

binoculars, can hardly keep accurate watch over the entire contents of a 1 to 2 mile long, half-mile wide net, submerged hundreds of feet below water.

I recognize the potential significance and power of the October 1995 Panama Declaration, and I agree that our unilateral embargoes deserve a serious re-examination. In fact, legislation I and Senator BOXER introduced during the 104th Congress would have implemented key parts of the declaration by repealing the current comparability embargoes and opening our market—literally the most lucrative in the world—to all tuna caught in compliance with the current dolphin-safe standard.

But market access issues, questions of whether to allow dolphin-safe and other tuna into our market, are separate from the reasoning behind the current label.

I look forward to working with my colleagues on both sides of the aisle and in the administration to lock-in the progress we have made. And I commend Senator BOXER for her diligent efforts to protect our environment while preserving our principles.

USE OF FEDERAL FUNDS TO ENCOURAGE LABOR UNION MEMBERSHIP

Mr. THURMOND. Mr. President, yesterday, I introduced S. 223, a bill to prohibit the use of Federal funds to encourage labor union membership.

I ask unanimous consent that the text of S. 223 be printed in the CONGRESSIONAL RECORD.

The bill follows:

S. 223

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. PROHIBITION ON USE OF FEDERAL FUNDS TO ENCOURAGE LABOR UNION MEMBERSHIP.

(a) DEFINITION.—For purposes of this Act the term “agency” has the same meaning as in section 551(1) of title 5, United States Code.

(b) PROHIBITION.—No funds appropriated from the Treasury of the United States may be used by any agency to fund, promote, or carry out any seminar or program, fund any position in an agency, or fund any publication or distribution of a publication, the purpose of which is to compel, instruct, encourage, urge, or persuade individuals to join labor unions.

TRIBUTE TO THE LATE JEANE DIXON

Mr. THURMOND. Mr. President, each morning for more years than anyone can remember, millions of Americans have religiously opened their newspapers and consulted their horoscope, checking their astrological sign for an idea of what good or bad fortune their day might hold. Whether these people did this out of a true belief that the stars could predict their fate, or just out of a sense of fun, it was the work of a prominent Washingtonian, Jeane

Dixon, whose column more often than not they were reading. Sadly, her fans will no longer be able to gaze into the future over a cup of coffee and an English muffin, as Mrs. Dixon passed away this past Saturday at the age of 79.

Mrs. Dixon gained notoriety as an astrologer and psychic when she made some eerily accurate predictions concerning the tragic fate of the late President Kennedy, the election of Richard Nixon to the Presidency, that China would become Communist, and the eventual election of Ronald Reagan as Chief Executive. Whether she truly had the ability to see into the future will forever be a mystery, but she certainly made enough accurate forecasts about events that she earned a degree of credibility. From what I understand, she was often consulted by individuals inside and outside of Government, and she was certainly a favorite in Washington social circles, which is how I came to know Mrs. Dixon many years ago.

Those who only knew the Jeane Dixon whose name graced horoscope columns were not familiar with the generous and concerned nature of this woman who worked very hard to help build a better world through philanthropy. A devout Catholic, Mrs. Dixon gave freely to the church, supporting many worthy charities and relief projects designed to help the less fortunate and those in need. Additionally, Mrs. Dixon established the Jeane Dixon's Children to Children Foundation, an organization that has undertaken many fine efforts to help some of America's most vulnerable citizens, its children.

I am proud to have been able to count Jeane Dixon among my friends. She was the godmother to my youngest son, Paul, and the two would visit whenever possible. Unfortunately in later years, Paul's schedule as a tennis player and college student, and Jeane's busy traveling and business schedule did not permit as many get-togethers as either would like. Still, they were good friends and did enjoy being able to see each other several times a year. As Jeane lived in town, I would see her frequently, and always enjoyed being able to host her and her friends for lunch in the Senate dining room. Without question, she was a kind and warm-hearted woman who was always interested in politics and the events of the day. She was a witty conversationalist and it was always amusing and intriguing to hear what she believed was in store for the Nation and prominent figures in Government and entertainment.

Mr. President, Jeane Dixon led a full and unique life. She was known, admired, and liked by countless people and we shall all miss her. My condolences go out to her sister, Evelyn P. Brier; her brother, Dr. Warren E. Pinckert; and her nieces and nephews, all of whom survive her.

THE VERY BAD DEBT BOXSCORE

Mr. HELMS. Mr. President, at the close of business yesterday, Tuesday, January 28, the Federal debt stood at \$5,317,192,254,267.62.

Five years ago, January 28, 1992, the Federal debt stood at \$3,796,222,000,000.

Ten years ago, January 28, 1987, the Federal debt stood at \$2,223,438,000,000.

Fifteen years ago, January 28, 1982, the Federal debt stood at \$1,037,631,000,000.

Twenty-five years ago, January 28, 1972, the Federal debt stood at \$426,168,000,000 which reflects a debt increase of nearly \$5 trillion—\$4,891,024,254,267.62—during the past 25 years.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. HUTCHINSON). The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. BRYAN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

BOMBING OF THE KHOBAR TOWERS

Mr. BRYAN. Mr. President, I rise today because of strong concerns I have related to the Air Force's evaluation of the events surrounding the tragic Khobar Towers bombing in Saudi Arabia. The Air Force has not yet released its official report on these events, but it has been widely reported that the Air Force will recommend no disciplinary action against any officer in relation to this incident. Mr. President, I do not understand this recommendation.

As you will recall, shortly before 10 p.m. on the evening of Tuesday, June 25, 1996, a fuel truck pulled up to the perimeter of a Khobar Towers' complex in Dhahran, Saudi Arabia. This complex housed almost 3,000 airmen of the 4404th Wing, as well as military personnel from the United Kingdom, France, and Saudi Arabia. Air Force guards spotted the truck and immediately began an effort to evacuate the building. Unfortunately, before they could succeed, a large explosion occurred that destroyed the face of Building 131, killing 19 American servicemembers and seriously injuring hundreds more.

In the immediate aftermath of the explosion the members of our Armed Forces acted heroically, restoring order and providing aid to those who had been injured. In less than 3 days the 4404th Air Wing had recovered and was once again flying its mission over the skies of southern Iraq.

This bombing and a Riyadh, Saudi Arabia, bombing in November 1995 that killed five Americans, raised a number of fundamental questions regarding the threat of terrorism to United States

forces deployed overseas and the priority of force security among those military commanders charged with responsibility for providing that security. Secretary of Defense Perry took an important step in addressing these questions by establishing an independent task force to examine the facts and circumstances surrounding the bombing. This task force was led by Gen. Wayne A. Downing, a highly respected and distinguished retired four-star general.

The findings of the Downing report were significant and wide ranging. They covered force security standards and policies, intelligence, threat assessments, and United States-Saudi cooperation. Secretary Perry took these findings seriously and as a result has announced major changes in our approach to force protection. Unfortunately, in a number of areas it appears the Air Force has chosen to disregard the Downing task force findings.

The contrast between the Downing report and the Air Force's apparent findings, and I use the term "apparent findings" because at this point, Mr. President, the official report has not yet been released, finding 19 of the Downing report states "The chain of command did not provide adequate guidance and support to the Commander, 4404th Wing." Finding 20 states "The Commander, 4404th Wing did not adequately protect his forces from terrorist attack." Did not adequately protect his forces from terrorist attack. Yet the Air Force has apparently concluded that every person in the chain of command met standards of performance and acted with due care and reasonably. Furthermore, the Downing report details the information available on the terrorist threat against our forces in the Khobar Towers. The Downing report states that the Khobar Towers had been described as a soft target, critical target and a specific site of concern. In addition, the Downing report notes that there was a series of 10 suspicious incidents in the preceding 90 days surrounding this complex that indicated the possibility of a terrorist threat. In contrast, the Air Force has reportedly found that the chain of command considered the threats, in view of the information known at the time, and acted with due care and prudently. This judgment by the Air Force, in my opinion, is inexplicable.

