Managing Ethical Dilemmas

A Response Guide for Administrators

*Due to Nationwide Ethical Crises*

Local Governments require Ethical Individuals to provide honest service to public. Must have a commitment to exemplary conduct, both personally and professionally. Should possess ability to rebuild public trust.
In the winter of 2009-2010, I called JoAnne Speers, head of the extraordinary ethics program at the Institute for Local Government in Sacramento. It seemed there were an awful number of headlines about ethics scandals involving elected leaders at every level of government. I wanted (and value) JoAnne’s advice, so I asked her: “Is there some significant gap in materials to assist local governments in addressing severe ethical misdeeds?” Her advice, and that of the experts at ICMA, City Ethics, and my great friend and colleague in Virginia, Megan Kelly, a senior Assistant County Attorney for Prince William County, was that there was no tool kit—no emergency plan a county or city could use when disaster struck. So, as we await an important decision from the U.S. Supreme Court about “honest services” expected by the federal government of local and state officials, and as we watch headlines and viral blogs, an exceptional group of senior employees in a graduate class in public administration at George Mason University accepted the challenge to try and create a tool kit—not unlike an emergency response plan that almost every post-9/11 local government in the country now has—to help when the unexpected happens and a local government finds itself confronted with an ethical crisis splashed across the headlines.

The students elected to accept this challenge. They selected a superb individual, Diane Kresh, the head Librarian of Arlington County, to be the chief. This publication, the accompanying videos, and related materials are an extraordinary testament to their work, their commitment, their creativity, and their dedication to local government. I have been deeply honored and touched by their commitment. I sometimes wonder if the public realizes how gifted some of its public servants are—these are truly individuals—and now a team—who gave so much more than was asked or expected.

No issue is more essential to good government than trust and respect. To gain those requires elected and appointed servants of the people to embrace ethics in creative, responsive, and positive ways. It requires courage and resiliency to act and respond when the worst and most unanticipated violations occur. Our values as a nation are premised on honor and respect. This publication seeks to help find ways to constantly help all local officials earn and keep this trust.

We hope these pages, these tools, and these exercises will help you to demonstrate how very, very good local governments can be.

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Table of Contents

I. Introduction

II. Flow Chart

III. Top Ten List

IV. Ethical Tool Box
   Checklist
   Recovery
   Tabletop Exercises
   Video Guide

V. Case Studies
   Trust
   Organizational
   Cultural
   Procedural

VI. Conclusion & Cost Information

VII. Suggested Reading

VIII. Acknowledgements
You discover that your trusted, long-time County Treasurer has embezzled $67,000.

You are told by a member of your staff that a respected community leader has billed your organization for 5,000 hours of senior citizen counseling services that were never delivered.

The Sheriff in your town knew about a drug and theft operation that went on for several years, but did nothing about it.

YOU are a government manager. YOU are an elected official. YOU have a responsibility to act.

Would you know what to do?

Can you afford the cost of ignoring or mishandling an ethics violation?

Ethics violations occur every day at every level of government. They dominate headlines. They ruin careers, credit ratings, reputations, and the ability to bring in critical resources to support your work. Whether accidental or deliberate, ethical violations in government are a sad reality. Even the slightest perception of wrong-doing on the part of government employees or officials can erode public trust.
As local government employees, we are often confronted by situations that truly challenge our abilities as leaders and managers, but none more than ethical dilemmas, as they straddle complex boundaries that are difficult to define and regulate. The first hours or days of an ethical event are of importance, and may well set the stage for how well your organization responds in both internal and external arenas.

This visual guide is designed to prompt broad thought on your part before you begin to make any decision, regardless of the situation. It facilitates the broader concept of trust, which has been tainted to some degree by the situation you must now begin to manage from your position in the organization. The guide simply supports a logical series of important questions, designed to aid the decision making process in the preliminary phases of any situation.

Flow Chart

**Ethical Dilemma**

- Criminal or administrative in nature?

**Who is the focus?**

- Elected Official
- Constitutional Officer
- Department Head
- Division Manager
- First Line Supervisor
- Employee
- Group

**What is the nature of the problem?**

- Immoral Activity
- Sexual
- Discriminatory
- Cover-Up
- Management Debacle

**What governs or regulates their role or power?**

**What is your role as an official, administrator or employee?**

**Now that you are aware of the problem, what should you do first?**

- Notify your supervisor?
- Interview/question the employee?
- Call the police?
- Relieve the employee of duty?
- Prepare for a press release?

Maybe, you should refer to the relevant decision tree template for guidance.
Top Ten List

Ten Commandments of Local Government Ethics
To Prevent, Manage, and Recover From an Ethical Crisis

1. Implement internal controls, standard procedures and a Code of Ethics.
2. Institute checks and balances at all levels of the organization.
3. Rotate responsibilities and duties — change personnel assignments.
4. Place professional and ethical responsibility over personal friendships.
5. Empower your employees to do “right.”
6. Act upon — do not ignore — ethical violations.
7. Collaborate — involve all appropriate personnel and authorities in an ethics investigation.
8. Communicate — internally and externally — with all of those who need to know.
10. Learn from the incident — as individuals, as an organization.
Local elected and agency officials — and the agencies in which they serve — face a complex array of ethics-related laws. While some of these requirements may seem intuitive, others can be fairly characterized as traps for the unwary public official. Moreover, missteps, even inadvertent ones, can seriously undermine the public’s trust and confidence in their local government and those associated with it. What steps can the well-intended official take to make sure that his or her agency is maximizing the prospects for compliance and minimizing the likelihood of missteps?

Just as no local government today would think of acting without a formally adopted emergency response procedure, providing a clear chain of command, authority, and guidance in the event of a severe man-made or natural disaster; so too it is critical to have an ethical response system adopted in the event a serious ethical problem occurs designed to ensure authority to act and reassure the public. The most effective way to recover from an ethical crisis is to be ready before it happens. It is not just about addressing ethical violations perpetrated by the employees below you…how will you address ethical violations that involve elected officials or even top level organization managers? Let’s start by having a process in place to report, review, assess and enforce ethical violations before one happens. Ethical behavior should be a stated rather than assumed part of the core competencies of all people that represent the organization. It is essential not to assume that everyone is an expert in ethical behavior. Unknown circumstances can sometimes cause a person who would otherwise be a model individual to take actions that may compromise themselves and the organization at the same time however, don’t assume that everyone is inherently unethical.

In 1932 during the Great Depression, a businessman in Chicago by the name of Herbert J. Taylor, who was in a local Rotary Club, faced bankruptcy for his company. Rather than looking to see how he could cut corners to “just get by”, he looked inward and as recounted by Mr. Taylor, he said: “To win our way out of this situation, I reasoned we must be morally and ethically strong. I knew that in right there was might. I felt that if we could get our employees to think right, they would do right. We needed some sort of ethical yardstick that everybody in the company could memorize and apply to what we thought, said, and did in our relations to others. So one morning I leaned over on my desk, rested my head in my hands. In a few moments, I reached for a white paper card and wrote down that which had come to me – in twenty-four words.”

Is it the Truth?
Is it Fair to all concerned?
Will it build Goodwill and Better Friendships?
Will it be Beneficial to all concerned?

These simple words were ultimately adopted in his own Club, then the U.S. organization, and now around the
Managing Ethical Dilemmas

Checklist

What to Consider Before a Violation Occurs

Stakeholders

Identify the stakeholders and participants and work to establish a culture of ethical behavior.

