



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

July 17, 2013

The Honorable Ander Crenshaw  
Chairman  
Subcommittee on Financial Services  
and General Government  
Committee on Appropriations  
United States House of Representatives  
B-300 Rayburn House Office Building  
Washington, DC 20515

Dear Mr. Chairman:

Thank you for your May 7, 2013 letter inquiring about the U.S. Office of Government Ethics' (OGE) efforts to implement the requirements of the Stop Trading on Congressional Knowledge Act of 2012 (STOCK Act) (Pub. L. No. 112-105, as amended). In particular, you requested that OGE provide quarterly spending reports on its efforts to implement an electronic public financial disclosure system (e-filing) for the executive branch, as required by section 11(b) of the Act. OGE appreciates the opportunity to detail the agency's judicious use of resources, as well as its overall efforts and accomplishments with regard to implementing the STOCK Act. This letter is the first of the quarterly reports that OGE will submit regarding its e-filing development activities.

Background: Available STOCK Act Funding

As you know, the STOCK Act requires OGE to develop an e-filing system for the approximately 28,000 public financial disclosure filers in the executive branch. Recognizing that OGE's total FY12 budget of \$13.66 million was inadequate to support this significant undertaking, OGE requested and Congress approved a \$5 million anomaly to fund the development of the mandated system. However, due to a rescission and sequestration, OGE received access to \$4.74 million of the \$5 million, \$260,000 less than the expected cost to develop the executive branch-wide e-filing system.

In light of this reduced funding, OGE was forced to scale back the functionality of the system, an effort aided by the elimination of the system's original search, sort, and download requirements by the most recent amendments to the Act in April 2013 (Pub. L. No. 113-7). OGE anticipates needing the entire reduced funding amount to develop the required e-filing system. As requested, OGE will keep the Subcommittee apprised of any unexpected cost savings and will include any such savings in its quarterly reports.

E-filing Development Expenditures through the Third Quarter of FY13

The full \$4.74 million in funding became available to OGE after the current Continuing Resolution (Pub. L. No. 113-6) was enacted in late March 2013, and OMB approved OGE’s apportionment request in early April 2013. The Department of Treasury issued OGE’s warrant on April 26, 2013. Despite the delay in access to the full amount of funding available, OGE actively worked from the beginning of FY13 to develop the mandated e-filing system. As set forth in detail in the table below, OGE spent \$1.15 million toward developing the system by the end of the third quarter.

Nearly all of the remaining funds have been obligated. The General Services Administration (GSA), acting on OGE’s behalf, let an e-filing system development contract on June 26, 2013. OGE anticipates that its future reports to Congress will detail specific development activities undertaken under the contract, as well as an accounting of associated expenditures. The table below captures the expenditures associated with the indicated activities through the third quarter of FY13.

ACTIVITY	EXPENDITURES
<b>FY13 funding: \$4,747 thousand</b>	(in thousands)
<b>Design and Development</b>	
<ul style="list-style-type: none"> <li>• Project planning, architecture and ramp-up, including:                             <ul style="list-style-type: none"> <li>○ Functional analysis and elaboration of requirements</li> <li>○ Application design and usability services, including clickable prototypes/wireframes and interactive style guides</li> <li>○ Technology prototyping for form building, execution, and data persistence</li> </ul> </li> </ul>	\$200
• Scaling of MAX Authentication for up to 30,000 users	\$175
• BFELoB Major Data Exercise Fee - covers large database size and complexity, and enhancements to back-end shared services including analytics, hosting, security and C&A.	\$200
Design and Development Total	\$575
<b>Administration and Personnel</b>	
• BFELoB Service Membership (500 users)	\$50
• OGE e-filing Program Office personnel (2 FTE)	\$262
• Administrative start-up (workspace, equipment, supplies)	\$38
• GSA contract administration fee (6 percent)	\$228
Administration and Personnel Total	\$578
<b>Total</b>	<b>\$1,153</b>

### E-filing Development Activities through the Third Quarter of FY13

To date, OGE has taken numerous steps to ensure timely development of an operational e-filing system. To mitigate risk, OGE first identified a secure platform already accessible to the more than 130 agencies in the executive branch, the OMB Budget Formulation and Execution Line of Business (BFELoB). OGE brought on board two staff members with prior experience developing the Department of Army's e-filing system in order to add their development expertise to OGE's project.

