



CITY OF ATLANTA

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MEMORANDUM

TO: Board of Ethics

FROM: Ginny Looney
Ethics Officer

RE: Final Report on 2005 Financial Disclosure Process

DATE: September 23, 2005

Recommendations

- 1. The Board of Ethics should require online filing of the 2006 Financial Disclosure Statement by all elected city officials and all city employees.**
- 2. The City Council should appropriate sufficient funds to enable additional improvements in the online financial disclosure statement and to enhance the public search function of the City's efilings system.**
- 3. The City's human resources information system, part of the new Oracle system now being implemented, should identify all city positions or employees required to file a financial disclosure statement each year.**

Progress in 2005

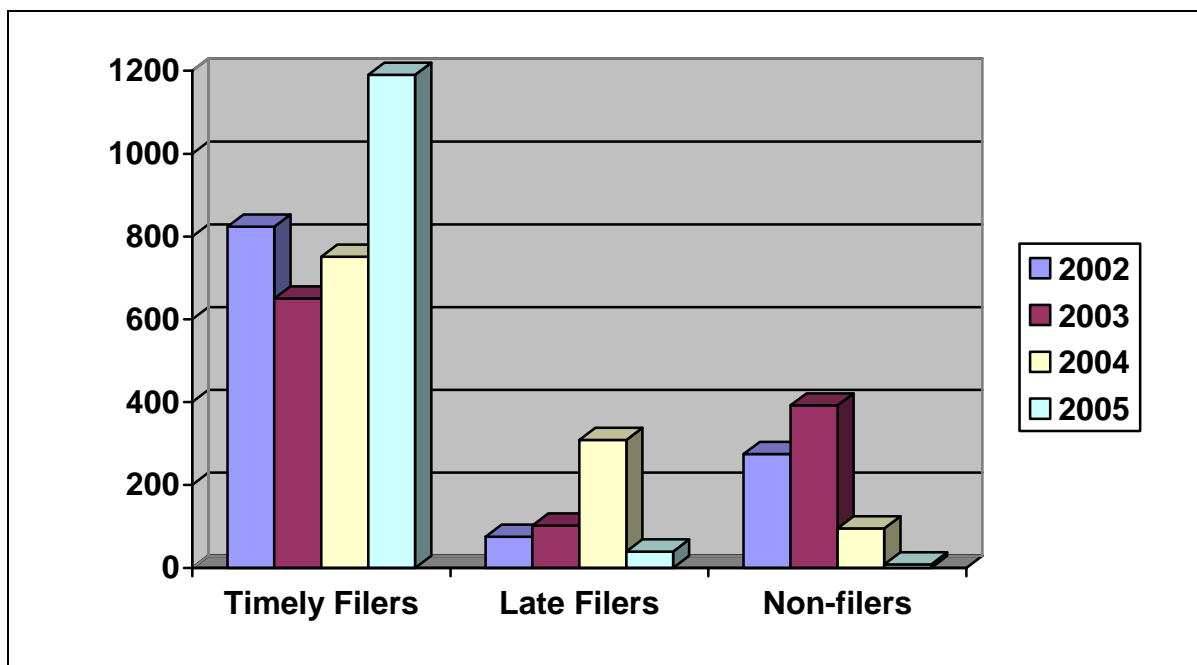
The City of Atlanta made significant progress this year in gaining compliance with the timely filing of city financial disclosure statements. The City increased its rate of timely filers to 96 percent in 2005, with the percentage of late filers reduced to three percent and non-filers reduced to less than one percent. Since the passage of the revised Code of Ethics in 2002, the overall filing rate has risen from 77 percent to 99 percent.

Numbers of filers by category in 2005

Total number of persons in database	1,241
Timely filers	1,190 (95.9%)
Reasonable cause filers	4 (0.3%)
Late filers	39 (3.1%)
Non-filers	8 (0.6%)

This success is due to several factors. In 2004, the Board of Ethics made clear that the filing requirement is a mandatory duty, not an optional one, and that it would impose penalties on persons who ignored their responsibility. This year, the Ethics Office reminded officials and employees in advance of the filing deadline in several ways, sending out three email notices, calling every board member without an email address, and mailing a letter to non-filers that the deadline was extended until March 1. This extension, which was granted due to problems with the e-filing registration system, meant that the 118 persons filing between February 16 and March 1 were counted as timely filers. Finally, city departments were far more involved this year in helping identify employees required to file and proactive in notifying these employees about their obligation.

Comparison of Disclosure Filings from 2002-2005



The purpose of the financial disclosure requirement is to permit the public to review the financial and personal interests of city officials and employees for actual and potential conflicts of interest. The disclosure requirement is judged by an objective standard, not a subjective one. This standard means that it is not the individual filer's choice to decide when he or she has a potential conflict that should be disclosed; rather, the filer is required to disclose all sources of employment to enable the public to review these income sources and independently determine whether there is a potential conflict. This year's experience shows that work still remains in getting fuller disclosure in the original filing by officials and employees.

