

Agency \_\_\_\_\_  
**FINANCIAL REPORT**

**FISCAL  
YEAR  
2022**

**UNITED STATES  
OFFICE OF  
GOVERNMENT  
ETHICS**

# MISSION

PROVIDE OVERALL  
LEADERSHIP AND  
OVERSIGHT OF THE  
EXECUTIVE  
BRANCH  
ETHICS PROGRAM  
DESIGNED TO  
PREVENT AND  
RESOLVE  
CONFLICTS OF  
INTEREST

UNITED STATES OFFICE OF  
GOVERNMENT ETHICS

---



November 15, 2022

The Honorable Shalanda Young  
Director  
Office of Management and Budget  
725 17th Street, NW  
Washington, DC 20503

Dear Director:

I am pleased to transmit to you the Agency Financial Report (AFR) for the U.S. Office of Government Ethics (OGE) for fiscal year 2022. The AFR includes OGE's Management Discussion and Analysis of Results and OGE's Management Assurances and Audited Financial Statements.

OGE management is responsible for establishing and maintaining effective internal controls over financial reporting, safeguarding of assets, and complying with applicable laws and regulations. In accordance with OMB guidance, I have determined to the best of my knowledge and belief that the performance and financial data included in this report are complete and reliable. OGE has received an unqualified opinion on its financial statements as of September 30, 2022, and the auditors found no material weaknesses related to OGE's compliance in internal controls over financial reporting.

If you need additional information with regard to this submission please contact Shelley Finlayson, OGE's Chief of Staff and Program Counsel, at 202-482-9314.

Sincerely,

**EMORY ROUNDS**

Digitally signed by EMORY  
ROUNDS  
Date: 2022.11.15 06:58:00 -05'00'

Emory A. Rounds, III  
Director

Attachment



## **Table of Contents**

---

<b>Part I – Management’s Discussion and Analysis.....</b>	<b>3</b>
Mission Statement and Background.....	3
Performance Highlights.....	4
Conclusion.....	15
MD&A Analysis of Financial Statements and Stewardship Information.....	15
MD&A Analysis of Systems, Controls, and Legal Compliance.....	16
Annual Assurance Statement on Internal Controls and Internal Controls over Financial Reporting .....	16
Forward Looking Information.....	17
<b>Part II – Financial Statements and Independent Auditor’s Report.....</b>	<b>19</b>
Limitations of the Financial Statements.....	19
Financial Statements.....	20
Notes to the Financial Statements .....	20
Independent Auditors Report .....	36
<b>Part III – Other Information.....</b>	<b>41</b>
Table 1. Summary of Financial Statement Audit.....	41
Table 2. Summary of Management Assurances.....	41
Management Assurances.....	42
Payment Integrity Information Act Reporting .....	43
Civil Monetary Penalty Adjustment for Inflation .....	43

## Part I – Management’s Discussion and Analysis

This section provides a brief description of the U.S. Office of Government Ethics’ (OGE) mission and organizational structure, a high-level discussion of OGE’s key performance goals, and an analysis of OGE’s financial statements and stewardship.<sup>1</sup>

### Mission Statement and Background

OGE was established by the Ethics in Government Act of 1978 to provide “overall direction of executive branch policies related to preventing conflicts of interest on the part of officers and employees of any executive [branch] agency.” As this statutory language makes clear, the primary objective of the executive branch ethics program is one of prevention.

Under OGE’s leadership, thousands of ethics officials are engaged every day in preventing ethical lapses and protecting the impartiality of government decision-making by implementing ethics programs and applying the ethics laws and rules in the more than 130 agencies across the executive branch.

If these efforts at prevention fall short, agencies may be crippled by scandal, important work may be delayed or derailed, leaders may be forced from office, and ultimately the public’s trust in government may be eroded.

### *OGE and Executive Branch Agencies: A Shared Responsibility*

The head of each executive branch agency is statutorily responsible for leading the ethics program in their agency. This responsibility includes creating an ethical culture by demonstrating a personal commitment to ethics and providing the necessary resources to implement a strong and effective agency ethics program.



The head of each agency is also responsible for selecting a Designated Agency Ethics Official (DAEO). The DAEO, with the support of professional ethics staff, is the employee with primary responsibility for directing the daily activities of an agency’s ethics program and coordinating with OGE.

<sup>1</sup> OGE has chosen to produce an Agency Financial Report (AFR) and Annual Performance Report (APR) in lieu of a Performance and Accountability Report. OGE will provide more detailed information regarding its performance goals and results in its fiscal year 2022 APR, which OGE will post on its [website](#) by the spring of 2023.

Each agency’s employees, including supervisors, human capital officials, and the agency’s Inspector General, play a significant role in maintaining the integrity of government programs and operations.

Further, OGE, and the ethics officials across the government, are not alone in promoting trust in government. Other executive branch agencies and entities focus on additional areas of government integrity, such as merit system protections in the civil service; full and open competition in procurement; fiscal controls; transparency programs; investigation of waste, fraud, and abuse; and criminal, civil, and administrative enforcement.

### *Office of Government Ethics: A Small but Agile Agency*

OGE is a lean organization, operating at fewer than its 80 authorized full-time equivalents (FTE). OGE’s greatest resource is its multidisciplinary staff of attorneys, ethics and financial experts, as well as other key personnel. OGE is headed by a Director who is appointed to a five-year term by the President after confirmation by the Senate. In addition to the Office of the Director, OGE is divided into four divisions, guided by OGE’s career Chief of Staff and senior leadership, who work in concert to carry out OGE’s mission.



OGE is a lean organization, operating at fewer than its 80 authorized full-time equivalents (FTE). OGE’s greatest resource is its multidisciplinary staff of attorneys, ethics and financial experts, as well as other key personnel. OGE is headed by a Director who is appointed to a five-year term by the President after confirmation by the Senate. In addition to the Office of the Director, OGE is divided into four divisions, guided by OGE’s career Chief of Staff and senior leadership, who work in concert to carry out OGE’s mission.

### **Performance Highlights**

The public can have greater confidence in the integrity of executive branch programs and operations when government decisions are made free from conflicts of interest. OGE’s four strategic goals for fiscal years 2022 through 2026 reflect the long-term outcomes that OGE strives to achieve in order to prevent and resolve conflicts of interest.

The daily work of OGE is driven by the strategic objectives and performance goals established under each of the overall strategic goals set forth below. In fiscal year 2022, OGE met or exceeded 91 percent (91%) of its performance goals,<sup>2</sup> despite receiving \$1.2 million less than its requested funding.

Below are performance highlights from each of OGE’s major programs that support OGE’s strategic goals.

### *Strategic Goal 1: Advance a strong, consistent executive branch ethics program*

<sup>2</sup> OGE’s performance goals are based on statistical data from a variety of existing sources, including post-training evaluations, an annual agency ethics program questionnaire, and the Annual Survey of Ethics Officials.

Advancing a strong, consistent ethics program is important because of the way that the executive branch ethics program is structured. As noted above, OGE supervises a program that spans over 130 agencies and nearly 3 million employees. Thus, it is essential that the ethics program have consistent standards that OGE can administer across all agencies. To achieve this significant goal, OGE provides expert guidance and support to stakeholders both within and outside government; strengthens the expertise of officials who are integral to the executive branch ethics programs through education and on-demand support; continuously refines ethics policy and issues interpretive guidance; and leads the financial disclosure program and processes and the executive branch e-filing system, *INTEGRITY*.

*Desk Officer Support:* OGE provides necessary support to agency ethics officials so that they can provide uniform and effective ethics guidance to nearly 3 million federal employees in the executive branch who serve the American people. OGE provides timely, expert advice on applying ethics laws and regulations, and disseminates up-to-date ethics information ethics practitioners need to do their jobs effectively. OGE's Desk Officers assist agencies in resolving difficult ethics issues requiring expertise that only the supervising ethics office can provide. In fiscal year 2022, OGE Desk Officers and attorneys responded to approximately 900 requests for assistance from agencies. Desk Officers also proactively engaged with agency ethics offices through meetings to provide expertise and support, and to raise awareness of the range and availability of OGE's services. On several occasions, OGE Desk Officers met with new ethics officials to provide an overview of the requirements of the ethics program and to introduce them to the services provided by OGE. Eighty-two percent (82%) of survey respondents indicated that Desk Officers helped them to perform their job duties.

*Congressional Affairs:* In addition to assisting executive branch ethics officials, OGE responded to requests for assistance from other key stakeholders, including Congress. OGE serves as the legislative liaison on behalf of the entire executive branch ethics program. OGE works to build congressional understanding of the executive branch ethics program and to inform congressional oversight and revisions to ethics laws. Notably, OGE responded in writing to several complex inquiries from members of Congress and provided nearly 33 telephone consultations in response to requests for technical assistance on draft legislation and a wide variety of executive branch ethics issues. During the fiscal year, OGE also tracked 183 bills of relevance to the executive branch ethics program introduced in the 117th Congress.

*Training:* OGE provided ethics training to ethics officials across the executive branch, which is essential to ensuring consistency in the application of ethics laws and policy. In fiscal year 2022, OGE offered a wide array of educational offerings to ensure that ethics officials had access to the expertise and tools needed to do their jobs. OGE's virtual [library](#) includes more than a 100 education resources designed for use by ethics officials, including recordings of training presentations, slide decks, and job aids, which can be searched and sorted by topic, type, and complexity.

In fiscal year 2022, OGE held 13 virtual workshops on topics such as confidential financial disclosure, communicating with senior leaders, and annual ethics training. These workshops provided ethics officials with the opportunity to learn from their peers in small discussion groups and improve their own ethics programs. From practices and ideas shared at workshops, OGE created content for the entire ethics community. In fiscal year 2022, OGE also continued to create opportunities for knowledge exchange and collaboration between ethics officials across executive branch agencies. For example, OGE launched a new monthly “flash networking” series to provide ethics officials with an opportunity to build their professional networks.

In fiscal year 2022, OGE provided orientation sessions to new Designated Agency Ethics Officials (DAEO) and Alternate Designated Agency Ethics Officials (ADAEO) to introduce them to their roles and responsibilities as ethics program leaders and advocates. Nearly 110 senior officials participated in these training sessions. Overall, OGE’s training was rated as effective, with ninety-four (94%) percent of participants surveyed reporting that they can more effectively perform their ethics job functions as a result of attending courses offered by OGE.

Lastly, in fiscal year 2022, OGE took initial steps to develop a new approach to training to remove barriers and improve equitable access to a career progression in ethics. OGE conducted surveys and hosted listening sessions with ethics officials to seek feedback on its plan to establish a Foundations program to provide introductory-level knowledge and skills-based trainings, as well as certificate programs to allow ethics officials at all career levels to further build expertise in financial disclosure, advice and counsel, communication, education and training, and program management.

