



INTEROFFICE MEMORANDUM

Date: May 15, 2007
To: Members, Board of Education
David L. Brewer III, Superintendent
From: Yea-Lan Chiang, Ethics Officer
Subject: The 'SCRUB' Process

INFORMATIVE

In accordance with the 2004-2007 "Moving Ethics Forward" Strategic Plan, the Ethics Office is pleased to announce the formal launch of a targeted training module for orienting our district's senior officials to public integrity standards. Aimed at providing a review of potential conflicts as well as an orientation to ethics laws and rules, the "Senior Conflict Review Upon Beginning" (SCRUB) Process will be delivered as a part of all senior contract approvals and renewals on a going-forward basis, at the Superintendent's direction.

GOAL 2: EMPLOYEE SUPPORT – FOSTER A STRONG ETHICAL WORK ENVIRONMENT FOR ALL EMPLOYEES

(excerpted from Appendix B of Ethics Strategic Plan)

3 YR Objective: Create quantifiable gains in improving the ethics climate for district employees

Strategy 2.3: Support district leadership in modeling ethical decision-making and management practices

<i>Tactics</i>	<i>Long-Term Deliverables (by June 30, 2007)</i>
A. Coordinate targeted ethics training for top echelon of management	<input checked="" type="checkbox"/> Targeted training module developed for manager segment which is integrated into training protocols (SCRUB)

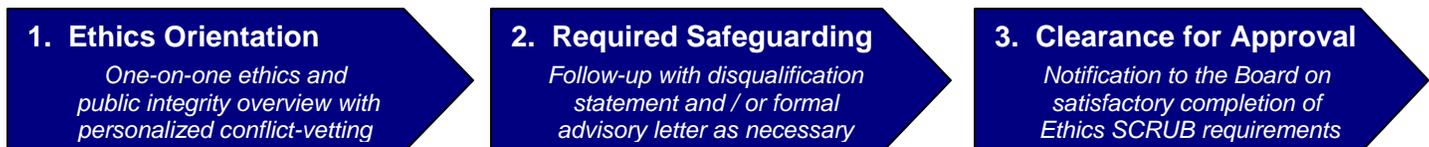
Background

As part of our ongoing efforts to proactively safeguard against potentially conflicting interests before they become actual conflicts, the Ethics Office has been piloting an informal process over the past year of "scrubbing" senior contract employees for conflicts and orienting them to public integrity standards. We have been working to empower our senior leaders with information and resources, so that LAUSD can be more systematic in managing against conflicts of interest and in ensuring that our senior officials are properly recused from decision-making that could impact their personal financial interests. As we have all learned over the last few years, there are material costs to our district when conflicts of interest go unchecked. In addition to the loss of public trust, there are significant opportunity costs as well as efficiency losses when we have to redo months of work that is core to LAUSD operations in order to avert potentially damaging conflicts and Government Code 1090 violations.

'SCRUB' Process

To better support our district's highest-profile decision-makers in understanding California's broader public integrity standards – SCRUB will be formally integrated into the Board approval process for senior contracts. From this moment forward, all senior contract employees will undergo the SCRUB process – which will guide them through managing foreseeable conflicts – and will be declared properly "scrubbed" prior to their contracts being forwarded for Board approval.

ROAD TO BOARD APPROVAL



When Board Members receive the request for approval of the senior contract, language similar to: *“This individual has completed his / her Ethics SCRUB and orientation”* will indicate that the official has been trained and advised on ethics standards and conflict safeguards.

SCRUB will also enable LAUSD to achieve better compliance in ensuring that our senior officials complete an Assuming Office Statement of Economic Interest (Form 700) as is legally required by California’s Political Reform Act of 1974. Finally, SCRUB will also include broader discussions regarding hiring and managing for ethics, contracting integrity, and revolving door provisions.

