



U.S. DEPARTMENT OF ENERGY

# Office of Inspector General

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August 26, 2025

## The Loan Programs Office's Management of Contractor Conflicts of Interest



AUDIT REPORT

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**Department of Energy**  
Washington, DC 20585

August 26, 2025

MEMORANDUM FOR THE UNDER SECRETARY OF ENERGY

SUBJECT: Audit Report: *The Loan Programs Office's Management of Contractor Conflicts of Interest*

The attached report discusses our audit of the Loan Programs Office's management of conflicts of interest for contractors providing support and advisory services to its Office. This report contains two 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 May 2024 through April 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 that reads "Sarah Nelson".

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

cc: Chief of Staff

# DOE OIG HIGHLIGHTS

## *The Loan Programs Office's Management of Contractor Conflicts of Interest*

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**August 26, 2025**

### **Why We Performed This Audit**

The Department of Energy's Loan Programs Office (LPO) provides debt financing in the form of loans and loan guarantees to support innovative clean energy, advanced transportation, and tribal energy projects in the United States. To help carry out its mission, the LPO utilizes contractors and third-party advisors to assist with loan application processing, which increases the risk for conflicts of interest.

Given the LPO's reliance on contractors and third-party advisors, we initiated this audit to determine whether the LPO had an effective framework in place for managing conflicts of interest for contractors providing support and advisory services to its Office.

### **What We Found**

We found that the LPO did not have an effective framework in place for managing conflicts of interest for contractors providing support to the LPO. Specifically, the LPO was not aware of all the relationships that could cause conflicts of interest. We also found that the LPO did not ensure adequate management of conflict of interest disclosures and waiver requests, and did not ensure its prime contractor fully implemented key aspects of its strategy for managing potential conflicts of interest.

These issues occurred because the LPO did not have controls in place to identify and manage conflicts of interest. Specifically, the LPO had not developed and implemented a formal, centralized tracking system or policies and procedures for managing conflicts of interest. Additionally, the LPO relied upon third-party advisors and other contractors to self-identify conflicts of interest and did not ensure adequate oversight of its prime contractor.

Without knowing all parties involved in the loan process or fully implementing a conflict of interest program, the Department and the LPO cannot ensure that conflicts are properly identified and mitigated. The Department and the LPO are responsible for ensuring the integrity of the loan process, including ensuring that decisions about awarding and managing loans are in the Government's and the public's best interest.

### **What We Recommend**

To address the issues identified in this report, we have made two recommendations that, if fully implemented, should help ensure that decisions about awarding and managing loans and loan guarantees are in the Government's and the public's best interest.

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## Background and Objective

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The Department of Energy's Loan Programs Office (LPO) 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. Since November 2021, the LPO has closed over \$60 billion in loans and loan guarantees using this new authority.

The LPO utilizes non-governmental entities to assist its Federal staff throughout the life cycle of a loan, which includes: (1) reviewing loan application submissions, (2) performing technical program assessments and oversight of the borrower's project, and (3) conducting key analysis supporting loan decisions. For example, during our review, we identified that the LPO utilized over 300 contractor and subcontractor employees to support loan processing, a number that has increased more than sixfold since September 2020. In addition, the LPO and its loan applicants use third-party advisors with legal, marketing, financial, and engineering expertise to assist with evaluating loan applications. According to Department officials, there are a limited number of firms with the necessary experience. As such, some of these third-party advisors are also being used by loan applicants, increasing the potential for organizational conflicts of interest<sup>1</sup> that can result in decisions that may not be in the Government's best interest.

In May 2024, we initiated this audit to determine whether the LPO had an effective framework in place for managing conflicts of interest for contractors providing support and advisory services to its Office. During our audit, we issued a memorandum highlighting our preliminary observations, *Interim Findings – The Department's Loan Programs Office Is Not Managing Organizational Conflicts of Interest in Compliance With Regulations and Contractual Obligations*. We issued this interim memorandum because we identified conflict of interest risks associated with the prior Administration's plan to close \$22 billion in loans and loan guarantees in December 2024 and early January 2025. Our interim memorandum alerted the Department that the LPO was administering more than \$385 billion in new loan authority without ensuring a regulatory and contractually compliant and effective system to manage organizational conflicts of interest. This report expands on the findings previously reported.

### Applicable Criteria and Other Provisions

The Federal Acquisition Regulation (FAR) protects the Government and taxpayers when the Government transacts with contractors. FAR 9.504 requires contracting officers for Government transactions to: (1) identify and evaluate potential organizational conflicts of interest as early as possible; and (2) avoid, neutralize, or mitigate significant conflicts before the contract award. FAR 9.506 requires contracting officers to seek information from within the Government or from other readily available sources if information concerning contractors is necessary to identify