Mr. President, the wing commander of the 4404th Wing, General Schwalier, has been scheduled for a promotion from brigadier general to two-star rank of major general. Now, I understand that hindsight is 20/20, yet I cannot ignore the findings of the Downing task force. For this reason, I have written a letter to the Secretary of the Air Force expressing strong concerns regarding this appointment. The Downing task force makes clear that General Schwalier did have command responsibility and authority for force protection of his personnel in the 4404th Wing while he could not have been expected

to know the precise nature of the terrorist attack, the Downing report does raise a number of concerns regarding the priority of force protection under General Schwalier.

For example, in light of the terrorist threat, a number of additional measures could have substantially reduced the threat from a terrorist attack. The windows facing out from the complex, Building 131, could have been coated with a shatterproof substance known as Mylar. Airmen with outside rooms could have been moved into the interior of the complex. That was the area that was most exposed, Mr. President. Finally, a higher priority could have been placed at moving the perimeter fence farther away from housing quarters. When difficulties with the Saudi Government halted plans to move the fence, the matter should have been taken up and reported up the chain of command.

According to the Downing report, these steps were not taken. General Schwalier concentrated solely on the threat of a penetrating bomb attack and failed to address other kinds of terrorist attack. He failed to correct vulnerabilities he could have corrected, and for those vulnerabilities he could not correct by himself General Schwalier failed to raise the issues up the chain of command or coordinate with the host nation.

Mr. President, I do not believe that the Downing report was unreasonable or looking for scapegoats.

This task force took an independent, forthright, and tough look at the threat of terrorism and how we can respond to that threat in the future. I have no doubt this tough assessment will save U.S. lives in the future. In the same way, the Air Force must also take a tough look at its responsibilities to protect its forces from this new threat. And in this instance, Mr. President, I am afraid the Air Force has failed to do so. I urge the Secretary of the Air Force to reconsider the Air Force's conclusions regarding this horrible and tragic incident.

Mr. President, I thank you. I yield the floor.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. GLENN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. HAGEL). Without objection, it is so ordered.

The Senator from Ohio is recognized for 10 minutes.

DOE PROPERTY AND ASSET MANAGEMENT

Mr. GLENN. Today I am releasing a report, prepared at my direction by the minority staff of the Governmental Affairs Committee, on property and asset management at the Department of Energy. The report, aptly titled "Lost and Still Missing," discusses at some

length the chronic personal property management problems at the Department, problems that have resulted in the loss of millions of dollars worth of taxpayer-purchased equipment. Recently, DOE has made some progress in tackling this problem, but much more needs to be done.

For many years, missing property and equipment and poor inventory controls have been a major problem at the Department of Energy. Estimates by the IG and GAO of the value of lost and unaccounted for equipment have ranged from tens of millions to hundreds of millions of taxpayer dollars. Missing equipment includes computers, furniture, machine tools, electric pumps, and cameras, plus more exotic items like semi- and flatbed trailers, electronic switchgear, nuclear fuel reprocessing equipment and technology, diesel engines, cranes and armored personnel carriers.

So we are not talking about a few missing pencils and paper clips. These are costly items. And all too often it appears that this material just flies out of DOE inventory and disappears into thin air.

Furthermore, equipment in working order and usable supplies have been sold as surplus for a small fraction of their market value. Other equipment has been left outdoors to be ruined by the elements.

Finally, many of the missing items are national security sensitive and did not go through proper demilitarization and declassification procedures.

Our review also found that the problem of missing property and poor inventory controls is not unique to any one DOE site, but is prevalent at numerous sites, including, among others, the Portsmouth Gas Centrifuge Enrichment Plant, the Rocky Flats Plant, the Idaho National Engineering Laboratory, Sandia National Laboratories, Los Alamos National Laboratory, the Fernald Environmental Restoration Corporation, and Oak Ridge National Laboratory. The specific problems at each site are discussed at length in the report. Some go back a couple of years, others are more recent. Let me give you a few examples.

Rocky Flats, CO—GAO identified \$29 million in missing equipment. Missing items included: a semi-trailer, a boat, forklifts, furnaces, over 1,800 pieces of computer equipment, and 8 armored personnel carriers. The armored personnel carriers are a story in their own right. DOE initially donated the 8 carriers to a military museum, but did not demilitarize them. The museum gave one of the carriers away, which was subsequently resold twice before winding up in the hands of a man who supplies props to Hollywood movie studios. Since then, DOE has repossessed the vehicles.

Idaho National Engineering Laboratory—DOE sold as surplus national security sensitive nuclear fuel reprocessing equipment to a scrap dealer for \$154,000 who then tried to sell it to a

British company. Once the Department discovered its mistake, it bought back the equipment for \$475,000. A separate sale to the same individual included between 25 and 50 personal computers whose hard drives were not sanitized in accordance with Department and GSA regulations. Unfortunately because INEL's records were so poor, it was not possible to determine exactly how many computers were sold, or, more importantly, whether they contained national security sensitive or restricted data.

Sandia, NM—An on-site inspection by the inspector general revealed that computers, machine tools, furniture, and rolls of cable were left outside for long periods of time. When Sandia officials tried to reuse the equipment, they discovered that it had been ruined by the elements. Other equipment had been improperly mixed with radiologically-contaminated items.

Portsmouth, OH—Equipment valued at \$35 million was sold for less than \$2 million. DOE's own documents indicate that some of this equipment may be nuclear proliferation sensitive. This includes technology used in the enrichment of uranium.

Why do these problems exist? It is a simple two-word answer. Poor management.

In some cases, the Department failed to provide effective policy, or negotiated management and operating contracts that did not meet its own regulations on property management; in others, the field offices failed to provide adequate oversight, especially in the development and review of property management systems. These failures have been compounded by antiquated property tracking systems with poor records, lack of proper training for employees charged with property management, wide variations in local policies that implement Department regulations, and, for one site at least—Rocky Flats—a failure, both in the field and at headquarters, to follow up on cases where there was reason to suspect theft.

The main reason for the Department's pervasive and decades-long problems with property management likely lies in its perception of the importance of its national security mission. This perception has resulted in the downgrading in importance of more routine responsibilities, such as proper accounting, custodianship, and disposal of equipment and other personal property. As one high-ranking Department official was quoted in the Washington Post: "When it's the life and death of civilization, people start being sloppy about some other things." That statement is grandiloquent excess at best, and utter nonsense as an excuse for poor management. In any case, the Department must finally recognize that its cold war mission is over. Now more than ever, the taxpayers are demanding cost-effective Government.

In and of themselves the personal property problems discussed in the re-

port are significant and deserve management attention. The importance of addressing these problems is further compounded because DOE is just beginning to address long-term downsizing issues associated with the changes from its cold war mission. For example, within the next 10 years, DOE's installed capacity to produce and test nuclear weapons will be reduced to 10 percent of its cold war level. As a result DOE will need to dispose of thousands of fixed assets—including buildings, real property, vehicles, equipment, precious metals, fuel, et cetera. To manage this asset disposition process efficiently, DOE will need to carefully take to heart the lessons learned from the personal property management problems discussed in this report.

Recently the Department has taken encouraging and good faith efforts to correct some of these deficiencies, including the renegotiation of the personal property requirements in both new and existing M and O contracts, and implementing guidance and regulations on the handling of proliferation sensitive property. However, these efforts must be continued and expanded.

The report contains a number of recommendations on ways to improve personal property management. Our principal recommendation is that the Department establish a centralized Office of Property and Asset Management that would report directly to the Secretary. Currently, personal property, real property, and asset management responsibilities are spread across too many offices, both at headquarters and in the field, and that is one reason why the Department has such a problem. No one is accountable.

I will be taking this and the other recommendations up with Secretary-designee Pena as he goes through the confirmation process. I am sending letters today to both Chairman MURKOWSKI and Ranking Member BUMPERS of the Energy Committee in the hope that they will address the matter during confirmation hearings. This issue needs to be addressed at the highest level, not relegated to the bureaucratic backwaters as all too often has happened in the past.

In closing, our review is based on reports from the General Accounting Office and the DOE inspector general, documents obtained from the Department, interviews with Department officials, committee hearing records, press accounts and official DOE responses to questions that both the staff and I addressed to the Department. We have copies of the full report for those who would like it, and they could request it from my office.

