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REPORT TO THE CONGRESS

099319



BY THE COMPTROLLER GENERAL
OF THE UNITED STATES

CS

UNITED STATES
GENERAL ACCOUNTING OFFICE



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AUG 5 1976

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Problems With The Financial Disclosure System

Federal Aviation Administration

To protect itself, its employees, and the public from the appearance of possible conflicts of interest caused by employees' financial interests, the agency needs to develop an effective financial disclosure system.

GAO found problems in the:

- Criteria for reviewing financial disclosure statements.
- Criteria to determine who should file financial disclosure statements.
- Procedures for collecting, processing, and controlling financial disclosure statements.

FPCD-76-50

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AUG. 4, 1976

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COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

B-103987
B-180228

To the President of the Senate and the
Speaker of the House of Representatives

Executive Order 11222 prescribes standards of ethical conduct for Government officials and directs the Civil Service Commission to establish guidelines for agency financial disclosure systems. This report discusses needed improvements in the Federal Aviation Administration's financial disclosure system.

We made our review pursuant to the Budget and Accounting Act, 1921 (31 U.S.C. 53), and the Accounting and Auditing Act of 1950 (31 U.S.C. 67). Also several Members of Congress asked us to review the effectiveness of Federal agencies' financial disclosure systems.

We did not obtain formal comments from officials of the Department of Transportation or the Federal Aviation Administration; however, we did discuss the report informally with officials in the Department of Transportation's Office of the Secretary and the Federal Aviation Administration's Offices of Labor Relations and Personnel who are responsible for the financial disclosure system. Generally, their comments are included in the report.

We are sending copies of this report to the Director, Office of Management and Budget; the Secretary, Department of Transportation; and other interested parties.

A handwritten signature in black ink, appearing to read "Thomas A. Steath".

Comptroller General
of the United States

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ABBREVIATIONS

CSC	Civil Service Commission
FAA	Federal Aviation Administration
GAO	General Accounting Office

D I G E S T

The Federal Aviation Administration plays a vital role in most aspects of civil aviation. It is important that the agency develop an effective financial disclosure system to protect itself, its employees, and the public from possible appearances of conflicts of interest caused by employees' financial interests. This is one of a series of reports GAO is issuing on its reviews of the financial disclosure systems of Federal agencies in response to several congressional requests. (See app. II.)

In 1966 the Federal Aviation Administration issued financial disclosure guidelines. The agency became a part of the Department of Transportation in 1967 and its regulations were superseded by the Department of Transportation's in 1968. The Federal Aviation Administration subsequently issued administrative orders to provide more detailed guidance to its employees on disclosure requirements.

GAO found that the Federal Aviation Administration did not have:

- Adequate criteria to determine which employees should file financial disclosure statements.
- Effective procedures with adequate criteria for reviewing financial disclosure statements.
- Adequate procedures for collecting, processing, and controlling financial disclosure statements.

The Department's regulations basically call for all Federal Aviation Administration employees holding positions at the GS-13 level and above who have decisionmaking responsibilities to submit confidential statements

of employment and financial interest. Because the criteria were not specific enough, many employees who occupied jobs that greatly affected the aviation industry did not file financial disclosure statements. GAO identified 95 employees not filing financial disclosure statements who had responsibilities which affected the aviation industry. GAO believes there may be other employees who should be required to file a statement.

Although more stringent prohibitions are imposed on financial interests of designated categories of employees, such as air carrier and general aviation inspectors, the Department's regulations state that, for the most part (see p. 5), a financial interest of less than \$5,000 and less than 1 percent of a company's outstanding stock does not represent a potential or apparent conflict of interest.

GAO identified a number of potential problems with the criteria which indicate a need for better guidance for agency officials who are responsible for reviewing the financial disclosure statements. Additional guidance seems needed to assist reviewing officials in answering questions, such as:

- Should airline-related stock and pension benefits be considered possible conflicts?
- Does an interest in a company which has a subsidiary that conducted business in the employee's job area constitute an apparent or potential conflict?
- Since a financial interest of any given value has a different impact on different people, is the \$5,000 exemption a valid basis for determining apparent or possible conflicts?

