

CONNECTICUT HIGHER EDUCATION SUPPLEMENTAL LOAN AUTHORITY

ETHICS STATEMENT AND POLICIES

STATEMENT OF PURPOSE

The purpose of this Statement and policy document is to fully inform the Board of Directors and Staff of the Authority as to duties and obligations under the State Code of Ethics and the internal ethics policies of CHESLA. The Statement of Shared Values and Code of Conduct that follow will be posted on the Authority's website, www.chesla.org and will be distributed electronically or in printed form to all Board Members, employees, clients, consultants, vendors, and CHESLA's independent auditors, the State of Connecticut Auditors of Public Accounts, the Office of State Ethics or any member of the public that requests it.

This Statement and the attached exhibits are designed to fully inform all CHESLA stakeholders so as to prevent any unintentional violations of the State Code of Ethics.

Intentional violations of either the State Code of Ethics or the CHESLA Code of Conduct will not be tolerated and will be reported to the Office of State Ethics and the Auditors of Public Accounts, and if these violations can be construed to be corruption, to the appropriate federal and state law enforcement agencies.

Culture of the Organization

The Senior Management of CHESLA will by their words and actions set the correct tone in the areas of ethical compliance by creating a culture at the Authority that values ethical conduct in excess of the baseline required by the State Code of Ethics.

All actions by the Board or employees of the Authority should be guided by the State Code of Ethics that is attached to these policies and procedures, as well as the following Statement of Shared Values, CHESLA Code of Conduct, and the Authority's Conflict of Interest policy.

CHESLA Statement of Shared Values

- Commitment to ethical standards, which substantially exceed Connecticut Statutes and Regulations.

- Commitment to the mission of the Connecticut Higher Education Supplemental Loan Authority in providing access to the public markets; by the strategic investment of Authority reserves in areas not served by the public markets; and through public advocacy for all clients.
- All decisions by the Authority will be made strictly on a public purpose and a financial basis without regard to political affiliation.
- Accountability to clients, the public, bondholders, the Executive Branch of the State of Connecticut, the Connecticut General Assembly and regulators for all operations of the Authority.
- Transparency and honesty in all operations of the Authority.
- Responsible stewardship of all Authority assets.
- A commitment to excellence.
- The timely distribution of all public information and data to any policy maker or interested party.
- Maintenance of the public trust by strict adherence to the public purpose for which the Authority was created.
- Respect for the worth and dignity of all clients, Board Members and Staff.
- Immediate notification of any actual or suspected unethical conduct or fraud to the CHESLA Board of Directors and such governmental agencies or institutions that have cognizance in CHESLA's area of operations.
- No retaliation against any whistleblower who notifies the CHESLA Board of Directors or such governmental agencies or institutions that have cognizance in CHESLA's area of operations of either actual or suspected ethical misconduct, fraud or abuse.

Code of Conduct

- Personal and Professional Integrity
 - All Staff, Board Members and professionals retained by the Connecticut Higher Education Supplemental Loan Authority commit to act with honesty, openness and integrity in the performance of their respective operating, governance and professional capacities as direct or indirect representatives of the Authority.
 - The Connecticut Higher Education Supplemental Loan Authority will promote a working environment that highly values respect, fairness, integrity, transparency and accountability.

- No Board member or Staff member may directly own any bond issued by CHESLA.
- CHESLA Staff members, either individually or as a group, are prohibited from knowingly accepting, directly or indirectly, any gift from any organization or individual that the Staff member knows, or has reason to know, does business with or is seeking to do business with CHESLA. “Gift” means anything of value, which is directly and personally received, unless consideration of equal or greater value is given in return. “Gift” shall not include:
 - (1) A commercially reasonable loan made on terms not more favorable than loans made in the ordinary course of business;
 - (2) A gift received from (A) the Staff member's spouse, fiancé or fiancée, (B) the parent, brother or sister of such spouse or such Staff member, or (C) the child of such Staff member or the spouse of such child;
 - (3) Goods or services (A) which are provided to CHESLA (i) for use on CHESLA's property, or (ii) that support an event, and (B) which facilitate CHESLA's action or functions.
 - (4) A rebate, discount or promotional item available to the general public;
 - (5) Printed or recorded informational material germane to CHESLA action or functions;
 - (6) Food or beverage or both, costing less than fifty dollars in the aggregate per recipient in a calendar year, and consumed on an occasion or occasions at which the person paying, directly or indirectly, for the food or beverage, or his representative, is in attendance;
 - (7) Admission to a charitable or civic event, including food and beverage provided at such event, but excluding lodging or travel expenses, at which a CHESLA Staff member participates in his official capacity, provided such admission is provided by the primary sponsoring entity;
 - (8) Anything of value provided by an employer of a spouse of a CHESLA Staff member, to such Staff member or spouse, provided such benefits are customarily and ordinarily provided to others in similar circumstances;
 - (9) Training that is provided by a vendor for a product purchased by CHESLA which is offered to all customers of such vendor.