- Establish a listing of all classes of employees, boards and commissions, whether appointed or elected, and require that all members of the organization participate in tabletop exercises designed to strengthen understanding. The exercises should be engaging and pertinent.

Education for all

- Have in place a basic set of written cannons that will reinforce behavior for its elected officials, boards, and employees, which will make the organization world class. These cannons and policies should include the identification of a chain of command with respect to the parties involved, considering among other things:

  - Whether the problem/issue is legal or ethical;
  - Who are the party or parties involved;
  - Who will be in charge;
  - Who must be involved in the process;
  - What is the nature of the violation and the potential sanctions or penalties;
  - What authority is available, and what options are available.

- Provide elected officials and employees with informational ethics materials at orientation explaining:

  Obligations under public service ethics laws.
  Unique ethical obligations and values associated with public service. A part of this education should include periodic self-assessment activities.
Checklist

- Adopt a code of behavior.
- Adopt an ethics policy/ordinance.
- Establish a formally agreed upon process to authorize an investigation and action in the event of a serious ethical violation.
- Establish a process to be invoked when the potential infraction involves constitutional officers or other elected officials.
- Develop an effective method for regularly monitoring compliance with ethics laws and laws governing the use and expenditure of public funds.
- Adopt a policy that clearly explains procedures for reporting and investigating allegations of misconduct and protection of those who report perceived misconduct.
- Establish a policy to guarantee protection and positive reinforcement for bringing truthful, but sometimes unwelcome, unpopular, or difficult, information to the attention of relevant decision-makers.

Education Specific to Elected Officials

Governing Bodies

The level of education required will depend on whether there is party affiliation or not. Upon election, and prior to taking office, the newly elected officials should be advised about ethics laws, including conflict of interest, incompatible offices and governmental transparency requirements that will be relevant to their service.

Appointed Boards, Committees and Commissions

These individuals must also be advised of their duty to perform the mission of their committee in the same manner as the body that appointed them.

Constitutional or Row Officers

Often times the state or professional associations will provide minimal training with respect to certain compliance requirements however, these officials are administrative in nature and may or may not subscribe to the human resource policies and procedures established by the governing body for the general employee. This does not preclude them from complying with the same employment laws that govern public employment generally.
Checklist

- Candidates running under a party banner should be able to rely on their respective local party committees to provide competent and current campaign laws.
- Candidates running as independents should be referred to the State Board of Elections to be educated on campaign compliance laws.
- Upon election, counsel should be given in order to state up front the expectations previously adopted outlining the host of ethical considerations the newly elected official may face sometime during their term.
- For governing body appointees, a mandatory training session should be conducted related to the nature of a public body as defined in state statutes.
- Elected Administrative Officers commonly referred to as Constitutional or Row Officers, should be exposed to both the staff level training on ethics and internal controls, as well as the public body training.

Internal Controls

*Much as one would expect their bank to provide for the protection of their money, it is important to protect the integrity of the citizen’s trust. There should be reasonable and effective internal controls that are designed to maintain a level of protection from individuals who may not subscribe to the organizations culture of ethical and moral behavior.*

Ethics Compliance

The leadership must be knowledgeable about its compliance programs just as they must be knowledgeable about their emergency operations manual. The internal controls implemented within the day to day operation serve as the life guard watching over swimmers in the pool. The occasional whistle causes all swimmers to take pause.

Employees who have engaged in unethical or illegal behaviors will require discipline and may be precluded from serving in positions of authority (in a manner consistent with federal, state and local personnel laws).

Employees and agents will need incentives to act legally and ethically (including avoiding even the appearance of impropriety).
Checklist

This activity will create a history of taking reasonable steps to respond to misconduct and prevent future incursions leading to the maintenance of trustworthy behavior expected by the public.

- Segregate duties among staff to minimize risk of error or misconduct (for example, no one person should initiate a transaction, approve it, record it, reconcile balances, handle assets, or review reports).

- Limit access to agency assets such as cash, equipment, documents and credit cards to safeguard against unauthorized or unintended acquisition, use or disposition.

- Develop a system of authorizations, approvals, and verifications:
  Provide that certain individuals are authorized to perform certain activities and to execute certain transactions within limited parameters (some of which may need supplemental supervisory approval before they are performed or executed by employees).

- Require supervisory approval sufficient to indicate verification of conformance with agency established policies.

- Establish routine reconciliation processes to compare various sets of data to one another (for example, charges in a statement of account to documentation of expenses, including the proper authorization for those expenses), identifying and investigating any discrepancies, and taking corrective action when necessary.

- Specific individuals should be assigned overall responsibility for compliance issues, as well as day-to-day operational responsibility.

- Employees must have a mechanism for reporting concerns about illegal or unethical behavior without fear of retaliation.
**Checklist**

What to Consider If You Suspect a Violation

A publication produced by the Institute for Local Government in Sacramento is a good place to start when confronted with either a reported breech or someone who suspects a breech may have occurred. The following list provides insight to assist in the steps one should take to determine what direction may need to be taken for a particular situation.

1. **Stop. Examine your motivations.**

2. **Figure out what the “wrong” might be.**

3. **Determine the potential consequences of letting the situation go unaddressed.**

4. **Speak with others to see if they share your concerns.**

5. **Discuss the issue with the individual or have a trusted confidant do so.**

6. **Determine whether an internal investigation is appropriate.**

7. **Determine whether external enforcement authorities should be contacted.**

8. **Consider steps to prevent the situation from recurring.**

“If you had admitted wrong-doing early on, then you might be able to control the narrative and limit the damage.”

-Doug Muzzio

“If people knew of ethics violations, they should have sent them to the Ethics Committee. If you think there was serious ethics violation that ought to be looked at, you don’t hold it back for retaliatory purposes.”

-Barney Frank
Ethical Tool Box Recovery

Recovery Plan

What to Consider If a Known Violation Has Occurred

Generally there are two courses of action to follow in the event an ethics violation is confirmed. The first would be if the organization has put in place a set of policies and procedures or guidelines designed to address the situation. The preparatory actions are listed in the previous sections of this checklist. The second path requires addressing an organization that has not instituted specific policies and procedures. The second path is less desirable: these organizations must invest substantial time and effort to resolve pending problems. However, this attention to detail can provide an effective means to assist the organization during an ethics crisis.

Policies and Procedures in Place

- Pull your policies and procedures out of the drawer, use them.
- Update and modify policies, procedures and internal controls based on lessons learned from most recent event.

Initial Response

Identify appropriate parties to evaluate the event and collaborate with others of equal or greater authority in order to proceed to the following steps.

First Steps:
- Has an ethical violation occurred?
- Is more evidence needed?
- Are there available resources to further investigate?
- Would a third party investigator be helpful/useful?
- What is the severity of the violation – modest, excessive?
- Has a legal violation occurred?

Second Steps:
- Gather additional evidence as needed. Consider both sides of story, involve appropriate parties in investigation.
- Take appropriate steps to cease further ethical violations (confront employee, call police).
- Ensure continuity of operations.
- Pursue corrective action against the violator(s).
**Recovery**

### Intermediate Response

Consideration is given to communication, documentation and evidence gathering. Develop a communication plan taking into consideration the severity of event. Get in front of the issue --- be proactive, not reactive.

**D**etermine who needs to be informed:
- Elected Officials?
- Public?
- Media?
- Organization’s staff?

**D**etermine method of communication and timing of communication

**D**etermine what you are going to say (message control), this should include:
- Identification of the problem.
- When you found out.
- How it was discovered.
- What you did to stop it.
- How you are fixing it.