I ask unanimous consent the report be printed in the RECORD.

There being no objection, the report was ordered to be printed in the RECORD, as follows:

LOST AND STILL MISSING . . .

MANAGING PROPERTY, EQUIPMENT AND ASSETS AT THE DEPARTMENT OF ENERGY

(A report by the Minority Staff of the Senate Governmental Affairs Committee)

Introduction

For many years, the Department of Energy has had serious problems managing property and equipment at its different sites. These problems have been the subject of numerous GAO and IG reports as well as hearings by the Governmental Affairs Committee. Estimates of the value of missing and unaccounted for equipment have ranged from tens to hundreds of millions of taxpayer dollars. Missing equipment includes computers, furniture, machine tools, electric pumps and cameras, plus more exotic items like semi and flatbed trailers, electronic switchgear, diesel engines, nuclear fuel reprocessing equipment, cranes and armored personnel carriers. Equipment in working order and usable supplies have been lost, stolen, sold as surplus for a small fraction of their market value, left outside to be ruined by the elements, and mixed with radiologically contaminated items.

At the direction of Senator John Glenn, Ranking Member of the Governmental Affairs Committee, the Minority Staff of the Committee conducted a review of property management at the Department of Energy. Our review is based on reports from the General Accounting Office and the DOE Inspector General, documents from the Department, interviews with Department officials, hearings records, press accounts and official DOE responses to questions that the staff and Sen. Glenn addressed to the Department and Secretary Hazel O'Leary.

Our review found that the problem of missing property and poor inventory controls is not unique to any one DOE site, but has been found at numerous sites, including, among others, the Portsmouth, Ohio Gas Centrifuge Enrichment Plant, the Rocky Flats Plant, the Idaho National Engineering Laboratory, Sandia National Laboratories, Los Alamos National Laboratory, the Fernald Environmental Restoration Corporation, and Oak Ridge National Laboratory. These site-specific problems are examined at length later in this report. The report will also summarize steps taken by the Department to correct its problems as well as suggest further steps that we believe could help prevent these problems from recurring in future years.

The lessons learned from past personal property management problems are doubly important because the Department is currently embarking on a large scale asset disposition program. This program is necessary in order to meet budget reduction targets and to dispose of unneeded property, equipment and inventory. Quite simply, the needs of the Department and nation have changed since the end of the Cold War. For example, current DOE plans will result in a nuclear weapons complex that has one-tenth the installed capacity that existed just a few years ago. As a result, the Department will need to dispose of thousands of fixed assets, including real property, buildings, equipment, vehicles, precious metals, fuel, etc. Some legislative authority will likely be necessary to accomplish the Department's goals for this program. While this program is a logical and potentially cost saving one for the Department to undertake, our report strongly recommends that DOE's ailing property management system be reformed and overhauled so as to prevent past property management abuses from happening again in the future. To that end, the report makes a number of specific recommendations on property management reforms.

Contributing Factors to DOE Property Management Problems

Many deficiencies in the management practices of the Department of Energy have led to missing and unaccounted for property. But all together it's a product of bad management. In some instances, the Department failed to provide effective policy, or signed management and operating contracts that did not meet the Department's own regulations on property management. In others, the Field Offices failed to provide adequate oversight, especially (but not only) in the development and review of site-based property management systems. These failures have been compounded by inadequate guidance on how to implement policies, inadequate funding for property management, antiquated property tracking systems, poor property records, lack of proper training for employees charged with property management, wide variations in local policies that implement Department regulations, and, for one site at least (Rocky Flats), a failure, both in the field and at Headquarters, to follow up on cases where there was reason to suspect theft.

Perhaps the root reason for the Department's pervasive and decades-long problem with property management lies in its perception of the overwhelming importance of its national security mission. This perception led to downgrading the importance of proper accounting, custodianship, and disposal of equipment and other personal property. As a highly placed Department executive said to the Washington Post: "When it's the life and death of civilization, people start being sloppy about some other things." But if that reason ever had merit, it does not now. Nor do we think that it was ever an adequate reason for such abuses as selling off no longer needed equipment for a small fraction of its market value.

Recent DOE Actions to Correct Problems

Recently the Department has taken encouraging and good faith efforts to correct some of these deficiencies. Property management has been given greater emphasis during the renegotiation of some DOE contracts. For example, the current contract at Rocky Flats contain provisions that assign personal responsibility to employees and establish corporate liability for property under their control. The Department has completed wall-to-wall inventories at some sites, including Los Alamos, Hanford, and INEL. However, there appears to be little consistency between each site's inventory practices.

Further, in November, 1994, DOE issued new interim guidelines both for the control of high risk personal property and on export control and nonproliferation. The high risk property guidelines have been refined several times since then, most recently in March, 1996. These regulations require controls be developed to safeguard against the inadvertent transfer or disposal of equipment or information that represents a high risk because of nuclear proliferation or national security concerns or because of environmental, health or safety hazards. (These regulations were revisited following a particularly embarrassing property incident at the INEL, discussed below.)

The Department is also taking steps to deal with training needs at the sites and field offices and the pressing need for good, consistent information, two themes that recur in the many GAO and IG reports on DOE property management problems. In January 1996, the Department established a Process Improvement Team to review training needs at the field offices and among its contractors; the Team will make recommendations on standardized courses. Also in January 1996, the field offices formed a

team to review a new property management system (PRISM (Enhanced)) that could be used Department-wide, bringing a much-needed consistency to property management efforts.

Finally, a promising (if long-overdue) step is the approval of a number of property management systems in the past two and a half years. Approval of a property management system involves headquarters review to determine whether a contractor's property management system complies with applicable regulations. Whereas in January 1994, only seven of the 20 major contractors involved in defense related activities had property management systems approved by DOE, our latest information is that all but one system has been approved.

However, unaccounted for property and equipment remains a serious problem at numerous DOE sites. Furthermore, as mentioned above, the Department recently announced an asset disposition and sale program aimed at realizing \$110,000,000 by September 30, 2003. As the Department downsizes over the next few years, there is a danger that taxpayer dollars will be further wasted, unless vigorous property management becomes not only a policy at Department Headquarters, but an ethic and a practice at all sites, among all employees and contractors. This is much easier said than done. The Department itself remarked, in response to the 1996 Inspector General's audit of DOE's arms and military-type equipment: "...while Department regulations are adequate, compliance is an issue." Secretary O'Leary has offered her own assessment that "...correcting deficiencies of the past is a continuous and long-term effort."

Additional Factors Affecting DOE Property Management

On-going efforts by the Department and the Congress to privatize DOE operations such as the Elk Hills Naval Petroleum Reserve (recently put on hold) and a number of the Power Marketing Administrations will place increase pressure on DOE's existing property management systems. Congress has also set criteria in law for DOE to transfer excess equipment to assist educational institutions and non-profit organizations, as well as the local economic development efforts of communities negatively impacted by downsizing. For these privatization and technology transfer efforts to succeed without substantial waste, we believe that the Department must focus increased attention on asset and property management.

The technology transfer and economic development assistance efforts of the Department require more than accurate inventories. They require that the field offices and the site contractors understand the procedures under the three acts governing such transfers, especially how to balance the interests of the Department against those of eligible potential recipients outside the Department. The Department has set up programs under the Stevenson-Wylder Technology Innovation Act of 1980, as amended, and the Department of Energy Science Education Act. These programs also include the Used Energy-Related Laboratory Equipment Grant Program and the Math and Science Equipment Gift Program. Furthermore, under the FY1994 Defense Authorization Act (P.L. 103-160), the Department has authority to transfer or lease excess Department-owned personal property to private businesses in order to support economic development initiatives that could mitigate the effects of closing or restructuring Departmental facilities. Here, there continue to be misunderstandings and conflicts between the claims of the Department and the claims of local development proponents. Policy and

practice need to be clarified at both the field and headquarters levels to ensure that equipment transfers comply with the law and contribute to economic and technological development while also protecting the taxpayer's interest in what is often very valuable equipment. Such guidance will be crucial as the Department continues its downsizing efforts.

