

Useful Ethics for Financial Professionals in a Changing Environment

October 25, 2016

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Learning Objectives

- Identify common ethical issues and situations
- Recognize Ethical Behavior
- Recognize limitations of a “rules only” approach to ethics
- Identify “best practices,” especially to include audience input
- Understand a professional judgment-based approach to ethical decisions

Ethics Defined

The definition of *business ethics* is the set of moral rules that govern how *businesses* operate, how *business* decisions are made and how people are treated.

Source: yourdictionary.com (c) 2016

Ethics in Business

- So-called “Business Ethics” is generally based on an individual’s basic ethical principles.
- Actions, transactions and decisions of a business or agency are judged, from an ethical perspective, by the general ethics of the society.

Defining Ethics

- Describe it in one word
- What color is it?
- Does it change in appearance?
- Who determines what is ethical?
- Who said: “*We adhere to the highest ethical and professional standards.*” – What does it mean?

Ethics vs. Law

- If it is legal, is it ethical?
- If it is ethical, is it legal?

Going Beyond

- Many situations are beyond, outside or not specifically covered by rules, regulations or laws
- A CPA is assumed to possess professional judgment
 - How often in a month is your judgment used in such “beyond” situations?
 - How often is that judgment refined, improved, adjusted?

Ethics Exercise – Ethical Attributes

Write the top 5 single word attributes for:

- The MOST ethical person you know

Ethics Exercise- Not Ethical

Write the top 5 single word attributes for:

- The LEAST ethical person you know.

Ethical Decision-Making

- Generally values-driven
- Can vary across cultures
- Can vary among people in the same cultural setting
- Rationalization can get in the way

Employees' Perspective

- What is the best single sentence to teach a new employee the FDIC “brand” of ethics?
- Do employees “higher on the organizational ladder” share greater responsibility for an ethical culture?
- Is your agency’s ethical culture better than ten years ago? If so, or if not, why?

Employer vs. Employee Ethics

- Is your employer ethical?
- More ethical than you?
- Would you work for an unethical employer?

Recognizing an Ethical Issue?

- How do you know an ethical issue is present?
- How do you make an ethical decision?
- Where did you learn how to do this?

Ethical Decision Making

- Recognize an ethical issue
- Get the facts
- Evaluate alternative actions
- Make a decision and test it
- Act and reflect on the outcome

Source: *Markkula Center for Applied Ethics at Santa Clara University, 2009*

7 Steps to Ethical Decisions

1. Stop and think
2. Clarify goals
3. Determine facts
4. Develop options
5. Consider consequences
6. Choose
7. Monitor and modify

Source: Josephson Institute of Ethics, (c) 2002

Decision Model Similarity

- Analyzing the situation
- Getting actual facts
- Develop alternate answers
- Choosing
- Act
- Evaluate the decision afterwards

Case Studies

- **Situation 1:** Sharon, a financial analyst, uses her employer's computer network to post inappropriate material on a social networking website. Employer rules prohibit the use of the network or computers for personal purposes. As her supervisor, if you learn of this posting, what do you do?

Case Studies

- Situation 1-A – If you discovered the posting discussed in Situation 1, but you were a coworker, not a supervisor, what do you do?

Case Studies

Situation 2 – Susan Vaughn, Deputy Director, recently hired John Edwards into a position which was advertised as requiring a CPA designation. In this position, John will be your immediate supervisor. You learn from a friend who used to work with John that he (John) is not a CPA. What do you do?

Case Studies

- Situation 3 – An FDIC Division Director goes to lunch and upon requesting her check for the meal, learns that another customer, while departing, has paid for her lunch. What does the Director do?
 - Does the answer change if the Director learns that the generous customer was a trust officer at an institution under examination?