

Potential, Perceived and Actual
Conflicts of Interest

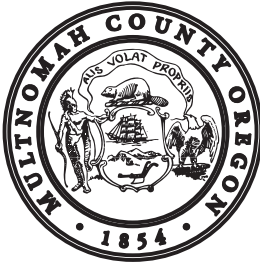
June 2010



Steve March
Multnomah County Auditor

Audit Staff
Craig Hunt

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.



Office of Multnomah County Auditor

Steve March
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Date: June 14, 2010

To: Jeff Cogen, Multnomah County Chair
Commissioners Kafoury, Willer, Shiprack, and McKeel

From: Steve March, Multnomah County Auditor 
Re: Potential, Perceived and Actual Conflict of Interest Audit

Protecting the integrity of county purchases is a high priority. The public has a right to expect that all county business is fairly conducted without regard to personal financial gain or self interest. When current or former employees conduct business with the county, it puts these fundamental principles at risk by raising the possibility of conflicts of interest.

It must be emphasized that there is not necessarily anything wrong with the county doing business with its employees. In fact, we did not identify any actual conflicts of interest with county employees over the five years of vendor data that we examined. But we did find a risk to the county: Steps are not currently in place countywide to identify and disclose all potential conflicts so they can be effectively managed.

Expanding and enhancing the current use of disclosure forms will go a long ways towards addressing this risk. Because the county largely relies on employees to identify conflicts, better training should be available. Supervisors will also need training to advise employees and to manage potential conflicts once identified. Finally, contracting with former employees by the same department within a year of termination should receive extra scrutiny.

Although the audit looks at a fairly narrow but high risk area of conflicts, we hope that the county takes into consideration all types of potential conflicts when considering this report. In particular, since the county encourages community participation by its employees, it is also important to identify these areas of potential conflict and not put its employees in a position of taking actions that could be perceived as a conflict of interest.

We want to thank the various departments and staff who provided assistance and cooperation in this audit and in particular the Director of the Department of County Human Services, the Purchasing Manager and the Human Resources Manager for their input and helping with the initial review of our report.

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Executive Summary

County employees can have conflicts of interest when their public obligations are at odds with their private interests. In addition to a loss of public trust in the county, conflicts of interest can lead to financial loss, favoritism, and even fraud. The risk of conflicts increase when employees do business with the county, have outside business interests or have secondary employment. We examined conflict of interest policies and procedures the county has in place to mitigate this risk.

We found that conflict of interest policies are in place throughout the county, but processes to identify and manage conflicts should be improved. Several departments had disclosure processes in place that emphasized particular types of conflicts, but others did not. When processes to identify and disclose potential conflicts are lacking those conflicts cannot be managed. Potential conflicts must be managed early before they escalate into actual or perceived conflicts.

Personnel rules require employees to notify their department director in writing when a potential conflict of interest exists. However, training to help employees identify potential conflicts is weak. Given the number of employees that we identified doing business with the county or who have outside business interests, all potential conflicts do not appear to be disclosed by employees.

We did not discover evidence of any actual conflicts of interest over the five years that we tested. But because complete disclosure was not available, some cases we examined would lead a reasonable person to question the integrity of county business conducted with employees.

We found former county employees contracting with the same department that they had worked in within a year of their termination. In these cases former employees may have an advantage competing with other vendors who lack inside

contacts. This situation is more questionable when there is a lack of competition or when the former employees are paid significantly more as contractors than they were as employees.

We recommend better processes to identify and disclose potential conflicts of interest, better conflict training, and more scrutiny of former employees doing business with the county within a year of their separation.

Background

The objectives of this audit were to determine:

- If potential conflicts of interest are properly identified and managed.
- If there are actual or perceived conflicts of interest when the county does business with employees.
- If a clear independent contractor relationship is established when the county contracts with current or former employees.

Potential conflicts of interest

To identify potential conflicts of interest, we analyzed the county's master vendor file to find employees (or their related parties) doing business with the county. The master vendor file is a record of all vendors who have done business with the county. We also analyzed the Multnomah County Business Income Tax (MCBIT) roll to find employees who own all or part of a company that may do business with the county.