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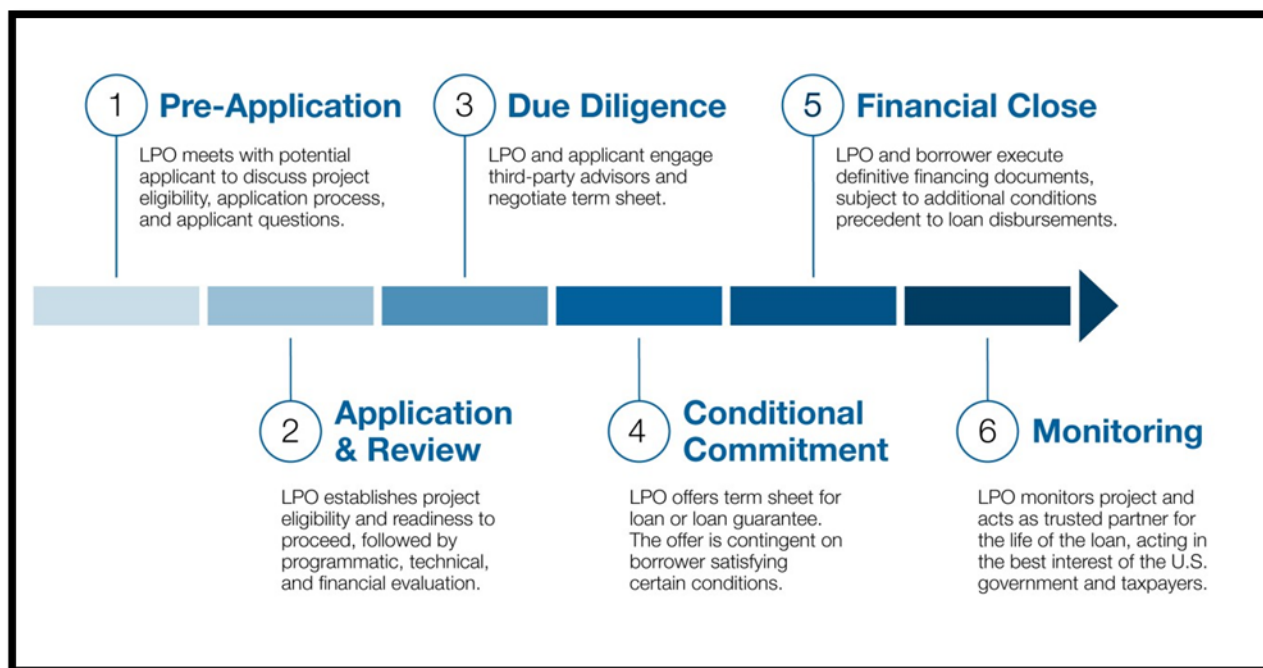
<sup>1</sup> Organizational conflict of interest means that because of activities or relationships with other persons or firms, a contractor is unable or potentially unable to render impartial assistance or advice to the Government, or the contractor's objectivity in performing the contract work is or might be otherwise impaired, or a contractor has an unfair competitive advantage. The essence of organizational conflicts of interest is divided loyalty between a particular contractor's best interests and the Government's best interests.

potential conflicts of interest. The LPO's contracts are executed by contracting officers in the Department's Office of Management with contracting officer representatives in each of the LPO divisions to assist in overseeing and managing potential conflicts of interest and handle day-to-day administrative oversight.

Department of Energy Acquisition Regulations (DEAR) 909.507-2 and 952.209-72, which implements FAR contract clauses in Department contracts, require contracting officers to insert organizational conflict of interest clauses into contracts. The DEAR requirements mandate that contractors disclose related party relationships and take steps to avoid, neutralize, or mitigate conflicts of interest. If a conflict cannot be mitigated, the contracting officer can issue a waiver allowing the contractor to perform work despite the conflict. In addition, DEAR requires those who contract with the Department to include all these same organizational conflict of interest provisions in their subcontracts.

As previously discussed, the LPO contracts with more than 300 contractor and subcontractor personnel to assist with loan processing (see Table 1).

**Table 1: LPO Loan Process**



(Source: <https://www.energy.gov/lpo/application-process>)

The LPO's contractors are as follows:

- **Prime Contractor and Its Subcontractors**: The LPO contracts with a prime contractor, Archetype II, LLC, (Archetype) that provides professional management and analytical support throughout a loan's life cycle. Archetype is a joint venture between two companies, and all individuals are employed by one of the two companies rather than Archetype. The two companies that comprise the Archetype joint venture also employ consultants and subcontractors.

- **Support Services Contractors:** In addition to Archetype and its subcontractors, the LPO also contracts with seven support services contractors. Five perform legal services, one performs services as a special assets collateral agent, and one provides project finance loan services.
- **Third-Party Advisors:** As part of the loan application review process, the LPO contracts with “third-party” advisors to provide reports, covering such topics as financial and credit issues and analysis, engineering and technical analysis, and market analysis.<sup>2</sup> Although these third-party advisors contract with the LPO, which relies upon their work as essential components of the loan application process, the prospective borrowers pay for the third-party advisors’ services.

All the LPO contracts related to administration of the loan authority, including contracts with third-party advisors, are required to include a clause: (1) requiring disclosure of apparent or actual conflicts of interest, and (2) imposing a continuing obligation to disclose any circumstances that may create an actual or apparent conflict of interest. While FAR as a whole may not directly apply to contracts with third-party advisors because borrowers pay the fees, third-party advisor contracts incorporate the FAR definition for organizational conflicts of interest.

