achieve risk reduction commensurate with Federal Facility Agreement commitments. The Salt Waste Processing Facility (SWPF), a cornerstone of SRS's strategy, is being designed to be on line in the 2011 timeframe to process salt waste. This facility will process the majority of the salt waste including that with the highest levels of radioactivity. In addition, SRS is pursuing other processing methods for treatment of limited quantities of the lowest radioactive content salt waste solutions in the near term which will decontaminate the salt waste sufficiently to permit disposal at SRS. This approach is referred to as the interim salt processing strategy. It includes the modification of some existing Site facilities to remove cesium, strontium, and actinides from limited quantities of salt waste pending the completion of the SWPF. Both approaches must be successful for timely HLW program completion.

¹ Report issued by Brian K. Haynes, ERISA Attorney for Bond, Schoeneck & King, PLLC dated September 6, 2005.

While technical risks are being actively managed, major programmatic risks remain to be mitigated. In October 2004, Congress enacted the 2005 National Defense Authorization Act (NDAA). Section 3116 of the 2005 NDAA provided the Secretary of Energy, in consultation with the Nuclear Regulatory Commission, the authority to determine that certain tank waste following treatment need not be disposed as high-level waste. The Department is in the process of implementing Section 3116 for salt waste treatment and disposal at SRS. A final Section 3116, "Determination for Tanks 19 and 18 at the Savannah River Site" is planned for late Calendar Year 2006. The South Carolina Department of Health and Environmental Control (SCDHEC) has not issued operating and waste disposal permits that would allow for the treatment and disposal of salt waste. SCDHEC will not make any decision on these permits until completion of the Section 3116, Determination. Final closure of liquid radioactive waste storage tanks is at risk at this time because of the time required to implement Section 3116 of the 2005 NDAA for tank closure and delays in removal of waste from tanks that will be closed in the future. Failure to remove, treat and dispose of salt waste will result in delays to tank waste removal activities and eventually in closure of waste tanks.

National Pollutant Discharge Elimination System (NPDES) Permit Compliance

The Clean Water Act (CWA) requires that wastewater discharges meet water quality standards. The CWA's mechanism for regulating wastewater discharges is the NPDES Permit Program. In December 2003, SRS received a new NPDES permit that contained significantly stricter discharge limits for metals at several outfalls. Twelve SRS outfalls were unable to meet the new limits and, therefore, received compliance schedules from SCDHEC. The various schedules for these outfalls mandate compliance within three-, or four-, or five-year timeframes. Since December 2003, WSRC has developed compliance alternatives and was successful in getting some metal limits removed from the NPDES permit. Also, certain F-Area facilities have been deactivated/closed. Based on the limits' removal and the closure of F-Area, the compliance issues at three outfalls have been resolved. The total estimated project cost (EM funds only) is approximately \$2.8M. Construction of certain compliance alternatives is underway.

Design Basis Threat (DBT) Implementation Plan

DOE Order 470.3, *Design Basis Threat (DBT) Policy*, was issued on October 18, 2004. This Order revised the DOE threat planning and security guidelines previously approved in May 2003, which contained significant revisions that have a direct impact on the DBT Implementation Plan, as well as overall program planning. The former Deputy Secretary of Energy directed DOE field elements to revise their DBT Implementation Plans to ensure that all requirements contained in that Order were met no later than the end of FY 2007. The SRS 2004 Implementation Plan was submitted to the Assistant Secretary for Environmental Management on July 11, 2005. An extension was granted to ensure that all requirements listed in the Order were implemented by the end of FY 2008. DOE Order 470.3A, *Design Basis Threat (DBT) Policy*, was issued on December 2, 2005, further revising the October 2004, DBT Policy. SRS submitted a revised DBT Implementation Plan to EM-1 on May 3, 2006, incorporating the 2005 DBT requirements.

SRS has minimized upgrade costs through material consolidation and reduction of target facilities. The SRS strategy to re-deploy Protective Force manpower from closure facilities significantly reduces the need for additional manpower upgrades. Although no significant funding issues exist, the success of the SRS DBT implementation remains contingent upon sufficient funding being provide in FY 2007 and FY 2008.

Storm Water Permit Renewal

The Clean Water Act (CWA) requires that storm water discharges from industrial activities meet water quality standards. The CWA's mechanism for regulating wastewater discharges is the NPDES Permit Program. On July 22, 2004, the SCDHEC re-issued a general storm water permit for the State of South Carolina. This permit contained significantly stricter requirements than the previous permit. The permit required that storm water controls be implemented within 120 days (i.e., by October 28, 2005) or the permittee must enter in a compliance agreement with SCDHEC. The SRS entered into an agreement with SCDHEC that requires individual permit applications for those outfalls which have serious water quality issues and mandated compliance for the remaining general permit outfalls by August 31, 2008. Since October 2005, WSRC has provided an outfall data report to SCDHEC, and SCDHEC has given their outfall evaluation noting that 12 outfalls will require the submittal of individual permit applications. WSRC is currently preparing an alternatives study to identify, evaluate and select preferred options. Cost estimates for the preferred compliance options will be developed.

Plutonium Disposition Project at SRS

On September 6, 2005, Deputy Secretary Sell approved the Mission Need Critical Decision (CD)-0 for the plutonium disposition project at the SRS to disposition approximately 13 metric tons of plutonium materials not suitable for the Mixed Oxide Fuel Fabrication Facility. The Total Project Cost range is estimated between \$300M - \$500M. In May 2006, the Principal Deputy Assistant Secretary for Environmental Management (EM-2) requested that SR modify the execution plan for CD-1 by first establishing the decision for the Alternative Selection (CD-1A), then establishing the decision for the Conceptual Design and Cost Range (CD-1B). The selection of a preferred alternative to disposition these plutonium materials without a defined disposition path is a necessary step to enable future decisions concerning plutonium consolidation. On August 17, 2006, Deputy Secretary Sell approved vitrification as the Preferred Technology Alternative (CD-1A). The project commenced in FY 2006 upon Congressional authorization of the Conceptual Design funds. FY 2007 funding (\$13M) for this project is above the EM-funding targets. Failure to authorize and provide funding for the project will result in suspending the project and disbanding the project team.

Homeland Security Presidential Directive-12 (HSPD-12), Common Identification Standard for Federal Employees and Contractors

HSPD-12 was issued on August 27, 2004, requiring the development of a secure and reliable form of identification to be used in gaining physical access to Federally-controlled facilities and logical access to Federally-controlled information systems. Standards were to be developed within six months of the issuance of the HSPD-12 with implementation completed within eight months after issuance of the standard. HSPD-12 is to be funded using existing resources, as necessary, to meet the October 27, 2005, and October 27, 2006, deadlines established by HSPD-12. Phase I was accomplished on schedule; however, because of the potential scope and lack of further DOE implementation guidance, implementation of Phase II by October 27, 2006, may not be achievable. In addition, the costs to implement such an effort may be substantial, which would have an adverse impact on the Site budget and achievement of Site missions.

