



U.S. Department of Energy
Office of Inspector General
Office of Audits and Inspections

Inspection Report


Alleged Nepotism and Wasteful
Spending in the Office of Energy
Efficiency and Renewable Energy



Department of Energy
Washington, DC 20585

June 6, 2013

MEMORANDUM FOR THE SECRETARY

FROM: 
Gregory H. Friedman
Inspector General

SUBJECT: INFORMATION: Inspection Report on "Alleged Nepotism and Wasteful Spending in the Office of Energy Efficiency and Renewable Energy"

INTRODUCTION AND OBJECTIVE

The Department of Energy (Department) administers various hiring programs designed to generate a pipeline of talent to replenish its workforce and to maintain overall workforce vitality. One of those programs is the Student Temporary Employment Program (STEP), which provides opportunities for students in high school and college to gain work experience, while enhancing their awareness of the Department's mission and functions. In order to streamline the hiring process, STEP appointments are exempted from the usual competitive selection examining procedures; however, this streamlined process does not negate the responsibility for ensuring a fair and open competitive process during the selection of STEP participants. The Department's Office of the Chief Human Capital Officer (Human Capital) has primary oversight of the Department's hiring processes, including STEP. While Human Capital provides various hiring related services to a number of program offices, selection authority is vested in individual program offices.

Title 5 U.S. Code, Section 3110 (b), *Employment of Relative Restrictions*, and Section 2302 (b), *Prohibited Personnel Practices*, indicates, in part, that a public official may not appoint, employ, or advocate for the appointment or employment of a relative in the agency in which the public official is serving. Furthermore, Title 5 Code of Federal Regulations (CFR), Section 2635.702, Subpart G, *Misuse of Position*, states, in part, that employees shall not use their public office for the private gain of relatives. Additionally, Subpart E of Title 5 CFR, Section 2635.501, *Impartiality in Performing Official Duties*, states, in part, that an employee should not participate in a particular matter known to affect the financial interest of a member of the employee's household. Recently, the Office of Inspector General (OIG) received allegations that a senior Office of Energy Efficiency and Renewable Energy (EERE) official had violated these regulations by: (1) engaging in nepotism by advocating for his three children to obtain STEP employment at the Department; and (2) wasting funds by enrolling two of the three children in costly training courses unrelated to their duties as STEP interns. We initiated the inspection to examine the facts and circumstances surrounding the allegations.

RESULTS OF INSPECTION

Our inspection substantiated the allegation that the senior EERE official was actively involved in securing STEP intern appointments at the Department for his three college-aged children. The

allegation related to enrolling his children in inappropriate training was not substantiated. We determined that the senior EERE official:

- Contacted a number of Department officials within various program offices to inquire about STEP intern opportunities for his children. In some instances, the senior EERE official spoke with program officials regarding his children's qualifications and/or provided them with resumes for his children.
- In one instance, the senior EERE official contacted officials within the Office of the Chief Information Officer a number of times to follow up on his inquiries regarding STEP employment for one of his children. In this example, the contacted program office decided to reverse its previously announced decision to not hire interns during Fiscal Year (FY) 2012 and subsequently hired one of the senior EERE official's children as a STEP intern.

All three of the senior EERE official's children were hired by Department program offices as STEP interns during FY 2012. Two of the official's three children worked for EERE. The senior EERE official told us that he did not believe there was any wrongdoing on his part. He indicated that based on his personal observations, the practice of employees providing resumes and/or inquiring about employment for a STEP position on behalf of relatives was common. He also indicated that he had previously sought advice from an EERE Human Resources official regarding employment of his children and was told that there was not a concern if the children did not work under the relative's direct supervision.

In addition, the two officials that made hiring selections for the senior EERE official's children ultimately told us that they did not feel pressured by the official inquiring about STEP opportunities for his children. Those same officials also indicated that they believed it was a common practice for individuals to provide resumes or to inquire with various program offices in an effort to secure STEP intern employment opportunities for relatives. These officials stated that they did not believe there was a violation of nepotism rules or other personnel prohibited practices such as misuse of position unless the STEP intern reported directly to their relative.

