

May 2008

DEFENSE
CONTRACTING

Post-Government
Employment of
Former DOD Officials
Needs Greater
Transparency





Highlights of [GAO-08-485](#), a report to congressional committees

DEFENSE CONTRACTING

Post-Government Employment of Former DOD Officials Needs Greater Transparency

Why GAO Did This Study

Department of Defense (DOD) officials who serve in senior and acquisition positions and then leave for jobs with defense contractors are subject to the restrictions of post-government employment laws, in order to protect against conflicts of interest. Congress required GAO to report on employment of such officials by contractors who received more than \$500 million in DOD's 2005 contract awards. In response, this report (1) provides information on how many former DOD employees worked for contractors in 2006 and estimates how many worked on contracts that were related to their former agencies or to their direct responsibilities and (2) identifies the practices used to monitor restrictions and information challenges in monitoring post-DOD employment. To do this work, GAO matched data from DOD for all employees who left DOD over a 6 year period with data from the Internal Revenue Service (IRS) and from 52 contractors; conducted surveys; and interviewed DOD and contractor officials.

What GAO Recommends

To achieve greater transparency, GAO recommends that DOD consider what contractor disclosure and certification information is needed on former DOD officials to ensure compliance with applicable post-government employment restrictions. DOD concurs with GAO's recommendation.

What GAO Found

In 2006, 52 contractors employed 2,435 former DOD senior and acquisition officials who had previously served as generals, admirals, senior executives, program managers, contracting officers, or in other acquisition positions which made them subject to restrictions on their post-DOD employment. As the table shows, most of the 2,435 former DOD officials were employed by seven contractors. On the basis of a stratified random sample of contractor-supplied information, GAO estimates that at least 422 former DOD officials could have worked on defense contracts related to their former agencies and that at least nine could have worked on the same contracts for which they had oversight responsibilities or decision-making authorities while at DOD. The information GAO obtained from contractors was not designed to identify violations of the restrictions. While contractors could have employed quite a few former DOD officials on assignments related to their prior DOD positions, there could be appropriate justification for each of these situations.

Contractors with Most Employment of Former DOD Senior and Acquisition Officials in 2006		
Contractor	Number of former officials employed	Percentage of post-DOD employment
Science Applications International Corporation	263	10.8%
Northrop Grumman Corporation	260	10.7%
Booz Allen Hamilton, Inc.	243	10.0%
L3 Communications Holding, Inc.	241	9.9%
Lockheed Martin Corporation	221	9.1%
General Dynamics	207	8.5%
Raytheon Company	146	6.0%
Subtotal	1,581	64.9%
Total, all 52 contractors	2,435	100%

Sources: GAO analysis. DOD and IRS data.

Most of the contractors who responded to our survey reported using a range of practices to ensure awareness and compliance with post-government employment restrictions, although GAO's request proved challenging for contractors to provide accurate information identifying their former DOD officials. According to the surveyed contractors, they can identify former DOD officials with post-government employment restrictions and track their assignments during their cooling-off periods. However, GAO's analysis found a significant under-reporting of the contractors' employment of former DOD officials. Specifically, contractor-supplied data showed they employed 1,263 former DOD officials in 2006, while IRS data showed the contractors employed 2,435. New post-government employment requirements enacted in January 2008 are likely to make written ethics opinions for former DOD officials more readily available to contractors. DOD also must now keep ethics opinions in a central database. This information was not designed to provide a mechanism for DOD to effectively monitor former DOD officials' post-government employment compliance after they begin working for contractors on specific contracts.

To view the full product, including the scope and methodology, click on [GAO-08-485](#). For more information, contact Cristina Chaplain at (202) 512-4841 or chaplainc@gao.gov.

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Abbreviations

DOD	Department of Defense
DPAP	Defense Procurement and Acquisition Policy
EDS	Electronic Data Systems Corporation
FAR	Federal Acquisition Regulation
IRS	Internal Revenue Service
SAIC	Science Applications International Corporation
SES	Senior Executive Service
SSN	Social Security number

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May 21, 2008

Congressional Committees

Each year, civilian and military personnel leave the Department of Defense (DOD) and go to work for contractors that do business with DOD—sometimes the same contractors they were working with before leaving DOD. Officials who serve in senior or acquisition positions¹ and then leave DOD for jobs with defense contractors are subject to laws restricting their new employment activities.² The laws seek in part to protect against conflicts of interest—such as former DOD officials using their DOD contacts to the benefit of the contractor to the detriment of the government. The laws also seek to promote public trust in the integrity of the government’s decision-making process, which facilitates the award of contracts worth hundreds of billions of dollars each year. Violation of these laws may result in criminal or civil penalties for former DOD officials and, in some circumstances, the defense contractors that employ them.

Beginning as early as 1969, efforts to maintain public trust and monitor compliance with post-government employment restrictions have included laws requiring certain former DOD officials to self-report their employment with defense contractors for up to 2 years after leaving DOD and requiring contractors to report annually on the employment of these former officials to various DOD ethics offices. Several of our reports on these past strategies to make post-DOD employment with defense contractors more transparent to DOD, the most recent in 1990, found problems with the implementation and enforcement of those reporting requirements, and questioned the extent to which former DOD officials or defense contractors complied with them and the effectiveness of DOD’s

¹ For purposes of this report, former DOD officials include senior military officials such as generals, admirals (ranked O-7 and above) and senior civilians in the Senior Executive Service (SES) or executive-level appointees. Former DOD officials also refers to military (grades O-3 to O-6: captain, major, lieutenant colonel and colonel –Army, Air Force, and Marine Corps– lieutenant, lieutenant commander, commander, and captain–Navy) and civilian (from grades GS-12 through GS-15) acquisition officials who performed such jobs designated as part of DOD’s acquisition workforce, including program managers, deputy program managers, and contracting officers.

² 18 U.S.C. § 207 and 41 U.S.C. § 423(d).

monitoring.³ Congress repealed these reporting requirements in 1995 when enacting new provisions to impose a 1 year compensation ban for former procurement officials with certain contractors and provide ethics advice and counseling concerning applicable employment restrictions for subsequent work for contractors.⁴

More recently, our work and the work of others have raised concerns that the monitoring of former DOD officials' compliance with post-government employment restrictions may be inadequate.⁵ Congress included a provision in the John Warner National Defense Authorization Act for Fiscal Year 2007 requiring us to report on recent employment of former DOD officials by major defense contractors.⁶ In response, this report (1) provides information on how many former DOD military and civilian personnel worked for major defense contractors in 2006 and an estimate of how many of these were former DOD senior or acquisition officials who worked on defense contracts for these employers that were the responsibility of their former agency or their direct responsibility at DOD and (2) identifies the practices used to monitor compliance with post-government employment restrictions and the information challenges that contractors and DOD face in monitoring the movement of former DOD employees to defense contractors.

To conduct this work and based on our analysis of DOD's fiscal year 2005 contract award data, we focused on 52 contractors we identified for review of post-government employment of former DOD officials. To determine how many former DOD officials worked for these 52

³ GAO, *DOD Revolving Door: Processes Have Improved but Post-DOD Employment Reporting Still Low*, [GAO/NSIAD-89-221](#) (Washington, D.C.: Sept. 13, 1989) and *DOD Revolving Door: Few Are Restricted from Post-DOD Employment and Reporting Has Some Gaps*, [GAO/NSIAD-90-103](#) (Washington, D.C.: Feb. 27, 1990).

⁴ 41 U.S.C. § 423(d).

⁵ GAO, *Defense Ethics Program: Opportunities Exist to Strengthen Safeguards for Procurement Integrity*, [GAO-05-341](#) (Washington, D.C.: Apr. 29, 2005). See also Office of the Under Secretary of Defense (Acquisition, Technology, and Logistics), *Report of the Defense Science Board Task Force on Management Oversight in Acquisition Organizations* (Washington, D.C.: Mar. 2005) and Statement of Paul J. McNulty, United States Attorney Eastern District of Virginia, before the Committee on Armed Services Subcommittee on Airland, United States Senate (Washington, D.C.: Apr. 14, 2005).

⁶ Section 851 required us to report on employment during the most recent year for which data are available which, for purposes of this report, is 2006. Section 851 also defined major defense contractor to include any company that received more than \$500 million in contract awards from DOD in fiscal year 2005. Pub. L. No. 109-364 § 851(2007).

contractors, as agreed with your offices, we matched personnel data from DOD for all military and civilian employees who left DOD service in a 6 year period since January 2001 (including about 35,000 former DOD senior and acquisition officials⁷) with (1) taxpayer data from the Internal Revenue Service (IRS) and (2) personnel data from the contractors on individuals they directly compensated in 2006 as employees, independent contractors, consultants, or members of their boards of directors. To estimate how many former DOD officials subject to post-government employment restrictions these contractors may have assigned to work on DOD contracts related to their former DOD positions, we drew a stratified random sample of former DOD officials for whom contractor-provided information indicated direct employment in 2006 and used a questionnaire to obtain job histories (both DOD and contractor) from their contractor employers.

To identify practices major defense contractors report using to comply with post-government employment restrictions, we surveyed all 52 contractors on personnel assignment record-keeping, practices for identifying, screening, and tracking former DOD officials, and training for employees on post-government employment restrictions. We analyzed responses from 47 contractors who responded to the survey, but we did not corroborate or test contractors' self-reported practices for effectiveness. To identify monitoring challenges, we analyzed the extent to which contractors were able to submit sufficient information to us on how many former DOD officials worked for them in 2006 and provide us with copies of DOD's written ethics opinions and related job histories for a random sample of former DOD officials. It should be noted that there is no statutory or regulatory requirement that a contractor collect, have, or maintain this information. We also met with DOD ethics and procurement policy officials in the Office of the Secretary of Defense to discuss DOD's practices and information challenges for monitoring former DOD officials employed by defense contractors. We conducted this performance audit from November 2006 through May 2008 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 our 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

⁷ See footnote 1 on how we defined DOD senior and acquisition officials for purposes of this report.

objectives. Appendix I provides additional details on our scope and methods, including a list of the 52 contractors reviewed.

Results in Brief

In 2006, 52 major defense contractors employed 86,181 of the 1,857,004 former military and civilian personnel who had left DOD service since 2001. This number includes 2,435 former DOD officials who were hired between 2004 and 2006 by one or more of the contractors and compensated in 2006, according to our match of DOD and IRS data. These officials had previously served as generals, admirals, senior executives, program managers, contracting officers, or in other acquisition positions which made them subject to restrictions on their post-DOD employment. We found 1,581 of the 2,435 former DOD officials—about 65 percent—were employed by seven of the contractors: Science Applications International Corporation (SAIC), Northrop Grumman, Lockheed Martin Corporation, Booz Allen Hamilton, Inc., L3 Communications Holding, Inc., General Dynamics, and Raytheon Company. In addition, to estimate how closely related work assignments of former DOD officials were to their previous assignments at DOD, we examined in greater detail the job histories of a randomly selected sample of former DOD senior and acquisition officials employed by the contractors.