There is nothing unusual or necessarily wrong with current or former employees doing business with the county, owning an interest in a company, or having other outside employment. However, such activity does raise the risk of conflicts of interest. Accordingly, we examined policies and procedures in place in the county to identify and manage conflicts of interest related to these circumstances.

Potential conflicts of interest that were identified as a result of analyzing the master vendor file and MCBIT tax roll represent a fairly narrow area. According to professional literature, procurement functions have a high risk for potential conflicts. Other types of conflicts of interest cover a broader range of activities. For example, this report does not address receipt of gifts, post employment restrictions, use of confidential information, and various other potential conflicts with employees' official duties. Appendix A summarizes the policies and procedures in place in the county to manage conflicts of interest.

The following sections summarize county conflict of interest policies originating at the state, county and department levels. Several generalizations can be made about these policies. First, the policies have a financial focus. In addition, identification of potential conflicts of interest is largely the employee's responsibility. Employees must be able to identify situations that are or could lead to a conflict. Finally, management of potential conflicts in the county is decentralized to the department level.

State level Oregon Revised Statutes (ORS) section 244 applies to all Oregon public employees. An actual conflict is defined as:

“any action or any decision or recommendation by a person acting in a capacity as a public official, the effect of which would be to the private pecuniary benefit or detriment of the person or the person's relative or any business with which the person or a relative of the person is associated”

The distinction between an actual and potential conflict of interest is important. ORS 244 defines a potential conflict of interest as:

“any action or any decision or recommendation by a person acting in a capacity as a public official, the effect of which could be to the private pecuniary benefit or detriment of the person or the person's relative or a business with which the person or the person's relative is associated”

In the definitions above a public official means any person who is serving in the State of Oregon as an elected official, appointed official, employee, agent or otherwise, irrespective of whether the person is compensated for the services. A person's relatives generally mean the spouse, children, siblings, parents, or domestic partner of the person.

Perceived conflicts of interest are not defined in the Oregon statutes but are defined in other topical literature. A perceived conflict can be as damaging as an actual conflict.

“A perceived conflict exists where it could be perceived, or appears, that a public official’s private interests could improperly influence the performance of their duties – whether or not this is in fact the case.”¹

Managing conflicts of interest focuses on keeping potential conflicts of interest from becoming actual or perceived conflicts.

County level Contracting out for services in the county is done using personal service contracts. On rare occasion employees or their related parties may enter into personal service contracts to conduct their business with the county. Conflicts of interest are defined in Division 20 of the Public Contract Review Board (PCRB) rules and are essentially the same as the state. PCRB rules also proscribe that potential or actual conflicts should be disclosed in writing to the County Auditor and Central Procurement Contract Administration (CPCA) manager.

CPCA conducts all county formal procurements that are above \$150,000 and relies on disclosure to prevent conflicts of interest. Proposal evaluators are selected and must sign a Confidentiality and Conflict of Interest Disclosure Policy form. Evaluators also receive an explanation of conflicts in the Proposal Evaluation Handbook on what to do if a conflict should arise. CPCA is less involved in the procurement process as the monetary exposure decreases and is generally not involved with contracts that are \$5,000 or under.

In addition to contracting rules, personnel rules apply to all contracts with employees or their related parties regardless of the contract’s size. The county’s code of ethics is found in sections 3-30-010 through 3-30-020 of the personnel rules. Multnomah County employees must follow state and PCRB rules as well as personnel rules.

Potential conflicts of interest in the county are mostly dealt with at the department level. Specifically, the personnel rules state:

¹ Managing Conflicts of Interest in the Public Sector Guidelines, Independent Commission Against Corruption and the Crime and Misconduct Commission, November 2004

“No employee may take any action on behalf of the county, the effect of which would be to the employee’s private financial gain or loss, without first notifying the employee’s Department Director in writing of the potential conflict of interest.”

“Officials and employees who are in a position to influence county contract decisions affecting nonprofit organizations may not serve on decision-making boards of, or be employed by, contractors who could benefit from such involvement.”

