



# **FHFA's Controls over Post-Employment Restrictions and Financial Disclosure Requirements for Offboarded Employees Were Followed During 2016 and 2017**



AUD-2019-005

March 13, 2019

## Executive Summary

The Federal Housing Finance Agency (FHFA or Agency) was established by the Housing and Economic Recovery Act of 2008 and is responsible for the supervision, regulation, and housing mission oversight of Fannie Mae, Freddie Mac, and the Federal Home Loan Bank System. Since September 2008, it has also served as the conservator for Fannie Mae and Freddie Mac. FHFA is an independent agency with a workforce, as of December 31, 2017, of 603 that included examiners; economists; financial and policy analysts; attorneys; subject matter experts in banking, insurance, technology, accounting, and legal matters; and support personnel. The Office of Inspector General (OIG) is not included in this number.

When employees separate from FHFA, they are required to go through an “offboarding” process, which has several elements. One element requires that certain disclosures be made to separating employees, other than interns, regarding post-employment restrictions and financial disclosures.

Recent reports by other federal agency Offices of Inspector General have highlighted the importance of an effective employee offboarding process to mitigate reputational, security, and other risks to federal agencies.

Also, the Office of Government Ethics (OGE) explains that an agency’s lack of effective offboarding controls can lead to conflicts of interest that can arise between the separating (or separated) employee and the agency, such as a separating employee seeking to leverage his or her existing government position to seek private employment or a separated employee representing an individual or entity before the agency on matters in which he or she was personally and substantially involved.

Today, we are issuing two separate audit reports. This report reviews offboarding controls over post-employment restrictions and financial disclosure requirements. The other report reviews offboarding controls over access cards, sensitive IT assets, and records: *FHFA’s Offboarding Controls over Access Cards, Sensitive IT Assets, and Records Were Not Always Documented or Followed During 2016 and 2017* (AUD-2019-004), online at [www.fhfaoig.gov/reports/auditsandevaluations](http://www.fhfaoig.gov/reports/auditsandevaluations).

In this audit, we sought to (1) determine FHFA’s offboarding controls regarding post-employment restrictions and financial disclosure requirements for separating employees and (2) assess whether those controls operated effectively during 2016 and 2017 (review period). During the review period, 55 FHFA employees separated from the agency and all of these individuals were required, under FHFA’s requirements, to follow one or more post-



AUD-2019-005

March 13, 2019

employment restrictions. Twenty (20) separated employees were also required to file a Public Financial Disclosure Report.

We performed two audit tests to assess FHFA's controls over its employee offboarding process related to post-employment restrictions and financial disclosure requirements. In the first test, we determined whether FHFA's Office of General Counsel (OGC) signed off on FHFA's form used to offboard an employee (Pre-Exit Clearance Form) and attested that the individual received the required exit briefings on post-employment restrictions and financial disclosure requirements. We found that for 52 of the 53 separated employees for which the Pre-Exit Clearance Form was produced by FHFA, an OGC official signed the form attesting that the required exit briefing had been provided. We consider the exception for the remaining employee to be non-systemic.

In the second test, we determined whether the 20 separated employees required to file an OGE Public Financial Disclosure Report filed the report and for any who did not, whether FHFA followed up with the separated employee and took other action as appropriate. We found that 17 of the 20 separated employees timely filed a Public Financial Disclosure Report, as required. For the remaining three separated employees, OGC provided us with its follow-up correspondence with these employees regarding their reporting obligation. These three separated employees eventually filed their reports.

From our tests, we found that FHFA's controls over post-employment restrictions and financial disclosure requirements for separating employees during 2016 and 2017 were followed. We make no recommendations in this report.

This report was prepared by Tara Lewis, Audit Director; Terese Blanchard, Auditor-in-Charge; and Brian Maloney, Auditor; with assistance from Bob Taylor, Senior Advisor. We appreciate the cooperation of FHFA staff, as well as the assistance of all those who contributed to the preparation of this report.

This report has been distributed to Congress, the Office of Management and Budget, and others and will be posted on our website, [www.fhfaoig.gov](http://www.fhfaoig.gov).

