

Current Challenges to Upholding Ethical Standards in Government

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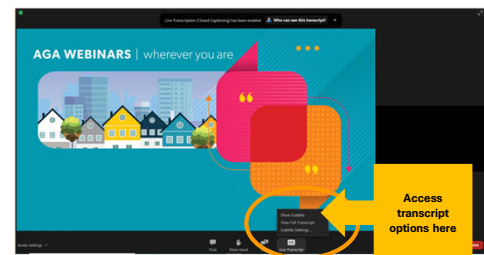
Current Challenges to Upholding Ethical Standards in Government

November 19 | 2:00–3:50 PM ET | 1.5 CPEs | FOS: BETH

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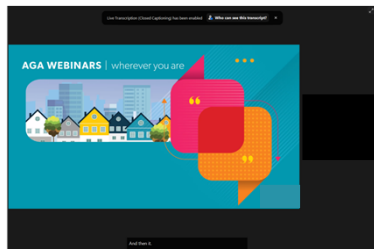
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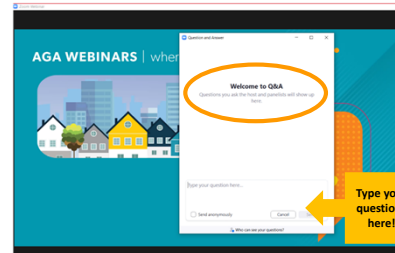
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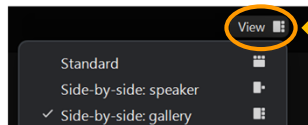
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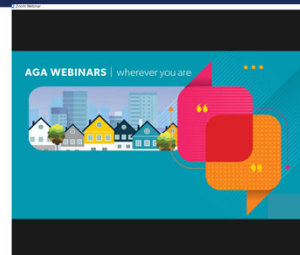


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Welcome!

Current Challenges to Upholding Ethical Standards in Government

November 19 | 2:00–3:50 PM ET | 1.5 CPEs | FOS: BETH

A yellow silhouette of a hand with fingers spread, positioned as if waving. Three curved lines above and below the hand suggest motion.

Current Challenges to Upholding Ethical Standards in Government

Successful government operations require that all involved uphold the highest professional ethics standards. Unfortunately, when these standards slip, an environment can be created that is ripe for abuse and vulnerable to fraudulent activity. This session will explore both what you can do to instill good conduct and what to look for when these obligations aren't being met.

Learning Objectives:

- Identify patterns of unethical behavior
- Learn how to instill and uphold strong ethical standards
- Explore environments that are vulnerable to fraudulent practices
- Develop detection methods for misconduct

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Current Challenges to Upholding Ethical Standards in Government

Speakers

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Disclaimer

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Presenters are not delegated ethics officials and have produced and presented in their personal capacity.

Note – this applies for Dr. Jennifer Miller and Ms. Megan Gaillard's governmental entities. Mr. James Molenaar, Esq. has the same disclaimer for his legal practice. All opinions are that of the speaker and no other agency, government, or entity.

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Current Challenges to Upholding Ethical Standards in Government

Sub-Sections:

1. Misuse of Power
2. Bribery
3. Embezzlement
4. Nepotism
5. Favoritism
6. Conflicts of Interest
7. Abuse of Power
8. Confidentiality
9. False Accusations
10. Harassment

Sub-Sections:

11. Falsifying Records
12. Incompetence
13. Mismanagement (Minor Mismanagement)
14. Mismanagement (Gross Mismanagement)
15. Invalid Expenses
16. Lack of Due Diligence
17. Noncompliance to Policy
18. Noncompliance to Law
19. Workplace Conflicts

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1. Misuse of Power Definition

Incorrect and/or improper use of power

Frequently referred to as *abuse* of power and misuse of a position of power to take unjust advantage of individuals, organizations, or governments

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Misuse of Power Example

- Many in-depth examples among following slides. Some include:
- Bribery 🤝
- Embezzlement 💰
- Favoritism 👥
- Abuse of power 🖐️
- Harassment 😡
- Corruption 🏛️
- Censorship 🗑️
- Spying 🕵️

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Bribery Definition

Offering, giving, receiving, or soliciting anything of value to influence an official act

Generally done as either

- Kickbacks
- Bid rigging

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Misuse of Power Prevention

- Standards and rules of conduct with reporting procedures (in writing) 📄
- Reevaluation and revision of literature 🔍
- Strict penalties for offenders ⚖️
- Encourage responsible behavior 🤝
- Segregation of duties 👤
- Zero Trust security strategy - away from a trust-by-default and to a trust-by-exception 🖥️🔒

