

COURSE INFORMATION

- ▶ This course deals with complex matters and may not apply to particular facts and circumstances. For these reasons, the course material should not be relied upon as a substitute for specialized professional advice in connection with any particular matter. Although the course material has been carefully prepared, neither Stephen Priddle, any sponsoring body accept any legal responsibility for its contents or for any consequences arising from its use.
- ▶ COPYRIGHT © 2024 STEPHEN PRIDDLE, CPA, CA, CMA
- ▶ PRACTICAL PD SEMINARS www.practicalpd.com
- ▶ All rights reserved. No part of this publication/course material may be reproduced, stored in a retrieval system, or transmitted, in any form or by any means (photocopying, electronic, mechanical, recording or otherwise)

Note about electronic material

- ▶ You have the option of **printing the material** and taking notes during the video, or **taking electronic notes**
- ▶ If you print, we suggest you make sure you print the material large enough to take notes on it
- ▶ We cannot provide **conclusive instructions on how to take electronic notes** in the pdf file on each registrant's device, because of the wide ranges of combinations of pdf software that registrants may have, in addition to platforms, i.e. MAC or PC, tablet, etc. Note you will need one device to watch the course on and one device to take notes on
- ▶ Upon request to course instructor spriddle@bell.net, you will be sent a fully completed and populated slide deck on completion of the video

ETHICS - MORE THAN JUST THE CODE OF ETHICS

www.practicalpd.com

Stephen Priddle, CPA, CA, CMA
VP, Finance & CFO & Secretary
SureWx Inc.

spriddle@bell.net

© Stephen Priddle, 2024, unauthorized reproduction prohibited

www.surewx.com

PRACTICAL
PD

Introduction

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

All my live courses have an opportunity to win prizes

I can't do that in this self-study version
BUT, send me an email with any of:

- ▶ An ethics story or tip
- ▶ useful feedback
- ▶ a clean relevant joke

and you will enter a draw for a prize



Note

- ▶ I will include past Chat comments, so this is more like a live course, where you see participant interaction and I interact with it

In my webinars, I do some funny participant intros

- ▶ I will share a few here and there for you...

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



- ▶ Secretary and Board member of SureWx Inc., a global aviation company
- ▶ Just stepped down after being the CFO for over 12 years, next CFO job will be announced soon
- ▶ A software company with a unique app and custom weather equipment in 46 airports worldwide



Case-writing

- ▶ 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 _____

Quebec

- ▶ The province I visit the most: _____

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
- ▶ Stealing ideas
- ▶ Teaching/modelling ethics in the family
- ▶ Some other ethical issues
- ▶ Blackmail and ethics
- ▶ What is your personal ethics mantra?
- ▶ Conclusion & exhortation

Quebec ethics code changes

- ▶ Effective date of changes, May 9, 2024
- ▶ The only impact on this course is the Rule numbers change, their content is effectively the same
- ▶ Rule 34 general ethics, now Rule 26
- ▶ Rule 48 confidentiality, now Rule 39
- ▶ Rule 11 reporting other CPAs, now Rule 81
- ▶ The Handout has been updated
- ▶ The Completed slides have been updated
- ▶ The video will be updated soon

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 nearly 17,000 accountants
- ▶ I have talked to _____ about some of the issues in this course
- ▶ This is my first 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

- “_____!”
- (Usually it is the accountant trying to keep the others honest!)

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 few lapses of mine...

Key point

- ▶ From another of my courses, but I will repeat it:
- ▶ If your personal ethics before you became a CPA were very different from CPA ethics, 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

The academic world now confirms this

- ▶ Historically “opportunity makes the thief - young people will inevitably commit crime in certain environments” was the prevailing view in criminology as I understand it
- ▶ Academics around the world 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 study found that teenagers who avoided crime did so not because they feared the consequences or lacked the chance, but because they saw it as wrong. Conversely, teenagers with little sense of right and wrong were responsible for the vast majority of juvenile crimes. The lack of a sense of morality was the single most important factor in teenagers breaking the law.
- ▶ I would suggest this is the same for CPAs



Where do people get their personal ethics?

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:
- ▶ _____

An illustration of ethical decline

- ▶ 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 when 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?



