



Highlights of [GAO-05-341](#), a report to congressional requesters

## DEFENSE ETHICS PROGRAM

# Opportunities Exist to Strengthen Safeguards for Procurement Integrity

### Why GAO Did This Study

To help ensure defense contracts are awarded fairly and current and former employees do not use their knowledge of DOD acquisition activities to gain financial or other benefits, DOD personnel are required to conduct themselves in a manner that meets federal ethics rules and standards.

Regulations require DOD to implement an ethics program and provide that contractors must conduct themselves with the highest degree of integrity and honesty. For this report, GAO assessed (1) DOD's efforts to train and counsel its workforce to raise awareness of ethics rules and standards as well as DOD measures of the effectiveness of these efforts and (2) DOD's knowledge of defense contractors' programs to promote ethical standards of conduct.

### What GAO Recommends

GAO is recommending that DOD regularly assess training and counseling efforts to ensure that individuals covered by conflict-of-interest and procurement integrity rules receive appropriate training and counseling, ensure ethics officials track and report on the status of alleged misconduct, and assess contractors' ethics programs to gain knowledge and mitigate risk in DOD contracting relationships. In commenting on a draft of this report, DOD agreed with two recommendations and partially concurred with the third.

[www.gao.gov/cgi-bin/getrpt?GAO-05-341](http://www.gao.gov/cgi-bin/getrpt?GAO-05-341).

To view the full product, including the scope and methodology, click on the link above. For more information, contact David C. Cooper at (202) 512-4125 or [cooperd@gao.gov](mailto:cooperd@gao.gov).

### What GAO Found

To implement its ethics program, DOD has delegated responsibility for training and counseling employees on conflict-of-interest and procurement integrity rules to more than 2,000 ethics counselors in DOD's military services and agencies. These efforts vary in who is required to attend training and counseling, the content of ethics information provided, and how often the training and counseling is provided. While some variation may be warranted, DOD lacks the knowledge needed to determine whether local efforts are meeting the objectives of its ethics program—in large part because DOD does not systematically capture information on the quality and content of the training and counseling or employee activity as they relate to ethics rules and restrictions. Specifically, ethics counselors were unable to tell us if people subject to procurement integrity rules were trained. Instead, DOD evaluates its ethics program in terms of process indicators—such as the number of people filing financial disclosure forms, the number of ethics officials providing training and counseling services, and the amount of time ethics officials spend on such activities—which do not provide metrics to assess the effectiveness of local training and counseling efforts. DOD also lacks adequate information on the number and status of allegations of potential misconduct related to conflict-of-interest and procurement integrity rules. Ethics officials did not know of 53 reported allegations of potential misconduct referred to inspectors general offices. DOD has taken several actions since October 2004 aimed at enhancing its ethics program. However, without knowledge of training, counseling, and reported allegations of misconduct, DOD is not positioned to assess the effectiveness of its efforts.

DOD's knowledge of defense contractor efforts to promote ethical standards is also limited. Defense regulations provide that contractors should have certain management controls, such as ethics training for all employees and systems to detect improper conduct in connection with government contracts. However, DOD had not evaluated the hiring practices of the contractors GAO contacted. Neither the Defense Contract Management Agency nor the Defense Contract Audit Agency—the agencies responsible for oversight of defense contractors' operations—had assessed the adequacy of contractors' practices for hiring current and former government employees. An independent review of one of DOD's largest contractors found that the company lacked the management controls needed to ensure an effective ethics program. Instead, the review found that the company relied excessively on employees to self-monitor their compliance with post-government employment restrictions. The review concluded that by relying on self-monitoring, the company increased the risk of noncompliance, due to either employees' willful misconduct or failure to understand complex ethics rules.