When “Ethical” People Make Unethical Choices:

Lessons, Reflections and Takeaways from the Public Sector

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INTERACTIVE POLLING
Session Overview/Roadmap

- Real life stories of public sector employees whose ethical lapses resulted in criminal prosecution
- Key factors that lead to unethical conduct
- Lessons learned and takeaways from consequences of poor decision-making

Corruption challenges posed in the public sector

- All municipalities face common challenges with waste, fraud, abuse, unethical conduct, and corruption
- State and local corruption schemes becoming more sophisticated
- Citizen distrust and disengagement continues to increase

Source: Center for the Advancement of Public Integrity: Taking a Byte Out of Corruption (Columbia Law School)
The Rita Crundwell Story
Excerpts from the Netflix film

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INTERACTIVE POLLING
RITA CRUNDWELL
Case Study: Sandra Putman
Former Agent, Georgia Bureau of Investigation (GBI)

News story video clip

Sandra Putnam
GBI Agent

- 22-year tenure
- 10th highest ranking official
- Supervised 55 employees
- $100,000+ salary
- Oversaw Two GBI Units
  - Child Exploitation and Computer Crimes
  - Georgia Information Sharing and Analysis Center
- Between 2013 and 2016, made 325 personal purchases using her P-card
- Pled guilty to racketeering and violation of oath by public officer
Case Study: Katrina Taylor-Parks
Former Deputy Chief of Staff to Mayor

Katrina Taylor-Parks
Deputy Chief of Staff

- 23-year tenure
- Cabinet level official, Deputy Chief of Staff
- $200,000+ salary
- Responsible for pushing the Mayor’s agenda through City Council such as:
  - contracts the Mayor sought to award
  - Specific legislation
- Between 2013 and 2016, charged with conspiracy and committing bribery
- Pled guilty to accepting nearly $15,000 worth of bribes and gifts
Case Study: Adam Smith, Esq.
Former Chief Procurement Officer

News story video clip

Adam Smith, Esq.
Chief Procurement Officer

• 14-year tenure
• Cabinet level official
• $250,000+ salary
• Previous chairman of the Atlanta Ethics Board
• Responsible for overseeing the city’s purchasing department that included every single major contract in the city.
• Between 2015 and 2017, charged with conspiracy and committing bribery
• Pled guilty to accepting nearly $30,000 worth of bribes
Key Factors Leading to Unethical Behavior

- Culture of misplaced trust
- Internal control weaknesses
- Improper segregation of duties
- Lack of oversight
- Supervisors delegate their approval authority
- Reconciliation and approval responsibilities are not adequate

Who is the Fraudster?
What does a typical fraudster look like?

Source: ACFE Report to the Nations 2018 Global Study on Occupational Fraud and Abuse

Likelihood Employees Will Steal

- Might Steal: 30%
- Will Steal: 30%
- Won’t Steal: 40%

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Why do ethical people make unethical decisions?

The Fraud Triangle

Rationalizations

“Everyone does it. The company can afford it.”

“I was only borrowing the money. I’ll pay it back.”

“It’s a perk of the job.”

“They owe it to me. I deserve to get paid more.”
Increase in Pace of Changes in Workplace

- Longevity contract vs. short-term hire
- Technology changed requirements
- Skills and experience less important

Employees

- Loyalty to employer vs. changing jobs for new opportunities
- Expectations increased (work/life balance, opportunity, room for growth)

Source: “Why Good People Do Bad Things” Don Levonius, M.A., Victory Performance Consulting

Employee Ethical Behavior Changed

- 67% feel apathetic toward their employer
- 1 in 30 stole at work last year
- 48% admit to committing unethical or illegal acts at work

= ENVIRONMENT RIPE FOR FRAUD

Source: “Why Good People Do Bad Things” Don Levonius, M.A., Victory Performance Consulting
Reflections and Takeaways

FAIL TO PLAN          PLAN TO FAIL
Practical Considerations

New data driven approaches may be more effective in fighting corruption than traditional methods which rely on whistleblower tips.

Common problems of fraud, waste, abuse and corruption should be addressed collaboratively across public agencies by pooling resources.

Source: Center for the Advancement of Public Integrity: Taking a Byte Out of Corruption (Columbia Law School)
When making ethical decisions, individuals should contemplate:

1) What written and unwritten rules govern my behavior?
   - Codes of Conduct
   - City, state and federal laws
   - Personal integrity

2) What are the possible consequences of my choices?
   - Reputational harm
   - Heavy fines
   - Loss of job
   - Jail time

KEEP CALM AND CARRY ON