

Fiscal Year 2019 Organizational Conflicts of Interest Disclosure Update Statement

October 1, 2018 through September 30, 2019

Prepared by NTESS, LLC
Albuquerque, New Mexico 87185, and Livermore, California 94550.

Sandia National Laboratories is a multimission laboratory managed and operated by National Technology & Engineering Solutions of Sandia, LLC, a wholly owned subsidiary of Honeywell International Inc., for the U.S. Department of Energy's National Nuclear Security Administration under contract DE-NA0003525.



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Acronyms and Abbreviations

CA	California
CO	contracting officer
COI	conflict of interest
CPA	contract purchase agreement
CRADA	cooperative research and development agreement
CRF	consultation request form for OCI
DEAR	Department of Energy Acquisition Regulations
DOE	Department of Energy
FAR	Federal Acquisition Regulation
FFRDC	Federally Funded Research and Development Center
FM&T	Honeywell Federal Manufacturing & Technologies, LLC
FY	Fiscal Year
Honeywell	Honeywell International, Inc.
IEWO	inter-entity work order
IP	intellectual property
IPM	Intellectual Property Manager
LAA	Longenecker and Associates
LLNL	Lawrence Livermore National Laboratory
M&O	Management and Operating
MSTS	Mission Support and Test Services, LLC
ND	nuclear deterrent
NFE	non-Federal entity
NM	New Mexico
NNSA	National Nuclear Security Agency
Northrop	Northrop Grumman Systems Corporation
NPI	new product introduction
NSE	Nuclear Security Enterprise
NTESS	National Technology & Engineering Solutions of Sandia, LLC
OCI	organizational conflict of interest
OFA	other Federal agency
ORS	Opportunities Response System
PCI	personal conflict of interest

PI	Principal Investigator
PM	Project Manager
PO	Purchase Order
PrE	Project Rigor Evaluation
SFO	Sandia Field Office
SNL	Sandia National Laboratories
SPP	Strategic Partnership Projects
SPPa	Strategic Partnership Projects Application
SRN	Sandia Restricted Network
SRNS	Savannah River Nuclear Solutions, LLC
STP	Sandia Technical Partners
TO	Task Order
URA	Universities Research Association Inc.
WA	work authorization
WG	working group

National Technology & Engineering Solutions of Sandia, LLC

FY19 Organizational Conflicts of Interest

Disclosure Update Statement

I. Executive Summary

The National Technology & Engineering Solutions of Sandia, LLC (NTESS) Prime Contract department manages an organizational conflicts of interest (OCI) program that is designed to provide NTESS employees an accessible means to assist in identifying potential OCI risk and providing development support services to avoid, neutralize, or mitigate the risk.

The OCI program is responsible for maintaining a regulatory infrastructure, such as corporate OCI policy and training content, to comply with NTESS's obligations set forth in prime contract clauses H-4: ORGANIZATIONAL CONFLICT OF INTEREST (OCI) – SPECIAL PROVISION and Section I Department of Energy Acquisition Regulation 952.209-72, *Organizational Conflicts of Interest, Alternate I*, paragraph (c)(1), *Disclosure After Award*.

Risk identification is a key OCI program priority. Providing employees with a straight-forward, accessible and navigable mechanism to identify potential OCI risk will assist the OCI program in meeting this priority.

II. Introduction

National Technology & Engineering Solutions of Sandia, LLC (NTESS), a wholly owned subsidiary of Honeywell International Inc. (Honeywell), is the Management & Operating (M&O) contractor responsible for Sandia National Laboratories (SNL). Pursuant to the Department of Energy (DOE) National Nuclear Security Agency (NNSA) M&O Contract No. DE-NA0003525 (prime contract), NTESS is responsible for managing and operating SNL. All work performed by NTESS is done under the provisions of this prime contract. Oversight of the prime contract is conducted by the DOE/NNSA Sandia Field Office (SFO).

According to the prime contract, NTESS is supported by its key subcontractor team members (herein referred to as the NTESS team):

- Northrop Grumman Systems Corporation (Northrop)
- Universities Research Association Inc. (URA)
- Longenecker and Associates (LAA)
- Sandia Technical Partners (STP)

Each member of the NTESS team is committed to providing fair and objective support to the Government and to avoiding or otherwise mitigating all actual or potential organizational conflicts of interest (OCI) that may arise during the performance of the prime contract to support the SNL mission in accordance with all contractual requirements, including without limitation, Department of Energy Acquisition Regulation (DEAR) 952.209-72.

