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STATEMENT OF

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BEFORE THE

SUBCOMMITTEE ON ADMINISTRATIVE LAW AND GOVERNMENTAL RELATIONS
HOUSE COMMITTEE ON THE JUDICIARY

ON

REAUTHORIZATION OF THE OFFICE
OF GOVERNMENT ETHICS

Mr. Chairman and Members of the Committee:

I am pleased to be here today to discuss a 5-year extension of authorization for the Office of Government Ethics (OGE) as called for in H.R. 1650.

The General Accounting Office (GAO) was an advocate for the establishment of an office of Government ethics, long before the Ethics Act of 1978 was passed. We believed in the need for such an office because we were aware of the significant problems agencies were having with their financial disclosure systems. We had identified these problems in a series of reviews begun in 1974. And, based on these reviews, we concluded that weaknesses in agency disclosure systems stemmed primarily from the



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low priority agencies gave to standards of conduct and financial disclosure systems. Many employees were unaware of the requirements and, because they were unaware, they often placed themselves in possible conflict-of-interest situations. As a result, both their credibility and that of their agency were open to question.

In February 1977, ^{1/} we recommended that the President establish an executive branch office of ethics, either as an independent office or as part of the Executive Office of the President. At the same time, we recommended that it be given adequate resources for addressing problems of enforcement and compliance. We suggested that the office be responsible for the following actions:

- Issuing clear standards for ethical conduct and equally clear regulations for financial disclosure.
- Rendering opinions on matters of ethical conduct and disseminating such advisory opinions to all agencies,
- Developing financial disclosure forms to obtain information on relevant employee interests.
- Periodically reviewing the effectiveness of agency financial disclosure systems.

^{1/}"Action Needed to Make the Executive Branch Financial Disclosure System Effective" (FPCD-77-23, Feb. 28, 1977).

- Providing a continuing program of information and education for Federal officers and employees.
- Implementing and managing a financial disclosure system for Presidential appointees.

In an August 1977 report 2/ concerning financial disclosure by high-level executive officials and an August 1978 report 3/ concerning post-Federal employment conflicts of interest, we reiterated our belief in the need for a central ethics office in the executive branch and endorsed the concept described in then-pending legislation (S. 555 and H.R. 13676).

The Ethics in Government Act of 1978 established the OGE within the Office of Personnel Management (OPM). The OGE objective was to provide overall direction of conflict-of-interest policies for the executive branch. The Director of the office was given several specific responsibilities:

- To develop and recommend rules and regulations on conflicts of interest and ethics in the executive branch.
- To monitor and review compliance with public disclosure requirements, with other statutory financial requirements, and with internal review requirements.

2/ "Financial Disclosure for High-Level Executive Officials: The Current System and the New Commitment" (FPCD-77-59, Aug. 1, 1977).

3/ "What Rules Should Apply to Post-Federal Employment and How Should They Be Enforced" (FPCD-78-38, Aug. 28, 1978).

- To consult with agency ethics officials on individual conflict-of-interest cases and to promote the understanding of ethical standards in executive agencies.
- To determine financial disclosure reports filed with OGE reveal possible violations of conflict-of-interest laws and regulations and, if they do, to recommend corrective action.
- To provide formal advisory opinions and to assist the Attorney General either in evaluating the effectiveness of the conflict-of-interest laws or in recommending appropriate amendments.

The responsibilities given to OGE generally agreed with those that we had recommended in our earlier reports.

In a recent report, ⁴/ we discussed OGE's activities in carrying out its responsibilities. We found that in its relationship with executive branch agencies, OGE is filling an affirmative leadership role that we believed missing prior to passage of the Ethics Act.

OGE, through OPM, has issued regulations setting forth the elements necessary for an agency ethics program, the responsibilities of an agency head to that program, and the duties of a designated agency ethics official.

⁴/"Information on Selected Aspects of the Ethics in Government Act of 1978" (GAO/FPCD-83-22, Feb. 23, 1983).

In line with its monitoring and compliance review functions, OGE reviews agencies' ethics programs. These reviews cover ethics programs in organizational subunits; public and confidential financial disclosure systems; agreements made by Presidential appointees; regulations for standards of conduct; post-Federal employment situations; and an agency's ethics education, training, and counseling programs.

OGE's staff also conducts training programs for agency ethics officials. During fiscal year 1983, OGE will expand its training efforts by combining regional compliance reviews with ethics training for field office personnel having ethics-related duties.

OGE's legal staff responds to legal issues raised by agencies, Federal employees, nominees, and the public. OGE also works closely with the Department of Justice on conflict-of-interest matters. The Director of OGE consults with the Justice Department's Criminal Division before issuing an advisory opinion on an actual or apparent violation of any conflict-of-interest law.

During the last Presidential transition, OGE's staff assisted the White House by performing early reviews of financial information on prospective appointees. This effort prevented Ethics Act requirements from becoming a bottleneck during the appointment and Senate confirmation process.

In conclusion, we believe that the need for a central office that offers affirmative leadership to executive branch agencies and provides direction for conflict-of-interest policies is an important today as it was prior to passage of the Ethics in Government Act of 1978.

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This concludes my prepared comments. I will be happy to answer any questions you may have.