

CIECI 2011 BEST PRACTICES FORUM

Conflict of Interest: “Normal” Business
Courtesies. Is there such a thing?

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INTRODUCTION

ETHICS SCENARIOS

Group Discussions

SCENARIO #1

- ▣ You're widely regarded as an industry expert on desalination and have written and presented papers on the topic. A vendor has invited you to speak on the first day of a four-day conference in Las Vegas and has extended an offer to pick up your travel expenses, including Las Vegas lodging for four days.
 - Applying your Business Conduct and Ethics Policy may you attend?
 - Can you attend because it is good for your company's business? Consider arguments for and against and suggestions on steps you can take to address possible ethical concerns.
 - Would your answer change if the purpose of the travel was to attend a "partnering session and golf tournament" put on and paid for by a major subcontractor and attended by other contractors?

SCENARIO #2

- ▣ You learn that the head of the Reno Department of Public Works (DPW), who signs off on all major procurement, has a vacation home in Tahoe. The DPW official has many friends in the contracting community who frequently go up to his vacation home to help him with projects. Some of these friends have donated supplies and labor for the remodel. You are concerned that if you don't participate, your company will be disadvantaged. Can you:

- Spend a weekend helping to build a fire pit?
- Bring a few guys from your company to help?
- Purchase a tree for the head of DPW's landscaping project?
- What can you do to achieve your objectives while addressing possible ethical concerns?

SCENARIO #3

- ▣ Your JV partner has called with an invitation to attend the Super Bowl in her company's box (the client will also be one of the guests). This is a partner with whom we would like to do more business in the future:
 - Can you attend and take advantage of the valuable face time with the partner and the client?
 - Are you comfortable with your JV partner's hosting this entertainment?
 - Consider options available to you that help you achieve your objectives while addressing possible ethical concerns.

SCENARIO #4

- ▣ You would like to invite senior client representatives to your offices to view applications of the latest state of the art 3D technologies.
 - Can you take them out to lunch at a fine steakhouse?
 - Can you order in sandwiches?
 - Can you provide donuts and coffee?
 - How different is your answer if the clients are with a Fortune 500 multi-national? The U.S. Navy? The State of Washington?

SCENARIO #5

- ▣ You are performing a design project in South Korea for the City of Seoul. The Project Manager for the client is getting married.
 - Can you send him a present for his wedding? Can your company send a present? (Gold nuggets are a customary gift, can you do that?)
 - Would your answer be impacted if the project is coming up for a recompetete? What if the client is a Korean multinational and not a government agency?
 - It is a New Year celebration and it is customary to provide gifts of plants for the holiday. Can you purchase an exotic fir tree?

