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What is CAPI?
CAPI is a nonprofit resource center dedicated to improving the capacity of public offices, practitioners, policymakers, and engaged citizens to deter and combat corruption. Established as partnership between the New York City Department of Investigation and Columbia Law School in 2013, CAPI is unique in its city-level focus and emphasis on practical lessons and tools.

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Fighting “Small Town” Corruption
How to Obtain Accountability, Oversight, and Transparency

Small municipalities have been the subject of numerous corruption scandals. Events such as those in Bell, California and Crystal City, Texas are just two of many small cities to have made their way into the national spotlight after suffering at the hands of seriously corrupt leadership. While news headlines often focus on issues of corruption within state or federal governments, the effects of corruption within local municipalities is equally problematic. First, there are many thousands of small cities and towns in the United States, depending on one’s definition. And these governments receive and spend billions of dollars in public funds. For obvious reasons, however, small cities and towns typically operate with few employees, and have limited resources to expend on non-essential personnel and programs.

This means that the very nature of small municipalities makes them susceptible to corruption, because their small size and workforce do not allow for the kind of oversight and enforcement mechanisms that larger cities, state governments, and the federal government can employ. Nor can small towns usually count on oversight from county-level or state oversight mechanisms, at least absent a specific complaint about egregious conduct that is deemed important enough for higher-level officials to pursue.

Given these limitations, what can small towns and smaller cities do to ensure that their public officials are operating with integrity? In this Practitioner Toolkit, CAPI explores ways in which small governments can work towards the three pillars of governmental integrity: accountability, oversight, and transparency, even with their inherent budget constraints.

Instituting Accountability at the Local Level

Public servants within local government – like officials at all levels of government -- must be accountable for their actions to their constituents. The keys to instituting accountability are: (1) establishing a culture of integrity; (2) setting rules and regulations to ensure that public officials are held to high standards, and (3) enforcing those rules. In some ways, ensuring accountability is not appreciably more difficult for small governments than it is for bigger ones, because any government is capable of emphasizing a culture of integrity and setting strong rules. The challenge for smaller governments, as discussed further below, is in backing up these steps with an appropriately robust enforcement mechanism.

The first step towards establishing accountability is the enactment of a comprehensive and easily understood ethics code. Ethics codes are vital because, when well drafted, they provide clear guidance to public servants, the majority of whom are honest people who want to behave with integrity. Mark Davies, the former Executive Director and Counsel of the New York City Conflicts of Interest Board and a leading expert in this field, has created a model ethics code well worth emulating. It can be found in a book, Municipal Ethics in New York: A Primer for Attorneys and Public Officials, which was published in 2016 by the New York State Bar Association. The book is an excellent

Appendices:

Appendix 1:
City Ethics Manual for Local Government Ethics Programs

Appendix 2:
United Nations Office for Drug Control and Crime Prevention Anti-Corruption Tool Kit

Appendix 3:
New York City Local Law No. 33 – Whistleblower Protections

Appendix 4:
CAPI Issue Brief – Ingredients for an Effective Public Ethics Training Program
resource for municipalities around the country grappling with how to enforce integrity. Other resources, which
discuss ethics codes as well as many other topics related to local government ethics, can be found in Appendices 1-4.

**Ethics Code: Mandatory Principles and Provisions**

While ethics codes may slightly vary to take into account a city’s unique structure of government and other individualized factors, there are certain important principles and provisions that should be present in all codes. Again, please see the sample ethics code in *Municipal Ethics in New York: A Primer for Attorneys and Public Officials* for examples of mandatory provisions.

An ethics code should:

- Avoid legalistic language and be easily digestible by the public.
- Uniformly apply to all public officials – this includes elected officials, all city employees, appointed officials, and any other government held position. This should also include citizens serving on any commissions or boards, when they are acting in their official capacities.
- Be readily available to the public.
- Include comprehensive conflict of interest provisions which prohibits certain relationships while mandating disclosure.
- Cover corruption, abuse, fraud, bribery, other violations of the law, and non-criminal conduct which violates the code’s conflict of interest provisions.
- Include an affirmative obligation to report suspected violations which affirmative obligation has its own enforcement mechanism.
- Have an independent enforcement mechanism for any violation.
- Contain adequate whistleblower protection for those who report violations.
- Cover the inducement of violations by private citizens.