During the interview, the senior EERE official stated that he recalled contacting four officials from various program offices to inquire about STEP employment for his children. Through an examination of the official's email records and interviews with various program officials, we discovered that the official made contact with a total of 12 officials (See Appendix 1). Notably, 1 of the 12 individuals contacted was a high level official in Human Capital.

Although various officials told us that they believed solicitation for STEP opportunities on behalf of relatives had become a common practice, various sources within the Department established that such activities were problematic. For example, the Department provided employees with annual computer-based and/or in-person ethics training that outlined prohibitions against attempts to influence decisions that could result in personal gain. We also noted that the Department had taken action to provide ethics information through the use of broadcast emails on the same subject. For example, in March 2009, a broadcast email, *Ethics in Brief-Nepotism*, cautioned employees regarding possible nepotism violations, and provided examples addressing the appropriate role for a Federal employee in supporting a relative's employment. While we

acknowledge that the senior EERE official was not employed by the Department when this particular bulletin was issued, other officials involved with the activities in question were employed by the Department at that time. Additionally, a March 2010 broadcast email cautioned employees against *Misuse of Position*, specifically noting that "...employees shall not use their government position, title or authority in a manner intended to induce another to provide benefit to...relatives or affiliated persons."

Nepotism or even its appearance can have a decidedly negative impact on morale within an organization. As is readily apparent, providing inappropriate advantages for relatives of Federal employees damages the integrity of the competitive process and erodes public trust in the Federal hiring process. The impact is likely severe, especially when considering the intense competition for STEP intern positions within the Department. In fact, over 750 applications were received from public sources just for the organizations directly serviced by Human Capital for the FY 2012 STEP process.

On a positive note, Department officials told us that they are taking action to reform the student intern hiring process. In December 2010, the President signed Executive Order 13562, *Recruiting and Hiring Students and Recent Graduates*, known as the Pathways Program. The Pathways Program replaced STEP and several other Federal intern programs. In May 2012, the final rule for the Pathways Program was published by the U.S. Office of Personnel Management. Human Capital officials told us that the Pathways Program creates an opportunity to eliminate concerns on the selection process, as all applicants will be required to apply to open job announcements to be considered for hiring.

While implementation of the Pathways Program may be a positive step, it was not entirely clear that such programs alone will end the pattern of advocating for the hiring of employees' relatives. Despite the Department's ethics program and information regarding prohibited personnel practices, advocating for the selection of relatives appears to have become an open and widely accepted Departmental practice. As such, we made several recommendations designed to address the issues described in our report and strengthen internal controls over certain hiring process within the Department.

OTHER MATTERS

During the course of our inspection, additional information came to our attention regarding the employment of other senior officials' relatives as STEP interns. These issues could indicate that the problems we observed were not limited to the senior EERE official or the actions we specifically reviewed. We referred these matters to both the Department's Chief Human Capital Officer and the General Counsel.

We also received information that a member of the OIG had communicated with Department officials regarding employment for his child. We consider this matter to be serious. Administrative action is in process.

MANAGEMENT COMMENTS

Management concurred with the recommendations in the report. Specifically, the Assistant Secretary for Energy Efficiency and Renewable Energy, in coordination with the General Counsel and the Chief Human Capital Officer, agreed to review information gathered by the OIG, as well as other information regarding the circumstances leading to the selection of the senior official's children. Their findings will be the basis for appropriate corrective action. Counsel and the Chief Human Capital Officer, agreed to review information gathered by the OIG, as well as other information regarding the circumstances leading to the selection of the senior official's children. Their findings will be the basis for appropriate corrective action.

