

DOCUMENT RESUME

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[Review of Department of Commerce Actions To Improve Its Financial Disclosure System]. FPCD-78-42; E-103987. April 13, 1978. 3 pp.

Report to Rep. Benjamin S. Rosenthal, Chairman, House Committee on Government Operations: Commerce, Consumer and Monetary Affairs Subcommittee; by H. L. Krieger, Director, Federal Personnel and Compensation Div.

Issue Area: Federal Personnel Management and Compensation: Financial Disclosure and Resolving Conflicts of Interest (316).

Contact: Federal Personnel and Compensation Div.

Budget Function: General Government: Central Personnel Management (805).

Organization Concerned: Department of Commerce; Maritime Administration.

Congressional Relevance: House Committee on Government Operations: Commerce, Consumer and Monetary Affairs Subcommittee. Rep. Benjamin S. Rosenthal.

Subsequent to issuance of the GAO report "Problems Found in the Financial Disclosure System for Department of Commerce Employees," the Department established a Task Group to develop proposals for changes in the financial disclosure system and to establish plans for implementation. The Task Group developed four independent studies, but no further action was taken to improve the financial disclosure system, and GAO's recommendations were not implemented. The status of 18 interests held by Maritime Administration employees which were questioned in the report was as follows: eight were determined not to be conflicts of interest, nine were divested, and one was not resolved because of an agency oversight. Of 27 financial disclosure statements of Maritime Administration employees reviewed, one financial interest raised the appearance of a conflict of interest. The employee agreed to disqualify himself from performing duties which would involve the company in which the stock was held. (HTW)



UNITED STATES GENERAL ACCOUNTING OFFICE

WASHINGTON, D.C. 20548

FEDERAL PERSONNEL AND
COMPENSATION DIVISION

APR 13 1978

IS-103987

The Honorable Benjamin S. Rosenthal
Chairman, Subcommittee on Commerce,
Consumer, and Monetary Affairs
Committee on Government Operations
House of Representatives

Dear Mr. Chairman:

On February 22, 1978, you requested our office to review the actions taken by the Department of Commerce to implement the recommendations in our report "Problems Found in the Financial Disclosure System for Department of Commerce Employees" (FPCD-76-55, August 10, 1976). You also requested that we review the financial disclosure statements of Maritime Administration employees in grades GS-16 and above to determine whether they held any interests which conflicted with their duties.

We have completed work on this review and found that:

- the Department has not implemented the recommendations contained in our report to improve their financial disclosure system, and
- one employee in the Maritime Administration owned one interest in a corporate stock which could create the appearance of a conflict of interest with his official duties.

REPORT RECOMMENDATIONS
WERE NOT IMPLEMENTED

Subsequent to the issuance of our report, the Department established a Departmental Task Group to develop proposals for changes in the Department's financial disclosure system and to establish plans to implement these changes in early 1977. This Task Group developed four independent

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draft studies concerning various aspects of the financial disclosure system. These studies were completed in late 1976, and since that time no further action has been taken by the Department concerning these studies or to otherwise improve its financial disclosure system. The Department has delayed action while awaiting passage by the Congress of comprehensive financial disclosure legislation.

In our report we also questioned 18 financial interests held by 16 Maritime Administration employees that appeared to conflict with their assigned duties, or were in companies that received subsidies from the Maritime Administration. These questionable interests were resolved as follows:

- Eight interests were determined not to be conflicts of interest or the appearance thereof;
- Nine interests were divested; and
- One interest apparently was not resolved due to an agency oversight.

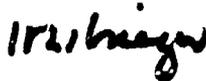
All records pertaining to the names of these employees have been destroyed by the agency to maintain the confidentiality of the financial disclosure statements. Therefore, we could not make any further determinations concerning the above interests.

REVIEW OF CURRENT FINANCIAL DISCLOSURE STATEMENTS

As requested, we reviewed the financial disclosure statements of Maritime Administration employees in 29 positions grades GS-16 and above. Two positions were vacant at the time of our review. Of the 27 statements reviewed, we questioned only one financial interest which raised the appearance of a conflict of interest. The Maritime Administration's reviewing official stated that the stock holding was not substantial, and does not constitute a conflict of interest. However, the Assistant Secretary for Maritime Affairs and the General Counsel's Office were made aware of this interest, and the employee agreed to disqualify himself from performing any Maritime Administration duties which would involve the company in which the stock is held.

We trust that this information will satisfy your request. We have also started our review pursuant to your other request of February 24, 1978, to determine what actions the bank regulatory agencies have taken to implement our report recommendations concerning their financial disclosure systems. We expect to complete this work and report to you by June 1, 1978.

Sincerely,



H. L. Krieger
Director