Benefits Summary

As our own LAUSD experiences as well as decades of research in the ethics field have demonstrated, *proactive* training of senior managers is an integral part of strengthening an organization’s culture of ethics and accountability. SCRUB will enable us, as a district, to be more effective in carrying out our strategic priorities by: a) providing assurance to our board members that our senior officials are properly managing against conflicts, b) supporting our senior officials in actively managing for ethics in their chains of command, and c) generating positive ripple effects that benefit all of LAUSD’s critical stakeholder groups:

Key Benefits by Stakeholder Group

Stakeholder	Key Benefit
Board Members	<ul style="list-style-type: none"> • Assurance that Senior Leaders are managing for and safeguarding against any potential conflicts of interest
LAUSD Senior Staff	<ul style="list-style-type: none"> • Personalized support and information on <i>how</i> to proactively avoid conflicts of interest and manage for organizational ethics
Other District Employees	<ul style="list-style-type: none"> • Tangible demonstration of LAUSD’s commitment to ethics and a stronger ethical culture in the workplace
Students	<ul style="list-style-type: none"> • Improved learning environment where adults demonstrate importance of ethics through their decisions and actions for LAUSD
Public	<ul style="list-style-type: none"> • Increased confidence in LAUSD’s efforts to live up to the public’s trust

It is our hope that the formal implementation of the SCRUB process will better equip LAUSD’s senior officials in managing for the high ethical expectations that are placed on all of us as educators and public servants.

Attachments:

- SCRUB Intro Reference Packet
 - Ethics Matters Newsletter
 - Conflict Vetting Questionnaire
 - Form 700 (only the coversheet has been included for brevity and paper conservation)
- SCRUB Certification



Ethics Matters

Upon Assuming Office

Special Edition for LAUSD Senior Leaders

Priceless

COLUMN ONE

Answering the Highest Call

Nation's leaders share pride, wisdom with those joining ranks of public management

"Public service is one of the highest callings in the land. You have an opportunity to make a positive impact on families, communities, states and sometimes the world."

Bob J. Nash, former Agriculture Undersecretary

"The truth is that work in the public sector is exciting, demanding, and deserves the serious attention of all of us. The call to public service is not simply an appeal to help society; not a request to exercise some form of noblesse oblige. It is an invitation to become a stockholder in this great joint venture of ours."

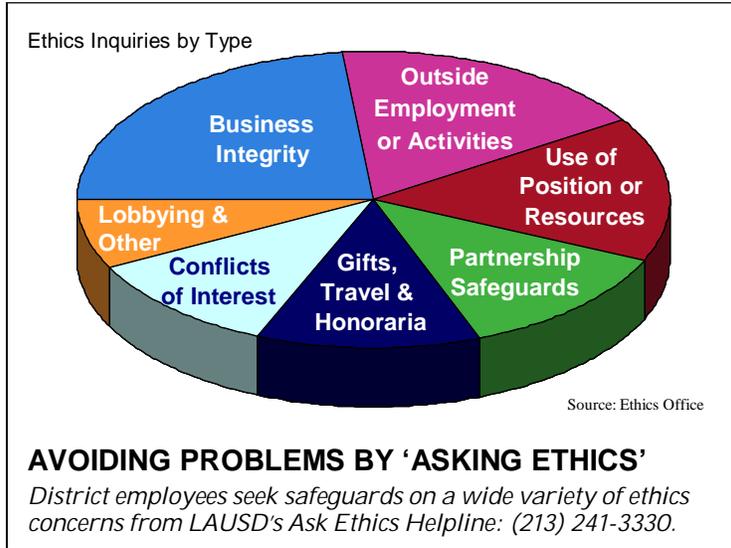
Donald Kennedy, Stanford President Emeritus

"[P]ublic service is a means of self-fulfillment, not self-denial."

Madeline Albright, former Secretary of State

"You should go in understanding that it's not the way to the pot of gold at the end of the rainbow. You have to think in terms of the responsibilities of the office and doing the best job that you can."

[See Highest Call, Page A2]



LAUSD LEADS WITH ETHICS

Along with a few other notable school districts, LAUSD is leading the way as a pioneer in making a formal commitment to managing ethics in the K-12 environment.

Recognizing that cultivating ethics is a critical underpinning of good leadership and high performance, the Superintendent and Board are committed to supporting district employees with model ethics codes, myriad training options and ethics tools.

"High ethical standards have been a vital part of LAUSD's culture for over 150 years," said Superintendent David L. Brewer.

"We know that our success in creating student achievement is enhanced by deepening our community's trust."

To help ensure against the missteps that lead to lost trust, stymied projects, ruined reputations and wasted funds, senior hires at LAUSD undergo an ethics orientation and conflict SCRUB before they are presented for Board approval.

