



## Causes and Consequences of Embezzlement in Local Governments, Individual and Institutional, Material and Moral Damages

Ayhan Ayvaz, PhD

St. Clements University

Article Advisor: Assoc. Prof. Kursat Sahin Yildirim

To cite this article: PhD, Ayhan Ayvaz, Science, Volume 4, No. 8-5, 2022, p. 147 – 158. - 0099-0001-2210-0505.

Our studies are in a format accredited, approved, and supported by EAALS - European Academic Studies and Laboratory Services. EAALS offers all our works, services, and publications to the world scientists at the stage of carrying our control, accreditation, and support processes to the international platform. ("Scientific Studies - Current Science Georgia") ("Scientific Studies - Current Science Georgia") ("Scientific Studies - Current Science Georgia") ("Scientific Studies - Current Science Georgia") ("CURRENT SCIENCE") ("CURRENT SCIENCE") ("Scientific Studies - Current Science Georgia") ("Scientific Studies - Current Science Georgia") ("Scientific Studies - Current Science Georgia") ("Scientific Studies - Current Science Georgia")

ISSN: 2667-9515

Barcode: 977266795001

Editors Group:

Concessionaire: Tsisana Kharabadze

Dr. Ugur Ugural

Niyaz Bokvadze

Prof. Sabrina Corbi

Prof. Samantha Lewes

Assoc. Prof. Osman Doruk

"" • Current Science Multidisciplinary Academic Journal with Review Panel is a monthly multidisciplinary academic"" ("Scientific Studies - Current Science Georgia") ("Scientific Studies - Current Science Georgia") ("Scientific Studies - Current Science Georgia") ("Scientific Studies - Current Science Georgia") ("Scientific Studies - Current Science Georgia") ("CURRENT SCIENCE") ("CURRENT SCIENCE") ("Scientific Studies - Current Science Georgia") ("Scientific Studies - Current Science Georgia")



# CURRENT SCIENCE

journal with a multi-science peer-review." ("Scientific Studies - Current Science Georgia") ("Scientific Studies - Current Science Georgia")

- The magazine is published monthly.

"The magazine will be at the subscriber's address in the first week of the month." ("Scientific Studies - Current Science Georgia") ("CURRENT SCIENCE") ("CURRENT SCIENCE") ("Scientific Studies - Current Science Georgia") ("Scientific Studies - Current Science Georgia") ("Scientific Studies - Current Science Georgia")

- The journal continues to be included in all international rankings and registrations. Quality articles and publications accelerate this ("Scientific Studies - Current Science Georgia") ("Scientific Studies - Current Science Georgia") process. ("Scientific Studies - Current Science Georgia") ("Scientific Studies - Current Science Georgia") ("Scientific Studies - Current Science Georgia") ("Scientific Studies - Current Science Georgia") ("Scientific Studies - Current Science Georgia") ("Scientific Studies - Current Science Georgia") ("Scientific Studies - Current Science Georgia") ("Scientific Studies - Current Science Georgia") ("Scientific Studies - Current Science Georgia") ("Scientific Studies - Current Science Georgia") ("Scientific Studies - Current Science Georgia") ("Scientific Studies - Current Science Georgia") ("Scientific Studies - Current Science Georgia")

- Response or rejection time for applications varies between 30 and 90 days." ("Scientific Studies - Current Science Georgia") ("Scientific Studies - Current Science Georgia") ("Scientific Studies - Current Science Georgia") ("Scientific Studies - Current Science Georgia") ("Scientific Studies - Current Science Georgia") ("CURRENT SCIENCE") ("CURRENT SCIENCE") ("CURRENT SCIENCE") ("Scientific Studies - Current Science Georgia") ("Scientific Studies - Current Science Georgia") ("Scientific Studies - Current Science Georgia") ("Scientific Studies - Current Science Georgia") ("Scientific Studies - Current Science Georgia") ("Scientific Studies - Current Science Georgia") ("Scientific Studies - Current Science Georgia") ("Scientific Studies - Current Science Georgia") ("Scientific Studies - Current Science Georgia")



## Abstract

Scientists are now voicing their concern about the poor state of municipal councils and the clear relationship between the system of local government and the lives of people. This concern comes



# CURRENT SCIENCE

after many years of experimenting with the system of local government. This is the result of the scientists testing with the system for a considerable amount of time. Institutions that are going to investigate the reasons behind the underdevelopment of many nations and the status of the country need, for this reason, to pay a visit to local councils. This is because institutions that are going to investigate the reasons behind the underdevelopment of many nations and the status of the country (Fatile and Okewale, 2014). There are certain councils that are incapable of fulfilling the responsibilities that have been delegated to them. This lack of performance may be traced back to a variety of difficulties, including the theft and negligent use of treasury money, a lack of local autonomy, a lack of skilled personnel and workforce, amongst a considerable number of other problems, and dishonest business practices. This creates a masterservant relationship between the local government, which in turn leads to embezzlement and reckless spending in local (Adeyemi), 2012). Recently, there have been so many political around the world state in many countries constantly interfere with the financial, financial, and administrative functions assemblies. One kind of graft that may be seen in local parties is the practice of receiving cash from local sources to aid political parties. Izueke (2010) concluded that collaborating with other people is an efficient way to steal money and to be wasteful with one's own money. Collusion is an agreement between two or more parties with the goal of conducting an improper aim, such as unlawfully influencing the actions of another party. This agreement may be termed as "collusion." For instance, it uncovered the following types of corruption that are prevalent within the local government system in Nigeria and served as a barrier to the revival of local at the grassroots level for the purpose of achieving sustainable development: "Collaboration between supervisory ministries and leaders of local government; Confidential agreements with residents who profit from stealing public officials; Collusion with contractors to inflated contract pricing or bid prices." Because of this, the major purpose of this study is to investigate how excessive expenditures and theft committed by public officials have become a barrier to the redevelopment of local infrastructure to make way for sustainable growth.

