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- ▶ The instructor will send you a fully completed and populated slide deck on completion of the course

Webinar notes

- ▶ Please fill out the polling questions while you wait, these and all polling questions are anonymous
- ▶ I would love a few cameras on, in fact some prizes are not available, if you don't have your camera on...
- ▶ You are allowed to eat and drink on camera and wear pyjamas and seeing pets or spouse behind you is OK...

ETHICS - MORE THAN JUST THE CODE

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PRACTICAL

PD

Introduction

- ▶ Welcome to this course
- ▶ _____ always makes learning easier, so I will try to generate some

Administration

- ▶ If there are Zoom problems - keep trying to get back in
- ▶ The problem may be on your side, or my side
- ▶ I will send you the fully completed slides, if you ask by email spriddle@bell.net
- ▶ I strongly encourage cameras on
- ▶ Participate via the **Chat**
- ▶ Depending on the volume, I may not be able to respond to every single comment or **Chat** question, repeat it if I miss it

All my live seminars/webinars have an opportunity to win prizes

- ▶ The Top Participant will get a prize
- ▶ There will be a few other prizes, maximum one per person except the Top Participant can double up



Share ethics stories

- ▶ The course will be more meaningful and helpful for all, if participants share ethics from their experience
- ▶ Feel free to type them in the Chat any time, related to the topic at hand or otherwise
- ▶ Don't need names, dates, just once upon a time...
- ▶ If sensitive options include:
 - ▶ - private Chat to me, and I will read it without your name
 - ▶ - change your name (Under Participants, click on three dots)

Let's get to know each other

The background features abstract, overlapping geometric shapes in various shades of green, ranging from light lime to dark forest green. These shapes are primarily located on the right side of the slide, creating a modern, layered effect. The rest of the slide is a plain white background.

Open polling question results



Introduction - your instructor

The background of the slide is white with abstract green geometric shapes on the right and bottom edges. These shapes consist of overlapping triangles and polygons in various shades of green, from light to dark, creating a modern, layered effect.

Background - me

- ▶ Active CFO and business owner and board member
- ▶ Career in different industries, senior finance positions, primarily CFO, since leaving KPMG, where I spent 5 years
- ▶ Teaching on the side for years: _____

My business



- ▶ Co-owner, Secretary and Board member SureWx Inc., a global aviation company
- ▶ CFO from 2012 until January 2024
- ▶ A software company with a unique app and custom weather equipment in about 55 airports worldwide



The new job

- ▶ CFO & VP Finance - Fidus Analytics Inc.
- ▶ I work remotely from Ottawa for this global business, nominally out of Calgary
- ▶ The company that hired me has the _____ as a 7 year former employer in a different industry
- ▶ The President and founder is very, very _____



My unpaid job



- ▶ (Unpaid) financial advisor to a large a wood business owned by two of my brothers in the Ottawa area, www.wood-source.com
- ▶ We do lots of things including selling and milling wood

Course plan

- ▶ Introduction and another CPA ethics scandal
- ▶ Ethics and PD hours
- ▶ Stress and confidentiality
- ▶ Can you work there - industry and country?
- ▶ Should we boycott for ethics?
- ▶ Rule 205/26 issues
- ▶ Truth in official announcements
- ▶ Under the table revenue
- ▶ When they say “don’t ask”
- ▶ The most crooked accountants in Canada
- ▶ The exaggerating colleague
- ▶ Rules versus what is right

Course plan

- ▶ Corporate borrowing and ethics
- ▶ Ethics and insolvency
- ▶ Stealing ideas
- ▶ Some other ethical issues
- ▶ Blackmail and ethics
- ▶ What is your personal ethics mantra?
- ▶ Conclusion & exhortation

Ethics

- ▶ I was putting ethics into most of my courses, before ethics hours were _____
- ▶ Initially, _____
- ▶ I have heard a huge amount of _____ while speaking to over _____ accountants
- ▶ I have talked to _____ about some of the issues in this course

Ethics

- ▶ I realize that my stance on ethics may have cost me _____...
- ▶ What I mean is _____

Fascinating comment in an ethics course I taught recently

- “Very informative for me as _____!”
- (Usually it is _____)

Session purpose

- ▶ “Don’t confuse schooling with education” - said Elon Musk
- ▶ I have created a related quote: Don’t confuse getting more _____”
- ▶ _____
- ▶ Let’s also not assume the beginning and ending of ethics is the _____
- ▶ My other courses are full of tips that you can apply in situations
- ▶ This course has many directly applicable tips but it is more about mind-stretching discussions of different issues and situations and getting beyond the CPA Code of Professional Conduct



I am a world-class expert in

- ▶ _____
- ▶ And so are ____!
- ▶ And I am not so good at seeing _____(looking in the mirror)
- ▶ (My ____ helps a lot with this)
- ▶ As we look at other's ethical lapses, let us look at ourselves as well in the mirror
- ▶ I will share a lapse of mine a long time ago...

Key point

- ▶ From another of my lesser-known courses, but I will repeat it:
- ▶ **If your personal ethics before you became a CPA were _____, it will be hard to follow CPA ethics**
- ▶ All CPAs know the rules, but do they have the _____ to follow them always
- ▶ _____ is more than just worrying about getting caught
- ▶ It is about seeking to _____
- ▶ I always believed this, now the _____ has started to agree with me

What causes or stops unethical behaviour

- ▶ Historically “opportunity makes the thief - young people will inevitably commit crime in certain environments” was the prevailing view in criminology as I understand it
- ▶ Similarly, many think opportunity make CPAs do bad things
- ▶ I have always _____
- ▶ Academics around the world have heralded research by British Professor **Per-Olof H. Wikström** as 'groundbreaking' and a 'breakthrough' in understanding teenage crime. the most significant works in criminology in decades'



The academic world now confirms what I believe

- ▶ The study found that teenagers who avoided crime did so not because they feared the consequences or lacked the opportunity but because they saw it as _____
- ▶ Conversely, teenagers with little sense of _____ were responsible for the vast majority of juvenile crimes. The lack of _____ was the single most important factor in teenagers breaking the law.
- ▶ This confirms what I always believed
- ▶ I would suggest this is the same for CPAs
- ▶ CPAs with a _____ don't get into ethics trouble, regardless of opportunity,
- ▶ CPAs who don't have a _____, get in trouble more



