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UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

ENERGY AND MINERALS
DIVISION

MARCH 10, 1981

B-202341

Mr. S. David Freeman
Chairman, Board of Directors
Tennessee Valley Authority



Dear Mr. Chairman:

Subject: The Tennessee Valley Authority Needs to Improve
Security and Inventory Controls at Power Sites
(EMD-81-60)

During our recent survey of the Tennessee Valley Authority's (TVA's) power program, one area that seemed to warrant further attention was the physical protection of assets, particularly at construction sites. This problem area has also been mentioned several times on the General Accounting Office's fraud hotline. So we recently began an examination of TVA's procedures for security and, in conjunction with this, a survey of the procedures used to inventory and account for TVA assets. Our objectives were to identify organizational responsibilities and evaluate management controls for safeguarding TVA resources. In conducting our survey we reviewed the TVA code, security memoranda, internal audit reports, TVA policies, procedures and records, and other documentation relating to protection of assets. We also discussed these matters with TVA officials in Chattanooga and Knoxville, Tennessee, and visited two steamplants and two nuclear construction sites. At these sites we observed security operations, reviewed any existing security procedures, reviewed inventory control procedures, and generally observed overall security and inventory controls at the sites.

Our work to date indicates that these areas have recently received increased attention at TVA. Some plans for improved security have been finalized, and some reassignments of personnel have been made. There is still, however, no central direction of security. Also, inventory controls need to be improved.

BACKGROUND

The responsibility for construction site and operating plant security has been debated within TVA for several years. The debate has occurred because no specific line of authority exists for security. The controversy over security responsibility surfaced as a problem in the early 1970s with the advent of

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nuclear powerplants. At that time and from TVA's inception, the Public Safety Service within the Office of Management Services was responsible for providing security personnel to the Office of Power. These personnel, although detailed to the Office of Power, reported to the Public Safety Service. As nuclear power evolved, concern was expressed about the Public Safety Service's capability to provide adequate security. Disagreement centered around whether security personnel should report to the Office of Power rather than the Public Safety Service. TVA decided at that time to continue with safety personnel reporting to the Public Safety Service.

In 1977 a study was prepared analyzing the feasibility of developing an in-house security force for the Office of Power. The study concluded that, although a separate security force might solve the short-term problems being encountered, it would not serve the best interests of TVA as a whole.

The problem surfaced again in 1979 when a Nuclear Regulatory Commission (NRC) audit revealed certain discrepancies at Browns Ferry nuclear plant. A management team reviewed the nuclear security program and recommended that a single individual in upper management of the power program be designated to direct the nuclear security program. There was a basic disagreement, however, between the Division of Nuclear Power and the Power Security Section. The Nuclear Power Division thought it should develop its own expertise in security. But the Manager, Office of Power, assigned primary responsibility to the Power Security Section with security personnel continuing to come from the Public Safety Service.

Although a number of security surveys have been performed on coal fired steamplants and hydro facilities, many of the recommendations have not been accomplished. TVA also developed a Joint Security Plan for TVA nuclear plants under construction, but these requirements have not been fully implemented at any location. An interoffice agreement has been signed in the Office of Power, but it does not appear to have resolved differences of opinion on responsibilities for security.

INVENTORY CONTROLS AND THEFT REPORTING PROCEDURES NEED TO BE IMPROVED

Because inventories are not taken until major construction projects are completed, there is no way of knowing whether reported losses are a good indication of what is actually missing. Inventories are conducted every 2 years at operating powerplants and administrative offices, but procedures are not followed con-

sistently and losses are excessive. In addition, there are no standard procedures for issuing small tools which are expensed at the time of acquisition. The volume of these purchases indicates a need for stronger internal controls.

Better inventory
controls needed

TVA has established procedures for tagging certain items of significant value and recording them in inventories, but physical inventories of tagged construction equipment are not conducted during TVA's construction of major projects. Instead, inventories are checked only after construction projects are completed. Thus, TVA officials are unable to accurately ascertain the amount of tagged equipment actually missing at its projects and to compare losses among projects.

From January 1977 through May 1980, reported thefts of TVA property totaled \$881,320. The Bellefonte nuclear plant project reported thefts of \$354,784 or about 40 percent of this total. Only a few of the tagged equipment items reported stolen at the Bellefonte project have been retired from TVA property records because project personnel believe many of the items are still on the premises. It is disturbing to note that reported thefts have increased from \$125,644, or a monthly average of \$10,470 in 1977, to \$200,173 for the first 5 months of 1980, a monthly average of \$40,035.

