

Part II

Summary of Video: Integrity and Ethics in the State Treasury Office

New Treasurers' Training

Presented by NAST – The National Association of State Treasurers

Date of Recording: December 12th, 2022

[View video here.](#) (1 hour)

Panelists:

- **Michael Frerichs**, Illinois State Treasurer (Current NAST President)
- **Young Boozer**, Alabama State Treasurer (Current Southern Regional VP)
- **Allison Ball**, Former Kentucky State Treasurer
- **Beth Pierce**, Former Vermont State Treasurer

Main Themes:

- **Importance of Ethics and Integrity:** Public service, especially in roles handling vast sums of taxpayer money, demands the highest ethical standards. Ethical lapses damage public trust and can have serious legal consequences.
- **Setting High Expectations:** New State Treasurers must establish a culture of integrity from day one, lead by example, and communicate clear expectations to their staff.
- **Understanding the Rules:** Treasurers must familiarize themselves with state ethics laws, election laws, government employee policies, and FOIA regulations to avoid potential violations.
- **Internal Controls and Procedures:** Robust internal controls and procedures, including those governing contracting and RFP processes, are crucial for safeguarding public funds and ensuring transparency.
- **Optics and Public Perception:** Even actions that are technically legal can damage a State Treasurer's reputation and erode public trust. Treasurers must be mindful of how their actions will be perceived and avoid even the appearance of impropriety.

Key Takeaways:

- Establishing a strong ethical culture is essential for the success of any State Treasury office.
- Knowing and following the rules is paramount, but Treasurers must also be mindful of optics and public perception.
- Robust internal controls, clear procedures, and open communication are vital for mitigating risk and maintaining public trust.
- NAST and other current State Treasurers can serve as valuable resources for guidance and support during your transition and term.

Action Items for New Treasurers:

- Review state ethics laws, election laws, government employee policies, and FOIA regulations.
- Establish clear ethical guidelines and expectations for your staff.
- Review existing internal controls and procedures, particularly those governing contracting and the RFP process.
- Develop a communication strategy to proactively address potential ethical concerns.

- Cultivate relationships with state and federal legislators and other key stakeholders.
- Utilize resources provided by NAST and reach out to experienced Treasurers for advice and support.

Key Quotes

Setting High Expectations:

- “Set high expectations and high goals for yourself.” – Treasurer Boozer
- “The very first hire that you make needs to be a general counsel.” – Treasurer Ball
- “Be intentional about your hiring. Set high standards.” - Treasurer Ball
- “Be your own advocate. Be active, visible, and real.” – Treasurer Boozer
- “Create a culture where you're empowering people.” – Treasurer Ball
- “Be a public servant, not a politician.” - Treasurer Boozer

Internal Controls & Risk Management:

- “Hire your deputy and make sure the deputy has the same value system that you're looking for. The next hire should be an internal auditor manager.” – Treasurer Pierce
- “Review your checks and balances and controls.” – Treasurer Pierce
- “Identify the processes that need improvements and move forward. If you trust people with their money, they will trust you.” – Treasurer Pierce
- “Know what the risks are associated with what you're doing.” - Treasurer Pierce

Optics & Public Perception:

- “It isn't always about what's legal or ethical. You have to consider how it will be perceived.” – Treasurer Frerichs
- “Consider public perception...it can be different based on what kind of (previous) scandals you've had (in your state), what kind of things the media have gone after.” – Treasurer Frerichs
- “Think before you write something down. All those documents that you create may be subject to FOIA or subpoena.” - Treasurer Frerichs
- “If you can't defend it, you probably don't want it to be there.” – Treasurer Frerichs

FOIA and Open Records Requests:

- “Be careful about what you put in writing. Make sure everybody on your staff is careful about that.” – Treasurer Ball
- “Have procedures in place that clearly help streamline the process and get that information out to folks.” – Treasurer Pierce
- “Make sure that you don't have jokes in there that are going to...make you look like you're unserious.” – Treasurer Ball
- “The E in email stands for eternal. They don't go away.” – Treasurer Frerichs

Contracting and RFP Processes:

- "Know the rules regarding communication and meetings with vendors, and prohibitions on gifts." – Treasurer Ball
- "Go the extra mile to avoid that appearance [of conflict]." – Treasurer Ball
- "Be overly cautious if it looks like there could be an appearance of a conflict, even if there isn't one." – Treasurer Ball

NOTE: NoteBookLM was used to summarize the audio file of this webinar prior to being reviewed/edited by NAST staff for content and clarity.