**Keywords:** *Embezzlement Offense, Embezzlement Crime in Local Governments, Examples of Offenses in Local Governments, Examples of Embezzlement*



## 1. Introduction

Throughout the body of this article, the phrases "local government" and "local councils" are used interchangeably. Local Government is a political division of a country that is formed by law and that has extensive authority over local concerns, including the ability to charge taxes or spend money, according to the United Nations Department of Public Administration (UN Department of Public Administration). A political division of a country that is formed by law is known as a local government. Local government is the level of government that is created at the local level to reduce the responsibilities and burdens of other layers of government and to create an atmosphere that is democratic; to supply valuable political education; to supply two-way communication; and to ensure that all areas are developed equally and quickly. The following are some of the reasons why local government was set up: (Nwaodike, 2013). Laws are crafted within the framework of the government system, and in a unitary state, the central government is set up by law. He is delegated a suitable amount of power as well as autonomy for him to successfully conduct the obligations that have been distributed to him. The governing body of such an organization is often composed of a group of elected individuals, either at the national or local level (Al-Rufai 2012). This suggests that local government is an institution that has been legally constituted, and its only purpose is to encourage growth at the grassroots level (Olojede, Fajonyomi & Fatile 2011). According to Ezeani (2004), local government has the potential to function as a valuable instrument for development in general and to foster involvement in the democratic process from below.

In addition, the responsibility for informational functions such as enlightenment, development efforts, governance, democratic procedures, and leadership falls on the shoulders of local governments:

"Initiative and the maintenance of peace and law and order may include the following: providing supervisory training; scholarships; libraries; agricultural and animal health extension services and veterinary clinics; fire services; lighting and drainage; arts and cultural support; pollution control; beggars and prostitution control; homes for the poor, insane, and orphans; public housing programs; regulation and control of buildings; town and country planning; activities of community groups; and so on."



For instance, the International Budgetary Partnership (IBP) tells the release of "citizen budgets," which are simplified versions of the budget. These versions of the budget reduce the use of technical jargon and supply information in formats that are easier to understand for citizens (Forstater 2013). Because of the enormous influence they have in legitimizing budgeting procedures and increasing access to these processes by underrepresented groups, nongovernmental organizations (NGOs) in the local community have a vital part to play in educating and mobilizing community interests. This is an essential part of the job description for local nongovernmental organizations (NGOs) (Wampler et al., 2018). Guo and Neshkova (2013) examine several examples of citizen inputs in budgeting processes and conclude that care should be taken to involve the citizens and organizations that are most knowledgeable about budget concepts and processes in the first stages of budgeting to avoid delays and ensure that budgeting takes place.

## 2. Stages After Negotiation and Voting

In situations like these, residents who aren't as interested about the issue and regular citizens have a larger obligation to actively engage in the later phases of debate and voting. It is essential that this take place so that policy innovation is not hindered, and the process of budgetary planning is not relegated to a few of specialized organizations. This helps ensuring that the goals for which public money are appointed are conducted (Joshi 2013). The process of monitoring expenditures may be conducted in a variety of different methods, but it always calls for a certain degree of transparency about the budget. Individuals need to understand the distribution of public funds for them to properly check their own expenditure. The implementation of public expenditure monitoring systems, often known as PETS, is turning into an increasingly widespread practice. These surveys keep track of the difference between the money that was budgeted and the money that was spent. Additionally, they give essential data on financial flows, outcomes, and accountability mechanisms. It is necessary that the data of the linked affiliates be made available with the same level of openness for these statistics to be more trustworthy and easier to understand.

2014 Report from Transparency International



# CURRENT SCIENCE

Social audits, also known as quantitative service delivery surveys (QSDS), are among the most popular accountability mechanisms for tracking spending. These audits check the spending of citizens and non-governmental organizations (NGOs), evaluate the quality and durability of goods and services, and investigate budget allocation and buying. Quantitative service delivery surveys, sometimes abbreviated as QSDS, are another name for social audits (Ramkumar et al. 2012). During a social audit, for instance, if it is discovered that the quality of water treatment in a community is low, inspectors may decide to change purchasing guidelines to either increase the proportion of the budget that is distributed to water treatment or to achieve higher water treatment standards. The scope of social audits is extremely variable since it is largely reliant on the actions of a local government and the degree of openness to accessible information about budget and procurement. The range of possible social audits may be rather large. For instance, participatory budgeting in Brazilian municipalities. As was mentioned earlier, Porto Alegre was one of the first cities in Brazil to pioneer participatory approaches to budgeting and public expenditure management. Porto Alegre was also one of the first cities in the world to pioneer participatory approaches to budgeting. Citizens have been able to take part in the creation and decision-making processes of the budget, as well as check its execution, thanks to the ways outlined in this article. worked together very carefully to build a system that would allow The municipal government has made significant financial investments in educating residents about the participatory process and has collaborated with community service organizations in the area to instruct people about the various aspects of budgeting. In addition, residents have been given the opportunity to voice their opinions and take part in the decision-making process. Citizens of Porto Alegre now have access to participatory budgeting via official online forums as a direct consequence of actions that were taken in 2013 by the state of Rio Grande do Sul, which is Porto Alegre's home state. However, in the modern local governments of today, it is unknown how correct and transparent the information of the municipalities or the companies and organizations with which they are partners will be included in these participatory budgets. Even the council members will not be able to control the information that will be included in these budgets. Citizens are given the opportunity to keep up with current events, take part in online commissions, and cast votes on allocations within the budget via the use of these online forums (Martini 2014, Peixoto & Fox 2016). The implementation



of participatory budgeting had a substantial influence on the way in which the local community was governed. As a direct consequence of this, the city has renovated its infrastructure, more than quadrupled the number of students enrolled in its public schools, and enhanced access to public amenities, most notably water and sanitation facilities (Wagle & Shah 2003, Martini 2014). In addition, some studies assert that the practice of participatory budgeting by local governments is to blame for the fall in favoritism and the rise in charges of corruption (Haider 2012). Some economists believe that local administrators, with all their studies on participatory budgeting, are confusing the target with the message that they are making their budget transparently and together with their people to clear themselves of any acts of corruption that they have committed in the past or that they are currently committing.

