

# AGENCY Financial Report

FISCAL  
YEAR  
2020



UNITED STATES  
OFFICE OF  
GOVERNMENT  
ETHICS

# MISSION

PROVIDE OVERALL  
LEADERSHIP AND  
OVERSIGHT OF THE  
EXECUTIVE  
BRANCH  
ETHICS PROGRAM  
DESIGNED TO  
PREVENT AND  
RESOLVE  
CONFLICTS OF  
INTEREST

UNITED STATES OFFICE OF  
GOVERNMENT ETHICS



NOV 12 2020

The Honorable Russell Vought  
Director  
Office of Management and Budget  
725 17th Street, NW  
Washington, DC 20503

Dear Director Vought:

I am pleased to transmit to you the Annual Financial Report (AFR) for the U.S. Office of Government Ethics (OGE) for fiscal year 2020. The AFR includes OGE's Management Discussion and Analysis of Results and OGE's Management Assurances and Audited Financial Statements.

OGE management is responsible for establishing and maintaining effective internal controls over financial reporting, safeguarding of assets, and complying with applicable laws and regulations. In accordance with OMB guidance, I have determined to the best of my knowledge and belief that the performance and financial data included in this report are complete and reliable. OGE has received an unqualified opinion on its financial statements as of September 30, 2020, and the auditors found no material weaknesses related to OGE's compliance in internal controls over financial reporting.

If you need additional information with regard to this submission please contact Shelley Finlayson, OGE's Chief of Staff and Program Counsel, at 202-482-9314.

Sincerely,

A handwritten signature in blue ink that reads "Emory Rounds".

Emory A. Rounds, III  
Director

Enclosure



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## Part I – Management’s Discussion and Analysis

This section provides a brief description of the U.S. Office of Government Ethics’ (OGE) mission and organizational structure, a high-level discussion of OGE’s key performance goals, and an analysis of OGE’s financial statements and stewardship.<sup>1</sup>

### **Mission Statement and Background**

The U.S. Office of Government Ethics (OGE), established by the Ethics in Government Act of 1978, provides overall leadership and oversight of the executive branch ethics program, which is designed to prevent and resolve conflicts of interest. OGE’s mission is part of the very foundation of public service. The first principle in the Fourteen General Principles of Ethical Conduct for Government Officers and Employees is “Public service is a public trust, requiring employees to place loyalty to the Constitution, the laws, and ethical principles above private gain.”

As the statutorily established supervising ethics office for the executive branch, OGE ensures that the ethics program remains an effective prevention mechanism to guard against conflicts of interest and violations of ethical standards. OGE works to prevent corruption in the federal executive branch in partnership with officials across government and civil society. Each day, some part of the ethics program is at work in every agency in the executive branch. The program ensures that Presidential appointees are aware of their ethical obligations and role in creating an ethical culture in their organizations as they begin government service. It ensures that public servants at all levels remain free from conflicts of interest, and even the appearance of conflicts of interest, as they carry out the responsibilities the American people have entrusted to them. It ensures that employees who are seeking to leave the government avoid conflicts of interest and, after they leave, it ensures that they do not exercise undue influence over their former agencies on behalf of others. Above all, the program works to protect the public’s trust in government.

To carry out its vital leadership and oversight responsibilities for the executive branch ethics program, OGE:

- promulgates, maintains, and advises on enforceable standards of ethical conduct for the nearly 3 million employees in over 130 executive branch agencies, including the White House;
- oversees a financial disclosure system that reaches more than 26,000 public and more than 380,000 confidential financial disclosure report filers;
- ensures that executive branch agency ethics programs are in compliance with applicable ethics laws and regulations;

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<sup>1</sup> OGE has chosen to produce an Agency Financial Report (AFR) and Annual Performance Report (APR) in lieu of a Performance and Accountability Report. OGE will provide more detailed information regarding its performance goals and results in its fiscal year 2020 APR, which OGE will post on its [website](#) by the spring of 2021.

- offers education and training to the more than 5,000 ethics officials executive branchwide;
- conducts outreach to the general public, the private sector, and non-governmental organizations; and
- provides technical assistance to Congress; state, local, and foreign governments; associations; and international organizations.

OGE’s greatest resource is its multidisciplinary staff of attorneys, ethics and financial experts, and other key personnel. OGE is a lean organization, operating at



fewer than its 80 authorized full-time equivalents (FTE). OGE is led by a Director who is confirmed by the Senate and appointed to a 5-year term by the President. As shown in the organizational chart in Figure 1, in addition to the Office of the Director, OGE is divided into four divisions that work together to carry out OGE’s mission.

**Figure 1: OGE Organizational Chart**

### Performance Highlights

The public can have greater confidence in the integrity of executive branch programs and operations when government decisions are made free from conflicts of interest. OGE’s four strategic goals for fiscal years 2018 through 2022 – uniformity, accountability, continuity, and engagement – reflect the long-term outcomes that OGE strives to achieve in order to prevent and resolve conflicts of interest. See Figure 2.

The daily work of OGE is driven by the strategic objectives and performance goals established under each of the overall strategic goals set forth below. OGE achieved an extraordinary array of successes in fiscal year 2020. Despite its normal heavy workload and the disruptions caused by COVID-19, OGE met or exceeded its performance goals<sup>2</sup>, successfully achieved three major mission-critical projects of executive branchwide impact, and provided critical support to the ethics community in response to the pandemic.

Below are performance highlights from each of OGE’s major programs that support OGE’s strategic goals.

<sup>2</sup> OGE’s performance goals are based on statistical data from a variety of existing sources, including post-training evaluations, an annual agency ethics program questionnaire, and the Annual Survey of Ethics Officials. One of OGE’s performance goals is tied to the Federal Employee Viewpoint Survey. Due to COVID-19, the survey was delayed and therefore OGE is unable to report on one of its performance goal.

*Strategic Goal 1: Advance a strong, uniform executive branch ethics program*

Advancing a strong, uniform ethics program is important because of the way that the executive branch ethics program is structured. As noted above, OGE supervises a program that spans over 130 agencies and nearly 3 million employees. Thus, it is essential that the ethics program have uniform standards that OGE can administer across all agencies. To achieve this significant goal, OGE provides expert guidance and support to stakeholders both within and outside government; strengthens the expertise of officials who are integral to the executive branch ethics programs through education and on-demand support; and continuously refines ethics policy and issues interpretive guidance.

*Desk Officer Support:* OGE provides necessary support to agency ethics officials so that they can provide uniform and effective ethics guidance to nearly 3 million federal employees in the executive branch who serve the American people. OGE provides timely, expert advice on applying ethics laws and regulations, and disseminates up-to-date ethics information ethics practitioners need to do their jobs effectively. OGE's Desk Officers assist agencies in resolving difficult ethics issues requiring expertise that only the supervising ethics office can provide. In fiscal year 2020, OGE Desk Officers and attorneys responded to approximately 1,200 requests for assistance from agencies. Desk Officers also proactively engaged with agency ethics offices through in-person meetings to provide expertise and support, and to raise awareness of the range and availability of OGE's services. On several occasions, OGE Desk Officers met with new ethics officials to provide an overview of the requirements of the ethics program and to introduce them to the services provided by OGE. Ninety-nine percent (99%) of survey respondents indicated that Desk Officers helped them to perform their job duties.

*COVID-19 Response:* OGE provided leadership, guidance, training, and strategic communications to help agencies responding directly to the pandemic and those employees working to manage the social, economic, and other effects of COVID-19 maintain the public's trust. OGE also helped ethics programs remain effective while workplaces were disrupted and workforces were dispersed.

*Congressional Affairs:* In addition to assisting executive branch ethics officials, OGE responded to requests for assistance from other key stakeholders, including Congress. OGE serves as the legislative liaison on behalf of the entire executive branch ethics program. OGE works to build congressional understanding of the executive branch ethics program and to inform congressional oversight and revisions to ethics laws. Notably, OGE responded in writing to several complex inquiries from members of Congress, sent several policy letters, and provided nearly 40 telephone consultations in response to requests for technical assistance on draft legislation and a wide variety of executive branch ethics issues. OGE provided briefings, upon request, to staffers from seven Senate committees. During the fiscal year, OGE also tracked 186 bills of relevance to the executive branch ethics program introduced in the 116th Congress.

*Integrity Support:* OGE continued to support agencies' use of *Integrity*, OGE's executive branchwide electronic public financial disclosure filing system. Use of the system expanded to approximately 24,000 filers/33,000 *Integrity* users and continued to be fully adopted for filing by the highest-level executive branch officials. OGE continued to provide necessary *Integrity* help desk services and user resources, including written online tools, and live orientations and training.

*Training:* OGE provided ethics training to ethics officials across the executive branch, which is essential to ensuring uniformity in the application of ethics laws and policy. In fiscal year 2020, OGE offered a wide array of educational offerings to ensure that ethics officials had access to the expertise and tools needed to do their jobs. The Institute for Ethics in Government (IEG) learning portal is an efficient way for agency ethics officials to obtain the educational materials that are most pertinent to their particular needs. Currently, OGE makes available all 156 of the video and audio recordings of its distance-learning events, as well as the informational slide decks, job aids, and reference materials created to support those events. OGE frequently encourages ethics officials to use these on-demand courses and materials to train their own staffs and agency employees.

In fiscal year 2020, OGE provided four orientation sessions to new Designated Agency Ethics Officials (DAEO) and Alternate Designated Agency Ethics Officials (ADAEO) to introduce them to their roles and responsibilities as ethics program leaders and advocates. Sixty-nine officials participated in these training sessions. Overall, OGE's training was rated as highly effective, with one hundred (100%) percent of participants surveyed reporting that they can more effectively perform their ethics job functions as a result of attending courses offered by OGE.

*National Government Ethics Summit:* In March 2020, OGE successfully held the National Government Ethics Summit, a cost-effective, multi-day training event for over 500 executive branch ethics officials and external stakeholders, despite the unexpected disruption caused by COVID-19.