Management Attention Must Include Accountability

Notwithstanding the steps the Department has already taken, we believe that further actions are necessary to raise the priority of effective property management and assure taxpayers that loss and mismanagement of valuable property will not occur. Approved property management systems are a necessary first step, but they must be implemented by well-trained people who are working with modern systems in an environment that supports their efforts both actively and tacitly. Taxpayers expect a common-sense approach to managing property that goes beyond regulations, procedures and the latest technology. Although they certainly help, policies, procedures and technologies in and of themselves cannot ensure that abuses will not take place. The commitment and knowledge of individuals do count.

More appropriately, the DOE should hold its staff and contractors accountable for the property they use. At the contractor level, the quality of property management should factor heavily into contractor renewal decisions; poor property management should result in fines or penalties or delay or reduction of award fees. At the individual level, poor property management should be grounds for disciplinary action, demotion, or even dismissal. This applies to both supervisory and working-level personnel, both in the field and at headquarters. Conversely, exemplary property management should be rewarded. And responsibility should lie not only with the field offices and the sites, but with individual DOE program managers.

An analysis of property management problems at various of DOE sites follows.

Discussion of Past DOE Property Management Problems by Site

Portsmouth, Ohio—Gas Centrifuge Enrichment Plant

A January 1995 DOE Inspector General audit (Case No. I93CN015)¹ prepared at the request of Sen. Glenn revealed that property DOE originally spent \$177 million to acquire, and which the IG estimates had a market value of \$35 million, was given away for a total of \$2 million. This property and equipment came from the Gas Centrifuge Enrichment Plant (GCEP) facility which had been closed by DOE. The IG's report points out that poor inventory controls contributed to this outrageous waste of taxpayer dollars. How this situation developed is a complicated story that took place over a number of years. Still, the outcome shows that the Department made a number of mistakes and errors that have left it vulnerable to a loss of a significant dollar amount of equipment.

In 1985, DOE terminated the GCEP Program at Portsmouth. Many of the assets of that program subsequently became surplus. DOE began to inventory the surplus equipment and establish a database. An official in charge of the inventory effort and subsequently interviewed by the IG labeled the database a "best-guess effort" to identify one million pieces of equipment spread over 25 acres. DOE then searched for interested parties who might wish to make use of the equipment. On November 20, 1987, DOE entered into an agreement with AlChemIE, Inc. to transfer equipment and technology to the

¹ See list of references, at the end of the report.

company for the purpose of using it to enrich non-fissile isotopes for medical, industrial, and research applications. The agreement stipulated that AlChemIE: remove the equipment at its sole expense; pay the Department a 2 percent annual royalty over 20 years on gross sales generated by the isotope production facility; and, deposit \$2 million in an escrow account. AlChemIE and DOE also agreed on an inventory list of equipment to be transferred, a list that later proved to be incomplete and inaccurate. Prior to entering the agreement, DOE received an opinion from the Department of Justice that the agreement did not violate anti-trust law.

However, AlChemIE needed a license from the Nuclear Regulatory Commission (NRC) authorizing it to possess gas centrifuge equipment—equipment with national security implications given its potential application in the development of nuclear weapons—before it could construct the facility. But the NRC did not approve the license. On June 20, 1989, AlChemIE filed for bankruptcy and became insolvent by August 14, 1990. At that time, the IG estimated that equipment with an acquisition value of \$46 million had been transferred to AlChemIE.

AlChemIE had secured \$2.25 million in escrow monies through five personal loans from the Anderson County Bank in Tennessee to five individuals representing the company. With AlChemIE now bankrupt, Anderson County Bank assumed title for the remaining equipment secured through the escrow account. On November 28, 1990, the bank sold title to the equipment to John Smelser, a former executive with AlChemIE and now president of JHS, Inc., an equipment scrap and salvage company.

This escrow account raised questions among state banking authorities. As reported by the Oakridger and the Knoxville Journal on February 6, 1991, the U.S. Attorney indicted former bank president William Arowood, attorney Elbert Cooper, and John Smelser for conspiring to defraud Anderson County Bank of \$150,000 from the escrow account. Subsequently, Mr. Arowood and Mr. Cooper were found to be guilty of bank fraud while Mr. Smelser was found to be innocent.

In the interim, Mr. Smelser had pursued litigation against the Department for access to equipment he claimed was owed him from the agreement with AlChemIE. After 14 months they settled, signing a January 23, 1992 agreement giving Mr. Smelser further access to the equipment as had been listed previously in the AlChemIE agreement. Still, a number of items of equipment remained in dispute and Mr. Smelser claimed that he had been wrongfully denied those items. An internal DOE memo noted that many of the items on the list had either been: 1) lost; 2) transferred to GSA; 3) were classified or contaminated; 4) had two ID numbers; or 5) otherwise were not available. The memo concluded "that DOE's position, should the dispute be litigated, was weak." So DOE entered into another agreement with Mr. Smelser on June 10, 1993. However, this agreement widened the scope of available equipment and appeared to give Mr. Smelser carte blanche to take any surplus equipment he wanted. The agreement gave him access to surplus equipment property yards at Paducah, Kentucky and Oak Ridge, Tennessee in addition to Portsmouth. According to the IG, the agreement's wording was vague and non-specific, for example, granting Mr. Smelser "all unclassified, uncontaminated loose items on third floor storage area" and "all unclassified, uncontaminated items that are not required to support building operations." The agreement also waived the first \$100,000 in disposal costs incurred by DOE in removing the equipment, with Mr. Smelser to reimburse the Department for costs that exceeded that figure.

Sen. Glenn wrote the Department in 1995, asking them a number of questions about the missing equipment and their agreement with Mr. Smelser (Sen. Glenn's letter and the Department's response can be made available upon request). The response from Donald Pearman, Associate Deputy Secretary for Field Management, noted that the final agreement with Mr. Smelser expired on June 10, 1994. However, the letter also points out that Mr. Smelser owes DOE \$487,228 for fees associated with removing equipment from the site, and that Mr. Smelser claims DOE did not provide all the equipment he was entitled to remove. As a result, there is pending litigation, still in the discovery process as of December of 1996, between DOE and Mr. Smelser. Mr. Smelser has filed a claim for \$503,266,375 (i.e., more than a half billion dollars), and the Department has filed a counterclaim for \$492,208 plus interest for removal services it rendered to Mr. Smelser.

Not only are inventory controls necessary for prudent fiscal management, they are also critical for environment, safety and health purposes, as well as for enforcing our non-proliferation policies, which ensure appropriate controls over equipment and technology that could be applied to the production of nuclear weapons. Department documents and correspondence with Mr. Smelser show that access to, and disposal of, contaminated or classified equipment were ongoing issues in the relationship. Moreover, there appears to be some confusion as to the impact of the disposition of the GCEP property from a non-proliferation perspective. The IG's report (page 7) states:

"the OIG has not identified, nor has any reason to believe, that any contaminated or classified equipment was released to AlChemIE or Mr. Smelser. It appears that the Department is complying with these procedures with respect to Mr. Smelser. The classified Program material never left the site at Portsmouth; therefore, U.S. Export Control Rules governing export of sensitive nuclear technology/equipment did not apply."

However, a report from DOE's Deputy Assistant Secretary for Security Evaluations to the Under Secretary entitled, "Release of Nuclear-Related Property and Associated Documentation by the Department of Energy since 1989," (page 12) dated December, 1994 is much less comforting:

"The only identified release of possibly nuclear-related, export-controlled property via technology transfer came about through an out-of-court settlement. . . This case involved the release of a large number of equipment items to a single individual by Oak Ridge and Portsmouth. . . during the period 1989 through June 1993. As a result of the out-of-court settlement, and in addition to the gas centrifuge equipment, all excess property from Oak Ridge and Portsmouth from June 1993 and June 1994 was released to this same individual. None of the approximately 325,000 line items released between 1989 and June 1994 were reviewed for export control. Therefore, it is possible that export-controlled items were part of this release. Although neither classified equipment nor critical process information was released, the large number of items associated with the gas centrifuge enrichment process, together with the excess property items (June 1993 through June 1994), makes this release potentially sensitive from a nonproliferation perspective." (Emphasis added.)