**F**rame communications to safeguard identity of whistleblower.

**C**ommunicate information based on plan developed above.

**D**ocument event, evidence and actions taken; explain what you did

### After Action Response

Be a leader in promoting ethical values and behavior; an ethical culture starts at the top. Take personal responsibility as a manager to set expectations of ethical behavior and create a tone that values ethics.

**R**edesign or implement the internal controls / policies / checks & balances.

**U**se the event to create a teachable moment.

**E**stablish / implement training and education to promote ethical values and behavior throughout all levels of the organization.

**D**evelop or update policies and procedures to survive another ethical crisis. Consider outside experts to develop ethics codes/policies.
Ethical Tool Box Exercises

Tabletop Exercises

A table-top exercise is a planned activity in which participants talk through simulated scenarios. The following ethical scenarios have been designed to get your organization talking about what would be done in the event of an ethics crisis. Some issues to consider:

(1) What should you do next?

(2) How and why did the crisis occur? Was the ethical violation systematic (a flaw in existing procedures and systems) or symptomatic (staff manipulating the system)?

(3) What actions should be taken to close any loopholes and prevent future incidents? What should be done short-term? What should be done long-term?

Scenarios

The Planning department has approved a land rezoning application. The land was formerly zoned for agriculture, but is now approved for a massive residential development. The residential development is controversial; the public has taken sides, with half in support and half opposed. The planning manager was instrumental in approving the rezoning application. A popular blog site is reporting that the planning manager is the brother-in-law of the developer.

The director of Economic Development for the city was given expensive, front-row tickets to a baseball game from a friend. The friend was going to be out of town on the day of the game and did not want the great tickets to go to waste. The director attended the game with his family and had a wonderful time. Several weeks later, it was reported in the newspaper that the tickets were originally purchased by a local business owner who, six months prior, had received a generous tax incentive from the city.
The Retirement office recently hired a new employee to replace a long-term portfolio manager. The new employee begins to notice some irregularities in the ledger entries and attempts to reconstruct the data. Finding that several large dollar amounts appear to be missing, she reports the problem to her supervisor. The new employee learns from her office-mates that her new supervisor was the best man at the former portfolio manager’s wedding two months ago that the whole office attended.

The Mayor’s office calls the Budget Director on a Friday afternoon to help resolve an important issue. The Budget Director attempts to find a Budget Manager but no one is in the office even though the locator board shows everyone marked “in”. You then learn from an administrative assistant that the budget manager and his employees go out to lunch on a regular basis. Often times, the supervisor and several of the employees do not return and don’t tell anyone they are taking time off.

The City Manager announced at the weekly senior staff meeting that over the past weekend he became engaged to be married. Senior staff was surprised and offered their warm congratulations. When asked about his new fiancé, the City Manager replied that his fiancé was a current member of the Board of Supervisors and they had been dating for about one year. The couple had not disclosed their relationship because they wanted to maintain their privacy. The City Manager also indicated that neither he nor his fiancé intended to resign from their positions.
Exercises

Scenarios

A highly respected employee representative on the Retirement Planning Board leaves his post after serving fifteen years. Your manager attends a meeting about potential changes to the existing system which would adversely affect your department at a disproportionate rate, as compared to the rest of the county. He strongly suggests that you run for the spot, and you are appointed based on an aggressive campaign led by your manager and the rest of your department. Once you begin to serve, you discover that the changes you are expected to oppose merely place your department in line with the rest of the county employees, and provide a significant financial benefit to the organization as a whole. However, both you and your team stand to lose benefits which they believe they have earned. After much thought, you cast your vote against the changes to the retirement system. The person whom you defeated for the Retirement Planning Board position informs the ethics panel that you should have rescued yourself from voting because your department stood to gain a disproportionate amount of benefits compared to the rest of the organization.

The city just celebrated the highly publicized sale of a large parcel of land that runs parallel to a stream and bike trail. Not only does this sale yield several million dollars in unrestricted revenue for the cash-strapped city, but the developer has agreed to construct fifty units of affordable housing. During the grading phase of the project, the construction contractors unearth some old war munitions. The developers alert the city manager and the city attorney of the discovery, who advise that a special team of excavation experts will be used to clear the land of the munitions over the next two weeks. Thirty days later, a mother who frequents the bike trail with her small child notices that two-flat bed trailers covered in tarp have not moved since they were parked at the construction site. From her vantage point it appears as if the tarp was loosely covering some type of sharp metal objects. The concerned mother calls the city inspectors. The chief of inspections subsequently announces that the trailers contained hundreds of contaminated munitions, and the developer was having difficulties procuring a transport service. The mother immediately sends an email to the press and homeowners in the two developments located next to the bike trail.
Exercises

Scenarios

After a two-year $100,000 capital campaign, the parent advisory committee of the city’s Little League Association replaced the benches in the city ball park. The Parks and Recreation department established a special donations account for funds raised by parents, city staff and the young ball players. The bench replacement project was estimated to cost $75,000, and came in under budget. The Association leadership changed the following season. The new chairperson proposed that the Association use the surplus funds to purchase a new digital sign board. The staff liaison was unresponsive to the new chair’s request for a financial report. Eventually he was able to retrieve a report from the Parks and Recreation department’s finance director. To his surprise, only $4,000 remained in the account.

The county’s recently-hired Youth Employment Coordinator developed a record number of summer employment opportunities for the 2009 program. The high school principal attended the end of year celebration. He mentioned to the Employment and Training Director that oddly enough he was only able to recognize about two-thirds of the high school participants. Upon further investigation, it was determined that fifty of the kids placed in the summer jobs were non-resident relatives of county staff and the clerical staff of several of the employing agencies.

The Health and Human Services agency manages a neighborhood group home. Each week as part of a State required independent living training program, the house manager takes the residents grocery shopping. The residents are allowed to select the food that they will prepare for the following week. The manager uses a county issued credit card to pay for the groceries. A resident in a neighboring county notifies the county manager that his neighbor makes weekly trips home in a County van occupied with adults. He leaves the van unsupervised for 15-20 minutes while he unloads several grocery bags into his house.
**Ethical Tool Box Video Guide**

A series of four videos have been produced to accompany the *Ethical Crisis Recovery Guide*. The videos themselves are short yet effective in attracting audience attention. Each video portrays a skit about local and elected officials as they scramble for explanations of their actions. As you’ll discover, the circumstances in the videos raise questions about lapses in ethical behavior, with some of these lapses leading to criminal indictments and ultimately the loss of public’s trust. We recommend presenting the videos as you introduce the topic of “ethics” and begin your discussions on creating and ultimately sustaining an ethical organization.

Some ideas for incorporating the videos as part of your locality’s ethics awareness:

- Incorporate into locality’s public awareness campaign
- Use the videos as part of on-line training for public officials and employee
- Use as an “enticement” (i.e., send out links) to advertise upcoming ethics trainings

At ethics presentations or training sessions, the videos can be used to:

- Capture the audience’s interest in the topic
- Highlight the concepts described in the Recovery guide.
- Illustrate how innocent situations can result in serious consequences for local government officials and staff.
- Provide examples to audience members about situations involving conflicts of interest, misuse of funds, unheeded internal controls, and accepting gifts.

The videos that accompany this guide are available on the internet at YouTube. The links are at:  

[www.youtube.com](http://www.youtube.com)
To help you stimulate audience participation, we’ve included a series of discussion points for each of the four videos. These ideas should help you frame the main points illustrated in each skit and get the conversations started.

