

Washington Metropolitan Area Transit Authority

Board Action/Information Summary

☐ Action ☒ Information

MEAD Number:
201872

Resolution:
☐ Yes ☒ No

TITLE:

2017 Board Member Ethics Training

PRESENTATION SUMMARY:

Under the Board's Code of Ethics, the Ethics Officer will arrange for all members to receive in-person ethics training within four weeks of the start of their term and thereafter on an annual basis. This session would address the annual ethics training requirement for all Board members able to attend.

PURPOSE:

At a public session of the Governance Committee, Metro's Ethics Officer will provide all Board members present with ethics training. This training would fulfill Board members' requirement to receive annual, in-person ethics training as outlined in the Board's adopted Code of Ethics.

DESCRIPTION:

Key Highlights:

The Board's adopted Code of Ethics requires annual, in-person ethics training. This session will fulfill this requirement and will cover Board member responsibilities under the Code, including (but not limited to):

- Identifying and resolving actual and apparent conflicts; and
- Making disclosures and acknowledgments; and
- Rules regarding acceptance of gifts.

Background and History:

In November 2016 the Board adopted an updated Code of Ethics, which incorporated several recommendations of a strategic advisor.

Discussion:

November 2016 updates to the Code of Ethics include streamlining the definition of apparent conflict of interest; adopting IRS code section 152 as the definition of dependent (<https://www.gpo.gov/fdsys/pkg/USCODE-2010-title26/pdf/USCODE-2010-title26-subtitleA-chap1-subchapB-partV->

[sec152.pdf](#)); removing the option to divest an interest in order to resolve a conflict; and easing the process to update forms and reports under the Code.

The approved Code of Ethics requires Board members to complete annual in-person ethics training. This training will review:

- Updates to the Code of Ethics;
- Identifying and resolving actual and apparent conflicts; and
- Rules regarding acceptance of gifts.

FUNDING IMPACT:

This project is a training using existing staff resources; no funding impact.

Define current or potential funding impact, including source of reimbursable funds.	
Project Manager:	Phill Staub/Jennifer Ellison
Project Department/Office:	COUN/SECT

TIMELINE:

Previous Actions	January 2016 - Board contracted a strategic advisor to provide expertise and advice. The strategic advisor was tasked with reviewing WMATA's corporate structure, the Board's governance structure and related governing documents, including the Bylaws, Procedures and Code of Ethics. November 2016 - Board approval of revised Code of Ethics, incorporating recommendations from Strategic Advisor.
Anticipated actions after presentation	Ongoing - Ethics training for newly-appointed Board members May 2018 – Board annual ethics training for 2018

RECOMMENDATION:

Complete Code of Ethics-required training for Board members at the May 11, 2017 Governance Committee meeting.



Washington Metropolitan Area Transit Authority

Ethics Training for Board Members

Governance Committee

May 11, 2017

Ethics Training for Board Members

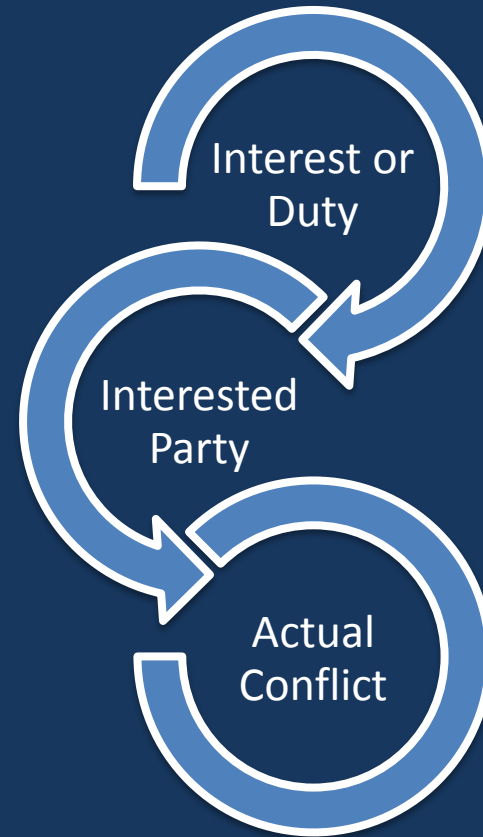
Purpose

- Review November 2016 revisions to Code of Ethics
- Provide guidance for common ethics situations
- Fulfill ethics training required by Board Code of Ethics



Actual Conflicts

- Substantial Interest or Duty in Interested Party, Business or Property that may benefit or be harmed by Board action
 - Nine enumerated Substantial Interests or Duties
- "*Business*" and "*individual*" replace "Party"



Apparent Conflicts

- *"Of which Board member is aware"* replaces "knows or reasonably should know"
- *"Could reasonably appear to conflict"* replaces "likely to create in the mind of a reasonable person with knowledge of the relevant facts the perception" of a conflict
- Not fairly or objectively performing duties or may benefit

Household Members

- “*Any dependent child*” within the meaning of IRS Code living in the Member’s household, replaces “dependent child”
- Household members
 - Interests are imputed to Member
 - May not be employed by WMATA or party to a WMATA contract



Resolving Conflicts

Conflict Type	Action	Approval	Participate
Actual	Recusal	None; inform Chair	No
Apparent	Recusal	None; inform Chair	No
Apparent	Declaration	Ethics Committee Chair	Yes
Apparent (contributions)	Divest	Ethics Committee	Yes

- General rule against soliciting or accepting gifts from Prohibited Sources
- Prohibited Sources
 - Interested Parties
 - Interests may be substantially affected by Member
 - Offering gift due to Member's position on Board
- Applies to Household Members





Gift Scenarios

- Parts Inc. unsuccessfully bid on a part supply contract with Metro. They have a booth at the APTA conference and are giving away USB thumb drives with their logo.
- Developer LLP owns property near a Metro station. Developer asks you to speak at an event Chicago for which it is a sponsor. All speakers receive free economy travel, budget lodging and meals offered to all conference attendees.



More Gift Scenarios

- Mass Transit Consultants Corp. has never sought business with Metro. A MTC representative judging at a science fair seeks out your teenager and offers two playoff tickets, suggesting your teen bring you along.
- Mike Smith, a VP at Developer LLP, is your spouse's childhood friend. You get together every Christmas and exchange gifts. At this year's Christmas gathering, Mike gives your spouse a coffee table book about trains.



Disclosures and Other Filings

- Disclosure Statement: Within 30 days of swearing in, then annually
 - Update changes within 10 calendar days
- Acknowledgement of Fiduciary Duties
- Acknowledgment of Ethics Obligations: Within 30 days
- Gifts