United States Office of Government Ethics

Program Review Division

Post-Election Readiness Review

Department of the Treasury

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TABLE OF CONTENTS

EXECUTIVE SUMMARY

The United States Office of Government Ethics (OGE) conducted a review of the nomination process of Presidentially appointed, Senate-confirmed (PAS) officials that takes place within the ethics office at the Department of the Treasury (Treasury). OGE examined the key elements that must be followed in order to carry out an orderly turnover of Treasury senior officials during a post-election period. The primary purpose of this review was to assess the readiness of the ethics program to manage the anticipated increased workload associated with the turnover of PAS officials in a post-election period.

What We Found

Treasury's ethics office began its efforts to plan for the post-election period in the summer of 2011 when it developed a strategy to improve and expand its current resources and capabilities. By the time of OGE's onsite visit in early 2012, Treasury had built a new ethics database and selected a secondary team of attorneys to assist the ethics office during periods of increased activity, including the upcoming post-election period. OGE commends Treasury's proactive steps to create and implement an early action plan to broaden the skills, abilities, and capacity of the ethics staff. In general, Treasury's ethics office has taken reasonable steps to prepare for the upcoming post-election period.

INTRODUCTION

Every four years, the United States government faces the possibility of transitioning into a new Presidential Administration. Whenever an Administration changes, the new President will have the opportunity to fill approximately 1,000 of the most senior executive branch leadership positions with the advice and consent of the Senate. When a sitting Administration achieves a second term of office, the turnover of senior positions may be lessened; however, some senior officials may still conclude their service, resulting in a transition of responsibilities to new officials. Whether from a full transfer of power or attrition, leadership vacancies must be addressed quickly and effectively.

As required by statute, the federal ethics community performs a large and fundamental role in this process. The law requires that OGE review the financial interests of all prospective nominees to Senate-confirmed positions for possible conflicts of interest with their prospective duties. OGE does this in concert with the White House and senior career agency ethics officials who are familiar with their agencies' missions and activities. Ethics officials review every prospective nominee's financial interests and business relationships and generate a public financial disclosure report (OGE Form 278). Where potential conflicts of interest are identified, ethics officials develop remedies typically documented in an ethics agreement so that the President's appointees can carry out their duties with integrity. The detailed work necessary to finalize the required ethics documentation for Senate review can take several weeks.

During this process, the ethics office also serves as a senior official's first regular contact point when entering government service. Agency ethics officials help establish the foundation of ethical government service and educate incoming officials on ways to prevent conflicts of interest. The ethics office is thus responsible for two critical functions not usually addressed by any other office within an agency: preparing a prospective nominee's public financial disclosure report and educating that individual once he or she becomes a PAS official on ethical public service.

OBJECTIVE, SCOPE, AND METHODOLOGY

As a part of OGE's ongoing monitoring activities, OGE conducted a review of the nominee financial disclosure process at the U.S. Department of the Treasury. The purpose of this review is to (1) assess the ethics program's readiness to handle the anticipated increase in financial disclosure filings associated with the senior official turnover found in a post-election year, (2) evaluate the potential impact of the post-election workload on daily ethics operations, (3) determine the current capacity and future planning related to the nominee financial disclosure process, and (4) identify potential challenges that could impair the ability of ethics officials to conduct timely, accurate, and consistent conflict of interest reviews. OGE has the authority to evaluate the effectiveness of executive agency ethics programs under Title IV of the Ethics in Government Act and 5 CFR part 2638.

To meet these objectives, OGE performed the following actions from November 2011 through May 2012:

- OGE developed a post-election readiness questionnaire to obtain the agency's perspective on how it would address post-election issues including post-employment counseling, PAS financial disclosure, ethics training, and the post-election period's impact on daily operations.

- OGE reviewed agency documentation including the post-election readiness questionnaire responses, standard operating procedures, and training materials in order to assess the agency's preparedness to handle the increased post-election period workload. OGE reviewed the agency's 2011 Agency Ethics Program Questionnaire, an annual survey of general ethics program information, to determine if the agency is currently meeting ethics program requirements prior to the upcoming post-election period.

- OGE identified the number of prospective PAS nominee financial disclosure reports it received for the agency during the previous post-election period, from January 2009 through June 2010. In order to understand the time frames involved in processing a prospective nominee, OGE determined when each report was received, how many reports were received each month, and calculated how long it took the agency and OGE to complete each report's review, how long it took each confirmed official to comply with the terms of his or her ethics agreement, and how long it took the agency to notify OGE that a confirmed official was in compliance with an ethics agreement.

- OGE interviewed agency ethics officials to follow-up on post-election readiness questionnaire responses and to obtain additional information about the agency's financial disclosure process, post-employment advice and counseling, planning related to the upcoming post-election period, and daily ethics operations. To assess how the agency uses technology to assist the PAS nominee process, OGE observed demonstrations of the electronic systems used to track PAS financial disclosure, advice and counsel, and ethics agreement compliance information.

