

SERS Board Governance Policy Manual

Standards of Conduct

EXHIBIT F

Commonwealth of Pennsylvania Financial Disclosure Policy

SERS Board Governance Policy Manual

Policy Name: Board Financial Disclosure Policy
Policy Number: 2023-POL-BD-01
Effective Date: September 26, 2023
Reviewed Date: September 19, 2023
Applies To: SERS Board Members and Board Member Designees
Responsible Office: SERS-Human Resources Office (“SERS-HR”)
Contact Person: HR Director

I. Purpose

The purpose of this policy is to establish policy, responsibilities, and procedures for implementing financial disclosure requirements for Board Members and Board Member Designees consistent with law and commonwealth policy and processes.

This board governance policy is not intended to modify or supersede law or applicable commonwealth policy or processes. Where any conflicts may exist between this board governance policy and law or applicable commonwealth policy or processes, the law, commonwealth policy or process provisions shall prevail.

This policy replaces:

- 2014 POL-HR-05, Financial Disclosure Policy
SERS Board Governance Policy Manual, Standards of Conduct, Exhibit F
- HR-GAA-01, Financial Disclosure Filing Process
SERS Board Governance Policy Manual, Standards of Conduct, Exhibit G

II. Definitions

- **Public Official, Code of Conduct:** Chairpersons and members of compensated boards and commissions under the Governor’s jurisdiction. See Executive Order 1980-18, Part II, 1.d., Code of Conduct
- **Public Official, Ethics Act:** Any person elected by the public or elected or appointed by a governmental body or an appointed official in the executive, legislative or judicial branch of this Commonwealth or any political subdivision thereof, provided that it shall not include members of advisory boards that have no authority to expend public funds other than reimbursement for personal expense or to otherwise exercise the power of the State or any political subdivision thereof. See 65 Pa. C.S. § 1102, Public Official and Employee Ethics Act

SERS Board Governance Policy Manual

III. Policy Statement

Board Members and Board Member Designees shall comply with financial disclosure requirements detailed in applicable law and commonwealth policy consistent with their role on the State Employees' Retirement Board ("Board").

There are two separate and distinct financial disclosure filing requirements pursuant to the provisions of the Public Official and Employee Ethics Act, 65 Pa. C.S. §§ 1101 *et seq.* ("Ethics Act") and provisions of Executive Order 1980-18, Governor's Code of Conduct ("Code of Conduct").

All Board Members and Board Member Designees are considered to be Public Officials under the Ethics Act.

All Governor-appointed Board Members are considered to be Public Officials under the Code of Conduct. The Board is considered a compensated board for the purposes of financial disclosure although not all Board Members may receive remuneration.

Retirement Code, 71 Pa. C.S. § 5901(d)

***Compensation and expenses.**--The members of the board who are members of the system or participants in the plan shall serve without compensation but shall not suffer loss of salary or wages through serving on the board. The members of the board who are not members of the system or participants in the plan shall receive \$100 per day when attending meetings and all board members shall be reimbursed for any necessary expenses. However, when the duties of the board as mandated are not executed, no compensation or reimbursement for expenses of board members shall be paid or payable during the period in which such duties are not executed.*

A. Financial Disclosure Forms

Financial disclosure forms filed under provisions of the Ethics Act shall be completed through use of the *State Ethics Commission Statement of Financial Interests* (SEC-1) form, or such other form that may be prescribed by the State Ethics Commission in the future. The form may be completed through an online filing application, if available, such as the State Ethics Commission's Web SFI, or the commonwealth's financial disclosure website for employees under the Governor's jurisdiction.

SERS Board Governance Policy Manual

Financial disclosure forms filed under provisions of the Code of Conduct shall be completed through use of the *Code of Conduct Statement of Financial Interest* (STD-323) form, or such other form that may be promulgated by the Secretary of Administration in the future. The form may be completed through an online filing application, if available, such as the commonwealth's financial disclosure website for employees under the Governor's jurisdiction.

Board Members and Board Member Designees may have multiple filing requirements based on the positions held. All filing obligations may be met by disclosing all positions with a filing requirement on the appropriate form as long as the filing is then submitted to each respective entity.

B. Financial Disclosure Content

It is the responsibility of each individual Board Member and Board Member Designee to ensure that the information contained within the financial disclosure filing is accurate and complete in accordance with the Ethics Act and the Code of Conduct, if applicable.

SERS-Chief Counsel's Office is responsible for providing legal interpretation.