CONFLICT OF INTEREST POLICY AND OUTSIDE EMPLOYMENT POLICY

POLICY	The highest ethical standards shall be followed when acting on behalf of the Authority.
PURPOSE	To define the guidelines concerning ethical behavior while conducting business for the Authority and while engaged in employment outside of the Authority.
SCOPE	This procedure applies to all Authority employees.
POLICY AND PROCEDURES	Whenever an employee accepts outside employment, the employee must disclose the employment by notifying his or her direct manager who in turn will notify the Executive Director.

Any relationship of an employee to an outside party that appears to influence the conduct of CHESLA's business whether to a client, bondholder or vendor is strictly prohibited.

If a member of any employee's immediate family accepts employment, or has a relationship with any Authority client, outside consultant or vendor, the employee must disclose the employment and recuse themselves from action on behalf of the Authority when dealing with the client, outside consultant or vendor.

Whenever an employee wishes to undertake any commitment that may conflict or appear to conflict with his or her primary commitment to CHESLA, he or she must obtain written approval from the Executive Director.

A summary of the conditions for written approval are as follows:

- Use of the Authority's name is strictly prohibited.
- Additional activities requiring review and written approval by a supervisor include:
 - Activities requiring a written agreement (e.g., letter of understanding, contract).
 - A proposed agreement involving the use of facilities or resources belonging to or utilized by the CHESLA.
 - An outside commitment providing for intellectual or tangible property rights owned by the Authority.
 - An agreement which is being considered that in any manner restricts an employee's public reporting of the existence of the agreement.

- Any written agreement, contract or letter of understanding that has a term in excess of three months.

Any dispute between an employee and the Authority that occurs as a result of this policy will be immediately referred to the Office of State Ethics for advice or consent.

This Conflict of Interest Policy does not relieve any employee of his or her obligations under the State Ethics Code.

BOARD OF DIRECTORS – ETHICS

- CHESLA, in cooperation the Office of State Ethics, will provide its Board Members with ethics training on an annual basis or more frequently if the Statutes or Regulations governing this matter are substantially revised.
- All complex ethics questions raised by Board Members will be referred to the Office of State Ethics for guidance and final decisions if required.
- The contact information for the Office of State Ethics is:

Office of State Ethics
18-20 Trinity Street, Suite 205
Hartford, Connecticut 06106-1660

Phone: (860) 263-2400
Fax: (860) 263-2402
Email: ose@ct.gov
Website: <http://portal.ct.gov/ethics>

EMPLOYEES – ETHICS

- All new employees prior to their acceptance of employment will be provided with a copy of this Statement, the most recent State Code of Ethics for Public Officials and State Employees, attached as Exhibit 1. Any new employee will be required to sign an Acknowledgement Receipt, indicating that he or she has received this Statement along with Exhibit 1.
- Employees, as part of their annual performance review, will be required to attend one ethics training session annually held in cooperation with the Office of State Ethics.
- Ethical conduct will be made a standing agenda item at all employee Staff meetings in order to facilitate questions from employees.
- All employees that voluntarily or involuntarily terminate their employment with the Authority will, as part of their exit interview, be given a copy of the sections of the Guide to the Code of Ethics that explain the restrictions on post-Authority

employment. The specific sections of the Guide will be discussed with the terminating employee and the employee will be required to sign an Acknowledgement Receipt. The Manager of Administrative Services will access the Office of State Ethics website monthly for changes to ethics regulations.

- All complex ethics questions raised by employees will be referred to the Office of State Ethics for guidance and final decisions if required.
- The CHESLA Ethics Liaison Officer currently designated by the Executive Director is Denise E. Aguilera, General Counsel of the Authority. Her contact information is:

Phone: 860-761-8445
FAX: 860-520-4706
Email: daguilera@chefa.com

All routine questions about the Ethics Code will be addressed to the Ethics Liaison Officer.

- The contact information for the Office of State Ethics is:

Office of State Ethics
18-20 Trinity Street, Suite 205
Hartford, Connecticut 06106-1660

Phone: (860) 263-2400
Fax: (860) 263-2402
Email: ose@ct.gov
Website: <http://portal.ct.gov/ethics>

EMPLOYEE SAFEGUARDS

- Harassment or Victimization – CHESLA recognizes that the decision to report an ethical concern can be a difficult one to make, not the least because of the fear of reprisal from those responsible for the malpractice. CHESLA will not tolerate harassment or victimization and will take action to protect those who raise a concern in good faith.
- Confidentiality – CHESLA will do its best to protect an individual's identity when he or she raises a concern and does not want his or her name to be disclosed. It must be appreciated, however, that the investigation process may reveal the source of the information and a statement by the individual may be required as part of the evidence.