Additionally, the Office of the General Counsel (OGC) and Human Capital personnel will conduct an initial review of the circumstances leading to the appointment of relatives of certain Department employees and inform the respective program offices if circumstances indicate potentially inappropriate appointments were made. The Department indicated that a number of other actions either had been or will be initiated, in response to our draft report. The OGC sent a broadcast message to all employees explaining the various statutes and regulations that prohibit a Federal employee from using his or her official position to secure employment for relatives. The OGC will place additional emphasis on these matters during the 2013 annual ethics training provided to senior executives and other senior employees. Human Capital will also place greater emphasis on these topics in the ethics training routinely provided to new supervisors. Further, Human Capital will issue guidance to all Directors of Human Resources Offices in the Department to specifically examine the answers to eligibility questions on all Departmental USAJobs applications. If a family member is identified as being employed with the Department, the Human Resources Office will verify that the family member has not been involved with or influenced the hiring processes. Additionally, Human Capital will work with the contractor for the Department's front-end hiring management system to include language that specially defines "family" in the eligibility questions, to ensure consistency with the definition of that term in Title 5 CFR, Section 3110.

Finally, the Chief Human Capital Officer has established a workgroup which was instrumental in developing the Desktop Reference on Career Pathways. The Desktop Reference contains citations and references reminding Human Resources professionals, hiring managers and supervisors, of the Merit System Principles, Prohibited Personnel Practices, Nepotism, Impartiality, and other ethics rules. The Chief Human Capital Officer offered a draft copy of the Desktop Reference for comment to both the servicing Human Resources offices and the Pathways Coordinators. The Desktop Reference will also be submitted to the OGC for final review.

The comments provided by EERE, OGC and Human Capital are attached in their entirety in Appendix 4.

Attachment

cc: Deputy Secretary
Acting Chief of Staff
Assistant Secretary for Energy Efficiency and Renewable Energy
General Counsel
Chief Human Capital Officer

**REPORT ON ALLEGED NEPOTISM AND WASTEFUL SPENDING IN
THE OFFICE OF ENERGY EFFICIENCY AND RENEWABLE ENERGY**

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ALLEGED NEPOTISM AND WASTEFUL SPENDING IN THE OFFICE OF ENERGY EFFICIENCY AND RENEWABLE ENERGY

Student Temporary Employment Program

Consistent with the allegations, our inspection revealed that a senior Office of Energy Efficiency and Renewable Energy (EERE) official was actively involved in securing Student Temporary Employment Program (STEP) opportunities for his three college-age children during the summer of 2012. The allegation related to enrolling his children in costly training courses unrelated to their STEP intern duties was not substantiated.

The STEP provides opportunities for students in high school and college to gain work experience, while enhancing their awareness of the Department's mission and functions. The Department's Guide on the *Federal Intern Program* established requirements for administering STEP. In order to streamline the hiring process, STEP appointments are exempted from the usual competitive selection examining procedures; however, this streamlined process does not negate the responsibility for ensuring a fair and open competitive process during the selection of STEP participants. Despite the exemption, the Department's Office of the Chief Human Capital Officer (Human Capital) recommended that Department program offices follow a fair and open competitive process in the selection of STEP participants.

Human Capital officials informed us that the hiring process for STEP interns included posting a vacancy announcement on *USAjobs.gov* (from January to February 2012), announcing STEP opportunities to program offices, and providing instructions to program offices to assist with requesting a referral list from Human Capital. We were also told that program offices could consider applicants from other targeted recruitment efforts, such as job fairs at local colleges. We noted that during the spring of 2012, Human Capital received over 750 applications for STEP. Our review revealed that EERE selected 27 STEP interns for the summer of Fiscal Year (FY) 2012; 6 of the 27 STEP interns had relatives working in EERE.