If 2004 was the year to educate officials and employees on their duty to file, 2005 has been the year to educate them about their duty to make complete and accurate disclosure. With funds allocated in response to last year's report, the Ethics Office hired a temporary analyst who reviewed every statement and compared its answers to information publicly available about the filer in other documents. This review showed that

many current city employees reported no source of employment income, despite receiving a paycheck from the City, and that several board members did not disclose any source of income, although public documents showed that they operated their own businesses or worked for state universities, private corporations, and governmental agencies. Another common omission was the failure of filers to disclose property that they owned based on their erroneous assumption that they only needed to disclose commercial property. Due to the difficulty in determining when an omission was intentional, rather than inadvertent, the Ethics Office has chosen not to bring any enforcement action this year against persons for incomplete statements. Instead, the Ethics Office sent correction notices to approximately 250 filers and contacted nearly 300 persons to seek more information or require an amended filing. This effort should result in more complete disclosure next year.

Enforcement Actions

In regard to public disclosure, the Board of Ethics held six enforcement hearings in 2005; it issued three public reprimands, mailed 18 letters of reprimand, and fined 10 persons. Public reprimands were issued to former Planning and Community Development Commissioner Charles Graves and Department of Watershed Management employees Arkiethon Harden and Arthur Earley for their failure to timely file and failure to pay the fine imposed. The Board reprimanded eight former board members and employees for failing to file any statement and an additional ten current board members and NPU officers for filing late. Fines were imposed on current employees who filed late, and one former commissioner mailed a check, along with his late statement, paying his fine in full.

Penalty Imposed	Number
Public reprimands	3
Private reprimands	18
Fines	10

The appendices to this report list the persons who did not file a timely and complete statement. Appendix one lists the non-filers; appendix two lists the late filers and the punishment imposed by the Board; appendix three lists the incomplete filers; and appendix four lists the required filers with reasonable cause for filing late or not at all.

Every employee who attended a show cause hearing before the Board complained about their lack of notice of the filing requirement and their failure to receive a financial disclosure statement in January. To deal with these problems, the Ethics Office will post online a list of the employees and boards that are required to file a financial disclosure statement in 2006. In addition, every department needs to inform its new employees at the time of their hiring that they are required to file a financial disclosure statement. To assist in this effort, it is recommended that the City of Atlanta identify in its human resources information system, which is part of the new Oracle system now being implemented, all city job titles or employees who are required to file an annual financial disclosure statement.

City of Atlanta Efiling System

This year the city of Atlanta implemented an efiling system. In response, more than one-third of the required filers completed their form online. There were 437 online filers, 35 percent of all persons required to file. A breakdown in the registration system during the final days before the original deadline prevented many persons from filing

online. Because they were not able to obtain a password, they could not gain access to the efilng system and online form. Instead, many of these last-minute filers filed a paper form to meet the filing deadline.

When the efilng system worked, it was superior to paper filing. First, the online forms were more complete than the paper forms because the efilng system required an answer before the user could proceed to the next question. A review of follow-up calls shows that paper filers were 65 percent of the filers, but 82 percent of the filers who required a followup question or received a correction notice. Second, the online forms took far less time to review than the paper forms. An analyst spent 10 days reviewing the 435 online forms, compared to 40 days to review the 805 paper forms. Third, it took the Ethics Office staff 10 weeks to enter the data from the paper forms whereas the individual filer entered his or her own information into the online database when filling out the form online. Finally, online filing eliminated many incidental costs, such as paper, postage, and storage space, and saved staff time required to receive, copy, and organize the statements in two separate city offices. Because of these advantages in the efilng system, it is recommended that the Board of Ethics require all city employees and elected officials to file their statement online in 2006.

Since this year was the first one for the efilng system, there were some unanticipated problems. The wording of a few questions caused confusion; these questions need to be rephrased in next year's form. The public search function is simple, straightforward, and easy to use, but it needs enhancements to enable the public to review all of the information disclosed in the city forms and state campaign contribution disclosure reports. To improve the system, the Ethics Officer is seeking \$23,000 over the next two years to revise the online city financial disclosure form, enhance the public search function in the efilng system, and hire staff to review the filed statements for full disclosure.

In summary, the City of Atlanta is making progress in gaining compliance with the financial disclosure requirements, but required filers are not yet routinely making accurate and full disclosure of their financial and personal interests as required by law. To achieve this goal, the City needs to inform all affected officials and employees at the time of their hiring or appointment that they are required to file a city financial disclosure statement, require all city officials and employees to file online, and appropriate sufficient funds to upgrade the online forms and public search function in the efilng system.