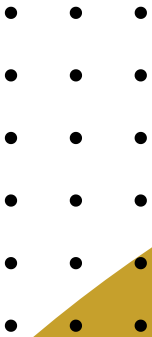




FISCAL YEAR 2025

AGENCY FINANCIAL REPORT



www.dnfsb.gov



Defense Nuclear Facilities Safety Board



About This Report

This is the Agency Financial Report (AFR) on the Defense Nuclear Facilities Safety Board's (Board or DNFSB) performance results and audited financial statements for Fiscal Year (FY) 2025. The AFR is intended to simplify and summarize information while providing transparent performance reporting. You can view an electronic copy of this FY 2025 AFR at <https://www.dnfsb.gov/agency-financial-reports-performance-and-accountability-reports>. For more information about the DNFSB, please refer to the agency's website at <https://www.dnfsb.gov/>.

The DNFSB produces an AFR rather than the alternative Performance and Accountability Report (PAR). Within the DNFSB's AFR, a Management's Discussion and Analysis Section is included that, among other things, summarizes the DNFSB's organizational performance goals, objectives, and results. The PAR is a report that combines an AFR with performance information required by the Government Performance and Results Act (GPRA) of 1993. A detailed breakdown of the DNFSB performance results can be found in the DNFSB's Annual Performance Report (APR) which details the DNFSB strategic goals, performance measures, and results. The APR for FY 2025 is expected to be posted on the DNFSB's website by the middle of FY 2026 and a copy may be found at <https://www.dnfsb.gov/about/plans-budgets-performance>.

We welcome your views on all aspects of this report and any comments you may have for improving the report. Please send your feedback to dbf@dnfsb.gov. This report is in the public domain. Authorization to reproduce it in whole or in part is granted. While permission to reprint this publication is not necessary, the citation should be:

Defense Nuclear Facilities Safety Board
Division of Budget and Finance
625 Indiana Avenue, NW, Suite 700
Washington, DC 20004

MISSION STATEMENT



MISSION

Provide independent analysis, advice, and recommendations to the Secretary of Energy to inform the Secretary, in the role of Secretary as operator and regulator of the defense nuclear facilities of the Department of Energy, in providing adequate protection of public health and safety at such defense nuclear facilities, including with respect to the health and safety of employees and contractors at such facilities.

VISION

To secure a safe future for the American people through proven technical excellence and transparency that inspires public confidence as the defense nuclear enterprise evolves.

VALUES



Integrity



Respect



Excellence



Independence



About Us

The Defense Nuclear Facilities Safety Board (Board or DNFSB), an independent oversight organization within the executive branch, was created by Congress in 1988 to provide advice and recommendations to the Secretary of Energy regarding public health and safety at the defense nuclear facilities managed by the Department of Energy (DOE).

The DNFSB has 14 resident inspectors who provide real time assessments and monitoring of safety issues at the sites <https://www.dnfsb.gov/about/who-we-are/resident-inspectors>.

In FY 2025, the DNFSB produced a total of 249 resident inspector weekly reports which can be viewed at <https://www.dnfsb.gov/documents/reports>.

Why is the DNFSB Important to Taxpayers?

1986

The Chernobyl nuclear power station accident provided a dramatic demonstration of the havoc that a major accident in a nuclear facility could cause. The Chernobyl accident was characterized by a Belarussian ambassador as “the worst technogenic catastrophe that has ever occurred on this planet.” The explosion and resulting fire in the reactor’s graphite core released massive amounts of radioactivity. Analyses of the accident listed various causes, including operator errors ultimately attributable to poor training and poor management, and to faulty reactor design. (Source: <https://www.dnfsb.gov/about/history>)

1988

The Congress created the Board and charged it with responsibility to review the safety standards that pertain to all life-cycle phases of defense nuclear facilities design, construction, operation, and decommissioning. The Board is also responsible for investigating any event or practice at a DOE facility that has adversely impacted or could adversely affect public health and safety. The Board is statutorily required to make reports to Congress at least annually on its oversight activities, any recommendations issued to the Secretary of Energy, and improvements in safety achieved at defense nuclear facilities as a result of its activities.

DNFSB Powers

The Congress provided the Board with a variety of powers to carry out its oversight mission:

The power to issue safety recommendations to the Secretary of Energy

The power to conduct investigations and studies

The power to gather information

The power to issue subpoenas

The power to hold public hearings

The power to establish reporting requirements for DOE

THE DNFSB CELEBRATES 35 YEARS

Thirty-five years ago, the Board was established with a singular, vital mission: to provide independent safety oversight and ensure the safety of the Department of Energy's (DOE's) defense nuclear facilities for the protection of public health, workers, and the environment. That mission remains at the heart of everything the DNFSB does today and will do in the future.

The Board's journey began in 1988, when Congress passed the National Defense Authorization Act for Fiscal Year 1989, which included provisions to create the Board. These provisions were the culmination of nearly two years of congressional discussions and deliberations, driven by a growing concern over the safety of the U.S. nuclear weapons complex. The legislation was signed into law by President Ronald Reagan on September 29, 1988. Upon creation of the DNFSB, there was no staff assigned to the Board. A little over a year later, on October 18, 1989, the DNFSB officially began its operations, marking the start of a new era in the oversight of defense nuclear safety. Since that day, the DNFSB has remained committed to ensuring that the DOE's defense nuclear operations are conducted with the utmost care and safety.

Since its founding, the Board has been steadfast in its commitment to oversight and safety, working alongside the DOE to confront complex and evolving challenges. From stabilizing legacy nuclear materials to reviewing the safety designs of new facilities, DNFSB has played a crucial role in reducing risks and improving safety standards across the defense nuclear complex. The Board's recommendations have helped shape the way nuclear safety is approached.

As the DNFSB looks back over the past three and a half decades, none of this progress would have been possible without the dedication, expertise, and commitment of the DNFSB's leadership and staff. Every member of the agency – from technical experts, to legal staff, to administrative teams – has played an essential role in fulfilling the Board's mission. Over the past 35 years, the efforts of the DNFSB team have directly contributed to the protection of our national security and the well-being of communities near these critical facilities.

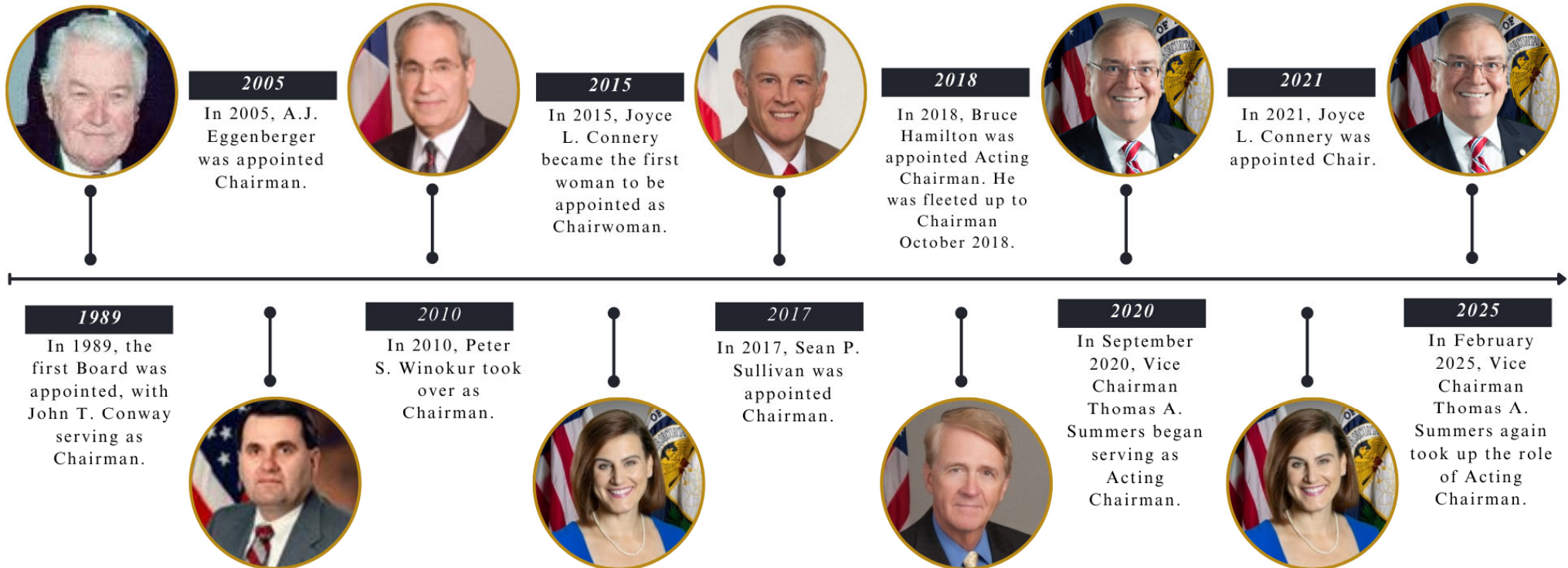
While it is important to celebrate how far the DNFSB has come, we must also look ahead. The defense nuclear landscape continues to evolve, and the challenges the DNFSB faces are as complex and critical as ever. The safety of new and aging facilities, environmental clean-up efforts, and the modernization of our nation's nuclear infrastructure require focused attention and innovative solutions. Looking to the future, the DNFSB must remain proactive in identifying these issues while ensuring that safety standards continue to evolve in line with emerging technologies and best practices, and the DNFSB must continue to nurture, support, and grow its workforce. As always, the DNFSB work will require not only technical, legal, and administrative excellence but also a renewed commitment to transparency and accountability, ensuring that the DNFSB remains a trusted and independent voice in nuclear safety. The past 35 years have proven that the DNFSB can meet the demands placed on the agency in maintaining the safety and security of our defense nuclear facilities. The DNFSB has made a positive difference, and we will continue to ensure the highest standards of nuclear safety for our great nation!





The Defense Nuclear Facilities Safety Board was formalized under the National Defense Authorization Act of 1988.

THE EVOLUTION OF BOARD CHAIRPERSONS



DNFSB

AGENCY FINANCIAL REPORT LEGISLATION

The DNFSB Agency Financial Report (AFR) for Fiscal Year (FY) 2025, provides an executive-level overview of the DNFSB, including our mission, organization, performance, financial information, internal controls, legal compliance, and challenges facing the Agency. This report satisfies the reporting requirements contained in the following federal memorandum and legislation:

- **Office of Management and Budget (OMB) Memorandum M-25-30, Ensuring Accountability: How We Oversee, Audit, and Improve** requires FY 2025 financial statements and associated audits to be presented using a single-year format, focusing on current-year activity and balances; establishing a clearer baseline; and addressing high-risk programs and control weaknesses in real time.
- **The Payment Integrity Information Act (PIIA) of 2019** requires agencies to improve their efforts to identify and reduce government-wide improper payments.
- **The Digital Accountability and Transparency Act (DATA Act) of 2014** established governmentwide, financial data standards and increased the availability, accuracy, and usefulness of federal spending information. The DATA Act, led by the U.S. Department of the Treasury (U.S. Treasury or Treasury) and the OMB, mandated federal agencies to report on procurement data to bring awareness to federal spending.
- **The Government Performance and Results Act (GPRA) Modernization Act of 2010** modernized the federal government's performance management framework, retaining and amplifying some aspects of the GPRA of 1993 while also addressing some of its weaknesses.
- **The Accountability of Tax Dollars Act (ATDA) of 2002** expanded the CFO Act further and extends the requirements of the annual preparation and audit of organization-wide financial statements to the remainder of the Executive Branch independent agencies not already required to do so through another provision of federal law.
- **The Reports Consolidation Act of 2000** permits agencies to consolidate certain statutory reports into a single annual report and requires certain information in the consolidated report.
- **The Government Management Reform Act (GMRA) of 1994** expanded the CFO Act by requiring, among other things, the annual preparation and audit of organization-wide financial statements of Executive Branch departments and certain Executive Branch independent agencies.
- **The GPRA of 1993** requires federal agencies to prepare a strategic plan covering a multiyear period and submit an annual performance plan as well as an annual performance report.
- **The Chief Financial Officers (CFO) Act of 1990** establishes the position of CFO, requires audited financial statements for each major executive agency, and requires the Director of the OMB to prescribe the form and content of the financial statements.
- **The Federal Managers' Financial Integrity Act (FMFIA) of 1982** requires ongoing evaluations and reports of the adequacy of internal accounting and administrative controls, and whether financial management systems comply with federal financial management systems requirements.

HOW THIS REPORT IS ORGANIZED

As stewards of public resources, the DNFSB prepares its AFR annually to provide transparency on its financial position and performance results. This report demonstrates the DNFSB's commitment to its mission, accountability, and the responsible management of resources entrusted by the President of the United States, Congress, and the public. The AFR includes the following main sections:

Message from Dr. Patricia L. Lee, Board Member - This section includes a transmittal letter from Dr. Patricia L. Lee, Board Member.

Management's Discussion and Analysis Section - This section includes a narrative composed of the mission and organization of the DNFSB; a high-level discussion of performance goals, objectives, and results; an analysis of the financial statements; an analysis of systems, controls, and legal compliance; and a statement of assurance from the DNFSB's Executive Director of Operations (EDO).

Financial Section - This section includes the report of the independent auditor, principal financial statements, and associated notes. Additionally, the Financial Section is composed of the message from the Chief Financial Officer (CFO) of the DNFSB.

Other Information Section - This section includes the fiscal year summary of the financial statement audit and management assurances, the Inspector General's assessment of the DNFSB's management and performance challenges, and the Payment Integrity Information Act reporting results.

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Message from Dr. Patricia L. Lee Board Member



As the Defense Nuclear Facilities Safety Board (Board or DNFSB) marks its 35th anniversary, I am pleased to present the Fiscal Year 2025 Agency Financial Report (AFR).

For the 20th consecutive year, our external auditors have issued an unmodified audit opinion on the DNFSB's financial statements. Additionally, this year's assessment of our internal controls enables me to provide reasonable assurance that the performance and financial information contained in this report is both complete and reliable. During FY 2025, the DNFSB also maintained, in all material respects, effective internal control over financial reporting and there was no reportable noncompliance with provisions of applicable laws, regulations, and contracts tested.

This report reflects our commitment to transparency, accountability, and stewardship of public resources. It demonstrates the high standards we uphold as we execute our mission to protect public health and safety at the nation's defense nuclear facilities.

The DNFSB is an independent executive branch agency charged with making recommendations to the Secretary of Energy and, in certain cases, to the President, to ensure adequate protection of public health and safety at U.S. Department of Energy (DOE) defense nuclear facilities.

The DNFSB's Strategic Plan for FY 2022–2026 sets forth a broad vision of how the Board will fulfill its statutory mission and consists of four goals to (1) provide proactive and independent safety oversight of the defense nuclear complex, (2) enhance transparency of ongoing agency initiatives and the state of safety within the defense nuclear complex, (3) develop and maintain an outstanding workforce to achieve the agency's mission, and (4) maximize the agency's performance by pursuing excellence in our culture and operations. For FY 2025, the DNFSB successfully achieved the performance measures necessary to accomplish its nuclear safety mission goals by fully meeting the FY 2025 targets for 28 performance measures and partially meeting two performance measures.

For the past 35 years, the Board has played a vital role in strengthening the nuclear safety framework that underpins our nation's deterrent and defense capabilities. This role underscores our enduring responsibility to advance national security by ensuring that DOE maintains nuclear safety while executing its mission.

By evaluating the standards that govern the design, construction, operation, and decommissioning of DOE's defense nuclear facilities, as well as the design of new facilities, the Board continues to prioritize oversight based on potential risk, ensuring focused and effective engagement where it is most needed.

The DNFSB's strength lies in the dedication and expertise of its Board members and staff. During FY 2025, we bid farewell to our former Board Chair, Joyce L. Connery. For the second time in the Agency's history, the Board lost quorum

and operated under the special provisions of the James M. Inhofe National Defense Authorization Act for Fiscal Year 2023, which allows the Board to continue exercising certain powers and functions for up to one year in the absence of a quorum. This recurring lapse in quorum presents real challenges to maintaining continuous, independent oversight of DOE's defense nuclear facilities.

In early in FY 2026, the Board lost Vice Chair Summers who served as Acting Chair after Ms. Connery's departure leaving the Board with only one member, as of the date of this letter. However, we continue to fulfill many of our statutory responsibilities while we wait for the nomination and confirmation of additional Board members.

As DOE's defense nuclear facilities face increasing demands for weapons production, certification, and modernization, the Board remains steadfast in its commitment to strengthening nuclear safety within the weapons production complex. The National Nuclear Security Administration's expanding mission underscores the need for robust, independent oversight to ensure safety remains at the forefront of modernization efforts.

The DNFSB's vigilance is critical to protecting workers, the public, and the nation's defense capabilities. Weapons production must proceed with an unwavering focus on safety, and our oversight helps sustain public confidence in the safety and security of our defense nuclear enterprise.

We are encouraged that the President's FY 2026 Budget Request to Congress reflects strong support for the DNFSB and its vital mission, proposing an increase in funding from \$42 million to \$45 million and maintaining approximately 120 full-time equivalent positions.

This increase acknowledges DNFSB's role in ensuring public health and safety through independent oversight with the growing scope and complexity of DOE's nuclear weapons enterprise.

I extend my deepest gratitude to our dedicated staff for their professionalism, commitment, and hard work. Their expertise and service remain the driving forces behind our success.

Together, we sustain the Board's critical role in supporting U.S. national security by strengthening public confidence in the safety, integrity, and reliability of our nation's nuclear weapons infrastructure.

Sincerely,



Dr. Patricia L. Lee
Board Member
December 17, 2025





MANAGEMENT'S DISCUSSION AND ANALYSIS SECTION

Preface

On September 27, 2024, the Federal Accounting Standards Advisory Board (FASAB) released Statement of Federal Financial Accounting Standards (SFFAS) 64, *Management's Discussion and Analysis (MD&A), Rescinding and Replacing SFFAS 15*. The DNFSB has applied this new standard to improve its MD&A by preparing a balanced, concise, integrated, and understandable MD&A that is useful for all users, including those who are not experts in federal government financial matters. As part of this new guidance, information that has been provided in prior years' MD&As (Board Member pictures/bios, Organizational Chart, etc.), can now be accessed within the DNFSB's website, <https://www.dnfsb.gov/>.

Mission

Established by Congress in 1988, the Defense Nuclear Facilities Safety Board (Board or DNFSB) operates as an independent agency within the executive branch, with a mission focused on protecting public health and safety at Department of Energy (DOE) defense nuclear facilities. Operating under the Atomic Energy Act, 42 United States Code (U.S.C.) § 2286 et seq., the Board provides safety oversight of DOE's defense nuclear facilities complex, which encompasses facilities dedicated to national security activities such as the design, production, and decommissioning of nuclear weapons. The Board's activities are guided by the principles of transparency and accountability, reporting directly to the President of the United States, and remaining subject to congressional oversight.

Unique Recommendation Process

The Board's essential mission is to provide independent analysis, advice, and recommendations to the Secretary of Energy to inform the Secretary, in the Secretary's role as operator and regulator of Department of Energy (DOE) defense nuclear facilities, on providing adequate protection of public health and safety, including the health and safety of defense nuclear facility workers.

The Board's safety oversight mission spans all phases in the life cycle of a defense nuclear facility, including design, construction, operation, and decommissioning. This safety oversight includes complex, high-hazard operations involving the assembly or disassembly of nuclear weapons, and the operation of nuclear facilities related to DOE's national security and defense mission. The DNFSB evaluates the remediation of nuclear waste and legacy facilities resulting from more than 80 years of DOE defense nuclear operations, as well as the design and construction of new DOE defense nuclear facilities. The DNFSB also assesses aging and deteriorating mission-critical infrastructure at DOE defense nuclear facilities and sites, along with the adequacy of DOE safety standards governing the design, construction, operation, and decommissioning of these facilities. The Board's responsibilities also extend to offering recommendations for specific safety improvements. These recommendations, informed by rigorous analysis and often incorporating risk assessments, propose actionable measures that DOE can implement to address safety needs. When events or practices within a DOE defense nuclear facility potentially impact public health and safety, the Board conducts investigations to determine the cause and recommends corrective actions where necessary.

Another critical aspect of the Board's role is its authority to oversee new facility designs. Before construction commences on any new DOE defense nuclear facility, the DNFSB reviews the design and may advise on modifications to ensure that safety standards are met. This oversight continues through construction, with periodic reviews allowing the DNFSB to provide DOE with additional safety recommendations as the project progresses. Importantly, these recommendations are advisory; the

DNFSB's input is designed to support DOE's national security mission without delaying or obstructing DOE's construction timelines.

The Board's recommendation process is distinct in its impact and level of public accountability. When the Board issues a formal recommendation to the Secretary of Energy, the Secretary is legally obligated to either accept or reject it. Upon acceptance, DOE must develop and implement a corresponding action plan, which is documented and accessible to the public, ensuring that the process remains transparent. Unlike the broader recommendations and communications, the Board may issue, these formal recommendations are specific, requiring dedicated plans for follow-through.

The Board also holds the authority to escalate any recommendation to the President and the Secretary of Defense in situations deemed an "imminent or severe threat" to public safety, with the President responsible for final action.

Organizational Structure

Headquartered in Washington, DC, with regional offices at key defense nuclear sites nationwide, the Board is an independent establishment within the executive branch, led by up to five presidentially appointed, Senate-confirmed Board Members. The five-member Board leads the DNFSB in accomplishing its mission and determines actions regarding the safety aspects of the design, construction, operation, and decommissioning of DOE's defense nuclear facilities.

