DEPARTMENT OF THE NAVY

NAVAL SEA SYSTEMS COMMAND
WASHINGTON, D.C. 20362-5101

IN REPLY REFER TO
NAVSEAINST 5370.1F
OPR 09B23
4 May 92

NAVSEA INSTRUCTION 5370.1F

From: Commander, Naval Sea Systems Command

Subj: STANDARDS OF CONDUCT AND STATEMENTS OF AFFILIATIONS AND FINANCIAL INTERESTS

Ref: (a) DOD Directive 5500.7
(b) SECNAVINST 5370.2J
(c) NAVSEAINST 1571.1B
(d) NAVSEAINST 4295.2B

Encl: (1) Criteria Governing Personnel Required to File Confidential Statements of Affiliations and Financial Interests, DD Form 1555
(2) Guidelines for Preparing, Processing, Evaluating, and Safeguarding Confidential Statements of Affiliations and Financial Interests

1. Purpose. To revise the procedures for completing and filing Confidential Statements of Affiliations and Financial Interests, DD Form 1555. This is a major revision of the current instruction.

2. Cancellation. NAVSEAINST 5370.1E of 14 April 1987 and Change 1 of 18 September 1987. Cancel report symbol NAVSEA 5370-2.

3. Scope. This instruction covers standards of conduct applicable to all military and civilian personnel of the Naval Sea Systems Command (NAVSEA) and contains procedures for filing Statements of Affiliations and Financial Interests, DD Form 1555.

4. Background

a. Reference (a) prescribes the standards of conduct for personnel of the Department of Defense as well as the requirements and procedures for filing and processing Confidential Statements of Affiliations and Financial Interests, DD Form 1555. Reference (b) issues and directs compliance with the requirements of reference (a), applying them to the Navy. Reference (c) provides the procedures for bringing Reserve personnel on board, with special emphasis on avoiding conflict of interest or the appearance thereof. Reference (d) provides for procedures for all competitive, negotiated acquisitions and submissions of DD Form 1555.

b. The Ethics in Government Act of 1978 requires the filing of a Financial Disclosure Statement, SF 278. Flag officers and civilian personnel classified or otherwise working at GS/GM-16/ SES and above must file the SF 278 and are not required to file the DD Form 1555. Specific criteria are given in paragraph 1008 of reference (b).

5. Policy. All NAVSEA personnel must be familiar with and comply with the standards of conduct as stated in this instruction, and references (a) through (d). All personnel, military and civilian, must avoid not only a situation involving an actual conflict of interest, but also a situation creating the appearance of such a conflict.

6. Reporting Violations

a. Any NAVSEA employee who has cause to believe that the standards of conduct have been violated will report such incidents to his or her immediate supervisor. If the supervisor believes there has been a violation, the supervisor will consult SEA 00L to determine if a conflict does exist. If affirmative, notify the Inspector General (SEA 00N). The supervisor will follow this notification with a written report outlining any investigation conducted and final action taken.

b. The Department of Defense (DOD) hotlines are a confidential means for reporting violations of the standards of conduct which involve fraud, waste, or abuse. The following numbers are for the DOD and Navy hotlines and for the NAVSEA Inspector General:

	DOD HOTLINE	NAVY HOTLINE	NAVSEA IG
TOLL FREE	800-424-9098	800-522-3451	800-356-8464
WASHINGTON AREA	693-5080	433-6743	602-2855
AUTOVON	8-223-5080	8-288-6743	8-222-2855

7. Confidential Statements of Affiliations and Financial Interests, DD Form 1555. Enclosure (1) furnishes guidance on filing statements. Enclosure (2) provides guidance for preparing, evaluating, processing and safeguarding completed statements of affiliations and financial interests. Except as otherwise provided for in enclosure (1), the DD Form 1555 must be filed annually by 31 October.

8. Action

a. NAVSEA Washington

(1) SEA 09M shall discuss applicable provisions of reference (b) during entrance orientation for military personnel, stressing that adherence to the standards of conduct is considered mandatory and that required statements become part of military personnel files. Military personnel are required to sign a statement indicating:

(a) That he or she has received a standards of conduct briefing.

(b) That he or she has received and read a copy of reference (b).

(2) SEA 09B2

(a) Maintain a current list of NAVSEA Washington military and civilian personnel who are required to file DD Form 1555.