**Video: Everybody loves Bob**

Trust is an important part of any workplace. Co-workers can develop close personal relationships.

**Major themes:**
- Too much trust can override established policies and procedures (internal controls);
- A person can turn a blind eye to the obvious.

**Audience:** organization’s staff

**Common misconceptions and attitudes:**
- “He wouldn’t do that.”
- “We are all trusted and respected colleagues.”
- “We are like a family.”
- “People don’t do that (steal) here!”

**Consider these solutions:**
- Exam current procedures for loop holes; where necessary, devise new processes to reduce the likelihood that an incident would happen again.
- If existing policies are adequate, then conduct periodic refresher courses for all employees on the use of (and the reason for) existing policies.
- Unless prior approval is obtained from the appropriate level of authority, internal controls should disallow any transaction with alternate approvals or signatures.

**Questions for discussion:**
- Do you know the rules for requesting reimbursements or know where to find these rules?
- What should you and your co-workers do if this situation happened in your organization?
**Video Guide**

**Video: The Police Chief’s New Ride**

**Major themes:**
- Questioning (or not questioning) a higher authority and confronting a powerful person.
- Not recognizing a potential conflict of interest.
- Rationalizing of a bad ethical decision.

**Audience:** organization’s staff and higher level managers

**Common misconceptions and attitudes:**
- “Rules don’t apply to my position.”
- “In this office, that’s how we always do things.”
- “Who pays attention to the gift policy?”
- “The ethics rules don’t apply to me.”

**Consider these solutions:**
- Procedures have to be put in place so that it doesn’t happen again.
- Clear lines of authority are necessary to enforce ethics rules.
- Whistle-blowing should be encouraged.

**Questions for discussion:**
- Are there individuals in your organization who are perceived as above reproach?
- How can you recognize a possible conflict of interest?
- Do you know your organization’s policy on gifts?

**Video: All in the Family**

**Major themes:**
- Elected officials and appointees who are active members of the community may have conflicts of interest.
- Board members need to be thoughtful about who they appoint to boards and commissions.

**Audience:** elected officials and appointees.

**Common misconceptions and attitudes:**
- “This is a small community, that’s how we do business here.”
- “In the long run, the public benefits from insider, self-dealing.”
- “I don’t get anything out of this.”

**Consider these solutions:**
- Appoint the right people who don’t have potential conflicts.
- Have procedures to guide board members about their appointments.
**Video Guide**

**Question for discussion:**
- What are the characteristics of your community that put you at risk of appointees having conflicts of interest?

**Video: Other People’s Money**

**Major themes:**
- Use of purchasing authority.
- How decisions about spending are made.
- Lack of internal controls/ not following policies.

**Audience:** elected officials and organization staff

**Common misconceptions and attitudes:**
- “This is the locality’s business, that’s what the purchasing card is for.”
- “I am in charge of enforcing the ethics code—who do I call?”
- “As long as I pay for my personal items, what is the harm in charging to the locality’s purchasing card?”

**Solutions:**
- Internal controls should clearly spell out allowable and unacceptable activities.
- Internal controls should rarely, if ever, be overridden by someone in authority. All instances of “overriding” should be fully documented and signed off by that person’s supervisor.
- More than one person should be involved in a purchase.

**Questions for discussion:**
- Do you have policies in place (i.e., a purchasing manual) to monitor who is buying what?
- How do you avoid questionable situations?
- Does every staff person know how to report a suspicion or fraud or other violation?
- Would your organization support a whistle-blower? Why or why not?
As administrators, managers, and public servants, we are often confronted by situations that truly challenge our abilities as leaders and managers, but none more than ethical dilemmas, as they straddle complex boundaries that are difficult to define and regulate. The first hours or days of an ethical event are of importance, and may well set the stage for how well your organization responds in both internal and external arenas.

The following examples serve to illustrate a common theme across the nation – no form of government, whether local, state or federal, is immune from the randomness of ethical dilemmas and the damage that will permeate all aspects of the organization as a result of the situation. Here, the goal is to present an ethical debacle and have you, the reader, insert yourself into the situation and consider how you might respond in a similar circumstance.

I. Trust

A County Treasurer’s Office
A City Employee Retirement System

II. Organizational

The Volunteer Fire Department
Don’t Take Anything for “Granted”

III. Cultural

Who to Blame
That’s Just the Way It Is

IV. Procedural

Too Small To Happen Here
Failure to Act & System Failure
Managing Ethical Dilemmas

Trust Case Studies

In every organization, tenured employees maneuver ritualistically in the application of their duties, often with great autonomy, as they possess knowledge gained by experience in service. Occasionally, this autonomy, or trust, is tainted by the transparent behavior of an employee who is charged with a critical function or role within the organization. The routine of the office lends to the transparency of illicit behavior, and aids in its furtherance for days, weeks or even years.

A County Treasurer’s Office

Situated in a large metropolitan area, this small, urban community of approximately 210,000 residents is served by a council-manager form of government. This story is centered on the activities of a nineteen-year county employee, who had worked primarily for the elected Treasurer and had just taken a new position within the elected Commissioner of Revenue’s office.

Over the years, the employee rose through the ranks of the Treasurer’s Office to the position of Special Projects Manager, giving him control over the Treasurer’s annual budget, accounts payable processing, and credit card purchase approvals. His length-in-service inspired a certain level of trust among both his co-workers and supervisors. The trouble began when his successor in his former Treasurer’s Office position discovered several instances of duplicate payments for a single item. These were immediately brought to the Treasurer’s attention who, in turn, immediately contacted the county’s comptroller. Following established county protocols, the police and county manager were quickly notified. Within a day of the discovery, the employee confessed to having misappropriated $3,300 in county funds for the previous year and one-half.

What originally looked to be a minor fraud, receiving a brief flurry of press coverage and then quickly forgotten, soon proved to be a major fraud which had actually began several years prior (at least as far back as 1995, the earliest available records) and involved over $67,000 in embezzled funds. The extent of the fraud was not uncovered until after an

What is the scope and magnitude of the embezzlement? If this can be determined before the employee is interviewed, do so? Is there any reason to move with haste at this point? No. Understand what needs to be accomplished and execute an immediate response based on sound decisions.

Are other employees involved? Be careful here – who is notified, and when is critical.
Trust Case Studies

An intensive internal investigation which consumed hundreds of staff hours in the Treasurer’s Office, Finance Department and the county’s Internal Audit group. Estimated cost in investigative staff time (in 2010 dollars) was $23,400 and did not include the cost of unavoidable delays to other county business as staff focused their efforts in resolving the immediate crisis. The affect on other county employees was palpable as morale declined, especially in the Treasurer’s office, with such emotions as shock, betrayal and disbelief permeating all levels of the organization.

The fraud was relatively simple and worked because the individual was a trusted member of the Treasurer’s office. The individual used his county-issued credit card for personal purchases. He also would make purchases of office supplies or equipment, process payments to the vendor (using the county’s purchasing system) and then process personal reimbursements for the same items. Often the person would get approvals for these reimbursements when the Treasurer was on vacation or traveling, so that approval was provided by the “acting” department authority.

In the end, the indicted employee was sentenced to fifteen-years in a federal penitentiary, with thirteen-years were suspended. He was also ordered to pay $67,231 in restitution and $2,180 in court costs. The Treasurer made significant changes to internal processes related to accounts payables, credits cards, and staff reimbursements. The Department of Management and Finance began regular audits of credit card purchases for all County departments and also changed the rules for some credit card purchases. Department Heads were required to sign-off on travel and training charges; they could no longer delegate this duty.

