



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

Inspection Report

Allegations of Organizational Conflicts of Interest at Portsmouth and Oak Ridge

INS-O-13-01

November 2012



Department of Energy
Washington, DC 20585

November 5, 2012

MEMORANDUM FOR THE DIRECTOR, OFFICE OF ACQUISITION AND PROJECT
MANAGEMENT
MANAGER, PORTSMOUTH PADUCAH PROJECT OFFICE
MANAGER, OAK RIDGE OFFICE

FROM:

Sandra D. Bruce
Sandra D. Bruce

Assistant Inspector General
for Inspections
Office of Inspector General

SUBJECT:

INFORMATION: Inspection Report on "Allegations of Organizational
Conflicts of Interest at Portsmouth and Oak Ridge"

INTRODUCTION AND OBJECTIVE

The Department of Energy is responsible for decontamination and decommissioning (D&D) efforts due, in part, to the nuclear weapon production legacy at various Department sites. The Department awarded numerous contracts for D&D related work. Overall, the work on the D&D projects at the Portsmouth Gaseous Diffusion Plant (Portsmouth) in Piketon, Ohio, and the Oak Ridge Reservation (Oak Ridge) in Oak Ridge, Tennessee, was projected to cost \$4.3 billion and take 5 years to complete. In awarding contracts, the Department is required to ensure that contractors are free of impairments such as organizational conflicts of interest (OCI). Contractors have a responsibility to avoid, neutralize and mitigate such conflicts. The Department also requires contractors to extend OCI provisions to each subcontractor in certain types of contracts, including this contract. Once an OCI is reported or identified, the Department is required to ensure that issues are properly addressed.

The Office of Inspector General received a complaint alleging that there were potential OCI involving Restoration Services, Inc. (RSI), and VETCO, LLC-Technical Services Company (VETCO) at Portsmouth. It was further alleged that potential OCI existed between URS | CH2M Hill Oak Ridge, LLC. (UCOR) and RSI at Oak Ridge. We initiated this inspection to examine the facts and circumstances surrounding the allegations.

RESULTS OF INSPECTION

We substantiated the allegations, in large measure, that OCI issues existed at both Portsmouth and Oak Ridge. Our inspection disclosed that OCI issues either had not been properly mitigated or identified by the contractors involved or the Federal officials. Specifically, we discovered that:

- OCI existed between RSI and VETCO at Portsmouth. RSI, the Environmental Technical Services contractor for Portsmouth, was charged with overseeing work performed by



Fluor-B&W Portsmouth LLC (Fluor) and its subcontractor, VETCO. We found that RSI's objectivity could have been impaired because it held an on-going financial interest in VETCO;

- The same financial interest held by RSI in VETCO also existed at Oak Ridge. Both RSI and VETCO were subcontractors for UCOR. Also, as indicated with Portsmouth, an RSI official was charged with reviewing and approving VETCO's work; and,
- A separate, potential OCI between UCOR and RSI existed at Oak Ridge. Specifically, as part of a contractor teaming arrangement with UCOR, a senior RSI official, acting on behalf of UCOR, was in a position to review and approve work performed by the senior official's employer, RSI.

The issues we identified occurred because Federal officials did not ensure that contractors completed required mitigation efforts, and fully appreciate the potential impact of assigning employees across company boundaries during teaming arrangements. While a contracting officer for the Portsmouth Paducah Project Office (PPPO) identified the OCI between RSI and VETCO at the time of contract award, officials did not follow-up to ensure that a divestiture agreed upon as part of a mitigation plan was actually completed.

With regard to the teaming arrangement at Oak Ridge, Federal officials initially told us they did not believe that the appearance of OCI existed until we specifically pointed out that based on the team arrangement, the senior RSI official, acting on behalf of UCOR, approved work performed by the senior official's employer. Responsible Portsmouth and Oak Ridge contracting officers and Office of the Chief Counsel officials commented that the OCI training they received was a minor segment of broader training and was not dedicated to handling OCI. As a result, the lack of familiarity with OCI could have contributed to the issues we identified.