**Avoiding Legalistic Language and Making the Code Easily Digestible**

An ethics code should be easily understood by all readers, so that the code’s requirements can be more easily adhered to. CAPI also recommends creating a short synopsis of the code’s most important provisions (on one page if at all possible). This will help members of the public, who might not have the time or inclination to read the full ethics code, as well as serve as a reminder for public officials of the code’s most important provisions. CAPI recommends that the synopsis be distributed and posted in high-traffic areas such as on the city’s website and in places like city hall.

**Uniformity in Application**

Local governments should strive to create one code for all public officials and employees, as well as citizens serving as commissioners or board members for the city, to the extent they are acting in their official capacities. Creating too many different sources of laws and regulations will make it difficult to determine what provisions exist and which ones apply to which groups.

**Comprehensive Conflict of Interest Provisions**

Having adequate conflict of interest provisions is essential to a successful ethics code. While there are many obviously criminal actions which should be prohibited by the ethics code, there are also non-criminal actions which are ethically suspect and should be included. Conflict of interest provisions often fall into this category. Conflict of interest provisions should include prohibitions on taking actions that benefit the official’s household or family members, business clients, debtors, or political donors. The code should contain a recusal provision, a ban on gifts
from people seeking a benefit from the government, a ban on gratuities, and a nondisclosure provision with respect to confidential government information.

**Affirmative Obligation to Report Suspected Violations**
The code should include an affirmative obligation to report suspected violations of the ethics code and the law.

**Penalties for Violation of the Code**
The code should include penalties for violating the code’s provisions, and must have some sort of enforcement mechanism, to be described further below. Penalties for violation of the code should vary, depending on the violation, but should be clearly and publicly defined.

**Adequate Whistleblower Protections**
An ethics program will be ineffective if officials and employees do not feel they can report ethical conduct because they are concerned about retaliation or harassment. Whistleblowers should be protected by law. The City of New York’s whistleblower protection statute can be found [here](#) and is reproduced in Appendix 3.

**Inducement of Violations of the Code**
Private actors such as contractors, firms, and citizens can play a large part in ethical violations, because they are often the ones offering bribes, improper gifts, gratuities, and the like. Accordingly, the code should include a provision prohibiting individuals from inducing a violation of the ethics code, so that this unethical conduct does not go unpunished.

**Ethics Code: Optional Provisions**
What follows are some optional provisions that can be considered when assembling an ethics code. These provisions may be desirable depending on your circumstances, but are not as important as those above. Some of the factors that may inform whether such provisions would be helpful are the municipality’s size, and past history of ethical problems. The sample ethics code in *Municipal Ethics in New York: A Primer for Attorneys and Public Officials* contains numerous optional provisions of the sort described below. Examples of these provisions include the following:

**Prohibited Positions and Ownership**
Sometimes a municipality will want to prevent its officials and employees from occupying certain positions other than their government positions. This may be particularly relevant where a government official is part-time. Prohibiting officials from taking certain jobs may avoid actual conflicts of interest, as well as an appearance of impropriety. The sorts of outside employment that a city should consider prohibiting is any sort of job for an entity that is doing or seeking business with the city.

**Lawyers and Experts**
A municipality may wish to prohibit officials and employees from being lawyers or experts in any lawsuit against the municipality’s interest.

**Political Party Positions**
A city may wish to prohibit certain officials and employees from asking for political contributions, and to prohibit certain officials from holding a political party office.
Definitions and Exclusions
For purposes of clarity, definitions and exclusions should appear in their own section, separate from the body of the code of ethics.

Ethics Code: Training
Formulating an appropriate ethics code is only the first step in instituting appropriate accountability measures. To be successful, thorough and regular employee training on the code must occur. City attorneys or other relevant officials should work to create a training program designed to cover the ethics code and any other necessary materials to inform officials and employees of the key provisions. For tips on how to develop an excellent municipal ethics training program, please see CAPI's Ingredients for an Effective Public Ethics Program, also reproduced as Appendix 4.

Oversight
The biggest challenge for smaller cities and towns looking to instill effective corruption control is oversight. A dedicated government of any size can create a strong ethics code, and, particularly with the tools now available, meaningful transparency is also becoming much more attainable. Oversight, on the other hand, requires resources.

