



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

August 8, 2003

Britanya E. Rapp
Associate General Counsel and
Designated Agency Ethics Official
Corporation for National and
Community Service
Room 8201
1201 New York Avenue, NW.
Washington, DC 20005

Dear Ms. Rapp

The Office of Government Ethics (OGE) has completed its review of the Corporation for National and Community Service's (Corporation) ethics program. This 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 laws and regulations. The review was conducted during May 2003.

HIGHLIGHTS

We were pleased to find that the Corporation has a model ethics program that not only complies, but extends well beyond OGE's minimum regulatory requirements in every program area. The ethics program achieves a remarkable level of effectiveness and integration into the Corporation's overall culture, an achievement reflective of the collective dedication of you and the ethics staff. Because OGE encourages agencies to implement best practices in order to maintain an overall effective program, we have highlighted throughout this report the many best practices that the Corporation ethics program exhibits

ETHICS PROGRAM ADMINISTRATION

The Corporation's Office of General Counsel (OGC) administers the agency's ethics program, for which you serve as the Designated Agency Ethics Official (DAEO), devoting 80 percent of your time to ethics. You are assisted by the Alternate DAEO, who spends approximately 20 percent of her time on ethics, and an Ethics Advisor, who is primarily responsible for managing the confidential financial disclosure program. You and the Alternate DAEO are known to Corporation employees as the Corporation Ethics Official and Alternate Corporation Ethics Official, respectively.

EDUCATION AND TRAINING

The Corporation is exceeding OGE's minimum requirements for both initial ethics orientation and annual ethics training.

Initial Ethics Orientation

The Corporation exceeds initial ethics orientation requirements by providing in-person training for new employees, including full-time Presidentially-appointed, Senate-confirmed (PAS) employees, and giving briefings to potential Corporation employees.

New employees at the Corporation receive initial ethics orientation during "New Employee Orientation" sessions, which are conducted approximately every other month and typically last a day and a half. At these sessions, new employees participate in interactive ethics training scenarios, guided by PowerPoint slides and led by you and the Alternate DAEO. You also provide new employees with a brochure which contains a brief summary of the Standards of Ethical Conduct for Employees of the Executive Branch (Standards) and contact information for you and the other ethics officials. The brochure directs new employees to the entire text of the Standards, posted on the Corporation's intranet. Employees are informed that they have one hour of official duty time to read the Standards, and should do so within 30 days of entering on duty, a policy that encourages timely completion of the training.

Your practice of meeting with new (full-time) PAS employees in person enhances the customer service aspect of the Corporation's ethics program and enforces your role of helping employees understand their responsibilities under the ethics rules.

In addition to the aforementioned initial ethics orientation process, you also talk to potential Corporation employees when requested to do so by the Chief Executive Officer (CEO) or Chief Financial Officer (CFO), to provide them with an overview of the ethics rules to which they will be held, if hired. This is a customer-friendly practice that demonstrates your commitment to serving the Corporation's ethics program

Annual Ethics Training

You exceed annual ethics training requirements by providing training to all 600-plus Corporation employees, regardless of whether they are required to receive it. You also go above and beyond by providing verbal in-person training to high-level officials, tailoring ethics materials for special Government employees (SGE), integrating ethics into supervisory training, and utilizing organized record-keeping practices to track completion.

In 2002, you trained all headquarters Corporation employees by attending staff meetings where you spent one hour discussing criminal statutes, ethics principles, and enforcement mechanisms. Providing training in the structure of staff meetings not only allowed you to tailor the material to each audience, but also demonstrated to employees their supervisors' support of the ethics program. Where practicable, you also give in-person annual ethics briefings to the Corporation's CEO and other PAS employees, a practice we encourage you to continue. Alternately, the CEO's appearance at training sessions is a valuable endorsement of the ethics program.

To ensure full compliance with the annual ethics training requirements, you tracked employees' attendance at meetings, held conference calls with regional employees, and offered make-up options to those who could not attend the meetings. Your diligence in tracking completion of annual ethics training conveys to employees that this training is both significant and mandatory. Further, the newly-implemented tracking mechanism, an Excel spreadsheet which contains each employee's arrival and departure dates, training completion date, and type of financial disclosure report, if any, he or she files, appears to be efficient.

Members of the Corporation's Board of Directors (Board) and of the newly-established President's Council on Service and Civic Participation (Council), all of whom are SGEs, receive a version of the Standards prepared specifically for them. You also disseminated a brochure, "Rules and General Principles of Ethical Conduct," to Council members. Such tailored publications communicate to employees the relevance of ethics rules to their particular positions. Requiring that they complete an acknowledgment form solidifies that the responsibility of knowing the ethics rules is theirs.