These considerations imply that the time has come to devise a new strategy to combat corruption against local government and to implement new structures to ensure that local government responds forcefully to changing conditions. In addition, the time has come to come up with a new and more stringent strategy to combat corruption against local government.

Despite these challenges, a sizeable number of local governments have come to the realization that fraud may be a substantial source of cost savings and have put into place innovative tactics to prevent, detect, and recover losses brought on by fraud. Nevertheless, it is an undeniable fact that states need to make legal arrangements that will ensure greater and more transparent auditability of municipalities by law, as well as to make legal arrangements that include deterrent elements of embezzlement and heavy imprisonment. In addition, it is necessary for states to make legal arrangements that will ensure greater and more transparent auditability of municipalities by law.

### **3. Losses due to embezzlement**

Embezzlement can have a direct and negative impact on the people who are in the greatest need of aid, and the reputational damage that can be caused to a local government as a direct consequence of such losses can often be significant. Embezzlement can also have a direct and negative impact on the people who are in the greatest need of aid. The strategic plan to reduce



# CURRENT SCIENCE

embezzlement lays out the context of the national fight against embezzlement and states that it is crucial to have collaboration between sectors facing the same threat to reduce fraud in an industry. This is included as part of the plan because it lays the groundwork for the national fight against embezzlement. This material is provided within the framework of the ongoing battle against embezzlement that is taking place on a national level. This is brought up in the very first line of the paragraph that was read before this one. An action taken by the government in reaction to fraudulent activity In the case of the government of the United Kingdom, on the other hand, in October of 2010, the government of the United Kingdom formed an inter-Whitehall task force with the purpose of cutting fraud, error, and debt in the public service sector. The first six months of the task force were focused on the implementation of several pilot projects. During this time, a variety of tools and strategies for reducing errors and fraud in the public sector were put through their paces and reviewed.

For investigators to be able to conduct a professional investigation into allegations of fraud, they may need the authority to enter and search facilities, obtain information, compel individuals to take part in interviews, and seek orders to produce and seize evidence. In addition, investigators may need to have the ability to interview persons under duress. Local councils do not presently have any legal authority to access information or facilities that may be used in an investigation of suspected fraudulent fraud. This is the case regardless of whether the police get involved in the inquiry. In addition, the likelihood of a case being admitted without sufficient evidence that has been properly acquired and secured is exceptionally low, provided that the issue in question is serious enough to merit the involvement of law enforcement. This is because the likelihood of a case being admitted without sufficient evidence that has been properly acquired and secured decreases as the quality of the evidence decreases. An examination will be conducted to decide the capabilities of local governments and the ways in which those capabilities may be used to achieve the greatest potential success in the fight against fraud. This evaluation will be conducted to ensure that local governments make efficient use of the power that has been delegated to them by the central government in their respective areas.

According to what the author has said, "It is not easy to confess that your local government is a victim of fraud, particularly if the perpetrator of the embezzlement is an employee or a supplier,"





# CURRENT SCIENCE

and "it is especially difficult to admit that your local government is a victim of fraud." "It is very tough to confess that your local government is a victim of fraud," the author writes. "It is especially difficult." Unquestionably, fraud poses a threat not only to the reputation of our public but also to the public's faith in our ability to effectively manage the operations and assets of our organization, both of which might suffer because of its occurrence. This is because both things might suffer because of the occurrence of fraud. It is imperative that we avoid doing anything that might contribute to the air of secrecy that surrounds embezzlement. This is since most instances of embezzlement take place in private. You are either an investor in the scheme or a partner in the scheme if you do not step in to halt the perpetration of this fraud. If you do not do so, you will not act. Because of this, the only way that we will be able to effectively act is if we first acknowledge that there is a problem, acknowledge the dangers that we are up against, and then try to use our resources in the most efficient manner possible. This is the only way that we will be able to effectively act. This course of action must be directed from above if we are going to have the full support of the public, workers, and a broad range of other organizations. The fact that there is no way to set up a system that is resistant to fraud in a manner that is one hundred percent foolproof is the element that will decide whether you support this firm. Recognizing that con artists do in fact exist and that your town is home to some of them is the first step in putting an end to fraudulent activity. It is imperative that we recognize that they are causing irreparable harm to our communities and that the fight against corruption is a duty that we owe to the whole of the nation. Only then will we be able to take proper action. ("JEWISH SPOKESMEN APPEAL FOR U.S.-ISRAELI CONCILIATION") When deciding their own fraud potential by using the loss-related tool in relation to the exposure potential, it is vital to take into consideration the risk of an embezzlement as well as the danger of embezzlement that they face.

Since quite some time ago, the regional administration has been hard at work putting into place a wide range of preventive and corrective measures designed to bring about the desired outcome of conducting this aim. On the other hand, things are looking good, and con artists are coming up with new ways to cheat with the support of current technology. In response, local councils like Ealing are coming up with innovative solutions that not only work well in terms of efficiency and



# CURRENT SCIENCE

cost, but also improve the overall quality of the service. His name is Ian O'Donnell, and he currently holds the position of Executive Director for the City of London Ealing.