Although we could not establish a direct causal relationship, we also noted a lack of formal guidance on OCI also may have contributed to the OCI problems at Portsmouth and Oak Ridge. Notably, on June 21, 1996, Headquarters officials cancelled Department Order 4220.4, *Organizational Conflict of Interest Processing Procedures*. Officials from the Office of Acquisition and Project Management informed us that the Department did not intend to issue a new directive regarding OCI until a change to the Federal Acquisition Regulation, which is now under consideration, is finalized.

An effective process to identify, avoid or mitigate potential OCI is essential for agencies like the Department that rely heavily on contractor support. During the course of our inspection, Federal officials at both Portsmouth and Oak Ridge took specific corrective actions to mitigate the OCI issues identified in this report. Specifically, the officials took steps to ensure that the OCI between RSI and VETCO was mitigated and then prepared written OCI determinations addressing the mitigation plan from UCOR. While these actions are positive, we believe that additional action is necessary. As such, we made several recommendations designed to assist Department management with improving its handling of OCI.

MANAGEMENT REACTION

Management concurred with the recommendations in the report. Specifically, corrective actions will be taken pending finalization of the Notice of Proposed Rulemaking that will substantially rewrite the Government-wide regulatory coverage of OCI in the Federal Acquisition Regulation. The Director, Office of Acquisition and Project Management, anticipates completing the implementation of these two recommendations within a year of publication of the final rulemaking. Officials from PPPO and Oak Ridge Office (ORO) indicated that they will follow the Government-wide guidance and the guidance received from the Office of Acquisition and Project Management, once finalized.

ORO management, however, did not agree that the OCI issues were substantiated at Oak Ridge. Specifically, management officials did not agree that the OCI identified in the report was either a potential or actual OCI. For the reasons outlined in our report, we continue to believe that the business arrangements we identified constituted a potential and actual OCI. Notably, management officials from the companies involved acknowledged that there could be appearance problems. Those officials subsequently prepared OCI mitigation plans to address the issues identified. ORO management accepted and approved those plans but stated that by accepting the plans they were not agreeing that either potential or actual OCI existed.

The comments provided by the Office of Acquisition and Project Management, Acquisition and Project Management, Office of Environmental Management, PPPO and ORO are included in Appendix 3.

Attachment

cc: Deputy Secretary
Associate Deputy Secretary
Under Secretary for Nuclear Security
Acting Under Secretary for Science
Chief of Staff
Director, Office of Management

REPORT ON ALLEGATIONS OF ORGANIZATIONAL CONFLICTS OF INTEREST AT PORTSMOUTH AND OAK RIDGE

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ALLEGATIONS OF ORGANIZATIONAL CONFLICTS OF INTEREST AT PORTSMOUTH AND OAK RIDGE

ORGANIZATIONAL CONFLICTS OF INTEREST

According to Federal Acquisition Regulation (FAR) 2.101 and Department of Energy Acquisition Regulation (DEAR) 952.209-8(a), organizational conflict of interest (OCI) means "that because of other activities or relationships with other persons, a person is unable or potentially unable to render impartial assistance or advice to the Government, or the person's objectivity in performing the contract work is or might be otherwise impaired, or a person has an unfair competitive advantage." The FAR and DEAR also prohibit business relationships in which a person is either unable to or potentially unable to render impartial assistance or advice to the Government.

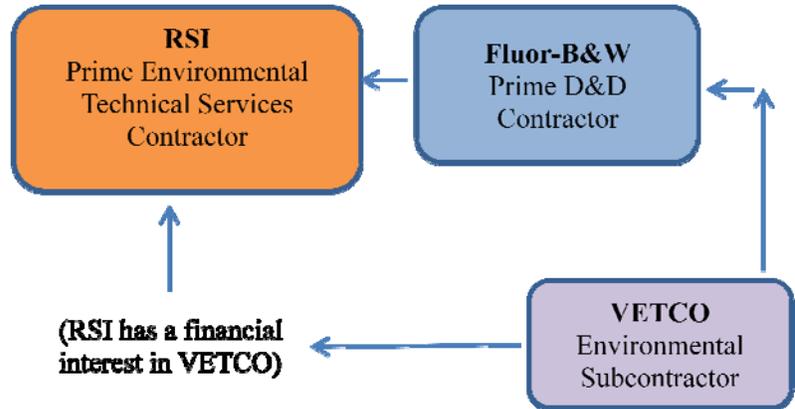
We substantiated the allegation that OCI existed at the Portsmouth Gaseous Diffusion Plant (Portsmouth) and Oak Ridge Reservation (Oak Ridge). Specifically, we identified OCI between Restoration Services, Inc. (RSI) and VETCO, LLC-Technical Services Company (VETCO) at both Portsmouth and Oak Ridge. We also identified potential OCI between URS | CH2M Hill Oak Ridge, LLC (UCOR) and RSI at Oak Ridge.

