

ETHICS PROGRAM REVIEW FOLLOW-UP REPORT

Agency: Millennium Challenge Corporation

Follow-up to OGE Report Numbers: 16-44I and 17-20IF

Report No.: 19-23IF

Date: May 7, 2019

**UNITED STATES OFFICE OF
GOVERNMENT ETHICS**
Preventing Conflicts of Interest
in the Executive Branch

As a result of its review of the Millennium Challenge Corporation (MCC) ethics program, the Office of Government Ethics (OGE) issued six recommendations in its June 2016 review report. OGE conducted a follow-up review in April 2017, but was only able to close three of the six recommendations at that time. OGE recently conducted a second follow-up review to assess whether MCC has taken sufficient action to resolve the deficiencies underlying the remaining recommendations. The results of the follow-up review are summarized below.

	Recommendation	Agency Action and OGE Finding	Status
2	Ensure non-PAS new entrant public financial disclosure reports are filed by the established deadline.	OGE examined all 11 non-PAS new entrant reports required to be filed in 2018. Nine of eleven (82%) reports were filed timely. This represents a significant improvement versus 2016, when filing timeliness was 43%.	Closed
3	Ensure non-PAS termination public financial disclosure reports are filed by the established deadline.	OGE examined all seven non-PAS termination reports required to be filed in 2018. Six out of seven (86%) reports were filed timely.	Closed
6	Collect new entrant confidential disclosure reports from all confidential filers by the established deadline.	Seven new entrant confidential disclosure reports were required to be filed in 2018. MCC did not collect any within 30 days of an employee's onboard date, as required. Five reports were collected late. MCC collected these reports, on average, 83 days past their deadlines. Additionally, MCC still needs to collect one employee's report, and never collected a report for an employee who no longer works at the agency.	Open

OGE closed recommendations one, four, and five on the April 2017 follow-up review. Based on the results of OGE's current follow-up review, recommendations two and three are now closed as well. OGE will conduct an additional follow-up review in approximately six months to assess whether MCC has taken sufficient action to resolve the deficiencies underlying the remaining open recommendation.

UNITED STATES OFFICE OF GOVERNMENT ETHICS



April 24, 2017

Richard J. McCarthy
Assistant General Counsel and
Designated Agency Ethics Official
Millennium Challenge Corporation
Suite 700
1099 14th Street, NW
Washington, DC 20005-3550

Dear Mr. McCarthy:

As a result of its review of the Millennium Challenge Corporation (MCC) ethics program, the United States Office of Government Ethics (OGE) issued six recommendations in its June 2016 review report. OGE recently conducted a follow-up review to assess whether MCC has taken action sufficient to resolve the deficiencies underlying these recommendations. The results of the follow-up review are summarized below.

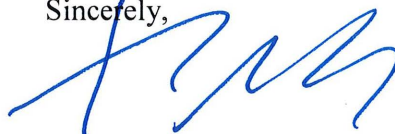
	Recommendation	Agency Action and OGE Findings	Status
1	Ensure that late filing fees are collected or that waivers of the fees are issued when public filers do not timely file financial disclosure reports.	One report filed in 2016 was subject to a late filing fee. MCC's Designated Agency Ethics Official issued a waiver of the fee in accordance with the procedures outlined in 5 C.F.R. § 2634.704(b).	Closed
2	Ensure non-Presidentially appointed, Senate-confirmed (PAS) new entrant public financial disclosure reports are filed by the established deadline.	OGE examined a sample of non-PAS new entrant reports and found that only 43% were filed timely. (When OGE examined a sample of non-PAS new entrant reports during its 2016 review, 50% of non-PAS new entrant reports were filed timely.)	Open
3	Ensure non-PAS termination public financial disclosure reports are filed by the established deadline.	As a result of OGE's 2016 review, MCC began conducting standardized exit briefings to help ensure that termination filers receive filing instructions prior to their departure. As a result, non-PAS termination filing timeliness increased from 50% to 63%. It is likely that the new procedure has not been in place long enough for OGE to evaluate its effectiveness. This recommendation will remain open until OGE can more fully evaluate the impact of MCC's improvement efforts.	Open



