



U.S. DEPARTMENT OF ENERGY

# Office of Inspector General

DOE-OIG-26-06

December 18, 2025

## Opportunities Exist to Improve the Loan Programs Office's Management of Conflicts of Interest for Federal Employees



AUDIT REPORT



**Department of Energy**  
Washington, DC 20585

December 18, 2025

MEMORANDUM FOR THE DIRECTOR, OFFICE OF ENERGY DOMINANCE  
FINANCING

SUBJECT: Audit Report: *Opportunities Exist to Improve the Loan Programs Office's Management of Conflicts of Interest for Federal Employees*

The attached report discusses our review of the conflicts of interest for the Loan Programs Office's Federal employees. This report contains three recommendations that, if fully implemented, should help ensure decisions about awarding and managing loans and loan guarantees are in the Government's and the public's best interest. Management fully concurred with our recommendations.

We conducted this audit from September 2024 through September 2025 in accordance with generally accepted government auditing standards. We appreciated the cooperation and assistance received during this audit.

A handwritten signature in blue ink, reading "Sarah Nelson", is positioned above the typed name.

Sarah Nelson  
Assistant Inspector General  
for Management  
*Performing the Duties of Inspector General*  
Office of Inspector General

cc: Deputy Secretary  
Chief of Staff

# DOE OIG HIGHLIGHTS

## *Opportunities Exist to Improve the Loan Programs Office's Management of Conflicts of Interest for Federal Employees*

### Why We Performed This Audit

The Loan Programs Office's (LPO) mission is to be the premier public financing partner that accelerates high-impact energy and manufacturing investments to advance the economic future of the United States. The LPO received \$385 billion in loan authority through the Infrastructure Investment and Jobs Act, Inflation Reduction Act, and related legislation, of which approximately \$31 billion in loans were included in the audit's scope.

The LPO's Federal employees and contractors assist with loan application processing by reviewing loan applications with expertise in legal, engineering/technical, market analysis, and financial/credit aspects.

Given the significant amount of loan authority and congressional interest, we performed this audit to determine whether the LPO was managing conflicts of interest (COI) for its Federal employees, as required.

### What We Found

We found that the LPO did not always manage COI for Federal employees, as required. Although we did not identify issues with required ethics training, the LPO did not always ensure compliance with Federal Government ethics regulations. Specifically, the LPO did not always: (1) identify or mitigate instances of potential COI and the appearance of loss of impartiality; (2) ensure outside positions were disclosed or approved; (3) provide accurate or sufficient information to the Department of Energy's Office of the General Counsel; (4) properly vet Federal employees for potential COI; and (5) file financial disclosure reports timely with required information.

These issues occurred because the LPO did not comply with ethics regulations and internal policies. We also found that the lack of a COI standard operating procedure and a designated ethics official in its legal division contributed to the LPO's COI and impartiality issues identified.

Our audit results show that the LPO could not provide reasonable assurance that it managed COI and/or the appearance of loss of impartiality concerns. Given the importance and sensitivity of the LPO's mission, it is critical for LPO Federal employees to be impartial and free from COI with companies conducting business with the LPO. Any real or apparent COI may undermine public trust, accountability, and the LPO's integrity.

### What We Recommend

To address the issues identified in this report, we made three recommendations that, if fully implemented, should help ensure that potential COI and the appearance of loss of impartiality in performing official duties are mitigated for LPO Federal employees.

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## Background and Objective

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The Department of Energy's Loan Programs Office (LPO)<sup>1</sup> provides loans and loan guarantees to companies considered risky by traditional lenders and investors to help deploy innovative clean energy, advanced transportation, and tribal energy projects in the United States. The LPO received more than \$385 billion in new loan authority under the Infrastructure Investment and Jobs Act, Inflation Reduction Act, and related legislation. The LPO utilizes Federal employees to support the origination of new loans and the monitoring of portfolios, with responsibilities ranging from outreach and application assessment to risk management and legal oversight. Included within the LPO is a legal division that reports to the Department of Energy's Office of the General Counsel (General Counsel) and provides legal support for LPO activities. The LPO also utilizes more than 300 contractor and subcontractor employees to assist with loan application processing and evaluation. To support an increase in expected loan activity, the LPO requested an additional 105 Federal full-time employees from fiscal year 2022 through fiscal year 2024. As of September 2024, the LPO had employed 219 Federal full-time employees.

Federal employees are generally prohibited from participating personally and substantially in a particular Government matter in which they have a financial interest if the particular matter<sup>2</sup> will have a direct and predictable effect on that interest.<sup>3</sup> Financial conflicts can be derived from ownership of stock, bonds, mutual funds, and real estate, as well as receiving a salary, loan, or job offer. In the simplest of terms,<sup>4</sup> conflicts of interest (COI) stem from financial interests; business or personal relationships; misuses of official position, official time, or public resources; and the receipt of gifts. Employees can resolve a COI by recusing themselves from participation in a matter, selling or divesting their financial interest, or receiving an approved waiver that would allow the employee to participate despite their financial interest.