OCI at Portsmouth

Our inspection substantiated the allegation that OCI existed between RSI and VETCO at Portsmouth. Specifically, we determined that RSI had a financial interest in VETCO that could have impaired RSI's objectivity with regard to reviewing and approving work performed by VETCO on behalf of Fluor-B&W Portsmouth, LLC, (Fluor) at Portsmouth. Fluor is responsible for Portsmouth's Decontamination and Decommissioning (D&D) project, which includes demolition and disposal of all Portsmouth facilities. RSI, the prime environmental technical services contractor, is responsible for performing project management and oversight of Portsmouth's environmental remediation and D&D projects, and as such, must review and approve the work of VETCO through Fluor.

The following table depicts the contractual relationship among the two prime contractors and subcontractor involved in the OCI at Portsmouth.

Table 1. Portsmouth Contractor Workflow



In March 2011, Fluor subcontracted with VETCO for technical services to develop regulatory documents concerning remediation efforts at Portsmouth. As a part of its overall responsibilities at Portsmouth, RSI is tasked with reviewing VETCO's work. At the time Fluor awarded the contract to VETCO, RSI had a financial interest in VETCO. A Portsmouth Paducah Project Office (PPPO) Contracting Officer informed us that the Department of Energy (Department) identified the OCI between RSI and VETCO prior to Fluor awarding the contract and required that the issue be addressed. In April 2011, RSI and VETCO took action to mitigate the conflict by executing a "Membership Interest Purchase Agreement" (MIPA) to divest RSI's financial interest in VETCO.

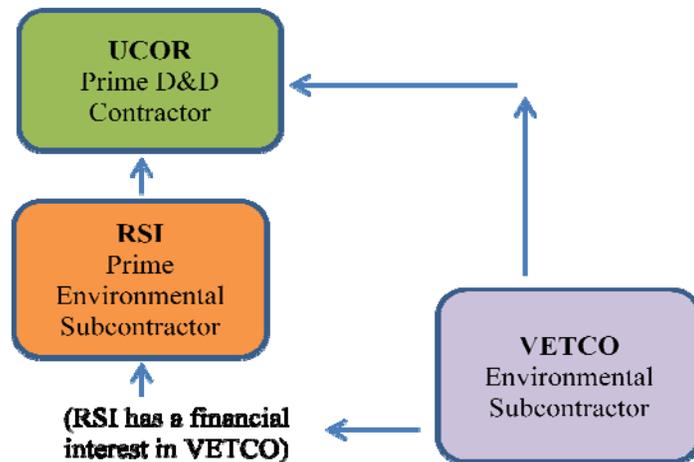
Through our review of the MIPA and discussion with a VETCO senior official, we determined that despite the passage of 8 months, the financial interest between RSI and VETCO had not been fully divested. Notably, the agreement appeared to be inadequate to fully mitigate the OCI in that it did not call for an immediate divestiture and instead permitted RSI's financial interest to continue. Specifically, at the time of our inspection there was an outstanding balance due to RSI from VETCO, and RSI was entitled to a percentage of VETCO's market value. Despite the requirement for periodic installments to eliminate the balance due, we noted that from April 2011 until November 2011, VETCO had not made any payments to RSI.

The PPPO Contracting Officer discussed the financial relationship with RSI officials in January 2011, and was told that RSI would fully divest its interest in VETCO. However, until we brought this matter to the Contracting Officer's attention, the individual was unaware that the OCI had not been fully mitigated. Once informed of the issues, the Contracting Officer stated that the Department would take immediate corrective action to resolve the OCI. We verified that the Department took a number of actions, including those required by the DEAR, to mitigate the OCI between RSI and VETCO.