4	Collect the three delinquent termination public financial disclosure reports as required by 5 U.S.C. app. § 101(e). Upon collection of the reports, assess late filing fees or issue waivers of the fees as appropriate under 5 U.S.C. app. § 104(d) and 5 C.F.R. § 2634.704. Refer any filer who willfully refuses to file a public financial disclosure report to the Attorney General in accordance with 5 U.S.C. app. § 104(b).	MCC successfully collected two of the three delinquent public financial disclosure reports and waived late filing fees for both. The remaining filer did not respond to MCC's multiple efforts to collect a termination report. OGE verified that MCC referred the filer to the Department of Justice for willful refusal to file a public financial disclosure report as required by 5 U.S.C. app. § 104(b).	Closed
5	Ensure all public financial disclosure reports are timely certified in accordance with 5 C.F.R. § 2634.605(a).	Following the June 2016 review report, MCC's ethics office filled several vacancies, increasing the number of ethics officials available to review reports. This increased level of staffing helped MCC improve public financial disclosure certification timeliness to 90%.	Closed
6	Collect new entrant confidential disclosure reports from all confidential filers by the established deadline.	OGE determined that new entrant confidential filing timeliness improved since its 2016 review from 27% to 47%. In an effort to improve new entrant filing timeliness, MCC has recently begun to enlist the help of supervisors to collect reports. OGE will evaluate the impact of MCC's additional efforts during a second follow-up review.	Open

I appreciate the courtesies extended to the OGE program review staff. OGE will perform a second follow-up during 2017 to assess the status of the remaining open recommendations. If you would like to discuss the report, please contact me at 202-482-9224.

Sincerely,



Dale Christopher
Deputy Director for Compliance

ETHICS PROGRAM INSPECTION REPORT

Agency: Millennium Challenge Corporation

Report No.: 16-441

Date: June 21, 2016

Period Covered by Review: January – December 2014

**UNITED STATES OFFICE OF
GOVERNMENT ETHICS**


Preventing Conflicts of Interest
in the Executive Branch

1.0	AGENCY DATA	
	EMPLOYEES (as reported in the most recent Annual Ethics Program Questionnaire)	
1.1	Number of full-time agency employees	288
1.2	Number of agency special Government employees	4
1.3	Number of Presidentially appointed, Senate-confirmed (PAS) public financial disclosure reports required to be filed	1
1.4	Number of non-PAS public financial disclosure reports required to be filed	74
1.5	Number of confidential financial disclosure reports required to be filed	142
	ETHICS PROGRAM	
1.6	Title of Designated Agency Ethics Official (DAEO)	Assistant General Counsel
1.7	Grade level of DAEO	GS-15
1.8	Title of Alternate DAEO (ADAEO)	Attorney Advisor
1.9	Grade level of ADAEO	GS-15
1.10	Title of the primary, day-to-day ethics program administrator	Ethics Program Administrator
1.11	Grade level of the primary, day-to-day ethics program administrator	GS-13
1.12	Current number of full-time ethics officials	1
1.13	Current number of part-time ethics officials	2
1.14	Average full-time equivalent (FTE) value of a part-time ethics official(s) (For example, if part-time ethics officials at the agency generally devote 10 hours per week to ethics work, the average FTE value is 25%.)	30%
1.15	Number of reporting levels between the DAEO and the agency head	3
	COMMENTS	
	None	

2.0	LEADERSHIP			
	COMPLIANCE REQUIREMENT	Yes	No	N/A
2.1	OGE has received an up-to-date designation from the agency head naming the DAEO. <i>See</i> 5 C.F.R. § 2638.202(c).	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2.2	OGE has received an up-to-date designation from the agency head naming the ADAEO. <i>See</i> 5 C.F.R. § 2638.202(c).	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	COMMENTS			
	None			