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Bribery Example

Purchasing agent receives money to ensure a particular vendor gets the business

Contracting agent receives money to ensure a particular vendor gets awarded a contract

Individual receives expensive gifts (liquor, tickets to events, travel)

Individual receives discounted or free travel or event registration (e.g., professional conference)

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Bribery Prevention

-  Clear policy prohibiting money and gifts in exchange for services, to make it harder for someone to justify
-  Require gifts to be reported
-  Prohibit free events (Note - May allow if offered to everyone)
-  Management oversight
-  Cross-training

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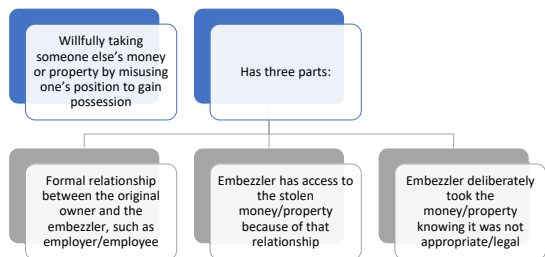
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Embezzlement Example

- Every type of asset misappropriation, as long as gain access to the funds because of their position:
 - Theft of cash on hand
 - Theft of cash receipts (skimming, check kiting)
 - Fraudulent disbursements

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3? Embezzlement Definition



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Embezzlement Prevention

- Anti-fraud training
- Hotline for tips
- Requiring a second signature for certain transactions
- Segregation of duties
- Rotate responsibilities
- Require people to take time off

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4 Nepotism Definition

- Nepotism is the act of granting an advantage, privilege, or position to relatives in an occupation or field.
- Nepotism is a common accusation in politics when the relative of a powerful figure ascends to similar power seemingly without appropriate qualifications.
- Nepotism at work can mean increased opportunity at a job, attaining a job or being paid more than other similarly situated people.



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Nepotism Prevention

- Strong code of conducts
- Severe disciplinary sanctions for conflicts of interest
- Prohibit direct lines or kinship relationships in reporting structures
- Limit participation or have no participation with governments or businesses that allow nepotism
- Require disclosure of relationships
- Conflict of interest reviews
- Merit only promotion policies (or cost of living adjustments)
- Independent hiring panels

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Nepotism Examples

- Hiring someone because of their name
- Hiring someone because they are in your social circle
- Tori Spelling being cast on the TV series Beverly Hills, 90210 as a result of her father, Aaron Spelling's, involvement with the show
- The Los Angeles Lakers encountered allegations of nepotism when they selected Bronny James, the son of LeBron James, in the 2024 NBA draft
- In academia, it was common to have the partner or children hired by the same facility that they work prior to new rules

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5 Favoritism Definition

- Favoritism is similar to Nepotism and is the act of granting preferential treatment or not subjecting a person to consequences due to a personal association or relationship
- Favoritism bias stems from cronyism or persons having similar characteristics or those that we admire
- Favoritism bias relates to the person in the less powerful position who ascends higher without seemingly appropriate qualifications

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Favoritism Examples

Offering	Holding	Promoting	Socializing
Offering favored employee(s) high-profile project(s) or leadership role(s) clearly outside their experience "wheelhouse" because they share a similar hobby, trait(s) or experience(s)	Holding favored employee(s) to inconsistent standards such as excusing missed deadlines, tolerating inappropriate behaviors and accommodating flexible work schedules	Promoting less-experienced employee(s) of similar sex or background versus one of similar characteristics or traits	Socializing with specific subordinate(s), not all

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6. Conflicts of Interest Definition

- Individual(s) in Key Contracting Position(s) that are Subject to Two or More Competing, Co-Existing Interests that May Unduly Influence, Disrupt or Compromise the Decision-Making Process Affecting the Integrity of the Outcome
- Individual is Perceived or Unable to Make Fair and Impartial Decisions due to Personal, Business or Financial Interest(s)
- Generally Related to an Individual Involved in Multiple Social or Professional Roles that Generate Actual or Perceived Benefits or Loyalties Related to One of the Roles

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Favoritism Prevention

- Establish Clear Office and Human Resource Policies
- Provide Leadership Training Across All Employees Consistent with Performance and Experience
- Provide Consistent and Clearly-defined Merit-based Standards for Promotions and Project Opportunities
- Management Investigates Favoritism Allegations Timely and Thoroughly
- Provide a Safe Reporting Policy
- Establish a Non-Retribution Policy

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Conflicts of Interest Example