Completed TVA inventory results show that when the Browns Ferry nuclear construction project was completed over 4,300 tagged equipment items could not be located. Over 3,700 of these items, valued at \$560,000 were retired from TVA tagged equipment records. A 1978 TVA internal audit report cited this loss as excessive and an indication of control weakness. Furthermore, inventories of tagged construction equipment taken after several recently completed TVA projects also show substantial equipment losses.

Physical inventories of tagged equipment are conducted once every 2 years at operating powerplants and administrative offices. Tagged equipment items not located during two consecutive inventories are automatically retired from TVA property records. The latest inventory data available from TVA's 12 fossil plants show that 2,300 equipment items, or about 17 percent of the 13,700 items inventoried, were not located. Approximately 700 of the 2,300 items, or about 5 percent, had been reported missing on a prior inventory, and thus have been retired.

TVA has established accounting procedures for the retirement and transfer of tagged equipment. These procedures require that lost or stolen equipment be reported on a retirement notice along with a complete statement concerning the loss or theft. Transfers of tagged equipment are also required to be documented, and TVA has developed standard forms both for the retirement and transfer of tagged equipment. These forms serve as the basis for adjustments to TVA tagged equipment accounts; however, a TVA official stated that these equipment retirement and transfer forms are not prepared frequently. For example, one official at a plant told us he would not prepare a retirement notice on a stolen tagged equipment item because he was unaware that TVA procedures require this to be done. Additionally, we found that when forms were filled out, explanations concerning loss or theft were not complete. For instance, at the Kingston steam plant, 190 of the 1,185 tagged equipment items appearing on its latest inventory report were not located during the most recent inventory. Of these 190 items, 74 were reported missing for the second time, and retirement notices were prepared for these items. However, the only justification supplied for the retirement of these items was that they were missing on two consecutive inventories.

Although our work was directed primarily toward power facilities, we found that the Computing Operations Branch, a unit of the Division of Property and Services, was unable to locate about \$1.1 million of the approximately \$10.6 million of ADP tagged equipment for which it was accountable at April 30, 1979. Approximately \$1 million of this \$1.1 million, or 89 percent, was composed of 109 equipment items costing in excess of \$1,000 each. The average cost of these items was about \$9,200. Branch officials cited the following as reasons why these items are not being located (1) ADP equipment is widely dispersed over the TVA region, (2) user organizations are experiencing a high rate of personnel turnover, (3) equipment retirement and transfer forms are not prepared frequently though required by TVA accounting procedures, and (4) user organizations generally do not maintain adequate tagged equipment inventory records. The Branch officials told us they must rely on the equipment users who have physical possession to inventory their equipment but that the conditions above make taking physical inventories a complex task.

We believe the failure to follow established TVA procedures for the retirement and transfer of tagged equipment has exacerbated the problem of identifying the number of equipment items actually lost or stolen at TVA projects and powerplants.

TVA lacks adequate and consistent procedures for issuing and controlling tools

In recent years, TVA has exempted certain small, relatively inexpensive tools used at construction projects from its list of tools required to be tagged. However, because of their size these tools are more likely to be removed from construction projects and powerplants. For example, a March 1976 memorandum to construction projects specified that pencil grinders, a small multifunction pneumatic tool, were no longer to be tagged by the Division of Construction. However, theft reports from the Bellefonte nuclear plant project for 1978 show that 132 pencil grinders valued at about \$20,000 were stolen. The theft problem at TVA projects is also reflected in the excessive purchases being made of certain items. For instance, at the Bellefonte nuclear plant project, which employs about 3,300 construction workers, a total of 37,825 rainsuits costing about \$219,000 had been purchased as of September 1980. Also purchased were 10,698 padlocks, costing about \$39,000, and 46,823 pairs of gloves costing approximately \$230,000. A project official agreed these purchases were excessive.

TVA has not written procedures for issuing tools at construction warehouses and powerplant tool rooms. This has allowed each project and powerplant to develop its own procedures. The result is that both tagged and small untagged tools are not issued on a consistent basis at all projects and powerplants. In addition, accounting controls do not exist for small tools in stock at construction warehouses or powerplant tool rooms. Perpetual records for untagged small tools are not maintained. When tools are received they are charged to a tool expense account, and no internal controls are maintained to determine the number of tools which should be on hand. As of March 31, 1980, a total of \$34,700,000 had been expensed by TVA in tool accounts at construction projects.

