



Ethics for Finance Officials

Stephen C. Buckley, Esq.
NH Municipal Association



Ethics in Public Service

- ▶ Public interest, not private gain
- ▶ Objectivity and fairness
- ▶ Honesty
- ▶ Respect for public assets
- ▶ Public office/Public trust
- ▶ Code of Ethics





PART ONE: THE LAW

Criminal Laws

- ▶ RSA Chapter 640 (Corrupt Practices) prohibits all state and local public officers or employees from offering, accepting, or failing to report bribery, or engaging in improper influence (threatening harm to a person to influence someone's actions). These offenses are Class B felonies.
- ▶ RSA 643 (Abuse of Office) prohibits two actions which are both misdemeanors. The first is “official oppression,” defined as knowingly committing an unauthorized act or failing to carry out a duty, while purporting to be acting officially, with the purpose of benefitting oneself or others. The second is the “misuse of information,” which is speculation, acquisition, or sale of property with inside knowledge obtained by virtue of public office (the governmental equivalent of “insider trading”).



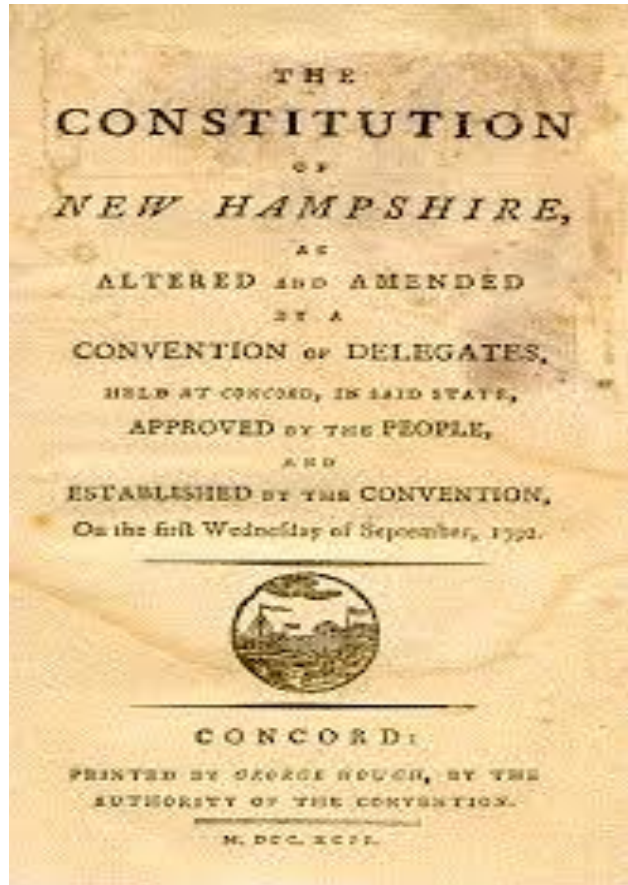
NH State Ethics Laws*



- ▶ **RSA 21-G:22 Conflict of Interest**
- ▶ **RSA 21-G:23 Misuse of Position.**
- ▶ **RSA 21-G:26-a Nepotism**

**Applicable only to NH State Executive branch officials & classified employees*

The Right-to-Know Law RSA Chapter 91-A



▶ PART I, ARTICLE 8 OF THE NH Constitution: Government ... should be open,

▶ SECTION 1 OF RSA 91-A:

The purpose of this chapter is to ensure both the greatest possible public access to the actions, discussions and records of all public bodies, and their accountability to the people.

PERSONAL INTEREST IN BUSINESS TRANSACTIONS WITH PUBLIC



95:1 Public Officials Barred From Certain Private Dealings. - No person holding a public office, as such, in state or any political subdivision governmental service shall, by contract or otherwise, except by open competitive bidding, buy real estate, sell or buy goods, commodities, or other personal property of a value in excess of \$200 at any one sale to or from the state or political subdivision under which he holds his public office.

Local Conflicts of Interest Ordinances - RSA 31:39-a



- ▶ Adopted by legislative body (town meeting/city council).
- ▶ Regulate conflicts of interest for officers (elected or appointed) & employees.
- ▶ May require financial disclosures by officers and employees.
- ▶ May enact more stringent incompatibility standards.
- ▶ May provide for conditions that warrant removal from office with the Superior Court having sole jurisdiction over the removal process.

Professional Codes of Ethics-

Government Finance Officers Association of the United States and Canada



- ▶ **Personal standards:** dedication to integrity to engender trust among officials and the public
- ▶ **Responsibility as Public Officials:** Uphold the letter and the spirit of all applicable laws and regulations.
- ▶ **Professional Development:** Promote excellence by maintaining competency in the field of finance.
- ▶ **Professional Integrity - Information:** Always accurate reporting of financial information, protect sensitive and confidential information.
- ▶ **Professional Integrity - Professional Relationships:** Act with honor, integrity, and virtue in all professional relationships.
- ▶ **Conflict of Interest:** Avoid the appearance of or the fact of conflicting interests.