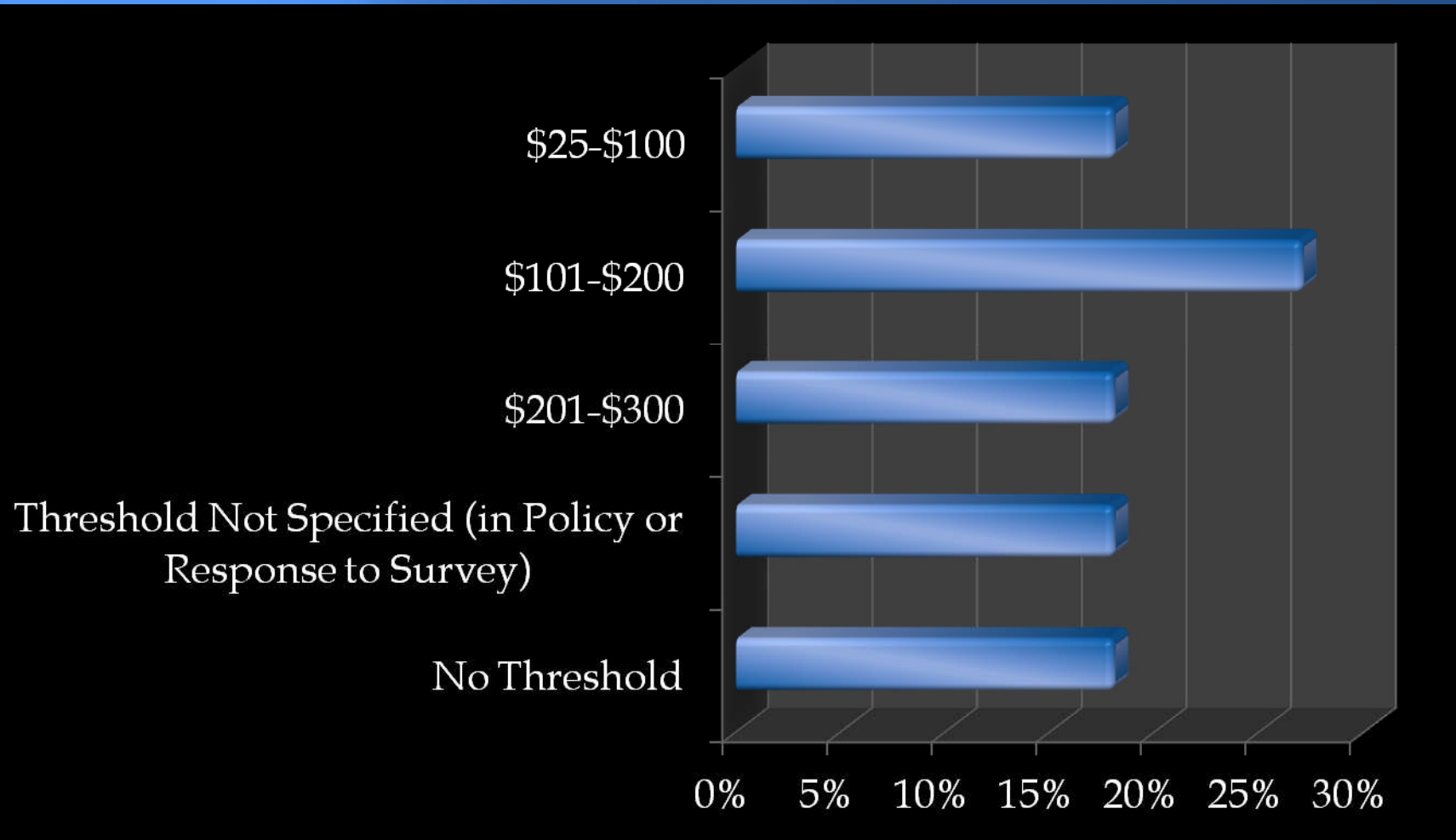
SCENARIO #6

- ▣ You have a long standing relationship with several Washoe County Commissioners and want to enhance the relationship by the following:
 - Have the Commissioners attend a major Reno water project grand opening at your invitation with a complimentary buffet lunch served to all attendees.
 - Reno State wins the NCAA Division 1 Championship and two of the Commissioners are alumni so you would like to purchase championship hats for them.
 - Purchase tickets for a table for the Commissioners at a National Water event being held in Reno. The table costs \$1,000.
 - Take one of the Commissioners, who has not been an ally, and his spouse to a local casino for a nice dinner with expensive bottle of wine to demonstrate the company's interest and commitment.