Where do people get their personal ethics - not just the Code

Prize, first to answer

Where do people get their personal ethics - not just the Code

For me:

- ▶ _____
- ▶ _____
- ▶ _____

A statement

- ▶ A reasonably ethical CEO of mine once said: “ _____
- ▶ _____ ”
- ▶ A good point
- ▶ You don't have a ___, but at least you have ethics, and you should be able to get another one
- ▶ A great _____ but no ethics is no good
- ▶ People can take your money, job, freedom, but not your _____, if you take a stand
- ▶ A proverb says:
- ▶ _____

Later in the course, we will be asking you if you have a

- ▶ **PERSONAL ETHICS MANTRA IN A FEW WORDS**
- ▶ It could be something you have always used, it could be something you make up today, it could be created by someone else, but used by you
- ▶ Think about this, don't share it until I discuss this topic...

An illustration of ethical decline over time

- ▶ My twin brother Etienne will help me with this one

Has this ever happened to you that you can recognize it now?

- ▶ Even if you didn't realize it _____ it was happening...
- ▶ It can happen because others _____
- ▶ Or you wear yourself down with progressively _____
- ▶ Another way of saying it is, your _____
- ▶ Any thoughts or examples from you?



Has this happened to you?

CPA Ethics is in the news
again...

The background features abstract, overlapping green geometric shapes in various shades, including light lime green, medium green, and dark forest green. These shapes are primarily located on the right side of the slide, creating a modern, layered effect against the white background.

Embarrassing for all of us...

Even worse in the USA!

More embarrassment for us

CPAs cheating on PD hours

- ▶ I reconcile signatures and heads at a CPA Ontario in-class course, later in the day, and they don't match, _____
- ▶ There may be a good reason for their absence
- ▶ But there may not be, so I _____
- ▶ “My (accounting firm) boss always tells me to _____ at live courses and then leave” (Quebec CPA quote)
- ▶ Is everybody actually there during webinars? (break-out sessions often reveal who is not)
- ▶ Lots of CPAs leave courses early, or miss sections, do they claim the full hours?

Cheating in public accounting

The slide features a white background with a decorative graphic on the right side. This graphic consists of several overlapping, semi-transparent green shapes in various shades, including light lime green, medium green, and dark forest green. These shapes are primarily triangular and polygonal, creating a modern, abstract design. A thin, light gray line also runs diagonally across the lower right portion of the slide, intersecting the green shapes.

Have you ever heard of the expression “eating hours”

- ▶ Work sections, particularly of audits are budgeted in hours
- ▶ There is talk of pervasive large accounting firm managers pressuring staff to “_____”, or staff choosing to do this
- ▶ Example: section is budgeted at 90 hours, staff takes 122 to complete
- ▶ Staff person is told to _____
- ▶ Makes staff person look better, and also the manager who insisted on this
- ▶ Is obviously unethical and a false number is reported

Audit time budget	
Planning	62
Internal control testing	40
Cash	90
Receivables	112
Prepaid	37
Fixed assets	44

More impacts

- ▶ Hurts staff person, because firm is not aware of how _____
- ▶ Hides _____
- ▶ Top people in firms (partners) should be against this, because they can't _____ if this happens
- ▶ I only heard of this once at KPMG when I worked there, by one manager, who left in a cloud of bad vibes shortly after

Would you be willing to work
anywhere? Or have any
client?

Would you be willing to work anywhere? Or have any client?

- ▶ Is there also a list of types of organizations or businesses, that you would not work for or have as a client for very personal ethical or other reasons, or maybe you are just skeptical about their type of business
- ▶ This is also not in the Code
- ▶ Type them in the Chat
- ▶ (We will do countries later)

Where I would never work

This is not a complete list, but I would never work for a:

- ▶ _____
- ▶ _____
- ▶ _____
- ▶ _____
- ▶ _____
- ▶ _____

The industry is crooked

- ▶ One course attendee defended the bribes his former employer had paid in the _____
- ▶ He blamed the _____, not his company
- ▶ I disagree - don't _____
- ▶ I once sort of worked in the _____ industry (_____)
- ▶ Even at that young age, I gathered that it was a bit crooked (_____)

What about countries where you would have reservations about working there? Or have clients from?



What about countries where you would have reservations about working there? Or have clients from?

- ▶ There could be a lot of reasons you might want to work there: _____



There are more and less corrupt countries

- ▶ Countries vary as to their level of business and government corruption
- ▶ There are Corruption Indexes that do the ranking, they are not necessarily perfect rankings, very judgemental, eg www.transparency.org
- ▶ Their definition: *“we define corruption as the abuse of entrusted power for private gain.”*
- ▶ *“The nations morals are like its teeth, the more decayed they are the more it hurts to touch them.”*
George Bernard Shaw.
- ▶ What do you think is consistently the least corrupt country in the world per the above site? (See their site for exactly how they rank)



Least corrupt countries in the world

Where do you think Canada
and the US rank in the world
in terms of corruption?

What are the most corrupt countries?

A story with a lesson

- ▶ The foreigner in another country notes that...

Bribery

- ▶ Obviously a big part of corruption, and not covered specifically in the Code
- ▶ I often hear some version of “you have to do what the locals do” from course participants vis-à-vis foreign bribery, including one participant of this course
- ▶ He wrote after this course:
- ▶ “ _____ ”
- ▶ I disagree, _____, see www.transparency.org

Also

- ▶ The Canadian government has taken a position on this, do you know how?

Bribery

- ▶ Ethics and bribery is covered more in my course **Practical Financial Negotiation Tips** and you will hear how I worked for a company that had one of Canada's most famous ever bribery scandals, but don't worry I was not involved or even associated....