The prime contract designates SNL as a Federally Funded Research and Development Center (FFRDC) with DOE/NNSA as the Government sponsor. As a result, NTESS has special access to Government proprietary information and, pursuant to Federal Acquisition Regulation (FAR) 35.017, is obligated to protect proprietary data, act with independence and objectivity, and strive to be free of OCI. NTESS's OCI program is structured to ensure that these objectives are met and sustained. The provisions and requirements of NTESS's OCI program are documented in the DOE/NNSA-approved *Organizational Conflicts of Interest (OCI) Management Plan* (OCI Management Plan).

Clause H-4 of the prime contract, *Organizational Conflicts of Interest (OCI) – Special Provision*, requires NTESS to submit an annual OCI Disclosure Update Statement to the NNSA SFO contracting officer (CO).

III. Types of OCI Risk

As a Federal contractor, NTESS may encounter one or both of the following types of OCI:

Unfair competitive advantage, or unequal access to information, must be considered when NTESS has or could have access to government or third-party data to which other entities do not have access and that may provide an unfair competitive advantage to NTESS, Honeywell, or a member of the NTESS team.

Bias must be considered to ensure NTESS is impartial to any financial, contractual, organizational or other interests related to work such as testing, evaluation, or independent verification/validation of products or services with which NTESS, Honeywell or a member of the NTESS team is or has been involved.

IV. OCI Program Overview

This section illustrates the OCI program and flow from corporate drivers and requirements, to integrated stakeholders (as outlined in Section 6.0 of NTESS's OCI management plan) and assurance activities.

