

## The Case of the Unethical City Attorney<sup>1</sup>

Amanda Meek, an AGA member and CGFM, works in the finance and accounting office of Placid City. One of Amanda's jobs is processing payment for city employee travel and miscellaneous expense report submissions. Her job does not entail "auditing" the submissions, because City policy is that the head of each employee's office is supposed to assure that expenses claimed are proper and the head of each office approves each submission.

The head of the City's legal office is the city attorney, Werner Keyrupt. Werner's monthly expense reimbursements are generally between \$1,000 and \$2,500. Expenses include many lunches and dinners (some on weekends and holidays); air travel to other cities; and some department store clothing purchases. Justifications for the meals and travel are noted as "confidential client meetings." Justifications for the clothing purchases are noted as "department head clothing allowance." Amanda suspects that not all of the meals and travel are for official business purposes and is not aware of any clothing allowances for department heads (and no other department heads have claimed such costs).

Amanda reported her concerns to the city comptroller who told her that the city attorney is a very powerful man, and that Amanda's job is to *process* transactions, not to *question* transactions.

Amanda has decided she should find another job. She has considered reporting her concerns about the city attorney to the town council, either directly or anonymously through the city's hotline. But, she knows that since she already reported her concerns to the comptroller, everyone would know the hotline report came from her. Amanda knows that being a known "whistleblower" would likely affect her prospects for finding another job.

### What should Amanda do?

- A. Amanda should move on without becoming a whistleblower; particularly because AGA's Code of Ethics specifically says that AGA members and CGFMs should not disclose "any confidential information acquired while performing professional services."
- B. Amanda should report her concerns right away and openly to the city council. As an AGA member and CGFM, she has an ethical obligation to "consider the long-term interest of the government and its citizens."
- C. Amanda should report her concerns via the city's hotline after she gets another job. As an AGA member and CGFM, she has an ethical obligation to "consider the long-term interest of the government and its citizens."
- D. Amanda should immediately report what she knows to the Placid City Times Herald. As an AGA member and CGFM, she has an ethical obligation to "consider the long-term interest of the government and its citizens."
- E. Other: \_\_\_\_\_

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<sup>1</sup> Dilemma based on a question submitted to the AGA PEB. Names, locations and certain facts have been modified to help maintain anonymity.

## One Party Too Many<sup>2</sup>

Jane, an AGA member and a CGFM, recently began a new job as an accounting technician at the regional financial services center (FSC). The Executive Director of the FSC was retiring. The Deputy Director of the FSC sent an email to all FSC employees advising them to contribute \$20 for food, sodas, and party supplies such as paper plates, napkins, and plastic utensils towards the Executive Director's retirement party. The FSC's office administrator was responsible for collecting the money from each employee. When the office administrator approached Jane to collect, Jane explained that since she was new and did not know the Executive Director, she was not sure if she was expected to contribute and may not even attend the retirement party. The office administrator replied that since the FSC is a close-knit group, all the employees, even the new ones, have always contributed towards, and attended, such parties. Jane decided to contribute the \$20.

The Deputy Director was selected as the new Executive Director. The Branch Chief of the FSC sent an email to all FSC employees advising them to contribute \$20 towards the Deputy Director's promotion party. Once again, the office administrator was responsible for collecting the money from each employee. When the office administrator approached Jane to collect, Jane hesitated, but decided to contribute the \$20.

The Branch Chief was selected as the new Deputy Director. The Branch Chief's senior accounting supervisor sent an email to all FSC employees advising them to contribute \$20 towards the Branch Chief's promotion party. Before the office administrator could approach Jane to collect, Jane met with her direct supervisor, Judy, a long standing and respected FSC employee. Jane explained that while she contributed to the first two parties, she was not sure if she should contribute to yet another party. Although \$20 is not a large amount, it seemed as if the FSC throws many parties. Judy listens to Jane and then tells her that the FSC has had a long-standing tradition of throwing retirement and promotion parties and is paying for them with employee contributions, not government funds, so there is nothing wrong or unethical about what they are doing. In fact, the FSC considers these parties to be moral boosters which help to increase efficiency and effectiveness in the workplace. Judy reiterates that the FSC is a close-knit group and implies to Jane that social interactions at these parties can help her establish good working relationships with her supervisors.

### What should Jane do?

- A. Jane should go ahead and make the contributions as expected. As a new employee, she wants to establish good working relationships with her supervisors, especially Judy, and does not want to interfere with a long-standing tradition at her new organization. After all, it is only \$20.
- B. Jane should not make the contributions as expected. Although she wants to establish good working relationships with her supervisors, especially Judy, she does not think it is right to be expected to contribute towards these parties.
- C. Jane should suggest to Judy that they elevate the matter to Judy's supervisor. Jane remembers reading something about restrictions on gifts between employees in the Standards of Ethical Conduct for Employees of the Executive Branch, and is concerned that by contributing to these parties, she and other FSC employees may be violating the Standards.
- D. Jane should report the matter to the DoDIG Hotline as she believes this to be a violation of the Standards of Ethical Conduct for Employees of the Executive Branch, mismanagement, and administrative misconduct that should be investigated.
- E. Other: \_\_\_\_\_

<sup>2</sup> Dilemma based on a case of ethical failure published in the Encyclopedia of Ethical Failure (Revised September 2018) issued by the U.S Department of Defense Standards of Conduct Office ([https://ogc.osd.mil/defense\\_ethics/resource\\_library/eef\\_2019.pdf](https://ogc.osd.mil/defense_ethics/resource_library/eef_2019.pdf))

### Budget Accuracy in Cowabunga County<sup>3</sup>

Bob, a CGFM and AGA member, is an accounting supervisor with Cowabunga County. One of Bob's responsibilities is entering adjusting journal entries. Shortly after the county's year end, Mary Jane, head of the budget office, asked Bob to make a series of adjusting entries related to the annual financial statements. Some of the entries move expenditures from one budget category to another and some move expenditures from the recently completed year to the current year. The justification for each of these adjustments simply reads, "To more accurately record and allocate expenditures."

