



U.S. Office of Government Ethics  
Program Review Division

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# Ethics Program Review

Defense Finance and Accounting Service

Report No. 12-01  
October 2011

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## Results in Brief

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The United States Office of Government Ethics (OGE) conducted a review of the Defense Finance and Accounting Service's (DFAS) ethics program in May 2011. The results of the review indicated that DFAS's ethics program appears to be effectively administered and in compliance with applicable laws, regulations, and policies.

### Highlights

- In-person initial ethics orientation (IEO) is provided to most employees.
- One-on-one annual training is provided to all public filers.
- Training is provided to supervisors to improve their conflict analysis proficiency and their financial disclosure responsibilities.
- Supervisors are informed when employees do not complete training and fail to file their financial disclosure reports.
- Ethics officials catalog, maintain, and document the advice and counseling provided to employees.

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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 DFAS's ethics program, OGE examined a variety of documents provided by DFAS's ethics office. OGE examined all public financial disclosure reports required to be filed in 2010 and a sample of confidential financial disclosure reports required to be filed in 2011. In addition, the OGE review team met with the Alternate Designated Agency Ethics Official (ADAEO), the Deputy Assistant General Counsel (DAGC), an ethics counselor, and a paralegal to obtain additional information on DFAS's ethics program, seek clarification on issues, and verify data collected.

### **Program Administration**

DFAS's ethics program is administered within the Office of the General Counsel. The General Counsel (GC) serves as the DAEO and is located offsite. The Deputy GC serves as the ADAEO. An Assistant General Counsel and a Paralegal Specialist are responsible for the day-to-day administration of the ethics program. DFAS's ethics program structure appears sufficient to meet the needs of an organization of its size. To prepare them for their new duties, new ethics officials receive on-the-job training, attend OGE classes and conferences, and shadow an experienced ethics official. DFAS has clear written policies and procedures that govern the administration of the ethics program and assist new ethics officials with understanding the workflow within the program. Active succession planning and development of future ethics officials highlight DFAS's commitment to maintaining an effective ethics program.

### **Financial Disclosure**

DFAS ethics officials conduct thorough conflict-of-interest reviews of financial disclosure reports. Of the 86 public and confidential financial disclosure reports OGE examined, 60 percent were certified within 60 days of the date filed. Certification for the remaining 40 percent took longer because of the need for ethics officials to obtain additional information from filers. Such requests for additional information were timely.

DFAS has adopted the model practice of sending cautionary letters to both public and confidential filers when interests disclosed on reports indicate a potential for a conflict of interest to develop. The letters clearly communicate which interests could create the potential for a conflict and direct the filer to avoid any potential conflicts that may arise. Filers are also encouraged to contact an ethics official if they have any questions. Additionally, ethics officials send each public filer a letter advising them when the review of their report has been completed. OGE encourages this practice as a way to reinforce the fact that financial disclosure reports are taken seriously and closely examined. It also serves to remind filers that ethics officials are available to help them avoid inadvertently violating ethics-related statutes and regulations.

## Education & Training

All DFAS employees who were required to receive either initial ethics orientation (IEO) or annual ethics training in 2010 received the required training. This conclusion is based on OGE's examination of DFAS's procedures for tracking completion of training and related documentation. OGE also examined the training materials used to provide both IEO and annual ethics training and determined that they met the respective content requirements. The training materials were well-designed to convey the basic principles of ethics-related statutes and regulations applicable to federal employees. Training incorporated the use of real-life scenarios involving DFAS employees to illustrate restrictions on employees' conduct. This training would appear to be an effective way to convey the practical implications of ethics-related statutes and regulations in terms of both restrictions and consequences for violating those restrictions.

DFAS provides one-on-one training to senior employees. OGE considers this to be a model practice for several reasons. First, senior officials tend to be in positions which put them at greater risk for ethics-related violations, primarily because of their decision-making authority. One-on-one training allows for greater opportunity to provide training tailored to address issues specific to the senior official. Second, one-on-one training allows ethics officials to develop important relationships that can help build support for the ethics program. Additionally, one-on-one training demonstrates that ethics training is a priority for senior officials.

DFAS also exceeds ethics training requirements in at least two other areas. First, ethics officials have designed a training course specifically for newly promoted supervisors. The training addresses issues they are likely to encounter in their new roles, including how to determine if employees may have conflicts of interest. Second, ethics officials make annual ethics training available for employees who are not required to be trained.

### Model Practices

- Using real-life scenarios to illustrate how ethics-related statutes and regulations apply to federal employees.
- Providing one-on-one training to senior employees.
- Providing training specifically designed for new supervisors.

## Advice & Counsel

DFAS's advice and counsel process is clearly defined within the agency. Written advice and counsel samples reviewed by OGE were consistently accurate and issued in a timely manner. All questions are forwarded to the ADAEO and DAGC for assignment. Once the question is assigned to an attorney, a response is drafted and approved by the ADAEO or DAEAO, when appropriate. In addition to individual advice and counseling, DFAS ethics officials send out periodic advisories to all employees that address current events such as holidays, sports events, and political activities.

All advice and counsel is tracked using an electronic management system, ProLaw. ProLaw allows ethics officials to document and store all ethics advice rendered while categorizing it based on topic. This system allows all ethics officials access and memorializes all ethics advice provided by the office. Most advice is provided through email with occasional responses to general questions given over the telephone. When advice is rendered over the telephone, a notation is made in ProLaw that documents the matter and the response provided. OGE was pleased to see that written advice included a recap of the facts presented by the employee as well as a statement cautioning the employee against taking any action if the facts, as stated, were incorrect or changed.

## **Enforcement**

Based on discussions with ethics officials and a representative from DFAS's Office of Internal Review (OIR), their respective offices have an effective working relationship which allows for the sharing of information necessary to enforce ethics-related statutes and regulations. During the period covered by the review, DFAS reported 32 disciplinary actions based wholly or in part upon violations of the standards of conduct. DFAS has a Table of Offenses and Penalties to guide supervisors in deciding what form of discipline is appropriate to a particular offense.

DFAS made no referrals to the Department of Justice (DOJ) of potential violations of the criminal conflict of interest statutes during the period covered by the review. OIR is responsible for investigating potential violations of the criminal conflict of interest statutes. If an investigation indicated a statute was violated, OIR would refer the matter to the Defense Criminal Investigative Service (DCIS) for further review. If appropriate, DCIS would refer the matter to the Department of Justice (DOJ). OIR would inform ethics officials if a referral to DOJ was made and ethics officials would be responsible for notifying OGE.

## **1353 Travel Acceptances**

The required semi-annual reports of payments accepted from non-Federal sources were submitted to OGE in a timely manner. DFAS follows DoD Standards of Conduct Office guidance, which requires a conflict of interest review by an ethics counselor prior to the acceptance of travel.

## **Agency Comments**

DFAS was provided a draft copy of this report and responded that the report "effectively describes the DFAS ethics program and we have no additional comments."