Most anti-fraud initiatives that have been conducted by local and national governments throughout the course of history have been reactive in nature, with an emphasis on investigations and prosecutions. This has been the case for most of these activities. Even while the work of law enforcement is an essential part of any anti-fraud strategy, the most efficient method of dealing with the problem is to take precautions to ensure that abuse will not occur in the first place. When we talk about "prevention," we are referring to a concept that encompasses more than simply ensuring that there are adequate controls for the systems and processes that are in play. The establishment of an effective anti-fraud culture that encourages the concept of zero tolerance and discourages criminals from engaging in fraudulent activities in the first place is vital to the accomplishment of this aim. In addition to this, the prevention of fraudulent behavior requires a greater use of data as well as technologically advanced analytical tools. An efficient anti-fraud program will include early detection of embezzlement, adoption of clear reporting procedures, and legal privacy for persons who want to report fraudulent activity as vital components. All three of these elements are important to combat fraud. All these factors, in addition to having a hotline, are critical components of a fraud prevention approach that is effective. There are several factors that contribute to the fact that there are often very few resources available for preventative work in the field of fraud. These factors include a more efficient use of information and technological resources as well as the fact that most of the financing is distributed toward initiatives that are reactive. On the other hand, there are some local authorities that have proved that it is worthwhile to invest in preventative control early in the process, in addition to data analytics and credit reference information. This was done to show that it is possible to reduce the likelihood of a problem occurring. This strategy intends to bring about a significant shift in the concentration of anti-fraud resources, shifting the emphasis from detecting and prosecuting fraudulent activity to protecting consumers and educating them about the issue. To achieve this goal, we shall shift our attention from finding criminals and prosecuting them to protecting victims and educating people. This innovative approach requires a substantial amount of in-depth analysis and interpretation of the data. The process of evaluating and confirming transactions, as well as finding potential and



actual cases of fraud, is referred to as "data analytics." This word refers to the process of putting together the main parts of information that have been gathered. It is dependent on both the exchange of data and information about the fraudulent conduct that took place during this time. In recent years, there has been considerable progress made in the application of approaches based on data analytics for the goal of preventing and detecting fraud, notably in the private sector. This development has been made possible by advances made in technology. There are currently some local governments that are putting a few of these technologies through their paces to prove the potential monetary advantages that they may provide.

#### 4. Creating High-Quality Evidence

All of this helps to generate high-quality evidence, raises the potential of successful prosecution, increases the odds of finding and recovering unlawful assets, and aids local law enforcement in their efforts to uncover any bigger criminal activities. When those responsible for a crime are brought to justice, it serves as an amazingly effective deterrent. The fact that bribery and embezzlement may be committed or committed whenever the necessity is decided, regardless of whether it was yesterday, today, or tomorrow, will both assuage the public conscience and serve as a signal that the culprit has nothing left to work with. When it is discovered that fraud has taken place, all possible penalties, such as legal action, disciplinary action, and criminal action, must be used. Inspectors who work for local authorities need to have sufficient authority, adequate access to specialized aid, and access to specialized skills to effectively discharge the responsibilities that are entrusted to them. They also need to be equipped with the proper skills (and needed to follow professional codes). To successfully conduct one's aims, it must have both the ability to buy the necessary information and the aid of the relevant law enforcement agencies. Putting the recuperation of fraudulently obtained money and the imposition of civil fines at the top of the priority list. The purpose of civil rescue in my community's local government is to guarantee that the money that is collected from the sale of essential local services is put back into the provision of those services.



Because of this, the consultation suggests that local authorities should be given the authority to bring criminal charges against fraudulent tenancy practices. It also proposes the introduction of new powers that would give inspectors the ability to force certain types of defined entities, such as banks, construction companies, and utility providers, to cooperate with data requests made by local authorities. This provision would apply to banks, construction companies, and utility providers, among other examples. The volume of fraudulent applications for the single person discount has seen a significant increase, according to local authorities, which shows that municipal tax fraud has been on the rise (SPD). Even though this specific kind of fraud is often opportunistic and of little value, it is estimated that between 4 and 6% of all SPD claims are likely to be fraudulent. This suggests that the incidence of this kind of misuse is quite high. [Cause and effect] England Local governments have been able to achieve large cost savings while making great headway against the theft of municipal taxes, even though relatively little investment has been made in preventative measures. The misuse of council tax money for fraudulent purposes is not restricted to schemes involving the SPD. This number of losses does not take into consideration the enormous number of other categories of discounts and exemptions, which means that the overall value of such discounts and exemptions is far larger than the sum shown here. Recent data mapping projects suggest that exclusions associated to false claims, such as absenteeism, may be an equally significant problem as SPD fraud.

## 5. Abuse of Public Assets and Bribery

These services may include health care, educational opportunities, and the enhancement of the abilities of the local community. However, resources that have been set aside for a certain purpose may be misapplied, diverted, or used for an entirely other aim. In certain nations, a part of the revenues made from the exploitation of natural resources may be distributed directly to traditional authorities. These authorities are then tasked with the responsibility of funding community development activities at the neighborhood level. In this scenario, there is a threat of elite capture, favoritism, and favoritism, as well as the threat of resource money being confiscated by traditional authorities and leaders for personal gain. In addition, there is a threat of resource money being



# CURRENT SCIENCE

confiscated by traditional authorities and leaders. This may put the procedure for distributing funds and spending money at risk. The misuse of public resources and the offering of bribes are two of the most typical kinds of corruption in conjunction with one another (World Bank, 2007).