The Summit provided members of the government ethics community with opportunities to deepen their knowledge of the ethics rules, share lessons learned through extensive practical experience, listen to viewpoints from outside government, and build connections with fellow ethics officials who can lend a hand in resolving complex ethics issues.

OGE had planned to convene this event in federal space in the Washington, D.C. Metro area, but was forced by the COVID-19 pandemic to move the event online the day before it was scheduled to begin. OGE made this decision to protect the health of attendees and organizers. OGE used existing virtual capabilities to quickly pivot and deliver 52 of the 64 (81%) scheduled sessions virtually. These virtual events garnered more than 4,000 views. Members of the public and media can view Summit training materials online, free of charge. In total, the event comprised more than 60 hours of virtual content.



Each day of the three-day Summit had a theme: Emerging Issues, Program Success and Accountability, and Election Readiness. Throughout the Summit, attendees learned about important emerging issues, such as issues related to the increased demand for ethics documents; program topics, such as managing for an ethical culture; and election preparedness topics, such as advanced nominee financial disclosure.

OGE's Summit provided essential training to ensure that agency ethics officials are prepared for the Presidential election, confidently able to manage emerging ethics issues, and well equipped with practices to create stronger ethics programs and ethical cultures across the executive branch.

*Ethical Leadership:* Ethical culture begins with ethical leadership throughout an organization. In fiscal year 2020, OGE sought more opportunities to engage agency leaders on the importance of ethics and to sensitize federal managers to ethics issues. OGE engaged with senior leadership directly and indirectly through its external communications, its involvement in nominee financial disclosure reports and ethics agreements, its publications, and its education program. OGE's Director met with the head of four regulatory agencies. OGE also issued a [memorandum](#) to agency heads asking them take affirmative steps to remind their agency officials and employees of the importance of ethics in government. In addition, OGE continued to conduct training for new Senior Executive Service members about the importance of ethics and their vital role in maintaining the public's trust.

*Regulatory Modernization:* In fiscal year 2020, for the first time in its history, OGE held two public meetings, which provided OGE with the opportunity to receive valuable stakeholder input on its development of a legal expense fund regulation before publishing a proposed rule. As required by the Ethics in Government Act (EIGA), OGE submitted the draft proposed rule to the Department of Justice (DOJ) and the Office of Personnel Management (OPM) for consultation. Consultation with DOJ and OPM is a requirement for all of OGE's pending proposed rules pertaining to conflicts of interest and ethics in the executive branch. At the conclusion of that consultation, OGE submitted the regulation to the Office of Management and Budget (OMB) for interagency review. OGE began the process of reviewing the comments received during the interagency review.

Also in fiscal year 2020, OGE continued its work to modernize the Standards of Conduct by completing an in-depth regulatory review of the Standards. OGE expects to publish a proposed regulation modernizing these rules in fiscal year 2021. In addition, OGE continued its regulatory review of the regulation governing financial disclosure conflict of interest exemptions.

*Advice and Guidance:* In addition to providing day-to-day assistance through the Desk Officer program, OGE issued 17 legal and program advisories to disseminate critical information to the executive branch ethics community and to promote uniform interpretation of ethics laws, regulations, and policies. Advisories are an integral

component of the body of interpretive and programmatic guidance that executive branch ethics officials rely on daily. OGE issued advice on emerging ethics issues and in response to agency ethics officials on specific questions from employees. A survey of executive branch ethics officials found that ninety-seven percent (97%) of respondents reported that OGE's advisories help them perform their job duties.

*Strategic Goal 2: Hold the executive branch accountable for carrying out an effective ethics program*

OGE not only supports the ethics officials who carry out the program executive branchwide, it also ensures that agencies have effective ethics programs. OGE accomplishes this by monitoring agency compliance with executive branch ethics program requirements and monitoring senior leaders' compliance with individual ethics commitments. In performing its oversight function, OGE ensures that executive branch agencies are held accountable for carrying out effective ethics programs. Through its program review, data collection, and financial disclosure review activities, OGE evaluates the processes and systems in place at the agency level to ensure consistent and successful ethics program management.

*Program Reviews:* Through agency ethics program reviews – plenary, inspection, and follow-up reviews – OGE ensures consistent and sustainable agency ethics program compliance with established executive branch ethics laws, regulations, and policies, and provides recommendations for meaningful program improvement. Program reviews include an examination of agency ethics program materials such as financial disclosure reports, documentation of ethics advice provided to employees, training records, and ethics agreement compliance tracking. In fiscal year 2020, OGE conducted 28 program reviews and 22 follow-up reviews. Additionally, OGE conducted a focused review at one agency based on evidence of potential serious program deficiencies. Reports on each of these 51 reviews were published and posted on OGE's website. In fiscal year 2020, OGE's ethics program reviews resulted in 99 recommendations addressing specific ethics program deficiencies. In cases in which OGE identified a program weakness during a program review, OGE met its target for the percentage of program reviews that resulted in improvements in the agency's ethics program.

*Annual Financial Disclosure:* OGE also helps ensure that senior officials remain free from conflicts of interest by timely reviewing the public new entrant, annual, termination, and transaction financial disclosure reports of executive branch leaders appointed by the President and confirmed by the Senate (PAS), as well as other reports filed by Designated Agency Ethics Officials (DAEOs) and certain White House officials. In fiscal year 2020, OGE closed ninety-six (96%) percent of its reviews of public financial disclosure reports, including new entrant, annual, termination, and periodic transaction reports required to be submitted to OGE, within 60 days of receipt.

*Resolving Conflicts of Interest:* OGE continued working to ensure that executive branch leaders appointed by the President and confirmed by the Senate (PAS) remain free of conflicts of interest after taking office. OGE does this by identifying and resolving

potential conflicts of interest on the part of PAS nominees and by establishing written ethics agreements with them prior to confirmation. OGE then monitors PAS ethics agreement compliance through the collection and review of documentation provided by agency ethics officials. Certification of Ethics Agreement Compliance reports require appointees to attest to their ethics agreement compliance. OGE continued the practice of posting these certifications on its website. In fiscal year 2020, 161 PAS appointees were required to certify that they had complied with their ethics agreements. OGE received certifications from 151 (94%) of the PAS appointees, affirming compliance with all ethics agreement requirements by the applicable due date.

*Annual Questionnaire:* OGE assesses agency ethics program compliance through the Annual Agency Ethics Program Questionnaire (Annual Questionnaire). Through the Annual Questionnaire, OGE collects ethics program data from each of the more than 130 executive branch agencies. Agency responses to the Annual Questionnaire give OGE a snapshot view of each agency's ethics program and ensure that each agency does a year-end assessment of its own ethics program. Notably, one-hundred percent (100%) of agencies complied with the requirement to submit their ethics program data. In fiscal year 2020, OGE continued to share key highlights from its Annual Questionnaire with ethics officials and the public by posting on its website a report summarizing highlights and trends ascertained from collected data, as well as each agency's responses to the Annual Questionnaire. This allows the public to have insight into individual agency ethics programs and allows agencies to share model practices.

*Agency Practices Data Call:* In fiscal year 2020, OGE also held a data call for agency practices related to ethics advice and counsel. OGE gained insight into each agency's implementation of this key element of their ethics program and used the results to tailor the support it provides to agencies. To help ethics officials learn from other practitioners, OGE shared the results in a session at its National Government Ethics Summit and made the results of the data call available to the public in a summary report published on its website.

*Enforcement Activities:* Accountability of the executive branch ethics program also includes monitoring enforcement activities conducted by other agencies. Agencies are required to concurrently notify OGE's Director when any matter involving a potential violation by an executive branch employee of 18 U.S.C. §§ 202-209 is referred for investigation or prosecution to the Department of Justice. Agencies use OGE Form 202 (Notification of Conflict of Interest Referral) to submit these notifications and information regarding the disposition of the matter. OGE tracks and follows up on conflicts of interest referrals to the Department of Justice to ensure that agencies are considering disciplinary or other corrective action in the event of declinations of prosecution. In fiscal year 2020, OGE began to post quarterly dashboards displaying the number of notifications submitted each quarter.

*Strategic Goal 3: Contribute to the continuity of senior leadership in the executive branch*

OGE contributes to the continuity of senior leadership in the executive branch by preparing for a Presidential transition and providing assistance to the President and the Senate in the Presidential appointment process.

*Election Readiness:* Throughout fiscal year 2020, OGE actively participated as a member of the executive branch-wide Agency Transition Directors Council and in collaboration with the Partnership for Public Service’s Center for Presidential Transition. In addition, in coordination with OMB, GSA, OPM, DOJ, and the National Archives and Records Administration, OGE provided expertise and content for the Presidential Transition Directory and 6 and 3 month reports to Congress on election readiness. OGE presented to external stakeholders, congressional staff, and other interested parties about its preparations, and met with representatives of the major campaigns to provide resources, training, and support regarding the nominee review process, ethics proposals, and the *Integrity* electronic filing system.

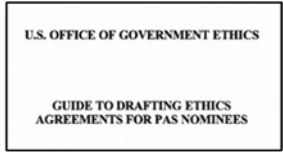

OGE developed and implemented comprehensive transition-related training for OGE staff and ethics officials. Internally, OGE built capacity to handle the surge in volume of nominee financial disclosure reports associated with a transition by drawing on cross-functional professional staff, including recently filled vacancies, and implementing an intensive experiential learning plan over the year prior to the election.

OGE also developed and delivered training for agency ethics officials. Beginning with the Ethics Summit in March 2020 and continuing through and beyond the election, OGE provided significant support to agency ethics officials to ensure that they are prepared for their enhanced responsibilities and the increased workload associated with the Presidential election.

In addition, OGE trained and collaborated with a variety of external stakeholders. For example, because of its unique role, OGE provided training to Senate staff on OGE’s role in the nomination process. OGE also regularly updated its stakeholders and the public on the progress made through these collaborations, through its quarterly meetings with ethics officials, Twitter feed, and website.