At the Kingston fossil plant we observed that some small tools were not etched. This is in contrast with the Yellow Creek nuclear plant project where all small tools we examined were etched and sprayed with a chemical compound for added identification. There a record is maintained of all equipment issued to individuals and craft foremen. When tagged equipment is issued at the project, the TVA tag number is recorded on the issue document. This allows the identification of items reported stolen from individuals who are unable to remember the TVA tag number. Individuals at the Yellow Creek project are

held responsible for the protection of TVA property. When an employee quits or is terminated he must account for all TVA issued equipment. Deductions are made from his final paycheck for any items for which he cannot account.

TVA theft reporting practices vary widely among projects and powerplants

The Public Safety Service has the responsibility for preparing Theft and Vandalism Investigation Reports for small tools and tagged equipment items stolen from TVA construction projects and powerplants. However, the Public Safety Service has not issued standard guidelines for preparing these reports. As a result, Public Safety Service units at TVA projects do not follow the same reporting guidelines. For example, the Watts Bar Public Safety Unit does not prepare a theft report for each reported theft. These reports are prepared on a judgment basis. Management at the Hartsville nuclear project has the opinion that everything reported missing should be considered a theft and be investigated by the Public Safety Service Office.

At the Yellow Creek nuclear plant project all thefts are required to be reported to the Public Safety Service office which investigates the alleged thefts. A theft report is prepared only when a theft is believed to have actually occurred. This practice is strengthened by the requirement that a craft superintendent sign a statement that an item has been lost or stolen before replacement equipment can be obtained. During calendar year 1979, Yellow Creek reported thefts of \$1,537, whereas Bellefonte reported a total of \$159,068.

SECURITY POLICIES HAVE NOT BEEN IMPLEMENTED BECAUSE RESPONSIBILITIES HAVE NOT BEEN DEFINED

TVA has recognized the need to improve security at construction sites and operating plants at least since 1971. There have been several attempts to assign specific responsibilities and implement security plans, but they have never succeeded. Consequently, policies and plans have been put in writing for improved security, but they have not been widely accepted or officially enforced.

Security plans and policies
are not enforced

TVA has a Joint Security Plan for nuclear plants under construction, an interdivisional agreement on security, and a security program for fossil plants. In addition, there have been a number of recommendations based on security surveys by the Power Security Officer and audits by TVA's Internal Review Branch. None of these, however, have been fully implemented. Thus, thefts at some locations are high and there are possibilities for sabotage.

Our visits to operating units and reviews of internal audit reports, security surveys, and various documents obtained during our review indicate:

- Because there is no central authority on security, each site has essentially come up with its own security system.
- Due to the independence of each unit, problems are not shared and innovative solutions remain at the point of origin.
- Fences have not been erected at some locations and are inadequate at others. Also because of various construction projects, fences have been down at some locations for extended periods.
- Some locations are easily accessible by auto, boat, or on foot. Boundaries are not always adequately marked and barriers have not been erected to prevent vehicles--especially 4-wheel drive--from entering through unauthorized routes.
- At many locations there are no foot patrols around perimeter areas which are not visible from guard locations.
- Many employee parking areas are not fenced, some that are fenced are not locked or manned during each shift, and at one location employees were permitted to eat lunch in their vehicles.
- At some locations, gates have been left unlocked for extended periods of time.
- Some locations are not manned at all or only part time.
- Vehicles are not searched routinely even though this is suspected to be the primary way stolen items are removed

from the site. Some TVA vehicles apparently are being used to drop items off for later pickup.

- Pat-down searches are not conducted routinely even though employees have been known to conceal items in hats and rainwear or strap them inside clothing.
- There are no restrictions on lunch box size, and most employees carry a cooler rather than the traditional lunch box.
- Foreman do not exercise strict control over their crews, so there is a lot of "strolling around" by construction workers.
- Complete records are not maintained on who gets tools, and replacements are issued routinely.
- Spaces for individual and crew tool boxes are not fenced, lighted, or limited to specific locations.
- Personal tools brought on site are not required to be marked as such, thereby becoming intermixed with TVA tools.
- Most sites do not charge employees for items lost or stolen while signed out to them.
- TVA padlocks have a common key which can be easily duplicated.
- Periodic inventories are not taken at construction sites so the magnitude of losses are not ascertained until too late.
- Procedures for preparing theft reports are not consistent so losses cannot be compared.
- Because of the prevalence of reported thefts, there is a general reluctance of authorities to investigate or District Attorneys to prosecute.
- A few months ago a fisherman climbed the fence at Browns Ferry nuclear plant and was undetected until he called from a telephone in the radiation storage area.
- An employee at Browns Ferry inadvertently carried a handgun into the plant, and it was not detected.

