



U.S. Office of Government Ethics
Program Review Division

Ethics Program Review

Millennium Challenge Corporation

Report No. 11-004
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Results in Brief

The United States Office of Government Ethics (OGE) conducted a review of the Millennium Challenge Corporation (MCC) ethics program in December 2010. The results of the review indicated that MCC's ethics program needs to substantially overhaul the public and confidential financial disclosure systems to be in compliance with applicable laws, regulations, and policies.

Highlights

- MCC requires that all employees receive annual ethics training.
- MCC encourages senior personnel to sign an ethical commitment pledge that is placed in their ethics file.

Concerns

- OGE is extremely concerned about the current state of the financial disclosure system; therefore, we make a far-reaching recommendation in this area.

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Objectives, Scope, and Methodology

OGE provides leadership for the purpose of promoting an ethical workforce, preventing conflicts of interest, and supporting good governance. The purpose of a review is to identify and report on the strengths and weaknesses of an ethics program by evaluating (1) agency compliance with ethics requirements as set forth in relevant laws, regulations, and policies and (2) ethics-related systems, processes, and procedures for administering the program. OGE has the authority to evaluate the effectiveness of executive agency ethics programs. *See* Title IV of the Ethics in Government Act and 5 CFR part 2638.

To assess MCC's ethics program, OGE examined a variety of documents provided by the MCC ethics office. OGE examined financial disclosure reports that were required to be filed at MCC headquarters in 2010, covering calendar year 2009. We examined a sample of 40 non-PAS public financial disclosure reports. Because of the large number of confidential financial disclosure filers at MCC, OGE selected a sample of 80 confidential financial disclosure reports required to be filed. In addition, the OGE review team met with the Designated Agency Ethics Official (DAEO), the Ethics Program Administrator, the Deputy Assistant Inspector General, and a Senior Human Resources Specialist to (1) obtain additional information on the MCC ethics program, (2) seek clarification on issues, and (3) verify data collected.

Program Administration

MCC's ethics program is administered from within the Office of General Counsel (OGC). An Assistant General Counsel serves as the DAEO. Another Assistant General Counsel also serves as the ADAEO. A paralegal serves as the Ethics Program Administrator and is responsible for the day-to-day administration of the ethics program. At the time of the review, MCC was transitioning to a new Ethics Program Administrator.

Model Practice

- MCC encourages senior personnel to sign an ethical commitment pledge that is placed in their ethics file.¹

Financial Disclosure

Of the public financial disclosure reports required to be filed, 27 percent of the sample was submitted late. The MCC ethics office also could not produce three reports from our sample. Additionally, 30 percent of the sampled reports were certified more than 60 days after receipt with no evidence that the delay occurred because more information was being sought.

Of the sample of confidential financial disclosure reports that the OGE review team requested, MCC ethics officials could not locate 25 percent of those reports. Additionally, of the remaining

¹The ethical commitment pledge is a symbolic pledge that ethics officials ask leadership to sign to bring into focus their role in setting the tone at the top. Signing the pledge is completely voluntary.

sample only 43 percent were submitted timely. Because of the review team's concern with the confidential financial system, we expanded our initial sample and selected an additional 52 confidential financial disclosure reports. This expanded sample revealed several substantive as well as technical problems with the confidential financial disclosure system. First, the master list was inaccurate; it contained names of people who the DAEO said should not be filing. Second, MCC is not timely capturing new entrant filers. Almost without exception, the new entrant reports in our sample were considerably late. Third, only half of our expanded sample of annual reports was submitted timely and there was no evidence that extensions had been granted for the other half of the reports that were submitted late. Fourth, the review team noted that the ethics files were in disarray: there were a number of missing older reports, reports missing certification or the filer's signature, some OGE Form 450-A reports had no supporting OGE Form 450 reports, and sparse evidence of a conflict of interest review.

OGE is extremely concerned about the state of the financial disclosure systems at MCC. We recommend that the hiring of the new Ethics Program Administrator be used as an opportunity to completely rebuild the financial disclosure systems. The new system should integrate measures that build checks and balances to (1) ensure accuracy and reliability, (2) ensure compliance with ethics laws and regulations, and (3) evaluate the performance of all stakeholders in the system.

Recommendation

- MCC should completely rebuild the public and confidential disclosure systems to remedy the numerous deficiencies identified.

Suggestion

- MCC should involve leadership in a campaign to highlight the role financial disclosure plays in fostering public trust in government and its representatives. This campaign should enlist leadership at all levels to increase the timely submission of financial disclosure reports.

Education & Training

MCC reported that all 42 employees received initial ethics orientation and annual ethics training in 2010. The OGE review team had the opportunity to attend an initial ethics orientation provided by the DAEO. The session lasted less than an hour and employees were not told they had an hour to review the Standards of Ethical Conduct for Employees of the Executive Branch or Principles of Ethical Conduct for Government Officers and Employees. The OGE review team discussed these deficiencies to the DAEO who agreed to remedy them. The OGE review team also examined the MCC's annual ethics training materials and found them to be in compliance with relevant requirements. All current employees received annual ethics training in 2010.

We commend MCC's Chief Executive Officer for requiring that all employees receive annual ethics training and for providing an introduction to the ethics program prominently on the MCC ethics intranet website.

Model Practice

- MCC requires all employees to receive annual ethics training.

Advice & Counsel

MCC's advice and counsel process is clearly defined. The DAEO responds to most ethics-related questions. Assistant General Counsels may at times render advice and counsel. The written advice and counsel opinions reviewed by OGE were accurate and timely.

Agency-Specific Ethics Rules

MCC has no agency supplemental standards of ethical conduct regulations. However, during the course of the review, documentation provided by MCC suggested that MCC *did* have an agency supplemental regulation for outside employment and activities and another one for attorneys.² The OGE review team brought the issue to the DAEO's attention and he agreed that all mention of these prohibitions should be removed. OGE is making no formal recommendation since the DAEO assured the review team that all mention of the prohibitions would be removed.

Enforcement

MCC reported no disciplinary actions based on wholly or in part upon violations of the standards of conduct provisions (5 CFR *part* 2635) or the criminal conflict of interest statutes (18 U.S.C §§ 203, 205, 207, 208, and 209). The MCC made no referrals to the Department of Justice of potential violations of the criminal conflict of interest statutes.

1353 Travel Acceptances

At the time of the review, MCC had not submitted to OGE the required semi-annual reports of payments accepted from non-Federal sources for the year fiscal year 2010. While MCC has a system in place to review each travel request for conflicts of interest, MCC had not complied with the requirement to submit the semi-annual reports to OGE. Before the issuance of this report, MCC provided OGE with the required semi-annual reports of payments accepted from non-Federal sources.

² The documentation referenced a supplemental regulation for the Department of Justice.

Suggestion

- Ensure that a reminder system is in place to submit them in a timely manner.

Agency Comments

MCC provided verbal comments based on a draft of this report. The OGE review team incorporated MCC's comments into the final report.