**Table 2: FAR, DEAR, and Contract Provisions**

<b>Requirement</b>	<b>Applies To</b>	<b>Source</b>
<b>Identify and evaluate conflicts as soon as possible.</b>	Contracting Officers	FAR 9.504(a)(1)
<b>Avoid, neutralize, or mitigate potential conflicts before the contract award.</b>	Contracting Officers	FAR 9.504(a)(2)
<b>Seek information from within the Government or from other readily available sources if information concerning contractors is necessary to identify potential conflicts of interest.</b>	Contracting Officers	FAR 9.506(a)
<b>Monitor contracts for evidence of conflicts of interest.</b>	Contracting Officer Representatives	Designation Letter
<b>Issue waivers for conflicts of interest.</b>	Contracting Officers	DEAR 952.209-72(c)
<b>Disclose related party relationships and take steps to avoid, neutralize, or mitigate conflicts of interest.</b>	Contractors and Subcontractors	DEAR 952.209-72(c) DEAR 952.209-72(f)
<b>Disclose apparent or actual conflicts of interest and any circumstances that may create an actual or apparent conflict of interest.</b>	Contractors, Subcontractors, and Third-Party Advisors	Contracts

<sup>2</sup> To support its Office, the LPO uses a Request for Statement of Capability, Availability, and Pricing process to select third-party advisors from standing lists of pre-qualified engineering, legal, financial, and marketing advisors. When the LPO needs third-party expertise for a specific project, pre-qualified third-party advisors are invited to submit Statements of Capability, Availability, and Price describing their qualifications relative to the project and identifying any existing conflicts of interest.



## Results of Review

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The LPO did not have an effective framework in place for managing conflicts of interest for contractors providing support and advisory services to its Office. We found that the LPO was not aware of relationships that could result in conflicts of interest among the contractors, subcontractors, and third-party advisors supporting the LPO. We also found that the LPO did not effectively manage conflict of interest disclosures and waiver requests. Further, we found that the LPO's prime contractor did not fully implement key aspects of its strategy for managing potential conflicts of interest.

### THE LPO WAS NOT AWARE OF ALL RELATIONSHIPS INVOLVED IN THE LOAN PROCESS

The LPO was not aware of relationships that could result in conflicts of interest among the contractors, subcontractors, and third-party advisors supporting the LPO. Specifically, we found: (1) contracting officer representatives did not track the names of third-party advisors working for prospective borrowers; (2) the LPO was not aware of all project participants; (3) the LPO was not aware of the actual employers of the individuals performing work under the Archetype contract; and (4) the LPO was not aware of situations where individuals working as employees of the companies that comprise the Archetype joint venture simultaneously worked for other consulting companies or advisory councils.

#### Tracking of Third-Party Advisors

We found that contracting officer representatives did not track the names of third-party advisors working for prospective borrowers. For the 18 projects we reviewed, the LPO was only able to identify the engineering third-party advisors for 3 of the projects and unable to identify marketing or financial third-party advisors for any projects. Because the LPO did not track all third-party advisors supporting applicants, it could not determine whether an individual supporting the LPO for a project was also working for one or more prospective borrowers.

Using the names of third-party advisors and contractors provided by the LPO, we found instances of potential conflicts with third-party advisors. The LPO was not aware of these potential conflicts prior to our audit. For example, we identified:

- A contractor was working for a loan applicant on one project while also performing work on another project. We obtained documentation from the Department's Office of Management and identified an additional 11 projects not part of our sample where this contractor was simultaneously performing work for the LPO.
- An individual supporting the LPO for two projects was also working as an Archetype subcontractor employee on a separate project with an overlapping technology scope.
- A company that comprises part of the Archetype joint venture was a subcontractor to a third-party advisor supporting the LPO. Notably, we also found that this third-party advisor served as a subcontractor under Archetype.



Ultimately, each of these examples warranted an in-depth review to determine whether an actual conflict of interest existed. Because the LPO was not aware of all parties involved in the loan process, it did not know whether a prospective borrower strategically hired the same third-party advisors or affiliates retained to assist the LPO with its loan processing. Additionally, the LPO could not ensure that an individual did not have unequal access to information or a competitive advantage to win other contracts or subcontracts.

### Project Participants for Each Applicant

We found that the LPO was not aware of all project participants for each applicant even though the information was readily available. For instance, one project we reviewed identified its project management firm as one of the companies that makes up the Archetype joint venture. Therefore, this entity's employees were part of the loan application review process under the Archetype contract supporting the LPO. When we questioned officials about the relationship, none of the contracting officer representatives were aware of the situation. The LPO officials not being aware of this could allow for individuals performing work under Archetype to evaluate the work of their own company. This created an apparent conflict, if not an actual conflict. Proper management of conflicts of interest requires identifying all parties involved in the process on both sides of the transaction. This is especially true in the LPO process where the Government relies upon the work of contractors and third-party advisors to inform its decisions.