The unethical pattern

- ▶ A colleague at a software company (non-finance) is found spending a lot of time doing his Masters' degree work on company time, without permission
- ▶ He gets fired because of this
- ▶ I didn't really know him
- ▶ Later I learned he _____

CPA Ethics is in the news
again...

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, ranging from light lime to dark forest green. The shapes are layered, creating a sense of depth and movement.

Embarrassing for all of us...

Even worse in the USA a few weeks later!

More embarrassment for us
(me)

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, do they claim the full hours?

Someone asked me

- ▶ Where do you get your PD hours?
- ▶ Answer: _____
- ▶ And I learn a lot from my course _____

Cheating in public accounting

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

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 “eat their hours”, 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, but more importantly 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



Dumbest comment by an accounting firm (Big Four) multiple times in their Tax Tips

“ _____ ”

- ▶ Wait: you never _____
- ▶ Obviously, you cannot say on a tax return,

Would you be willing to work
anywhere?

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.

Would you be willing to work anywhere?

- ▶ Is there also a list of types of organizations of businesses, that you would not work for very personal, ethical or other reasons?
- ▶ Type them in the Chat

Where I would never work

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

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

Car dealers

- ▶ I have heard too many ethics stories about car dealers, and have run into some myself
- ▶ An accountant I know of sharing stories
- ▶ An audit finding of mine, _____
- ▶ Sitting close to the show room for weeks doing an audit: “Do I have a deal for you Mrs. Jackson...”
- ▶ Future CPA working at a car dealer is told: “please forge the _____”
- ▶ CPA working at a car dealer is told: “_____”
- ▶ My friend sells his car to a used car dealer and...
- ▶ I buy a vehicle January 1, and the dealer is obviously....

Another angle

- ▶ Do we want to work for companies that are very negligent with _____?
- ▶ Everything in life has _____ and work is no different
- ▶ An irresponsible employer of my son
- ▶ A responsible employer - _____
- ▶ I get embarrassed re safety

What about countries where
you would not want to work?



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?



Least corrupt countries in the world

Interesting - top 10 countries

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.

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

Billionaire's advice to me

- ▶ He has over 40,000 employees and factories all around the world
- ▶ “Don't hire accountants for the factory, who _____

Bribery

- ▶ Obviously a big part of corruption
- ▶ 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
- ▶ Someone wrote after this course:
 - ▶ “_____”
- ▶ I disagree, _____, see www.transparency.org

But

- ▶ The Canadian government has taken a position on this

Bribery

- ▶ Ethics and bribery is covered more in my course **Practical Financial Negotiation Tips** (4 hour course) and you will hear how I worked for a company that had one of Canada's most famous ever bribery scandals, but
-

A story with a lesson

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

Can you work anywhere?

- ▶ I spent time talking about avoid crooked bosses and companies in my course **Practical Tips for Controller & CFOs**, my nearly 10,000 seller
- ▶ This can dramatically reduce the ethics issues one faces

