

First Friday Fraud Facts+

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The Idaho State Controller's Office distributes this newsletter as a cost-effective method of increasing awareness about ways to detect and prevent fraud, waste, and abuse in government.



QUESTIONS OR COMMENTS:

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Welcome to First Friday Fraud Facts+ (F4+). This edition will cover Ethics.

ETHICS

What are ethics?

'Professionally accepted standards of personal and business behavior, values and guiding principles. Codes of professional ethics are often established by professional organizations to help guide members in performing their job functions according to sound and consistent ethical principles.'

Read more:

<http://www.businessdictionary.com/definition/professional-ethics.html>

Many organizations have a code of ethics as a reference or foundation of expected behavior. The following are some excerpts from the Association of Governmental Accountants Code of Ethics Handbook (<http://www.agacgfm.org/About/Code-of-Ethics.aspx>) as an example of some items that can be included in a code of ethics handbook.

Ethics ultimately is a matter of personal responsibility. Consistently making ethically correct decisions is not easy. It requires commitment and practice, which require first an awareness and then a motivation to act ethically.

The public should reasonably expect that those who serve government are trustworthy.

Professional Conduct ***Personal Behavior***

1. Actively promote and encourage the highest level of ethics within the government financial management community.
2. Transmit or use confidential information obtained in your professional work only for the purpose intended and not for personal gain or other advantage or to the disadvantage of others.



3. Conduct yourself with integrity, dignity and respect for others.
4. Adhere to the standards of conduct of your employer and any professional associations or organizations of which you are a member.

Professional Competence and Performance

5. Strive to perform the duties of your position and supervise the work of your subordinates with the highest degree of professional care.
6. Continually seek to increase your professional knowledge and skills to improve your service to employers, associates and fellow members.
7. Render opinions, observations or conclusions for official purposes only after appropriate consideration of the pertinent facts and after assuring yourself that you have the appropriate expertise and are free from real or perceived conflicts of interest.
8. Exercise diligence, objectivity and honesty in your professional activities and be aware of your responsibility to disclose improprieties that come to your attention to the appropriate parties.
9. Be aware of and strive to apply work-related requirements and standards prescribed by authorized government agencies and employers.

Responsibilities to Others

10. Consider the public interest to be paramount in carrying out your duties.
11. Avoid any activity that creates or gives the appearance of a conflict with your employer-related responsibilities.

FRAUD CASE

Although something may be legal does not mean it is ethical. All fraud is unethical in that someone broke the law. The fraud case for this month has not been prosecuted and charges have not been filed. It is an example of being on the ethical line and using judgment to stay out of this kind of situation.

Governor McDonnell of Virginia has been accused of not being transparent. The Governor failed to disclose gifts from a company CEO and perhaps used his influence to help the company out in exchange for the gifts.

Some of the gifts include:

- \$15,000 to pay caterer for daughter's wedding
- \$6,500 Rolex watch
- \$10,000 engagement check for another daughter
- \$125,000 in personal and business loans

- \$15,000 in high fashion clothes for his wife
- Family trips
- Golf gear

Governor McDonnell stated he did not do anything wrong because the law in his state only requires that disclosures be made for gifts to the elected officials themselves, and not to family members.

Although it may be found that this is true per the law and he did not do anything illegal, it is perceived as wrong and unethical.

When we are accountable to the public and those around us we need to have an ethical code of conduct that will enable us to use good judgment and keep us from crossing the ethical line.

Sources for Fraud Case:

Sources: FBI questions link between Va. gov, donor.

<http://www.ktvb.com/news/national/205338001.html>. Accessed September 5, 2013

Virginia Governor Robert McDonnell sacrifices wife Maureen McDonnell in gifts scandal.

http://articles.washingtonpost.com/2013-08-31/local/41636740_1_jonnie-williams-sr-gifts-mcbride. Accessed September 5, 2013