*Published proposed and final ethics rules:* In fiscal year 2022, OGE worked to modernize the Standards of Ethical Conduct for Employees of the Executive Branch (the Standards) by working on a draft proposed regulation. The proposed amendments seek to update the Standards based on OGE’s experience gained from application of the regulation since its inception, and to include the principles contained in Executive Order 13985 to advance equity. In fiscal year 2022, OGE also published a proposed regulation further modifying the Standards to address the conditions under which an executive branch employee may accept a gift of legal expenses. OGE also began an in-depth review of the existing regulations governing financial disclosure conflict of interest exemptions, including soliciting feedback from ethics officials.

*Provided timely ethics guidance:* In fiscal year 2022, OGE issued 7 legal advisories providing guidance on emerging ethics issues, such as digital assets, and in response to agency ethics officials on specific questions from employees. In developing these advisories, OGE continued to use an evidence-based approach to determine topics, as well as seek feedback from agency ethics officials prior to issuance, to ensure the usefulness and clarity of the guidance. In addition to legal advisories, OGE issued 5 timely and informative program advisories covering ethics program requirements.

A survey of executive branch ethics officials found that ninety percent (90%) of respondents reported that OGE's advisories help them perform their job duties.

*Operate and Support INTEGRITY:* OGE also worked to ensure that [INTEGRITY](#) continued to reliably and securely operate for the high volume of nominees using the system during the post-election period and the thousands of current filers and reviewers who rely on the web-based system every year at no cost. To keep the system up-to-date, OGE completed a major, required technical upgrade of *INTEGRITY's* content management system. As with every year, OGE also underwent and successfully completed an independent security review. In addition, OGE continued to convene regular *INTEGRITY* Advisory Council meetings to provide a forum for agencies to discuss and prioritize upgrades to the system. As a result of this process, OGE made adjustments to agencies' ability to bulk download filings in order to assist them in better responding to large information requests from the public.

OGE continued to provide high-quality support for users and agencies to the system's more than 35,700 users (filers, administrators, and reviewers) by providing outstanding Help Desk services, making available training resources and tutorials, and providing regular training opportunities for both new and experienced users through monthly webinars. In fiscal year 2022, OGE updated its online resources to provide more targeted written instructions to groups of users for commonly recurring questions and to assist with frequently performed tasks. Finally, OGE engaged in outreach to the user agency community by administering an annual User Support Survey, which allows agency *INTEGRITY* administrators to provide feedback on *INTEGRITY* assistance, resources, and training.

*Strategic Goal 2: Hold the executive branch accountable for carrying out an effective ethics program*

OGE not only supports the ethics officials who carry out the program executive branchwide, it also ensures that agencies have effective ethics programs. OGE accomplishes this by monitoring agency compliance with executive branch ethics program requirements and monitoring senior leaders' compliance with individual ethics commitments. In performing its oversight function, OGE ensures that executive branch agencies are held accountable for carrying out effective ethics programs. Through its program review, data collection, and financial disclosure review activities, OGE evaluates the processes and systems in place at the agency level to ensure consistent and successful ethics program management.

*Program Reviews:* Through agency ethics program reviews – plenary, inspection, and follow-up reviews – OGE ensures consistent and sustainable agency ethics program compliance with established executive branch ethics laws, regulations, and policies, and provides recommendations for meaningful program improvement. Program reviews include an examination of agency ethics program materials, such as financial disclosure reports, documentation of ethics advice provided to employees, training records, and ethics agreement compliance tracking

In fiscal year 2022, OGE accelerated the frequency of its review of agency ethics programs. OGE moved from reviewing all agencies either every 4 or 5 years to reviewing all agencies every 3 or 4 years, based on an agency's risk profile.

In fiscal year 2022, OGE conducted 42 program reviews and 22 follow-up reviews. Reports on each of these 64 reviews were published and posted on OGE's [website](#). In fiscal year 2022, OGE's ethics program reviews resulted in 82 recommendations addressing specific ethics program deficiencies. In cases in which OGE identified a program weakness during a program review, OGE met its target for the percentage of program reviews that resulted in improvements in the agency's ethics program.

*Annual Financial Disclosure:* OGE also helps ensure that senior officials remain free from conflicts of interest by timely reviewing the public new entrant, annual, termination, and transaction financial disclosure reports of executive branch leaders appointed by the President and confirmed by the Senate (PAS), as well as other reports filed by Designated Agency Ethics Officials (DAEOs) and certain White House officials. In fiscal year 2022, OGE closed ninety-eight (98%) percent of its reviews of public financial disclosure reports, including new entrant, annual, termination, and periodic transaction reports required to be submitted to OGE, within 60 days of receipt.

*Annual Questionnaire:* OGE assesses agency ethics program compliance through the Annual Agency Ethics Program Questionnaire (Annual Questionnaire). Through the Annual Questionnaire, OGE collects ethics program data from each of the more than 130 executive branch agencies. Agency responses to the Annual Questionnaire give OGE a snapshot view of each agency's ethics program and ensure that each agency does a year-end assessment of its own ethics program. In fiscal year 2022, OGE continued to share key highlights from its Annual Questionnaire with ethics officials and the public by posting on its website a report summarizing highlights and trends ascertained from collected data, as well as each agency's responses to the Annual Questionnaire. This allows the public to have insight into individual agency ethics programs and allows agencies to share model practices.

*Agency Practices Data Call:* In addition, in fiscal year 2022, OGE held its triennial Data Call for Agency Practices. This data call focused on agency practices for fulfilling requests for ethics documents released under the Ethics in Government Act. The results of this data call provided OGE with insight into each agency's implementation of this key element of their ethics program. OGE uses the data to tailor the guidance and support it provides to agencies. In addition, OGE will make the results of the data call available to the public in a summary report posted on its [website](#).

*Enforcement Activities:* Accountability of the executive branch ethics program also includes monitoring enforcement activities conducted by other agencies. Agencies are required to concurrently notify OGE's Director when any matter involving a potential violation by an executive branch employee of 18 U.S.C. §§ 202-209 is referred for investigation or prosecution to the Department of Justice. Agencies use OGE Form 202

(Notification of Conflict of Interest Referral) to submit these notifications and information regarding the disposition of the matter. OGE tracks and follows up on conflicts of interest referrals to the Department of Justice to ensure that agencies are considering disciplinary or other corrective action in the event of declinations of prosecution. In fiscal year 2022, OGE continued to post quarterly dashboards displaying the number of notifications submitted each quarter.

*Conducted Inquiries:* OGE continued to conduct real-time inquiries and reviews in response to data, news, or external sources that suggested that an agency ethics program was out of compliance. In fiscal year 2022, OGE conducted approximately 5 inquiries. Notably, in fiscal year 2022, OGE also formalized its written procedures and tracking systems to establish when OGE conducts such inquiries and reviews to improve consistency.

*Strategic Goal 3: Help Top Executive Branch Officials Resolve Conflicts of Interest and Demonstrate Ethical Leadership*

*Ethical Leadership:* Ethical culture begins with ethical leadership throughout an organization, from the top down. OGE engaged agency leaders on the importance of ethics and sensitized federal managers to ethics issues. In fiscal year 2022, OGE's Director sent a welcome letter discussing these important responsibilities to each of 400 incoming Presidential appointees as they were confirmed by the Senate. Within each letter, OGE's Director encouraged new leaders to remain "fully committed to our singular duty: to serve the public," and urged them to regularly remind their teams of this duty, to reiterate that each department and agency has dedicated and well-supported ethics officials to help with the tough issues, and to always consider their own oaths as they carry out their important duties.

*Nominee Financial Disclosure:* OGE works expeditiously to make sure that prospective candidates are free of conflicts of interest, so that top leadership positions can be filled quickly. Following a Presidential election and throughout an Administration, OGE continuously assists the President and the Senate in the Presidential appointments process. In fiscal year 2022, OGE worked with agencies and filers to identify and resolve potential conflicts of interest of nominees by establishing written ethics agreements with all nominees prior to their confirmations. In addition, OGE worked with agencies and filers to ensure compliance with the extensive requirements for financial disclosure under the Ethics in Government Act. Notably, the volume of reports reviewed remained high. OGE reviewed 370 reports, which represent approximately thirty-four percent (34%) of all PAS positions. Further, OGE cleared ninety-nine percent (99%) of the nominee reports it received in fiscal year 2022.

*Resolving Conflicts of Interest:* OGE continued working to ensure that executive branch leaders appointed by the President and confirmed by the Senate (PAS) remain free of conflicts of interest after taking office. OGE does this by identifying and resolving potential conflicts of interest on the part of PAS nominees and by establishing written ethics agreements with them prior to confirmation. OGE then monitors PAS ethics

agreement compliance through the collection and review of documentation provided by agency ethics officials. Certification of Ethics Agreement Compliance reports require appointees to attest to their ethics agreement compliance. OGE continued the practice of posting these certifications on its website. In fiscal year 2022, 385 PAS appointees were required to certify that they had complied with their ethics agreements. Ninety-nine percent (99%) of the certifications were submitted within the established time frame.

*Strategic Goal 4: Use Transparency to Further Oversight of the Executive Branch*

OGE's prevention mission involves informing the public about the systems in place to detect and resolve conflicts of interest of their government leaders. This allows the public to engage in overseeing the integrity of its government. OGE accomplishes this by describing its missions, programs, and work, and by making ethics information publicly available.

*Open Government:* There are a number of external demands for information from OGE, reflecting increased public interest in OGE's work. In fiscal year 2022, OGE processed 15,000 requests from the public and the news media to inspect nearly 26,000 documents under the Ethics in Government Act, including public financial disclosure reports, periodic transaction reports, certificates of divestiture, and other covered records. This reflects an increase of forty percent (40%) more requests than the previous year.

*FOIA:* The Freedom of Information Act (FOIA) is critical in helping to ensure transparency in government by providing the public with access to important documents. OGE demonstrates its commitment to a responsive FOIA program by maintaining an effective system for responding to FOIA requests, increasing proactive disclosures, using technology to more effectively communicate with requestors, tracking requests and managing FOIA program records, improving timeliness in responding to requests, and applying a presumption of openness in responding to requests. In fiscal year 2022, OGE proactively posted more than 250 pages of responsive records on its website.

OGE also continued to conduct regular self-assessments of its FOIA processing procedures and response templates and, when appropriate, make changes to increase efficiency, improve search processes, increase transparency, and otherwise improve the operation of OGE's FOIA program. In fiscal year 2022, OGE received 120 FOIA requests, a thirty-six percent (36%) increase over fiscal year 2021, and responded to 125 requests.

*Provided Relevant, Understandable Information:* In order to enhance public confidence in the impartiality of government decision-making, OGE worked to communicate effectively about the ethics program and created communications that were accurate, compelling, relevant, tailored to each targeted audience, and delivered through effective communication channels. For example, using social media, including Twitter, YouTube, and LinkedIn, OGE posted 250 tweets and 12 Leadership Notes to help citizens understand the structure of the ethics program, learn how to access various ethics documents, and contribute to government accountability. Notably, OGE maintained a strong Twitter engagement rate, with nearly 1 million impressions, almost 76,000

followers, nearly 1 million page views, over 100,000 documents downloaded from OGE’s website, and nearly 26,500 public requests for disclosures.