Ethics orientation also covers the complex California laws that senior officials must be aware of to proactively manage ethics concerns in their new positions for themselves and their staff.

Leaders get blinded by good intentions

Though headline-grabbing scandals make it seem as though unethical behavior is always caused by malice and greed, research reveals that *good intentions* are the more common driver of ethical lapses.

"Ethical missteps often occur when leaders rationalize ethically questionable decisions by focusing on what they perceive to be the benefits — rather than paying adequate attention to the long-term risks or impact of their decisions," said analyst Lorne DaHardway.

But the reality is that choices are rarely binary, and there is no need to trade-off between good intentions and ethical behavior, DaHardway explained.

In fact, research shows that by proactively implementing ethical safeguards before taking action, leaders help to ensure greater success and a more lasting impact that promotes trust in their leadership and trust in the organization.

More Ethics Matters

Justices declare officials responsible for conflicts California Supreme Court's new ruling says "a public official is not required to know that his conduct is unlawful" to be found to have broken the law in the area of conflicts of interest. D1

Student character in decline New study says many high school students lie, cheat and steal; yet majority (92%) are satisfied with their own ethics. K12

Forecast: Sunny career ahead. Chance of storms low with strong ethical practice and leadership. Latest Ethics Training & Tools: www.lausd.net/ethics

Completing the Ethics "SCRUB"

LAUSD's Senior Conflict Review Upon Beginning (SCRUB) Process

1. Schedule Your Ethics Orientation
2. Complete the Conflict Vetting Forms
3. Resolve All Potential Issues w/Ethics Office
4. Get Cleared for Board Approval
5. Begin Your Great Public Service Career

Background on State-Mandated Financial Disclosure for New Officials California law requires all new officials to file a Statement of Economic Interests (Form 700) that itemizes sources of income, investments, real property and gifts received or held during the 12 months prior to their start date. This statement is a public record and must be updated annually.

Two Forms You Must Complete: LAUSD SCRUB Form, Sec. B • California Form 700, Sec. C

CALL THE ETHICS OFFICE @ (213) 241-3330 TODAY TO SCHEDULE YOUR SCRUB MEETING!

NOTE TO SELF

My SCRUB is scheduled for:

Date: ____ / ____ / ____

Time: ____: ____ AM / PM

SERVING THE PUBLIC'S INTEREST

Staying Off the Warning Track

By Earl E. Devaney, Inspector General
U.S. Department of the Interior, excerpt from *The Journal of Public Inquiry*

Over the years, I have seen officials get into ethical trouble not because they weren't decent people, but because they failed to recognize that they were confronting an ethics issue. In this vein, I offer the following advice:

1. When in doubt, seek advice and go to the proper source.

All ethics advice is not created equal. While anyone with some ethics knowledge (particularly attorneys) can offer ethics advice, it should only be accepted from someone who is formally designated to provide it. Those who are not fully immersed in ethics laws and regulations tend to interpret the laws generally and answer only the "Can I do this?" question instead of the "Should I do this?"

2. Always recuse yourself from matters in which you have even the slightest appearance of a conflict.

If your son or daughter works for the company seeking a government contract, recuse yourself. If you own stock in a company doing business with your department, recuse yourself. If your former law firm is representing a matter before your department, recuse yourself. The bottomline is when in doubt, recuse!

By putting your recusal in writing, disseminating it to the

appropriate officials, and filing it, you have fully acknowledged that you may have a conflict of interest, and you have a written account of your decision.

3. Designate a screener whom you can trust to act.

A screener will keep matters in which you have a conflict of interest from reaching you in the first place. A screener should recognize the potential conflict of interest and protect you from any knowledge in the matter.

Screeners, to effectively serve the purpose for which they are designated, must genuinely redirect matters of potential conflict and not simply substitute their decision for that of the recused. For example, the screener must not facilitate a contract award based on the assumption that this is what you would want to do, if you were allowed to be involved.

4. Abide by your recusals.

You should avoid any situation that deals with specific or general matters stated in your recusals in which former associates may have an interest, including attending meetings as well as corresponding (orally or in writing) with former associates. Remember that you live in a fish bowl and the

appearance of an ethics violation can be just as detrimental as actually committing one.