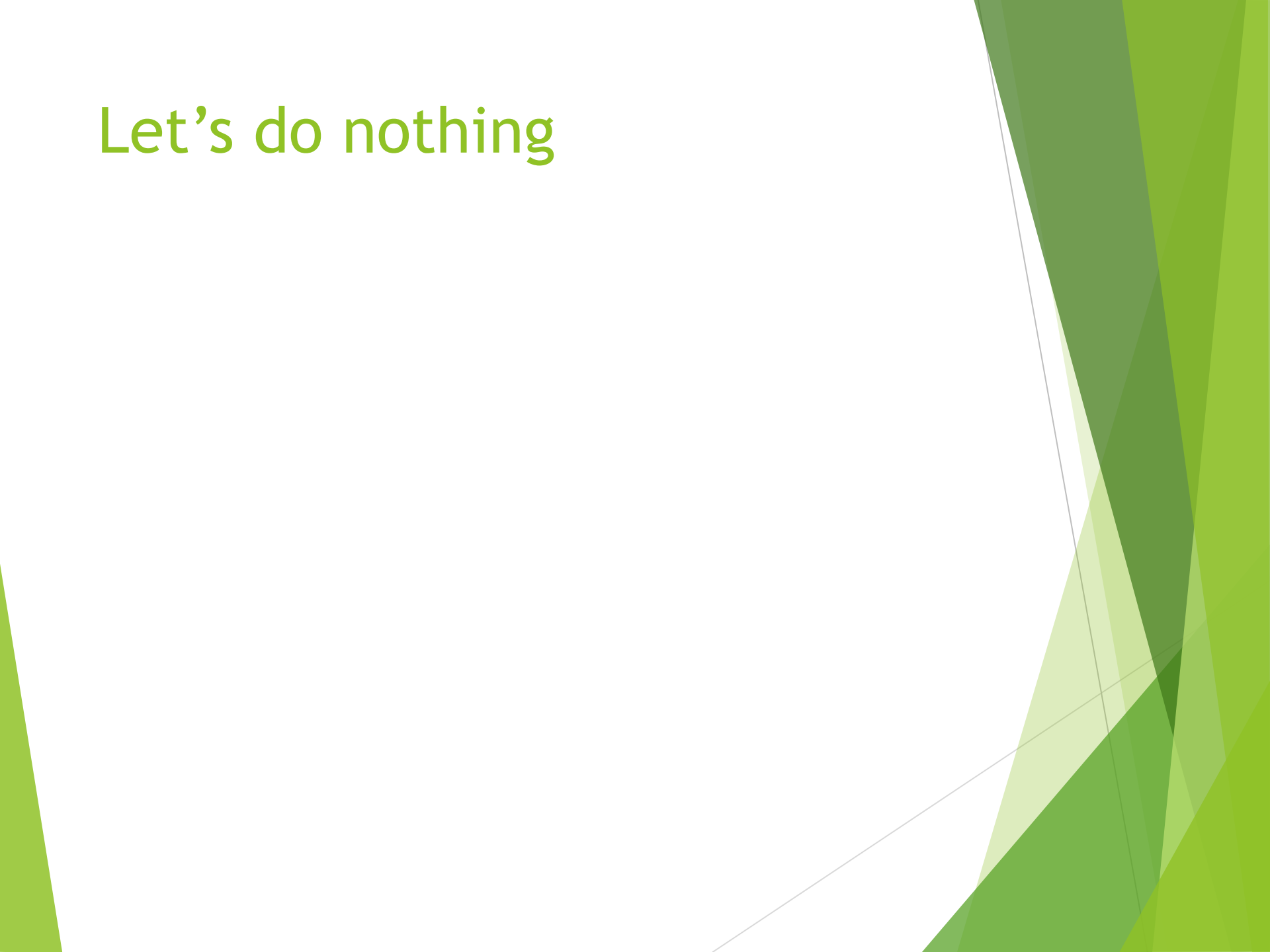
Past attendee asking me for advice, should I take this job?