GAO made a limited review of the financial disclosure statements for 1,700 employees. The financial disclosure statements do not contain information on the number of shares or the dollar value of the reported holdings.

Therefore, GAO questioned all those statements showing financial interests in (1) airline industries, (2) nonaviation companies that had contracts with the Federal Aviation Administration, and (3) companies that produce products for the aviation industry. GAO found that about 100 employees owned such interests. (See p. 11.)

Although agency officials did not have an opportunity to review a draft of this report and submit formal comments, GAO discussed its findings with officials in the Department of Transportation and the Federal Aviation Administration who are responsible for the financial disclosure system.

The Federal Aviation Administration felt that most of the questioned financial interests were not real or apparent conflicts of interest based on its existing criteria. However, some of the financial interests were considered violations of the regulations and, as a result, the employees were directed to dispose of the interests.

GAO recommends that the Secretary of Transportation:

- Direct the Federal Aviation Administration to correct the system weaknesses identified in this report.
- Determine whether similar weaknesses exist in other Department of Transportation agencies and, if so, take appropriate corrective action.

CHAPTER 1

INTRODUCTION

The Federal Aviation Administration (FAA), formerly the Federal Aviation Agency, became a part of the Department of Transportation in 1967 as a result of the Department of Transportation Act (80 Stat. 932). Although FAA plays a vital role in most aspects of civil aviation, its main responsibility is to regulate air commerce to foster aviation safety. As part of its responsibilities, FAA:

- Issues and enforces rules, regulations, and minimum standards relating to manufacturing, operating and maintaining aircraft, as well as, rating and certifying airmen and airports serving air carriers certified by the Civil Aeronautics Board.
- Conducts research and development activities aimed at providing the systems, procedures, facilities, and devices needed for a safe and efficient system of air navigation and air traffic control to meet both civil and defense needs.
- Develops air traffic rules and regulations, allocates the use of airspace, and operates a network of airport traffic control towers, air route traffic control centers, and flight service stations.
- Administers programs to identify the type and cost of developing public airports required for a national airport system and to provide grants to assist public agencies in airport planning and development.

FAA is highly decentralized. In addition to its Washington, D.C., headquarters office, FAA has established 12 regional offices, a test and experimental center, and an aeronautical center for repairing equipment and training employees. Approximately 95 percent of FAA employees are stationed in field locations.

Due to FAA's responsibilities, it is important that a sound financial disclosure system be maintained to prevent even the appearance of conflicts of interest. As stated on the floor of the United States Senate " * * * the appearance that personal interest has influenced public decisions is, in many ways, as damaging as the fact of such influence."

SCOPE OF REVIEW

We made our review at FAA headquarters, Washington, D.C., pursuant to requests from several Members of Congress. Their primary concerns were whether

- Federal agencies have effective financial disclosure systems for revealing conflicts of interest,
- all required financial disclosure statements were promptly and properly filed, and
- the financial disclosure statements were adequately reviewed.

Between April and August 1975, we examined the financial disclosure statements of 1,700 FAA employees. We did not review all financial interests listed, nor were any employees contacted to determine whether (1) the employees still owned the interests or (2) their position description was current. The main purpose of our examination was to determine if the agency adequately reviewed the financial disclosure statements and detected and acted upon any possible conflicts. The confidentiality of these statements was maintained at all times. Our working papers do not contain employee names. We used codes traceable to the names of employees and their questionable holdings. Lists of the employees, their codes, and their questionable holdings were given to FAA at the end of our audit. In addition, we reviewed the job descriptions of 122 employees not required to file financial disclosure statements to determine whether they should be filing because of their duties and responsibilities. We also reviewed past and present regulations governing employees' standards of conduct.

Our review did not focus on existing statutory criminal provisions concerning the activities of Federal employees affecting their personal financial interests (18 U.S.C. 208 (1974)). We noted, however, that the disclosure requirements of the statute are no more stringent than the regulations' requirements.