5. Distance yourself from your former employers and associates.

Regardless of how innocent or well-intentioned, meeting or socializing with former employers and colleagues who may have matters before your agency or department will be viewed with skepticism by even the most objective outside observer, although it is unlikely that the objective outside observer is the one watching you. Be well-advised to publicly distance yourself.

SELF-ASSESSMENT

Personal interests that could overlap with your LAUSD work need to be appropriately safeguarded. Begin your Ethics Scrub with an inventory check for the potential conflicts below:

- You've received income, royalties, commission or other compensation in the past 12 months from an entity.
- You or a member of your immediate family has invested or holds real property interests in an entity.
- You hold a management position (even if unpaid) in an entity that may work with LAUSD.
- You have received high-value gifts or personal loans (not available to the general public) from an entity.
- You have a close personal relationship with individuals at an entity that works with LAUSD.

[Highest Call, from Page A1]

If you think of your own self interest, you're not going to be there very long, and you'll have a very rocky time."

Chris Cross, former Asst. Secretary of Education

"[Working at LAUSD is] the hardest job I've ever done. Governing a state was much easier. You've got to come here with a lot of humility."

Roy R. Romer, former LAUSD Superintendent

"Service is what life is all about."

Marian Wright Edelman
Children's Defense Fund President

"The competence, integrity and sensitivity of those who work in public service will determine the quality of life for all of us."

Bill Bradley, former U.S. Senator

"Our government can be no better than the people who serve it. We must once again make government service a career of choice among the nation's best and brightest."

Norman R. Augustine, former Lockheed CEO

"There is nothing — nothing — more rewarding than serving a cause greater than yourself."

John McCain, U.S. Senator

"Until we're educating every kid in a fantastic way, until every inner city is cleaned up, there is no shortage of things to do."

Bill Gates, Microsoft Chairman

"Public education has been the bedrock of America's democracy. We must strengthen and fortify it. We don't have another day to waste in the lives of children."

Dr. Wilfredo T. Laboy, Lawrence Superintendent

FOUR ETHICAL WAYS TO AVOID A CONFLICT OF INTEREST

CONSULT



Your first step should be to contact the Ethics Office to understand the full range of options and safeguards necessary for your situation. Please note that California's conflicts of interest laws are notoriously complex, so it's important to seek advice.

DISQUALIFY



Under California law, public officials must be fully "disqualified" from participating in any and all official matters relating to their financial interests. You will be asked to file a disqualification statement with the Ethics Office as necessary.

DIVEST



In some cases, you may need to divest from a financial interest in order to perform your duties as an LAUSD official. After a divestiture, the law may still require you to be disqualified from decision-making for up to 12 months after divesting.

RESIGN



Leadership positions in outside organizations can sometimes constitute problematic conflicting interests. When disqualification is not sufficient, it is sometimes most ethically sound to resign from an outside position to avoid any potential conflict.



PROACTIVE DISCLOSURE

Building Trust
Inside and Out

SENIOR CONFLICT REVIEW UPON BEGINNING (SCRUB)

PRELIMINARY ANALYSIS: Please answer the questions below to enable LAUSD to determine whether you may have any conflicting interests which need to be addressed as you join LAUSD's senior ranks. Thank you!

Form with fields: NAME, INCOMING DEPARTMENT OR OFFICE, ANTICIPATED START DATE, NAME OF RECENT EMPLOYER, PHONE, E-MAIL

Table with 3 columns: Potentially Conflicting Interests, Yes, No. Contains 5 numbered questions regarding family members, financial interests, and professional affiliations.

I certify that the information I have provided in this form is accurate to the best of my knowledge for the date I have signed, and I commit to providing an updated form whenever there is a material change to this information.

Signature of Incoming LAUSD Official Incoming LAUSD Position Title Date

Please fax a copy of this completed form to the Ethics Office prior to your Ethics Orientation. Bring signed original to Orientation.

COVER PAGE

A Public Document

Please type or print in ink

NAME (LAST)	(FIRST)	(MIDDLE)	DAYTIME TELEPHONE NUMBER
			()
MAILING ADDRESS (May use business address)	STREET	CITY	STATE ZIP CODE OPTIONAL: FAX / E-MAIL ADDRESS

1. Office, Agency, or Court

Name of Office, Agency, or Court: _____

Division, Board, District, if applicable: _____

Your Position: _____

➔ If filing for multiple positions, list additional agency(ies)/ position(s): (Attach a separate sheet if necessary.)