- Anonymous Allegations – This policy encourages individuals to put their names to allegations. Concerns expressed anonymously are much less powerful, but they will be investigated in the same manner as those allegations where the individual expressing the concern identified himself or herself.
- Untrue Allegations – If an allegation is made in good faith, but it is not confirmed by the investigation, no action will be taken against the originator. If, however, individuals make malicious or vexatious allegations, action may be considered against the individual making the allegation.

EMPLOYEE REPORTING

- Employees can internally report a concern of real or suspected ethical violation by:
 - Notifying his or her Manager
 - Notifying any Officer of the Authority
 - Notifying the Chair of the Audit-Finance Committee.

- ♦ The current Chair of the CHESLA Audit-Finance Committee is:

Steven Kitowitz and he may be contacted by email at: Steven.Kitowitz@ct.gov.

In order to facilitate the anonymous internal reporting of ethics violations by CHESLA and CHEFA employees, a website has been created that requires a special username and password. Through this website an e-mail can be sent to one of the following individuals:

1. Chair of the CHEFA Audit-Finance Committee
2. Compliance Auditor
3. CHEFA Executive Director

This anonymous process can be accessed through a web browser from any location using the specified secure web address <https://www.CHEFA.com/whistleblower/>.

Every attempt has been made to ensure that submissions made through this interface are anonymous, without compromising the security of the CHEFA/CHESLA IT systems. This mechanism has been developed so that no easy way exists to find out who has sent any given message. **To ensure total anonymity, use the interface from a public computer at a library or Internet café, or send from a public wifi connection available at any number of book stores and coffee shops.**

Directions: Once you have navigated to the whistleblower site, select the intended recipient, type your message, and enter the following login information at the bottom of the page before you click send.

Username: whistleblower
Password: g9doWuq7!

CHESLA ACTIONS

- Upon receipt of a report of corruption or fraud, the party that is initially notified will contact the Chair of the Audit-Finance Committee, the Board Chair, the Executive Director and the independent auditor who will commence an investigation of the matter immediately.
- Within 48 hours of the report, the Executive Director will write the complainant (if known):
 - Acknowledging the concern has been received.
 - Indicating how the Authority proposes to deal with the matter.
 - Give an estimation of the time it will take to complete the investigation and give a final response.
 - Telling him or her if any initial inquiries has been made.
 - Telling him or her whether any further investigations will take place and if not, why not.

The Chair of the Audit-Finance Committee will instruct the Executive Director to notify the Office of State Ethics and/or the State Auditors of Public Accounts and the appropriate law enforcement organization if the allegation of an ethical violation could rise to the level of fraud or corruption.

EXTERNAL REPORTING OF FRAUD

- All CHESLA employees have the right to report real or suspected ethical violations directly to the State Auditors of Public Accounts under the “Whistleblower” statute.
- The following reporting procedure has been copied from www.cga.ct.gov/apa/whistle-info.asp
- More detailed information can be found at www.cga.ct.gov/apa

WHISTLE BLOWER COMPLAINTS

Section 4-61dd of the Connecticut General Statutes is known as the Whistleblower Act. Any person may file a whistleblower complaint with the office of the Auditors of Public Accounts. Whistleblower complaints are accusations filed with the Auditors of Public Accounts (APA) alleging any matter involving corruption, unethical practices, violations of state laws or regulations, mismanagement, gross waste of funds, abuse of authority, or danger to public safety occurring in any state department, agency, quasi-public agency, or large state contractor having a contract of more than five million dollars.

It is important for the complainant to provide sufficient specific information to enable the APA to properly review the complaint. The complaint should provide sufficient credible evidence to enable the reviewer to determine whether the allegations are true. Therefore, the complainant should identify specific witnesses, documents, and other sources of information that the reviewer can examine to support the complainant's allegation.

The APA accepts complaints that are submitted anonymously; however, if the complainant is unavailable to answer questions or confirm the alleged facts, our office may be unable to proceed with an investigation.

Report Government Fraud, Waste and Abuse

Filing a Complaint

You can file a complaint with the APA utilizing this [online form](#) or by calling (860) 240-5369, toll free at (800) 797-1702, by email at wbcomplaints@cga.ct.gov or you can also send the information in writing to:

Auditors of Public Accounts
20 Trinity Street
Hartford, CT 06106-1628
Attention: Maura Pardo, Administrative Auditor

We will need to know:

The name and title of the person/persons you are making the complaint about.

The state office, agency or large state contractor for which they work.

Their address (if available).

As much information about the alleged misuse or misappropriation as possible.

You should state whether you actually observed the violations. If you did not personally observe the violations, you should provide the names of witnesses who did and information on how to contact them.

The APA shall not, after receipt of any information from a person under the provisions of the Whistleblower Act, disclose the identity of such person without consent unless the APA determines that such disclosure is unavoidable during the course of the review.

When the APA completes a review of the complaint, we will issue a report of the review and may make certain recommendations. The report and recommendations will be filed with the Attorney General. The Attorney General may conduct further investigations as deemed appropriate after consulting with the APA. The APA may assist in the investigation. See the Connecticut Attorney General's web page at <https://portal.ct.gov/AG/Common/Complaint-Form-Landing-page> for additional details.