Case #1

- ▶ Your employer, a private business owned by six outside investors, has an important supplier called **Valdov**, which is located in another country. The President of this large country recently launched a bloody invasion of another smaller country that has been condemned by Canada and countries around the world. The invading country is poorer than Canada. Your employer trades with businesses in all kinds of countries, includes the People's Republic of China (PRC)
- ▶ Your company buys \$28.2M of materials per year from Valdov. The alternate source of supply will cost your employer \$30.1M per year. The company has forecast revenues of about \$360M and a profit of \$21M this year
- ▶ What should you do, you are the CEO?
- ▶ Don't assume I am talking about

Break out session

- ▶ Discuss this issue in your break out session for five minutes
- ▶ 1-2 people with the highest last name in the alphabet argue stop doing business with Valdov
- ▶ The 1-2 people with the lowest name in the alphabet, argue the opposite, don't stop doing business
- ▶ Example last names
- ▶ Miler - don't stop (spokesperson)
- ▶ Adams - stop (spokesperson)
- ▶ Sandh - don't stop
- ▶ Gatski - stop
- ▶ Highest last name letter in each group, summarize arguments for their side

Break out session

- ▶ Try to focus on the decision presented, not politics or the real-life situation that inspired this case, I know this might be hard
- ▶ For some, this issue may be very personal...
- ▶ Unfortunately, Zoom does not allow me to keep the case on your screen during your break out
- ▶ However, it is in your handout

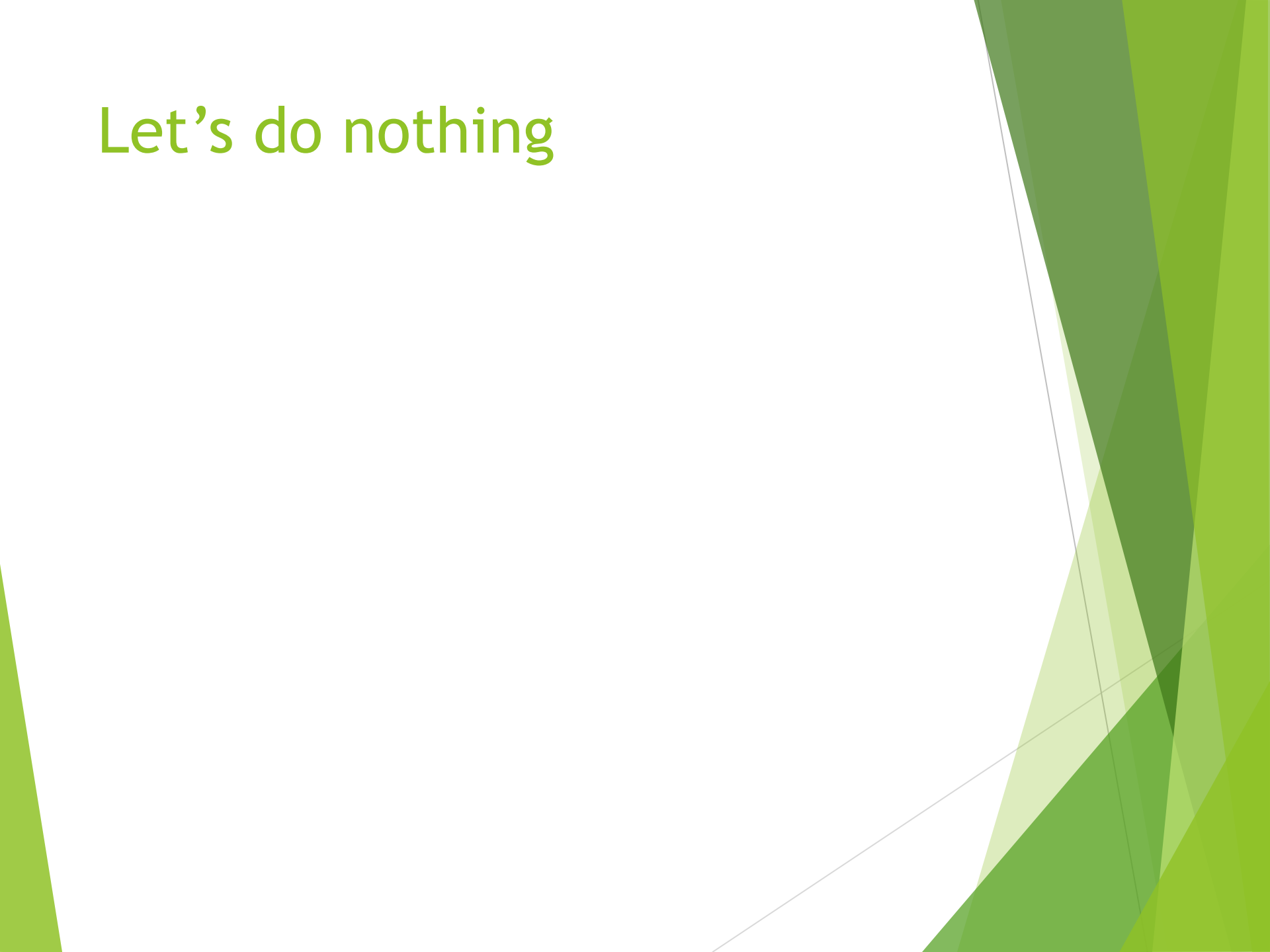
What did your groups discuss?

Let's boycott the supplier

More investigation



Let's do nothing



Do something different

▶ Instead _____

My thoughts

- ▶ I personally _____
- ▶ FYI _____ is 136/180 in the Corruption Index of Transparency.org
- ▶ But who said we are talking _____, this was a principles discussion....
- ▶ I also don't believe the facts re the invasion are not as cut and dried as presented here

Polling question

Other thoughts

- ▶ One of my employees has taken leave _____
- ▶ However, let us remember that there are lots _____ in the world:

- ▶ There are also lots of other _____

I am a case-writer

- ▶ I have written 100s and 100s of published cases, most of you have written some of them in various contexts, often exams
- ▶ Sometimes I write cases for _____
- ▶ Typically _____

Is anyone here also a legacy
Canadian CGA?

A guy I know went to a job interview with a public accountant (before the merger)

- ▶ The sign outside the accountant's office:

Case #2



- ▶ A seminar participant shared this story with me privately, he said he could not share it in front of the whole class
- ▶ Public accountant is doing personal tax returns. They find information in the box of information provided by the client, suggesting that the client is _____. What should they do?
- ▶ They _____
- ▶ Who suggested they _____

Will the auditors always back you on ethics?

