



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

June 8, 1999

Thomas L. Gray
Assistant General Counsel
Federal Retirement Thrift
Investment Board
Fourth Floor
1250 H Street, NW.
Washington, DC 20005

Dear Mr. Gray:

The Office of Government Ethics (OGE) has completed its review of the Federal Retirement Thrift Investment Board's (Board) ethics program. The review was conducted pursuant to section 402 of the Ethics in Government Act of 1978, as amended. Our objective was to determine the ethics program's effectiveness measured by its compliance with applicable ethics laws and regulations. To meet our objective, we examined the following program elements: the public and confidential financial disclosure systems, the ethics education and training program, ethics advice and counseling services, and the outside activity approval system. The following is a summary of our findings and conclusions.

FINANCIAL DISCLOSURE SYSTEMS

Overall, we found that the Board's financial disclosure systems are well managed. The Board requires all employees at grades GS-13 and above to file financial disclosure reports. Although this necessitates more than half of the Board's employees to file, you determined that a high number of filers is justified since the Board is a regulatory agency.

Public Financial Disclosure System

To assess the public financial disclosure system, we examined 11 of the 12 incumbent public reports filed in 1998. We did not examine your report previously transmitted to OGE for review, in accordance with 5 C.F.R. § 2634.602(c)(1). Taking into account that OGE granted an extension for one filer, our examination disclosed that the reports were filed, reviewed, and certified timely and revealed no technical or substantive errors. Although no substantive errors were found, three employees listed holdings

Mr. Thomas L. Gray
Page 2

in entities on the Board's contractor list, which, according to you, posed no conflicts.

Confidential Financial Disclosure System

The confidential financial disclosure system is well managed. We made this determination from our examination of the confidential reports filed during 1998 and 1999.

Regular Government Employees

We examined all of the 45 confidential reports, consisting of 41 annual and 4 new entrant reports. Our examination disclosed that 2 of the 4 new entrant reports were not filed within 30 days of the filers assuming their covered positions. To ensure that all future new entrants file timely, you initiated the process whereby the Office of Administration will promptly notify you when employees are promoted to GS-13.

All 41 annual filers filed either an OGE Form 450 or Optional Form 450-A. The reports were filed, reviewed, and certified timely. They contained only one technical error and no substantive errors. Although no substantive errors were found, one filer listed a holding in an entity on the Board's contractor list. However, that holding, according to you, posed no conflict.

Special Government Employees (SGE)

We also examined the five board members' reports who are term SGEs. We found that the SGEs filed their follow-on new entrant reports by their anniversary date. In addition, we found that the reports were reviewed and certified timely and contained no technical or substantive errors. Although no substantive errors were found, four board members listed holdings in entities on the Board's contractor list, where, according to you, one board member disqualified himself from undertaking specific actions concerning a particular holding and the other board members' holdings posed no conflicts.

EDUCATION AND TRAINING PROGRAM

The education and training program exceeds requirements to train all covered employees. The Ethics Officers provide verbal ethics briefings every year to all covered employees, which exceed the requirement to provide verbal briefings to confidential report filers at least once every three years. The 1998 verbal ethics briefings included presentations, discussions of various ethics scenarios, and the Department of Justice's ethics game Quandaries. Similar ethics briefings are planned for July 1999.

You provide initial ethics orientation for new employees during the in-processing on an as-needed basis, which includes a

Mr. Thomas L. Gray
Page 3

verbal briefing and handouts. You also conduct post-employment ethics briefings during each employee's out-processing.

ADVICE AND COUNSELING SERVICES

The ethics advice provided by the Ethics Officers from January 1998 to present was found to be comprehensive and consistent with ethics laws and regulations. The ethics advice covered gifts from outside sources, outside activities, post employment, use of Government resources, and widely attended gatherings. Although authorized to accept payments of travel and related expenses from non-Federal sources under 31 U.S.C. § 1353, no payments were accepted during 1998.

OUTSIDE ACTIVITY APPROVAL SYSTEM

The Board's supplemental regulation at 5 C.F.R. part 8601 requires employees, other than SGEs, to obtain written approval from his or her office director before engaging in outside employment. To assess this process we examined one approval for the outside activity listed on an employee's financial disclosure report and found that a written approval was granted.

CONCLUSIONS

Our review found that the Board's ethics program, overall, is well managed. The public and confidential financial disclosure systems are in full compliance. The education and training program requirements are exceeded by providing verbal ethics briefings each year to all covered employees. The ethics officers provide advice and counseling services that are timely, thorough, and consistent with the ethics laws and regulations. We encourage Ethics Officers to continue their efforts towards keeping employees aware of the ethics laws and regulations.

In closing, I wish to thank you and the Ethics Officers who participated in this review for their cooperation and their efforts on behalf of the ethics program. Please contact Jean Hoff at 202-208-8000, extension 1214, if we may be of further assistance.

Sincerely,


Jack Covalleski
Senior Associate Director
Office of Agency Programs