Notwithstanding this challenge, there are a number of options available for localities which are serious about anti-corruption oversight. Each has its own benefits and costs, and each city or town will have to consider what option will work best for its particular circumstances. One common feature of these methods is that oversight is generally independent from the government officials with spending power. A system with this feature can both ensure effective oversight and can help to gain the public’s trust in governmental integrity.

Ethics Officer
Some municipalities have appointed an ethics officer. Ideally, the ethics officer would report to an independent ethics commission (see below). The ethics officer should be independent, and ideally will hold no other city position, even if the employment is only part-time. Conflicts of interest may arise when one city official is charged with overseeing another on ethics issues, so this should be avoided if possible. At a minimum, if the city must appoint someone who already has a city position, the ethics officer should have no other city position that involves program administration or the collection or distribution of money. The ethics officer oversees city officials, management, and staff with respect to any ethical issues that arise, and is responsible for encouraging compliance and coordinating ethics training.

Ethics officers also will investigate reports of ethics violations. If there is an ethics board or commission, the ethics officer would refer the matter to the board or commission after making his/her findings, either with or without a recommendation for future action.

One city that utilizes an ethics officer is Tallahassee, Florida. Tallahassee also posts reports of complaints made to its ethics hotline, as well as the outcomes of any investigations and the results of referrals to the ethics commission. Another entity is DeKalb County, Georgia.

Some jurisdictions have an independent ethics officer report to a city manager or other city official or officials, rather than a commission or board. The benefits of utilizing a board or commission are discussed below, but smaller cities might utilize this approach if budgetary concerns prevent the establishment of an independent
commission. In such a case, it is paramount that the ethics officer’s findings and any recommendations are ultimately publicly reported to ensure that the findings were independent from any influence from city officials.

**Ethics Commission**

An ethics commission or board is an independent body which is designed to enforce a government’s ethics programs, including violations of the ethics code and other applicable regulations. A commission can work with or without an ethics officer.

There are different varieties of ethics commissions. For example, see Tallahassee, Anchorage, Minneapolis, Jacksonville, and Philadelphia. Ethics commissions are currently more common in larger cities, but some smaller cities and counties are going down this path. See, for example, Kent County, Queen Ann’s County, and Calvert County, all in Maryland, Reading, Pennsylvania, and numerous small cities and counties in Washington State (see Bainbridge Island, Bremerton, Edmonds, Fircrest, Grandview, Chelan County, Clallam County, Cowlitz County, and Douglas County).

Ethics commissions or boards can advise and make recommendations to city employees, officials, and the public regarding conflicts of interests, acceptance of gifts, and the use of city resources. A commission enforces the ethics law by imposing fines and recommending other discipline for violations. It also plays a role in educating city officers and employees on performing their duties in an ethical manner. A commission can also administer and enforce the city’s lobbying laws and the financial disclosure requirements for city officials, although the more administrative and training duties the commission has, the more likely it is that the commission will need at least one staff member.

Ethics commissions are typically made up of appointed officials who are in office for a predetermined term. Often commissioners are chosen by the mayor, the city manager, the city council, or some combination thereof. Some cities have the mayor or city manager nominate members and have the city council confirm the appointments.

Sometimes the ethics commission will directly receive complaints and conduct investigations, but usually the commission’s purpose is to hear the findings of an investigation and determine whether there is a violation and what the appropriate punishment should be. Cities should make all ethics commission decisions public and post them on the city website.

For example, reports from Atlanta’s board of ethics can be found online. Some cities, such as Minneapolis, also provide annual reports.

In some larger cities, ethics commissioners draw a salary, but in most smaller cities and counties ethics commissioners do not receive a fixed salary and are considered to be volunteers. As mentioned above, though, if there is no ethics officer and the commission is expected to take complaints and investigate, the commission will likely need at least one staff person. In addition, commissioners may require some funding for travel and other reimbursements.