TRAINING

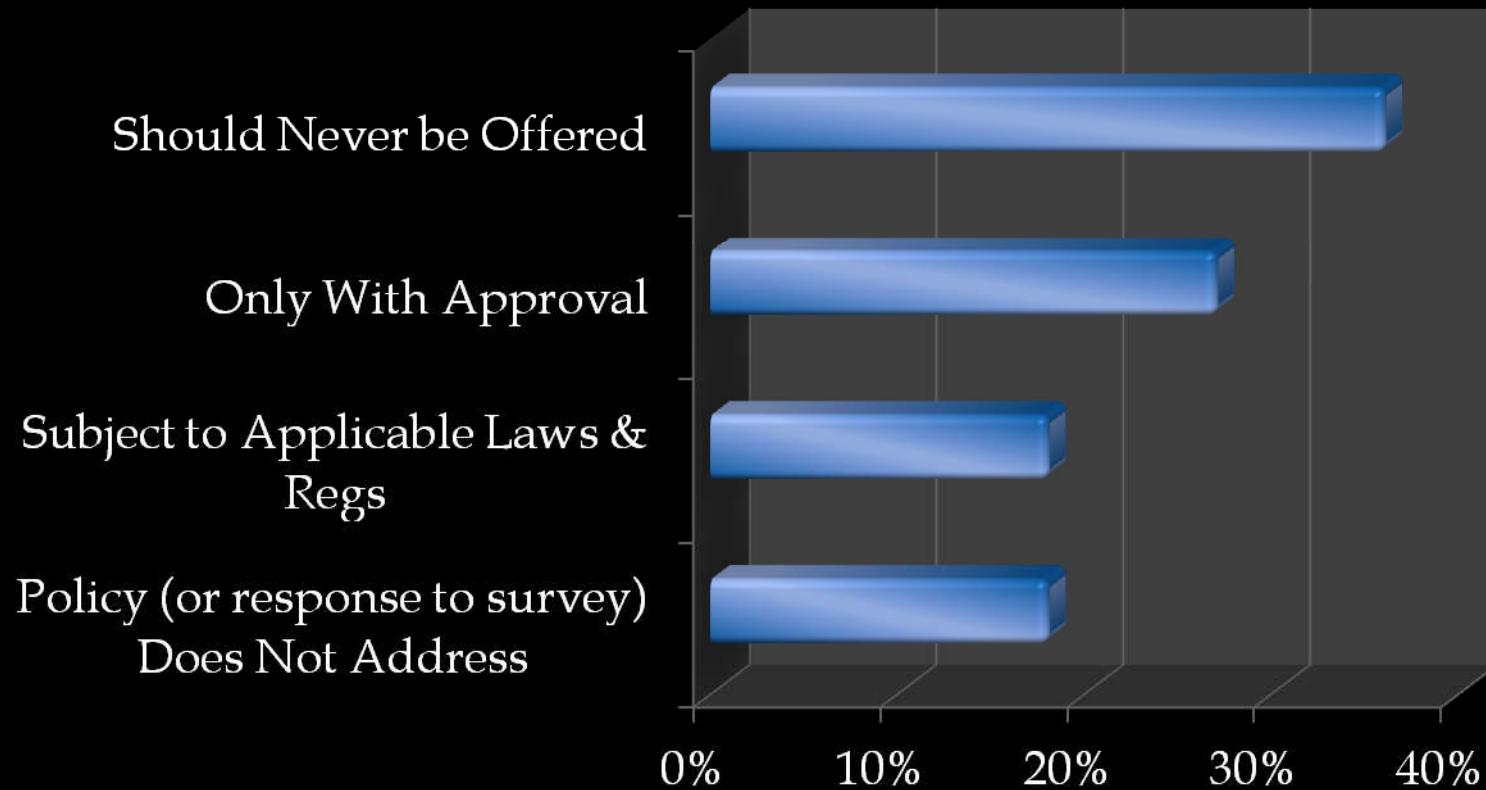
SURVEY RESULTS

What is the Monetary Threshold for Business Courtesies?



