

ADVANCED FINANCIAL DISCLOSURE

I. GENERAL INFORMATION

- A. **Mandatory Electronic Filing.** Unless an exception applies, DoD requires electronic filing and certification of ALL financial disclosure forms (OGE 278 & OGE 450) using either the Financial Disclosure Management (FDM) or Integrity system. (Manual forms filed by exception must use the most current version - e.g., OGE Form 278 should be dated March 2014, and OGE Form 450 should be dated June 2015).
- B. **Standard of Review** should meet the requirements of an OGE audit. Specifically, review of reports should be two-fold. First, the initial review which addresses procedural questions, including whether the report is complete on its face, and then substantive conflict of interest review. This strengthens programs against negative substantive findings during an OGE audit. **Best Practice (BP): Internal DoD program review should meet the OGE standard.**
- C. **STOP THE CLOCK!** Meet the Ethics Program requirements. Conduct the review as soon as possible upon receipt of the report. The report must be certified within the 60-day review deadline, unless there is good cause for delay (e.g., seeking clarifications from filer). Technical deficiency review will *not* suffice. PA-11-04 (<http://www.oge.gov/displaytemplates/modelsub.aspx?id=2147484468>). To justify failure to meet the 60-day review, the ethics official must show that he or she was actively and continuously seeking to obtain missing information or answering questions. **BP: Establishing a practice to promote follow up, for example, to request a response to follow-up questions within the week.** See JER 7-206(b).
- D. Resources.
1. Public Financial Disclosure Guide (<https://www.oge.gov/Web/278Guide.nsf>)
 2. Guidance for Reviewers of the OGE Form 450, Part I (Assets & Income) (<https://www.oge.gov/Web/OGE.nsf/Resources/Guidance+for+Reviewers+of+the+OGE+Form+450,+Part+I>)
- E. **General Information.**
1. The report should stand-alone. FDM and Integrity have functionality to permit making annotations that are part of the form. For paper forms, annotate all revisions, corrections, and clarifications on the form, including your initials, date, and source of information. Use Comments box for substantive comments, such as “waiver or disqualification attached.”
 2. Assist filers in identifying where and what information is needed. Sometimes this means providing them language for their tax consultant or financial advisor, or even talking to these agents directly. Remember, the filer must give you and the agent permission to discuss interests.

3. DoD recommends encouraging filers to use "(S)" for spouse, "(J)" for joint, and "(DC)" for dependent child (if more than one dependent child, DC 1 and DC 2). This provides two benefits: 1) It helps the review process, as the ownership of an asset may determine whether additional information is needed for other parts of the form (e.g., salary from DoD contractor may be listed in the OGE Form 450 on Part I, III, and IV if filer, but only Part I if spouse); 2) It helps the filer to identify which asset/account is being referenced for subsequent reports, including transaction reporting.
4. Educate filers on over-reporting. Filers often provide too much information, such as dependents' names, account numbers, or their social security number. Be careful that this information is not inappropriately released.
5. If there are questions resulting from the initial review, ask the filer all at once, not piecemeal. Use a template to ensure that you have asked all pertinent questions, particularly for new entrant filers.

II. OGE FORM 450 - REVIEW THE REPORT.

- A. **Procedural Information.** Initial Review can include review of procedural information like, is the correct form used, is it signed, is it dated, are all questions answered, or required parts are included, etc.
 1. **Correct version?** The correct version is dated January 2014. Use of any other versions is prohibited as the forms are obsolete and filers must complete new report on the correct form. Be sure to distribute the correct version. Recommend downloading the form from DoD SOCO website:
 2. **Signed.** If the filer has not signed the report it cannot be considered filed. Unless the disclosure report includes an agency approved electronic signature capability, the ethics office must receive the report with original signatures. At DoD, Army filers must and all other filers may use the OGE approved e-filing system, the Army Financial Disclosure Management program (FDM), or CAC signatures may be acceptable if approval is received from the organization's CIO.
 3. **Reporting Status:** We must assume that the filer's report covers the reporting period for the reporting status checked. Hence, if the new entrant reporting status is checked, you must assume that part I of the report covers the prior 12 months preceding the filing of the report. If the annual reporting status is checked, the report covers the preceding calendar year.
 - a. **New Entrant or Annual?** If an annual report is the first report for a filer, check to determine if this was intended as an annual or new entrant report (e.g., what reporting period did the filer use, what was the appointment date to the position). If it includes an appointment date more than 30 days from the date filed, but is marked as an annual report it will likely be an annual report, covering the reporting period January 1 to December 31. Remember a new entrant report requires information for the 365 days prior to filing the report, which should be made within 30 days of entry.