*Collaborated with and Engaged a Broad Array of Stakeholders:* To share information and foster valuable collaboration, OGE continued to participate as a member of private sector, state, and local ethics organizations, such as the Council on Governmental Ethics Laws (COGEL), in addition to federal interagency groups. In addition, in fiscal year 2022, OGE implemented new strategies to reach a broader array of stakeholders. These strategies included reaching out to 50 regional media outlets and holding an information session for advocacy and non-profit groups.

*Timely Responded to External Requests for Information and Assistance:* In fiscal year 2022, OGE responded to approximately 90 requests for assistance from the press to support more accurate reporting about the ethics laws and regulations and OGE’s work. These interactions multiplied OGE’s ability to reach the public to promote further understanding of the executive branch ethics program and its role in ensuring government integrity. OGE also received requests for assistance from other stakeholders, including more than 570 requests from private citizens. This engagement promoted understanding of the executive branch ethics program and related ethics laws and regulations.

*Supported U.S. International Anti-Corruption Efforts:* OGE continued providing support to the international community at the request of the State Department. In fiscal year 2022, OGE briefed 7 foreign delegations comprising 76 individuals representing 23 countries.

All of these interactions increased OGE’s ability to reach the public to promote further understanding of the executive branch ethics program and its role in ensuring government integrity.

*Crosscutting Objective: Advance equity in OGE’s programs and improve diversity, equity, inclusion, and accessibility in OGE’s operations.*

OGE strives to advance equity for all, including people of color and others who have been historically underserved, marginalized, and adversely affected by persistent poverty and inequality. By advancing equity within its programs and operations, OGE can create opportunities to better serve those who have been historically underserved.

OGE has determined that it can most effectively advance equity and remove barriers for underserved communities by: (1) removing inequities in ethics education to enable federal employees to better serve the public; (2) improving equitable access to ethics records available under the Ethics in Government Act of 1978 and OGE implementing regulations; and (3) using the agency’s purchasing power to reduce



inequities. For additional information on OGE's equity-related accomplishments and initiatives, please see [OGE's Equity Action Plan](#).

In fiscal year 2022, OGE finalized and began to implement its [DEIA Strategic Plan](#), reflecting its whole-of-agency approach to advancing DEIA. Developed by a cross-divisional team of employees at a variety of levels, OGE began its efforts to increase leadership engagement, improve its hiring practices, review its professional development programs, and improve workplace accessibility and safety, among other initiatives, including a government-wide initiative related to improving access to professional development for ethics officials.

*Stewardship Objectives: Sustain a high-performing, cross-functional staff; Leverage technology to increase efficiency and effectiveness; and Safeguard the government resources entrusted to OGE*

To effectively lead in ethics, OGE must be an excellent steward of the resources entrusted to it to carry out its critical mission of preventing conflicts of interests in the executive branch. OGE endeavors to be a model agency with regard to its workforce, technology, and compliance. Specifically, OGE invests in the development, diversity, and retention of its most valuable asset: its staff, who work tirelessly to accomplish the agency's vital mission. OGE leverages technology to amplify its impact by increasing the reach of its limited resources. OGE also strives to maximize every taxpayer dollar provided to the agency and to remain compliant with the wide array of requirements applicable to federal agencies.

*Accountability and Performance:* In fiscal year 2022, OGE continued to track its progress toward annual performance goals by holding quarterly all-hands meetings; conducting a mid-year strategic objective review; holding regular executive and senior staff meetings to discuss agency goals, priorities, and the status of significant program activities; reviewing the Employee Viewpoint Survey results; and holding supervisors accountable for ensuring ongoing communication regarding OGE goals and priorities with all staff.

*Employee Recognition and Inclusion:* In fiscal year 2022, OGE continued to recognize employees through its awards program, which includes spot awards and year-end performance bonuses. In addition, OGE continued its staff-run Employee Recognition Group, which provides management with new, non-monetary ways to recognize staff, based on employee input. OGE also took a wide variety of additional steps to create collaboration, inclusion, and recognition among its staff. For example, OGE held regular Special Emphasis Program events in fiscal year 2022, which were open to OGE's entire staff and included numerous speakers from the federal and local communities to celebrate and recognize diversity. In fiscal year 2022, OGE also launched virtual breakrooms for staff twice weekly to encourage connection, collaboration, and inclusion. Finally, OGE continued to hold its annual employee recognition event.

*Filled critical positions:* OGE hired and onboarded 4 employees. In direct support of its DEIA Strategic Plan, prior to these recruitment efforts, OGE reviewed its hiring

practices and updated its procedures against evidenced-based best practices to identify and then implemented improvements.

*Developed OGE's workforce:* OGE continually focuses on developing the knowledge, skills, and abilities of its employees through personalized formal and informal professional development opportunities. In fiscal year 2022, all OGE employees participated in the OGE Employee Development Plan (EDP) program. Through the EDP process, employees, in collaboration with their supervisors, identify specific formal training, mentoring, self-study, and/or on-the-job training activities that they will complete in the covered period. Employees have the opportunity to lead significant projects, as well as participate in cross-functional teams and training. Notably, the EDP identifies objective measures for assessing the employee's acquisition of the targeted knowledge or skills.

*Maintained and refined OGE's website:* OGE's website is the agency's main communication tool and the most valuable resource for OGE's stakeholders. In fiscal year 2022, OGE implemented several changes to improve the user experience. For example, OGE added search tips, as well as short videos, to further explain how to maximize the search/capabilities of the legal research collection. In direct support of its equity initiative, OGE focused on improving the pages that describe the ethics document release process by providing more information in a Q&A format and using plain language to describe the documents available.

*Enhanced the functionality of information technology tools, resources, and systems:* In fiscal year 2022, OGE developed and launched a redesigned agency intranet, in conformance with the IDEA Act, which includes IT resources, forms, standard operating procedures, HR resources, and ethics information for employees at OGE. This critical tool facilitates OGE's ability to review and update key employee content, provide consistent and frequent communication for employees, improve the agency's performance and efficiency, create more cohesion and uniformity in the hybrid work environment, and support onboarding of new staff.

OGE has developed numerous applications that have improved agency and program efficiency, increased data access, enhanced management practices, and strengthened compliance activities. In fiscal year 2022, OGE continued to devote resources to applications that support major mission programs, such as the Desk Officer Program, the Annual Questionnaire, the records program, and financial disclosure tracking, as well as those applications that support internal operations, such as requisition processing, budget formulation, and equipment tracking. These custom applications allow OGE to accomplish its mission with limited staff and help the agency to make data-driven decisions.

*Remain strong fiscal stewards:* OGE continued to be an excellent steward of the fiscal resources entrusted to it. OGE demonstrated its commitment to effectively and efficiently manage funds appropriated by Congress to execute OGE mission goals, including through maximizing its use of 22 shared services and interagency agreements. Not only does OGE continually seek full value from each taxpayer dollar, it does so while implementing strong fiscal controls. Notably, in fiscal year 2022, OGE maintained an

unmodified opinion on its financial statements and an independent financial audit found no material internal control weaknesses. To reduce fiscal risk and ensure that OGE remains fiscally responsible, OGE continued to use a custom internal application, which builds in additional internal controls and tracking, to maintain its effective process for approving requisitions. OGE also continued to maintain strong internal controls regarding its inventory of IT equipment and other assets. Similarly, in fiscal year 2022, OGE developed and refined custom applications to strengthen its budget formulation and performance award approval processes. In addition, to use OGE's purchasing power to increase equity among the historically underserved, OGE has refined its procurement practices, procedures, and tracking to ensure a greater percentage of its purchases are made from small disadvantaged businesses.

*Strengthen OGE's cybersecurity:* In accordance with the Federal Information Security Modernization Act (FISMA), OGE's security program continued to review weekly network perimeter scans performed by the Department of Homeland Security; conduct and review monthly scans of the internal OGE network; procure and undergo annual security assessment reviews conducted by accredited independent auditors using FISMA CIO and FISMA IG metrics; provide mandatory annual cybersecurity awareness training; and prepare for *INTEGRITY's* annual security assessment. In fiscal year 2022, OGE also took steps to comply with Executive Order 14028 on Improving the Nation's Cybersecurity and subsequent guidance. This work is critical to protect the confidentiality, integrity, and availability of OGE's information and information systems against unauthorized access and use.

*Advance data governance:* OGE continued to ensure the agency's compliance with the Foundations for Evidence-Based Policymaking Act, to convene monthly meetings of its Data Governance Board, and to actively participate in the Chief Data Officers Council. In fiscal year 2022, OGE expanded its data activities by building data governance for key applications, conducting a skills gap analysis to identify staff in need of data skills training, conducting an agencywide assessment of data sets that may be of interest to the public/stakeholders, and prioritizing the use of data in its decision-making. For example, OGE launched a comprehensive process to make more data-driven decisions in determining which ethics issues would benefit from a written legal advisory.

*Safeguard privacy:* In fiscal year 2022, OGE continued to safeguard privacy by maintaining critical executive branchwide systems of records related to the ethics program, including *INTEGRITY*, as well as the agency's internal records. OGE's privacy program worked to ensure that the agency complies with the requirements of the Privacy Act, the E-Government Act, and the executive branch privacy program requirements, as established by OMB. During fiscal year 2022, the Privacy Team reviewed 22 Privacy Threshold Analyses, issued 1 new and revised 4 System of Records Notices, and revised 1 and issued 4 new Privacy Impact Analyses. The Team also revised the agency's breach policy and conducted privacy training and role-based privacy training to 100% of those required to receive it, including agency employees and supervisors, and government contractors who perform services for the agency.

*Enhance its records management program:* OGE continued to enhance its records management program in order to ensure agency records are available to the public and OGE staff, and to comply with records management requirements. In fiscal year 2022, this work included: developing and updating records management policies and procedures; developing and conducting training, and onboarding new employees; working with the National Archives and Records Administration (NARA) on OGE mission-specific disposition authorities; issuing records management guidance; conducting inventories of agency records systems and repositories; and updating records file plans. Notably, OGE timely submitted three program assessments to NARA and received high scores on each report. NARA placed OGE’s records program in the “low risk” category.

## **Conclusion**

The above performance highlights demonstrate that through targeted strategies and careful tasking of its small, cross-functional staff, OGE has been largely successful in achieving its strategic goals and accomplishing its mission despite receiving \$1.2M less than needed in appropriated funding. As noted at the beginning of the Management’s Discussion and Analysis section, OGE will provide more detailed information regarding its performance goals and results in its fiscal year 2022 Annual Performance Report (APR).

