

Ethics: Something Old, Something New. Something Borrowed, Something Blue.

(Just Make Sure Its' Value Is Less Than \$50.00)

Columbia Chapter
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Words of Wisdom

“We should learn from the mistakes of others. We don't have time to make them all ourselves.”

Groucho Marx

“Integrity is something that you cannot afford to compromise.”

Colin Powell

WELCOME !

- Introductions
 - Name
- Why This Workshop?
- Ethical Situation?

Objectives

- **Describe the foundational structure of ethical decision making.**
- **Explain the value of ethical behavior**
- **Identify questionable ethical situations when they occur.**
- **Identify ways to share Ethical Expectations with suppliers.**

Objectives (continued)

- **Explain the process for investigating a questionable situation.**
- **Develop ethically sound procurement documents.**
- **Identify ways to respond when faced with unethical situations.**
- **Review and discuss changes to the Ethics Laws, ORS 244.**

Goal

Be able to face yourself and your family
in the morning.

Food for thought...

“Our character is what we do when we think no one is looking.”

H. Jackson Brown Jr.

Ethics are the principles that define behavior as right, good, and proper.

Ethics are Not Values

Don't confuse ethics with values. Ethics concern how the moral person should behave. Values have nothing to do with ethics.

WHY BE ETHICAL?

Some Reasons for Being Ethical

- **Inner benefit: Virtue is its own reward**
- **Personal advantage**
- **Approval of those around you**
- **Religious satisfaction**
- **Habit**

Six Pillars of Character

- **Trustworthiness**
- **Respect**
- **Responsibility**
- **Fairness**
- **Caring**
- **Citizenship**

Taken from “Making Ethical Decisions”, by Michael Josephson.

Pillar 1: Trustworthiness

Trustworthiness includes such qualities as:

- **Honesty**
- **Integrity**
- **Reliability**
- **Loyalty**

Honesty

Honesty can manifest itself in a couple different ways in our daily activities:

- Communication - always accurate and not misleading
- Conduct - Do we play by the rules?

Integrity

A person with integrity is one who firmly adheres to a code or standards.

Four enemies of Integrity:

- Self-interest
- Self-protection
- Self- deception
- Self-righteousness

Reliability

We accept the responsibility of making all reasonable efforts to fulfill our commitments.

Loyalty

Many relationships create an expectation of allegiance, fidelity, and devotion.

Loyalty is a responsibility to promote the interests of certain people, organizations or affiliations.

Pillar 2: Respect

Follow the golden rule – Do unto others as you would have them do unto you.

Pillar 3: Responsibility

Being accountable for what we do and who we are. It also means recognizing that our actions matter and we are (at least) morally on the hook for any consequences.

Pillar 4: Fairness

“Fairness involves equality, impartiality, openness, and due process.” - Josephson

**It is the policy of the State of Oregon....
Instill public confidence through ethical and fair dealing, honesty, and good faith....allow impartial and open competition, protecting both the integrity of the process and the competition. –
ORS 279A.015**

Pillar 5: Caring

Caring is the heart of ethics, and ethical decision-making, because ethics is ultimately about good relations with other people.

Pillar 6: Citizenship

...includes civic virtues and duties that prescribe how we ought to behave as part of a community.

Thought to Remember!

**The 10 Commandments were not called
the 10 Voluntary Guidelines!**

Findings of Ethics Resource Center

National Government Ethics Survey

- 3,452 federal, state, and local government employees were polled.
- Randomly selected nation-wide.
- Interviews were conducted from June 25, August 15, 2007.
- They found bad news and good news:

First The BAD News!

- Misconduct across government is very high – nearly 6 in 10 government employees observed some form of misconduct in the past 12 months.
- 1 in 4 employees works in an environment conducive to misconduct.
- The strength of ethical culture in government workplaces is declining, while pressure to commit misconduct is growing.

Now the GOOD News!!!

- More than 8 in 10 employees say that they feel prepared to handle situations inviting misconduct.
- A sizeable majority (70 percent) of government workers who observe misconduct report it to management.
- When both a well-implemented ethics and compliance program and a strong ethical culture are in place within a government organization, misconduct drops by 60 %, and reporting rises by 40%.

ORS 244.010 Policy

The Legislative Assembly hereby declares that a public office is a public trust, and that as one safeguard for that trust, the people require all public officials to adhere to the code of ethics set forth in ORS 244.040.

Time Magazine

“Many of the negative, highly visible stories we write about have their beginnings with a compromising of personal ethics.”

Question!

You are writing the specifications for equipment being purchased as part of your agency's project. A friend works for a company that manufactures and sells the type of equipment being purchased. You call your friend and ask for some technical assistance concerning the equipment.

Is that acceptable?

Factors that Contribute to Unethical Behavior

- **Fear of Retribution**
- **Pressure to Perform**
- **Corporate Quotas**
- **Aggressive People**
- **Misguided Motives**
- **Faltering Economy**

Josephson Institute

“Ethics is doing the right thing when it costs more than we want to pay...we have the courage to DO what is right.”

Michael Josephson

But for...