While there may be proper justification for their post-government employment with a contractor, when we extrapolate from this sample, we estimate that at least 422 individuals' post-government employment could have been working on defense contracts under the responsibility of their former agency, office, or command. In addition, we estimate that at least nine individuals could have not been performing services under the same defense contracts for which they had program oversight responsibilities or decision-making authorities while at DOD. The information we obtained from contractors was not designed to identify post-government employment improprieties (such as whether required duration of the restrictions—cooling-off period—had not passed) and contractors provided justification for the employees' work on the contracts for those in the sample. Nonetheless, our results indicate that defense contractors may employ a substantial number of former DOD officials on assignments related to their former DOD agencies or their direct responsibilities.

Most of the contractors who responded to our survey reported using a range of practices to ensure awareness of and compliance with post-government employment restrictions, although we found contractors were challenged to provide accurate information identifying their former DOD officials or copies of ethics advisory letters. According to most of the

contractors we surveyed, their practices allow them to identify former DOD officials with restrictions and to track their assignments for the duration of their cooling-off periods. For example, before making permanent job offers, 38 of the 47 contractors reported asking job applicants whether they were former DOD military or civilian officials. If the applicants were former DOD employees, 34 contractors said they asked for a copy of the written DOD ethics advice describing their post-government employment restrictions.

However, our analysis found a significant under-reporting of the contractors' employment of former DOD officials. Specifically, contractor data provided to us showed they employed 1,263 individuals in 2006 who matched our criteria as former DOD senior and acquisition officials, while our analysis of IRS data showed the contractors employed 2,435 former DOD senior and acquisition officials in 2006, or almost twice as many. For DOD's part, it is not required nor does it have a mechanism for monitoring former senior and acquisition officials when they begin their new jobs with defense contractors. In addition, according to DOD officials, its practice of providing written ethics opinions to senior and acquisition officials who request them provides only limited transparency on such individuals who may be working to the benefit of contractors responding to DOD's contract solicitations. New requirements enacted in the National Defense Authorization Act for Fiscal Year 2008 are likely to make written ethics opinions for former DOD officials more readily available to contractors. However, it should be noted that these requirements were not intended to provide a mechanism for DOD to monitor its former officials after they begin working for defense contractors.

Given (1) the numbers of former DOD officials who are working for contractors, (2) the estimated numbers of those who could be working on defense contracts related to their prior agencies or to their direct responsibilities, and (3) limitations in the processes currently being used to ensure there are no conflicts, we are recommending that DOD consider the relevant recent statutory changes and determine if additional reporting or other requirements should be imposed on contractors to guard against violations of the government's post-employment rules.

We provided a draft of this report to DOD for comment. In its written comments, DOD concurs with the recommendation. See appendix II for DOD's comments in their entirety.

Background

Congress has long been concerned about the movement of government officials from DOD to private employers who do business with their former agencies and has passed laws that place limitations on the employment of former government officials. The laws include penalties for violations by the former government employee and civil or administrative penalties for the contractors who employ them. There are acknowledged benefits to employing former government officials for both DOD and defense contractors; for example, former DOD officials bring with them the knowledge and skills in acquisition practices they have developed at DOD which also benefit DOD when communicating with these contractor personnel. However, a major concern with post-government employment has been that senior military and civilian officials and acquisition officials working for defense contractors immediately after leaving DOD could lead to conflicts of interest and affect public confidence in the government by creating the following perceptions, among others:

- DOD personnel who anticipate future employment with a defense contractor might be perceived as using their position to gain favor with the contractor at the expense of the government, and
- former DOD personnel who work for a defense contractor might be perceived as using their contacts with former colleagues at DOD to the benefit of the defense contractor and to the detriment of the public.

Implementation of Post-Government Employment Laws

The principal restrictions concerning post-government employment for DOD and other federal employees after leaving government service are found in 18 U.S.C. § 207 (post-employment conflict of interest) and 41 U.S.C § 423 (restrictions on former officials' acceptance of compensation from a contractor). Importantly, the laws do not prohibit an individual from working on a contract under the responsibility of the official's former agency or even a contract that was under the official's direct responsibility if the appropriate cooling-off periods are met or if the former officials restrict their activities to behind-the-scenes work and do not represent their new company to their former DOD employer.⁸ The laws

⁸ As implemented under 5 C.F.R. § 2637.201, section 207 permits DOD and other government personnel to take a job providing behind-the-scenes assistance in connection with their contractor employers' contacts with their former agencies. For example, the law allows a former DOD official who administered a particular contract during government service to assist a defense contractor with a matter involving the contract as long as he or she does not have direct contact with the agency.

are complex, and brief summaries here are intended only to provide context for the issues discussed in this report.

- The title 18 U.S.C. § 207 provision generally prohibits an individual from representing a contractor to their former agency on particular matters involving specific parties that they handled while working for the federal government; for example, a specific defense contract.⁹ The law restricts representing the contractor to the official's former agency for defined cooling-off periods that vary according to the former official's involvement and seniority (i.e., high-level) for example:
 - former personnel are permanently barred from representing their new employer to their former agencies for matters on which they were personally and substantially involved;
 - even if the officials were not directly involved in the matter, former personnel may not represent their new employer to their former agency on matters that were pending under their official responsibility in their last year of service for 2 years after leaving federal service; and
 - former senior-level officers and employees may not contact their former agency on particular government matters (such as a contract) that is pending or is of substantial interest to the former agency for 1 year after leaving federal service.
- The 41 U.S.C. § 423 provision more narrowly applies to the work former DOD and other government acquisition officials may do after leaving federal service.¹⁰ The law restricts former DOD acquisition officials from accepting compensation from a defense contractor during a 1 year cooling-off period. Specifically, this provision prohibits employment with a contractor if the acquisition official performed certain duties at DOD involving the contractor and a contract valued in excess of \$10 million. However, the law permits former acquisition officials to accept employment from "any division or affiliate of a contractor that does not produce the same or similar products or services" that were produced under the contract.¹¹

⁹ 18 U.S.C. § 207.

¹⁰ 41 U.S.C. § 423.

¹¹ 41 U.S.C. § 423(d)(2) and Federal Acquisition Regulation (FAR) 3.104-3(d)(3).

The laws establish penalties for individuals and contractors who do not comply with the restrictions.¹²

High-Profile DOD Cases Illustrate Importance of Ethics Issues

Recent high-profile cases involving former senior DOD officials' violations of these laws or related conflict of interest law on seeking post-government employment with contractors have resulted in serious consequences for both the officials and their defense contractor employers. Examples are as follows:

- In July 2007, a retired Navy rear admiral pleaded guilty to a charge of violating 18 U.S.C. § 207. The former admiral admitted to signing a major contract proposal and cover letter on behalf of his new contractor employer and sending it to his former Navy command in San Diego within the 1-year cooling-off period. In his plea, the former officer admitted that his intent in sending the letter was to influence the Navy's decision and obtain the contract award for his new company. The former admiral was sentenced to a year's probation and fined \$15,000. In response to the conflict of interest, the Navy also eliminated the contractor's bid before awarding the contract.
- In 2006, the Boeing Company was fined \$615 million and had a lease contract valued at \$20 billion canceled, in part, due to the failure of Ms. Darleen Druyun, a former senior Air Force procurement officer, to obey conflict of interest laws that prohibit officials from continuing to participate in work with a company while pursuing future employment. Specifically, when she was working for the Air Force, Ms. Druyun negotiated a job with Boeing for her daughter, son-in-law, and herself, while Boeing was seeking a \$20 billion contract to lease tanker aircraft to the Air Force. Ms. Druyun served a prison sentence for the violations, and the Boeing Company's Chief Financial Officer pleaded guilty to aiding and abetting fraud and was sentenced to 4 months in prison, fined \$250,000, and given 200 hours of community service.

¹² For example, penalties and injunctions of 18 U.S.C. § 207 are codified in 18 U.S.C. § 216. If convicted, a person violating § 207 may receive a civil fine of up to \$50,000 and possible incarceration. Under 41 U.S.C. § 423(e)(2), a contractor who knowingly hires a former acquisition official in violation of section 423(d) is subject to a civil penalty of up to \$500,000, plus twice the amount received for the prohibited conduct. In addition, the agency may initiate suspension or debarment proceedings against the contractor, cancel the procurement if a contract has not been awarded, disqualify the offeror, or take other action as appropriate. 41 U.S.C. § 423(e)(3)(A)(iii).

Contractors May Employ a Substantial Number of Former DOD Senior and Acquisition Officials in Assignments Related to Their Former DOD Agencies or Their Direct Responsibilities

About 86,000 military and civilian personnel who had left DOD service in a 6 year period since 2001 were employed in 2006 by the 52 major defense contractors, including 2,435 former DOD officials who were senior civilian executives, generals, admirals, and acquisition officials including program managers, deputy program managers, and contracting officers. This latter group of contractor employees, hired between 2004 and 2006, served at DOD in positions that made them subject to post-government employment restrictions. Contractors' employment of former DOD officials was highly concentrated—1,581 former DOD officials were employed by seven of the 52 contractors. To estimate how closely related work assignments of former DOD officials were to their previous assignments at DOD, we examined in greater detail the job histories of a randomly selected sample of former DOD senior and acquisition officials employed by the contractors. While there may be proper justification for their post-government employment with a contractor, on the basis of this sample we estimate that at least 422 individuals could have been working on defense contracts directly related to their former DOD agency and we estimate at least nine could have been working on the same defense contracts for which they had program oversight responsibilities or decision-making authorities while at DOD. The information we analyzed to make this estimate was not designed to identify, nor should this estimate be used to suggest, that we found any violations of the restrictions on post-government employment. Moreover, contractors provided justification for the former government employees in our sample to work on the contracts. However, the estimated number of former DOD officials who could have worked on defense contracts related to their prior agencies or to their prior direct responsibility indicates why there is concern over how contractors monitor their former DOD employees.

Contractors' Employment of Former DOD Officials in 2006

The 1,857,004 military and civilian employees who left DOD service over 6 years since 2001 included 35,192 who had served in the type of senior or acquisition official positions that made them subject to post-government employment restrictions if they were to subsequently be hired by defense contractors. As shown in table 1, our analysis of the major defense contractors' employment found that contractors employed 86,181 former DOD military and civilian personnel in 2006. This tally includes 2,435 former senior-level and acquisition officials who one or more of the contractors hired since 2004 and employed in 2006.

Table 1: Analysis of Contractors' Employment in 2006 of Former DOD Personnel

Category of former DOD personnel	Number of personnel who left DOD service from 2001 through 2006	Number employed by contractors
Military and civilian senior or acquisition officials subject to post-government employment restrictions	35,192	2,435
All other military and civilian employees	1,821,812	83,746
Total	1,857,004	86,181

Sources: GAO analysis; DOD and IRS data.

Although the number of former DOD senior-level and acquisition officials employed in 2006 varied greatly across the 52 defense contractors, as shown in table 2, post-DOD employment was highly concentrated at seven contractors—Science Applications International Corporation, Northrop Grumman Corporation, Lockheed Martin Corporation, Booz Allen Hamilton, Inc., L3 Communications Holding, Inc., General Dynamics, and Raytheon Company. These contractors accounted for about 65 percent of the former DOD senior and acquisition officials hired at the 52 companies and for over 40 percent of the value of contract awards for the 52 contractors. Employment of former DOD senior and acquisition officials at the remaining 45 contractors was much less concentrated. Specifically, in 2006, employment of the former DOD officials totaled 10 or fewer at 24 of the contractors, and 4 of these contractors did not employ any former DOD senior or acquisition officials in 2006. Appendix III presents more detail on the employment of former DOD senior and acquisition officials in 2006 for each of the 52 contractors.

