

**ETHICS PROGRAM INSPECTION REPORT**

Agency: Millennium Challenge Corporation

Report No.: 16-44I

Date: June 21, 2016

Period Covered by Review: January – December 2014

UNITED STATES OFFICE OF  
**GOVERNMENT ETHICS**

  
Preventing Conflicts of Interest  
in the Executive Branch

1.0 AGENCY DATA		
<b>EMPLOYEES</b> (as reported in the most recent Annual Ethics Program Questionnaire)		
1.1	Number of full-time agency employees	288
1.2	Number of agency special Government employees	4
1.3	Number of Presidentially appointed, Senate-confirmed (PAS) public financial disclosure reports required to be filed	1
1.4	Number of non-PAS public financial disclosure reports required to be filed	74
1.5	Number of confidential financial disclosure reports required to be filed	142
<b>ETHICS PROGRAM</b>		
1.6	Title of Designated Agency Ethics Official (DAEO)	Assistant General Counsel
1.7	Grade level of DAEO	GS-15
1.8	Title of Alternate DAEO (ADAEO)	Attorney Advisor
1.9	Grade level of ADAEO	GS-15
1.10	Title of the primary, day-to-day ethics program administrator	Ethics Program Administrator
1.11	Grade level of the primary, day-to-day ethics program administrator	GS-13
1.12	Current number of full-time ethics officials	1
1.13	Current number of part-time ethics officials	2
1.14	Average full-time equivalent (FTE) value of a part-time ethics official(s) (For example, if part-time ethics officials at the agency generally devote 10 hours per week to ethics work, the average FTE value is 25%.)	30%
1.15	Number of reporting levels between the DAEO and the agency head	3
<b>COMMENTS</b>		
None		

2.0 LEADERSHIP					
COMPLIANCE REQUIREMENT			Yes	No	N/A
2.1	OGE has received an up-to-date designation from the agency head naming the DAEO. <i>See</i> 5 C.F.R. § 2638.202(c).	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
2.2	OGE has received an up-to-date designation from the agency head naming the ADAEO. <i>See</i> 5 C.F.R. § 2638.202(c).	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<b>COMMENTS</b>					
None					

3.0 ETHICS AGREEMENTS					
COMPLIANCE REQUIREMENT			Yes	No	N/A
3.1	During the period under review, all PAS officials complied with their ethics agreements. <i>See</i> 5 C.F.R. § 2634.804.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
3.2	During the period under review, all PAS officials complied with their ethics agreements in a timely fashion. <i>See</i> 5 C.F.R. § 2634.804.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
3.3	During the period under review, the agency notified OGE of ethics agreement compliance in a timely fashion. <i>See</i> DO-09-015.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

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3.4	For all officials currently in PAS positions, the agency maintains documentation of actions taken to comply with ethics agreements. <i>See</i> 5 C.F.R. § 2634.804.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.5	For all officials currently in PAS positions, ethics agreements are maintained with their financial disclosure reports. <i>See</i> 5 C.F.R. § 2634.805.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>COMMENTS</b>				
None				