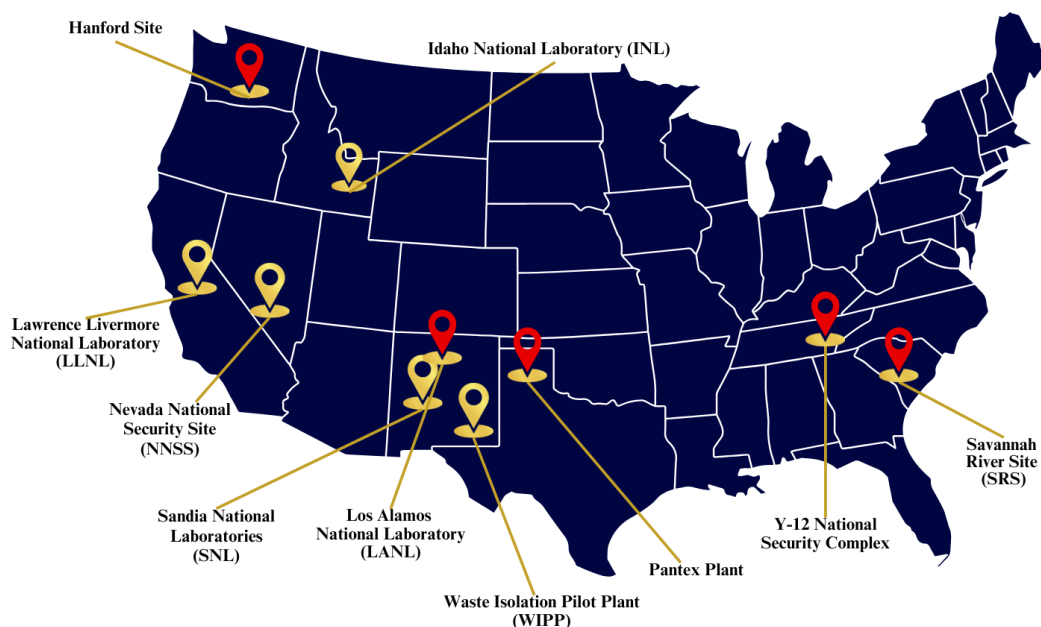
As of September 30, 2025, there were three vacancies on the Board. However, on October 18, 2025, Acting Chairman Thomas A. Summers concluded his service with the Board upon the completion of his second term as Board Member and pursuant to statutory requirements outlined in the Atomic Energy Act of 1954. Upon his departure, the DNFSB continues to operate, with one remaining Board member, still below the quorum threshold required to take certain formal actions under its enabling statute. However, to ensure the continuity of operations, Mr. Summers delegated limited authorities to designated senior officials, including the authority to issue reporting requirements to DOE. The DNFSB's highly qualified technical staff will continue to perform independent safety oversight at DOE defense nuclear facilities across the nation. The DNFSB looks forward to the timely nomination and confirmation of new members during Fiscal Year (FY) 2026 to restore quorum and continue advancing the Board's essential mission.

As delegated by the former Chair, in accordance with 42 U.S.C. 2286b(b)(3), the Board is further led by an Executive Director of Operations (EDO) who is responsible for performing the following administrative functions of the Board: appointment and supervision of employees; distribution of business among the employees and administrative units and offices; preparation of proposals for the reorganization of the administrative units or offices; preparation of the budget estimate; and the proposed distribution of funds according to purposes approved by the Board. The Office of the EDO manages technical and administrative functions and oversees congressional, public, and interagency engagement, bringing expert safety oversight of defense nuclear facilities. Additionally, the General Counsel provides legal advice and assistance to the Agency and the Board.

Scope of the Board's Jurisdiction

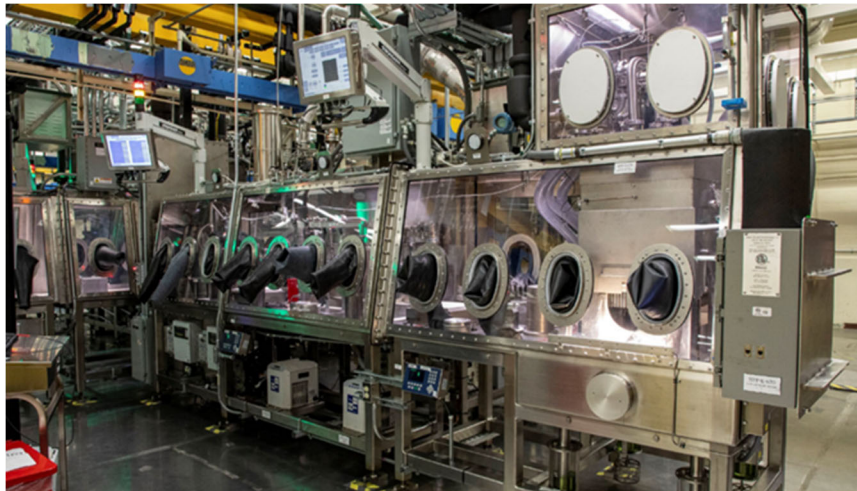
The Board's oversight jurisdiction is limited to DOE's defense nuclear facilities, as shown below, and does not extend to civilian nuclear projects, commercial nuclear facilities regulated by the Nuclear Regulatory Commission, the U.S. Navy's nuclear propulsion program, or environmental hazards regulated by other federal and state agencies. This focus allows the DNFSB to specialize in monitoring and improving safety within the distinct framework of DOE's defense-related nuclear activities.

Major DOE Sites Subject to the Board's Jurisdiction



Site	Location	Operations	Website
Hanford Site	Richland, Washington	Management and treatment of radioactive wastes; facility decommissioning.	www.hanford.gov
Idaho National Laboratory	45 miles west of Idaho Falls, Idaho	Storage and processing of radioactive waste.	www.inl.gov
Lawrence Livermore National Laboratory	Livermore, California	Research to support the nuclear weapons arsenal.	www.llnl.gov
Los Alamos National Laboratory	Los Alamos, New Mexico	Research to support the nuclear weapons arsenal; manufacturing of nuclear weapon components; disposition of legacy transuranic waste.	www.lanl.gov
Nevada National Security Site	65 miles northwest of Las Vegas, Nevada	Disposition of damaged nuclear weapons; critical and subcritical experiments; waste management.	www.nnss.gov
Pantex Plant	17 miles northeast of Amarillo, Texas	Assembles, disassembles, and maintains the safety and reliability of the U.S. nuclear weapons stockpile.	https://pantex.energy.gov/
Sandia National Laboratories	Albuquerque, New Mexico and Livermore, California	Nuclear research; support for the weapons stockpile maintenance program.	www.sandia.gov
Savannah River Site	Aiken, South Carolina	Tritium extraction, recycling, and storage; management and treatment of radioactive wastes; nuclear materials storage and disposition; research and development.	www.srs.gov/general/srs-home.html
Waste Isolation Pilot Plant	26 miles east of Carlsbad, New Mexico	Disposal of transuranic waste in underground repository.	www.wipp.energy.gov
Y-12	Oak Ridge, Tennessee	Y-12: Manufacturing and surveillance of nuclear weapons components; processing of weapons-grade uranium.	www.y12.doe.gov

Performance Goals, Objectives, and Results



Electrorefining glovebox in the 9215 Complex.

The DNFSB’s Strategic Plan for Fiscal Years (FY) 2022–2026 sets forth a broad vision of how the DNFSB will fulfill its statutory mission to “provide independent analysis, advice, and recommendations to the Secretary of Energy to inform the Secretary, in the role of the Secretary as operator and regulator of the defense nuclear facilities of the Department of Energy (DOE), in providing adequate protection of public health and safety at such defense nuclear facilities, including with

respect to the health and safety of employees and contractors at such facilities.” The FY 2025 Annual Performance Plan (APP) is aligned with the strategic goals and objectives defined in the DNFSB’s Strategic Plan for FY 2022–2026. The APP performance goals are shown below along with a summary of the agency performance for the fiscal year ended September 30, 2025. A detailed breakdown of the DNFSB’s performance results can be found in the DNFSB’s Annual Performance Report (APR) which details the DNFSB strategic goals, performance measures, and results. The APR for FY 2025 is expected to be posted on the DNFSB’s website by the middle of FY 2026 and a copy may be found at <https://www.dnfsb.gov/about/plans-budgets-performance>.

Performance Measure Summary

Overall, 31 performance measures were established for FY 2025. Of the 31 performance measures, 28 were fully “met,” two were “partially met,” and zero performance measures were “not met.” An additional performance measure, specifically 3.1.3.1, became inapplicable during the performance year due to organizational realignment and workforce reshaping. Therefore, in FY 2025, the Board successfully achieved the performance measures necessary to accomplish its nuclear safety mission. A summary of each strategic goal and the DNFSB’s FY 2025 respective performance is as follows:

Strategic Goals, Objectives, and Performance Results

STRATEGIC GOAL 1: Provide proactive and independent safety oversight of the defense nuclear complex.

Strategic Objective 1.1: Complete timely, high-quality safety reviews that identify and analyze safety issues and best practices, and search for similar challenges complex wide.

Performance Goal 1.1.1: Prioritize and execute reviews to maximize impact on safety.

Performance Goal 1.1.2: Conduct cross-cutting as well as site-specific reviews, identifying safety concerns and best practices in work products.

During the annual work planning process, the DNFSB identified strategic topic areas for the technical staff to consider when proposing new reviews for FY 2025. These strategic topic areas included the following: nuclear safety research and development; aging infrastructure; organizational culture; contractor assurance systems; conduct of operations; implementation of contractor and federal readiness activities; emergency preparedness and response; DOE implementation plan



Preparation of a plastic suit to be used in the H-Area New Manufacturing partial outage.

commitments; weapon and special nuclear material staging/storage at the Pantex Site; subjects not recently reviewed; and safety aspects of cybersecurity. As a result of the work planning process, the DNFSB identified and proposed 14 new reviews that aligned with a strategic topic area. Of these new reviews, the DNFSB initiated 10 in FY 2025.

During FY 2025, the DNFSB completed 12 safety reviews focused on DOE Environmental Management (DOE-EM) defense nuclear facilities, 10 safety reviews focused on National Nuclear Security Administration (NNSA) defense nuclear facilities, 5 safety reviews that have broad applicability across the DOE defense nuclear complex, 3 DOE directive and standard reviews, and 5 safety reviews focused on defense nuclear projects. The full list of these safety reviews is documented in internal and external staff reports, Board correspondence, and group weekly reports. In addition, all emerging issues that require the addition of a staff review resulting in a work plan adjustment were documented in the periodic work plan update briefings to the Board and generally included in group weekly reports. Finally, 95% of products (e.g., Recommendations, staff reports, Board letters) that represent completion of a review were completed within specified timeliness metrics.

During FY 2025, the Board did not conduct any public hearings or public meetings. The full Board conducted five site visits at Savannah River Site, Los Alamos National Laboratory, Y-12 National Security Complex/Oak Ridge National Laboratory, Nevada National Security Sites, and Sandia National Laboratories.

Strategic Objective 1.2: Develop and issue advice and recommendations designed to ensure safety and employ best practices within the defense nuclear complex.

Performance Goal 1.2.1: Provide objective, timely, technically accurate, and compelling information to the Department of Energy.

Performance Goal 1.2.2: Ensure the Department of Energy has enhanced awareness of site-specific and complex-wide safety issues.

During FY 2025, the staff provided a total of 22 letters with staff reports or technical content to the Board, each of which provided a detailed basis for identified safety issues. Of the reports provided to the Board, 12 contained safety issues that have broad applicability across the DOE defense nuclear complex.

During FY 2025, the staff provided three staff reports and letters with technical content that contain best practices that the Board communicated to DOE.

Strategic Objective 1.3: Provide robust field oversight of facilities and projects across the defense nuclear complex.

Performance Goal 1.3.1: Identify site-specific safety challenges and analyze for commonalities across the complex.

Performance Goal 1.3.2: Provide timely information to the Board, acting quickly on emerging issues.



Mass casualty emergency preparedness drill at the Savannah River Tritium Enterprise.

and shared across the agency in the Field Operations monthly reports or in internal reports.

During FY 2025, DOE sites with Resident Inspectors had field oversight over 90 percent of the time, either through permanent Resident Inspector appointments, details, or temporary coverage. For DOE sites without Resident Inspectors, Cognizant Engineers visited the sites quarterly, except for the 4th quarter at Idaho National Laboratory due to scheduling conflicts. In addition, the Resident Inspectors completed six evaluations that analyzed a particular top area across the complex to see if there are common safety issues and best practices. Topics included nonconformance reports, cybersecurity, seismic safety, management field oversight, federal oversight of contractor assurance systems, and emergency/abnormal technical safety requirement administration. The results of these evaluations were briefed to the Board

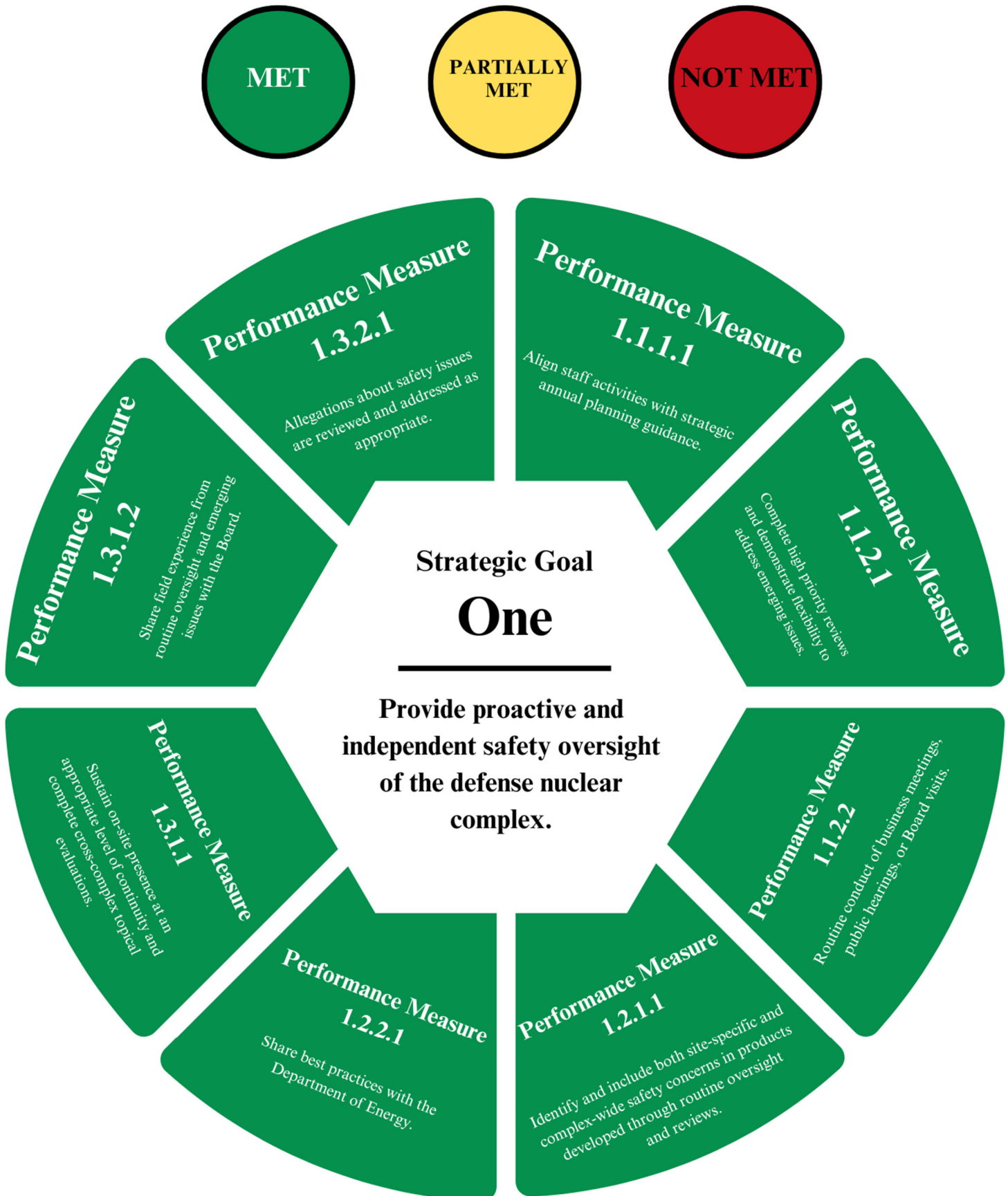
In FY 2025, two Resident Inspector weeks were conducted. Additionally, the Resident Inspectors developed and issued weekly reports 100% of the time, and monthly Cognizant Engineer reports were developed and issued 100% of the time.

In FY 2024, the agency received nine new allegations, of which five have been closed out and four remain outstanding. All allegations were processed pursuant to the Operating Procedure and the status of the program was reported to Congress in the 35th Annual Report (<https://www.dnfsb.gov/content/35th-annual-report-congress>).



Worker installing a transfer line that will transport waste between facilities at Hanford.

Overall, the DOE's infrastructure challenges are particularly pressing. As of September 2024, NNSA reported approximately 60 facilities over 40 years old, with more than half rated in poor condition. DNFSB's safety oversight provides DOE with independent insight into how aging infrastructure impacts public health and safety, helping prioritize risk mitigation actions. The Board also reviews the design and construction of new DOE defense nuclear facilities.



STRATEGIC GOAL 2: Enhance transparency of ongoing agency initiatives and the state of safety within the defense nuclear complex.**Strategic Objective 2.1:** Proactively sustain sound working relationships with relevant government and non-governmental entities.

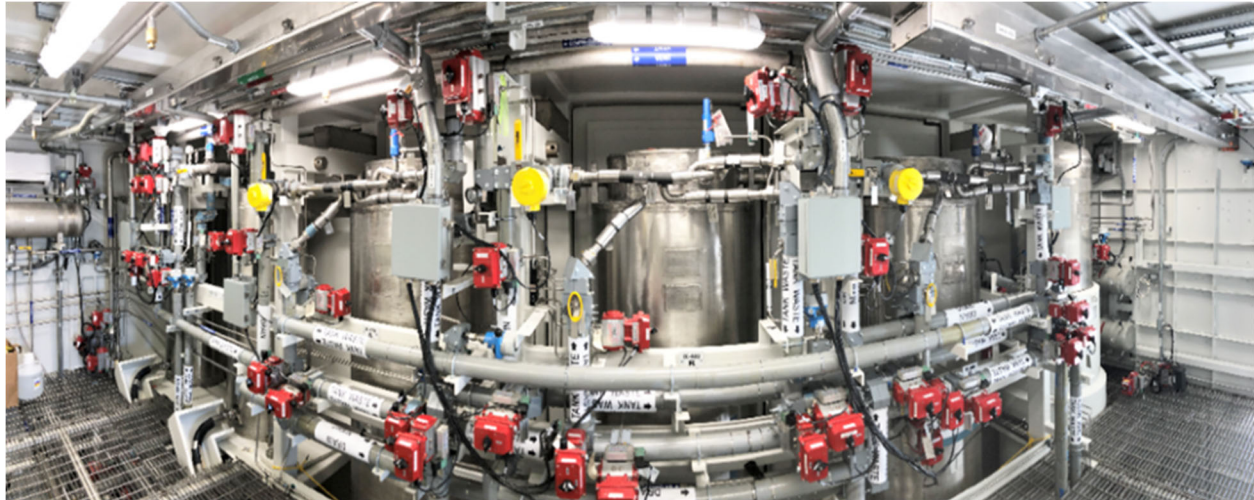
Performance Goal 2.1.1: Maintain effective communications with the Department of Energy at all organizational levels.

Performance Goal 2.1.2: Maintain effective communications with Congress.

Performance Goal 2.1.3: Maintain effective communications with relevant federal, state, local, and Tribal governments.

Performance Goal 2.1.4: Maintain effective communications with the public, including relevant advocacy groups and organizations.

During FY 2025, the DNFSB staff engaged at the senior staff level with the Department of Energy. The Technical Director and Deputy Technical Director generally had weekly standing meetings with the Departmental Representative and the results of those meetings were reported at the following OTD management briefing to the Board on Tuesdays. Additionally, technical staff leadership had bi-weekly and periodic meetings with senior staff from DOE headquarters, Environmental Management, and National Nuclear Security Administration. These total more than 55 meetings combined. Technical staff leadership provided summaries to the Board normally within a week.



Tank side cesium removal system process enclosure.

The Board met with the Secretary, Deputy Secretary, and other representatives of DOE including the NNSA Administrator, Assistant Secretary for Environmental Management, the Office of Enterprise Assessments, and the Office of Environment, Health, Safety and Security to welcome them in their new roles and give a brief overview of the Board's mission and their top safety issues currently impacting the complex.

During FY 2025, the DNFSB reached out quarterly or more regularly to offer briefings to key congressional stakeholders. Staff hosted eighteen briefings with congressional staff and committees. These briefings were to the staffs of the House and Senate Armed Services Committees, the House and Senate Appropriations Committees and various Senate and House Members with a DOE Defense Nuclear Facility in their district/state.



Equipment removal in the Plutonium Facility at LANL.

