

NORTH CAROLINA
DEPARTMENT OF STATE TREASURER



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Module 8: Ethics & Conflicts of Interest



Disclaimer

Please note that neither the Local Government Commission (LGC) nor the State and Local Government Finance Division (SLGFD) play any role in implementing, enforcing, or interpreting North Carolina ethics laws and guidelines applicable to local elected officials.

This brief module is provided purely to inform local governing board members of their basic responsibilities in the areas of ethics and conflicts of interest. It is not meant to be an exhaustive guide, an authoritative source, or legal advice.

Please see the resources at the end of the module for additional information, and contact the appropriate organization or authority for guidance related to specific questions/concerns.



Ethics Requirements for Local Governing Boards

North Carolina law requires all governing boards to:

- Adopt a code of ethics.^[1]
- Receive ethics training within 12 months of being elected or reelected to office.^[2]



Elected officials **set the tone** for the organization by carefully adhering to standards of ethical behavior, avoiding impropriety in the exercise of official duties.

^[1][G.S. 160A-86](#) ^[2][G.S. 160A-87](#)



Principles of Ethical Conduct

- **Honesty and Integrity** - Board members should foster public trust in the board among the community by acting responsibly and transparently.
- **Impartiality and Respect** - All issues and all citizens should be handled with fairness, impartiality and respect.





Principles of Ethical Conduct

- **Fair and Equitable Treatment** - Board members should never act in a way that would result in unfair or preferential treatment.
- **Effort** - Board members have an obligation to faithfully perform their duties.
- **Accountability** - Board members should accept responsibility for upholding their code of ethics.





Conflicts of Interest

- A **conflict of interest** is a situation in which a person stands to receive a personal benefit from actions or decisions they make in an official capacity.
- Public officials may not, for example:
 - Receive direct benefits from public contracts that they are involved in making or administering.^[3]
 - Use confidential information for personal financial gain.^[4]



Governing boards should understand and comply with state restrictions on accepting gifts or favors from contractors and suppliers.^[5]

These are just a few examples of restricted conduct. See the resources on the next slide for more information, and remember to participate in required ethics training.

^[3][G.S. 14-234](#) ^[4][G.S. 14-234.1](#) ^[5][G.S. 133-32](#)



Resources

- [Ethics for Local Government Officials \(UNC School of Government\)](#)
- [County and Municipal Government in North Carolina, Chapter 7: Ethics and Conflicts of Interest \(UNC School of Government\)](#)
- [Ethics for Elected Officials training course \(UNC School of Government\)](#)
- [Ethics & Conflicts blog posts \(UNC School of Government\)](#)



Resources



- UNC School of Government
 - NC Finance Connect
 - Finance Calendar of Duties
 - NC Local Government Finance 101
 - NC League of Municipalities
 - North Carolina Association of County Commissioners
 - Government Finance Officers Association - Best Practices & Resources
- **Contact LGC Staff:** (919) 814-4300
 - **Visit the LGC Website**
 - **Sign up for the LGC Staff Blog**
 - **Stay up to date with SLGFD Memos**



Quiz: Module 8

1. North Carolina law requires all elected officials to receive ethics training within how many months of being elected or reelected?
2. What is a situation called in which a person stands to receive a personal benefit from actions or decisions they make in an official capacity?
3. What kind of information should public officials avoid using for their own financial gain?