The *Standards of Ethical Conduct for Employees of the Executive Branch* establish procedures for Federal employees to use when participation in a matter does not raise a financial COI under the criminal statute, but it may raise concerns about the appearance of an employee's impartiality because of non-financial interests or relationships. In general, executive branch employees should not participate in a particular matter involving specific parties if: (1) it will have a direct and predictable effect on a financial interest of a member of their household, or a person with whom they have a "covered relationship";<sup>5</sup> (2) is a party or represents a party to the matter; and (3) a reasonable person who knew the relevant facts and circumstances of the situation would question the employee's impartiality. *The Standards of Ethical Conduct for Employees of the Executive Branch* provide that Federal employees whose participation in a Government matter

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<sup>1</sup> The LPO is now known as the Office of Energy Dominance Financing (EDF).

<sup>2</sup> "Particular matter" encompasses only matters that involve deliberation, decision, or action that is focused upon the interests of specific persons, or a discrete and identifiable class of persons. 5 Code of Federal Regulations (CFR) § 2635.402(b)(3).

<sup>3</sup> 18 United States Code § 208(a).

<sup>4</sup> 5 CFR § 2638.101(b).

<sup>5</sup> An employee has a covered relationship with a person or entity for whom within the last year, the employee served as officer, director, trustee, general partner, agent, attorney, consultant, contractor, or employee. 5 CFR § 2635.502(b)(1)(iv).

meet those two requirements should not participate in a “particular matter involving specific parties” unless authorized by the agency designee.<sup>6</sup> At the Department, the immediate supervisor is the authorized agency designee.<sup>7</sup>

The LPO, the Office of the Chief Human Capital Officer (Human Capital), and the Office of the Assistant General Counsel for Ethics and Personnel Law (GC-21) are responsible for helping mitigate employees’ COI within the LPO. The LPO is responsible for coordinating COI evaluations with Human Capital and GC-21 for both new and current Federal employees. As the LPO supervisors have the most knowledge about their staff, they have a higher duty for promoting Government ethics and enforcing Government ethics laws and regulations. The LPO supervisors are responsible for ensuring that their staff are aware of ethical obligations and, alongside the employee, must work with agency ethics officials to help resolve COI.<sup>8</sup> For Federal employees required to file a financial disclosure report, Human Capital is responsible for notifying the Designated Agency Ethics Official<sup>9</sup> of all new hires and terminations within 15 days of appointment and 15 days after termination. GC-21 manages and conducts the Department’s Standards of Conduct Program, including mandatory ethics training, new employee COI clearance based on information provided by the prospective employee and the hiring program offices, and review and remediation of possible COI. GC-21 also provides advice and counseling regarding Government ethics laws and regulations to prospective and current employees, including those that previously worked as a contractor.

Human Capital established two COI mitigation policies related to onboarding new Federal employees that are applicable to this audit: Policy Memorandum No. 93, *Standards of Ethical Conduct - Reporting Prior Contracting Experience for Cooling Off Period Determination*; and Office of the Chief Human Capital Officer *Conflicts of Interest Standard Operating Procedure* (SOP). Policy Memorandum No. 93 requires that hiring managers complete the Federal Contractor or Intergovernmental Personnel Act Selectee Ethics Review Certification Form for current contractor employees converting to Federal employment within the Department or former employees of a Department contractor. With this form, the hiring manager certifies their understanding that: (1) they must consult with ethics counsel regarding whether a potential COI necessitates a COI mitigation strategy; and (2) if potential conflicts result in the need to develop a mitigation strategy, the strategy must be developed prior to establishing the employees’ start date. The SOP requires that the Office of Corporate Executive Management within Human Capital send General Counsel a COI concurrence worksheet, resume, and position descriptions for individuals entering executive positions. At the completion of the COI review, but prior to an individual’s start date, GC-21 signs the worksheet and provides it to Human Capital, indicating whether the individual cleared COI review.

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<sup>6</sup> 5 CFR § 2635.502.

<sup>7</sup> 5 CFR § 3301.101(b).

<sup>8</sup> 5 CFR § 2638.103, “Government ethics responsibilities of supervisors.” Every supervisor in the executive branch has a heightened personal responsibility for advancing Government ethics. Supervisors have a responsibility to help ensure that subordinates are aware of their ethical obligations under the *Standards of Ethical Conduct for Employees of the Executive Branch*. Supervisors are also responsible for working with agency ethics officials to help resolve COI and enforce Government ethics laws and regulations.

<sup>9</sup> The former Secretary of Energy identified the Deputy General Counsel for General Law as the Designated Agency Ethics Official, effective December 20, 2023.