- (1) If the report was intended as a new entrant report, confirm with the supervisor whether the determination that the filer was in a “covered position” was within 30 days; and the report covers the correct reporting period. Annotate the report that a determination was made during the annual position review and that filing is now required, and treat the submitted annual report as a new entrant report with the date of appointment as the date the determination was made that they are a filer.
 - (2) If the supervisor indicates that the filer should have been previously identified as a filer, collect a new entrant report, even though it would be late. Annotate the report to correct the status; ensure that the report contains information for the 12-month period before filing the report; and write a note in the Comments section to explain what happened. OGE encourages reviewer’s notes on the report.
4. **Dates.** Is the report timely filed?
- a. The appointment date must be entered for all new entrant reports.
 - b. Check if the report was timely filed, *i.e.*, within filing period or before the extension expired.
 - (1) New Entrant reports must be received within 30 days from when the filer assumed his duties, except for SGEs (and Reservists and National Guard who meet the requirements) who file prior to assuming the duties. *See* JER 7-303.a.(2).
 - (2) Annual reports should be filed no earlier than January 1 and no later than February 15, unless an extension is requested and granted within the filing period.
 - (3) Annual OGE Form 450s signed and/or filed prior to December 31 are premature. Ethics officials have two options (depending on how premature the reports are): (i) require resubmission after January 1, or (ii) require filer clarification that there are no reportable changes after January 1 and annotate the report accordingly.
 - c. Date of supervisor signature must be on or after the date the employee signs. This ensures that the supervisor reviewed the complete report.
 - (1) The report fails to receive supervisory review. After conducting a review of the report, if substantive changes are required, make them first, then submit it to the supervisor for review and signature. Keep the original, so it does not get lost, and send a copy to the supervisor to sign. File them together when the copy is returned. The database or tracking system needs to alert the reviewer if the supervisor does not return it in a timely manner. Annotate the report accordingly.
 - d. **Date Received by Agency** is the filing date and is critical to start the 60 day review deadline. OGE says an intermediate review can qualify to complete the 60-day deadline, but may use the supervisory review to stop the 60 day review clock, but the supervisor must note the date received on the report

(unlikely). The risks include losing control over knowing when filers may be late, and ensuring that the date is entered accurately. Most DoD ethics officials use the date the report is filed at their respective ethics office, which gives that office control over the 60 day review. The risks include losing control over supervisors, who may hold the report, and risk a late filing date.

5. **Did filer properly complete all Steps on cover page?** All statements must be answered "yes" or "no," corresponding to whether there are reportable items on Parts I-V of the report. Check to make sure all required statements are answered and correctly reflect reported information in Parts I-V. Remember, if there is nothing to report for all parts, only the first page needs to be kept for six years.

B. Part I - Assets and Income.

1. Reportable assets: (i) Assets that had a fair market value of more than \$1,000 at the close of the reporting period; OR (ii) assets that produced over \$200 in income during the reporting period, regardless of asset value. Fair market value may be determined by purchase price, good faith estimate, recent appraisal, adjusted assessed value, and year-end book value.

Report earned income of spouses or dependent children only if it exceeds \$1,000. 5 C.F.R. 2634.907(h)(1) and (2)

- a.
2. **Partnerships**, closely held corporations, and small business ventures (not publicly traded) – Filers need to include name, location, and nature of business. Remember that the goal is to collect information necessary to conduct a conflict review, and it is usually difficult to find public information on these types of entities.
3. **Pensions** – Make sure you ask about pensions for new entrants, filer spouses, and SGEs; or anywhere the filer reports a salary. If not reported, inquire. Generally, there are two types of pensions: (i) a defined benefit plan, which is a corporate obligation, or (ii) a defined contribution plan, which generally allows the filer to choose the investments in the plan.
 - a. **Defined Benefit Plan** - Report the name of the company and include a parenthetical that it is a “(defined benefit plan).” In a defined benefit plan, the company guarantees a set amount, usually based on actuarial calculations, and makes monthly payments based on these calculations, similar to the civil service retirement system.
 - b. **Defined Contribution Plan** - If the filer chooses the investments in the plan, such as selecting mutual funds or stocks, report the assets of the plan, which will be the options selected. This is a defined **contribution** plan, in which the

employee receives whatever the investment portfolio has earned with no guarantee, like the TSP.