OGE also updated and published the key resources described below:

<b>Guide for Nominees</b>	The Guide for Nominees is a resource for Presidentially appointed, Senate-confirmed (PAS) nominees. The Guide provides prospective and current Senate-confirmed Presidential appointees with information to help them lead our country with honor and integrity. The Guide explains the ethics rules and policies that apply before, during, and after they serve.
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<p><b>Ethics Agreement Guide</b></p>	<p>The Ethics Agreement Guide is an extensive collection of guidance and model language for agency reviewers who draft ethics agreements for PAS nominees.</p>	
<p><b>Transition Guide</b></p>	<p>The Transition Guide is a resource for the Presidential Transition Team to prepare for the upcoming transition so that top leadership positions can be filled quickly and free from conflicts of interest.</p>	
<p><b>Integrity User Guide</b></p>	<p>This Guide provides instructions for using <i>Integrity</i>, the web-based system developed by the U.S. Office of Government Ethics (OGE) for filers and reviewers of executive branch public financial disclosure reports (OGE Form 278e and OGE Form 278-T).</p>	

*Presidential Candidates:* In fiscal year 2020, OGE refined and updated its procedures for reviewing presidential candidate reports. Using the new procedures, OGE reviewed, closed, and made available public financial disclosure reports of 42 individuals who declared their candidacy for the Office of the President of the United States.

*Nominee Financial Disclosure:* In fiscal year 2020, OGE continued to analyze and resolve potential conflicts of interest of the highest-level, incoming executive branch leaders. OGE’s review of nominees’ disclosures presented a critical opportunity to evaluate their financial interests for potential conflicts of interest and introduced top leaders to the importance of ethical leadership. In fiscal year 2020, OGE reviewed the reports of nominees for approximately twenty-four percent (24%) of the PAS positions. OGE cleared ninety percent (90%) of the nominee reports it received in fiscal year 2020.

*Strategic Goal 4: Engage the public in overseeing government integrity*

OGE’s prevention mission involves informing the public about the systems in place to detect and resolve conflicts of interest of their government leaders. This allows the public to engage in overseeing the integrity of its government. OGE accomplishes this by describing its missions, programs, and work, and by making ethics information publicly available.

*Website:* OGE’s website is its main communication tool and most important resource for OGE’s stakeholders, including agency officials, the media, and the general public. In fiscal year 2020, OGE launched a complete redesigned website, which focuses on improving public access to ethics documents, ethics officials’ access to key resources needed to perform their jobs, and compliance with new standards. OGE sought feedback from the public and other stakeholders in fiscal year 2019, and based on that feedback, prioritized improving the site’s design and search functions.

## Notable Improvements and Features

- Developed new navigation organized by user group (ethics officials, citizens/press, and federal employees).
- Streamlined the number of web pages to help users more quickly access the content they are seeking.
- Created three new document collections with significantly enhanced searches and filters: (1) Legal Research (2) Individuals Disclosures (3) Ethics Program Documents.

These document collections bring together previously disparate content into tables with advanced search capacities and filters that will enable users to more quickly find the information they seek and to gain new insights. For example, users can now sort each collection chronologically or filter for a particular agency or by document type.

- OGE added valuable new content. For example, OGE created a set of wholly new web pages that serve as a comprehensive guide to support ethics officials in managing effective ethics programs based on each program element.

Finally, in addition to these notable improvements to usability and content, OGE also worked to bring its website into compliance with accessibility, design, security, data, customization, and mobile requirements.

*Open Government:* There are a number of external demands for information from OGE, reflecting increased public interest in OGE's work. For example, OGE processed requests from the public, news media, and government to inspect nearly 7,000 documents under the Ethics in Government Act, including public financial disclosure reports, periodic transaction reports, certificates of divestiture, and other covered records.

*FOIA:* Individuals and organizations also continue to seek information from OGE through the Freedom of Information Act (FOIA). In fiscal year 2020, OGE significantly reduced the backlog of FOIA requests caused by a dramatic increase in FOIA requests in prior fiscal years. In addition, OGE received nearly ninety (90) new FOIA requests in fiscal year 2020. OGE also received requests for assistance from other stakeholders, including approximately 750 requests from non-government, external stakeholders.

*External Stakeholders:* It is critical that the public have confidence in the impartiality of government decision-making. Therefore, OGE has a responsibility to communicate effectively about the ethics program to its stakeholders. OGE has a wide spectrum of external stakeholders, ranging from the media and government watchdogs to its major federal partners and the public. OGE continued to create communications that were accurate, compelling, relevant, tailored to each targeted audience, and delivered through effective communication channels. Using social media (Twitter, YouTube,

LinkedIn), OGE created content to help citizens understand the structure of the ethics program, learn how to access various ethics documents, and contribute to government accountability. For example, OGE published a series of Twitter threads encouraging the public to review the various ethics documents available online, including ethics documents for senior executive branch officials, program oversight documents and reports, oversight correspondence with Congress and agencies, as well as documents released under FOIA.

*International:* OGE also continued to engage with professional organizations, good government, and interagency groups to discuss emerging ethics issues and trends, share model practices, develop sound ethics policies, and combine resources to more effectively ensure that government decisions are made for the benefit of the public and not for private gain. This included providing support to the international community. In fiscal year 2020, OGE briefed 5 foreign delegations comprising 90 individuals representing 31 countries.

All of these interactions increased OGE's ability to reach the public to promote further understanding of the executive branch ethics program and its role in ensuring government integrity.

*Management Objectives: Sustain a strong culture of performance; strengthen organizational compliance and fiscal stewardship; and continuously enhance OGE's information systems and processes*

OGE devotes significant resources toward sustaining a strong culture of performance, strengthening organizational compliance and fiscal stewardship, and continuously enhancing OGE's information systems and processes. These efforts are critical to OGE achieving its mission-focused strategic objectives. OGE accomplishes this by focusing on employee development, refining its administrative practices and policies, and ensuring secure and efficient operations of its information technology systems.

*Employee Development:* OGE is committed to meeting its employees' professional development needs by providing significant education and training opportunities and support through the dedication of time and resources. In fiscal year 2020, OGE continued its use of a unique professional development program called the Employee Development Plan (EDP) process, which results in the achievement of measurable professional development targets annually for staff at all levels.

*Standardizing Procedures:* OGE strives for excellence by continuously reviewing and refining its strategies and processes for achieving its mission. As part of this effort, OGE continues to review and standardize its procedures and to implement new technological solutions to increase efficiency and effectiveness. In fiscal year 2020, OGE developed or updated 18 standard operating procedures that reduce risk, create efficiency, and ensure continuity of operations.

*Enhanced its records management program:* OGE's privacy program worked to ensure that the agency complies with the requirements of the Privacy Act and the executive branch privacy program requirements, as established by OMB. This work included: reviewing new and proposed IT systems and projects that collect and manage privacy protected information and recertifying existing IT systems and projects; preparing and updating privacy related documents, such as Systems of Records Notices (SORNs) and Privacy Impact Assessments (PIAs); and consulting on simple and complex privacy issues as they arise. The Privacy Team reviewed and updated Privacy Controls that are required as part of the annual security reviews for OGE's network (OGEN) and *Integrity* and provided annual privacy training to OGE staff and contractors.

*IT Infrastructure:* OGE maintains a resilient, stable, and secure IT infrastructure necessary to conducting its mission-critical work every day. In fiscal year 2020, as OGE seamlessly pivoted to mandatory telework during the pandemic and virtual access was essential, the value of OGE's network was even more apparent. OGE was able continue delivering its mission-critical work because of its existing virtual capabilities and maintenance. For example, in its fiscal year 2020 IT refresh, OGE replaced desktop PCs with thin clients, adopting a Virtual Desktop Infrastructure (VDI). With VDI, OGE employees access the same virtual machine (VM) and the same network resources whether they authenticate to the network from any workspace in OGE's office location or from any approved telework location. Using secure OGE laptops via a Virtual Private Network (VPN) and 2-factor authentication via PIV cards, OGE was able to seamlessly transition to an all-remote workforce.

In fiscal year 2020, OGE completed IT updates necessary to maintain the security and efficiency of OGE's ongoing daily operations, including critical software updates and migrating to a Hyper-Converged Infrastructure (HCI), providing more scalability, memory, CPU power, storage, and better performance with less hardware. Most notably, throughout the fiscal year, OGE ensured a safe and secure IT environment that protected the privacy and integrity of financial information provided to OGE by agency ethics officials, and the most senior officials of the executive branch, as part of the financial disclosure review process

*IT Security:* In fiscal year 2020, OGE undertook a complete assessment of the cybersecurity risks associated with the agency's network, website, and internal applications. OGE used the results of this assessment to develop mitigation strategies that are tracked and managed through a Plan of Action and Milestones (POAM) process. Also, in fiscal year 2020, OGE scheduled an independent, third-party review of its systems and efforts at mitigation to ensure OGE meets cybersecurity compliance targets.

*Integrity:* In fiscal year 2020, OGE continued to successfully operate *Integrity*, its executive branch-wide electronic public financial disclosure filing system, during a time of significant growth and demand. With over 23,000 of public filers using the system, OGE focused on ensuring high-quality system operations and support for *Integrity*. In addition to helping incoming PAS nominees, many of whom had extremely complex



financial disclosure filings, more accurately and easily complete their disclosures, the system enabled the executive branch to seamlessly continue the public financial disclosure process, despite the COVID-19 pandemic. OGE continued to convene *Integrity* Advisory Council meetings in fiscal year 2020 to seek input from agencies that use the system. In fiscal year 2020, OGE applied resources toward designing and testing a multi-server architecture (multiple virtual servers) to improve the speed and stability of *Integrity*. For the fifth consecutive year, *Integrity* successfully underwent an independent security assessment.