When Sen. Glenn asked the Department in his April 25, 1995 letter to comment on the apparent discrepancy between the IG's report and the December 1994 report to the Under Secretary, the Department responded that there appears to be no discrepancy. In response to a further inquiry, the Department responded in May, 1996 that all equip-

ment declared surplus from the GCEP facility was reviewed prior to release to assure that the equipment was unclassified equipment, and that unclassified equipment is not subject to export control regulations.

We note that this response cannot be reconciled with earlier statements from the Department. The issue is not only whether the equipment was classified or unclassified. Nor is the issue confined to just this site. As Secretary O'Leary pointed out in an internal memorandum of August 3, 1994 about the sale of surplus equipment at the Idaho National Engineering Laboratory:

"Apparently, the decisions. . . were based on whether or not the equipment and related documentation was unclassified. This is an inadequate form of control because a great deal of nuclear production processes have been unclassified for several years. A more appropriate form of control would utilize information regarding the proliferation sensitivity of the equipment, materials and related documentation."

Thus, we recommend that DOE be asked to review, for export control purposes, the equipment it does know was deemed surplus from the GCEP facility. Specifically, would any of the items released to Mr. Smelser, if exported, require either: (a) a validated license from the Department of Commerce; or (b) an authorization from the DOE; or (c) an export license from the NRC?

The GCEP saga is only one in a long list of DOE sites with chronically-ill personal property management systems. Other problem sites include Rocky Flats, the Idaho National Engineering Laboratory, Los Alamos, Sandia, the Central Training Academy, Fernald and Oak Ridge.

Rocky Flats, Colorado

The DOE site at Rocky Flats has had persistent problems managing personal property. In 1993, the Inspector General reported (DOE/IG-0329) that a 1991 inventory conducted by the site contractor found 5,900 pieces of government equipment with an acquisition cost of over \$33 million unaccounted for or missing from the site, presumably either lost or stolen. A subsequent GAO report (GAO/RCED-94-77) summarized the 1991 inventory, and stated that the missing or unaccounted for equipment included about 1,400 items of computer equipment, plus lathes, drill presses, hoists, furnaces, laboratory equipment, forklifts, a photocopier and a boat. The IG also criticized management at Rocky Flats for storing sensitive items such as computer equipment outdoors in the open air, and commingling equipment potentially contaminated with radioactivity with uncontaminated items. In its 1994 report (GAO/RCED-94-77), GAO noted that a follow-up inventory, completed in 1993, found \$12.8 million in equipment missing from the site and another \$16.5 million that could not be physically located, for a total of \$29.3 million. Missing items included: a semi-trailer, forklifts, cameras, desks, radios, typewriters, a wide variety of laboratory and shop equipment such as balances and lathes, and over 1,800 pieces of computer equipment such as monitors and keyboards. As of October, 1995, DOE considered that only \$4.5 million of property was missing or could not be physically located. However, in a December 1995 report (GAO/RCED-96-39), GAO notes that DOE has written off \$20.8 million in missing or unlocated property. This equipment presumably is lost forever.

A July 1995 GAO report (GAO/OSI-95-4) examined the likelihood that theft contributed to the inability of DOE and the site contractor to account for the millions of dollars of missing equipment at Rocky Flats. GAO concluded that the extent to which theft has

been a factor is unknown, because of poor property management practices and inadequate records. GAO also concluded that poor management practices, such as characterizing possibly stolen equipment as missing without undertaking an investigation, contributed to an environment that allowed theft. GAO further noted that Rocky Flats did not always report suspected theft to DOE, and that DOE did not always report suspected thefts to the DOE Inspector General or to the FBI, as regulations require. GAO cited the Motor Vehicle Maintenance Shop as a place where automotive parts and supplies were easily stolen. DOE reports that physical security of property has been upgraded at Rocky Flats and that cases of possible theft are receiving better review.

The December 1995 GAO report notes that DOE has made improvements in management of personal property at Rocky Flats. For example, DOE has incorporated specific performance measures into its new site management contract that address many of the identified problems with property management. DOE has also established a computerized tracking system and allocated 2 FTEs and 2 support contractors to operate it. Because a large percentage of the data in the tracking system is inaccurate, DOE has made updating and correcting these records a priority task for FY96. Still, it seems unlikely that Rocky Flats will ever recover many of these missing items.

On May 15, 1995 the Associated Press reported the story of how David Wang, a collector of military vehicles who leases them as props to Hollywood movie studios, obtained an armored personnel carrier surplused from the site. (The story built on a May 5 news release from DOE reporting the recovery of the vehicle and seven others.) The carrier bought by Mr. Wang was one of eight previously donated by Rocky Flats to a military museum in Anderson, Indiana to be displayed for historical purposes. Rocky Flats officials were supposed to de-militarize the vehicles in accordance with DOE regulations, but they did not. The museum owner gave this vehicle away and it was subsequently resold twice before winding up in Mr. Wang's hands. One of the middlemen in the transaction, John Ferrie, when asked about the paperwork and procedures for obtaining the carrier, was quoted as saying, "It's kind of a handshake business."

As noted above, DOE seized back the vehicles. An investigation is currently underway to determine any criminal wrongdoing. A June 1996 follow up GAO report (GAO RCED-96-149R) found that physical controls and accounting procedures for firearms, ammunition, and other military equipment at Rocky Flats had improved.

Management of Arms and Military Equipment at Several DOE Sites

In a February 1996 report (DOE/IG-0385), the IG concluded that DOE has more weapons (handguns, shotguns, rifles, submachine guns, light anti-tank guns, howitzers, armored cars, and tanks) than are necessary for security purposes. The IG also found that weapons are not accurately accounted for, inventory documentation is not always correct, and property management regulations were violated in the lending of weapons to other organizations. Further, the report shows that problems with armored vehicles are not isolated to Rocky Flats, but occur at other sites as well. Highlights of the report follow.

"Oak Ridge: Site officials could account for only seven out of ten armored vehicles. After IG review, DOE discovered documentation showing the location of two of the three missing vehicles. About 66 weapons were unaccounted for: 50 had dropped off the inven-

tory, and 16 had been transferred off-site, but officials were unable to say where. All 66 were eventually located. Three M-16s and six M-14s were loaned to local police five years ago without proper approval. (DOE regulations allow loans for one year, or longer if the head of the field organization approves.)

"INEL: One out of two armored vehicles were missing with no knowledge of its whereabouts. The IG found no documentation to support disposal or transfer.

"Los Alamos: The IG discovered several faulty entries on the inventory database. Six items listed as guns were radar, spray paint, or gas guns. An item labeled a vehicle tanker was an M-60 tank; another item labeled as a rifle was an 8-inch naval gun. The IG found a 20 mm machine gun that was not listed on the database. Two TOW launchers and one Russian rocket launcher were found in a bunker; none of the three were listed on the database.

"Hanford: Eight light armored personnel carriers were donated to a military museum. No documentation was found to show whether the vehicles had been demilitarized. Site officials loaned 24 rifles and shotguns to a local law enforcement department nine years ago. Information on the status of the loan agreement could not at first be found, but Richland eventually determined that a subsequent 1992 contract covered the firearms.

"Savannah River: Several years ago, 4,000 rounds of ammunition were lost and not recovered. Savannah River was unable to provide documentation that showed the demilitarization codes for four armored personnel carriers transferred as excess property to a Federal agency and a local law enforcement department.

"Sandia: The site averaged nearly 6 weapons per security officer. The IG observed 29 tanks, 4 howitzers, and 1 armored personnel carrier on site, all transferred from DOD. None of the items were on the inventory, and none had documents justifying their need or use."

In the February 1996 report, the IG made a number of specific recommendations for corrective action, including that DOE's Office of Nonproliferation and National Security conduct a "needs study" to 1) determine what arms and weapons are necessary and 2) identify unneeded arms for excess or destruction. In addition, the IG recommended that wall-to-wall inventories of arms be conducted at the sites; that reconciliation of inventory be updated; and that a formal process be established through a Memorandum of Understanding to transfer unneeded arms to an approved disposal site. In their comments on the IG report, DOE management concurred with the IG's recommendations and stated that they have either taken action, or are planning to take action, to resolve the issues raised in the report.

