



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

January 13, 2003

Steven J Morello  
General Counsel and  
Designated Agency Ethics Official  
Department of the Army  
104 Army Pentagon  
Washington, DC 20310-0104

Dear Mr. Morello:

The Office of Government Ethics (OGE) recently completed its review of the ethics program administered by the Department of the Army's (Army) Office of the General Counsel (OGC), Ethics and Fiscal Law Section.<sup>1</sup> This review was conducted pursuant to section 402 of the Ethics in Government Act of 1978, as amended. Our objective was to determine the ethics program's effectiveness and compliance with applicable laws and regulations. The review was conducted during October and November 2002. The following is a summary of our findings and conclusions.

#### HIGHLIGHTS

OGE commends the ethics counselors at OGC's Ethics and Fiscal Law Section for their commitment to preventing violations of ethics laws and regulations. They succeed in this endeavor largely by providing extensive ethics training which exceeds the regulatory requirements. We were also impressed with their thorough review of financial disclosure reports and dispensation of well-reasoned advice.

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<sup>1</sup>Overall, our review focused on the ethics program at the Army's Office of the Secretary (OS), Criminal Investigation Command (CID), and Corps of Engineers (USACE). However, there is some overlap in ethics program responsibilities at these organizations among the Ethics and Fiscal Law Section, the Army Standards of Conduct Office (DA SOCO), and the ethics counselors at CID and USACE. Therefore, this report will cover only those portions of the program that are managed by the Ethics and Fiscal Law Section. Separate reports have been prepared for DA SOCO, CID, and USACE.

#### ADMINISTRATION

OGC's Ethics and Fiscal Law Section is managed by the Deputy General Counsel (Ethics and Fiscal), who is assisted by three ethics counselors. In addition to overseeing the Army's overall ethics program, the Ethics and Fiscal Law Section is specifically responsible for collecting, reviewing, and certifying the public and confidential financial disclosure reports filed by OGC personnel, all Army Presidential appointees requiring Senate confirmation (PAS), and certain high-level OS employees. The Ethics and Fiscal Law Section is also responsible for providing ethics training and counseling for employees from whom it collects financial disclosure reports.

#### FINANCIAL DISCLOSURE SYSTEMS

The financial disclosure systems generally complied with 5 C.F.R. part 2634. All 17 non-PAS public financial disclosure reports (12 annual, 4 new entrant, and 1 combined annual/termination) required to be filed with the Ethics and Fiscal Law Section in 2002 were filed, reviewed, and certified timely and contained no substantive and very few technical deficiencies. Moreover, review notes and follow-up correspondence indicated a thorough review process. All five PAS public reports (four annual and one termination) required to be filed in 2002 were filed and reviewed timely and the four annual reports were forwarded to OGE timely. The termination report was forwarded to OGE late.<sup>2</sup>

All six of the annual confidential financial disclosure reports required to be filed with the Ethics and Fiscal Law Section in 2001 were filed timely. However, the two new entrant reports filed in 2001 were filed late. Ethics counselors explained that the two late filers came on board during a time of considerable employee turnover in OGC and were therefore simply overlooked. The counselors were confident that this oversight would not occur in the future. All eight reports were reviewed and certified timely and contained no substantive and very few technical deficiencies.

#### ETHICS EDUCATION AND TRAINING

The Ethics and Fiscal Law Section provides initial ethics orientations and annual ethics training for all covered OGC employees, all PAS employees, and certain high-level OS employees.

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<sup>2</sup>A copy of the termination report was received at OGE approximately six months after being reviewed at Army.

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This training complied with, and in some instances exceeded, the requirements at 5 C.F.R. §§ 2638.703, 2638.704, and 2638.705.

#### Initial Ethics Orientation

Ethics and Fiscal Law Section officials provide live in-person initial ethics orientations for all employees for whom they serve as primary ethics counselors. In addition to providing new employees with an orientation when they enter on duty, Ethics and Fiscal Law Section officials routinely provide an ethics briefing during general Army orientation sessions held for new employees, such as the Army's SES Orientation Course.

#### Annual Ethics Briefings

In 2001, Ethics and Fiscal Law Section officials provided live ethics briefings for all public financial disclosure filers. Staff members are invited to attend these briefings so that they too will be aware of potential ethical issues that may present themselves to the senior officials. In addition to receiving the live briefing, all attendees are provided a copy of the "Ethics Handbook for Army Leaders." This handbook, developed by the Ethics and Fiscal Law Section, is a comprehensive summary of the ethics rules applicable to them as senior members of the Army.

Also in 2001, all confidential filers completed one of the online training modules developed by the Department of Defense's Standards of Conduct Office. After finishing the training, confidential filers were required to certify in writing their completion of the module. To meet the 2002 annual ethics training requirement, all confidential filers will receive live in-person ethics briefings from DA SOCO.

#### COUNSELING AND ADVICE

We provided the OGE Desk Officer to whom Army is assigned a sample of ethics-related advice and counseling rendered by Ethics and Fiscal Law Section officials from 2000 to the present. In addition to responses to Army employees' requests for advice, the sample also included various policy-type memorandums and "information papers" summarizing certain ethics-related processes and requirements. Based on her examination, the Desk Officer concluded that the advice provided complied with applicable ethics laws and regulations.

#### TRAVEL PAYMENTS FROM NON-FEDERAL SOURCES

According to the Deputy General Counsel (Ethics and Fiscal), employees for whom Ethics and Fiscal Law Section officials serve as primary ethics counselors seldom accept travel payments from non-

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Federal sources under the authority of 31 U.S.C. § 1353 and the implementing General Services Administration regulation at 41 C.F.R. part 304-1. He expressed his conviction that considering the Army's substantial budget, employee attendance at events that would benefit the Army should be paid for by the Army.

#### CONCLUSIONS

The Ethics and Fiscal Law Section staff administer an effective ethics program. We commend their dedicated and conscientious approach to ensuring that program requirements are fulfilled, and sometimes exceeded. We were particularly impressed with their efforts in providing ethics training, especially the practice of inviting the respective staffs of senior Army officials to attend the annual ethics briefings. We consider this an excellent way to further shield senior officials from ethical missteps and intend to recommend the practice to other ethics officials during the course of our ethics program reviews.

In closing, I would like to thank you and your staff for your efforts on behalf of the ethics program. A brief follow-up review is typically scheduled within six months from the date of this report. However, as this report contains no formal recommendations to improve the program, no such follow-up will be necessary. A copy of this report is being forwarded to Army's Inspector General via transmittal letter. Please contact Dale Christopher at 202-208-8000, extension 1130, if we may be of further assistance.

Sincerely,



Jack Covalesski  
Deputy Director  
Office of Agency Programs

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