Table 2: Contractors with the Most Employment of Former DOD Senior and Acquisition Officials in 2006

(Dollars in millions)

Contractor	Value of DOD contract awards in fiscal year 2005	Number of former DOD senior and acquisition officials employed	Percentage of total post- government employment
Total, all 52 contractors	\$142,833	2,435	100%
SAIC	\$2,796	263	10.8%
Northrop Grumman Corp.	13,512	260	10.7%
Booz Allen Hamilton, Inc.	1,163	243	10.0%
L3 Communications Holding, Inc.	4,714	241	9.9%
Lockheed Martin Corporation	19,447	221	9.1%
General Dynamics	10,641	207	8.5%
Raytheon Company	9,109	146	6.0%
Total	\$61,382	1,581	64.9%

Sources: GAO analysis ; DOD and IRS data.

Note: Individual percentages do not equal the total due to rounding.

Contractors Employed More Former DOD Acquisition Officials Than Senior Officials; Other Post-Employment Characteristics More Evenly Divided

To obtain an understanding of the characteristics of the major defense contractors’ employment of former DOD senior and acquisition officials in relationship to these officials’ prior DOD positions—i.e., military or civilian, senior-level, or acquisition-related, and DOD employer (such as Air Force or Army)—we analyzed contractor employment at the 52 companies to look for significant differences, if any, across categories related to the officials’ former DOD positions.

As shown in table 3, of the total former DOD officials that the contractors employed in 2006, we found there were nearly five times as many former acquisition officials (2,021 individuals) as former senior officials (414 individuals). In their former DOD positions, these 2,021 acquisition officials served in key procurement-related positions—such as program manager, deputy program manager, or contracting officer—and generally had the type of critical responsibilities, relationships, and influence that characterize DOD’s business interactions with its contractors.

Table 3: Characteristics of 52 Contractors Post-Government Employment, by Former DOD Position (Acquisition or Senior-Level Officials)

Former DOD position	Number employed by contractors in 2006	Percentage of total employed by contractors in 2006
Acquisition officials		
Civilian officials (equivalent to GS-12 to GS-15 positions)	854	35.1%
Military officers (officer ranks O-3 to O-6) ^a	1,167	47.9%
Subtotal	2,021	83.0%
Senior officials		
Senior civilians (SES, including consultants and advisors)	237	9.7%
Senior military officers ^a	177	7.3%
Subtotal	414	17.0%
Total	2,435	100.0%

Sources: GAO analysis; DOD and IRS data.

^aMilitary officer ranks O-3 to O-6 are as follows: captain, major, lieutenant colonel and colonel (Army, Air Force, and Marine Corps); lieutenant, lieutenant commander, commander, and captain (Navy). Senior military officers are the various flag officer ranks of generals and admirals.

Also shown in table 3, in 2006 the contractors employed 414 former senior DOD officials. Our analysis of these senior officials' DOD positions before their post-government employment with the contractors found they had served in a range of high-level positions—including generals, admirals, and civilian senior executives. As such, in their former positions, these DOD senior officials had served in key positions that could influence DOD's mission-related decision-making.

We also found contractors' post-DOD employment was almost evenly divided across former military and civilian officials, as shown in table 4. In addition, most of the former DOD officials employed by the contractors in 2006 had previously served in positions at the Air Force and Navy, followed by those who had previously served in Army positions.

Table 4: Characteristics of Contractors' Post-Government Employment, by Former DOD Military or Civilian Service and Organization

Former DOD officials' employer	Number who served in military positions before contractor employment in 2006	Number who served in civilian positions before contractor employment in 2006	Total contractor employment of former DOD officials in 2006	Percentage of total contractor employment in 2006 of former DOD officials
Air Force	527	201	728	29.9%
Army	255	301	556	22.8%
Navy	436	336	772	31.7%
Marine Corps	126	14	140	5.7%
Defense agencies	0	239	239	9.8%
Total	1,344	1,091	2,435	100%

Sources: GAO analysis; DOD and IRS data.

Note: Individual percentages do not equal the total due to rounding.

Estimates Are That Many Former DOD Officials Could Have Worked on Contracts Related to Their Prior DOD Agencies and a Few Could Have Worked on Contracts Related to Their Prior Direct Responsibilities

To provide information about former DOD officials work assignments with contractors, we analyzed job histories and work assignments for a stratified random sample of former DOD officials to determine if these individuals worked on defense contracts or programs for which they had direct responsibility at DOD or which were the responsibility of their former DOD agency, office, or command. We estimate that many former DOD officials could have been working on defense contracts under the responsibilities of their prior DOD agencies and a few could have been working on the same defense contracts for which they had program oversight responsibilities or decision-making authorities while working at DOD.

It is important to keep in mind, however, that post-government employment in these instances could be lawful depending on the role the employee had with the government, the role the employee had with the contractor, and the length of time between government service or work relating to the contract and the private employment. Also, contractors responding to our survey were self-reporting on a sensitive issue dealing with circumstances that could indicate potential conflicts of interest. As such, the information we sought from contractors was not designed or expected to elicit specific cases of post-government employment violations, nor did we identify any. Further, contractors provided justifications for the former DOD officials in our sample working on the defense contracts.

Nevertheless, the results provide insight on the estimated magnitude of former officials' post-government employment with major defense contractors tied to their prior agencies and direct responsibilities. In our view, the results also indicate the importance of careful monitoring to ensure that conflicts of interest do not occur.

To estimate how many former DOD officials were working on assignments that were the responsibilities of their former DOD agencies or for which they had program oversight responsibilities or decision-making authorities at DOD, we drew a stratified random sample of 125 individuals from the former DOD senior and acquisition officials identified by contractors as being employed in 2006.¹³ We sent a questionnaire asking the contractor for information concerning the individual's job history, including the circumstances of the assignment if the job history showed that they were working on assignments related to their former positions while they were at DOD. (App. IV provides a copy of the questionnaire we used.) Extrapolating from the sample results, we estimate that at least 422 officials could have had contractor assignments working on defense contracts that were the responsibilities of their former DOD agencies.¹⁴ We estimate that at least nine could have worked on contracts for which they had program oversight responsibilities or decision-making authority at DOD.

The contractors reported other information about the sampled individuals that justified why these work assignments would not involve potential conflicts of interest or violations of post-government employment restrictions, including the following:

¹³ Our stratified random sample was drawn from a match of personnel data from DOD and 51 of the 52 major defense contractors that identified 1,288 former DOD senior and acquisition officials employed with these companies. Of the 1,288 former DOD officials, 23 were individuals who worked for two contractors in 2006 and two were individuals who worked for three contractors in 2006. As such, our sample was drawn from a contractor-reported population of 1,263 individuals. More specifically, the stratified random sample was comprised of 131 employment records representing 125 individuals. We sent the questionnaire to the 32 contractors who reported employing these individuals. Appendix I provides additional detail on our sample and questionnaire methodology.

¹⁴ Extrapolating results from this sample across the study group to estimate the magnitude of post-government employment work tied to former DOD agencies and direct responsibilities achieves an estimate precision of ± 8 percent at a 95-percent confidence level. Due to the difference between the population identified from IRS data and that identified from major defense contractor-reported data, we only present the lower bound of the confidence interval.

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- The individuals' cooling-off (i.e., restriction) periods had expired.
 - The individuals were performing behind-the-scenes work and did not have direct contacts with their former DOD agencies about the particular defense contracts.
 - The individuals were working on different defense projects than they had worked on while at DOD but for the same agencies. For example, while the contractors reported that 20 former Navy officials in our sample worked on Navy contracts, the contractors also reported that none of the individuals were working on the same project they were responsible for when in the Navy.

Contractors Report Using a Range of Practices to Ensure Compliance with Post-Government Employment Restrictions, but Face Challenges in Providing Information for Monitoring Such Employment

Most of the 47 major defense contractors who responded to our survey on practices related to post-government employment report using a range of techniques to ensure awareness of and employee compliance with restrictions, although we found contractors were challenged to provide accurate information identifying their former DOD officials. Notably, information from the contractors showed little more than half the level of employment of former DOD officials than information we derived from matching IRS and DOD data, suggesting the information challenge defense contractors and DOD face in monitoring former DOD officials. Moreover, what information the contractors may have on former DOD officials' assignments on defense contracts is, for the most part, not available to DOD. New legislation requiring former officials to obtain ethics advisory letters and DOD to keep them in a central database could provide some additional information, but will not give DOD the kind of information needed—that is, the names of contractor employees who are former DOD officials and are working on a particular contract and the contractor's assurance that these employees are in compliance with their post-government employment restrictions related to the contract.

Survey of Contractors' Post-Government Employment Compliance Practices

Post-government employment restrictions on former DOD officials can affect every aspect of defense contractors' hiring practices, including when employment discussions may occur, who may be hired, and what tasks they may perform during a 1 to 2 year period after leaving DOD. Post-government employment laws do not require contractors to identify, monitor, or provide reports on former DOD employees regarding compliance with their restrictions. However, violating existing laws may result in civil and criminal penalties for aiding misconduct of former government officials and thus, according to contractors' ethics and personnel representatives, provide an impetus for adopting a range of practices to ensure awareness and compliance.

In initial interviews with some of the major defense contractors on the need for and scope of corporate compliance with post-government employment practices, ethics and personnel representatives told us about a variety of ways and means for identifying, screening, tracking, training, and keeping personnel records for former DOD officials. To gain a better understanding of the scope of major defense contractors' practices in these areas, we surveyed the 52 contractors on their practices. The following is a summary and analysis of information from the 47 contractors who responded. Appendix V presents detailed results from the contractor survey.

Reported Practices to Conduct Initial Screening

Our survey asked contractors if they seek affirmation about a potential employee's previous DOD or other government status prior to offering employment. As shown in table 5, most of the contractors reported that they ask potential permanent hires if they were formerly a DOD official, and a majority of contractors ask the same question of independent contractors (e.g., self-employed consultants), temporary employees, and members of the Board of Directors. Contractors were about evenly split on the use of the question on a job application and use of a special form to capture this information from job applicants. Similarly, contractors were divided on the use of electronic or paper collection of an applicant's information with some contractors citing the use of both methods.

Table 5: Contractor Responses on Practices to Ask Applicants If They Are Former DOD Military or Civilian Employees, by Category of Contractor Job Position

Category of job position	Number of contractors who report asking categories of applicants if they were employed by DOD
Permanently hired employees	38
Independent contractors (taxable income reported on IRS Form 1099-Miscellaneous)	27
Directly hired temporary employees	32
Members of the Board of Directors	29

Sources: GAO analysis; contractor survey responses data.

