



When “Ethical” People Make Unethical Choices:

*Lessons, Reflections and Takeaways
from the Public Sector*

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Kahoot!
INTERACTIVE POLLING

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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

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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)

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The Rita Crundwell Story

Excerpts from the Netflix film

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Kahoot!

INTERACTIVE POLLING

RITA CRUNDWELL

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Case Study: Sandra Putman

Former Agent, Georgia Bureau of Investigation (GBI)

News story video clip

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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



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Case Study: Katrina Taylor-Parks

Former Deputy Chief of Staff to Mayor



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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



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Case Study: Adam Smith, Esq.

Former Chief Procurement Officer

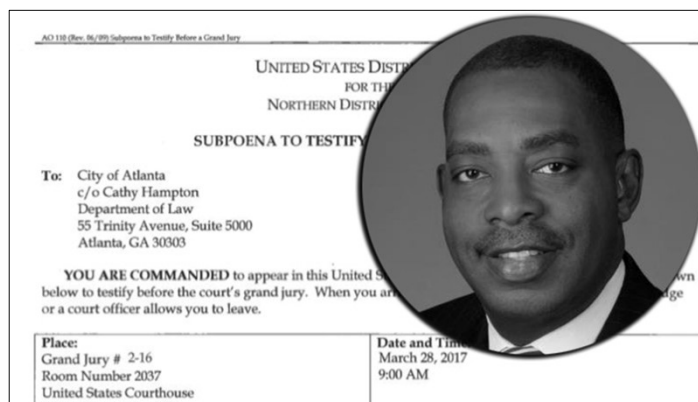
News story video clip

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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



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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

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Who is the Fraudster?

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What does a typical fraudster look like?

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

FIG. 34 How does the perpetrator's education level relate to occupational fraud?

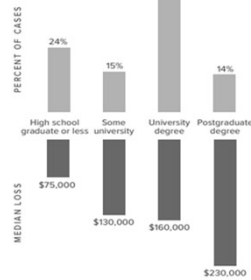
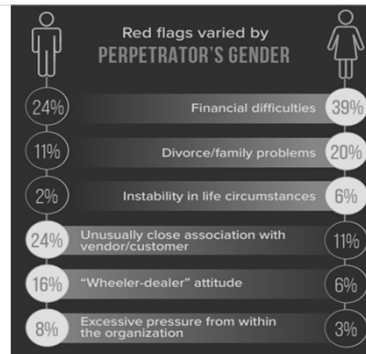
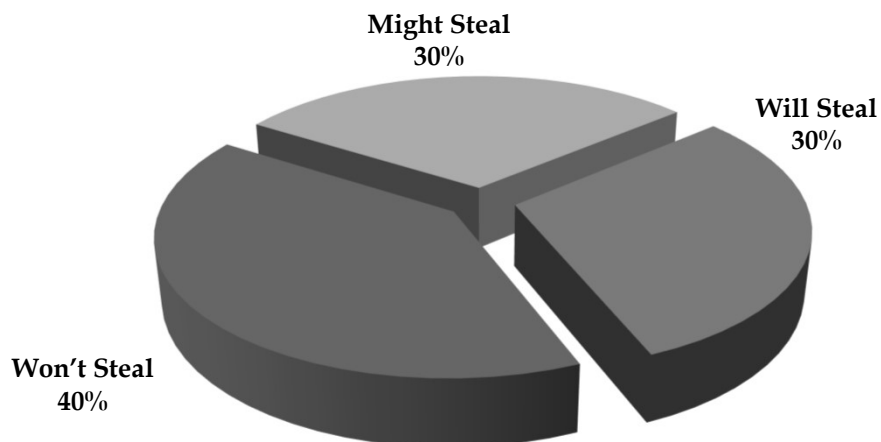


FIG. 36 Do perpetrators tend to have prior fraud convictions?



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Likelihood Employees Will Steal



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The Fraud Triangle

OPPORTUNITY
RATIONALIZATION
PRESSURE

Why do ethical people make unethical decisions?

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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."

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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

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Reflections and Takeaways

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FAIL TO PLAN



PLAN TO FAIL

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A background image of a cracked, textured surface, possibly concrete or stone, with a central horizontal band containing text.

If it's not broke, why fix it?

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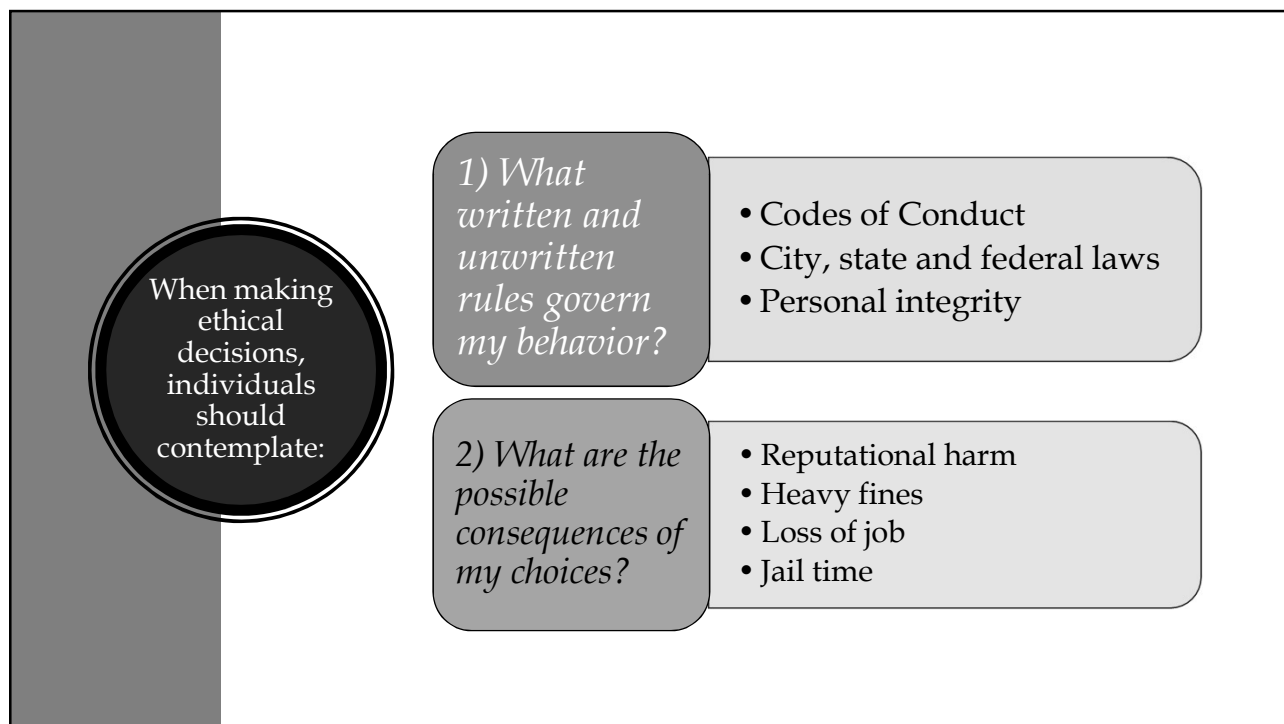
Practical Considerations

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)

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