

September 2026 GovExcellence Brief

Practical insight and leadership opportunities from 65th North Group

Embezzlement from a TRUSTED Employee: \$1.5 Million Warning

A recent case involving the City of Gainesville, Georgia, reminds us that significant fraud allegations can emerge from ordinary government processes, even when an organization has established policies, experienced employees, and no obvious reason to suspect misconduct.

The employee had worked for the City for approximately 14 years and had advanced into a supervisory position. City officials reported that a review of controls identified irregularities involving HVAC purchases through the Department of Water Resources. A subsequent investigation uncovered an alleged pattern of bid-rigging and fraud involving the City's purchasing system.

Investigators allege that the employee manipulated the competitive purchasing process by obtaining lower bids under another identity and then submitting

By the Numbers

**\$1.5 million Approximate
value investigators allege
was involved**

- ☐ 99 felony charges
- ☐ 33 counts of bid-rigging
- ☐ 33 counts of forgery in the first degree
- ☐ 33 counts of filing false documents

legitimate but inflated purchase orders. Police allege that he used a portion of the resulting payments to purchase HVAC equipment and retained the remaining difference.

Authorities allege that the activity involved approximately \$1.5 million in embezzled funds.

What This Case Should Make Every Leadership Team Ask

The most important lesson from this case extends beyond the allegations involving one employee. It demonstrates how vulnerabilities can exist within routine government processes and remain difficult to recognize until an internal audit, independent review, employee report, transaction anomaly, or other event brings them to management's attention.

The City of Gainesville reported that its internal audit identified the initial irregularities. Management then expanded the review, terminated the employee, coordinated with law enforcement, and initiated a broader audit of municipal departments.

Professional management does not eliminate fraud risk. Written policies do not eliminate fraud risk. Long-term, trusted employees do not eliminate fraud risk. Annual financial statement audits do not eliminate fraud risk.

Government fraud cases continue to demonstrate that misconduct can occur in professional, well-run organizations. Proactive internal-control and fraud-risk vulnerability studies give leadership an opportunity to identify weaknesses before an actual loss forces the organization to respond.

Why This Matters

An annual financial statement audit provides important assurance over an organization's financial reporting, but it serves a different purpose than a proactive internal-control and fraud-risk vulnerability study.

A proactive assessment evaluates the processes, responsibilities, access, approvals, documentation, segregation of duties, system permissions, management overrides, and other conditions that could create opportunities for fraud, abuse, manipulation, concealment, or inappropriate transactions.

The goal is not to assume that fraud exists. The goal is to identify vulnerabilities before someone can exploit them.

Leadership teams should periodically ask:

- » Could one employee influence vendor selection, purchasing documentation, receipt of goods, and payment without meaningful independent verification?
- » Do we independently verify bids and quotes rather than relying entirely on documentation provided by the employee requesting the purchase?
- » Have employees accumulated additional responsibilities over time that now create inappropriate concentrations of authority?
- » Where do manual processes, overrides, exceptions, or informal workarounds bypass otherwise sound controls?
- » Do supervisors independently verify important transactions, or does familiarity with experienced employees sometimes substitute for verification?
- » Would our controls identify a sophisticated fraud scheme before an employee, vendor, resident, or other party reported it?

Practical Leadership Tool

Before You Add Staff, Independently Verify What Is Driving the Workload

When a department experiences growing backlogs, increasing response times, customer complaints, overtime, employee burnout, difficulty completing work, or changing service demand, additional staffing may be exactly what the organization needs.

Before making a long-term staffing decision, however, leadership should independently verify what is actually driving the workload.

Department leaders understand their operations and generally have valuable insight into the pressures employees face. At the same time, established processes, historical staffing patterns, longstanding assumptions, and daily workload pressures can make it difficult to distinguish the visible symptom from the underlying cause.

Independent analysis can determine whether the underlying issue involves:

- Actual growth in service demand
- Insufficient staffing
- Vacancies or employee turnover
- Uneven workload distribution
- Inefficient or outdated processes
- Duplicate or unnecessary work
- Technology limitations
- Supervisory capacity
- Organizational structure
- Policies that create unnecessary work
- Employees performing work at the wrong organizational level
- A combination of several factors

Why Independent Verification Creates Long-Term Value

A strong staffing and workload study should establish a baseline leadership can continue using as conditions change.

That baseline helps leadership:

- » Evaluate future staffing requests using consistent information
- » Support annual budget decisions
- » Identify workload changes that may trigger additional positions
- » Improve processes before adding staff

Independent verification turns a one-time staffing decision into a long-term management tool.