We were told that the Joint Security Plan for nuclear plants has not been implemented at some locations because they were started before the plan was developed; the security program at fossil plants is based on financial priorities; and the Assistant Director of Fossil and Hydropower has stated that many of the recommendations regarding hydroplants have been "undesirable, unnecessary, impractical, or prohibitively expensive."

Lines of authority and areas
of responsibility are not clear

Security and protection of assets have recently received greater attention at TVA. The attention however has been within the Office of Power and has been concerned primarily with power facilities. There is no one presently assigned responsibility for an overall TVA security program. Consequently, there has been uncertainty as to who is responsible and who has the authority to settle divisional or interoffice disputes.

Responsibility for powerplant security is a function of the Power Manager's Office with implementation accomplished by the divisions. This responsibility has been delegated to the Power Security Officer, and other organizations are functionally responsible to him for matters affecting the security of power facilities.

TVA's Joint Security Plan for the construction phase of nuclear plants specifies that the construction project manager is responsible for security during construction. The operating plant superintendent in charge of power production assumes responsibility of each nuclear unit at the initiation of functional testing or upon the issuance of an NRC operating license, whichever comes first. Plant superintendents are also responsible for security at coal fired plants.

Although the "first try at trying to define who is responsible for what" in security at powerplants was made in 1971, there are still unresolved issues. In September 1979 the Supervisor, Power Security Section, wrote:

"One assistant manager of power feels that the operating organization should have a share in the security responsibilities. The Manager of Licensing has stated that his role in licensing gives him the authoritative voice in nuclear security matters. The Assistant Manager of Operations feels that security can best be applied at the Manager of Operations level. This same thought is

being expressed by the Director of the Nuclear Division. In fact, the operating organizations firmly believe they are right and have already been assigned this responsibility, for they are presently interviewing personnel to fill the positions of supervisors, nuclear security staff. You can imagine what this is doing to the morale of the Power Security Section."

In July 1980, the present supervisor wrote:

"I have been amazed at the absence of communication with the Power Security Section with regard to nuclear security matters. This lack of communication and the exclusion of the Power Security Section from involvement in meetings regarding security systems, security organization, Public Safety Office (PSO) staffing levels, and major design changes cause me to conclude that informal policy which effectively excludes the Power Security Section has been determined for nuclear security management organization and responsibility and that the only meaningful responsibility policy statement would be one which explicitly assigns overall responsibility."

Although the Manager, Office of Power issued a memorandum on August 29, 1980, setting out the roles of all organizations in Power with regard to security, the Security Officer told us that, if anything, the situation had gotten worse; even the small degree of information he previously received has been stopped. The memo apparently stiffened opposition to the authority delegated to the Security Officer.

On October 10, 1980, the Power Security Officer wrote the Office of Power's Management Services Staff, that the Manager of Power's memo formed the basis for an adequate security program but the assignment of responsibility without organizational changes has had little effect other than to exacerbate security section relationship difficulties with the Power divisions. He offered, as an example, the memo from the Assistant Director of Fossil and Hydropower stating that many of Power Security's recommendations "have been undesirable, unnecessary, impractical, or prohibitively expensive."

The Power Security Officer also wrote the Manager of Power on November 13, 1980, stating his conclusion that the Power Security Section's functions with regard to nuclear security had been informally removed. He stated as examples

- he has not been informed of NRC security inspections or exit conferences,
- he has not been invited to discussions on nuclear security,
- he has been instructed not to talk directly to plant superintendents,
- he was told by an NRC inspector that responsibility for TVA security had been assigned to someone else, and
- he has not been advised when security incidents have occurred.

Regarding a suspicion that because of inadequacies of security programs, consideration was being given to assigning overall security responsibility to the Public Safety Service, he stated:

"Should such a change in responsibility become imminent, I recommend that you urge the General Manager not to assign this responsibility to the Public Safety Service. This would detract from appropriate emphasis being given to operational considerations and create a potential growth of what should remain a security service organization."

Effective August 31, 1980, the Public Safety Services Branch was transferred from the Division of Property and Services to the Office of the Manager of Management Services. Public Safety personnel believe this will give them more clout and more authority in determining the security needs at TVA installations. But, plant managers have traditionally regarded Public Safety Service as a service organization because their plants are charged for Public Safety personnel. Consequently, it has generally been thought that Public Safety personnel were responsible to the plant superintendents and that their recommendations were advisory in nature. At times superintendents have reduced the number of Public Safety officers at their plants to cut costs. On one occasion, the Assistant Plant Superintendent refused to allow a lunch box inspection by Public Safety Officers.

