



**Monthly Report to Board of Directors
Office of Ethics
August 2014**

ETHICS IN THE PIPELINE



UNDER THE SPOTLIGHT

The Los Angeles Unified School District’s iPad program has come under media scrutiny and is currently the subject of at least one internal investigation.

The central issue involves the propriety of pre-bid meetings school district officials had with firms which ultimately were also the winning bidders for the program. At least for the moment, the resulting melee has overwhelmed any substantive discussion of the program’s merit.

The development is important for a number of reasons including the central role of procurement integrity in establishing a jurisdiction’s reputation for ethical conduct. It is also illustrative of the type of pressure internal regulatory sources can come under when the public’s attention is focused on their agency.

Maintaining a commitment to independent, comprehensive and objective investigations can be especially hard under these circumstances but never more important. Pressure to find answers and someone to hold accountable are not excuses for internal investigators to abandon their duty to seek the truth and protect the rights of the subjects of their inquiries in the process.

Establishing investigation practices rooted in those principles in times of relative calm can help assure that the standards will be maintained in times of crisis.

Date of report: September 4, 2014



MONTHLY ACTIVITIES

In August 2014, the Ethics Office:

- Conducted ethics orientations for 8 new employees at Union Station.
- The Ethics Office conducted site visits at Mills on August 20, 2014, and Lake Mathews on August 21, 2014.
- Conducted ethics orientation for 5 employees at Mills on August 20, 2014.
- Received 895 hits on website.

ADVICE

The Ethics Office (Office) offers advice to any director, officer, employee, or contractor regarding compliance with any of Metropolitan’s ethics rules or policies. Absent unusual circumstances, the Office gives its advice in writing.

The Office can provide advice only about events that might happen in the future. If a request for advice concerns past conduct, the Office may treat the matter as a complaint.

In August 2014, the Ethics Office provided advice involving the following topics:

- Out-of-state speaking engagements and implications of receiving “gifts of travel” from third parties.
- Avoiding participation in decisions affecting the financial interests of an adult child.
- Responding to vendors offering free lunches or other inducements to employees for attending seminars.
- Restrictions when employees want to work part-time for another employer.
- FPPC disclosure requirements when employees receive temporary or intermittent promotions.

CONFLICT OF INTEREST CODE

The Ethics Office (Office) is reviewing Metropolitan’s existing Conflict of Interest (COI) Code. The Code identifies Metropolitan’s officials who participate in decisions affecting outside financial interests. It also identifies the types of financial interests that each covered official must disclose.

In coordination with the other departments, the Office will consider changes to the COI Code to reflect the current organizational structure and division of responsibilities. It also will review the disclosure categories to confirm that they accurately reflect the types of outside financial interests a given official can affect in the course of his or her duties. It also will examine the disclosure categories appropriate for each position to ensure the reportable interests are adequate but no broader than necessary. Narrowly tailoring the disclosure items for each

position is necessary to protect the privacy rights of employees.

Metropolitan’s COI Code does not apply to members of the Board of Directors. State law alone sets the disclosure requirements for directors and other Metropolitan officials (Chief Financial Officer, Treasurer, and Assistant Treasurer) who manage public investments.

If you have questions about financial disclosure obligations due to potential conflicts of interest, please contact the Ethics Office.

INVESTIGATIONS

On August 4, 2014, a special subcommittee of the Board of Directors’ Audit & Ethics Committee convened to consider the Ethics Officer’s final investigation report concerning alleged ethics violations by a former director.

The final investigation report concluded that several violations of conflicts of interest rules occurred. The subcommittee determined that the report’s findings were substantiated, recognized several mitigating factors, and recommended final action to the Executive Committee.

On August 19, 2014, the Executive Committee considered the subcommittee’s report and accepted its findings and recommendations. As a result, Metropolitan will notify the director’s appointing member agency of the findings. In addition, the Ethics Officer and General Counsel jointly will present updated training materials for the Board of Directors on conflicts of interest, disclosure, and recusal requirements.

The board materials and full investigation report are available in the Board Letter Archive on Metropolitan’s internet website.

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 OFFICE OF ETHICS
 AUGUST 2014

Specific Matters Submitted FY 2014/15

	FY 13/14	Jul 2014	Aug 2014	Sept 2014	Oct 2014	Nov 2014	Dec 2014	Jan 2015	Feb 2015	Mar 2015	Apr 2015	May 2015	June 2015	FY 14/15
Ethics Complaints														
Conflict of Interest	1													
Customer Relations	4		1											1
Discrimination	2	1												1
Employee Relations	12	1	1											2
Falsification of Records														
Favoritism	2													
Misuse of MWD Resources	5	1												1
Misuse of Position	3	1												1
Nepotism	2													
Policy Issues	3													
Product Quality Concerns														
Retaliation	4													
Safety														
Sexual Harassment	2													
Theft of Time	2													
Theft of Goods	1													
Wage/Hour														
Total Complaints	43	4	2											6
Ethics Advice														
Conflicts of Interest	22	2	1											3
Contractor Relations														
Customer Relations	3													
Employee Relations	1													
Gifts	18		2											2
Honorarium														
Misuse of MWD Funds														
Misuse of MWD Resources	1													
Nepotism	1													
Outside Employment	1		1											1
Policy Issues	10													
Theft of Time														
Wage/Hour	1													
Total Questions	58	2	4											6
Total: Complaints & Questions:	101	6	6											12