(1) **401(k)** is a type of defined contribution plan. Identify the underlying assets by identifying any sector mutual funds, specific assets such as the company's stock, or by naming the independent manager and the type of investment option selected, such as fixed, aggressive growth, etc. If the assets are all not reportable (such as non-sector, diversified mutual funds), you are not required to report 401(k)s; but it may be preferable to retain this information for future disclosures to ensure that reportable information is not later acquired.

4. **Investment Accounts (e.g., IRA)** – Filers need to identify all reportable underlying assets. If the assets are all not reportable, either because they are below the reporting thresholds or are not reportable assets, you should annotate this in a parenthetical next to the IRA entry (e.g., “(all non-sector, diversified mutual funds).” Please note where assets are all not reportable (e.g., all diversified mutual funds), you are not required to report the IRA at all, but it may be preferable to retain this information for future disclosures to ensure that reportable information is not later acquired.

5. **Mutual funds** –

- a. Diversified, non-sector, mutual funds are not required to be reported. *See* 5 C.F.R. § 2634.907 (www.ecfr.gov/cgi-bin/text-idx?c=ecfr&rgn=div5&view=text&node=5:3.0.10.10.8&idno=5#5:3.0.10.10.8.9.50.7).
- b. Excepted investment funds (EIFs) are not reported. EIFs are funds that are widely held and either publicly traded or widely diversified with an inability of the investor to exercise control over the financial interests. *See* 5 C.F.R. § 2634.310(c) (www.ecfr.gov/cgi-bin/text-idx?c=ecfr&rgn=div5&view=text&node=5:3.0.10.10.8&idno=5#5:3.0.10.10.8.3.50.10).
- c. Sector funds are reportable – Ensure the full family and fund name. *See* 5 C.F.R. §§ 2640.201(b) and 202 (rules governing disqualification of sector fund holdings) (www.ecfr.gov/cgi-bin/retrieveECFR?gp=&SID=6761e88f40c6e053e34984b08636f303&r=PART&n=5y3.0.10.10.12); and OGE Advisory Opinion 00 x 8 (DO-00-030) (www.oge.gov/DisplayTemplates/ModelSub.aspx?id=2309) (explanation and assistance in distinguishing sector funds from diversified mutual funds). Remember, OGE sector fund is limited to funds concentrated in a particular industry, business, single country other than the US, or bonds of a single State (e.g., Fidelity Advisor Emerging Asia is not a sector fund for disclosure purposes but a diversified mutual fund (not reportable); however, it is a “sector” fund in investment world terminology).

BP: Always ensure that the full asset name is reported and when possible include the ticker symbol, not just the family name which may indicate one of several different types of holdings: 1) stock of an entity; 2) a mutual fund of the entity (e.g. Fidelity Magellan, and not just Fidelity); 3) an investment account with the entity; or 4) annuity/insurance (e.g., Prudential).

different types of holdings: 1) stock in entity; 2) a mutual fund of the entity; 3) an investment account with the entity; or 4) annuity/insurance (e.g., Prudential).

6. **Managed stock/brokerage account** –

a. Many employees claim that they don't control the account or know what is in the account, so they shouldn't have to report assets. Even if they give day-to-day control to a broker, they still retain ultimate control. Any reputable broker provides monthly or quarterly reports, so the employee has knowledge, even if he doesn't read the reports. Filers should not be attaching brokerage statements or the like, as they usually are not in the required format, fail to cover the required period of time, fail to capture the required information for the report, or are overly onerous for reviewers. Remember, filers are obligated to complete the form rather than attach a brokerage statement or tax forms, except in very rare instances. *See* DO-00-007 (www.oge.gov/DisplayTemplates/ModelSub.aspx?id=1993).

7. **Variable** annuities or life insurance –List the holdings, which may be invested in diversified unit investment trusts. Always ask to identify the type of annuity or insurance.

8. **Property** – identify the type of property (rental property, undeveloped land), and the city and state.