This is one of several reports issued on an agency's financial disclosure system. (See app. II.)

CHAPTER 2

FINANCIAL DISCLOSURE REQUIREMENTS

In 1965 the President issued Executive Order 11222, prescribing standards of ethical conduct for Government employees and directed the Civil Service Commission (CSC) to establish implementing regulations. In November 1965 CSC issued instructions requiring each agency to prepare standards of employee conduct and to establish a system for reviewing employees' financial disclosure statements. Furthermore, CSC is responsible for approving each agency's standards of conduct regulations.

CSC requires each top agency official to obtain statements of outside employment and financial interests from:

- Employees paid at a level of the Executive Schedule in subchapter II of chapter 53 of title 5, United States Code.
- Employees classified at GS-13 or above, who are in decisionmaking positions or have duties which could involve conflict-of-interest situations. Included are positions involving decisions or actions which have an economic impact on any non-Federal enterprise.
- Employees classified below GS-13 who occupy a position otherwise meeting the above criteria. An agency must obtain CSC approval to require the employee to file.

Statements must be filed no later than 30 days after entrance on duty and updated annually as of June 30. Interests of a spouse, minor child, or other member (blood relation) of an employee's immediate household are considered the employee's interests.

Special Government employees (experts and consultants) must also file financial disclosure statements.

AGENCY REGULATIONS

In March 1966 the Federal Aviation Administration (then named the Federal Aviation Agency) issued FAA Order 3750.3, Regulations on Employee Responsibilities and Conduct. After becoming a part of the Department of Transportation, FAA's regulations were superseded in 1968 by departmentwide regulations contained in 49 C.F.R. 99. FAA Orders 3750.3A and 3750.4 were issued later to give more detailed guidance to FAA employees on disclosure requirements.

The Department's General Counsel is designated Department Counselor and serves as its representative to CSC. FAA's General Counsel, as well as the chief legal officer of each Department operating administration, is designated Deputy Counselor and is responsible for counseling employees and interpreting conflict-of-interest questions.

The Department requires FAA employees in designated positions to submit confidential statements of employment and financial interest. Included in the regulations is a list of positions, most recently revised in January 1972, for which incumbents are required to file statements. This listing basically includes employees holding positions at the GS-13 level and above who have decisionmaking responsibilities.

Statements are required from these incumbents within 30 days after entrance on duty. Annual supplementary statements reporting financial interests as of June 30 are to be filed by July 31. If no changes occur, a negative report is to be filed. Special Government employees are required to submit financial interest statements at the time of employment, and are required to keep the statements current throughout their employment.

FAA Order 3750.3A designates review officials for various levels of headquarters and regional office personnel who file statements. In headquarters, review officials include the Administrator, Deputy Administrator, Associate Administrators, and Service Directors. Outside headquarters, the director of each region and center is authorized to designate top officials of his choice as review officials. During our review, there were approximately 134 review officials in FAA.

Review officials are responsible for

- identifying each employee required to submit a financial disclosure statement,
- reviewing each statement to determine if a conflict of interest exists,
- taking appropriate action to resolve conflicts or apparent conflicts, and
- maintaining independent files of financial disclosure statements.

If the review official and the employee cannot resolve the conflict, the regulations give several means of remedial

action, including divestment, disqualification from particular assignments, changes in assigned duties, or disciplinary action.

REGULATIONS CONCERNING EMPLOYEE
FINANCIAL INTERESTS

Department regulations (49 C.F.R. 99) state that an employee shall not have a direct or indirect financial interest that conflicts substantially, or appears to conflict substantially, with his Government duties and responsibilities. Also, an employee is prohibited from engaging in, directly or indirectly, a financial transaction resulting from, or primarily relying on, information obtained through Government employment.

Appendix A of the Department's regulations states that the following are too remote or inconsequential to affect the integrity of an employee's services, and the Department does not require these interests to be reported.