Personnel rules also address outside employment in sections 3-50-010 through 3-50-020. The policy states that employees may not accept outside employment that is incompatible or in conflict with their positions in the county service or with state ethics laws contained in ORS 244.

Department level In addition to ORS and the county’s personnel rules, some departments have their own procedures to identify potential conflicts of interest. The Department of Community Justice (DCJ) and the Department of County Human Services (DCHS) use a form to identify outside employment and employee involvement on nonprofit boards that the county does business with. All employees in DCJ complete the form during the county’s e-policy review process whereas the form is completed only if a potential conflict arises in DCHS.

The Sheriff’s Office has additional policies on conflicts of interest in its agency manual. Sheriff’s Office employees complete a form prior to engaging in outside employment. The form is then routed through the chain of command. The Health Department has policy related to clients and medical research. The Department of Community Services describes a process for reporting outside employment conflicts of interest. The Department of County Management and the Library do not have additional policies or procedures on conflicts of interest.

Audit Results

Better processes are needed to support policy

Current or former employees doing business with the county or having outside work raises the risk of actual or perceived conflicts of interest. Controls should be in place to mitigate that risk. Potential conflicts of interest are unavoidable in a public organization as large and diverse as the county. Potential conflicts should be identified and managed before they escalate into actual or perceived conflicts so that the public's trust in the county is not diminished in any way.

Conflict of interest policies are in place throughout the county but processes to identify and manage conflicts should be improved. There are not strong procedures in place in some departments to sufficiently reduce the risk of actual or perceived conflicts occurring. Presently, there is a reliance on employees, who may not be well trained to identify conflicts without good processes for doing so. Effective procedures for identifying and managing conflicts can keep potential conflicts from escalating and allow management to more easily deal with any unfounded accusations.

The county can build on the examples of DCJ, DCHS and Sheriff's Office. DCJ and DCHS have a process for disclosing outside employment and involvement with nonprofits. The Sheriff's Office has a process for identifying outside employment. However, other departments in the county do not have processes in place to support county policies. Further, other types of potential conflicts such as outside business interests could be included on disclosure forms. Examples of disclosure forms for DCHS and the Sheriff's Office can be found in Appendixes B and C.

Potential conflicts may not be disclosed

Personnel rules require employees to notify their department director in writing when a potential conflict of interest exists. The results of our interviews with personnel managers indicated that very few potential conflicts are disclosed in the county. Given the number of employees

that we identified who are doing business with the county or who have outside business interests, we are concerned that potential conflicts are underreported by employees.

When potential conflicts are not disclosed they cannot be managed. This poses a significant risk to the county. When potential conflicts escalate to perceived or actual conflicts of interest, public trust in the county can be damaged. Potential conflicts could turn into actual conflicts and lead to financial loss, favoritism and in the worst case fraud.

We were able to identify 75 current or former employees (or their related parties) that have done business over \$750 with the county in any one of the last five years. As described below, the number of employees is likely higher (see Related party business). These 75 cases represent approximately 0.3 percent of the vendors on the county's master vendor file. Total business per employee over the five years examined ranged from \$750 to \$173,740. Although the number of cases and dollar amounts examined are a very small proportion of the county's vendors and business activity, controls are still needed to ensure actual conflicts do not occur.

Proving whether an actual conflict of interest exists must be done on a case-by-case basis. We looked at available detail behind higher risk cases, but did not find evidence that any actual conflicts happened. In some cases the employees involved were no longer with the county or events were too far back to perform a complete analysis. In other cases it was clear that an actual conflict did not occur.

However, some of the cases that we examined rose to the level of a perceived conflict. In other words, some cases could cause a reasonable person to question the integrity of the business conducted with employees. If potential conflicts are disclosed early, and managers take and document appropriate actions, the county will avoid conflicts before they take place or be better positioned to prove nothing unethical happened. Disclosure forms are not used in every department to accomplish this.

Types of potential conflicts examined We looked at five areas of potential employee conflicts of interest. Some areas may overlap.