Case #1

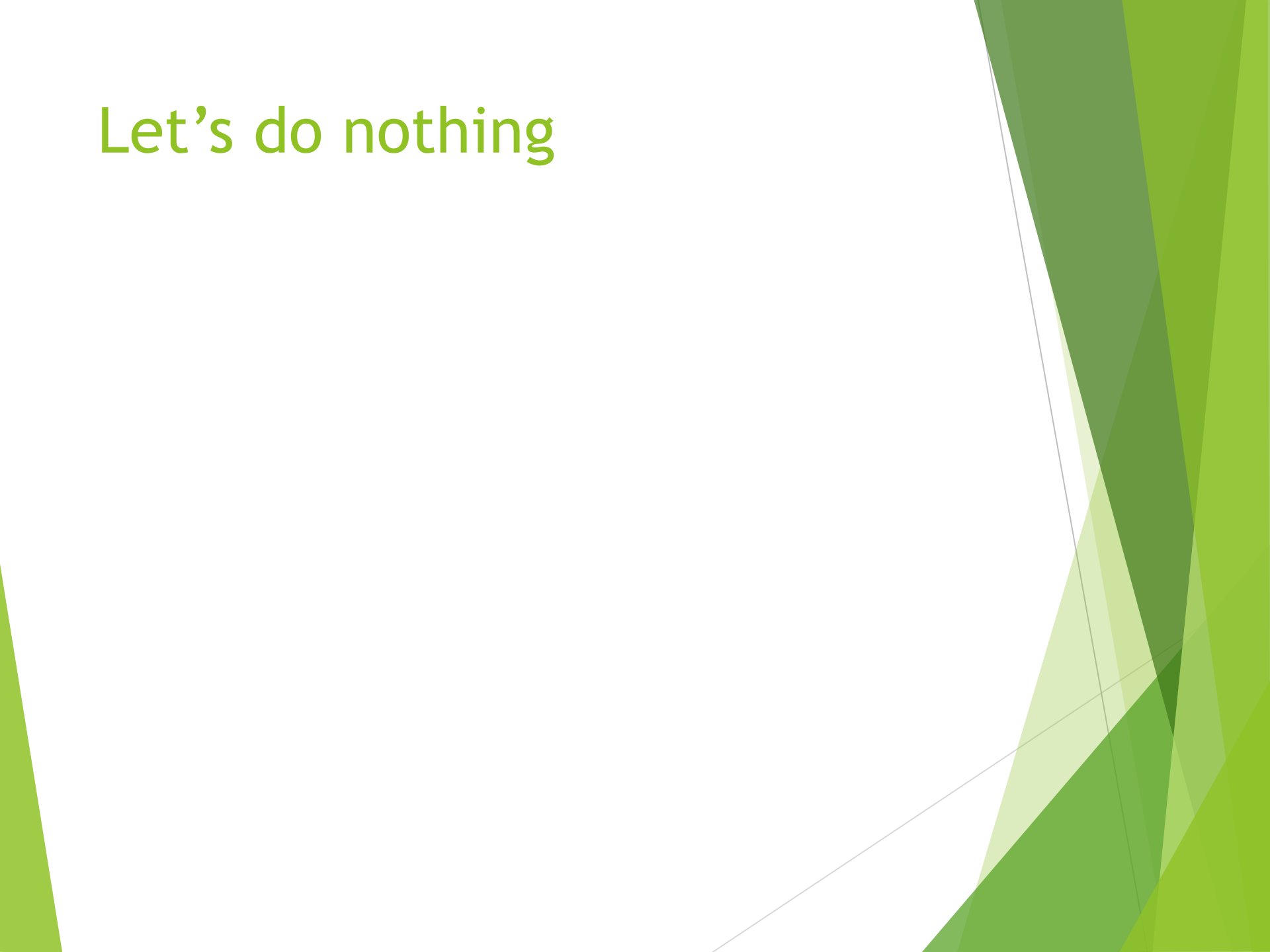
- ▶ Your employer, a private business owned by six outside investors, has an important supplier called Valdov, which is located in another country. The President of this large country recently launched a bloody invasion of another smaller country that has been condemned by Canada and countries around 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
- ▶ What should you do, you are the CEO?
- ▶ Don't assume I am talking about

Let's boycott the supplier

Let's do nothing



Let's do nothing



But



Do something different

- ▶ Instead of “spending” \$1.9M with little impact, let’s
-

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 _____

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

- ▶ The sign outside the accountant's office:

Story

- ▶ I heard years ago that a CGA student got _____ with CGA Ontario on it
- ▶ CGA Ontario heard about it, and he got in _____
- ▶ They felt he was implying that he held the designation, when he was just a student...

Case #2



- ▶ 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?

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?

A recent story

- ▶ A Canadian CPA working overseas contacts me after watching me speak on ethics in a video course
- ▶ He believed he was battling his Big Four firm on accounting issues, after a messy acquisition
- ▶ He asks me for advice on the situation
- ▶ (You can contact me for quick advice, but after that, there is a bill!)
- ▶ Although sincere in his beliefs, I think _____
- ▶ But I _____

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

Auditor independence challenges I have heard of

- ▶ Clients owner says to young auditor, here are the keys to _____...
- ▶ Owner: “The entire audit team is _____
- ▶ Both of the these should be _____
- ▶ Have you got an interesting one?

Ethical stress

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



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 ethical lapses relative to 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 "I am policeman", etc.