SANCTIONS

ETHICS VIOLATIONS

- Employees who violate the State Ethics Code will be subject to the penalties proscribed by ethics laws and subject to immediate termination.
- Employees who violate CHESLA’s Code of Conduct are subject to disciplinary action including probation, reduction in compensation or termination, depending upon the severity of the offense.

ONGOING COMPLIANCE, ASSESSMENT, AND REVISION OF ETHICS POLICIES

COMPLIANCE MEASURES

POLICY/PROCEDURE MEASURED	MEASUREMENT
Culture of Organization	Annual Review of Code of Conduct, Statement of Shared Values, Conflict of Interest Policy Annual sign off by all employees
Personnel Policies	Compliance with Ethical Conduct and Anti-Fraud policy added to annual employee performance reviews Distribution of this policy and any revisions to all employees
Training	<u>Ethics</u> Board of Directors – Annual Training in cooperation with the Office of State Ethics Employees – one ethics training session annually Addition of ethics to Staff meetings as a standing agenda item



Public Officials and State Employees Guide to the Code of Ethics



Office of State Ethics
Carol Carson, Executive Director

Contact Us



Agency Address: Connecticut Office of State Ethics
18-20 Trinity Street
Suite 205
Hartford, CT 06106

Telephone: 860-263-2400

Facsimile: 860-263-2402

Website: www.ct.gov/ethics

Business Hours: 8:00 am to 5:00 pm

Visitors must enter the building through the door next to the Bushnell Memorial Theater.

Specific E-mail Contacts: For the timeliest responses, please be sure to direct your questions to the appropriate e-mail address; for example, with a question such as, "Can I accept this outside position with a vendor?" please be sure to send your query to ethics.code@ct.gov

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| ➤ Legal Advice Regarding Code of Ethics | ethics.code@ct.gov |
| ➤ Lobbyist Filing/Reporting Questions | lobbyist.ose@ct.gov |
| ➤ Public Official Filing/Reporting Questions | sfi.ose@ct.gov |
| ➤ Enforcement/Filing a Complaint | ethics.enforcement@ct.gov |
| ➤ All Other Inquiries | ose@ct.gov |

[Staff Phone Number Listing](#)

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OFFICE OF STATE ETHICS

Created on July 1, 2005, under Public Act [05-183](#), the Office of State Ethics (“OSE”) is an independent regulatory agency charged with administering and enforcing the Connecticut Codes of Ethics (“Ethics Codes”), which are found in Chapter 10 of the Connecticut General Statutes.

The OSE’s duties include educating all those covered by the Ethics Codes; interpreting and applying the Ethics Codes; investigating violations of, and otherwise enforcing, the Ethics Codes; and providing information to the public.

The OSE’s jurisdiction:

- | | |
|-----------------|---|
| Part I | Code of Ethics for Public Officials
General Statutes §§ 1-79 to 1-90a |
| Part II | Code of Ethics for Lobbyists
General Statutes §§ 1-91 to 1-101a |
| Part III | Lobbying: Miscellaneous Provisions
General Statutes §§ 1-101aa and 1-101bb |
| Part IV | Ethical Considerations Concerning Bidding and State Contracts
General Statutes §§ 1-101mm to 1-101rr |

The OSE Executive Director has overall responsibility for the welfare and effectiveness of the OSE, which has three divisions, the legal division, the enforcement division, and the administrative division.

The OSE’s governing body is the Citizen’s Ethics Advisory Board (“CEAB”), which has nine members appointed by the Governor and legislative leadership. The CEAB holds monthly meetings that are open to the public. A schedule of CEAB meeting dates, times, and locations is available at www.ct.gov/ethics.

CEAB Members:

- Attend monthly CEAB meetings
- Appoint and evaluate the Executive Director of the OSE
- Issue advisory opinions to persons subject to the Ethics Codes
- Serve as a Hearing Officer for non-confidential hearings held under the Uniform Administrative Procedures Act, General Statutes § [4-166](#) *et. seq.*
- Attend hearings to determine if violations occurred and, if so, assess penalties
- Attend special meetings if necessary
- Oversee legislative agenda

THE BIG PICTURE

All state officials and employees (except judges) are covered by Part I of the Code of Ethics for Public Officials. It is important to remember that certain provisions of the Code also apply to state officials and employees after they leave state service.

As you read through this guide, be aware that these laws were enacted to prevent individuals from using their public position or authority for their own financial benefit, or for the financial benefit of certain others (for example, family members).

Each state agency also has its own ethics policy, which may be more restrictive than what follows. Be sure to obtain a copy of your state agency's policy.

GIFTS

For a public official or state employee, there are rules in place regarding the acceptance of "gifts" from both restricted and non-restricted donors.

What is a "gift"?