- **Doing business with current employees.** The county enters into personal service contracts or purchases goods from current employees. The county purchased goods or services from 19 current employees over a five year period. Regardless of the dollar amount, employees should not take any action to direct business to themselves or to their related parties. We could not confirm any cases where this occurred.
- **Related party business.** Twenty-six the 75 cases we examined involved a related party of the employee. It is unlikely that we found all related party businesses of employees. Some related parties are easy to identify because the employee and business shares the same name. Others are not. Even if not intentionally concealed, related party business with the county is difficult to identify without disclosure. An employee could direct their department to a business of their children, spouse, domestic partner, or outside business interest without anyone knowing.
- **Contracting with former employees.** In the last five years, the county contracted with 16 former employees within a year of their termination. Of this number, 12 had previously worked in the same department they were contracting with. When contracting directly with former employees for services, procedures are in place to help ensure there is an independent contractor relationship with the county (discussed below) and any competition for the services is documented.

Contracting with former employees is not necessarily a conflict. Further, former employees may already have known expertise and may be acting in the county's best interests. But contracting with former employees within a year of termination in the same department begs the question of why they were not retained as employees or hired back on a temporary basis. Even when competition is

involved, a citizen could reasonably question deals between the county and former employees who may have an advantage competing with vendors who lack the employee's inside contacts. When selection of former employees is exempted from competition or the rate paid is significantly higher than when they were employed, the risk of having an actual or perceived conflict of interest is higher.

- **Smaller contracts or purchases.** Requirements for competition are less stringent for purchases of \$150,000 or less than for those over \$150,000. For procurements between \$5,000 and \$150,000, at least three price quotes are required, but management exercises a wide discretion in which vendors are asked to submit quotes. For procurements that are \$5,000 or less, managers have the same discretion in vendor selection, but competition is not required. Thirty-two of the 75 cases we examined were between \$5,000 and \$75,000 and the remaining 43 cases were \$5,000 or less.

Although the financial exposure is less, there is a higher risk that smaller contracts or purchases could result in a conflict because these are not publicly advertised, managers have discretion in source selection, and competition is not required for procurements \$5,000 or less. In addition, whereas contracts over \$150,000 have a disclosure process for proposal evaluators, procedures to identify potential conflicts of interest that would address smaller procurements are not in place in all departments. Finally, there may be less scrutiny given to these smaller procurements than larger ones.

- **Outside work.** Employees may have outside business interests by owning all or part of a business. We identified such employees who filed their MCBIT return. There may also be unidentified employees who have outside employment not requiring MCBIT returns. Disclosure is needed to identify all employees with outside work.

Conflict of interest problems regarding outside work only arise when it is incompatible with the employee's

position in the county. Outside work could interfere with the impartial judgment of the employee or could result in a competitive advantage. A case-by-case analysis is generally needed to determine whether outside work is a conflict. An exception to this is the Sheriff's Office that lists specific outside employment that is not allowed. There may also be employees whose voluntary or paid work for nonprofit organizations could lead to an impairment of impartiality.

**Better training
is needed**

Training to both help employees identify and supervisors manage conflicts should be stronger. Currently, some training occurs at the county level during orientation when a new employee is hired. Employees are also required to review the county's code of ethics every two years. From our discussions with department personnel managers, no conflict training occurs at the department level. We did not interview below the department level so do not know the extent of training occurring at individual division or unit levels.

The central personnel training coordinator said that countywide conflict of interest training is currently being developed. When the course is developed it should extend beyond reading the code of ethics so that employees will sharpen their skills to identify and manage conflicts.

Other jurisdictions' training efforts provide many good examples that address the larger issue of ethics and have sections that deal with conflicts of interest. Among the promising practices found in other jurisdictions were the following examples:

- Online ethics quizzes employees can voluntarily take to gauge their knowledge levels
- Online ethics courses
- FAQs relating policies to specific examples
- Targeted training offered to supervisors and managers
- Informational brochures available to all employees
- Informal presentations available upon request by particular groups

Appendix D offers some valuable resources for conflict of interest training and controls.

**Determining employee
versus independent
contractor status**

Because the county contracts with current or former employees we checked to see that a sound process was in place to establish a clear independent contractor relationship. If the wrong determination is made between independent contractor and employee, the county could owe a portion of an employee's social security and federal unemployment taxes, and be liable for any workman's compensation claims. In addition, interest could be assessed on any amounts owed by the county and the Internal Revenue Service could assess penalties for improper reporting. We found that the process for making the independent contractor versus employee determination is sufficient and has recently been strengthened.

