MEMORANDUM FOR THE UNDER SECRETARY FOR SCIENCE

FROM: Michelle Anderson
Deputy Inspector General
for Audits and Inspections
Office of Inspector General

SUBJECT: INFORMATION: Inspection Report on “Allegations Regarding Multiple Department Employees Inappropriately Receiving Gifts”

BACKGROUND

The mission of the Department of Energy’s Office of Environmental Management (Environmental Management) is to address the Nation’s Cold War environmental legacy resulting from five decades of nuclear weapons production and Government-sponsored nuclear energy research. Within Environmental Management, the Los Alamos Field Office is tasked to safely and efficiently complete the cleanup of legacy contamination and waste resulting from nuclear weapons development and research at Los Alamos National Laboratory (Los Alamos). To help accomplish its cleanup mission, Environmental Management issues grants to non-Federal entities. Environmental Management’s Consolidated Business Center is responsible for awarding and overseeing Environmental Management grants.

On September 30, 2015, Environmental Management’s Consolidated Business Center awarded the Regional Coalition of LANL [Los Alamos National Laboratory] Communities (RCLC) a 5-year, $500,000 grant. Environmental Management’s Consolidated Business Center provided grant funds to RCLC to promote environmental protection, economic development, and regional planning, and to allow RCLC to evaluate policy initiatives and legislative impacts on its members. The grant was structured to provide five annual disbursements of $100,000 each. To date, RCLC has received $300,000 of the Federal grant funds. RCLC is comprised of elected and Tribal officials from various localities around Los Alamos. In addition to the Environmental Management grant, RCLC received approximately $97,000 per year from localities in and around Los Alamos since July 1, 2014.¹

The Office of Inspector General received a Hotline complaint concerning alleged ethics violations by multiple Department employees, including three specific Department officials. The complaint stated that Department employees misused their positions by accepting meals on

¹ State of New Mexico, Office of the State Auditor, Regional Coalition of LANL Communities Special Audit for the Period of July 1, 2014, through June 30, 2018, August 7, 2018.
August 8, 2017, August 11, 2017, and September 12, 2017, and by attending a sporting event on September 12, 2017, with tickets purchased by RCLC, a Department grant recipient. We initiated this inspection to determine the facts and circumstances surrounding the allegations.

RESULTS OF INSPECTION

We found no evidence to substantiate the allegations that Department employees inappropriately accepted meals and sporting event tickets purchased by RCLC. During the course of our inspection, two local Los Alamos Site Office employees admitted to accepting food while at a luncheon with the former Executive Director for RCLC and stated that the meal they received was valued at less than $20. According to Title 5, Code of Federal Regulations, Standards of Ethical Conduct for Employees of the Executive Branch, Part 2635, Subpart B – Gifts from Outside Sources, Section 2635.204, Exceptions to the Prohibition for Acceptance of Certain Gifts, an employee may accept unsolicited gifts having an aggregate market value of $20 or less per source, per occasion, provided that the aggregate market value of individual gifts received from any one person did not exceed $50 in a calendar year. There was no evidence that these two employees accepted other gifts that would aggregate to the $50 limit.

All other Department employees we interviewed during our inspection stated that they had not accepted any gifts from the former RCLC Executive Director, and if they did attend events where meals were involved, they reimbursed the former RCLC Executive Director for the cost of their meals, in cash, at the time the event took place. Because of the cash nature of the transactions, there was no documentation to show reimbursement; however, we obtained statements under oath from the Department employees and obtained a statement from the former RCLC Executive Director corroborating the fact that the employees paid cash for their meals. Additionally, our review of travel and email records did not identify any information to contradict these statements. As such, we found no evidence to substantiate the allegations that Department employees inappropriately accepted meals or sporting event tickets purchased by RCLC.

Because the allegations were not substantiated, we have no recommendations or suggested actions. However, when reviewing the RCLC grant funding information provided by the Department, we did identify potential concerns regarding the Department’s oversight and management of the grant awarded to RCLC. A separate inspection is in process to assess the use of grant funds by RCLC.

Attachment

c: Deputy Secretary
   Chief of Staff
   Principal Deputy Assistant Secretary for Environmental Management
OBJECTIVE, SCOPE, AND METHODOLOGY

OBJECTIVE

The Office of Inspector General received a Hotline complaint concerning alleged ethics violations by multiple Department of Energy employees, including three specific Department officials. The complaint alleged that Department employees misused their positions by accepting meals on August 8, 2017, August 11, 2017, and September 12, 2017, and by attending a sporting event on September 12, 2017, with tickets purchased by Regional Coalition of LANL [Los Alamos National Laboratory] Communities, a Department grant recipient. We initiated this inspection to determine the facts and circumstances surrounding the allegations.

SCOPE

The inspection was conducted at the Office of Environmental Management’s Headquarters office located in the James V. Forrestal Building in Washington, DC and the Los Alamos Site Office, located in Los Alamos, New Mexico. The inspection was performed from April 2018 to February 2019 and focused on the circumstances surrounding the allegations against Department officials at Headquarters and the Los Alamos National Laboratory who allegedly accepted meals and sporting event tickets purchased by Regional Coalition of LANL Communities during the period of August 2017 to February 2018. This inspection was conducted under Office of Inspector General project number S18IS006.

METHODOLOGY

To accomplish our objective, we:

- Reviewed relevant Federal laws and regulations and Department policies and procedures related to ethical conduct;
- Coordinated with and conducted an interview with the Department’s Designated Agency Ethics Official;
- Conducted interviews with key personnel and obtained under oath statements;
- Reviewed and analyzed travel documentation for subjects of the review;
- Reviewed Regional Coalition of LANL Communities grant funding information provided by the Department;
- Reviewed ethics training requirements;
- Reviewed ethics training material and training records for subjects of the review;
- Coordinated with external audit entities;
• Reviewed the results of prior relevant reports conducted internally and externally to the Department;

• Reviewed the results of related State Audit and Los Alamos County Finance Audit; and

• Reviewed emails of selected Federal employees.

We conducted this allegation-based inspection in accordance with the Council of the Inspectors General on Integrity and Efficiency’s *Quality Standards for Inspection and Evaluation*. Those standards require that we plan and perform the inspection to obtain sufficient and appropriate evidence to provide a reasonable basis for our conclusions and observations based on our inspection objective. We believe that the evidence obtained provided a reasonable basis for conclusions based on our inspection objective. Accordingly, the inspection included tests of controls and compliance with laws and regulations to the extent necessary to satisfy the inspection objective. Because our review was limited, it would not necessarily have disclosed all internal control deficiencies that may have existed at the time of our inspection. Finally, we did not rely on computer-based data to satisfy our objective.

FEEDBACK

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Office of Inspector General (IG-12)  
Department of Energy  
Washington, DC 20585

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