Energy Employees Occupational Illness Compensation Program Act (EEOICPA) Project (formerly titled, Energy Worker Advocacy Program)

The DOE EEOICPA provides two major avenues for employees, former employees, or their eligible survivor(s) to seek compensation for illnesses they believe were caused by their work at a DOE facility. WSRC received notification from DOE Office of Worker Advocacy and DOE-SR of 270 EEOICPA Subtitle D claims that received a Physicians Panel letter of favorable determination. The "Do Not Contest Letters" are still valid and direct WSRC to resolve Subtitle D claims without raising defenses and prohibits the challenge of work relatedness determination provided under the EEOICPA Subtitle D claims process. Currently, 177 of the Subtitle D claims have been filed. WSRC has settled 134 claims at a cost of \$6.9M. The 43 remaining Subtitle D claim reserves were reviewed by WSRC and WAUSAU, the insurance carrier, on June 1, 2006. The settlement value of the outstanding 43 claims is estimated to be \$2.3M. While provisions have been made to cover the estimated \$2.3M, a funding source has not been identified for the remaining 93 potential claims that have not been filed estimated at \$4.9M. There is significant uncertainty as to whether these will be filed as state workers' compensation claims, but if they are, funding is not available for claim payment. The EEOICPA Subtitle D claims and settlement processes will continue over the next 16 months with the anticipation of full closure reached in October 2007.

Aging Business Systems

WSRC business system replacement plans and required funding continue to be reviewed. Absent increasing resources dedicated to replacing several of these systems, the strategy continues to be one of managing risks and taking corrective actions to resolve problems after they emerge. WSRC has taken corrective actions to mitigate the risks of having Social Security Numbers viewable as personnel identifiers in the Integrated Budget and Reporting System (IBARS). Additionally, the ability to process prior period adjustments electronically in the Time and Attendance Collection System (TACS) has been completed, as well as progress toward incorporating the current Consolidated Labor System labor costing process into TACS. This effort is currently in full production parallel testing and is scheduled for production implementation in FY 2007.

Savannah River National Laboratory (SRNL) Mixed Waste Storage Tanks (MWST) Secondary Containment

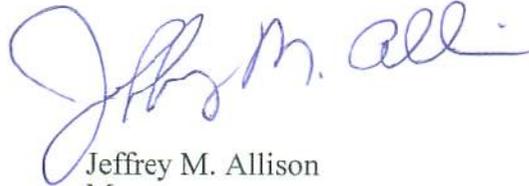
The MWST System at SRS is not in compliance for secondary containment. In 2003, WSRC submitted a proposal to the SCDHEC to transition SRNL's MWST from Resource Conservation and Recovery Act (RCRA) permitted to non-permitted status. As is, the current RCRA "Interim Status" system would require additional improvements to be fully permitted. Without an agreement to transition to non-permitted status, resolution of pending secondary containment issues and the preparation and submittal of a RCRA Part B Application would be required. The SCDHEC issued a Notice of Violation in January 2004, with the intent to proceed with a Consent Agreement for a RCRA Exit Strategy and with no plans to request a Part B Application. Resolution of transition of the MWST to non-permitted status is on-going. SCDHEC action on the RCRA permit exit proposal is expected in FY 2007.

AUG 29 2006

SUMMARY: Based on our review, SR has concluded that there is reasonable assurance that management controls are working effectively. The financial management systems of SR's M&O contractors have been determined by the SR CFO to be in conformance with DOE accounting policies and procedures.

Attachment 1 is the index and crosswalk for the Action Plans. Attachment 2 contains the Action Plans for inclusion in the SR Annual Assurance Memorandum. SR is submitting three new Action Plans during the reporting period: "Information Technology/Cyber Security Systems"; "Storm Water Permit Renewal"; and "Savannah River National Laboratory Mixed Waste Storage Tanks Secondary Containment." Attachment 3 provides a list of SR programs with a dollar threshold of \$5M or more. All corrective actions have been completed to close one action plan in the area of nuclear materials, "3013 Surveillance Capability." SR will continue to work closely with our contractors, DOE HQ program and support organizations, and other DOE Field Offices to assure that concerns identified in this memorandum are addressed and successfully resolved.

If you have any questions, please contact me or S. Blanding, of my staff at (803) 952-6564.



Jeffrey M. Allison
Manager

FED:RKA

FED-06-0051

Attachments:

- (1) 2006 Index and Crosswalk
- (2) Action Plans (12)
- (3) SR Program Listing

cc w/attchs:

Dennis Hosaflook (EM-32), HQ
Richard Heller (CF-1.2), HQ

**2006 Index and Crosswalk
Action Plans
SR's Assurance Memorandum**

PROGRAM/ADMINISTRATIVE FUNCTION	TITLE OF FY 2006 ACTION PLAN	HQ ORG	OPEN/ CLOSED	PG #
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New Action Plans for Current FY 2006 Assurance Memorandum:

Security and Environmental Management	Information Technology/Cyber Security Systems	NA-70 EM-3	Open	4-5
Environmental Management	Storm Water Permit Renewal	EM	Open	6-7
Environmental Management	SRNL Mixed Waste Storage Tanks (MWST) Secondary Containment	EM-3 EM-20	Open	8-9

Action Plans submitted with FY 2005 Assurance Memorandum that Continue for FY 2006:

Office of Financial Policy	Escalating Requirements for Pension Contributions and Post-Retirement Benefits	CF-1	Open	1-3
Waste Management	Continuity of Liquid Radioactive Waste System Operations	EM-3	Open	10-12
Environmental Compliance	National Pollutant Discharge Elimination System (NPDES) Permit Compliance	EM-3	Open	13-15
Security and Environmental Management	Design Basis Threat(DBT) Implementation Plan	EM-1	Open	16-17
Nuclear Materials	SRS Plutonium Disposition Capability	EM-20 EM-30	Open	18
Security and Environmental Management	Homeland Security Presidential Directive – 12 (HSPD-12). Common Identification Standard for Federal Employees and Contractors	NA-70 EM-3	Open	19-20
Safety and Health	Energy Employees Occupational Illness Compensation Program Act (EEOICPA) Project (formerly known as, Department of Energy Worker Advocacy Program)	EH-1	Open	21-22
Business Management	Aging Business Systems	CF-1	Open	23-24

Action Plans Submitted with FY 2005 Assurance Memorandum that have been closed in FY 2006:

Nuclear Materials	3013 Container Surveillance	EM-30	Closed 10/2005	25
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ORGANIZATIONAL ACTION PLANS

**ACTION PLAN
SAVANNAH RIVER OPERATIONS OFFICE (SR)**

TITLE: Requirements for Pension Contributions and Post-Retirement Benefits

ACTION PLAN: Reportable Problem X Reportable Nonconformance

HQ ORGANIZATION: Office of the Chief Financial Officer (CF-1)

PROGRAM/ADMINISTRATION FUNCTIONS: Office of Financial Policy

DESCRIPTION: Minimum funding requirements for defined benefit pension plans are prescribed by the Employee Retirement Income Security Act (ERISA) and include applicable “Additional Funding Charges” which are assessed when funding ratios drop below a specified level. The charts below demonstrate how the WSRC pension fund deficit (i.e., assets minus liabilities) by fiscal year (FY) has increased in spite of the progressively larger minimum annual contributions.

<u>Pension Fund Deficit</u>	<u>Minimum Contribution</u>
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Additional funding charges of \$50M and \$64M were assessed for Plan Years 2005 and 2006 respectively, and have been factored into required contributions. The pension fund deficit has increased for the past several years due to declining market returns, lower discount rates, and benefit improvements such as the \$13M cost-of-living increase approved in Plan Year 2002. The required contribution for FY 2007 may be \$100M higher than the \$180M projected depending on the outcome of pending reform legislation. Use of the corporate bond discount rate to compute required contributions was permitted under legislation that expired on December 31, 2005. The FY 2007 contribution requirement was forecasted under the assumption that permission to utilize the corporate bond discount rate is extended to Plan Year 2006.