(b) Notify Deputy Commanders and Office Heads annually in writing, by 1 August, of the requirement for filing and reporting on the filing of DD Forms 1555, requesting a current list of those NAVSEA Washington military and civilian personnel who are required to file the form.

(c) Submit annually, by 5 December, a NAVSEA Washington and shore activity summary status report on the filing of DD Form 1555 to the Commander and initiate reports required by higher authority.

(3) Deputy Commanders and Office Heads (reporting to SEA 00)

(a) Devote special attention to the requirements of reference (b) to ensure compliance by all subordinate personnel, that subordinates attend standards of conduct orientation briefings when required, and that DD Forms 1555 are filed annually.

(b) Ensure that their requirement to file DD Form 1555 is annotated on all applicable billet and position descriptions. Identify on staffing plans, those military and

civilian positions that require the incumbent to file a DD Form 1555. Place an asterisk (*) next to applicable positions and note on the bottom of applicable pages: "DD Form 1555 required to be filed annually with supervisor."

(c) Provide SEA 09B2 annually, by 1 September, a list of assigned civilian and military personnel who are required to file the DD Form 1555. (Military billets are coded to reflect this requirement by SEA 09M who will adjust the coding as required.)

(d) Ensure that supervisors, during the annual maintenance review or when establishing or modifying civilian positions, determine the necessity for filing a DD Form 1555. If the decision is affirmative, the position description cover sheet should be annotated with the requirement for the incumbent to file DD Form 1555. Advise SEA 09B2 and SEA 09M of any revisions.

(e) Perform an annual review the first week of November to ensure all required statements have been filed by personnel under their supervision and by appropriate personnel at shore activities under their cognizance. Subsequently, by 15 November, annually, forward a report to SEA 09B2 for military and civilian personnel. The report should contain:

1. Total number of personnel required to file DD Form 1555.

2. Number of statements filed as of 31 October (if this number does not match the number of personnel required to file, explain the discrepancy and indicate whether the extension was approved by the appropriate supervisor with the concurrence of the cognizant ethics counselor.)

3. Number of statements requiring review but not yet accomplished and explanation of the outstanding cases.

(f) Establish a central file for completed DD Forms 1555 from all organizations that report directly to them. This will include the forms filed by Program Managers and by the Commanding Officers of shore activities reporting to them. The forms are to be retained for 6 years.

(4) Flag Writer (SEA 00Y) will compile and submit a report as specified in paragraph 8a(3)(e) by 15 November annually to SEA 09B2 of all Deputy Commanders who filed DD Form 1555 because the Commander is their appropriate supervisor. SEA 00Y is responsible for maintaining a DD Form 1555 file of all of these personnel and must retain these forms for 6 years.

(5) Command Secretariat (SEA 09D1) will compile and submit a report as specified in paragraph 8a(3)(e) by 15 November annually to SEA 09B2 of incumbent personnel in SEA 00 staff codes. SEA 09D1 is responsible for maintaining a DD Form 1555 file of all of these personnel and must retain these forms for 6 years.

(6) Office of Counsel (SEA 00L) is responsible for keeping NAVSEA personnel aware of reference (b) by either semiannual (as a minimum) insertions of information in the NAVSEA Observer or by other appropriate means. This office also reviews DD Forms 1555 filed in NAVSEA Washington Headquarters. This and additional responsibilities of SEA 00L are given in greater detail in enclosure (2).

(7) Inspector General (SEA 00N) will periodically check for compliance by NAVSEA Washington Headquarters elements and NAVSEA shore activities, and routinely include inquiry into the effectiveness of the organizations' compliance with the provisions of reference (b) and this instruction. This information must be available when requested by the Navy Inspector General.

(8) NAVSEA Reserve Coordinator (SEA 09NR) will ensure that all Reservists coming on board for training at NAVSEA Headquarters and shore activities file a DD Form 1555 in accordance with the provisions of reference (c).

(9) NAVSEA Source Selection Boards. The Program Manager will ensure that all members, advisors, recorder and clerical and administrative personnel of the source selection organization execute a DD Form 1555 in accordance with reference (d).

b. NAVSEA Shore Activities

(1) Shore Activity commanding officers will issue appropriate directives and ensure compliance with reference (b) and this instruction by personnel under their command. They are to file their DD Forms 1555 with the Deputy Commander of their cognizant Management Directorate. The Deputy Commanders are their appropriate supervisors.