STEP Intern Selections

A number of Federal statutes and regulations prohibit employees from securing positions for their relatives. The nepotism statute, Title 5 U.S. Code, Section 3110 (b), *Employment of Relative Restrictions*, and Section 2302 (b), *Prohibited Personnel Practices*, indicates, in part, that a public official may not appoint, employ, or advocate for the appointment or employment of a relative in the agency in which the individual is serving. Furthermore, Title 5 Code of Federal Regulations (CFR), Section 2635.702 Subpart G, *Misuse of Position*, states, in part, that employees shall not use their public office for the private gain of relatives. Additionally, Subpart E of Title 5 CFR, Section 2635.501, *Impartiality in Performing Official Duties*, states, in part, that an employee should not participate in a particular matter known to affect the financial interest of a member of the employee's household.

Contrary to these regulations, we determined that a senior EERE official contacted 12 Department officials from 7 different program offices to inquire about STEP intern employment for his children. During an interview with the senior EERE official, he stated that he recalled

contacting four officials from various program offices to inquire about STEP employment for his children. Through an examination of the official's email records and interviews with various program officials, we discovered that the official made contact with a total of 12 officials (See Appendix 1). For example, during the spring of 2012, the senior EERE official contacted:

- A high level Human Capital official and asked to be contacted regarding summer interns.
- A senior official in the Office of the Chief Information Officer a number of times to follow up on his inquiries regarding STEP employment for one of his children. In this example, the contacted program office decided to reverse its previously announced decision to not hire interns during FY 2012 and subsequently hired one of the senior EERE official's children as a STEP intern.
- An EERE official with hiring authority over STEP interns and inquired about STEP opportunities for one of his children. That EERE official, subordinate to the senior EERE official in terms of grade but not in the senior EERE official's direct reporting chain, subsequently hired two of the senior EERE official's children as STEP interns to work within EERE.
- Two Office of Inspector General (OIG) senior officials regarding STEP employment opportunities for his children; however, the two officials informed us that they did not offer any employment opportunities to the senior EERE official's children. The OIG officials also indicated that the senior EERE official did not request and they did not provide any advice regarding regulatory requirements.

The senior EERE official told us that he did not believe there was any wrongdoing on his part and that based on personal observations, the practice of employees providing resumes and/or inquiring about employment for a STEP position on behalf of relatives was common. The senior EERE official also indicated that he had previously sought advice from an EERE Human Resources official regarding employment of his children and was told that there was not a concern as long as the children did not work under the relative's direct supervision. In addition, the two officials that made hiring selections for the senior EERE official's children ultimately told us that they did not feel pressured by the senior EERE official inquiring about STEP opportunities for his children. Further, these officials told us that they believed it was a common practice for individuals to provide resumes or to inquire with various program offices in an effort to secure STEP intern employment opportunities for relatives.

Although various officials told us that they believed solicitation for the STEP employment of relatives had become a common practice, information from various sources within the Department established that such activities could be inappropriate and that Department employees should have been aware of this fact. For example, the Department provided employees with annual computer-based and/or in-person ethics training that outlined prohibitions against attempting to influence decisions that could result in personal gain. We also noted that the Department had provided relevant ethics information through the use of broadcast emails on the same subject. For example, in March 2009, a broadcast email, *Ethics in Brief-Nepotism*, cautioned employees regarding possible nepotism violations, and provided examples addressing

the appropriate role for a Federal employee in supporting a relative's employment. While we acknowledge that the senior EERE official was not employed by the Department when this particular bulletin was issued, other officials involved with the activities in question were employed by the Department at that time. Additionally, a March 2010 broadcast email cautioned employees against *Misuse of Position*, specifically noting that "...employees shall not use their government position, title or authority in a manner intended to induce another to provide benefit to...relatives or affiliated persons."

Recent Hiring Practice Changes

In December 2010, the President signed Executive Order 13562, *Recruiting and Hiring Students and Recent Graduates*, known as the Pathways Programs. The Pathways Program replaced STEP and several other Federal intern programs. In May 2012, the final rule for the Pathways Program was published by the U.S. Office of Personnel Management. Human Capital officials told us that the Pathways Program creates an opportunity to eliminate concerns on the selection process, as all applicants will be required to apply to open job announcements to be considered for hiring.