<u>Year</u>	<u>Original Estimate</u>	<u>Estimate with New Pension Law</u>
FY 2007	\$181M	\$182M
FY 2008	\$110M	\$109M
FY 2009	\$ 27M	\$ 99M
FY 2010	\$ 11M	\$ 99M
FY 2011	\$ 26M	\$ 93M
FY 2012	\$ n/a	\$ 86M

A potential liability is also associated with the “Multi-Employer” pension plans utilized for craft worker labor union employees who perform work for the Savannah River Site (SRS). Specifically, SRS makes pension contributions to 14 separate craft labor unions based on the total number of hours worked. With the reduction of project/construction work, total craft hours worked have declined in recent years. As the number of working hours of craft workers declines, the amount of pension fund contributions for the 14 plans, referenced above, also declines. The following table lists each of the craft worker plans for which funding ratio (FR) information was available:

Pension Fund	Funding Ratio
Plumbers and Steamfitters Local 150 Pension	42%
Sheet Metal Worker’s National Pension Fund	42%
Central States, SE and SW Areas Pension Plan	47%
Plumbers and Pipefitters National Pension Plan	62%
International Painters and Allied Trades Industry Pension Plan	66%
Bricklayers and Towel Trades International Pension Fund	66%
Southern Ironworkers Pension Fund	74%
Laborer’s National Pension Plan	78%
Central Pension Fund of the IUOE and Participating Employers	78%
National Asbestos Workers Pension Plan	83%
I.B.E.W. Local 1579 Pension Plan	83%
Boilermakers-Blacksmith National Pension Trust	79%
I.A.M. National Pension Plan	98%

Since pension fund shortfalls for Multi-Employer pension plans can be allocated on a pro-rated basis to contributing employers, SR’s share of the combined craft worker pension fund shortfall was estimated to be \$34M as of September 2005¹. Liabilities associated with local craft unions (i.e., Plumbers and Steamfitters Local 150 Pension) are greater since a larger portion of pension fund contributions are attributable to SR. Such liability exposure exists in spite of the fact that the SR Chief Financial Officer (CFO) has no oversight authority with respect to how pension fund assets and liabilities are managed.

ASSESSMENT OF PROGRESS: Options to contain and mitigate overall pension fund requirements are being evaluated. A Budget Analyst has been assigned primary responsibility for all pension fund-related issues and formal training attendance has been completed. Furthermore, an independent assessment of the liability associated with craft worker pension plans is currently under consideration. The CFO will also work with the DOE Source Evaluation Boards to determine if an alternative pension fund strategy for craft workers can be part of the upcoming contract bid process.

¹ Report issued by Brian K. Haynes, ERISA Attorney for Bond, Schoeneck & King, PLLC dated September 6, 2005.

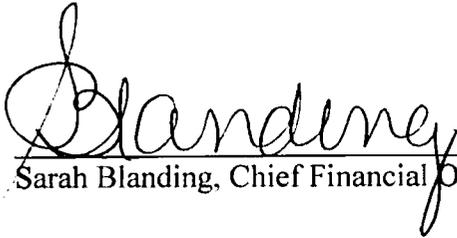
Original Milestone Completion Month/Year	Revised or Actual Completion Month/Year
On-going	Ongoing

CRITICAL MILESTONES:

Continue to carefully analyze annual actuarial reports and work with DOE-HQ on implementing new policies to deal with escalating requirements. Meet with DOE-HQ and other DOE Field Sites to discuss "Best Practices" and "Lessons Learned" regarding oversight of contractor defined benefit pension plans.

SUCCESS INDICATORS FOR CLOSED CORRECTIVE ACTION PLANS:

Is plan closed? Yes No, not applicable



 Sarah Blanding, Chief Financial Officer

8/28/06
 Date

ACTION PLAN
SAVANNAH RIVER OPERATIONS OFFICE

TITLE: Information Technology/Cyber Security Systems

ACTION PLAN: Reportable Problem: x Reportable Non-conformance:

HQ ORGANIZATION: Assistant Secretary for Environmental Management (EM)

PROGRAM/ADMINISTRATIVE FUNCTIONS: Security and Environmental Management

DESCRIPTION: The Savannah River Site (SRS) is concerned with the ability to support security for computers and information in the current environment of rapid advances in technological convergence, miniaturization of communication technologies, and shrinking Information Technology staff. Coupled with an increase in foreign national access to SRS, an increase in foreign travel, reduction of security clearances, leasing versus purchasing equipment, privatization, and outsourcing of many information technology services, the challenges of protecting large amounts of sensitive information have greatly increased. In addition, significant community and stakeholder involvement and foreign interactions to support nonproliferation treaties continue.

The combination of openness, adversarial technology advances, ease of worldwide communications, world conflict, and users demanding the use of the latest technology has resulted in increased threat to both classified and unclassified information. Both the Office of Environmental Management's and the National Nuclear Security Administration's (NNSA) implementation of the Federal Information Security Management Act (FISMA), as being driven by the Office of Management and Budget, is increasing and broadening the security requirements that must be implemented, and is significantly increasing the overhead burden on the program. Concurrently, increased staffing has not been available commensurate with increased risk and requirements.

ASSESSMENT OF PROGRESS: While progress continues to be made in protecting cyber assets, SRS's overall cyber security program is falling behind. The Office of Independent Oversight assessment conducted during May 2006, highlighted that progress has been made in the areas of perimeter protection, intrusion detection, vulnerability analysis and elimination, and network segmentation. However, even with this progress the overall strength of the program is in question because of advances in techniques used by adversaries and the lack of new technology implementations to combat adversarial advances. The overall cyber security program also is lagging behind new Department of Energy (DOE) and NNSA requirements that implement FISMA. Implementation of these requirements will have significant impact to both the Cyber Security and line organizations. Implementation has been delayed as electronic systems to be provided by DOE Headquarters have been in development and as Cyber Security resources have been diverted as directed to address productivity issues such as access to SRSnet from the Internet and Blackberries.

SRS has elected to implement EM's Program Cyber Security Program (PCSP) requirements for the unclassified program and the NNSA Program Cyber Security Program (NAP's) for classified systems. This approach helps to reduce the impact and investment necessary for implementation by eliminating the need to have dual programs. However, significant investment is needed to implement FISMA requirements and to produce the step changes in the Cyber Program needed to meet the new "insider threat" performance standards set by the Office of Independent Oversight.

An investment cost estimate is currently being developed and is needed for the unclassified program to develop a FISMA compliance system that tracks all computer systems to FISMA criteria, implement network segmentation and access control, lock-down the desktops, and implement mandatory vulnerability patch management. An estimate for implementing the NAP's for the classified program is also being developed. Final costs will vary based upon level of risk accepted by the customer and how much short-term implementation costs are traded for long-term maintenance costs.

Failure to provide infrastructure investment and the corresponding Information Technology and Computer Security staff will result in the SRS Cyber Security program falling further behind in meeting the adversarial challenges and the FISMA.

	ORIGINAL MILESTONE COMPLETION MONTH/YEAR	REVISED OR ACTUAL COMPLETION MONTH/YEAR
<u>CRITICAL MILESTONES:</u>		
Upgrade SRS Intrusion Detection System	02/28/05	12/14/2004
Development correction action plans to address the Office of Independent Oversight 2006 inspection findings	8/31/06	
Develop funding requirements to address short-term actions in approved corrective action plans	10/06	
Develop funding requirements to address long-term actions in approved corrective action plans	12/06	

SUCCESS INDICATORS FOR CLOSED CORRECTIVE ACTION PLANS:

Is plan closed? ___ Yes x No, not applicable.



