

October 23, 2006

CCN 207462

Ms. Mary Lynn Scott
Director, Division of Contracts
Office of Administration
U.S. Nuclear Regulatory Commission
Washington, DC 20555-0001

SUBJECT: Notification of Apparent Conflict of Interest

Dear Ms. Scott:

On October 19, 2006, INL Management learned that one of our staff members recently entered into a private contract with a U.S. nuclear utility to present a training course dealing with human reliability analysis (HRA) methods for personnel from that utility. In so doing, our staff member acted entirely outside the scope of his employment with the INL, and in apparent violation of applicable INL procedures and requirements as they relate to conflict of interest (COI) and business ethics issues. The staff member is one who has often performed related work scope as a part of current and past projects performed by the INL for the NRC. Thus, an apparent conflict of interest has been created by our employee's actions.

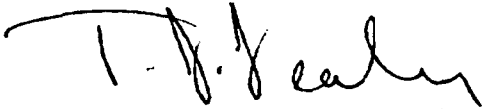
The INL has initiated a full and independent investigation of this matter. The investigation will be carried out by the INL Independent Audit organization, which reports directly to the INL Laboratory Director. Upon a review of the facts and circumstances, we will make a determination as to what actions, including possible disciplinary actions, will constitute an appropriate response. While this investigation is carried out, this employee has been reassigned, and will perform no work on any NRC project. Regrettably, this action may affect certain milestones and commitments on projects that are being performed by INL for the NRC. We are in the process of identifying and evaluating those impacts, and will work directly with the cognizant NRC Technical Monitors to determine how to best manage these impacts.

The INL is committed to conservative and effective avoidance and management of all potential conflict of interest issues. As you know, in consultation with NRC Contracts and Office of General Counsel (OGC) personnel, the INL has put into place a COI Mitigation Plan which contains a number of provisions that were developed in direct response to stated NRC concerns. Along with a number of more general INL policies and procedures, the Mitigation Plan serves to ensure that institutional conflicts of interest will not be created. In an isolated instance such as this one, in which an employee, through actions outside the scope of his employment, whether intentionally or negligently, contravenes Laboratory COI or business ethics requirements, preventing and detecting the conflict is more difficult. Still, our response must be, and will be, no less thorough and effective.

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We will, of course, keep you informed regarding this matter. Please do not hesitate to contact me at any time if you require additional information. I can be reached at (208) 526-4944, or by email at Timothy.Leahy@inl.gov.

Sincerely,



Timothy J. Leahy
Director, Nuclear Safety and Regulatory Research

TJL/krjv

cc: C. E. Ader, NRC, TWFN 10 E32
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