
Office of Inspector General

Audit Report

**Actions Taken to Address
The Office of Government Ethics
Recommendations**

Federal Aviation Administration

**Report Number: AV-1998-207
Date Issued: September 28, 1998**





**U.S. Department of
Transportation**

Office of the Secretary
of Transportation

Office of Inspector General

Memorandum

Subject: ACTION: Review of Actions Taken to Address
the Office of Government Ethics
Recommendations
AV-1998-207

Date: September 28, 1998

From:


Lawrence H. Weintrob
Assistant Inspector General for Auditing

Reply to
Attn of:

To: Federal Aviation Administrator

The Office of Inspector General has completed a review of actions taken by the Federal Aviation Administration's (FAA) ethics program office to address recommendations in the Office of Government Ethics (OGE) February 3, 1998 report. The OGE reported that FAA's ethics program needed to be improved and ethics officials were poorly administering FAA's financial disclosure system.

We found FAA has made progress in resolving two of the three most significant deficiencies reported by the OGE. However, FAA has not developed a method to ensure that employees actually file confidential reports within 30 days of entering covered positions. This is a significant shortcoming in FAA's financial disclosure system that should be corrected without further delay.

The OGE regulations require FAA to establish and maintain a program of financial disclosure reporting for employees who are required to report on their financial interests and outside business activities. Executive Service (ES) employees and others who receive pay equivalent to an ES employee are required to file Public Financial Disclosure Reports. Employees at the GS-15 rank and below are required to file Confidential Financial Disclosure Reports. Both public and confidential reports are reviewed by the Office of Chief Counsel.

Significant Deficiencies Identified by OGE

The OGE identified three significant deficiencies in FAA's financial disclosure system that required immediate corrective actions.¹ Those three deficiencies are summarized as follows:

- Approximately 190 public reports filed in 1997 had not been reviewed and, approximately 3,500 confidential reports filed in 1996 and 1997 had not been reviewed.
- FAA did not have an accurate up-to-date list of employees required to file confidential reports (or any other reliable tracking system in place) and could not ensure that all employees required to file confidential reports had done so.
- FAA had not developed a method to ensure that employees filed confidential reports within 30 days of entering covered positions.

Scope and Methodology

The purpose of our review was to determine whether FAA's ethics program office took appropriate actions to resolve deficiencies identified by the OGE. Our review was conducted from August 12, 1998 through August 28, 1998. We reviewed files maintained by the ethics program office and interviewed ethics program officials and officials in FAA's Office of Human Resource Management. We also conducted a statistical sample of employees' confidential reports to determine if FAA ethics officials had reviewed the backlog of 1996 and 1997 confidential reports. We conducted our review in accordance with Government Auditing Standards prescribed by the Comptroller General of the United States and included such tests as we considered necessary. However, we did not assess the effectiveness of corrective actions taken by FAA's ethics officials nor did we review the causes for their inaction to completely resolve the recommendations.

Results in Brief

We concluded FAA has either taken corrective action to resolve, or is taking steps to address two deficiencies cited in the OGE report. However, FAA has not resolved the third deficiency and has no assurance that employees file confidential reports within 30 days of assuming covered positions.

¹ The three significant deficiencies account for five of the eight recommendations made by OGE.

Review of Backlogged Reports. FAA's ethics officials have reviewed the entire backlog of 1997 public reports. Furthermore, we computed that FAA's previous backlog of unreviewed 1996 and 1997 confidential reports totaled 3,874. Based on our statistical sample, we estimate that 3,738 (96.5 percent) of the backlog of 1996 and 1997 confidential reports filed have been reviewed.

Database of Employees. FAA ethics officials have created a computerized database consisting of names of employees who filed confidential reports and public reports, attended annual ethics training, or were listed by their organization as required to file confidential reports. Ethics officials consider this effort as work in progress and recognize the database is not entirely accurate. However, ethics officials are planning to update the database after the 1998 reporting cycle for confidential reports.

Ensuring New Employees File Confidential Reports. FAA's ethics officials stated they will partially address this deficiency with the issuance of its order entitled "Ethical Conduct and Financial Disclosure Program." The order states that managers and supervisors are responsible for determining whether a position requires a confidential report and for ensuring employees fulfill those requirements within 30 days of entering on duty. FAA expects to issue the order by the end of Fiscal Year 1998.

However, FAA has not developed a method or system to ensure that employees actually file confidential reports within 30 days of entering covered positions. *This is a significant problem since it leaves the Department vulnerable to charges that FAA currently has no way of knowing whether its employees with actual or potential conflicts of interest have financial holdings that are in conflict with the positions they hold.* According to an official in FAA's Office of Human Resource Management, the automated systems (the Automated Position Record and the Integrated Personnel and Payroll System) used by FAA's managers for recruitment actions either do not have a data field to indicate whether a position requires a confidential report or the data field is optional. Consequently, human resource officials have no way of ensuring that all positions have been identified for which confidential reports must be filed. FAA officials could not provide a timetable regarding when the problems with the automated systems would be resolved.

To address the deficiency (absent revisions to the automated systems), FAA is developing a Standard Form Position Description Coversheet that will apply to all positions in the agency. The coversheet will have a data field that must be checked by managers specifying whether the position requires filing of a confidential report. FAA expects to implement this procedure by December 1998. Although the procedure will not ensure employees file confidential

reports within 30 days of entering covered positions, it will provide managers with a mechanism to ensure that the confidential filing status of each position has been identified.

OGE first identified in July 1994 that FAA did not have a method or system to ensure that new employees file confidential reports within 30 days. This remains a serious deficiency and FAA should take immediate steps to develop a system to ensure that all new employees entering a covered position file confidential reports within 30 days. FAA should initiate appropriate action prior to the OGE planned follow-up review, expected in the first quarter of fiscal year 1999.

Recommendation

We recommend that FAA develop a system or database that matches new employees to covered positions and ensures those employees file confidential reports within 30 days.

Action Required

Please provide written comments within 15 days on specific actions taken or planned. We appreciate the cooperation extended by your staff during this review. If we can answer any questions or be of further assistance, please feel free to contact me on x61992, or Alexis Stefani, Deputy Assistant Inspector General for Aviation, on x60500.

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