Potential OCI at Oak Ridge

We substantiated the allegation that potential OCI existed between RSI and UCOR at Oak Ridge. UCOR was responsible for completing the cleanup of the East Tennessee Technology Park (ETTP) and other Environmental Management (EM) missions at Oak Ridge. As the prime environmental subcontractor, RSI supports UCOR with D&D of major facilities at ETTP, including the K-25 facility, remediates associated media, and performs other EM-related activities. Potential OCI existed in this case because a senior RSI official also held a senior position in UCOR as part of a contractor teaming arrangement. In that position, that individual, acting on behalf of UCOR, was in a position to review and approve work performed by the senior official's employer, RSI. Further complicating the situation, RSI is owned by a relative of the same senior official. Both the FAR and DEAR prohibit business practices based on impaired objectivity. The following table outlines the workflow of the primary contractor and subcontractors involved in the potential OCI.

Table 2. Oak Ridge Contractor Workflow



Initially, the Oak Ridge Office (ORO) Contracting Officer responsible for the UCOR contract and a senior UCOR official told us that they did not believe OCI existed between UCOR and RSI. Also, the ORO Contracting Officer relied on reviews by the Oak Ridge Office of the Chief Counsel and the Source Evaluation Board during a review of the potential OCI. Through subsequent discussions with the same Federal officials at Oak Ridge, they ultimately agreed that the arrangement concerning the responsibility for environmental remediation work assigned and prepared by RSI at Oak Ridge represented an appearance of OCI.

In January 2012, UCOR provided the ORO Contracting Officer a proposed mitigation plan to resolve the appearance of OCI. The plan included a change in organizational placement of personnel who will provide oversight and have approval authority for RSI's efforts on designated environmental services and support. After reviewing the proposed plan, the ORO Contracting Officer made a written determination in January 2012 that the appearance of actual or potential OCI no longer existed.

Additionally, the OCI regarding a continuing financial interest between RSI and VETCO identified in Portsmouth also existed in Oak Ridge. However, based on the corrective action taken in Portsmouth, (that is the divestiture of RSI from VETCO) the OCI regarding the continuing financial interest was mitigated. The ORO Contracting Officer indicated that the mitigation plan was accepted after reviewing the documentation provided by Portsmouth that evidenced the full divestiture by RSI of its interest in VETCO.

**CONTRIBUTING
FACTORS AND
IMPACT**

The actual and potential conflicts outlined in our report either had not been properly mitigated or identified by either the contractors or the Federal officials involved. The issues we identified occurred because Federal officials did not: (1) ensure that Department contractors completed required mitigation efforts, and (2) fully appreciate the potential impact of assigning employees across company boundaries during teaming arrangements. While the PPPO Contracting Officer identified the OCI between RSI and VETCO at the time of contract award, officials did not follow up to ensure that a divestiture agreed upon as part of a mitigation plan was actually completed.

With regard to the teaming arrangement at Oak Ridge, Federal officials initially did not believe that even the appearance of a conflict existed until we specifically pointed out the potential for the individual in question to approve work performed by the senior official's employer, a teaming partner. Responsible Portsmouth and Oak Ridge contracting officers and Office of the Chief Counsel officials commented that the OCI training they received was a minor segment of broader training and was not dedicated to handling OCI. As a result, the lack of familiarity with OCI could have contributed to the issues we identified.

We also noted a lack of formal guidance on the subject also may have contributed the OCI problems at Portsmouth and Oak Ridge. Notably, on June 21, 1996, Headquarters officials cancelled Department Order 4220.4, *Organizational Conflict of Interest Processing Procedures*, May 19, 1986. Officials from the Office of Acquisition and Project Management informed us that the Department did not intend to issue a new directive regarding OCI until a change to the FAR, now under consideration, is finalized.

RECOMMENDATIONS

Both PPPO and ORO management took specific corrective actions during the inspection to mitigate the OCI issues identified in this report. We believe, however, that additional action is necessary in this area. Based upon the finalization of the new Government-wide regulatory coverage of OCI in the FAR and to ensure future OCI issues are appropriately handled, we recommend that the Director, Office of Acquisition and Project Management:

1. Establish an effective process to identify, avoid, or mitigate potential OCI, and;
2. Develop and implement a detailed training course for responsible Department officials on the process and procedures for conducting OCI reviews.