Marla A. Freedman, Deputy Inspector General for Audits /s/

## **TABLE OF CONTENTS .....**

EXECUTIVE SUMMARY .....	2
ABBREVIATIONS .....	5
BACKGROUND .....	6
FHFA's Offboarding Process and Systems .....	6
FACTS AND ANALYSIS.....	8
55 Employees who Separated in 2016 and 2017 Were Required to Follow One or More Post-Employment Restrictions and 20 of the 55 Employees Were Required to File Public Financial Disclosure Reports .....	8
FHFA's Controls Over Post-Employment Restrictions and Financial Disclosure Requirements for Separating Employees Were Adequate.....	9
CONCLUSION.....	10
FHFA COMMENTS AND OIG RESPONSE.....	10
OBJECTIVE, SCOPE, AND METHODOLOGY .....	10
APPENDIX 1: FHFA'S PRE-EXIT CLEARANCE FORM.....	12
APPENDIX 2: NUMBER OF EMPLOYEES WHO SEPARATED FROM FHFA IN 2016 AND 2017 THAT WERE SUBJECT TO POST-EMPLOYMENT RESTRICTIONS .....	13
APPENDIX 3: FHFA MANAGEMENT RESPONSE .....	15
ADDITIONAL INFORMATION AND COPIES .....	16

## **ABBREVIATIONS .....**

ACS	Access Control System
FHFA or Agency	Federal Housing Finance Agency
GS	General Schedule
HRIS	Human Resources Information System
OGC	Office of General Counsel
OGE	Office of Government Ethics
OHRM	Office of Human Resources Management
OIG	Federal Housing Finance Agency Office of Inspector General

## **BACKGROUND .....**

### **FHFA's Offboarding Process and Systems**

When employees separate from FHFA, they are required to go through an “offboarding” process, which has several elements.<sup>1</sup> One element requires that certain disclosures be made to separating employees, other than interns, regarding post-employment restrictions and financial disclosures.<sup>2</sup>

The FHFA offboarding process for separating employees begins when the individual notifies (either directly or through his or her manager) the Office of Human Resources Management (OHRM) of his or her pending separation. OHRM enters the pending separation information, to include name and separation date, into FHFA’s offboarding system, the Access Control System (ACS). ACS generates email notifications to FHFA offices with offboarding responsibilities to alert them to an employee’s pending separation. At that time, the employees are required to complete FHFA’s Form 16, Pre-Exit Clearance Form prior to their departure. This form is used to ensure that the employee satisfies all offboarding requirements by obtaining sign-offs from various FHFA offices.<sup>3</sup> OHRM is responsible for collecting and maintaining all completed Pre-Exit Clearance Forms. After the employee completes the Pre-Exit Clearance Form, OHRM is tasked with removing the employee from FHFA’s Human Resources Information System (HRIS).<sup>4</sup> Appendix 1 is a version of the Pre-Exit Clearance Form used by separating employees during the review period. FHFA’s retention period for the Pre-Exit Clearance Form is seven years.

One FHFA office that receives the ACS-generated email of pending separations is OGC. In accordance with FHFA’s *Operating Policies and Procedures for the Ethics Program*, OGC is responsible for providing the separating employee with an oral exit briefing, written materials, and contact information on ethics and nondisclosure matters. These written materials include

---

<sup>1</sup> This report does not consider FHFA employees who die during the course of their employment to “separate” for purposes of offboarding. We recognize the need for FHFA to collect sensitive information technology assets, and FHFA records relating to deceased employees but this collection falls outside the scope of this report.

<sup>2</sup> We reviewed FHFA’s offboarding controls over access cards, sensitive information technology assets, and FHFA records as a separate audit. See OIG, *FHFA’s Offboarding Controls over Access Cards, Sensitive IT Assets, and Records Were Not Always Documented or Followed During 2016 and 2017* (Mar. 13, 2019) (AUD-2019-004) (online at <https://www.flfaoig.gov/reports/auditsandevaluations>).

<sup>3</sup> In all, the separating employee is to obtain 11 sign-offs on the form. The employee also signs and dates the form.