 R. T. Bartholomew, Director
 Office of Safeguards, Security and Emergency Services

7/20/06
 Date

ACTION PLAN
SAVANNAH RIVER OPERATIONS OFFICE

TITLE: Storm Water Permit Renewal

ACTION PLAN: Reportable Problem: X Reportable Noncomformance:

HQ ORGANIZATION: Environmental Management

PROGRAM/ADMINISTRATIVE FUNCTIONS: Environmental Compliance

DESCRIPTION: The South Carolina Department of Health and Environmental Control (SCDHEC) issued a general statewide permit for storm water discharges associated with industrial activity on July 22, 2004. The date the permit went into effect was delayed because of legal complications from an appeal initiated by ALCOA against SCDHEC. The appeal resulted in a revised permit with an effective date of July 1, 2005. This revised permit requires that Best Management Practices (BMP's) be selected, installed, and implemented within 120 days (by October 31, 2005) or enter into an approved SCDHEC agreement for an extension in order to minimize pollutants in discharges to receiving waters as necessary to meet applicable water quality standards.

Since many of Savannah River Site's (SRS) permitted storm water outfalls do not meet applicable water quality standards and they could not be brought into compliance by October 31, 2005, SRS and SCDHEC entered into an agreement on October 31, 2005, in accordance with the general permit. The agreement specifies four commitments: (1) SRS to provide a basic data report to SCDHEC on the outfall storm event monitoring program by January 31, 2006; (2) SCDHEC to identify outfalls, if any, having serious water quality compliance issues that will require transfer from the general permit to an individual permit; (3) SRS to submit permit applications to SCDHEC by June 30, 2006, for any outfalls that require individual permits; and (4) SRS to complete installation of necessary BMPs and attain compliance with applicable water quality standards for outfalls remaining under the general permit by August 31, 2008. Compliance schedules for any outfalls under an individual permit will be negotiated with SCDHEC and specified as conditions of the individual permit.

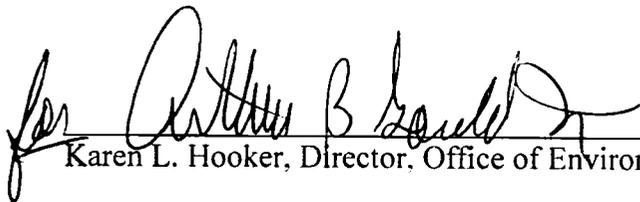
ASSESSMENT OF PROGRESS: As required by the agreement, SRS provided a basic data report to SCDHEC on the outfall storm event monitoring program on January 31, 2006. On April 20, 2006, SCDHEC completed their review/evaluation of the outfall conditions as provided in the basic data report and identified 12 outfalls that will require individual permit coverage; and, SCDHEC extended commitment to submit individual permit applications from June 30, 2006, to November 1, 2006.

An alternatives study to identify, evaluate and select preferred options (BMPs) for achieving compliance with the revised storm water general permit is scheduled to be completed in August 2006. Cost estimates for the preferred BMPs will be developed but are likely to substantially increase the current cost baseline for compliance.

<u>CRITICAL MILESTONES:</u>	<u>ORIGINAL MILESTONE COMPLETION MONTH/YEAR</u>	<u>REVISED OR ACTUAL COMPLETION MONTH/YEAR</u>
Complete alternatives study of BMPs for permit compliance	08/06	
SCDHEC extended commitment to submit individual permit applications	06/30/06	11/01/06

SUCCESS INDICATORS FOR CLOSED CORRECTIVE ACTION PLANS:

Is plan closed Yes No



 8/22/06

 Karen L. Hooker, Director, Office of Environment, Safety and Health Date

**ACTION PLAN
SAVANNAH RIVER OPERATIONS OFFICE**

TITLE: Savannah River National Laboratory (SRNL) Mixed Waste Storage Tanks (MWST) Secondary Containment

ACTION PLAN: Reportable Problem _____ Reportable Nonconformance: X

HQ ORGANIZATION: EM-3 and EM-20

PROGRAM/ADMINISTRATIVE FUNCTION: Environmental Cleanup and Acceleration

DESCRIPTION: The MWST System is not in compliance for secondary containment. Washington Savannah River Company (WSRC) submitted in 2003 a proposal to the South Carolina Department of Health and Environmental Control (SCDHEC) to transition SRNL's MWST system from Resource Conservation Recovery Act (RCRA) permitted to non-permitted status. As is, the current RCRA "Interim Status" system would require additional improvements to be fully permitted. Without an agreement to transition to non-permitted status, resolution of pending secondary containment issues and the preparation and submittal of a RCRA Part B Application would be required. In addition, the system remains subject to SCDHEC enforcement action, which is expected to be resolved along with transition to non-permitted status.

ASSESSMENT OF PROGRESS: WSRC submitted in 2003 a proposal to the SCDHEC to transition SRNL's MWST system from RCRA permitted to non-permitted status. The SCDHEC issued a Notice of Violation in January 2004, with the intent to proceed with a Consent Agreement for a RCRA Exit Strategy and with no plans to request a Part B Application. SCDHEC has indicated support of the Exit Strategy. Resolution of transition of the MWST to non-permitted status is ongoing. SCDHEC action on the RCRA permit exit proposal is expected in Fiscal Year 2007.

<u>CRITICAL MILESTONES:</u>	<u>ORIGINAL MILESTONE COMPLETION MONTH/YEAR</u>	<u>REVISED OR ACTUAL COMPLETION MONTH/YEAR</u>
Transmit Exit Proposal to SCDHEC	12/03	12/03 (actual)
SCDHEC confirms Part B application is not required and plans to work through Exit Proposal via a Consent Agreement	09/05	09/05 (actual)
Continue dialog with SCDHEC until SCDHEC issues a Consent Agreement	Ongoing	

SUCCESS INDICATORS FOR CLOSED CORRECTIVE ACTION PLANS:

Is plan closed? _____ Yes X No, not applicable.



Kevin W. Smith, Assistant Manager for Nuclear Material
Stabilization Project

8/23/06
Date

ACTION PLAN
SAVANNAH RIVER OPERATIONS OFFICE (SR)

TITLE: Continuity of Liquid Radioactive Waste System Operations
(Previously submitted as, "Continuity of High Level Waste System Operations")

ACTION PLAN: Reportable Problem: X Reportable Non-conformance: _____

HQ ORGANIZATION: Chief Operating Officer (EM-3)

PROGRAM/ADMINISTRATIVE FUNCTIONS: Waste Management

DESCRIPTION: Available tank space in the Liquid Waste Tank Farms remains a significant issue. Movement of waste into the older, non-compliant tanks (Types I, II, and IV) is limited to waste associated with waste removal and tank deactivation (Types I and II) or Defense Waste Processing Facility (DWPF) Recycle-related waste (Type IV). Very little opportunity remains for further volume reduction of the waste in the Type III tanks.

The salt removal and disposal program is expected to commence in November 2006. pending receipt of required permits from the State of South Carolina. In January 2006, the Secretary of Energy formally determined that the salt streams resulting from processing of salt waste through Deliquification, Dissolution and Adjustment (DDA), the Actinide Removal Process (ARP) and the Modular CSSX Unit (MCU) or the Salt Waste Processing Facility (SWPF) are not high-level waste and therefore, may be disposed as Low Level Waste (LLW) at the Savannah River Site (SRS) in accordance with Section 3116 of the Fiscal Year (FY) 2005 Ronald W. Reagan National Defense Authorization Act (NDAA).

The salt waste, both saltcake and concentrated supernate, represents over 90 percent of the total waste volume in the tank farms. When coupled with the fact that sludge dispositioned in DWPF generates approximately 1.3 gallons of salt waste for every gallon of settled sludge removed from the tank farms, additional compliant tank space cannot be realized until salt waste is dispositioned.