- When do you notify law enforcement? Sooner is better in this case—they have experience your staff likely does not.
- Was a media release necessary for this case in order to maintain transparency?
- What if this suspect was the Constitutional Officer? Would this have changed your response to the situation? What rules govern this individual?
- In this case, the employee was terminated almost immediately. What are your concerns in terms of Human Resources and any possible grievance?

Lessons Learned

How could embezzlement occur for ten years without being discovered? “Trust is not an internal control,” which means...

- Consolidating too much financial responsibility or oversight with one individual, without counterbalancing checks and balances, is not a sound practice.
- Internal controls may be ignored based upon the strength of personal relationships and perceived levels of honesty and trust.
- Changing and rotating work activities and responsibilities is a good internal control.

Managing Ethical Dilemmas
Several years ago, a large urban city located in the western United States with over 3 million residents experienced a conflict of interest case involving the City Employee Retirement System Board. In the end, six board members were charged with felony violations of a state conflict of interest statute. The thirteen member Board of Administration included three ex-officio (city manager, treasurer, and auditor), two trustees elected by public safety agencies, and four appointed by the city council. The Board was established as a fiduciary, an entity separate and apart from the city government. However, its actions had serious financial and legal implications for the city as a whole, as well as for six employees who believed they were simply doing their job.

During years of economic prosperity, substantial returns on retirement system investments prompted the city to provide additional employee benefits. However, when the economy took a sharp downturn, the city decreased its contributions, thus underfunding the system. In response, the City Manager proposed a two-part strategy for restoring the system: 1) increasing the city’s contribution rate, and 2) including a provision that the city would make a “balloon payment” if the retirement system dropped below a certain level. However, rather than improving, the city’s economy abruptly worsened with the dot-com crash several years later. As the retirement system’s funding levels dropped further, the City Manager submitted a second proposal which maintained the requirement to reach the full actuarial over the long term, but eliminated the requirement to make a balloon payment. The purpose of these actions was to appease the interest of municipal unions (who were requesting the same benefits as city employees) and also to defer the commitment to fully fund the system. The signing of this proposal prompted a class-action lawsuit against the city by retirees, which ultimately required the city to pay $130 million.

Subsequent investigations by the Security and Exchange Commission to determine whether officials committed securities fraud were coupled with a federal grant jury investigation through the U.S. Attorney’s office. In addition, an independent criminal investigation by city prosecutors paralleled the civil suit; the city’s bond rating was also suspended.

This case is unique because administrators who served as trustees for a retirement system negotiated contracts that directly affected the system’s benefits – benefits that the board members received as well. The criminal case against the six board members charged with felony violation of a state conflict of interest law remained in the state judicial system for more than five years. Ultimately, the state Supreme Court found that only one of the defendants was guilty of conflict of interest, because his decisions as a
board member provided a unique benefit to him, not just to the general retiree population. However, the case continues to place exorbitant tangible and intangible costs on a severely cash-strapped city.

Lessons Learned

- Conflict of Interest problems affect everyone — administrators and elected officials.
- Internal records have the potential to become public exhibits;
- A conflict of interest is not solely an ethical matter, it could be criminal;
- Administrators and elected officials should examine where conflicts lie in relation to defined roles and responsibilities;
- The court system has differing opinions with respect to conflict of interest.

Just Trust Me

In a small, rural county in the Western United States, a highly respected clinical social worker was convicted of filing personal payment claims for 5,000 senior counseling sessions that never occurred. Throughout his career, his position in the community led to his appointment to leadership positions on prestigious local and state boards and commissions. Ultimately, his personal and professional reputation was undone by his conviction of Medicaid fraud, which resulted in 30 months in prison, $170,000 in restitution payments, and permanent disbarment from employment in social work. The message?

Organizational trust is critical, but no one is above reproach. The absence of an ethics policy in this case may have provided an opportunity for actions that cost the county, the offender, and most importantly, the vulnerable senior citizens who were denied access to critical services.
Organizational Case Studies

The Volunteer Fire Department

Many communities in America depend on volunteers to perform vital public services. Nowhere is this more evident than in the hundreds of independent volunteer fire and rescue companies whose members contribute thousands of hours keeping their localities safe from harm. However, the transformation of a rural community into a more urban setting can expose problems as long-standing volunteer groups clash with career employees assigned to these protective functions.

A Question of Authority

This case takes place in a suburban county that had seen significant increases in population over the past decade. As part of this transition, the county government had taken strides toward more professional administration at all levels of government. Through a series of iterations, the county adopted a vision statement and defined its core values to guide its strategic planning and implementation. Further, the county established an internal audit office which reports directly to the county’s board of supervisors. Accountability by all agencies is the expectation, including those who perform county services as third party partners.

In the past, providing the county with fire and rescue services (F&R) was the exclusive domain of the county’s many independent volunteer companies. These companies raised money, purchased equipment and operated their individual organizations with their own sets of rules and regulations. Because each company operated independently, there was little standardization in equipment, training or certifications among them.

Given their voluntary nature, the rapid increases in population quickly overwhelmed the volunteer companies’ ability to provide an adequate level of fire and rescue services. The county government decided to augment volunteer personnel with county-paid career F&R personnel (including a new career chief), who now served alongside the volunteers. Management of the day-to-day company operations was performed by the volunteer chiefs who then reported to the county’s career chief. Overall policy was made and implemented by a governing board composed of the volunteer company chiefs and the career chief. Though there had not been a fire fighter death until 2007, initial investigations into this tragedy raised some questions concerning the possible role that non-standardized equipment used among the volunteer companies could have played.

Starting in about 2008, citizen complaints started trickling in about the activities of one of the volunteer companies. It was also known that the career chief and this company’s volunteer chief had a strained relationship. Further, complaints had surfaced by some of the company’s volunteers claiming that a hostile work environment existed at the company station and that fiscal irregularities had been committed. These trouble-maker
complainants were later dismissed from the company. Though one would have assumed all this “smoke” would have attracted county administration’s attention, it was actually a routine internal audit by the county’s Audit Services that first revealed the depth of the problems. As quoted in their report, “Audit Services did not uncover any instances of fraud or malfeasance during the audit. However, financial and business information received was at times incomplete, unreliable and in overall such disarray that we concluded that if in fact fraud was perpetrated, it would be difficult and/or impossible to detect.” The report also described many instances of fiscal risk at the volunteer company that could have later materialized into a financial loss. Realizing that public trust and confidence were in jeopardy, the county’s elected board and appointed leadership reacted quickly to the Audit Services report. The elected body realized it needed to significantly change a decades-old relationship with its volunteer companies. As a result, the county’s ordinances governing F&R were amended to include full compliance by the volunteer companies in the areas of purchasing and policy-making. Stiff sanctions were included to enforce volunteer company compliance with the revised ordinance. Finally, the county was forced to take over the operations of the volunteer company’s station.

Because the elected body and appointed leadership acted swiftly and thoughtfully, they were able to mitigate a significant loss to the county’s reputation. A customer service survey of citizens conducted four months after the takeover of the volunteer company revealed satisfaction with fire services. In fact, the satisfaction level was higher than in the previous four years. (Citizen Satisfaction Survey, p. 20)

This case highlights not only the loss of public funds, but also the potential for serious loss of life or limb. The independent, loose-knit status of the volunteer companies, which had little incentive to standardize their equipment, training or certifications, had all the trappings of a disaster in the making (if not already). Finally, with little oversight, no one to “account to” and no penalties for inappropriate behavior, the volunteer companies were free to act as they pleased. When third party relationships sour in your organization, will your recovery result in relatively little loss of funds or loss of life?