## **MD&A Analysis of Financial Statements and Stewardship Information**

In fiscal year 2022, OGE maintained an unmodified opinion on its financial statements and no material internal control weaknesses were found. OGE is committed to effectively and efficiently managing funds appropriated by Congress to incur obligations for goods and services necessary to execute OGE mission goals. Although OGE suffered a reduction of \$1.2M from its requested congressional appropriations for fiscal year 2022, OGE was largely able to maintain operations at adequate levels, meet 91% of its performance goals, and ensure that OGE’s important mission work was accomplished. Notably, among the items not funded in fiscal year 2022, was the needed replacement of OGE’s IT infrastructure, which has created risk for system failures, as vital equipment exceeds end-of-life. To mitigate this risk, OGE augmented its fiscal year 2023 appropriations request to include the funding necessary to replace this infrastructure.

## **Annual Assurance Statement on Internal Controls and Internal Controls over Financial Reporting**

OGE's management is responsible for establishing and maintaining effective internal controls and financial management systems that meet the objectives of the Federal Manager's Financial Integrity Act (FMFIA). OGE conducted its assessment in compliance with applicable laws and regulations in accordance with OMB Circular A-123, Management's Responsibility for Internal Control. After a thorough review of the results, and to the best of my knowledge and belief, OGE can provide reasonable assurance that its internal controls over the effectiveness and efficiency of operations were in compliance with applicable laws and regulations as of September 30, 2022. No material weaknesses were found in the design or operations of the internal controls.

OGE relies on the U.S. Department of Treasury, Bureau of Fiscal Service (BFS), a financial management shared service provider, for its accounting and financial systems and to meet its financial reporting requirements. OGE has no in-house financial systems but rather uses systems hosted/provided by BFS. OGE uses Oracle Financials which we consider to be a reliable and effective financial system. OGE obtains the Statement on Standards for Attestation Engagements (SSAE) 18 Service Organization Control (SOC) audits and Bridge Letters from BFS and reviews the statement to assist in assessing internal controls over OGE's financial reporting. After a thorough review of the results, OGE has not discovered any significant issues or deviations in its financial reporting during fiscal year 2022. Therefore, OGE concludes that the internal controls over financial reporting are sufficiently strong.

**EMORY ROUNDS** Digitally signed by EMORY ROUNDS  
Date: 2022.09.30 08:55:10 -04'00'

Emory A. Rounds, III  
Director  
U.S. Office of Government Ethics

## Forward Looking Information

Numerous external factors shape OGE's operating environment. Understanding their influence is essential for mitigating risk and achieving performance goals. These external factors could cause OGE to incur costs, impede its mission, or necessitate reallocating staff resources.

- IT Threats: With a hybrid workforce, the availability of OGE's virtual network is more critical than ever and any unscheduled downtime has an even greater impact on operations. As potential security threats against automated systems grow and become more complex, OGE must remain proactive to ensure that any threats are reduced and mitigated, if not eliminated.
  - OGE has taken a number of steps to secure its IT systems, including: undergoing independent, third-party assessments; complying with key government-wide directives; and leveraging both internal and external expertise and resources. OGE will continue to address IT security threats and to commit significant resources to secure its important IT systems and network. OGE will also seek, despite its small staff and limited resources, to remain responsive and compliant to new cybersecurity directives. In addition, OGE will implement a comprehensive replacement of its IT infrastructure, either through procuring new equipment, or by migrating to a secure, FedRAMP-certified government cloud environment. Without this replacement, OGE runs the risk of being unable to carry out its mission work.
- Potential Disruption and Cost of Relocation of Office Space under a New Lease: GSA's current lease for OGE's space ends February 2024. OGE is working with GSA to review its current space needs and negotiate a new lease. Depending on the outcome of the lease negotiations, OGE could incur millions in additional costs and its work could be disrupted by being forced to relocate its staff.
  - As part of this effort, OGE is actively re-evaluating the use of its current space given the impact of COVID-19 and expanded workplace flexibilities. OGE is regularly evaluating performance, employee engagement, and staff feedback to inform future workspace needs.

- **Future of Work:** OGE continues to prioritize employee health and safety, evaluate its personnel policies and work environments, and pilot new operating approaches and workplace innovations, while carefully considering trends related to the federal workplace. Based on both strong performance and data on preferences of its employees, OGE has expanded telework and created a pilot remote work policy to move OGE toward the “future of work.” While significant progress has been made to slowly return the workforce back to the office once safety criteria have been met, there continue to be operational challenges as OGE navigates this unprecedented time.
- **Transition *INTEGRITY* Support Functions and Authentication:** In addition to continuing to resource *INTEGRITY* on behalf of the entire executive branch ethics program, OGE must move system support functions to new providers in fiscal year 2023 because OMB MAX.gov will no longer operate. The full impact of this transition will require as-yet-unknown total costs because an alternative solution to the system’s unique authentication requirements has yet to be identified. OGE has begun migrating other services provided by MAX.gov to new providers, but OGE’s ability to continue to secure, operate, enhance, and update the system, with a very small contingent of staff and a small agency budget, and to continue to provide the system to all agencies at no cost, may be affected by this transition. In addition, the system may be vulnerable to disruption during the lead-up to a Presidential election year if a cost-effective solution cannot be identified.
- **Potential Legislative Reform:** OGE is the subject of significant and intense congressional and stakeholder interest. OGE is currently tracking more than 150 bills that would make significant statutory revisions to the Ethics in Government Act or the criminal conflict of interest statutes, or create entirely new ethics-related statutes. Passage of major ethics reform would present significant challenges for OGE.
  - Legislation has been introduced to reform and expand OGE’s operations, including HR 1, which passed the House earlier in the 117th Congress. Additional bills have been introduced, such as the Executive Branch Comprehensive Ethics Enforcement Act, to reform and expand OGE’s operations, including by authorizing OGE to investigate and adjudicate ethics violations in the executive branch. The Congressional Budget Office analyzed this legislation, and estimated that implementing the bill would cost \$140 million over a five-year period.
- **Workload and Unfunded Mandates:** OGE produces a remarkable amount with a small staff by carefully managing the cyclical nature of the agency’s work and leveraging its highly cross-functional professional employees. Although agile, significant unanticipated changes in workload have impacts across programs. For

example, a dramatic increase in public, press, congressional, and FOIA requests in 2017 strained staff resources, stretched cross-functional abilities, and required additional cross-training to keep pace with unprecedented demands.

- There are also ongoing and growing compliance requirements that must be addressed with no lead time or new resources to support them, such as unanticipated human resources, privacy, and data-focused executive orders, OMB directives, laws, and regulations.

## **Part II – Financial Statements and Independent Auditor’s Report**

### **Limitations of the Financial Statements**

The financial statements are prepared to report the financial position, financial condition, and results of operations, consistent with the requirements of 31 U.S.C. § 3515(b). The statements are prepared from records of Federal entities in accordance with Federal generally accepted accounting principles (GAAP) and the formats prescribed by OMB. Reports used to monitor and control budgetary resources are prepared from the same records. Users of the statements are advised that the statements are for a component of the U.S. Government.

**OFFICE OF GOVERNMENT ETHICS**

**FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED  
SEPTEMBER 30, 2022 AND 2021**

UNITED STATES OFFICE OF  
**GOVERNMENT ETHICS**



Preventing Conflicts of Interest  
in the Executive Branch

**OFFICE OF GOVERNMENT ETHICS  
BALANCE SHEET  
AS OF SEPTEMBER 30, 2022 AND 2021  
(In Dollars)**

	2022	2021
<b>Assets:</b>		
Intragovernmental:		
Fund Balance with Treasury (Note 2)	\$ 4,832,583	\$ 5,138,331
<b>Total Intragovernmental</b>	<b>4,832,583</b>	<b>5,138,331</b>
Other than Intragovernmental:		
Accounts Receivable, Net (Note 3)	324	-
General Property, Plant, and Equipment, Net (Note 4)	45,102	88,405
<b>Total Other than Intragovernmental</b>	<b>45,426</b>	<b>88,405</b>
<b>Total Assets</b>	<b>\$ 4,878,009</b>	<b>\$ 5,226,736</b>
<b>Liabilities: (Note 5)</b>		
Intragovernmental:		
Accounts Payable	\$ 144,978	\$ 798,369
Other Liabilities (Note 7)	261,590	254,362
Other Liabilities (Without Reciprocals)	54,524	51,234
Other Current Liabilities - Benefit Contributions Payable	207,066	203,129
<b>Total Intragovernmental</b>	<b>406,568</b>	<b>1,052,731</b>
Other than Intragovernmental:		
Accounts Payable	2,286,477	26,082
Federal Employee Benefits Payable	1,529,129	1,600,504
Other Liabilities (Note 7)	743,722	698,416
<b>Total Other than Intragovernmental</b>	<b>4,559,328</b>	<b>2,325,002</b>
<b>Total Liabilities</b>	<b>\$ 4,965,896</b>	<b>\$ 3,377,733</b>
<b>Net Position:</b>		
Unexpended Appropriations - Funds from Other than Dedicated Collections	\$ 1,429,065	\$ 3,416,721
<b>Total Unexpended Appropriations (Consolidated)</b>	<b>1,429,064</b>	<b>3,416,721</b>
Cumulative Results of Operations - Funds from Other than Dedicated Collections	(1,516,952)	(1,567,718)
<b>Total Cumulative Results of Operations (Consolidated)</b>	<b>(1,516,952)</b>	<b>(1,567,718)</b>
<b>Total Net Position</b>	<b>(87,887)</b>	<b>1,849,003</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 4,878,009</b>	<b>\$ 5,226,736</b>

The accompanying notes are an integral part of these financial statements

**OFFICE OF GOVERNMENT ETHICS  
STATEMENT OF NET COST  
FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021  
(In Dollars)**

	2022	2021
<b>Gross Program Costs:</b>		
Salaries and Expenses:		
Gross Costs	\$ 21,583,413	\$ 18,571,424
Less: Earned Revenue	-	(11,436)
<b>Net Cost of Operations</b>	<b>\$ 21,583,413</b>	<b>\$ 18,559,988</b>

**OFFICE OF GOVERNMENT ETHICS**  
**STATEMENT OF CHANGES IN NET POSITION**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021**  
(In Dollars)

	2022	2021
<b>Unexpended Appropriations:</b>		
Beginning Balance	\$ 3,416,721	\$ 2,695,321
Appropriations Received	19,158,000	18,600,000
Other Adjustments	(79,030)	(52,939)
Appropriations Used	(21,066,626)	(17,825,661)
Net Change in Unexpended Appropriations	(1,987,656)	721,400
<b>Total Unexpended Appropriations</b>	<b>\$ 1,429,065</b>	<b>\$ 3,416,721</b>
<b>Cumulative Results of Operations:</b>		
Beginning Balance	\$ (1,567,718)	\$ (1,351,766)
Appropriations Used	21,066,626	17,825,661
Transfers In/Out Without Reimbursement	6,113	2,671
Imputed Financing (Note 10)	561,440	527,140
Other	-	(11,436)
Net Cost of Operations	(21,583,413)	(18,559,988)
Net Change in Cumulative Results of Operations	50,766	(215,952)
<b>Total Cumulative Results of Operations</b>	<b>\$ (1,516,952)</b>	<b>\$ (1,567,718)</b>
<b>Net Position</b>	<b>\$ (87,887)</b>	<b>\$ 1,849,003</b>