On March 1, 1996 Sen. Glenn wrote the Department asking for their response to the specific recommendations in the IG report. On April 26, 1996 the Secretary replied, agreeing that the Department had more military equipment than needed, and gave the recent changes in the Department's missions as the cause. Secretary O'Leary stated that the Department is working with the Department of Justice to arrange for the transfer of much of DOE's excess weapons and protective force equipment to local law enforcement agencies. The Secretary cited a number of actions the Department is taking in response to the IG report, including requiring designated personnel to attend the Defense Demilitarization Program conducted by the U.S. Army Logistics Management College. The Secretary acknowledged that further improvements are needed, particularly in inventory control and records management.

Idaho National Engineering Laboratory

(A) Fuel processing restoration project property

A situation eerily reminiscent of the sale of equipment from the Portsmouth GCEP facility occurred in 1993 at DOE's INEL facility. In April 1992, because of a diminished need for reprocessed uranium, the Secretary of Energy terminated the Fuel Processing Restoration (FPR) program at INEL. The termination left DOE and the M&O contractor with nearly \$54 million in property to be either used in other ways or disposed. The equipment included, among other things: specially designed vessels for nuclear fuel reprocessing, sheet metal, reinforcing steel, pipe fittings, computers, power tools, portable welders, flat bed trailers, heavy duty shop equipment, and office equipment.

A 1995 IG audit (WR-B-96-04) of \$21.2 million of this property found that at least \$4.2 million was not accurately accounted for and excessing procedures were not followed. The IG found that Westinghouse was responsible for \$3.58 million of this equipment, while MK-Ferguson was responsible for \$655,000. In addition, the Department procured at least \$43,000 worth of property and equipment which duplicated that which was already available from the unneeded FPR property inventory.

The IG also found that only a small percentage (44 of 1,490) of items excessed outside the Lab were ever entered into the Department's system for excess property. According to the IG, Westinghouse project management would send lists of available property to contact points at other DOE facilities on an ad hoc basis, instead of using the established, Department-wide disposal system. As a result of using this informal system, property was not made available to all elements of the Department nor to other Federal agencies. Potential customers did not know that unneeded property was available and a lot of that property has gone unclaimed. Further the IG identified 2,700 stock items which had neither been identified for redistribution nor as excess. The IG concludes that: "Although we were able to physically locate most of the property, the lack of property accountability rendered the property readily susceptible to undetected theft or loss."

One subset of the FPR property has become notorious. The case first became public when the Wall Street Journal reported it in August 1994. In April 1993, after approximately \$22 million of the FPR property was distributed within the DOE community through Westinghouse's and MK-Ferguson's informal process, and another \$13 million or so retained by INEL, most of the remaining property (with an acquisition cost of about \$18 million) was transferred to INEL's managing contractor, EG&G, for disposal outside the Department. EG&G advertised the equipment for sale in June 1993 in the Commerce Business Daily. On July 12, 1993, much of the equipment was purchased by Mr. Tom Johansen, of Frontier Car Corral/Frontier Salvage in Pocatello, Idaho. Mr. Johansen paid \$154,000 for equipment originally purchased by DOE for \$10 million.

The equipment Mr. Johansen purchased consisted of 57 large components to the fuel reprocessing system, including slab tanks, annular tanks, decanters, separation columns, and evaporators with external tube sheet heat exchangers. A subsequent DOE investigation found that, for countries that wish to reprocess nuclear fuel for use in a weapons program, acquiring this equipment could shorten the time necessary to develop and implement a reprocessing operation. For countries without advanced metal manufacturing industries, acquiring this equipment

could lead to a significant time savings, according to the DOE report.

Soon after purchasing the equipment, Mr. Johansen received copies of architectural engineering design drawings associated with the facility through a FOIA request. On August 24, 1993 the DOE was informed by the State Department that Mr. Johansen was seeking to market his equipment to British Nuclear Fuels, a private, foreign company. The State Department also contacted the NRC who on August 25, 1993 advised Mr. Johansen that he would require an NRC license to export the equipment. By September 1993 DOE advised their own employees to be aware of nuclear proliferation concerns involving surplus property. The September notification notwithstanding, in January 1994 Mr. Johansen obtained from DOE's INEL office additional technical documents associated with the equipment, including radiographs and blueprints, and a world-wide directory of nuclear facilities.

During the next 12 months, as DOE began to fully realize the implications of this sale, the Department began negotiating with Mr. Johansen to obtain the equipment and the documents that had been sold or given to him. Eventually the Department paid Mr. Johansen \$475,000 and took steps to ensure that the equipment would not be used for nuclear purposes. Most of the equipment was turned into scrap and sold, though some of it has been turned into art by an Idaho artist.

Following the Journal's articles in August 1994 and subsequent Congressional inquiries, the Department initiated an internal review of the matter. That report entitled "The Sale of Reprocessing Equipment at the Idaho National Engineering Laboratory" dated September 2, 1994 found that there existed within the Department:

"...[an] apparent lack of vigilance at all levels for the potential impacts of releasing sensitive, nuclear fuel reprocessing equipment and information to the public. Another disturbing development was that the sale was facilitated by a number of DOE and DOE contractor employees located in Idaho and at DOE Headquarters, whose activities, though possibly well meaning, were contrary to the best interests of the Department. The Department's failure to provide effective policy in this area is of particular concern in light of Congressional pressure to implement legislation on export controls and the fact that a draft order on export controlled information has existed since 1988."

The report goes on to conclude: "Although actual damage in this case may be limited, the incident resulted in an appearance of ineptitude on the part of Departmental elements. More importantly, system breakdowns of this type could have more severe consequences in other similar situation where the equipment and documents involved may be extremely sensitive or even classified."

As a result of the Idaho sale, the Department reviewed all sales and releases to the public of nuclear-related property and information since 1989, issued new guidelines both on export control and nonproliferation and on the control of high-risk personal property and ordered the Operations and Field Offices to put a moratorium on release of equipment or materials until they certified in writing that procedures were in place to implement the new policies.

(B) Computer equipment

During the Governmental Affairs Committee's review of the INEL/Johansen affair, we discovered that in addition to buying surplus nuclear reprocessing equipment, Mr. Johansen also obtained more mundane, but potentially as disturbing, surplus equipment from INEL. It was alleged to the Com-

mittee that Johansen had obtained a number of surplus computers, and that some of these computers contained national security sensitive or restricted data. Sen. Glenn asked the General Accounting Office to investigate this allegation, and their report, "Department of Energy Procedures Lacking to Protect Computerized Data" (GAO/AIMD-95-118), was delivered to him in June 1995.

GAO discovered that INEL had sold at least 25, and possibly as many as 50, surplus personal computers to Mr. Johansen. Unfortunately because INEL's records were so poor, it was not possible to determine exactly how many computers were sold, or, more importantly, whether they contained national security sensitive or restricted data. GAO reported that a review by the DOE Idaho Operations Chief Information Office concluded that some of the computers sold to the salvage dealer may have contained sensitive data, but did not determine how many. The review reached this conclusion primarily because DOE's contractors involved in excessing computers with sensitive data possibly stored on the hard drives did not have written procedures explaining how to properly remove such data.

Of the 25 computers which Mr. Johansen was confirmed to have purchased, GAO was only able to receive positive assurance that 11 of them were not used to process classified or sensitive data. GAO examined 4 computers directly and found that they contained numerous data files related to DOE's spent nuclear fuel and radioactive waste management program, but these files were not found to be sensitive.

The General Services Administration has issued a government-wide regulation (entitled FIRM Bulletin C-22) which applies to DOE and directs agencies to develop internal procedures to ensure the proper disposition of sensitive automated equipment, including personal computers. This regulation applies to contractors acting on behalf of the government as well. While DOE circulated FIRM Bulletin C-22 to its field and operations offices, it has not ensured that these procedures are being fully implemented. And, as noted above, DOE contractors do not have procedures that instruct them on how to properly dispose of excess ADP equipment; thus DOE cannot ensure that all excess computers are properly "sanitized". This has been a common theme at INEL, as well as at other sites. While DOE's formal policies and rules exist on paper and are often sufficient as policies, they are not being implemented at the working or ground level.