As Bob studied the entries, he realized that each of the entries, if made, will align "actual" expenditures with budgeted expenditures. The overall effect will be to make the budget office look like it has done a great job in budgeting. It is well-known within the county that Mary Jane is planning to run for a seat on the county council.

Bob decides to meet with his boss, Sally, the county comptroller. Sally listens to Bob, and then asks if any of the adjustments are inaccurate or material. Bob, says that based on his analysis, none of the entries accurately reflects the correct treatment of expenses, but that none of the adjustments is individually material, and the net effect of the many intra-year adjustments does not appear to be material, since they tend to just move money from one budget category to another. Bob indicates that the several entries that move expenditures from the prior year to the current year are probably not material either in terms of the financial statements taken as a whole. Sally instructs Bob that, "since the adjustments are not material, just go ahead and book them; it's not worth making waves."

#### What should Bob do?

- A. Bob should go ahead and book the entries as instructed. He has fulfilled his professional responsibilities by bringing the matter to his boss' attention.
- B. Bob should go ahead and book the entries as instructed. He has fulfilled his professional responsibilities by bringing the matter to his boss' attention. But, he should also write a memo to the file that explains his concerns.
- C. Bob should politely suggest to Sally that they should elevate the matter to Sally's boss, the county CFO, just to be on the safe side.
- D. Bob should call the county's hotline and report the matter so that the county inspector general is aware of the matter and can investigate.
- E. Other: \_\_\_\_\_

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<sup>3</sup> Dilemma developed by a member of the PEB. The PEB has received ethics inquiries that align to the facts and circumstances presented in this dilemma.

## Unhappiness in Happyville<sup>4</sup>

Louisa, an AGA member and CGFM, is a senior grant compliance officer who works at a regional office of a Federal agency. She leads a team of three junior grant compliance staff responsible for monitoring more than 400 grantees within the New England area. Recently, Louisa and two of her staff concluded a grant compliance monitoring on-site visit in Happyville, Maine. The grantee, Senior Service at Happyville (SSH), is a non-profit which runs a program to recruit Happyville's senior citizens to assist on a variety of community needs, such as teacher's aides at a local elementary school, township ambassadors, disaster relief preparation work, etc. The program participants, in turn, receive modest living stipends while they serve their local community.

Based on the review of the grantee's financial records and accounting practices, it appears the grantee follows applicable financial standards and the non-profit is financially sound. However, Louisa and her staff selected a sample of participants for compliance testing and discovered issues related to 7 out of 10 selected program participants that were also noted in previous audits, such as:

- Program participants running errands for grantee executives;
- Missing attendance records of program participants' activities;
- Ineligible individuals becoming program participants; and
- Unaccounted-for program participants from the program roster.

When Louisa discussed the next steps with her staff, they suggested only questioning and recouping the living stipends related to the 7 program participants in question and then just moving on. They reasoned that their heavy workload prevented them from doing further testing at SSH, and said that their limited time would be better spent on other, more high-risk grantees. Later, Louisa presented the results to the grant compliance office director, who indicated that expanded testing was needed and suggested imposing additional terms and conditions on the grantee in the upcoming grant renewal.

Soon after these discussions, the regional office administrator learned about the latest SSH grant monitoring results and summoned both Louisa and her director to the administrator's office. The administrator explained that, having grown up in Happyville, she knew that SSH has been vital to the small town, and many senior citizens depend on the grantee's program. The administrator said that since the grantee is going to apply for grant renewal, it would be a "shame" if the award was impacted due to the monitoring results, because many individuals in Happyville will be affected. As Louisa's director started feeling the heat, Louisa's director then suggested a "middle of the road" solution - conducting a "quiet" internal investigation of SSH and sorting out solutions with the grantee's executives "off the record."

### What should Louisa do?

- A. Louisa should do what her superior has suggested. She has an obligation to perform her job well, supervise others, and there is no reason to second-guess her superiors who are in better positions to see the big picture.
- B. Louisa should ask her bosses to reconsider whether they are doing the right thing, and try to convince them that the problems at SSH look serious and deserve further—and on-the-record—analysis.
- C. The importance of this matter is such that the public's right to the transparency of this information outweighs any other considerations, so Louisa should insist that SSH be investigated further.
- D. If Louisa is unable to get her bosses to investigate SSH further, and on-the-record, she should resign and look for another job.
- E. Other: \_\_\_\_\_

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<sup>4</sup> Dilemma based on an actual case investigated by the OIG of a Federal agency. Names, locations and certain facts have been modified to help maintain anonymity.