



**CONFLICTS OF INTEREST**  
*Human Services Directors and Administrators*

Norma Houston  
February 23, 2016



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**WARNING!!!**

If you have a question . . .



**Ask First!**

. . .contact your attorney or the SOG!



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**Ethics in Government**  
Why Is This Important?



**Whose Interest Do You Serve?**



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Perception Is As Important As Reality!



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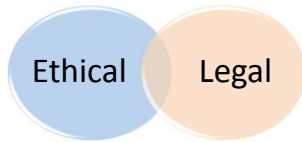
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Legal vs. Ethical Standards

If people act *legally* are they also acting *ethically*?



If you *can* do it, does that mean you *should* do it?



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Ethics vs. Law

Who decides when a public official has acted *unethically*?



Other Public Officials

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## Ethics vs. Law

Who decides when a public official has acted **unethically**?



Citizens

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## Ethics vs. Law

Who decides when a public official has acted **unethically**?



The press

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## Ethics vs. Law

Who decides when a public official has acted **unethically**?



The public official

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## Ethics vs. Law

Who decides when a public official has acted **unethically**?



Other public officials

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## Key Concepts

1. Your conduct involves both **legal requirements** and **ethical considerations**.
2. You have a **choice** about how to act; you must evaluate legal and ethical factors in deciding how to act.



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## Deciding How to Act: Two Questions



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## Sources of Legal Standards



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## Sources of Legal Standards



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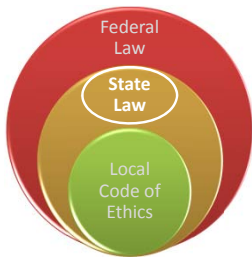
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## State Local Code Requirements



Cities, Counties, & School Boards are required to adopt local codes of ethics

- **Must** apply to governing board members
- **May** apply to appointed boards and employees

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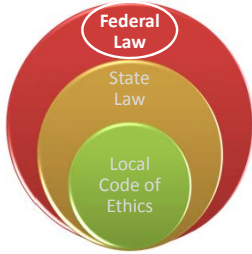
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## Federal Local Code Requirements



Grantees and subgrantees must have a written code of conduct addressing:

- Real and apparent conflicts of interest
- Gifts and Favors
- Disciplinary actions for violations
- Violations may result in loss of federal funds

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WHAT IS A  
CONFLICT OF  
INTEREST?

WHAT DO YOU  
THINK?

*Conflict*



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What is a Conflict of Interest?



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## Family's Business

Can you purchase office supplies for your department from your family's office supply store?

1. Yes

2. No



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## Surplus Property

Can you buy items that are sold at your county's surplus property auction?

1. Yes

2. No



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## Free Lunch

Can a vendor who is not currently under contract with your department take you to lunch?

1. Yes

2. No



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### Conference Reception

Can you eat and drink at a conference reception sponsored by a vendor under contract with your department?

1. Yes 2. No



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### Employee Appreciation

Can you ask a vendor under contract with your department to donate biscuits for an employee appreciation breakfast?

1. Yes 2. No



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### Neighbor Contractor

Can you tell your neighbor about a future contracting opportunity with your department?

1. Yes 2. No



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## Manager's Spouse

Can you contract with your manager's spouse to perform HR consulting services for your department?

1. Yes

2. No



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## Chairman's Spouse

Can you hire your board chairman's spouse to work in your department?

1. Yes

2. No



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## LEGAL REQUIREMENTS



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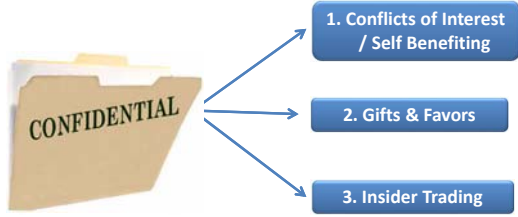
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## Legal Requirements



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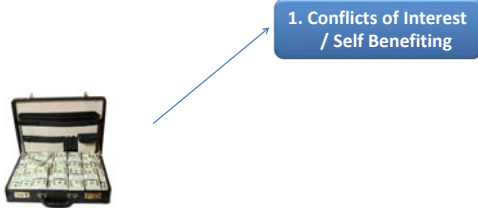
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## Legal Requirements



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## Legal Requirements



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# Legal Requirements



3. Insider Trading

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# CONFLICTS OF INTEREST



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1. Conflicts of Interest

Self-benefiting in public contracting

Attempting to influence contracting

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# Self-Benefiting in Public Contracting

G.S. 14-234(a)(1)



There's a **direct benefit** if you or your spouse:  
\*Unless an exception applies: banks and utilities; identity confirmation; spouse employment/public assistance programs; small jurisdictions  
3. Acquire property under the contract

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# Self-Benefiting in Public Contracting

G.S. 14-234(a)(1)



If you're involved at any point in the contracting process, you're involved in "making or administering" the contract

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# Self-Benefiting in Public Contracting

G.S. 14-234(a)(1)



There's a **direct benefit** if you or your spouse:  
1. Own more than 10% of the company,  
2. Receive income or commission from the contract, or  
3. Acquire property under the contract

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## Self-Benefiting in Public Contracting

G.S. 14-234(a)(1)



**\*Unless an exception applies:** banks and utilities, friendly condemnation, spouse employment, public assistance programs, small jurisdictions

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## Self-Benefiting in Public Contracting

Exceptions:

1. Contracts with banks, savings and loans, public utilities
2. "Friendly" condemnation
3. Employment of the spouse of a public officer (**local elected & appointed officials only**)
4. Payment for public assistance programs
5. "Small" jurisdictions (**local elected & appointed officials only**)

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## Attempting to Influence Contracting

G.S. 14-234(a)(2)



Doesn't have to be a contract you make or administer!