- A Contractor Previously Suspended or Denied Federal Contracting Status Due to Ethical Violations Seeks to Re-enter the Market Without Appropriately Disclosing Their Past Situation
- Contractor or Employee has a Financial or Personal Stake in a Competing Business that has Not Been Disclosed
- A Person in a Position of Trust, Such as a Contracting Officer Acts in Support of Their Own Interest Versus the Interests of Those They Represent
- A Contracting Officer Involved in a Contract Competition Review and is Related, Either Personally or Financially to One or More of the Proposed Competitors

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Conflicts of Interest Prevention



Employee Financial and Business Disclosures



Strong Policies & Procedures

Applies to Federal Government and to Any Entity Contracting with the Federal Government or Receiving Federal Monies



Require Detailed Contract(or) Reviews by Employing Entity

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Abuse of Power Example

Abuse of Power: commonly crime (e.g., white-collar, economic, organizational, occupational, organized), public corruption, and governmental and corporate deviance.



Abuse of Authority:

Unfair delegation of duties or request that an employee undertake personal services unrelated to their official duties

(Mis)use of power or personal authority to force an individual not to exercise their right to complain, or raise concerns, about potential breaches of standards of conduct or ethical obligations

Typical, careless, or capricious conduct or continuous and/or severe abusive language from Authority toward employee(s)

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7. Abuse of Power Definition

Abuse of power, per Office of Justice Programs (Dept of Justice): misuse of a position of power to take unjust advantage of individuals, organizations, or governments.

Abuse of authority, per Cornell Law: an arbitrary and capricious exercise of authority that is inconsistent with the mission of the executive agency concerned or the successful performance of a contract or grant of such agency.

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Abuse of Power Prevention

- Standards of Conduct (in *writing*) 📄
- Reevaluation and revision of rules/standards of *conduct* 🔍
- Strict penalties without probation or parole for offenders ⚖️
- Organizational *procedures* and codes of *ethics* to encourage responsible behavior 📋
- Reevaluation and revision of procedures and codes of *ethics* 🔍
- Segregation of duties 👤
- Zero Trust security *strategy* - away from a trust-by-default and to a trust-by-exception 🛡️

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8 Confidentiality Definition

Per the National Library of Medicine:

Confidentiality in the medical setting refers to “the principle of keeping secure and secret from others, information given by or about an individual in the course of a professional relationship,”¹ and it is the right of every patient, even after death.²

Cambridge University:

The fact of private information being kept secret.



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Confidentiality Violation Prevention

- Secure access (closed/locked doors to Sensitive Compartmented Information Facilities) 🚪
- Privacy Act of 1974 and as amended, 5 U.S.C. §552a 🗂️
- Need to know practices and clearances (e.g., Confidential, Secret, and Top Secret) 🤫
- Non-Disclosure Agreement 📄
- Institutional Review Board 👤 👤 👤
- Training – annual and refresher for spills, leaks, breaches, and spillages 🧑🏫 🚰

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Confidentiality Examples

Personally Identifiable Information – SSN, financial account numbers, home addresses, and personal phone numbers

Personal Health Information – medical records, appt details, diagnosis

Attorney-client privilege – trade secrets, legal advice discussions, patents, copyrights

Education – student grades, test scores, disciplinary action, courses taken

Research – participants, data, findings, new technologies services or goods

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9 False Accusations Definition

- A **false accusation** is a claim or allegation of wrongdoing that is untrue or unsubstantiated
- False accusations are also known as groundless accusations, unfounded accusations, false allegations, false claims or unsubstantiated allegations.
- Types:
 - Completing false allegations, when the alleged events did not occur
 - Allegations where events occurred, but were perpetrated by an individual who is not accused (accusing innocent parties)
 - Allegations that are false which mix actual events that happened with events that did not happen

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9 False Claim Examples



Submission of false invoices or payment vouchers that are untrue (Medicare Claims)



False records or statements (Misleading people for decisions, perjury)



Unlawful purchase of government property (government funds for personal items)

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10 Harassment Definition

Per the U.S. Equal Employment Opportunity Commission (EEOC), harassment is a form of employment discrimination.

In action, it's unwelcome conduct based on race, color, religion, sex (including sexual orientation, transgender status, or pregnancy), national origin, older age (age 40+), disability, or genetic info (including family medical history). Harassment becomes unlawful where 1) enduring the offensive conduct becomes a condition of continued employment, or 2) conduct is severe or pervasive enough to create a work environment that a reasonable person would consider intimidating, hostile, or abusive. Anti-discrimination laws also prohibit harassment against individuals in retaliation for filing a discrimination charge, testifying, or participating in an investigation, proceeding, or lawsuit under said laws; or opposing employment practices they reasonably believed discriminate against individuals, in violation of law.