*The application of price limits for fossil fuels often results in product shortages, which in turn creates chances for profitable corrupt acts and smuggling methods to take place. This is since subsidies for fossil fuels come in the form of price limits that are imposed on fossil fuels. The investigation, for instance, exposes the example of subsidies for different petroleum products that were used to fuel unlawful activities and corruption. [Citation needed] [Citation needed] The price at which refined goods were sold on the domestic market under price control was much lower than the price at which they were brought into the country. These items were obtained from local vendors in other countries. On the other hand, a sizable part of this inexpensive gasoline was promptly taken out of the nation via unofficial means such as smuggling and trafficking in contraband (World Bank, 2007). During the process of negotiating goods import contracts, one possible part of such a scheme is the payment of bribes and kickbacks to public authorities. Because they are the primary focus of our essay, these problems are also incontestable in terms of the functioning of local governments. Furthermore, the fact that there are a substantial number of relevant cases all over the globe is not something that need to be disregarded.*

Scrutinizing and giving information from central and local authorities on the use and allocation of resource revenues, for instance by creating citizens' committees that bring together representatives of chambers of commerce, trade unions, and citizen oversight bodies; it is essential to hold public accountability sessions in which government officials are asked to report their actions; (IADB, 2014). What corrective actions may central governments take in response to the insufficient management of money granted beyond the budget? This may entail the establishment of norms for transparent reporting, audits of the state-owned company by certified independent experts, and the publication of the conclusions of such audits (Heller, Mahdavi, & Schreuder, 2014). It is also necessary to develop a proper and long-term revenue-holding model for state-owned businesses. This model must supply sufficient revenue streams to pay for expenditures while avoiding excessive control over the state's finances and the possibility of setting up a parallel state. This



# CURRENT SCIENCE

model must also be developed as soon as possible (Heller, Mahdavi, & Schreuder, 2014). In the context of local development projects or finances, as well as sponsorship or charity gifts, instances of bribery have been found to have taken place, as well as in the earlier two contexts. These are some instances, which may involve the planning as well as the administration of programs or finances. In this scenario, the corrupt practices associated with the establishment and administration of local development funds tend to allow elite capture, embezzlement, and misuse of money for purposes that do not follow the regulations governing the fund. In addition, these practices tend to allow money to be misused for purposes that do not follow the regulations. It is possible for decisions made during the process of approving the distribution of funds, including those related to the choice of contractors, to be tainted by the risks of conflicts of interest, elite capture, political interference, nepotism, and nepotism. This is especially true for decisions related to the choice of contractors. This includes the potential of the monies being used inappropriately. During the building phase, there is a good chance that unjustified expenditures may occur, which may be a sign that money is being misappropriated or wasted.

Issues about local infrastructure development projects that are conducted as part of resettlement programs may also be vulnerable to the same concerns of corruption. For instance, when a city is in the process of creating a new zoning plan or modifying an existing one, it is possible for the owners of any place to be used as a bargaining chip on behalf of themselves or someone else from their environment, to increase the construction area that may occur in the new zoning or by anyone else. This is done to increase the potential for someone to build something on their property. Abuse and misuse of public resources, as well as the acceptance of bribes, are among the kinds of corruption that are detected and reported the most often in both circumstances.

Local traditional authorities often play a pivotal role in receiving and spending redistributed revenues from natural resources. This may be the case because local traditional authorities play a key role as guardians of land on behalf of the community, or because local traditional authorities raise taxes, supply local justice, and perform other functions by customary law. Local traditional authorities, who play a crucial part in collecting and spending redistributed resource earnings, may be involved in corruption schemes that are tied to social expenditure by private enterprises (Dupuy, coming soon 2016). It is possible for public servants at any level of government, including the



# CURRENT SCIENCE

local and the federal, to be complicit in corrupt activities. On the private sector, there is the potential for participation from both the primary operator and the contractor as well as from subcontractors. The top management of these companies may be partners or owners of the company. Cars and other mechanisms, fraudulent over-invoicing and cost overruns, dishonest over-billing to cover up unscrupulous behavior in their social spending by private companies, delivery or receipt of product units or units that are lower than invoiced to understate the price over an uncontrollable budget item or product type, and cost overruns are likely to be used. In addition, cost overruns are likely to be used. Social expenditure by private enterprises that is either given directly to local communities or funneled via government is not adequately recorded and accounted for in the books and records of public organizations, leading to fraud as well as mistakes in financial reporting and accounting. Donations made voluntarily are not often considered part of the terms of a contract. Donors may be at a particularly elevated risk of becoming victims of this type of fraud because the destination of the funds that have been misappropriated and received under the guise of donations, as well as the amount of those funds, can sometimes be spent in locations that not even the recipient of the donation is aware of. Concerning the risks that come with bribery and corporate contributions to social causes, the government suffers from both a lack of transparency and an information gap in this regard. It is possible for the regulations and procedures put in place by the government to manage the social expenditure of businesses to be open, ambiguous, and inconsistent. These aspects may supply some light on the predicament. The following are some potential causes that are adding to the confusion:

*"Insufficient transparency and selective disclosure of information on contractual provisions between companies and public authorities on social expenditures; Consideration should also be given to the time gap between a licensing decision or contract negotiation process and the actual payment of social expenses; and the absence of a clear distinction between social spending mandated by law and voluntary commitments of companies." [translated from French] "Insufficient transparency and selective disclosure of information on contractual provisions between companies and public authorities on social expenditures."*



# CURRENT SCIENCE

In addition to the absence of clear and comprehensive documentation in public accounting, these problems make it difficult to assess and track the success of private companies' contributions to community development programs (particularly with respect to non-contractual contributions) (NRGI and RELUFA, 2014). It is possible that the government's ability to check and verify payments may be hindered further by the absence of uniform methods for reporting social expenditures. This is because institutions don't always use the same procedures (PH-EITI, 2015b)

expenditure on social programs in relation to local development aims and actual needs, as well as political or other forms of favoritism during aid efforts (NRGI and RELUFA, 2014; PH-EITI, 2015b).

