



**Department of Energy**  
Washington, DC 20585

December 29, 2009

MEMORANDUM FOR THE SECRETARY

FROM:   
Gregory H. Friedman  
Inspector General

SUBJECT: INFORMATION: Special Inquiry on "Review of Allegations Involving Potential Misconduct by a Senior Office of Environmental Management Official" (OIG No. S09IS024)

INTRODUCTION

In September 2009, the Office of Inspector General (OIG) received multiple allegations concerning improprieties by a senior official with the Office of Environmental Management. The allegations involved potential violations of political activity restrictions, lack of impartiality in performing official duties, misuse of position, and other related misconduct. Specific allegations concerned:

1. Orchestrating a \$9 million American Recovery and Reinvestment Act of 2009 (Recovery Act) payment to certain Historically Black Colleges and Universities (HBCUs) in return for something of value on behalf of a Member of Congress;
2. Asking Federal officials at the U.S. Department of Energy's (Department) Savannah River Site (Savannah River) in South Carolina to arrange meetings with contractor employee union representatives in violation of the National Labor Relations Act;
3. Ordering Savannah River Federal and contractor officials to access subcontractor personnel files for data mining of demographic information in violation of the procedures for protecting personally identifiable information;
4. Directing Savannah River contractor officials to conduct Recovery Act-related job fairs in those counties represented by a Member of Congress in violation of the Hatch Act and Standards of Ethical Conduct; and,
5. Directing Savannah River contractor personnel to hire three specific individuals contrary to contract law principles.

The OIG initiated a fact-finding inquiry into these matters. Toward this end, we interviewed over 80 current and former Department Federal and contractor employees in South Carolina and Washington, D.C. We analyzed large volumes of documents, including over 150,000 emails, and we identified and reviewed applicable Federal and Department regulations. During the review, a number of additional complaints came to our attention. Several were incorporated into this inquiry, while others will undergo additional review and action will be taken, as appropriate.

## RESULTS OF SPECIAL INQUIRY

The facts developed during our review did not substantiate the allegation regarding HBCUs.

With respect to the second and third allegations, witnesses expressed differing views about the appropriateness of Federal officials communicating with contractor employee union representatives and accessing subcontractor personnel files. Because of the legal implications stemming from the differing views, we believe these matters should be coordinated with the Department's Office of General Counsel.

Regarding the two remaining issues, alleged direction to conduct job fairs and to hire specific individuals, we received testimony which supported aspects of the allegations; however, other witnesses provided contradictory testimony. We could not identify evidence that provided greater credibility for any one version of these events. For example, senior Federal Savannah River personnel and certain contractor officials asserted that the Environmental Management official exceeded authority by directing additional job fairs in selected counties and that there was a political overtone to this direction. However, other Federal and contractor officials stated that no such direction had been given. Senior Federal Savannah River personnel and certain contractor officials also claimed to have been directed to hire specific individuals for Recovery Act positions. Other individuals disputed that such direction occurred.

In short, regarding many of the events and activities which were key to the allegations, witnesses' testimony was conflicting and irreconcilable. Perceptions, interpretations and recollections of these events as well as views on the intent of the individuals involved varied dramatically.

## WORK ATMOSPHERE

Our inquiry focused on identifying the facts surrounding the primary allegations concerning operations at Savannah River. In doing so, we were mindful of the fact that Savannah River, a multi-billion dollar Federal enterprise employing 11,000 personnel, is responsible for a number of complex, technically-challenging and critically important missions. Further, Savannah River has been provided well in excess of \$1 billion in additional funding and enhanced responsibilities as part of the Department of Energy's role in the Recovery Act.

It is vital that the Site be managed by both Headquarters and local officials in a manner which ensures public confidence and credibility. Yet, we encountered witnesses who testified that there was confusion as to lines of authority, responsibility and accountability; poor internal communications; a lack of coordination; failure to share essential information among key officials; and, insufficient follow-up on critically important issues and decisions. These factors appeared to have contributed to an unusual level of distrust and acrimony. Some witnesses described their colleagues and the actions of their colleagues in highly personal and often derogatory terms. Of perhaps the greatest concern, were the issues raised about racism and reverse discrimination.

In summary, testimony provided by many of the officials we interviewed portrayed an operating atmosphere inconsistent with the objective of maintaining the credibility of, and public confidence in, Environmental Management activities and the Savannah River Site.

## RECOMMENDATIONS

Because of the major operational responsibilities facing Environmental Management and Savannah River, Department management should take prompt action to address the reported issues. We recommend that the Under Secretary:

1. Conduct an independent evaluation of the human relations climate at both Environmental Management's Headquarters and Savannah River offices and develop an action plan to address identified issues.
2. Initiate an aggressive program to facilitate conflict resolution and promote collaboration and communication between Environmental Management Headquarters officials and Savannah River Site representatives.
3. Implement procedures to ensure a common understanding among all Environmental Management Headquarters and Savannah River employees as to the mission, goals and objectives of the Recovery Act at the Department's Savannah River Site.
4. Ensure Federal personnel understand the roles, responsibilities and lines of authority for interacting with contractor, subcontractor and contractor employee union officials.
5. In coordination with the Department's Office of General Counsel:
  - Enhance protocols for resolving conflicting legal guidance between General Counsel officials at Headquarters and Savannah River (e.g., communications between Federal officials and contractor employee union representatives).
  - Determine the propriety of Federal officials accessing subcontractor personnel files pertaining to recruitment efforts under the Recovery Act.

This transmittal memorandum also will serve as a public Executive Summary of this report. The detailed results of this Special Inquiry, which follow, are not public. Any request for release of the details should be handled by the Office of Inspector General in accordance with the Freedom of Information Act (Title 5, U.S.C., Section 552) and the Privacy Act (Title 5, U.S.C., Section 552a).

cc: Deputy Secretary  
Under Secretary of Energy  
Chief of Staff  
Assistant Secretary for Environmental Management  
General Counsel  
Senior Advisor to the Secretary of Energy  
for Recovery Act Implementation