**OFFICE OF GOVERNMENT ETHICS**  
**STATEMENT OF BUDGETARY RESOURCES**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021**  
(In Dollars)

	2022	2021
<b>Budgetary Resources:</b>		
Unobligated Balance from Prior Year Budget Authority, Net (Note 10)	\$ 1,225,027	\$ 1,742,857
Appropriations	19,158,000	18,600,000
Spending Authority from Offsetting Collections	6,113	2,672
<b>Total Budgetary Resources</b>	<b>\$ 20,389,140</b>	<b>\$ 20,345,529</b>
<b>Status of Budgetary Resources:</b>		
New Obligations and Upward Adjustments (total)	\$ 19,160,655	\$ 19,187,573
Unobligated Balance, End of Year:		
Apportioned, Unexpired Accounts	64,360	54,600
Expired Unobligated Balance, End of Year	1,164,125	1,103,356
Unobligated Balance, End of Year (total)	1,228,485	1,157,956
<b>Total Budgetary Resources</b>	<b>\$ 20,389,140</b>	<b>\$ 20,345,529</b>
<b>Outlays, Net and Disbursements, Net:</b>		
Outlays, Net (total)	\$ 19,384,718	\$ 17,127,163
Agency Outlays, Net	\$ 19,384,718	\$ 17,127,163



## **OFFICE OF GOVERNMENT ETHICS NOTES TO THE FINANCIAL STATEMENTS**

### **NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **A. Reporting Entity**

The U.S. Office of Government Ethics (OGE), established by the Ethics in Government Act of 1978, provides overall leadership and oversight of the executive branch ethics program designed to prevent and resolve conflicts of interest. OGE’s mission is part of the very foundation of public service. The first principle in the Fourteen Principles of Ethical Conduct for Government Officers and Employees is “public service is a public trust, requiring employees to place loyalty to the Constitution, the laws and ethical principles above private gain”. Public servants are expected to make impartial decisions based on the interests of the public when performing their job duties. OGE in concert with agency ethics practitioners throughout the executive branch, ensures that employees fulfill this great trust.

To carry out its leadership and oversight responsibilities, OGE promulgates and maintains enforceable standards of ethical conduct for approximately 2.7 million employees in over 130 executive branch agencies and the White House; oversees a financial disclosure systems that reaches more than 26,000 public and more than 390,000 confidential financial disclosure report filers; ensures that executive branch agency ethics programs are in compliance with applicable ethics laws and regulations; provides education and training to the approximately 45,000 ethics officials executive branch-wide; conducts outreach to the general public, the private sector, and civil society; and provides technical assistance to state, local, and foreign governments and international organizations.

OGE’s greatest resource is its multidisciplinary staff of attorney, ethics and finance experts, and support personnel. OGE is a lean organization, operating at fewer than its 80 authorized full-time equivalents, and accomplishes its responsibilities by organizing cross-functional teams to perform such diverse tasks as working with Presidential nominees for appointments requiring Senate confirmation to resolve potential financial conflicts of interest, training executive branch ethics officials, and conducting oversight of executive branch ethics programs. OGE is led by a Director who is appointed to a five-year term by the President and confirmed by the Senate.

OGE’s General Funds are accounts used to record financial transactions arising under congressional appropriations or other authorizations to spend general revenues. General Fund Miscellaneous Receipts are accounts established for receipts of non-recurring activity, such as fines, penalties, fees and other miscellaneous receipts for services and benefits.

OGE has rights and ownership of all assets reported in these financial statements. The reporting entity is a component of the U.S Government. For this reason, some of the assets and liabilities reported by the entity may be eliminated for Government-wide reporting because they are offset by assets and liabilities of another U.S. Government entity. These financial statements should be read

with the realization that they are for a component of the U.S. Government, a sovereign entity. OGE does not possess any non-entity assets.

## **B. Basis of Presentation**

The financial statements have been prepared to report the financial position and results of operations of the OGE. The Balance Sheet presents the financial position of the agency. The Statement of Net Cost presents the agency's operating results; the Statement of Changes in Net Position displays the changes in the agency's equity accounts. The Statement of Budgetary Resources presents the sources, status, and uses of the agency's resources and follows the rules for the Budget of the United States Government.

The statements are a requirement of the Chief Financial Officers Act of 1990, the Government Management Reform Act of 1994 and the Accountability of Tax Dollars Act of 2002. They have been prepared from, and are fully supported by, the books and records of the OGE in accordance with the hierarchy of accounting principles generally accepted in the United States of America, standards issued by the Federal Accounting Standards Advisory Board (FASAB), Office of Management and Budget (OMB) Circular A-136, *Financial Reporting Requirements*, as amended, and the OGE'S accounting policies which are summarized in this note. These statements, with the exception of the Statement of Budgetary Resources, are different from financial management reports, which are also prepared pursuant to OMB directives that are used to monitor and control the OGE'S use of budgetary resources. The financial statements and associated notes are presented on a comparative basis. Unless specified otherwise, all amounts are presented in dollars.

## **C. Basis of Accounting**

Transactions are recorded on both an accrual accounting basis and a budgetary basis. Under the accrual method, revenues are recognized when earned, and expenses are recognized when a liability is incurred, without regard to receipt or payment of cash. Budgetary accounting facilitates the control and monitoring of federal funds as well as the compliance with legal requirements on the use of those funds.

## **D. Fund Balance with Treasury**

Fund Balance with Treasury is an asset of a reporting entity and a liability of the General Fund. It is the aggregate amount of the OGE's funds with Treasury in expenditure, receipt, and revolving fund accounts. Appropriated funds recorded in expenditure accounts are available to pay current liabilities and finance authorized purchases.

The OGE does not maintain bank accounts of its own, has no disbursing authority, and does not maintain cash held outside of Treasury. When the reporting entity seeks to use FBWT to liquidate budgetary obligations, Treasury will finance the disbursements in the same way it finances all other disbursements, which is to borrow from the public if there is a budget deficit (and to use current receipts if there is a budget surplus). Funds are disbursed for the agency on demand.

## **E. Accounts Receivable**

Accounts receivable consists of amounts owed to the OGE by other federal agencies and the general public. Amounts due from federal agencies are considered fully collectible. Accounts receivable from the public include reimbursements from employees. An allowance for uncollectible accounts receivable from the public is established when, based upon a review of outstanding accounts and

the failure of all collection efforts, management determines that collection is unlikely to occur considering the debtor's ability to pay.

## **F. Property, Equipment, and Software**

Property, equipment and software represent furniture, fixtures, equipment, and information technology hardware and software which are recorded at original acquisition cost and are depreciated or amortized using the straight-line method over their estimated useful lives. Major alterations and renovations are capitalized, while maintenance and repair costs are expensed as incurred. The OGE'S capitalization threshold is \$50,000 for individual purchases and \$500,000 for bulk purchases. Property, equipment, and software acquisitions that do not meet the capitalization criteria are expensed upon receipt. Applicable standard governmental guidelines regulate the disposal and convertibility of agency property, equipment, and software. The useful life classifications for capitalized assets are as follows:

<u>Description</u>	<u>Useful Life (years)</u>
Building	9
Leasehold Improvements	5
Office Furniture	5
Computer Equipment	3
Office Equipment	5
Software	5

## **G. Advances and Prepaid Charges**

Advance payments are generally prohibited by law. There are some exceptions, such as reimbursable agreements, subscriptions and payments to contractors and employees. Payments made in advance of the receipt of goods and services are recorded as advances or prepaid charges at the time of prepayment and recognized as expenses when the related goods and services are received.

## **H. Liabilities**

Liabilities represent the amount of funds likely to be paid by the OGE as a result of transactions or events that have already occurred.

The OGE reports its liabilities under two categories, Intragovernmental and Other than Intragovernmental. Intragovernmental liabilities represent funds owed to another government agency. Liabilities other than intragovernmental represent funds owed to any entity or person that is not a federal agency, including private sector firms and federal employees. Each of these categories may include liabilities that are covered by budgetary resources and liabilities not covered by budgetary resources.

Liabilities covered by budgetary resources are liabilities funded by a current appropriation or other funding source. These consist of accounts payable and accrued payroll and benefits. Accounts payable represent amounts owed to another entity for goods ordered and received and for services rendered except for employees. Accrued payroll and benefits represent payroll costs earned by employees during the fiscal year which are not paid until the next fiscal year.

Liabilities not covered by budgetary resources are liabilities that are not funded by any current appropriation or other funding source. These liabilities consist of accrued annual leave, actuarial FECA, and the amounts due to Treasury for collection and accounts receivable of civil penalties and FOIA request fees

### **I. Annual, Sick, and Other Leave**

Annual leave is accrued as it is earned, and the accrual is reduced as leave is taken. The balance in the accrued leave account is adjusted to reflect current pay rates. Liabilities associated with other types of vested leave, including compensatory, restored leave, and sick leave in certain circumstances, are accrued at year-end, based on latest pay rates and unused hours of leave. Funding will be obtained from future financing sources to the extent that current or prior year appropriations are not available to fund annual and other types of vested leave earned but not taken. Nonvested leave is expensed when used. Any liability for sick leave that is accrued but not taken by a Civil Service Retirement System (CSRS)-covered employee is transferred to the Office of Personnel Management (OPM) upon the retirement of that individual. Credit is given for sick leave balances in the computation of annuities upon the retirement of Federal Employees Retirement System (FERS)-covered employees.

### **J. Accrued and Actuarial Workers' Compensation**

The Federal Employees' Compensation Act (FECA) administered by the U.S. Department of Labor (DOL) addresses all claims brought by the OGE'S employees for on-the-job injuries. The DOL bills each agency annually as its claims are paid, but payment of these bills is deferred for two years to allow for funding through the budget process. Similarly, employees that the OGE terminates without cause may receive unemployment compensation benefits under the unemployment insurance program also administered by the DOL, which bills each agency quarterly for paid claims. Future appropriations will be used for the reimbursement to DOL. The liability consists of (1) the net present value of estimated future payments calculated by the DOL, and (2) the unreimbursed cost paid by DOL for compensation to recipients under the FECA.

### **K. Retirement Plans**

The OGE'S employees participate in either the CSRS or the FERS. The employees who participate in CSRS are beneficiaries of the OGE'S matching contribution, equal to seven percent of pay, distributed to their annuity account in the Civil Service Retirement and Disability Fund.