- Ownership of securities in any corporation having a current value of less than \$5,000 and representing less than 1 percent of the corporation's outstanding stock.
- Any holding in a mutual fund or investment company which does not specialize in a particular industry.
- A pension, retirement, life or other insurance, or welfare plan (except for those that are profit sharing or stock bonus) maintained by an organization in which the employee was formerly employed if the employee's rights are vested, and which require no further service and no further payment to the organization.

Special prohibitions have been developed for inspectors and other special categories of FAA employees. Specifically, air carrier and general aviation inspectors are considered to have conflicts of interest if they have any financial interests in the following:

--Air carrier inspectors:

1. Air carriers or other certified operators for which their region has certification responsibility.
2. Air carriers or other certified operators for which their region does not have certification responsibility but for which they are assigned certification/surveillance responsibility.

--General aviation inspectors:

1. Aviation organizations certificated by their assigned office.
2. Aviation organizations not certificated by their assigned office, but for which they are assigned surveillance responsibilities.

In addition, the \$5,000 general exemption discussed above is not applicable for employees occupying the following positions: (1) general aviation operations inspectors, (2) general aviation maintenance inspectors, (3) air carrier operators, (4) air carrier maintenance inspectors, (5) manufacturing specialists/inspectors, (6) aeronautical engineers, (7) aircraft systems engineers, (8) flight test pilots/specialists, (9) quality control representatives, and (10) contracting officers technical representatives. Such an employee may not participate in any matter in which he, or other household members, has a financial interest unless he receives a written determination that the interest is not so substantial as to affect the integrity of the services the Government may expect from the employee. Otherwise the employee must (1) divest of the interest, (2) be reassigned, or (3) disqualify himself from participating in the matter.

CHAPTER 3

FAA'S FINANCIAL DISCLOSURE SYSTEM

During our review, we noted system problems in the Federal Aviation Administration needing correction. These include the:

- Criteria used for reviewing financial disclosure statements.
- Criteria used for determining who should file financial disclosure statements.
- Procedures used to insure management control over the system.

CRITERIA USED FOR REVIEWING FINANCIAL DISCLOSURE STATEMENTS

With the exception of the prohibition on air carrier and general aviation inspectors, the Department's regulations and FAA orders do not generally prohibit holdings in aviation enterprises. FAA regulations, published in 1966 when it was not a part of the Department of Transportation, did contain such a prohibition. The 1966 regulations stated:

"No employee, or relative specified in §199.735-59, may own securities of, or maintain a proprietary or financial interest in, any enterprise engaging primarily in business of a civil aviation nature * * *."

This prohibition resembles the current prohibition at the Civil Aeronautics Board, an agency closely related to FAA.

In removing this prohibition, regulations governing FAA employees have been made less strict. For example, except for certain designated employees, FAA staff members may have financial interests in any firm, even if the holdings conflict with assigned duties and responsibilities, providing their aggregate value is less than \$5,000 and represents less than 1 percent of the company's outstanding stock. The potential problems with such a regulation are:

- The arbitrary nature of the dollar cutoff applies the same set of values to all employees; however, a financial interest of any given value has different impact on different people. For example, a \$1,000 stock interest could affect one person's judgment, whereas a \$10,000 interest may have no effect on another person.

- Many financial interests, unknown to FAA review officials, could be affecting the objectivity of decisionmakers because interests valued at less than \$5,000 are not required to be reported. By not requiring all financial interests to be reported, the potential value of the reporting system is minimized.
- Stock values fluctuate, resulting in the possibility that the same financial interest could be a conflict at one time and not another.

FAA review officials expressed other areas of concern over the present regulations. First although the Department's regulations clearly state the pension benefits with the exception of those that are profit sharing or stock bonus types are excluded from consideration as a conflict of interest, almost one-half of the 23 FAA review officials interviewed either were not sure or considered airline-related pension benefits to be possible conflicts of interest. Second over one-half of the review officials interviewed believed aviation related stock constituted an apparent or potential conflict of interest even though the Department's official definition does not clearly support these views. Third over one-half of the review officials interviewed were not sure whether an interest in a company which had a subsidiary that conducted business in the employees' job area constituted an apparent or potential conflict of interest. Finally several review officials charged with enforcing the Department's regulations, had varying views as to the validity of the \$5,000 exemption discussed above.