The DNFSB conducted outreach and met with interest groups during FY 2025. The DNFSB conducted at least ten interactions with public groups. These included Board Member and staff discussions with the Hanford Citizens for Nuclear Technology Awareness, Los Alamos Study Group, Nuclear Watch New Mexico, Concerned Citizens for Nuclear Safety, Tewa Women United, Nevada Environmental Management Site-Specific Advisory Board, various university students conducting research on nuclear issues, and the Oak Ridge Environmental Peace Alliance to hear about their safety concerns and inform

them of Board activities and issues. The DNFSB staff also gave a briefing to the Radioactive and Hazardous Materials Committee of the New Mexico State Legislature about Board safety concerns at Los Alamos National Laboratory (LANL), Sandia National Laboratories (SNL), and the Waste Isolation Pilot Plant (WIPP). The DNFSB staff also responded to inquiries from these groups related to activities at various DOE sites and numerous media inquiries on various topics related to weekly/monthly reports, and other safety issues at various defense nuclear facilities.

The DNFSB conducted public outreach events and met with numerous interest groups during FY 2025. The DNFSB held public meet and greets in Nevada at the Nevada National Security Site (NNSS), East Tennessee (Y-12) and twice in New Mexico (LANL, SNL, and WIPP) communities. These meetings were attended by local, state, and federal elected officials and their representatives, tribal representatives, numerous stakeholder groups, and members of the public. The DNFSB coordinated these events with Board trips to various defense nuclear sites throughout the year. The Board also made presentations, delivered speeches, or participated in panels during the American Nuclear Society (ANS) Annual Fall Meeting, the Emergency Management Symposium, the Nuclear & Facilities Safety Programs Workshop, and the RadWaste Summit.

Strategic Objective 2.2: Improve timely dissemination of information about the Board's priorities and conclusions regarding the state of safety at defense nuclear facilities.

Performance Goal 2.2.1: Improve transparency through timely posting of the agency's communications and public engagement.

Performance Goal 2.2.2: Ensure that the Board's work products are made available to Congress through proactive outreach.

Reports to Congress were published to the Board's public website within one week 100 percent of the time. Resident Inspector weekly reports and Cognizant Engineer monthly reports were published to the Board's public website within four weeks over 90 percent of the time.

The DNFSB Office of the Executive Director of Operations team has responded within one week to public and press questions regarding the agency's nuclear safety mission by providing objective, evidence-supported information from oversight activities 100 percent of the time.

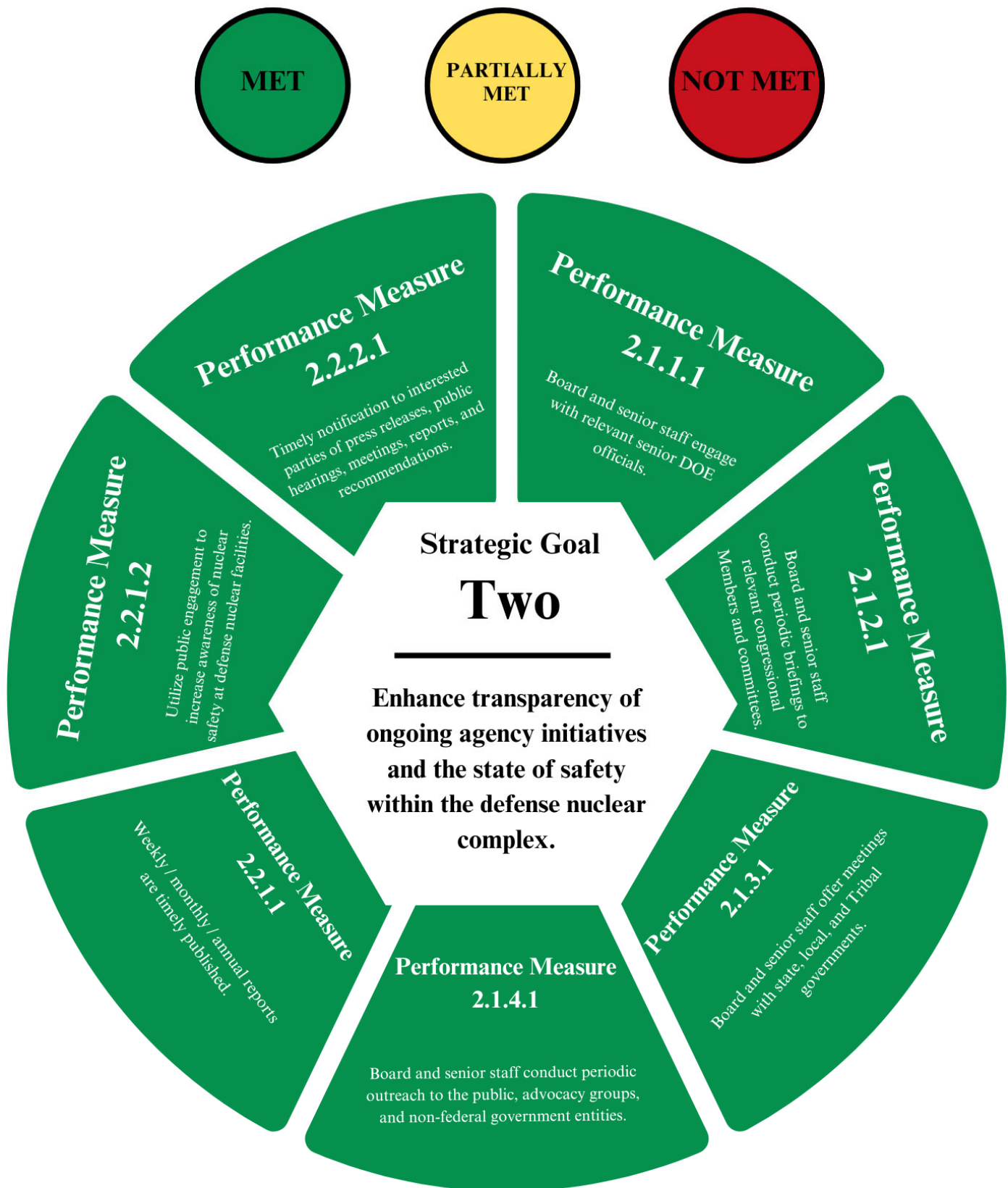
Board Members did not hold any public hearings, public meetings, or transmit any recommendations to DOE in FY 2025. Board Members held external briefings in the communities of LANL and SNL, Y-12 National Security Complex/Oak Ridge National Laboratory, and NNSS in coordination with full Board visits to these sites. They also visited several additional sites this year including: F.E. Warren Air Force Base; Kirtland Air Force Base; SNL; the Savannah River Site; and the Pantex Plant.

All Board correspondence with DOE were posted to the DNFSB public website within one week of final clearance.



Simulated accident during emergency exercises at defense nuclear facilities.

Overall, since the 2018 Nuclear Posture Review, the scale, growing complexity, and urgency of DOE/NNSA's weapons production efforts have increased significantly. This includes the Administration's priority to produce no fewer than 80 plutonium pits per year—an essential component of modern nuclear weapons. DNFSB's safety oversight helps ensure these high-risk operations are conducted safely, particularly at Los Alamos National Laboratory (LANL) and the Savannah River Site (SRS), where plutonium pit production activities are being expanded. The Board's recommendations address safety risks like criticality accidents that could halt weapons facility operations.



STRATEGIC GOAL 3: Develop and maintain an outstanding workforce to achieve the agency's mission.

Strategic Objective 3.1: Cultivate an agile workforce with the skills necessary to meet the mission.

Performance Goal 3.1.1: Maximize the use of pay flexibilities to recruit and retain key technical staff.

Performance Goal 3.1.2: Hire a combination of well-qualified and entry-level individuals to fill vacant technical positions and to enable effective succession planning.

Performance Goal 3.1.3: Ensure resilience in key functions to reduce mission vulnerabilities due to projected staff attrition.

The Executive Director of Operations established the Pay Flexibilities Working Group, whose recommendations led to the adoption and implementation of several pay flexibility initiatives. These include implementation of retention incentives for Resident Inspectors and revising classification and qualification standards via agency directives. Both have been incorporated into the



DNFSB staff members discuss mockups of decontamination and decommissioning activities with site personnel.

DNFSB's recruitment and retention strategies to help the DNFSB recruit and retain top talent, including for hard-to-fill positions.

The DNFSB Pay Flexibilities Working Group researched pay flexibilities available to reach its recruiting and retention goals. The working group included representatives from the technical office, Human Resources, Office of the General Counsel, and Office of the Executive Director of Operations. The working group documented hiring and pay flexibilities available for the defense nuclear excepted service employment in its November 2024 final report to the Executive Director of Operations.

In 2025, the DNFSB reached 107 staff and was subject to a government-wide hiring freeze. After clarification of the exemptions to the hiring freeze, the DNFSB quickly worked to post internship and Professional Development Program positions to USAJOBS in September 2025. The agency also posted the opportunities to the Handshake system that provides direct access to university students nationwide.

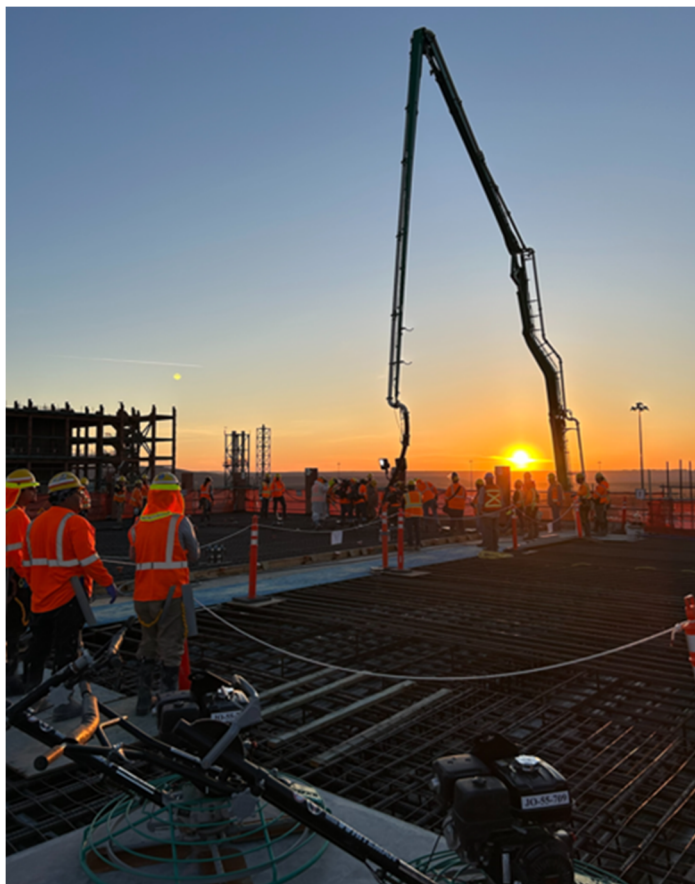
Due to organizational realignment and workforce reshaping, Performance Measure 3.1.3.1- *Workforce Resilience in Strategic Positions*, associated with Strategic Goal 3.1.3, was removed from the agency workplan. Federal workforce reshaping was driven by several Executive Orders and Office of Personnel Management guidance during FY 2025 that impacted the DNFSB workforce planning.

Strategic Objective 3.2: Use professional development and training to accomplish the mission efficiently and effectively.

Performance Goal 3.2.1: Establish career path options and encourage professional development tailored to employee goals.

Performance Goal 3.2.2: Provide new employees at all levels with resources needed to have a positive impact as soon as practicable upon entering the workforce.

Performance Goal 3.2.3: Administer career management policies and practices consistently so that all employees have an equal opportunity for career advancement.



Concrete placements at the High-Level Waste Facility.

In FY 2025, individual development plans were mandatory for all the DNFSB staff, including new hires. The DNFSB required supervisors to ensure that all development plans were updated. This performance measure was only “partially met” because the DNFSB did not track implementation of this requirement consistently across all offices to ensure 100 percent coverage.

The DNFSB conducts New Employee Orientation on the first day of employment to provide an introduction to the DNFSB’s mission, structure, and workplace expectations. In addition, all mandatory security and IT trainings are completed prior to onboarding to ensure compliance and protect agency resources. Within the first 30 days of employment, new employees are required to complete mandatory regulatory compliance trainings, including Freedom of Information Action, Records Management, and Privacy. These requirements were fully implemented by the DNFSB in 2025 to strengthen compliance with federal standards and promote accountability.

In FY 2025, the Division of Human Resources continued to share information and provide access to leadership and executive development opportunities for the DNFSB staff, including short-and-long term SES details across the federal government and by the Excellence in Government training offered by the Partnership for Public Service.

Strategic Objective 3.3: Ensure the agency recruits from a diverse, qualified group of potential applicants to secure and maintain a high-performing workforce drawn from all segments of U.S. society.

Performance Goal 3.3.1: Establish, broaden, and/or strengthen relationships with organizations to be able to provide recruitment opportunities for women, individuals with targeted disabilities, and other underrepresented minorities.

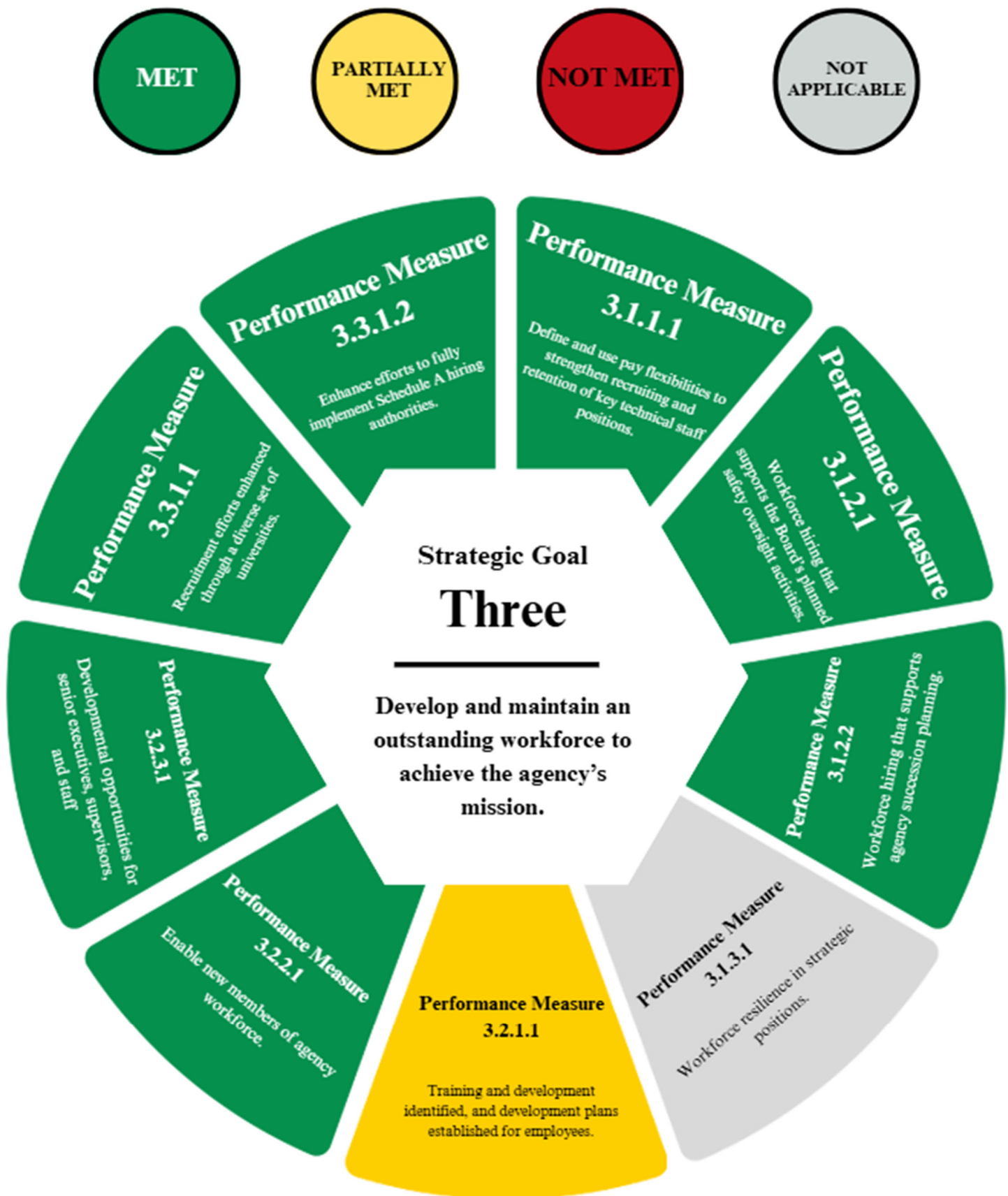
In FY 2025, the DNFSB participated in several virtual and in-person college career and job fairs at colleges and universities across the United States. Colleges include Rochester Institute of Technology and North Carolina A&T University.

In 2025, the DNFSB developed a Schedule A Hiring Authority Directive and Operating Procedure and conducted training for all hiring managers to promote awareness and utilization of hiring pipelines for individuals with disabilities. The agency has also developed a dedicated website to receive resumes and provide instructions on how to apply to Schedule A(u) hiring categories for individuals with a disability or targeted disability. The agency has posted the required information on its website.



Arrows pointing to the fault plane, showing evidence of historic seismic activity of the faults present within PULSE.

Overall, the DNFSB has assembled a small and highly talented technical staff with extensive backgrounds in science and engineering disciplines, such as nuclear-chemical processing, conduct of operations, general nuclear safety analysis, conventional and nuclear explosive technology and safety, storage of nuclear materials, nuclear criticality safety, and radioactive waste management. Most of the technical staff earned technical master's degrees, and many hold doctoral degrees. Many of DNFSB's technical staff members possess practical nuclear experience gained from duty in the U.S. Navy's nuclear propulsion program, the nuclear weapons field, or the civilian nuclear power industry. To accomplish the Board's highly technical mission while assuming the risk of being competitive in the nuclear sector, it is of paramount importance that DNFSB effectively recruits and retains a highly qualified staff.



STRATEGIC GOAL 4: Maximize the agency’s performance by pursuing excellence in our culture and operations.

Strategic Objective 4.1: Pursue efficiency through continuous improvement of directives and procedures.

Performance Goal 4.1.1: Ensure that the agency’s Strategic Plan reflects the President’s management agenda consistent with agency statute and mission.

Performance Goal 4.1.2: Ensure that operating procedures and internal work processes reflect agency organization, current directives, and current laws and regulations.

In accordance with OMB requirements and timeline set forth in OMB Circular A-11, the DNFSB timely submitted draft components to its strategic plan for 2026-2030. The Board is reviewing a draft strategic plan and will submit it by the OMB approved deadline.

The DNFSB has issued over six directives and 15 operating procedures in FY 2025. The agency has also issued other notices and supplementary documents within the directives program supporting effective agency operations aligned to the agency strategic plan and the current organizational structure.

Strategic Objective 4.2: Establish and maintain a culture that encourages teamwork and innovation across the agency in accordance with core values.

Performance Goal 4.2.1: Institutionalize core values in all phases of employee experience.

Performance Goal 4.2.2: Foster open discussions across the agency on important technical and non-technical topics.

Performance Goal 4.2.3: Maintain a culture respectful of diverse points of view.



Process equipment installed in the Uranium Processing Facility.

The DNFSB’s core values are integrated into the two-day new employee orientation. For current employees, the core values are reiterated during scheduled All Hands and further emphasized in emails from the EDO or other agency leadership. The performance process integrates the DNFSB’s strategic goals and core values

(integrity, respect, excellence, and independence) into all employee performance plans. All employee and executive performance plans have a mandatory mission-critical element that links to one or more strategic

goals. Therefore, all Agency performance ratings, and ultimately the distribution of performance awards, reflect the employee’s individual contributions toward the DNFSB’s overall performance and compliance with the Agency’s core values.

The DNFSB held six all-hands discussions and five “Tom Talks” led by the Chairman, Board, EDO, and other agency leaders. Additionally, Office Directors host weekly or biweekly open forums with their respective components to discuss office operations and related issues that may impact mission or staff.

The DNFSB conducted an assessment of its Differing Professional Opinion (DPO) process in 2025. The review examined how the DPO process achieved its goals. The review team recommended several improvements to the DPO process that are being incorporated into an updated procedure.

Strategic Objective 4.3: Strengthen operational performance by modernizing the agency’s processes and associated infrastructure.

Performance Goal 4.3.1: Improve efficiency through increased information accessibility and common platforms, where possible.

Performance Goal 4.3.2: Modernize the agency records management and knowledge transfer consistent with governmentwide requirements.

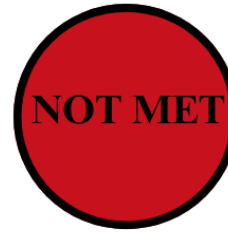
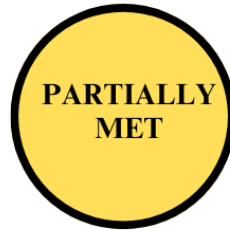
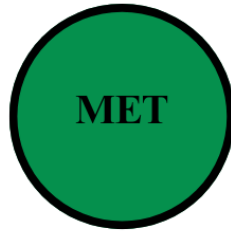
In FY2025, the DNFSB made significant progress in enhancing the security of its IT Infrastructure and systems, including continuing to implement the agency’s Zero Trust Architecture Plan, which builds upon the already completed zero trust-related tasks mandated by OMB M-22-09. The agency also successfully implemented an enterprise resource planning system, integrating human resources, contracting, and financial management to enhance daily operations and streamline core operational functions and conducted a six-month review on the successes and lessons learned from the implementation.