(2) Shore activities will maintain a central file of completed DD Forms 1555. These forms are to be retained for 6 years. Status reports on the filing of these forms are to be sent to the Commander, Naval Sea Systems Command (SEA 09B2) with a copy to the cognizant Management Directorate by 15 November of each year. The format of these reports is to be the same as that discussed in paragraph 8a(2) of this instruction.

c. Human Resources Office, Crystal City

(1) Discuss applicable provisions of reference (b) and this instruction for civilian personnel during entrance orientations, stressing that adherence to the standards of conduct is considered a condition of employment and that required statements become part of personnel files. Each incoming employee is required to sign a statement indicating:

(a) That the employee received a standards of conduct briefing.

(b) That the employee has received and read a copy of the current SECNAV instruction on standards of conduct.

(2) Ensure that vacancy announcements and position descriptions are annotated with the requirement for the incumbent to file a DD Form 1555, if required.

9. Forms. NAVSEA Headquarters personnel may obtain DD Form 1555 from the NAVSEA Storeroom (Forms), National Center 2, Room 1W33. Field personnel may obtain DD Form 1555, SN 0102-LF-015-5500, through normal supply channels under NAVSUP Publication 2002. SF 278, NSN 7540-01-070-8444, is available from the Federal Supply System (GSA) through normal supply procurement procedures.

KENNETH C. MALLEY

Distribution:
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Distribution:

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CRITERIA GOVERNING PERSONNEL REQUIRED TO FILE CONFIDENTIAL STATEMENTS OF AFFILIATIONS AND FINANCIAL INTERESTS (DD FORM 1555)

1. NAVSEA Military and Civilian Personnel

a. Reference (b) requires that unless required to file SF's-278 or unless expressly exempted, "DON civilian personnel classified at GS/GM-15 or below under 5 U.S.C. 5332 (1982) or a comparable pay level under other authority, and DOD military personnel below the rank of 0-7, must submit an initial and annual Confidential Statement of Affiliations and Financial Interests (DD Form 1555) when their official responsibilities require them to exercise judgment in making Government decisions or in taking Government actions regarding contracting or procurement, regulation or audit of private or nonfederal enterprises, or other activities in which the final decisions or action may economically affect the interests of any nonfederal activity. (Contracting, procurement, and auditor personnel include, among others, persons who, as part of their basic duties, sign, negotiate, recommend, or approve contracts, or other procurement actions and those who, as part of their basic duties, are engaged in auditing activities, including supervising others who are engaged in auditing activities or participating in the development of policies and procedures for performing audits)." See paragraph 1007a of reference (b).

b. The language of reference (b), cited in paragraph 1a above, indicates that all Navy personnel, regardless of rank or grade, will be required to file a Confidential Statement of Affiliations and Financial Interests, DD Form 1555, whenever it is determined that the employee's duties and responsibilities require him or her to participate in decisions economically affecting persons or business entities in the private sector. This requirement is in addition to the annual filing requirements of the DD Form 1555. It is the responsibility of cognizant supervisors and office heads to determine whether a particular position involves work which requires the incumbent to file a DD Form 1555. Determinations should be made on a case-by-case basis considering all pertinent facts and circumstances. Further, the criteria set forth in the enumeration below should not be viewed as an exhaustive list of the types of positions which may be required to file a DD Form 1555. The key is whether or nor the employee's duties require him or her to participate in decisions or government actions economically affecting persons or business entities in the private sector. For example employees do n

necessarily have to be part of the formal contracting process to be required to file a DD Form 1555 if they make or participate in decisions or Government actions that impact the selection of contractors or similarly impact business decisions. In cases of doubt, supervisors should err on the side of requiring the disclosure of financial interests by the employee, but should not require the filing of DD Forms 1555 on an across-the-board basis without cause.

c. All NAVSEA employees are also cautioned that the fact they may not be required to file a DD Form 1555 in no way eliminates their duty to adhere to the requirements of paragraph 6a of reference (b), which forbids naval personnel from engaging in "any personal, business or professional activity or receiv[ing] or retain[ing] any direct or indirect financial interest that places them in a position of conflict between their private interests and the public interest of the United States related to the duties and responsibilities of their official positions." Should any employee (or spouse, minor child or member of the employee's household) acquire any such affiliation or financial interest which creates a conflict, or the appearance of a conflict, with the employee's official duties, the employee must immediately report this situation to his or her supervisor who will then resolve the matter per reference (b).