We also recommend that the Manager, Portsmouth Paducah Project Office and the Manager, Oak Ridge Office:

3. Implement the effective process to assist with identifying, avoiding, or mitigating OCI.

**MANAGEMENT AND
INSPECTOR
COMMENTS**

Management concurred with the recommendations in the report. Regarding recommendations 1 and 2, the Director, Office of Acquisition and Project Management intends to update all Department OCI coverage and provide Department personnel Government-wide OCI training, as well as Department-specific OCI training if needed, pending finalization of the Notice of Proposed Rulemaking. This Notice will substantially rewrite the Government-wide regulatory coverage of OCI in the FAR. The Director anticipates completing the implementation of these two recommendations within a year of publication of the final rulemaking. The Director also indicated that he did not believe that the cases described in the report indicate fundamental weaknesses in the current OCI regulations and guidance that would be rectified with the resurrection of Department Order 4220.4. The Director further stated that the contracting officers are required to access and resolve potential OCI issues. For clarity, our report does not indicate that we believe Department Order 4220.4 should be resurrected; however, we are in agreement that even though the Order was cancelled, contracting officers are still required to assess and resolve potential OCI issues.

The PPPO Manager concurred with recommendation 3 in the report. However, PPPO thinks this recommendation should be directed to all offices and field sites and not just PPPO and ORO. From our perspective, we only reviewed PPPO and ORO and our recommendations pertain to these sites, but we believe the actions identified for the Director, Office of Acquisition and Project Management should address the concern that the PPPO Manager has regarding this recommendation.

The ORO Manager concurred with recommendation 3 and indicated that they will follow the Government-wide guidance and the guidance received from the Office of Acquisition and Project Management, once finalized. Regarding the OCI issues identified at Oak Ridge, ORO does not agree that the OCI issues were substantiated. Specifically, ORO Officials did not agree that the appearance of OCI identified in the report was either potential or actual OCI. For the reasons outlined in our report, we continue to believe that the business arrangements we identified constituted a potential and actual OCI. Notably, management officials from the companies involved acknowledged that there could be appearance problems. Those officials subsequently prepared OCI mitigation plans to address the issues identified. ORO management accepted and approved those plans but stated that by accepting the plans they were not agreeing that either potential or actual OCI existed.

Appendix 1

OBJECTIVE

The objective of this inspection was to examine the facts and circumstances surrounding the allegations of organizational conflicts of interest (OCI). Specifically, the complaint alleged that there were potential OCI involving Restoration Services, Inc. (RSI), and VETCO, LLC-Technical Services Company at the Portsmouth Gaseous Diffusion Plant. It was further alleged that potential OCI existed between URS | CH2M Hill Oak Ridge, LLC (UCOR) and RSI at the Oak Ridge Reservation.

SCOPE

This allegation-based inspection was performed between October 2011 and October 2012, at the Portsmouth Paducah Project Office (PPPO) in Lexington, Kentucky; the Oak Ridge Office (ORO) in Oak Ridge, Tennessee; and, Department of Energy (Department) Headquarters in Washington, DC.

METHODOLOGY

To accomplish the inspection objective, we:

- Reviewed and analyzed Federal and Department regulations, contracts and orders, as well as a prior Office of Inspector General report; and,
- Interviewed officials from the Department's Office of the Chief Counsel and Contracting Officers at both ORO and PPPO, as well as a senior policy official at Department Headquarters.

We conducted this allegation-based inspection in accordance with the Council of the Inspectors General on Integrity and Efficiency's *Quality Standards for Inspection and Evaluation*. Those standards require that we plan and perform the inspection to obtain sufficient, appropriate evidence to provide a reasonable basis for our conclusions and observations based on our inspection objective. 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. Finally, we relied on computer-processed data, to some extent, to satisfy our objective. We confirmed the validity of such data, when appropriate, by reviewing source documents.

An exit conference was held with ORO and PPPO Officials on October 31, 2012. On November 1, 2012, the Office of Acquisition and Project Management waived the exit conference.