<sup>4</sup> HRIS is FHFA’s human resources software that allows for the paperless processing of personnel actions including leave and payroll.

a listing of the post-employment restrictions applicable to FHFA employees. For example, the written materials inform employees about (1) an Executive Branch prohibition that former employees who participated in a particular matter involving a specific party while employed at FHFA shall not “switch sides” and counsel another person or entity on that same matter<sup>5</sup> and (2) an FHFA-specific restriction that separated employees whose FHFA salary exceeded a certain amount are prohibited from accepting compensation from either Fannie Mae or Freddie Mac for two years after separation from FHFA.<sup>6</sup> After the exit briefing, OGC signs off on the Pre-Exit Clearance Form, which attests that it conducted the exit briefing.

OGC is also tasked with providing written notification to separating employees whose salary meets or exceeds the basic rate of 120% of General Schedule (GS)-15, Step 1 that they must complete the OGE<sup>7</sup> Form 278e, the Public Financial Disclosure Report,<sup>8</sup> within 30 days of separation.<sup>9</sup> According to FHFA’s *Operating Policies and Procedures for the Ethics Program*, the primary purpose of the Public Financial Disclosure Report is to assist agencies in identifying potential conflicts of interest between a filer’s official duties and the filer’s private financial interests and affiliations. If a separated employee does not complete the required Public Financial Disclosure Report within 30 days, FHFA policy provides that OGC is to follow up by email to remind that individual about his or her filing obligation.

---

<sup>5</sup> See 18 U.S.C. § 207(a)(1).

<sup>6</sup> See 12 U.S.C. § 4523.

<sup>7</sup> OGE was created by the Ethics in Government Act of 1978 and is responsible for, among other things, interpreting rules and regulations governing conflict of interest and ethical problems, the development of forms, and cooperating with the Attorney General in developing an effective system for reporting allegations of violations of the conflict of interest laws to the Attorney General.

<sup>8</sup> An OGC official explained that because FHFA is not subject to the general schedule pay scale, FHFA uses OGE’s advisory, Determining the Public Financial Disclosure Requirements for Non-Standard Pay Systems (issued August 20, 2007), to determine the public financial disclosure requirements for FHFA employees. Using the OGE advisory, FHFA determined that only EL-15 level employees and above must file the Public Financial Disclosure Report.

<sup>9</sup> The Public Financial Disclosure Report captures a separating employee’s, and as applicable, certain family members’ financial disclosures. Among matters reported are: (1) positions held outside the U.S. Government, (2) employment assets and income and retirement accounts, (3) employment agreements and arrangements, (4) sources of compensation exceeding \$5,000 in a year, (5) certain other assets and income, (6) transactions exceeding \$1,000 during the year, (7) certain liabilities, and (8) gifts and travel reimbursements.

Recent reports by other federal agency Offices of Inspector General have highlighted the importance of an effective employee offboarding process to mitigate reputational, security, and other risks to federal agencies.<sup>10</sup>

## FACTS AND ANALYSIS .....

### 55 Employees who Separated in 2016 and 2017 Were Required to Follow One or More Post-Employment Restrictions and 20 of the 55 Employees Were Required to File Public Financial Disclosure Reports

FHFA provided a list of 55 employees who separated during the review period.<sup>11</sup> We determined that all 55 separated employees were required to follow one or more post-employment restrictions.<sup>12</sup> For example, all 55 FHFA employees were subject to the post-employment restriction prohibiting former employee's representations to the United States concerning particular matters in which the employee participated personally and substantially.<sup>13</sup> Appendix 2 of this report contains a complete list of the various post-employment restrictions and our analysis of their applicability to the 55 who separated from FHFA during our review period.

We also found that 20 of the 55 separated employees were required to file a Public Financial Disclosure Report because their salaries met or exceeded the basic rate of 120% of a GS-15, Step 1, salary.

---

<sup>10</sup> See Board of Governors of the Federal Reserve System and Consumer Financial Protection Bureau OIG, *The CFPB Can Further Strengthen Controls Over Certain Offboarding Processes and Data* (Jan. 22, 2018) (2018-MO-C-OO1) (online at <http://oig.federalreserve.gov/reports/cfpb-offboarding-processes-data-jan2018.htm>) and Federal Deposit Insurance Corporation OIG, *Controls Over Separating Personnel's Access to Sensitive Information* (Sept. 2017) (EVAL-17-007) (online at [www.fdicoig.gov/sites/default/files/publications/17-007EV\\_0.pdf](http://www.fdicoig.gov/sites/default/files/publications/17-007EV_0.pdf)).