Simultaneously, OGE conducted outreach to executive branch agencies and sought input from key information technology sources. OGE also coordinated with the legislative branch offices tasked with implementing parallel requirements for the two chambers of Congress. OGE then developed comprehensive plans based on the information gathered through these efforts.

Next, OGE began building the content of the user interface. OGE accomplished this by tapping into the expertise of its own staff to construct the wizard functionality. This work involves extensive drafting of questions and user input tables for collection of financial information. This ongoing work also includes collaborating with a user experience design team, conducting meetings with filers, reviewers, and outside reviewer assistants, and incorporating the comments from over 400 submissions received from an electronic survey sent to all public filers.

### E-filing Development Anticipated Activities

In the next quarter, OGE anticipates that the contractor providing services under the task order will begin constructing a web-based system that is secure, compatible with widely-used browsers and has key system functionalities. These functionalities include: the ability to maintain a user profile and store data for filers, provide online help for filers, guide filers through required data to reduce errors, allow the ethics officials who review the reports for conflicts of interest to access forms, track progress and communicate with filers regarding their reports, and provide OGE visibility into the overall executive branch public financial disclosure program to enhance accountability.

### Implementation of Other STOCK Act Requirements

Even prior to beginning activities to develop the executive branch e-filing system under section 11(b) of the Act, OGE devoted substantial internal resources to implement other STOCK Act provisions. Notably, the Act directly affects all of OGE's core functions, including, overseeing the executive branch public financial disclosure system, interpreting ethics laws and implementing ethics regulations, supporting agency ethics programs, and ensuring agency ethics program compliance with applicable laws and regulations.

Since the STOCK Act was first signed into law in April 2012, OGE has provided guidance to the executive branch ethics community by: (1) issuing six legal advisories addressing new ethics provisions in the Act; (2) conducting a series of webinars on the STOCK Act periodic transaction reporting requirements; (3) producing an instructional video for federal employees on periodic transaction reporting; (4) integrating the STOCK Act requirements into

OGE's agency ethics program review and into OGE standard operating procedures for reviewing annual and periodic transaction reports; and (5) responding to over 250 agency inquiries regarding the STOCK Act (approximately 9% of the total number of agency inquiries received from April 2012, when the Act was passed, to the present).

OGE also expended considerable effort toward compliance with the section 11(a) online financial disclosure posting requirement that was ultimately eliminated by amendments to the Act in April 2013 (Pub. L. No. 113-7). This involved developing an executive branch-wide system for uploading, reviewing and posting approximately 28,000 public reports. OGE also developed and received OMB approval for an alternate online request form to facilitate public access to those reports.

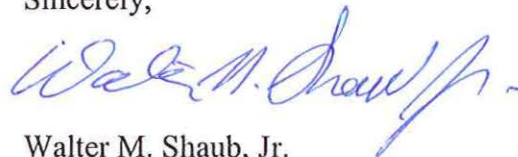
Additionally, OGE devoted internal resources to support the U.S. Department of Justice in defending litigation challenging the section 11(a) online posting provision. OGE also assisted both the National Academy for Public Administration and the Government Accountability Office in their congressionally-mandated studies on the STOCK Act's online financial disclosure posting requirements, use of nonpublic information, and the role of political intelligence. Finally, OGE held several meetings with staff from both legislative and judicial branches to collaborate on approaches to implementing STOCK Act requirements.

#### Conclusion

In summary, OGE has been actively engaged in significant STOCK Act-related activities since the Act became law nearly a year and half ago and expects that such work will continue to consume significant OGE staff and other resources. OGE appreciates the opportunity to describe its efforts and accomplishments in implementing the STOCK Act, in particular the executive branch-wide e-filing system.

OGE will continue to provide quarterly spending reports on the implementation of these STOCK Act requirements and its development activities related to development of the e-filing system. Please feel free to contact Shelley K. Finlayson, Program Counsel, at 202-482-9314, if you have any questions or require additional information related to e-filing.

Sincerely,

A handwritten signature in blue ink that reads "Walter M. Shaub, Jr." with a stylized flourish at the end.

Walter M. Shaub, Jr.  
Director