Overall, in fiscal year 2020, OGE continued to successfully operate *Integrity*. In its annual user survey, ninety-one percent (91%) of agency administrator respondents ranked the *Integrity* support provided by OGE as very satisfactory or satisfactory.

## **Conclusion**

The above performance highlights demonstrate that through targeted strategies and careful tasking of its small, cross-functional staff, OGE has been successful in achieving its strategic goals and accomplishing its mission. As noted at the beginning of the Management's Discussion and Analysis section on page 4, OGE will provide more detailed information regarding its performance goals and results in its fiscal year 2020 Annual Performance Report (APR).

## **Forward Looking Information**

Numerous external factors shape OGE's operating environment. Understanding their influence is essential for mitigating risk and achieving performance goals. For example, prior to and immediately after a Presidential election, regardless of the outcome, OGE experiences a particularly large and varied workload, requiring it to shift resources to support the Administration in the Senate confirmation process. OGE must balance its vital role in ensuring that Presidential nominees for civilian positions requiring Senate confirmation are free of conflicts of interest with its mission-critical work that is not directly related to a transition. OGE's *2018-2022 Strategic Plan* and subsequent *Annual Performance Plans* respond to these factors by prioritizing work accordingly.

## **Analysis of Financial Statements and Stewardship**

In fiscal year 2020, OGE maintained an unmodified opinion on its financial statements and no material internal control weaknesses were found. OGE is committed to effectively and efficiently managing funds appropriated by Congress to incur obligations for goods and services necessary to execute OGE mission goals. There were no significant changes to OGE's financial position as it remained stable with efforts to increase efficiency and effectiveness in several areas. Notably, these efforts included essential investments in human resources and critical systems in the midst of the COVID-19 pandemic.

For example, OGE successfully implemented three major mission-critical projects at relatively low cost, resulting in tremendous benefits to the executive branch-wide ethics community and the public as a whole. OGE conducted the National Government Ethics Summit virtually, completely revamped the agency website, and fully supported and prepared for the next presidential election.

OGE successfully held the National Government Ethics Summit, a cost-effective, multi-day training event for hundreds of executive branch ethics officials and external stakeholders, despite the unexpected disruption caused by COVID-19. OGE used existing virtual capabilities to quickly pivot from in-person training to deliver the scheduled sessions virtually. OGE made many of the sessions available online as on-demand courses, increasing their impact and value. Members of the public and media can view these materials online free of charge.

OGE's website is its main communication tool and most important resource for OGE's stakeholders, including agency officials, the media, and the general public. In fiscal year 2020, OGE launched a completely redesigned website which focuses on improving public access to ethics documents, ethics officials' access to key resources needed to perform their jobs, and compliance with new standards. OGE also brought its website into compliance with accessibility, design, security, data, customization, and mobile requirements.

OGE successfully focused on Presidential election readiness for the agency and the entire executive branch ethics community. OGE actively participated as a statutory member of the executive branch-wide Agency Transition Directors Council and in collaboration with the Partnership for Public Service's Center for Presidential Transition to represent the ethics community and direct focus to the program's important role in the Presidential appointments process, as well as onboarding and offboarding senior leaders across government. In addition, in coordination with OMB, GSA, OPM, DOJ, and the National Archives and Records Administration, OGE provided expertise and content for the Presidential Transition Directory and presented to external stakeholders, congressional staff, and other interested parties about its preparations. OGE also played its vital role in supporting representatives of the major campaigns by providing resources, training, and support regarding the nominee review process, ethics proposals, and the *Integrity* electronic filing system. In addition, OGE refined and updated its procedures for reviewing presidential candidate reports. OGE provided assistance to the President and the Senate in the Presidential appointment process by conducting expert second-level reviews of financial disclosure reports of nominees to the highest-level executive branch positions. OGE's review of nominees' disclosures presented a critical opportunity to evaluate their financial interests for potential conflicts of interest and introduced top leaders to the importance of ethical leadership.

In fiscal year 2020, OGE continued to pursue efficiencies in shared services, increasing electronic and virtual training initiatives, improvements to *Integrity* by implementing a multi-server architecture (multiple virtual servers), increasing the number

of servers to significantly increase speed, access, reliability, and security. OGE also transitioned all of the Department of Defense's nearly 4,000 filers into *Integrity*.

OGE did not request nor receive any additional funds due to the COVID-19 pandemic. OGE was able to save over \$33,000 due to reduced requirements while spending less than \$20,000 to implement health and safety measures to protect agency employees when they return to OGE work space. OGE was able to successfully transition to mandatory telework for all employees in March 2020 with no disruption of services to completely accomplish the diverse missions of the agency.

## Part II - Management Assurances

### **Annual Assurance Statement on Internal Controls and Internal Controls over Financial Reporting**

OGE's management is responsible for establishing and maintaining effective internal controls and financial management systems that meet the objectives of the Federal Manager's Financial Integrity Act (FMFIA). OGE conducted its assessment in compliance with applicable laws and regulations in accordance with OMB Circular A-123, Management's Responsibility for Internal Control. After a thorough review of the results, and to the best of my knowledge and belief, OGE can provide reasonable assurance that its internal controls over the effectiveness and efficiency of operations were in compliance with applicable laws and regulations as of September 30, 2020. No material weaknesses were found in the design or operations of the internal controls.

OGE relies on the U.S. Department of Treasury, Bureau of Fiscal Service (BFS), a financial management shared service provider, for its accounting and financial systems and to meet its financial reporting requirements. OGE has no in-house financial systems but rather uses systems hosted/provided by BFS. OGE uses Oracle Financials which we consider to be a reliable and effective financial system. OGE obtains the Statement on Standards for Attestation Engagements No. 18 from BFS and reviews the statement to assist in assessing internal controls over OGE's financial reporting. After a thorough review of the results, OGE has not discovered any significant issues or deviations in its financial reporting during fiscal year 2020. Therefore, OGE concludes that the internal controls over financial reporting are sufficiently strong.

**EMORY ROUNDS** Digitally signed by EMORY  
ROUNDS  
Date: 2020.08.11 10:59:21 -04'00'

Emory A. Rounds, III  
Director  
U.S. Office of Government Ethics

## **Part III – Financial Statements and Independent Auditor’s Report**

### **Limitations of the Financial Statements**

OGE’s principal financial statements have been prepared to report its financial position and results of operations, pursuant to the requirements of 31 U.S.C. § 3515 (b). While the statements have been prepared from the books and records of OGE, in accordance with generally accepted accounting principles for federal entities and the formats prescribed by OMB, the statements are in addition to the financial reports used to monitor and control budgetary resources, which are prepared from the same books and records. These statements should be read with the realization that they are for a component of the United States government, a sovereign entity.

UNITED STATES OFFICE OF  
**GOVERNMENT ETHICS**



Preventing Conflicts of Interest  
in the Executive Branch

**UNITED STATES OFFICE OF GOVERNMENT ETHICS**

**FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019**

UNITED STATES OFFICE OF GOVERNMENT ETHICS		
BALANCE SHEET		
AS OF SEPTEMBER 30, 2020 AND 2019		
(In Dollars)		
	2020	2019
<b>Assets:</b>		
Intragovernmental		
Fund Balance With Treasury (Note 2)	\$ 3,718,433	\$ 4,120,601
Other (Note 5)	42,191	88,305
Total Intragovernmental	3,760,624	4,208,906
Accounts Receivable, Net (Note 3)	-	956
General Property, Plant, and Equipment, Net (Note 4)	140,895	478,282
<b>Total Assets</b>	<b>\$ 3,901,519</b>	<b>\$ 4,688,144</b>
<b>Liabilities:</b>		
Intragovernmental		
Accounts Payable	\$ 282,871	\$ 3,098,749
Other (Note 8)	219,747	190,735
Total Intragovernmental	502,618	3,289,484
Accounts Payable	81,412	33,702
Federal Employee and Veteran Benefits (Note 6)	508,847	502,002
Other (Note 8)	1,465,087	1,213,750
<b>Total Liabilities</b>	<b>\$ 2,557,964</b>	<b>\$ 5,038,938</b>
<b>Net Position:</b>		
Unexpended Appropriations - All Other Funds	\$ 2,695,321	\$ 490,603
Cumulative Results of Operations - All Other Funds	(1,351,766)	(841,397)
<b>Total Net Position</b>	<b>\$ 1,343,555</b>	<b>\$ (350,794)</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 3,901,519</b>	<b>\$ 4,688,144</b>

UNITED STATES OFFICE OF GOVERNMENT ETHICS		
STATEMENT OF NET COST		
FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019		
(In Dollars)		
	2020	2019
<b>Gross Program Costs:</b>		
Salaries and Expenses:		
Gross Costs	\$ 16,234,912	\$ 20,405,539
Less: Earned Revenue	(7,451)	(4,534)
<b>Net Cost of Operations</b>	<b>\$ 16,227,461</b>	<b>\$ 20,401,005</b>

The accompanying notes are an integral part of these financial statements.

<b>UNITED STATES OFFICE OF GOVERNMENT ETHICS</b>		
<b>STATEMENT OF CHANGES IN NET POSITION</b>		
<b>FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019</b>		
<b>(In Dollars)</b>		
	<b>2020</b>	<b>2019</b>
<b>Unexpended Appropriations:</b>		
Beginning Balances	\$ 490,603	\$ 2,378,540
<b>Budgetary Financing Sources:</b>		
Appropriations Received	17,500,000	17,019,000
Other Adjustments	(15,104)	(99,250)
Appropriations Used	(15,280,178)	(18,807,687)
Total Budgetary Financing Sources	2,204,718	(1,887,937)
<b>Total Unexpended Appropriations</b>	<b>\$ 2,695,321</b>	<b>\$ 490,603</b>
<b>Cumulative Results of Operations:</b>		
Beginning Balances	\$ (841,397)	\$ 172,916
<b>Budgetary Financing Sources:</b>		
Appropriations Used	15,280,178	18,807,687
<b>Other Financing Sources (Non-Exchange):</b>		
Imputed Financing (Note 11)	436,914	579,005
Total Financing Sources	15,717,092	19,386,692
Net Cost of Operations	(16,227,461)	(20,401,005)
Net Change	(510,369)	(1,014,313)
<b>Cumulative Results of Operations</b>	<b>\$ (1,351,766)</b>	<b>\$ (841,397)</b>
<b>Net Position</b>	<b>\$ 1,343,555</b>	<b>\$ (350,794)</b>

The accompanying notes are an integral part of these financial statements.