9. **Trusts** – if a trust is reported, determine whether filer is beneficiary or just a trustee. If they are a beneficiary, the reportable underlying assets of the trust must be reported. If they are the trustee only, report the trust only if they receive fees in excess of \$200 (report on Part I as other income). Remember the outside position would be reportable on Part III.

C. **Over/Under-Reporting.**

1. Over-Reporting –If you have the time, follow-up by informing the individual of the over-reporting.

BP: Put “NR” (“Not reportable”) or “OR” (“Over-reported”) or similar notation on the report.

dollar amounts, account numbers, cash accounts in financial institutions, money market funds, CDs, EIFs etc.

b. Do not report the personal residence unless it is income producing (e.g., a portion is rented out)

c. Do not report the mortgage on your personal residence.

d. Do not report gifts of travel accepted by the Government in accordance with 31 U.S.C. § 1353. Make sure you have information on the travel for your travel report, but it should not be reported here!

2. Under-Reporting –

BP: For new entrants, and periodically thereafter, ask the filer to confirm there is no missing reportable information (e.g., filer isn't married, doesn't have minor children, or life insurance etc.) and annotate report accordingly. This is also a good time to remind new entrants of their other annual ethics requirements, namely to complete an annual report and one hour of ethics training.

- a. If the filer thought the report was a new entrant report, but it is really an annual report, you need to determine if there are any gifts/travel to be reported. Vice-versa, if it is a new entrant, but travel reported, indicate NR or OR.
- b. Inadvertently omitted information. Most often this is seen with spousal income and investments of spouses and dependent children. Without independent knowledge, this may be hard to determine.

D. Cross-Pollination – Ensure the parts of the report are consistent.

- 1. Make sure Part I is consistent with other parts of the report (e.g. if outside position is reported in part I, then it must be reported in part III as well).
- 2. Part III - Outside Positions - Reports fail to list outside positions, especially when uncompensated. Ask whether the position reported on Part III is compensated? If yes and compensation is more than \$200, is it reported in Part I? If income for a position is reported in Part I, be sure that the position is also reported in Part III. This one is hard – without independent knowledge, or development during questioning on other problems, it may be impossible.

- 3. Par BP: annotate the entry with “(paid)” or “(unpaid).”
 in a pension or benefit plan maintained by a former employer? Check assets listed on Part I and Part III. This usually arises for an Intergovernmental Personnel Act appointees or Special Government Employees. If it is a career employee, the matching would indicate that the career employee is still working in the private sector maybe leading a 18 U.S.C. § 209 violation..

BP: review any ethics advice the filer may have received during the reporting period for any other reportable information.

E. Substantive Review - After conducting the initial review, get answers to any questions before proceeding to substantive conflict of interest review. You may need to contact the filer’s supervisor or review a description of his office’s mission.

BP: Ask filer for his position description or a brief paragraph regarding his duties.

alternatively the \$25K list (list of companies with contracts with the DoD of \$25,000 or more) on the DoD SOCO website (www.dod.mil/dodgc/defense_ethics/resource_library/contractor_list.pdf), if appropriate. As the list is generally updated annually, check that you have the most up-to-date version. Remember that *the list is not a comprehensive list* of possible prohibited sources. For example, many universities are prohibited sources but are not listed on the contractor list. The list does not capture entities

with contracts below \$25,000 with the Department of Defense. The list also does not feature entities seeking to do business with the Department.

2. DoD SOCO recommends a more expansive review be performed. It is misleading to only look at the \$25K list for prohibited sources. Ethics officials need to know their filer's duties and current activities.
3. Besides investment assets, substantive conflicts of interest most often arise from: (a) former private sector employers during the filer's first year at DoD; (b) spousal employment; and (c) outside positions. Check also that the filer is not accepting gifts from prohibited sources, or at least accepted them after receiving ethics guidance.
4. If a filer holds stock in a DoD contractor, the filer should receive a letter of warning (LOW), with a copy to their supervisor, which identifies any possible conflicts of interests, recites the legal standards, and reminds the filer of any required recusals. OGE has cited letters of warning as a best practice in its Program Review Guide. The LOW should be kept with the report, but not attached directly to the report.

5. **BP: Where the filer has significant changes/revisions to their report, consider attaching the edited report with any LOW. This can assist them in future reporting.**

report with any information about action taken (*e.g.*, LOW sent). Finally, the reviewer certifies the report.