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False Claim Prevention



WHISTLEBLOWER FEDERAL PENALTIES FOR FALSE CLAIMS



IMMEDIATE TERMINATIONS



PROSECUTION

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Harassment Examples

Conduct creates a work environment that would be intimidating, hostile, or offensive to reasonable people.

Offensive conduct is not limited to offensive jokes, slurs, epithets or name calling, physical assaults or threats, intimidation, ridicule or mockery, insults or put-downs, offensive objects or pictures, and interference with work performance.

Harassers could be victim's supervisor, a supervisor in another area, an agent of the employer, a co-worker, or a non-employee.

Victims could be the person harassed and/or anyone affected by the offensive conduct.

Unlawful harassment may occur without economic injury to, or discharge of, the victim.

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Harassment Prevention

-  Prevention is the best tool to eliminate workplace harassment!
-  Employers - take appropriate prevention and correction steps for unlawful harassment.
-  Clearly communicate intolerance for unwelcome harassing conduct.
-  Establish an effective complaint or grievance process, provide anti-harassment training to managers and employees, and take immediate and appropriate action when an employee complains.
-  Employers - create an environment where employees feel free to raise concerns and are confident said concerns will be addressed.
-  Employees - inform harasser directly that the conduct is unwelcome and must stop. Also, report harassment to management early on.

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Falsifying Records Examples

- Employee fills out timesheet showing worked when was not at work
- Employee submits travel voucher with fake receipts
- Case worker creates reports for clients not visited
- Teacher changes exam sheets so failing students pass
- Applicant overstates education or experience on resume

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11. Falsifying Records Definition

Deliberately creating inaccurate or incomplete records to hide improper or illegal actions

May not involve direct monetary benefit

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Falsifying Records Prevention

-  Supervisory review of all supporting documentation
-  Verification of resumes
-  Survey clients to confirm services rendered
-  Management oversight
-  Segregation of duties

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12 Incompetence Definition

Lacking the appropriate knowledge, skills, and/or abilities to properly perform required duties

Not taking due care when performing duties

May be an indicator of other unethical behavior

Nepotism

Favoritism

Falsifying Records

Lack of Due Diligence

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Incompetence Prevention



Transparent hiring decisions



Promotional exams



Training / professional development



Verification of resumes

Note – Use Background Checks



Culture that supports failure

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Incompetence Examples

Manager promotes friend/family member who is not qualified for the position

Employee accepts duties they can't handle out of fear of losing position

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13 Mismanagement (Minor) Definition

Making poor quality decisions about the operation of the entity

May be an indicator of other unethical behavior

Misuse or abuse of power

Nepotism

Conflicts of interest

Incompetence

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Mismanagement (Minor) Examples



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14 Mismanagement (Gross) Definition

Gross Mismanagement is the act of management responsibilities that are conducted in a way that grossly deviates from a reasonable standard of care, causes significant adverse impacts (finances, reputation, etc.), inability to comply with law or regulation.

This is a serious offense that is past a simple mistake and is a pattern of abusive or arbitrary actions, such as, ignoring risk that causes harm.

This leads to fraud, waste, and abuse.

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Mismanagement (Minor) Prevention



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Mismanagement (Gross) Examples

- Theft, fraud, and kickbacks
- Misuse of public funds
- Abuse of authority
- Poor handling of sensitive situations (confidential information leaks)
- Workplace issues, such as, bullying, harassment, intimidation, etc. if there is a pattern of behavior

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Mismanagement (Gross) Prevention

- Strong code of conducts and governance frameworks
- Monitoring and consequences for violations
- Encourage whistleblowing
- Maintain independent oversight
- Perform regular audits
- Mandate reporting issues and management items or concerns
- Promote accountability
- Vet new hires thoroughly
- Rotate job duties
- Monitor behaviors

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Invalid Expenses Examples / Common Issues



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15 Invalid Expenses Definition

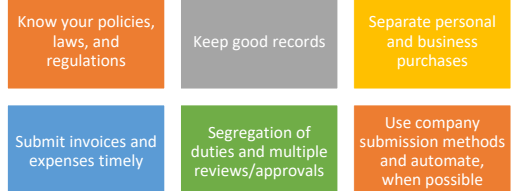
Invalid expenses are claims that are either improper, disallowed by law, or incorrectly submitted.

Disallowed expenditures are those expenses which are not allowed or cannot be deducted while computing a tax return or for the entity (this could relate to grants and requirements).