<sup>11</sup> One FHFA employee passed away during the review period. As explained previously, deceased employees are excluded from the scope of this audit.

<sup>12</sup> This count does not include 70 employees who were interns that separated during the review period. According to an OGC official, interns are not required to receive an exit briefing on post-employment restrictions, rather, interns receive information on post-employment restrictions at new employee orientation. A separate Pre-Exit Clearance Form is used to offboard interns, and that form does not require sign-off by an OGC official. Accordingly, interns are not included in the scope of this audit.

<sup>13</sup> See 18 U.S.C. § 207(a)(1).

## **FHFA's Controls Over Post-Employment Restrictions and Financial Disclosure Requirements for Separating Employees Were Adequate**

We performed two audit tests to assess the adequacy of FHFA's controls over its employee offboarding process related to post-employment restrictions and financial disclosure requirements.

- Determine whether OGC signed off on the Pre-Exit Clearance Forms maintained by FHFA to verify that the 55 separated employees received the required exit briefings on post-employment restrictions and financial disclosure requirements. FHFA provided a Pre-Exit Clearance Form for 53 of the 55 separated employees. OHRM maintained to us that OHRM staff responsible for collecting these forms during the review period were not familiar with the offboarding procedures and that two of the forms for the 55 separated employees could not be located.

Result of Test: We found that for 52 of the 53 separated employees for whom the Pre-Exit Clearance Forms were produced, an OGC official signed the form attesting that the required exit briefing had been provided. For the remaining employee, an OGC official informed us that the individual left suddenly and did not go through the standard offboarding process. However, we noted that the other 10 FHFA offices had signed off on the form attesting that their related offboarding procedures had been completed.

- Determine whether the 20 separated employees required to file an OGE Public Financial Disclosure Report filed the report. For any who did not, determine whether FHFA followed up with the separated employee and took other action as appropriate.

Result of Test: We found that 17 of the 20 separated employees timely filed a Public Financial Disclosure Report, as required. For the remaining three separated employees, OGC provided its follow-up correspondence with these employees regarding their Public Financial Disclosure Report obligations. These separated employees eventually filed their reports.

During our audit, we asked OGC officials whether FHFA had learned of any potential violations of post-employment restrictions by employees separated during the review period. They responded that FHFA had not.

## **CONCLUSION.....**

We found that FHFA's controls over post-employment restrictions and financial disclosure requirements for separating employees during 2016 and 2017 were followed. For 52 of the 53 separated employees for whom the Pre-Exit Clearance Forms were produced, an OGC official signed the form, attesting that the required exit briefing had been provided. For the remaining employee, an OGC official informed us that the individual left suddenly and did not go through the standard offboarding process. While that explanation was not consistent with other sign-offs on the employee's Pre-Exit Clearance Form, we did not consider this single exception to be systemic. In addition, we found that 17 of the 20 separated employees timely filed a Public Financial Disclosure Report, as required, and the other 3 late-filed after being notified by OGC of their delinquency.

## **FHFA COMMENTS AND OIG RESPONSE.....**

We provided FHFA an opportunity to respond to a draft of this audit report. FHFA provided technical comments on the draft report and those comments were incorporated as appropriate in finalizing this report. FHFA also provided a management response, which is included as Appendix 3 to this report. FHFA's management response acknowledged our conclusion that controls over post-employment restrictions and financial disclosure requirements for separating employees during 2016 and 2017 were followed.

## **OBJECTIVE, SCOPE, AND METHODOLOGY .....**

We performed this audit to (1) determine FHFA's offboarding controls regarding post-employment restrictions and financial disclosure requirements for separating employees and (2) assess whether those controls are operating effectively. The audit covered calendar years 2016 and 2017 (review period). Our audit scope did not include separating FHFA employees who were interns. We did not audit the OIG.