- ▶ Usually the auditors will back you on an ethics issue
- ▶ Once a Big Four firm resigned from the audit, after I _____
- ▶ But have the auditors ever not backed you on an ethics issue?
- ▶ Once a Big Four firm wouldn't _____
- ▶ I have heard this from one attendee, with respect to related party transactions. The auditors backed the client by not _____
- ▶ Sometimes their desire to keep the client happy may override _____
- ▶ Do you have a story?

Why they didn't back me

- ▶ Employer got a powerful _____ involved, which influenced the auditors
- ▶ They defended transaction _____
- ▶ But the real issue was _____
- ▶ Auditors wanted to please a _____...

A real audit dilemma I faced

- ▶ My client was not paying rent to their landlord for some land, partly because the landlord had forgotten to bill it
- ▶ Since it was a legal liability, we continued to accrue for it
- ▶ The amount had grown very large over many years
- ▶ I then found that the landlord was a high profile client and actually one of its biggest clients in the world
- ▶ It is sort of like one client ripping off another client
- ▶ What would you do?



- ▶ _____
- ▶ _____

Another angle

- ▶ Would it be OK to tell your other client to _____?
- ▶ I tend to think ___

Ethical stress

- ▶ I was debating how to handle a difficult ethical situation, losing sleep, losing _____
- ▶ Under extreme pressure from _____
- ▶ We all need support in situations like this, human or otherwise



Polling question

Case #3

- ▶ You are working for your provincial Securities Commission in investigations
- ▶ You are assigned to pose as Arnie Polk and visit an investment dealer, to discuss investing. In reality, you will be on the look out for violations of provincial Securities Laws
- ▶ Are there are any professional ethics issues?

Case #3 analysis

- ▶ This is a true story, conveyed to me as personal experience by a very sharp course attendee who had been in that exact situation
- ▶ As he prepared for the assignment, he realized, it would probably be both _____ for him to say that he was Arnie Polk, when he was not
- ▶ To be safe, he approached a provincial Ethics Advisor to settle the issue before proceeding
- ▶ They said _____
- ▶ I don't personally like this ruling, perhaps there could be an exemption for special situations
- ▶ I sometimes "break (?) this rule with my grandchildren, eg "_____", etc.

Let's review this key ethics rule

- ▶ (We can't go over all the rules)

26. Le comptable professionnel agréé ne doit pas préparer, produire ni signer des déclarations, des lettres, des attestations, des opinions, des rapports, des exposés, des états financiers, des avis ou tout autre énoncé ou document, par complaisance ou alors qu'il sait ou devrait savoir :

1° soit qu'ils contiennent des informations fausses ou trompeuses;

2° soit qu'ils omettent ou dissimulent des informations dont l'omission ou la dissimulation est de nature à induire en erreur;

3° soit qu'ils contiennent des informations non conformes aux lois, aux règles de l'art ou aux normes applicables.

De la même façon, il ne doit pas non plus s'associer à de tels énoncés ou documents.

This part of the Code of is all about truth

- ▶ And therefore about not lying

Truth and lies

- ▶ We are annoyed when _____ lie to us
- ▶ We are angry when _____
- ▶ We are ticked when _____
- ▶ And so on...



Once upon a time

- ▶ An accountant who worked for told me a lie, that I knew for sure was a lie related to her work for me
- ▶ The accountant had an engineering background, and was not a CPA
- ▶ I had not hired the accountant, I inherited her
- ▶ It was the first time I had been in this situation
- ▶ What would you do if one of your subordinates told you a lie?

My analysis

- ▶ Definitely need to _____
- ▶ They can do it again, and make it worse
- ▶ I can't work with them, if I can't _____
- ▶ I really wanted to _____
- ▶ The CEO worked hard to _____ me
- ▶ She _____, which solved our dilemma
- ▶ Note _____

More

- ▶ What if your _____ lies to you?
- ▶ That is another big topic
- ▶ I have fired a _____, partly because he lied to his people

I think you are all guilty of
making false representations

The background features abstract, overlapping geometric shapes in various shades of green, ranging from light lime to dark forest green. These shapes are primarily located on the right side of the frame, creating a modern, layered effect. The rest of the background is plain white.

This bugs me and it relates ethics in business communication and the truth

- ▶ How often do I hear in business, government, politics, and the NFP/charity world
- ▶ “ _____ ”
- ▶ No they didn't always ____, they were often forced to ____, to submit their ____ letter and in fact were paid to submit it...(and I know this for a fact)
- ▶ Which really means they were fired, which is completely different from _____
- ▶ Sometimes they are guilty of wrong-doing
- ▶ Or the announced reasons I know were not the true reasons
- ▶ “_ _____ to spend more time with the family” or “to pursue other opportunities”

I could also add

- ▶ _____
- ▶ Actually they were _____
- ▶ They were forced to _____
- ▶ They were kicked into _____



Embarrassing

- ▶ **University Intermediate Accounting**, the course that would make or break future CPAs
- ▶ When I was in 2nd year university, the Campus book store was selling the _____
- ▶ I thought this was strange, but I bought it
- ▶ I then used it for my assignments and learned nothing, and this may have been unethical...
- ▶ I did _____ this to the university Marking Assistants
- ▶ About 19 years later, I am engaged _____

Type “golf” in the Chat if you play golf



My favourite golf-accounting
humourous video

Note

- ▶ You will get the video link in your completed slides in case you want to show it to someone....

Let's talk more about the association part of Rule 205/26

- ▶ That says CPAs can't be associated with false & misleading information, not that we just can't produce it

Case #4

- ▶ You are the new CFO of a company. You have a long relationship with the company's bank. Privately, the bank has said that they have granted an operating facility to the company, because they trust you, although they don't entirely trust the President & founder of the company.
- ▶ You asked to get something from the President's office one day, when he is away and his assistant directs you to a drawer in his desk. In it you note that some large invoices you recently reported to margin at 75% under the company's operating facility, to cover payroll, are clearly fraudulent.
- ▶ No outside Board members or whistleblower line are available
- ▶ What should you do? Could you have any issues with the CPA Code because of this? (real story)



Case #4 response

- The CFO is completely innocent of _____
- The CFO reported the receivables to the bank
- The CFO is now _____
- There is a 205/26 question of whether _____
- Were these invoices _____?
- The President could be _____