The county has an administrative procedure (CON-2) and detailed contracting instructions to help departments make the proper determination between an employee and independent contractor. As part of the contracting process, the contractor is required to complete and sign a Certification Statement for Corporation or Independent Contractor. This form lists conditions that the individual must meet to qualify as an independent contractor. Prior to finalizing a contract, the department makes sure that several additional conditions listed in the contracting instructions are met to verify the individual is an independent contractor. In January 2010, CON-2 was modified to provide departments a form that should be completed prior to contracting to answer key questions about the nature of the relationship.

Recommendations

1. To support existing policies, the county should expand and enhance the disclosure forms of DCJ, DCHS, and the Sheriff's Office into a countywide form. The form should capture information on employees and any of their related parties who do business with the county, as well as any outside employment of employees. Employees would also disclose ownership interests in businesses and continue to disclose information about involvement on nonprofit boards. The form could also include other types of potential conflicts.

All county employees should complete the disclosure form when hired and update it annually or when conditions change. The disclosure form could be kept manually or online with access limited to appropriate personnel. Each department would be responsible for reviewing, documenting, and managing any potential conflicts.

2. To increase employees' ability to identify and supervisors' capacity to manage potential conflicts of interest, the county should provide better training. We understand that development of conflict of interest training is currently underway and encourage the county to study the good practices listed in this report.
3. Contracting with former employees by the same department within a year of termination should receive extra scrutiny. This is one area that is not specifically addressed in current policy. The contracting department should provide a written analysis addressing the level of competition and the cost-effectiveness of contracting versus rehiring the former employee on a temporary basis.

Objective Scope and Methodology

The objectives of this audit were to determine:

- If potential conflicts of interest are properly identified and managed.
- If there are actual or perceived conflicts of interest when the county does business with employees.
- If a clear independent contractor relationship is established when the county contracts with current or former employees.

We looked at employees on the master vendor file. After eliminating activity such as reimbursements or garnishments, we matched the master vendor file to employee records to find employees doing business with the county. We also used the business income tax roll to discover employees who own all or part of a business.

The scope of our work with employee conflicts of interest was limited to issues that arose from employees doing business with the county, having outside employment or another business interest. We also limited our coverage to the department level with the exception of the Central Procurement and Contract Administration unit. The county's code of conduct is a broad area in which we only looked at a small, but high risk portion. For example, we did not attempt to identify employees who may be employed by or on boards of nonprofits, nor did we look at post employment issues.

For identified employees doing business with the county, we looked at dollar amounts of business conducted from calendar year 2005 through 2009. We compared employment dates to the date the business was conducted to determine whether the employee did business prior to, during or after employment with the county. For cases with a higher risk for conflict of interest, we examined documentation for the transactions. We

likely did not find all employee transactions with the county, particularly those of employees' related parties.

We reviewed state law and county code and policies. We interviewed all department level personnel managers as well as the central human resources manager and training coordinator. We reviewed conflict of interest literature as well as other jurisdictions' policies, procedures, processes and training for ethics and conflicts. We talked with the Central Procurement and Contract Administration unit manager and the lead senior procurement analyst.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Appendices