Due to the shortage of tank space, receipt of permits from South Carolina Department of Health and Environmental Control (SCDHEC) and processing of DDA material and successful startup and operations of the ARP and the MCU facilities must happen by the end of FY 2006 and the SWPF must start up as currently scheduled (September 30, 2011), to support the continued sludge disposition in DWPF and tank closure commitments as required by the Federal Facility Agreement. Efforts to minimize influents to the Liquid Waste Tank Farms by directing waste streams which do not meet the definition of HLW directly to the Saltstone facilities reduce additional challenges to available tank space.

Future waste determinations will be developed and submitted to the Nuclear Regulatory Commission for consultation. These will assess the residual wastes remaining in the individual SRS waste storage tanks after waste removal activities to determine that they are not high-level waste and therefore, may be disposed as LLW at SRS in accordance with Section 3116 of the FY 2005 Ronald W. Reagan NDAA.

ASSESSMENT OF PROGRESS: Recent performance of the evaporator systems has been adequate in recovering critical space in the Type III tanks. Near term, the opportunity to recover appreciable space in the tanks via evaporation will be limited to influents entering the tank farms. Liquid Waste is focused on maximizing the available working space in the Type III tanks through the following initiatives:

- A dedicated organization. Planning, Integration and Technology, exists within Liquid Waste Operations that is responsible for optimizing salt and sludge batching, tank closure activities, system flowsheet development, the operation of the Liquid Waste evaporator systems and the transfers within the Liquid Waste System
- Washington Savannah River Company (WSRC) continues to explore opportunities to minimize influents entering the Tank Farms. In early FY 2005, modifications were installed to successfully divert the waste produced in H-Canyon from the dissolving of non-irradiated fuel directly to Tank 50 for disposition in the Saltstone Processing Facility. The diversion of this LLW stream is effectively reducing up to 400,000 gallons of waste from being received and processed in the liquid radioactive waste tank system.
- In anticipation of the successful resolution of the issues surrounding the disposition of salt, WSRC is proceeding with design and construction of facilities and associated infrastructure to process and dispose of salt waste. This strategy will enable WSRC to minimize impact of any delays that may occur in implementing the salt processing strategy on the tank farm closure schedule as well as lifecycle costs for the program.
- WSRC actively supported the completion of the Section 3116 Determination, Salt Waste Disposal (WD) at SRS to initiate interim disposition of salt solution at Saltstone and continues to support negotiations between the Department of Energy and SCDHEC that should result in approval of operating permits for the start of salt processing; the critical path activity.
- WSRC has received approval of the salt processing strategy that, after receipt of permits from SCDHEC, will permit grouting of DDA salt streams at Saltstone. This first step in salt processing provides much needed tank space in the tank farms to allow continued sludge processing (DWPF feed) as well as the processing of higher curie salt via MCU/ARP and eventually the SWPF. The longer salt processing is delayed, the greater the risk of significant schedule delays for tank closures, potential interruption of sludge processing activities for DWPF, and significant impacts to the life-cycle costs.

CRITICAL MILESTONES:

Start of Salt Processing
Start of SWPF

ORIGINAL
MILESTONE
COMPLETION
MONTH/YEAR

July, 2006
Sept., 2011

REVISED OR
ACTUAL
COMPLETION
MONTH/YEAR

Nov., 2006

SUCCESS INDICATORS FOR CLOSED CORRECTIVE ACTION PLANS:

Is plan closed? Yes No No, not applicable.



Terrel Spears, Assistant Manager for Waste Disposition Projects

8/22/06

Date

ACTION PLAN
SAVANNAH RIVER OPERATIONS OFFICE

TITLE: National Pollutant Discharge Elimination System (NPDES) Permit Compliance

ACTION PLAN: Reportable Problem: X Reportable Nonconformance:

HQ ORGANIZATION: Environmental Management

PROGRAM/ADMINISTRATIVE FUNCTIONS: Environmental Compliance

DESCRIPTION: The Clean Water Act (CWA) requires that wastewater discharges meet water quality standards. The CWA's mechanism for regulating wastewater discharges is the NPDES Permit Program. In South Carolina, the NPDES Permit Program is administered by the South Carolina Department of Health and Environmental Control (SCDHEC) with oversight and guidance from the U. S. Environmental Protection Agency.

The Savannah River Site's current NPDES permit for industrial/process wastewater discharges became effective on December 1, 2003. The NPDES permit specifies the compliance requirements for the Site's 25 wastewater outfalls. In comparison to the previous NPDES permit, the current permit contains significantly stricter discharge limits for metals at several outfalls. As a result, 12 outfalls have compliance schedules noted in the NPDES permit. The compliance issues at three outfalls (A-11, K-06 and PP-1) have been addressed, leaving nine outfalls to resolve. Regarding these nine outfalls, three outfalls (F-01, F-02 and H-04) have three-year compliance schedules, one outfall (H-08) has a four-year compliance schedule, and five outfalls (F-05, F-08, H-02, H-12 and S-04) have five-year compliance schedules. The original projected compliance costs ranged from several hundred thousand dollars to multi-million dollars per outfall.

ASSESSMENT OF PROGRESS: On September 30, 2004, the Washington Savannah River Company's (WSRC) NPDES Permit Project Team issued a "NPDES Permit Compliance Alternatives Study Report." Also, WSRC was successful in getting some metal limits removed from the NPDES permit. WSRC was successful in getting the compliance date extended for Outfall F-05. Based on the revised limits and the closure of F-Area, WSRC further evaluated the compliance alternatives and associated cost estimates. The total estimated cost (TEC without adjustment, EM funds only) is now approximately \$2.8M. A Baseline Change Proposal in the amount of \$1.758M has been approved for this work. The \$1.758M is expected to fund the work scope through the end of the current contract with WSRC.

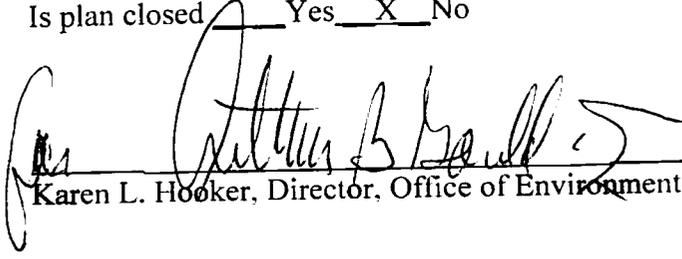
COMPLETION
CRITICAL MILESTONES:
MONTH/YEAR

ORIGINAL MILESTONE COMPLETION
 REVISED OR ACTUAL
MONTH/YEAR

Outfall A-11 Comply with final limits for Hg Progress reports every 9 months	12/1/07 9/1/04 to 12/1/07	COMPLETE (2/22/06 Report)
Outfall F-01 Comply with final limits for Cu and Zn Progress reports every 9 months	12/1/06 9/1/04 to 12/1/06	
Outfall F-02 Comply with final limits for Cu and Zn Progress reports every 9 months	12/1/06 9/1/04 to 12/1/06	
Outfall F-05 Comply with final limits for Cu, Pb, Hg, and Zn Progress reports every 9 months	12/1/06 9/1/04 to 12/1/06	11/1/08
Outfall F-08 Comply with final limits for Pb Progress reports every 9 months	11/1/08 9/1/04 to 11/1/08	
Outfall H-02 (<i>NNSA is the owner</i>) Comply with final limits for Cu, Pb and Zn Progress reports every 9 months		11/1/08 9/1/04 to 11/1/08
Outfall H-04 Comply with final limits for Pb and Zn Progress reports every 9 months	12/1/06 9/1/04 to 12/1/06	
Outfall H-08 Comply with final limits for Cu, Pb, and Zn Progress reports every 9 months		12/1/07 9/1/04 to 12/1/07
Outfall H-12 Comply with final limits for Cu and Zn Progress reports every 9 months		11/1/08 9/1/04 to 11/1/08
Outfall S-04 Comply with final limits for Cu, Pb, Mn, Ni, and Zn Progress reports every 9 months		11/1/08 9/1/04 to 11/1/08

