



LANL audit uncovers financial disarray

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By HEATHER CLARK | Associated Press
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ALBUQUERQUE -- A government audit of Los Alamos National Laboratory found \$14.7 million in questionable expenses that had been reported but not resolved as of late last year.

Most of the report was released Monday by an attorney representing Chuck Montañó and Tommy Hook, whistle-blowers who have filed a lawsuit accusing lab managers of retaliating against them for reporting financial mismanagement.

Montañó said he received the report, dated December 2005, after filing a request under the Freedom of Information Act.

Lynne Bernabei, Montañó and Hook's attorney, said the audit by the Office of the Inspector General backs up their claim that the Northern New Mexico lab has had "serious problems" monitoring and controlling reimbursements and expenses.

The University of California was the sole manager of the lab before June 1, when it was joined by Bechtel Corp. and two other companies to form Los Alamos National Security, LLC, to manage the lab.

Bernabei said even though the lab has a new management team, the government still needs to address the problems. "UC keeps saying we've cleaned up our act, but they haven't dealt with the problems," she said. "UC is still part of the leadership, and it should still be held accountable."

Montañó said he hopes Congress pays attention to the audit results and holds the lab accountable.

But Chris Harrington, a spokesman for the University of California, said the university is working to resolve the issues addressed in the audit and has aggressively worked to make the necessary changes to the management structure at the lab.

The audit is part of a procedure for closing out the lab's previous management contract with UC, Harrington said.

"This is the usual course of business," Harrington said of the audit. "We're technically closing out the books."

The \$14.7 million in expenses were incurred from fiscal years 1996 to 2002. The lab is working with the Department of Energy to resolve the issue, the audit said.

The report also found:

- u Weaknesses in how vendors' invoices were tracked and problems with how meal, travel and freight costs were reimbursed.

- u About \$4.8 million in questionable payments to subcontractors dating back to 1992 were still unresolved as of late last year.

u \$2.2 million in questionable freight and procurement costs were incurred in fiscal years 2000 to 2003.

The investigators recommended that the lab determine whether certain payments to subcontractors and other costs identified in the audit should have been permitted.

The lab also must recover money that was not permitted to be spent and provide a corrective-action plan to address weak internal controls, the audit recommended.

Associated Press reporter Jennifer Talhelm in Washington contributed to this report.



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