Case #4 response

- If this doesn't work, the CFO could immediately quit
- The CFO probably can't _____, because of confidentiality (208.1/39)
- In real life, _____
- The company later went bankrupt and the President's unethical behaviour became public
- At this point, the CFO apologized to the bank for not calling them and telling about the fraudulent invoices, because confidentiality no longer applied, since the information became public
- The bank said "_____"
- So _____ really helps

Case #4 response

- If this doesn't work, the CFO could immediately quit
- The CFO probably can't tell the bank, because of confidentiality (208.1/39)
- In real life, _____
- The company later _____
- At this point, the CFO apologized to the bank _____
- The bank said “_____”
- So _____ really helps

Case #5

- ▶ You are the CFO of a leisure business company that runs one of the best known ski resorts in Canada. The company is owned by one person. Your friend says that he and some friends had a six night visit to that ski resort last week, for which they paid \$5,000 to the owner directly. (Largely a true story)
- ▶ You checked in the system and there is no revenue recorded that would match that visit
- ▶ What should you do?



Case #5- response

- ▶ Wrong answer: _____
- ▶ Simplistic answer: _____
- ▶ Correct conclusion: _____
- ▶ _____?
- ▶ First things first. Investigate
- ▶ How did the reservation _____
- ▶ _____?



Case #5 - response

- ▶ Wait a while, the owner may be planning to _____
- ▶ It is possible they will be reporting the income, mistakenly, on their _____
- ▶ You could book an entry:
- ▶ *DR* _____
- ▶ *CR* _____
- ▶ Play dumb: “I am just trying _____.”
- ▶ This diffuses the issue, as it is _____



Case #5- response

- ▶ Best solution: _____
- ▶ You were associated with _____
- ▶ But this was _____
- ▶ If they absolutely refuse and _____
- ▶ (This are also _____ tax issues)



Comment

- ▶ This is a huge small business issue for internal and outside accountants

A random trick



Interesting

- ▶ I was invited to present a two hour in-house webinar on **ethics**, with a high profile western Canadian private company in the last year
- ▶ They said they were not facing any particular ethical problems, but wanted some training
- ▶ A large British insurer asked me to do the same
- ▶ I spoke to the Calgary Certified Fraud Examiner Chapter on ethics

“Don’t ask about _____”

- ▶ Have you ever been told “don’t ask about such and such” as an auditor, an accountant, a controller, a CFO?
- ▶ This kind of statement concerns me a lot
- ▶ It is a kind of _____ on your work
- ▶ It could put you in a situations where you violate the “_____” of rule 205/26
- ▶ Some possible responses:
 - ▶ _____
 - ▶ _____
 - ▶ _____
 - ▶ _____
 - ▶ _____

Related

- ▶ Comment from a course participant:
- ▶ *As an auditor I literally received a requested invoice with a sticky note on it that said:*



- ▶ Another participant said...

Enron - the greatest accounting scandal of all time

- ▶ A joke about it...

Economics explained via cows

The background of the slide is white with abstract green geometric shapes on the right and bottom-left sides. These shapes consist of overlapping triangles and polygons in various shades of green, from light to dark. A thin, light gray line runs diagonally across the lower right portion of the slide.

Economics explained via cows



Capitalism:



You have two cows. You sell one and buy a bull. Your herd multiplies, and the economy grows. You sell them and retire on the income.

Economics explained via cows



Capitalism:



You have two cows. You sell one and buy a bull. Your herd multiplies, and the economy grows. You sell them and retire on the income.

Communism:

- ▶ You have two cows. The government takes them from you, and the government takes poor care of them and occasionally gives you some milk.



Enron - the most crooked company of all time

Enron Capitalism:



Exercise time

Who are the most crooked accountants in Canada?

- ▶ (One person immediately answered: _____)
- ▶ I can say this with full confidence, substantiated and true
- ▶ There are very, very large amounts of _____ involved
- ▶ Huge accounting _____
- ▶ Which to a certain extent, impact you and I..

Who are the most crooked accountants in Canada?

- ▶ Hint 1: _____
- ▶ Hint 2: _____
- ▶ Hint 3: _____
- ▶ Answer: _____

Note

- ▶ Let's take a tour of the Canada to meet them, west to east...

Greatest accounting/business crook in Canadian history

- ▶ I tell you who I think was the greatest accounting/business crook (an individual) in Canadian history, in my course **Ethics - Where The Rubber Meets The Road**, it will surprise you...

A person from here took one
of my video courses
recently...

Reporting other CPAs

- ▶ Have you ever reported another professional accountant for ethics violations or misconduct?

81. Le comptable professionnel agréé doit informer le syndic lorsqu'il a des motifs raisonnables de croire qu'un autre comptable professionnel agréé est impliqué dans l'une des situations suivantes :

1° la détention ou l'utilisation illicite de sommes d'argent ou d'autres biens détenus en fidéicommiss;

2° la participation à un acte illégal lors de l'exercice de la profession;

3° le défaut de respecter les conditions associées à son permis ou les limites imposées à son droit de pratique;

Reporting other CPAs

- ▶ When I was at KPMG, colleagues twice found _____
- ▶ They had to re-issue the statements
- ▶ I don't know if they reported them for mis-conduct, failure to exercise professional care or what

The big question

- ▶ Quite often, auditors issue a qualified audit opinion on financial statements, saying something important is wrong due to GAAP departures, and this is the impact of the mis-statement
- ▶ As in the previous government examples, but also in the private and Not-For-Profit sector
- ▶ **I wonder why CPAs who sign off on these financials as preparer, not auditor, are not found**

_____?

- ▶ What do you think?

Are you sleepy?

- ▶ Tip: force yourself to _____ a few times, it drives more oxygen to the brain I think
- ▶ I am always sleepy but never _____

Case #6

- ▶ Internal ethics & exaggeration
- ▶ True story - finance colleagues in another division of a company I worked at, report that the VP, Purchasing is always claiming savings he achieved that were not correct in their opinion. Purchasing does not report to finance.