SUCCESS INDICATORS FOR CLOSED CORRECTIVE ACTION PLANS:

Is plan closed Yes No



Karen L. Hooker, Director, Office of Environment, Safety and Health

**ACTION PLAN
SAVANNAH RIVER OPERATIONS OFFICE**

TITLE: Design Basis Threat (DBT) Implementation Plan (IP)

ACTION PLAN: Reportable Problem: X Reportable Non-conformance:

HQ ORGANIZATION: Assistant Secretary for Environmental Management

PROGRAM/ADMINISTRATIVE FUNCTIONS: Security and Environmental Management

DESCRIPTION: The Department of Energy (DOE) 2003 Design Basis Threat (DBT) Policy was issued May 20, 2003. This policy revised the 1999 DOE DBT. Deputy Secretary McSlarrow directed Sites to achieve implementation of the 2003 DBT by the end of Fiscal Year (FY) 2006. DOE Order (O) 470.3, *DBT Policy*, was issued October 18, 2004. This Order revised the May 2003 DOE DBT Policy. The October 2004 DBT policy contained significant revisions having a direct impact on 2003 DBT Implementation Plans (IP) and overall program planning. Deputy Secretary McSlarrow directed the National Nuclear Security Administration (NNSA) and the Office of Energy, Science and Environment (ESE) to revise DBT IPs to ensure that all requirements contained within the May 2003, DBT are met by the end of FY 2006 and all requirements contained within DOE O 470.3 are met no later than the end of FY 2007. On December 10, 2004, "Extension of the Implementation Date – DOE O 470.3, DBT" was issued by Deputy Secretary McSlarrow extending the 2004 DBT Policy implementation date to no later than the end of FY 2008. The latter two memorandums are considered as Critical Decision (CD)-0, "Approval of Mission Need" for the Savannah River Site (SRS) DBT IP Project.

The SRS 2004 DBT IP was approved August 24, 2005, and detailed the safeguards and security measures and the associated cost, schedule and scope necessary for SRS to achieve full implementation of the 2004 DBT by the end of FY 2008. The DOE-Savannah River Operations Office (DOE-SR) approval letter authorized Washington Savannah River Company (WSRC) to proceed with conceptual design work on the required security upgrades. The approval letter also directed WSRC to meet the 2003 DBT requirements by September 30, 2006.

WSRC completed the SRS Conceptual Vulnerability Analysis (CVA) for the 2003 DBT on January 9, 2006. DOE O 470.3A, Design Basis Threat (DBT) Policy, was issued December 2, 2005, revising the October 2004 DBT Policy. The implementation date for the 2005 DBT remained as no later than the end of FY 2008.

ASSESSMENT OF PROGRESS: SRS intends to provide the security measures necessary for SRS to achieve full implementation of the 2005 DBT by the end of FY 2008. In addition, SRS intends to achieve construction completion of the DBT 2003 guidance by September 30, 2006. The SRS DBT, IP Revision 1, document integrates and addresses the 2003 and 2005 DBT implementation.

The SRS 2003 and 2005 DBT scope have been incorporated into the SRS DBT Project. The Project Execution Plan for the SRS DBT Safeguards and Security Upgrades (SSU) governs the management of costs, schedule and scope of DBT SSU at SRS. Change Control continues to be monitored by Site senior managers forming the SRS Executive Review Team (ERT). The DBT

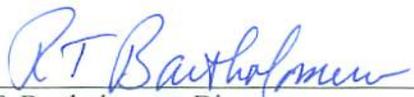
Project Team monitors progress for design, procurement and delivery of purchased items. The Project Team conducts weekly reviews for Project status, action items, review/update of the Project schedule and examination of trends based on requirement/scope modification.

SRS has minimized upgrade costs through material consolidation and reduction of target facilities. The SRS strategy to re-deploy Protective Force manpower from closure facilities significantly reduces the need for additional manpower upgrades. Although no significant funding issues currently exist, the success of the SRS DBT Implementation remains contingent upon sufficient funding being provided in the year requested.

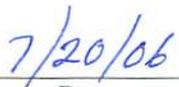
<u>CRITICAL MILESTONES:</u>	<u>ORIGINAL MILESTONE COMPLETION MONTH/YEAR</u>	<u>REVISED OR ACTUAL COMPLETION MONTH/YEAR</u>
Environmental Management Program Security Office approve SRS 2004 DBT IP	07/29/05	07/01/05
Need SRS 2004 DBT Project authorized milestones	12/01/05	See below for revised
Complete implementation of 2004 DBT milestones	09/30/08	See below for revised
Implementation of SRS 2003 DBT	N/A	09/30/06
Implementation of SRS 2005 DBT	N/A	09/30/08

SUCCESS INDICATORS FOR CLOSED CORRECTIVE ACTION PLANS:

Is plan closed? ___ Yes x No, not applicable.



 R. T. Bartholomew, Director
 Office of Safeguards, Security and Emergency Services



 Date

ACTION PLAN
SAVANNAH RIVER OPERATIONS OFFICE

TITLE: SRS Plutonium Disposition Capability

ACTION PLAN: Reportable Problem: X Reportable Non-conformance: _____

HQ ORGANIZATION: EM-2

PROGRAM/ADMINISTRATIVE FUNCTION: Nuclear Materials

DESCRIPTION: On September 6, 2005, Deputy Secretary Sell approved the Mission Need (CD-0) for the plutonium disposition project at the SRS to disposition approximately 13 metric tons (MT) of plutonium materials not suitable for the Mixed Oxide Fuel Fabrication Facility. The Total Project Cost range is estimated between \$300-\$500M. In May 2006, the Principal Deputy Assistant Secretary for Environmental Management, EM-2, requested that SR modify the execution plan for CD-1 by first establishing the decision for the Alternative Selection (CD-1A), then establishing the decision for the Conceptual Design and Cost Range (CD-1B). The selection of a preferred alternative to disposition these plutonium materials without a defined disposition path is a necessary step to enable future decisions concerning plutonium consolidation.

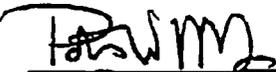
SR completed the alternative analysis and recommended continuing the acquisition with the "can-in-canister" concept using the vitrification technology. SR also recommended utilizing existing capabilities at SRS, the H-Canyon, and HB-Line facilities, to process up to 2 MT of plutonium. On August 17, 2006, Deputy Secretary Sell approved vitrification as the Preferred Technology Alternative (CD-1A). The project commenced in FY 2006 upon Congressional authorization of the Conceptual Design funds. FY2007 funding (\$13M) for this project is above the EM funding targets. Failure to authorize and provide funding for the project will result suspending the project and disbanding the Project Team.

ASSESSMENT OF PROGRESS: 1) EM Management is working to secure the FY 2007 funds to complete Conceptual Design. 2) Upon receiving adequate funding in FY 2007, CD-1, Approve Preliminary Baseline Range, is expected to be approved in mid FY 2007.