Due to the LPO's increase in loan authority, the addition of new Federal staff, and congressional interest in the LPO, we conducted this audit to determine whether the LPO was managing COI for its Federal employees, as required.

## Results of Review

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### THE LPO DID NOT ALWAYS MANAGE COI FOR FEDERAL EMPLOYEES

We found that the LPO did not always manage COI for Federal employees, as required. Although we did not identify issues with ethics training, we found: (1) instances of potential COI and the appearance of loss of impartiality; (2) outside positions<sup>10</sup> that were not disclosed or approved; (3) accurate or sufficient information not provided to GC-21 for COI reviews; (4) vetting of new Federal employees did not occur before being hired; and (5) disclosure reports not filed timely. We found these issues by reviewing all financial disclosure reports, from a sample of 38 new LPO Federal employees, for potential COI and the appearance of loss of impartiality.

#### Instances of Potential COI and the Appearance of Loss of Impartiality

We found potential COI and/or the appearance of loss of impartiality in performing official duties for 8 of the 40 (20 percent) employees reviewed. The LPO had not previously identified the instances we identified as having affiliations to companies doing business with the LPO. For example, one former employee previously held management positions for a large financial business and investment firm that assisted with financing projects. We found that the employee communicated and participated in matters with the former employer, such as engaging in the approval process, which they should have been recused from working on. Therefore, the employee created a possible financial COI or an appearance of loss of impartiality in performing official duties. In another scenario, an LPO employee participated in matters while continuing to have financial ties with LPO contractors. For instance, the employee discussed LPO business matters on multiple occasions, which created a potential financial COI and an appearance of loss of impartiality in performing official duties.

#### Outside Positions Were Not Always Disclosed or Approved

We found that LPO employees did not always disclose all outside positions in their financial disclosure reports. Specifically, we reviewed 24 public financial disclosure reports and associated documentation for senior-level LPO employees and identified 2 senior-level employees who did not disclose outside positions, involving 4 organizations. According to the Code of Federal Regulations (CFR),<sup>11</sup> employees are required to identify all positions they held

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<sup>10</sup> For ease of readability, we are describing all outside activities and employment as outside positions, even though there is a difference between outside positions reported on the financial disclosure reports and outside employment reported under the Department supplemental ethics regulation.

<sup>11</sup> 5 CFR § 2634. 307, "Outside positions;" and 5 CFR § 907(a)(e)(1)(2), "Report contents," state that each financial disclosure report filed pursuant to this subpart must identify all positions held at the time by the filer during the reporting period, as an officer, director, trustee, general partner, proprietor, representative, executor, employee or consultant of any corporation, company, firm, partnership, trust, or other business enterprise, any nonprofit organization, any labor organization, or any educational or other institution other than the U.S.

at any time during the reporting period.<sup>12</sup> Also, supervisors are responsible for working with agency ethics officials to help resolve COI and enforce Government ethics requirements, including the disclosure of all outside positions. One of the two senior-level LPO employees did not list a prior<sup>13</sup> outside position at a large financial investment company on their new entrant financial disclosure report. Even though the employee no longer held the position, the employee still held millions of dollars of the company's stock that was not disclosed. During our review, we found that the same employee did not disclose their membership on the Board of Trustees of a nonprofit corporation during the required filing period. Similarly, another senior-level employee worked for multiple LPO contractors before the LPO employed them, but did not disclose these outside positions, as required. Disclosure of all outside positions is essential to ensuring compliance with Government ethics regulations and COI mitigation strategy requirements.<sup>14</sup>

Further, we found that outside positions were not always approved, as required. Specifically, 9 of the 40 (23 percent) employees reviewed did not obtain approval for the 10 entities with which they held outside positions. According to 5 CFR § 3301.103, "Prior approval for outside employment," employees must obtain written approval from their immediate supervisor and their assigned ethics official prior to starting an outside position. The request for approval must include the name of the prospective entity and the type of work that the employee would perform. Moreover, the Department's supplemental ethics regulation requires all employees to receive approval for their outside activities with few exceptions.<sup>15</sup> In one instance, a high-level employee did not have outside position approval and stated they did not inform their supervisor of the outside position. The employee self-determined that no COI existed without obtaining input from the supervisor or assigned ethics official. Approval of outside positions is essential to ensuring that employees' outside positions do not conflict with official duties or violate other standards of ethical conduct, including an appearance of loss of impartiality in performing official duties.

## The LPO Did Not Always Provide Accurate and Sufficient Information

We found that the LPO did not provide accurate and sufficient information to ensure COI reviews were effective for seven employees reviewed (18 percent). For example, the LPO did not inform GC-21 of all the companies that had previously employed six of its new staff members. Prior to converting to LPO Federal employees, the six new hires were previously LPO

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<sup>12</sup> For a new entrant report, the reporting period is the preceding 12 months prior to filing the form for confidential filers, and 2 preceding calendar years and the current calendar years up to the date of filing for public filers. For annual reports, the reporting period is covered by the preceding calendar year for both confidential and public filers.