General Statutes [§ 1-79 \(5\)](#) defines "gift" in three parts:

1. "anything of value" (for example, money, tickets to a sporting event, meals, services, etc.),
2. "which is directly and personally received" (that is, the state official or employee accepts the opportunity to partake of it),
3. "unless consideration of equal or greater value is given in return" (that is, unless the state official or employee pays fair market value for it).

Restricted Donors

Restricted donors include:

- Registered lobbyists (a list is available on the OSE website) or a lobbyist's representative;
- Individuals or entities doing business with your state department or agency;
- Individuals or entities seeking to do business with your state department or agency;
- Individuals or entities engaged in activities regulated by your state department or agency; or
- Contractors pre-qualified by the Connecticut Department of Administrative Services (General Statutes [§ 4a-100](#)).

Non-Restricted Donors

Two other categories of donors are:

Non-restricted donors giving you something because of who you are in state service

If a gift-giver does not fall within the definition of a restricted donor, but is nonetheless giving you something because of your public position, you should be aware that a dollar limit exists.

From this type of donor, you may accept up to \$100 annually from a single source, in addition to any of the 19 gift exceptions noted below and set forth in General Statutes [§ 1-79 \(5\)\(A\)-\(S\)](#). Advisory Opinions Nos. [98-9](#) and [2003-13](#).

Non-restricted donors giving you something that has nothing to do with your state service

There is no limit as to what you may accept from a non-restricted donor, such as your neighbor of 20 years or a best friend from kindergarten, who is giving you a gift that has nothing to do with your public position.

This holds true as long as the donor remains non-restricted. Should this individual become a registered lobbyist, for example, the gift provisions regarding restricted donors would apply, regardless of the purpose of the gift or any longstanding personal relationship.

Gift Exceptions

There are certain exceptions to the definition of “gift.” Not all exceptions are covered below; see General Statutes [§ 1-79 \(5\)\(A\)-\(S\)](#) for the complete list.

- *Token Items* – Items valued less than \$10 (such as a pen or mug), provided the annual aggregate of such items from a single source is \$50 or less. General Statutes [§ 1-79 \(5\) \(P\)](#).
- *Food and Beverage* – Up to \$50 in food/beverage annually, provided the donor or a representative is in attendance when it is being consumed. General Statutes [§ 1-79 \(5\) \(I\)](#).
- *Training* – Vendors may provide you with training for a product purchased by your agency provided such training is offered to all customers of that vendor. General Statutes [§ 1-79 \(5\) \(Q\)](#).

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- *Gifts to the State* – Goods or services given to a state entity. The gift must facilitate state action, and must (1) be for use on state property (e.g., a computer), (2) support a state event (e.g., funds to support an agency event), or (3) support the participation by a state employee or official at an event (e.g., funds for an agency employee to attend an educational conference relevant to his state duties). General Statutes [§ 1-79 \(5\) \(E\)](#).
- *Gifts to the State Reporting Requirement* – If a state employee or official receives goods or services to support his or her participation at an event, and such goods or services include lodging and/or out-of-state travel, he or she must, within 30 days of receiving such goods or services, file an ETH-GTS Form with the Office of State Ethics. General Statutes [§ 1-84c \(b\)](#).
- *Other Exceptions* – There are a total of 19 separate gift exceptions in the Code. Also exempt from the definition of “gift” are items such as informational materials germane to state action, ceremonial plaques or awards costing less than \$100, or promotional items, rebates or discounts also available to the general public. See General Statutes [§ 1-79 \(5\)\(A\)–\(S\)](#).

Major Life Event

There is a \$1,000 limit on a gift a registered lobbyist gives to you or a member of your family for a major life event. General Statutes [§ 1-79 \(5\) \(L\)](#). **Note: Registered lobbyists are the only type of restricted donor who may make use of the “major life event” gift exception.**

What is a “Major Life Event”?

- Birth or adoption of a child
- Wedding
- Funeral
- Ceremony commemorating induction into religious adulthood
- Retirement from state service

This list of major life events is exhaustive. Regs., Conn. State Agencies [§ 1-92-53](#).

Reporting Requirements of Restricted Donor

Should you receive anything of value that exceeds threshold dollar amounts from an entity doing business with, seeking to do business with, or directly regulated by your department or agency, that entity must, within **10 days**, give you and the head of your department or agency a written report stating:

- Name of the donor;
- Description of item(s) given;
- Value of such item(s); and
- Total cumulative value of all items to date given to you by that donor during the calendar year.

This helps you and the donor keep track of the gift exceptions noted above, so that permissible limits are not exceeded. General Statutes [§ 1-84 \(o\)](#).

Gifts Between State Employees

[Advisory Opinion No. 2006-6](#) interpreted General Statutes [§ 1-84 \(p\)](#), regarding gifts between supervisors and subordinates in state service. This three-part provision limits gift-giving between certain individuals. Specifically:

- There is a monetary limit of \$99.99 for gifts between a public official or state employee and his or her supervisor or subordinate. This limit is a **per-gift** – not a per-year – amount.
- Individuals subject to this limit may still make use of the major-life-event exception. In other words, supervisors and subordinates are not limited to \$99.99 when giving gifts to each other for major life events. The applicable limit for major life events is \$1,000.
- The provision applies not only to direct supervisors and subordinates, but to any individual up or down the chain of command.