This incident points to a potential gap throughout the DOE system regarding surplus computers. The Department should take immediate steps to implement procedures to ensure that surplus computers are properly sanitized of classified, restricted or sensitive data. In the absence of a more formal policy, the default policy of the DOE should be to sanitize all computers before they are surplus, thus ensuring that the inadvertent release of sensitive data will occur.

In response to the GAO report, DOE issued two memoranda to its operations and field offices asking them to ensure implementation of procedures to sanitize surplus computers at all sites, to review their procedures for sanitizing surplus computers and to make necessary changes to bring them into conformity with the appropriate regulations. In addition, during FY96, DOE committed to provide guidance to its sites on Bulletin C-22 and to issue the new Information Systems Protection Program Manual and Guidelines.

Sandia and Los Alamos, New Mexico

In a 1994 report (DOE/IG-0343), the IG reported equipment with a value of \$389,000

missing at Sandia. The IG testified at a March 17, 1994 hearing held by the Senate Governmental Affairs Committee that computer equipment, machine tools, furniture and rolls of cable were left outside in the open for extended periods of time. When Sandia officials tried to re-use some of this equipment, they discovered that it was useless, ruined from over-exposure to the elements. Other equipment was improperly mixed with radiologically-contaminated items.

Furthermore, the IG found that a number of excess property items, reported as being in good working order by their property custodians, were listed as salvage or scrap after being declared excess. Some were computers, which their property custodian had thought were to be sent to the University of New Mexico. Instead, the equipment went to the outdoor lay down yards, marked "salvage" or "scrap."

The new Sandia Management and Operating Contract between DOE and the new contractor follows DOE property regulations more closely than did the old contract. The DOE Albuquerque Operations Office took a number of steps to remedy the flaws identified by the IG's investigation, including the review of Sandia's property management system, which DOE initially disapproved in August, 1994. Sandia then revised its property management system, which was conditionally approved in December, 1995, with the next review scheduled for April, 1997.

At Los Alamos, a 1993 IG report (DOE/IG-0338) estimated that the lab could not account for as much as \$100 million in personal property, including computers, x-ray machines, and oscilloscopes. The IG estimated that another \$207 million might be inaccurately inventoried, and that \$62 million could not be inventoried. The IG identified four reasons for such poor property management: (1) Los Alamos users did not follow required procedures when moving property; (2) Los Alamos did not hold employees financially liable and personally accountable for missing, damaged or destroyed property; (3) Los Alamos's database did not maintain accurate information; and (4) Los Alamos did not ensure that loans of personal property to employees and others were adequately justified. In addition, the Albuquerque Operations Office failed to monitor Los Alamos's handling of personal property in accordance with Department regulations.

The Department disagreed with the \$100 million estimate of unaccounted-for property, but acknowledged that Los Alamos's data base was so inaccurate that it could not validate the estimate from the database. During the audit, Los Alamos conducted a wall-to-wall inventory of personal property. Following the reconciliation of the wall-to-wall inventory, Los Alamos requested, and DOE approved, a write-off of nearly \$10 million in acquisition value of equipment.

The Albuquerque Operations Office and Los Alamos have taken a number of corrective actions to respond directly to the four deficiencies noted above. In addition, Los Alamos's property management system, in a status of "Disapproved" in January, 1994, has since been approved. Finally, DOE reports that Los Alamos's inventory trends have substantially improved.

Central Training Academy (CTA), New Mexico

In a August 1, 1991 hearing held by the Committee on Governmental Affairs, we learned that the Department and its site contractor may have been using wiretaps and surveillance equipment to covertly monitor whistleblowers at Hanford. Subsequently, on August 13, 1991, the Undersecretary of Energy ordered that all surveillance

equipment stored at the various DOE sites be transferred to CTA (a DOE training facility for security and other activities) until such time as legal and logistical arrangements could be made to transfer this property to Federal, state, or local law enforcement agencies. Items containing either secret audio or visual (or both) recorders included sprinkler heads, radios, speakers, a notebook binder, a pencil sharpener, an envelope, and a baseball cap, among others. Further, DOE's Director of the Office of Intelligence and National Security issued a memorandum on November 9, 1993 affirming Department policy prohibiting "the conduct of surveillance activities and the possession and/or use of surveillance equipment for any purpose." Exceptions could only be made for "law enforcement agencies/elements operating under . . . court order." In sum, DOE was to be getting out of the surveillance business.

Over three years after the Undersecretary's directive sending surveillance equipment to the CTA for temporary storage, a December 1994 IG report (DOE/IG-0365) stated that none of the equipment had been transferred to Federal, state, or local law enforcement, nor were there any arrangements to make such transfers as had been ordered by the Undersecretary. Further, the CTA's inventory records were incomplete. There were no records or receipts for more than 100 pieces of surveillance equipment stored at CTA. Finally, the IG noted a April 20, 1994 memo from the Director, Office of Safeguards and Security to its field personnel. The memo stated the Department might be able to achieve an agreement to obtain "a telephonic court order" to use the equipment in a "security emergency condition", in which case the CTA "will be requested to return to you specific Special Response Team equipment currently in storage." This memo seemingly contradicts both the 1991 and 1993 directive.

In April, 1995, the Department responded to the IG report, stating that the CTA technical surveillance equipment (TSE) had been inventoried and then transferred to the FBI and the National Park Service and that no TSE remained at the CTA. The Department position further stated: "The Director, Office of Nonproliferation and National Security will not authorize the general, unrestricted use of covert surveillance operations and equipment." We note the Department's renunciation of "general, unrestricted use" of covert surveillance, but we strongly recommend that DOE be asked to clearly and precisely explain the circumstances under which it thinks it would be entitled to engage in covert surveillance.

Fernald, Ohio

A February 1993 IG report (DOE/IG-0320) found that the outgoing Fernald contractor did not dispose of excess government equipment properly. Public sales of surplus equipment were not advertised, minimum prices were not established, and cash collection was not adequately controlled. The contractor also mixed radiologically contaminated equipment with uncontaminated equipment, which meant that the commingled equipment had to be classified as low level waste and sent to the Nevada Test Site for disposal. The net result of these improper practices, according to the IG, was that DOE incurred unnecessary costs and lost revenues of over \$117,000 and equipment with a net book value of over \$245,000 was improperly disposed of. Upon review, the DOE contracting officer allowed these costs. The bigger concern was that DOE would be vulnerable to larger losses as Fernald disposed of \$27.8 million in excess equipment during site cleanup. Accordingly, the Fernald Field Office suspended sales of excess equipment

until DOE approved proper sales procedures. Fernald submitted a property control system encompassing sales of property, which was approved in July, 1995. Fernald has resumed sales of excess property.

Other problems, as well as some progress, were found at Fernald. In 1993, Fernald, in its first complete physical inventory since the 1950s, identified \$2.3 million in missing equipment, and in 1994, identified and declared more than \$5 million of personal property as excess. These were good steps. However, a November 1994 IG report (ER-B-95-02) found that Fernald, under a new contractor, had incurred costs of \$642,000 for purchase and storage of furniture in excess of needs. Further costs were incurred because of damage from mishandling. Moreover, storage practices placed supply items at risk of radiological contamination and inventory records were inaccurate. The IG also found that Fernald employees lacked the training to properly account for Government property. Fernald and the Ohio Field Office committed to a number of steps to respond to these problems.

Oak Ridge, Tennessee

A 1994 GAO analysis (GAO/RCED-94-249R) of property management activities at Oak Ridge found that the site prime contractor, Martin Marietta, had no system to monitor subcontractor use and possession of government-owned equipment. As a result, neither DOE nor the prime contractor know which subcontractors have government property, what property they have, and how much its value is. Further, the prime contractor has not moved to implement a system that tracks and accounts for property held by its subcontractors, even though this problem has been consistently raised in DOE reviews since at least 1988. DOE concurred with the GAO findings, and directed the Oak Ridge Operations Office to develop a corrective action plan, which DOE Headquarters would review. The problem of inadequate oversight of subcontractors by the prime contractor is likely to occur at sites other than Oak Ridge.