<sup>13</sup> 5 CFR § 2634.907(e)(1), "Report contents," requires new entrant filers to report positions held with organizations other than the U.S. Government at any time during the preceding 12 months.

<sup>14</sup> These requirements consist of financial disclosure requirements, ethical training, compliance with established Office of Government Ethics, and Department ethics standards and requirements.

<sup>15</sup> 5 CFR § 3301.103, "Prior approval for outside employment," states that before engaging in any outside employment, whether or not for compensation, an employee must obtain written approval from their immediate supervisor and the Counselor. Employment is defined as any form of non-Federal employment or business relationship involving the provision of personal services by the employee. It includes, but is not limited to, personal services as an officer, director, trustee, general partner, agent, attorney, consultant, contractor, employee, advisor, or teacher. It does not include participating in the activities of a nonprofit, charitable, religious, public service, or civic organization, unless such activities involve the provision of professional services or are for compensation.



contractors. One of the new employees worked for six different LPO contractors; however, the LPO only included one of the six LPO contractors in the information provided to GC-21. Therefore, GC-21's COI review of the employee did not include information necessary to make a complete COI determination. According to 5 CFR § 2635.502, "Personal and business relationships," employees are restricted from participating in matters involving specific parties under specific circumstances where a reasonable person would question their impartiality, unless the employee receives an authorization to do so by their supervisor in consultation with GC-21. Without accurate and sufficient information, GC-21 cannot perform an adequate COI review to determine whether authorizations or recusals are needed as part of the required onboarding process.<sup>16</sup>

In addition, LPO did not ensure one of its employees filed a financial disclosure report. Although the employee's initial position was exempt from filing a report, the LPO designated the employee as required to file a financial disclosure report due to the sensitivity of handling loan information. However, we identified that the employee did not file. Subsequently, the employee was promoted into a position that required filing a financial disclosure report. When we reviewed the financial disclosure report, we found that the employee had an outside position that was not disclosed nor approved when the LPO first employed them. By not filing a financial disclosure report, GC-21 delayed its review of the employee's overall potential conflicts, including an outside position.

### Proper Vetting of New Federal Employees Did Not Always Occur

We found that new Federal employees' potential COI or appearance of loss of impartiality were not always properly vetted before onboarding. Human Capital Policy Memorandum No. 93 requires hiring managers to certify that they will consult with the Designated Agency Ethics Official to determine which of the employees' potential assignments, if any, may result in the appearance of a loss of impartiality, and what steps will be taken by the Hiring Manager to mitigate this situation if the selectee is hired. However, the LPO established start dates for all employees who were former LPO contractors or worked for Department contractors prior to receiving COI determinations. The LPO could not provide any documentation to show that COI reviews were completed, and applicable mitigation steps were taken prior to new employees beginning work. Without maintaining this documentation, the LPO could not provide reasonable assurance that it properly vetted Federal employees, as required, nor that it had ensured assignments would not compromise ethics rules. Supervisors have a duty to ensure that employees are abiding by the ethics rules, and if the supervisor does not have information regarding the employee's potential conflicts, the supervisor cannot fulfill their Government ethics responsibilities.<sup>17</sup>

In addition, the LPO did not ensure COI reviews for 2 of 10 (20 percent) senior executive service and excepted service positions conducted prior to their onboarding. The Human Capital SOP requires GC-21 to identify COI between the candidate's proposed official duties and the candidate's financial interests or affiliations, and then work with management to identify the

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<sup>16</sup> At the Department, the individual responsible for appointing the employee to his or her position, in consultation with GC-21, issues these authorizations and waivers in writing.

<sup>17</sup> 5 CFR § 2638.103, "Government ethics responsibilities of supervisors."

appropriate remedy for such conflicts prior to setting an effective date for personnel actions. COI reviews prior to onboarding, including the identification and assessment of financial interests or affiliations, are critical to ensuring employees adhere to the *Standards of Ethical Conduct for Employees of the Executive Branch*. Given these reviews did not occur prior to onboarding, the LPO could not provide reasonable assurance that the two senior-level employees did not have potential COI that could compromise their impartial decision making on behalf of the taxpayers' interest.

## Financial Disclosure Reports Were Not Always Filed Timely

We found that financial disclosure reports were not always filed timely, as required.<sup>18</sup> Specifically, 4 of 83 (5 percent) reports reviewed that covered 4 LPO employees were not filed timely.<sup>19</sup> Of the four late reports, three were new entrant reports and one was an annual report. Timeliness of filing new entrant reports is important to ensuring potential COI and appearance of loss of impartiality issues are resolved before commencing work. Ethics officials utilize information on financial disclosure reports, such as an employee's assets, outside income, liabilities, and other financial investments, to identify and assess potential COI. Therefore, timely filing of financial disclosure reports is necessary so that ethics officials can efficiently identify and mitigate potential COI and the appearance of loss of impartiality.