F. Remedy for failure to file

Failure to file a 450 timely can result in administrative action

III. OGE FORM 278 - REVIEW THE REPORT.

A. **Review Standard** – The same as for the 450 reports.

1. This section discusses and highlights differences between the 450 and 278 reports. Except where noted, the 450 section is applicable to the 278 reports. Assets and income that are more complex are discussed in the 278 section, although such discussion is applicable to the 450 reports.
2. **STOP THE CLOCK!** – The same as for the 450 reports.
3. *Must* compare the current 278 with the prior one. There should be a seamless flow from one year to the next. It is recommended for 450 review, but mandatory here. Also recommend using a worksheet to help compare and record questions.

B. **Preliminary Information.**

1. **Correct version?** If it is not dated 12/2011, filer *must* redo the report. Be sure to distribute the most current version. Prior versions cannot be used. Recommend downloading the form from the DoD SOCO website (www.dod.mil/dodgc/defense_ethics/resource_library/oge_278_supervisor_signature_dec_2011.pdf).

2. *You must* collect reports for each category – new entrant, annual and termination.
3. The Appointment date should be included on new entrant reports and the termination date should be included on termination reports. It is advisable to include the appointment date on each annual and termination report.
4. The Filer should include the calendar year which covers the interests reported for all incumbent reports. *E.g.*, a 2015 incumbent report covers calendar year 2014 (the reporting period), so the calendar year should say 2014 not 2015. If the calendar year is wrong, you should verify with the filer that the report covers the correct reporting period and annotate the report accordingly.
5. The signature of the filer should be dated after January 1 and no later than May 15, or if later, an extension should be annotated in the comment box. If not the report is late. Likewise, the supervisor’s signature should be dated on or after the date the filer signs the report.
6. Unlike the confidential financial disclosure report filers, the public financial disclosure report filers are subject to a late fee of \$200. 5 C.F.R. § 2634.704(a). They can avoid the fee by (i) filing timely, or (ii) seeking an extension before the filing is due, or (iii) submit the report within 30 days of when it is due (the regulation permits the 30 day grace period for mailing. 5 C.F.R. § 2634.704(f).
7. If the report does not have the required supervisor certification label, located in the comments box (automatically included on the version on the DoD SOCO website version), supervisors should sign as “Other Reviewer.” Supervisory review is not required for termination reports (JER 7-206.a). This box may also be used to annotate the date of initial review.
8. **Date received** – There is no box on the report, but this date is critical to start the 60 day review time. Recommend putting it in the “Agency Use Only” box.
9. Record reason for any delay beyond 60-day review requirement on the form, in the database, or both to make it easy to document for auditors that the 60 day review deadline is met (JER 7-206(c)(7)).
10. OGE Form 278s require DoD DAEO or Deputy DAEO certification, unlike a 450, where an Ethics Counselor may sign.

C. Schedule A, Assets and Income.

1. Reportable information for an OGE Form 278 is more detailed than a 450. It requires reporting the value of the asset by range, as well as the type and range of income. Also, more information is reportable on the OGE Form 278. For example, a diversified mutual fund that meets the reporting thresholds must be reported as an asset on a 278 even though it is not required to be reported on a 450. Otherwise, the discussion in the 450 section on how to correctly report assets generally applies here.
2. Check that each reported asset has an entry in one of the blocks in B, value range, and C, type and amount of income ranges. Reportable asset thresholds are the same as for the 450.