In [Advisory Opinion 2007-5](#), the CEAB concluded that supervisors and/or subordinates **may not pool** their money to give a collective or group gift valued in excess of the \$99.99 limit. Thus, except in the case of a major life event (which holds a \$1,000 limit), it would be a violation for Supervisor A to accept a gift valued at \$150 from Subordinates X and Y (and for them to give such a gift), even though the individual contributions of X and Y are less than the \$99.99 limit established in General Statutes [§ 1-84 \(p\)](#).

Likewise, supervisors and/or subordinates **may not pool** their money to give a group gift valued in excess of \$1,000 for a major life event.

NECESSARY EXPENSES

General Statutes [§ 1-84 \(k\)](#) – the “necessary expenses” provision – prohibits a state employee or official from accepting a fee or honorarium for participating at an event *in his or her official capacity*.

However, a state employee or official may receive payment or reimbursement for “necessary expenses” if – in his or her official capacity – the employee or official actively participates in the event (for example, gives a speech or runs a workshop).

“Necessary expenses” are not considered gifts and may include the cost of:

- Travel (coach);
- Lodging (standard room for the night before, of, and immediately following the event);
- Meals (non-lavish); and
- Conference or seminar registration fees.

“Necessary expenses” **do not** include the cost of entertainment (tickets to sporting events, golf outings, night clubs, etc.) or payments of expenses for family members or other guests.

Only a sponsor of the event in which you are participating may pay for or reimburse your “necessary expenses.” [Advisory Opinion No. 2012-9](#).

Within 30 days of receiving payment or reimbursement of “necessary expenses” for **lodging and/or out-of-state travel**, the employee or official must file an ETH-NE form with the OSE. General Statutes [§ 1-84 \(k\)](#).

Example:

Question: A restricted donor is hosting an out-of-state conference and would like a state employee to come and give a speech in his official capacity. The restricted donor has offered to pay the employee’s travel and lodging expenses, to waive his conference registration fee, and to give him a \$500 honorarium. Permissible?

Answer: The state employee may not accept the \$500 honorarium (because he is participating in his official capacity), but may accept payment or reimbursement for “necessary expenses,” which include coach-class travel, standard lodging for the nights before, of and after the speech, and waiver of the conference registration fee.

Note: For additional information please see: [Necessary Expenses & Gifts to the State: A Guide for Public Officials and State Employees](#).

CONFLICTS OF INTEREST

Substantial Conflict of Interest

WHAT IS A “SUBSTANTIAL” CONFLICT OF INTEREST?

Under General Statutes [§ 1-85](#), a public official or state employee has a “substantial conflict” – and may not take official action – if he has reason to believe or expect that the following is true:

- (1) The official action would directly affect his financial interests (i.e., he will derive a **direct** monetary gain or suffer a **direct** monetary loss) or those of his spouse, a dependent child, or a business with which he is associated; and
- (2) It would do so in a way that is distinctly different from its effect on other persons in the same profession, occupation or group.

“**Reason to believe or expect**” would be if there is a written contract, agreement, or other specific information available to the individual which would clearly indicate to a reasonable person that such direct benefit or detriment would accrue or when the language of the legislation, regulation or matter in question so indicates. Regs., Conn. State Agencies [§ 1-81-28 \(c\)](#).

“**Business with which ... associated**” is defined to include any entity through which business for profit or not for profit is conducted in which the public official or state employee, or a member of his or her immediate family, is a director, officer, or holder of significant ownership interest. **Note:** Unpaid service as an officer or director of a non-profit entity is exempted from the definition of “Business with which ... associated.” General Statutes [§ 1-79 \(2\)](#).

Required Action for Substantial Conflict of Interest:

A public official or state employee **must** abstain from taking official action on the matter if he or she has a substantial conflict, as defined above.

Potential Conflict of Interest

WHAT IS A “POTENTIAL” CONFLICT OF INTEREST?

A “potential” conflict of interest exists if a public official or state employee, in the discharge of his or her official state duties, would be required to take an action that would affect his or her financial interest, or the financial interest of his or her spouse, parent, brother, sister, child, spouse of the child, or a business with which the official or employee is associated.

Unlike a “substantial” conflict of interest, there is no requirement that the financial impact be direct or that it affect the individual differently from other members of his or her profession, occupation, or group.

However, there still must be a reasonable expectation on the part of the state employee or public official that there will be some financial impact based on his or her actions.

A “potential” conflict of interest does not exist if the financial interest is “de minimus” (under \$100) or if the interest is indistinct from that of a substantial segment of the general public (e.g., all taxpayers). General Statutes [§1-86](#).