**Compliance Officer**

Compliance officers are responsible for ensuring that the city meets specific regulatory objectives – like those regarding food safety, or the environment -- rather than trying to ensure ethical behavior overall. They are akin to a compliance officer within a corporation. While similar to ethics officers in some respects, both the structure and substance of oversight differ under this scenario. A compliance officer typically works for a city manager or other relevant city officials; he or she thus lacks the independence of an ethics officer. And typically compliance officers do not advise an independent board. This means that while they do not accept all ethical complaints and work towards ethical government in a broad sense, compliance officers can audit the functions relevant to their focus and
carry out certain recommendations themselves, or in collaboration with the city manager, city council, or mayor. Compliance officers also typically do not conduct ethics training or advise officials on ethical issues apart from their regulatory focus.

Rather than creating a single compliance officer position, cities sometimes create the position to enforce particular regulations that are deemed important. For example, Middletown, Connecticut has a compliance officer position specifically to ensure compliance with the Americans with Disabilities Act.

However, some cities have gone beyond this narrow focus and have recently created compliance officer positions with a focus on ensuring compliance with a city’s ethics code. In these cases, the position includes some of the duties of an ethics officer, but with the reporting structure of a compliance officer (lacking the independence typically given an ethics officer). Gresham, Oregon, a suburb of Portland, adopted this approach after it was determined there had been an electoral error made in creating an independent city auditor position. Sarasota County, Florida is an example of a county that has a compliance officer whose job includes ethics compliance.

**Anti-Corruption Committee**
Another approach is to provide oversight through current employees, but in a committee structure to minimize the likelihood that corruption will occur in the oversight process. Because the members of the committee would not be independent of the municipality, it is not an ideal solution, but it does permit oversight without hiring any additional employees, so is helpful in terms of saving resources. One possible structure would be to create a committee of three of the following: the city manager or head city administrator, the chief of police, the city attorney, and the head of human resources. The committee would take complaints concerning violations of the ethics code and other ethical violations, would investigate the matter itself (unless the matter was likely criminal, in which case the matter would be turned over to the police immediately), and would report the result of the investigation to the city council, the city attorney, and the city manager, along with any other relevant agency head. This approach would work only for affirmative complaints, however, and would not be a way to ensure proactive corruption control, or the prevention of waste of city resources.

**Regional Ethics Bodies**
Regional ethics bodies can be a cost effective way to ensure appropriate oversight, whether at the county level or by grouping cities or counties together. They operate like an ethics commission in a single city, except that a regional ethics body will have to oversee multiple cities or counties and its costs would be shared among the governments it oversees.

At least one area has adopted this approach. The Shared Ethics Advisory Commission was founded in 2005 in Northwest Indiana. It consists of 7 cities, 13 towns, and 3 counties. There is a uniform code of ethics and values that governs each municipality, and the Commission itself consists of one volunteer member from each of the member governments. Each member government is expected to make a contribution to a shared ethics initiative fund for the purposes of acquiring supplies and services including the training that the commission provides to its member municipalities.

**Local Inspectors General**
Inspectors General are independent officials employed by the city or county whose job it is to identify waste, fraud, and governmental wrongdoing by conducting and supervising investigations relating to programs and operations of the government. While auditors are typically accountants, inspectors general often come from law enforcement. They receive complaints from officials, employees, and residents, and refer any cases dealing with criminal conduct to the proper law enforcement authorities. They typically refer violations of city regulations to the City Council or other appropriate body for appropriate action. Typically, Inspectors General can be found in larger cities and urban
counties because an Inspector General will need at least a small staff, so setting up that office tends to be more resource intensive.

Some academic literature suggests that instituting inspectors general at a municipal level would not only further a commitment to ethical government but also would be cost-effective. However, cost savings would not be apparent until the Inspector General’s work got underway and had time to develop, and there are municipalities so small that the initial costs are prohibitive in and of themselves. That said, some localities have avoided some of the pain of an up-front investment by creating a funding mechanism, like Miami-Dade County’s allocation of a percentage of a fee on construction contracts to the IG office.

Some small localities have successfully established Inspector General offices. Mount Vernon, a small city in NY, has established its own inspector general position, although it is unclear how active the office is. Yonkers, another New York city, and counties, such as Mercer County in New Jersey have formed inspector general positions.

Perhaps the Inspector General position has the most in common with that of an Ombudsman, although Ombudsmen are much more prevalent. The difference is that Ombudsmen typically accept citizen complaints about a wide range of governmental matters, not just fraud, corruption, and waste, and they tend to work as mediators as much as investigators to resolve complaints in a manner acceptable to all parties.