Reported Practices to Collect DOD Ethics Advice Letters

Our survey asked contractors if they request that employees provide a copy of their written ethics advice letters and if so, how long, if at all, do they keep these letters on file once they hire these applicants.¹⁵ As shown in table 6, a majority of contractors responded that they request permanently hired employees, temporary employees, and members of the Board of Directors to provide a copy of their DOD ethics advice letters from the agencies' ethics counselors detailing their DOD experience and providing an opinion on whether employment with a specific contractor is permitted under post-government employment restrictions. Nearly half of the contractors said they also ask for these letters from independent contractors they hire. Some contractors indicated that they were not sure if the DOD ethics advice letters were requested from applicants who are potential job candidates. Regarding how long the DOD ethics advice letters are kept on file, the contractors reported varying practices, with many keeping them throughout the former DOD official's employment and other contractors keeping them for the period of restriction or for a specified time.

Table 6: Contractor Responses Regarding Asking Employees for a Copy of the DOD Ethics Advice Letter, by Contractor Job Category

Category of job position	Number of contractors that report asking employee for DOD ethics advice letter	Number of contractors that report that they do not ask employee for DOD ethics advice letter	Number of contractors that report they are unsure if they ask employee for DOD ethics advice letter
Permanently hired employees	34	6	7
Independent contractors (taxable income reported on IRS Form 1099-Miscellaneous)	22	14	10
Directly hired temporary employees	27	10	8
Members of the Board of Directors	25	7	10

Sources: GAO analysis; contractor survey responses data.

¹⁵ The Federal Acquisition Regulation (FAR) and DOD have established procedures that allow current or former senior-level and acquisition officials to request an advisory opinion from their DOD ethics official on the permissibility of accepting employment from a particular contractor. These ethics opinions are available on request to persons leaving DOD. Typically, ethics officers at the last assignment write these letters based on information provided by the individuals. Regulations provide that individuals may rely on the opinions expressed, and if they have fully disclosed information to the ethics official, they will not suffer the penalties assessed for violations of post-government employment restrictions should the opinions be incorrect.

Reported Practices to Monitor Assignments and Train Employees on Post-Government Employment Restrictions

Our survey asked contractors to describe what steps, if any, they take to ensure that former DOD officials working for them comply with their post-government employment restrictions. As shown in table 7, a majority of contractors cited counseling/legal review and recruitment/hiring processes as the primary methods to ensure former DOD employees comply. Further analysis of contractor survey responses indicates that 12 contractors track former DOD employees' government-project-related job assignments electronically to ensure compliance and nine indicated that such records are not kept. However, more than half of the contractors indicated that they use internal and external audits to ensure the sufficiency of their procedures to track assignments, including post-government assignments of former DOD officials.

Table 7: Contractor Responses on Practices to Monitor Compliance with Employees Post-Government Employment Restrictions

Practice to monitor compliance	Number of contractors reporting this practice
Counseling/legal review process	15
Recruitment/hiring process	15
Assignment restrictions	5
Training/personal instruction	1
Individual responsibility	1
No specific policy/unsure	3
Unknown	7
Total, contractors responding to this question	47

Sources: GAO analysis; contractor survey responses data.

Note: Analysis of survey was collated from contractors' open-ended responses to our question and thus may not represent all of the practices contractors use.

Our survey asked contractors about training requirements to inform employees about policies regarding post-government employment restrictions for former federal employees or to reinforce them. As shown in table 8, a majority of contractors indicated that they require training for at least some employees. Further analysis of contractor responses indicates that their training is targeted to one or more employee groups such as senior-level managers, human resources staff, middle-level managers, or former federal government employees. Also, the training varies in timing and frequency. Training can take place initially upon employment with refresher training, annually or every 2 years, for example. Twelve contractors reported they mandated training for all employees; five contractors reported mandatory annual training.

Information Challenges Defense Contractors Face in Monitoring Compliance with Post-Government Employment Restrictions

Table 8: Contractor Responses on Post-Government Employment Training Practices

Training practice	Number of responses
Company requires training on post-government employment policies and restrictions	31
Company does not require training on post-government employment policies and restrictions	14
Total, contractors responding to this question	45

Sources: GAO analysis; contractor survey responses data.

As noted, most major defense contractors report using a range of practices for monitoring their DOD hires to ensure compliance with restrictions, even though no laws or regulations require them to track or provide reports to that effect. However, the contractors' ability to access and provide information on former DOD officials' employment and work on specific defense contracts proved challenging.

For example, contractor-provided data on the numbers of former DOD officials working with them was significantly less than what we determined through our match with IRS information. Specifically, our analysis of the status of major defense contractors' employment of former DOD officials in 2006, which was based on matching contractor-supplied information with DOD personnel data, found that the contractors employed a total of 1,263 former DOD senior and acquisition officials, while our match of IRS information and DOD personnel data showed the contractors employed a total of 2,435 former DOD officials, or almost twice as many.¹⁶

¹⁶ One contractor, FedEx Corporation, declined to supply information on its employment of former DOD officials due to company policy and security concerns. However, our analysis, based on matches with IRS data that 2,435 former DOD officials worked for the contractors, does include data that the FedEx Corporation employed 16 former DOD senior or acquisition officials.

Table 9: Analysis of Sufficiency of Contractor Information for Monitoring Compliance with Post-Government Employment Restrictions

GAO's analysis of contractors' employment in 2006 of former DOD officials	
Type of contractor information made available to GAO	Number of contractor employees who are former DOD officials
Contractor-provided information	1,263
IRS information	2,435
GAO's contractor questionnaire on ethics advice and job histories of former DOD officials	
Type of contractor information made available to GAO	Number of contractors
Contractors responding to GAO questionnaire on job histories	30
How many companies provided at least one written ethics advice letter	15

Sources: GAO analysis; Defense contractors and IRS data.

In addition, as shown in table 9, only 15 of the 30 major defense contractors who responded to our questionnaire were able to provide ethics advice letters for at least one of the individuals in our stratified random sample. Specifically, 24 of the 30 who responded to our survey on their practices said that they asked employees for their DOD ethics advice letters as one of their practices for ensuring compliance with post-government employment restrictions and many reported keeping these letters on file throughout the former officials' employment. However, 10 of the contractors that reported asking for the letters did not provide any ethics advice letters in response to our questionnaire.

As noted earlier in this report, contractors are not required to keep copies of these letters. In the future however, information on DOD ethics advice letters for former DOD senior and acquisition officials could be more readily available to all DOD contractors as a result of a provision in the National Defense Authorization Act for Fiscal Year 2008 imposing new requirements on defense officials and contractors.¹⁷ Specifically, with this provision (enacted January 28, 2008), defense contractors may not knowingly compensate (i.e., employ) former DOD officials who are subject to post-government employment restrictions without first determining that the official has sought and received a written ethics advice opinion from DOD within 30 days of seeking the opinion.¹⁸ To implement this

¹⁷ Requirements for Senior Department of Defense Officials Seeking Employment with Defense Contractors, Pub. L. No. 110-181 § 847 (2008).

¹⁸ Section 847 requires DOD to provide the opinion to requesters within 30 days.

requirement however, defense contractors are likely to face new information challenges in keeping records that adequately document that they did not knowingly employ a former DOD official who did not seek or receive the applicable DOD written ethics opinion.

Contractors responding to our survey were generally able to provide information about DOD- and contractor-job histories for most of the former DOD officials in our sample. However, according to the corporate headquarters staff for several contractors—who had to collect the detailed job histories from information submitted from across their companies in order to respond to our survey—accumulating this information was challenging. According to these contractor staff, the absence of automated assignment tracking or standardized personnel information systems across their companies made it difficult for them to centrally compile the information. That is, to respond to our survey, for some contractors it appears the currently available information on former officials’ post-DOD work on specific pending or awarded contracts is decentralized at the various business units responsible for those defense contracts. We found that the scope and quality of the job histories contractors provided to us were sufficient for our analysis on the magnitude of post-DOD work related to prior agencies and responsibilities. However, our questionnaire was not designed or expected to elicit contractor information on specific conflicts of interest or noncompliance cases, such as whether cooling-off periods were unexpired, for example.

DOD Faces Related Information Challenges in Monitoring Compliance with Post-Government Employment Restrictions

Similar to the requirements of defense contractors, no laws or regulations require DOD ethics or acquisition officials to track or monitor former DOD employees after they begin their new contractor jobs to ensure compliance with applicable post-government employment restrictions. As discussed earlier in this report, past legislative requirements to make the employment of former officials with defense contractors more transparent to DOD by having individuals or contractors report to DOD on the post-government employment with contractors were not successful and were repealed by 1995. However, the changed requirements left DOD without a mechanism to obtain information about its former senior and acquisition officials who go to work for its contractors. In our view, and DOD ethics and procurement officials agree, the information currently available to DOD from providing written ethics opinions to former DOD senior and acquisition officials who request them regarding prospective employment

restrictions has limited utility for monitoring compliance with post-government employment restrictions once former DOD officials go to work for defense contractors for several reasons:

- while officials have been encouraged to seek an ethics advisory opinion, they were not required to obtain them, nor were contractors required to ask for them;
- DOD's record-keeping for its written ethics opinions is decentralized at the many defense ethics offices that issued them; and
- DOD lacks a mechanism for providing the information to contracting officers or program managers for a particular contract.

Nonetheless, for DOD's purposes, ethics advisory opinions may now be more readily available and centrally located because of the 2008 defense authorization act provision that requires former officials to obtain written ethics opinions on applicable post-government employment restrictions from their DOD ethics officials before accepting compensation from defense contractors for a period of 2 years after leaving DOD service.¹⁹ DOD also has a new record-keeping requirement to retain each request and each written opinion provided in a central database or repository for at least 5 years.²⁰

While this requirement may help to increase transparency over which former officials are working with contractors and what may raise a potential conflict of interest, its utility may be limited because information is not being tied to specific contracts. Senior ethics officials in DOD's Standards of Conduct Office and the director of Defense Procurement and Acquisition Policy and Strategic Sourcing (DPAP), for example, told us that DOD currently does not have a mechanism to link information on former officials' post-DOD work for their new employers for specific defense contracts that are pending or awarded before their former

¹⁹ Pub. L. No. 110-181, § 847 (2008).

²⁰ After reviewing a draft of this report, DOD's Acting General Counsel advised us that DOD's Standards of Conduct Office is working with its information technology experts to develop a viable mechanism for collecting and retaining this information, possibly by establishing a single database for all DOD post-employment requests and opinion letters. If unsuccessful, DOD plans to rely on having each of its approximately 43 designated agency ethics officials be responsible for maintaining the required information.

agencies, offices, or commands.²¹ They believed that such a mechanism would be valuable to program managers and contracting officers who need to ensure that contracted work being done in their programs is free of conflicts. They also believed that such a mechanism would be relatively cost-effective to implement. After learning of the results of our data collection efforts, in fact, these officials were concerned that current mechanisms do not provide DOD a clear picture of how many former officials are working with contractors and what risks of conflicts are present.