### Actual Employers of Archetype Contractors

We found that the LPO was not aware who employed the individuals performing work under the Archetype contract. Instead, the LPO identified all the individuals performing work under the contract as Archetype employees. As previously mentioned, Archetype is a joint venture comprised of two separate companies whose employees perform work under the contract. In addition, these companies subcontract with other companies and consultants to support the LPO in its loan process. Nonetheless, the LPO contracting officer representatives, the individuals overseeing the contractors work, stated that from their perspective, "a contractor employee was a contractor employee" and that they were unaware of who employed each individual. This was concerning because Archetype was intricately involved in the application review process, and individuals working under the Archetype contract had access to nonpublic or proprietary information that could give an unfair competitive advantage because some of these individuals worked for contractors that supported multiple divisions within the LPO. Without knowing an individual's employer, the LPO cannot effectively identify and manage potential conflicts of interest.

### Archetype Employees and Outside Work

We found that the LPO was not aware of situations where individuals involved in its loan review process as employees of companies comprising the Archetype joint venture simultaneously worked for other consulting companies or advisory councils. In each situation, the individuals had access to nonpublic or proprietary information, which could result in an unfair competitive advantage working as advisors or consultants in other capacities. For example:

- An individual supporting the LPO under the Archetype contract was also serving as a member of the Secretary of Energy Advisory Board providing advice and recommendations to the Secretary while the Secretary had approval authority for all the LPO loans. In addition, the individual simultaneously served on several energy-related councils and founded a clean energy labor advisory firm.
- An individual supporting the LPO under the Archetype contract was also part of an advisory firm assisting private companies and startups on corporate strategy, capital raising, and financial structuring. Additionally, the individual was a consultant for a finance advisory firm that was a pre-qualified financial advisor for the LPO.
- An individual supporting the LPO under the Archetype contract was also employed as an energy transition markets advisor for an energy consulting firm.
- An individual supporting the LPO under the Archetype contract also founded a consulting firm advising private equity firms and financial institutions on sustainable/impact investment strategy and risk and opportunities assessments.

Pursuant to FAR 9.504 and contracting officer representative designations, contracting officers and contracting officer representatives have an affirmative obligation to identify and evaluate potential conflicts of interest. They cannot effectively meet this obligation without being aware of all parties involved, including third-party advisors. As stated in FAR 9.508(i), a conflict could arise if a party that has worked with the LPO to process applications acts as a consultant for a prospective borrower. If contracting officers are unaware of the outside positions or responsibilities of individuals supporting the LPO, then these contracting officers cannot deconflict to avoid the LPO hiring these same experts in other roles within the LPO processes or advise them that their outside activities create a conflict of interest with their responsibilities.

These issues occurred because the LPO did not have controls in place to implement FAR, DEAR, and contract requirements intended to prevent conflicts of interest. For example, the LPO did not have a formal, centralized tracking system to identify all the relationships and potential conflicts and relied on third-party advisors and other contractors to self-identify conflicts of interest. Such reliance creates a blind spot and improperly delegates responsibilities of the contracting officer and contracting officer representative, as defined in FAR 9.504 and contracting officer representative designations. The lack of awareness of the parties involved in the loan process impedes the LPO from identifying and evaluating potential organizational conflicts of interest and doing so as early as possible. These oversight obligations may not be passed along wholesale to a contractor without abandoning the meaning of oversight. Although the LPO's reliance on contractors to self-disclose conflicts of interest was in accordance with FAR and DEAR, due to the heightened risk of conflicts of interest associated with the hundreds of contractors, subcontractors, and third-party advisors supporting the LPO and the concerns we identified, the LPO should implement additional internal controls. In our view, a formal, centralized tracking system would provide the information the LPO needs to identify and reconcile relationships that could create conflicts of interest.

As a result of our interim findings, the LPO stated that it would request information regarding third-party advisors that the applicant has engaged or expects to engage prior to an applicant's invitation to due diligence.<sup>3</sup> The LPO would use this information when issuing and evaluating third-party advisor proposals. Additionally, the LPO indicated it could require third-party advisors to confirm their compliance with the organizational conflict of interest requirements prior to issuance of a Conditional Commitment for a project. While the proposed actions would help identify potential conflicts for specific transactions, the actions did not directly address our concerns. In particular, the proposed actions did not address formal tracking of all parties involved, which would allow the LPO to identify relationships that could result in conflicts of interest.

## INADEQUATE MANAGEMENT OF CONFLICT OF INTEREST DISCLOSURES AND WAIVER REQUESTS

We also found that the Department did not ensure adequate management of conflict of interest disclosures and waiver requests. Specifically, contracting officers and contracting officer representatives did not formally track all disclosures and waiver requests, or share them across the LPO. Additionally, the LPO did not review mitigation plans when approving waiver requests for firms providing legal services despite relying on the mitigation plans as justification for approval.

### Tracking and Sharing of Disclosures and Waiver Requests

We found that contracting officers and contracting officer representatives did not formally track all disclosures and waiver requests or share them across the LPO. In response to our initial request for a listing of all conflict of interest disclosures and waiver requests submitted by contractors, the LPO only provided documentation specific to contractors offering legal services. The LPO had no documentation for the engineering, financial, or other support contractors. While the LPO provided documentation for legal service contractors, it only provided approved waiver requests and did not provide documentation of denied waiver requests or conflict of interest disclosures. Additionally, the LPO's legal staff compiled the documentation by reviewing each law firm's folder on a shared drive. As a result, the LPO could not confirm that it provided the full universe of disclosures or waiver requests.