Prior to December 31, 1983, all employees were covered under the CSRS program. From January 1, 1984 through December 31, 1986, employees had the option of remaining under CSRS or joining FERS and Social Security. Employees hired as of January 1, 1987 are automatically covered by the FERS program. Both CSRS and FERS employees may participate in the federal Thrift Savings Plan (TSP). FERS employees receive an automatic agency contribution equal to one percent of pay and the OGE matches any employee contribution up to an additional four percent of pay. For FERS participants, the OGE also contributes the employer's matching share of Social Security.

FERS employees and certain CSRS reinstatement employees are eligible to participate in the Social Security program after retirement. In these instances, the OGE remits the employer's share of the required contribution.

The OGE recognizes the imputed cost of pension and other retirement benefits during the employees' active years of service. OPM actuaries determine pension cost factors by calculating

the value of pension benefits expected to be paid in the future and communicate these factors to the OGE for current period expense reporting. OPM also provides information regarding the full cost of health and life insurance benefits. The OGE recognized the offsetting revenue as imputed financing sources to the extent these expenses will be paid by OPM.

The OGE does not report on its financial statements information pertaining to the retirement plans covering its employees. Reporting amounts such as plan assets, accumulated plan benefits, and related unfunded liabilities, if any, is the responsibility of the OPM, as the administrator.

#### **L. Other Post-Employment Benefits**

The OGE’S employees eligible to participate in the Federal Employees' Health Benefits Plan (FEHBP) and the Federal Employees' Group Life Insurance Program (FEGSIP) may continue to participate in these programs after their retirement. The OPM has provided the OGE with certain cost factors that estimate the true cost of providing the post-retirement benefit to current employees. The OGE recognizes a current cost for these and Other Retirement Benefits (ORB) at the time the employee's services are rendered. The ORB expense is financed by OPM, and offset by the OGE through the recognition of an imputed financing source.

#### **M. Use of Estimates**

The preparation of the accompanying financial statements in accordance with generally accepted accounting principles requires management to make certain estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses. Actual results could differ from those estimates.

#### **N. Reclassification**

Certain fiscal year 2021 balances have been reclassified, retitled, or combined with other financial statement line items for consistency with the current year presentation.

#### **O. Classified Activities**

Accounting standards require all reporting entities to disclose that accounting standards allow certain presentations and disclosures to be modified, if needed, to prevent the disclosure of classified information.

#### **NOTE 2. FUND BALANCE WITH TREASURY**

Fund Balance with Treasury account balances as of September 30, 2022 and 2021, were as follows:

	2022	2021
<b>Status of Fund Balance with Treasury:</b>		
Unobligated Balance		
Available	\$ 64,360	\$ 54,600
Unavailable	1,164,125	1,103,356
Obligated Balance Not Yet Disbursed	3,604,098	3,980,375
<b>Total</b>	<b>\$ 4,832,583</b>	<b>\$ 5,138,331</b>

No discrepancies exist between the Fund Balance reflected on the Balance Sheet and the balances in the Treasury accounts.

The available unobligated fund balances represent the current-period amount available for obligation or commitment. At the start of the next fiscal year, this amount will become part of the unavailable balance as described in the following paragraph.

The unavailable unobligated fund balances represent the amount of appropriations for which the period of availability for obligation has expired. These balances are available for upward adjustments of obligations incurred only during the period for which the appropriation was available for obligation or for paying claims attributable to the appropriations.

The obligated balance not yet disbursed includes accounts payable, accrued expenses, and undelivered orders that have reduced unexpended appropriations but have not yet decreased the fund balance on hand (see also Note 12).

**NOTE 3. ACCOUNTS RECEIVABLE, NET**

Accounts receivable balances as of September 30, 2022 and 2021, were as follows:

	2022	2021
Other than Intergovernmental		
Accounts Receivable	\$ 324	\$ -
<b>Total Accounts Receivable</b>	<b>\$ 324</b>	<b>\$ -</b>

The accounts receivable is primarily made up of employee receivables.

Historical experience has indicated that the majority of the receivables are collectible. There are no material uncollectible accounts as of September 30, 2022.

**NOTE 4. GENERAL PROPERTY, PLANT AND EQUIPMENT, NET**

Schedule of General Property, Plant and Equipment, Net as of September 30, 2022:

Major Class	Acquisition Cost	Accumulated Amortization/ Depreciation	Net Book Value
Leasehold Improvements	\$ 57,406	\$ 57,406	-
Furniture & Equipment	165,215	165,215	-
Software	5,331,239	5,286,137	\$ 45,102
<b>Total</b>	<b>\$ 5,553,860</b>	<b>\$ 5,508,758</b>	<b>\$ 45,102</b>

Schedule of General Property, Plant and Equipment, Net as of September 30, 2021:

Major Class	Acquisition Cost	Accumulated Amortization/ Depreciation	Net Book Value
Leasehold Improvements	\$ 57,406	\$ 51,027	\$ 6,379
Furniture & Equipment	165,215	165,215	-
Software	5,331,239	5,249,213	82,026
<b>Total</b>	<b>\$ 5,553,860</b>	<b>\$ 5,465,455</b>	<b>\$ 88,405</b>

## NOTE 5. LIABILITIES NOT COVERED BY BUDGETARY RESOURCES

The liabilities for the OGE as of September 30, 2022 and 2021, include liabilities not covered by budgetary resources. Congressional action is needed before budgetary resources can be provided. Although future appropriations to fund these liabilities are likely and anticipated, it is not certain that appropriations will be enacted to fund these liabilities.

	2022	2021
Intragovernmental – FECA	\$ 73,505	\$ 83,203
Unfunded Leave	1,001,216	1,072,080
Actuarial FECA	496,441	503,510
Total Liabilities Not Covered by Budgetary Resources	\$ 1,571,162	\$ 1,658,793
Total Liabilities Covered by Budgetary Resources	3,394,734	1,718,940
Total Liabilities	\$ 4,965,896	\$ 3,377,733

FECA liabilities represent the unfunded liability for actual workers compensation claims and unemployment benefits paid on the OGE’S behalf and payable to the DOL. The OGE also records an actuarial liability for future workers compensation claims based on the liability to benefits paid (LBP) ratio provided by DOL and multiplied by the average of benefits paid over three years.

Unfunded leave represents a liability for earned leave and is reduced when leave is taken. The balance in the accrued annual leave account is reviewed quarterly and adjusted as needed to accurately reflect the liability at current pay rates and leave balances. Accrued annual leave is paid from future funding sources and, accordingly, is reflected as a liability not covered by budgetary resources. Sick and other leave is expensed as taken.

## NOTE 6. ACTUARIAL FECA LIABILITY

FECA provides income and medical cost protection to covered federal civilian employees harmed on the job or who have contracted an occupational disease, and beneficiaries of employees whose death is attributable to a job-related injury or occupational disease. Claims incurred for benefits under FECA for the OGE’S employees are administered by the DOL and ultimately paid by the OGE when funding becomes available.

The OGE bases its estimate for FECA actuarial liability on the DOL's FECA model. The DOL method of determining the liability uses historical benefits payment patterns for a specific incurred period to predict the ultimate payments for the period. Based on the information provided by the DOL, the OGE’S liability as of September 30, 2022 and 2021, was \$496,441 million and \$503,510 million, respectively.

## NOTE 7. OTHER LIABILITIES

Other liabilities account balances as of September 30, 2022, were as follows:

	Current	Total
Intragovernmental		
Employer Contributions and Payroll Taxes Payable (without reciprocals)	\$ 54,524	\$ 54,524
Employer Contributions and Payroll Taxes Payable	133,561	133,561
Unfunded FECA Liability	73,505	73,504
<b>Total Intragovernmental Other Liabilities</b>	<b>\$ 261,590</b>	<b>\$ 261,590</b>
Other than Intragovernmental		
Accrued Funded Payroll and Leave	\$ 743,722	\$ 743,722
<b>Total Other than Intragovernmental Other Liabilities</b>	<b>\$ 743,722</b>	<b>\$ 743,722</b>
<b>Total Other Liabilities</b>	<b>\$ 1,005,312</b>	<b>\$ 1,005,312</b>

Other liabilities account balances as of September 30, 2021, were as follows:

	Current	Total
Intragovernmental		
Employer Contributions and Payroll Taxes Payable (without reciprocals)	\$ 51,234	\$ 51,234
Employer Contributions and Payroll Taxes Payable	119,925	119,925
Unfunded FECA Liability	83,203	83,203
<b>Total Intragovernmental Other Liabilities</b>	<b>\$ 254,362</b>	<b>\$ 254,362</b>
Other than Intragovernmental		
Accrued Funded Payroll and Leave	\$ 698,416	\$ 698,416
<b>Total Other than Intragovernmental Other Liabilities</b>	<b>\$ 698,416</b>	<b>\$ 698,416</b>
<b>Total Other Liabilities</b>	<b>\$ 952,778</b>	<b>\$ 952,778</b>

## NOTE 8. LEASES

### Operating Leases

The OGE occupies office space under a lease agreement that is accounted for as an operating lease. The lease term begins on February 2, 2014 and expires on February 1, 2024. Lease payments are increased annually based on the adjustments for operating cost and real estate tax escalations. The total operating lease expense for fiscal years 2022 and 2021 were \$1,319,850 and \$1,303,809 respectively. Below is a schedule of future payments for the term of the lease.

Fiscal Year	Asset Category Building	Totals Federal
2023	\$ 1,392,523	\$ 1,392,523
2024	441,878	441,878
<b>Total Future Lease Payments</b>	<b>\$ 1,834,401</b>	<b>\$ 1,834,401</b>

The operating lease amount does not include estimated payments for leases with annual renewal options.

## NOTE 9. COMMITMENTS AND CONTINGENCIES

The OGE did not have any material contingent liabilities that met disclosure requirements as of September 30, 2022 and 2021.