City Auditor
An auditor is often a non-government employee contracted to audit a city’s finances pursuant to generally accepted professional standards. They provide assessments as to whether public resources are managed responsibly and effectively, but tend not to accept and investigate complaints, and do not deal with alleged violations of an ethics code that are not related to financial issues. Thus, a city auditor’s scope of work is narrower. For cities which are primarily concerned with their expenses and finances, this may be a cost-effective way to oversee the integrity of public resources, as long as two conditions are met. First, ideally the audits should encompass not just financial audits but performance audits (i.e. the auditor should look at the city’s “books” and also delve into the operations of the agencies to see whether improvements can be made), in which case the auditor also serves a sort of consultant function. Second, the auditor should be carefully chosen through a competitive process and should be changed periodically on a set schedule (i.e. every 3 years).

Cities can also choose to hire an in-house city auditor. This may be more expensive, but there are some benefits to that course. Specifically, a city-employed auditor may be more likely to conduct competent performance audits with inside knowledge of the government. Scottsdale, Arizona and New Bedford, Massachusetts are examples of smaller cities that have adopted a city auditor position in-house.

Less Formal Control Measures
In addition to the above, there are other measures that very small cities and towns can take to improve their ability to identify and prevent fraud. One of these is the cross-training of city employees. Often in a very small municipality, there is only one person who performs a particular function. For example, there may be one person who handles the city’s accounts payable. This is a fraud risk in and of itself, if no one else is routinely overseeing this work and the city does not publish its accounts payable for public consumption. Moreover, when one person is responsible for a specific function, it is frequently the case that when that person is away on vacation for a week or two, no one else steps in to do that job during that time. This is another problem, because even if bills do not need to be paid while the person is gone, this is a missed opportunity to have a pair of fresh eyes on accounts payable, to make sure that this job is being done competently and honestly.

To fix these problems, Doug Willmore, the current City Manager of Rancho Palos Verdes, California, and the former City Manager of Bell, California who got Bell back on track after its major corruption scandal, recommends
cross-training employees. Cross-training employees on different jobs means that there will always be more than one person who can perform a particular task, and allows the second person to step in when the first employee is on vacation or leave to provide a check on the competence and honesty of the way the first employee is doing that job. With respect to accounts payable, having a second person check over the books will minimize a city’s embezzlement risk. Having more than one person open and log in the mail is another inexpensive common sense measure to add oversight to city processes.

### Transparency

The final component of a meaningful integrity system is transparency. Generally speaking, corruption is less likely when citizens are informed about government activities. Transparency in government spending creates more watchdogs to help cities root out corruption, waste, and mismanagement. Transparency initiatives also tend to increase citizen involvement with government, as the public can see how government is trying to work for their benefit.

In terms of transparency of government processes, cities should strive to make as much information as possible available over the internet. Traditionally, city council meetings that are open to the public provided an opportunity for citizens to get involved with and to stay informed about government matters. With the technological advances available today, however, cities should attempt to provide online streaming of meetings, and should make all non-confidential documents available on the city’s website, so that even very busy citizens can easily keep track of what the government is doing.

Recently, mobile internet use has surpassed internet use on desktops and laptops. It is important to post and update relevant documents on the city website, but cities should also make sure that such information is accessible on smartphones as well as traditional computers.

### Information to be Included

Sunshine Review (recently acquired by Ballotpedia) created a 10-point transparency checklist for items that should be included in a city’s website. They are:

- Budgets
- Open meetings; minutes of past meetings; meeting agendas
- List of elected officials and their contact information
- List of administrative officials and their contact information
- Information about building permits, licenses, and zoning, and applications for permits
- Audit reports
- Contracts with the city, and rules governing such contracts
- Lobbying regulations
- Public records
- Tax information

### Budgets

The website should include the current budget, and ideally some previous budgets so that citizens can understand trends in local government spending over time. Credit card receipts and the checkbook register should also be posted to allow citizens to follow the spending habits of their government.
Open Meeting Information
The website should include minutes of all past meetings and information detailing when and where future public meetings will take place so citizens can attend them. Attending these meetings is one method for citizens to engage their representatives so it is important this information is available in advance. Governments also should post minutes and agendas after each meeting to ensure that everyone is adequately informed about what took place; ideally the meetings should be streamed and/or recorded and posted later so that citizens can watch the meetings even if they were unable to attend.