The LPO told us on multiple occasions that there were no additional disclosures beyond those it had provided. Nevertheless, we continued work to validate that the LPO provided all requested disclosures. Ultimately, cursory searches of emails performed by an Archetype representative and a contracting officer representative with the LPO identified 13 disclosures that the LPO had not previously provided. In a review of the emails, we noted that only one of the disclosures sent by Archetype to the contracting officer representative had been provided to the contracting officer for evaluation, as required.

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<sup>3</sup> When an applicant's project is determined to be eligible and viable, the applicant is invited to submit a full application. After an application is determined to be complete, the LPO issues a letter to the applicant inviting the project to enter due diligence.

When we discussed this issue further with the LPO, officials informed us that conflict of interest disclosures and waiver requests are kept by each contracting officer representative through either emails or in project files on a shared drive but are not shared throughout the LPO. The failure to share that information across contracting officers and the LPO contracting officer representatives is concerning because of the potential for the same third-party advisors or contractors to support multiple divisions in different roles within the LPO while representing different interests, including the interests of prospective borrowers.

## Approval of Waiver Requests

We also found that the LPO relied on contractor mitigation plans to justify approving waiver requests, but the LPO officials did not review mitigation plans when approving waiver requests for firms providing legal services. Specifically, for 22 of the 25 approved waiver requests we reviewed, the LPO's justification for approving them revealed that the LPO relied on self-certifications that the firm was in compliance with their conflicts of interest mitigation plans. Current contractual agreements did not require the firms to submit copies of their mitigation plans to the LPO—only that their mitigation plans were maintained and complied with the specifications in the contractual agreements. As such, the LPO could not immediately provide the mitigation plans and had to request copies from the firms. Additionally, for 2 of the 25 approved waiver requests, the LPO was not able to provide documentation showing the justification for approving the requests.

These issues occurred because the LPO did not have controls in place to identify and manage conflicts of interest with contractors and third-party advisors. Specifically, the LPO had not developed and implemented a formal, centralized tracking system through policies and procedures for handling and documenting contractor disclosures or waiver requests. We previously identified this issue in our Special Report, *Inquiry into the Procurement of Law Firm Services and Management of Law Firm-Disclosed Organizational Conflicts of Interest by the Department of Energy's Loan Programs Office* (OAS-RA-12-14, August 2012). This report found that the LPO had not deployed a tracking system for managing law firm waiver requests and had not documented, in an organized system of records, the rationale for denying or approving waiver requests. In response to the report, the LPO stated that it had established a tracking system that recorded the receipt and disposition of each waiver request. However, based on the audit's results, and as already indicated, the requested information was compiled by going through emails or an individual law firm's project file on a shared drive and not from a centralized tracking system or an organized system of records.

As a result of our interim findings, the LPO indicated that it would add an agenda item to its regular biweekly meetings with the Department's Office of Management procurement team regarding contractor organizational conflicts of interest to ensure that contracting officers and contracting officer representatives were aware of any disclosed conflicts of interest. While the proposed action was positive, the action did not directly address our concerns. Specifically, the proposed action did not address formal management of all disclosures and waiver requests, including documentation of the analysis performed and resolution of disclosures and waiver requests. Such a centralized, organized system is critical to ensuring knowledge transfer when individuals depart from a position and someone new assumes responsibility for managing the disclosed conflict. In addition, the action did not address sharing and verifying information

across contracting officers and contracting officer representatives. By only looking at disclosures on a case-by-case basis, contracting officers and contracting officer representatives may not easily recognize relationships, which is essential when trying to identify conflicts of interest amongst the hundreds of personnel supporting the LPO. This is especially important given the potential for the same third-party advisors or contractors to support multiple divisions of the LPO in different roles while representing different interests, including those of prospective borrowers.

## ARCHETYPE DID NOT IMPLEMENT ITS STRATEGY FOR MANAGING POTENTIAL CONFLICTS OF INTEREST

We found that the LPO did not ensure its prime contractor, Archetype, fully implemented key aspects of its strategy for managing potential conflicts of interest. Under the prime support contract, Archetype was required to develop and submit an Organizational Conflict of Interest Management Plan (Plan) outlining its strategy for identifying, disclosing, and mitigating potential conflicts of interest. Although the contractor (Archetype) submitted its Plan in October 2017, it had not implemented the Plan's key requirements. For example, Archetype had not:

- Developed or implemented a formal conflict of interest training program, the foundation of Archetype's organizational conflict of interest mitigation strategy. Specifically, Archetype had not implemented comprehensive initial and annual refresher training programs focused on educating employees on how to recognize, report, and manage organizational conflict of interest situations. Instead, Archetype's Program Manager told us that as individuals are hired, Archetype held informal meetings via telephone to discuss the different types of conflicts of interest and its notification process. However, the Program Manager confirmed that there was no record or documentation of these informal meetings.
- Provided organizational conflict of interest training to subcontractors that did not have a training program. In fact, the Program Manager was unaware of the status of subcontractor training programs at the time of the interview and had to email each subcontractor to determine whether they had a training program. We determined that four subcontractors performing work under Archetype did not have training programs. One of the subcontractors that did not have a conflict of interest training program, and did not receive any such training from Archetype, employed over half of the employees performing work for the LPO during the period we reviewed.
- Submitted annual certifications of compliance to the contracting officer. Instead, the Program Manager stated that as questions or issues came up, they were immediately brought to the attention of the contracting officer representative.
- Conducted audits of subcontractors' and consultants' compliance with the Plan's provisions. According to the Program Manager, there were no records of audits being performed. Instead, the Program Manager stated that regular conversations took place with subcontractors to ensure ongoing compliance with organizational conflict of interest provisions.