Case #6

- ▶ A modern word for this might be _____ or _____
- ▶ What would you do in that situation if you were at the meeting, as the most senior finance person present?
- ▶ Note: This is pretty common in the _____ world

Case #6 response

- ▶ It would be inappropriate to just say “_____”
- ▶ Do a _____ to see to test the numbers, for example
- ▶ “_____”
- ▶ Best to say, “_____”

Case #6 response

- ▶ This approach is not confrontational, and should get them _____
- ▶ Unless they know their number is so _____

Case #6 - more thoughts

- ▶ There may be _____
- ▶ When should the savings measurement start?
- ▶ Is it based on _____?
- ▶ Do the analysis based on _____ assumptions for a fair comparison
- ▶ Then do it based on _____ assumptions
- ▶ Make clear your methodology and assumptions and baseline underlying your analysis very clear, because it may be hotly contested

Type “accounting” in the chat, if accounting is both your job and your hobby...

- ▶ I know only a few people who can say this about their job
- ▶ A _____ friend
- ▶ A _____ my wife knows...

Law-abiding

- ▶ I think we could agree that CPAs should be law-abiding
- ▶ Reputation of the profession issues can get you in trouble if you are not, this would primarily apply to criminal issues
- ▶ I am very law-abiding in general
- ▶ Confession: _____
- ▶ (We were not breaking laws, but _____, I suppose)

More beyond the Code and
what is written

The background features abstract, overlapping geometric shapes in various shades of green, ranging from light lime to dark forest green. These shapes are primarily located on the right side of the slide, creating a modern, layered effect. The text is positioned in the upper left quadrant against a plain white background.

What is the correct question?

- ▶ “What are the rules on this?” or
- ▶ What is _____ here?
- ▶ I think we need to ask both, and step back from the rules alone
- ▶ By rules I mean the Code, the relevant laws, the contract, etc

Another way of saying it

- ▶ There is lots of behaviour in business, which does not break any laws, nor any CPA rules, but which we would all find _____
- ▶ It is also against our _____
- ▶ “_____.” - Wynton Marsalis.
- ▶ I won't get into the huge philosophical question of where _____ come from
- ▶ But I would say if the sense of right and wrong just come from ourselves rather than outside, we have the _____ problem
- ▶ He thought he was doing right

Case #7



- ▶ Rollon Construction, owned by Sam Rollon does residential construction projects (I know him slightly in real life, name changed)
- ▶ Sam informs Franco, a home framing business owner, that he will be doing a large development project in a certain town starting September, and to start getting his team ready because Franco will get the framing contract
- ▶ Franco starts hiring and sourcing supplies
- ▶ Then Sam tells Franco the framer, “I have decided to give the contract to someone else...”
- ▶ What do you think of this?
- ▶ (a real story from one of my brother’s direct knowledge)

Case # 7 - analysis

- ▶ There wasn't even a _____
- ▶ Therefore, there is absolutely _____
- ▶ Franco is _____

Possible numbers example

In one department:

- ▶ Look buy \$10M sub-prime loans, they yield 9% interest, for \$10M, \$50K being our hidden commission

In another department:

- ▶ Entering into short sales of sub-prime loans, essentially the company will make money if the loans go below \$9.5M in value for \$10M face value in X months (it doesn't matter about the mechanics)

What are your thoughts on
this situation?

The background features abstract, overlapping geometric shapes in various shades of green, ranging from light lime to dark forest green. These shapes are primarily located on the right side of the slide, creating a modern, layered effect. The rest of the slide is a plain white background.

What are your thoughts on this situation?

- ▶ At that time, I don't believe there were any _____
- ▶ Additional weak defence: _____
- ▶ But this is one business trying to make profit, there are no "_____" in this context
- ▶ If customers buying sub-prime mortgages knew about the company's short position, they would _____

More examples

- ▶ “There is nothing stopping us from doing that in the _____, but is it right?”
- ▶ “There is no rule against this in the _____, but we won’t do this?”
- ▶ “Under their _____ we can do _____, but is it right?”
- ▶ The laws allow this, but should we do it?

Doing it right

- ▶ After Our Management Buy Out, our former owner's representative said they were pleasantly surprised we
-

Scenario

- ▶ My Dad's Calgary-based oil executive friend is coming up on the vesting date for his pension, he is in his late 50s
- ▶ The day before the vesting date, he is terminated
- ▶ He therefore gets no pension
- ▶ Required: Comment on this

My analysis

- ▶ Gut reaction: this is _____

The other side would say:

- ▶ It complies with the _____
- ▶ He was aware that _____

- ▶ I would not do it as an employer, would you?

Case #8

- ▶ You found an incorporated business, for which you are the sole owner. It goes well for a while and you take on bank debt without personal guarantees fortunately. However, you make some business mistakes, the market changes, and a corporate bankruptcy results. In liquidation, based on the assets in the company, secured creditors get 52 cents on the dollar and unsecured creditors get nothing, many of which are small businesses.
- ▶ Question: Do you have any personal moral obligation versus unpaid creditors?
- ▶ With the lessons learned and some new investors, you start another business in the same area 18 months later and it prospers. Does that change your answer above?

Comments



No obligation

Obligation

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Story 1

- ▶ I heard a guy share about his corporate bankruptcy in Texas, a real estate business
- ▶ Later, he was in business again, and decided to repay all his unpaid creditors
- ▶ Albeit, without interest....
- ▶ He has stories like this: driving down the highway, he remembers a small business that he owed money to
- ▶ He drives in and tells the lady he is going to settle up
- ▶ She bursts into tears: “ _____...”

Story 2

- ▶ I loaned some money to a guy at university and forgot about it and didn't think it would be repaid
- ▶ Years later he _____

Story 3

- ▶ I have been told that famous Canadian entrepreneur _____, founder of _____, paid back every penny in a situation like this in respect of one early business venture, not Laidlaw, but have not been able to find evidence of this story

