



OFFICE OF INSPECTOR GENERAL

U.S. Department of Energy

INSPECTION REPORT

DOE-OIG-24-28

September 2024

**ALLEGATIONS CONCERNING ETHICS
VIOLATIONS AT THE BONNEVILLE
POWER ADMINISTRATION**



Department of Energy
Washington, DC 20585

September 23, 2024

MEMORANDUM FOR THE ADMINISTRATOR, BONNEVILLE POWER
ADMINISTRATION

SUBJECT: Inspection Report: *Allegations Concerning Ethics Violations at the Bonneville Power Administration*

The attached report discusses our inspection of allegations regarding ethics concerns at the Bonneville Power Administration (BPA). We did not substantiate the allegations that a BPA Senior Vice President violated ethics policies by: (1) giving gifts to BPA executives, and (2) inappropriately using BPA's skilled crafts and trades personnel to fabricate personalized gifts for BPA executives. Specifically, we determined that the desk organizers did not qualify as gifts under Federal regulations; were considered organizational honorary awards under BPA's recognition program; and the Senior Vice President had the authority to create and distribute these awards. This report does not contain recommendations or suggested actions; therefore, no management response is required.

We conducted this inspection from February 2024 through September 2024 in accordance with the Council of the Inspectors General on Integrity and Efficiency's *Quality Standards for Inspection and Evaluation* (December 2020). We appreciated the cooperation and assistance received during this evaluation.

A handwritten signature in black ink, appearing to read "Anthony Cruz", written over a light-colored rectangular background.

Anthony Cruz
Assistant Inspector General
for Inspections, Intelligence Oversight,
and Special Projects
Office of Inspector General

cc: Deputy Secretary
Chief of Staff



Department of Energy Office of Inspector General

Allegations Concerning Ethics Violations at the Bonneville Power Administration (DOE-OIG-24-28)

WHY THE OIG PERFORMED THIS INSPECTION

The Office of Inspector General received two allegations regarding ethics concerns at the Bonneville Power Administration (BPA). Specifically, the allegations stated that a BPA Senior Vice President violated policies by: (1) giving gifts to BPA executives, and (2) inappropriately using BPA's skilled crafts and trades personnel to fabricate personalized gifts for BPA executives.

We initiated this inspection to determine the facts and circumstances regarding alleged ethics violations at BPA.

What Did OIG Find?

We did not substantiate the allegations that a BPA Senior Vice President violated ethics policies by: (1) giving gifts to BPA executives, and (2) inappropriately using BPA's skilled crafts and trades personnel to fabricate personalized gifts for BPA executives. Specifically, we determined that the desk organizers did not qualify as gifts under Federal regulations; were considered organizational honorary awards under BPA's recognition program; and the Senior Vice President had the authority to create and distribute these awards.

What Is the Path Forward?

Continued communication and training for all employees regarding the recognition program is crucial. By providing employees with clear information about the program's guidelines, criteria for awards, and approval processes, BPA can foster a shared understanding of the program's objectives and prevent misunderstandings or ethics concerns from arising in the future. We did not find any issues that need to be addressed by BPA. Therefore, we made no recommendations or suggested actions

BACKGROUND

The Bonneville Power Administration (BPA) established in 1937 is a Federal nonprofit agency based in the Pacific Northwest and is part of the Department of Energy. BPA's mission is to transmit and market an adequate, efficient, economical, and reliable power supply; a transmission system that is adequate at integrating and transmitting power; and mitigating the impact to fish and wildlife. BPA's basic function is to market and transmit wholesale electricity from 31 Federal dams, several non-Federal dams, and one nuclear power plant. BPA plays a significant role in delivering reliable, affordable, and carbon-free hydropower produced in the Columbia River Basin to communities across the Northwest.

In December 2023, the Office of Inspector General received two allegations of ethics concerns at BPA. Specifically, the allegations stated that a BPA Senior Vice President (Senior VP) violated ethics policies by: (1) giving gifts to BPA executives, and (2) inappropriately using BPA's skilled craft and trade personnel to fabricate personalized gifts for BPA executives.

We initiated this inspection to determine the facts and circumstances regarding alleged ethics violations at BPA.