- OGE reviewed the 18 PAS termination financial disclosure reports submitted to OGE from January through December 2009 during the previous post-election period. OGE evaluated the timeliness of submission, review, and certification of the reports; assessed the quality of both technical and conflict of interest review; and compared post-election with non-post-election period performance.

AGENCY BACKGROUND

Treasury is the executive branch agency responsible for promoting economic prosperity and ensuring the financial security of the United States. Treasury operates under the direction of the Secretary of the Treasury and consists of two major components–departmental offices (HQ) and operating bureaus. The 11 bureaus make up 98 percent of the Treasury work force and are responsible for carrying out specific operations of the department.[1] In total, Treasury has about 95,000 full-time employees. Of this total, about 1,880 employees are located in Treasury headquarters.

Treasury has 44 PAS officials included among 601 personnel subject to public financial disclosure (260 in HQ). These 44 PAS officials and approximately 30 non-career SES positions are the primary focus during a post-election period. Nine of the PAS positions are at various international financial institutions, including the World Bank, the International Monetary Fund, the African Development Bank, the Inter-American Development Bank, the Asian Development Bank, and the European Bank for Reconstruction and Development.

PROGRAM STRUCTURE

The Assistant General Counsel for the Office of General Law, Ethics, and Regulations (GLER) serves as Treasury's Designated Agency Ethics Official (DAEO). The Deputy Assistant General Counsel for Ethics is the Alternate DAEO (ADAEO). Treasury's ethics program is essentially a decentralized system. Treasury's departmental ethics office primarily consists of the DAEO, the ADAEO, the Ethics Program Manager, the Ethics Program Specialist, and three Attorney-Advisors. (*See Appendix A.*) The Chief Counsel of each of Treasury's bureaus is designated as a Deputy Ethics Official (DEO) and administers the ethics program within his or her respective bureau .

[1] Treasury's bureaus consist of the following: Bureau of the Public Debt, U.S. Mint, Bureau of Engraving and Printing, Alcohol and Tobacco Tax and Trade Bureau, Financial Management Service, Internal Revenue Service, Office of the Inspector General, Office of the Comptroller of the Currency, Treasury Inspector General for Tax Administration, Financial Crimes Enforcement Network, and Special Inspector General for the Troubled Asset Relief Fund.

The ADAEO and the Ethics Program Manager are responsible for managing Treasury HQ's daily operations and spend 100 percent of their time on ethics matters. They also provide oversight of and technical guidance to the ethics programs in the bureaus. Treasury HQ ethics office handles all aspects of the nominee program for PAS officials throughout the agency. The three attorney-advisors directly under the ADAEO generally spend more than 90 percent of their time on ethics matters, including reviewing public and confidential financial disclosure reports; rendering advice and counseling; and conducting annual training, initial ethics orientation training and post-employment training. The primary team of attorney-advisors estimates they will continue to spend the vast majority of their time on ethics duties in the first six months of 2013. However, their focus will shift to primarily processing and counseling incoming officials. The core team of attorney-advisors has an average of four years experience reviewing public financial disclosure reports. The Ethics Program Manager has nearly 18 years of experience reviewing public financial disclosure reports. *(See Appendix B for estimates on proposed ethics staff responsibilities for the 2013 post-election period.)*

In addition to the primary ethics personnel, a secondary team of three attorney-advisors serve under the Deputy Assistant General Counsel, General Law & Regulation. These attorneys support the ethics program as a collateral duty by reviewing public financial disclosure reports and providing ethics advice and counseling. During the first six months of 2013, the secondary team of attorneys can increase the time they devote to ethics to up to 30 percent. The secondary attorneys would review prospective PAS nominees' financial disclosure reports and support daily operations should the post-election period workload eclipse the primary ethics team's capacity.

The DEOs at Treasury's bureaus review and certify non-PAS public financial disclosure reports from career Senior Executive Service officials, review and certify confidential financial disclosure reports, render advice and counseling, and conduct initial and annual training in the bureaus. The ADAEO meets quarterly with bureau ethics officials to discuss ongoing concerns and ethics law developments. Should the post-election period exceed HQ reviewer capacity for the first six months of 2013, the DEOs would be able to assist the ADAEO by reviewing HQ non-PAS public financial disclosure reports.

In order to prepare for the increased volume of work in the upcoming post-election period, Treasury conducted a self-assessment in 2011 and identified a need to improve its system for keeping ethics program records. A member of the headquarters ethics staff was familiar with a database built by the Information Technology department (IT) and the U.S. Mint's ethics office in 2002. According to the ADAEO, this single shared database would allow Treasury to effectively and efficiently track filers and memorialize advice and counseling. IT worked with the U.S. Mint to modify and upgrade the system for headquarters at no cost to the agency. The resulting central database is available to ethics officials and has the employment dates of all Treasury employees. Ethics officials use the database as a tracking mechanism and repository for financial disclosure reports, education and training, and advice and counsel.