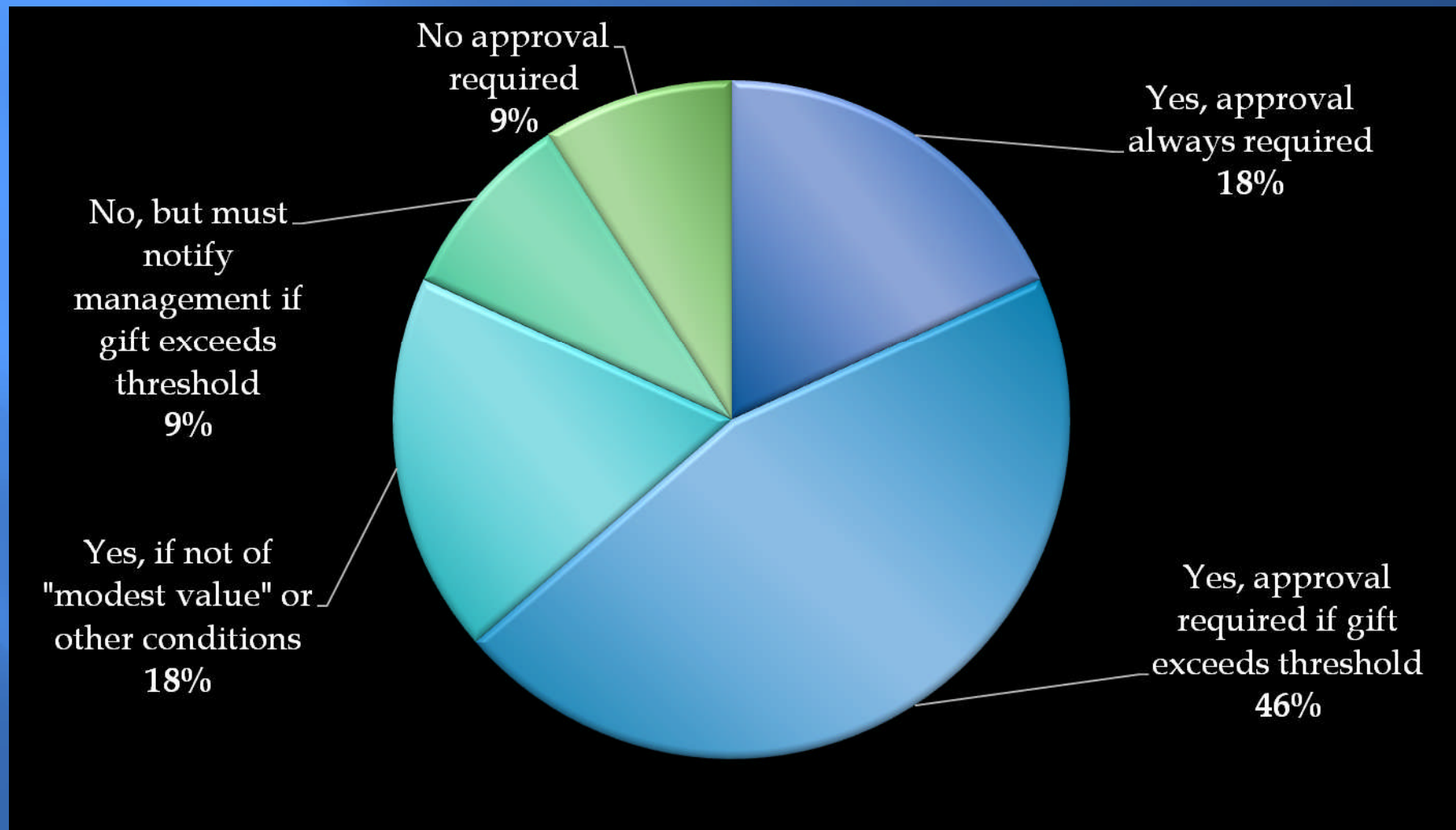
CIECI SURVEY RESULTS

Business Courtesies to Government Officials...



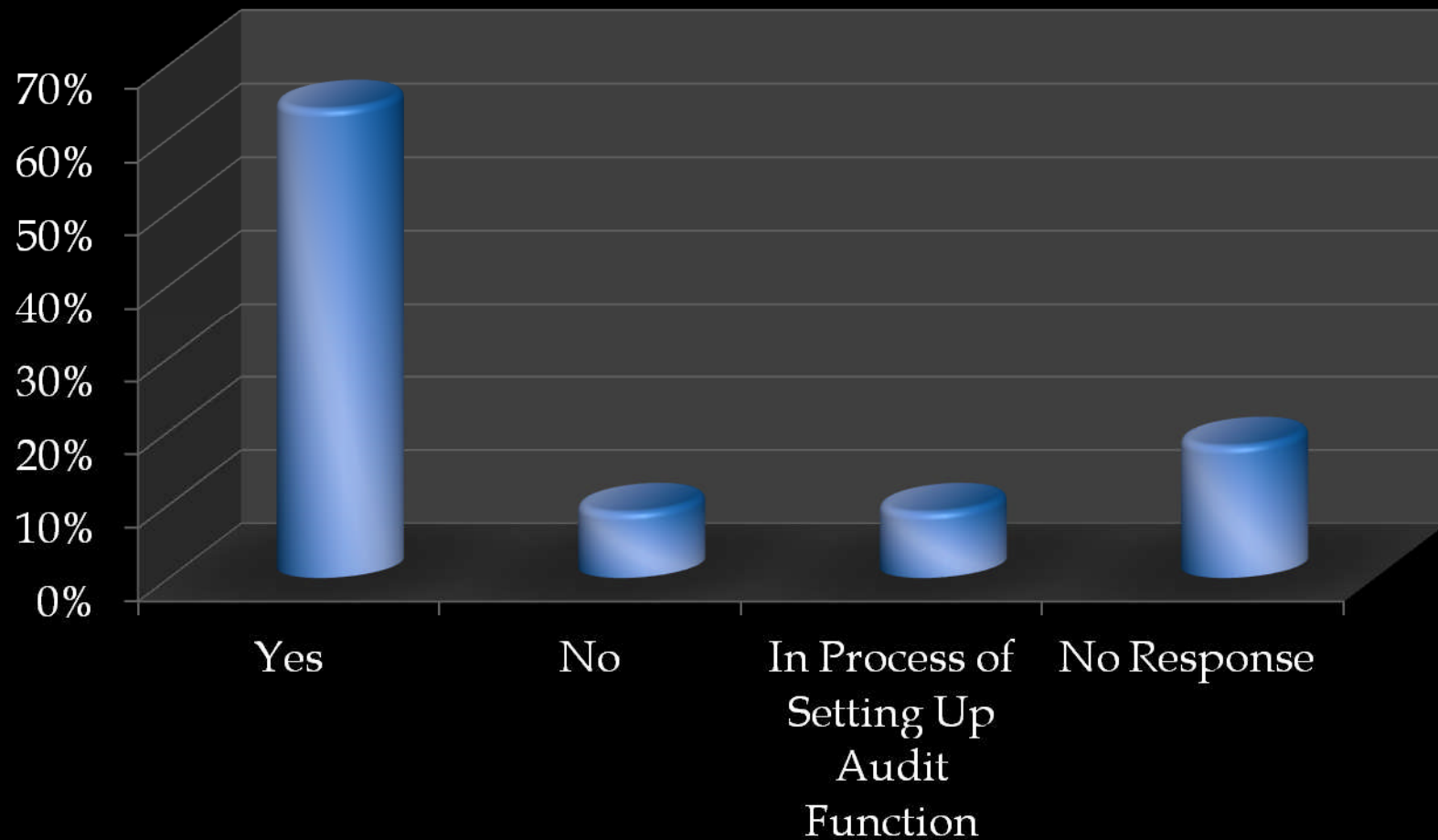
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Is Approval Required When Giving/Receiving a Business Courtesy?