The DNFSB technical staff have established a knowledge management portal in the agency internal SharePoint system. The technical staff have populated the portal with administrative guides, safety oversight aids, and job aids. The technical staff have also conducted hand-off activities with retiring technical experts. The DNFSB has also employed a former Technical Director as a re-hired annuitant to advise on technical issues and mentor less experienced technical staff. This performance measure was only “partially met” because the DNFSB has not finalized a knowledge management system decision memorandum due to insufficient program staff and competing resource priorities.



Simulated accident during emergency exercises at defense nuclear facilities.

Overall, the DNFSB workforce supports its unique mission within the Federal government, providing safety oversight of defense nuclear facilities to protect public health and safety. Safe operations at nuclear facilities are a key aspect of the continued viability of the Nation’s strategic deterrent. Without effective operational safety, there is a great risk of interruption to the operations that sustain the nuclear weapons program that are foundational to our national security.



Fiscal Year (FY) 2025 Financial Highlights

The Summary Table of Key Financial Results for the fiscal year ended, September 30, 2025, found in Table 1 below, provides an overview of the DNFSB's financial position and results of operations, respectively. The audited financial statements with accompanying notes, including the independent auditor's report, are presented in the Financial Section of this report.

Table 1. Summary Table of Key Financial Results

(In Dollars)	FY 2025
Condensed Balance Sheet:	
As of September 30, 2025	
ASSETS:	
Fund Balance with Treasury	\$ 14,221,338
Accounts Receivable, Net	2,839
Property, Plant, and Equipment (PP&E), Net	214,457
Advances and Prepayments	36,837
TOTAL ASSETS	\$ 14,475,471
LIABILITIES:	
Accounts Payable	\$ 1,089,737
Federal Employee Salary, Leave, and Benefits Payable	2,868,174
Other Liabilities	169,350
TOTAL LIABILITIES	\$ 4,127,261
NET POSITION:	
Unexpended Appropriations	\$ 12,414,728
Cumulative Results of Operations	(2,066,518)
TOTAL NET POSITION	\$ 10,348,210
TOTAL LIABILITIES AND NET POSITION	\$ 14,475,471
Net Change in Unexpended Appropriations:	
For the Fiscal Year Ended September 30, 2025	
Appropriations Received	\$ 42,000,000
Other Adjustments (+/-)	(423,638)
Appropriations Used	(43,396,385)
NET CHANGE IN UNEXPENDED APPROPRIATIONS	\$ (1,820,023)
Statement of Net Cost:	
For the Fiscal Year Ended September 30, 2025	
Gross Program Costs	\$ 45,781,748
NET COST OF OPERATIONS	\$ 45,781,748
Selected Budgetary Information:	
For the Fiscal Year Ended September 30, 2025	
TOTAL BUDGETARY RESOURCES:	
Unobligated Balance from Prior Year Budget Authority, Net	\$ 8,216,559
Appropriations	42,000,000
TOTAL BUDGETARY RESOURCES	\$ 50,216,559
NEW OBLIGATIONS AND UPWARD ADJUSTMENTS	\$ 42,587,520
NET OUTLAYS	\$ 43,701,802

Analysis of the Financial Statements

The financial statements contained in this report have been prepared to present the financial position, financial condition, and results of the DNFSB operations, consistent with the requirements of 31 U.S.C. 3515 (b) and Public Law 107-289, the Accountability of Tax Dollars Act (ATDA) of 2002. The statements have been prepared from the DNFSB records and data from other federal entities in accordance with federal Generally Accepted Accounting Principles (GAAP) and the formats prescribed by the Office of Management and Budget (OMB). Reports used to monitor and control budgetary resources have been prepared from the same records. Users of the statements are advised that the statements are for a component of the U.S. Government.

Balance Sheet: Overview of Financial Position

The Balance Sheet presents resources owned and managed by the DNFSB (assets), and amounts owed by the DNFSB that will require future payments (liabilities). The difference between assets and liabilities is the residual amount retained by the DNFSB (net position). The Balance Sheet reports the major components of the DNFSB's assets, liabilities, and net position as of September 30, 2025.

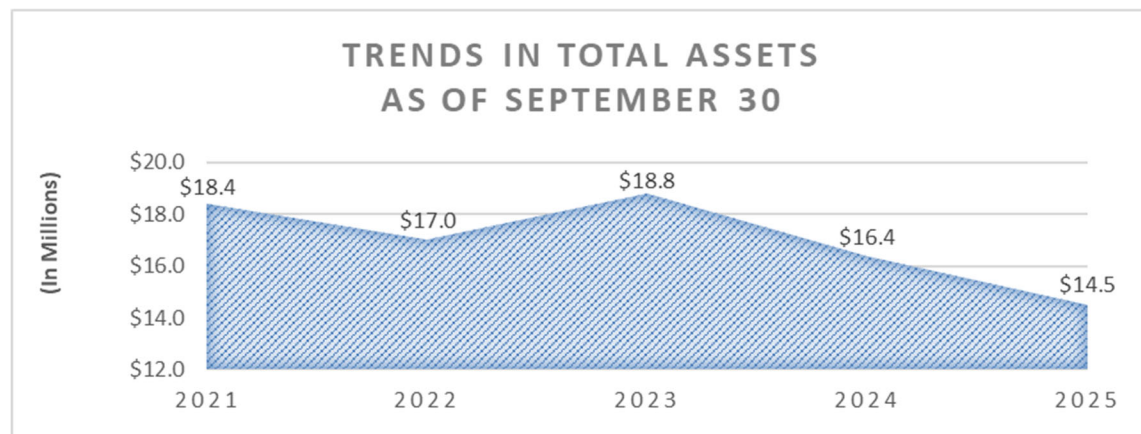
Composition of Assets

Assets are the amount of current and future economic benefits owned or managed by the DNFSB, which are used to achieve its mission. As of September 30, 2025, the Balance Sheet reflects total assets of \$14.5 million. *Fund Balance with Treasury* (FBwT) represents 98.24 percent of the DNFSB's assets. The remaining DNFSB assets are comprised of *Property, Plant, and Equipment, Net* (1.48 percent), *Advances and Prepayments* (0.26 percent), and *Accounts Receivable, Net* (0.02 percent).

Trends in Total Assets

As shown in Figure 1 below, the DNFSB's assets decreased by \$1.9 million, or 11.5 percent, from \$16.4 million as of September 30, 2024, to \$14.5 million as of September 30, 2025. The \$1.9 million decrease is primarily attributed to the net of a \$2.1 million decrease in FBwT and a \$0.2 million increase in *Property, Plant, and Equipment, Net*. The \$2.1 million decrease in FBwT is attributable to the DNFSB incurring \$43.7 million of operating outlays for the fiscal year ended September 30, 2025, returning \$0.4 million of FBwT back to Treasury related to canceled appropriations, and only receiving appropriations of \$42.0 million in FY 2025 due to the enactment of a full year Continuing Resolution.

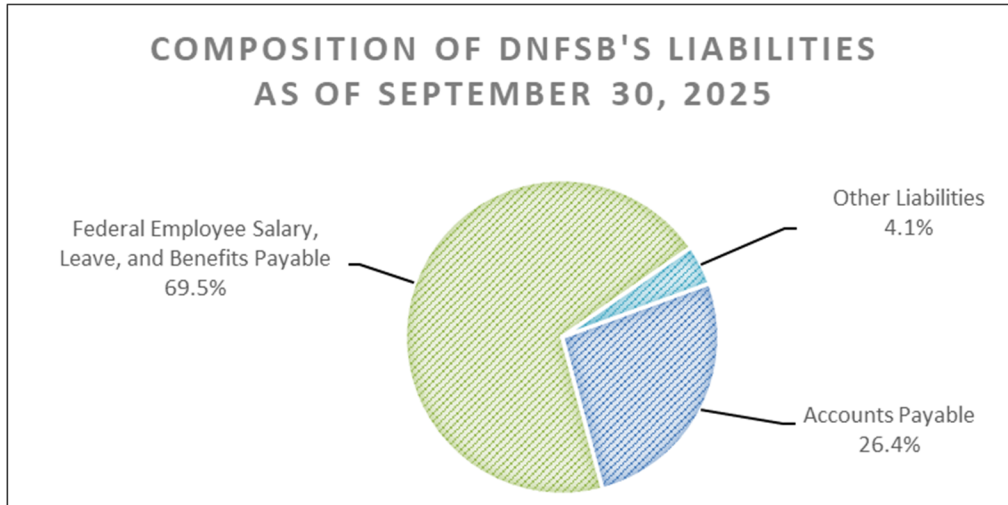
Figure 1



Composition of Liabilities

Liabilities are amounts owed by the DNFSB for goods and services received, but not yet paid as of September 30, 2025; specifically, monies owed to the public and other federal agencies. As of September 30, 2025, the Balance Sheet reflects total liabilities of \$4.1 million. *Federal Employee Salary, Leave, and Benefits Payable* of \$2.9 million, represents 69.5 percent of the DNFSB's liabilities and is comprised primarily of accrued payroll, leave, benefit accruals and unfunded leave liability. The remaining liabilities are *Accounts Payable* (26.4 percent), and *Other Liabilities* (4.1 percent).

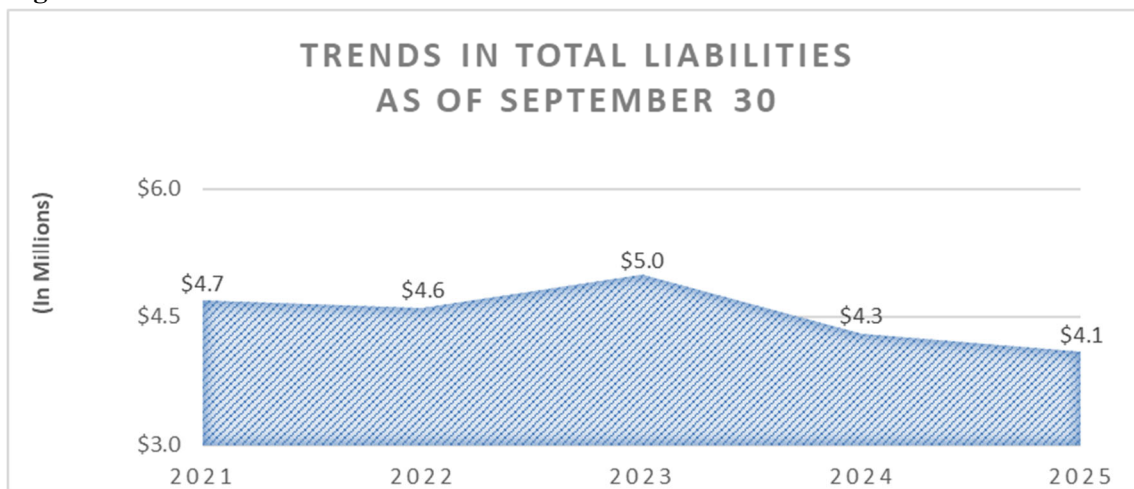
Figure 2



Trends in Liabilities

As shown in Figure 3 below, the DNFSB liabilities decreased by \$0.2 million, or 3.4 percent, from \$4.3 million as of September 30, 2024, to \$4.1 million as of September 30, 2025. The net decrease is primarily due to lower Accounts Payable at the end of FY 2025 as compared to the end of FY 2024. Total Accounts Payable were lower by \$0.4 million.

Figure 3



Composition of Net Position

Net Position is the residual difference between assets and liabilities, that is composed of *Unexpended Appropriations* and *Cumulative Results of Operations*. As of September 30, 2025, the DNFSB's Net Position reflects a net balance of \$10.3 million. *Unexpended Appropriations* is \$12.4 million, offset by *Cumulative Results of Operations* of \$2.1 million.

Trends in Net Position

Unexpended Appropriations (generally carryover funds from prior years at the start of the fiscal year) are increased for *Appropriations Received* (received during the fiscal year) and are reduced for *Appropriations Used*, (appropriations expended to fund the DNFSB's fiscal year operations). *Unexpended Appropriations* are also reduced for funds returned to Treasury (canceled funds and rescissions).

Unexpended Appropriations decreased by approximately \$1.8 million, from \$14.2 million as of September 30, 2024, to \$12.4 million as of September 30, 2025. During FY 2025, the DNFSB's *Appropriations Used* is \$43.4 million and *Appropriations Received* is \$42.0 million supporting \$1.4 million of the decrease. The remaining decrease of \$0.4 million relate to additional *Appropriations Used* as these funds were transferred to Treasury at fiscal year-end as canceled funds.



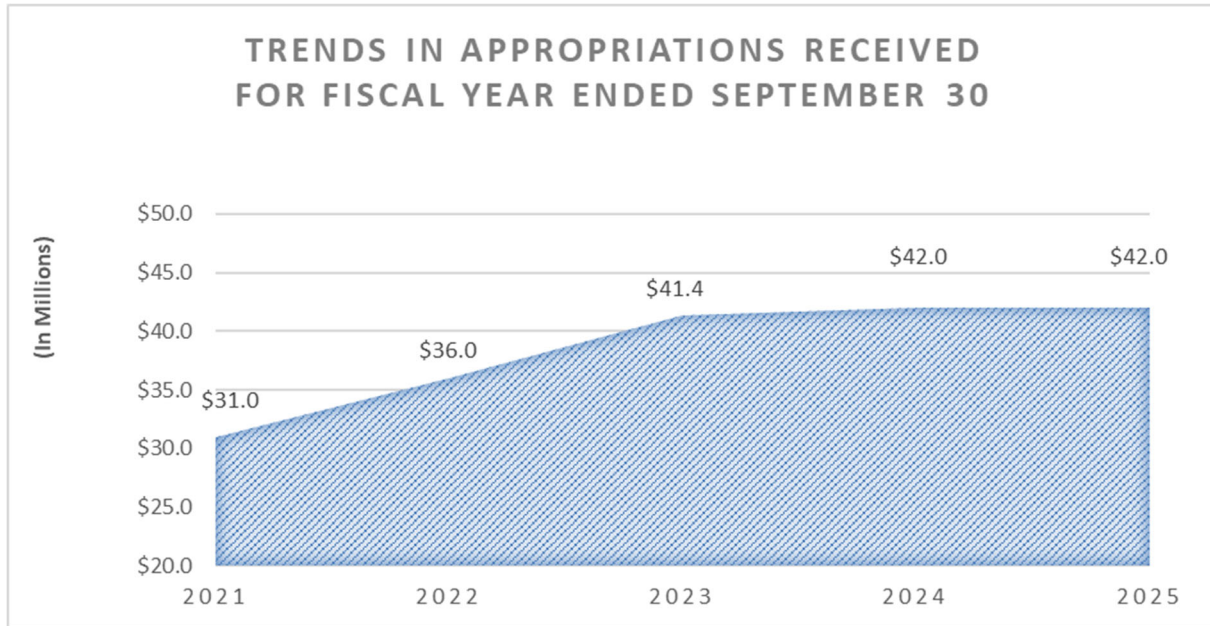
Cumulative Results of Operations is the net result of the DNFSB's operations since inception. *Cumulative Results of Operations* slightly decreased by approximately \$0.1 million, from \$2.2 million as of September 30, 2024, to \$2.1 million as of September 30, 2025. While cost related to personnel compensation and related benefits increased from FY 2024 to FY 2025, this increase is offset by decreases in travel and contractual services costs.

Composition of Net Change in Unexpended Appropriations

After its appropriation is enacted into law, the DNFSB receives financing sources, *Appropriations Received*, from the general fund of the U.S. Department of the Treasury (U.S. Treasury or Treasury) to support its operations. *Appropriations Used* recognizes appropriation authority that has been applied against expenses such as payroll, operational costs, and goods and services. For the fiscal year ended September 30, 2025, the DNFSB's *Net Change in Unexpended Appropriations*, which identifies the difference between *Appropriations Received* and *Appropriations Used*, net of adjustments, is \$1.8 million.

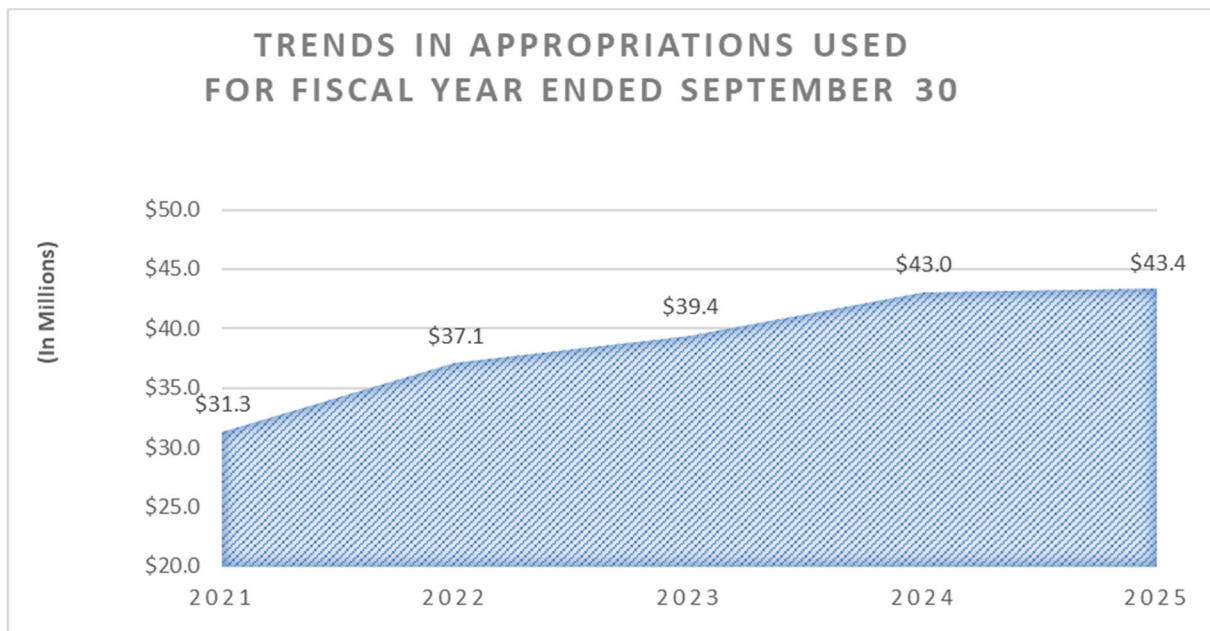
Trends in Net Change in Appropriations Received

As shown in Figure 4 below, *Appropriations Received* of \$42.0 million did not change from FY 2024 to FY 2025 due to the enactment of a full year Continuing Resolution in FY 2025.

Figure 4


Trends in Net Change in Appropriations Used

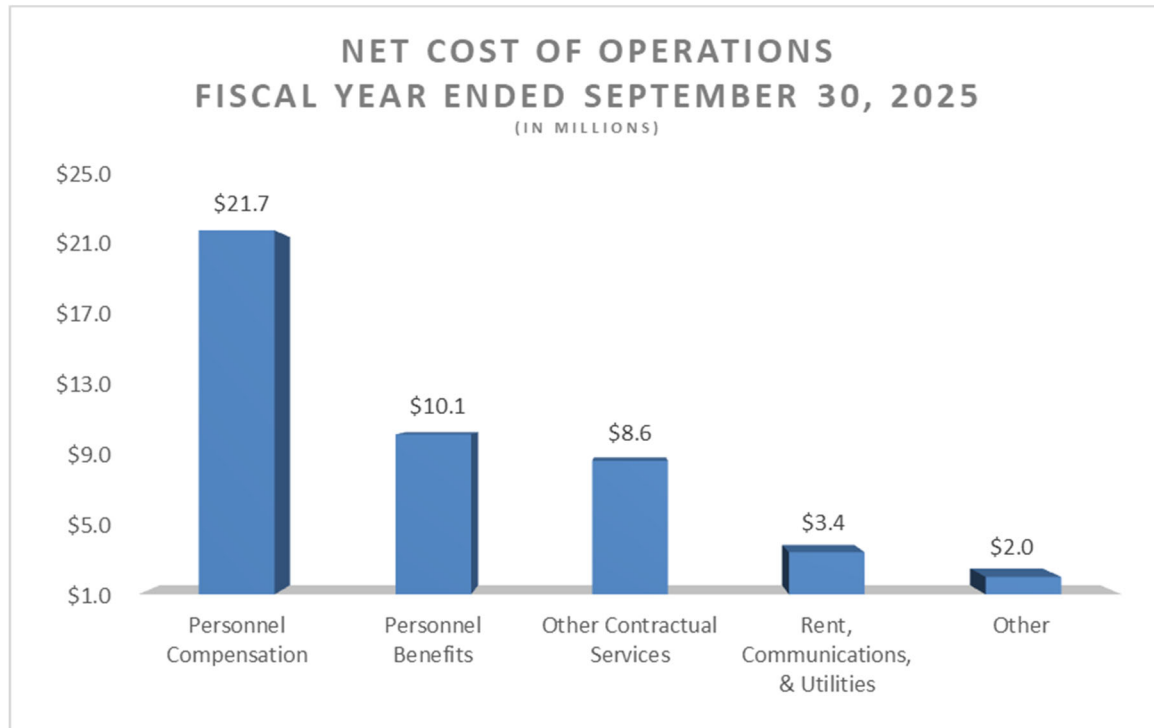
As shown in Figure 5 below, *Appropriations Used* increased by \$0.4 million, from \$43.0 million in FY 2024 to \$43.4 million in FY 2025.