Agency: _____

Position: _____

2. Jurisdiction of Office (Check at least one box)

State

County of _____

City of _____

Multi-County _____

Other _____

3. Type of Statement (Check at least one box)

Assuming Office/Initial Date: ____/____/____

Annual: The period covered is January 1, 2006, through December 31, 2006.

-or-

The period covered is ____/____/____, through December 31, 2006.

Leaving Office Date Left: ____/____/____ (Check one)

The period covered is January 1, 2006, through the date of leaving office.

-or-

The period covered is ____/____/____, through the date of leaving office.

Candidate

4. Schedule Summary

➔ Total number of pages including this cover page: _____

➔ Check applicable schedules or "No reportable interests."

I have disclosed interests on one or more of the attached schedules:

Schedule A-1 Yes – schedule attached
Investments (Less than 10% Ownership)

Schedule A-2 Yes – schedule attached
Investments (10% or greater Ownership)

Schedule B Yes – schedule attached
Real Property

Schedule C Yes – schedule attached
Income, Loans, & Business Positions (Income Other than Gifts and Travel Payments)

Schedule D Yes – schedule attached
Income – Gifts

Schedule E Yes – schedule attached
Income – Travel Payments

-or-

No reportable interests on any schedule

5. Verification

I have used all reasonable diligence in preparing this statement. I have reviewed this statement and to the best of my knowledge the information contained herein and in any attached schedules is true and complete.

I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Date Signed _____ (month, day, year)

Signature _____
 (File the originally signed statement with your filing official.)



ETHICS CERTIFICATION

SENIOR CONFLICT REVIEW UPON BEGINNING

ETHICS SCRUB CERTIFICATION: Thank you for your commitment to leading with ethics. To complete your LAUSD SCRUB, please certify that you understand the policies and responsibilities presented to you during your SCRUB ethics orientation. Please provide your initials below and complete this certification with your signature.

Initials

- *I understand that in my new role at LAUSD that I must help to ensure public trust by observing LAUSD’s Code of Ethics, Conflict of Interest Code, Contractor Code and Lobbying Disclosure Code. I must also manage for ethics in the hiring, training and assessment of the staff that I supervise.* _____
- *I understand that as an LAUSD official, I am responsible for promoting fairness, transparency and an open playing field in my interactions with outside parties and in my supervision of staff.* _____
- *I understand that California law and LAUSD policies prohibit me from participating in decisions that involve my own financial interests or the interests of my spouse, domestic partner or dependent child.* _____
- *I understand that LAUSD’s gift policies require me to decline gifts in excess of \$100 cumulative value from any single source in a single year. Moreover, I understand that the definition of gifts includes meals, entertainment, travel and other benefits I receive from any entities that could be impacted by my official decision-making. I also know that gifts from a source totaling over \$50 must be disclosed.* _____
- *I understand that I am required to complete a Statement of Economic Interests (Form 700) in accordance with state law upon assuming office, annually thereafter and when I leave LAUSD.* _____
- *I understand that I may not be engaged in lobbying LAUSD officials on behalf of any outside entity during my tenure and for one year after terminating LAUSD employment.* _____
- *I understand that LAUSD’s Revolving Door provisions require me to observe various “cooling periods” and refrain from work on LAUSD matters for up to two years after terminating LAUSD employment.* _____
- *I understand that, if and when I am considering other employment options, that I should contact the Ethics Office to establish the necessary safeguards prior to any employment discussions. I know this step is especially critical, if I am considering entities that may have business with LAUSD.* _____
- *Finally, I understand that it is my continuing responsibility to proactively implement ethical safeguards, if and when my outside interests, including investments, income, employment or personal relationships could present an appearance of impropriety or the potential for conflict of interest. I am taking the necessary steps, based on the advice of the Ethics Office, to disqualify myself from any decision-making which could constitute a potential or actual conflict of interest.* _____

I understand and agree to comply with the ethical obligations listed above as I join the ranks of LAUSD management and throughout my tenure as part of the responsibilities that are placed on me as a public official in California.

Signature of Incoming LAUSD Official

Incoming LAUSD Position Title

Date

Remember: You must complete an Ethics Exit Agreement and file your final Form 700 Statement prior to ending your LAUSD tenure.