An internal review of each filing will be completed by:

1. SERS-HR for completion of required fields (HR reviewer)
2. SERS-Chief Counsel's Office for conflicts of interest (legal reviewer)
3. SERS' Chief Compliance Officer for conflicts of interest and other compliance considerations (compliance reviewer).

For so long as the Chief Compliance Officer is filled by an attorney and administratively housed in SERS-Chief Counsel's Office, the position shall be responsible for providing legal interpretations as well as serving in a dual role as both the legal and compliance reviewer.

C. Financial Disclosure Filing Timeframes

Consistent with the Ethics Act, Board Members and Board Member Designees shall file financial disclosure forms with SERS for the preceding calendar year no later than May 1 of each year the position is held and the year after leaving such position.

Consistent with the Governor's Code of Conduct, Governor-appointed Board Members shall file financial disclosure forms with SERS for the preceding year within 30 days of appointment to the Board and in subsequent years no later than May 1 of each year the position is held.

SERS Board Governance Policy Manual

D. Consequences

The State Ethics Commission may investigate a violation of the Ethics Act within five years of its occurrence. The occurrence transpires when an act is complete or requires no further action. Penalties for violations of the Ethics Act are detailed within the Act. Additionally, from the State Ethics Commission's frequently asked questions ("FAQ") website page:

Although violations of the Ethics Act may be charged as a criminal violation of law, only the District Attorney or Attorney General may file criminal violations of the Ethics Act. The Commission is empowered to find administrative violations of the Ethics Act, order restitution and treble penalties, and can recommend or refer any matter for prosecution by law enforcement. The Ethics Act does not provide authority for the Commission to remove an individual from their office or employment – even after a finding of a violation of the Ethics Act.

The State Ethics Commission has held that "remedial measures," such as to rescind a prior vote, DO NOT "undo" or negate a violation if such has occurred, but may be considered as mitigating circumstances when the Commission considers the imposition of an appropriate penalty or referral for criminal prosecution.

Per the Code of Conduct, in the event a covered person fails or refuses to file a financial statement, the individual may be removed from office after a notification and response period.

E. Record Retention

Financial disclosure filings are retained in accordance with the Ethics Act and the Code of Conduct.

Since Board Members and Board Member Designees are considered Public Officials, the original Ethics Act financial disclosure filing shall be submitted to the State Ethics Commission for filing and retention, with the original Code of Conduct financial disclosure filing to the Governor's Office, if applicable.

SERS-HR retains copies of financial disclosure filings.

SERS Board Governance Policy Manual

F. Responsibilities

1. Board Members and Board Member Designees

- Complete financial disclosure filing timely and accurately
- Work with SERS-Chief Counsel's Office to resolve actual or potential conflicts of interest

2. SERS-HR (HR reviewer)

- Prepare and send annual filing notices and reminders
- Track financial disclosure submissions
- Review financial disclosure filings
- Retain copies of financial disclosure filings
- Compile information in response to audit, Right-to-Know Law, or other requests

3. SERS-Chief Counsel's Office (legal reviewer)

- Provide legal interpretation, advice, and assistance
- Review financial disclosure filings
- Work with Board Members, Board Member Designees, and other appropriate parties to resolve actual or potential conflicts

4. Chief Compliance Officer (compliance reviewer)

- Review financial disclosure filings

IV. Related Information

A. Related Policies

- Executive Order 1980-18, Code of Conduct
- Management Directive 205.9, Code of Conduct Statement of Financial Interest – Filing
- Management Directive 205.10, Financial Disclosures Required by the Public Official and Employee Ethics Act, 65 Pa. C.S. §§ 1101-1113
- Management Directive 205.12, Financial Disclosures Required of Former Public Employees and Former Public Officials by the Public Official and Employee Ethics Act, 65 Pa. C.S. Sections 1101-1113

SERS Board Governance Policy Manual

B. Related Processes

N/A

C. Related SERS Interpretive Statements

N/A

D. Related Laws or Regulations

- Public Official and Employee Ethics Act, 65 Pa. C.S. §§ 1101-1113
- Retirement Code, 71 Pa C.S. §§ 5101-5958

Document Properties

a. Document Owner: SERS-Human Resources Office

b. Document Author: Katie Mathews, HR Director

c. Summary of Changes:

Date	Version	Author	Summary
09/26/2023	2023-POL-BD-01	Katie Mathews	Biennial review. Combined former Exhibit F and G into one new policy document: Exhibit F- Financial Disclosure Policy, 2023-POL=BD-01.