

Please standby
The webinar
will begin shortly

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Doing Things Right in Challenging Times

Atlanta IIA Chapter





Opening Disclaimer

Agenda

- 1 Definition of Ethics
- 2 How Ethics Impacts Us Personally
- 3 Ethics and Each of Us as Professionals
- 4 Our Former First Lady
- 5 Recent Corporate Examples
- 6 Professional Ethical Challenges



Who has done something unethical in their career?



We cannot do this on our own.
We must rely on the advice and
guidance of others we trust.

Our personal ethical understanding – what
is right or wrong, what is fair, what is
honest, having respect for others and
ensuring our personal integrity stays intact.



Purpose of Ethics Training

*To keep ETHICAL
people from making
bad decisions!*

Official Definition of Ethics

Miriam-Webster ...

- rules of behavior based on ideas about what is morally good and bad
- **ethics** : an area of study that deals with ideas about what is good and bad behavior
- a branch of philosophy dealing with what is morally right or wrong.
- [Code Of Ethics](#) · [Ethical](#) · [Ethical Dative](#)

Business Dictionary ...

- The basic concepts and fundamental principles of decent human conduct
- It includes study of universal values such as the essential equality of all men and women, human or natural rights, obedience to...
- [What are personal ethics?](#) · [What is a code of ethics?](#) · [What are marketing ethics?](#)

Polling Question #1

Does Your Company Have a Code of Conduct for Employees to Follow?

A. Yes

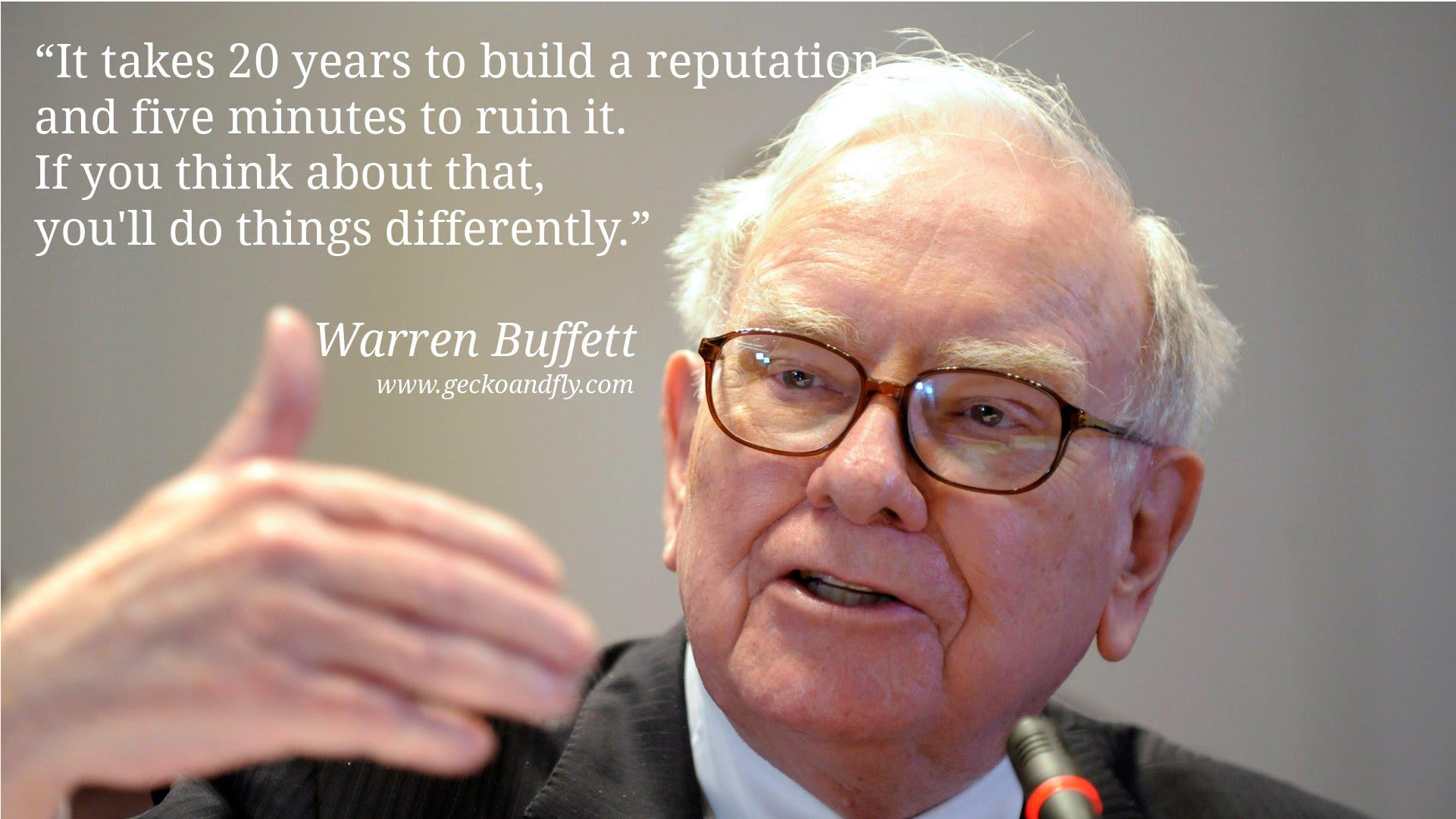
B. No

C. Do not know



“It takes 20 years to build a reputation
and five minutes to ruin it.
If you think about that,
you'll do things differently.”

