JSA Comment on DOE’s Office of Inspector General’s Audit Report on the 12GeV CEBAF Upgrade Project at Jefferson Lab with regard to Commonwealth of Virginia Funds

October 18, 2011

The partnership between Virginia and Jefferson Lab goes back to the early 1980’s, when SURA and the Commonwealth established the Governor’s Distinguished CEBAF Professorship and Governor’s CEBAF Scientist awards (GDCP & GCS).

Since that first state commitment in 1983, an annual appropriation has been received by the contractor to use for the lab’s benefit. SURA was the sole contractor for the U.S. Department of Energy from the time the first federal funding was received in 1984 until 2006 – when Jefferson Science Associates was awarded the contract to manage and operate the lab. [JSA is a joint venture between Computer Sciences Corporation (CSC) and SURA – which serves as the majority and administrative partner – with the exclusive purpose of managing the lab.] The JSA appropriation (to agency #936) is Virginia’s annual “contribution” to “support faculty positions and industry-led research that will promote economic development opportunities in the Commonwealth.”

An appropriation of $9 million was enacted explicitly to support the lab’s 12 GeV upgrade in state fiscal years 2010 and 2011, ($6 million and $3 million respectively.) DOE’s FY11 Congressional Budget Request acknowledged “Virginia’s appropriation bill … to leverage the federal investment in the 12 GeV CEBAF Upgrade” – a $310 million project to double the accelerator’s energy and grow its science.

Due to the significant American Recovery & Reinvestment Act (ARRA) funding for the project, the DOE Office of Inspector General initiated a routine “audit to determine whether the Office of Science was adequately managing the Upgrade Project.” The report states that the laboratory “did not include all of the costs for the Upgrade Project” in the total project cost (TPC), however the report makes clear that JSA did track and monitor the Virginia funds in separate accounts.

Additionally, while the report noted that Virginia funds “had not been formally obligated to its contract,” a Work for Others agreement with DOE, SURA and JSA was formed on March 4, 2011 based on guidance from the Site Office and Oak Ridge Office. This agreement allowed for the state funds to be transferred to SURA, then immediately expended back to the lab for their intended purpose.

The audit report suggests that DOE clarify “policies and procedures for handling funds received from non-Departmental sources, such as those received from Virginia” but makes no formal recommendations.

No financial mismanagement has been cited, nor inference made, that would suggest Virginia funds have been used in any way contrary to their intended use for the advancement of the Thomas Jefferson National Accelerator Facility. JSA will continue to take all steps necessary to insure full compliance with federal and state funding policies and procedures.