<b>UNITED STATES OFFICE OF GOVERNMENT ETHICS</b>		
<b>STATEMENT OF BUDGETARY RESOURCES</b>		
<b>FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019</b>		
<b>(In Dollars)</b>		
	<b>2020</b>	<b>2019</b>
<b>Budgetary Resources:</b>		
Unobligated balance from prior year budget authority, net (discretionary and mandatory)	\$ 338,683	\$ 260,356
Appropriations	17,500,000	17,019,000
Spending authority from offsetting collections	7,451	4,534
<b>Total Budgetary Resources</b>	<b>\$ 17,846,134</b>	<b>\$ 17,283,890</b>
<b>Status of Budgetary Resources:</b>		
New obligations and upward adjustments (total)	\$ 17,426,138	\$ 16,988,670
Unobligated balance, end of year:		
Apportioned, unexpired account	286,781	112,758
Expired unobligated balance, end of year	133,215	182,462
Unobligated balance, end of year (total)	419,996	295,220
<b>Total Budgetary Resources</b>	<b>\$ 17,846,134</b>	<b>\$ 17,283,890</b>
<b>Outlays, Net and Disbursements, Net:</b>		
Agency outlays, net	17,887,064	16,611,357

<b>UNITED STATES OFFICE OF GOVERNMENT ETHICS</b>	
<b>VARIANCE ANALYSIS OF FINANCIAL STATEMENTS</b>	
<b>FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019</b>	
<b>Balance Sheet</b>	
	No significant variances between the comparative periods.
<b>Statement of Net Cost</b>	
	No significant variances between the comparative periods.
<b>Statement of Changes in Net Position</b>	
	No significant variances between the comparative periods.

The accompanying notes are an integral part of these financial statements.



## **UNITED STATES OFFICE OF GOVERNMENT ETHICS NOTES TO THE FINANCIAL STATEMENTS**

### **NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **A. Reporting Entity**

The U.S. Office of Government Ethics (OGE), established by the Ethics in Government Act of 1978, provides overall leadership and oversight of the executive branch ethics program designed to prevent and resolve conflicts of interest. OGE’s mission is part of the very foundation of public service. The first principle in the Fourteen Principles of Ethical Conduct for Government Officers and Employees is “public service is a public trust, requiring employees to place loyalty to the Constitution, the laws and ethical principles above private gain. Public servants are expected to make impartial decisions based on the interests of the public when performing their job duties. OGE in concert with agency ethics practitioners throughout the executive branch, ensures that employees fulfill this great trust.

To carry out its leadership and oversight responsibilities, OGE promulgates and maintains enforceable standards of ethical conduct for approximately 2.7 million employees in over 130 executive branch agencies and the White House; oversees a financial disclosure systems that reaches more than 26,000 public and more than 380,000 confidential financial disclosure report filers; ensures that executive branch agency ethics programs are in compliance with applicable ethics laws and regulations; provides education and training to the approximately 4,500 ethics officials executive branch-wide; conducts outreach to the general public, the private sector, and civil society; and provides technical assistance to state, local, and foreign governments and international organizations.

OGE’s greatest resource is its multidisciplinary staff of attorney, ethics and finance experts, and support personnel. OGE is a lean organization, operating at fewer than its 80 authorized full-time equivalents, and accomplishes its responsibilities by organizing cross-functional teams to perform such diverse tasks as working with Presidential nominees for appointments requiring Senate confirmation to resolve potential financial conflicts of interest, training executive branch ethics officials, and conducting oversight

of executive branch ethics programs. OGE is led by a Director who is appointed to a five-year term by the President and confirmed by the Senate.

OGE's General Funds are accounts used to record financial transactions arising under congressional appropriations or other authorizations to spend general revenues. General Fund Miscellaneous Receipts are accounts established for receipts of non-recurring activity, such as fines, penalties, fees and other miscellaneous receipts for services and benefits.

OGE has rights and ownership of all assets reported in these financial statements. OGE does not possess any non-entity assets.

### **B. Basis of Presentation**

The financial statements have been prepared to report the financial position and results of operations of OGE. The Balance Sheet presents the financial position of the agency. The Statement of Net Cost presents the agency's operating results; the Statement of Changes in Net Position displays the changes in the agency's equity accounts. The Statement of Budgetary Resources presents the sources, status, and uses of the agency's resources and follows the rules for the Budget of the United States Government.

The statements are a requirement of the Chief Financial Officers Act of 1990 and the Government Management Reform Act of 1994. They have been prepared from, and are fully supported by, the books and records of OGE in accordance with the hierarchy of accounting principles generally accepted in the United States of America, standards issued by the Federal Accounting Standards Advisory Board (FASAB), Office of Management and Budget (OMB) Circular A-136, *Financial Reporting Requirements*, as amended, and OGE accounting policies which are summarized in this note. These statements, with the exception of the Statement of Budgetary Resources, are different from financial management reports, which are also prepared pursuant to OMB directives that are used to monitor and control OGE'S use of budgetary resources. The financial statements and associated notes are presented on a comparative basis. Unless specified otherwise, all amounts are presented in dollars.

### **C. Basis of Accounting**

Transactions are recorded on both an accrual accounting basis and a budgetary basis. Under the accrual method, revenues are recognized when earned, and expenses are recognized when a liability is incurred, without regard to receipt or payment of cash. Budgetary accounting facilitates compliance with legal requirements on the use of federal funds.

#### **D. Fund Balance with Treasury**

Fund Balance with Treasury is the aggregate amount of the OGE's funds with Treasury in expenditure and receipt accounts. Appropriated funds recorded in expenditure accounts are available to pay current liabilities and finance authorized purchases.

The OGE does not maintain bank accounts of its own, has no disbursing authority, and does not maintain cash held outside of Treasury. Treasury disburses funds for the agency on demand.

#### **E. Accounts Receivable**

Accounts receivable consists of amounts owed to OGE by other federal agencies and the general public. Amounts due from federal agencies are considered fully collectible. Accounts receivable from the public include reimbursements from employees. An allowance for uncollectible accounts receivable from the public is established when, based upon a review of outstanding accounts and the failure of all collection efforts, management determines that collection is unlikely to occur considering the debtor's ability to pay.

#### **F. Property, Equipment, and Software**

Property, equipment and software represent furniture, fixtures, equipment, and information technology hardware and software which are recorded at original acquisition cost and are depreciated or amortized using the straight-line method over their estimated useful lives. Major alterations and renovations are capitalized, while maintenance and repair costs are expensed as incurred. OGE's capitalization threshold is \$50,000 for individual purchases and \$50,00 for bulk purchases. Property, equipment, and software acquisitions that do not meet the capitalization criteria are expensed upon receipt. Applicable standard governmental guidelines regulate the disposal and convertibility of agency property, equipment, and software. The useful life classifications for capitalized assets are as follows:

<u>Description</u>	<u>Useful Life</u> <u>(years)</u>
Building	9
Leasehold	
Improvements	5
Office Furniture	5
Computer Equipment	3
Office Equipment	5
Software	5

## **G. Advances and Prepaid Charges**

Advance payments are generally prohibited by law. There are some exceptions, such as reimbursable agreements, subscriptions and payments to contractors and employees. Payments made in advance of the receipt of goods and services are recorded as advances or prepaid charges at the time of prepayment and recognized as expenses when the related goods and services are received.

## **H. Liabilities**

Liabilities represent the amount of funds likely to be paid by the OGE as a result of transactions or events that have already occurred.

OGE reports its liabilities under two categories, Intragovernmental and With the Public. Intragovernmental liabilities represent funds owed to another government agency. Liabilities with the Public represent funds owed to any entity or person that is not a federal agency, including private sector firms and federal employees. Each of these categories may include liabilities that are covered by budgetary resources and liabilities not covered by budgetary resources.

Liabilities covered by budgetary resources are liabilities funded by a current appropriation or other funding source. These consist of accounts payable and accrued payroll and benefits. Accounts payable represent amounts owed to another entity for goods ordered and received and for services rendered except for employees. Accrued payroll and benefits represent payroll costs earned by employees during the fiscal year which are not paid until the next fiscal year.

Liabilities not covered by budgetary resources are liabilities that are not funded by any current appropriation or other funding source. These liabilities consist of accrued annual leave, deferred rent actuarial FECA, and the amounts due to Treasury for collection and accounts receivable of civil penalties and FOIA request fees.

## **I. Annual, Sick, and Other Leave**

Annual leave is accrued as it is earned, and the accrual is reduced as leave is taken. The balance in the accrued leave account is adjusted to reflect current pay rates. Liabilities associated with other types of vested leave, including compensatory, restored leave, and sick leave in certain circumstances, are accrued at year-end, based on latest pay rates and unused hours of leave. Funding will be obtained from future financing sources to the extent that current or prior year appropriations are not available to fund annual and other types of vested leave earned but not taken. Nonvested leave is expensed when used. Any liability for sick leave that is accrued but not taken by a Civil Service Retirement System (CSRS)-covered employee is transferred to the Office of Personnel Management (OPM) upon the retirement of that individual. Credit is given for sick leave balances in the

computation of annuities upon the retirement of Federal Employees Retirement System (FERS)-covered employees.

