

Common Ethics Issues in Contracting

Using *public tax dollars* requires LAUSD officials to make every effort to ensure that they are acting in an ethically sound manner. As public officials, every LAUSD employee shares in the responsibility of ensuring that our contracting decisions are free from conflicting interests. If you are involved in a contracting process and come across any of the factors or scenarios described below, you should disclose the situation immediately to the Procurement Services Group or the Ethics Office, so the appropriate safeguards or measures can be implemented.

Factors that pose an ethical concern:

- Involvement in contracting when there is a personal relationship (family/close friends) with potential contractors
- Having financial relationships (a business stake, a loan, any other payments) with potential contractors
- Receiving gifts or favors from potential contractors which are not allowed under LAUSD gift rules

Examples:

- 1. I need to get a training video made for my school. My son works at a topnotch video production company and his firm has offered me a huge discount – the best deal I’ve seen. Is using my son’s firm a problem?**

Yes, this could be a conflict even if you have the best of intentions for getting your school a great deal. When a close family member is involved, you should not be involved at all in the contracting. No one who works under you should do the contracting either. This doesn’t mean that your son’s company could never be considered if it truly is the best company for the job, but where a contract could involve someone you have a close personal or financial relationship with, the decision-making needs to have safeguards put in place *in advance* to ensure that there is an objective process which does not appear to take advantage of your official position at LAUSD.

- 2. Our database manager who used to maintain our databases has just retired. She’s now working for a technology firm and has called to say that she and her firm could help us make the database easier to use. Would it be a problem for us to contract with her or her firm?**

Yes, this could be a problem depending on how much time has passed since this employee’s last day with LAUSD. As with most public agencies, former LAUSD employees cannot influence LAUSD business decisions for a period of at least one year. This means they can’t make phone calls, write e-mails, or meet with anyone at LAUSD on behalf of their new firm for a year after leaving LAUSD. The same applies even if they are a firm of one person. These restrictions are intended to protect against a revolving door where employees leave the public sector for private sector and engage in activities that involve, or may appear to involve, the unfair use of prior employment with LAUSD. Whenever possible, it’s vital to transfer knowledge *before* an employee leaves.

- 3. My supervisor has asked me to work on specifications for our upcoming RFP. Meanwhile, one of the firms that might submit a proposal has approached me with an employment offer. I am considering the offer but will wait for the RFP to be completed. Can I go ahead and work on the RFP specifications?**

No, you should not work on the specifications. Our Employee Code of Ethics states that LAUSD “personnel are not permitted to discuss the possibility of future employment with a person or organization that might benefit from their official decisions.” Whether or not you will be involved with the final decision-making for the contract – your input to the RFP specifications could potentially benefit the firm that might very soon be your new employer. Even if you intend to keep yourself as objective as possible, you would be seen to have a conflict. Thus, you should work with your manager and the Ethics Office immediately to formally remove yourself from the RFP process.

- 4. A staffer has developed a great technology product on her own time. Is she allowed to sell it to us?**

It depends. While most public agencies do not allow employees to do business with their agency, it’s sometimes allowable at LAUSD if advance safeguards are in place to ensure against conflict or improper advantage.

- 5. I serve without pay on the Board of Directors of a nonprofit that provides fantastic student support services. I think that nonprofit could really help our students. Can LAUSD contract with them?**

Yes, LAUSD can contract with the nonprofit, but you cannot be involved in any part of the nonprofit’s business activities with LAUSD. You must also avoid using your position in any way to benefit the nonprofit.