“BUT FOR” TEST

- Davidson v. Oregon Government Ethics Commission (1985)

**But for your position as a public official
would you have this opportunity?**

Question

“ If I attend a conference or training and they hand out pens, pencils, key chains, duffle bags and/or door or raffles prizes, are they gifts?”

Can I keep it? Does the value of the gift/door prize change my answer?

ORS 244

Government Standards and Practices Commission

Changes Name to

**Oregon Government Ethics Commission
(OGEC)**

Who?

**Oregon Government Ethics
Commission**

**3218 Pringle Road SE, Suite 220
Salem, OR 97302-1544**

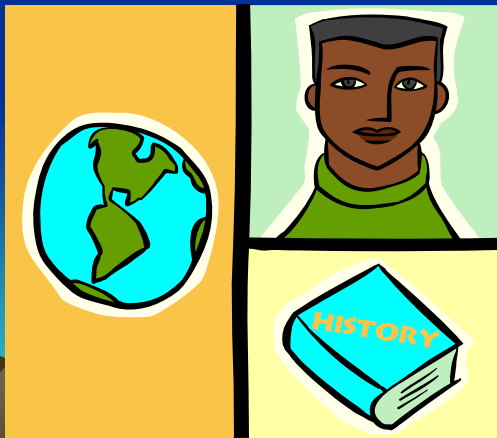
Telephone: 503-378-5105

Fax: 503-373-1456

Website: www.oregon.gov/ogec

History

- **How did we get here?**
- **Examples**



Focus of ORS 244

- Financial disclosure
- Use of office for personal benefit
- Public disclosure of conflict of interest

Areas outside of ORS 244

- Elections Div. campaign finance & activities
- Criminal activity/law enforcement
- BOLI – employment, harassment, discrimination

Question!

You are managing a project for your agency and a local merchant with an interest in selling equipment to your project offers to sell you a \$450.00 valued lawn mower for your personal use for \$300.00. You need a new mower — Isn't life grand?

Do you accept the offer? Why or why not?

A Gift is...

- Something of value that an official **or relative** accepts without paying a reasonable value.
- The waiving of a debt, as well as the giving of some service or object.
- Something received by an official that is not available to the general public for the same price or terms.
- Any item or service given to a **relative or a member of the household** is a gift.

ORS 244.020(5)

Who is a Public Official?

"Public official means any person who is serving the State of Oregon or any of its political subdivisions or any other public body of the state as an officer, employee, agent or otherwise, and irrespective of whether the person is compensated for such services."

ORS 244.020(15)

ORS 244.020(5)(a)

Gifts

Something of economic value given to a Public Official or his/her relatives or **member** of their household.

Member of household: any person who resides with the public official. Relative definition is changed to include domestic partners and inlaws.

Question!

You are familiar with a Governor's Executive Order dealing with waste recovery. Your agency has some equipment that is no longer needed. The decision has been made to sell the equipment as surplus to the public through a sealed bid. A relative has been having hard times and wants your assistance in preparing a bid for the equipment. Do you help?

Conflict of Interest Keys

Oregon Government Standards and Practices laws define both “potential conflict of interest” and “actual conflict of interest”. ORS 244.020(1) &(11)

MAY / COULD = Potential conflict

SHALL / WILL = Actual conflict

“Guide for Public Officials”

Methods of Handling a Conflict of Interest

ORS 244.120 describes the process for handling actual or potential conflicts of interest.

Nepotism

- A public official may not appoint, employ, or promote a relative or member of the household.....ORS 244.177(a)
-a public official acting in an official capacity may not directly supervise a person who is a relative or member of the household. ORS 244.179(1)

ORS 244.350

Penalties for Violations

Says that the OGEC or the court may impose civil penalties of up to (\$1000) \$5,000.00 for violations of this Chapter. Further, any penalty imposed does not preclude additional penalty or sanction, including removal from office.

ORS 244.360

Penalties for Violations

Says that if you benefited financially from any action violating any provision of this Chapter, the Commission can require that you forfeit twice the amount you benefited.

High Risk Areas to Breach Purchasing Ethics

- **Conflict of Interest**
- **Kickbacks or Bribes**
- **Circumventing Purchasing Authority**
- **Back Door Selling**
- **Employment**

Conflict of Interest

- **Employees bidding on contracts.**
- **Employees bidding on surplus property.**
- **Legislators, council members, or commissioners bidding in the jurisdiction they oversee.**
- **Employee purchases at the company price.**

Kickback and Bribes

- **More for me**
- **And more for me**



Circumventing Purchasing Authority

- **Restrictive Specifications**
- **Emergency Procedures**
- **Fragmenting Orders**
- **Use Price Agreement Pricing as “Price to Beat”**

Back Door Selling

- **Supplier offers products not on contract**
- **Supplier without a contract offers to beat contract price**
- **Sweat shops**

Employment

- **Offering**
- **Hiring: Two (2) year limitation – penalty up to \$25,000. ORS 244.045.**
- Don't use agency equipment for personal use or support for other allowable employment.