The LPO did not ensure that the contracting officer and contracting officer representative verified the contractor's implementation of its conflicts of interest program. As a result, the LPO could not assure that valid processes had been established to identify and report conflicts of interest, as required by the contract.

These issues occurred because the LPO did not have controls in place to ensure adequate oversight of Archetype. In particular, the LPO had not developed policies and procedures to verify that Archetype implemented its Plan. Instead, the LPO relied on Archetype to execute its Plan without verifying implementation. Furthermore, we found that the LPO's contracting officer representative, who handled the contract's day-to-day oversight, did not obtain a copy of the Plan until July 2024 and had not taken any action to verify its implementation during the 7 years since submission.

As a result of our interim findings, the LPO stated that it directed Archetype to institute new processes and enhance compliance with the organizational conflict of interest requirements under its contract. Specifically, Archetype will require online training covering organizational conflicts of interest and ethics topics for new personnel within 30 days of starting work as well as annual refresher training for all individuals working on the contract. In addition, Archetype will keep records of annual training and certify annually to the LPO that each member of the contracting team has taken the training. Further, the LPO stated that the contracting officer representative will require Archetype to submit copies of signed organizational conflict of interest forms to the LPO prior to the start of a new contractor. The LPO also indicated that the contracting officer representative will conduct semiannual reviews with Archetype to ensure that they are complying with the Plan. The LPO's proposed actions were responsive to our concerns and, if fully implemented, would help ensure that conflicts of interest are appropriately identified, reported, and mitigated.

## CONCLUSION

Without knowing all parties involved in the loan application process and sharing disclosures across contracting officers and contracting officer representatives, the Department and the LPO could not ensure that an individual did not have unequal access to information or an unfair competitive advantage. We identified multiple companies and individuals with apparent conflicts of interest. By not ensuring that the contracting officer and contracting officer representative are verifying Archetype's implementation of its conflicts of interest program, the LPO could not assure that it established appropriate processes to identify and report conflicts of interest. The Department and the LPO are ultimately responsible for ensuring the integrity of the loan process, including ensuring that decisions about awarding and managing loans are in the Government's and the public's best interest. Responsibility for such a large and inherently risky loan portfolio necessitates compliance with conflicts of interest regulations and contractual obligations. Fiscal responsibility and program integrity require independence in decisions about loan awards and ongoing monitoring for continued solvency. Lawmakers and the public must trust that those decisions are made for the public good and not for private gain.



## Recommendations

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To help ensure that decisions about awarding and managing loans and loan guarantees are in the Government's and the public's best interest, we recommend that the LPO take the following actions:

1. Establish policies and procedures, to include a formal, centralized system that tracks (a) all parties associated with each project, and (b) conflict of interest disclosures and waiver requests, including documentation supporting decisions for approving or denying requests; and
2. Develop and implement policies and procedures to continually monitor Archetype's implementation of all its Plan's aspects.

## Management Comments

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Management concurred with our recommendations and identified responsive corrective actions to address the reported issues. For Recommendation 1, management indicated that it will develop and document standard operating procedures to ensure the LPO effectively serves its role of helping to manage contractor conflicts of interest. Specifically, the LPO procedures will include: (1) identifying governing documents and applicable requirements for managing conflicts for contractors; (2) coordination between the LPO and the Office of Management to create and maintain a formal, centralized tracking process to track third-party advisors and contractors associated with each LPO project; and (3) establishing a central repository within the LPO to document and track conflict of interest disclosure/certifications and waiver requests, in coordination with the contracting officer. In addition, the LPO will work collaboratively with the contracting officer to create a master organizational chart for all the support services contractors and third-party experts to include their subcontractors, teaming partners, and consultants, along with a list of their personnel. The LPO and the Office of Management will manage the master organizational chart, and it will be updated and validated quarterly with the support services contractors and third-party experts.

Regarding Recommendation 2, management indicated that it will develop and document standard operating procedures to define responsibilities of the LPO contracting officer representative to include monitoring of the LPO primary support contractors' compliance with its Plan. Additionally, in coordination with the contracting officer, the LPO contracting officer representative will request that the LPO primary contractor submit a listing of all contract staff who have been trained, which will be reviewed for compliance on an annual basis. Further, the LPO contracting officer representative will retain copies of the organizational conflict of interest certifications and disclosures, approved mitigation strategies, signed Nondisclosure Agreements, and records of training activities as evidence of the LPO primary support contractor's compliance with its Plan.