Conclusions

The public needs to be assured that decisions related to the hundreds of billions of dollars spent each year on defense contracts comply with the applicable post-government employment restrictions and are free of conflicts of interest. But this task is highly challenging when it comes to monitoring whether former DOD officials are in compliance with these rules or have a conflict of interest by working for a defense contractor. Our review illustrated aspects of this challenge, including difficulties associated in collecting data on thousands of employees working for just 52 contractors. It is likely our surveys would have been more difficult to accomplish if they had been applied to the entire spectrum of defense contractors, which includes hundreds of small companies that may not have automated or complete information on their employees.

Further, requirements that have been imposed in the past to collect information on former DOD officials working for contractors have not been effective for a variety of reasons. These include difficulties associated with asking private citizens to report back to the government on their employment for extended periods of time and disparities in the way information was collected and reported. Moreover, when information was collected, its value was limited, according to DOD officials, because it could not be tied to specific programs or contracts, where it could inform those responsible for ensuring integrity at the front line of acquisitions. Despite these challenges, there may be ways that more accurate and useful information could be collected, for example, by asking potential contractors to certify that their employees are in compliance with post-

²¹ While our analysis was able to identify the number of former DOD officials working for the defense contractors in our study, our analysis could not be replicated by DOD to allow greater transparency into former officials' employment with defense contractors. This is because DOD cannot obtain tax data from IRS under a statutory restriction on disclosure of tax data. 26 U.S.C. § 6103 (2006).

government employment restrictions when contracts are being awarded. The results of our review—particularly results relating to the estimated numbers of former DOD senior and acquisition officials who could be working in areas that tie back to their work at DOD—show that examining such options is worthwhile.

Recommendations for Executive Action

To provide greater transparency during the acquisition process given the fact that former DOD officials can and do work on defense contracts related to their prior agencies or their direct responsibilities, the risk of conflicts of interest and the appearance of conflicts of interest, and the need to maintain public trust in the integrity of defense contracting, we recommend that the Secretary of Defense direct the Under Secretary of Defense (Acquisition, Technology, and Logistics) to consider the relevant recent statutory changes and determine if changes in procurement policy are needed to impose additional reporting requirements or other requirements to guard against violations of the government's post-employment rules. For example, DOD could consider requiring defense contractors who are awarded a contract, within a set number of days after contract award, to (1) disclose to the contracting officer the names of employees who are certain former DOD officials (e.g., civilian senior executives, high-level military officers, or acquisition officials) who worked on the response to the solicitation and (2) certify that these employees are in compliance with the applicable post-government employment restrictions. In addition, after assessing the benefits and costs associated with the certification process, DOD could consider whether and to what extent it should apply a similar mechanism throughout the term of the contract. In responding to a recent report we issued on contractor employee personal conflicts of interest, DOD tasked its Panel on Contracting Integrity to examine issues we raised and potential solutions.²² It may also want to do the same with regard to post-government employment reporting.

Agency Comments

We provided a draft of this report to DOD for comment. The DPAP director wrote that DOD concurs with our recommendation. Specifically, he wrote that the recommendation will be referred to the Panel on Contracting Integrity for consideration and action. DOD's Acting General

²² GAO, *Defense Contracting: Additional Personal Conflicts of Interest Safeguards Needed for Certain DOD Contractor Employees*, [GAO-08-169](#) (Washington, D.C.: Mar. 7, 2008).

Counsel also provided written technical comments, which we incorporated into the report as appropriate. DOD's comments are reproduced in appendix II.

We are sending copies of this report to the Secretary of Defense, the Director of the Office of Management and Budget, the Director of the Office of Government Ethics, and other interested parties. We will make copies available to others upon request. We will make this report available to the public at no charge on the GAO Web site at <http://www.gao.gov>.

If you have any questions about this report or need additional information, please contact me at (202) 512-4841 or chaplainc@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. Key contributors to this report are listed in appendix VI.



Cristina T. Chaplain
Director, Acquisition and Sourcing Management

List of Congressional Committees

The Honorable Carl Levin
Chairman
The Honorable John McCain
Ranking Member
Committee on Armed Services
United States Senate

The Honorable Max S. Baucus
Chairman
The Honorable Charles E. Grassley
Ranking Member
Committee on Finance
United States Senate

The Honorable Ike Skelton
Chairman
The Honorable Duncan L. Hunter
Ranking Member
Committee on Armed Services
House of Representatives

Appendix I: Scope and Methodology

Congress included a provision in the John Warner National Defense Authorization Act for Fiscal Year 2007 requiring us to report on the recent employment of former Department of Defense (DOD) officials by major defense contractors.¹ In response, our report objectives were to (1) develop information on how many former DOD military and civilian personnel recently worked for major defense contractors and develop an estimate of how many of these were former DOD senior or acquisition officials who worked on defense contracts for these employers that were related to their former positions at DOD and (2) identify the practices used to monitor compliance with post-government employment restrictions and the information challenges that contractors and DOD face in monitoring the movement of former DOD employees to defense contractors. This report does not address any government employment restrictions which might be applicable when former private sector employees are employed by DOD or other federal government agencies. In November 2007, in part to meet our reporting requirement, we provided an interim briefing to the Senate and House Armed Services Committees.

Section 851 of the National Defense Authorization Act for Fiscal Year 2007 defined major defense contractors as any company that received at least \$500 million in contract awards from DOD in fiscal year 2005. To identify those contractors, we analyzed data on the values of contracts awarded to all companies from DOD's Statistical Information Analysis Division. As a result, we identified the 52 contractors meeting the major defense contractor criteria to include in our review. As shown in table 10, which ranks the 52 major defense contractors by the value of their fiscal year 2005 DOD contract awards, these companies accounted for more than half of DOD's total contract awards in 2005—\$142.8 billion of the total \$269.2 billion.

¹ Section 851 required us to report by December 1, 2007, on major defense contractors' post-government employment of certain former DOD officials. Pub. L. No. 109-364 § 851 (2007).

Table 10: Contractors Reviewed by GAO, by Value of Total Contract Awards from DOD in Fiscal Year 2005

(Dollars in millions)

Contractor	Value of DOD contract awards	Contractor	Value of DOD contract awards
Lockheed Martin Corporation	\$19,447	Armor Holdings, Inc.	\$1,296
Boeing Company	18,318	Alliant Techsystems, Inc.	1,275
Northrop Grumman Corporation	13,512	Booz Allen Hamilton, Inc.	1,163
General Dynamics	10,641	Shell Oil Company	1,070
Raytheon Company	9,109	Exxon Mobil Corporation	1,046
Kellogg Brown & Root	5,828	Amerisourcebergen Corporation	1,021
BAE Systems PLC	5,583	Washington Group International	879
United Technologies Corporation	5,022	DRS Technologies	769
L-3 Communications Holding, Inc.	4,714	Cardinal Health, Inc.	766
Computer Sciences Corporation	2,828	CACI International, Inc.	765
Science Applications International Corporation	2,796	Rockwell Collins, Inc.	759
ITT Industries	2,493	Harris Corporation	737
Humana, Inc.	2,261	McKesson Corporation Delaware	686
General Electric Company	2,197	Massachusetts Institute of Technology	611
Health Net, Inc.	2,032	Aerospace Corporation	611
TriWest Healthcare Alliance Company	1,804	Mitre Corporation	585
Textron, Inc.	1,600	Dell, Inc.	584
URS Corporation	1,523	General Atomic Technologies Company	574
Honeywell International, Inc.	1,505	Maersk Line Ltd.	572
BP America Inc.	1,502	Valero Energy Corporation	564
Bechtel Group, Inc.	1,487	Shaw Group, Inc.	561
Oshkosh Truck Corporation	1,474	Johnson Controls, Inc.	553
Electronic Data Systems (EDS) Corporation	1,451	IAP Worldwide Services, Inc.	525
Agility Logistics	1,425	Verizon Communications	516
AM General, LLC	1,406	Rolls-Royce North America	514
FedEx Corporation	1,370	Chugach Alaska Corporation	505
Subtotal, DOD contract awards to these 52 contractors in 2005			\$142,833
Total, DOD contract awards to all contractors in 2005			\$269,238

Sources: GAO analysis; DOD data.

Notes: Total dollar values of DOD contract awards in 2005 for each contractor were rounded to the nearest million. Amounts for each contractor added together do not match the subtotal due to rounding.

We conducted this performance audit from November 2006 through May 2008 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 our 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.

The scope and methods we used to perform this audit are described in greater detail in the remainder of this appendix.²

First Audit Objective

To develop information on how many former DOD military and civilian personnel worked for major defense contractors, section 851 required us to report on employment during the most recent year for which data were available. Through initial discussions with five of the major defense contractors and the IRS, we determined that data on former DOD officials' employment were reasonably available for 2006. To determine how many military and civilian personnel left DOD service, as agreed with committee staff, we limited our analysis to data from the Defense Manpower Data Center's databases for all military and civilian employees who left DOD service for any reason other than being deceased in a 6-year period between January 1, 2001, and December 31, 2006 (N=1,857,004). We determined that data from the data center were sufficiently reliable to accurately support our analysis in support of this objective.

DOD's data included personally-identifiable characteristics for each former employee such as name, social security number (SSN), end date of employment, branch of service, military rank, civilian grade, and if the employee's job specialty was coded as any of the several defense acquisition workforce positions. To analyze defense contractors' post-government employment for a subgroup of former DOD senior and acquisition officials, we used DOD's personnel data to include in the subgroup the following range of former DOD officials: senior officials such as military officers ranked O-7 and above (e.g., generals, admirals) and members of the Senior Executive Service (SES) regardless of whether

² The scope of our review limits our analysis as follows: (1) we limited this review to 2,435 former DOD senior and acquisition officials working for 52 major defense contractors and thus our results cannot be generalized as representing all defense contractors' post-government employment of all former DOD officials and (2) we limited our review to self-reported responses from contractors on their practices for ensuring compliance with former DOD officials' post-government employment restrictions, which we did not independently corroborate or test for effectiveness.

they also were coded as serving in a defense acquisition workforce position. Acquisition officials include military (from O-3 to O-6) and civilian (from grades GS-12 through 15) officials for which DOD coded their status as members of its acquisition workforce, including program managers, deputy program managers, and contracting officers (N=35,192 individuals).

To determine how many of the 1,857,004 former military and civilian personnel (including the 35,192 former DOD senior and acquisition officials) worked for the 52 major defense contractors in 2006, we matched DOD's personnel data with (1) income tax data from IRS and (2) personnel data from the contractors on former DOD senior or acquisition officials they directly compensated in 2006 as employees or independent contractors.

The data obtained from IRS included Form W-2 and Form 1099-Miscellaneous information. We used data from the returns identifying the contractor who submitted the income tax data and the SSN and name for all individual taxpayers for whom the 52 major defense contractors reported taxable income for the 4-year period between 2003 and 2006.³ Because contractor-supplied data identified DOD officials they hired between 2004 and 2006, we compared SSNs from 2003 income tax data to the 2006 income tax data and eliminated SSNs for individuals that matched because this showed the contractors hired those individuals prior to 2004.