PRIOR REPORT

- Inspection Report on [*Organizational Conflicts of Interest Program at Sandia National Laboratories*](#) (DOE/IG-0853, July 2011). The objective of this inspection was to determine whether Sandia National Laboratories' (Sandia) Organizational Conflicts of Interest (OCI) Program complied with relevant contractual requirements. Pursuant to Federal Acquisition Regulation 35.017, *Federally Funded Research and Development Centers*, and other contractual provisions, Sandia is obligated to protect proprietary data, act with independence and objectivity, and perform in a manner free from any OCI. The inspection revealed a number of areas where Sandia could improve its OCI process to prevent potential or actual OCI. Although specifically required by Federal regulation and contractual provisions, Sandia had not completed a number of OCI-related activities. We found that Sandia personnel who worked directly with Lockheed Martin Corporation on Work for Others projects and Cooperative Research and Development Agreements were not aware of the process for releasing information that may have been proprietary to the parent corporation.

MANAGEMENT COMMENTS



Department of Energy
Washington, DC 20585

September 26, 2012

MEMORANDUM FOR SANDRA D. BRUCE
ASSISTANT INSPECTOR GENERAL FOR INSPECTIONS
OFFICE OF INSPECTOR GENERAL

FROM: PAUL BOSCO 
DIRECTOR
OFFICE OF ACQUISITION AND
PROJECT MANAGEMENT

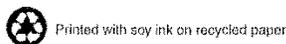
SUBJECT: Draft Inspection Report on "Allegations of Organizational Conflicts
of Interest at Portsmouth and Oak Ridge"

On September 7, 2012, you sent the subject Draft Inspection Report to this office for review and comment. The report states that allegations made regarding Organizational Conflicts of Interest (OCI) issues in Portsmouth and Oak Ridge contracts were substantiated by the Office of Inspector General. Although Federal officials took specific actions to mitigate the OCI issues identified in the report, two recommendations were made to the Office of Acquisition and Project Management.

The recommendations, and our responses, follow:

1. Establish an effective process to identify, avoid, or mitigate potential OCI.

Concur. We agree with your proposed recommendation, pending finalization of the Notice of Proposed Rulemaking that will substantially re-write the government-wide regulatory coverage of OCI's in the Federal Acquisition Regulation (FAR). When that rule is published in final form, we intend to update all of our Departmental OCI coverage in the Department of Energy Acquisition Regulation, the Acquisition Guide, and any other needed policy. We do not believe that the cases described in the report indicate fundamental weaknesses in the current OCI regulations and guidance that would be rectified with the resurrection of Department of Energy (DOE) Order 4220.4. Contracting Officers are required by current regulation to assess and resolve potential OCI issues. Canceling the Order did not remove these requirements. The issues and questions posed in the Order are still relevant pursuant to current regulations.



2. Develop and implement a detailed training course for responsible Department officials on the process and procedures for conducting OCI reviews.

Concur. When the FAR OCI re-write is published in a final rulemaking, the General Services Administration (GSA) will offer government-wide training to the acquisition workforce, including DOE personnel. When the government-wide training is rolled out, we will assess the need for additional DOE-specific training.

While we do not know when the final FAR OCI re-write will be published, we anticipate completing the implementation of these two recommendations within one year of publication of the final rulemaking.

DOE F 1325.8
(3/02)

United States Government

Department of Energy
Portsmouth/Paducah Project Office

memorandum

DATE: **OCT - 1 2012**
REPLY TO
ATTN OF: PPPO:Pipes

PPPO-01-1616989-12

SUBJECT: **PORTSMOUTH/PADUCAH PROJECT OFFICE COMMENTS ON INSPECTOR
GENERAL DRAFT REPORT ON ALLEGATIONS OF ORGANIZATIONAL CONFLICT
OF INTEREST**

TO: Amiya K. Das, General Engineer, Office of Environmental Management, EM-63/Cloverleaf

Attached please find comments from the Portsmouth/Paducah Project Office on the draft titled, "Draft Inspection Report – Allegations of Organizational Conflict of Interest at Portsmouth and Oak Ridge."

Please contact me at 859-219-4001 or Philip Pipes of my staff at 859-219-4014.