## THE LPO DID NOT COMPLY WITH ETHICS REGULATIONS AND INTERNAL POLICIES

These conditions occurred because LPO hiring officials and supervisors did not comply with ethics regulations<sup>20</sup> and internal policies. Although not required by the ethics regulations, the LPO did not have an internal SOP for COI or a designated ethics official within its legal division to manage COI and focus on COI matters. Instead, we concluded that the LPO relied on other Department offices to identify and mitigate COI and the appearance of loss of impartiality, resulting in the LPO not having necessary information to help identify potential COI. Within the LPO, management relied on employees to self-report any potential COI or appearance of loss of impartiality. The LPO further relied on GC-21 to mitigate COI based on the information that was provided, but the LPO did not always provide sufficient and accurate information. The LPO also relied on Human Capital to mitigate COI for new employees during the onboarding process. However, Human Capital's COI mitigation procedures did not cover the majority of Federal employees within the LPO<sup>21</sup> because the procedures only applied to contractors or individuals working at companies doing business with the Department and senior-level executives. For example, of the 40 LPO Federal employees we reviewed, 24 (60 percent) were not covered by Human Capital's pre-employment COI mitigation procedures. As such, the 24 employees did not

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<sup>18</sup> According to 5 CFR § 2634.201 and 5 CFR § 2634.903, "General requirements, filing dates, and extensions," new filers are required to complete new entrant reports within 30 days of their start dates for both confidential and public filers.

<sup>19</sup> We reviewed all financial disclosure reports (including new entrant and subsequent annual reports) for all 38 employees in our sample. In sum, we reviewed a total of 83 reports, of which we identified late filings for 4 reports pertaining to 4 employees.

<sup>20</sup> *Ibid.*

<sup>21</sup> See "Appendix 4: The Department of Energy's Office of the Chief Human Capital Officers' Conflict of Interest Mitigation Framework for Federal Employees."

have pre-employment COI reviews conducted, including 2 employees we identified to have a potential COI or an appearance of loss of impartiality. In particular, one employee worked on a specific party matter with a former employer, which possibly violated financial COI.<sup>22</sup> Additionally, the same employee participated in prohibited matters, which may have violated the *Standards of Ethical Conduct for Employees of the Executive Branch*.<sup>23</sup> We found the employee authorized the interagency package concurrence for multiple loans worth billions of dollars, where their former employer was the financial advisor or investor for those loans. The employee had significant financial interest with this company. We raised concerns that the employees' decision could have affected their financial interest in the former company or, at the very least, made it appear the employee lost their impartiality in performing official duties. While there was a recusal in place that prohibited this employee from participating in matters that could be financially beneficial for both the employee and the former employer, the supervisor had not ensured that the employee did not work on any matters related to the former employer. The second employee was a supervisory loan specialist that had not been recused from matters involving their outside employer. Specifically, the employee was a company board member, and, as such, the financial interest of the company was imputed to the employee, creating a possible financial COI. Because of the various offices involved with mitigating COI within the LPO, an established LPO SOP for COI mitigation, although not required, would help identify and mitigate COI by ensuring more effective communication and coordination between the LPO, its employees, GC-21, and Human Capital.

Finally, the absence of a dedicated ethics official within the LPO, although not required, contributed to the issues we identified. Ethics officials take action to resolve COI through recusals, waivers, authorizations, and other actions based on the information provided from the program offices. In addition, ethics officials provide advice and counseling to prospective and current employees regarding ethics regulations and maintain records pertaining to ethics activities. Ethics officials also ensure compliance with financial disclosure reports deadlines and requirements. Although not every Department program has an embedded legal division that has specific knowledge of all a program's aspects, a dedicated ethics official within the LPO's legal division could help ensure employees understand their ethical responsibility in relation to their official duties. The benefits of having an ethics official could help address the issues identified in this report and develop LPO COI mitigation policies and procedures.

## CONCLUSION

Our audit results show that the LPO could not provide reasonable assurance to stakeholders that potential COI and/or appearance of loss of impartiality issues were managed. Doing business with, and hiring expertise from, the financial industry creates high-risk conditions due to the complexity of its operations and the amount of loan authority. The LPO provides loans and loan guarantees to companies considered risky by traditional lenders and investors to help deploy innovated clean energy, advanced transportation, and tribal energy projects in the United States. Given the importance and sensitivity of the LPO's mission, it is crucial for LPO Federal

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<sup>22</sup> 18 United States Code § 208, "Acts Affecting a Personal Financial Interest."