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Invalid Expenses Prevention



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16 Lack of Due Diligence Definition

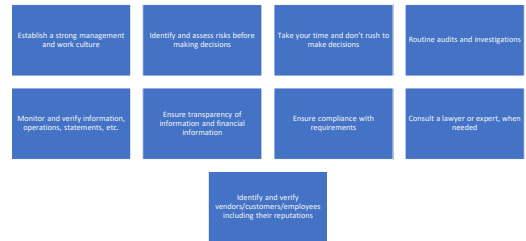
A lack of due diligence means to fail to perform the necessary research, investigation, and reasonable care that should occur prior to completing a business transaction or important decisions that affect the entity or employees.



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Lack of Due Diligence Prevention



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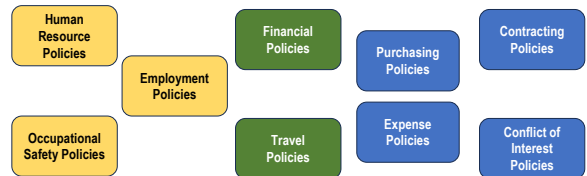
Lack of Due Diligence Examples



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17 Noncompliance to Policies Definition

Act(s) or Omission(s) that Fail to Follow or Adhere to Entity Policies



Creating Civil, Financial, or Criminal Wrongs that May Result in Dismissal, Financial Penalty or Legal Consequences

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Noncompliance to Policies Examples

Hiring an employee without process – Manager Interviews an Applicant, Makes a Salary Offer without Proper Human Resource Officer Review

Violating Established Safety Policy – Bringing a Pet into an Office without Proper Approvals

Traveling without Executing the Proper Approvals and Documentation

Hiring a Contractor without Processing through the Proper Bid and Proposal process

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18 Noncompliance to Law Definition

Acts or Omissions that Result in Failure or Refusal to Adhere to

Federal,

State

or

Local

Laws & Regulation Requirements

Resulting in a Civil or Criminal Wrong
that is Subject to Financial Penalty or Incarceration

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Noncompliance to Policies Prevention

Define	Properly Define the Intent and Outcome of the Policy
Develop	Develop Clear and Concise Policies & Procedures
Review	Review Policies & Procedures for Intent, Applicability and Accuracy
Incorporate	Incorporate Policy Reviews in Annual Risk Management Process
Provide	Provide Annual Employee Training and Review Position Requirements
Include in	Include in Employee Annual Review Process

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Noncompliance to Law Examples



Violating an Occupational Safety Law such as not Wearing Protective Gear at Specifically Defined Sites, such as Bio-hazard Labs, Construction or Nuclear Sites



Violating Hiring Laws such as Not Hiring Personnel Based on Merit, but on their Protected Characteristics or Traits



Purposely Submitting Expenses for which the Entity is not Liable (Fraud)

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Noncompliance to Law Prevention

Provide	Provide Annual Employee Training
Include	Include Legal Compliance Requirements in Employee Annual Review Process
Review	Review Position Requirements
Incorporate	Incorporate Legal Reviews in Annual Risk Management Process

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Workplace Conflicts of Interest Examples

Personal conflicts - individual is in a position to perform their job and make decisions in ways that may enhance their financial standing. 🌱

Organizational conflicts - a company is part of the development or specifications process for a product and another part of the company then tests or evaluates that product. 🧑🏻‍🔬🧑🏻‍🔬🧑🏻‍🔬🧑🏻‍🔬🧑🏻‍🔬

Could include nepotism, romantic relationships, competing with an employer, and breaching confidentiality. 🧑🏻‍💼🧑🏻‍💼🧑🏻‍💼🧑🏻‍💼🧑🏻‍💼

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19. Workplace Conflicts of Interest Definition

Individual's personal obligations or loyalties clash or conflict with their duties in the workplace.

The conflict compromises individual's ability to make impartial decisions, judgments, or actions that serve the best interests of their clients or employers.

Family, friendships, finances, and self-serving interests are common factors that lead to conflicts of interest.

An *actual* conflict of interest *already* exists, while a *perceived* conflict of interest is when someone *could reasonably think* there's one. 🤔

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Workplace Conflicts of Interest Prevention

Writing policies and procedures for prevention and proactive management 📋

Nondisclosure Agreements 📄

Non-Compete Agreements 📄

Ethics training (annual and refresher) 🧑🏻‍🎓

Enterprise Risk Management and Framework 📋

Identifying and assessing potential fraud risks factors and indicators 🧑🏻‍🔬

Fraud Detection and Indicators 🧑🏻‍🔬

Internal Audits and Inspections ✅🧑🏻‍🔬

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- Dec. 10 – Internal Controls Webinar
- Jan. 21 – AI Webinar
- Feb. 4 – GASB Update Webinar

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