DEPARTING OFFICIALS

The first challenge to affect an ethics office in any post-election period is the increased number of departing senior officials. When an Administration changes, most incumbent officials will depart at the conclusion of the outgoing Administration's term and prior to the nomination and confirmation of their successors. When an Administration remains for a second term, some incumbent officials will still depart, also leaving leadership vacancies prior to their successors' confirmations.

In order for the ethics office to manage effectively the departure of officials, it must do the following:

- Identify departing officials
- Counsel officials on the negotiation and recusal requirements under the Stop Trading on Congressional Knowledge Act of 2012 (STOCK Act)
- Counsel on specific post-government employment activities prohibited by 18 U.S.C. § 207
- Obtain the departing official's final public financial disclosure report
- Review and certify termination financial disclosure reports within 60 days of receipt

The ethics office must successfully manage this concentrated increase in ethics counseling and financial disclosure review, while also beginning to address its responsibilities regarding each departing official's potential successor.

IDENTIFICATION OF DEPARTING OFFICIALS

Departures of PAS officials can occur throughout the calendar year by natural attrition as well as en masse during a post-election period. Treasury's ethics office receives reliable, automated notification of departing officials from two automated systems. The Human Resources Employee Entry/Exit (EEE) system sends daily emails containing new hire and termination data which is populated into the ethics database. The Office of Human Resources (HR) sends the Ethics Program Manager and the Paralegal Specialist biweekly reports with a list of departing high-level Treasury officials. In addition to those systems, the White House liaison, who tracks the status of all political employees in Treasury, notifies the ethics office by email when a PAS official or other political appointee has provided notice of intent to depart. Finally, the ethics office may also receive direct notification from the departing PAS official or other political appointee.

POST-EMPLOYMENT COUNSELING

An ethics office's responsibility to departing senior officials is two-fold: help ensure current officials do not violate conflict of interest laws while they seek future employment and prepare these officials for the statutory limitations that exist on certain activities once they leave government service. According to the ADAEO, counseling and advice has been part of the relationship between the ethics office and Treasury PAS officials since the officials entered government service. Treasury emphasizes the importance of this relationship by one-on-one post-employment and Ethics Pledge counseling.

As the post-election period approaches, Treasury ethics officials anticipate taking steps to increase the awareness of post-employment issues and Pledge restrictions for PAS officials. The ADAEO will begin the counseling process by providing guidance through a global email announcement. Global emails can be directed to targeted audiences, such as directing information about the STOCK Act to public filers. Treasury also plans to hold focused group briefings on post-employment guidance, similar to the briefings held during the last post-election period. The briefings will be 30 minutes to one hour and be offered more frequently as the post-election period draws nearer, beginning in May and ramping up in November through December.

In the event of an administration change, Treasury will ensure that all departing PAS officials receive post-employment counseling.[2] Treasury has the DAEO, ADAEO, three primary full-time attorney advisors, and one Ethics Program Manager who are experienced and capable of delivering post-employment counseling at the PAS level. When providing post-employment counseling, the ethics staff uses a counseling interview checklist covering post-employment restrictions, Ethics Pledge restrictions, and a reminder of the requirement to file a final public financial disclosure report. During the post-employment counseling session, the ethics official provides the outgoing PAS official with Treasury's "Summary of Post-Employment Restrictions," an OGE memorandum summarizing post-employment restrictions, a Treasury memorandum entitled "Post-Employment in a Nutshell," and a contact list of Treasury ethics officials. While ethics officials use the same checklist, staff may tailor the delivery of the contents to each PAS official. According to the ADAEO, the STOCK Act has been addressed through emails to all filers and will be included in annual ethics training.

It is the responsibility of the ethics official who gave the advice to document the post-employment briefing under the PAS filer's name in the Treasury database. During OGE's on-site fieldwork, Treasury demonstrated the advice and counseling queries that can be run on the system, such as queries focused on the Ethics Pledge. Since the system went live at headquarters in the fall of 2011, Treasury has been using the database as a key component in the daily operations in the ethics program. During a post-election period, Treasury's database should be an important knowledge repository for the ethics office to ensure consistency of advice and counseling, including post-employment matters, and to reduce time spent researching recurring issues.

TERMINATION FINANCIAL DISCLOSURE

Outgoing senior officials must complete a final public financial disclosure report within 30 days of completing their government service. Ethics officials then must review and certify this termination report to be free from conflicts of interest within 60 days of receipt. The termination report discloses a departing official's future employment arrangements, allowing ethics officials to tailor any necessary follow-up post-employment counseling and to verify a departing official's government actions complied with federal conflict of interest laws.

[2] The ethics office estimates that approximately 20 PAS officials would depart prior to or early in a change of administration.