4.0 PUBLIC FINANCIAL DISCLOSURE (OGE Form 278, OGE Form 278-T)				
COMPLIANCE REQUIREMENT		Yes	No	N/A
4.1	The agency has written policies and procedures in place governing: <i>See</i> 5 U.S.C. app. IV, § 402(d)(1).			
4.1.1	• Collection of public financial disclosure reports	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4.1.2	• Review/evaluation of public financial disclosure reports	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4.1.3	• Public availability of public financial disclosure reports	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4.2	The agency can demonstrate that late filing fees are collected or, where appropriate, waivers are issued when public filers do not timely file financial disclosure reports.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4.3	Public financial disclosure reports are securely maintained. <i>See</i> OGE/GOVT-1.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.4	Public financial disclosure reports are retained in accordance with the retention requirements. <i>See</i> 5 C.F.R. § 2634.603(g)(1).	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>DATA ANALYSIS</b>		<b>%</b>		
4.5	Percentage of sampled non-PAS new entrant reports filed timely. <i>See</i> 5 C.F.R. § 2634.201(b).	50%		
4.6	Percentage of sampled non-PAS annual reports filed timely. <i>See</i> 5 C.F.R. § 2634.201(a).	100%		
4.7	Percentage of sampled non-PAS termination reports filed timely. <i>See</i> 5 C.F.R. § 2634.201(e).	50%		
4.8	Percentage of sampled non-PAS public financial disclosure reports certified timely (within 60 days of receipt or later when additional information was being sought or remedial action was being taken). <i>See</i> PA-11-04.	86%		
4.9	Percentage of sampled PAS annual reports filed timely. <i>See</i> 5 C.F.R. § 2634.201(a).	N/A		
4.10	Percentage of sampled PAS termination reports filed timely. <i>See</i> 5 C.F.R. § 2634.201(e).	N/A		
4.11	Percentage of sampled PAS annual and termination reports certified timely (within 60 days of receipt or later when additional information was being sought or remedial action was being taken). <i>See</i> 5 C.F.R. § 2634.605(a).	N/A		
<b>COMMENTS</b>				
<p><u>Comment:</u>                      (4.9 – 4.11) MCC’s one PAS official left the agency prior to the 2014 annual filing deadline; therefore, an annual report was not required. Because the PAS official assumed another public financial disclosure filing position within 30 days of leaving MCC, a termination report was also not required as detailed in 5 C.F.R. § 2634.201(e)(2).</p> <p><u>Concerns:</u>                      (4.1.1 – 4.1.3) At the time of the inspection, although MCC’s written procedures addressed the collection, review/evaluation, and public availability of public financial disclosure reports (OGE Form 278), the procedures had not been updated to address the collection, review/evaluation, and public-availability of periodic transaction reports (OGE Form 278-T). During the course of the inspection, MCC updated its procedures to fully address the collection, review/evaluation, and public availability of the OGE Form 278-T. Therefore, OGE is not issuing a recommendation for corrective action.                      (4.2) Three public financial disclosure reports were not filed timely. Late filing fees required by 5 C.F.R. § 2634.704 were not collected and waivers of the fees were not issued.                      (4.4) The inspection team identified OGE Form 278 reports held beyond the required retention period. During the course of the inspection,</p>				

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MCC destroyed these reports. Therefore, OGE is not issuing a recommendation for corrective action.  
(4.5) 50% of sampled non-PAS new entrant reports were not filed timely.  
(4.7) 50% of sampled non-PAS termination reports were not filed timely, including three delinquent reports that remain uncollected.  
(4.8) At the time of the inspection, MCC had not yet certified one public financial disclosure report that was filed during the period covered by the review.

5.0 CONFIDENTIAL FINANCIAL DISCLOSURE						
COMPLIANCE REQUIREMENT			Yes	No	N/A	
5.1	The agency has written policies and procedures in place governing: <i>See</i> 5 U.S.C app. IV, § 402(d)(1).					
5.1.1	• Collection of confidential financial disclosure reports			<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5.1.2	• Review/evaluation of confidential financial disclosure reports			<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5.2	Confidential financial disclosure reports are securely maintained. <i>See</i> OGE/GOVT-2.			<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5.3	The agency's OGE-approved alternative confidential financial disclosure system complies with plans approved by OGE. <i>See</i> 5 C.F.R. § 2634.905(a).			<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
5.4	Confidential financial disclosure reports are retained in accordance with the retention requirements. <i>See</i> 5 C.F.R. § 2634.604.			<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>DATA ANALYSIS</b>			<b>%</b>			
5.5	Percentage of sampled confidential new entrant reports filed timely. <i>See</i> 5 C.F.R. § 2634.903(b).			27%		
5.6	Percentage of sampled confidential annual reports filed timely. <i>See</i> 5 C.F.R. § 2634.903(a).			100%		
5.7	Percentage of sampled confidential financial disclosure reports certified timely (within 60 days of receipt or later when additional information was being sought or remedial action was being taken). <i>See</i> 5 C.F.R. §§ 2634.605(a), 2634.909(a).			90%		
<b>COMMENTS</b>						
<p><u>Comment:</u> (5.3) MCC does not have an alternative confidential financial disclosure system.</p> <p><u>Concerns:</u> (5.4) The inspection team identified confidential financial disclosure reports held beyond the required retention period. During the course of the inspection, MCC destroyed these reports. Therefore, OGE is not issuing a recommendation for corrective action. (5.5) 73% of sampled new entrant confidential financial disclosure reports were not filed timely. In addition, MCC failed to collect new entrant reports for three employees who entered into confidential filing positions.</p>						