We are reviewing financial disclosure systems on a Government-wide basis. Based upon information gathered to date, some Government agencies have differing dollar values below which a conflict does not exist by definition, whereas other agencies do not stipulate any dollar minimum. We are therefore deferring any further discussion on the advantages or disadvantages of using such a minimum until completion of our Government-wide review.

CRITERIA USED TO IDENTIFY
POSITIONS FOR WHICH INCUMBENTS SHOULD
FILE FINANCIAL DISCLOSURE STATEMENTS

The Department's regulations generally require employees at the GS-13 level and above to file financial disclosure statements if such employees are responsible for making a Government decision or taking a Government action regarding

- contracting or procurement,

- the administration or monitoring of grants or subsidies,
- the regulation or auditing of private or non-Federal enterprises, or
- other activities where the decision or action has an economic impact on the interests of any non-Federal enterprise.

The regulations allow for statements to be submitted from other employees at, above, or below the GS-13 levels, if the incumbents' duties are such that filing statements is necessary to avoid employee involvement in a possible conflict-of-interest situation.

Because the above criteria are not specific, many employees are not required to file financial disclosure statements although they make important contributions to and/or decisions for the agency.

To determine the adequacy of the Department's criteria for filing financial disclosure statements, we reviewed 122 job descriptions for incumbents that do not file statements. Ninety-five occupied jobs that greatly affected the aviation industry and the incumbents should be required to file.

Descriptions included those for:

- Contract specialists, responsible for evaluating and screening bids and proposals, recommending awards to the contract officer, and monitoring contractors' performance.
- A supervisory aerospace engineer, responsible for directing and providing material and advisory assistance to the industry in testing and evaluating new aircraft design concepts.
- An aircraft maintenance regulations specialist, responsible for acting as a consultant and advisor on aircraft maintenance regulatory material and the probable effect of proposed regulations on industry.

In one organization, six of nine officials responsible for reviewing financial disclosure statements were not required to file. Employees who assumed, in an acting capacity, duties and responsibilities of employees required to file were not required to file. Some of these employees had been functioning in acting capacities for 6 months or more. Also, certain inspectors in one region were not required to

file while inspectors in other regions having the same duties were required to file.

On the basis of our review of these position descriptions, we believe FAA should develop more specific criteria to help determine who should file a statement.

PROCEDURES USED TO
INSURE MANAGEMENT CONTROL

FAA should implement better procedures to insure that management can control its financial disclosure system. The absence of adequate controls over the system resulted in the following:

- No review official interviewed could prepare a complete list of employees required to file statements or could be positive that all statements had been prepared and submitted for GAO's review.
- Numerous employees failed to file statements within 30 days of appointment as required by both CSC and agency regulations.
- Some review officials did not try to collect annual statements from persons required to file.
- Review officials were unable to provide statements, for all employees, covering the past 5 years.
- Review officials' activities were not monitored to insure adherence to agency financial disclosure guidelines and application of uniform procedures for collecting and reviewing statements.

Because of the above, we could not determine if all persons required to file statements had, in fact, filed.

In addition, the Department's administrative procedures require that revisions to the list of positions be forwarded to the Department for review before publication in the Federal Register. FAA officials said delays encountered at the Department have resulted in the list not being revised since 1972. Such a procedure hampers FAA in keeping a current listing of positions whose incumbents must file statements.

CHAPTER 4

REVIEW OF FINANCIAL DISCLOSURE STATEMENTS

AND AGENCY COMMENTS

As stated previously, a definition used by the Department in most cases was that ownership of securities having a current value of less than \$5,000 and less than 1 percent of the corporation's outstanding stock could not constitute a conflict of interest. However, the financial disclosure statements filed by employees show only the enterprises wherein the employees have a financial interest and the statements do not include either the number or percent of shares owned or the dollar value of the holding. Since we relied solely upon the statements for identifying the employees' financial holdings, we were unable to use the Department's criteria.