It is the duty of the State Auditor to execute financial audits on all the state's governmental agencies and to conduct regular audits of the control systems that are associated with those agencies. Audits of local governments, government agencies, and other public institutions are conducted by more than two hundred professional auditors who are engaged by the Court of Accounts and entrusted with conducting audits of these organizations. There are some auditors who have received degrees at the postgraduate level, but most auditors have bought professional certificates in the fields of accounting and auditing. This category has a variety of credentials, including those for Certified Public Accountants, Certified Internal Auditors, and Certified Fraud Auditors, amongst others. Additionally, this category encompasses a wide variety of extra qualifications that may be obtained. Long and detailed audit reports are made accessible to the public, providing them with an understanding of the control issues that are met by municipal governments such as towns and villages. Even though the study was only conducted in one state, it is not unreasonable to believe that the findings are reflective of other cities throughout the nation that are relatively comparable to those that were investigated.

## **6. Internal Control System is the sixth position.**





# CURRENT SCIENCE

It is abundantly obvious that several municipalities, including towns and villages, face a substantial possibility of fraud since the five basic components of an internal control system include a considerable number of weaknesses and gaps. Measures to prevent wasteful or fraudulent expenditure 67 percent of government and public administration crimes were connected to expenditure problems, such as fraudulent billing, check tampering, fraudulent payroll, and fraudulent expense reimbursement, according to the results of the ACFE Report given in 2010. (ACFE) (2010, p. 34). In addition to the availability of adequate controls in general and the fundamental control mechanisms described above, there are a few added specialized controls that help to avoid spending fraud. These controls are discussed further below. These safeguards contribute to reducing the risk of fraud. Obtaining the necessary permission is necessary, as is placing orders with qualified companies that supply prices that are comparable to those offered by competitors. Some purchases are needed to go through a process of competitive bidding due to legal constraints, and the municipality must have special procurement regulations in place to govern non-bid acquisitions. In addition, the acquisition of professional services needs to in most cases be predicated on the dissemination of a request for quote, and the transaction ought to be detailed in a written agreement. This occurs even though they have rules to guide their operations and are subject to frequent yearly audits.

Even if there are stringent regulations in place, there is always the possibility that staff are not really upholding these standards and doing their best to safeguard the company. This is since individuals move about within the business, which results in changes to systems and processes. This is all true, but the question that needs to be asked is why a trusted employee of a local government would steal from the organization in the first place. All of this is correct. Everything may be summed up using the three sides of the fraud triangle, which are as follows:

"pressure, rationale, and opportunities,"

The state of a person's health, an addiction to gambling, the loss of a spouse's employment, or any of the many other events and circumstances that may drastically change a person's life might be a cause of pressure. It is common for it to not become clear for a length of time, maybe years; then, suddenly, something occurs, and they feel a great strain financially. They do not know what to do,



# CURRENT SCIENCE

but they are aware that there is the potential for theft or bribery where they work. Despite this, they are perplexed. An example of the rationalization process is when someone is under a lot of pressure and is considering stealing, but they feel as if they need to first justify their choice to themselves. "I'll just do it this time," "I'll just borrow it and pay it back soon," or "I deserve it because I've worked so hard over the years," "Is this much work done for that money," or "Is it so risky for so little salary," are all common phrases that people use. "I'll just do it this time." "I'll just borrow it and pay it back soon." It is conceivable for someone to persuade themselves that stealing is an acceptable activity, and this kind of cognitive dissonance may occur in practically any context. When we talk about the internal controls of the company, what we're really talking about is the potential that lies inside those controls. If there is an opportunity (for instance, a vulnerability that no one is aware of because they do not know what to search for, and no one has ever tried to exploit the weakness in the past), then it may be possible to better mitigate it in terms of internal controls.

At every tier and department of the municipal government, there is an epidemic of fraudulent behavior. Embezzlement may occur in several distinct roles inside professional local government institutions, and each of these abilities presents a unique set of risks. The following locations may be found on the list that follows:

*Management of fuel use, procurement and procurement-related responsibilities including fraudulent schemes for reimbursements, information technology and security measures, transparent and auditable management of business and subsidiaries, operations of the facility and billing duties for utility, grants, including management of financing, the activities of HR, allowing for operations, and inventory management, which is modest and attractive, covering both fixed assets and movable goods. The administration of payroll, including the scheduling of extra hours, accounts receivable and accounts payable, and other financial matters are all aspects of the same coin. It is unfortunate, but true, that the damage had already been done and was eventually discovered after a trusted employee had embezzled money. This occurred with cash management across all departments and divisions, managing controlled items on a schedule (fire and EMS operations), and evidence processing and management (police operations). Loss of public confidence, loss to reputation, and financial harm (such as no wage increases, postponed capital projects, termination, and election of directors) are all too real*



# CURRENT SCIENCE

*for companies that experience these occurrences, as the data reveal. Other possible consequences include:*

## 7. Conclusion and Recommendations

Many of us have had the opportunity to work in positions of senior management, in which we were tasked with motivating those who collaborated with us to do excellent work and expressing our sincere gratitude for all they contributed. Because we collaborate closely with them on a regular basis, we have complete confidence in them. Nevertheless, sticking to ethical norms in local governments asks us to go beyond just being committed to our commitments. Collaborating with professional teams who are certified in their area and who are also able to be audited by the management in their duties and obligations brings quality, quality service, and service success. Along with trust, this is brought about by collaborating with professional teams. It is not by chance that one achieves success. Even if there are many parts of our company that rely heavily on trust, this quality should not be seen as a kind of management. The adoption of a trustworthy attitude, coupled with the awareness that policies have been formulated and a "clean" audit has been conducted within the last few months (as has occurred with hundreds of local government managers lately), may have repercussions.