An email reminder to file a termination report is sent to departing PAS officials after notification of intent to leave is received in Treasury's ethics office. The email includes a blank copy of the public financial disclosure report, a copy of the official's last certified OGE Form 278, and helpful filing hints. The email also reminds officials of the report-filing deadline, due date extension procedures, penalties for late filing, and instructions for scheduling a post-employment briefing. Once a termination date is announced, the ethics office schedules a post-employment briefing with the official.

The ethics office runs weekly reports from the database to identify the due dates for departing PAS officials' termination reports. The ADAEO sends filing reminders to these officials and contacts them directly to ensure reports are received. According to the ADAEO, the tracking reports and follow-up reminders are an effective means for oversight of the termination reports. The OGE review team examined the 18 termination reports required to be filed during the period of January 1, 2009 through December 31, 2009. All 18 of the termination reports were submitted, reviewed, and certified timely.[3]

INCOMING OFFICIALS

While the processing of outgoing officials continues, ethics offices concurrently devote resources to processing prospective PAS nominees and incoming officials. The nominee process describes the collective actions required by the ethics office to process a prospective PAS nominee through Senate confirmation. The White House Office of Presidential Personnel will identify potential candidates for nomination to executive branch positions. In the event of a change in administration, the transition team typically works directly with OGE but may contact the agency as well. Upon notification of a potential nominee, Treasury begins to work with the prospective official to prepare a public financial disclosure report for ethics certification and eventual Senate review.

Coordinating with prospective nominees and their representatives on the statutorily required information for the report is both a time-critical and a time-intensive process, often taking several weeks before a complete report is compiled. In rare cases, there can be multiple candidates under consideration for a PAS position and nominations can also be withdrawn. Both scenarios can result in an agency reviewing more financial disclosure reports than the number of positions to be filled. The financial interests and relationships identified in the report must then be thoroughly reviewed and certified by the ethics office as being free from potential conflicts of interest. If a prospective nominee is confirmed, the ethics office is also responsible for that official's formal introduction to executive branch ethics laws and regulations and for verifying that the official completed the actions required to alleviate any potential conflicts of interest.

[3] Six of these reports were signed by the departing PAS officials well within the 30-day filing requirement. Since there was no agency date of receipt on the forms, the review team used the certification date to identify when the agency had possession of the report.

NOMINEE PROCESS OVERVIEW

The nominee process takes place concurrently with the ethics office's other full-time responsibilities: reviewing financial disclosure reports from throughout HQ, providing ethics advice and counsel to 1,880 Treasury HQ employees, presenting initial and annual ethics training to hundreds of covered employees, and the other duties and responsibilities that fall under the purview of the ethics office. In a post-election period, limited resources must be allocated as efficiently as possible to ensure senior positions are rapidly filled without disrupting daily ethics operations.

Treasury follows its "Standard of Operating Procedures for Processing Presidential Nominations to Treasury Positions (GLE 2007-05)." The written procedures outline the actions the key offices of GLER and the Office of Legislative Affairs (OLA) must take in order to create and submit documents as part of the Presidential nomination process. Treasury receives a draft public financial disclosure report from the White House Counsel's Office for each individual under consideration for nomination to a Treasury PAS position. The ADAEO assigns the review of the prospective nominee's report to one member of the ethics staff based on report complexity, reviewer proficiency, and the staff member's workload.

The Treasury reviewer provides the prospective PAS nominee with the questionnaire for the applicable Senate Committee (the Committee) that will consider his or her nomination. In the case of nominations that go before the Senate Finance Committee, the questionnaire includes a few questions on the prospective nominee's tax practices over the prior decade, but the main focus is on the last three tax returns that have been filed. According to a member of the Committee, the reason for the tax review is to make sure the people enforcing the tax code for the country are in compliance themselves. The White House Counsel's office sends copies of the prospective nominee's three most recently filed IRS Form 1040s and related W-2 forms to OLA, if the Senate Finance Committee requires these documents.

The assigned reviewer, in collaboration with OGE, reviews the draft financial disclosure report and works to create a technically complete report, identify potential conflicts of interest, and develop appropriate remedies. The Treasury reviewer communicates with the prospective PAS nominee or his or her representatives and amends the report as needed, documenting responses to both technical and substantive conflict of interest questions in the Treasury ethics database. Because the Committee questionnaire and prospective nominee's draft public financial disclosure report contain similar financial data, employment relationships, and potential conflicts of interest, Treasury reviewers, in coordination with an assigned OLA staff member, compare the two important documents for accuracy and consistency. The reviewer uses the ethics database as a repository for information on the prospective nominee so that in the event of staff absences or realignment of resources, any member of the ethics team will be able to access the full file and quickly understand current status.

The reviewer may then prepare an ethics agreement, if necessary. The ethics agreement formally documents any steps the prospective PAS nominee must take to address any actual or apparent conflicts of interest in the event of Senate confirmation. At the conclusion of the review, the

Treasury reviewer sends the completed public financial disclosure report and ethics agreement to OGE for final approval.