Figure 5


Statement of Net Cost

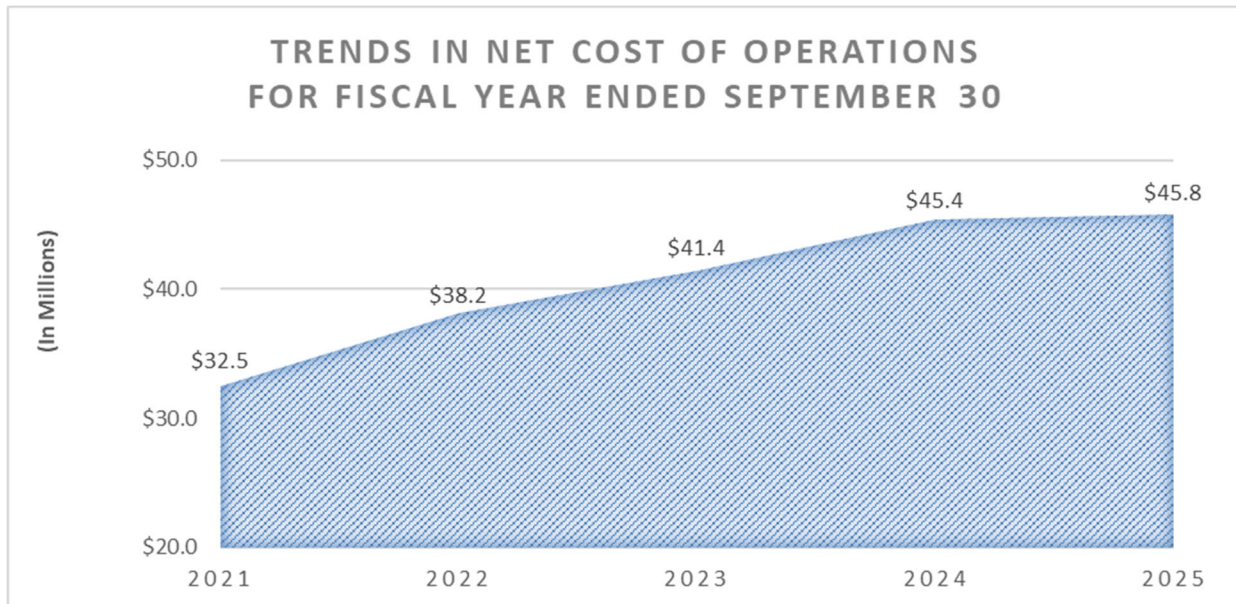
The Statement of Net Cost reports the DNFSB's *Net Cost of Operations* for a given fiscal year. *Net Cost of Operations* is the difference between gross costs incurred to manage the DNFSB operations minus earned revenue attributed to and permitted to be offset against these costs. For the fiscal year ended September 30, 2025, the DNFSB did not have any earned revenue from reimbursable agreements with other federal agencies. Therefore, the DNFSB's *Net Cost of Operations* and *Gross Program Costs* both amounted to \$45.8 million. Figure 6 below presents a composition of *Net Cost of Operations*.

Figure 6



Trends in Net Cost of Operations

As shown in Figure 7 below, the DNFSB's *Net Cost of Operations* increased by approximately \$0.4 million, or 0.9 percent, from \$45.4 million in FY 2024 to \$45.8 million in FY 2025. While the DNFSB has higher costs during FY 2025 for the January 2025 pay raise of 2.22 percent in the Washington DC area as well as a 10.0 percent hike in health benefits, those costs are offset with lower contractual services and travel costs.

Figure 7


Statement of Budgetary Resources

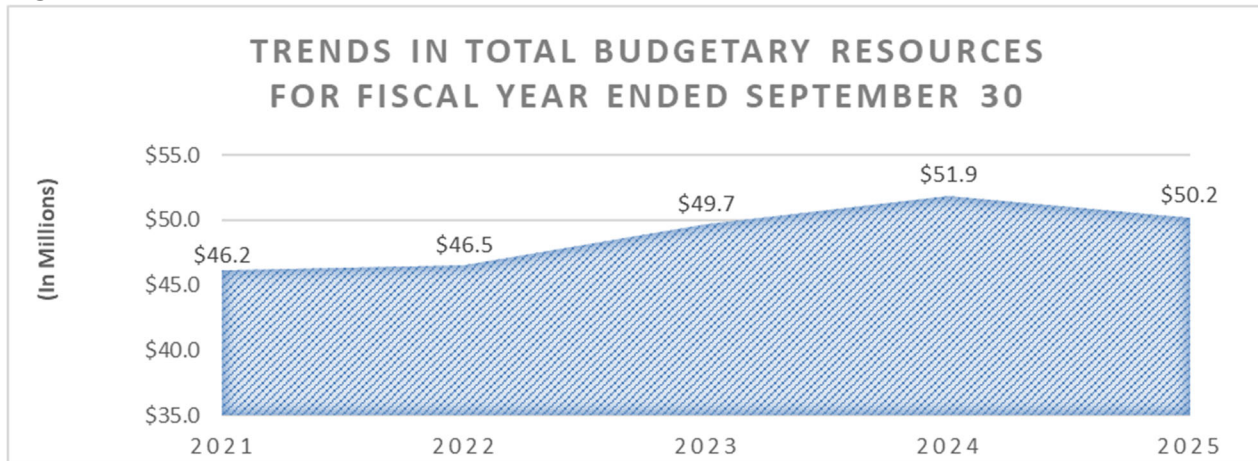
The Statement of Budgetary Resources reports information on the sources of the DNFSB’s budgetary resources for funding needed to support its activities.

The DNFSB receives two-year appropriations through annual appropriation acts, passed by Congress and signed by the President of the United States. Under a two-year appropriation, FY 2025 appropriated funds are available for obligation until September 30, 2026, the end of FY 2026. Two-year appropriations are a type of multi-year appropriation that provides budget authority available for a definite period, specifically two fiscal years, for incurring new obligations. The DNFSB also has a no-year appropriation to support its activities which remains available until expended.

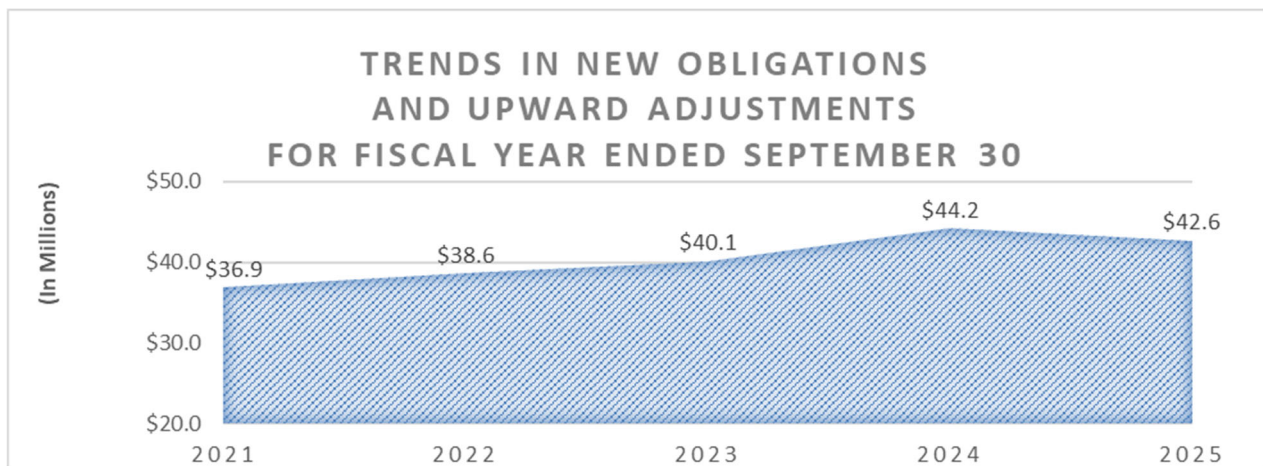
Key budgetary information from the Statement of Budgetary Resources for the fiscal year ended September 30, 2025, includes the DNFSB’s *Total Budgetary Resources* of \$50.2 million, *New Obligations and Upward Adjustments* of \$42.6 million, and *Net Outlays* of \$43.7 million.

Trends in Various Budgetary Line Items

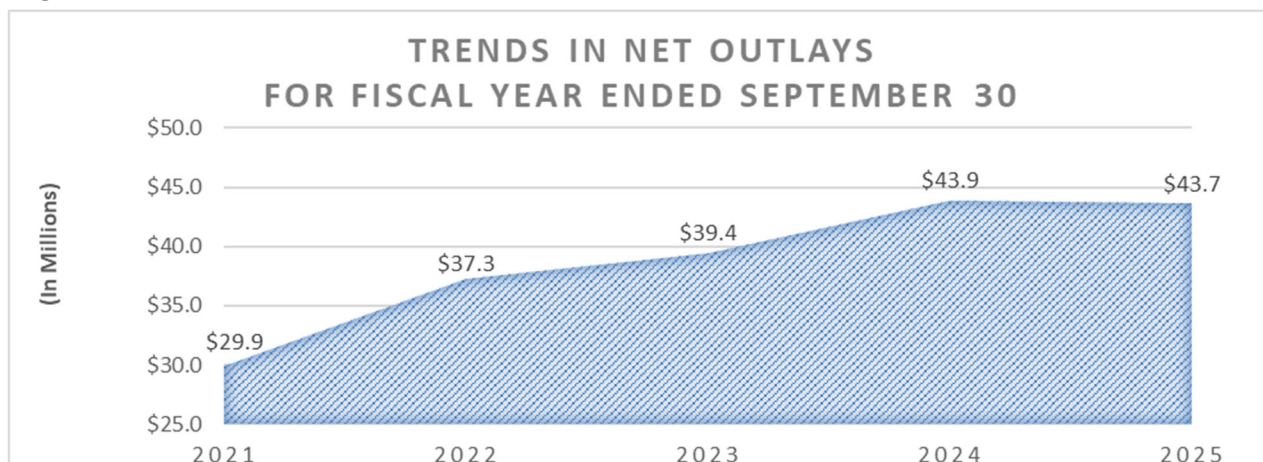
As shown in Figure 8 below, the DNFSB’s *Total Budgetary Resources* decreased by approximately \$1.7 million, from \$51.9 million in FY 2024 to \$50.2 million in FY 2025. This is attributed to a decrease in *Unobligated Balance from Prior Year Budget Authority* primarily due to the increased utilization of carryover apportionments.

Figure 8


As shown in Figure 9 below, the DNFSB's *New Obligations and Upward Adjustments* decreased by \$1.6 million, or 3.6 percent, from \$44.2 million in FY 2024 to \$42.6 million in FY 2025, mainly due to a reduction in contractual services and travel obligations.

Figure 9


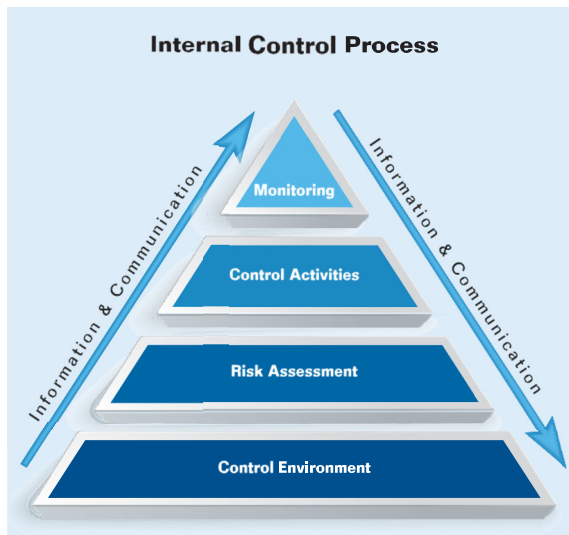
As shown in Figure 10 below, the DNFSB's *Net Outlays* reflects a decrease of \$0.2 million, or 0.5 percent, from \$43.9 million in FY 2024 to \$43.7 million in FY 2025, primarily due to outlay increases in personnel compensation and benefits, offset by a reduction of outlays in contractual services and travel.

Figure 10


Management Assurances

Management Overview

The DNFSB is committed to management excellence and recognizes the importance of strong financial systems and internal controls to ensure accountability, integrity, and reliability of its information. This operating philosophy has permitted the DNFSB to make significant progress in documenting and testing its internal controls over financial reporting, as prescribed in OMB Circular A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*. The graph below depicts the five components of the internal control process that must be present in an organization to ensure an effective internal control process.



Control Environment is the foundation for an internal control system. It represents management's commitment to encourage the highest level of integrity and personal/professional standards and promotes internal control through our leadership philosophy and operational style.

Risk Assessment is the identification and analysis of risks associated with business processes, financial reporting, financial systems, controls and legal compliance in the pursuit of agency goals and objectives.

Control Activities are the actions supported by management policies and procedures to address risk, e.g., performance reviews, status of funds reporting, and asset management reviews.

Monitoring is the assessment of internal control performance to ensure the internal control processes are properly executed and operating effectively in compliance with agency policies and procedures.

Information and Communication ensure the agency's control environment, risks, control activities, and performance results are communicated throughout the agency.

Analysis of the DNFSB's Systems, Controls, and Legal Compliance

The DNFSB's senior leaders and management team are obligated to safeguard the integrity of their respective programs and operations, ensuring adherence to the *Federal Managers' Financial Integrity Act* (FMFIA). The statutory requirements of the FMFIA support the production of timely, reliable, accurate, and accessible financial information, facilitating the development and implementation of effective and efficient internal controls. Reliable financial information, combined with sufficient controls and standardizes processes, helps the agency to preserve its limited resources, critical to the DNFSB's commitment to national defense and public stewardship.

The objective of the DNFSB's internal controls is to provide reasonable assurance that obligations and costs comply with fiscal statutory and regulatory requirements; funds, property, and other assets are safeguarded against waste, loss, unauthorized use, or misappropriation; and revenues and expenditures are properly recorded and accounted for to permit the preparation of reliable accounting, financial, and statistical reports and to maintain accountability over the assets.

During FY 2025, the DNFSB's internal controls governance continued to mature and strengthen its alignment with FMFIA and OMB A-123 requirements. A key element in this maturity was the progress in implementing its Enterprise Risk Management (ERM) and internal controls over operations programs. The ERM program proactively identifies and manages risks related to the overall mission and key enterprise goals and objectives. The agency will continue to evaluate its internal controls and information systems, ensuring accountability and transparency to identify and mitigate risks.

Financial Management Systems Strategy and Framework

As an agency reporting under the ATDA of 2002, the DNFSB is not subject to the requirements of the *Federal Financial Management Improvement Act* (FFMIA) and therefore, does not directly provide a financial management system assurance statement.

At the beginning of FY 2025 and as part of the DNFSB's modernization effort, the DNFSB successfully transitioned to the Department of Interior's (DOI) Interior Business Center (IBC), an OMB-designated and certified financial management shared service provider (SSP) offering management services, including certain accounting services, payroll, eTravel services, core financial systems implementation, human resources (HR) operations support, contracting, and the financial system of record.

Outsourcing certain operations is key to the DNFSB's overall systems strategy and framework. As a small agency, the DNFSB cannot efficiently cover the spectrum of capabilities necessary to maintain compliance with all applicable federal requirements and best practices in HR, contracting, financial management and other areas without this support. It is essential for the DNFSB to modernize its functions through a shared service model to streamline processes, enhance workforce capabilities and human capital service delivery across the agency, and ultimately improve mission performance. These upgrades are designed to enhance operational efficiency, enhance data driven decision making, and strengthen agency management, control, and compliance.

FMFIA Section 4 requires that agencies annually evaluate and report on whether financial management systems conform to government-wide requirements. As stated above, the DNFSB utilized IBC during FY 2025 as its SSP to perform operational processes and financial transactions. The DNFSB reviewed the *Suitability of the Design and Operating Effectiveness of its Controls* described in the System and Organization Controls (SOC) or SOC 1 Type 2 reports from IBC. These reports present the results of the SOC 1 Type 2 examination conducted by independent service auditors in accordance with relevant attestation standards established by the American Institute of Certified Public Accountants.

In FY 2025, IBC's auditors issued a qualified opinion on the Federal Personnel and Payroll System (FPPS) in the SOC 1 Type 2 Report, indicating some concerns with controls related to disabling operating system access timely as well as with a control related to reviewing developer access. The IBC's auditors also issued a qualified opinion on the Oracle Federal Financials System (OFFS) in the SOC 1 Type 2 Report, indicating some concerns related to disabling and monitoring operating system access.

The DNFSB reviewed these reports and determined that while IBC may have introduced risks regarding FPPS and OFFS, those risks do not warrant changing the level of assurance that FPPS and OFFS provide to the public. There was no impact on the DNFSB's ability to conduct transactions, nor any effect on the accuracy, completeness, or timeliness of financial information. Apart from the FPPS and OFFS

qualifications, IBC's systems remain compliant with federal financial management system requirements, including Federal Accounting Standards Advisory Board (FASAB) standards and the U.S. Standard General Ledger (USSGL) at the transaction level.

In FY 2026, the DNFSB will sustain the outsourcing of specific human resources, financial management, and acquisition functions to IBC. This arrangement supports the DNFSB's operational efficiency and ensures effective compliance with government-wide shared services objectives. These continued efforts are designed to streamline manual processes, enhance operational efficiency, and enhance data-driven decision making, ensuring that the DNFSB can continue implementing enhancements provided by the enterprise-wide shared service. Such enhancements for FY 2026 and beyond include updates to IBC's Enterprise Resource Planning (ERP) services as well as a planned migration to a new travel system in FY 2027 as follows:

- For fiscal years 2026 and beyond, the DNFSB will continue to leverage IBC's core ERP services through the OFFS and financial management support. Key focus areas include ongoing improvements to our control environment, more efficient transaction processing and improved financial reporting, thus ensuring full integration of transactions and business operations.
- During FY 2027, it is expected that the DNFSB will transition to the next generation of the E-Gov Travel Service, through our shared services provider, as part of the General Services Administration's (GSA) federal agency rollout. The GSA's travel system will be updated with the new [GO.gov](https://www.go.gov) enterprise-wide common system. This system will deliver a streamlined and secure travel and expense system, minimizing transition costs and risks. GO.gov will serve as a single travel and expense management solution for all civilian federal agencies, providing a more intuitive experience for booking federal travel and better access to commercially available features like charge card integration and a mobile interface.

Statement of Assurance

The Statement of Assurance is required by the FMFIA and OMB Circular A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*. The DNFSB's FY 2025 Statement of Assurance is as follows:

**DEFENSE NUCLEAR FACILITIES
SAFETY BOARD**

Washington, DC 20004-2901



December 5, 2025

MEMORANDUM FOR RECORD

SUBJECT: Annual Statement of Assurance Required Under the Federal Managers' Financial Integrity Act for Fiscal Year 2025

As the Executive Director of Operations at the Defense Nuclear Facilities Safety Board (DNFSB or Board), I recognize the importance of and accept the responsibility for establishing and maintaining effective internal controls in accordance with the Federal Managers' Financial Integrity Act (FMFIA) of 1982. To uphold this commitment, DNFSB conducted its risk and internal control framework assessment in accordance with the Office of Management and Budget (OMB) Circular A-123, "Management's Responsibility for Enterprise Risk Management and Internal Control and Government Accountability Office (GAO-14-704G) and Standards for Internal Control in the Federal Government (Green Book). Through this framework, the DNFSB performed annual and periodic assessments that evaluated the design and operating effectiveness of controls across all Agency functional areas.

During Fiscal Year 2025, the DNFSB executed a comprehensive, risk-based approach to strengthen its Internal Controls and Enterprise Risk Management framework. This targeted assessment, conducted across major functional areas including financial, procurement, information technology, and program operations, was essential to identifying control gaps and mitigating enterprise-level risks. As a direct result, the DNFSB successfully closed 20 current and prior-year open audit recommendations, reflecting its sustained commitment to sound governance and operational excellence. These accomplishments affirm the Agency's adherence to OMB Circular A-123 and the FMFIA of 1982, while reinforcing dedication to the continuous improvement and effective stewardship of public resources.

The DNFSB will maintain this proactive stance, ensuring its robust internal controls framework supports the future achievement of mission-critical objectives; results related to this framework as of September 30, 2025, are summarized below:

Financial Reporting: The DNFSB provides reasonable assurance that internal controls over financial reporting is operating effectively in accordance with OMB Circular A-123, Appendix A, "Management of Reporting and Data Integrity Risk" and Federal Managers' Financial Integrity Act of 1982 (FMFIA), GAO Standards for Internal Control in the Federal Government (GAO-14-704G, Green Book). Furthermore, this assessment encompassed controls over key operational processes and financial reporting activities managed by shared-service providers, ensuring outsourced risks are identified, monitored, and mitigated per federal standards.

Operations and Compliance: The DNFSB provides reasonable assurance that internal controls over operations and compliance are operating effectively and support the achievement of the Agency's mission in accordance with OMB Circular A-123, Appendix A; the Federal Managers' Financial Integrity Act of 1982 (FMFIA), and the GAO Standards for Internal Control in the Federal Government (GAO-14-704G, Green Book). Furthermore, this assessment included controls over key operational processes and activities managed by shared-service providers, with a focus on monitoring and mitigating outsourced risks in accordance with federal standards.