We also obtained data from 51 of the 52 contractors on individuals who we or they matched to our criteria for former DOD senior and acquisition officials they compensated in 2006 and hired between 2004 and 2006.⁴ Contractors were permitted to provide the SSNs for either (1) all individuals compensated in 2006 and hired in the 3-year period between 2004 and 2006 or (2) the individuals they identified as matching our

³ To guard against disclosure of information, we did not retain records for individuals who did not match DOD's records on leaving DOD service between 2001 and 2006. In addition, once we completed our analysis matching remaining individual records with DOD's records on former DOD service to create aggregate statistics of post government employment for each of the 52 contractors as well as for the income tax data, we did not retain any individually identifiable records that include the names and SSNs of individual former DOD personnel working for the contractors in 2006.

⁴ One of the 52 major defense contractors, FedEx Corporation, declined to provide personnel data to us. This contractor notified us that they could not provide us SSN data for their employees due to company policy and security concerns.

criteria for being a former DOD senior or acquisition official and hired between 2004 and 2006. In either case, we analyzed the contractors' SSN data to match against the SSNs in DOD's personnel data.

From the matches we determined that 1,263 individuals matched our criteria as former DOD senior and acquisition officials. For each of the 51 contractors who provided us this SSN data, we assessed the accuracy and completeness of their information by analyzing how many former DOD senior and acquisition officials their information showed were employed in 2006 (N=1,263) compared with our analysis of IRS data for the same purpose (N=2,435). We based our analysis of demographic data for this objective on the IRS and DOD data.

To develop an estimate of how many of the former DOD senior or acquisition officials subject to post-government employment restrictions the major defense contractors assigned to work on defense contracts related to their former DOD agencies or their direct responsibilities, as shown in table 11, we used the contractor-identified population of 1,263 individuals. To ensure that we had adequate representation of these officials from contractors with fewer former DOD officials, we stratified the population into two strata based on the number of former DOD officials reported by each contractor as employees—contractors reporting 50 or more former DOD officials were assigned to one stratum and contractors reporting less than 50 former DOD officials were assigned to another stratum. From this population we selected a statistically based random sample of 125 individuals who worked for 32 of the contractors.

We asked the contractors to respond to a questionnaire on related DOD and contractor job histories for the sampled individuals. We analyzed responses from 30 contractors on job histories and contractor work assignments for their respective individuals in our sample.⁵ Based on the sample size and the response rate, the estimate from the results achieves a precision of ± 8 percent at a 95-percent confidence level.

⁵ Two of the 32 contractors, Bechtel Group, Inc. and Booz Allen Hamilton, Inc., did not respond to the survey.

Table 11: Design for GAO’s Statistically Based Random Sample to Survey Contractors on DOD Post-Government Employment Job Histories

Stratum	Population size	Sample Size	Number of contractors
1. 50 or more officials	950	66	7
2. Fewer than 50 officials	338	59	25
Total	1,288^a	125	32

Source: GAO.

^aThe total population in our study group is 1,263 individuals. However, some individuals worked for more than one employer during 2006. As a result, the number of employment records and the population size for the sample totals 1,288 individuals. In drawing the sample, 5 of the 125 individuals were employed by more than one of the contractors in 2006. Therefore, we surveyed each of their contractor employers to obtain separate responses for them, for a total of 32 contractors and 131 employment instances.

To obtain the job histories, we used a Web-based questionnaire to collect data on work histories of the individuals in our sample.⁶ (App. IV reproduces the Web-based questionnaire used for this survey). The questionnaire was designed to obtain individual information for each of the former DOD senior and acquisition officials in our sample, such as his or her previous DOD assignments and contractor assignments over a 3-year period as well as to request a copy of any DOD ethics advice letters.

Our questionnaire was intended to develop information on defense contracts or programs on which former DOD officials were assigned in order to consider whether the former officials were assigned to work on contracts they or their agencies had previously been responsible for. Recognizing that the contractors responding to our survey were self-reporting on a sensitive issue, the information sought from contractors was not designed or expected to identify specific violations of post-government employment restrictions. Instead, the survey also asked contractors for information on circumstances surrounding the post-DOD work in relationship to prior DOD positions and responsibilities. To protect the confidentiality of the responses concerning these individuals, we took steps to remove personally identifiable information from our analysis and evidentiary files.

⁶ We pre-tested the survey with Electronic Data Systems (EDS) Corporation and Lockheed Martin Corporation and incorporated their comments. Between November 2007 and January 2008, we provided instructions and a unique user name and password to each of the contractors.

We projected the results of our sample to estimate the extent that former DOD officials in our study group population of 1,263 individuals engaged in post-government employment tied to their former DOD agencies or to their direct responsibilities. We used these estimates to assess the magnitude of such post-DOD work tied to former DOD agencies, offices, or commands or to direct responsibilities.

Second Audit Objective

To identify the practices major defense contractors report using to ensure awareness of and compliance with post-government employment restrictions for employing former DOD officials, we interviewed ethics and personnel officials with five of the contractors to gain an initial understanding of the variety and scope of information reasonably available concerning a range of practices used for these purposes.⁷ We also conducted a survey to collect additional information from all 52 contractors on personnel assignment record-keeping and practices for identifying, screening, tracking, and training former DOD officials for purposes of compliance with post-government employment restrictions

To conduct this survey, we pre-tested it with three contractors before e-mailing a questionnaire to all 52 contractors to collect information on their reported practices.⁸ (Appendix V reproduces the questions used for this survey as well as the aggregated responses.) The survey was designed to obtain information on contractors' reported practices to ensure awareness and compliance in various key ways such as (1) how contractors identified new hires with potential post-government employment restrictions, (2) how they tracked post-DOD assignments of former DOD officials during their cooling off periods, (3) whether they collected and maintained copies of DOD ethics advisory letters for former DOD officials, and (4) whether they provided training in post-government employment restrictions to various employee categories in their

⁷ These interviews concerning contractor practices for compliance with post-government employment restrictions when employing former DOD officials were with company ethics and personnel officials at SAIC, EDS Corporation, Lockheed Martin Corporation, Harris Corporation, and the Boeing Company.

⁸ Between March and April 2007, we pre-tested the survey with Mitre Corporation and CACI International, Inc. to determine if the questions were clear and unbiased, the terminology used to describe practices was precise, and whether the questionnaire placed an undue response burden on companies. After revising the survey to incorporate pre-test comments, between May and August 2007, we sent the survey to all 52 contractors as an e-mail attachment and followed-up with nonrespondents by e-mail and telephone to encourage their responses.

workforce. We analyzed responses from the 47 contractors who responded to the survey. This is a survey response rate of 90 percent. Our survey results cannot be generalized for the purpose of describing nonrespondent contractors' practices.⁹

To identify information challenges contractors and DOD face, we reviewed post-government employment laws and implementing regulations, prior GAO reports, and other studies; and held discussions with and obtained information from officials at the Office of Government Ethics concerning any requirements and performance problems DOD and defense contractors have had regarding the adequacy of monitoring former DOD officials' compliance with restrictions.

To identify information challenges that defense contractors face in monitoring employees' compliance with post-government employment restrictions, we analyzed the extent to which the 52 major defense contractors were able to submit sufficient information to us in response to our data requests. Specifically, we analyzed the extent to which the contractors were able to submit sufficient data on how many former DOD officials worked for them in 2006 and provide us with copies of DOD's written ethics opinions and related job histories for the pre-selected former DOD officials sampled for our survey on post-government employment.

We also met with and reviewed information from ethics officials in the Office of the Secretary of Defense's Standards of Conduct Office¹⁰ and Defense Procurement and Acquisition Policy (DPAP) officials from the Office of the Undersecretary of Defense (Acquisition, Technology, and Logistics). We held these discussions to obtain information and views on DOD's practice of providing written ethics advice concerning prospective employment and restrictions to former DOD senior and acquisition officials who request them. We discussed the sufficiency of this information for DOD transparency on certain former DOD officials'

⁹ The following major defense contractors did not provide responses to our survey on practices to ensure awareness of and compliance with post-government employment restrictions: Amerisourcebergen Corporation, Booz Allen Hamilton, Inc., CACI International, Inc., Johnson Controls, Inc., and Verizon Communications.

¹⁰ On behalf of DOD's General Counsel, the Standards of Conduct Office, which is part of the Defense Legal Services Agency, is responsible for overseeing the ethics and standards of conduct programs throughout DOD, including providing guidance to the Army, Navy, Air Force, and defense agencies.

compliance with post-government employment restrictions after these officials begin their new jobs. We also discussed their views on the sufficiency of information available to DOD's contracting officials from defense contractors regarding the names of former DOD senior and acquisition officials who are working on a particular pending defense procurement or defense contracts and whether or not they are in compliance with their post-government employment restrictions. We used this information to assess whether DOD has sufficient insight into post-government employment to reduce the risk for conflicts of interest or apparent conflicts of interest that could undermine public trust in the integrity of defense contracting.

Appendix II: Comments from the Department of Defense



ACQUISITION
TECHNOLOGY
AND LOGISTICS

OFFICE OF THE UNDER SECRETARY OF DEFENSE
3060 DEFENSE PENTAGON
WASHINGTON, DC 20301-3060

MAY 13 2008

Ms. Christina T. Chaplain
Director, Acquisition and Sourcing Management
U.S. Government Accountability Office
441 G Street, N.W.
Washington, DC 20548

Dear Ms. Chaplain:

This is the Department of Defense (DoD) response to the GAO Draft Report, GAO-08-485, "DEFENSE CONTRACTING: Post-Employment of Former DOD Officials Needs Greater Transparency," dated April 11, 2008 (GAO Code 120609).

The Department concurs with the recommendation. A comment on the report recommendation is enclosed.

Sincerely,

A handwritten signature in black ink, appearing to read "Shay D. Assad".

Shay D. Assad
Director, Defense Procurement,
Acquisition Policy and
Strategic Sourcing

Enclosure:
As stated

GAO Draft Report Dated April 11, 2008
GAO-08-485 (GAO CODE 120609)

**“DEFENSE CONTRACTING: POST-EMPLOYMENT OF
FORMER DOD OFFICIALS NEEDS GREATER
TRANSPARENCY”**

**DEPARTMENT OF DEFENSE COMMENT
TO THE GAO RECOMMENDATION**

RECOMMENDATION 1: The GAO recommends that the Secretary of Defense direct the Under Secretary of Defense (Acquisition, Technology and Logistics) to consider the relevant recent statutory changes and determine if changes in procurement policy are needed to impose additional reporting requirements or other requirements to guard against violations of the government’s post-employment rules. (p. 23/GAO Draft Report)

DOD RESPONSE: Concur. The recommendation will be referred to the Panel on Contracting Integrity for consideration and action.

Appendix III: Contractors' Employment of Former DOD Senior and Acquisition Officials in 2006

Table 12 presents our analysis of how many former DOD senior and acquisition officials were employed by each of the 52 defense contractors in 2006, ranked in descending order according to how many they employed. In order to prevent reporting of information that could be used to identify specific former officials with post-DOD employment with contractors, the table presents summary analysis that discloses which of the 28 major defense contractors employed 11 or more such individuals in 2006. For those 20 major defense contractors who employed fewer than 11 such individuals, the table presents a limited summary that discloses that they employed "10 or fewer" such individuals. Also shown in table 12, four of the contractors did not employ any former DOD senior and acquisition officials in 2006.