d. NAVSEA Washington

- o Deputy Commanders and Assistant Deputy Commanders
- o Designated Program Managers (PMS)/Deputy Program Managers
- o Directors/Assistant Directors Ship Logistic Division
- o Civilian personnel classified at GS/GM-15 or below, or a comparable pay level, and military personnel below the rank of 07, if the commanding officer determines that their responsibilities are comparable to those set forth in paragraph 1007a of reference (b).
- o Group Directors/Deputy Directors
- o Warranted Contracting Officers
- o Members (military and civilian) of Source Selection Councils, Source Selection Boards, Proposed Source Panels and Sole Source Boards (DD Forms 1555 must be filed in advance)
- o Persons who sign, negotiate, recommend or approve contracts or other procurement actions, particularly Contracting Officer Technical Representatives (COTRs)
- o Procurement Review Committee Members (primary and alternate)

- Individuals in grade GS/GM-15 who are paid at a rate equal to or in excess of the minimum rate prescribed for individuals holding grade GS/GM-16 may be required to file if Commander/ Vice Commander or cognizant Deputy Commander, on an individual basis, so determines.
- Civilian personnel paid under a pay system other than the Merit Pay System or the General Schedule but paid at a rate equal to or in excess of the uncapped rate of basic pay fixed for GS/GM-16.
- Special Government Employees (refer to reference (b) for definition).
- Reservists who perform active duty for training or annual training at the Naval Sea Systems Command. See reference (c).

e. NAVSEA Shore Activities

- Commanding Officers (or equivalent official) of all shore activities regardless of the number of individuals employed
- Executive Officers (or equivalent official) of shore activities where 500 or more military and civilian personnel are regularly employed
- Civilian personnel classified at GS/GM-15 or below, or a comparable pay level, and military personnel below the rank of 07, if the commanding officer determines that their responsibilities are comparable to those set forth in paragraph 1007a of reference (b)
- Naval Plant Representative
- Warranted Contracting Officers
- Members (military and civilian) of Source Selection Councils, Source Selection Boards, Proposed Source Panels and Sole Source Boards (DD Forms 1555 must be filed in advance)
- Persons who sign, negotiate, recommend or approve contracts or other procurement actions, particularly Contracting Officer Technical Representatives (COTRs)
- Procurement Review Committee Members (primary and alternate)
- Supply Officers, Material Officers, Warranted Contracting Officers
- Purchasing Officers at all shore activities
- Personnel (primary and alternate) authorized to approve Contractor Support Services procurement requests
- Individuals in the grade GS/GM-15 who are paid at a rate equal to or in excess of the minimum rate prescribed for individuals holding the grade GS/GM-16 or equivalent may be required to file if the activity head on an individual basis so determines.

- Civilian personnel paid under a pay system other than General Schedule, but paid at a rate equal to or in excess of the uncapped rate of basic pay fixed for GS/GM-16.
- Special Government Employees (refer to reference (b) for definition).
- Reservists who perform active duty for training or annual training at NAVSEA Shore Activities; see reference (c).

2. Time Limitation for Filing

a. New Employees. Employees who are new to Government service and accept positions which fall within the categories of persons required to file DD Form 1555 must submit such statements within 30 days after the assumption of duties. Similarly, a military or civilian employee who is transferred from one position to another within the Department of the Navy is responsible for filing a current statement with the new supervisor if the position falls under the reporting requirements. Like the new employee, the statement must be submitted within 30 days after the assumption of duties. If the transferee comes from another position which required the filing of a DD Form 1555, then that employee should submit a current statement to the new supervisor at the time of the change of positions.

b. Special Government Employees. Initial filing must be made in advance of appointment. Reference (b), paragraph 1007a, defines special Government employees.

c. Employees Who Previously File Statements. After the initial filing of statements as prescribed above, all personnel will be required to refile annual statements by 31 October, as long as the individual occupies a position covered by the categories cited in this enclosure.

d. Extension of Filing Deadline. When required by reason of duty assignment, infirmity or other good cause, an appropriate supervisor, with the concurrence of the cognizant ethics counselor, may grant an extension of the filing deadline, not to exceed 45 days. Any annual statement filed after 31 October will include an appropriate notation as to whether any extension of the filing deadline has been granted.