Required Action for Potential Conflict of Interest:

Member of a Regulatory Board, Commission, Council or Authority

Such a public official or state employee **must** abstain from taking official action on the matter **or** prepare a written statement explaining the conflict and why despite the conflict they are able to act fairly, objectively and in the public interest. Such statement must be submitted to the OSE and entered in the agency’s journal or minutes.

Any Other Public Official or State Employee

A public official or state employee who is not a member of a regulatory board, commission, council or authority **must** prepare a written statement to an immediate supervisor for reassignment. If there is no immediate supervisor, the statement must be submitted to the OSE for advice and guidance.

ETHICS AT WORK

Post-State Employment (Revolving Door)

If you are a *former*, or soon to be former, state official or employee seeking post-state employment, you should be aware of the Ethics Code's revolving-door provisions:

Lifetime Bans

- **Confidential Information:** You may **never** disclose any confidential information you learned during the course of your state service for anyone's financial gain. General Statutes [§ 1-84a](#). "Confidential information" is defined by Regs., Conn. State Agencies [§ 1-81-15](#).
- **Side-Switching:** You may **never** represent anyone other than the state regarding a particular matter in which you were personally or substantially involved while in state service and in which the state has a substantial interest. This prevents side-switching in the midst of on-going state proceedings. General Statutes [§ 1-84b \(a\)](#).

One-year Bans

- **Cooling-Off:** You may not represent anyone, other than the state, for compensation before your former agency for a period of **one year** after leaving state service. General Statutes [§ 1-84b \(b\)](#).
- **State Contracts:** You are prohibited from being hired for a period of **one year** after you leave state service by a party to a state contract valued at \$50,000 or more if you were substantially involved in, or supervised, the negotiation or award of that contract and it was signed within your last year of state service. General Statutes [§ 1-84b \(f\)](#).
- Employees who hold certain specifically-designated positions (with significant decision-making or supervisory responsibility) at certain state regulatory agencies are prohibited, while still in state service, from negotiating for, seeking or accepting employment with any business subject to regulation by the individual's agency. See Regs., Conn. State Agencies [§ 1-92-40a](#) for list of positions. Further, they may not accept employment with any such business within **one year** of leaving the agency. Note that there is an exception for *ex-officio* board or commission members. General Statutes [§ 1-84b \(c\)](#).
- Certain employees of the Department of Consumer Protection and the Department of Emergency Services and Public Protection who have significant decision-making or supervisory responsibility with respect to gaming operations are subject to an additional prohibition. General Statutes [§ 1-84b \(d\) and \(e\)](#) and Regs., Conn. State Agencies [§ 1-92-40a](#).

Outside Employment for State Officials and Employees

If you are a *current* state official or employee seeking outside employment, especially from an employer that is regulated by or does business with your agency, you should be aware of the following rules:

- You may not accept outside employment that impairs your independence of judgment regarding your state duties, or that encourages you to disclose confidential information learned in your job. General Statutes [§ 1-84 \(b\)](#).
- You may not use your position for your own financial gain, or the gain of your family (spouse, child, child's spouse, parent, brother or sister) or an associated business, however inadvertent that use may be. General Statutes [§ 1-84 \(c\)](#).
 - Generally, these provisions are violated when a state official or employee accepts outside employment with an entity that can benefit from his/her state position (e.g., he/she has specific regulatory, contractual or supervisory authority over the person or entity).
- You may not accept employment with an entity that represents others before the following 11 agencies: Department of Banking, the Claims Commissioner, the Office of Health Care Access division within the Department of Public Health, the Insurance Department, the Department of Consumer Protection, the Department of Motor Vehicles, the State Insurance and Risk Management Board, the Department of Energy and Environmental Protection, the Public Utilities Regulatory Authority, the Connecticut Siting Council or the Connecticut Real Estate Commission. General Statutes [§ 1-84 \(d\)](#).
- You may not utilize state time, materials or personnel in completing tasks for outside employment. [Advisory Opinion No. 2007-4](#).

Hiring State Employees for Outside Employment

In [Advisory Opinion 2008-5](#), the CEAB concluded that it is impermissible, under the Ethics Code, for a state employee-supervisor to employ a state employee-subordinate in the supervisor's outside business.

Likewise, it is impermissible under the Ethics Code for a subordinate to employ a supervisor in the subordinate's outside business.

Both situations would involve an impermissible impairment of independence of judgment. The CEAB noted that this prohibition extends to all supervisors and subordinates up and down the chain of command.

STATEMENTS OF FINANCIAL INTERESTS

Statements of Financial Interests (“SFIs”) serve as a tool to maximize public confidence in governmental decision making. The policy underlying this requirement has been in effect since the enactment of the Ethics Codes in 1977. The SFI provides a checklist or reminder to the official/employee to be mindful of potential conflicts of interest, and it provides a baseline of information which can be compared to subsequent years for the purpose of determining potential misuse of office for financial gain.

Legislators, as well as certain other public officials and senior state employees, must file SFIs with the OSE by **May 1** each year.

