

UNITED STATES OFFICE OF  
GOVERNMENT ETHICS



July 31, 1995  
DO-95-030

**MEMORANDUM**

**TO: Designated Agency Ethics Officials**

**FROM: Stephen D. Potts, Director**

**SUBJECT: Confidential Financial Disclosure Update**

Executive branch agencies are approaching the third (and for some, the fourth) annual filing of confidential financial disclosure reports under the regulation at 5 C.F.R. part 2634, subpart I. Therefore, we would like to offer some timely guidance and update you on continuing initiatives to improve the system.

**THE ANNUAL FILING CYCLE**

Annual confidential disclosure reports are due at the end of October for regular employees who have served in a designated position for more than 60 days during the reporting period. The green SF 450 is still the appropriate form to use during this annual cycle. We have taken the steps required to extend its use as a standard form until a replacement is ready next year.

Please note that the current SF 450 does not reflect the 1993 amendment to 5 C.F.R. § 2634.907, which exempts from confidential disclosure a filer's deposit accounts in banks and similar financial institutions, money market mutual funds and accounts, U.S. Government obligations, and U.S. Government agency securities, as well as the income from these assets. We strongly recommend that you provide written guidance to confidential filers, reminding them that they do not have to disclose this information.

Under 5 C.F.R. § 2634.903(d), agencies may grant extensions up to 90 days beyond the October 31 due date for annual confidential disclosure filing. Ninety days is the maximum extension that an agency may grant. The regulation does not reserve any authority for the Office of Government Ethics (OGE) to further extend due dates for confidential disclosure reports.

For annual filers who have served in a designated position in excess of 60 days during the reporting period but who will be leaving Government service prior to the annual due date, we have suggested to agencies that they need not collect a report. Even though the regulation does not directly cover this approach, it is consistent with the regulatory scheme of not requiring confidential reports at the conclusion of Government service.

**THE REVISED CONFIDENTIAL DISCLOSURE REPORT**

In April, we distributed for comment a draft replacement for the SF 450. See DAEOgram of April 20, 1995. Fourteen agencies responded. Based on suggestions received, we have made some clarifying changes and have simplified the concept of an excepted investment fund. We have now begun the process of submitting this form to the Office of Management and Budget for approval under the Paperwork Reduction Act and to the Federal Register for public notice. We are hopeful that this OGE form will be ready next spring as a replacement for the SF 450.

### **TESTING ALTERNATIVE REPORTING APPROACHES**

Based on last year's single-issue audit and brown bag lunches sponsored by OGE, we have been considering methods to improve the confidential disclosure system. See DAEOgram of January 19, 1995. In furtherance of that goal, we have authorized the Department of Education to test an alternative procedure for the upcoming annual filing cycle. That alternative will permit certain confidential filers who have no new items to report since filing their last SF 450 to sign a certificate in lieu of a new SF 450. We will be closely monitoring the results of that test to determine whether it could be expanded for broader use in the executive branch.

### **AGENCY COLLECTION OF SUPPLEMENTAL INFORMATION**

Some agencies have statutory provisions or supplemental standards of conduct regulations approved by OGE that prohibit the holding of certain financial interests, either altogether or above a specified value. Because the confidential financial disclosure system establishes a value threshold for reporting and does not require disclosure of dollar amounts, some of these agencies may wish to seek additional information from their employees, in order to monitor compliance with their rules on prohibited holdings.

Two options are available. Agencies may choose to collect this information as part of a separate reporting procedure applicable to all employees covered by their restrictions, without OGE's approval. If agencies prefer, however, to collect this information as a supplement to the SF 450 for confidential filers (either directly on the SF 450 or as a modifying addendum), they must seek specific approval from OGE in writing. This is required by 5 C.F.R. §§ 2634.103, 2634.601(b), and 2634.901(b) whenever an agency wishes to collect additional information supplementing the confidential financial disclosure form. Similarly, agencies must seek specific approval from OGE for confidential supplements to the public financial disclosure form (SF 278).