Elected and Administrative Officials
The website should include the names and contact information — including email addresses — of elected and administrative officials to try to encourage citizen engagement and responsive government.

Permits, Licensing, and Zoning
All permit, license, and zoning applications should be made available for downloading online, to streamline the process. Citizens who submit applications should be able to track the progress of their application online.

Audits
The website should also include information from audits. This should include: report results, audit schedules, and performance audits for government programs. This will allow citizens to examine how specific agencies and programs are functioning. While a budget provides the big picture, audit reports provide information on specific aspects of government performance.

Contracts
The website should include all of the rules which governs government contracts. Ideally, the website will also provide information about bids for all city projects and procurement, so that the bidding and implementation processes are fair and transparent.

Public Records
The website should ensure that citizens can easily submit open records requests. It should include the contact information for those who are in charge of fulfilling those requests. The website should also disclose tax information where possible.

Examples of Internet Success
Comprehensive websites of the kind described above are not out of reach, even for small municipalities. For example, in Bell, the Sunlight Foundation worked with the local government after their corruption scandal to enhance its website. Governments can proactively seek out and achieve reforms by collaborating with such organizations to achieve online transparency.

Other examples include Providence, R.I., which utilized a software program to allow the city to upload digital audio recordings of their council meetings, which are accessible from both computers and mobile devices. In Atlas Township, Mich., they have been using a legislative management solution that assembles and emails information packets to members of the board of trustees before meetings and post minutes. Citizens can view those packets, resolutions, contracts, and other documents through the website. According to Township Clerk Tere Onica, citizens often use this information to contact elected officials about agenda items before meetings begin.

The city of San Carlos, California is using a “listserv” service called “e-Notify.” This allows residents to sign up for emails providing information about city events, council meetings, and other relevant happenings.
Additional Internet Measures

While creating a website is a must for effective transparency, there are other tools available for municipalities that either help cities go above and beyond, or help them implement their transparency measures more easily. Various companies exist to enable online engagement between citizens and municipalities. Doug Willmore, the City Manager of Rancho Palos Verdes in California, reports that many smaller municipalities use opengov.com, a platform to help cities organize their governmental information and provide it to citizens in a streamlined fashion. Opengov allows the public to make comments and suggestions, which provides feedback to the city to make improvements in the way it governs and communicates with its citizens. Open Town Hall from Peak Democracy is another website which provides services to municipalities. It provides a platform for citizens to engage elected officials. Some cities have developed an app in addition to having a mobile platform. Seattle has a My Neighborhood Map, which allows citizens to find various services and look at 911 incident reports.

Another free tool available to any government is social media. Governments can easily create Facebook, Twitter, and Instagram accounts to keep citizens informed and to advertise events. There are also various apps, like Buffer and HootSuite, to help local governments send tweets.

Conclusion

Those interested in instituting ethics reform in their municipality will need to make convincing arguments that reform is worth the resources. Luckily, instituting a strong ethics code and setting up transparency measures and a user-friendly website do not require big expenditures. But proper oversight costs money. This is why meaningful reform is often seen only after a major scandal has hit a city.

The best argument probably is that oversight saves a city money in the long run. As David Eichenthal, Managing Director of PFM’s Management and Budget Consulting practice and former Director of Performance Review for Chattanooga, put it, “The most successful argument typically is an economic or fiscal case. That tends to carry the day.”

Corruption can result in severe economic losses for local governments. In Bell, the city lost over 5.5 million dollars in its corruption scandal, and barely escaped bankruptcy. Bell isn’t alone. Studies have shown that crimes committed by elected officials cost taxpayers significant sums of money. One study, in particular, determined that if states with higher than normal corruption had only the average amount of corruption, they would have spent 5.2% less over the course of 10 years. This came to an average of $1,308 per person.

While economic arguments may be the most convincing, efficacy of government is another reason to institute proper oversight. Moreover, corruption or the perception of a corrupt government will undermine its legitimacy with constituents, leading to less citizen involvement. While the political will to address reforms often is highest after a scandal emerges, cities can and should try to avoid the costly effects of such scandals by addressing reforms ahead of time.
Endnotes