To accomplish our objectives, we:

- Researched and identified applicable laws, regulations, and other guidance related to post-employment restrictions and financial disclosure requirements;
- Obtained and reviewed FHFA's policies, procedures, and supporting documents on post-employment restrictions and financial disclosure requirements;

- Interviewed FHFA officials to gain an understanding of FHFA's offboarding process related to post-employment restrictions and financial disclosure requirements.
- Obtained and analyzed information provided by FHFA related to the universe of employees and interns who separated from FHFA in 2016 and 2017, to determine whether the applicable individuals completed the offboarding process related to post-employment restrictions and financial disclosure requirements;
- Determined for each employee who separated during our review period whether FHFA's offboarding requirements related to post-employment restrictions and financial disclosure requirements were met. We performed this by analyzing the following FHFA offboarding documents related to post-employment restrictions and financial disclosure requirements to ensure completeness and that offboarding requirements were met: (1) FHFA's Pre-Exit Clearance Form and (2) OGE's Public Financial Disclosure Report.
  - We reviewed FHFA's Pre-Exit Clearance Form provided by FHFA for employees who separated from FHFA to determine whether all employees completed OGC exit briefings and that the responsible FHFA officials signed off on the form.
  - We reviewed OGE's Public Financial Disclosure Report provided by FHFA for employees who separated from FHFA to determine whether all required individuals met the financial disclosure requirement.

We conducted this performance audit from March 2018 through March 2019 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for the findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