Table 12: Contractors' Post-Government Employment of Former DOD Senior and Acquisition Officials in 2006

(Dollars in millions)

Contractor	Number of former DOD senior and acquisition officials employed	Value of DOD contract awards in fiscal year 2005
Total, all 52 contractors	2,435	\$142,833
SAIC	263	\$2,796
Northrop Grumman Corporation	260	\$13,512
Booz Allen Hamilton	243	\$1,163
L-3 Communications Holding, Inc.	241	\$4,714
Lockheed Martin Corporation	221	\$19,447
General Dynamics	207	\$10,641
Raytheon Company	146	\$9,109
CACI International, Inc.	137	\$765
BAE Systems PLC	119	\$5,583
Computer Sciences Corporation	99	\$2,828
Boeing Company	91	\$18,318
URS Corporation	71	\$1,523
Mitre Corporation	51	\$585
United Technologies Corporation	32	\$5,022
DRS Technologies	31	\$769
Kellogg Brown & Root	30	\$5,828
Alliant Techsystems, Inc.	27	\$1,275
Textron, Inc.	25	\$1,600
General Electric Company	22	\$2,197
Rockwell Collins, Inc.	21	\$759
ITT Industries	20	\$2,493

**Appendix III: Contractors' Employment of
Former DOD Senior and Acquisition Officials
in 2006**

(Dollars in millions)

Contractor	Number of former DOD senior and acquisition officials employed	Value of DOD contract awards in fiscal year 2005
Aerospace Corporation	17	\$611
General Atomic Technologies Company	17	\$574
Harris Corporation	16	\$737
Honeywell International, Inc.	16	\$1,505
Shaw Group, Inc.	16	\$561
FedEx Corporation	16	\$1,370
Bechtel Group, Inc.	11	\$1,487
IAP Worldwide Services, Inc.	10 or fewer	\$525
Massachusetts Institute of Technology	10 or fewer	\$611
Exxon Mobil Corporation	10 or fewer	\$1,046
EDS Corporation	10 or fewer	\$1,451
Chugach Alaska Corporation	10 or fewer	\$505
Agility Logistics	10 or fewer	\$1,425
Shell Oil Company	10 or fewer	\$1,070
Washington Group International	10 or fewer	\$879
Dell, Inc.	10 or fewer	\$584
BP America, Inc.	10 or fewer	\$1,502
Rolls-Royce North America	10 or fewer	\$514
TriWest Healthcare Alliance Company	10 or fewer	\$1,804
Health Net, Inc.	10 or fewer	\$2,032
Maersk Line Ltd.	10 or fewer	\$572
Armor Holdings, Inc.	10 or fewer	\$1,296
Humana, Inc.	10 or fewer	\$2,261
AM General, LLC	10 or fewer	\$1,406
McKesson Corporation Delaware	10 or fewer	\$686
Verizon Communications	10 or fewer	\$516
Cardinal Health, Inc.	10 or fewer	\$766
Amerisourcebergen Corporation	0	\$1,021
Johnson Controls, Inc.	0	\$553
Oshkosh Truck Corporation	0	\$1,474
Valero Energy Corporation	0	\$564

Sources: GAO analysis; IRS and DOD data.

Table 13 shows in greater detail our analysis of the major defense contractors who employed more than 50 former DOD senior and

**Appendix III: Contractors' Employment of
Former DOD Senior and Acquisition Officials
in 2006**

acquisition officials in 2006 and a breakout of their former status as DOD military and civilian employees.

Table 13: Summary of Demographic Information for Contractors Employing More Than 50 Former DOD Senior-Level and Acquisition Officials

Contractor	Total, former DOD senior and acquisition officials employed	Number of former officials who were senior level	Number of many former officials who were acquisition related	Number of former officials who were military	Number of former officials who were civilian employees
SAIC	263	47	216	145	118
Northrop Grumman Corporation	260	63	197	153	107
Booz Allen Hamilton	243	52	191	160	83
L-3 Communications	241	40	201	130	111
Lockheed Martin Corporation	221	48	173	121	100
General Dynamics	207	27	180	112	95
Raytheon Company	146	39	107	98	48
CACI International, Inc.	137	17	120	56	81
BAE Systems PLC	119	21	98	58	61
Computer Sciences Corporation	99	11	88	40	59
Boeing Company	91	15	76	47	44
URS Corporation	71	10 or fewer	Not shown	30	41
Mitre Corporation	51	12	39	30	21

Source: GAO analysis; IRS and DOD data.

Appendix IV: Questionnaire for Survey of Contractors on Post-Government Employment Job Histories for Former DOD Officials

We surveyed 32 major defense contractors for a sample of the former DOD officials with regard to their job histories at the contractor and previous assignments while still in federal service along with DOD contracts for which they worked. The questions from the survey are reproduced below.

Survey of Employment Assignments of Former DOD Officials

U.S. Government Accountability Office

Introduction

The U.S. Government Accountability Office (GAO) is a federal agency that assists the U.S. Congress in evaluating federal programs. Congressional sponsors of the section 851 mandate have asked GAO to report on the number of former DOD officials who received compensation from major defense contractors in calendar year 2006. The purpose of this questionnaire is to collect information about the job assignments of a sample of former DOD employees who now work for your organization.

Thank you for your help in completing the survey. Your participation is essential to its success and will help to inform Congress about these issues.

If you have a copy of any of these individual's letters from DOD ethics advisors describing post government employment restrictions ("safe haven" or "safe harbor" letters), please send them either as a group or individually to Rick Cederholm. We suggest scanning this letter and providing it as an attachment to an email to cederholmr@gao.gov. If you prefer, you may FAX the letter to Rick Cederholm at (256) 971-9240 or you may send it to:

Mr. Rick Cederholm
US GAO
6767 Old Madison Pike
Building 5, Suite 520
Huntsville, AL 35806

We appreciate your taking the time to participate in our survey - your participation is essential to its success.

**Appendix IV: Questionnaire for Survey of
Contractors on Post-Government
Employment Job Histories for Former DOD
Officials**

Instructions

- To save and temporarily exit the questionnaire at any time, press the "Exit" button at the bottom of a page. Always use the "Exit" button to exit. If you do not, you will lose information you entered on your current page.
- To re-open your questionnaire and enter more responses or change previous responses, return to the Web address we gave you and re-enter your username and password. The questionnaire will restart at the last question you answered.
- You can move forwards and backwards in the questionnaire at any time to revisit parts of the questionnaire and change answers by using the menu window on the left or the buttons at the bottom of each page.
- To learn more about completing the questionnaire, printing your responses, and who to contact if you have questions, [click here for help](#).

Questionnaire for:

In the space below, provide a detailed rationale if your company will NOT be providing this information to GAO as requested. Please include the name and contact information of the decision maker.

Job History at Your Company

The following questions refer to _____.

1. What date was _____ first compensated by your company?

(Enter date using yyyy-mm-dd format)

_____ 

2. What date was _____ most recently compensated by your company?

(Enter date using yyyy-mm-dd format)

_____ 

**Appendix IV: Questionnaire for Survey of
Contractors on Post-Government
Employment Job Histories for Former DOD
Officials**

3. What job title(s) did _____ hold at your company between January 1st, 2004 and December 31st, 2006 and what was the starting date of each job title? (*List all*)

a. 1st Job Title

b. What was the starting date for this job title?



c. 2nd Job Title

d. What was the starting date for this job title?



e. Additional Job Titles

f. What was the starting date(s) for this job title?

4. What Department of Defense (DOD) contracts or programs did _____ work on at your company between January 1st, 2004 and December 31st, 2006, and on what date was he/she assigned to the contract or program?

a. 1st DOD contract or program

b. What date was he/she assigned to this contract or program?



c. 2nd DOD contract or program

d. What date was he/she assigned to this contract or program?



e. Additional DOD contract(s) or program(s)

f. What date(s) was he/she assigned to this contract or program?

g. What other DOD contracts or programs has he/she contributed to indirectly, such as overseeing the program or contract?

h. What date(s) was he/she working in this capacity?

i. No information available for this individual



5. Is a DOD Ethics Counselor letter (i.e. "Safe Haven" or "Safe Harbor" letter) on file with your company for _____?

**Appendix IV: Questionnaire for Survey of
Contractors on Post-Government
Employment Job Histories for Former DOD
Officials**

1. Yes *Please provide a copy of this letter to Rick Cederholm*
2. No
3. Don't know

Job History at DOD

6. What date did _____ leave DOD?
(Enter date using yyyy-mm-dd format)



7. Is the available information about _____'s DOD work assignments during his/her last 2 years at DOD complete, partial, or is no information available?

1. Complete
2. Partial
3. No information available *(Click to go to Question 9.)*
4. Don't know

8. What DOD Agency(s) did _____ serve or work in during his/her last 2 years at DOD (e.g. U.S. Army, Defense Logistics Agency, etc.)? *(List all)*

a. 1st DOD Agency

b. 2nd DOD Agency

c. Additional DOD Agency(s)

9. What Job title(s) did _____ have during his/her last 2 years at DOD?
(List all)

a. 1st DOD Job Title

b. 2nd DOD Job Title

c. Additional DOD Job Title(s)

10. Since January 1, 2004, has _____ worked on any contracts or projects at

**Appendix IV: Questionnaire for Survey of
Contractors on Post-Government
Employment Job Histories for Former DOD
Officials**

your company for which he or she had either **program oversight responsibilities or decision making authority** during his or her last 2 years at DOD?

1. Yes
2. No ([Click to go to Question 11.](#))
3. Don't know ([Click to go to Question 11.](#))

a. What were the circumstances of this work?

11. Since January 1, 2004, has _____ worked on any contracts or projects at your company for that the responsibility of their former agency, office or command during his or her last 2 years at DOD?

1. Yes
2. No ([Click to go to Question 12.](#))
3. Don't know ([Click to go to Question 12.](#))

a. What were the circumstances of this work?

12. Which of the following positions with DOD did _____ hold? (*Check all that apply*)

1. Executive Schedule Civilian
2. Senior Level Civilian
3. SES Civilian
4. General or Flag Officer (O7 or above)
5. Program Manager
6. Deputy Program Manager
7. Procuring Contracting Officer
8. Administrative Contracting Officer
9. Source Selection Authority

**Appendix IV: Questionnaire for Survey of
Contractors on Post-Government
Employment Job Histories for Former DOD
Officials**

10. Source Selection Evaluation Board Member
11. Evaluation Team Chief for a contract above \$10M
12. None of the above
13. Other (*Please specify below*)

a. If you said other, what was that position?

13. Were you able to answer the questions about _____'s DOD history primarily using records your organization has on file, or was a substantial amount of information needed from other sources?

1. Primarily information from company records
2. Primarily from [indv] ([Click to go to Question 14.](#))
3. Primarily from [indv]'s supervisor ([Click to go to Question 14.](#))
4. Not available ([Click to go to Question 14.](#))

a. If the information provided was primarily from company records, could your company produce that information for GAO to review if requested to do so?

Could produce

Not available

Don't know



14. Have you finished this questionnaire?

1. Yes
2. No

If you answered "Yes" above and do NOT want to view or print your responses, click on the "Exit" button below.

If you would like to view and print your answers before exiting, click the "Next" button below.