Lastly, we were pleased to discover that a one-hour portion of the Corporation's supervisory training is devoted to ethics. The corresponding Supervisor's Desk Reference also contains a thorough section on ethics which provides a description of supervisors' roles with respect to each subpart of the Standards.

COUNSELING AND ADVICE

The Corporation has established ethics counseling and advice services that meet and exceed the requirements of 5 C.F.R. § 2638.203(b)(7) and (8). Specifically, we noted that employees feel comfortable seeking advice and already have a general awareness of the ethics rules. Files are well organized, advice is consistent, the ethics office is well advertised, your post-employment counseling is excellent, and it appears that ethics agreements are being carefully honored.

The samples of written counseling and advice that we examined were complete, accurate, and in accordance with applicable statutes and regulations. Based on the consistently high volume of inquiries you receive (approximately five or six per week), it is clear that employees feel comfortable contacting you, an element that is crucial to the success of any agency's ethics program. Further, by examining employees' inquiries to you, we concluded that many employees already had a general awareness of the ethics rules and were simply seeking confirmation from you. Such an awareness among employees is indicative of effective ethics training.

Your organized filing, by subject, of written advice you have issued, coupled with your efforts to keep the Alternate DAEO aware of the questions you receive and the responses you provide, ensure that consistent responses are given by both you and the Alternate DAEO.

Overall, the ethics office appears to be well advertised, resulting in a well-utilized ethics office. The OGC's Web page on the Corporation's intranet is a handy resource for employees and advertises the ethics office by offering contact information for you and the other ethics officials.

We were particularly impressed with the post-employment counseling procedures at the Corporation. In order to provide a departing employee with post-employment counseling, ethics officials must first be aware of when the employee is leaving, and subsequently ensure that they contact and meet with the employee before he or she leaves the agency. The mechanisms you have established to ensure that this occurs appear to be fail-safe. The Corporation's out-processing form, entitled "Clearance for Final Salary Payment," requires employees to certify that they have met with an ethics official to receive post-employment information and have filed a financial disclosure report, if required. For regional employees, you provide such counseling via telephone, after which you issue a code for these employees to document on the form. Departing employees receive your "Post Employment Guide" brochure, which contains a user-friendly overview of the restrictions applicable to former employees, including procurement officials. In addition to the out-processing form, you have secured the valuable assistance of the Corporation's Office of Human Resources (OHR). OHR regularly sends your office a listing of all new, transferring, and departing employees, which you use as another safeguard to ensure that employees leaving the Corporation receive post-employment counseling.

The ongoing counseling you provide to the CEO, CFO, and other Corporation employees who have established ethics agreements is in the spirit of "preventative maintenance," the theme which you feel

describes the advice and counseling services you and the Alternate DAEO provide. Screeners have been appointed to assist in keeping matters that might pose conflicts of interest from coming before the CEO and CFO. These screeners contribute significantly to the honoring of ethics agreements to which these highly visible PAS employees are held.

FINANCIAL DISCLOSURE SYSTEMS

The Corporation's public and confidential financial disclosure systems are in compliance with applicable laws and regulations and are supported by comprehensive written procedures outlining the responsibilities of filers, filers' supervisors, ethics officials, and OHR. The procedures, available on the Corporation's intranet, contain frequently-asked questions, useful tips, and a listing of covered positions.

Public Financial Disclosure System

Almost all of the public financial disclosure reports were filed, reviewed, and certified in a timely manner. An effective system for collecting new entrant reports and providing personalized assistance to filers contributes to this success.

In 2002, all 45 non-PAS employees required to file public financial disclosure reports did so. Our examination found that only 3 reports were filed late (less than 30 days), and all 45 were reviewed and certified in a timely manner. We found no substantive deficiencies and only a few minor technical issues. While no PAS termination reports were required, the one annual PAS report was filed, reviewed, and forwarded to OGE in a timely manner.

Given the high proportion of new entrant filers, the timely filing of all of these reports is exceptional. Below are delineated those of your practices that we feel contribute to the efficiency of the public financial disclosure system and the timely identification of new entrant filers.

First, the database that OHR maintains, wherein all Corporation employees' positions are coded to reflect their filing status, is one of the most effective ways for ethics officials to identify new entrant filers in a timely manner. Because the database includes employees' entrance-on-duty date, and a code to reflect whether they are public filers, confidential filers, or non-filers, it plays a key role in both the public and confidential systems.

Second, the cooperation you have established between your office and OHR is remarkable. In particular, the e-mails that OHR routinely sends to your office when a new employee is hired,

changes jobs internally, or is leaving the Corporation allow you to fulfill your responsibilities under the ethics program in a timely manner, without the administrative burden of locating and tracking personnel changes. Should any new employee "slip through the cracks," the general office e-mail notifications sent by the Director of Personnel to provide biographies of new employees serve as an additional reminder.