<sup>23</sup> 5 CFR § 2635.502, "Impartiality in Performing Official Duties."

employees to be impartial and free from COI with the companies that conduct business with the LPO. Any COI, real or perceived, may result in a significant financial impact for the employees and/or the companies, as well as undermine public trust, accountability, and the LPO's integrity.

## OTHER MATTERS

We also identified another issue separate from the LPO's mitigation of COI. Specifically, we found that employees' supervisors were not notified or included in correspondence when the LPO employees received ethics advice from GC-21. The LPO supervisors should be provided with the ethics advice given to staff members from GC-21 pertaining to the LPO operations. This effort would increase their awareness of potential risk to impartiality and COI mitigation efforts by the Department and its office when assigning personnel to loan projects.

## Recommendations

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We recommend that the Director, the LPO:

1. Develop a comprehensive LPO-specific COI SOP to identify and manage COI;
2. Designate a dedicated ethics official within the LPO legal division to help ensure that the LPO complies with Federal Government ethics regulations and assists with the implementation of a new LPO-specific COI SOP; and
3. Resolve the potential conflicts identified during the audit.

## Management Comments and OIG Response

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Management concurred with our recommendations and identified responsive corrective actions to address the reported issues. For Recommendation 1, management stated it will develop an office-specific COI SOP. For Recommendation 2, management stated it has appointed an internal controls team to help ensure compliance with Federal ethics regulations and implement the new COI SOP. This approach was agreed to by the Assistant General Counsel for Ethics and Personnel Law and the LPO Legal Division. For Recommendation 3, the LPO stated it will review the information regarding the potential COI identified in our report and implement appropriate COI mitigation actions in consultation with the Assistant General Counsel for Ethics and Personnel Law.

Management's comments are included in Appendix 3.

### Objective, Scope, and Methodology

#### Objective

We conducted this audit to determine whether the Loan Programs Office (LPO) was managing conflicts of interest for its Federal employees, as required.

#### Scope

This audit was conducted from September 2024 through September 2025. The scope included new LPO Federal employees hired from January 2021 through July 2024. In addition, the scope included 24 LPO projects that were: (1) active with issuance dates from January 2021 through August 2024; and (2) in conditional commitment status as of August 16, 2024. The audit was conducted under Office of Inspector General project number A24GT010.

#### Methodology

To accomplish the audit objective, we:

- Reviewed applicable laws and regulations to identify the requirements for mitigating conflicts of interest within the Department of Energy.
- Reviewed Department policies and procedures pertaining to the audit objective.
- Reviewed prior reports issued by the Department's Office of Inspector General and the Office of Government Ethics.
- Identified the universe of 179 new Federal employees hired by the LPO from January 2021 through July 2024.
- Identified 24 LPO projects within our audit scope, totaling \$31 billion awarded.
- Identified a judgmental sample of 40 new hires, which included all new senior executive service hires, and stratified the remaining sample by calendar year, candidate origin, and occupational series. As a result of selecting a judgmental sample, we cannot project to the entire universe of new LPO Federal employees.
- Interviewed personnel from the LPO and the Department's Office of the General Counsel.
- Obtained access to a system to identify whether the individuals included in our sample reported certain information on their financial disclosure reports.

- Coordinated with the Office of Inspector General’s Data Analytics Group, Office of Investigations, and the Office of Counsel.
- Analyzed the new hires’ work history and financial disclosure reports to determine if the LPO’s Federal employees mitigated conflicts of interest by obtaining and reviewing the following:
  - Initial positions of these individuals after they were hired by the LPO to ascertain duties and responsibilities;
  - Confidential financial disclosure reports (OGE-450) and public financial disclosure reports (OGE-278e), when applicable, to include new entrant and annual reports;
  - Outside activities approval forms;
  - Resumes;
  - Position descriptions; and
  - Ethics files.
- Reviewed new hires’ ethics training documentation for both new employee and annual trainings.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective. We assessed internal controls and compliance with laws and regulations necessary to satisfy the audit objective. In particular, we assessed the control components and the underlying principles of implementing control activities. However, because our review was limited to these internal control components and underlying principles, it may not have disclosed all internal control deficiencies that may have existed at the time of this audit. Finally, we relied on computer-processed data to accomplish our audit objectives. We assessed this data by tracing it to source documents and determined the data to be sufficiently reliable to provide a basis for our conclusions.

Management officials waived an exit conference on December 3, 2025.