## NOTE 10. INTER-ENTITY COSTS

The OGE recognizes certain inter-entity costs for goods and services that are received from other federal entities at no cost or at a cost less than the full cost. Certain costs of the providing entity that are not fully reimbursed are recognized as imputed cost and are offset by imputed revenue. Such imputed costs and revenues relate to employee benefits and claims to be settled by the Treasury Judgement Fund. The OGE recognizes as inter-entity costs the amount of accrued pension and post-retirement benefit expenses for current employees. The assets and liabilities associated with such benefits are the responsibility of the administering agency, OPM. For the periods ended September 30, 2022 and 2021, respectively, inter-entity costs were as follows:

	2022	2021
Office of Personnel Management	\$ 561,440	\$ 527,140
Total Imputed Financing Sources	\$ 561,440	\$ 527,140

## NOTE 11. NET ADJUSTMENTS TO UNOBLIGATED BALANCE, BROUGHT FORWARD, OCTOBER 1

The Unobligated Balance Brought Forward from the prior fiscal year has been adjusted for recoveries of prior year paid and unpaid obligations and other changes such as canceled authority. The Adjustments to Unobligated Balance Brought Forward, October 1, as of September 30, 2022, and 2021, consisted of the following:

	2022	2021
Unobligated Balance Brought Forward From Prior Year, October 1	\$ 1,157,956	\$ 419,996
Recoveries of Prior Year Obligations	146,101	1,375,800
Other Changes in Unobligated Balances	(79,030)	(52,939)
Unobligated Balance From Prior Year Budget Authority, Net (Discretionary and Mandatory)	\$ 1,225,027	\$ 1,742,857

## NOTE 12. UNDELIVERED ORDERS AT THE END OF THE PERIOD

As of September 30, 2022, budgetary resources obligated for undelivered orders were as follows:

	Federal	Non-Federal	Total
Unpaid Undelivered Orders	\$ 204,640	\$ 4,724	\$ 209,364
Total Undelivered Orders	\$ 204,640	\$ 4,724	\$ 209,364

As of September 30, 2021, budgetary resources obligated for undelivered orders were as follows:

	Federal	Non-Federal	Total
Unpaid Undelivered Orders	\$ 2,221,269	\$ 40,168	\$ 2,261,437
Total Undelivered Orders	\$ 2,221,269	\$ 40,168	\$ 2,261,437

**NOTE 13. EXPLANATION OF DIFFERENCES BETWEEN THE SBR AND THE BUDGET OF THE U.S. GOVERNMENT**

The President’s Budget that will include fiscal year 2022 actual budgetary execution information has not yet been published. The President’s Budget is scheduled for publication in February 2023 and can be found at the OMB Web site: <http://www.whitehouse.gov/omb/>. The 2023 Budget of the United States Government, with the "Actual" column completed for 2021, has been reconciled to the Statement of Budgetary Resources and there were no material differences.

In Millions

	Budgetary Resources	New Obligations & Upward Adjustments (Total)	Net Outlays
Combined Statement of Budgetary Resources	\$ 20	\$ 19	\$ 17
Unobligated Balance Not Available	1	-	-
<b>Budget of the U.S. Government</b>	<b>\$ 19</b>	<b>\$ 19</b>	<b>\$ 17</b>

**NOTE 14. RECONCILIATION OF NET COST TO NET OUTLAYS**

The reconciliation of net outlays, presented on a budgetary basis, and the net cost, presented on an accrual basis, provides an explanation of the relationship between budgetary and financial accounting information.

Reconciliation of Net Cost to Net Outlays as of September 30, 2022:

**RECONCILIATION OF NET COST TO NET OUTLAYS  
BUDGET AND ACCRUAL RECONCILIATION  
FOR THE YEARS ENDED SEPTEMBER 30, 2022  
(In Dollars)**

	Intragovernmental	Other than Intragovernmental	Total
<b>Net Operating Cost (SNC)</b>	\$ 8,263,781	\$ 13,319,632	\$ 21,583,413
<b>Components of Net Cost Not Part of the Budgetary Outlays</b>			
Property, Plant, and Equipment Depreciation Expense	-	(43,303)	(43,303)
<b>Increase/(Decrease) in Assets:</b>			
Accounts Receivable, Net	-	324	324
<b>(Increase)/Decrease in Liabilities:</b>			
Accounts Payable	653,391	(2,260,395)	(1,607,004)
Federal Employee [and Veteran] Benefits Payable	-	71,375	71,375
Other Liabilities	(7,228)	(45,306)	(52,534)
<b>Financing Sources:</b>			
Imputed Cost	(561,440)	-	(561,440)
<b>Total Components of Net Operating Cost Not Part of the Budgetary Outlays</b>	<b>\$ 84,723</b>	<b>\$ (2,277,305)</b>	<b>\$ (2,192,582)</b>
<b>Financing Sources:</b>			
Transfers Out (In) Without Reimbursements	(6,113)	-	(6,113)
<b>Total Components of the Budget Outlays That Are Not Part of Net Operating Cost</b>	<b>\$ (6,113)</b>	<b>\$ -</b>	<b>\$ (6,113)</b>
<b>Total Net Outlays (Calculated Total)</b>	<b>\$ 8,342,391</b>	<b>\$ 11,042,327</b>	<b>\$ 19,384,718</b>
<b>Budgetary Agency Outlays, Net (SBR 4210)</b>			
Budgetary Agency Outlays, Net			\$ 19,384,718

Reconciliation of Net Cost to Net Outlays as of September 30, 2021:

**RECONCILIATION OF NET COST TO NET OUTLAYS  
BUDGET AND ACCRUAL RECONCILIATION  
FOR THE YEARS ENDED SEPTEMBER 30, 2021  
(In Dollars)**

	Intragovernmental	Other than Intragovernmental	Total
Net Operating Cost (SNC)	\$ 7,707,282	\$ 10,852,706	\$ 18,559,988
<b>Components of Net Cost Not Part of the Budgetary Outlays</b>			
Property, Plant, and Equipment Depreciation Expense	-	(52,491)	(52,491)
<b>Increase/(Decrease) in Assets:</b>			
Other Assets	(42,191)	-	(42,191)
<b>(Increase)/Decrease in Liabilities:</b>			
Accounts Payable	(515,498)	55,332	(460,166)
Federal Employee [and Veteran] Benefits Payable	-	(172,428)	(172,428)
Other Liabilities	(34,616)	(152,558)	(187,174)
<b>Financing Sources:</b>			
Imputed Cost	(527,140)	-	(527,140)
<b>Total Components of Net Operating Cost Not Part of the Budgetary Outlays</b>	<b>\$ (1,119,445)</b>	<b>\$ (322,145)</b>	<b>\$ (1,441,590)</b>
<b>Financing Sources:</b>			
Transfers Out (In) Without Reimbursements	(2,671)	-	(2,671)
<b>Total Components of the Budget Outlays That Are Not Part of Net Operating Cost</b>	<b>\$ (2,671)</b>	<b>\$ -</b>	<b>\$ (2,671)</b>
<b>Misc Items</b>			
Non-Entity Activity	11,436	-	11,436
<b>Total Other Reconciling Items</b>	<b>\$ 11,436</b>	<b>\$ -</b>	<b>\$ 11,436</b>
<b>Total Net Outlays (Calculated Total)</b>	<b>\$ 6,596,602</b>	<b>\$ 10,530,561</b>	<b>\$ 17,127,163</b>
<b>Budgetary Agency Outlays, Net (SBR 4210)</b>			
Budgetary Agency Outlays, Net			\$ 17,127,163



## INDEPENDENT AUDITOR'S REPORT

U.S. Office of Government Ethics  
Washington, D.C.

In our audits of the fiscal years 2022 and 2021 financial statements of the U.S. Office of Government Ethics (OGE), we found:

- OGE's financial statements as of and for the fiscal years ended September 30, 2022, and 2021, are presented fairly, in all material respects, in accordance with United States of America (U.S.) generally accepted accounting principles;
- no material weaknesses in internal control over financial reporting based on the limited procedures we performed; and
- no reportable noncompliance with provisions of applicable laws, regulations, contracts, and grant agreements for fiscal year 2022.

The following sections discuss in more detail (1) our report on the financial statements, which includes required supplementary information (RSI)<sup>1</sup> and other information included with the financial statements<sup>2</sup>; (2) our report on internal control over financial reporting; (3) our report on compliance with laws, regulations, contracts, and grant agreements.

### Report on the Financial Statements

#### Opinion

In accordance with the provisions of the Accountability of Tax Dollars Act of 2002 (ATDA) (Pub. L. No. 107-289), we have audited OGE's financial statements. OGE's financial statements comprise the balance sheets as of September 30, 2022, and 2021; the related statements of net cost, changes in net position, and budgetary resources for the fiscal years then ended; and the related notes to the financial statements. In our opinion, OGE's financial statements present fairly, in all material respects, OGE's financial position as of September 30, 2022, and 2021, and its net costs of operations, changes in net position, and budgetary resources for the fiscal years then ended in accordance with U.S. generally accepted accounting principles.

#### Basis for Opinion

We conducted our audits in accordance with U.S. generally accepted government auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit

---

<sup>1</sup> The RSI consists of the "Management's Discussion and Analysis" and the "Statement of Budgetary Resources", which are included with the financial statements.

<sup>2</sup> Other information consists of information included with the financial statements, other than the RSI, Financial section, and the auditor's report.

of the Financial Statements section of our report. We are required to be independent of OGE and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Responsibility of Management for the Financial Statements

OGE management is responsible for (1) the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; (2) preparing, measuring, and presenting the RSI in accordance with U.S. generally accepted accounting principles; (3) preparing and presenting other information included in OGE's Agency Financial Report (AFR) and ensuring the consistency of that information with the audited financial statements and the RSI; and (4) designing, implementing, and maintaining effective internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit of the financial statements conducted in accordance with U.S. generally accepted government auditing standards will always detect a material misstatement or a material weakness when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered to be material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with U.S. generally accepted government auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements in order to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain an understanding of internal control relevant to our audit of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of OGE's internal control over financial reporting. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Perform other procedures we consider necessary in the circumstances.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the financial statement audit.

### Required Supplementary Information

U.S. generally accepted accounting principles issued by the Federal Accounting Standards Advisory Board (FASAB) require that the RSI be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by FASAB, which considers it to be an essential part of financial reporting for placing the financial statements in appropriate operational, economic, or historical context. We have applied certain limited procedures to the RSI in accordance with U.S. generally accepted government auditing standards, which consisted of inquiries of management about the methods of preparing the RSI and comparing the information for consistency with management's responses to the auditor's inquiries, the financial statements, and other knowledge we obtained during the audit of the financial statements, in order to report omissions or material departures from FASAB guidelines, if any, identified by these limited procedures. We did not audit and we do not express an opinion or provide any assurance on the RSI because the limited procedures we applied do not provide sufficient evidence to express an opinion or provide any assurance.

### Other Information

OGE's other information contains a wide range of information, some of which is not directly related to the financial statements. This information is presented for purposes of additional analysis and is not a required part of the financial statements or the RSI. Management is responsible for the other information included in OGE's AFR. The other information comprises a detailed statement of management assurances and other information as applicable but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### **Report on Internal Control over Financial Reporting**

In connection with our audits of OGE's financial statements, we considered OGE's internal control over financial reporting, consistent with our auditor's responsibilities discussed below.

### Results of Our Consideration of Internal Control over Financial Reporting

Our consideration of internal control was for the limited purpose described below, and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies<sup>3</sup> or to express an opinion on the effectiveness of OGE's internal control over financial reporting. Given these limitations, during our audit, we did not identify any deficiencies in internal control over financial

---

<sup>3</sup>A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

reporting that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

#### Basis for Results of Our Consideration of Internal Control over Financial Reporting

We performed our procedures related to OGE's internal control over financial reporting in accordance with U.S. generally accepted government auditing standards.