Management's comments are included in Appendix 3.



## Office of Inspector General Response

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Management's comments and proposed corrective actions were responsive to our recommendations.

### Objective, Scope, and Methodology

#### Objective

We conducted this audit to determine whether the Loan Programs Office (LPO) had an effective framework in place for managing conflicts of interest for contractors providing support and advisory services to its Office.

#### Scope

The audit was performed from May 2024 through April 2025. The scope of our audit covered the LPO's internal controls related to management of conflicts of interest for contractors providing support and advisory services. The audit was conducted under Office of Inspector General project number A24PT006.

#### Methodology

To accomplish our audit objective, we:

- Reviewed applicable laws, regulations, policies and procedures, and Department of Energy guidance related to the management of conflicts of interest.
- Reviewed prior reports related to the Department's management of conflicts of interest.
- Reviewed policies related to management of contractor conflicts of interest for other Federal agencies.
- Interviewed personnel from the LPO, the Office of Management, and contractors regarding the management of conflicts of interest for contractors providing support and advisory services.
- Obtained and reviewed a judgmental sample of 12 contractual agreements from standing lists of 66 legal, engineering, marketing, and financial third-party advisors providing support and advisory services to the LPO. Sample selection was based on third-party advisors providing services to the LPO or project applicants for the 18 projects included in the scope of our review. Since each of the LPO divisions are distinct, a selection was made from each of the specialized areas to compare contractual language pertaining to conflict of interest requirements. Because a judgmental sample was used, results are limited to the contractual agreements selected and cannot be projected.
- Obtained and reviewed a list of third-party advisors and contractor support identified by the LPO for 18 projects that had received conditional commitments or reached financial close from January 2021 through May 2024.

- Obtained and reviewed available documentation related to conflict of interest disclosures and waiver requests.

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 that 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 internal control component of control activities and the underlying principle of implement control activities. However, because our review was limited to this internal control component and underlying principle, it may not have disclosed all internal control deficiencies that may have existed at the time of this audit. We did not rely on computer-processed data to satisfy our audit objective.

Management officials waived an exit conference on August 5, 2025.

## Related Reports

### Office of Inspector General

- Memorandum: [\*Interim Findings – The Department’s Loan Programs Office Is Not Managing Organizational Conflicts of Interest in Compliance With Regulations and Contractual Obligations\*](#) (December 2024). During an Office of Inspector General (OIG) audit, the audit team found that the Loan Programs Office (LPO) was not managing organizational conflicts of interest in compliance with regulations or ensuring that the LPO’s prime contractor and its subcontractors were implementing effective plans to manage conflicts of interest. Specifically, despite the risks and conflicts that could arise if the LPO contracts with contractors that also work for prospective borrowers, the OIG audit team learned that the LPO did not ensure that contracting officers and contracting officer representatives track third-party advisors. In addition, we found that the LPO had not ensured that the contracting officers and contracting officer representatives adequately track conflict of interest disclosures or waiver requests. Further, we found that the contracting officer and contracting officer representative were not verifying conflict of interest management by the prime contractor, and the LPO was unaware that the contractor had not implemented key aspects of its Organizational Conflict of Interest Management 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). After reviewing prior reports and casework related to the LPO, the OIG identified four major risk areas that warrant additional attention from senior Department of Energy leadership for financing projects funded through the Infrastructure Investment and Jobs Act and existing loan authorities to prevent similar problems from recurring. Specifically, we identified risks that warranted immediate attention in the following areas: (1) insufficient Federal staffing; (2) inadequate policies, procedures, and internal controls; (3) lack of accountability and transparency; and (4) potential conflicts of interest and undue influence.
- Special Report: [\*Inquiry into the Procurement of Law Firm Services and Management of Law Firm-Disclosed Organizational Conflicts of Interest by the Department of Energy’s Loan Programs Office\*](#) (OAS-RA-12-14, August 2012). The OIG received complaints alleging various improprieties in the LPO related to the procurement of legal services and the management of law firm disclosed conflicts of interest in the Innovative Technology Loan Guarantee Program. The OIG initiated a special inquiry to review the circumstances surrounding the allegations. While the inquiry did not substantiate the specific allegations, the inquiry identified opportunities to improve transparency over management of organizational conflict of interest waiver requests. Specifically, we noted that the LPO had not deployed a tracking system for managing law firm waiver requests and had not documented, in an organized system of records, the rationale for denying or

approving waiver requests. The lack of a tracking system and documentation supporting the reasons for approving waiver requests in an organized system of records occurred, in large part, because the Program had not established formal documentation procedures.

### Government Accountability Office

- Audit Report: [\*Department of Energy Contracting: Actions Needed to Strengthen Subcontract Oversight\*](#) (GAO-19-107, March 2019). The Government Accountability Office reviewed contracting at the Department, including the use of subcontractors. The report found that the Department's local offices review proposed subcontracts to ensure that they are awarded consistent with policies related to potential conflicts of interest. However, local officials do not independently review information on subcontractor ownership because doing so is not required, although such information could alert officials to potential conflicts of interest. By requiring contracting officers to independently review subcontractor ownership information, the Department and National Nuclear Security Administration would have better assurance that contractors are adequately identifying and mitigating organizational conflicts of interest.