While we recognize that the Department is currently implementing guidance for the Pathways Program, we are unsure as to how our concerns about solicitation and advocating for relatives would be resolved by simply implementing the Pathways Program. Despite the existing Department's ethics program and information regarding prohibited personnel practices, advocating for the selection of relatives appears to have become an open and well-known practice.

STEP Intern Training

We did not find any evidence that the senior EERE official wasted funds by enrolling his children in costly training courses unrelated to their STEP intern duties. The Department's guide on *Federal Intern Programs* allowed program offices to provide training to STEP interns as long as the training is directly related to the occupation as well as the overall mission and function of the office. During the course of interviews, an EERE official stated that STEP interns should be generally cross-trained to allow the individuals to gain an overall understanding of EERE's mission and functions.

We determined that two of the senior EERE official's children participated in *Contracting Officer Technical Representative*, a free online course. We also determined that this training was offered to other STEP interns within EERE. We further determined that one child participated in two contracting training courses — grants and cooperative agreements — at no incremental cost to the Department. We noted that these training courses were typically offered to permanent EERE Federal employees to assist with maintaining their certifications; however, we were told by EERE personnel that because courses had not been filled to capacity, the STEP interns were allowed to participate. Our review revealed that the supervisor for one child approved the training with a comment indicating that the approval was contingent upon the course not being full. In addition, we reviewed training records for the third child working in the Office of the

Chief Information Officer and determined that the child participated in three online training courses — *Cyber Security*, *Managing for Rapid Change* and *Supervisory/Non Supervisory training*. We determined that this training resulted in no additional cost to the Department. While one could question why STEP interns were provided training of this sort, we did not find the actions to be specifically prohibited.

Contributing Factors and Impact

Long standing, informal STEP hiring practices contributed to the issues we observed. Not to be ignored, however, is the senior EERE official's direct promotion of his own self-interest. Further, while the Department's Office of the General Counsel (OGC) provided computer-based and in-person ethics training, program officials we interviewed appeared to misunderstand the prohibitions of nepotism, expressing their belief that there was not a problem if the relative did not work under the direct supervision of the Department official.

Nepotism or even the appearance of nepotism in an organization can have a decidedly negative impact on employee morale. Providing inappropriate advantages for relatives of Federal employees damages the integrity of the competitive process, erodes public trust in the merit protection process, and undermines basic fairness, especially when over 750 applications were received from public sources for the 2012 summer program. The impact is likely severe, especially when considering the intense competition for STEP intern positions within the Department.

Other Matters

During the course of our inspection, additional information came to our attention that could indicate that nepotism issues were not limited to the actions of the senior EERE official we reviewed. We referred these matters to both Human Capital and OGC officials for action, as appropriate.

We also received information that a member of the OIG communicated with Department officials regarding STEP employment opportunities for his child and facilitated contact between the Department and the child. We consider this matter to be serious. Administrative action is in process.

RECOMMENDATIONS

To help prevent the recurrence of the issues we observed, we recommend that the Assistant Secretary for Energy Efficiency and Renewable Energy, in coordination with the General Counsel and the Chief Human Capital Officer:

1. Determine whether the EERE senior official violated the standards of conduct or engaged in nepotism and/or other prohibited personnel practices and take appropriate action.

Also, we recommend that the respective program office officials coordinate with the OGC, and Human Capital to:

2. Determine whether nepotism or improper preferences occurred in connection with the appointment of relatives of Department employees not specifically covered during this review and take appropriate action; and
3. Re-evaluate training materials and guidance to ensure that the Federal nepotism statute and other prohibited personnel practices are clear to Department personnel.

Further, we recommend that the Chief Human Capital Officer ensure:

4. Reviews of applicants' hiring packages are conducted to confirm that applicants disclose information regarding relatives; and
5. Department officials are trained on the newly established requirements of the Pathways Program.

