

Castle Aims to Prevent Financial Conflicts of Interest from Impacting Government Spending -- March 15, 2007

Washington D.C. -- Continuing his efforts to ensure the government is making the most efficient use of taxpayer funding, Delaware Congressman Mike Castle today helped bolster important contracting reform legislation by successfully adding an amendment to require the government to consider extending conflict of interest laws to contractors who serve in advisory positions to the government. Castle's amendment was passed unanimously by voice vote and was included as part of H.R. 1362, The Accountability in Contracting Act, which subsequently passed the House with a vote of 347 to 73.

According to a 2006 report by the Office of Government Ethics, some of the most secret and inherently governmental jobs, including spending decisions and budget preparation at the Pentagon and the Department of Homeland Security, are increasingly contracted out. Financial conflict of interest laws apply to government employees, but not to contractors who often work side by side on the same project.

Castle's amendment would require the Office of Government Ethics to study this discrepancy in the conflict-of-interest issue and submit a report to Congress on recommendations for requiring contractors who serve in an advisory role to the government to comply with personal financial conflict-of-interest regulations, such as those that currently apply to federal employees.

"As I stand here today, employees at all levels of the federal government are making critical decisions regarding numerous domestic and military spending programs. While there is no doubt that the majority of contractors are dedicated individuals with highly-specialized skills, there is clearly a need to prevent financial conflicts of interest from impacting our government's important spending priorities. In fact, there have been several incidents in which the advice of private advisors may have been tainted by personal conflicts of interest. In one case, a contractor contradicted government auditors, and advised the Pentagon to move forward with a risky fighter-jet program. As it turned out, the program suffered costly set-backs, eventually spending billions more than originally planned. It was later discovered that the contractor that recommended the program had financial ties which may have skewed its recommendations.

"This is obviously a very complicated issue - but I firmly believe that it is Congress' responsibility to make certain that ethical people are providing sound advice when it comes to crucial government decisions regarding procurement and spending," Castle said on the floor of the House before his amendment passed.

The "Accountability in Contracting" Act limits how long federal no-bid contracts can last, creates a plan for increasing competition in contract bidding, and sets up disclosure and oversight requirements for contracts.

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