Upon being notified by OGE or by the White House Counsel's Office that the President has submitted the nomination to the Senate, the Treasury reviewer will schedule a time for the nominee to sign the final report. The ADAEO then certifies the report, and the completed public financial disclosure report is delivered to the White House, OGE, and the relevant Senate Committee. These documents will be used as part of the vetting process during the Senate confirmation hearing.

CONFLICT OF INTEREST ANALYSIS

Business executives who come from the financial services sector can present unique, complicated financial disclosure reports for even seasoned Treasury reviewers. A prospective nominee from the financial services sector may have substantial holdings in sophisticated investment vehicles. Given the global financial markets and the management of the monetary resources in the U.S., the Secretary of the Treasury and Treasury's executives bear a global financial responsibility on the world stage. As such, prospective nominees' employment relationships are thoroughly scrutinized by the ethics office and vetted by the relevant Senate Committee. Areas that can be of concern fall under employee benefits such as deferred compensation, profit-sharing, stock options, bonuses, severances and employee pensions. The ADAEO and Treasury reviewers frequently consult with OGE on the most complicated, difficult questions. Keeping current with novel investment vehicles and applying ethics law are essential skills for the Treasury reviewing official.

Realizing the need to prepare the Treasury ethics office for the post-election period, the ADAEO planned and identified early the talent pool that will be needed to review prospective nominee reports in the upcoming post-election period. Because fewer than half of the primary team and none of the secondary team members were with Treasury during the last post-election period, the ADAEO has pursued several different ways to provide training to the ethics staff given the complexity of reports they will need to be able to address. Three of the primary Treasury reviewers provide in-house informal training, when necessary, on both beginning and intermediate level reports for secondary team attorneys. This training covers both the procedures and substance of the review process and can focus on the assigned public report and/or the complexities of holdings in general. All reviewers attended formal financial disclosure training at OGE in spring 2012. In addition, the ADAEO, who has more than 10 years of experience in ethics and extensive knowledge of financial disclosure, discusses conflict of interest issues at biweekly staff meetings. During OGE's interview with the Treasury reviewers, both primary and secondary personnel spoke about the active, continuous dialogue the ADAEO maintains with the ethics staff. Treasury reviewers told OGE that they found this dialogue with the ADAEO beneficial because it allowed them to come up to speed quickly and stay current with the continuous changes in domestic finance.

Treasury is ensuring that the secondary reviewers are putting the formal and informal conflicts analysis training into practice on an ongoing basis. Initially, the ADAEO assigned new entrant and termination public financial disclosure reports to the secondary team. In the spring, the

ADAEO was able to expand the workload to include 2011 annual public reports that were due to Treasury in May 2012. Giving reviewers continued exposure to several types of reports should allow the team to build a level of skill that Treasury can leverage in the post-election period.

Treasury has the lowest ratio of PAS officials to reviewers (4.4:1) among the cabinet agencies–State, Justice, and Treasury–that make up almost one-half of all executive branch PAS officials. (*See Table 1*.) However, as previously noted, Treasury typically has among the most complicated financial disclosure reports that raise novel issues. Treasury concentrates its resources on training its ethics staff early and often for these complex financial disclosure reports.

Table 1 Department of the Treasury	
PAS Officials	44
Full-Time Reviewing Officials	4
Part-Time Reviewing Officials	6
PAS Officials per Reviewer	4.4

<u>ETHICS AGREEMENTS</u>

The final element of a prospective nominee's processing is frequently the ethics agreement. An ethics agreement is broadly defined as "any oral or written promise by a reporting individual to undertake specific actions in order to alleviate an actual or apparent conflict of interest." *See 5 CFR 2634.802(a)*. In the case of prospective PAS nominees, any such promise must be reduced to writing, summarizing the actions to which the nominees have agreed to take upon Senate confirmation. Among the most common conflict of interest remedies that are reflected in an ethics agreement are recusals, divestitures, and resignations.

Treasury's written procedures (GLE 2007-05) for the nomination process include procedures for handling ethics agreements. Each ethics official responsible for reviewing a prospective nominee's public financial disclosure report must also ensure that the nominee complies with the terms of the ethics agreement upon confirmation. The confirmed official must complete those actions which he or she has agreed to undertake within 90 days of Senate confirmation. The ethics office has three business days from the compliance deadline to submit evidence to OGE that the PAS official has complied with the terms of the ethics agreement.

The ethics office documents the status of ethics agreements in the database and on an Excel spreadsheet. The database serves as the primary information system for recording the PAS official's confirmation date, the ethics agreement compliance deadlines, and the actual compliance date. The ADAEO will also continue to maintain data on a separate Excel spreadsheet to notify the DAEO of confirmation dates, ethics agreement elements, and compliance due dates. All Treasury reviewers have access to the spreadsheet and are responsible for keeping the spreadsheet current with their PAS officials' important ethics agreement deadlines.