### **J. Accrued and Actuarial Workers' Compensation**

The Federal Employees' Compensation Act (FECA) administered by the U.S. Department of Labor (DOL) addresses all claims brought by the OGE employees for on-the-job injuries. The DOL bills each agency annually as its claims are paid, but payment of these bills is deferred for two years to allow for funding through the budget process. Similarly, employees that the OGE terminates without cause may receive unemployment compensation benefits under the unemployment insurance program also administered by the DOL, which bills each agency quarterly for paid claims. Future appropriations will be used for the reimbursement to DOL. The liability consists of (1) the net present value of estimated future payments calculated by the DOL and (2) the unreimbursed cost paid by DOL for compensation to recipients under the FECA.

### **K. Retirement Plans**

OGE employees participate in either the CSRS or the FERS. The employees who participate in CSRS are beneficiaries of OGE matching contribution, equal to seven percent of pay, distributed to their annuity account in the Civil Service Retirement and Disability Fund.

Prior to December 31, 1983, all employees were covered under the CSRS program. From January 1, 1984 through December 31, 1986, employees had the option of remaining under CSRS or joining FERS and Social Security. Employees hired as of January 1, 1987 are automatically covered by the FERS program. Both CSRS and FERS employees may participate in the federal Thrift Savings Plan (TSP). FERS employees receive an automatic agency contribution equal to one percent of pay and OGE matches any employee contribution up to an additional four percent of pay. For FERS participants, OGE also contributes the employer's matching share of Social Security.

FERS employees and certain CSRS reinstatement employees are eligible to participate in the Social Security program after retirement. In these instances, OGE remits the employer's share of the required contribution.

OGE recognizes the imputed cost of pension and other retirement benefits during the employees' active years of service. OPM actuaries determine pension cost factors by calculating the value of pension benefits expected to be paid in the future and communicate these factors to OGE for current period expense reporting. OPM also provides information regarding the full cost of health and life insurance benefits. OGE recognized the offsetting revenue as imputed financing sources to the extent these expenses will be paid by OPM.

#### **K. Retirement Plans (Continued)**

OGE does not report on its financial statement's information pertaining to the retirement plans covering its employees. Reporting amounts such as plan assets, accumulated plan benefits, and related unfunded liabilities, if any, is the responsibility of the OPM, as the administrator.

#### **L. Other Post-Employment Benefits**

OGE employees eligible to participate in the Federal Employees' Health Benefits Plan (FEHBP) and the Federal Employees' Group Life Insurance Program (FEGSIP) may continue to participate in these programs after their retirement. The OPM has provided the OGE with certain cost factors that estimate the true cost of providing the post-retirement benefit to current employees. The OGE recognizes a current cost for these and Other Retirement Benefits (ORB) at the time the employee's services are rendered. The ORB expense is financed by OPM and offset by the OGE through the recognition of an imputed financing source.

#### **M. Use of Estimates**

The preparation of the accompanying financial statements in accordance with generally accepted accounting principles requires management to make certain estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses. Actual results could differ from those estimates.

#### **N. Imputed Costs/Financing Sources**

Federal Government entities often receive goods and services from other Federal Government entities without reimbursing the providing entity for all the related costs. In addition, Federal Government entities also incur costs that are paid in total or in part by other entities. An imputed financing source is recognized by the receiving entity for costs that are paid by other entities. OGE recognized imputed costs and financing sources in fiscal years 2020 and 2019 to the extent directed by accounting standards.

#### **O. Classified Activities**

Accounting standards require all reporting entities to disclose that accounting standards allow certain presentations and disclosures to be modified, if needed, to prevent the disclosure of classified information.

## NOTE 2. FUND BALANCE WITH TREASURY

Fund Balance with Treasury account balances as of September 30, 2020 and 2019, were as follows:

	2020	2019
<b>Status of Fund Balance with Treasury:</b>		
Unobligated Balance		
Available	\$ 286,781	\$ 112,758
Unavailable	133,215	182,462
Obligated Balance Not Yet Disbursed	3,298,437	3,825,381
<b>Total</b>	<b>\$ 3,718,433</b>	<b>\$ 4,120,601</b>

No discrepancies exist between the Fund Balance reflected on the Balance Sheet and the balances in the Treasury accounts.

The available unobligated fund balances represent the current period amount available for obligation or commitment. At the start of the next fiscal year, this amount will become part of the unavailable balance as described in the following paragraph.

The unavailable unobligated fund balances represent the amount of appropriations for which the period of availability for obligation has expired. These balances are available for upward adjustments of obligations incurred only during the period for which the appropriation was available for obligation or for paying claims attributable to the appropriations.

The obligated balance not yet disbursed includes accounts payable, accrued expenses, and undelivered orders that have reduced unexpended appropriations but have not yet decreased the fund balance on hand (see also Note 12).

## NOTE 3. ACCOUNTS RECEIVABLE, NET

Accounts receivable balances as of September 30, 2020 and 2019, were as follows:

	2020	2019
With the Public		
Accounts Receivable	\$ -	\$ 956
<b>Total Accounts Receivable</b>	<b>\$ -</b>	<b>\$ 956</b>

The accounts receivable is primarily made up of employee receivables.

Historical experience has indicated that the majority of the receivables are collectible. There are no material uncollectible accounts as of September 30, 2020 and 2019.



#### NOTE 4. GENERAL PROPERTY, PLANT AND EQUIPMENT, NET

Schedule of General Property, Plant and Equipment, Net as of September 30, 2020:

Major Class	Acquisition Cost	Accumulated Amortization/Depreciation	Net Book Value
Leasehold Improvements	\$ 57,406	\$ 44,649	\$ 12,757
Furniture & Equipment	165,215	156,027	9,188
Software	5,331,239	5,212,289	118,950
<b>Total</b>	<b>\$ 5,553,860</b>	<b>\$ 5,412,965</b>	<b>\$ 140,895</b>

Schedule of General Property, Plant and Equipment, Net as of September 30, 2019:

Major Class	Acquisition Cost	Accumulated Amortization/Depreciation	Net Book Value
Leasehold Improvements	\$ 57,406	\$ 38,271	\$ 19,135
Furniture & Equipment	165,215	119,273	45,942
Software	5,331,239	4,918,034	413,205
<b>Total</b>	<b>\$ 5,553,860</b>	<b>\$ 5,075,578</b>	<b>\$ 478,282</b>

#### NOTE 5. OTHER ASSETS

Other assets account balances as of September 30, 2020 and 2019, were as follows:

	2020	2019
Intragovernmental		
Advances and Prepayments	\$ 42,191	\$ 88,305
<b>Total Other Assets</b>	<b>\$ 42,191</b>	<b>\$ 88,305</b>

Advance balance consists entirely of an advance payment account with the Federal Aviation Administration for Network Security Assessment and Scanning.

#### NOTE 6. LIABILITIES NOT COVERED BY BUDGETARY RESOURCES

The liabilities for OGE as of September 30, 2020 and 2019, include liabilities not covered by budgetary resources. Congressional action is needed before budgetary resources can be provided. Although future appropriations to fund these liabilities are likely and anticipated, it is not certain that appropriations will be enacted to fund these liabilities.

	2020	2019
Intragovernmental – FECA	\$ 84,035	\$ 89,188
Intragovernmental – Unemployment Insurance	643	-
Unfunded Leave	898,545	728,866
Actuarial FECA	508,847	502,002
Total Liabilities Not Covered by Budgetary Resources	\$ 1,492,070	\$ 1,320,056
Total Liabilities Covered by Budgetary Resources	1,065,894	3,718,882
<b>Total Liabilities</b>	<b>\$ 2,557,964</b>	<b>\$ 5,038,938</b>

FECA and the Unemployment Insurance liabilities represent the unfunded liability for actual workers compensation claims and unemployment benefits paid on OGE’s behalf and payable to the DOL. OGE also records an actuarial liability for future workers compensation claims based on the liability to benefits paid (LBP) ratio provided by DOL and multiplied by the average of benefits paid over three years.

Unfunded leave represents a liability for earned leave and is reduced when leave is taken. The balance in the accrued annual leave account is reviewed quarterly and adjusted as needed to accurately reflect the liability at current pay rates and leave balances. Accrued annual leave is paid from future funding sources and, accordingly, is reflected as a liability not covered by budgetary resources. Sick and other leave is expensed as taken.

**NOTE 7. ACTUARIAL FECA LIABILITY**

FECA provides income and medical cost protection to covered federal civilian employees harmed on the job or who have contracted an occupational disease, and beneficiaries of employees whose death is attributable to a job-related injury or occupational disease. Claims incurred for benefits under FECA for OGE’s employees are administered by the DOL and ultimately paid by OGE when funding becomes available.

OGE bases its estimate for FECA actuarial liability on the DOL's FECA model. The DOL method of determining the liability uses historical benefits payment patterns for a specific incurred period to predict the ultimate payments for the period. Based on the information provided by the DOL, OGE’s liability as of September 30, 2020 and 2019, was \$508,847 and \$502,002, respectively.

**NOTE 8. OTHER LIABILITIES**

Other liabilities account balances as of September 30, 2020 were as follows:

	Current	Non Current	Total
Intragovernmental			
FECA Liability	\$ 75,500	\$ 8,535	\$ 84,035
Unemployment Insurance Liability	643	-	643
Payroll Taxes Payable	135,069	-	135,069
<b>Total Intragovernmental Other Liabilities</b>	<b>\$ 211,212</b>	<b>\$ 8,535</b>	<b>\$ 219,747</b>
With the Public			
Payroll Taxes Payable	\$ 20,684	\$ -	\$ 20,684
Accrued Funded Payroll and Leave	545,753	-	545,753
Unfunded Leave	898,545	-	898,545
Other Liabilities	105	-	105
<b>Total Public Other Liabilities</b>	<b>\$ 1,465,087</b>	<b>\$ -</b>	<b>\$ 1,465,087</b>

Other liabilities account balances as of September 30, 2019 were as follows:

	Current	Non Current	Total
Intragovernmental			
FECA Liability	\$ 79,650	\$ 9,538	\$ 89,188
Payroll Taxes Payable	101,547	-	101,547
<b>Total Intragovernmental Other Liabilities</b>	<b>\$ 181,197</b>	<b>\$ 9,538</b>	<b>\$ 190,735</b>
With the Public			
Payroll Taxes Payable	\$ 16,109	\$ -	\$ 16,109
Accrued Funded Payroll and Leave	468,670	-	468,670
Unfunded Leave	728,866	-	728,866
Other Liabilities	105	-	105
<b>Total Public Other Liabilities</b>	<b>\$ 1,213,750</b>	<b>\$ -</b>	<b>\$ 1,213,750</b>

## NOTE 9. LEASES

### Operating Leases

OGE occupies office space under a lease agreement that is accounted for as an operating lease. The lease term begins on February 2, 2014 and expires on February 1, 2024. Lease payments are adjusted annually based on the adjustments for operating cost and real estate tax escalations. The total operating lease expense for fiscal years 2020 and 2019 were \$1,298,842 and \$1,482,081, respectively. Below is a schedule of future payments for the term of the lease.