#### Responsibilities of Management for Internal Control over Financial Reporting

OGE management is responsible for designing, implementing, and maintaining effective internal control over financial reporting relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibilities for Internal Control over Financial Reporting

In planning and performing our audit of OGE's financial statements as of and for the fiscal year ended September 30, 2022, in accordance with U.S. generally accepted government auditing standards, we considered OGE's internal control relevant to the financial statement audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of OGE's internal control over financial reporting. Accordingly, we do not express an opinion on OGE's internal control over financial reporting. We are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses. We did not consider all internal controls relevant to operating objectives, such as those controls relevant to preparing performance information and ensuring efficient operations.

#### Definition and Inherent Limitations of Internal Control over Financial Reporting

An entity's internal control over financial reporting is a process effected by those charged with governance, management, and other personnel, the objectives of which are to provide reasonable assurance that (1) transactions are properly recorded, processed, and summarized to permit the preparation of financial statements in accordance with U.S. generally accepted accounting principles, and assets are safeguarded against loss from unauthorized acquisition, use, or disposition, and (2) transactions are executed in accordance with provisions of applicable laws, including those governing the use of budget authority, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent, or detect and correct, misstatements due to fraud or error.

#### Intended Purpose of Report on Internal Control over Financial Reporting

The purpose of this report is solely to describe the scope of our consideration of OGE's internal control over financial reporting and the results of our procedures, and not to provide an opinion on the effectiveness of OGE's internal control over financial reporting. This report is an integral part of an audit performed in accordance with U.S. generally accepted government auditing standards in considering internal control over financial reporting. Accordingly, this report on internal control over financial reporting is not suitable for any other purpose.

## **Report on Compliance with Laws, Regulations, Contracts, and Grant Agreements**

In connection with our audits of OGE's financial statements, we tested compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements consistent with our auditor's responsibilities discussed below.

### Results of Our Tests for Compliance with Laws, Regulations, Contracts, and Grant Agreements

Our tests for compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements disclosed no instances of noncompliance for fiscal year 2022 that would be reportable under U.S. generally accepted government auditing standards. However, the objective of our tests was not to provide an opinion on compliance with laws, regulations, contracts, and grant agreements applicable to OGE. Accordingly, we do not express such an opinion.

### Basis for Results of Our Tests for Compliance with Laws, Regulations, Contracts, and Grant Agreements

We performed our tests of compliance in accordance with U.S. generally accepted government auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for Tests of Compliance section below.

### Responsibilities of Management for Compliance with Laws, Regulations, Contracts, and Grant Agreements

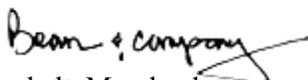
OGE management is responsible for complying with laws, regulations, contracts, and grant agreements applicable to OGE.

### Auditor's Responsibilities for Tests of Compliance with Laws, Regulations, Contracts, and Grant Agreements

Our responsibility is to test compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements applicable to OGE that have a direct effect on the determination of material amounts and disclosures in OGE's financial statements, and to perform certain other limited procedures. Accordingly, we did not test compliance with all laws, regulations, contracts, and grant agreements applicable to OGE. We caution that noncompliance may occur and not be detected by these tests.

### Intended Purpose of Report on Compliance with Laws, Regulations, Contracts, and Grant Agreements

The purpose of this report is solely to describe the scope of our testing of compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements, and the results of that testing, and not to provide an opinion on compliance. This report is an integral part of an audit performed in accordance with U.S. generally accepted government auditing standards in considering compliance. Accordingly, this report on compliance with laws, regulations, contracts, and grant agreements is not suitable for any other purpose.



Greenbelt, Maryland  
November 10, 2022

## Part III – Other Information

**Table 1. Summary of Financial Statement Audit**

Audit Opinion	Unmodified				
Restatement	No				
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Ending Balance
[Name of weakness]					
[Name of weakness]					
[Name of weakness]					
<i>Total Material Weaknesses</i>	0	0	0	0	0

**Table 2. Summary of Management Assurances**

<b>Effectiveness of Internal Control over Financial Reporting (FMFIA § 2)</b>						
Statement of Assurance	Unmodified					
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
[Name of weakness]						
[Name of weakness]						
[Name of weakness]						
<i>Total Material Weaknesses</i>	0	0	0	0	0	0
<b>Effectiveness of Internal Control over Operations (FMFIA § 2)</b>						
Statement of Assurance	Unmodified					
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
[Name of weakness]						
[Name of weakness]						
[Name of weakness]						
<i>Total Material Weaknesses</i>	0	0	0	0	0	0
<b>Conformance with Federal Financial Management System Requirements (FMFIA § 4)</b>						
Statement of Assurance	Federal Systems conform to financial management system requirements					
Non-Conformances	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
[Name of non-conformance]						
[Name of non-conformance]						
[Name of non-conformance]						
<i>Total non-conformances</i>	0	0	0	0	0	0
<b>Compliance with Section 803(a) of the Federal Financial Management Improvement Act (FFMIA)</b>						
	Agency			Auditor		
1. Federal Financial Management System Requirements	No lack of compliance noted			No lack of compliance noted, or Lack of compliance noted		
2. Applicable Federal Accounting Standards	No lack of compliance noted			No lack of compliance noted, or Lack of compliance noted		
3. USSGL at Transaction Level	No lack of compliance noted			No lack of compliance noted, or Lack of compliance noted		

**Beginning Balance:** The beginning balance must agree with the ending balance from the prior year.

**New:** The total number of material weaknesses/non-conformances identified during the current year.  
**Resolved:** The total number of material weaknesses/non-conformances that dropped below the level of materiality in the current year.  
**Consolidated:** The combining of two or more findings.  
**Reassessed:** The removal of any finding not attributable to corrective actions (e.g., management has re-evaluated and determined that a finding does not meet the criteria for materiality or is redefined as more correctly classified under another heading).  
**Ending Balance:** The year-end balance that will be the beginning balance next year.

## Management Assurances

To avoid any potential over-obligation of funds, OGE implements Budget Authority fund control limits at the shared service provider level to ensure compliance with the Anti-Deficiency Act while validating the availability of funds prior to approving all purchase requests.

OGE is a small agency with fewer than 80 employees. Potential for fraud, waste and abuse exists in any organization and at any level, however, OGE is proactive in taking the necessary measures to significantly reduce fraud, waste and abuse by implementing financial and administrative internal controls to monitor the potential risk. These controls are routinely evaluated and, if necessary, redesigned to increase their effectiveness and address potential weak areas.

OGE's internal controls include, but are not limited to, a separation of duties and responsibilities of actionable personnel so that no one person has complete control over a financial transaction. There are a minimum of three distinct levels of administrative review within OGE, along with additional reviews of the transaction by our financial shared service provider (FSSP). Routine reports on payroll, beneficiary payments, contracts, and purchase and travel cards are run and evaluated by multiple personnel at both the FSSP and agency level. Agency senior leadership is routinely briefed on the contents of these reports. All agency purchases are approved through the supervisory chain, validated by the Budget Officer and cross-referenced by budgetary personnel at the FSSP. Receipt of procured items is obtained by employee signature and reviewed and verified by an approving official outside the procurement action chain. Invoice payments are verified by the Contracting Officer's Representative, the Budget Officer, and again at the FSSP level. Audits of Government Purchase Card transactions are conducted annually by FSSP auditors to ensure compliance and use of proper procedures. Signed receipt of controlled items (mobile phones, laptops, etc.) is mandatory. Data is reviewed and approved by OGE management and the CIO, verified on an annual basis, and updated as needed. OGE continues to monitor and evaluate implemented internal controls on an annual basis, constantly seeking improved methods and accountability to safeguard against potential fraudulent practices.

OGE has implemented an Enterprise Risk Management (ERM) framework to take appropriate steps to mitigate agency-wide risks. All members of OGE's management team review the agency's existing risk registry, participate in a risk assessment and mitigation process, and receive an ERM briefing at OGE's Strategic Objectives Review meeting, including a facilitated discussion of the significant risks facing OGE. OGE leadership meets periodically to conduct risk assessments, catalogue those risks, assign

risk owners, establish risk mitigation actions, hold risk owners accountable, and update the risk registry.

OGE actively works to leverage technology to increase security and efficiency as discussed in the performance highlights above. With regard to security, OGE works to proactively ensure that any potential security threats are reduced and mitigated, if not eliminated, as necessary to achieve OGE’s ongoing daily operations and successful completion of its mission work. This work includes comprehensive, annual independent security audits and mitigation strategies that are tracked and managed through a Plan of Action and Milestones (POAM) process, ongoing software and infrastructure updates, and monitoring risk through the agency’s ERM process. In particular, OGE strives to create a secure technical environment that protects the privacy and integrity of the financial information entrusted to OGE.

### Payment Integrity Information Act Reporting

OGE has completed the FY2022 Improper Payments Data Call per guidance provided. The results can be found at: [Agency Survey: Submission #122 | FY22 Improper Payments Data Call \(gsa.gov\)](#)

### Civil Monetary Penalty Adjustment for Inflation

Statutory Authority	Penalty (Name or Description)	Year Enacted	Latest year of adjustment (via statute or regulation)	Current Penalty Level (\$ Amount or Range)	Sub-Agency/ Bureau/ Unit	Location for Penalty Update Details
Ethics in Government Act of 1978 as amended	5 CFR 2634.702(a) - Breaches by trust fiduciaries and interested parties; 2634.703 - Misuse of public reports; and 2636.104(a) – Civil, disciplinary and other action	1978	2022	\$22,021.00	U.S. Office of Government Ethics	87 FR 2523  <a href="https://www.federalregister.gov/documents/2022/01/18/2022-00795/2022-civil-monetary-penalties-inflation-adjustments-for-ethics-in-government-act-violations">https://www.federalregister.gov/documents/2022/01/18/2022-00795/2022-civil-monetary-penalties-inflation-adjustments-for-ethics-in-government-act-violations</a>
Ethics in Government Act of 1978 as amended	5 CFR 2634.702(b) - Breaches by trust fiduciaries and	1978	2022	\$11,011.00	U.S. Office of Government Ethics	87 FR 2523  <a href="https://www.federalregister.gov/documents/2022/01/18/2022-00795/2022-civil-">https://www.federalregister.gov/documents/2022/01/18/2022-00795/2022-civil-</a>

	interested parties					monetary-penalties-inflation-adjustments-for-ethics-in-government-act-violations
Ethics in Government Act of 1978 as amended	5 CFR 2634.701(b) - Failure to file or falsifying reports	1978	2022	\$66,190.00	U.S. Office of Government Ethics	87 FR 2523  <a href="https://www.federalregister.gov/documents/2022/01/18/2022-00795/2022-civil-monetary-penalties-inflation-adjustments-for-ethics-in-government-act-violations">https://www.federalregister.gov/documents/2022/01/18/2022-00795/2022-civil-monetary-penalties-inflation-adjustments-for-ethics-in-government-act-violations</a>

UNITED STATES OFFICE OF  
**GOVERNMENT ETHICS**



Preventing Conflicts of Interest  
in the Executive Branch