6.0 INITIAL ETHICS ORIENTATION						
COMPLIANCE REQUIREMENT			Yes	No	N/A	
6.1	All initial ethics orientation material contains: <i>See</i> 5 C.F.R. § 2638.703(a) and (b).					
6.1.1	• Current contact information of relevant ethics official(s)			<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6.1.2	• Copy of the Standards of Ethical Conduct and any agency supplemental standards to keep or review; or • Summaries of the Standards, any agency supplemental standards, and 14 Principles for employees to keep			<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6.2	The agency can demonstrate that it has an effective process to ensure that new employees receive initial ethics orientations. <i>See</i> 5 C.F.R. § 2638.703(c).			<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>DATA ANALYSIS</b>			<b>%</b>			
6.3	Percentage of new agency employees who received initial ethics orientation within 90 days. <i>See</i> 5 C.F.R. § 2638.703.			100%		

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COMMENTS	
None	

7.0 ANNUAL ETHICS TRAINING		Yes	No	N/A
<b>COMPLIANCE REQUIREMENT</b>				
7.1	All annual ethics training material contains: <i>See 5 C.F.R. § 2638.704(b).</i>			
7.1.1	• Current contact information of relevant ethics official(s)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7.1.2	• Review of the criminal conflict of interest statutes	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7.1.3	• Review of the Standards of Ethical Conduct	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7.1.4	• Review of the 14 Principles	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7.1.5	• Review of any agency supplemental standards	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
7.2	The agency can demonstrate that it has an effective process to ensure that covered employees receive annual ethics training. <i>See 5 C.F.R. § 2638.704(c) and 705(c).</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>DATA ANALYSIS</b>		%		
7.3	Public financial disclosure filers who completed annual ethics training. <i>See 5 C.F.R. § 2638.704(a).</i>	99%		
7.4	Confidential financial disclosure filers who completed annual ethics training. <i>See 5 C.F.R. § 2638.705(a)(3).</i>	100%		
<b>COMMENTS</b>				
<u>Comment:</u> (7.1.5) MCC does not have supplemental standards of conduct.				

8.0 ETHICS ADVICE AND COUNSELING		Yes	No	N/A
<b>COMPLIANCE REQUIREMENT</b>				
8.1	Based on a sample collected by OGE, guidance provided by agency ethics officials to employees appears to be consistent with applicable laws and regulations.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>COMMENTS</b>				
None				

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9.0 RECOMMENDATIONS			
#	Element	RECOMMENDATION	Compliance Due
1	4.2	<p><u>RECOMMENDATION:</u> Ensure that late filing fees are collected or that waivers of the fees are issued when public filers do not timely file financial disclosure reports.</p> <p><u>AGENCY RESPONSE:</u> MCC concurs with OGE and is taking action to achieve full compliance with this recommendation.</p>	8/30/16
2	4.5	<p><u>RECOMMENDATION:</u> Ensure non-PAS new entrant public financial disclosure reports are filed by the established deadline.</p> <p><u>AGENCY RESPONSE:</u> MCC concurs with OGE and is taking action to ensure that reports are filed by the established deadline.</p>	8/30/16
3	4.7	<p><u>RECOMMENDATION:</u> Ensure non-PAS termination public financial disclosure reports are filed by the established deadline.</p> <p><u>AGENCY RESPONSE:</u> MCC is standardizing exit briefings and using checklists to ensure that termination filers are receiving instruction during the exit briefings in addition to email notices and reminders.</p>	8/30/16
4	4.7	<p><u>RECOMMENDATION:</u> Collect the three delinquent termination public financial disclosure reports as required by 5 U.S.C. app. § 101(e). Upon collection of the reports, assess late filing fees or issue waivers of the fees as appropriate under 5 U.S.C. app. § 104(d) and 5 C.F.R. § 2634.704. Refer any filer who willfully refuses to file a public financial disclosure report to the Attorney General in accordance with 5 U.S.C. app. § 104(b).</p> <p><u>AGENCY RESPONSE:</u> MCC is taking action to collect the three delinquent reports. All delinquent reports will be collected by August 30, 2016.</p>	8/30/16
5	4.8	<p><u>RECOMMENDATION:</u> Ensure all public financial disclosure reports are timely certified in accordance with 5 C.F.R. § 2634.605(a).</p> <p><u>AGENCY RESPONSE:</u> MCC experienced staffing shortages in the administrative law group, which manages the ethics program during 2014-2015. Now that we have filled vacancies and returned to normal staffing levels, we will be able to better track filings and follow up with filers.</p>	8/30/16
6	5.5	<p><u>RECOMMENDATION:</u> Collect new entrant confidential disclosure reports from all confidential filers by the established deadline.</p> <p><u>AGENCY RESPONSE:</u> In addition to resuming normal staffing levels in the administrative law group, we have arranged for closer coordination with HR, including access to their Sharepoint site of New Entrants, which will provide us with more accurate and timely information about new entrants.</p>	8/30/16