## APPENDIX 1: FHFA'S PRE-EXIT CLEARANCE FORM<sup>14</sup> .....

 <b>FEDERAL HOUSING FINANCE AGENCY</b> <b>Pre-Exit Clearance Form - Employee</b> Employee Exit Clearance Procedures		FHFA Form #016 (05/2017)
Employee Name:	Office of:	
Employee Position Title:	Date of Departure:	
<b>To Departing Employees:</b>		
<ul style="list-style-type: none"> <li>This form must be completed before you separate from FHFA.</li> </ul> <p style="margin-top: 0; margin-bottom: 0;"><b>FAILURE TO SECURE ALL CLEARANCES ON THIS FORM WILL RESULT IN A DELAY IN THE RELEASE OF YOUR FINAL SALARY AND LUMP SUM ANNUAL LEAVE PAYMENT. To avoid delay, please secure all signatures and return to OHRM.</b></p>		
<input type="checkbox"/> Government Travel or Purchase Card <input type="checkbox"/> Outstanding Travel Vouchers/Receipts <input type="checkbox"/> Travel/Relocation Advance <input type="checkbox"/> Citidirect, Prism, Concur, IPP, Discover Access	<input type="checkbox"/> Official Passport	Manager, Financial Management Operations and Systems <span style="background-color: black; color: black;">[REDACTED]</span> <b>SIGNATURE and Date:</b> <span style="background-color: black; color: black;">[REDACTED]</span>
<input type="checkbox"/> Ethics & Nondisclosure of Nonpublic Information		Office of General Counsel <span style="background-color: black; color: black;">[REDACTED]</span> <b>SIGNATURE and Date:</b> <span style="background-color: black; color: black;">[REDACTED]</span>
<input type="checkbox"/> Records and Information Management Exit Clearance Form 044 - Certification turned in? Y/N		Office of Technology and Information Management <span style="background-color: black; color: black;">[REDACTED]</span> <b>SIGNATURE and Date:</b> <span style="background-color: black; color: black;">[REDACTED]</span>
<input type="checkbox"/> Completion of Help Desk Asset Recovery and Account Termination Checklist (Help Desk responsibilities and certifications)		Office of Technology and Information Management OTIM Helpdesk (OTIM Employee signs), <span style="background-color: black; color: black;">[REDACTED]</span> Please schedule an appointment at <span style="background-color: black; color: black;">[REDACTED]</span> <b>SIGNATURE and Date:</b> <span style="background-color: black; color: black;">[REDACTED]</span>
<input type="checkbox"/> Federal ID Card (e.g. HSPD-12 PIV / Temp ID Card) <input type="checkbox"/> Shelter in Place Kits <input type="checkbox"/> FNM ID Card / FRE ID Card turned in? Y/N (if applicable)		Physical Security/COOP <span style="background-color: black; color: black;">[REDACTED]</span> <b>SIGNATURE and Date:</b> <span style="background-color: black; color: black;">[REDACTED]</span>
<input type="checkbox"/> Office Keys <input type="checkbox"/> Office Equipment (excludes Laptop & Blackberry) <input type="checkbox"/> Other (List) _____		Facilities Operations Management <span style="background-color: black; color: black;">[REDACTED]</span> <b>SIGNATURE and Date:</b> <span style="background-color: black; color: black;">[REDACTED]</span>
<input type="checkbox"/> Parking Permits		Parking Administrator <span style="background-color: black; color: black;">[REDACTED]</span> <b>SIGNATURE and Date:</b> <span style="background-color: black; color: black;">[REDACTED]</span>
<input type="checkbox"/> SmarTrip Card (Transit Benefits)		Human Resources Specialist <span style="background-color: black; color: black;">[REDACTED]</span> <b>SIGNATURE and Date:</b> <span style="background-color: black; color: black;">[REDACTED]</span>
<input type="checkbox"/> Employee Benefits <input type="checkbox"/> Home Office Stipend <input type="checkbox"/> Travel Stipend		Human Resources Specialist <span style="background-color: black; color: black;">[REDACTED]</span> <b>SIGNATURE and Date:</b> <span style="background-color: black; color: black;">[REDACTED]</span>
<input type="checkbox"/> Training/Debt Expenses <input type="checkbox"/> Continued Service Agreement <input type="checkbox"/> Reference Materials		Human Resources Specialist <span style="background-color: black; color: black;">[REDACTED]</span> <b>SIGNATURE and Date:</b> <span style="background-color: black; color: black;">[REDACTED]</span>
<input type="checkbox"/> Advanced Leave <input type="checkbox"/> Recruitment Bonus <input type="checkbox"/> Completed Exit Clearance Sheet	<input type="checkbox"/> Creditable Non-Federal Leave <input type="checkbox"/> Retention Bonus	Human Resources Specialist <span style="background-color: black; color: black;">[REDACTED]</span> <b>SIGNATURE and Date:</b> <span style="background-color: black; color: black;">[REDACTED]</span>
Employee Certification: I certify that I do not have in my possession any Government property, including software, hardware, keys, records, books, files, or other official documents or nonpublic material issued or furnished to me (and the property of) the FEDERAL HOUSING FINANCE AGENCY.		
Print Name: _____ Employee Signature and Date: _____		
Forwarding Address: _____		
Personal Email Address: _____		
Privacy Act Statement. In accordance with the Privacy Act (5 U.S.C. 552a), the following notice is provided: This information is solicited under authority of section 302 of title 5, U.S. Code for the purposes of the timely completion of the employee exit clearance process. Routine uses which may be made of the collected information are as follows: for the routine uses identified in FHFA's systems of records and Government-wide systems of records as well as by authorized FHFA employees and contractors to conduct duties associated with the completion of the exit clearance process. Furnishing the information on this form is voluntary, but failure to do so may result in a delay of the exit clearance process including the release of your final salary and lump sum annual leave payment.		

Non-Public

<sup>14</sup> The yellow-highlighted sections on the Pre-Exit Clearance Form were marked by FHFA. We have redacted the names of the FHFA officials responsible for signing off on the form. FHFA updated this form several times during 2016 and 2017 for changes in the responsible FHFA officials.

## APPENDIX 2: NUMBER OF EMPLOYEES WHO SEPARATED FROM FHFA IN 2016 AND 2017 THAT WERE SUBJECT TO POST-EMPLOYMENT RESTRICTIONS .....

Citation of Post-Employment Restriction <sup>15</sup> <sup>16</sup>	Title and Description of Post-Employment Restriction <sup>15</sup>	Applicability of Post-Employment Restriction	Number of FHFA Employees Subject to the Post-Employment Restriction
18 USC § 207(a)(1)	Permanent restriction on any former employee's representations to the United States concerning particular matters in which the employee participated personally and substantially.	All employees.	55
18 USC § 207(a)(2)	Two-year restriction on any former employee's representations to the United States concerning particular matters for which the employee had official responsibility.	All employees.	55
12 USC § 4523	Two-year restriction for FHFA employees to work at Fannie Mae and Freddie Mac.	Employees with salaries greater than \$129,874 in 2016 and 2017.	38
18 USC § 207(c)	One-year restriction on any former senior employee's representations to its former agency concerning any matters, regardless of prior involvement.	Employees with salaries greater than \$160,111 (2016) and \$161,755 (2017).	28

<sup>15</sup> OIG analysis of FHFA's employee exit briefing handouts including FHFA's Summary of Post-Employment Restrictions Applicable to Former FHFA Employees (January 2017) and the Office of Government Ethics' Understanding the Revolving Door: How Ethics Rules Apply to Your Job Seeking and Post-Government Employment Activities (October 2007).