The ADAEO attributed Treasury's success with achieving ethics agreement compliance to the fact that the same Treasury reviewer handles the PAS official from nomination to ethics agreement compliance. During the previous post-election period from January 2009 through June 2010, Treasury PAS officials completed the actions required by their ethics agreements by the 90-day compliance deadline in 95 percent of cases. Ethics officials notified OGE of PAS officials' compliance by the 93-day notification deadline in 95 percent of cases as well. (*See Table 2.*) Treasury reviewers said they place the same level of importance on meeting ethics agreement compliance deadlines as they do the conflict of interest analysis of a prospective nominee's report.

Table 2 Department of the Treasury	
Meeting Ethics Agreement Deadlines (Jan 2009 – Jun 2010)	
PAS Officials Complying with Ethics Agreements (within 90 days)	95%
Notifications of Compliance Received by OGE (within 93 days)	95%

INITIAL ETHICS ORIENTATION

Once a nominee is confirmed by the Senate, the ethics office becomes responsible for that official's initial ethics orientation. Prospective nominees begin the introduction to ethics in the Federal Government through interactions with the ethics program when completing their financial disclosure reports. It is particularly important that incoming senior officials continue their education on executive branch ethics given their central role in defining an agency's ethical culture.

Within 90 days from the time any employee begins work for an agency, the ethics office must provide that new employee with ethics official contact information as well as one hour to review the standards of conduct, principles of ethical conduct, and any agency supplemental standards, as appropriate. Ethics offices typically provide initial ethics orientations to PAS officials and their key staff through formal, in-person briefings.

According to the ADAEO, Treasury PAS officials receive their hour-long, one-on-one entrance briefing immediately when they come on board. The PAS official will invite select staff such as chiefs of staff and confidential assistants to attend their entrance ethics training. At the briefing, the PAS official receives a "Treasury Ethics Handbook." The "Treasury Ethics Handbook" includes the summaries of the criminal conflicts of interest statutes, the standards of conduct, Treasury's supplemental ethics regulations, information on the Ethics Pledge, the principles of ethical conduct, and the contact information for Treasury's ethics office and each individual bureau's ethics office.

The PAS official's senior staff may also attend one of the Senior Official General Law and Ethics Briefings, conducted by a senior member of the ethics team, often the DAEO. The ethics office records the PAS official's ethics orientation and also documents specific ethics advice, if questions were asked that day. The ADAEO also utilizes an Excel spreadsheet to track PAS training.

Treasury's ethics office strives to convey the importance of Federal ethics rules from the PAS official's consideration for nomination all the way through to Senate confirmation. Treasury ethics officials continue the ethics dialogue with PAS officials during the annual financial disclosure review process and through ethics counseling, annual training, and the post-employment guidance provided when officials depart the agency.

CONCLUSION

Treasury's ethics office has taken proactive, reasonable steps to prepare for the upcoming post-election period. Treasury identified two areas that needed to be enhanced if the nomination process were to exceed the primary reviewers' capacity: (1) the identification and training of select officials to understand the complexity of a conflict of interest analysis of a typical prospective nominee report and (2) a database system to improve program monitoring and oversight of vital elements of the ethics program.

The steps Treasury is taking now to train its ethics officials should allow the primary team of more experienced ethics officials to focus on prospective nominees while the secondary team handles more routine financial disclosure reports and daily program functions, such as advice and counsel and education and training. This, and the authority to enlist a tertiary team of ethics officials from the bureaus to continue daily operations, gives Treasury's ethics office an advantage in managing an increased post-election period workload.