<u>CRITICAL MILESTONES:</u>	<u>ORIGINAL MILESTONE COMPLETION MONTH/YEAR</u>	<u>REVISED OR ACTUAL COMPLETION MONTH/YEAR</u>
Congressional approval of initial Conceptual Design funds	10/05	1/06 Actual
Approval of Fiscal Year 2007 funds	10/06	
CD-1A Approval	8/06	8/17/06 Actual
CD-1 Approval	12/06	Mid FY07

SUCCESS INDICATORS FOR CLOSED CORRECTIVE ACTION PLANS:

Is plan closed? ___ Yes X No, not applicable.

for 
Kevin W. Smith
Assistant Manager for Nuclear Material
Stabilization Project

8/17/06
Date

ACTION PLAN
SAVANNAH RIVER OPERATIONS OFFICE

TITLE: Homeland Security Presidential Directive-12 (HSPD-12), Common Identification Standard for Federal Employees and Contractors

ACTION PLAN: Reportable Problem: x Reportable Nonconformance: _____

HQ ORGANIZATION: Assistant Secretary for Environmental Management

PROGRAM/ADMINISTRATIVE FUNCTIONS: Security and Environmental Management

DESCRIPTION: The Homeland Security Presidential Directive-12 (HSPD-12) was issued on August 27, 2004, requiring the development of a secure and reliable form of identification to be used for gaining physical access to Federally-controlled facilities and logical access to Federally-controlled information systems. Standards were to be developed within six months of the directive, with implementation completed within months after issuance of the standard.

On March 31, 2005, the Department of Energy (DOE) Chief Information Officer, Office of Security and Safety Performance Assurance, Associate Administrator for Management and Administration, National Nuclear Security Administration, issued a memorandum to the Head of DOE Departmental Elements identifying the need to meet the requirements of the Federal Information Processing Standard (FIPS 201) developed by the Department of Commerce in response to HSPD-12. Implementation of FIPS 201 will consist of two phases, with Phase 1 to be completed by October 27, 2005, and Phase 2 to be completed by October 27, 2006.

This memorandum identified the formation of a DOE Headquarters (HQ) Project Team (PT) to manage the implementation of a common solution for all DOE elements. With the formation of the PT, data calls have been made to fulfill the team's efforts to "build a profile that includes site-by-site, building-by-building, vendor- and version-specific information pertaining to hardware, software and systems used for badging offices, physical access control and logical access control."

As stated in the memorandum, HSPD-12 is to be funded using existing resources, as necessary, to meet deadlines established in the directive. DOE has not yet published a plan to achieve FIPS 201 Phase 2 compliance by the deadlines, nor has specific implementation direction been provided to SR. However, it is anticipated that this effort will require significant changes to Site badging, physical access control systems and information systems.

Because of the potential scope and lack of further DOE implementation guidance, implementation of FIPS 201 Phase 2 by October 27, 2006, may not be achievable. In addition, the costs to implement such an effort will be substantial, which would have an adverse impact on the Site budget and achievement of Site missions.

ASSESSMENT OF PROGRESS: WSRC is continuing to provide survey information and other details in response to DOE PT inquiries. Washington Savannah River Company issued a Policy for a Common Identification Standard for Federal Employees and Contractors in October 2005, based on September 14, 2005, DOE N 206.2 "Identity Proofing." This accomplished Phase 1 of FIPS 201 compliance on schedule. Individuals must now show two forms of identification from an approved list, one of which must be a valid, government issued picture ID to obtain Site

access. When the DOE specifications for compliance with FIPS 201 Phase 2 are released and the project plan is developed, an assessment of schedule and funding feasibility will be developed.

<u>CRITICAL MILESTONES:</u>	<u>ORIGINAL MILESTONE COMPLETION MONTH/YEAR</u>	<u>REVISED OR ACTUAL COMPLETION MONTH/YEAR</u>
DOE plan submission to OMB	06/27/2005	6/27/2005
Plan approval from OMB	07/27/2005	7/27/2005
Implementation of FIPS 201 Pad 1	10/27/2005	10/27/2005
Implementation of FIPS 201 Part 2 (Issue Phase 2 cards for new employees and replacement cards)	10/27/2006	
Full Compliance with PIV II	10/31/2008	

SUCCESS INDICATORS FOR CLOSED CORRECTIVE ACTION PLANS:

Is plan closed? ___ Yes x No, not applicable.



R. T. Bartholomew, Director
Office of Safeguards, Security and Emergency Services

1/20/06

Date

ACTION PLAN
SAVANNAH RIVER OPERATIONS OFFICE (SR)

TITLE: Energy Employees Occupational Illness Compensation Program Act (EEOICPA) Project

ACTION PLAN: Reportable Problem: X Reportable Non-conformance:

HQ ORGANIZATION: Environmental, Safety, and Health (EH-1)

PROGRAM/ADMINISTRATIVE FUNCTIONS: Safety and Health

DESCRIPTION: The Fiscal Year (FY) 2005 Defense Authorization Bill (Public Law 108-375) contains several major amendments to the Energy Employees Occupational Illness Compensation Program Act 2000 (EEOICPA). The Bill was signed into law by President Bush on October 28, 2004.

The Bill abolished Part D of EEOICPA, administered by the Department of Energy (DOE) that provided assistance to nuclear workers in obtaining State workers' compensation benefits as a result of work-related toxic substance illnesses. In its place, it created a new Part E of EEOICPA to be administered by the Department of Labor (DOL) providing Federal payments instead of State workers' compensation assistance. However, Part D claims, filed as State workers' compensation claims, are required to be handled by Washington Savannah River Company (WSRC) to achieve final settlement agreements with the State of South Carolina.

ASSESSMENT OF PROGRESS: WSRC received notification from DOE Office of Worker Advocacy and DOE-Savannah River Operations Office (SR) of 270 EEOICPA Subtitle D claims that received a Physicians Panel letter of favorable determination followed by a DOE "Do Not Contest Letter." The "Do Not Contest Letters" are still valid and direct WSRC to resolve Subtitle D claims without raising defenses and prohibits the challenge of work relatedness determination provided under the EEOICPA Subtitle D claims process.

Presently, 177 of the Subtitle D claims have been filed with the South Carolina Workers' Compensation Commission after claimants received a DOE Physician's Panel letter of favorable determination. WSRC has settled 134 claims at a cost of \$6.9M. The 43 remaining Subtitle D claim reserves were reviewed by WSRC and WAUSAU, the insurance carrier, on June 1, 2006. The estimated settlement value of the outstanding 43 claims is estimated at \$2.3M.

Ninety-three of the 270 EEOICPA Subtitle D claims with favorable letters of determination by a Physician's Panel and "Do Not Contest Letters" from DOE are currently not filed with the State of South Carolina for workers' compensation benefits. It is up to each claimant to come forward and voluntarily file a State workers' compensation claim. All 93 Subtitle D claims could be filed as State workers' compensation claims or claimants could elect to obtain entitlements under the EEOICPA Subtitle E amendment. Based on the nature of illnesses and the history of settling Subtitle D legacy claims, WSRC estimates their costs at \$4.9M.

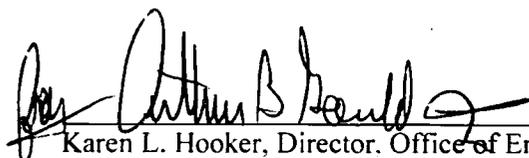
While provision have been made to cover the estimated \$2.3M, a funding source has not been identified for the remaining potential claims estimated at \$4.9M. There is significant uncertainty as to whether these will be filed as State workers' compensation claims. but if they are, funding is not available for claim payment. However, WSRC is preparing for the worst case. that all 93 outstanding Subtitle D claims may be filed as workers' compensation claims. The EEOICPA Subtitle D claims and settlement processes will continue over the next 16 months with the anticipation of full closure reached in October 2007.

CRITICAL MILESTONES: WSRC has committed to producing DOL requests for employment verifications, Document Acquisition Request (DAR) and National Institute for Occupational Safety and Health requests for Personnel Exposure Information packages within 60 days of request.