Through these sustained efforts, the DNFSB reaffirms its unwavering commitment to maintaining a strong and compliant internal control and enterprise risk management framework that upholds sound governance, transparency, and the responsible stewardship of public resources.

Point of contact for any questions regarding this Statement of Assurance and can be addressed to mary.buhler@dnfsb.gov.



Mary J Buhler
Executive Director of Operations

Digital Accountability and Transparency Act of 2014

The *Digital Accountability and Transparency Act of 2014* (DATA) Act expands on federal awards reporting reforms that began with the *Federal Funding Accountability and Transparency Act of 2006*. The purpose of the DATA Act is to improve the quality and transparency of the federal government's award data. Lawmakers have directed U.S. Treasury and OMB to create government-wide standards for reporting spending data associated with federal awards. The U.S. Treasury's Governmentwide Spending Data Model is the authoritative source for the terms, definitions, formats, and structures for hundreds of distinct data elements that tell the story of how federal dollars are spent. The law also requires that this data be channeled to a central, public database so that it can be easily accessed and tracked throughout an award's full lifespan. The database is available at <https://www.usaspending.gov>.

During FY 2025, the DNFSB submitted and certified all its DATA Act reports in accordance with the reporting schedule established by the U.S. Treasury DATA Act Program Management Office. Additionally, the DNFSB continued its monthly reconciliation process to validate obligations and outlays recorded in the accounting system with those in the Federal Procurement and Data System, to allow for timely identification and correction of differences. Data accuracy is maintained by ensuring compliant data elements are consistently recorded in the accounting system and on contract documents.

The DNFSB continues to strengthen and improve internal controls over DATA Act business processes to ensure accurate, complete, and timely submissions.

Anti-Deficiency Act

The *Anti-Deficiency Act* (ADA) (31 U.S.C. § 1341 and § 1517) prohibits federal agencies from obligating and expending federal funds in excess of its appropriation. The DNFSB's and its service provider's processes and financial systems were designed to prevent ADA violations through the implementation of a zero-tolerance funds control check at the Office of the Executive Director of Operations (OEDO) level. This systematic control ensures that obligations are not recorded until monies are authorized and allotted by the DNFSB's Division of Budget and Finance. Funds control is a critical tool in ensuring funds are managed effectively across all levels of the DNFSB. During FY 2025, the DNFSB has not reported any ADA violations.

Federal Information Security Modernization Act

The *Federal Information Security Modernization Act (FISMA) of 2014* expands on the *Federal Information Security Management Act of 2002* and requires agencies to implement information security policies, procedures, and practices for safeguarding federal information and systems from known or reasonably suspected information security threats, vulnerabilities, and risks. The effectiveness of an agency's information security program is assessed by an annual set of Chief Information Officer, Inspector General and Senior Agency Official for Privacy metrics and an annual audit by the DNFSB Inspector General.

In FY 2025, the DNFSB Inspector General's audit of the agency's implementation of FISMA evaluated the DNFSB's information security program across ten security domains corresponding to six high-level

cybersecurity functions. One of the cybersecurity functions was assessed at a maturity level of Optimized (Level 5), four of the cybersecurity functions was assessed at a maturity level of Consistently Implemented (Level 3), and one cybersecurity function was assessed at a maturity level of Defined (Level 2). The DNFSB's information security program received an overall assessment of Consistently Implemented (Level 3), which is considered "Not Effective" based on the FY 2025 Inspector General Metrics scoring methodology.

In FY 2025, Twelve (12) prior-year recommendations were closed following the inspection of evidence received during fieldwork for the FISMA audit. Eight (8) of the recommendations were closed based on updating existing internal policies and procedures related to topics such as vulnerability management, incident response, and supply chain risk management. Two (2) recommendations were closed due to improvements made in conducting annual incident response and breach response exercises. One (1) recommendation was closed based on implementing additional security event logging capabilities, allowing DNFSB to meet all of the requirements of OMB M-21-31, *Improving the Federal Government's Investigative and Remediation Capabilities Related to Cybersecurity Incidents*. And the final one (1) recommendation was closed based on automating the delivery of privacy awareness training to staff members with additional privacy-related roles.

In addition, the DNFSB Inspector General issued 7 new recommendations as part of the FY 2025 FISMA Audit to strengthen the DNFSB's information security program. These recommendations were related to integrating the National Institute of Standards and Technology's Cybersecurity Framework 2.0 into the agency's processes for managing cybersecurity risks, obtaining Secure Software Development attestation forms for all software used by the agency, developing an agency-wide data/metadata inventory, and performing an annual security controls assessment for the DNFSB GSS system and updating related system documentation. To implement the audit's recommendations, the DNFSB is (1) making enhancements to cybersecurity-related risk management processes at the system and agency level, (2) performing external security control assessments, and (3) continuing efforts to remediate six recommendations from prior year FISMA audits.

Accountability of Tax Dollars Act

The *Accountability of Tax Dollars Act* (ATDA) requires the preparation of financial statements by federal agencies that are exempt from the Chief Financial Officers Act of 1990. OMB Circular A-136, *Financial Reporting Requirements*, enables agencies to produce a consolidated Performance and Accountability Report or a separate Agency Financial Report (AFR). The DNFSB has chosen to produce an AFR. This report meets the requirements of the ATDA. The DNFSB's financial statements and related notes are audited each year. The DNFSB received an unmodified opinion for FY 2025. A copy of the Independent Auditors' Report can be found in the Financial Section of this AFR.



FINANCIAL SECTION

As Chief Financial Officer for the Defense Nuclear Facilities Safety Board (DNFSB), it is my privilege to present our Agency Financial Report (AFR) for fiscal year (FY) 2025, celebrating our 35th anniversary. Over the past three and a half decades, the DNFSB has remained unwavering in its mission to protect public health, workers, and the environment by ensuring the highest standards of safety in nuclear operations.

This AFR demonstrates the DNFSB’s commitment to steadfast stewardship of the taxpayer dollars entrusted to us. It provides a broad summary of our program performance in advancing the DNFSB’s mission, a comprehensive account of our financial performance, and independent audit assessments of our financial results and challenges. It also upholds the public’s trust in our financial stewardship.

I am privileged to report that for the 20th consecutive year, the DNFSB has received an unmodified audit opinion on our financial statements from our Office of Inspector General’s independent auditors. An unmodified audit opinion confirms that our statements are free of material misstatement and present fairly our financial position as of, and for the fiscal year ended, September 30, 2025. The independent auditors also issued an unmodified opinion on the effectiveness of our internal control over financial reporting.

During FY 2024, the DNFSB made the strategic decision to transition to the U.S. Department of the Interior’s Interior Business Center (IBC) as its federal shared services provider and successfully transitioned to IBC in FY 2025. This included outsourcing specific human resources, financial management, and acquisition functions to IBC to allow DNFSB to focus on its core mission. This arrangement supports the DNFSB’s operational efficiency and ensures effective compliance with government-wide shared services objectives. These effective efforts for FY 2025 and beyond, streamline manual processes, increase operational efficiency, and enhance data-driven decision making.

As I look to the future, the DNFSB remains committed to advancing our financial capabilities through ongoing systems modernization to provide an improved control environment, more efficient transaction processing, and improved financial reporting.

I commend all DNFSB employees for their continued dedication and hard work over the past fiscal year. Through their effective and efficient efforts, the DNFSB accurately captured and reported performance and financial data that reflects our significant progress toward mission achievement. Their commitment to excellence, transparency, and accountability ensures that our work continues to support the Board’s vital national security mission to protect public health and safety at DOE’s defense nuclear facilities.



Omolola Fawole
Chief Financial Officer
December 17, 2025



Message from the Chief Financial Officer



FY 2025 Auditor's Report**MEMORANDUM**

DATE: December 17, 2025

TO: Dr. Patricia L. Lee
Board Member

FROM: Robert J. Feitel
Inspector General

SUBJECT: INDEPENDENT AUDITOR'S REPORT OF THE DEFENSE
NUCLEAR FACILITIES SAFETY BOARD'S FINANCIAL
STATEMENTS FOR FISCAL YEAR 2025
(OIG-DNFSB-26-A-01)

ROBERT FEITEL
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FEITEL
Date: 2025.12.17 10:03:57 -05'00'

We contracted with an independent public accounting firm, Sikich CPA LLC (Sikich), to audit the financial statements of the Defense Nuclear Facilities Safety Board (DNFSB) as of and for the fiscal year ended September 30, 2025. We also contracted with Sikich to provide an opinion on the DNFSB's internal control over financial reporting and to report on the agency's compliance with laws and other matters. The contract required that the audit be performed in accordance with generally accepted government auditing standards, Office of Management and Budget audit guidance, and the *Financial Audit Manual* issued by the Government Accountability Office and the Council of Inspectors General on Integrity and Efficiency.

In its audit of the DNFSB, Sikich reported:

- The DNFSB's financial statements as of and for the fiscal year ended September 30, 2025, are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America;
- The DNFSB maintained, in all material respects, effective internal control over financial reporting as of September 30, 2025; and,
- No reportable noncompliance for fiscal year 2025 with provisions of applicable laws, regulations, contracts, and grant agreements we tested.

In connection with the contract, we reviewed Sikich's report and related documentation and inquired of its representatives. Our review, as differentiated from an audit of the financial statements in accordance with U.S. generally accepted government auditing standards, was not intended to enable us to express, and we do not express, opinions on

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nrc.oig.oversight.gov

the DNFSB's financial statements or internal control over financial reporting, or conclusions on compliance with applicable laws and other matters. Sikich is responsible for the attached Independent Auditor's Report, dated December 17, 2025, and the conclusions expressed therein. However, our review disclosed no instances where Sikich did not comply, in all material respects, with U.S. generally accepted government auditing standards.

We held an exit conference on December 11, 2025, with representatives of the DNFSB and Sikich to discuss the audit results. The DNFSB Executive Director of Operations concurred with the report.

If you have any questions, please contact Hruta Virkar, Assistant Inspector General for Audits & Evaluations, at 301.415.1982 or me at 301.415.5930.

Attachment:
As stated



333 John Carlyle Street, Suite 500
Alexandria, VA 22314
703.836.6701

SIKICH.COM

INDEPENDENT AUDITORS' REPORT

Inspector General
Defense Nuclear Facilities Safety Board

Board Member
Defense Nuclear Facilities Safety Board

In our audit of the fiscal year 2025 financial statements of the Defense Nuclear Facilities Safety Board (DNFSB), we found:

- The DNFSB's financial statements as of and for the fiscal year ended September 30, 2025, are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America;
- The DNFSB maintained, in all material respects, effective internal control over financial reporting as of September 30, 2025; and
- No reportable noncompliance for fiscal year 2025 with provisions of applicable laws, regulations, contracts, and grant agreements we tested.

The following sections contain:

1. Our report on the DNFSB's financial statements and on internal control over financial reporting, including: an emphasis-of-matter paragraph related to the single-year presentation as a result of updated federal financial reporting requirements; an other-matter paragraph related to hyperlinked data within the Agency Financial Report (AFR); required supplementary information (RSI); other information included with the financial statements; and,
2. Other reporting required by *Government Auditing Standards*, which is our report on the DNFSB's compliance and other matters. This section also includes a summary of the DNFSB's comments on our report.

REPORT ON THE AUDITS OF THE FINANCIAL STATEMENTS AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Opinion on the Financial Statements

We have audited the financial statements of the DNFSB, which comprise the balance sheet as of September 30, 2025, and the related statements of net cost, changes in net position, and budgetary resources for the fiscal year then ended, and the related notes to the financial statements (collectively, the basic financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the DNFSB's financial position as of September 30, 2025, and its net cost of operations, changes in net position, and budgetary resources for the fiscal year then ended, in accordance with accounting principles generally accepted in the United States of America.

**Opinion on Internal Control over Financial Reporting**

We also have audited the DNFSB's internal control over financial reporting as of September 30, 2025, based on criteria established under 31 U.S.C. § 3512(c), (d), commonly known as the Federal Managers' Financial Integrity Act of 1982 (FMFIA).

In our opinion, the DNFSB maintained, in all material respects, effective internal control over financial reporting as of September 30, 2025, based on criteria established under the FMFIA.

During our fiscal year 2025 audit, we identified deficiencies in the DNFSB's internal control over financial reporting that we do not consider to be material weaknesses or significant deficiencies¹. Nonetheless, these deficiencies warrant the DNFSB management's attention. We have communicated these matters to the DNFSB management and, where appropriate, will report on them separately.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS); standards applicable to financial statement audits contained in Generally Accepted Government Auditing Standards (GAGAS), issued by the Comptroller General of the United States; and guidance contained in Office of Management and Budget (OMB) Bulletin 24-02, *Audit Requirements for Federal Financial Statements*. Our responsibilities under those standards and OMB Bulletin 24-02 are further described in the *Auditors' Responsibilities for the Audits of the Financial Statements and Internal Control over Financial Reporting* subsection of our report. We are required to be independent of the DNFSB and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

The financial statements of the DNFSB as of and for the year ended September 30, 2024, were audited by us, and we expressed an unmodified opinion on those financial statements in our report dated December 6, 2024. Those financial statements are not presented herein. Management implemented a single-year financial statement presentation beginning in fiscal year 2025 in accordance with the requirements of OMB Circular A-136, *Financial Reporting Requirements*.

Other Matter

Management has elected to include hyperlinks to information on websites outside the AFR to provide additional information for the users of its financial statements. Such information is not a required part of the financial statements or supplementary information required by the Federal Accounting Standards Advisory Board (FASAB). The information on these websites has not been subjected to auditing procedures, and accordingly, we do not express an opinion or provide any assurance on it.

Responsibilities of Management for the Financial Statements and Internal Control over Financial Reporting

Management is responsible for (1) preparing and fairly presenting the financial statements in accordance with U.S. generally accepted accounting principles; (2) the preparing, measuring and presenting the RSI in accordance with U.S. generally accepted accounting principles; (3) preparing and presenting other information included in the DNFSB's AFR, and ensuring the consistency of that information with the audited financial statements and the RSI; (4) the designing, implementing and maintaining effective internal control over financial reporting relevant to the preparation and fair presentation of financial

¹ A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.



statements that are free from material misstatement, whether due to fraud or error; (5) assessing the effectiveness of internal control over financial reporting based on the criteria established under the FMFIA; and, (6) assessing of the effectiveness of internal control over financial reporting as of September 30, 2025, included in the Statement of Assurance in the Management's Discussion and Analysis (MD&A) section of the AFR.

Auditors' Responsibilities for the Audits of the Financial Statements and Internal Control over Financial Reporting

Our objectives are to (1) obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether effective internal control over financial reporting was maintained in all material respects, and (2) issue an auditors' report that includes our opinions.

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit of the financial statements or an audit of internal control over financial reporting conducted in accordance with GAAS, GAGAS, and OMB guidance will always detect a material misstatement or a material weakness when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgments made by a reasonable user based on the financial statements.

In performing an audit of financial statements and an audit of internal control over financial reporting in accordance with GAAS, GAGAS, and OMB guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements in order to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions.
- Obtain an understanding of internal control relevant to our audit of the financial statements in order to design audit procedures that are appropriate in the circumstances.
- Obtain an understanding of internal control relevant to our audit of internal control over financial reporting, assess the risks that a material weakness exists, and test and evaluate the design and operating effectiveness of internal control over financial reporting based on the assessed risk. Our audit of internal control also considered the DNFSB's process for evaluating and reporting on internal control over financial reporting based on criteria established under the FMFIA. We did not evaluate all internal controls relevant to operating objectives as broadly established under the FMFIA, such as those controls relevant to preparing performance information and ensuring efficient operations. We limited our internal control testing to testing controls over financial reporting. Our internal control testing was for the purpose of expressing an opinion on whether effective internal control over financial reporting was maintained, in all material respects. Consequently, our audit may not identify all deficiencies in internal control over financial reporting that are less severe than a material weakness.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Perform other procedures we consider necessary in the circumstances.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

**Definition and Inherent Limitations of Internal Control over Financial Reporting**

An entity's internal control over financial reporting is a process effected by those charged with governance, management, and other personnel. The objectives of internal control over financial reporting are to provide reasonable assurance that:

- Transactions are properly recorded, processed, and summarized to permit the preparation of financial statements in accordance with U.S. generally accepted accounting principles, and assets are safeguarded against loss from unauthorized acquisition, use, or disposition, and
- Transactions are executed in accordance with provisions of applicable laws, including those governing the use of budget authority, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent, or detect and correct, misstatements due to fraud or error. We also caution that projecting any evaluation of effectiveness to future periods is subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Required Supplementary Information

Accounting principles generally accepted in the United States of America and OMB Circular A-136, require that the MD&A and other RSI be presented to supplement the basic financial statements. Such RSI is the responsibility of management and, although not a part of the basic financial statements, is required by the FASAB and OMB, who consider it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, and historical context.

We have applied certain limited procedures to the RSI in accordance with GAAS. These procedures consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements, in order to report omissions or material departures from FASAB guidelines, if any, identified by these limited procedures. We did not audit and we do not express an opinion or provide any assurance on the information because the limited procedures we applied do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

The DNFSB's other information contains a wide range of information, some of which is not directly related to the financial statements. This information is presented for purposes of additional analysis and is not a required part of the financial statements or the RSI. Management is responsible for the other information included in the DNFSB's AFR. The other information comprises the *Message from Dr. Patricia L. Lee, Board Member, Summary of Financial Statement Audit and Management Assurances, Inspector General's FY 2025 Assessment of Management and Performance Challenges, Payment Integrity Information Act Reporting, and Acronyms and Abbreviations Glossary*, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

**OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*****Report on Compliance and Other Matters**

In connection with our audit of the DNFSB's financial statements, we tested compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements consistent with our auditors' responsibilities discussed below.

Results of Our Tests for Compliance with Laws, Regulations, Contracts, and Grant Agreements

Our tests for compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements disclosed no instances of noncompliance or other matters for fiscal year 2025 that would be reportable under GAGAS. However, the objective of our tests was not to provide an opinion on compliance with laws, regulations, contracts, and grant agreements applicable to the DNFSB. Accordingly, we do not express such an opinion.

Basis for Results of Our Tests for Compliance with Laws, Regulations, Contracts, and Grant Agreements

We performed our tests of compliance in accordance with GAGAS and OMB guidance.

Responsibilities of Management for Compliance with Laws, Regulations, Contracts, and Grant Agreements

The DNFSB's management is responsible for complying with laws, regulations, contracts, and grant agreements applicable to the DNFSB.

Auditors' Responsibilities for Tests of Compliance with Laws, Regulations, Contracts, and Grant Agreements

Our responsibility is to test compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements that have a direct effect on the determination of material amounts and disclosures in the DNFSB's financial statements, and to perform certain other limited procedures. Accordingly, we did not test compliance with all laws, regulations, contracts, and grant agreements applicable to the DNFSB. We caution that noncompliance may occur and not be detected by these tests.

Intended Purpose of Report on Compliance and Other Matters

The purpose of this report is solely to describe the scope of our testing of compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements, and the results of that testing, and not to provide an opinion on compliance. This report is an integral part of an audit performed in accordance with GAGAS in considering compliance. Accordingly, this report on compliance with laws, regulations, contracts, and grant agreements and other matters is not suitable for any other purpose.

DNFSB's Comments

The DNFSB's comments on this report are included in Exhibit A. The DNFSB concurred with our report.

SiKich CPA LLC

Alexandria, VA
December 17, 2025

Exhibit A

**DEFENSE NUCLEAR FACILITIES
SAFETY BOARD**
Washington, DC 20004-2901

December 11, 2025

Hruta Virkar, CPA
Assistant Inspector General for Audits and Evaluations
Office of the Inspector General
U.S. Nuclear Regulatory Commission and Defense Nuclear
Facilities Safety Board

RE: Defense Nuclear Facilities Safety Board Comments on the Reports on the Fiscal Year 2025
Audits of the Financial Statements and on Internal Control over Financial Reporting

Dear Ms. Virkar,

The Defense Nuclear Facilities Safety Board (DNFSB) appreciates you and your team's efforts in conducting the Fiscal Year 2025 DNFSB Financial Statements and Internal Control over Financial Reporting audits.

DNFSB management concurs with the results of the audit and is pleased with the unmodified audit opinion with no material weaknesses or significant deficiencies and no material non-compliance with laws and regulations. This result reflects DNFSB's commitment to sound financial management practices and accountability and to delivering accurate, high-quality financial information to the American taxpayer.

We appreciate the collaborative approach taken by the Office of the Inspector General (OIG) audit team throughout the process and the diligence of the OIG in conducting its audit.

Sincerely,



Mary J. Buhler
Executive Director of Operations

Financial Statements and Notes

The financial statements have been prepared to report the financial position and results of operations of the DNFSB, pursuant to the requirements of the Chief Financial Officers (CFO) Act of 1990 (Public Law 101-576), the Government Management Reform Act of 1994 (Public Law 103-356), Accountability of Tax Dollars Act of 2002 (Public Law 107-289), and the Office of Management and Budget (OMB) Circular No. A-136, Financial Reporting Requirements.

The DNFSB's financial statements and accompanying note disclosures comprise the following:

BALANCE SHEET

The Balance Sheet, as of September 30, 2025, represents the resources owned or managed by the DNFSB that are available to provide future economic benefits (assets), amounts owed by the DNFSB that will require payments from those resources or future resources (liabilities), and residual amounts retained by the DNFSB, comprising the difference (net position).