MANAGEMENT COMMENTS

Management concurred with the five recommendations in the report. Specifically, with regard to Recommendation 1, the Assistant Secretary for Energy Efficiency and Renewable Energy, in coordination with the General Counsel and the Chief Human Capital Officer agreed to review information gathered by the OIG, as well as other information regarding the circumstances leading to the selection of the senior official's children. Their findings will be the basis for appropriate corrective action. EERE will act in light of the findings and their seriousness.

Regarding Recommendation 2, OGC and Human Capital personnel will conduct an initial review of the circumstances leading to the appointment of relatives of certain Department employees and inform the respective program offices if circumstances indicate potentially inappropriate appointments were made. The OGC and Human Capital will assist the program offices in determining and taking appropriate action, if warranted.

Pursuant to Recommendation 3, the OGC sent a "DOECAST" message to all employees explaining the various statutes and regulations that prohibit a Federal employee from using his or her official position to secure employment for relatives. The OGC will also place additional emphasis on these matters during the 2013 annual ethics training provided to senior executives and other senior employees. Human Capital will also place greater emphasis on these topics in the ethics training routinely provided to new supervisors.

In response to Recommendation 4, the Chief Human Capital Officer will issue guidance to all Directors of Human Resources Offices in the Department to specifically examine the answers to eligibility questions on all Departmental USAJobs applications. If a family member is identified as being employed with the Department, the Human Resources Office will verify that the family member has not been involved with or influenced the hiring processes. Additionally, Human Capital will work with the contractor for the Department's front-end hiring management system,

to include the language that specially defines "family" to ensure consistency with the definition of that term in 5 CFR, Section 3110.

Finally, in response to Recommendation 5, management advised that the Chief Human Capital Officer previously established a workgroup a year ago that was instrumental in developing the Desktop Reference on Career Pathways. The Desktop Reference contains citations and references to remind Human Resources professionals, hiring managers and supervisors of the Merit System Principles, Prohibited Personnel Practices, Nepotism, Impartiality, and other ethics rules. The Chief Human Capital Officer offered a draft copy of the Desktop Reference for comment to both the servicing Human Resources offices and the Pathways Coordinators. The Desktop Reference will also be submitted to the OGC for final review.

Management's planned actions are responsive to our recommendations.

Appendix 1

**DEPARTMENT OFFICIALS CONTACTED BY THE
SENIOR ENERGY EFFICIENCY AND RENEWABLE ENERGY OFFICIAL
REGARDING THE STUDENT TEMPORARY EMPLOYMENT PROGRAM**

<u>Date Contacted</u>	<u>Senior Official</u>	<u>Program Office</u>
April 26, 2010	Yes	Office of the Chief Financial Officer
No Date 2011	No	Office of Energy Efficiency and Renewable Energy
March 8, 2012	Yes	Office of the Chief Human Capital Officer
April 18, 2012	Yes	Office of Inspector General
April 20, 2012	Yes	Office of Environmental Management
May 7, 2012	Yes	Office of Science
May 7, 2012	Yes	Office of the Chief Information Officer
May 8, 2012	Yes	Office of Energy Efficiency and Renewable Energy
May 2012	Yes	Office of Inspector General
May 10, 2012	No	Office of Energy Efficiency and Renewable Energy
June 5, 2012	No	Office of the Chief Financial Officer
May 7- June 5, 2012	Yes	Office of the Chief Information Officer

OBJECTIVE, SCOPE AND METHODOLOGY

OBJECTIVE

The objective of this inspection was to determine the facts and circumstances surrounding the allegations. Specifically, it was alleged that a senior official within the Office of Energy Efficiency and Renewable Energy (EERE) engaged in nepotism by advocating for his three children to obtain Student Temporary Employment Program (STEP) positions at the Department and wasted funds by enrolling two of the three children in costly training courses unrelated to their duties.

SCOPE

We conducted this allegation-based inspection between August 2012 and May 2013, at Department of Energy (Department) Headquarters, Washington, DC.