Internal Control Procedures



- ▶ Select Board Financial Duties, RSA 41:9:
 - ▶ The selectmen shall be responsible for establishing and maintaining appropriate *internal control procedures* to ensure the safeguarding of all town assets and properties.
 - ▶ The selectmen shall annually review and adopt an investment policy for the investment of public funds in conformance with applicable statutes and shall advise the treasurer of such policies.
 - ▶ The selectmen shall be responsible for establishing procedures to ensure that all funds paid to the town from any department shall be remitted to the treasurer at least on a weekly basis or daily whenever such funds total \$500 or more. Remittances to the treasurer from the tax collector shall be in accordance with RSA 41:35 and remittances from the town clerk shall be in accordance with RSA 261:165.

INCOMPATIBILITY OF OFFICES

V.

CONFLICTS OF INTEREST



What is a Conflict of Interest?



Direct personal or financial interest in the outcome



Immediate, definite, and capable of demonstration; not remote, uncertain, contingent, or speculative



Personal/Financial interest conflicts with public's interest



“A man cannot serve two masters at the same time.”

Law presumes ethical conduct

Part Two: Hypotheticals

WHAT LAW APPLIES?

IS THERE A CONFLICT OF
INTEREST?

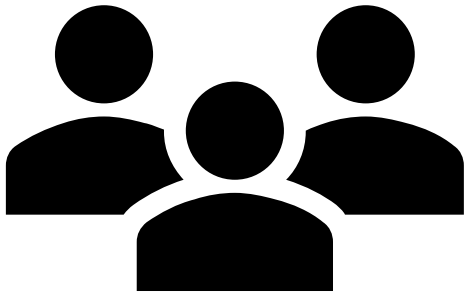
WHAT ACTION SHOULD BE
TAKEN?

Must electronic spreadsheet formulae be disclosed?

The finance director of the City of Granite Hills has prepared an Excel spreadsheet that calculates the probable costs and tax rate impact for variable budget assumptions for the municipal budget for the next fiscal year. That spreadsheet is constantly updated by the finance director and is not a static document. The spreadsheet is used by the City Manager and Department heads for planning purposes and is shared with the city council. A member of the public asks for an electronic copy of the spreadsheet under the Right-to-Know, including all of the formulae. How do you respond?

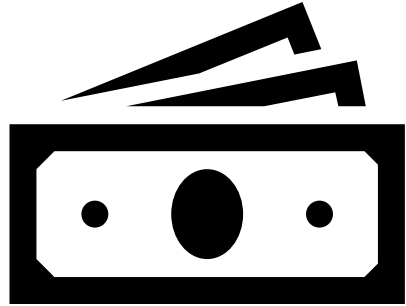


Review of RFP Responses for Auditing Services



The Town of White Mountain Valley advertised for proposals from CPA firms to provide annual auditing services to the town. The RFP stated that proposals would be provided through a sealed bid process, and that after the deadline for submission of proposals the governing body of the town would meet to discuss and decide which CPA firms would be invited for interviews. One of the CPA firms that was selected for an interview with the governing body insists that the meeting be held in nonpublic session. How should the town respond to that request?

Family member of elected Treasurer



The Town of Ashuelot's elected Treasurer's step daughter works for same bank, but not the same branch, that is being considered to be awarded the contract from the town to become the depository bank for the town. The finance director is asked by the Select Board for his recommendation on awarding the contract to the step daughter's employer. How do you respond? Is your answer different if the step daughter is the manager of the bank where the town's accounts will be handled?

Personal Interest?



The Town of Pawtuckaway Select Board has directed the town's finance director to plan and implement a sale of tax deeded property, and the board provided her a list of eligible properties. Among the listed properties is a parcel that abuts the home of the finance director, a parcel the finance director has had her eye on to buy for many years. Can the finance director work on this project for the select board? Can the finance director take steps to buy the parcel if a sealed bid process is used? Would your answer be different if the parcel is sold by public auction?

Thank you

Mission Statement



*. . . for inviting us
to the NHGFOA 34th Annual
Meeting & Seminar!*

The New Hampshire Municipal Association is a nonprofit, non-partisan association working to strengthen New Hampshire cities and towns and their ability to serve the public as a member-funded, member-governed and member-driven association since 1941. We serve as a resource for information, education and legal services. NHMA is a strong, clear voice advocating for New Hampshire municipal interests.

25 Triangle Park Drive
Concord, NH 03301

www.nhmunicipal.org or
legalinquiries@nhmunicipal.org

603.224.7447

NH Toll Free: 800.852.3358