- a. If an asset is an Excepted Investment Fund (EIF), and the EIF box is checked (between blocks B and C), filer need not identify the type of income received (e.g. filer does not have to check dividends or capital gains if he or she check EIF).
 - b. If “None (or less than \$201)” is checked for the income amount, the type of income need not be identified.
 - c. If filer, spouse and/or dependent child have the same security, aggregate all value and income to determine if they meet the reporting threshold. *E.g.*, if filer has \$800 in X stock, and the spouse has \$300, these amounts would be aggregated and X stock would be reportable.
 - d. Aggregate different types of income from securities to determine if they meet the reporting threshold. *E.g.*, if Y stock, valued at \$800, earned both dividends (\$175) and capital gains (\$215), these amounts would be added to determine if it exceeded \$200 as reportable income.
 - e. Filer must indicate the actual amount of any of his non-investment reportable income in “Other Income” block in Block C, instead of providing a range. Most common examples of this include salary from a former or outside private sector employer, partnership income, or honoraria. Report benefits and severance separately from salary.
 - f. Spousal income does not require reporting of actual amounts in Block B or C, however, the entry should annotate “spousal salary” either in Block A or under “Other Income” in Block C.
 - g. Spouses and dependent children may use the “Over \$1,000,000” category for their sole assets that meet the category, but the filer must use whichever of the higher categories applies.
 - h. Check changes to value and income. Where values jump more than one value or income range, the reviewer should check for a transaction or obtain an explanation. *See* Reviewer Assumptions (p. 4-6) of Public Financial Disclosure: A Reviewer’s Reference (www.oge.gov/Financial-Disclosure/Docs/Financial-Disclosure-Guide/).
3. Unlike the 450 filer, the 278 filer must report **cash accounts**, if they aggregate more than \$5,000 in one financial institution. These include certificates of deposit, money market accounts, or other forms of deposit in banks, credit unions or similar financial institutions.
 4. If stock that produced more than \$200 income during the reporting period is completely sold, report value as “None (or less than \$1,001)” and include capital gains in the type of income, if applicable.
BP: Include a parenthetical in block A to record sales, *e.g.*, “(sold)” for complete sales or “(partial sale).”
 5. **Stock Options** – are tricky and reviewers should refer to OGE guidance. *See* “Guide to Reporting Selected Financial Instruments” (www.oge.gov/Financial-Disclosure/Docs/Guide-to-Reporting-Selected-Financial-Instruments/, page 12)

For example, options that are exercised and immediately sold are usually considered ordinary income and not capital gain, and therefore the actual amount realized should be reported in “Other Income” box.

6. **Retirement Assets and Income.**
 - a. The interest/dividends earned by **IRAs** must be reported, even if not taxable.
 - b. Detailed disclosure of reportable underlying assets in a personal IRA is required, so show the value of the underlying assets, as well as interest/dividends/capital gains.
 - c. **Defined benefit pensions** – The shorthand method of reporting for the 450 does not apply to the 278 report. Report the name of the employer, and the category of value (cash surrender) or if the value cannot be determined include a parenthetical noting “(value not readily ascertainable).” Do not complete block C type and amount of income. For block C, provide a description of the benefit to be received in “Other Income” box (*e.g.*, “at age 65, \$3,750/monthly”). If filer receives payments, this is actual income, and the actual amount received must be reported in “Other Income” box.
 - d. **Defined contribution plans** - Report the name of the employer, type of plan (*e.g.*, 401K, 403B, SEPs, Keogh or TIA-CREFF) and all reportable underlying assets as separate entries. Income from these assets is not ordinary income to the filer, so complete type and amount of income boxes in block C. Where the interests are in boutique funds, OGE recommends evaluating whether the independently managed investment might qualify as an EIF before requiring reporting of all underlying assets.
7. **Limited Partnerships** – If publicly traded, they are usually EIFs, so simply identify the name and values. If they are not publicly traded, report the name, location and describe the trade or business. If it is an investment LP that does not meet the criteria for an EIF, the reportable underlying holdings must be reported. The types of income and amounts should match the information provided by a broker or on a K-1 schedule (of IRS Form 1065).
8. **Managed Accounts** – Where a new entrant filer identifies a managed account, notify them that each transaction (sale or purchase) over \$1,000 will be reportable on Schedule B, even if they do not make the decision.
9. **Use of Brokerage Statements** – Filers should not be attaching brokerage statements or the like, as they usually are not in the required format, fail to cover the required period of time, or are overly onerous for reviewers. Remember, filers are obligated to complete the form rather than attach a brokerage statement or tax forms, except in very rare instances. *See* DO-00-007 (www.oge.gov/DisplayTemplates/ModelSub.aspx?id=1993).
- D. **Schedule B, Part I, Transactions.** This is not required on the 450. This section helps to explain changes from year to year concerning Schedule A assets.
 1. Report a transaction of real property, stocks, bonds, EIF shares or other securities when it exceeds \$1,000. This section provides most of the explanation of changes

that appear on Schedule A from one year to the next. Reviewers should check transactions against Schedule A, to ensure all new or sold assets are properly captured and reported.