No exceptions!

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# LME Board Service Restriction

G.S. 122C-118.1(b)



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# GIFTS & FAVORS



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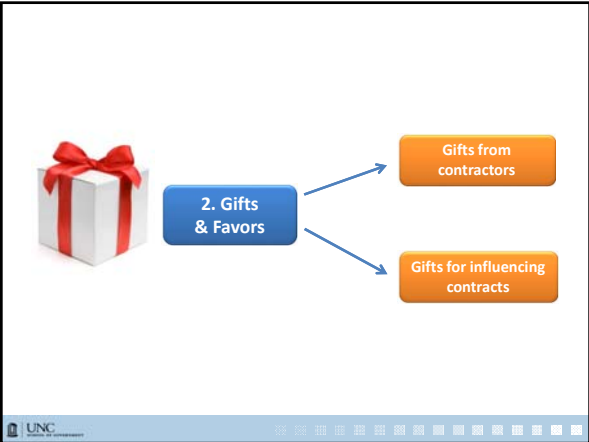
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2. Gifts & Favors

Gifts from contractors

Gifts for influencing contracts



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## What is a Gift?



“Something voluntarily given by one person to another without compensation.”

-Webster’s Dictionary

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## Gifts and Favors from Contractors

G.S. 133-32

**Prohibited Recipient:**  
Public officer or employee who:

1. Past (within 1 year)
2. Solicitations for public contracts, or
3. Potential future
2. Awards or administers public contracts, or
3. Inspects or supervises construction



= Class 1 misdemeanor, unless an exception applies

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## Gifts and Favors from Contractors

G.S. 133-32

**Prohibited Giver:**  
Contractor or vendor who is:

1. Past (within 1 year)
2. Current
3. Potential future



= Class 1 misdemeanor, unless an exception applies

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## Gifts and Favors from Contractors

G.S. 133-32



### Prohibited Recipient:

Public officer or employer who:

1. Prepares plans or specifications for public contracts, or
2. Awards or administers public contracts, or
3. Inspects or supervises construction



**= Class 1 misdemeanor, unless an exception applies**



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## Gifts and Favors from Contractors

G.S. 133-32

### Exceptions:

Honoraria   Souvenirs   Banquets   Professional Organizations   Family / Friends



Souvenirs / advertising items of nominal value  
No gifts to friends or family  
or family (must be reported to agency head)



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## Gifts and Favors from Contractors

G.S. 133-32

### Exceptions:

Honoraria   Souvenirs   Banquets   Professional Organizations   Family / Friends



**Honoraria**



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## Gifts and Favors from Contractors

G.S. 133-32

### Exceptions:

Honoraria   **Souvenirs**   Banquets   Professional Organizations   Family / Friends



Souvenirs / advertising items of nominal value

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## Gifts and Favors from Contractors

G.S. 133-32

### Exceptions:

Honoraria   Souvenirs   **Banquets**   Professional Organizations   Family / Friends



Meals at banquets

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## Gifts and Favors from Contractors

G.S. 133-32

### Exceptions:

Honoraria   Souvenirs   Banquets   **Professional Organizations**   Family / Friends



Gifts to professional organizations

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## Gifts and Favors from Contractors

G.S. 133-32

### Exceptions:

Honoraria   Souvenirs   Banquets   Professional Organizations   **Family / Friends**



**Non-business customary gifts from friends or family (must be reported to agency head)**



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## Gifts for Influencing Contracts

G.S. 14-234(a)(3)



Doesn't have to be a contract you or your spouse benefit from!

**No exceptions!**



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## Gift Ban Rule of Thumb

**When In Doubt, Do Without!**



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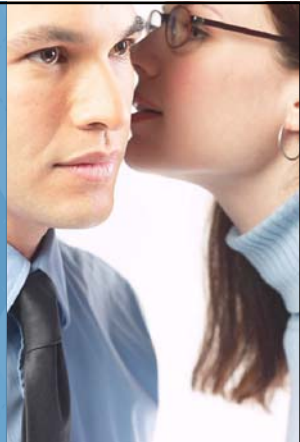
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# INSIDER TRADING



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## Insider Trading

Misuse of Confidential Information G.S. 14-234.1



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## WHAT IS A CONFLICT OF INTEREST?

NOW WHAT DO YOU THINK?



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Thank You!



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