Warren Buffett
www.geckoandfly.com



The Oath of a North Carolina Certified Public Accountant

I will support the laws and regulations of the State of North Carolina and the United States.

I will perform my professional duties to the best of my ability and abide by the rules of professional ethics and conduct; and

I will uphold the honor and dignity of the accounting profession by serving with integrity, objectivity, and competence.



“Somebody once said that in looking for people to hire, you look for three qualities: integrity, intelligence, and energy. And if you don’t have the first, the other two will kill you. You think about it; it’s true. If you hire somebody without [integrity], you really want them to be dumb and lazy.”

- Warren Buffett

AICPA Definition of Integrity

ET Section 54 Article III - Integrity



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To maintain and broaden public confidence, members should perform all professional responsibilities with the highest sense of integrity.

.01 Integrity is an element of character fundamental to professional recognition. It is the quality from which the public trust derives and the benchmark against which a member must ultimately test all decisions.

.02 Integrity requires a member to be, among other things, honest and candid within the constraints of client confidentiality. Service and the public trust should not be subordinated to personal gain and advantage. Integrity can accommodate the inadvertent error and the honest difference of opinion; it cannot accommodate deceit or subordination of principle.

.03 Integrity is measured in terms of what is right and just. In the absence of specific rules, standards, or guidance, or in the face of conflicting opinions, a member should test decisions and deeds by asking: "Am I doing what a person of integrity would do? Have I retained my integrity?" Integrity requires a member to observe both the form and the spirit of technical and ethical standards; circumvention of those standards constitutes subordination of judgment.

.04 Integrity also requires a member to observe the principles of objectivity and independence and of due care.



Integrity

=

TRUST

Polling Question #2

Does your company require employees to certify annually that they have read and understand the Code of Conduct?

A. Yes

B. No

C. Do not know

How Does Ethics Impact Us Personally?



How Does Ethics Impact Us Personally?

What directs our actions daily?

What is our moral compass?

**Can we look ourselves in the mirror
at the end of each day?**



Ethics and Us As Professionals

★
Professional
ethics and
ties to
corporate
culture

★
Responsibilities
to public,
clients,
colleagues and
to ourselves

★
How do I
impact
those
around
me?



★
Ethical
courage –
are we
willing to pay
the price for
ethical
behavior?

Internal Audit and Compliance

- We are held to a higher standard within each organization
- Your co-workers are watching as you set the example for the organization
- Starts with Tone at the Top!
- Annual Ethics & Code of Conduct Training?

Polling Question #3

Has your Internal Audit Department reviewed incidents of unethical behavior over the past 2 years?

A. Yes

B. No

C. Do not know

Internal Audit and Compliance



*Does your team
have stated
Corporate,
Department
or Team Values?*

Core Values



Recognition and Awards



Ethics Impacts...



Trust

An organization thrives on "trust" of its customers, channels and users of its product or service.

Trust is an important element of value to the customers. When elements of value creation, preservation, transmittal and consumption are breached, the organization loses its reputation and trust of its customers.



Our Former First Lady

Barbara Bush – 2001 Wake Forest Graduation Speech



Family

Truth

Do the Right Thing!

Barbara's Funeral – A Great Example!





Recent Corporate Examples

Corporate Examples



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CEO – Mark Benioff



Volkswagen



Trust was lost: Established 1852,
Re-Established 2018



Earning Back Your Trust
237,805 views

Corporate Examples

- Executive protecting his direct reports from CEO
- End of quarter GL entries?
- Gaming Reserves to hit quarterly profit targets
- Caving to analyst expectations
- Focus on Quarterly or Annual Bonus vs health of the organization

*What is your dollar
threshold to commit fraud?*

Baseball Example – Sports Illustrated 1989

At a T-ball game in Wellington, Fla., earlier this year, first baseman Tanner Munsey, 7, fielded a ground ball and tried to tag a runner going from first base to second. The umpire, Laura Benson, called the runner out, but Tanner immediately approached her and said, "Ma'am, I didn't tag the runner." Benson awarded the runner second base and Tanner's coach gave him the game ball for his honesty.



In a game two weeks later, with Benson again umpiring and Tanner playing shortstop, a similar play occurred. This time Benson thought Tanner had missed the tag on a runner going to third, and she called the runner safe. Tanner glanced at Benson and, without saying a word, flipped the ball to the catcher and returned to his position. Benson sensed something was wrong. "Did you tag the runner?" she asked Tanner.



"Yes," he replied.

