

ALLEGHENY COUNTY CONTROLLER CHELSA WAGNER'S

TAXPAYER ALERT

ETHICS CODE MUST BE IMPROVED TO ENSURE CLEAN GOVERNMENT

Thomas Jefferson said, "When a man assumes a public trust, he should consider himself as public property." While this is an expansive view, Jefferson's premise has been increasingly embedded into all levels of government as the public has demanded more knowledge of the actions of public officials in order to prevent corruption and waste. I am a strong believer that public disclosure and ethical standards have served us well, but that continued improvements are necessary and desirable.



Allegheny County's Ethics Code was enacted in 2001 and covers all County officials and employees. The Code created a five-member Accountability, Conduct and Ethics (ACE) Commission to investigate and make findings and recommendations on alleged violations. Recently, my office's auditing team examined compliance with the Ethics Code and the effectiveness of its provisions, and recommended numerous improvements. I am hopeful that this report will help County residents to better understand the requirements on their public servants, as well as point the way toward measures to increase public confidence and better safeguard our tax dollars.

On a related note, my office has recently launched online resources that bring more transparency to County government spending than ever before. I hope you will visit my Web site at www.AlleghenyController.com and click on the [OpenGov & County Contracts Online](#) link to try out these tools that bring County finance to our citizens' fingertips.

As always, I urge County residents to contact my office with any concerns about waste, fraud or abuse in County government, or to recommend areas where we may help to shine more light on government operations, by calling my Taxpayer Hotline at 412-350-4300.

TOP FINDINGS

1. Those failing to file required financial disclosure forms included top County department directors and managers.
2. No training is provided on compliance with the Ethics Code after new-employee orientation.
3. Appointees to County-affiliated boards — including those of our largest public authorities— are not required to submit financial disclosures for review before being installed in these positions.


Chelsa Wagner
Allegheny County Controller



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COMPLIANCE WITH FINANCIAL DISCLOSURE REQUIREMENTS ARE LACKING

Who is Required to Make Financial Disclosures?

The Allegheny County Ethics Code requires that all elected officials and Public Employees file an annual Allegheny County Public Disclosure of Interest Statement. A Public Employee is defined as any individual employed by the County who is responsible for taking or recommending official action with regard to contracting or procurement; administering or monitoring grants or subsidies; planning or zoning; inspecting, licensing, regulating or auditing any person; or any other activity where the official action has an economic impact on the interest of any person.

While the Code defines the term Public Employee, it does not require anyone to create and maintain a list of employees and job titles that fall within this definition. Because of this, submission of the Disclosure of Interest Statement has not been uniform among those with identical job titles.

Public Employees required to file the County Disclosure of Interest Statement must also file a Pennsylvania Statement of Financial Interest. In more than 50 instances during the three-year period reviewed by Controller's Office auditors, employees filed one of these required forms but not the other. These instances included:

- Three department directors or managers failed to file either a County or State disclosure statement in one of the three years.
- Six department directors or managers failed to file both a County and State disclosure statement in one of the three years in our engagement period.
- Two department directors or managers failed to file both a County and State disclosure statement in all three years in our engagement period.
- One Council member failed to file a County form for two years.

What Information Must be Disclosed?

1. All gifts, except those from a family member or close personal friend, valued over \$100.00 and the name of the person or entity that gave the gift.
2. The names and addresses of corporations, fictitious names, partnerships, business entities or enterprises in which the individual has a financial interest or investment.
3. Every office or directorship held in any entity, either public or private, including any non-profit entity.
4. Street addresses of all real property owned in Allegheny County.
5. If the individual has a family member who is employed by Allegheny County or any of its affiliated boards, agencies, or authorities, the first and last given names and addresses of those family members and their relationship to the individual.

A sample of 203 required County Disclosure of Interest Statements filed from 2012 through 2014 showed that nearly half (97 of 203) contained at least one incomplete section, but the Code does not identify who is responsible for reviewing the County and State disclosure statements or for notifying individuals submitting the disclosure statements of any blank or incomplete answers.