What is your policy towards whistleblowers? Do you protect yourself from litigation by protecting those who report wrongdoing?

Timing is key — getting out ahead of the scandal can help you save money and reputation.

The county’s review of the volunteer company’s F&R operation, the subsequent county ordinance revisions and its implementation cost taxpayers approximately $250,000. Then, an additional $1.3 million was expended to provide county career F&R personnel at the now defunct volunteer company station.
Lessons Learned

Sometimes, an ethical problem can arise from organizations a local government does business with:

- Standardization between similar organizations puts everyone on the same footing.
- The document laying out the relationship between the government and the third party organization needs to make clear the government’s interest in fiscal accountability – to include the authority of internal and external auditors to audit the third party.
- A scandal can be your opportunity to do the right thing and end up with a better organization.

Don’t Take Anything for “GRANTED”

When dealing with fiscal resources it is critical for the officials involved in program management and oversight to ensure that all activities related to the funding are conducted in the open. Furthermore, any information, negative as well as positive, must be made public.

This ethical dilemma began when, in an unprecedented move, a former Mayor created a nonprofit redevelopment organization to replace the city’s Planning Department and Redevelopment Authority. The newly created organization was in charge of city planning and tasked with administering millions of dollars in federal grants. The city received Neighborhood Stabilization Program (NSP) funds provided under the Housing and Economic Recovery Act of 2008, and the redevelopment organization was responsible for administering these NSP grant funds. To ensure that the Recovery Act stimulus monies were being spent appropriately, the federal grantor (Housing and Urban Development) subsequently conducted an audit. The audit found fault with the nonprofit redevelopment agency’s financial reporting of NSP funds, its procurement and staffing policies, and questioned possible conflicts of interest among its board members.

When actions are taken to reorganize agencies there is a need to be clear with objectives for the reorganization. The objectives should state the reasoning that demonstrates the advantages of change.
When receiving funding from a grantor, the agency receiving those funds should be proactive in planning to accommodate an audit, the purpose of which is usually known in advance, even for unannounced audits, and systems set in place to account for the information required to demonstrate adherence to the grant requirements.

After the audit, the Chief Executive Officer of the nonprofit organization made a critical mistake—he did not share the occurrence of the audit nor its findings with City Council members. They found out through the media. City Council was displeased with the unfavorable audit findings and outraged by the Chief Executive Officer’s failure to disclose the information. The CEO paid for his gross error in judgment when he resigned amid the scrutiny. In February 2010, the state withheld a $1 million dollar grant from the nonprofit organization and awarded it to another party because of the unfavorable audit findings. There is speculation that the controversy will jeopardize a pending $21 million federal neighborhood revitalization stimulus grant application; however, a decision regarding the award had not been made as of March 2010.

The city immediately took corrective actions by implementing many of the federal audit recommendations which included hiring a special program manager, developing and improving the allocation of costs, securing board approvals of allocations, tracking expenses, and assembling a list of payouts of all grant monies. The city’s newly elected Mayor (who was a City Council member when the scandal first began) also sought the resignation of all board members of the redevelopment organization that had connections with grant sub-recipients. Finally, the new Mayor suggested creating a new redevelopment organization or re-instating the city’s previous planning and redevelopment authority. However, no such action has been taken by City Council as of April 2010.

The HUD audit report cited problems in the following areas:
- Financial reporting: the nonprofit organization lacked internal controls over financial reporting and had no formal process for reporting, reviewing, and reconciling the NSP-funded activities.
- Procurement: the nonprofit organization failed to execute an appropriate procurement process in accordance with professional procurement best practices.
- Staffing: the nonprofit organization did not have adequate staff to manage program and financial responsibilities having originally been designed to monitor $1 million dollars in funding, not $7.
- Conflict of interest: members appointed to the non-profit board of directors were not properly vetted as many also served on boards for agencies and businesses that in turn did work for the non-profit.
How could such mismanagement of a vital source of revenue occur? Sometimes, it is important to look at the core functions of government and ensure that if functions are “outsourced” then appropriate controls remain to ensure excellent corporate stewardship:

- Need to have appropriate checks and balances to ensure conflicts of interest are avoided
- Transparency in accounting practices are critical
- To ensure proper management and oversight, proper resources must be allocated to do the job
- Changing and rotating work activities and responsibilities is a good internal control
- Don’t let the media inform your elected and other superiors

But I’m the Chief...

A police chief violated his own department's policy by using a Lexus "hybrid" SUV for well over a year free of charge. The SUV was provided by a local car dealership even though the police department's policy prohibits an employee from accepting "fees, rewards, or gifts." To exacerbate matters, the police chief lied while under oath at an ethics hearing about the gift and refused to cooperate with further investigation into the matter. An investigative panel fined the chief $500 and he was docked two weeks pay ($4,300) for his misconduct. Internal policies were in place and a system of accountability was present, but this police chief's blatant ethical misstep cost him and the city much more than money, it also caused the loss in support of his staff as well as loss of the public's trust of the police department—those who are supposed to protect and serve.
Managing Ethical Dilemmas

Maintaining a culture that promotes ethics is not always easy, and an organization can slide down the slippery slope towards unethical behavior with just a few wrong decisions. This organizational “ethical blanket” covers the accounting of expenditures to how employee terminations are handled, and everything in between.

Who to Blame

For one town with a population of 39,641, the costs of operating in a culture that did not promote ethical behavior at all levels included a judgment against the town in excess of 3 million dollars, a $100,000 judgment against the Mayor, legal costs related to lawsuits and appeals, the loss of credibility for the town and the individuals involved, and the disruption of the operations of the government and the relations within the council.

When an “unidentified informant” reported alleged misuse of Town funds to the local prosecutor, the response was separate investigations by State Police and two outside entities. The outside entities were an accounting firm and a law firm, and were engaged by the Town two months after the inception of the State Police investigation. The investigations focus on the use of Town credit cards issued to the Town Manager and Deputy Town Manager. Though none of the investigations found evidence of criminal activity, the Town Manager and one Council member resigned their positions in exchange for an end to the investigation and consideration of the Town Council to establish more detailed policies regarding expense reimbursement. The Town Manager continued to maintain that he did nothing wrong and operated under accepted practices.

During the investigation, the Council had become aware that the “unidentified informant” contacting the prosecutor was the Town’s Chief of Police. The month following the resignations, the Council received a consultant recommendation for a comprehensive management audit of the Police Department. From this, the Acting Town Manager engages an attorney to interview Police Department staff regarding any management problems. By the end of the month this probe resulted in the Town Council agreeing with a recommendation of the Acting Town Manager to fire the Chief.

What is the scope and magnitude of the embezzlement?

Are other employees involved?

Is there a legitimate reason to initiate concurrent investigations before the criminal investigation is complete?

(see County Treasurer’s Office case)

Following his termination, the Police Chief filed a wrongful termination suit contending that his firing was not due to his management of the department but the result of retaliation for bringing evidence regarding misuse of town funds.
During the trial, the Chief’s history of excellent employee evaluations was entered into evidence. Additionally, Acting Town Manager was unable to substantiate any perceived problems in the department as no comprehensive management study of the department was completed (only a short-term morale assessment), and no members of the Department testified to corroborate the claims that there were problems within the department.

