WARNING!!!

If you have a question . . .

. . . contact your attorney or the SOG!

Ethics In Government

Whose interests do you serve?
Citizens want public officials who will promote the **public interest**

Not **their own** personal or financial interest

**Ethics vs. Law – What Do YOU Think?**

If people act *legally*

are they also acting *ethically*?

If you *can* do it,

does that mean you *should* do it?
Legal Requirements

Local Governing Board Members:
- Ethics Training
- Local Ethics Codes

All Public Officials & Employees:
- Self-benefiting prohibited
- Gifts and favors prohibited
- Misuse of confidential information prohibited
- Other public office offenses (embezzlement, bribery, etc.)

Sources of Legal Standards

Remember the “Most Restrictive Rule”

Ethical Standards

Who decides when a public official has acted unethically?

Citizens
Ethical Standards

Who decides when a public official has acted unethically?

The press

The public official

Other public officials
You Have A Choice

You have a choice about how to act; you should evaluate legal and ethical standards in deciding how to act.

Deciding How to Act: Two Questions

Is it legal?  
Is it ethical?  
Your Decision

What is a conflict of interest?  
What do you think?
What is a Conflict of Interest?

When *personal* interests are in conflict with *public* interests

Brother’s Business

Can you purchase office supplies for your unit from your brother’s office supply store?

Surplus Property

Can you buy items that are sold at your unit’s surplus property auction?
Board Member Contract

Can your unit contract with your board chair’s spouse to perform consulting services?

1. Yes
2. No

Employee Contract

Can your unit contract with your husband’s company to perform consulting services?

1. Yes
2. No

Free Lunch

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

1. Yes
2. No
Conference Reception
Can you eat and drink at a conference reception sponsored by a vendor under contract with your unit?

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

Happy Holidays
Can you enjoy the holiday basket goodies sent to your office by a vendor doing business with your department?
Neighbor Contractor
Can you tell your neighbor about a potential bidding opportunity with your unit?

LEGAL REQUIREMENTS
UNDER STATE LAW

1. Conflicts of Interest / Self Benefiting
1. Self-Benefiting in Contracting

2. Attempting to Influence Contracting

If you’re involved at any point in the contracting process, you’re involved in “making or administering” the contract.

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

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

Direct 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)

Direct Contracting “Small Jurisdiction” Exception
G.S. 14-234(d1)
“Small Jurisdiction” Exception  
G.S. 14-234(d1)

**Limited Scope:**
- **Total contract** amount must be under $40,000 in a 12-month period ($20,000 for medical services)
- Contracts for **purchases or construction** must be under $30,000

**Procedural Requirements:**
- Approved at regular board meeting
- Declared on annual audit
- Publicly posted
- No participation or voting by conflicted official
Attempting to Influence Contracting
G.S. 14-234(a)(2)

- Attempt to influence
- Someone involved in making or administering
- Direct benefit to you or your spouse

Doesn’t have to be a contract you make or administer!
No exceptions!

Conflicts of Interest

<table>
<thead>
<tr>
<th>Who is covered</th>
<th>Federal Uniform Guidance (2 C.F.R. § 200.318(c)(1))</th>
<th>State (G.S. 14-234(a)(1))</th>
</tr>
</thead>
<tbody>
<tr>
<td>Officers, employees, and agents of recipient and subrecipient involved in contracting</td>
<td>Officers, employees involved in contracting</td>
<td></td>
</tr>
<tr>
<td>Spouse, immediate family, partners, current or soon-to-be employer</td>
<td>Spouse</td>
<td></td>
</tr>
<tr>
<td>Real or apparent financial or other interest or personal tangible benefit</td>
<td>Direct benefit</td>
<td></td>
</tr>
</tbody>
</table>

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1. Yes
2. No
What is a Gift?

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

- *Webster’s Dictionary*
**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

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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

Gifts to professional organizations

Meals at banquets
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)

Gifts for Influencing Contracts
G.S. 14-234(a)(3)

- Solicit or receive a gift or favor
- Attempt to influence
- Someone involved in making or administering

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

No exceptions!

Gifts & Favors

<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Prohibited giver</td>
<td>Current or future contractor or vendor</td>
</tr>
<tr>
<td>Prohibited receiver</td>
<td>All officers, employees, agents of recipients and subrecipients</td>
</tr>
<tr>
<td>Exceptions</td>
<td>Unsolicited gift of nominal value</td>
</tr>
</tbody>
</table>
| Penalties             | 1. Loss of federal funds  
                        | 2. Disciplinary action  
                        | 3. Other remedies for noncompliance listed at 2 C.F.R. § 200.338 |

Class 1 misdemeanor
Gift Ban Rule of Thumb

When In Doubt, Do Without!

1. Yes
2. No

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Insider Trading
Misuse of Confidential Information G.S. 14-234.1

Use non-public information gained in official position

Pecuniary benefit to you or someone else

Class 1 misdemeanor

Neighbor Contractor
Can you tell your neighbor about a potential bidding opportunity with your unit?
Thanks for Being an Ethical Public Servant!

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919.843.8930