While compliance clearly needs improvement, the Code does not assign responsibility for requiring submission or enforcing penalties.

How can disclosure of financial interests be enhanced and improved?

By way of comparison, auditors benchmarked the County Disclosure of Interest Statement against the State of Maryland's Financial Disclosure Statement, the Commonwealth of Pennsylvania's Statement of Financial Interests, and the City of Philadelphia's Statement of Financial Interests and found the following deficiencies:

- The County Disclosure of Interest Statement is without instructions. All three of the statements listed above have detailed line by line instructions to assist the filer.
- The County Disclosure of Interest Statement provides a large blank space for responses. Each of the three statements listed above are organized in a block format, effectively directing the filer to respond with the required information.
- The Allegheny County Ethics Code does not allow for electronic filing of the County Disclosure of Interest Statement. The State of Maryland requires electronic filing, while Pennsylvania and the City of Philadelphia allow either electronic or written filing of all disclosure statements.
- Maryland's Financial Disclosure Statement contains a section asking whether the employee or a member of the employee's immediate family had any salaried employment or held any office or directorship with an entity that did business with the State. While the County Disclosure of Interest Statement includes questions regarding which entities the employee has a financial interest in, it does not specifically request the employee to disclose information related to their involvement with entities that do business with Allegheny County or County Authorities. The County Ethics Code should be amended to require this information, and the County Manager should facilitate the disclosure of this information by compiling and providing a complete list of businesses doing business with the County.

The Allegheny County Ethics Code also does not specify whether the County Disclosure of Interest Statements must be made available to the public, nor does it state any instructions as to how the public should request access to the statements. Language should be added to the Code to ensure that the County Disclosure of Interest Statements are readily available for the public's review during normal business hours. A timeframe for retention of the forms should also be added to the Code.

Employee ethics training needs improvement

Provisions of the Allegheny County Ethics Code are covered only as part of new-hire orientation and are included in the employee handbook. Each employee receives a copy of the Code, and signs a statement that he/she has received the Code, understands it, and agrees to abide by it. No additional training is provided.

Providing an annual ethics training or refresher course for all County employees would help to ensure that employees are making ethical decisions in accordance with the Code. When annual ethics training is not provided, it sends the message to employees that an ethical culture is not valued at the County.

In addition, the Code does not state where questions or requests for clarification can be directed. If there is no outlet available for individuals to ask questions or raise concerns about provisions of the Code, individuals may take it upon themselves to interpret the meaning of its language. By contrast, per the Maryland Public Ethics Law, the appropriate advisory body will issue an advisory opinion regarding the application of the Law no more than 60 days after receiving a request. The Pennsylvania Ethics Commission also has the authority to issue advice or opinions with respect to an individual's duties under the Pennsylvania Ethics Act.

Designating a responsible party such as the ACE Commission to provide guidance and assist in the understanding of Ethics Code provisions would increase an individual's ability to maintain compliance with the Code.

Stopping corruption before it can occur is common sense

While members of County-affiliated boards and authorities are required to file annual disclosures once they attain these posts, the Code should be amended to require that appointees file disclosures in advance that can be reviewed by County Council and the public prior to their confirmation.

The four largest authorities—the Airport Authority, Port Authority, Sports & Exhibition Authority and ALCOSAN—together spend more than \$1 billion per year, and operate in relative secrecy with regard to contracting and spending. Language should be added to the Code to require that County and State disclosure forms be filed in advance by any person applying for an Allegheny County Board or Authority position to ensure a conflict of interest does not exist.

County Contracts Online

An initiative of Allegheny County Controller Chelsa Wagner, provides online access to all contracts entered into by Allegheny County, an unprecedented level of transparency of County spending.

OpenGov Allegheny

Another new Controller's Office initiative, provides up-to-date access to County financial information and other data through a user-friendly online platform, bringing open government to its citizens' fingertips.

These resources can be accessed at www.AlleghenyController.com

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