Benson then called the runner out. The opposing coaches protested until she explained what had happened two weeks earlier. Says Benson, "If a kid is that honest, I have to give it to him. T-ball is supposed to be for the kids."





Professional Ethical Challenges

Professional Ethical Challenges

Numerous incidents of cover-ups, under the table kickbacks or benefits, favorable treatment, illegal activity, handling of hotline incidents...

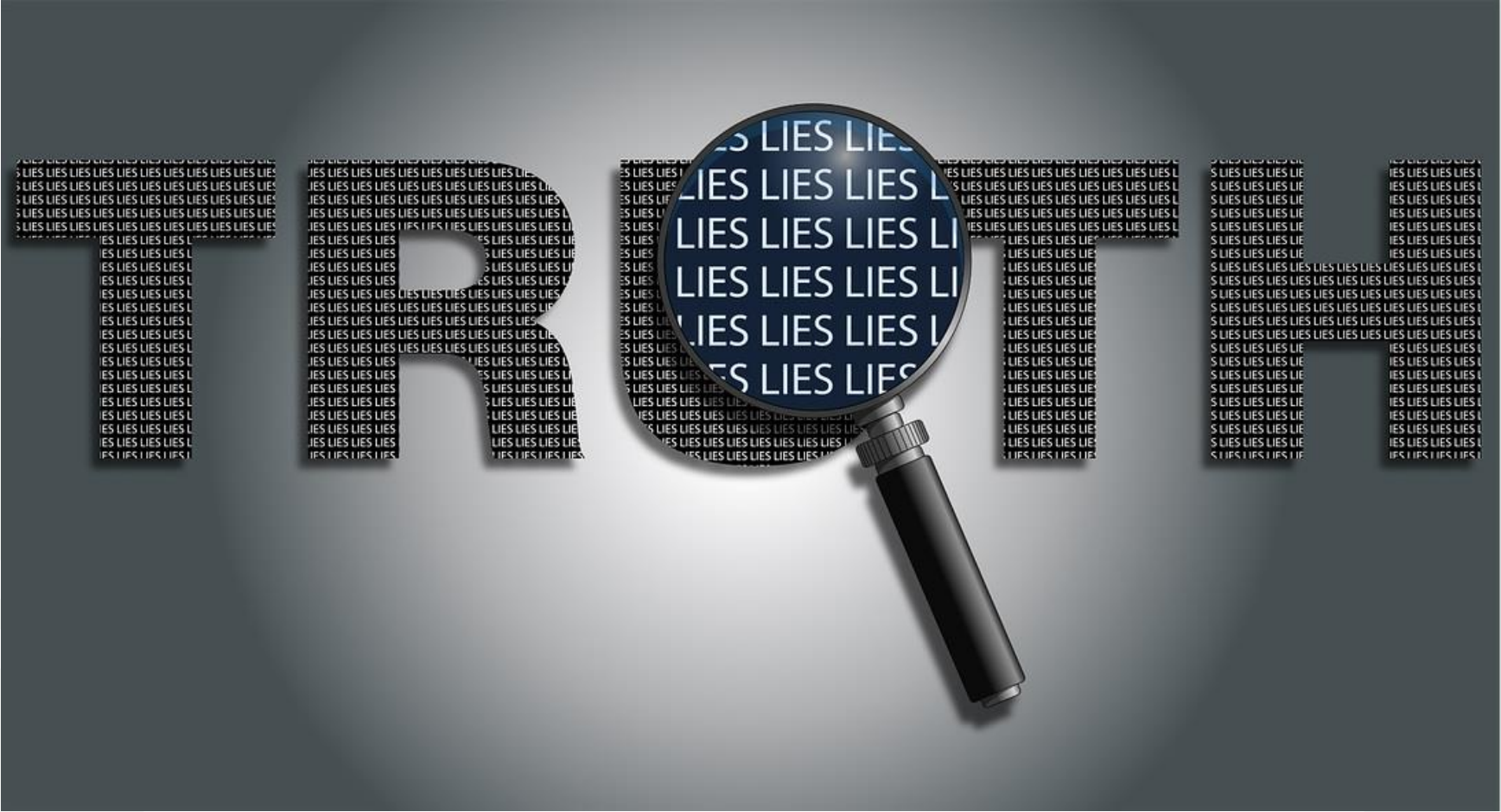
- Appropriate Business Entertainment?
 - Trips to Vegas and Pebble Beach
- Gaming the system examples - % of savings negotiated for the organization
- Winning a new iPad at an IIA Conference
- Louis Vuitton suitcase – business expense?
- T&E submission – rental car vs. mileage
- Big 4 Partner at event witnessing inappropriate behavior – admission then denial



Government Examples



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Importance of Ethics Training



**Prevent ethical
people from
making bad
decisions**

Character – *what you do on your own
when no one is watching*

Polling Question #4

Will each of you behave ETHICALLY during the remainder of 2022?

A. Yes

B. No

C. Do not know

Thank YOU for your attendance, your level of engagement and your on-point questions!