Who Must File:

1. Statutorily designated individuals. General Statutes [§ 1-83 \(a\) \(1\)](#); and
2. Members of the Executive Department and employees of quasi-public agencies designated by the Governor. See, Governor Lamont’s Standard.

What Information Must be Filed in the SFI:

- businesses with which you are associated and certain of their affiliates;
- the category or type (not amount) of all sources of income over \$1,000;
- securities in excess of \$5,000;
- real estate holdings;
- blind trusts; and
- leases or contracts with the state or quasi-public agencies.

A **confidential** portion of the statement requires disclosure of sources of any debts over \$10,000. (The confidentiality of this portion may be waived.) General Statutes [§1-83 \(b\)](#).

Note: If you were to assume your state office or position after **March 31**, you must file a SFI within 30 days of assuming your position. Also, you must file a SFI upon leaving state service, covering the portion of the year during which you held the office or position.

Governor Lamont’s Standard

Governor Lamont has established a standard which requires “filing of Annual Statements of Financial Interests by all persons in the Executive Branch and Quasi-Public Agencies who exercise (i) significant policy-making, regulatory or contractual authority; (ii) significant decision-making and/or supervisory responsibility for the review and/or award of State contracts; or (iii) significant decision-making and/or supervisory responsibility over staff that monitor State contracts.”

ETHICS COMPLIANCE

Ethics Compliance Officers and Ethics Liaisons

Ethics compliance officers must be appointed within each state agency and quasi-public agency that deals with or plans large state contracts. The main responsibilities of a compliance officer include developing an agency ethics policy as well as training agency employees on the Ethics Code, paying attention to any changes in the law as well as provisions specific to state contracting. General Statutes [§ 1-101rr \(a\)](#).

Ethics liaisons must be appointed within each state agency and quasi-public agency. These officers serve as a link between the agency and the OSE. Liaisons are responsible for developing agency ethics policies as well as coordinating employee training with the OSE. General Statutes [§ 1-101rr \(b\)](#).

The OSE supports the responsibilities of the above officers by providing in-person training, educational videos or training materials upon request. The OSE also sends a monthly electronic newsletter to each officer that highlights new developments in the law, summarizes new advisory opinions, includes handouts on complex areas of the law and provides answers to frequently-asked questions. All such communications are indexed on our website, in the "[Ethics Liaison/Compliance Officer Corner](#)."

Mandatory Reporters

The Ethics Code contains mandatory reporting requirements for the following individuals who have "reasonable cause to believe that a person has violated" the Ethics Code:

- Commissioners and Deputy Commissioners;
- State Agency Heads and Deputy Heads;
- Quasi-public Agency Heads and Deputy Heads;
- Persons in charge of state agency procurement and contracting; and
- Persons in charge of state agency human resources.

These designees are required to report a belief that a person has violated the Ethics Code to the OSE. General Statutes [§ 1-101pp](#). (**Note:** Ethics compliance officers and liaisons are *not*, by virtue of that position alone, mandatory reporters.)

ETHICS ENFORCEMENT

Procedures and Penalties

Enforcement of the Code is initiated by a complaint, filed by the Ethics Enforcement Officer or any member of the public. In most cases, a complaint by the Ethics Enforcement Officer is preceded by a confidential staff evaluation.

A two-stage process follows:

1. Confidential investigation and confidential probable cause hearing; and
2. If probable cause is found, a public hearing to determine if a violation has occurred.

At any stage of this process, the OSE and the Respondent may negotiate a settlement.

After a finding or admission of a violation, the CEAB can order the Respondent to comply with the Ethics Code in the future, file any required report or statement, and/or pay a civil penalty.

For failure to file a report, statement, or other information required by the Ethics Code, the CEAB can, after a single hearing, impose a civil penalty of up to \$10 per day, for which the aggregate penalty for any one violation may not exceed \$10,000.

The OSE may refer matters to the Chief State's Attorney for criminal prosecution. An intentional violation of the Ethics Code is a misdemeanor for the first violation, unless the individual has derived a financial benefit of at least \$1,000. In that case, the violation is a class D felony.

The Attorney General may sue for up to three times the economic gain received through knowingly committing or knowingly profiting from a violation of the Ethics Code.

Public officials are encouraged to review the "[*Citizen's Guide to Filing a Complaint*](#)," available on the OSE website, for a detailed overview of the complaint process and associated confidentiality provisions.

STATE OF CONNECTICUT

STATE CODE OF ETHICS

ACKNOWLEDGEMENT OF RECEIPT

I, _____ (**Print Name**), have received a copy of the CHESLA Ethics Statement and Policies and a copy of the 2019 State of Connecticut Public Officials and State Employees Guide to the Code of Ethics. In addition, I have also received a copy of the Conflict of Interest Policy and Outside Employment Policy.

I understand and agree that, as a public employee, I must use my best efforts to comply with the standards set forth within.

Signature

Date