STATEMENT OF NET COST

The Statement of Net Cost presents the net cost of the DNFSB's operations for the fiscal year (FY) ended September 30, 2025. The DNFSB's net cost of operations includes the gross costs incurred by the DNFSB less exchange revenue earned, if any.

STATEMENT OF CHANGES IN NET POSITION

The Statement of Changes in Net Position presents the change in the DNFSB's net position resulting from the net cost of the DNFSB's operations, budgetary financing sources other than exchange revenues, and other financing sources for the fiscal year ended September 30, 2025.

STATEMENT OF BUDGETARY RESOURCES

The Statement of Budgetary Resources presents the budgetary resources available to the DNFSB during FY 2025, their status as of September 30, 2025, and the net outlays of budgetary resources for the fiscal year ended September 30, 2025.



Defense Nuclear Facilities Safety Board
BALANCE SHEET
As of September 30, 2025
(In Dollars)

	<u>2025</u>
Assets	
Intragovernmental Assets	
Fund Balance with Treasury (Note 2)	\$ 14,221,338
Advances and Prepayments	36,837
Total Intragovernmental Assets	<u>14,258,175</u>
Other than Intragovernmental Assets	
Accounts Receivable, Net (Note 3)	2,839
Property, Plant, and Equipment, Net (Note 4)	214,457
Total Other than Intragovernmental Assets	<u>217,296</u>
Total Assets	<u>\$ 14,475,471</u>
Liabilities (Note 5)	
Intragovernmental Liabilities	
Accounts Payable	\$ 64,946
Other Liabilities (Note 6)	169,350
Total Intragovernmental Liabilities	<u>234,296</u>
Other than Intragovernmental Liabilities	
Accounts Payable	1,024,791
Federal Employee Salary, Leave, and Benefits Payable (Note 7)	2,868,174
Total Other than Intragovernmental Liabilities	<u>3,892,965</u>
Total Liabilities	<u>\$ 4,127,261</u>
Commitments and Contingencies (Note 8 and Note 9)	
Net Position	
Unexpended Appropriations - Funds from Other than Dedicated Collections	\$ 12,414,728
Cumulative Results of Operations - Funds from Other than Dedicated Collections	<u>(2,066,518)</u>
Total Net Position	<u>\$ 10,348,210</u>
Total Liabilities and Net Position	<u>\$ 14,475,471</u>

The accompanying notes are an integral part of these financial statements.

Defense Nuclear Facilities Safety Board
STATEMENT OF NET COST
For the Fiscal Year Ended September 30, 2025
(In Dollars)

	<u>2025</u>
Gross Program Cost (Note 10)	
Total Program Costs	\$ 45,781,748
Net Cost of Operations	<u><u>\$ 45,781,748</u></u>

The accompanying notes are an integral part of these financial statements.

Defense Nuclear Facilities Safety Board
STATEMENT OF CHANGES IN NET POSITION
For the Fiscal Year Ended September 30, 2025
(In Dollars)

	<u>2025</u>
Unexpended Appropriations:	
Beginning Balance	\$ 14,234,751
Appropriations Received	42,000,000
Other Adjustments (+/-)	(423,638)
Appropriations Used	(43,396,385)
Net Change in Unexpended Appropriations	<u>\$ (1,820,023)</u>
Total Unexpended Appropriations	<u>\$ 12,414,728</u>
Cumulative Results from Operations:	
Beginning Balance	\$ (2,153,005)
Appropriations Used	43,396,385
Imputed Financing	2,471,850
Net Cost of Operations	(45,781,748)
Net Change in Cumulative Results of Operations	<u>\$ 86,487</u>
Total Cumulative Results of Operations	<u>\$ (2,066,518)</u>
Net Position	<u><u>\$ 10,348,210</u></u>

The accompanying notes are an integral part of these financial statements.

Defense Nuclear Facilities Safety Board
STATEMENT OF BUDGETARY RESOURCES
For the Fiscal Year Ended September 30, 2025
(In Dollars)

	<u>2025</u>
Unobligated Balance from Prior Year Budget Authority, Net (Discretionary and Mandatory) (Note 11)	\$ 8,216,559
Appropriations (Discretionary and Mandatory)	42,000,000
Total Budgetary Resources	<u>\$ 50,216,559</u>
New Obligations and Upward Adjustments (Total)	\$ 42,587,520
Unobligated Balance, End of Year	
Apportioned, Unexpired Accounts	6,746,056
Unexpired Unobligated Balance, End of Year	6,746,056
Expired Unobligated Balance, End of Year	882,983
Unobligated Balance, End of Year (Total)	<u>7,629,039</u>
Total Budgetary Resources	<u>\$ 50,216,559</u>
Outlays, Net (Total) (Discretionary and Mandatory)	\$ 43,701,802
Agency Outlays, Net (Discretionary and Mandatory)	<u>\$ 43,701,802</u>

The accompanying notes are an integral part of these financial statements.

DEFENSE NUCLEAR FACILITIES SAFETY BOARD**NOTES TO THE FINANCIAL STATEMENTS****GENERAL FUND****NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****(a) Reporting Entity**

The Defense Nuclear Facilities Safety Board (Board or DNFSB) was created as an independent federal government agency in 1988, with responsibility for providing safety oversight of the Department of Energy's (DOE) defense nuclear facilities located throughout the United States. The DNFSB is directed by a Chair and four board members appointed by the President of the United States.

These financial statements should be read with the realization that they are for a component of the U.S. Government. For this reason, some of the assets and liabilities reported by the entity may be eliminated for Government-wide reporting because they are offset by assets and liabilities of another U.S. Government entity.

(b) Basis of Presentation

These financial statements have been prepared from the DNFSB's accounting records in accordance with federal Generally Accepted Accounting Principles (GAAP) as promulgated by the Federal Accounting Standards Advisory Board (FASAB) and OMB Circular A-136, *Financial Reporting Requirements*. Unless specified otherwise, all amounts are presented in U.S. dollars.

OMB Circular A-136, *Financial Reporting Requirements*, provides guidance for the form and content of an agency's principal financial statements, which include a Balance Sheet, a Statement of Net Cost, a Statement of Changes in Net Position, and a Statement of Budgetary Resources.

The Balance Sheet presents the amounts of future economic benefits owned or managed by the DNFSB (assets), amounts owed by the DNFSB (liabilities), and amounts which comprise the difference (net position). The Statement of Net Cost reports the full cost of the DNFSB's operations. The Statement of Changes in Net Position reports the results of changes to *Unexpended Appropriations* and *Cumulative Results of Operations*. The Statement of Budgetary Resources reports how budgetary resources were made available during the period and their status at the end of the period.

(c) Classified Activities

Accounting standards require all reporting entities to disclose that accounting standards allow certain presentations and disclosures to be modified, if needed, to prevent the disclosure of classified information.

(d) Basis of Accounting and Use of Estimates

Transactions are recorded based on the accrual basis of accounting in accordance with GAAP. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recognized when a liability is incurred, without regard to receipt or payment of cash. The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**(e) Revenues and Other Financing Sources**

As a component of the Government-wide reporting entity, the DNFSB is subject to the federal budget process, which involves appropriations that are provided annually and appropriations that are provided on a permanent basis. The DNFSB's budgetary resources reflect current appropriations, carryover funding, and recoveries of prior year obligations that enable it to incur budgetary obligations. Budgetary obligations are legal obligations for goods, services, or amounts to be paid based on statutory provisions.

An imputed financing source is recognized to offset costs incurred by the DNFSB and funded by another federal source. The DNFSB's revenue is generally recognized when goods or services have been delivered or rendered, respectively.

(f) Assets and Liabilities

Intragovernmental assets and liabilities arise from transactions between the DNFSB and other federal entities.

Funds with the U.S. Department of the Treasury (U.S. Treasury or Treasury) compose most of the assets on the DNFSB's balance sheet. Other assets include advances and prepayments, accounts receivable, and property, plant, and equipment, net.

Liabilities represent amounts that are likely to be paid by the DNFSB because of transactions that have already occurred. The accounts payable portion of liabilities consist of amounts owed to federal agencies and commercial vendors for goods, services, and other expenses incurred but not yet paid. Liabilities covered by budgetary or other resources are those DNFSB liabilities for which funds have been appropriated, or funding is or was otherwise available to pay due amounts. Liabilities not covered by budgetary or other resources represent amounts owed more than available appropriations or other amounts. The liquidation of liabilities not covered by budgetary or other resources is dependent on future appropriations or other funding.

(g) Fund Balance with Treasury

Fund Balance with Treasury represents the amount of the DNFSB's appropriated funds that are maintained by Treasury at the end of the fiscal year. Appropriated funds recorded in general fund expenditure accounts are available to pay current liabilities and finance authorized purchases.

The DNFSB does not maintain a bank account of its own, has no disbursing authority, and does not maintain cash held outside of Treasury. Treasury disburses funds for the agency on demand. Additional information about the DNFSB's Fund Balance with Treasury can be found in Note 2.

(h) Advances and Prepayments

Advances are cash outlays made by the DNFSB to its employees, federal contractors, or others to cover part or all the recipients' anticipated expenses or as advance payments for the costs of goods and services the DNFSB receives.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**(i) Property, Plant, and Equipment, Net (PP&E)**

PP&E consists of capitalized equipment, furniture, fixtures, and software, less accumulated depreciation or amortization. There are no restrictions on the use or convertibility of property, plant, or equipment.

The DNFSB owns no land or buildings but does have an occupancy agreement with the General Services Administration (GSA) for building space. This agreement is considered an intragovernmental lease under FASAB's Statement of Federal Financial Accounting Standards (SFFAS) 54, *Leases*. As such, the DNFSB adheres to the disclosure requirements in paragraph 37 of SFFAS 54. The cost approximates commercial rates for similar properties. Additional information concerning the DNFSB's Lease may be found within Note 8.

(j) Federal Employee Salary, Leave, and Benefits Payable

The DNFSB recognizes fiscal year end liabilities for (1) funded accrued payroll and leave, (2) funded employer contributions and payroll taxes, and (3) unfunded accrued leave. These liabilities are combined and presented in the DNFSB's Balance Sheet as *Federal Employee Salary, Leave, and Benefits Payable*. The liabilities for funded accrued payroll and leave as well as funded employer contributions and payroll taxes are calculated based on the number of days of payroll expenses incurred, but not paid, at the end of each fiscal year. The liability for unfunded accrued leave is based on unpaid leave earned that an employee is entitled to upon separation and that will be funded by future years' budgetary resources, at the end of the fiscal year.

(k) Employee Pension Benefits

The DNFSB recognizes the full costs of providing future pension benefits to covered employees. Cost factors provided by the Office of Personnel Management (OPM) estimate the full cost of providing the pension benefits. The excess of the full cost compared to contributions made by the DNFSB and its employees is recognized as an imputed cost. The liabilities associated with these costs are reported by OPM, which administers the Civil Service Retirement System (CSRS) plan and the Federal Employees Retirement System (FERS) plan. Eligibility of employees to participate in the CSRS plan or FERS plan is based on their hire date with the federal government, and the DNFSB contributes a percentage of an employee's basic pay towards their respective retirement plan. All the DNFSB employees are eligible to contribute to the Thrift Savings Plan (TSP), a defined contribution plan. For employees participating in FERS, the DNFSB contributes 1 percent per year of the employee's basic pay to the TSP. In addition, the DNFSB matches voluntary employee contributions up to 3 percent of the employee's basic pay and matches one-half of contributions between 3 percent and 5 percent of the employee's basic pay. There are no agency contributions to the TSP for CSRS participants. The DNFSB contributions to the TSP are recognized as current operating expenses.

(l) Change in Presentation

In prior years, the DNFSB's financial statements and associated notes were presented on a comparative basis. As per OMB Memorandum 25-30, signed on June 23, 2025, and OMB Circular A-136 (A-136), signed on July 14, 2025, significant changes have been mandated to the audited financial statements and the associated notes. Per A-136, federal reporting entities "should report only single-year financial statements, notes, and required supplementary information for Fiscal Year (FY) 2025." While the DNFSB will continue to undergo an annual audit, only current year financial information will be presented in the financial statements and associated notes for FY 2025.

NOTE 2 – FUND BALANCE WITH TREASURY

The DNFSB's Fund Balance with the U.S. Treasury consists only of appropriated funds. The status of these funds as of September 30, 2025, is as follows:

	2025
Status of Fund Balance with Treasury	
Unobligated Balance	\$ 7,629,039
Obligated Balance not yet Disbursed	6,592,299
Total Fund Balance with Treasury	\$ 14,221,338

NOTE 3 – ACCOUNTS RECEIVABLE, NET

Other than Intragovernmental Accounts Receivable, Net represents the accounts receivable from current employees. The DNFSB has historically collected receivables due from employees and thus has not established an allowance for uncollectible accounts.

	2025
Other than Intragovernmental Accounts Receivable	\$ 2,839
Total Accounts Receivable, Net	\$ 2,839

NOTE 4 - PROPERTY, PLANT, AND EQUIPMENT, NET (PP&E)

The DNFSB does not estimate PP&E costs and capitalizes PP&E with a useful life of at least two years and individually costing more than \$10,000. Bulk purchases of lesser value items are capitalized when the cost is \$25,000 or greater. Assets are depreciated on a straight-line basis over the estimated useful life of the property. Information technology equipment is depreciated, and software is amortized over a useful life of three years. All other equipment is depreciated over a five-year useful life. Furniture and fixtures are depreciated over a seven-year useful life. During FY 2025, the DNFSB acquired new upgraded laptop computers for staff and applicable contractors with an acquisition cost of \$275,730. Depreciation expense for the fiscal year ended September 30, 2025, was \$65,256. The DNFSB's total cost, accumulated depreciation, and net book value for PP&E for the fiscal year ended September 30, 2025, is as follows:

2025	Furniture, Fixtures, and Equipment	Software	Total
Cost balance, beginning of year	\$ 1,012,853	\$ 261,622	\$ 1,274,475
Capital acquisitions	275,730	-	275,730
Dispositions	(269,929)	(261,622)	(531,551)
Cost balance, end of year	\$ 1,018,654	\$ -	\$ 1,018,654
Accumulated depreciation	(804,197)	-	(804,197)
Net Book Value	\$ 214,457	\$ -	\$ 214,457

NOTE 5 – LIABILITIES NOT COVERED BY BUDGETARY RESOURCES

As of September 30, 2025, liabilities not covered by budgetary resources were as follows:

	<u>2025</u>
Intragovernmental Liabilities	
(1) Accounts Payable	\$ 64,946
(2) Other	<u>169,350</u>
Total Intragovernmental Liabilities	234,296
Other than Intragovernmental Liabilities	
(1) Accounts Payable	1,024,791
(2) Federal Employee Salary, Leave, and Benefits Payable	<u>2,868,174</u>
Total Other than Intragovernmental Liabilities	3,892,965
Total Liabilities Not Covered by Budgetary Resources	2,283,814
Total Liabilities Covered by Budgetary Resources	<u>1,843,447</u>
Total Liabilities	<u>\$ 4,127,261</u>

The \$2,283,814 in Total Liabilities Not Covered by Budgetary Resources above, consists entirely of *Unfunded Accrued Leave Liabilities* and represents the amount recorded for unpaid leave earned that the DNFSB's employees are entitled to upon separation and that will be funded by future years' budgetary resources. *Unfunded Accrued Leave Liability* is part of the *Federal Employee Salary, Leave, and Benefits Payable* (see Note 7).

NOTE 6 – INTRAGOVERNMENTAL OTHER LIABILITIES

As of September 30, 2025, the amounts reported on the Balance Sheet as *Intragovernmental Other Liabilities* are current liabilities. *Intragovernmental Other Liabilities* consist of the *Employer Contributions and Payroll Taxes Payable*. *Employer Contributions and Payroll Taxes Payable* are the amounts owed for payroll taxes, employees health benefits, employee life insurance, Federal Insurance Contributions Act (FICA) payments, and employee retirement contributions based on year-end payroll accruals.

	<u>2025</u>
Intragovernmental Other Liabilities	
Employer Contributions and Payroll Taxes Payable	\$ 169,350
Total Intragovernmental Other Liabilities	<u>\$ 169,350</u>

As a standard practice, the DNFSB ensures that the *Intragovernmental Other Liabilities* held on its books for amounts owed for employees' health benefits, employee life insurance, and FICA, match what has been accrued at OPM. To ensure agencies minimize or eliminate intragovernmental differences, OPM publishes a quarterly report that provides the current, end of quarter balances. OPM final reports were not available at the time this report was published, so no adjustments were recorded.

NOTE 7 – FEDERAL EMPLOYEE SALARY, LEAVE, AND BENEFITS PAYABLE

The DNFSB does not administer pensions or benefit programs; however, it does record the portion of the liability for which it is responsible as part of year-end payroll and related benefit accruals. For the fiscal year ended September 30, 2025, liabilities for *Federal Employee Salary, Leave, and Benefits Payable* consist of the following:

	2025
Funded Accrued Payroll and Leave	\$ 559,990
Employer Contributions and Payroll Taxes Payable	24,370
Unfunded Accrued Leave Liabilities	2,283,814
Total Federal Employee Salary, Leave, and Benefits	\$ 2,868,174

NOTE 8 – LEASES

The DNFSB maintains an occupancy agreement for its headquarters space in the Washington, DC area with the GSA. Under SFFAS 54, *Leases*, this occupancy agreement is considered an intragovernmental lease with the GSA. The occupancy agreement may be canceled with 120 days' written notice, without penalty to the DNFSB. Annual office space lease expense for FY 2025 amounted to \$3,104,440. The DNFSB entered into a ten-year occupancy agreement effective March 8, 2016, which is due to expire on March 7, 2026. The DNFSB is currently evaluating future options for office space. The DNFSB has no right-to-use lease assets.

NOTE 9 – COMMITMENTS AND CONTINGENCIES

A loss contingency is an existing condition, situation, or set of circumstances involving uncertainty as to possible gain or loss to an entity. The uncertainty will ultimately be resolved when one or more future events occur or fail to occur. For pending or threatened litigation and unasserted claims, a contingency is considered probable when the future confirming event or events are likely to occur. A contingency is disclosed in the Notes to the Financial Statements if any of the conditions for liability recognition are not met and there is at least a reasonable possibility that a loss or an additional loss may be incurred in the future. In the normal course of business, the DNFSB may become involved in various legal disputes and claims. As of September 30, 2025, the DNFSB has no pending or threatened litigation, claims, or assessments to report at this time. Further, the DNFSB has no unasserted claims and assessments to report. Therefore, the DNFSB has not recorded any contingent liabilities.

NOTE 10 – GROSS PROGRAM COSTS

The Statement of Net Cost reflects the DNFSB's gross program costs for the fiscal year ended September 30, 2025. The DNFSB incurs costs from both intragovernmental transactions (exchange transactions with other federal entities) and transactions from non-federal entities. Intragovernmental costs include payments for a building occupancy agreement and services obtained from federal providers. Other than Intragovernmental costs are those costs incurred from transactions with non-federal entities.

NOTE 10 – GROSS PROGRAM COSTS (continued)

The breakdown of the DNFSB’s gross program costs related to Intragovernmental and Other than Intragovernmental Costs is as follows:

	Intragovernmental Costs	Other than Intragovernmental Costs	Gross Program Costs
FY 2025	\$ 15,349,252	\$ 30,432,496	\$ 45,781,748

The DNFSB’s Gross Program Costs are as follows:

Description	FY 2025
Personnel Compensation	\$ 21,746,727
Personnel Benefits	10,105,049
Travel & Transportation of Persons	726,641
Transportation of Things	11,588
Rent, Communications, & Utilities	3,408,991
Printing & Reproduction	360
Other Contractual Services	8,610,151
Supplies & Materials	507,578
Acquisition of Assets	656,663
Insurance Claims and Indemnities	8,000
Total	\$ 45,781,748

Some goods and services are received from other federal entities at no cost or at a cost less than the full cost to the providing federal entity. Certain costs of the providing federal entity that are not fully reimbursed by the DNFSB are recognized as imputed cost within the *Statement of Net Cost* and are offset by imputed financing within the *Statement of Changes in Net Position*. The Imputed Costs and Financing Sources for the fiscal year ended September 30, 2025, totaled \$2,471,850. These imputed costs primarily cover business-type activities, employee benefit costs funded by the Office of Personnel Management, office space usage within other federal entities, and legal claims settled from the U.S. Treasury Judgement Fund.