GUIDELINES FOR PREPARING, PROCESSING, EVALUATING AND SAFEGUARDING CONFIDENTIAL STATEMENTS OF AFFILIATIONS AND FINANCIAL INTERESTS

1. Evaluation of Statement. Military officers or civilian employees required to submit a DD Form 1555 will forward the statement to their respective supervisors. The supervisor is responsible for making the initial evaluation of statements of affiliations and financial interests to determine whether a conflict, or apparent conflict of interest, exists. The standards governing such determination are set forth in Rule 402, Chapter IV, of reference (b).

2. Preparation of Evaluation by the Supervisor

a. The supervisor will evaluate each statement, following the standards provided by rule 402 of reference (b), to determine whether a conflict or apparent conflict of interest is disclosed. The appropriate supervisor is defined in paragraph 1 of Appendix A of reference (b). The supervisor will note the results of that evaluation on the statement. All completed DD Forms 1555 are to be submitted to the Deputy Ethics Counselor, or the counselor's designee, for legal review.

b. Supervisors should consult the NAVSEA Counsel located at their respective activities for legal review of the DD Form 1555, and about questions about the standards of conduct or issues arising from evaluating the statements. For those activities without a NAVSEA Counsel, the following area Counsel should be contacted:

NAVSEA Area Counsel for the Northeast Area
Supervisor of Shipbuilding, Conversion and Repair, USN
Groton, CT 63040-4990

NAVSEA Area Counsel for the Tidewater Area
Norfolk Naval Shipyard
Portsmouth, VA 23709

NAVSEA Area Counsel for the Southeast Area
Supervisor of Shipbuilding, Conversion and Repair, USN
Pascagoula, MS 39568-2210

NAVSEA Area Counsel for the Southwest Area
Long Beach Naval Shipyard
Long Beach, CA 90822-5099

c. SEA 00L or regional counsel will provide written evaluations on questions concerning standards of conduct or issues arising from evaluating the statements made in the DD Form 1555. SEA 00L will return the original along with the evaluation to the reviewing official for retention in the activity or Directorate central file. SEA 00L will retain a file copy for record purposes.

3. Forwarding of Evaluation and Statements. If the ethics counselor agrees with the supervisor's evaluation, the counselor will note concurrence on the statement and return it to the appropriate supervisor for disposition per paragraph 1007e of reference (b). In the event of nonconcurrence, the ethics counselor will forward a recommendation for appropriate resolution to the reporting individual's commanding officer or head of activity for resolution per the same paragraph of reference (b).

4. Safeguarding of Statements

a. The necessity for exercising the utmost care to ensure that statements of affiliations and financial interests are kept confidential cannot be too strongly emphasized. Statements will be delivered to the Directorate or activity administrative officer, for record-keeping purposes, in individual sealed envelopes, marked "Private---Statement of Affiliations and Financial Interests--To be Opened Only By ___NAME___." Envelopes so inscribed will be delivered to the reviewing official unopened. The reviewing official is responsible for ensuring that the statements are filled out completely and properly, in addition to being responsible for deciding whether or not any possible conflicts exist. Supervisors and other recipients will take proper measures to ensure the contents of statements are disclosed to authorized personnel only on the strictest need-to-know basis.

b. Statements forwarded for legal review are to be addressed as follows:

Commander
Naval Sea Systems Command (SEA 00L)
Washington, DC 20362-5101

or

Addressed to area counsel noted in subparagraph 2b and appropriately marked: "PRIVATE---STATEMENTS OF AFFILIATIONS AND FINANCIAL INTERESTS--- TO BE OPENED ONLY BY COUNSEL."

5. Disposition of Statements and Evaluations. The statements and any related correspondence shall be retained for 6 years per the requirements statement in subparagraphs 8a and b of this instruction. The information will be held at the level of confidentiality indicated in subparagraph 4a of this enclosure. The statements should be treated in the same manner as "For Official Use Only" correspondence. Should an employee be involved in an on-going investigation, forms should be held until investigation has been closed or until the 6 year holding period has expired, whichever is later.