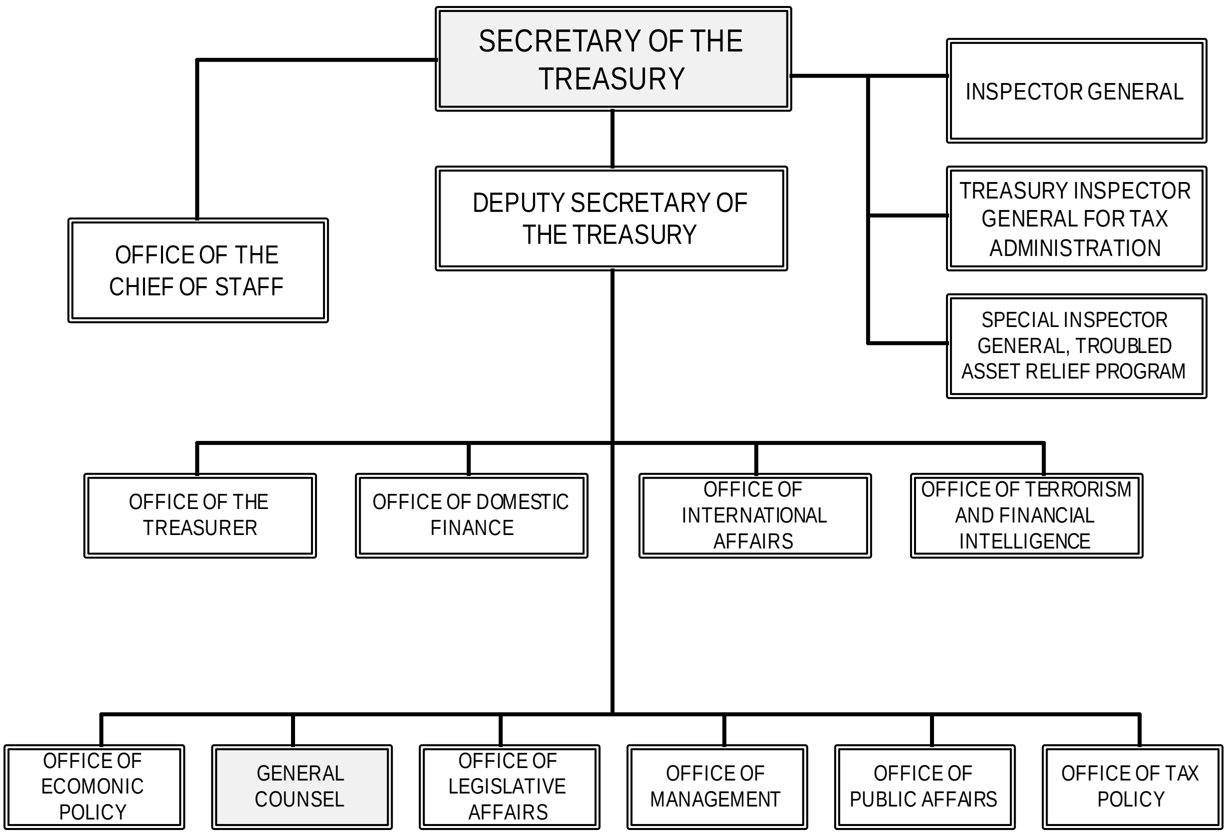
The ethics program utilizes multiple notification systems, requires one-on-one post-employment counseling, uses written standard operating procedures for the nominee process, and provides continuous training opportunities for ethics officials. Treasury appears organized and well-positioned to undertake added responsibilities while maintaining smooth daily ethics program operations.

AGENCY COMMENTS

The Department of the Treasury reviewed a draft of this report and provided a number of minor technical corrections and suggestions. Relevant changes have been incorporated into the final report.

APPENDIX A

Department of the Treasury Headquarters Organizational Chart



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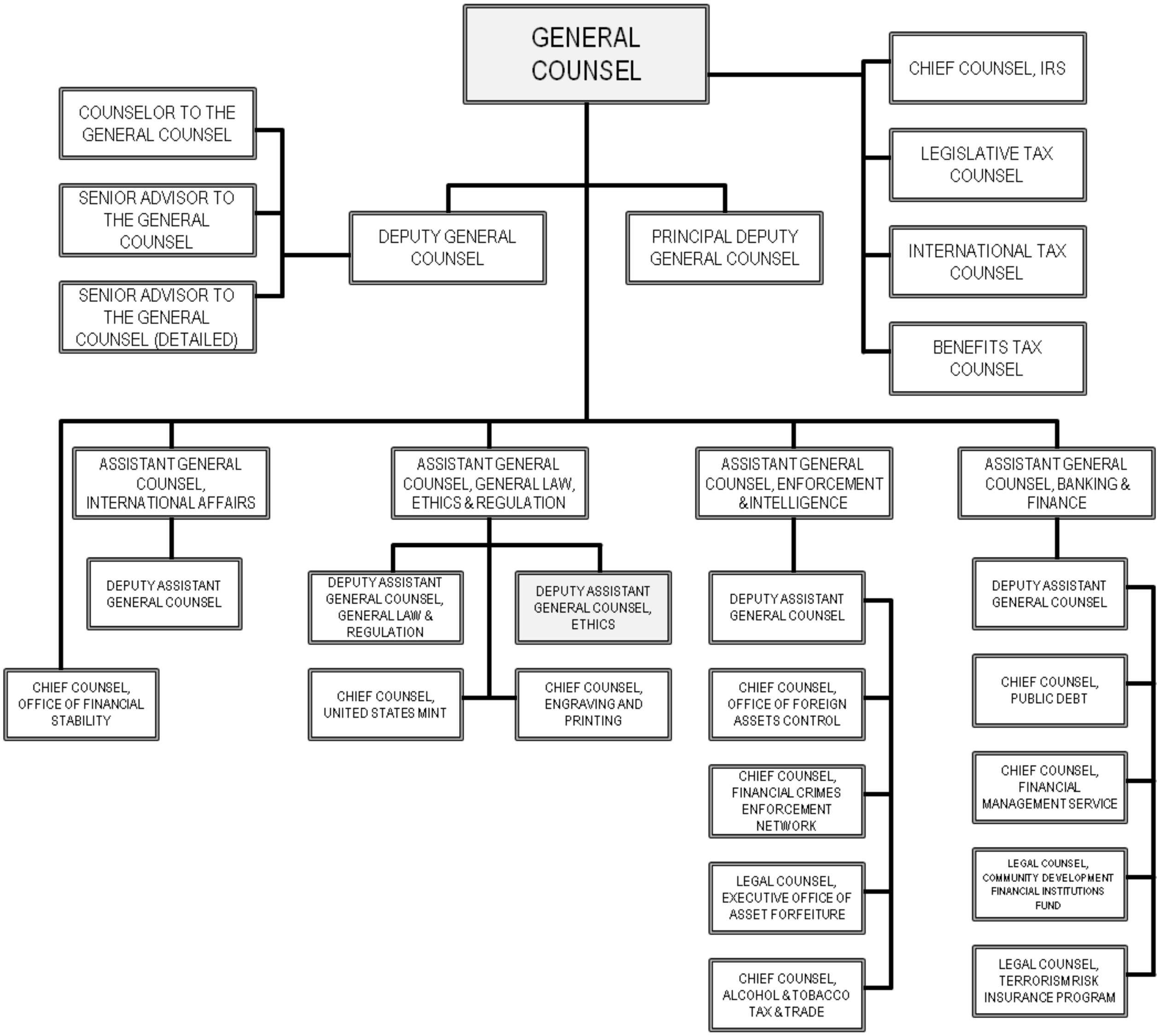