Appendix A - County Policies and Procedures

State	Oregon Revised Statutes	244.020	Defines actual and potential conflicts of interest.
		244.040	Addresses use of official position for financial gain or avoidance of financial detriment, confidential information and future employment.
	Oregon Government Ethics Commission		Enforces the provisions in ORS Chapter 244 related to the conduct of public officials. The Ethics Commission may impose civil penalties up to \$5,000 for violations of ORS 244.
County	Code of Ethics	3-30-010	Requires employees to adhere to ORS 244.020 and 244.040.
		3-30-020	Lists prohibited conduct. Directs employees to disclose potential conflicts of interest to their Department Director.
	Outside Employment	3-50-010	Employees may not accept outside employment that is incompatible or in conflict with their positions in the county.
		3-50-020	Details outside employment rules. Employees are responsible for making sure there are no outside employment conflicts. The employee's supervisor may require reporting of outside employment.
	Public Contract Review Board	20-0010	Requires disclosing actual or potential conflicts of interest of proposed contracts to the Central Procurement Contract Administration Unit manager and the County Auditor. If there is a potential conflict, the contract cannot be awarded without the County Auditor's approval.
	Central Procurement and Contract Administration		Guide larger procurements through contracting process. Evaluation committee member reviews and signs a Confidentiality and Conflict of Interest Disclosure Policy form.
	County Attorney		Prepared 2008 document: Oregon Government Ethics Laws Brief Summary and FAQs.
	County Auditor		Conflicts of interest and ethics violations may be reported on the Good Government Hotline administered by the Auditor's Office.
Advisory Committees	Various	County code specifically addresses conflicts of interest for various advisory committees.	
Dept	Community Justice		Requires employees to periodically complete a form for outside employment. Also requires employees in a position to influence decisions of nonprofits not to serve on their boards or be employed by the nonprofit. Employees self-report on the department's form and the employee's supervisor reviews.
	County Human Services		Uses a form identical to the Department of Community Justice form to report outside employment or nonprofit relationships. The employee initiates the disclosure and the form is reviewed by the employee's supervisor and department human resources.
	Health	HRS.01.03	Points back to ORS 244, and emphasizes county personnel rules regarding notification of conflicts and serving on nonprofit boards. Also addresses personal relationships with clients.
		LEG.01.06	Specifically addresses conflicts of interest in the investigation of misconduct in research.
	Community Services	HR 3.4	Requires strict adherence to Personnel Rule 3-50 and defines a departmental procedure for reporting outside employment.
	Sheriff	4.01-4.09	The Sheriff's Office Agency Manual addresses conflicts of interest specifically related to Sheriff Office operations. Employees report outside employment on a form. Certain types of outside employment are not allowed.
	Library		No additional policies/procedures.
	County Management		No additional policies/procedures.

Appendix B - DCHS

DEPARTMENT OF COUNTY HUMAN SERVICES
CONFLICT OF INTEREST FORM
Notice of Employee Outside Employment
and/or Contractor Relationship

Name: _____

Program: _____

1. Is your sole employment the Department of County Human Services?
Yes _____ No _____ If no, who are your other employers? _____

2. Are you self-employed?
No _____
Yes _____ If yes, what work do you do? _____
How do you get your referrals? _____

3. Do you provide contract services to any agency?
No _____
Yes _____ If yes, to whom and for what services? _____

4. Do you have any relationship outside of your County
employment with local service providers/contractors?
No _____
Yes _____ If yes, please mark whichever applies:

() Employee () Board Member () Volunteer () Other _____
Please list your responsibilities: _____

5. Please identify any other potential conflict(s) of interest which you may have:

Your Signature: _____ Date: _____

Reviewed by: _____ Date: _____

- () No conflict of interest is apparent.
- () Relationship constitutes/appears to constitute a conflict of interest.

Comments:

Return completed form to DCHS – Human Resources

OUTSIDE EMPLOYMENT REQUEST

Section I _____ Date _____

Member's Name _____ DPSST# _____

Unit/Assignment _____ Shift& Days Off _____

Section II

Outside Employee: _____

Address: _____ Phone: _____

Type of Business/Activity:

Describe in detail the duties to be performed: _____

Start Date: _____ End Date: _____

Hours per Week _____ Rate of Pay _____

I have reviewed Chapters 14.08, 14.09, and 14.10 of the Agency Manual regarding Outside Employment and understand it's provisions.