So, where did this go wrong, ethically speaking, for the Town? This situation quickly got out of control and took on a life of its own. Rather than taking immediate steps to address the allegations and concerns all parties involved began to look for whom to blame rather than examine the facts of the case and how the situation came to be.

**Lessons Learned**

How should internal reporting of suspicious actions be handled?

- A clear policy for “whistle blowers” should encourage this behavior when appropriate and protect those persons from reprisals;

- Before charging in to concurrent investigations’ any criminal probes should be allowed to finish or at least guide the other investigations which should have clearly stated purposes to avoid claims of “witch hunts;”

- Changing and rotating work activities and responsibilities is a good internal control;

- Activities of elected and public officials must be transparent;

- One issue (credit card fraud) was allowed to morph into a wrongful termination suit due to the lack of clear procedures for handling claims of official wrong-doing.

**What a mess!**

A public official was indicted and pleaded guilty to bribery and tax fraud after he accepted $15,000 in cash and $40,000 of home improvements for backing zoning changes for a controversial development project. After the controversy, a proposal from the city mayor to create an ordinance to allow investigations of city council members who commit ethical violations was rejected by the City Council. Unfortunately, patronage and unethical politics are an unspoken "way of life" in some localities.
A mid-western city and surrounding municipality, known for corruption, has operated under some form of a patronage system since the 1940’s. A lawsuit filed in 1970 culminated with a 1983 court order that made it unlawful to take any political factor into account in hiring public employees (with exceptions for positions such as policy making). This order caused a once overt patronage system to go underground. The county and city officials quickly decided that they would continue with the questionable hiring practices, but would do so with a much more cautious approach. Test scores were inflated and interviews were predetermined. During the investigation into the illegal hiring practices, prosecutors found multiple inconsistencies with the interview process--citing one example of an interview that resulted in a perfect job rating for a candidate who was out of the country on the date the interview allegedly took place. Retired workers complained repeatedly about promotions based on favoritism and political affiliation. The attorney whose lawsuit led to a federal ban on patronage hiring said, “Thousands of honest applications for city jobs have been affected.”

Some thirty years later, the tainted patronage system is still rampant. In 2005, a federal judge appointed a special investigator to explore allegations that the city Mayor’s patronage chief and others were rewarding political allies with jobs, promotions, and overtime. During this investigation, the special investigator revealed the existence of a stealth payroll within the City Council budget. The payroll included payments to an alderman’s father ($75,000), a politically-connected couple ($280,000), a political consultant who was media advisor for an alderman ($73,780), and other numerous payments to individuals that shared the last name of prominent public officials. The investigation led to the indictment of a top official in the mayor’s administration later that year. In total, thirty-two city officials were indicted. Of those thirty-two, twenty-three were convicted. The mayor reacted predictably by expressing disappointment in the staff involved in the scandal and by firing selected officials.

Besides the $1.3 million lost in the “stealth payroll,” the scandal reinforced the reputation of the current city and county administrations as those that practice corrupt politics. The public has grown weary of scandal after scandal and is not willing to accept that “this is just how things are in our city” anymore.
This case highlights the importance of fighting political corruption. Elected officials and municipal employees are responsible for challenging institutionalized corruption even if they were not involved in the origins of the corruption. To simply blame your predecessors or to accept the turpitude as a way of life is not acceptable. Leadership has to come from the top. Organizational and cultural change should be pursued through an approach that includes leading by example, accountability, and training.

**Lessons Learned**

- It can be difficult to overcome a culture where unethical behavior is the norm.
- To move away from unethical practices requires leadership at all levels.
- Even a court order is not enough to change culture.

**Why, oh why?**

A small city located along the Atlantic seaboard found itself in an ethical dilemma during a routine reappointment of a citizen to the city’s Sewerage Commission. The individual up for consideration also happened to be the founder and director of a local bank and one of the city’s major real estate developers. The controversy began when a local resident stated her belief that certain council members should not vote on the reappointment because of a potential conflict of interest, a conflict that none of the council members had previously considered. Of the five members on council, four have a business or political relationship with the citizen, including employment at the bank, serving on the bank’s board of directors, owning shares in the bank’s stock or receiving large campaign contributions from the citizen. The city decided to turn the matter over to an outside attorney for independent review and to determine who on the council could vote on reappointment without fear of impropriety. Successful business persons frequently have many tie-ins with different organizations and people, including elected officials. Appointing a successful business person or developer on a commission which then has the authority to make and enforce laws and regulations creates the appearance of “cronyism” wherein certain people have “the inside track” and can profit from their dealings with the local government. Based on the most recent US Census report, there are 35,195 jurisdictions in the nation with populations of less than 50,000. Thus, this dilemma, which can be more prevalent among smaller jurisdictions, is not unique.
Procedural Case Studies

Too Small To Happen Here

A small, rural Southern county was the setting for a 12-person indictment on federal charges of racketeering, obstruction of justice, and drug and weapon distribution. For more than a decade, leaders within the county Sheriff’s office were involved in falsifying police reports, stealing drugs which were meant to be used as evidence and re-selling them, and renting a home to a known criminal to support drug distribution and enable members of the Sheriff’s department to have extramarital affairs. Once the county Sheriff was made aware of the illegal activity, he dismissed it as “water under the bridge” and took no action against the offenders. The staggering scope of the criminal acts were only uncovered when Drug Enforcement Agency (DEA) agents exposed the operation as part of a larger online drug distribution ring.

Are you prepared to come forward and disclose unethical or criminal behavior? What if it is being done by a close friend or associate? Be prepared. Have a plan in place before a crisis occurs to assist and guide you in your actions.

In addition to an expensive federal investigation and prosecution which lasted more than three years, the county paid a very high price for its pervasive corruption and subsequent cover-ups. First, there was an immeasurable loss of the community’s trust in its long-term public servants, which were both directly and indirectly involved in serious crimes—the very crimes their agency was in place to prevent and expose. Persistent questions about credibility were directed at the offenders, but also by association, other (presumably honest) men and women within the Sheriff’s department. Second, the widespread media coverage and focus on the investigation and trials diverted attention from the core mission of public safety.

The costs to the Sheriff’s department and the community were widespread and devastating. Ultimately, the Board of County Supervisors passed a resolution asking the Sheriff to step down; in court, he pled guilty to making a false statement to a federal agent, was sentenced to 9 months confinement, and fined $15,000. Others accepted similar plea bargains, with penalties ranging from probation and community service to incarceration.
Lessons Learned

This case highlights the critical need for more checks and balances within the public safety system. Ensure that...

- There are independent investigative bureaus that act as a deterrent against those who might deviate from ethical boundaries.
- There are people within the department, or citizens or elected officials, that have the courage to disclose the truth, report it to designated officials and act immediately.
- There is understanding that unethical and illegal behavior can happen anywhere, from large urban areas to small rural counties, where everyone knows everyone….or at least thinks they do.

Dirty Dozen

A major city police department hired over a thousand officers very quickly in reaction to an increase in crime. Within seven years, a ‘Dirty Dozen’ officers were being sentenced to various prison terms after they set themselves up as a ‘protection crew’ for a fake drug operation set up by the FBI. There are several lessons here; the most glaring is that hiring for ‘quantity’ instead of ‘quality’ can lead to trouble. Another is that it took years for this police department to regain the trust of the public.