Third, your diligence in continuously updating the master list of filers also facilitates the timely capture of new entrants. By collaborating with OHR to review position descriptions, you are able to ensure that employees are appropriately filing financial disclosure reports, notwithstanding changes in their duties.

Fourth, the support of management, including filers' supervisors, conveys to employees that noncompliance with Federal requirements will not be tolerated. When necessary, you have enlisted the assistance of filers' supervisors, who respond accordingly and help disseminate reminder notices and/or contact late filers. We were pleased to discover such strong working relationships between the ethics office and Corporation management.

Finally, the fact that you offer personalized assistance to public filers in completing their reports each year is commendable. Such a level of service strengthens filers' trust in you as their ethics official and allows you to conduct a thorough conflict of interest analysis with less time spent contacting public filers to obtain clarifying information, thereby aiding in the timely reviewing of reports.

Confidential Financial Disclosure System

The confidential financial disclosure system generally meets all the regulatory requirements. We commend the Ethics Advisor for his administration and management of the confidential financial disclosure system. In particular, the Microsoft Word version of the OGE Form 450 that he created allows filers to complete their reports, easily make amendments, and save the form each year. His timely notification of confidential filers, maintenance of a master list, diligent tracking of the reports, and thorough conflict of interest analyses contribute to a confidential system that parallels the effectiveness of the public system.

In 2002, all 312 of the confidential financial disclosure reports for the Corporation's non-SGEs were filed as required. To assess the effectiveness of the confidential system, we examined a sample of 50 reports, consisting of 48 incumbent and 2 new entrant reports. Of these, we found that 12 were filed late, but only 3 of the 12 were filed over 30 days late. All 50 reports were reviewed and certified well within the 60-day review period.

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In addition, we reviewed the 8 reports filed by the Board members, who are PAS employees designated as SGEs but who work 60 days or less in a calendar year. We found that 5 reports had been filed late, although only 1 was filed more than 30 days late. All but one of these reports were reviewed timely. We recognize that you notify Board members of the filing due date in a timely manner and that it is often difficult to obtain reports from them as they maintain other full-time jobs and do not have access to the Corporation's intranet, where electronic reports are available.

With respect to the Council members, also SGEs, we concur with your decision to exempt them from filing confidential financial disclosure reports based on the provision in 5 C F R. § 2634.905, which allows for certain individuals to be excluded from the confidential filing requirements if their duties make remote the possibility of being involved in a real or apparent conflict of interest. You based your decision mainly on the fact that Council members have no procurement or grant making responsibilities and primarily serve to promote the President's Volunteer Service Awards.

INSPECTOR GENERAL

We are confident that our Office would be concurrently notified of any referrals to the Department of Justice (DOJ), as required by 5 C.F.R. § 2638.603. Furthermore, a positive working relationship exists between the Corporation's Office of Inspector General (OIG) and ethics officials, such that the Corporation appears to be complying with § 2638.203(b)(11) and (12).

As you know, agencies are required by 5 C.F.R. § 2638.603 to concurrently notify OGE of any referrals made to DOJ of potential violations of the criminal conflict of interest statutes. Based on our discussion with the Corporation's Counsel to the Inspector General, this responsibility rests with one individual in the OIG. Although there have been no such referrals in the recent past, we feel confident that actions would be taken to investigate, refer to DOJ, and concurrently report to OGE any such violations.

We also noted that a positive working relationship and open communication channels exist between the ethics office and the OIG. The establishment of such a relationship facilitates information sharing between the two offices and your utilization of OIG services.

ACCEPTANCE OF TRAVEL PAYMENTS FROM NON-FEDERAL SOURCES

The Corporation rarely accepts travel payments from non-Federal sources pursuant to 31 U.S.C. § 1353 and the implementing

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regulation at 41 C.F.R. part 304-1. This is attributable to your "bright line policy," which discourages the acceptance of such offers from all entities (except for collaborative partners) with which the Corporation is doing business. The Corporation's travel management policy does inform employees that all offers from non-Federal sources must be approved in advance by the CFO and directs employees to contact you.

During the period of October 2001 through September 2002, the Corporation only accepted one payment exceeding \$250. Our examination of this acceptance revealed that you conducted a conflict of interest analysis, appropriately approved it prior to the travel, and timely reported the payment to OGE using the SF 326.

We wish to thank you and all other Corporation personnel involved in this review for your extensive efforts on behalf of the Corporation's ethics program. A copy of this report is being sent to the Corporation's Inspector General. Please contact Christelle Klovers at 202-482-9255 if we can be of further assistance.

Sincerely,



Jack Covaleski
Deputy Director
Office of Agency Programs

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