Member's Signature: _____

Section III

Unit Manager or Shift Lieutenant _____ Date: _____

Comments/Recommendations/Restrictions _____

Division Chief Deputy: _____ Date: _____

Comments/Recommendations/Restrictions: _____

Sheriff: _____ Date: _____

Sheriff to sign if employment is in the security field

Comments/Recommendations/Restrictions: _____

Forward completed form to the Personnel Unit 503/350/Personnel Unit

Appendix D - Useful resources

The Council on Governmental Ethics Laws (COGEL) <http://cogel.org//>

CityEthics.org <http://www.cityethics.org/>

Oregon Government Ethics Law: A Guide for Public Officials, Oregon Government Ethics Commission <http://www.oregon.gov/OGEC/>

Oregon Government Ethics Law: Brief Summary and FAQs, Stephanie E. Duvall and Bernadette D. Nunley, Assistant County Attorneys, Multnomah County Office of County Attorney, April 2008

Washington State Executive Ethics Board <http://www.ethics.wa.gov/index.htm>

King County Board of Ethics <http://www.kingcounty.gov/employees/ethics/services.aspx>

Miami-Dade County Ethics Commission <http://www.miamidadeethics.com/>

City of Jacksonville Ethics Office <http://www.coj.net/Departments/Ethics+Office/default.htm>

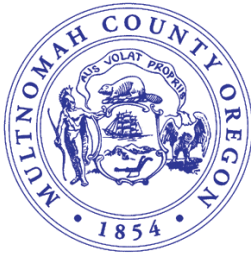
City of Seattle Ethics and Elections Commission http://www.seattle.gov/ethics/etpub/et_home.htm

OECD Guidelines for Managing Conflict of Interest in the Public Service, Organization for Economic Co-Operation and Development, September 2005 <http://www.oecd.org/dataoecd/51/44/35365195.pdf>

Managing Conflicts of Interest in the Public Sector Guidelines, Independent Commission Against Corruption and the Crime and Misconduct Commission. November 2004 <http://www.cmc.qld.gov.au/asp/index.asp>

Managing Conflicts of Interest in the Public Sector Toolkit, Independent Commission against Corruption and Crime and Misconduct Commission, November 2004 <http://www.cmc.qld.gov.au/asp/index.asp>

Response to Audit



Jeff Cogen, Multnomah County Chair

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Portland, Oregon 97214
Phone: (503) 988-3308
Email: mult.chair@co.multnomah.or.us

June 4, 2010

Steve March
Multnomah County Auditor
501 SE Hawthorne, Room 601
Portland, OR 97214

Dear Auditor March:

Thanks to you and your staff for your audit of potential Conflicts of Interest between Multnomah County's vendors and employees and the opportunity to respond to your audit report.

We appreciate that your five-year review of vendor data could only explore the most identifiable potential conflicts of interest, but at the same time, found no actual conflicts. I agree that the county needs to take the necessary steps to identify all potential conflicts so as to avoid not only actual conflicts but also those that might be perceived as conflicts.

To that end, I am directing all departments to make use of a form similar to that used by the Community Justice and County Human Services Departments so that they can identify potential conflicts of interest and avoid putting their employees in a position of evaluating or approving actions or contracts which could result in actual or perceived conflicts of interest. These forms will be maintained and updated as needed by the respective departments so they can ensure the integrity of county services. In addition, I am asking all department directors and division managers to also complete those forms and forward them to the Chair's Office, to assist us in identifying and avoiding conflicts of interest at the management level.

In the areas of potential conflicts of interest that are not so readily identified, the county is piloting a training class called Ethics in Public Service that can provide employees with additional information about not only conflicts of interest but what to do when presented with an ethical dilemma and where to find relevant information. Often county employees may be asked to serve on non-profit boards or other similar relationships, which could result in potential conflicts of interest. To review those situations, I will ask the County Attorney to work with County Human Resources and the Auditor's office. Our goal will be to identify and prevent any potential conflicts rising to the level of actual or even perceived conflicts, thereby protecting our employees and the integrity of county services and public contracting, while at the same time

continuing to encourage civic participation by our employees. I will also ask for suggestions of better ways to educate and train our employees in identifying and avoiding conflicts of interest.

Thank you again and we appreciate your thoughtful review, your suggestions and willingness to work cooperatively with staff to help ensure the public's trust in the integrity of county employees and processes.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeff Cogen". The signature is stylized with a large, sweeping flourish at the end.

Jeff Cogen
Multnomah County Chair

cc: Agnes Sowle, County Attorney
Travis Graves, Human Resources Director