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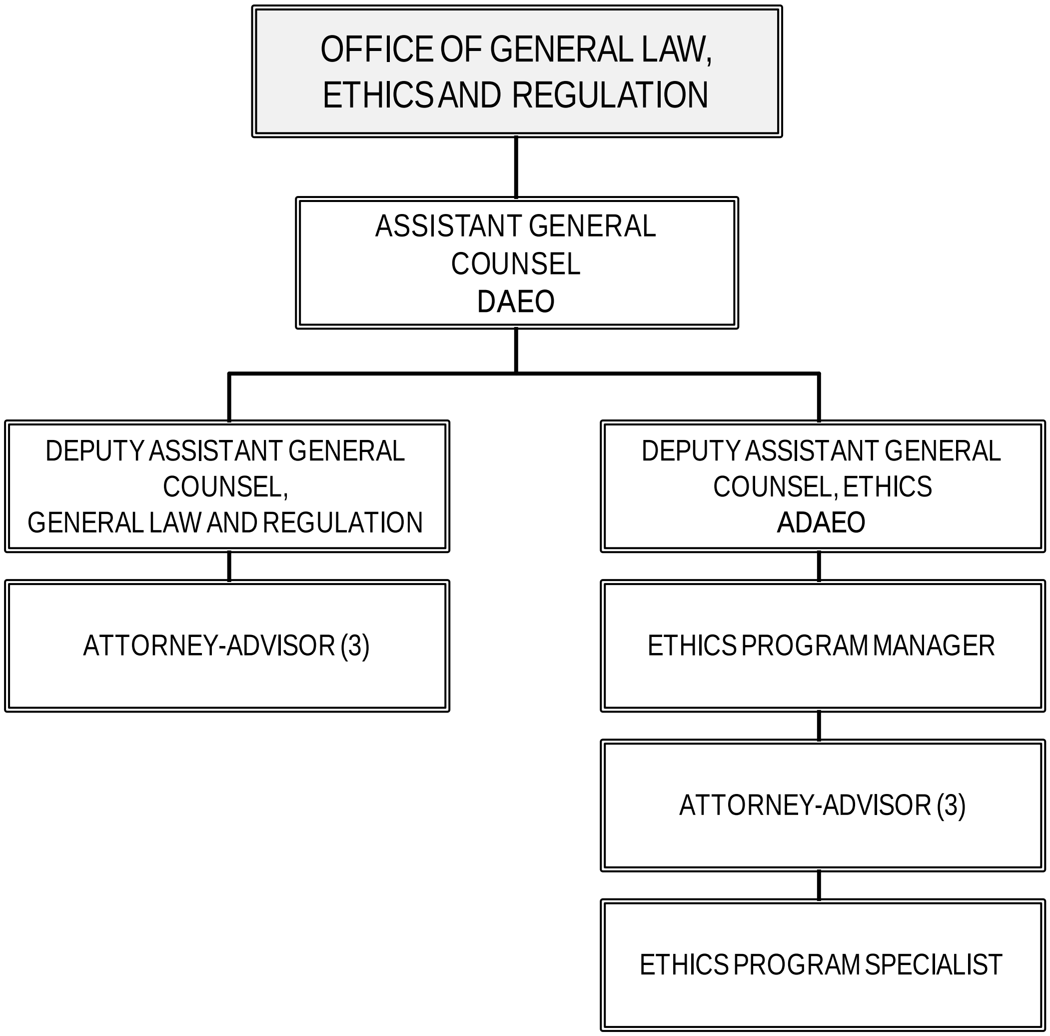

APPENDIX B

Proposed Ethics Personnel Responsibilities for the 2013 Post-Election Period