

June 23, 2008

**Justification for Nonmaterial/Nonsubstantive Change  
Electronic Filing/Forms Additions to OGE's SF 278 Paperwork Supporting Statement  
(OMB Control No. 3209-0001)**

**A.3. -- Add new ¶s at end of the existing text as follows:**

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For the past three years, the Office of Government Ethics (OGE) as the executive branch supervising ethics office and sponsor of the branchwide SF 278 Public Financial Disclosure Report form has worked with the Department of the Army as it has been developing an electronic filing system for both the SF 278 and the separate OGE Form 450.<sup>1</sup> This discussion will just focus on the SF 278 initiative (see footnote one below as to the Form 450 initiative). Since 2005, OGE has approved the Army's Financial Disclosure Management (FDM) system for pilot operation at that Department. OGE has also decided that only the Army's "smart" form interview process can be used for electronic SF 278 forms that may be developed by executive branch departments and agencies. Otherwise, any such electronic forms must just duplicate the SF 278 form instructions and reporting schedules (unless OGE approves a specific confidential financial disclosure supplement, as to which each individual agency is responsible for Paperwork Reduction Act assessment and, if needed, clearance through OIRA/OMB). The Army Department presented its evolving new SF 278 FDM system at OGE's Ethics Conference in Orlando, FL in March 2007 and offered to partner with other departments and agencies to provide its electronic filing option more broadly to the executive branch. Since then, Army has worked with OGE to further develop its electronic filing system.

The Army Department indicates that Financial Disclosure Management (FDM) is a secure, Army electronic filing (e-filing) system for its authorized users to file and maintain required financial disclosure reports (SF 278, OGE Form 450) anywhere via a Web browser. FDM uses OGE-business rules and a report wizard to guide a filer through report preparation. FDM manages the report processing electronically through the approving official and retention period completely. General information on FDM is available on the FDM web site, <https://www.fdm.army.mil>. That FDM web site includes video tutorials for e-filing the SF 278 reports([https://www.fdm.army.mil/documents/FDM\\_278\\_Filing\\_for\\_Website/Filing a SF 278 Main Menu.html](https://www.fdm.army.mil/documents/FDM_278_Filing_for_Website/Filing_a_SF_278_Main_Menu.html)) and the OGE Form 450 reports ([https://www.fdm.army.mil/documents/Filing OGE 450 For Website/Filing an OGE 450 Report.html](https://www.fdm.army.mil/documents/Filing_OGE_450_For_Website/Filing_an_OGE_450_Report.html)).

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<sup>1</sup> As to the latter form, the OGE Form 450 Executive Branch Confidential Financial Disclosure Report, the Army's electronic initiative has not to-date involved any private citizen filers; nor is it contemplated to do so at this time due to computer security access concerns and given the fact that the confidential disclosure system only calls for initial and annual incumbent filings, not termination reports as for the SF 278. Therefore, no amendment to OGE's separate paperwork clearance for the Form 450 (OMB control # 3209-0006) is needed for the Army initiative. Because OGE will only clear any other agency's "smart" electronic form using Army's smart form features, OGE does not deem it necessary to revise that separate paperwork clearance at this time. When OGE applies for renewed paperwork clearance for the OGE Form 450 in 2009, OGE to the best of its knowledge will describe the status of the electronic initiatives of the Army and any other agencies as part of its submission to OMB. OGE will promptly notify and coordinate with OMB if it becomes aware of any significant changes affecting the existing OGE Form 450 paperwork clearance before then (including via the forthcoming e-filing survey noted on p. 2 of this PRA amendment).

In addition to the Army, some Air Force, Navy, and other Department of Defense SF 278 report filers use FDM. The Office of Government Ethics has been using FDM for several years and the Veterans Affairs Department began using FDM in 2008. To the best of OGE's knowledge, just one other agency, the Department of Homeland Security, is actively pursuing with the Army the implementation of Army's FDM system for their employees. These broader implementations may include appropriate minor modifications such as tailoring to the participating departments/components concerned and "civilianization" of the FDM presentation. In OGE's view, these modifications would not impact the paperwork clearance matters of the FDM system. In addition, the National Institutes of Health at the Department of Health and Human Services, the Federal Deposit Insurance Corporation and the National Aeronautics and Space Administration have designed systems after considering the Army's SF 278 FDM system.

Due to computer access and security concerns, the Army's electronic system does not currently envision permitting initial or nominee SF 278s to be filed prior to entry on Government service. Moreover, incumbent annual SF 278 reports are filed by current Federal employees. However, to-date most Army terminate filers in 2007 and 2008 [49 of 63 (as of May 5, 2008)] using the electronic system have filed their final reports after they leave the Government, though a few have filed on/by the last day of service. OGE and Army do not anticipate any significant change in the numbers or percentage of such former employee filers under the new electronic filing system versus the traditional paper filing system.

At present, OGE does not believe that the electronic filing/forms initiatives of the Army and other departments/agencies as described will alter any of its branchwide figures of filer numbers, reporting burden, or costs to respondents or the Federal Government for the SF 278 as shown in the current ROCIS paperwork submission, including the existing responses to items 12-15 of this Supporting Statement below, and as indicated in the most recent Federal Register notices for the form last year. This is due to two factors. First, at present, only limited numbers of filers and affected agency ethics reviewing officials are using these new electronic initiatives compared to the numbers of filers and reviewers of the SF 278 throughout the executive branch. Second, OGE believes that, for now, there is a rough balance between anticipated future time and cost savings with the need for additional time and expenditures to implement and adjust to new systems of form completion, collection and review.

OGE will soon conduct an agency electronic filing survey in order to develop further information on the use of electronic financial disclosure processes. If warranted by the results, OGE will further amend this Paperwork Reduction Act submission to incorporate the findings.

Thus, with this amendment to its paperwork submission, OGE seeks to include the described electronic initiatives within its existing branchwide paperwork clearance for the SF 278. When OGE applies for renewal of the paperwork clearance for the SF 278 in 2010, OGE will to the best of its knowledge describe and account for the updated status of the electronic initiatives of the Army and any other agencies as part of its submission to OMB and related Federal Register paperwork notices. In addition, OGE will promptly notify and coordinate with OMB if this Agency becomes aware of any significant changes affecting the existing SF 278 paperwork clearance before then, including based on the survey noted above.