ETHICS, GIFTS, AND AWARDS

We did not substantiate the allegations that a Senior VP did not follow ethics policies when giving desk organizers to BPA executives and using BPA's skilled craft and trade personnel to fabricate personalized desk organizers for BPA executives and other personnel. Specifically, the Senior VP gave desk organizers as tokens of appreciation to various BPA employees in accordance with BPA policy for organizational honorary awards. Further, the Senior VP followed established BPA procedures prior to requesting BPA Specialty Services to use BPA resources and a subordinate's time to produce the desk organizers.

Ethics Policies Were Not Violated

We found that the Senior VP's actions did not violate ethics requirements when he gave desk organizers to BPA employees. The Senior VP requested that BPA Specialty Services produce desk organizers that used BPA materials and labor, and awarded the desk organizers to 26 BPA employees and executives. We found that the desk organizers are not considered gifts as stated in the allegation. Specifically, 5 Code of Federal Regulations 2635, Standards of Ethical Conduct for Employees of the Executive Branch, establishes the Federal policy for gift giving and prohibits employees from soliciting or accepting gifts with some exceptions. For example, it specifically exempts from the definition of gifts anything that is paid for by the Government.

Moreover, the Senior VP acted in accordance with BPA policy when he gave the desk organizers to employees. BPA's *Human Resource Desk Reference on Awards* allows executives and managers to establish organizational honorary awards specific to their organization's mission provided that the items have the BPA logo and meet criteria such as having lasting trophy value. We found that the desk organizers were engraved with the BPA logo along with each employee's name and job title. The Senior VP stated that he characterized the desk organizers as tokens of

appreciation for work performed. Further, we concluded that the Senior VP had the authority to distribute the desk organizers as organizational honorary awards. BPA's *Human Resources Desk Reference on Awards* allows executives and managers with delegated authority to administer BPA's employee recognition system to establish honorary awards specific to their organization's mission and objectives.

Use of Government Resources

We did not find anything in our review of applicable Federal regulations, Department Orders, or BPA policies and procedures to indicate that using BPA labor and purchased materials to produce the desk organizers was inappropriate. In fact, we found that BPA's *Human Resource Desk Reference on Awards* aligns with Department Order 331.1D, *Employee Performance Management and Recognition Program*; 5 Code of Federal Regulations 2635.704, *Use of Government Property*; and 5 Code of Federal Regulations 2635.705, *Use of Official Time*. Specifically, the Federal Regulations allow the use of Government resources for authorized purposes. According to BPA's *Human Resources Desk Reference*, organizational honorary awards are considered part of its authorized recognition programs. Additionally, Department Order 331.1D and BPA's *Human Resources Desk Reference* also allow awards up to a maximum cost of \$50. We determined the cost of new materials and shop time was below that limit at about \$41 per desk organizer.

PATH FORWARD

Continued communication and training for all employees regarding the recognition program is crucial. By providing employees with clear information about the program's guidelines, criteria for awards, and approval processes, BPA can foster a shared understanding of the program's objectives and prevent misunderstandings or ethics concerns from arising in the future. We did not find any issues that need to be addressed by BPA. Therefore, we made no recommendations or suggested actions.

Appendix 1: Objective, Scope, and Methodology

OBJECTIVE

We initiated this inspection to determine the facts and circumstances regarding alleged ethics violations at the Bonneville Power Administration (BPA).

SCOPE

The inspection was performed from February 2024 through September 2024 at BPA in Vancouver, Washington. The scope is limited to the facts and circumstances surrounding allegations of ethics violations at BPA. The inspection was conducted under Office of Inspector General project number S24LL011.

METHODOLOGY

To accomplish our inspection objective, we:

- Reviewed relevant Federal, Department of Energy, and BPA regulations, policies, procedures, guidance, and training records;
- Interviewed key personnel at BPA;
- Analyzed associated documentation related to the allegations; and
- Coordinated and conducted interviews with the Department's Ethics Officials.

We conducted our inspection in accordance with the *Quality Standards for Inspection and Evaluation* (December 2020) as put forth by the Council of the Inspectors General on Integrity and Efficiency. We believe that the work performed provides a reasonable basis for our conclusions.

Management officials waived an exit conference on August 26, 2024.

FEEDBACK

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

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