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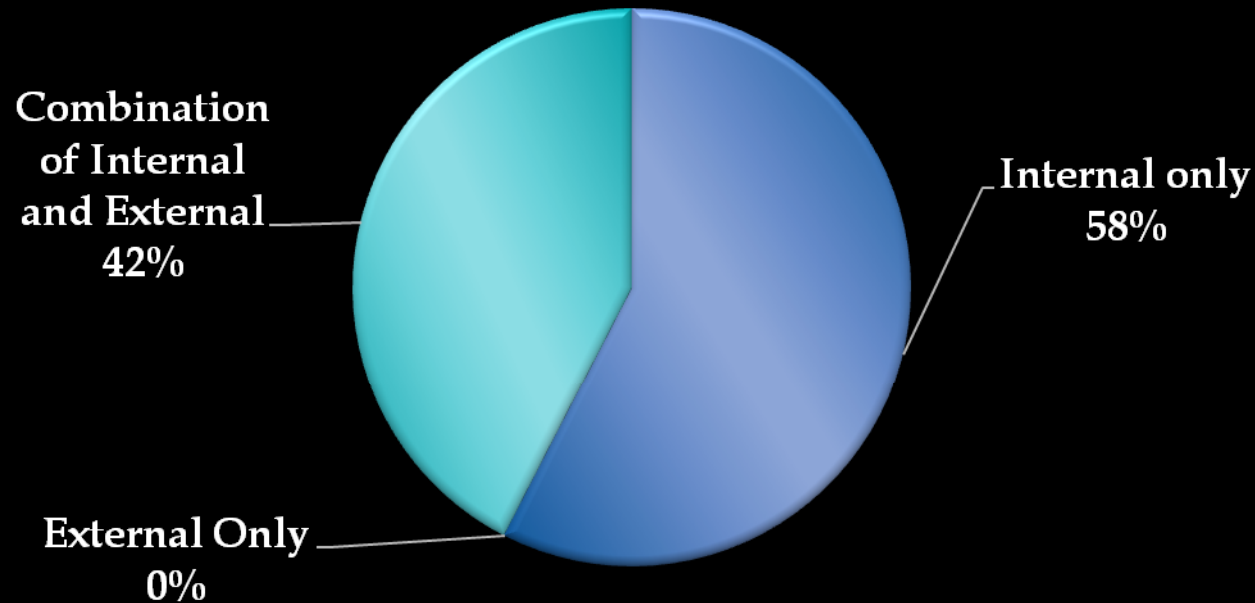
Does Your Company Audit Compliance with Business Courtesies Policy?



CIECI SURVEY RESULTS

Audits?

■ Internal only ■ External Only ■ Internal/External Combo



How are Audits Performed?

- Self Assessments
- Compliance Assurance Reviews
- Validation Audits
- Tracking and Reviewing Compliance Requirements
- Disclosure Forms

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EXAMPLES OF REPORTING MECHANISMS

Business Courtesy Approval Request (PCL)

- Used if business courtesy is not of “modest value”
- Form is completed prior to giving/receiving gift
- Employee information
- Information on person giving/receiving gift
- Estimated value of gift
- Business purpose of gift
- Approving supervisor information and signature

Gift Form (Traylor Bros)

- Gifts with a value >\$250 must be reported on the Gift Form
- Filled out either before or after giving of gift
- Employee information
- Recipient information
- Business purpose of gift
- Description and approximate value of gift
- Supervisor signature

Gift, Entertainment, & Hospitality Registry (Balfour Beatty)

- Electronic gift registry
- Gifts, entertainment and hospitality given or received
- Value > \$100
- Must be registered within 15 business days

Disclosure of Conflicts of Interest Questionnaire (DUSA)

- Annual disclosure questionnaire for all employees
- All gifts, entertainment, travel, or anything else of value given or received must be reported regardless of \$ amount