



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

December 13, 2011

Jay P. Fraude
General Counsel
Defense Security Service
1340 Braddock Place
Alexandria, VA 22314

Dear Mr. Fraude:

The United States Office of Government Ethics (OGE) conducted an on-site follow-up review of the ethics program at the Defense Security Service (DSS) to determine whether the improvements recommended or suggested in our February 2011 report have been achieved.

During OGE's initial review of DSS' ethics program, OGE found that DSS had challenges in timely identifying new entrant confidential financial disclosure filers. There were also delays in providing new entrant filers with notice of the requirement to file once they had been identified. At the time of the initial review, DSS ethics officials were already working with the Human Resources Office to improve the process of identifying filers. DSS was also preparing to adopt the Department of the Army's Financial Disclosure Management System (FDM). OGE recommended that DSS "[D]evelop an efficient process to obtain accurate and timely personnel data so that new entrant confidential filers are identified in sufficient time for the filers to meet the 30-day filing requirement." OGE also suggested that DSS document those procedures in writing and specify the names of filers granted extensions and the length of the extensions granted.

To address OGE's recommendation, DSS ethics officials worked closely with the Human Resources Office to establish new procedures to help ensure the timely filing of new entrant confidential financial disclosure reports. This included reviewing all positions to verify they were properly coded to indicate whether the position is covered for purposes of confidential financial disclosure. It was agreed that the Human Resources Office would notify ethics officials when new entrant confidential filers are hired within one day of the filers' entry on duty. These new procedures have been documented in writing and incorporated into DSS' standard operating procedures. OGE reviewed the written procedures during the follow-up review and determined that they appear to provide, if adhered to, reasonable assurance that new entrant filers will be timely identified. A review of filing dates recorded in FDM indicated that the procedures have vastly improved the timely filing of new entrant reports. FDM has also made it easier for ethics officials to directly contact filers to inform them of the requirement to file. Further, FDM tracks which filers have been granted filing extensions and the length of those extensions.

OGE's initial review also noted that DSS requires employees to obtain prior approval before engaging in outside activities, in accordance with the Department of Defense's Joint

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Ethics Regulation (JER). However, in drafting approvals for employees to engage in outside activities, DSS ethics officials were referencing DSS Regulation 11-735, a DSS standards of conduct regulation which was superseded by the JER. OGE suggested that DSS refrain from referencing DSS Regulation 11-735 in its outside activity approvals. DSS agreed and has ceased using the reference.

Based on our follow-up, we have determined that DSS has adequately implemented the recommendation in the February 2011 review report. As a result, OGE has closed the recommendation. Thank you for your assistance during the follow-up process. Please contact me at 202-482-9317 if you require any additional information.

Sincerely,

A handwritten signature in cursive script that reads "Rashmi Bartlett".

Rashmi Bartlett
Associate Director