METHODOLOGY

To accomplish the inspection objective, we:

- Reviewed and analyzed Federal regulations related to hiring, hiring programs and training documents;
- Interviewed Federal personnel from EERE, the Office of the Chief Information Officer, the Office of the Chief Human Capital Officer, and the Office of the General Counsel; and,
- Reviewed written statements from specific Office of Inspector General (OIG) employees regarding potential STEP employment of the EERE official's children.

In addition, during our inspection, we received information that a member of the OIG communicated with Department officials regarding employment for his child and facilitated contact between the Department and his child. We consider this matter to be serious. Administrative action is in process.

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*, January 2012. Those standards require that we plan and perform the inspection to obtain sufficient, appropriate evidence to provide a reasonable basis for our conclusions and observations based on our inspection objectives. We believe the evidence obtained provided a reasonable basis for our conclusions and observations 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. We relied on computer-processed data to some extent to satisfy our objectives. We confirmed the validity of such data as appropriate by conducting interviews and analyzing source documents.

Appendix 2 (continued)

We conducted an exit conference with EERE on May 29, 2013.

PRIOR REPORT

- Audit Report on [*Review of Allegations Regarding Hiring and Contracting in the Office of Energy Efficiency and Renewable Energy*](#) (OAS-SR-10-04, September 2010). The objective of this inspection was to determine in part whether there were improprieties in the hiring of a contract employee to a senior Federal career position, including concerns that the contract employee was pre-selected or otherwise had an unfair advantage. We concluded that the allegation related to pre-selection of an Office of Energy Efficiency and Renewable Energy senior official was substantiated. We made several recommendations designed to help improve the integrity of the hiring process.

MANAGEMENT COMMENTS

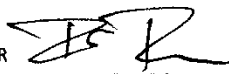


Department of Energy

Washington, DC 20585

May 22, 2013

MEMORANDUM FOR RICKEY R. HASS
DEPUTY INSPECTOR GENERAL
FOR AUDITS AND INSPECTIONS
OFFICE OF INSPECTOR GENERAL

FROM: Dr. DAVID T. DANIELSON 
ASSISTANT SECRETARY FOR
ENERGY EFFICIENCY AND RENEWABLE ENERGY

SUBJECT: Inspection Report on "Alleged Nepotism and Wasteful Spending in the
Office of Energy Efficiency and Renewable Energy"

The Offices of the Assistant Secretary for Energy Efficiency and Renewable Energy (EERE), General Counsel (OGC) and the Chief Human Capital Officer (OCHCO) have reviewed the subject draft report and has the following comments:

General Comment:

We take the allegations in this report extremely seriously and recognize that nepotism is unacceptable. In the past we have acted to prevent nepotism by providing guidance to all DOE employees and covering the nepotism prohibition and related rules during annual ethics training. We will continue to take actions to educate DOE personnel to abide by all statutory and regulatory restrictions regarding nepotism and misuse of position and we will vigorously guard against such abuses.

Recommendation 1: We recommend that the Office of Energy Efficiency and Renewable Energy, in coordination with the Office of General Counsel and the Office of the Chief Human Capital Officer determine whether the Office of Energy Efficiency and Renewable Energy senior official violated the standards of conduct or engaged in nepotism and/or other prohibited personnel practices and take appropriate action.

Management Response: Concur. Employees from the OCHCO and OGC have been assigned to review information gathered by the Office of Inspector General, as well as other information regarding the circumstances leading to the selection of the senior official's children. Their findings will be reported to EERE management for appropriate action. EERE will act in light of the findings and their seriousness. All appropriate actions associated with this recommendation will be completed in 2013.

Recommendation 2: We recommend that the respective Program Offices coordinate with the Office of General Counsel, and the Office of the Chief Human Capital Officer to determine whether nepotism or improper preferences occurred in connection with the appointment of relatives of Department employees not specifically covered during this review and take appropriate action.