Recommendations

Given the findings of this report, the history of property mismanagement at DOE, continued downsizing, existing legal requirements and directives, and the planned asset disposition program, the staff recommends that the Department take the following steps to improve its property management program.

- (1) Create an Office of Property and Asset Management (OPAM).

This is our principal recommendation. We urge the establishment of a policy-level office based in Washington with authority to oversee field activity. As has been noted throughout this report, fragmented and poorly coordinated property management policies and practices have lead to many abuses in the field. If done properly, centralization of this responsibility should help prevent future abuses. The Office would report directly to the Secretary.

The mission and responsibilities of this policy-level office would be to:

- (1) coordinate the implementation of the various internal property management initiatives;
- (2) coordinate policy response to the legal property management directives (i.e. Stevenson-Wylder, Federal Property Act, Defense Authorization Act requirements, and any future asset disposition legislation);
- (3) track and provide top-level management for asset sales;
- (4) develop consistent, department-wide inventory practices and procedures that includes review and feedback procedures on current property management systems;

- (5) consolidate existing personal property, real property, and asset management programs into one HQ office;

- (6) develop long term (5, 10 year) property and asset management plans;

- (7) conduct property and asset management oversight of field and program offices;

- (8) establish property management performance standards as part of personnel evaluations for appropriate personnel;

- (9) develop and recommend changes to accounting systems to better track and manage property and assets;

- (10) search for and evaluate new technologies that may be used to better inventory and track personal property; and

- (11) establish training courses and programs on sound property management policies and procedures;

The Office should also work closely with the DOE offices in charge of nonproliferation, national security and export controls to ensure that property with national security implications are disposed of properly. The Office should also consult and coordinate with the DOE environmental management programs to ensure that contaminated property is appropriately controlled. Furthermore, the Office should establish appropriate procedures to meet the requirements and further the missions of economic development and technology transfer, in cooperation with the Office of Worker and Community Transition and the Office of Technology Utilization.

- (2) Review existing property management rules, orders and guidance

Through the OPAM, the Department should review existing rules, orders and guidance concerning the control of personal property, and issue new rules, or strengthen or clarify existing rules, as appropriate, pertaining to the following: Demilitarization procedures for appropriate equipment; sanitization of data contained on computers; export controls over nonproliferation or national security sensitive items; decontamination and disposal procedures for environmentally-contaminated property; reporting and investigative procedures when theft is a possibility; and priorities and procedures governing release of equipment for economic development, educational and other non-Departmental purposes. The Office should report annually to Congress on the results of this review.

- (3) Improve and coordinate property management oversight with the General Services Agency (GSA)

DOE and GSA should jointly develop a plan to exercise more rigorous oversight over DOE's disposal of property in accordance with the Federal Property Act and, within one year, report to the Governmental Affairs Committee on its plan and the results of the plan.

- (4) Incorporate strong property management principles in DOE contracts

DOE should continue to incorporate performance-based standards in personal property management as new M & O contracts are awarded, and extend those standards to subcontractor management of equipment. DOE should evaluate how well each principal management and operating contractor oversees its subcontractors who maintain and operate government equipment. It should explore contractual methods of linking M&O's performance (and payment) to their subcontractors property management performance.

- (5) Hold contractor and civil service personnel accountable for property management abuses

DOE should take appropriate disciplinary action against DOE and field personnel responsible for the most egregious abuses in

disposal of personal property. It should modify DOE personnel procedures and practices to hold DOE field and line personnel accountable for future implementation of effective personal property systems as well as develop incentive system to reward and encourage innovative property management successes.

(6) Allocate additional resources for property management

Where cost effective, DOE and Congress should dedicate more resources and FTEs to personal property management at both headquarters and in the field.

(7) Report to Congress

We recognize that DOE is taking several of the steps we are recommending, and we wish both to commend DOE for its initiative, and to reinforce the importance of those actions. We recommend that DOE report back in writing in one year to the Congress, and in particular to the Governmental Affairs Committee, on the consideration given to, and the implementation of, the recommendations contained in this report. DOE's report to Congress should emphasize observed and measurable improvements in property management resulting from these efforts.

CONCLUSION

The Department has made encouraging efforts to correct the problems and abuses detailed in this report. Still, we believe the Department can and must do more. That's why this report includes specific recommendations—including the creation of an Office of Property and Asset Management—for corrective measures DOE should take as part of a comprehensive plan to remedy its chronic property management problems. These measures do not need legislation to be implemented, but, if the Department ignores them, we may recommend that they be incorporated into legislation.

The proposed Office of Property and Asset Management will force the Department to address the issue of personal property disposal as it downsizes, and to ensure such disposal is done in the best interest of the taxpayer. The Department has announced that it plans to save \$14 billion over 5 years from downsizing and budget reductions and that sales of surplus assets are expected to generate at least \$110 million by September 30, 2003. However, without further improvements in personal property management, and without the sustained higher priority for property management that the Office proposed in this report will provide, it is likely that we will continue to see abuses take place as the Department implements its downsizing plan.

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Mr. GLENN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. GREGG). The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. CRAIG. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

SENATOR BOB DOLE'S REMARKS UPON RECEIVING THE PRESIDENTIAL MEDAL OF FREEDOM

Mr. CRAIG. Mr. President, I come to the floor this afternoon to place in the RECORD the remarks of a great American statesman who I and many of us had the privilege to watch being recognized in the White House on January 17. I speak to Senator Bob Dole and his leadership in our Nation, his statesmanship, his patriotism, and especially the comments he made in receiving the Presidential Medal of Freedom on January 17.

I think we were all captivated in the evening news by the great humor of

Bob Dole—after this very prestigious ceremony in the East Room of the White House with the President offering up one of these most coveted recognitions in our Nation for the leader, Bob Dole, former Presidential candidate—when he stepped forward and in humor began to recite his oath of office.

That statement overshadowed the statement that was to follow, and that was the statement by Bob Dole as to his feelings and his emotions that are a part of the person that you, Mr. President, and I have grown to know and respect over the years as it relates to his Americanism, his leadership, and his patriotism.

So it is with that in mind that I insert into the RECORD this afternoon the statement that Senator Dole made that afternoon, this January 17, at the White House as he received the Presidential Medal of Freedom. It was a beautiful statement. It was an emotional statement. And for all of us who were there, it was the statement of a man who we had grown to know and who we knew as a Senator from Kansas, who we knew as a Presidential candidate, but most importantly a man who we knew as a leader of the U.S. Senate, a great American, a great American statesman, and a great American patriot.

With that in mind, I ask unanimous consent that the statement of Bob Dole as he received his Presidential Medal of Freedom award be printed in the CONGRESSIONAL RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

REMARKS OF SENATOR BOB DOLE ON RECEIPT OF THE PRESIDENTIAL MEDAL OF FREEDOM; JANUARY 17, 1997

Mr. President, no one can claim to be equal to this honor. But I will cherish it as long as I live, because this occasion allows me to honor some others who are more entitled. At every stage of my life, I have been a witness to the greatness of this country.

I have seen American soldiers bring hope and leave graves in every corner of the world. I have seen this Nation overcome Depression and segregation and Communism, turning back mortal threats to human freedom. And I have stood in awe of American courage and decency—virtues so rare in history, and so common in this precious place.

I can vividly remember the first time I walked into the Capitol as a Member of Congress. It was an honor beyond the dreams of a small town. I felt part of something great and noble. Even playing a small role seemed like a high calling. Because America was the hope of history.

I have never questioned that faith in victory or in honest defeat. And the day I left office, it was undiminished. I know there are some who doubt these ideals. And I suspect there are young men and women who have not been adequately taught them. So let me leave a message to the future.

I have found honor in the profession of politics. I have found vitality in the American experiment. Our challenge is not to question American ideals, or replace them, but to act worthy of them.

I have been in Government at moments when politics was elevated by courage into history—when the Civil Rights Act was