Let's review this key ethics rule

- ▶ (We can't go over all the rules)

Rules of Professional Conduct

CPA non
Quebec

Chartered Professional Accountants of Ontario

CPA Code of Professional Conduct

205 False or misleading documents and oral representations

RULE:

A member or firm shall not

- (a) *sign or associate with any letter, report, statement, representation or financial statement which the member or firm knows, or should know, is false or misleading, whether or not the signing or association is subject to a disclaimer of responsibility, nor*
- (b) *make or associate with any oral report, statement or representation which the member or firm knows, or should know, is false or misleading.*

Quebec

- ▶ 26. *A member shall not sign, prepare, produce or even associate his name with any letter, attestation, opinion, report, statement, representation, financial statement or other document, which he knows, or should know, contains false or misleading information, out of complacency or without ensuring that such documents are in compliance with good practices or current scientific knowledge.*

This part of the Code is all about truth

- ▶ And therefore about not lying

Once upon a time

- ▶ An accountant who worked for told me a lie, that I knew for sure was a lie
- ▶ 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 discuss it with them, call them out, but I don't think it will change my decision
- ▶ 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 _____

Do you always check the box
saying you have

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
- ▶ “ resigned”
- ▶ No they didn't always resign, they were often forced to resign, to submit their resignation 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 resigning
- ▶ Sometimes they are guilty of wrong-doing
- ▶ Or the announced reasons I know were not the true reasons
- ▶ _ resigned to spend more time with the family

Someone once asked

- ▶ Suppose you put some false or misleading information into the payroll system by necessity, is that a 205/26 violation?
- ▶ Example: _____
- ▶ _____
- ▶ _____



More

- ▶ It would make no sense to me for this to
-

- ▶ Do you agree?

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 professor's **Solutions Manual** to the **Intermediate Accounting** textbook
- ▶ _____

My favourite golf-business
humourous video

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 margined at 75% under the company's operating facility, to cover payroll, are clearly fraudulent. What should you do? Could you have any issues with the CPA Code of Conduct because of this? (real story)



Case #4 response

- The CFO is now _____
- There is a 205/26 question of whether _____
- The CFO reported the receivables to the bank
- 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 _____
- The company later went under 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 #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)
- ▶ What should you do?



Case #5- response

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

Case #5 - response

Case #5- response

Comment

- ▶ This is a huge small business issue

Stories





Stories

MENU ▾

Canada.ca

Canada Revenue Agency

- ▶ I used to be a CRA auditor, during university, it was very interesting
- ▶ I once ate with my CRA tax auditor colleagues at a restaurant
- ▶ We were told _____s



Note

- ▶ The other biggest small business accountant tax issue is the only putting personal expenses through the business
- ▶ This topic is addressed in the ethics portion of my course **Practical Tips for Controllers & CFOs - The Case Course**, with some angles you may not have thought about...

A random trick



Interesting

- ▶ I was invited to do 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

“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 “know of should have known” of rule 205/26
- ▶ Thoughts?
- ▶ Some possible responses:
- ▶ “Can you explain why I should not ask, or know about something?”
- ▶ “How do you know it is not relevant to my job, accounting, tax, ethics, etc.?”
- ▶ Tell me what it is, so I can decide if it is relevant

Do you want to be connected (associated) with a dishonest person on LinkedIn?

- ▶ I have multiple ethic run-ins with a _____
- ▶ One of his favourite sayings was....”It is better
_____”
- ▶ I was also having ethical run-ins with the CEO, so I resigned
- ▶ The Board member tries to _____
- ▶ I _____
- ▶ Hopefully, all 800+ of my LinkedIn connections are ethical...I have a lot of connections due to teaching

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 care of them and occasionally gives you some milk.

Enron - the most crooked company of all time

Enron Capitalism:



You have two cows. You



Who are the most crooked accountants in Canada?

- ▶ (One person immediately answered: _____)

Note

- ▶ Let's take a tour of the Canada to meet them

Comments

- ▶ I have seen this myself...



Political comment

- ▶ This has happened _____

What about the USA?



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 **Practical Tips for Controllers & CFOs - The Case Course** with some humour and some things that will surprise you...

Reporting other CPAs

- ▶ Have you ever reported another professional accountant for ethics violations or misconduct?
- ▶ *Rule 211.1 A member or firm shall promptly report to CPA any information concerning an apparent breach of this CPA Code (CPAs outside Quebec)*
- ▶ *Rule 11(4) fails to inform the Order that he has reason to believe that a member is practising his profession in a manner which is detrimental to his clients, his employer or the public, or has violated the Chartered Professional Accountants Act (chapter C-39.1), the Professional Code or the regulations thereunder, or that he is incompetent; (Quebec only)*