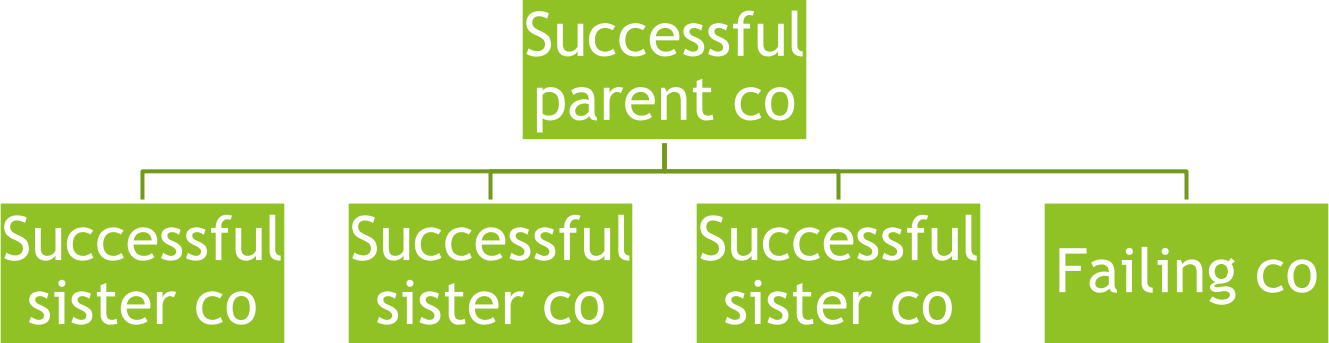
Conclusion

- ▶ I _____
- ▶ I have not faced this situation, I am fairly risk-averse and don't borrow for business ventures, so would not face the situation
- ▶ (I would be a lot _____ today, if I was less risk-averse, but that is OK)
- ▶ A further point: should people also do this for equity investors who lose money?
- ▶ _____

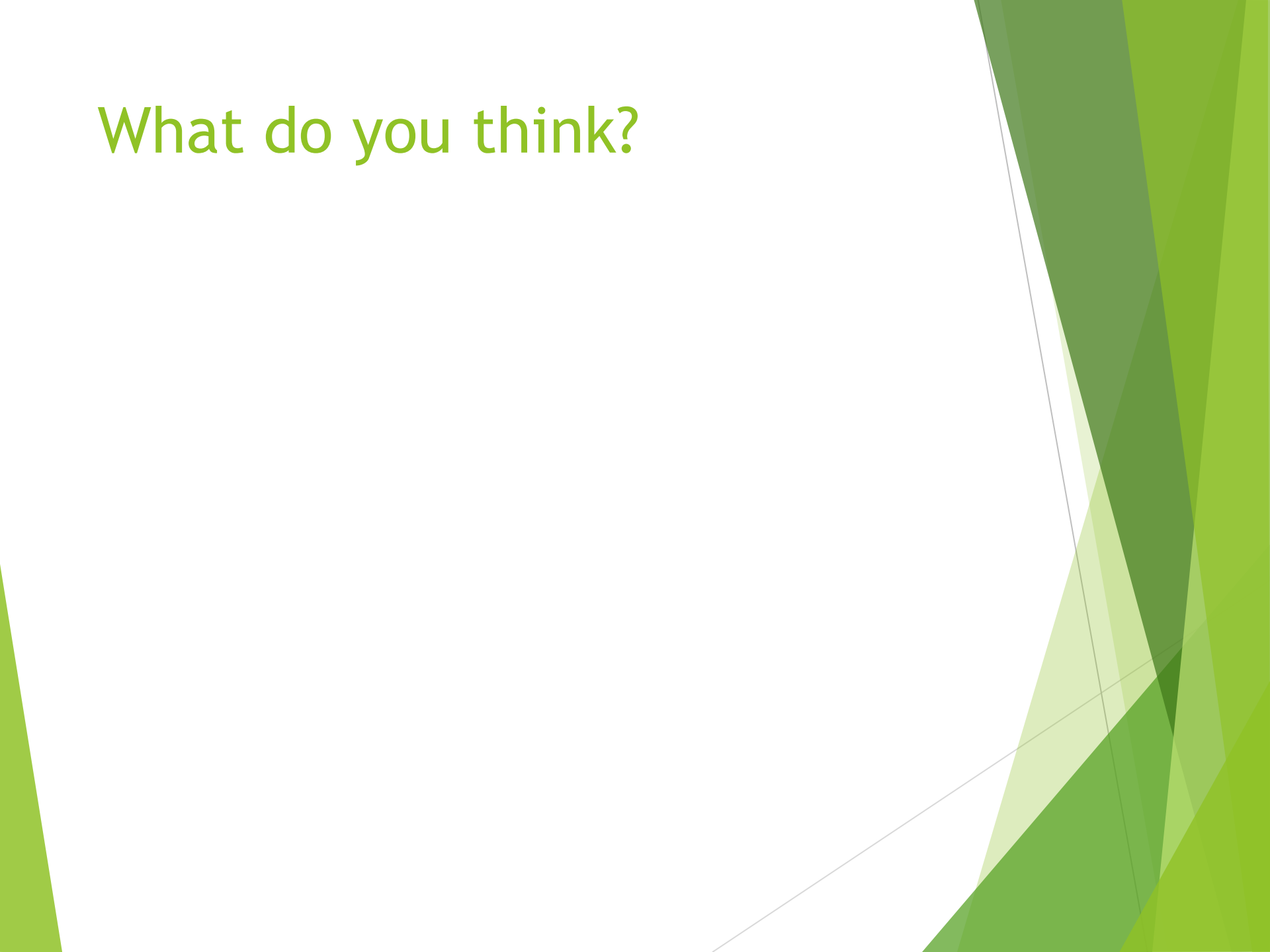
Case #9, related

- ▶ One of the subsidiaries of a wealthy and prosperous group of companies whose parent is publicly listed, is not doing well, it is having cash flow problems, which look to be permanent. The subsidiary has been operating very independently. The sole member of the Board is mid-level executive of the parent company
- ▶ The group CEO says cash advances to the company should be ceased and let it “die”, that is go bankrupt. There are not that many creditors and there are no inter-corporate guarantees
- ▶ Do you agree?

The picture



What do you think?



The big issue

- ▶ The issue I am focussing on is _____
- ▶ The _____ will probably get little or nothing
- ▶ But you do _____
- ▶ This is not just a possible scenario, but a real situation I was involved in, I was with the subsidiary!