Financial Interest In Public Contract

ORS 244.047(2)

“Except as provided in subsection (3) of this section, a person may not, for two years after the person ceases to hold a position as a public official, have a direct beneficial financial interest in a public contract that was authorized by: (a) The person acting in the capacity of a public official; or (b) a board.....”

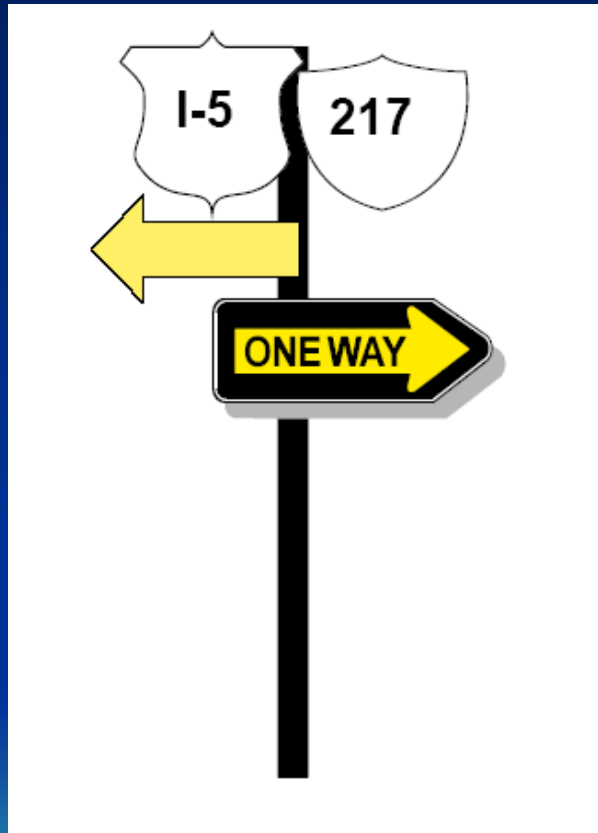
What Happened In West Linn?

- Accounting clerk, Feb. 2005, \$106,000.00
- Library assistant, 2005, \$2,000.00
- Library director, 2005, \$847.52
- Finance director, May 2005, \$1.4million

Supplier Relations

- **Supplier (vendor) resources –**
- **Supplier training –**

Best Way to Avoid Unethical Situations



Communicate clearly!

Be sure your message
is understood!

Understand & Be Understood

- Something went wrong in jet crash, expert says!
- Prostitutes Appeal to Pope.
- Miners Refuse to Work After Death.
- Kids Make Nutritious Snacks.

Gifts

What's the biggest gift you have ever been offered?



(Remember the new limit of \$50.00 per year per vendor.)

Free Lunch?

Is there such a thing?



(Food & beverage is no longer a gift exception. It is subject to the \$50.00 per year limit.)

Suppliers Requesting Information

- **Suppliers to agency staff (other than purchasing)**
- **Suppliers to friends of family within agency**
- **Suppliers (vendors) to past associates**

How Do We Communicate the Message to Staff/Peers?

- **Policy to receive ethics training**
- **Include in performance evaluation**
- **Model it to managers, peers, and customers**

Pre-Emptive

What can we do to prevent ethics issues?

- **Agency staff**
- **Suppliers**

Examples

- **Web page**
- **Supplier instructions**
- **Letter**

Special Programs

ODOT Safe Havens Program

P = Policies and Procedures

L = Laws and Regulations

U = Universal Values

S = Self Standards

Tools to Deal with Unethical Behavior

- Have a “decision-tree”
- Adopt an agency policy that addresses ethics
- Network with respected colleagues and peers
- Follow accepted agency practices
- Have a resource for the really difficult issues

More Tools

- Use best practices rather than minimum behavior
- Be sure you understand all the issues prior to making a decision
- Practice the “Golden Rule”

Remember!

- **Stop and think**
- **Clarify goals**
- **Determine facts**
- **Develop options**
- **Consider consequences**
- **Choose wisely (legally)**
- **Monitor and modify**

Additional Thoughts

- Know your policies, procedures and practices – and follow them!
- Educate: yourself, your team, your customers, and your suppliers.
- Use a decision-tree.
- Clearly communicate.
- Advertise your high ethical standards.
- Never compromise!

Always do the right thing. This will gratify some people and astonish the rest!

Mark Twain

Ethics Questions

- **Is it legal? Will I be violating law or policy?**
- **Is it balanced? Is it fair to all concerned in short as well as long term?**
- **Does it promote win-win relationships?**

Ethics Questions

How will I feel about myself?

Will I be proud of my action(s)?

Will I feel good if my decision is published in the newspaper?

Will I feel good if my family knew about it?

From "The Power of Ethical Management" by Kevin Blanchard and Norman Vincent Peale, 1988

“Now, go out there and do the right thing!”

Dr. Laura

Resources

- Oregon Government Ethics Commission

www.oregon.gov/ogec

- Josephson Institute of Ethics

www.ethics.org

- Ethics Resource Center

www.ethics.org

- Shake That Brain

www.ethicsbrain.com

SPECIAL THANKS

- Port of Portland
- Portland Public Schools
- City of Dallas
- Oregon Department of Administrative Services
- Oregon Government Ethics Commission

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Questions?