NOTE 11 – NET ADJUSTMENTS TO UNOBLIGATED BALANCE BROUGHT FORWARD, OCTOBER 1

During the fiscal year ended September 30, 2025, adjustments were made to the balance of unobligated budgetary resources available as of October 1, 2024. These adjustments include recoveries. Recoveries are funds that are being returned to prior year accounts as a result of deobligations, overpayments, or other reasons. The adjustments for the fiscal year ended September 30, 2025, as a result of recoveries, are presented below:

	2025
Unobligated Balance brought forward, October 1	\$ 7,680,154
Adjustments made during the current year:	
Recoveries of prior year unpaid obligations	958,290
Recoveries of prior year paid obligations	1,753
Balance withdrawn to Treasury (canceling fund – at year end)	(423,638)
Unobligated Balance from prior year Budget Authority, net	\$ 8,216,559

NOTE 12 – UNDELIVERED ORDERS AT THE END OF THE PERIOD

Undelivered orders represent the value of goods and services ordered and obligated that have not been received. This amount includes any orders for which advance payment has been made but for which delivery or performance has not yet occurred. The amount of the DNFSB's undelivered orders as of September 30, 2025, is as follows:

	2025
Federal Undelivered Orders	\$ 257,022
Non-Federal Undelivered Orders	4,528,666
Total Federal/Non-Federal Undelivered Orders	\$ 4,785,688
Paid Undelivered Orders - Federal	\$ 36,837
Unpaid Undelivered Orders - Federal	220,185
Unpaid Undelivered Orders - Non-Federal	4,528,666
Total Paid/Unpaid Undelivered Orders	\$ 4,785,688

NOTE 13 – EXPLANATION OF DIFFERENCES BETWEEN THE STATEMENT OF BUDGETARY RESOURCES (SBR) AND THE BUDGET OF THE U.S. GOVERNMENT

There are sometimes differences between budgetary resources available, the status of those resources and outlays as presented in the Statement of Budgetary Resources and the related actual balances published in the *Budget of the United States Government*. Balances, in dollars, as reported in the FY 2024 Statement of Budgetary Resources and the related President's Budget amounts for the DNFSB reflected the following:

NOTE 13 – EXPLANATION OF DIFFERENCES BETWEEN THE SBR AND THE BUDGET OF THE U.S. GOVERNMENT (continued)

FY 2024	Budgetary Resources	New Obligations & Upward Adjustments (Total)	Net Outlays
Statement of Budgetary Resources	\$ 51,865,285	\$ 44,185,131	\$ 43,918,598
Difference 1 – Expired Unobligated Balances	(906,987)	-	-
Difference 2 - Rounding (+/-)	41,702	(185,131)	81,402
Budget of the U.S. Government	\$ 51,000,000	\$ 44,000,000	\$ 44,000,000

The differences between the Statement of Budgetary Resources and the amounts published in the Budget of the United States Government for the DNFSB activity are due to rounding as well as expired unobligated balances being reported in the Statement of Budgetary Resources but not in the Budget of the United States Government. The Budget that will include FY 2025 actual budgetary execution information is scheduled for publication in February 2026, which will be available through OMB’s website at <https://www.whitehouse.gov/omb/informationresources/budget/>. Accordingly, information required for such disclosure is not available at the time of publication of these financial statements. The Budget of the U.S. Government is rounded to millions.

NOTE 14 – RECONCILIATION OF NET COST TO NET OUTLAYS

Budgetary and financial accounting information differs. Budgetary accounting is used for planning and control purposes and relates to both the receipt and use of cash, as well as reporting the federal deficit. Financial accounting is intended to provide a picture of the government’s financial operations and financial position and presents information on an accrual basis. The accrual basis includes information about costs arising from the consumption of assets and the incurring of liabilities.

The reconciliation of net outlays, presented on a budgetary basis, and the net cost, presented on an accrual basis, provides an explanation of the relationship between budgetary and financial accounting information. The reconciliation serves not only to identify costs paid for in the past and those that will be paid in the future, but also to assure integrity between budgetary and financial accounting. The reconciliation explains the relationship between the net cost of operations and net outlays by presenting (1) components of net cost that are not part of budgetary outlays (e.g., depreciation and amortization expenses of assets previously capitalized, change in asset/liabilities, other financing sources); and (2) components of budgetary outlays that are not part of net cost (e.g., acquisition of capital assets); and (3) other temporary timing difference (e.g., prior period adjustments due to the correction of errors).

The reconciliation analysis primarily involves changes in asset and liability balances from one year to the other due to everyday operational business processes over the course of a fiscal year. The analysis below illustrates this reconciliation by listing the key differences between net cost and net outlays for the fiscal year ended September 30, 2025.

NOTE 14 – RECONCILIATION OF NET COST TO NET OUTLAYS (continued)

	FY 2025		
	Intragovernmental	Other Than Intragovernmental	Total
Net Operating Cost (Revenue) Reported on Statement of Net Cost	\$ 15,349,252	\$ 30,432,496	\$ 45,781,748
Components of Net Operating Cost not part of the Budgetary Outlays:			
Property, plant, and equipment depreciation expense	-	(65,256)	(65,256)
Increase/(Decrease) in Assets not affecting Budgetary Outlays:			
Accounts receivable, net	-	(779)	(779)
Advances and prepayments	35,020	-	35,020
(Increase)/Decrease in Liabilities not affecting Budgetary Outlays:			
Accounts payable	658,612	(242,911)	415,701
Other liabilities	(33,883)	-	(33,883)
Federal employee salary, leave, and benefits payable	-	(234,629)	(234,629)
Financing Sources:			
Imputed cost	(2,471,850)	-	(2,471,850)
Total Components of Net Operating Cost Not Part of the Budgetary Outlays	\$ (1,812,101)	\$ (543,575)	\$ (2,355,676)
Components of the Budgetary Outlays that are not part of Net Operating Cost:			
Acquisition of capital assets	-	275,730	275,730
Total Components of the Budgetary Outlays that are not part of Net Operating Cost	-	275,730	275,730
Total Net Outlays (Calculated Total)	\$ 13,537,151	\$ 30,164,651	\$ 43,701,802
Budgetary Agency Outlays, Net (SBR 4210)			\$ 43,701,802

NOTE 15 – Subsequent Events

The DNFSB is reporting a non-recognized subsequent event pertaining to a change in leadership. A non-recognized subsequent event is an event that relates to conditions existing after the DNFSB's Balance Sheet date as of September 30, 2025, that generally requires footnote disclosure, but rarely requires an adjustment to the DNFSB's financial statements.

On October 18, 2025, Acting Chairman Thomas A. Summers concluded his service with the Board upon the completion of his second term as Board Member and pursuant to statutory requirements outlined in the Atomic Energy Act of 1954. Upon his departure, the Board continues to operate below the quorum threshold required to take certain formal actions under its enabling statute. However, to ensure the continuity of operations, Mr. Summers delegated limited authorities to designated senior officials, including the authority to issue reporting requirements to DOE. The DNFSB's highly qualified technical staff will continue to perform independent safety oversight at DOE defense nuclear facilities across the nation. The DNFSB looks forward to the timely nomination and confirmation of new board members during FY 2026 to restore quorum and continue advancing the agency's essential mission. This change in leadership does not impact the balances within the financial statements.

Other than the change in leadership, the DNFSB is not aware of any events or transactions that have occurred subsequent to the balance sheet date, but prior to the issuance of the financial statements, that have or could have a material effect on the financial statements. Therefore, no additional adjustments or disclosures are required in the statements.



OTHER INFORMATION SECTION

Summary of Financial Statement Audit and Management Assurances

Table 1. Summary of Financial Statement Audit

Audit Opinion	Unmodified				
Restatement	No				
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Ending Balance
N/A	0	0	N/A	N/A	0

Table 2. Summary of Management Assurances¹

Effectiveness of Internal Control over Financial Reporting (FMFIA § 2)					
Audit Opinion	Unmodified				
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Ending Balance
N/A	0	0	N/A	N/A	0
Effectiveness of Internal Control over Operations (FMFIA § 2)					
Statement of Assurance	Unmodified				
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Ending Balance
N/A	0	0	N/A	N/A	0
Conformance with Federal Financial Management System Requirements (FMFIA § 4)					
Statement of Assurance	N/A				
Non-Conformances	Beginning Balance	New	Resolved	Consolidated	Ending Balance
N/A					
Compliance with Section 803(a) of the Federal Financial Management Improvement Act (FFMIA)					
	Agency		Auditor		
1. Federal Financial Management System Requirements	N/A		N/A		
2. Applicable Federal Accounting Standards	N/A		N/A		
3. USSGL on Transaction Level	N/A		N/A		

Definition of Terms related to Table 1 and Table 2 above:

Beginning Balance: The beginning balance must agree with the ending balance from the prior year.

New: The total number of material weaknesses/non-conformances identified during the current year.

Resolved: The total number of material weaknesses/non-conformances that dropped below the level of materiality in the current year.

Consolidated: The combining of two or more findings.

Ending Balance: The year-end balance that will be the beginning balance next year.

N/A: Not Applicable.

¹ The DNFSB does not provide a management assurance related to the FFMIA § 4 or Section 803(a) of the FFMIA as it obtains accounting services from federal Shared Service Providers (SSPs) and thus does not operate a financial management system. SSPs issue a System and Organization Controls (SOC) or SOC 1 Type 2 report on an annual basis. The results of these FY 2025 SOC reports are detailed in the “Financial Management Systems Strategy and Framework” section within the MD&A Section. Other Information Section

Inspector General's FY 2025 Assessment of Management and Performance Challenges

November 19, 2025

OIG-DNFSB-26-M-01



The Inspector General's Assessment of the Most Serious Management and Performance Challenges Facing the Defense Nuclear Facilities Safety Board in Fiscal Year 2026

All publicly available OIG Reports are accessible through the OIG's website:
nrcoig.oversight.gov

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Find this document on our website:
nrcoig.oversight.gov

From the Inspector General...

On behalf of the Office of the Inspector General, U.S. Nuclear Regulatory Commission (NRC) and Defense Nuclear Facilities Safety Board (DNFSB), it is my pleasure to present our assessment of the most significant management and performance challenges facing the DNFSB in Fiscal Year 2026.



Pursuant to the Consolidated Appropriations Act for Fiscal Year 2014 (Public Law 113-76), the Inspector General of the NRC is assigned to also serve as the DNFSB's Inspector General. The Reports Consolidation Act of 2000 (Public Law 106-531) requires the Office of the Inspector General (OIG) to summarize what it considers to be the most serious management and performance challenges facing the DNFSB every year. The Act also requires the OIG to briefly assess the agency's progress in addressing those challenges.

The challenges summarized herein are not listed in order of priority, nor do they necessarily indicate problems within the agency; rather, they should be considered as areas of focus for the DNFSB's management and staff. DNFSB leaders provided their own assessment of the key challenges facing the agency in its response to the OIG's request for input in these areas. We considered their input and independently identified the following two clear, specific, and actionable challenges that require the DNFSB's continued attention:

1. Maintaining Organizational Health and Managing Resources to Address Critical Risks; and,
2. Continuing to Prioritize the DNFSB's Focus on Technical Oversight and Reviews.

By addressing these challenges, the DNFSB will strengthen its mission execution, achieve its strategic goals, and maintain a high standard of accountability for its resources. We have included in this report some of the work the DNFSB accomplished or plans to complete during Fiscal Year 2026 for each challenge.

Robert J. Feitel

Inspector General

Challenge #1: Maintaining Organizational Health and Managing Resources to Address Critical Risks

Under the Atomic Energy Act of 1954, 42 U.S.C. 2286 et seq., the Board is intended to be composed of five nuclear safety experts with demonstrated competence and knowledge relevant to its independent investigative and oversight functions. However, the Board has not been fully staffed since before the COVID-19 Public Health Emergency. In January 2025, former Chair Joyce Connery retired, leaving the Board with only two members and unable to meet its quorum requirements (minimum of three members). Further, the Acting Chair's term expired in October 2025, and no nominations for additional members have been formally submitted to the Senate for consideration at this time. The absence of a quorum hinders the Board's ability to exercise its full authority.

To perform mission functions, DNFSB members and the agency's technical staff rely on DNFSB corporate support services such as contract and human resources support, financial reporting, and information technology services. These services enable DNFSB staff to complete mission-critical work more efficiently and effectively. For example, information security services help the DNFSB balance information safeguards with the access needs of legitimate users. Information security services also enable the agency to address cybersecurity threats, which are constantly evolving as criminals and foreign intelligence organizations develop new methods of attack. Additionally, these services help the DNFSB identify insiders with privileged access to agency information who could maliciously or unintentionally compromise the security of DNFSB facilities and information systems. Previous OIG assessments identified opportunities for the DNFSB to improve its information system security services, as well as its contract management, network security, and other support services.

Ongoing and Completed Actions

- The DNFSB continues taking actions to fulfill its critical mission of while awaiting the appointment of additional Board members.
- The DNFSB continues to make progress addressing OIG recommendations from past Federal Information Security Modernization Act audit reports and is in the process of implementing an Enterprise Risk Management Program to examine risk strategically from the perspective of the entire organization.
- The DNFSB defined an Information Security Architecture in accordance with the Federal Enterprise Architecture Framework and incorporated it into the agency's Enterprise Architecture in December 2024.

Challenge #2: Continuing to Prioritize the DNFSB's Focus on Technical Oversight and Reviews

Complex operations critical to national defense include the assembly and disassembly of nuclear weapons, the fabrication of plutonium pits and weapon secondary assemblies, the production and recycling of tritium, nuclear criticality experiments, and experiments to characterize special nuclear materials under extreme conditions. DNFSB technical staff evaluate safety at Department of Energy (DOE) facilities, where they must analyze many unique processes and hazards.

The Board's key technical program challenges include:

- Ensuring that operations are conducted in a manner that is accountable and transparent and directing the Board's resources toward oversight of the most significant potential safety risks in the DOE's defense nuclear complex;
- Maintaining open and effective communication with the DOE that enables problem-solving through mutual understanding of safety issues that require action, as well as factors that may constrain action to address safety issues;
- Ensuring that DNFSB staff at both headquarters and DOE facilities have well-defined guidance for the oversight function; and,
- Ensuring that internal controls are fully understood and implemented.

Ongoing and Completed Actions

- The DNFSB continues its review of the Savannah River Site Tritium Emergency Preparedness Program. The DNFSB has had a long-standing focus on the emergency preparedness program at the Savannah River Site, particularly the site's response to an accident at the Tritium Facilities that posed unique and significant hazards to the workforce.
- In March 2025, the DNFSB transmitted a letter to the Secretary of Energy regarding the implementation of DOE Order 210.2, *DOE Corporate Operating Experience Program*. This order established a comprehensive operating experience program designed to ensure the identification, evaluation, and incorporation of lessons learned from internal and external issues. The Board's review identified significant gaps in the coverage of operating experience related to nuclear safety.
- Also in March 2025, the DNFSB transmitted a letter to the DOE regarding the review of three nuclear critical safety programs within the DOE complex and identified areas for improvement to enhance safety. Key findings included contractor workforce retention issues, which have impacted implementation of critical safety controls, and the need for stronger requirements and guidance to support a less-experienced contractor workforce.
- In October 2024, the DNFSB completed a review of the maintenance program at the Waste Treatment and Immobilization Plant's Low Activity Waste Facility at the Hanford Site.

Reporting to the OIG

The OIG Hotline Program provides NRC and DNFSB employees, other government employees, licensee/utility employees, contractors, and the public with a confidential means of reporting suspicious activity concerning fraud, waste, abuse, and employee or management misconduct. Mismanagement of agency programs or danger to public health and safety may also be reported. The OIG does not attempt to identify persons who contact the Hotline anonymously.

What should be reported to the OIG?

- Contract and Procurement Irregularities
- Conflicts of Interest
- Theft and Misuse of Property
- Travel Fraud
- Misconduct
- Abuse of Authority
- Misuse of Government Credit Card
- Time and Attendance Abuse
- Misuse of IT Resources
- Program Mismanagement

How do I report to the OIG?



Call the OIG Hotline:

1-800-233-3497
TTY/TDD: 7-1-1, or
1-800-201-7165
 7:00 a.m. – 4:00 p.m. (ET)
 After hours, please leave a message.



Submit an [Online Form](#)



Write:

U.S. Nuclear Regulatory Commission
 Office of the Inspector General
 Hotline Program
 MS O12-A12
 11555 Rockville Pike
 Rockville, Maryland 20852-2738

If you wish to provide comments on this report or suggestions for future reports, please email the OIG at audit.comments@nrc.gov.

Notice to Non-Governmental Organizations and Business Entities Specifically Mentioned in this Report

Section 5274 of the James M. Inhofe National Defense Authorization Act for Fiscal Year 2023, Pub. L. No. 117-263, amended the Inspector General Act of 1978 to require OIGs to notify certain entities of OIG reports. In particular, section 5274 requires that, if an OIG specifically identifies any non-governmental organization (NGO) or business entity (BE) in an audit or other non-investigative report, the OIG must notify the NGO or BE that it has 30 days from the date of the report's publication to review the report and, if it chooses, submit a written response that clarifies or provides additional context for each instance within the report in which the NGO or BE is specifically identified.

If you are an NGO or BE that has been specifically identified in this report and you believe you have not been otherwise notified of the report's availability, please be aware that under section 5274 such an NGO or BE may provide a written response to this report no later than 30 days from the report's publication date. Any response you provide will be appended to the published report as it appears on our public website, assuming your response is within the scope of section 5274. Please note, however, that the OIG may decline to append to the report any response, or portion of a response, that goes beyond the scope of the response provided for by section 5274. Additionally, the OIG will review each response to determine whether it should be redacted in accordance with applicable laws, rules, and policies before we post the response to our public website. Please send any response via email using this [link](#). Questions regarding the opportunity to respond should also be directed to this same address.

Payment Integrity Information Act Reporting

The *Payment Integrity Information Act* (PIIA) of 2019 (Public Law 116-117) requires agencies to periodically review all programs and activities to identify those susceptible to significant improper payments. These reviews are called risk assessments and must be conducted at least once every three years. Every year, each agency Inspector General reviews relevant improper payments and unknown payments reporting and records pertaining to the programs within an agency to determine whether the agency complies with PIIA and OMB guidance.

Appendix C to OMB Circular A-123 requires that agencies assess all programs with annual outlays greater than \$10.0 million for improper payment risk at least once every three years. The DNFSB conducts these periodic reviews of all programs and activities to identify those that may be susceptible to improper payments. In FY 2023, the DNFSB performed a risk assessment of outlays exceeding \$10 million. The next risk assessment is scheduled to be performed in FY 2026. Based on OMB guidance M-21-19, annual improper payments, or unknown payments above \$10 million and 1.5 percent of the program's total annual outlays are considered to be above the statutory threshold. Based on the DNFSB's assessment, the overall DNFSB risk score is low (below the statutory threshold), and is deemed not susceptible to improper payments. Comprehensive risk assessments are not required for any DNFSB programs. Throughout the year, the DNFSB maintains payment integrity by executing internal controls over each payment to mitigate any risk of improper payment and to prevent fraud, waste, and abuse.

In FY 2025, the Inspector General reviewed the DNFSB's PIIA program, and concluded the DNFSB is compliant with all the applicable OMB Compliance Requirements. The results of the *Performance Audit of the Defense Nuclear Facilities Safety Board's Compliance with the Payment Integrity Information Act of 2019 for Fiscal Year 2024* can be found here: <https://nrcoig.oversight.gov/reports/audit/performance-audit-defense-nuclear-facilities-safety-boards-compliance-requirements>

Detailed information on improper payments and prior year information reported can be found on the Payment Accuracy website: <https://www.paymentaccuracy.gov/>



Acronyms and Abbreviations Glossary

U.S. Laws and Regulations

ADA	Anti-Deficiency Act
ATDA	The Accountability of Tax Dollars Act of 2002
DATA Act	Digital Accountability and Transparency Act
FASAB	Federal Accounting Standards Advisory Board
FFMIA	Federal Financial Management Improvement Act
FICA	Federal Insurance Contributions Act
FISMA	Federal Information Security Modernization Act
FMFIA	Federal Managers' Financial Integrity Act
GAAP	Generally Accepted Accounting Principles
GMRA	Government Management Reform Act
GPRA	Government Performance and Results Act
PIIA	Payment Integrity Information Act
SFFAS	Statement of Federal Financial Accounting Standards
U.S.C.	United States Code

The DNFSB Divisions, Offices and Sites

DNFSB or Board	Defense Nuclear Facilities Safety Board
INL	Idaho National Laboratory
LANL	Los Alamos National Laboratory
LLNL	Lawrence Livermore National Laboratory
NNSS	Nevada National Security Site
OEDO	Office of the Executive Director of Operations
SNL	Sandia National Laboratories
SRS	Savannah River Site
WIPP	Waste Isolation Pilot Plant
Y-12	Y-12 East Tennessee National Security Complex

Federal Agencies and Other Organizations

DOE	Department of Energy
DOI	Department of Interior
GSA	General Services Administration
NIST	National Institute of Standards and Technology
NNSA	National Nuclear Security Administration
OMB	Office of Management and Budget
OPM	Office of Personnel Management
U.S. Treasury or Treasury	United States Department of the Treasury

Other Abbreviations and Industry Terms

AFR	Agency Financial Report
APP	Agency Performance Plan
APR	Annual Performance Report
CFO Act	Chief Financial Officer's Act
CSRS	Civil Service Retirement System
DPO	Differing Professional Opinion
EDO	Executive Director of Operations
EEO	Equal Employment Opportunity
ERM	Enterprise Risk Management
ERP	Enterprise Resource Planning
FBwT	Fund Balance with Treasury
FERS	Federal Employees Retirement System
FPPS	Federal Personnel and Payroll System
FTE	Full Time Equivalents
FY	Fiscal Year
HR	Human Resources
IBC	Interior Business Center
IT	Information Technology
MD&A	Management's Discussion and Analysis
OFFS	Oracle Federal Financial Systems
PAR	Performance and Accountability Report
PP&E	Property, Plant, and Equipment
SBR	Statement of Budgetary Resources
SES	Senior Executive Service
SOC	System and Organization Controls
SSP	Shared Service Provider
TSP	Thrift Savings Plan
USSGL	U.S. Standard General Ledger

This is the end of the report.



DNFSB



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