Fiscal Year	Asset Category Office Space	Totals Federal
2021	\$ 1,378,225	\$ 1,378,225
2022	1,395,456	1,395,456
2023	1,413,205	1,413,205
2024	448,933	448,933
<b>Total Future Payments</b>	<b>\$ 4,635,819</b>	<b>\$ 4,635,819</b>

The operating lease amount does not include estimated payments for leases with annual renewal options.

#### **NOTE 10. COMMITMENTS AND CONTINGENCIES**

OGE did not have any material contingent liabilities that met disclosure requirements as of September 30, 2020 and 2019.

#### **NOTE 11. INTER-ENTITY COSTS**

OGE recognizes certain inter-entity costs for goods and services that are received from other federal entities at no cost or at a cost less than the full cost. Certain costs of the providing entity that are not fully reimbursed are recognized as imputed cost and are offset by imputed revenue. Such imputed costs and revenues relate to employee benefits and claims to be settled by the Treasury Judgement Fund. OGE recognizes as inter-entity costs the amount of accrued pension and post-retirement benefit expenses for current employees. The assets and liabilities associated with such benefits are the responsibility of the administering agency, OPM. For the periods ended September 30, 2020 and 2019, respectively, inter-entity costs were as follows:

	2020	2019
Office of Personnel Management	\$ 436,914	\$ 579,005
<b>Total Imputed Financing Sources</b>	<b>\$ 436,914</b>	<b>\$ 579,005</b>

#### **NOTE 12. UNDELIVERED ORDERS AT THE END OF THE PERIOD**

As of September 30, 2020, budgetary resources obligated for undelivered orders were as follows:

	Federal	Non-Federal	Total
Paid Undelivered Orders	\$ 42,191	\$ -	\$ 42,191
Unpaid Undelivered Orders	2,125,616	106,926	2,232,542
<b>Total Undelivered Orders</b>	<b>\$ 2,167,807</b>	<b>\$ 106,926</b>	<b>\$ 2,274,733</b>

As of September 30, 2019, budgetary resources obligated for undelivered orders were as follows:

	Federal	Non-Federal	Total
Paid Undelivered Orders	\$ 88,305	\$ -	\$ 88,305
Unpaid Undelivered Orders	44,534	61,966	106,500
<b>Total Undelivered Orders</b>	<b>\$ 132,839</b>	<b>\$ 61,966</b>	<b>\$ 194,805</b>

### **NOTE 13. EXPLANATION OF DIFFERENCES BETWEEN THE SBR AND THE BUDGET OF THE U.S. GOVERNMENT**

The President's Budget that will include fiscal year 2020 actual budgetary execution information has not yet been published. The President's Budget is scheduled for publication in February 2021 and can be found at the OMB Web site: <http://www.whitehouse.gov/omb/>. The 2021 Budget of the United States Government, with the "Actual" column completed for 2019, has been reconciled to the Statement of Budgetary Resources and there were no material differences.

In Millions

	Budgetary Resources	New Obligations & Upward Adjustments	Net Outlays
Combined Statement of Budgetary Resources	\$ 17	\$ 17	\$ 17
Difference - Due to Rounding	-	-	(1)
<b>Budget of the U.S. Government</b>	<b>\$ 17</b>	<b>\$ 17</b>	<b>\$ 16</b>

### **NOTE 14. CUSTODIAL ACTIVITY**

OGE's custodial collection primarily consists of late fees. While these collections are considered custodial, they are neither primary to the mission of OGE nor material to the overall financial statements. OGE's total custodial collections are \$400 and \$0 for the years ended September 30, 2020, and 2019, respectively.

### **NOTE 15. RECONCILIATION OF NET COST TO NET OUTLAYS**

The reconciliation of net outlays, presented on a budgetary basis, and the net cost, presented on an accrual basis, provides an explanation of the relationship between budgetary and financial accounting information.

**BUDGET AND ACCRUAL RECONCILIATION  
FOR THE YEAR ENDED SEPTEMBER 30, 2020  
(In Dollars)**

	Intragovernmental	With the Public	Total
Net Operating Cost (SNC)	\$ 5,658,046	\$ 10,569,415	\$ 16,227,461
<b>Components of Net Operating Cost Not Part of the Budgetary Outlays</b>			
Property, plant, and equipment depreciation	-	(337,387)	(337,387)
<b>(Increase)/Decrease in assets not affecting Budget Outlays:</b>			
Accounts receivable	-	(956)	(956)
Other assets	(46,114)	-	(46,114)
<b>(Increase)/Decrease in liabilities not affecting Budget Outlays:</b>			
Accounts payable	2,815,878	(47,710)	2,768,168
Salaries and benefits	(33,522)	(81,658)	(115,180)
Other liabilities	4,510	(176,524)	(172,014)
<b>Other financing sources:</b>			
Imputed federal employee retirement benefit costs	(436,914)	-	(436,914)
<b>Total Components of Net Operating Cost Not Part of the Budget Outlays</b>	<b>\$ 2,303,838</b>	<b>\$ (644,235)</b>	<b>\$ 1,659,603</b>
<b>Components of the Budget Outlays That Are Not Part of Net Operating Cost</b>			
Other	(400)	400	-
<b>Total Components of the Budget Outlays That Are Not Part of Net Operating Cost</b>	<b>\$ (400)</b>	<b>\$ 400</b>	<b>\$ -</b>
<b>Net Outlays (Calculated Total)</b>	<b>\$ 7,961,484</b>	<b>\$ 9,925,580</b>	<b>\$ 17,887,064</b>
<b>Related Amounts on the Statement of Budgetary Resources</b>			
Outlays, net. (total) (SBR 4190)			17,887,064
Agency Outlays, Net (SBR 4210)			\$ 17,887,064

**BUDGET AND ACCRUAL RECONCILIATION  
FOR THE YEAR ENDED SEPTEMBER 30, 2019  
(In Dollars)**

	Intragovernmental	With the Public	Total
Net Operating Cost (SNC)	\$ 9,643,119	\$ 10,757,886	\$ 20,401,005
<b>Components of Net Operating Cost Not Part of the Budgetary Outlays</b>			
Property, plant, and equipment depreciation	-	(1,149,162)	(1,149,162)
<b>(Increase)/Decrease in assets not affecting Budget Outlays:</b>			
Accounts receivable	-	(394)	(394)
Other assets	88,305	-	88,305
<b>(Increase)/Decrease in liabilities not affecting Budget Outlays:</b>			
Accounts payable	(2,332,235)	57,389	(2,274,846)
Salaries and benefits	(8,908)	(1,460)	(10,368)
Other liabilities	6,267	(55,065)	(48,798)
<b>Other financing sources:</b>			
Imputed federal employee retirement benefit costs	(579,005)	-	(579,005)
<b>Total Components of Net Operating Cost Not Part of the Budget Outlays</b>	<b>\$ (2,825,576)</b>	<b>\$ (1,148,692)</b>	<b>\$ (3,974,268)</b>
<b>Components of the Budget Outlays That Are Not Part of Net Operating Cost</b>			
Acquisition of capital assets	-	184,620	184,620
<b>Total Components of the Budget Outlays That Are Not Part of Net Operating Cost</b>	<b>\$ -</b>	<b>\$ 184,620</b>	<b>\$ 184,620</b>
<b>Net Outlays (Calculated Total)</b>	<b>\$ 6,817,543</b>	<b>\$ 9,793,814</b>	<b>\$ 16,611,357</b>
<b>Related Amounts on the Statement of Budgetary Resources</b>			
Outlays, net, (total) (SBR 4190)			16,611,357
Agency Outlays, Net (SBR 4210)			\$ 16,611,357



**INDEPENDENT AUDITOR'S REPORT**

U.S. Office of Government Ethics  
Washington, D.C.

In our audits of the fiscal years 2020 and 2019 financial statements of the U.S. Office of Government Ethics (OGE), we found:

- OGE's financial statements as of and for the fiscal years ended September 30, 2020, and 2019, are presented fairly, in all material respects, in accordance with U.S. generally accepted accounting principles;
- no material weaknesses in internal control over financial reporting based on the limited procedures we performed; and
- no reportable noncompliance for fiscal year 2020 with provisions of applicable laws, regulations, contracts, and grant agreements we tested.

The following sections discuss in more detail (1) our report on the financial statements, which includes required supplementary information (RSI) and other information included with the financial statements; (2) our report on internal control over financial reporting; and (3) our report on compliance with laws, regulations, contracts, and grant agreements.

**Report on the Financial Statements**

In accordance with the provisions of the Accountability of Tax Dollars Act of 2002 (ATDA) (Pub. L. No.107-289), we have audited OGE's financial statements. OGE's financial statements comprise the balance sheets as of September 30, 2020, and 2019; the related statements of net cost, changes in net position, and budgetary resources for the fiscal years then ended; and the related notes to the financial statements.