## Management Comments




**Department of Energy**  
Washington, DC 20585

July 22, 2025

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

THROUGH:              MR. WELLS GRIFFITH   
UNDER SECRETARY OF ENERGY

FROM:                  GREGORY BEARD   
SENIOR ADVISOR, LOAN PROGRAMS OFFICE

SUBJECT:              DRAFT AUDIT REPORT: *THE LOAN PROGRAMS*  
*OFFICE'S MANAGEMENT OF CONTRACTOR CONFLICTS*  
*OF INTEREST (A24PT006-IRA)*

This memorandum is in response to the draft "Audit Report – The Loan Programs Office's Management of Contractor Conflicts of Interest. (A24PT006-IRA)" (the "Audit Report") provided by the Office of the Inspector General ("OIG") to the Loan Programs Office ("LPO") on May 27, 2025.

The OIG review of the LPO was carried out over approximately a year, from May 2024 through April 2025, to determine whether LPO has an effective framework in place for managing conflicts of interest for contractors providing support and advisory services to LPO.

The Audit Report contained a total of two (2) recommendations to LPO; LPO concurs with both of OIG's recommendations and has provided corrective action plans for the OIG recommendations below.

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

### **LPO's Planned Corrective Actions in Response to the Recommendations**

**OIG Recommendation 1:** Establish policies and procedures, to include a formal, centralized system that tracks (a) all parties associated with each project, and (b) conflict of interest disclosures and waiver requests, including documentation supporting decisions for approving or denying requests.

### **LPO Response: Concur**

**Corrective Action:** LPO will develop and document standard operating procedures (SOP) to ensure LPO effectively serves its role of helping to manage contractor conflicts of interest, which will include:

- a. Identifying governing documents and applicable requirements for managing COI for Contractors, such as the Federal Acquisition Regulation (FAR), and Department of Energy Acquisition Regulation (DEAR), that define required COI management activities for LPO to adhere to as they relate to contractors.
- b. Close coordination between LPO's Contract Officer Representatives (CORs) and the Contracting Officers (COs) in the Office of Management (MA) to create and maintain a formal, centralized tracking process to track third-party advisors and contractors associated with each LPO project. LPO will work collaboratively with the Contracting Officer to create a master organizational chart for all the support services contractors and third-party experts to include their subcontractors, teaming partners, and consultants, along with a list of their personnel. This will help identify any potential OCIs and mitigate them if necessary. LPO and MA will manage the master organizational chart, and it will be updated and validated quarterly with the support services contractors and third-party experts.
- c. Establishing an LPO central repository to document and track COI disclosure/certifications and waiver requests, in coordination with the Contracting Officer. In accordance with FAR 9.503, any OCI waiver requests will be submitted to the Head of Contracting Activity for approval or denial.

**Estimated Completion Date:** LPO leadership has ensured that these corrective actions are underway with substantial progress made towards results. The initial version of the tracking mechanism is completed, and the draft SOP document is currently in progress and expected to be completed no later than September 30, 2025.

**OIG Recommendation 2:** Develop and implement policies and procedures to continually monitor Archetype's implementation of all its Plan's aspects.

### **LPO Response: Concur**

**Corrective Action:** LPO's primary contractor has provided its current onboard contractor staff the most recent Organizational Conflicts of Interest (OCI) training on April 24, 2025, per FAR Subpart 9.5 and DEAR 952.209-72. LPO CORs, in coordination with COs, will continue to ensure that onboarded contract staff has completed a Nondisclosure Agreement (NDA) as required. To support LPO, the LPO contractor will also ensure contractor employees are given OCI training by the LPO primary contractor upon starting and annually thereafter. In coordination with the Contracting Officer, the LPO COR will request the LPO primary contractor to submit a listing of all contract staff who have been trained, which will be reviewed for compliance on an annual basis. In addition, LPO will develop and implement LPO SOPs to define LPO COR responsibilities to include the monitoring of LPO primary support contractors' compliance with their OCI Management Plan and processes described above. Similarly, we will require Archetype to update the OCI Management Plan to include relevant artifacts. The OCI



Mitigation Plan must contain a current organizational chart listing subcontractors, teaming partners, and contractor personnel, along with their respective roles and responsibilities. Additionally, the OCI Management Plan should encompass any OCI certifications and disclosures, approved mitigation strategies, signed NDAs, and records of training activities, including dates and times. The OCI Management Plan will be a dynamic document, subject to updates as changes occur. The LPO COR will retain copies of the OCI certifications and disclosures, approved mitigation strategies, signed NDAs, and records of training activities as evidence of the LPO primary support contractor's compliance with their OCI Management Plan.

**Estimated Completion Date:** LPO leadership has ensured that these corrective actions are underway with substantial progress made towards results. The initial version of the tracking mechanism is completed, and the draft SOP document is currently in progress and expected to be completed no later than September 30, 2025.

## FEEDBACK

The Office of Inspector General has a continuing interest in improving the usefulness of its products. We aim to make our reports as responsive as possible and ask you to consider sharing your thoughts with us.

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