William E. Murphie
Manager
Portsmouth/Paducah Project Office

Attachment:
PPPO Management Response and Comments on Draft Report

cc w/attachment:
T. Harm, EM-63
A. Das, EM-63
J. Surash, EM-50
M. Lewis, CF-50
R. Blumenfeld, PPPO/PAD
P. Pipes, PPPO/LEX
B. Gawthorp, PPPO/LEX
P. Thompson, PPPO/LEX

PORTSMOUTH/PADUCAH PROJECT OFFICE MANAGEMENT RESPONSE:

Recommendation 3: We also recommend that the Manager, Portsmouth/Paducah Project Office (PPPO) and the Manager, Oak Ridge Site Office, implement the effective process to assist with identifying, avoiding, or mitigating OCI.

Management Response: PPPO concurs with this recommendation. However, we think this recommendation should be directed towards all offices and field sites, not just specifically to Oak Ridge Site Office and PPPO.

Action Plan: To be determined after guidance is received by OAPM.

Estimated Completion Date: TBD.



Department of Energy

Oak Ridge Office
P.O. Box 2001
Oak Ridge, Tennessee 37831

September 28, 2012

MEMORANDUM FOR SANDRA D. BRUCE
ASSISTANT INSPECTOR GENERAL FOR INSPECTIONS
OFFICE OF INSPECTOR GENERAL

FROM: LARRY C. KELLY
MANAGER 

SUBJECT: DRAFT INSPECTION REPORT ON "ALLEGATIONS OF ORGANIZATIONAL
CONFLICTS OF INTEREST AT PORTSMOUTH AND OAK RIDGE"

Thank you for the opportunity to review and comment on the subject draft report. While the Oak Ridge Office (ORO) agrees that the recommendations provide effective insight to ensure future organizational conflicts of interest (OCI) are appropriately handled, we are not in agreement that OCI issues were substantiated at Oak Ridge. The appearance of an OCI identified in this report was neither a potential nor actual OCI. Detailed comments are provided in the attached.

With respect to the specific recommendation in the draft report, ORO's comments are as follows:

Recommendation 3: We also recommend that the Manager, Portsmouth Paducah Project Office and the Manager, ORO, implement the effective process to assist with identifying, avoiding, or mitigating OCI.

Management Response: Concur

Action Plan: ORO will follow guidance received by the Office of Acquisition and Project Management (OAPM). Additionally, ORO will follow the upcoming Government-wide regulations concerning OCI once finalized. The estimated completion is contingent upon OAPM's issuance of the new Departmental guidance.

This recommendation is conditioned upon OAPM developing an "effective process to identify, avoid, or mitigate potential OCI" based upon Government-wide regulations which have not been finalized as yet. Once the DOE-wide procedures are developed by OAPM, ORO will follow them.

If you have any questions or need additional information, please contact Tina Pooler at (865) 576-2654.

Attachment



Department of Energy
Washington, DC 20585

SEP 27 2012

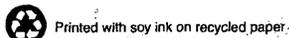
MEMORANDUM FOR SANDRA D. BRUCE
ASSISTANT INSPECTOR GENERAL
FOR INSPECTION
OFFICE OF INSPECTOR GENERAL

FROM: J. E. SURASH *J. E. Surash*
DEPUTY ASSISTANT SECRETARY FOR
ACQUISITION AND PROJECT MANAGEMENT

SUBJECT: Draft Inspection Report on "Allegations of Organizational
Conflicts of Interest at Portsmouth and Oak Ridge"

I concur with the recommendations in the subject report.

cc: Reggie James, EM-52
Michael Howard, EM-51
Deborah Locke, EM-51



DEPUTY ASSISTANT SECRETARY OF ACQUISITION AND PROJECT
MANAGEMENT

Comments on Draft Inspector General Report, "*Allegations of Organizational Conflicts of Interest at Portsmouth and Oak Ridge*" (IG# S121S001)

September 25, 2012

Recommendation 1: Establish an effective process to identify and mitigate potential Organizational Conflicts of Interest (OCI).

- No comment.

Recommendation 2: Develop and implement a detailed training course for responsible Department officials on the process and procedures for conducting OCI.

- No comment.

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2. What additional information related to findings and recommendations could have been included in the report to assist management in implementing corrective actions?
3. What format, stylistic, or organizational changes might have made this report's overall message more clearly to the reader?
4. What additional actions could the Office of Inspector General have taken on the issues discussed in this report that would have been helpful?
5. Please include your name and telephone number so that we may contact you should we have any questions about your comments.

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Telephone _____ Organization _____

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