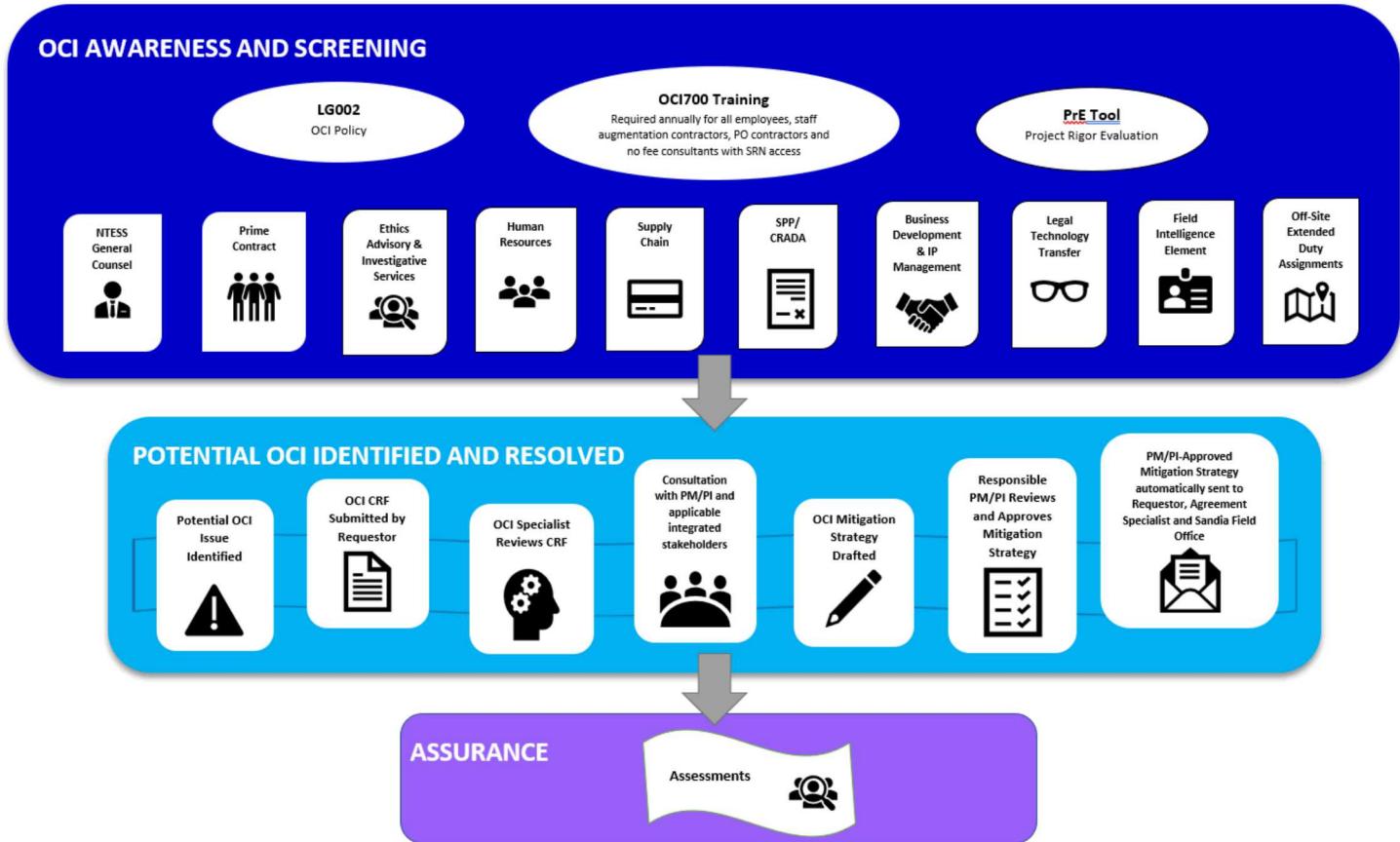


Table 1 provides an illustration of potential OCI reviews performed during the reporting period for requests received via the OCI entity email account, the corporate consultation request form (CRF) tool, the Strategic Partnership Projects Application (SPPa), and the CRADA Intellectual Property Manager (IPM) tool.

Table 1. OCI reviews performed during the reporting period

Integrated Stakeholder	SPP OFA and NFE and CRADA and IEWO	Licenses	Supply Chain CPA TOs and POs		Off-Site Extended Duty Assignments	CRF (not incl. in previous columns [i.e., Pre-award, work authorization (WA)])
			TO	PO		
Honeywell & other Honeywell sites	8 • 4 OFA • 4 IEWO	0	0	1	1	4 WA
Northrop Grumman	7 • 3 NFE • 4 OFA	0	7	0	0	1 WA
LAA	0	0	18	0	0	0
STP	0	0	7	0	0	0
URA, Inc.	0	0	0	0	0	0
Other (Incl. NTESS, DoD)	10 • 3 CRADA • 2 IEWO • 5 OFA	0	0	0	1 (NTESS)	4 WA
Multiple Entities of Interest (when submitter selected more than one entity in the CRF)	3 • 2 IEWO • 1 OFA	0	0	0	0	2 WA
Total	28	0	32	1	2	11

V. Additional OCI Activities

OCI Assessment Activity

During the reporting period, the OCI team conducted OCI-related assessments and concluded there were no findings of non-compliances resulting from the assessments. The following describes the assessment process:

The OCI team partnered with Internal Audit to design an assessment scope and approach to assist in refining the purpose of the assessments to achieve the following:

1. Validate implementation of NTESS's OCI Management Plan administration (integrated processes)
2. Validate the implementation of active, current OCI mitigation actions contained within the SPPa, IPM, and Prime Contract's OCI CRF tool to determine compliance with NTESS's OCI Management Plan.

The scope of the assessments focused on validating that the responsible groups are compliant with the current OCI Management Plan, as outlined in Section 6.0, OCI Plan Administration, and Section 6.5, Project Level, during the timeframe of October 1, 2017 through September 30, 2018, and included both the New Mexico (NM) and California (CA) sites.

NTESS used the following assessment methodology:

1. 100% sample of the integrated processes as outlined in Section 6.0 of the OCI Management Plan
2. 100% sample of active OCI mitigation actions documented in the SPPa, cooperative research and development agreement (CRADA) IPM, and OCI consultation request/interaction tools in effect during the assessment scope noted above

Employee Recognition Award

The OCI team was awarded an Employee Recognition Award for the continued development of a robust OCI program that appropriately addresses OCI risk on behalf of NTESS. Through this team's persistent execution of the OCI program and despite many difficult challenges, the team has been able to support and enable critical mission work while also working hard to continuously provide assurance to NNSA that NTESS has a strong OCI program that aligns with contractual obligations.