<sup>16</sup> FHFA's Summary of Post-Employment Restrictions Applicable to Former FHFA Employees (January 2017) and the Office of Government Ethics Understanding the Revolving Door: How Ethics Rules Apply to Your Job Seeking and Post-Government Employment Activities (October 2007) also cite 18 U.S.C. § 203. FHFA's OGC stated that 18 U.S.C. § 203 is a compensation-based "representational rule" that alerts former FHFA employees of restrictions related to accepting compensation from their new employer related to matters affecting the government that the employer earned while the employee was still employed by the government. OGC officials told us they include this statute as part of the post-employment restriction summary and exit briefings because they want to inform former employees of this rule.

Citation of Post-Employment Restriction <sup>1516</sup>	Title and Description of Post-Employment Restriction <sup>15</sup>	Applicability of Post-Employment Restriction	Number of FHFA Employees Subject to the Post-Employment Restriction
18 USC § 207(f)	One-year restriction on any former senior or very senior employee representing a foreign government or foreign political party before an officer or employee of an agency or department of the United States.	Employees with salaries greater than \$160,111 (2016) and \$161,755 (2017).	28
12 CFR § 1212	Additional one-year restriction for FHFA senior examiners to work at Fannie Mae, Freddie Mac, or the Federal Home Loan Banks if that individual served as the senior examiner of that regulated entity.	Employees who acted as a “senior examiner” for 2 or more months during the last 12 months of employment.	2
18 USC § 207(d)	Two-year restriction on any former very senior employee’s representations to its former agency concerning any matter, regardless of prior involvement.	Employees with salaries equal to \$205,700 (2016) and \$207,800 (2017).	0
41 USC § 423	Federal Acquisitions Reform Act imposes a one-year restriction on certain employees.	Employees involved in contracts in excess of \$10 million.	0

## APPENDIX 3: FHFA MANAGEMENT RESPONSE .....



### Federal Housing Finance Agency

#### MEMORANDUM

TO: Marla Freedman, Deputy Inspector General for Audits

FROM: Sean Dent, Deputy General Counsel

A handwritten signature of Sean Dent is placed over the "FROM:" field.

SUBJECT: Draft Report: *Audit of FHFA's Controls Over Post-Employment Restrictions and Financial Disclosure Requirements for Offboarded Employees During 2016 and 2017.*

DATE: March 5, 2019

---

Thank you for the opportunity to respond to the Office of Inspector General (OIG) draft report: *Audit of FHFA's Controls Over Post-Employment Restrictions and Financial Disclosure Requirements for Offboarded Employees During 2016 and 2017.* (Report). The audit reviewed FHFA's offboarding controls regarding post-employment restrictions and financial disclosure requirements for separating employees and assessed whether those controls are operating effectively.

I am pleased that the audit found that FHFA's controls over post-employment restrictions and financial disclosure requirements for separating employees during 2016 and 2017 were followed.

## **ADDITIONAL INFORMATION AND COPIES.....**

For additional copies of this report:

- Call: 202-730-0880
- Fax: 202-318-0239
- Visit: [www.fhfaoig.gov](http://www.fhfaoig.gov)

To report potential fraud, waste, abuse, mismanagement, or any other kind of criminal or noncriminal misconduct relative to FHFA's programs or operations:

- Call: 1-800-793-7724
- Fax: 202-318-0358
- Visit: [www.fhfaoig.gov/ReportFraud](http://www.fhfaoig.gov/ReportFraud)
- Write:

FHFA Office of Inspector General  
Attn: Office of Investigations – Hotline  
400 Seventh Street SW  
Washington, DC 20219