Risk Spotlight

When Workarounds Become Risk

Many internal-control weaknesses do not begin because someone intends to create a fraud opportunity. They begin because employees are trying to get the work done.

A process takes too long, so an employee creates a shortcut. A position remains vacant, so another employee assumes responsibilities that would normally remain separated. A system cannot produce needed information, so staff creates a spreadsheet. An approval process becomes cumbersome, so employees begin relying on informal confirmation.

Each decision may seem reasonable on its own.

The risk develops when temporary solutions become permanent operating practices.

Over time, workarounds can create unnecessary work, increase staffing pressure, weaken accountability, introduce inconsistent practices, and create internal-control vulnerabilities management never intentionally accepted.

Why This Matters

A workaround is not automatically a control failure. Government employees routinely adapt to vacancies, technology limitations, emergencies, workload demands, and changing conditions.

Repeated workarounds, however, often signal that the underlying process, staffing model, technology, policy, organizational structure, or control environment deserves closer examination.

Leadership should periodically identify unofficial processes and determine whether they should be eliminated, formally incorporated into procedures, supported with better technology, or protected by additional controls.

Look for These Warning Signs

- » One employee controls several critical steps within the same transaction.
- » Supervisors approve transactions based largely on familiarity rather than independent review of supporting documentation.
- » Manual spreadsheets have become the primary record for important financial or operational activity.
- » Staff routinely bypass established procedures because the formal process is considered too slow or cumbersome.
- » Important processes depend heavily on one employee's institutional knowledge.
- » Policies describe one process while employees actually follow another.

GovExcellence

GovExcellence gives local governments year-round access to 65th North Group through a customized annual relationship built around the organization's priorities.

The Program includes one or more major studies each year and can provide ongoing assistance when new management priorities arise.

Depending on the needs of the organization, GovExcellence may include:

- One or more organizational, operational, staffing, financial, or internal-control studies each year
- Unlimited, on-demand executive recruitment
- Unlimited, on-demand policy review and writing
- Unlimited, on-demand internal-control support
- Customized monthly purchasing-card analytics and reporting
- Leadership training, workshops, facilitated discussions, and presentations tailored to local-government priorities

Every GovExcellence relationship is customized around the services that will provide the greatest value to the organization.

The result is an experienced local-government support team already in place when leadership needs an independent assessment, additional expertise, policy assistance, executive recruitment, internal-control support, or help addressing an emerging priority.

Management Question of the Month

What important process in your organization depends too heavily on one employee knowing how everything works?

Long-tenured and highly knowledgeable employees provide tremendous value. Risk develops when an important processes depend so heavily on one person that the organization would struggle to continue the work if that employee were unexpectedly unavailable.

Leadership should consider whether the process is adequately documented, whether other employees understand how it works, whether responsibilities are appropriately separated, and whether the organization could maintain service without relying on one individual's institutional knowledge.

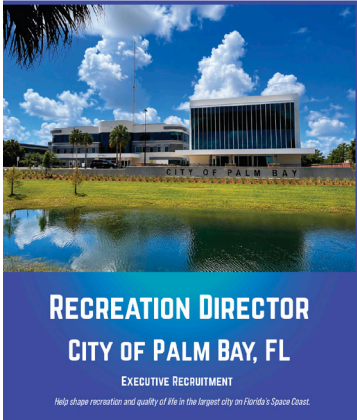
This question may identify opportunities involving:

- Cross-training
- Succession planning
- Procedure documentation
- Internal controls
- Technology
- Business continuity

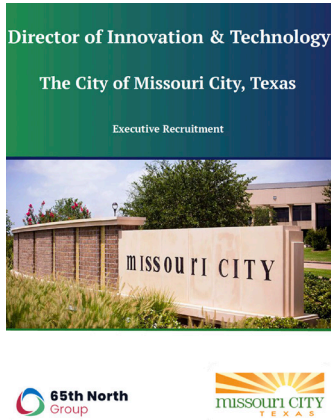
We welcome responses, questions, and suggestions for future GovExcellence Brief topics at info@65thnorth.com.

Current Leadership Opportunities

65th North Group is currently conducting the following executive recruitments:



➤ [City of Palm Bay, Florida — Recreation Director](#)



➤ [City of Missouri City, TX - Director of Innovation & Technology](#)



➤ [City of Missouri City, TX - Director of Fleet & Facilities](#)