We conducted our audits in accordance with U.S. generally accepted government auditing standards and the provisions of OMB Bulletin No.19-03, *Audit Requirements for Federal Financial Statements*. We believe that the audit evidence we obtained is sufficient and appropriate to provide a basis for our audit opinions.

Management's Responsibility

OGE's management is responsible for (1) the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; (2) preparing, measuring, and presenting the RSI in accordance with U.S. generally accepted accounting principles; (3) preparing and presenting other information included in documents containing the audited financial statements and auditor's report, and ensuring the consistency of that information with the audited financial statements and the RSI; and (4) maintaining effective internal control over financial reporting, including the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.



### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. U.S. generally accepted government auditing standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. We are also responsible for applying certain limited procedures to RSI and other information included with the financial statements.

An audit of financial statements involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the auditor's assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit of financial statements also involves evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. Our audits also included performing such other procedures as we considered necessary in the circumstances.

### Opinion on Financial Statements

In our opinion, OGE's financial statements present fairly, in all material respects, OGE's financial position as of September 30, 2020, and 2019, and its net cost of operations, changes in net position, and budgetary resources for the fiscal years then ended in accordance with U.S. generally accepted accounting principles.

### Other Matters

#### Required Supplementary Information

U.S. generally accepted accounting principles issued by the Federal Accounting Standards Advisory Board (FASAB) require that the RSI be presented to supplement the financial statements. Although the RSI is not a part of the financial statements, FASAB considers this information to be an essential part of financial reporting for placing the financial statements in appropriate operational, economic, or historical context. We have applied certain limited procedures to the RSI in accordance with U.S. generally accepted government auditing standards, which consisted of inquiries of management about the methods of preparing the RSI and comparing the information for consistency with management's responses to the auditor's inquiries, the financial statements, and other knowledge we obtained during the audit of the financial statements, in order to report omissions or material departures from FASAB guidelines, if any, identified by these limited procedures. We did not audit and we do not express an opinion or provide any assurance on the RSI because the limited procedures we applied do not provide sufficient evidence to express an opinion or provide any assurance.

## Other Information

OGE's other information contains a wide range of information, some of which is not directly related to the financial statements. This information is presented for purposes of additional analysis and is not a required part of the financial statements or the RSI. We read the other information included with the financial statements in order to identify material inconsistencies, if any, with the audited financial statements. Our audit was conducted for the purpose of forming an opinion on OGE's financial statements. We did not audit and do not express an opinion or provide any assurance on the other information.

## **Report on Internal Control over Financial Reporting**

In connection with our audits of OGE's financial statements, we considered OGE's internal control over financial reporting, consistent with our auditor's responsibility discussed below. We performed our procedures related to OGE's internal control over financial reporting in accordance with U.S. generally accepted government auditing standards.

### Management's Responsibility

OGE's management is responsible for maintaining effective internal control over financial reporting, including the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

In planning and performing our audit of OGE's financial statements as of and for the year ended September 30, 2020, in accordance with U.S. generally accepted government auditing standards, we considered the OGE's internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of OGE's internal control over financial reporting. Accordingly, we do not express an opinion on OGE's internal control over financial reporting. We are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses. We did not consider all internal controls relevant to operating objectives, such as those controls relevant to preparing performance information and ensuring efficient operations.

### Definition and Inherent Limitations of Internal Control over Financial Reporting

An entity's internal control over financial reporting is a process effected by those charged with governance, management, and other personnel, the objectives of which are to provide reasonable assurance that (1) transactions are properly recorded, processed, and summarized to permit the preparation of financial statements in accordance with U.S. generally accepted accounting principles, and assets are safeguarded against loss from unauthorized acquisition, use, or disposition, and (2) transactions are executed in accordance with provisions of applicable laws, including those governing the use of budget authority, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent, or detect and correct, misstatements due to fraud or error.

## Results of Our Consideration of Internal Control over Financial Reporting

Our consideration of internal control was for the limited purpose described above, and was not designed to identify all deficiencies in internal control that might be material weaknesses and significant deficiencies or to express an opinion on the effectiveness of OGE's internal control over financial reporting. Given these limitations, during our audit, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## Intended Purpose of Report on Internal Control over Financial Reporting

The purpose of this report is solely to describe the scope of our consideration of OGE's internal control over financial reporting and the results of our procedures, and not to provide an opinion on the effectiveness of the OGE's internal control over financial reporting. This report is an integral part of an audit performed in accordance with U.S. generally accepted government auditing standards in considering internal control over financial reporting. Accordingly, this report on internal control over financial reporting is not suitable for any other purpose.

## **Report on Compliance with Laws, Regulations, Contracts, and Grant Agreements**

In connection with our audits of OGE's financial statements, we tested compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements consistent with our auditor's responsibility discussed below. We caution that noncompliance may occur and not be detected by these tests. We performed our tests of compliance in accordance with U.S. generally accepted government auditing standards.

### Management's Responsibility

OGE's management is responsible for complying with laws, regulations, contracts, and grant agreements applicable to OGE.

### Auditor's Responsibility

Our responsibility is to test compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements applicable to OGE that have a direct effect on the determination of material amounts and disclosures in OGE's financial statements, and perform certain other limited procedures. Accordingly, we did not test compliance with all laws, regulations, contracts, and grant agreements applicable to OGE.

## Results of Our Tests for Compliance with Laws, Regulations, Contracts, and Grant Agreements

Our tests for compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements disclosed no instances of noncompliance for fiscal year 2020 that would be reportable under U.S. generally accepted government auditing standards. However, the objective of our tests was not to provide an opinion on compliance with laws, regulations, contracts, and grant agreements applicable to OGE. Accordingly, we do not express such an opinion.

Intended Purpose of Report on Compliance with Laws, Regulations, Contracts, and Grant Agreements

The purpose of this report is solely to describe the scope of our testing of compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements, and the results of that testing, and not to provide an opinion on compliance. This report is an integral part of an audit performed in accordance with U.S. generally accepted government auditing standards in considering compliance. Accordingly, this report on compliance with laws, regulations, contracts, and grant agreements is not suitable for any other purpose.

*Brown & Company*

Greenbelt, Maryland  
November 12, 2020

## **Part IV – Other Information**

### **Fraud Reduction Report**

OGE is a small agency with fewer than 80 employees. Potential for fraud exists in any organization and at any level, however, OGE is proactive in taking the necessary measures to significantly reduce fraud by implementing financial and administrative internal controls to monitor the potential risk. These controls are routinely evaluated and, if necessary, redesigned to increase their effectiveness and address potential weak areas. OGE's internal controls include, but are not limited to, a separation of duties and responsibilities of actionable personnel so that no one person has complete control over a financial transaction. There are a minimum of three distinct levels of administrative review within OGE, along with additional reviews of the transaction by our financial shared service provider (FSSP). Routine reports on payroll, beneficiary payments, contracts, and purchase and travel cards are run and evaluated by multiple personnel at both the FSSP and agency level. Agency senior leadership is routinely briefed on the contents of these reports. All agency purchases are approved through the supervisory chain, validated by the Budget Officer and cross-referenced by budgetary personnel at the FSSP. Receipt of procured items is obtained by employee signature and reviewed and verified by an approving official outside the procurement action chain. Invoice payments are verified by the Contracting Officer's Representative, the Budget Officer, and again at the FSSP level. Audits of Government Purchase Card transactions are conducted annually by FSSP auditors to ensure compliance and use of proper procedures. Signed receipt of controlled items (mobile phones, laptops, etc.) is mandatory, reviewed, and approved by management and the OGE CIO, and verified on an annual basis and updated, as needed. OGE continues to monitor and evaluate implemented internal controls on an annual basis, constantly seeking improved methods and accountability to safeguard against potential fraudulent practices.

## Civil Monetary Penalty Adjustment for Inflation

<b>Statutory Authority</b>	<b>Penalty (Name or Description )</b>	<b>Year Enacted</b>	<b>Latest year of adjustment (via statute or regulation)</b>	<b>Current Penalty Level (\$ Amount or Range)</b>	<b>Sub-Agency/ Bureau/Unit</b>	<b>Location for Penalty Update Details</b>
Ethics in Government Act of 1978, as amended	5 CFR 2634.702(a) - Breaches by trust fiduciaries and interested parties; 2634.703 - Misuse of public reports; and 2636.104(a) – Civil, disciplinary and other action	1978	2020	\$20,489.00	U.S. Office of Government Ethics	Federal Register 85 (January 2020): 2279-2281. <a href="https://www.federalregister.gov/documents/2020/01/15/2020-00479/2020-civil-monetary-penalties-inflation-adjustments-for-ethics-in-government-act-violations">https://www.federalregister.gov/documents/2020/01/15/2020-00479/2020-civil-monetary-penalties-inflation-adjustments-for-ethics-in-government-act-violations</a>
Ethics in Government Act of 1978, as amended	5 CFR 2634.702(b) - Breaches by trust fiduciaries and interested parties	1978	2020	\$10,245.00	U.S. Office of Government Ethics	Federal Register 85 (January 2020): 2279-2281. <a href="https://www.federalregister.gov/documents/2020/01/15/2020-00479/2020-civil-monetary-penalties-inflation-adjustments-for-ethics-in-government-act-violations">https://www.federalregister.gov/documents/2020/01/15/2020-00479/2020-civil-monetary-penalties-inflation-adjustments-for-ethics-in-government-act-violations</a>
Ethics in Government Act of 1978, as amended	5 CFR 2634.701(b) - Failure to file or falsifying reports	1978	2020	\$61,585.00	U.S. Office of Government Ethics	Federal Register 85 (January 2020): 2279-2281. <a href="https://www.federalregister.gov/documents/2020/01/15/2020-00479/2020-civil-monetary-penalties-inflation-adjustments-for-ethics-in-government-act-violations">https://www.federalregister.gov/documents/2020/01/15/2020-00479/2020-civil-monetary-penalties-inflation-adjustments-for-ethics-in-government-act-violations</a>