<u>CRITICAL MILESTONES:</u>	ORIGINAL MILESTONE COMPLETION MONTH/YEAR	REVISED OR ACTUAL COMPLETION MONTH/YEAR
Resolution of the Settlement Process		09/2007
Continue to pursue funding strategy with Headquarters to address shortfalls in funding for EEOICPA	On-going	On-going
Continue to process DAR requests for personal Exposure information within 60 days	On-going	On-going
Continue to process DAR requests for personal Employment verifications	On-going	On-going

SUCCESS INDICATORS FOR CLOSED CORRECTIVE ACTION PLANS:

Is plan closed? ___ Yes No. not applicable.



 Karen L. Hooker, Director, Office of Environment, Safety and Health

7/20/06

 Date

ACTION PLAN
SAVANNAH RIVER OPERATIONS OFFICE (SR)

TITLE: Aging Business Systems

ACTION PLAN: Reportable Problem X Reportable Nonconformance

HQ ORGANIZATION: Office of the Chief Financial Officer (CF-1)

PROGRAM/ADMINISTRATION FUNCTIONS: Business Management

DESCRIPTION: Several of the critical business systems used by Washington Savannah River Company (WSRC), the Site's prime management and operating contractor, are either approaching or significantly beyond their design life and represent an increasing risk to maintaining efficient business processing and financial integrity. The oldest of these systems, the Procurement Cycle System is in the range of 25-years old, is difficult to maintain, and has increasing reliability issues. The Integrated Budgeting, Accounting and Reporting System (IBARS) is now over ten-years old, and while stable and reliable in terms of transaction processing, has other age related issues that need to be addressed. For example, Social Security Numbers (SSN's) for employees of WSRC and partners are utilized as personnel identifiers in IBARS as well as in the related Consolidated Labor System (CLS). These systems were designed more than ten-years ago, prior to the public's heightened awareness for protecting this information. They are available to mainframe users across the Site via system drilldowns, queries, and standard reports. As SSN's are a key identifier in these financial systems, to replace them would be a massive effort. (Note: No SSN's for Department of Energy employees may be accessed through these business systems).

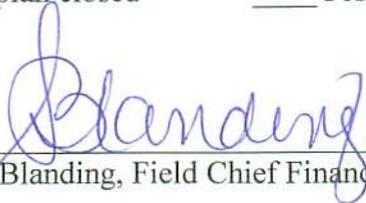
As the Site continues to work under tightly constrained budgets, resources to invest in systems' upgrades or replacements, are unavailable. Consequently, there is increased risk to effective business management as these legacy systems must continue to operate for extended periods in conditions that will, in all likelihood, show continued growth in operational and reliability issues.

ASSESSMENT OF PROGRESS: WSRC business system replacement plans and required funding continue to be reviewed. Absent increasing resources dedicated to replacing several of these systems, the strategy continues to be one of managing risks and taking corrective actions to resolve problems after they emerge. WSRC has taken corrective actions to mitigate the risks of having SSN's viewable as personnel identifiers in the IBARS. Additionally, the ability to process prior-period adjustments electronically in the Time and Attendance Collection System (TACS) has been completed, as well as progress toward incorporating the current CLS labor costing process into TACS. This effort is currently in full production parallel testing and is scheduled for production implementation in FY 2007.

<u>CRITICAL MILESTONES:</u>	<u>ORIGINAL MILESTONE COMPLETION MONTH/YEAR</u>	<u>REVISED OR ACTUAL COMPLETION MONTH/YEAR</u>
Take corrective actions to address problems as they arise.	On-going	On-going
Evaluate minimum investment needs to maintain acceptable performance levels for business systems	On-going	On-going
Evaluate opportunities to mitigate current business system challenges through follow-on contract initiatives	January 2007	

SUCCESS INDICATORS FOR CLOSED CORRECTIVE ACTIONS PLANS:

Is plan closed Yes No, not applicable



 S. Blanding, Field Chief Financial Officer



 Date

ACTION PLAN
SAVANNAH RIVER OPERATIONS OFFICE
July 2006

TITLE: 3013 Container Surveillance (K-area Interim Surveillance (KIS) Project)

ACTION PLAN: Reportable Problem: X Reportable Non-conformance:

HQ ORGANIZATION: EM-30

PROGRAM/ADMINISTRATIVE FUNCTION: Nuclear Materials

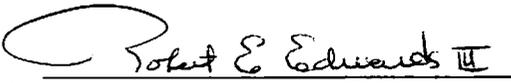
DESCRIPTION: EM-2 directed a change to transfer the 3013 Consolidated Storage and Surveillance Capability (CSSC) Project from the F-Area Material Storage Facility (FAMS) to K-Area to substantially reduce EM's life cycle costs and eliminate an SRS Category 1 Special Nuclear Material facility. In order to meet the DOE-STD-3013 Plutonium Surveillance Plan requirements until the CSSC subproject is fully operational in K-Area, K-Area Interim Surveillance (KIS) destructive and non-destructive evaluation capabilities must be installed and operational in second quarter of fiscal year 2007. The KIS project is on schedule to provide Savannah River Site with the capability to perform the required 3013 surveillances.

ASSESSMENT OF PROGRESS: 1) K Area Interim Surveillance (KIS) project has been completely funded and construction is scheduled to be completed in August 2006. The startup is scheduled for December 2006 upon completion of the Operational Readiness Review.; (2) CSSC project received funding in FY2006; and (3) EM-1 approved Critical Decision 1, Approve Alternative Selection and Cost Range, on March 9, 2006.

<u>CRITICAL MILESTONES:</u>	<u>ORIGINAL MILESTONE COMPLETION MONTH/YEAR</u>	<u>REVISED OR ACTUAL COMPLETION MONTH/YEAR</u>
Approval and funding for the K-Area 3013 CSSC subproject:	10/05	10/05 (A)
Reallocate FY06 funding to complete the KIS Project.	02/06	10/05 (A)

SUCCESS INDICATORS FOR CLOSED CORRECTIVE ACTION PLANS:

Is plan closed? X Yes No, not applicable.


 Kevin W. Smith
 Assistant Manager for Nuclear Material
 Stabilization Project

7/20/06
Date

**SAVANNAH RIVER OPERATIONS
PROGRAM LISTING**

Program	B&R	Description
Defense Programs – NNSA	DP09	Readiness in Technical Base and Facilities
	DP11	Directed Stockpile Work
	DP17	Readiness Campaign
Environmental Management	EY40	Technology Development and Deployment
	EY85	2012 Completion Projects
	EY86	2035 Completion Projects
	EY87	Tank Farm Activities
	EW10	Program Direction
Human Resources and Administration	EW10	Personnel Management
		Information Technology
		Procurement and Assistance Management
		Contractor Human Resource Management
		Control of Personal Property
		Printing and Graphics
Chief Financial Office	EW10	Budget
		Finance and Accounting
		Financial Management Oversight
Field Management	EW10	Facilities Management Oversight
		Facilities Management
		Control of Real Property
		Program/Project Management and Control
Reimbursable Work	40	Reimbursable Work for other Federal Agencies
Office of Security & Emergency Operations	FS20	Safeguards and Security – NNSA
	FS50	Safeguards and Security
Office of Security	GD05	Operations and Support
Departmental Administration	WN01	Cost of Products Sold
	WN02	Cost of Work for Others
Defense Nuclear Nonproliferation – NNSA	NN20	Nonproliferation and Verification Research
	NN40	Nonproliferation and International Security
	NN41	Russian Transition Initiatives
	NN60	U. S. Surplus Fissile Materials
	NN90	Global Threat Reduction Initiative