3.0	ETHICS AGREEMENTS			
	COMPLIANCE REQUIREMENT	Yes	No	N/A
3.1	During the period under review, all PAS officials complied with their ethics agreements. <i>See</i> 5 C.F.R. § 2634.804.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.2	During the period under review, all PAS officials complied with their ethics agreements in a timely fashion. <i>See</i> 5 C.F.R. § 2634.804.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.3	During the period under review, the agency notified OGE of ethics agreement compliance in a timely fashion. <i>See</i> DO-09-015.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

ETHICS PROGRAM INSPECTION REPORT

Agency: Millennium Challenge Corporation

Report No.: 16-441

Date: June 21, 2016

Period Covered by Review: January – December 2014

**UNITED STATES OFFICE OF
GOVERNMENT ETHICS**


Preventing Conflicts of Interest
in the Executive Branch

3.4	For all officials currently in PAS positions, the agency maintains documentation of actions taken to comply with ethics agreements. <i>See</i> 5 C.F.R. § 2634.804.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.5	For all officials currently in PAS positions, ethics agreements are maintained with their financial disclosure reports. <i>See</i> 5 C.F.R. § 2634.805.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
COMMENTS				
None				

4.0	PUBLIC FINANCIAL DISCLOSURE (OGE Form 278, OGE Form 278-T)			
	COMPLIANCE REQUIREMENT	Yes	No	N/A
4.1	The agency has written policies and procedures in place governing: See 5 U.S.C. app. IV, § 402(d)(1).			
4.1.1	Collection of public financial disclosure reports	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4.1.2	Review/evaluation of public financial disclosure reports	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4.1.3	Public availability of public financial disclosure reports	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4.2	The agency can demonstrate that late filing fees are collected or, where appropriate, waivers are issued when public filers do not timely file financial disclosure reports.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4.3	Public financial disclosure reports are securely maintained. See OGE/GOVT-1.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.4	Public financial disclosure reports are retained in accordance with the retention requirements. See 5 C.F.R. § 2634.603(g)(1).	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	DATA ANALYSIS	%		
4.5	Percentage of sampled non-PAS new entrant reports filed timely. See 5 C.F.R. § 2634.201(b).	50%		
4.6	Percentage of sampled non-PAS annual reports filed timely. See 5 C.F.R. § 2634.201(a).	100%		
4.7	Percentage of sampled non-PAS termination reports filed timely. See 5 C.F.R. § 2634.201(e).	50%		
4.8	Percentage of sampled non-PAS public financial disclosure reports certified timely (within 60 days of receipt or later when additional information was being sought or remedial action was being taken). See PA-11-04.	86%		
4.9	Percentage of sampled PAS annual reports filed timely. See 5 C.F.R. § 2634.201(a).	N/A		
4.10	Percentage of sampled PAS termination reports filed timely. See 5 C.F.R. § 2634.201(e).	N/A		
4.11	Percentage of sampled PAS annual and termination reports certified timely (within 60 days of receipt or later when additional information was being sought or remedial action was being taken). See 5 C.F.R. § 2634.605(a).	N/A		
	COMMENTS			
	<p><u>Comment:</u> (4.9 – 4.11) MCC’s one PAS official left the agency prior to the 2014 annual filing deadline; therefore, an annual report was not required. Because the PAS official assumed another public financial disclosure filing position within 30 days of leaving MCC, a termination report was also not required as detailed in 5 C.F.R. § 2634.201(e)(2).</p> <p><u>Concerns:</u> (4.1.1 – 4.1.3) At the time of the inspection, although MCC’s written procedures addressed the collection, review/evaluation, and public availability of public financial disclosure reports (OGE Form 278), the procedures had not been updated to address the collection, review/evaluation, and public-availability of periodic transaction reports (OGE Form 278-T). During the course of the inspection, MCC updated its procedures to fully address the collection, review/evaluation, and public availability of the OGE Form 278-T. Therefore, OGE is not issuing a recommendation for corrective action. (4.2) Three public financial disclosure reports were not filed timely. Late filing fees required by 5 C.F.R. § 2634.704 were not collected and waivers of the fees were not issued. (4.4) The inspection team identified OGE Form 278 reports held beyond the required retention period. During the course of the inspection,</p>			

ETHICS PROGRAM INSPECTION REPORT

Agency: Millennium Challenge Corporation

Report No.: 16-441

Date: June 21, 2016

Period Covered by Review: January – December 2014

**UNITED STATES OFFICE OF
GOVERNMENT ETHICS**


Preventing Conflicts of Interest
in the Executive Branch

MCC destroyed these reports. Therefore, OGE is not issuing a recommendation for corrective action.