Real life story, similar situation

- ▶ One of the toughest situations of my career
- ▶ I was on the management team of the subsidiary and the parent CEO wanted to walk away from us and let us go bankrupt even they had lots of money
- ▶ I would have been personally impacted and my people
- ▶ We _____

A way to broach the issue in real life of what is right versus the rules in real life

- ▶ *“I know there is no rule against it, but _____”*
- ▶ CPA Magazine, November 2016, Karen Wensley

Stealing

- ▶ I think we could all agree that stealing is wrong and Canada's Criminal Code agrees
- ▶ But what about stealing by taking other's ideas at work, and presenting them as one's own , or not giving credit, where credit is due?
- ▶ Your boss presents your idea as their idea in the organization
- ▶ It _____
- ▶ It doesn't _____
- ▶ I try to be very careful to give _____ to all ideas from my team, and they appreciate it

My course tips

- ▶ You will get actionable tips from all my courses, although less from this one, but you don't need to give me or the courses the credit for them when you implement them, I am giving you permission
- ▶ Of course, don't lie if asked, “where did you get that idea?”

Quotes

- ▶ “_____ensure that everyone’s best interests are protected. When in doubt, don’t.”
- ▶ -Harvey Mackay.
- ▶ “The truth of the matter is that you always know the _____to do. The hard part is doing it.”
- ▶ - Gen. H. Norman Schwarzkopf

I am fortunate

- ▶ I never, ever, heard of my parents tell a _____
- ▶ _____ was modeled

A different kind of ethics situation

- ▶ My Canadian friend, a systems analyst is on a team project in the Philippines for a bank
- ▶ The bank's President announces:
- ▶ “I have paid for _____”



What well-known Canadian
company also did this?

A different kind of ethics situation

- ▶ For me _____
- ▶ I would have simply said _____
- ▶ My friend has the same values, but takes a different approach....
- ▶ An interesting one... a better one
- ▶ Did he _____?



Blackmail & ethics

- ▶ I would suggest that you want to avoid a situation where others can blackmail you to push you to be unethical
- ▶ Troublesome areas: _____
- ▶ Or doing some _____
- ▶ There is also a kind of self blackmail, via _____
- ▶ A recent CPA Ontario ethics hearing I attended
- ▶ CPA was losing CPA for _____

Addictions

- ▶ We all want to be careful with addictions: *people are slaves to whatever has mastered them*
- ▶ Addictions and your _____
- ▶ I want to encourage good _____!

Ethics is not just talk it
should change our actions

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Impact of my teaching on ethics

- ▶ “I was just reviewing your **Practical Tips for Controllers and CFOs** booklet this morning and felt compelled to send you an email.”
 - ▶ “I was on the slide that stated that “people have decided to resign their position during my class“ (due to ethics) and had been wanting to send you a thank you email for a while.
 - ▶ “ After attending your session in Calgary this past March, I did decide to make a change in my job. I
-

Ethics - coming clean

- ▶ The most radical coming clean story I have ever heard
- ▶ One of our sons calls us late at night
- ▶ In shock, tells us that a friend of his we know well, **had just** _____
- ▶ (I won't describe the crime)
- ▶ The crime would be _____
- ▶ He said he had to clear his _____

Ethics - coming clean

- ▶ He went to jail for this and lost a great job, but the judge gave a shorter sentence due to the unprovoked confession
- ▶ He has turned his life around, married well with two children
- ▶ My _____ gave him a job, because no one else would with the criminal record, and he has become a star employee
- ▶ Do you need to come clean on anything?

What is your ethics “mantra”?

- ▶ Or personal ethics summary in a few words, if you have one, or could make one up or borrow one
- ▶ Someone once said in one of my courses: “Honesty is not the best policy”
- ▶ I was concerned!
- ▶ Then they said: “_____”
- ▶ All together: _____
- ▶ This is obviously their mantra

I have realized that this must be m mantra

- ▶ I have used the following mantra for years, especially when advising others: Just

Some I got from CPAs who watched the course video

- ▶ _____
- ▶ _____
- ▶ _____
- ▶ _____
- ▶ _____
- ▶ _____
- ▶ _____

What is your ethics “mantra”?

- ▶ Share yours, that you have had for a while...
- ▶ Or that that you made up right now

**Prize, for
my
favourite**

More mantras

- ▶ _____
- ▶ _____
- ▶ _____
- ▶ _____
- ▶ _____
- ▶ _____
- ▶ _____

A recent personal challenge

- ▶ I have to be careful what I say due to confidentiality
- ▶ I was approached to do some “work” through a third party you would all know, for _____
- ▶ This company is one of the most _____ companies of all time, based on well-known public information
- ▶ I believe the company has not ceased this
- ▶ I decided to _____, although a high profile assignment
- ▶ I would love to _____

Some good quotes

“Our very lives depend on the ethics of _____....

▶ - Bill Moyer

“Your reputation is more important than your _____, and your _____ is worth more than your career.”

▶ - Ryan Freitas

Conclusions

- ▶ Always apply the Code of Ethics
- ▶ But don't stop with the Code of Ethics

Top participant

More ethics

- **Ethics that Feeling in Your Gut**, 2 hour video,
- **Build - Where The Rubber Meets the Road** 2 hour video
- ▶ I am trying to get approval for 5-6 more ethics courses

My other courses

Practical Tips for Controllers & CFOs, (8 hours, nearly 11,000 seller), 7 hours

The business and NFP versions of this course, 6 hour videos:

Practical Tips for NFP Financial Leaders

Practical Tips for Government Accountants

My other courses

Practical Financial Negotiation Tips, 4 hours

**Practical Brain-Storming - Top Ten
Trouble Spots and other Useful Topics
For Financial Leaders
4 hours**

Practical Work Smarts for All 2 hours

My other courses

Practical Tips to Improve Your Internal Financial Reporting 1.5 hour video

Contract Review Tips for Accountants 1 hour video

Sharpen Your Business Loan Negotiation Skills 2 hour video

Practical Foreign Exchange Management, 1 hour

My other courses

- ▶ **Practical Work Smarts for All, 2 hours**
- ▶ **Practical Work Solutions from Case Discussions, 2 hours**
- ▶ **Practical Tips to Get Through Cash Difficulties, 2 hours**

I am ask

- ▶ I am asking for approval of 5 other course, non-ethics courses

This course

- ▶ Is available as a video if you know someone else who wants to take it

Closing comments

- ▶ I hope you liked the course
- ▶ I will send you the fully completed slides today
- ▶ You can do LinkedIn with me
- ▶ Please complete course feedback questionnaire

Large file,
check junk mail..