Because of the frustrations associated with being given the responsibility for security but lacking the commensurate authority, the Power Security Officer submitted his resignation to be effective December 12, 1980.

CONCLUSIONS

Weaknesses in TVA security have become more apparent because of security surveys, internal audits, NRC inspections, and publicity surrounding some security violations at Browns Ferry nuclear plant. These problems have received increased attention in recent months. But actions taken to date have not resulted in an effective overall security program.

There is no central authority for overall security at TVA facilities. Major offices or division have essentially developed their own security programs with Public Safety Service acting in an advisory capacity. The problem exists within the Office of Power in only slightly less magnitude--power facilities are a major part of TVA and are more vulnerable than other types of facilities. Even though a focal point has been designated in Power, authority has been circumvented in practice.

Due primarily to the lack of central authority for security, many of the policies and plans for security measures have not been implemented. Consequently, thefts continue to rise and TVA facilities remain vulnerable to vandalism and potential sabotage.

Losses of both tagged and untagged equipment at TVA's construction projects and powerplants are excessive. This is evidenced by the large number of theft reports being generated from construction projects and also by the substantial number of tagged equipment items not located during periodic physical inventories at TVA fossil plants.

RECOMENDATIONS

To establish and maintain an effective security system and adequately protect TVA assets, we recommend that the Board of Directors issue instructions to:

- Establish standard accountability procedures for small tools at all construction projects and power production plants.
- Develop a system for conducting tagged equipment inventories at TVA construction projects at acceptable intervals.
- Standardize TVA's theft reporting practices at all its projects and powerplants. Require that missing items be reported to the Public Safety Service for investigation.

- Appoint an official at General Manager staff level to be responsible to the General Manager for overall TVA security. This official should have the authority to resolve any interoffice disputes and remove any budgetary restrictions to implementing valid security recommendations.
- Place the Power Security Section, the Public Safety Service, and any other office involved in security under the direction of the TVA Security Official. This should ensure that policies can be implemented and enforced without unnecessary administrative levels.
- Ensure that the Internal Review branch continues to make periodic reviews and follows up on previous recommendations. Exit conferences should be held with the TVA Security Official in attendance.
- Require periodic progress reports to the General Manager and Board of Directors concerning results in reducing thefts and vandalism and in improving control over TVA tools, equipment, and inventories.

AGENCY COMMENTS

A draft of this report was provided to TVA for comment. Their comments appear as enclosure I. TVA acknowledged deficiencies in inventory and physical plant security and pointed out they have initiated a broad range of actions to address the shortcomings. We applaud TVA's positive response to these problems and plan to perform a follow-up in the near future to see if these stops are successful.

TVA disagreed with the report in one area, that purchases of 37,825 raincoats, 10,698 padlocks, and 46,823 pairs of gloves at a site employing 3,300 people are not unreasonable levels of purchases when considering the working conditions and the wear and tear. This is in contrast to the site official who believed the purchases were excessive. We believe the magnitude of the numbers speaks for themselves.

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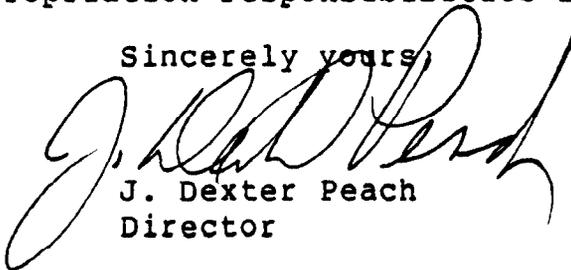
As you know, section 236 of the Legislative Reorganization Act of 1970 requires the head of a Federal agency to submit a written statement on actions taken on our recommendations to the House Committee on Government Operations and Senate Committee on

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Governmental Affairs not later than 60 days after the date of the report and to the House and Senate Committees on Appropriations with the agency's first request for appropriations made more than 60 days after the date of the report. We would appreciate receiving a copy of your statement when it is provided to the congressional committees and to be informed of any action taken on our recommendations.

We are sending copies of this report to the Director, Office of Management and Budget, and the House and Senate Committees having oversight and appropriation responsibilities for TVA.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "J. Dexter Peach".