### Related Reports

#### Office of Inspector General

- Audit Report: *The Loan Programs Office's Management of Contractor Conflicts of Interest* (DOE-OIG-25-32, August 2025). The Office of the Inspector General found that the Loan Programs Office (LPO) lacked an effective framework for managing conflicts of interest (COI) for contractors providing support to the LPO. Specifically, the LPO was not aware of all the relationships that could cause COI. In addition, the LPO did not ensure adequate management of COI disclosures and waiver requests and did not ensure its prime contractor fully implemented key aspects of its strategy for managing potential COI. These issues occurred because the LPO did not have controls in place to identify and manage COI. For example, the LPO had not developed and implemented a formal, centralized tracking system or policies and procedures for managing COI. Additionally, the LPO relied upon third-party advisors and other contractors to self-identify COI and did not ensure adequate oversight of its prime contractor. Without knowing all parties involved in the loan process or fully implementing a COI program, the Department and the LPO could not ensure that COI were properly identified and mitigated. To address the issues identified in the report, the OIG made two recommendations that LPO: (1) establish policies and procedures, including a formal centralized system to track all parties associated with each project and all COI disclosures and waiver requests, with supporting documentation for decisions; and (2) develop and implement policies and procedures to continually monitor Archetype II, LLC's implantation of all aspects of its plan.
- Special Report: *Prospective Considerations for the Loan Authority Supported Under the Loan Programs Office to Improve Internal Controls and Prevent Fraud, Waste, and Abuse* (DOE-OIG-22-34, June 2022). The Office of the Inspector General identified six prior audit reports, two prior inspections, and numerous investigations regarding the LPO. As it relates to this audit, the report identified potential COI and undue influence as a major risk area that warrants immediate attention and consideration from Department of Energy leadership to prevent similar problems from recurring. Specifically, issued audit, inspection, and investigations reports identified instances where LPO officials potentially violated standards of ethics conduct or engaged in irregular hiring practices and made decisions that appeared to have been influenced by internal and external parties. Such activities could call into question the integrity of the LPO and erode public trust.

#### Office of Government Ethics

- *Ethics Program Review, U.S. Department of Energy* (Report No. 24-54, August 2024). The review indicated that the financial disclosure reports were generally filed, reviewed, and certified timely. Specifically, 97 percent of new entrant confidential reports were filed timely, and 87 percent were reviewed timely. For annual reports reviewed, 89 percent were filed timely, and 97 percent were reviewed timely. The Office of

Government Ethics (OGE) also reviewed training records for a sample of new entrant public and confidential filers and determined that 99 percent of these employees received initial ethics training in 2023, but only 25 percent received the training within 3 months of appointment, as required. In 2023, the Department conducted live annual ethics training for Presidentially Appointed, Senate Confirmed officials and all other public financial disclosure filers. The OGE reviewed the training content and materials for each training format and found that they met applicable requirements. The OGE reviewed training records for all Presidentially Appointed, Senate Confirmed officials along with a sample of public financial disclosure filers and found that 100 percent of Presidentially Appointed, Senate Confirmed officials and 99 percent of public financial disclosure filers received annual ethics training in 2023. The OGE reviewed training records for a sample of confidential filers and found that 97 percent received annual ethics training in 2023. The OGE's review found the counseling to be consistent with applicable laws and regulations.


## Management Comments



Department of Energy  
Washington, DC 20585

December 2, 2025

MEMORANDUM FOR      LEWE SESSIONS  
ASSISTANT INSPECTOR GENERAL FOR INVESTIGATIONS  
*PERFORMING THE DUTIES OF THE DEPUTY INSPECTOR*  
*GENERAL*  
OFFICE OF INSPECTOR GENERAL

FROM:                      GREGORY BEARD   
SENIOR ADVISOR,  
OFFICE OF ENERGY DOMINANCE FINANCING

SUBJECT:                 DRAFT AUDIT REPORT: *OPPORTUNITIES EXIST TO*  
*IMPROVE THE LOAN PROGRAM OFFICE'S*  
*MANAGEMENT OF CONFLICTS OF INTEREST FOR*  
*FEDERAL EMPLOYEES (A24GT010)*

This memorandum is in response to the draft "Draft Audit Report: Opportunities Exist to Improve The Loan Program Office's Management of Conflicts of Interest for Federal Employees" (the "Audit Report") provided by the Office of the Inspector General ("OIG") to the Office of Energy Dominance Financing (EDF, formerly the Loan Programs Office) on October 23, 2025.

The OIG review of EDF was carried out over approximately a year, from September 2024 through September 2025, to determine whether EDF has an effective framework in place for managing conflicts of interest (COI) for EDF's Federal employees. EDF considers managing conflicts of interest as an important aspect of its operations. Upon reviewing all the Audit Report's findings, EDF has indicated to OIG that there are only three (3) Federal employees with potential COI still employed by EDF. EDF has taken action to ensure that these potential COIs are immediately addressed, in consultation with the Assistant General Counsel for Ethics and Personnel Law, and has implemented improvements to processes for managing COI for Federal Employees to avoid and/or mitigate future potential COI.