(4.5) 50% of sampled non-PAS new entrant reports were not filed timely.

(4.7) 50% of sampled non-PAS termination reports were not filed timely, including three delinquent reports that remain uncollected.

(4.8) At the time of the inspection, MCC had not yet certified one public financial disclosure report that was filed during the period covered by the review.

5.0	CONFIDENTIAL FINANCIAL DISCLOSURE			
	COMPLIANCE REQUIREMENT	Yes	No	N/A
5.1	The agency has written policies and procedures in place governing: <i>See</i> 5 U.S.C app. IV, § 402(d)(1).			
5.1.1	<ul style="list-style-type: none">Collection of confidential financial disclosure reports	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5.1.2	<ul style="list-style-type: none">Review/evaluation of confidential financial disclosure reports	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5.2	Confidential financial disclosure reports are securely maintained. <i>See</i> OGE/GOVT-2.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5.3	The agency’s OGE-approved alternative confidential financial disclosure system complies with plans approved by OGE. <i>See</i> 5 C.F.R. § 2634.905(a).	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
5.4	Confidential financial disclosure reports are retained in accordance with the retention requirements. <i>See</i> 5 C.F.R. § 2634.604.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	DATA ANALYSIS	%		
5.5	Percentage of sampled confidential new entrant reports filed timely. <i>See</i> 5 C.F.R. § 2634.903(b).	27%		
5.6	Percentage of sampled confidential annual reports filed timely. <i>See</i> 5 C.F.R. § 2634.903(a).	100%		
5.7	Percentage of sampled confidential financial disclosure reports certified timely (within 60 days of receipt or later when additional information was being sought or remedial action was being taken). <i>See</i> 5 C.F.R. §§ 2634.605(a), 2634.909(a).	90%		
	COMMENTS			
	<u>Comment:</u> (5.3) MCC does not have an alternative confidential financial disclosure system. <u>Concerns:</u> (5.4) The inspection team identified confidential financial disclosure reports held beyond the required retention period. During the course of the inspection, MCC destroyed these reports. Therefore, OGE is not issuing a recommendation for corrective action. (5.5) 73% of sampled new entrant confidential financial disclosure reports were not filed timely. In addition, MCC failed to collect new entrant reports for three employees who entered into confidential filing positions.			

6.0 INITIAL ETHICS ORIENTATION				
COMPLIANCE REQUIREMENT				
		Yes	No	N/A
6.1	All initial ethics orientation material contains: <i>See</i> 5 C.F.R. § 2638.703(a) and (b).			
6.1.1	• Current contact information of relevant ethics official(s)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6.1.2	• Copy of the Standards of Ethical Conduct and any agency supplemental standards to keep or review; or • Summaries of the Standards, any agency supplemental standards, and 14 Principles for employees to keep	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6.2	The agency can demonstrate that it has an effective process to ensure that new employees receive initial ethics orientations. <i>See</i> 5 C.F.R. § 2638.703(c).	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
DATA ANALYSIS				%
6.3	Percentage of new agency employees who received initial ethics orientation within 90 days. <i>See</i> 5 C.F.R. § 2638.703.	100%		

ETHICS PROGRAM INSPECTION REPORT

Agency: Millennium Challenge Corporation

Report No.: 16-44I

Date: June 21, 2016

Period Covered by Review: January – December 2014

**UNITED STATES OFFICE OF
GOVERNMENT ETHICS**
Preventing Conflicts of Interest
in the Executive Branch**COMMENTS**

None

7.0 ANNUAL ETHICS TRAINING**COMPLIANCE REQUIREMENT****Yes****No****N/A**7.1 All annual ethics training material contains: *See* 5 C.F.R. § 2638.704(b).

