FRAUD AWARENESS AND MANAGEMENT IN COUNTY GOVERNMENT

Kathryn Schauf, Eau Claire County Administrator
Wisconsin Counties Association Fraud Seminar
Monday, June 17, 2019
A STEP BACK . . . TO MOVE FORWARD
**KNOW YOUR VALUES**

<table>
<thead>
<tr>
<th>Good Stewards</th>
<th>Fiscally Responsible</th>
<th>Responsive to Citizens</th>
<th>Open and Accountable</th>
<th>Innovative</th>
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<tbody>
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<td>Plan and manage assets to enhance our community resources for the benefit of current and future generations.</td>
<td>Invest in innovative programming while balancing short and long term success.</td>
<td>Listen to the diverse voices in our community. Create programming that aligns with changing needs.</td>
<td>We will listen and invite community input and access; and communicate all decisions, actions, and outcomes in a clear, respectful, timely, and transparent way.</td>
<td>Take risks; explore options before deciding on a solution. Value persistence and continually improve the way we do our work.</td>
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A STEP BACK... TO MOVE FORWARD

• Pressure to maintain numbers. – (What are you measuring?)
• Fear and silence.
• Young ‘uns, and a bigger-than-life CEO. (Groupthink)
• A weak board. (An engaged board)
• Conflicts of interest. (Personal agendas)
• Innovation like no other.
• Goodness in some areas atoning for evil in others. (Rationalization / justification)

Marianne M. Jennings, a business ethics professor at Arizona State University, published the model in her 2006 book, "The Seven Signs of Ethical Collapse."
WHAT ARE YOU MEASURING?
GROUPTHINK
AN ENGAGED BOARD
CONFLICT OF INTERESTS

Conflicts of Interest
Perceived or Actual

Institution
Interests and Duties

Outside Business Interest
Family and Friends
External Boards
Communications
Gifts and Entertainment

Personal
Interests or Loyalties
INNOVATION
RATIONALIZATION / JUSTIFICATION

CODE OF CONDUCT
Creating Awareness...

Ask Yourself...and Your Team

- What are the things you would never do in this organization to serve a citizen, or to make sure you met your numbers for the quarter?
- Other important questions to consider include:
  - What laws and regulations impact our operation that require strict compliance?
  - What types of ethical dilemmas have we faced in the past, and what types could we face in the future?
  - Are there any ethical “gray areas” that we need to address?

Relationships and conversations are critical
WHAT IT FEELS LIKE
Former EC treasurer, deputy treasurer charged with stealing from county

Red flags not waved in $1.4M embezzlement from Eau Claire County

There seems to be no definitive answer by county officials as to how the treasurer and his top aide were able to go undetected with their scheme. They’re just glad it’s over.

By Erik Lindquist 1h
Public Image
  • Crisis communications plan
    • Board
    • Citizens
    • Staff
  • Staff and team development
    • Crisis counseling
    • Framing
  • Exploring causes – restoring trust
    • Instant response
    • Internal control analysis
    • Process mapping, knowledge bases,