



United States  
**Office of Government Ethics**  
1201 New York Avenue, NW., Suite 500  
Washington, DC 20005-3917

October 20, 1999  
DO-99-037

## MEMORANDUM

TO: Designated Agency Ethics Officials

FROM: Stephen D. Potts Director

SUBJECT: Results of the Confidential Financial Disclosure System Review

Recently, the Office of Government Ethics (OGE) conducted a review which focused on the confidential financial disclosure system. We surveyed ethics officials to (1) assess agencies' use of the OGE Optional Form 450-A (the standardized certificate of no new interests), (2) examine agency efforts aimed at reducing the number of positions required to file confidential reports, and (3) collect their views and opinions on whether the confidential financial disclosure system is meeting its intended purpose. I am pleased to share with you the results of our survey, which revealed some interesting views and opinions concerning the confidential system in general.

Based on the 44 of 50 agencies whose ethics officials responded to our survey, we found that an overwhelming majority of them chose to implement the OGE Form 450-A. More than 75 percent of the responding agencies had allowed employees to use the OGE Form 450-A in either 1997 or 1998 (or used the optional form in both years). Also, at all 34 agencies where the optional form was first used in either 1997 or 1998, officials indicated that they intended to permit use of the OGE Form 450-A in 1999.

In those agencies where the optional form had been used, most ethics officials reported high levels of satisfaction in using the optional form among both filers and confidential report reviewers. They told us that the OGE Form 450-A is working well and that they believe that using the optional form is advantageous because it reduces filers' and reviewers' administrative burdens. However, officials also reported disadvantages, including the increased administrative burden placed on ethics officials to provide filers copies of their previous year's confidential report and ensure that optional forms are only being used by those filers who are able to make the certification.

In the 10 agencies where ethics officials did not elect to implement the optional form, they told us that the primary reasons for this decision were that officials believed that it would be too confusing for filers to switch to using the optional form and they believed that it would be too burdensome for ethics officials to track whether the OGE Form 450-A could be used by individual filers.

Concerning efforts made by agencies to ensure that only those employees whose duties present potential conflicts file confidential reports (aimed at reducing the number of covered positions), overall, we found that most ethics officials (63 percent) are currently not concerned about the number of designated filing positions within their agencies. Officials at many agencies apparently have taken various steps aimed at assuring that their agencies have appropriate designated positions. Officials who expressed satisfaction that appropriate positions have been designated for filing at their agencies, stated that this is due in some part to making adjustments to the designation categories in the past. Only four officials indicated that too many positions have been designated at their agencies. Comments made by those officials tended to focus on either having low level procurement authority filing thresholds or having too many employees who fall within the designated position categories.

Among the 44 ethics officials who responded to our survey, we found that 26 of them (59 percent) believe that the current confidential financial disclosure system is meeting its intended purpose--that is, it is serving as a tool to aid in detecting conflicts of interest. Of the remaining 18 ethics officials, 15 did not believe that the confidential system serves as a useful tool, while 3 were not sure. For those officials who do not believe that the confidential system serves as a useful tool, six recommended that in lieu of the current system, annual verbal briefings be substituted. The remaining dissatisfied respondents recommended that certain reporting requirements be eliminated or that the reporting frequency be reduced to require filing once every other year. In addition, several officials opined that the administrative costs associated with managing the current confidential system are not worth the benefits that the system produces. However, none of these officials suggested an alternative tool to aid in detecting conflicts of interest. Based on these findings, I do not intend to make changes to the confidential system at this time. However, I do remain committed to routinely assessing various aspects of the executive branch ethics program to ensure that systems and processes are useful and are working well. I remind you that desk officers and ethics program reviewers are available to respond to your individual concerns regarding your agencies' confidential systems. Please feel free to send me any comments you may have concerning the issues discussed in our review. For detailed information on our review, please see the Attachment.

I thank all of those officials who responded to our recent survey. Also, I want to thank all ethics officials for their continued commitment to building and sustaining strong ethics programs. If you have any questions concerning our review, please contact Jack Covaleski at 202-208-8000, extension 1120, or Ilene Cranisky at extension 1218.

[Attachment](#)