Appendix V: Results of Survey of Contractors on Practices to Ensure Awareness of and Compliance with Post-Government Employment Restrictions

The purpose of the questionnaire was to understand how defense contractors identify former DOD officials, maintain information about the job assignments of former DOD employees, and provide training on post-government employment restrictions.

Background Information

Q1. How many individuals did your company compensate directly either as employees, independent contractors (individuals for whom a form 1099 was generated) or members of the board of directors during any part of calendar year 2006?

Response	Frequency
No response	1
Responses	46
Total	47

Q2. How many of the individuals listed in question 1, were hired directly, engaged as independent contractor, or added to the board of directors on or after January 1, 2001?

Response	Frequency
No response	6
Responses	41
Total	47

Former DOD Employees

Q3. For each of the following compensated positions, does your company ask job candidates whether or not they are former DOD military or civilian employees before offering employment?

a. Permanently hired employees

Response	Frequency
Asked	38
Not asked	9
Total	47

**Appendix V: Results of Survey of Contractors
on Practices to Ensure Awareness of and
Compliance with Post-Government
Employment Restrictions**

b. Directly hired contractors (Form 1099 contractors)

Response		Frequency
	Asked	27
	Not asked	17
	Subtotal	44
No	Not	3
response/	applicable	
Total		47

c. Directly hired temporary employees

Response		Frequency
	Asked	32
	Not asked	12
	Subtotal	44
No	Not	3
response/	applicable	
Total		47

d. Members of the Board of Directors

Response		Frequency
	Asked	29
	Not asked	10
	Subtotal	39
No	Not	8
response/	applicable	
Total		47

**Appendix V: Results of Survey of Contractors
on Practices to Ensure Awareness of and
Compliance with Post-Government
Employment Restrictions**

Q3e. If your company currently asks candidates whether they are former DOD employees, what means does it use to collect this information?

Response	Frequency
Application only	8
Form only	10
Other only	6
App and form	8
App and other	3
Form and other	1
All three	3
Subtotal	39
No response/ Not applicable	8
Total	47

Q3f. If your company does collect information on an individual's prior DOD employment status, in what form is this information maintained?

Response	Frequency
Electronic	1
Paper only	19
Other only	10
Electronic and paper	8
Electronic and other	4
Subtotal	42
No response/ Not applicable	5
Total	47

**Appendix V: Results of Survey of Contractors
on Practices to Ensure Awareness of and
Compliance with Post-Government
Employment Restrictions**

Q4. How many of the individuals who were compensated by your company during calendar year 2006 and who joined your company in some capacity on or after January 1, 2001, were previously employed by DOD?

Response	Frequency
Do not know	35
Number given	9
Subtotal	44
No response/ Not applicable	3
Total	47

Q5. Does your company ask individuals it is compensating or considering for each of the following positions if they have any restrictions on their employment as a result of being former DOD military or civilian employees?

a. Permanently hired employees

Response	Frequency
Asked	39
Not asked	5
Not sure	3
Total	47

b. Directly hired contractors (Form 1099 contractors)

Response	Frequency
Asked	27
Not asked	13
Not sure	6
Subtotal	46
No response/ Not applicable	1
Total	47

Appendix V: Results of Survey of Contractors on Practices to Ensure Awareness of and Compliance with Post-Government Employment Restrictions

c. Directly hired temporary employees

Response	Frequency
Asked	32
Not asked	9
Not sure	5
Subtotal	46
No response/ applicable	1
Total	47

d. Members of the Board of Directors

Response	Frequency
Asked	26
Not asked	8
Not sure	9
Subtotal	43
No response/ applicable	4
Total	47

Q6. Does your company request compensated individuals in each of the following positions who have current employment restrictions as a result of previous DOD employment to provide a copy of the written advice from DOD Ethics Counselors regarding post-government employment restrictions known as a “Safe Haven” letter?

a. Permanently hired employees

Response	Frequency
Requested	34
Not requested	6
Not sure	7
Total	47

**Appendix V: Results of Survey of Contractors
on Practices to Ensure Awareness of and
Compliance with Post-Government
Employment Restrictions**

b. Directly hired contractors (Form 1099 contractors)

Response	Frequency
Requested	22
Not requested	14
Not sure	10
Subtotal	46
No response/ Not applicable	1
Total	47

c. Directly hired temporary employees

Response	Frequency
Requested	27
Not requested	10
Not sure	8
Subtotal	45
No response/ Not applicable	2
Total	47

d. Members of the Board of Directors

Response	Frequency
Requested	25
Not requested	7
Not sure	10
Subtotal	42
No response/ Not applicable	5
Total	47

**Appendix V: Results of Survey of Contractors
on Practices to Ensure Awareness of and
Compliance with Post-Government
Employment Restrictions**

Q6e. How long, if at all, does your company keep “Safe Haven” letters on file for individuals it compensates?

Response	Frequency
Not kept	3
Employment	23
Other	15
Employment + Other	2
Subtotal	43
No response/ Not applicable	4
Total	47

Q7. What steps, if any, does your company take to ensure that former DOD employees comply with their post-government employment restrictions?

N=45 (Open-ended responses)

Personnel Record Systems for Compensated Individuals

Q8. Did your company compensate directly any INDEPENDENT CONTRACTORS (individuals for whom a form 1099 was generated) during 2006?

Response	Frequency
Yes	44
No	3
Total	47

Q8a. [If ‘yes’ in Q7] How, if at all, does your company maintain records of which government project related assignments independent contractors worked on while paid by your company?

N=42 (Open-ended responses)

**Appendix V: Results of Survey of Contractors
on Practices to Ensure Awareness of and
Compliance with Post-Government
Employment Restrictions**

Q9. In what form does your company maintain records of which government project related job assignments EMPLOYEES have worked on?

Response	Frequency
Not kept	9
Electronic only	12
Paper only	3
Other only	12
Electronic and paper	4
Electronic and other	5
Three forms used	1
Subtotal	46
No response/ Not Applicable	1
Total	47

Q10. How is information on which government project related job assignments employees' have worked on entered into your records?
N=36 (Open-ended responses)

Q11. What procedures, if any, are in place to ensure that the record of government project related job assignments for each employee accurately record ALL of the assignments the employee has worked on?
N=35 (Open-ended responses)

Q11a. Are any of these procedures documented?

Response	Frequency
Yes	29
No response/ Not applicable	18
Total	47

Q12. Are any audit checks performed to assure that ALL of an employee’s government project related job assignments are included in their record?

Response	Frequency
Yes	25
No	5
Subtotal	30
No response/ Not applicable	17
Total	47

a. What checks are performed to assure all assignments are included?

N=28 (Open-ended responses)

b. How often are these checks performed?

N=26 (Open-ended responses)

c. Who performs these checks?

N=26 (Open-ended responses)

d. What are the procedures to correct any errors found?

N=26 (Open-ended responses)

Q13. How often are the records of government project related job assignments updated?

N=36 (Open-ended responses)

Q14. How would you characterize the completeness of your personal data records regarding the government project related job assignments employees have worked on at your company?

Response	Frequency
Very complete	23
Somewhat complete	8
Not very complete	3
Subtotal	34
No response/ Not applicable	13
Total	47

**Appendix V: Results of Survey of Contractors
on Practices to Ensure Awareness of and
Compliance with Post-Government
Employment Restrictions**

Q15. What limitations, if any, are there of the government project related job assignments data your company maintains?

N=36 (Open-ended responses)

Q16. What reviews, if any, have there been of the integrity of your company's government project related job assignments record keeping system? [Please attach any relevant documentation]

N=36 (Open-ended responses)

Training

Q17. Does your company require training that informs and reinforces its policies regarding post-employment restrictions for former federal government employees?

Response	Frequency
Yes	31
No	14
Subtotal	45
No response/ Not applicable	2
Total	47

[If No] Continue to question 18.

Which groups are required to take this training?

Q17a.1 All Employees

Response	Frequency
Yes	12
No	17
Subtotal	29
No response/ Not applicable	18
Total	47

**Appendix V: Results of Survey of Contractors
on Practices to Ensure Awareness of and
Compliance with Post-Government
Employment Restrictions**

Q17b1. [If yes,] about how often are they required to take this training?

Response	Frequency
1 per year	5
< 1 per 2 yrs	1
Other	4
Subtotal	10
No response/ Not applicable	37
Total	47

Continue to question 17c.

If all employees are not required to take this training, which of the following groups of employees are?

Q17a2. Human Resources staff

Response	Frequency
Yes	14
No	2
Subtotal	16
No response/ Not applicable	31
Total	47

Q17b2. [If yes,] about how often are they required to take this training?

Response	Frequency
1 per year	3
1 per 2 yrs	4
< 1 per 2 yrs	1
Other	3
Subtotal	11
No response/ Not applicable	36
Total	47

**Appendix V: Results of Survey of Contractors
on Practices to Ensure Awareness of and
Compliance with Post-Government
Employment Restrictions**

Q17a3. Former federal government employees

Response	Frequency
Yes	13
No	3
Subtotal	16
No response/ Not applicable	31
Total	47

Q17b3. [If yes,] about how often are they required to take this training?

Response	Frequency
1 per year	2
1 per 2 yrs	2
Other	6
Subtotal	10
No response/ Not applicable	37
Total	47

Q17a4. Middle-level managers

Response	Frequency
Yes	9
No	5
Subtotal	14
No response/ Not applicable	33
Total	47

**Appendix V: Results of Survey of Contractors
on Practices to Ensure Awareness of and
Compliance with Post-Government
Employment Restrictions**

Q17b4. [If yes,] about how often are they required to take this training?

Response	Frequency
1 per year	3
1 per 2 yrs	2
< 1 per 2 yrs	1
Other	3
Subtotal	9
No response/ applicable	38
Total	47

Q17a5. Senior-level managers

Response	Frequency
Yes	13
No	1
Subtotal	14
No response/ applicable	33
Total	47

Q17b5. [If yes,] about how often are they required to take this training?

Response	Frequency
1 per year	5
1 per 2 yrs	2
< 1 per 2 yrs	2
Other	3
Subtotal	12
No response/ applicable	35
Total	47

**Appendix V: Results of Survey of Contractors
on Practices to Ensure Awareness of and
Compliance with Post-Government
Employment Restrictions**

Q17a6. Other [please specify]

Response	Frequency
Yes	17
No	2
Subtotal	19
No response/ Not applicable	28
Total	47

Q17b6. [If yes,] about how often are they required to take this training?

Response	Frequency
1 per year	3
1 per 2 yrs	4
< 1 per 2 yrs	1
Other	6
Subtotal	14
No response/ Not applicable	33
Total	47

Q17c. Does your company maintain records of whether people who are required to take the training have completed it?

Response	Frequency
Yes	25
No	7
Subtotal	32
No response/ Not applicable	15
Total	47

**Appendix V: Results of Survey of Contractors
on Practices to Ensure Awareness of and
Compliance with Post-Government
Employment Restrictions**

Q18. Has any government agency or independent entity assessed the adequacy of your company's procedures for hiring current and former government employees?

Response	Frequency
Yes	4
No	27
Do not know	16
Total	47

Appendix VI: GAO Contact and Staff Acknowledgments

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