



CITY OF PHILADELPHIA

BOARD OF ETHICS
PACKARD BUILDING
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September 22, 2009

The Honorable Michael Nutter
Mayor
City of Philadelphia
215 City Hall
Philadelphia, Pennsylvania 19107

Re: Board of Ethics Annual Fiscal Report

Dear Mayor Nutter:

Section 3-806(k) of the Philadelphia Charter requires the Board of Ethics to submit an annual fiscal report to you, City Council, the Chief Clerk of City Council, and the Department of Records no later than three months after the end of each fiscal year. A copy of the Ethics Board's Fiscal Report for Fiscal Year 2009 (FY09) is attached which indicates that expenditures totaling \$749,182 were made, as follows:

Class	FY09 Total Amount Spent
100 – Salaries	\$674,988
200 – Purchase of Services	60,626
300/400 – Materials, Supplies, & Equipment	13,568
Total:	\$749,182

Achievements During FY09

The Board began FY09 with a continuation budget of \$1 million and a staff of six. Three members were added to the Board's staff in early FY09 to meet the Board's three major goals: to conduct ethics and campaign finance training, to provide advice to City officials and employees, and to ensure compliance with the City's public integrity laws.

Training

Significant strides were made in FY09 to expand and improve ethics training, a core responsibility for the Board, because of our increased staffing level. We achieved measurable results. Board staff reviewed and revised all training materials and offered a total of 28 ethics training sessions in FY09 that were attended by more than 550 individuals. This was a significant increase over the 19 training sessions presented in FY08.

With its larger staff, the Board made a concerted effort in FY09 to contact and provide ethics training to members of more than 81 City boards and commissions. In 2007, approximately 80 people attended five ethics training sessions for board and commission members. In contrast, almost 250 members of City boards and commissions attended 13 ethics training sessions specifically designed for their needs in FY09.

Board staff also conducted four campaign finance training classes months in advance of the May 2009 primary election. The purpose of these sessions was to prevent violations of the City's campaign finance law by teaching people involved in the campaign process about the unique requirements of the City law.

Financial Disclosure

In another initiative that was made possible with more staff, the Board implemented outreach efforts to thousands of City employees and hundreds of board and commission members to advise them of their obligation to file annual financial disclosure reports for the 2008 calendar year. The Board is proud that these efforts resulted in increased compliance with the filing requirements. As of August 2009, a total of 4,814 City, State, and Mayor's financial disclosure statements have been filed. This represents an increase of 23 percent over the 3,915 forms filed in the 2007 financial disclosure filing cycle. To accomplish this result, staff members answered hundreds of telephone calls to assist employees and board and commission members to complete their financial disclosure obligation.

Advice and Guidance

The Board provided guidance and information during FY09 on an almost daily basis so that City officials and employees may comply with the City's Public Integrity Laws. Each response to an ethics or campaign finance question, whether in a Formal Opinion, Advice of Counsel, informal general guidance through the Board's "Ask for Advice" website feature, or telephone call, requires analysis by staff of detailed facts in the context of multiple provisions of the Public Integrity Laws.

During FY09, there were two Formal Board Opinions, 17 Advices of Counsel, and dozens of responses to requests for informal general guidance. City officials and employees have come to rely on the Board to provide this advice, and members of the public frequently contact the Board for information on the City's ethics laws.

Enforcement

The Board's enforcement activity in FY09 was enhanced by its expanded staff. This is demonstrated by the settlements reached in seven enforcement cases for violations of the City's campaign finance laws and the payment of penalties totaling \$46,625 that were deposited into the City's General Fund.

Future Online Training Project

As you are aware, the Board is required to provide ethics training to thousands of City officials and employees, and to hundreds of City board and commission members. The Board took the first steps in FY09 to rethink and redesign our ethics training program. We first surveyed our sister ethics agencies and determined that many state and city agencies use online ethics training programs to meet their training mandates. We concluded that an online ethics training program will enable the Board to reach City officials, employees, and board and commission members, all of whom must receive ethics training, by a more cost effective method. We next looked for a cost-effective way to provide online training and spent approximately \$3,200 to purchase commercially available software that Board staff will use to develop online ethics training modules.

The Board hopes to launch an online training pilot project in early 2010 and believes that access to online training will be more efficient and less costly than requiring City officials and employees to attend ethics training sessions at an out-of-office site. For members of City boards and commissions, most of whom are volunteers and not City employees, online ethics training will mean that they can receive mandatory training at a time that is convenient for them and will not interrupt their work day.

FY10 Fiscal Status

The Board of Ethics understood the serious budget crisis faced by the City in FY09, and, notwithstanding its status as an agency independent from your Administration, was willing to do its part to reduce the City's FY09 Operating Budget. The Board's FY09 budget was reduced to \$950,000, and five of the Board's employees were subject to the furlough requirement. We had expected to reach a staffing level of 11 in FY09, but as the budget situation unfolded, the Board did not hire staff for two budgeted investigative positions. This action alone resulted in FY09 savings of approximately \$100,000. We are therefore already operating with two fewer staff members than anticipated and expect to continue to do so in FY10. We have modified and reallocated the work of our existing staff to adjust to this reduced staff level.