The Audit Report contained a total of three (3) recommendations to EDF (formerly LPO); EDF concurs with all OIG recommendations and has provided corrective action plans for the OIG recommendations below.

EDF appreciates OIG's diligence and thoroughness during this review.

### Enclosure

**Management Response**  
**OIG Draft Report: Opportunities Exist to Improve the Loan Programs Office's Management of  
Conflicts of Interest for Federal Employees - A24GT010**

**Planned Corrective Actions in Response to the Recommendations**

**Recommendation # 1:** Develop a comprehensive LPO-specific (now EDF) COI SOP to identify and manage COI.

**Response: Concur**

**Corrective Action:** EDF will develop an office-specific COI SOP to document standard processes, procedures, and applicable Federal and DOE policies for managing COI for Federal Employees.

**Estimated Completion Date:** A draft office-specific COI SOP is currently in progress and expected to be completed no later than December 31, 2025.

**Recommendation # 2:** Designate a dedicated ethics official with the LPO (now EDF) Legal Division to help ensure LPO (now EDF) complies with Federal government ethics regulations and assist with the implementation of a new LPO-specific (now EDF) COI SOP.

**Response: Concur**

**Corrective Action:** EDF has appointed an internal controls team to help ensure that the office complies with Federal government ethics regulations and to create and implement a new LPO-specific COI SOP for Federal Employees. After consulting with the Assistant General Counsel for Ethics and Personnel Law and the LPO Legal Division, it was agreed that the expected results are best achieved through the coordination of an internal controls team who will consult with GC-21 as needed.

**Estimated Completion Date:** EDF leadership has appointed an internal controls team and has ensured that these corrective actions are underway with substantial progress made towards results. A draft LPO-specific COI SOP is currently in progress and expected to be completed no later than December 31, 2025.

**Recommendation # 3:** Resolve the potential conflicts identified during the audit.

**LPO Response: Concur**

**Corrective Action:** EDF will review the information provided by OIG regarding the potential COI that were identified in the Audit Report and implement the appropriate COI mitigation actions needed in consultation with the Assistant General Counsel for Ethics and Personnel Law.

**Estimated Completion Date:** EDF leadership has ensured that these corrective actions are currently in progress and expected to be completed no later than December 31, 2025.

The Department of Energy's  
Office of the Chief Human Capital Officers'  
Conflict of Interest Mitigation  
Framework for Federal Employees

Policy	Policy Overview	Applicability
<b>Policy Memorandum [PM] No. 93, <i>Standards of Ethical Conduct – Reporting Prior Contracting Experience for Cooling Off Period Determination</i></b>	Policy addresses reporting prior contracting experience for cooling off period.	Current or former (within 2 years) Department of Energy contractors and individuals currently serving on an Intergovernmental Personnel Act assignment for Federal positions within the same Department Elements.
<b><i>Office of the Chief Human Capital Officer Conflict of Interest Standard Operating Procedures</i></b>	Identifies conflicts of interest between the candidate's proposed official duties and the candidate's financial interests or affiliations.	All personnel moves and selections to senior executive service, senior-level, scientific and professional, excepted service, and additional positions. positions, and experts/consultants who are not serving on the Department's Federal advisory committees.
<b>PM No. 7B, <i>Appropriation Law for Selection and Compensation of United States Foreign Nationals</i><sup>24</sup></b>	Identifies the selection of foreign national for a Department position within the U.S.	Foreign national applicants who apply for and are hired into Excepted service positions or noncompetitively appointed in the continental U.S., in accordance with 5 Code of Federal Regulations §213.
<b>PM No. 111, <i>Compliance with Federal Hiring Principles</i><sup>25</sup></b>	Requirements for complying with Merit Systems Principles and avoiding Prohibited Personnel Practices, including Nepotism, Misuse of Position, and Loss of Impartiality requirements in the recruitment and hiring process.	All Department Federal hiring actions, including permanent, term, and temporary appointments, as well as competitive and noncompetitive actions. The policy applies to all hiring activities for executive, competitive, and excepted service positions.

<sup>24</sup> PM No. 7B was not applicable as it was outside this audit's scope.

<sup>25</sup> PM No. 111 was not applicable as it was outside this audit's scope.

<b>PM No. 135, <i>Department of Energy's Business Exchange Program</i></b> <sup>26</sup>	Intent of the Business Exchange Program is to infuse the Department with industry expertise to meet new or recent programs and mission requirements by using term appointments in the excepted service, not-to-exceed 4 years.	All appointments in the Business Exchange Program, which are affected under Schedule A, 5 Code of Federal Regulations § 213.3102(r), and limited to non-Federal candidates who are industry leaders with relevant expertise.
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Source: Office of Inspector General analysis of the Department documents.

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<sup>26</sup> PM No. 135 was not applicable as it was outside this audit's scope.



## FEEDBACK

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