7.1.1 • Current contact information of relevant ethics official(s)

☒☐☐

7.1.2 • Review of the criminal conflict of interest statutes

☒☐☐

7.1.3 • Review of the Standards of Ethical Conduct

☒☐☐

7.1.4 • Review of the 14 Principles

☒☐☐

7.1.5 • Review of any agency supplemental standards

☐☐☒7.2 The agency can demonstrate that it has an effective process to ensure that covered employees receive annual ethics training. *See* 5 C.F.R. § 2638.704(c) and 705(c).☒☐☐**DATA ANALYSIS****%**7.3 Public financial disclosure filers who completed annual ethics training. *See* 5 C.F.R. § 2638.704(a).

99%

7.4 Confidential financial disclosure filers who completed annual ethics training. *See* 5 C.F.R. § 2638.705(a)(3).

100%

COMMENTSComment:
(7.1.5) MCC does not have supplemental standards of conduct.**8.0 ETHICS ADVICE AND COUNSELING****COMPLIANCE REQUIREMENT****Yes****No****N/A**

8.1 Based on a sample collected by OGE, guidance provided by agency ethics officials to employees appears to be consistent with applicable laws and regulations.

☒☐☐**COMMENTS**

None

ETHICS PROGRAM INSPECTION REPORT

Agency: Millennium Challenge Corporation

Report No.: 16-441

Date: June 21, 2016

Period Covered by Review: January – December 2014



9.0 RECOMMENDATIONS			
#	Element	RECOMMENDATION	Compliance Due
1	4.2	<p><u>RECOMMENDATION:</u> Ensure that late filing fees are collected or that waivers of the fees are issued when public filers do not timely file financial disclosure reports.</p> <p><u>AGENCY RESPONSE:</u> MCC concurs with OGE and is taking action to achieve full compliance with this recommendation.</p>	8/30/16
2	4.5	<p><u>RECOMMENDATION:</u> Ensure non-PAS new entrant public financial disclosure reports are filed by the established deadline.</p> <p><u>AGENCY RESPONSE:</u> MCC concurs with OGE and is taking action to ensure that reports are filed by the established deadline.</p>	8/30/16
3	4.7	<p><u>RECOMMENDATION:</u> Ensure non-PAS termination public financial disclosure reports are filed by the established deadline.</p> <p><u>AGENCY RESPONSE:</u> MCC is standardizing exit briefings and using checklists to ensure that termination filers are receiving instruction during the exit briefings in addition to email notices and reminders.</p>	8/30/16
4	4.7	<p><u>RECOMMENDATION:</u> Collect the three delinquent termination public financial disclosure reports as required by 5 U.S.C. app. § 101(e). Upon collection of the reports, assess late filing fees or issue waivers of the fees as appropriate under 5 U.S.C. app. § 104(d) and 5 C.F.R. § 2634.704. Refer any filer who willfully refuses to file a public financial disclosure report to the Attorney General in accordance with 5 U.S.C. app. § 104(b).</p> <p><u>AGENCY RESPONSE:</u> MCC is taking action to collect the three delinquent reports. All delinquent reports will be collected by August 30, 2016.</p>	8/30/16
5	4.8	<p><u>RECOMMENDATION:</u> Ensure all public financial disclosure reports are timely certified in accordance with 5 C.F.R. § 2634.605(a).</p> <p><u>AGENCY RESPONSE:</u> MCC experienced staffing shortages in the administrative law group, which manages the ethics program during 2014-2015. Now that we have filled vacancies and returned to normal staffing levels, we will be able to better track filings and follow up with filers.</p>	8/30/16
6	5.5	<p><u>RECOMMENDATION:</u> Collect new entrant confidential disclosure reports from all confidential filers by the established deadline.</p> <p><u>AGENCY RESPONSE:</u> In addition to resuming normal staffing levels in the administrative law group, we have arranged for closer coordination with HR, including access to their Sharepoint site of New Entrants, which will provide us with more accurate and timely information about new entrants.</p>	8/30/16