At the Board's FY10 budget hearing on April 6, 2009, I testified that the Board understands that the magnitude of the budget crisis requires that we adapt to a new fiscal reality and that you have our assurance that the Board will continue to do our utmost to maintain the high level of performance the citizens of Philadelphia have come to expect, even with reduced resources. We noted, however, that the 19 percent reduction of our budget to \$810,000 will have a disproportionate impact on our small agency and that there will be an impact on various Board programs and initiatives.

In my testimony, I further indicated our serious concern that, because the Board is not represented by the City Solicitor, it will be impossible in the FY10 budget to hire outside counsel to represent the Board should it be faced with an outside legal challenge. Since the Board's inception, we were fortunate to be represented in such challenges by *pro*

bono counsel, but the Board is realistically concerned that such generous volunteer legal services may no longer be available, especially in this economic climate. If forced into court in FY10 without *pro bono* counsel, the Board and its mandates will be disadvantaged because the total FY10 appropriation of \$810,000 will not be sufficient to meet the costs of outside legal services. We will be forced to suspend training, advisory, or enforcement activity in order to permit existing staff to focus only on the litigation.

Conclusion

I am very proud of the achievements of the Board of Ethics in FY09 and believe that the Board's efforts were instrumental to achieving your goal of the highest standards for ethics and accountability in City government. The Board is proud to have fulfilled that role in FY09, and you have our assurance that we will do everything we can to maximize our resources in FY10 to continue to serve the citizens of Philadelphia.

Sincerely,



Richard Glazer
Chair

cc: City Council Members
Michael Decker, City Council Chief Clerk
Joan Decker, Records Commissioner

**Board of Ethics
FY09 Annual Fiscal Report**

Class 100 – List of Positions

Class	Name	Title	Annual Salary	Actual Salary
101	Cheatam, Danielle	Information Specialist	34,000	34,000
101	Cooke, Michael	Director of Enforcement	95,000	92,685
101	Creamer, Jr., J. Shane	Executive Director	124,800	121,758
101	Formica, Tina	Administrative Assistant	49,332	49,332
101	Massar, Nedda	Deputy Executive Director	118,000	115,124
101	Meyer, Evan	General Counsel	114,400	111,611
101	Nayak, Maya	Associate General Counsel	95,000	92,685
101	Vasquez, Hortencia	Clerical Assistant	27,000	23,793
101	West, Brandon	Information Specialist	34,000	34,000
	Total			674,988

Class 200 – Purchase of Services

Class	Class Description	Vendor	Vendor Description	Amount Paid
209	Telephone & Communication	Shared Technologies	Polycom Speaker Phone	1,020.00
210	Postal Services	Time Cycle	Delivery Service	2,026.32
210	Postal Services	UPS	Delivery Service	6.15
210	Postal Services	Petty Cash	Postage	117.25
211	Transportation	American Express	Travel/COGEL Conference	951.80
211	Transportation	Petty Cash	Reimbursement/Cab Fare/Training	33.96
216	Commercial off-the-shelf Software & License	Insight Public Sector	Online Training Software	3,253.34
250	Legal Services	Paul Jablow	Consultant	4,327.50
253	Legal Services	L Discovery	Computer Forensics, E-	20,110.00

				Discovery	
253	Legal Services		L-3 Communications	Forensic Investigation	4,315.00
253	Legal Services		Stumar Investigations	Private Investigator	5,376.50
255	Dues		COGEL	Annual Membership	890.00
256	Seminars & Training Sessions		COGEL	Registration Fee for Conference	3,360.00
256	Seminars & Training Sessions		Petty Cash	PA Bar Institute CLE Course	154.00
258	Court Reporters		Class Act Reporting	Court Reporting	8,631.65
258	Court Reporters		James DeCrescenzo Reporting	Court Reporting	1,768.85
258	Court Reporters		Lisa J. Amatucci	Notes of Testimony	654.00
258	Court Reporters		Sargents Court Reporting	Court Reporter	396.30
260	Repair & Maintenance Charges		Xerox	Copier Maintenance	3,033.65
299	Other		Deaf Hearing Communications Center	Sign Language Interpreter/Ethics Training	142.87
299	Other		Wachovia	Subpoena Request Fee	56.75
	Total				60,625.89

Class 300 & 400 – Materials, Supplies & Equipment

Class	Class Description	Vendor	Vendor Description	Amount Paid
304	Books & Other Publications	American Legal Publishing	Books	175.00
304	Books & Other Publications	Thompson West	Books	710.50
304	Books & Other Publications	Philadelphia Bar Institute/ Petty Cash	Books	175.00
304	Books & Other Publications	Petty Cash	Books	75.00
313	Food	Petty Cash	Refreshments	13.99
320	Office Supplies	Central Lewmar	Paper	1,634.70
320	Office Supplies	Nestle Waters of North America	Water and Cooler Rental	149.11
320	Office Supplies	Staples	Office Supplies	2,612.79

320	Office Supplies		Tip Top	Toner Cartridges	1,274.85
320	Office Supplies		Petty Cash	Office Supplies	15.79
320	Office Supplies		Petty Cash	VHS tapes	5.68
320	Office Supplies		Petty Cash	Office Supplies	5.00
320	Office Supplies		Petty Cash	Notary Equipment	72.00
325	Printing		PhilaCor	Letterhead, Envelopes, Business Cards	730.50
427	Computer Equipment & Peripherals		Dell	Laptop	1,033.00
430	Furniture & Furnishings		PhilaCor	Office Furniture	4,885.00
	Total				13,567.91

Total FY09 Expenses = 749,181.80