J. Dexter Peach
Director

Enclosure

TENNESSEE VALLEY AUTHORITY
KNOXVILLE TENNESSEE 37902

February 18, 1981

The Honorable Elmer B. Staats
Comptroller General of the United States
General Accounting Office
441 G Street
Washington, DC 20548

Dear Mr. Staats:

TVA notes the GAO acknowledgement that security precautions at power plants under construction as well as at its operating nuclear plants are receiving "increased attention" at the Agency. Yet, TVA's internal audits, as well as the GAO report, have pointed up deficiencies in inventory and physical plant security. TVA has initiated a broad range of actions that address the shortcomings identified. These steps establishing more stringent security controls address the recommendations made by GAO and in some areas go beyond them.

With the objective of establishing tighter controls over inventory at plants under construction as well as in operation, the following steps, as directed by the General Manager, are underway:

- Standard accountability procedures are being established for small tools at each power plant.
- Conspicuous marking on tools will be initiated throughout the Office of Power and the Office of Engineering Design and Construction to further reduce theft.
- Employees will be required to return broken tools before new ones are issued.
- Instructions have been forwarded to all TVA locations providing for uniform theft and loss reporting practices.
- Clarified guidelines for the preparation of theft and vandalism reports are being distributed to all TVA locations.
- Crew tool storage boxes are now being periodically inventoried at all construction projects in order to reduce thefts.
- A property clerk position is being established at each major construction project so that inventories are carried out on a timely basis and adequate records are maintained.
- A Joint Security Plan (JSP) has been developed and distributed to the manager of each nuclear plant under construction. The plan serves as a guide for safeguarding each facility. Initial monitoring of the implementation of these plans indicates improvements are being achieved and these efforts will be intensified. Additional physical security measures for fossil and hydro plants will be implemented providing that benefits outweigh the costs and that funds are available.

TVA is also strengthening its physical security at nuclear plants. These steps include:

- A security task force composed of senior managers from the Public Safety Service, Power Security Section, Nuclear Power, and Engineering Design and Construction has been established and will meet periodically to review status and progress of security at TVA's nuclear plants under construction and in operation.
- The Office of Power has been designated the responsibility for security at TVA's operating nuclear plants. The Division of Nuclear Power is responsible for coordinating physical security implementation at each operating plant. In the event of internal disputes over this implementation, the captain of each plant's security force has been charged with reporting his concerns directly to the Chief of TVA's Public Safety Service. The Chief will then bring the alleged deficiency directly to the attention of the Director of Nuclear Power for resolution. Conversely, if the plant manager is dissatisfied with the activities of the plant's security force, he is charged with reporting directly to the Director of Nuclear Power who will resolve the issue with the Chief of the Public Safety Service. TVA believes this system ensures that disputes over physical security will be brought promptly to the attention of the responsible officials who will act to settle the issue in question.

To ensure that these agreements and steps are fully carried out, TVA's Auditing Branch will investigate and report semiannually to the General Manager on the status of TVA's intensified effort to control the theft and loss of tools and equipment. The Nuclear Safety Review Staff will report semiannually to the General Manager on implementation of nuclear power plant security agreements. These matters are taken most seriously by TVA and a concerted, sustained effort is being made to implement the actions described above.

TVA does not agree with GAO that large-scale purchases of gloves, rainsuits, and padlocks necessarily reflect "excessive purchases" of these materials. In the instance of the rainsuits, the number reflects approximately what would be needed to provide each employee with one rainsuit per year, given the number and turnover of workers on this project. These are not expensive suits and are subject to considerable wear and tear. Individuals who do not return rainsuits upon termination have the cost deducted from their final paycheck. The padlocks were purchased over a period of seven years and is not an unreasonable number given the number of workers and size of the project. The gloves were also purchased over a period of seven years. Approximately 1,000 workers engaged in welding activities are issued gloves as a safety measure. Due to the nature of the working conditions, a pair of gloves last about two months with excellent care and generally less under normal working conditions. In view of these facts, TVA does not believe the numbers are unreasonable.

ENCLOSURE I

ENCLOSURE I

With respect to GAO's recommendation for creation of a central authority to oversee inventory and physical plant security, the General Manager has designated a member of his staff to monitor implementation of the steps outlined in this letter and to coordinate the semiannual reviews by the Auditing Branch and the Nuclear Safety Review Staff. The TVA Board of Directors has impressed on all office managers the importance of prompt, vigorous, and sustained action. TVA is prepared to make periodic reports to GAO on its progress in carrying out this program of enhanced inventory control and physical security at nuclear power plants.

Sincerely,



W. F. Willis
General Manager