## 8. References

- Ab Majid. R. (April 2010). "An Exploratory Study on the Possibility of Misappropriation of Asset Occurring in a Local Authority: A Case of Shah Alam City Council." ("Misappropriation of Assets in Local Authorities: A Challenge ... - Studylib") ("Misappropriation of Assets in Local Authorities: A Challenge ... - Studylib") ("Misappropriation of Assets in Local Authorities: A Challenge ... - Studylib") ("Misappropriation of Assets in Local Authorities: A Challenge ... - Studylib") ("Misappropriation of Assets in Local Authorities: A Challenge ... - Studylib")



- Challenge ... - Studylib”)  
Dissertation. Universiti Teknologi  
MARA.
- Abuja: Bluesland Communication Limited .  
Bartz, F., Strock, B., & Harris, JD  
(2017). Embezzlement: Are you at  
risk? Cavill, S., & Sohail, M. (2007)  
Accountability Arrangement to  
Combat Corruption Water,  
Engineering and Development Center  
Loughborough University  
Lekestershire UK Duruji, MM, &  
Azuh, DE (2013). (“(DOC)  
AGRICULTURAL POLICIES IN  
OYUN LOCAL GOVERNMENT  
AREA OF KWARA ...”) "The  
Politics and Sociology of Corruption  
in Nigeria's Fourth Republic." (“ I”)  
 (“ I”) (“ I”) (“The Politics and  
Sociology of Corruption in Nigeria's  
Fourth Republic ...”)
- Adeyemi, OO (2012). Corruption and local  
government administration in  
Nigeria: A discourse of core issues.  
European Journal of Sustainable  
Development, 1(2), 183-183.  
 (“Oluwatobi, O. Adeyemi - Google  
Scholar”) (“Oluwatobi, O. Adeyemi  
- Google Scholar”) (“Oluwatobi, O.  
Adeyemi - Google Scholar”)
- Aluko, J.O. (2006). Corruption in the local  
government system in Nigeria.  
BookBuilders-Editions Africa.  
Aluko, J.O. (2007). The Dynamics of  
Local Government Administration.
- ANSU. Journal of Pence aJUI Development  
Studies, 1(2), 65-86. Simeon, EDSEI  
(2018). Auditing and fraud control in  
corporate organisations. Auditing,  
9(8), 190-196. Al-Rufai, NA (2012).  
Local Government: The Missing Tier  
of Government. Columnist (Internet  
material downloaded Feb 10, 2014).  
Ezeani, OE (2004). Local  
government administration Zik-  
Chuks Enugu Fatile, JO, & Okewale,  
RA (2014). Corruption and  
democracy in Nigerian local  
government. Review of Public  
Administration and Management,  
1(3), 140-155.
- B. Green, T. Calderon, using real-world cases  
to illustrate the power of analytical  
procedures



- Beeri, I., & Navot, D. 2013. Local political corruption: Potential structural malfunctions at the
- Brinkerhoff, DW, & Wetterberg, A. 2016. Gauging the effects of social accountability on services, governance, and citizen empowerment. *Public Administration Review*, 76(2), 274-286.
- Cabannes, Y. 2015. "The impact of participatory budgeting on basic services: municipal practices" ("The impact of participatory budgeting on basic services: municipal ...") ("The impact of participatory budgeting on basic services: municipal ...") ("The impact of participatory budgeting on basic services: municipal ...") ("The impact of participatory budgeting on basic services: municipal ...") ("The impact of participatory budgeting on basic services: municipal ...") ("The impact of participatory budgeting on basic services: municipal ...") ("The impact of participatory budgeting on basic services: municipal ...") ("The impact of participatory budgeting on basic services: municipal ...") ("The impact of participatory budgeting on basic services: municipal ...")
- Campos, JE & Pradhan, S. (2007), *The Many Faces of Corruption: Tracking Vulnerabilities at The Sector Level*, The World Bank, Washington DC.
- Carlitz, R. 2013. "Improving transparency and accountability in the budget process: An assessment of recent initiatives." ("Improving Transparency and Accountability in the Budget Process: An ...") ("Improving Transparency and Accountability in the Budget Process: An ...") ("Improving Transparency and Accountability in the Budget Process: An ...") ("Improving Transparency and Accountability in the Budget Process: An ...") ("Improving Transparency and Accountability in the Budget Process: An ...") ("Improving Transparency and Accountability in the Budget Process: An ...") ("Improving Transparency and Accountability in the Budget Process: An ...") ("Improving Transparency and Accountability in the Budget Process: An ...") ("Improving Transparency and Accountability in the Budget Process: An ...")
- Carlo Bertot, J., Jaeger, PT, & Grimes, JM 2012. ("Sci-Hub | Promoting transparency and accountability through ICTs ...") ("Sci-Hub | Promoting transparency and accountability through ICTs ...") ("Sci-Hub | Promoting transparency and accountability through ICTs ...") ("Sci-Hub | Promoting transparency and accountability through ICTs ...") ("Sci-Hub | Promoting transparency and accountability through ICTs ...") ("Sci-Hub | Promoting transparency and accountability through ICTs ...") ("Sci-Hub | Promoting transparency and accountability through ICTs ...") ("Sci-Hub | Promoting transparency and accountability through ICTs ...") ("Sci-Hub | Promoting transparency and accountability through ICTs ...") ("Sci-Hub | Promoting transparency and accountability through ICTs ...")
- Carter, B. 2016. *Infomediaries and accountability*(pp. 694-711). GSDRC Helpdesk Research Report 1347 (Birmingham: University of Birmingham, 2016).
- Chapple, L., Ferguson, C & Kang, D. (2007), *Corporate governance and misappropriation* [http://www.accg.mq.edu.au/Accg\\_do](http://www.accg.mq.edu.au/Accg_do)