Failure to Act & System Failure

Local government is frequently expected to do more with less. There are some departments whose workload is so heavy that there seems to be no end. In many local governments, the human services agencies do their best to manage cases appropriately using the standards of their profession combined with the expectations of the state and federal governments to create procedures that ensure services are provided in accordance with acceptable practices or required regulations. Often, communication between professionals within the same government or between agencies of other jurisdictions prevents an organization from implementing procedures to provide necessary services – a lapse that can occur at a terrible price.

One winter morning, the battered body of a 12 year-old girl was found along a rural county road. This discovery culminated an extensive missing person case and ten years of intermittent involvement by five different departments of social services (DSS) in two states. Press reports indicated that the child had been sexually abused, chained to a basement door and starved prior to being beaten to death. Social workers in the five jurisdictions mentioned that they had received numerous complaints about the family from relatives and the community. However, the family moved from county to county and between states to avoid intervention. The mother alleged that the children were homeschooled and they were not enrolled in public school systems where they resided. School truancy personnel were provided with this information when they investigated the family in the weeks prior to discovery of the child’s body.
As information appeared in the press, there were questions about how this could have happened. State DSS and the DSS agencies in four of the counties initiated investigations and the state legislature set up a special subcommittee to examine the case and develop recommendations for potential legislation or policy changes. The report from the social services agencies concluded that the system failed and delineated the factors that contributed to this failure. The report confirmed that the state had a history of supporting the maintenance of the family unit and low instances of permanent removal of children; that workers lacked the training and resources (financial and human) to deal with uncooperative families; and, that worker need to follow up when chronic families with active investigations leave their jurisdiction to ensure their cases are active in the new jurisdiction. The legislative subcommittee agreed with these findings.

Six months after the child died, the live-in boyfriend of her mother entered a guilty plea to first degree murder and abduction and received a life sentence. The mother entered a plea to second degree murder one year later and was sentenced to 35 years in prison for helping her boyfriend imprison, torture, and murder her daughter. The remaining children were placed with family members or in permanent foster care. There was no wrongful death lawsuit filed on behalf of the child’s remaining family.

The importance of communication within a government and between allied professionals in other jurisdictions is emphasized by this case. School personnel did not follow up with social services about the family, there was no evidence that school personnel checked to ensure that the family had completed any required paperwork for home schooling, and social services staff did not follow up with their counterparts in the jurisdictions where the family had relocated (they simply made a notation in the case file and went on to other cases).

How would your staff have handled this situation? What resources do you have available to address this type of situation?
Procedural Case Studies

The monetary costs of this event were excessive – investigation and reviews conducted by the social service organizations, criminal investigation by law enforcement, placement and custody processes for the remaining children, prosecution and defense followed by incarceration and appeals of the boyfriend and mother, convening of a special legislative subcommittee and their review, and funeral costs for the child. The non-monetary costs were also excessive – emotional suffering of all those involved (including social services staff), the loss of faith in child protection laws/regulations, and the (incalculable) life of a human being.

Do your elected officials know the standards for policies and regulations related to provision of human services?

Lessons Learned

Human service agencies should have a clear policy about sharing information and personnel should be trained in dealing with non-compliant or closed families...

- When dealing with a difficult case, workers should communicate extensively within their agency and jurisdiction;

- Administrators and managers should be familiar with human service delivery policies and procedures;

- Communication agreements between jurisdictions and other mechanisms for inter-jurisdictional cooperation should be explored and implemented.
Ethical violations have associated, and often hidden, costs. The costs range from the costs to the individual(s) committing the violation to the organization within which the violations occurred. The costs can vary greatly depending on the level of the violation and the resulting punitive action the violation brings. Yet, regardless of the degree of the violation, or the severity of the punishment, every employer and employee should understand that there will be costs and that those costs can be significant to an individual’s career or the organization’s reputation and functionality. Ethical violations must be taken seriously.

Costs for ethical violations may result from administrative breaches of conduct or criminal broaches of the law. The costs for such violations can be broken into categories of personal and/or organizational hard costs and/or soft costs. Often, these costs overlap and the soft costs and hard costs may both result from the ethical violation. Soft costs are those intangible costs to one’s personal or the organization’s reputation. They also impact the social fabric of the organization and the ability to achieve future goals. The hard costs are generally the actual monetary impacts that can affect both the individual(s) involved and the organization. These monetary costs are often difficult to assess due to the obscure impact of the costs on the organizations structure.

The costs to an individual may be the loss of a career, or, if severe enough, jail time. In addition, the reputation of the individual may be tainted for an extended period of time. In other situations where the violation is not so severe to warrant career loss or imprisonment, the loss of confidence in the credibility of the individual is a cost in itself. Regardless, ethical violations may result in individual’s lives being irreparably affected.
Conclusion

The costs to an organization if the violation is not taken seriously or is mishandled can be as severe as to the individual(s) involved. The credibility of the organization is brought into question, even in cases of lesser violations. Organizational respect is lost and is often difficult to regain. The affect on staff within the organization is often met with issues of decreasing morale. Public sentiment is often expressed in negative expressions of surprise and disgust. The leaders of the organization are often found to be tainted with a broad brush of incompetence and lack of leadership. A negative perception of the organization often follows an ethical violation, and an organization’s future achievement of goals may be delayed for years.

While an individual’s, as well as an organization’s reputation may be harmed, there are generally actual monetary costs as well. An organization may face the loss of significant funds as the result of ethic violations. In a governmental context the loss would, most likely, be from money taxpayers have paid to the government. In many cases, the resulting loss would have to be made up in a relatively public manner before the press and with broad questioning from the citizens. Law suits and public scrutiny could result. In lesser cases, a loss of funds could be handled in a controlled internal manner. However, the informal network of information exchange would promote questions that could demand explanation. In the same way, an individual(s) may also face monetary consequences. Large repayment of funds, as well as loss of income due to losing a position may result. In more severe cases, jail time may also result.

Whether the loss of individual or organizational reputation, or the loss of money, the result of ethical violations is serious. Ethics cuts both ways: good ethics can aid in the future career of an individual or to the stability of an organization; or if ignored and not given the appropriate attention, it can ruin an individual or the reputation of an organization. The costs are often hidden, but seldom can remain so.

Public trust in government officials is both hard-won and extremely fragile. To quote the late John F. Kennedy, “The basis of effective government is public confidence, and that confidence is endangered when ethical standards falter or appear to falter.” The recovery of that trust, and the prevention of its further erosion, is paramount in any ethical crisis recovery.
Conclusion

You understand the nature of the problem. You have identified the people in authority who will help you to determine the course of action, as well as your role in responding to the crisis. You understand the system and regulatory authorities which guide your response.

Now you have the tools and responsibility to act. You will respond to an ethical crisis swiftly, intelligently, and responsibly.

Your actions could avert an ethical disaster. Crises will happen: daily, on scales large and small, intended and unintended. They will rock organizations to the core if they are not prepared.

Who cares about ethics? You do.

You understand:

The costs: Tangible and intangible, staggering and pervasive.

Your role: Taking responsible and appropriate action NOW.

The consequences of inaction: Often devastating.
Suggested Readings


Other Resources

CityEthics.org at [www.cityethics.org](http://www.cityethics.org);

George Mason University Northern Virginia Fellows Program MPA Cohort Five at [http://thirdpartyethics.net/](http://thirdpartyethics.net/);

Government Finance Officers Association (GFOA) at [www.gfoa.org](http://www.gfoa.org);

International City /County Management Association (ICMA) at [www.icma.org](http://www.icma.org);

The Institute of Internal Auditors at [www.theiia.org](http://www.theiia.org).
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