Rather, when evaluating employees' financial holdings as listed on the statements, we applied the criteria that any financial interest in (1) airline industries, (2) non-aviation companies that had contracts with the Federal Aviation Administration, and (3) companies that produce products for the aviation industries would constitute questionable holdings. An additional but important element which we included was the employee's duties and responsibilities as listed on the job description. Using the foregoing criteria, we made a limited review of 1,700 employees' financial disclosure statements and found that 100 employees owned interests as follows:

- Seventy-one employees had about 90 financial interests in prominent aviation enterprises. Sixteen of these employees owned 16 interests that appeared questionable in light of their duties. Twenty employees had 25 interests which might also have been questionable; however, these were not as definitive because the available data on the employees' duties and the companies involved was limited.
- Thirteen employees had pensions from aviation enterprises which might have conflicted with their duties and responsibilities in that the employees were assigned to offices that had direct regulatory responsibility. Although the Department's regulations exempt bona fide pension plans, the statements did not indicate the type of pension plans involved; therefore, the decisions regarding bona fide plans could not be made. Further, we question whether, because

of possible biases, employees should be assigned such responsibilities.

--Ten employees had 11 interests in nonaviation companies that had contracts with FAA. This might have conflicted with their duties and responsibilities. Also 30 employees had an additional 40 interests, in similar companies, that might have conflicted with the employees' duties. Data was not readily available, and therefore we could not make a complete evaluation.

--Nineteen employees had 21 interests in companies that produced products for the aviation industry. These might have conflicted with their duties and responsibilities, as indicated on their job descriptions.

In some instances the same employees had financial interests in more than one of the above categories.

AGENCY COMMENTS

We presented our findings to FAA's Office of Labor Relations representatives who are responsible for the systems' implementation, to the Department's Office of the Secretary, and to FAA's Office of Personnel. FAA's Acting Director, Office of Labor Relations, advised us in a December 19, 1975, letter that FAA did not believe most of the approximately 100 employees' financial interests questioned constituted real or apparent conflicts of interest. They said some of the questionable financial interests were real or apparent conflicts of interest and, as a result, the employees involved were directed to dispose of the questionable interests.

Specifically, FAA's followup concluded that potential or possible conflicts of interest did not exist in 83 cases questioned, since most of the holdings were (1) valued at less than \$5,000 and less than 1 percent of the outstanding stock or (2) retirement incomes or pensions from aviation related companies which are exempted by regulations. We were unable to determine whether the retirement or pension plans involved were the type not exempted by FAA regulations (stock option or profit sharing type plan). Apparently, FAA considered the employees' duties and responsibilities in only 13 cases. Only 3 of the 13 cases were reviewed on the relationship of the interest and the employees' duties and responsibilities.

Also FAA found that

- eight employees had either retired, transferred, or died after our review;
- three employees, at the direction of FAA, disposed of their questionable interests; and
- five employees, for reasons unknown, disposed of some of their questionable interests.

CHAPTER 5

CONCLUSIONS AND RECOMMENDATIONS

CONCLUSIONS

The Federal Aviation Administration, due to its regulatory responsibilities, should have an effective financial disclosure system to insure public confidence in the agency and to protect itself and its employees from possible conflicts of interests resulting from the financial interests of FAA employees. FAA did not have:

- Effective procedures with adequate criteria for reviewing financial disclosure statements. As a result, the agency failed to identify and act on numerous employee financial holdings that might have been conflicts of interest.
- Adequate criteria to determine which employees should file financial disclosure statements. As a result, incumbents of a least 95 positions were not required to file statements but their duties and responsibilities indicated that they should have.
- Adequate procedures for collecting, processing, and controlling financial disclosure statements. This resulted in FAA's uncertainty as to how many statements were actually filed, the failure of employees to promptly submit statements, all annual or supplementary statements to be either not filed or not available for the past 5 years, and failure to update since 1972 the list of positions whose incumbents are required to file statements.