2. Be sure that the filer provides the month, day, year, and value range of each transaction.
 3. Report transactions made by non-public businesses or investment pools in which there is a direct proprietary or general partnership interest.
 4. Remember, assets reported as sold on Schedule A may not be reportable on Schedule B, Part I, where transaction does not meet reporting threshold, but where capital gains are reportable (e.g., X stock sold with capital gains/dividends in excess of \$200, but value was less than \$1,000). Likewise, sold assets, may not meet reporting thresholds on Schedule A (e.g., where sold at a loss). Where there is a new asset on Schedule A and no corresponding transaction, confirm whether this new asset was previously held but newly reportable, inherited, or gifted. For each of the above scenarios, reviewer should annotate the explanation on the report.
 5. Exchanges are rare. This transaction type should be used for stock re-issuances (e.g., Company X acquires Company Y, and Y stock is reissued as X stock), or where filer sells and purchases shares from the same fund family (e.g., Vanguard High-Yield to Vanguard Emerging Markets and NOT Fidelity Magellan to T.Rowe Price Capital Appreciation Fund).
- E. **Schedule B, Part II** – Gifts, Reimbursements, and Travel Expenses – Review material in the 450 section.
- F. **Schedule C, Part I** – Liabilities – More items are reportable on the OGE Form 278 than the 450. For example, a mortgage on a rental property is required to be reported as a liability on a 278 even though it is not required to be reported on a 450, even if the mortgage is from a financial institution on terms generally available to the public. (Note that the STOCK Act requires 0-7 and above to report their mortgages on their personal residence even if they do not rent the property).
1. Credit card debt in excess of \$10,000 at the end of the reporting period is reportable, but filer need not otherwise report credit card debt which exceeded \$10,000 during the reporting period.
 2. Be sure that the filer provides the date, interest rate, term and value (the highest amount owed during the reporting period) of the liability. The date for credit cards is "continuing," and the term is "until paid."
- G. **Schedule C, Part II** – Agreements and Arrangements – The most common reportable items in this section are retirement plans, sabbaticals, and arrangements for post-government employment, usually on new entrant and termination reports.
- H. **Schedule D, Part I** – Outside Positions – The most common positions reported are fiduciary positions as officers, employees, or representative, such as trustee, limited or general partnerships, and professional associations. Make sure that the filer

- received supervisor approval for positions that appear to relate to his official duties, and the proper recusal is implemented where appropriate.
- I. **Schedule D, Part II** – Compensation in Excess of \$5,000 – This is not required on the 450. It is only for nominees and new entrants. Filers must provide the names of clients and customers for whom they provide direct, personal services requiring a fee of over \$5,000, even when paid to the filer’s employer. When paid directly, there should be a corresponding entry on Schedule A.
 - J. **Under/Over-reporting** - Remind filers that this is a public report and educate them on their mistakes to reduce over-reporting. Under-reporting can also be an issue like with the 450s.
 - 1. Income from the Federal Government, social security numbers, and account numbers should NOT be reported. This information should not be released to the public.
 - 2. Where spousal assets are listed, but no employer, make sure to ask.
 - 3. If filer has dependent children, verify they do not have a college savings account.
 - 4. Filers often fail to include insurance as an asset. Remember to ask if they have any life insurance, other than term, and if so report. If it is variable life insurance, then the filer must report the underlying assets to the policy.
 - K. **Cross-Pollination** – Ensure that the Schedules are consistent, as discussed above and in the Cross-Pollination material in the 450 section.
 - L. **Substantive Review:** Determine if there is a conflict between duties and reported items. Unlike the 450’s this should be easier to identify because we have more information on the interest, e.g., estimated value or details about the non-Federal position.
 - 1. Disqualification – If a conflict is likely, remember to immediately have the filer recuse until you have had time to assess.
 - 2. Ethics Agreement – Can be a good practice where conflict is complicated.
 - 3. Letters of Warning – *See* 450 section for application to 278 Report. You may want to explain whether an exemption might apply.
 - 4. Other?
 - M. Remedy for Failure to File timely
 - 1. Filer is subject to a \$200 fine. 5 C.F.R. § 2634.704
 - 2. If the filer fails to file or falsifies a report, he or she must be referred to the Department of Justice. 5 C.F.R. § 2634.701 TIP: Be sure to document the number of times you contacted the filer if they failed to file before referring the case to the Department of Justice. Only the DAEO can send the letter to Justice.