- cs/pdf/seminar\_papers/2007/Colin\_Ferguson.pdf.
- Chêne, M. 2013. Good practices in community complaints mechanisms. CleanGovBiz Initiative. 2013. Civil society empowerment.
- Cressey, DR, (1953), Other People's Money: A study in the Social Psychology of Embezzlement. (“White Collar Crime | SpringerLink”) (“White Collar Crime | SpringerLink”) (“The Fraud Triangle revisited | SpringerLink”) (“The Fraud Triangle revisited | SpringerLink”)
- EITI (2016), The EITI Standard, Requirement 6.1., [https://eiti.org/files/english-eiti-standard\\_0.pdf](https://eiti.org/files/english-eiti-standard_0.pdf).
- Heller, P., P. Mahdavi and J. Schreuder (2014), Reforming National Oil Companies: Nine recommendations, Natural Resource Governance Institute, July, [www.resourcegovernance.org/sites/default/files/NRGI\\_9Recs\\_Web.pdf](http://www.resourcegovernance.org/sites/default/files/NRGI_9Recs_Web.pdf).
- IMF (2007), Guide on Resource Revenue Transparency, Department of Fiscal Affairs, International Monetary Fund, Washington, DC, [www.imf.org/external/np/fad/trans/guide.htm](http://www.imf.org/external/np/fad/trans/guide.htm).
- Journal of Accounting Education, 12 (3) (1994), pp. 245-268
- Liff Stewart, Managing Government Employees: how to motivate your people deal with difficult issues and achieve tangible results, Amacom, New York (2007), pp. 11-19
- Newswire, December 12, 1-2.
- NRGI and RELUFA (2014), EITI and Mining Governance in Cameroon: Between Rhetoric and Reality, Subnational payments, and transfers from quarry exploitation in the locality of Figuil, October.
- OECD (2014a), “Compendium of Good Practices for Integrity in Public Procurement”, document prepared by the Public Governance and Territorial Development Directorate for the Meeting of the Leading Practitioners in Procurement, 17-18 June 2014, at OECD Headquarters, Paris.



- "OECD (2014b), "Fighting Corruption and Promoting Competition", Conclusions of the discussions held during Session I of the 13th meeting of the Global Forum on Competition on 27-28 February 2014." ("OECD iLibrary | Home") ("OECD iLibrary | Home") ("OECD iLibrary | Home") ("OECD iLibrary | Home")
- OECD (2015), "Draft report to the Council on Implementation of the 2012 Recommendation on Fighting Bid Rigging in Public Procurement", Note by the Secretariat prepared for the Working Party No. 2 on Co-operation and Enforcement, 15 June 2015.
- Peixoto, T., & Fox, J. 2016. When does ICT-enabled citizen voice lead to government responsiveness?
- PH-EITI (2015a), Philippines Extractive Industries Transparency Initiative Report 2014, Reconciliation Report, Volume I, [http://ph-eiti.org/document/EITI-Report/First-Country-Report/PH-EITI\\_Report\\_Volume\\_II\\_Reconciliation\\_Report\\_final.pdf](http://ph-eiti.org/document/EITI-Report/First-Country-Report/PH-EITI_Report_Volume_II_Reconciliation_Report_final.pdf).
- Polyák, L. 2018. Járókelő – A platform for street maintenance.
- Por MiBarrio. 2019. PorMiBarrio FAQ.
- Porumbescu, GA 2015. "Using transparency to enhance responsiveness and trust in local government: can it work?" ("Using Transparency to Enhance Responsiveness and Trust in Local ...") ("Using Transparency to Enhance Responsiveness and Trust in Local ...") ("Using Transparency to Enhance Responsiveness and Trust in Local ...") (پرس ی ارتباط فساد و اعتماد) (در رابطه ب ی ن شفاف ی ت و رضای ت شهروندان) State and Local, Review, 47 205-213.
- Pricewaterhousecoopers, (2010), Fraud in the Public Sector, Global Economic Crime Survey, PwC Public Sector Research Center Publication.
- Ramella, S. 2014. El Presupuesto Participativo en Argentina, unbalance a una década de la primera experiencia. In XI Congreso Chileno de Ciencia Política. Santiago: Asociacion Chilena de Ciencia Política (ACCP).



- SN Phang, Financing Local Government in Malaysia, Universiti of Malaya Press (1997), pp. 1-12
- Standing, A. and G. Hilson (2013), "Distributing mining wealth to communities in Ghana: Addressing problems of elite capture and political corruption", U4 Issue No 5, U4 Anti-Corruption Resource Centre, May.
- Stewart, 2007a, L. Stewart, Managing Government Employees: how to motivate your people deal with difficult issues and achieve tangible results, Amacom, New York (2007), pp. 11-19
- "UNDP (2015), A Practitioner's Guide for Corruption Risk Mitigation in Extractive Industries, March." ("OECD iLibrary | Home") ("OECD iLibrary | Home") ("OECD iLibrary | Home") ("OECD iLibrary | Home") ("OECD iLibrary | Home")
- Wade, B. 2007. Executives say poor controls contribute most to fraud; KPMG survey finds. PR
- World Bank (2007), The Many Faces of Corruption – Tracking Vulnerabilities at the Sector Level, edited by JE Campos and S. Pradhan, The International Bank for Reconstruction and Development/The World Bank, Washington, DC, <https://openknowledge.worldbank.org/handle/10986/6848>.
- Ziegenfuss, D. 1996. State and local government fraud survey for 1995. Managerial Auditing
- Ziegenfuss, D. 2001. The role of control environment in reducing local government fraud, Journal of Public Budgeting, Accounting & Financial Management, Vol. 13, no. 3