RECOMMENDATIONS

We recommend that the Secretary, Department of Transportation:

- Direct the FAA to correct the system weaknesses identified in this report.
- Determine whether similar weaknesses exist in other Department of Transportation agencies and, if so, take appropriate corrective action.

**DEPARTMENT OF TRANSPORTATION
FEDERAL AVIATION ADMINISTRATION**

WASHINGTON, D.C. 20591



DEC 19 1975

Mr. Albert Johnson
Supervisory Auditor
General Accounting Office
803 West Broad Street
Falls Church, Virginia 22046

Dear Mr. Johnson:

At the conclusion of the GAO review of the FAA Ethical Conduct program, you gave Mr. Kaegi of my staff a list of employees whose financial interests represented potentially real or apparent conflicts of interest. You emphasized that these cases did not constitute clear improprieties, but were simply situations which in your judgment justified further review.

We were extremely glad to obtain this very useful information, and anxious to insure that each case was fully and carefully reviewed. Your list was divided into three parts, and contained the names of one hundred FAA employees. It was determined that in each of these cases a careful review by an official other than the employee's ordinary review official would be conducted. In many cases, staffing specialists were utilized to provide advice and assistance; and as appropriate, employees were interviewed and asked to provide further information. In those cases where it was determined that an employee's financial interest did constitute a real or apparent conflict of interest, immediate steps were taken to correct the situation.

Of the employees referred to us, six have left the FAA since filing their last Confidential Statements, and are no longer under our jurisdiction and authority. In the vast majority of the remaining cases, we determined that the employees' financial interests do not constitute real or apparent conflicts of interest, and that no further action is required. In those few cases where it was determined that the employees' financial interests actually constituted real or apparent conflicts of interest, the employees were directed to divest themselves of the questionable holdings, and the conflicts have now been resolved.

We appreciate your assistance in this important matter.

Sincerely,

A handwritten signature in cursive script, appearing to read "W. W. Heimbach".

WM. W. HEIMBACH
Acting Director of Labor Relations

REPORTS ISSUED ON AGENCIES'FINANCIAL DISCLOSURE SYSTEM

<u>Agency</u>	<u>Report title, number, and issue date</u>
Federal Power Commission	Need for Improving the Regulation of the Natural Gas Industry and Management of Internal Operations, B-180228, 9/13/74.
Department of the Interior	Effectiveness of the Financial Disclosure System For Employees of the U.S. Geological Survey, FPCD-75-131, 3/3/75.
Civil Aeronautics Board	Effectiveness of the Financial Disclosure System For Civil Aeronautics Board Employees Needs Improvement, FPCD-76-6, 9/16/75.
Federal Maritime Commission	Improvements Needed In the Federal Maritime Commission's Financial Disclosure System For Employees, FPCD-76-16, 10/22/75.
U.S. Railway Association	Improvements Needed In Procurement and Financial Disclosure Activities of the U.S. Railway Association, RED-76-41, 11/5/75.
Department of the Interior	Department of the Interior Improves Its Financial Disclosure System For Employees, FPCD-75-167, 12/2/75.
Department of Health, Education, and Welfare	Financial Disclosure System for Employees of the Food and Drug Administration Needs Tightening, FPCD-76-21, 1/19/76.
Department of the Interior	Letter report to Congressman John Moss on U.S. Geological Survey Employees Divestiture, FPCD-76-37, 2/2/76.

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THE DEPARTMENT OF TRANSPORTATION

Tenure of office

From To

DEPARTMENT OF TRANSPORTATION

SECRETARY OF TRANSPORTATION:

William T. Coleman, Jr.	Mar. 1975	Present
John T. Barnum (acting)	Feb. 1975	Mar. 1975
Claude S. Brinegar	Feb. 1973	Feb. 1975
John A. Volpe	Jan. 1969	Feb. 1973

FEDERAL AVIATION ADMINISTRATION

ADMINISTRATOR:

John L. McLucas	Nov. 1975	Present
James E. Dow (acting)	Apr. 1975	Nov. 1975
Alexander P. Butterfield	Mar. 1973	Mar. 1975
John H. Shaffer	Mar. 1969	Mar. 1973

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