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Management Response: Concur. The OGC and OCHCO personnel will conduct an initial review of the circumstances leading to the appointment of relatives of certain DOE employees and inform the respective program offices if circumstances indicate potentially inappropriate appointments were made. The OGC and OCHCO will assist the program offices in determining and taking appropriate action, if warranted. All appropriate actions associated with this recommendation will be completed in 2013.

Recommendation 3: We recommend that the respective Program Offices coordinate with the Office of General Counsel, and the Office of the Chief Human Capital Officer to re-evaluate training materials and guidance to ensure that the Federal nepotism statute and other prohibited personnel practices are clear to Department personnel.

Management Response: Concur. Since receiving the draft report, the OGC sent a "DOECAST" message to all employees explaining the various statutes and regulations that prohibit a Federal employee from using his or her official position to secure employment for relatives. Additionally, as noted in the OIG report, these topics are often covered in annual ethics training. The OGC will place additional emphasis on these matters during the 2013 annual ethics training provided to senior executives and other senior employees. The OCHCO will also place greater emphasis on these topics in the ethics training routinely provided to new supervisors. All appropriate actions associated with this recommendation will be completed in 2013.

Recommendation 4: We recommend that the Office of the Chief Human Capital Officer ensure reviews of applicants' hiring packages are conducted to confirm applicants disclose information regarding relatives.

Management Response: The OCHCO will issue guidance to all Directors of HR Offices in the Department to specifically examine the answers to Eligibility Questions 22 and 23 on all Departmental USAJobs applications. If a family member is identified as being employed with the Department, the HR Office will verify that the family member has not been involved with or influenced the hiring processes.

Q22. Does the U.S. Department of Energy employ any member of your family?

Q23. If yes to Question 22, please provide the name, relationship, organization in which employed, and location if known.

In addition, the OCHCO will work with Monster, Inc, the contractor for the Department's front-end hiring management system to USAJobs, to include the following language which specially defines "family" in Question #22 consistent with the definition of that term in 5 C.F.R. 3110. All appropriate actions associated with this recommendation will be completed in 2013.

Recommendation 5: We recommend that the Office of the Chief Human Capital Officer ensure that Department officials are trained on the newly established requirements of the Pathways Program.

Management Response: The OCHCO established the DOE/NNSA workgroup a year ago with the purpose to identify Pathways points-of-contact within each of the 18 servicing

HR offices and to educate and train HR professionals on Pathways requirements. This group was instrumental in developing the DOE Desk Reference on Career Pathways.

The OCHCO facilitated DOE/NNSA workgroup conference calls on a monthly basis from January 2012 through December 2012. Presentations and training sessions were conducted DOE-wide for HR professionals and hiring managers; format was "train-the-trainer". These sessions were conducted in the summer of 2013. Once the Pathways transition period commenced, the OCHCO held monthly recruiter conference calls reminding HR offices of the procedures for appointments and processing as well as conversions from the previous programs. The OCHCO answered questions and conducted briefings with field staff to improve educational awareness about the requirements.

The OCHCO developed the *DOE Career Pathways Program: A Desktop Reference for Managers, Supervisors, and Human Resources Professionals*. It is an extensive 90+ pages document that serves as DOE guidance on the use of the Pathways hiring authorities. The Desktop Reference contains citations and references reminding HR professionals and hiring managers and supervisors of the Merit System Principles, Prohibited Personnel Practices, Nepotism, Impartiality, and other ethics rules. URL links are provided so employees and managers can review the complete citations. The document also discusses the employment of relatives in relation to these citations. The OCHCO offered a draft copy of the Desktop Reference for comment to both the servicing HR offices and the DOE Pathways Coordinators. The Desktop Reference will be submitted to the OGC for final review. Once the OGC approves the document, a formal roll-out will be implemented to HR offices. The HR offices are responsible for educating and informing their customers and hiring managers about Pathways operating procedures.

Since January 2013, HC has provided monthly Pathways updates to agency coordinators (HR offices) and Resources Managers and will continue to do so.

CUSTOMER RESPONSE FORM

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