Benchmarking

- 4S OCI Steering Committee
 - The 3S Steering Committee rebranded in the fiscal year (FY) to the 4S Steering Committee as Savannah River joined the committee which is comprised of OCI program leads and Legal liaisons from NTESS, Mission Support and Test Services, LLC (MSTS), Honeywell Federal Manufacturing & Technologies, LLC (FM&T) and Savannah River Nuclear Solutions, LLC (SRNS). Quarterly benchmarking meetings were conducted at Honeywell Global Aerospace in December 2018, MSTS in April 2019, and FM&T in September 2019. The focus of the meetings was to discuss each committee member's OCI program and best practices with an ongoing commitment of future collaborations amongst the sites.
- Lawrence Livermore National Laboratory (LLNL)

- NTESS attended a benchmarking event at LLNL in March 2019 to discuss OCI best practices related to the following:
 - Tech transfer OCI identification
 - Potential OCI in CRADAs
 - NTESS's "OCI Easy As..." Awareness Campaign

Nuclear Weapon Stockpile Stewardship

1. Honeywell Federal Manufacturing & Technologies/Kansas City National Security Campus

On June 7, 2019 the NNSA conditionally approved the *National Technology and Engineering Solutions of Sandia, LLC: Analysis and plan for mitigating the potential/appearance of Organizational Conflicts of Interest (OCI) between National Technology and Engineering Solutions of Sandia, LLC and Honeywell Federal Manufacturing & Technologies, LLC (FM&T) (FM&T Mitigation Plan)* pending NTESS's verification of the effectiveness of implementation.

As part of the plan, NTESS modified the engineering authorization configuration management control system and processes to ensure that the justifications of engineering authorizations are clearly and consistently documented and include relevant technical and programmatic justifications (changes to PRIME and MATRIX). Additionally, NTESS developed and implemented specific OCI training for impacted members of the workforce (OCI200 training).

To address NNSA's desire for interim risk reduction measures pending implementation of the FM&T Mitigation Plan, NTESS engaged a task order with Northrop Grumman to perform an independent third-party review of nuclear weapon design documentation for OCI risk.

2. New Product Introduction

NTESS, in coordination with FM&T, led the effort to modernize and streamline the nuclear deterrent (ND) development process through the NPI initiative by applying lessons learned from previous ND programs and industry best practices. NTESS utilized its parent company to identify process improvement opportunities within the NPI initiative. The NTESS OCI program remains actively engaged in the effort to ensure OCI risk is proactively identified and appropriately resolved.

VI. OCI Program Continuous Improvement Summary

Throughout the reporting period, NTESS continued to upgrade the OCI program. The following summaries describe process improvements implemented during the reporting period.

OCI Technology

The OCI team deployed a new workflow within the OCI CRF tool that provides automated notifications to the SFO CO of OCI mitigation strategies developed within the tool. This enhancement was a direct request from the SFO CO to provide an early notification of OCI mitigations within SPP agreements. This new workflow (1)

provides assurance that NTESS is in compliance with contractual requirements to disclose potential OCIs, and (2) provides assurance that NTESS is managing OCI risk in accordance with NTESS's OCI Management Plan.

Funding Opportunities

As part of a strategic process improvement initiative, the Opportunities Response System (ORS) was developed to automate the required corporate review to determine NTESS's eligibility to submit a proposal in response to a funding opportunity, as well as, process CO letters and letters of support and the required proposal notification to NNSA SFO. The system rolled out organizationally in June 2019. The new process has reduced the need for re-work on letters and has decreased overall processing time.

VII. OCI Disclosure Update Statement

Pursuant to Clause H-4: Organizational Conflict of Interest (OCI) – Special Provision and DEAR 952.209-72, Organizational Conflicts of Interest, Alternate I, paragraph (c)(1), Disclosure After Award, and in adherence with the NNSA-approved OCI management plan, I hereby certify that to the best of my knowledge and belief, all actual or potential organizational conflicts of interest have been reported to the NNSA during the reporting period.

Please contact the undersigned with any questions.

Kelly Westlake, CPA, CIA
Sandia National Laboratories
Prime Contract and Export Control, Senior Manager
Org. 11010
505-844-5158
kewestl@sandia.gov

Date