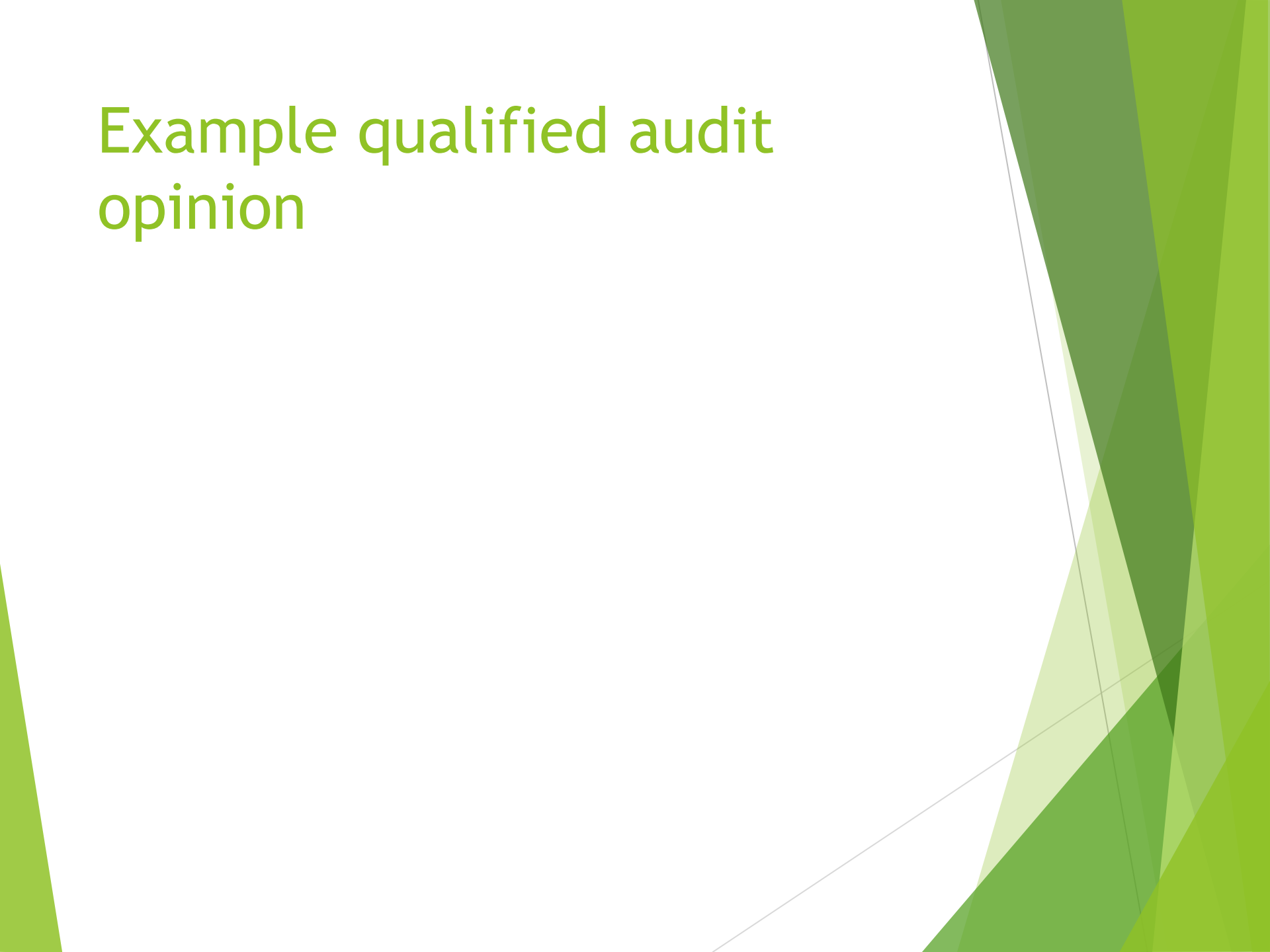
Reporting other CPAs

- ▶ When I was at KPMG, colleagues twice found errors by another Big Four firm on real estate joint venture accounting and reported this to them, and they had to re-issue the statements
- ▶ I _____

Qualified audits due to GAAP departures

- ▶ 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

Example qualified audit opinion



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?

Perhaps

- ▶ Perhaps no one _____
- ▶ Perhaps taken with the Auditor's Report, the financials are not _____ (however they were, when issued, before the audit)

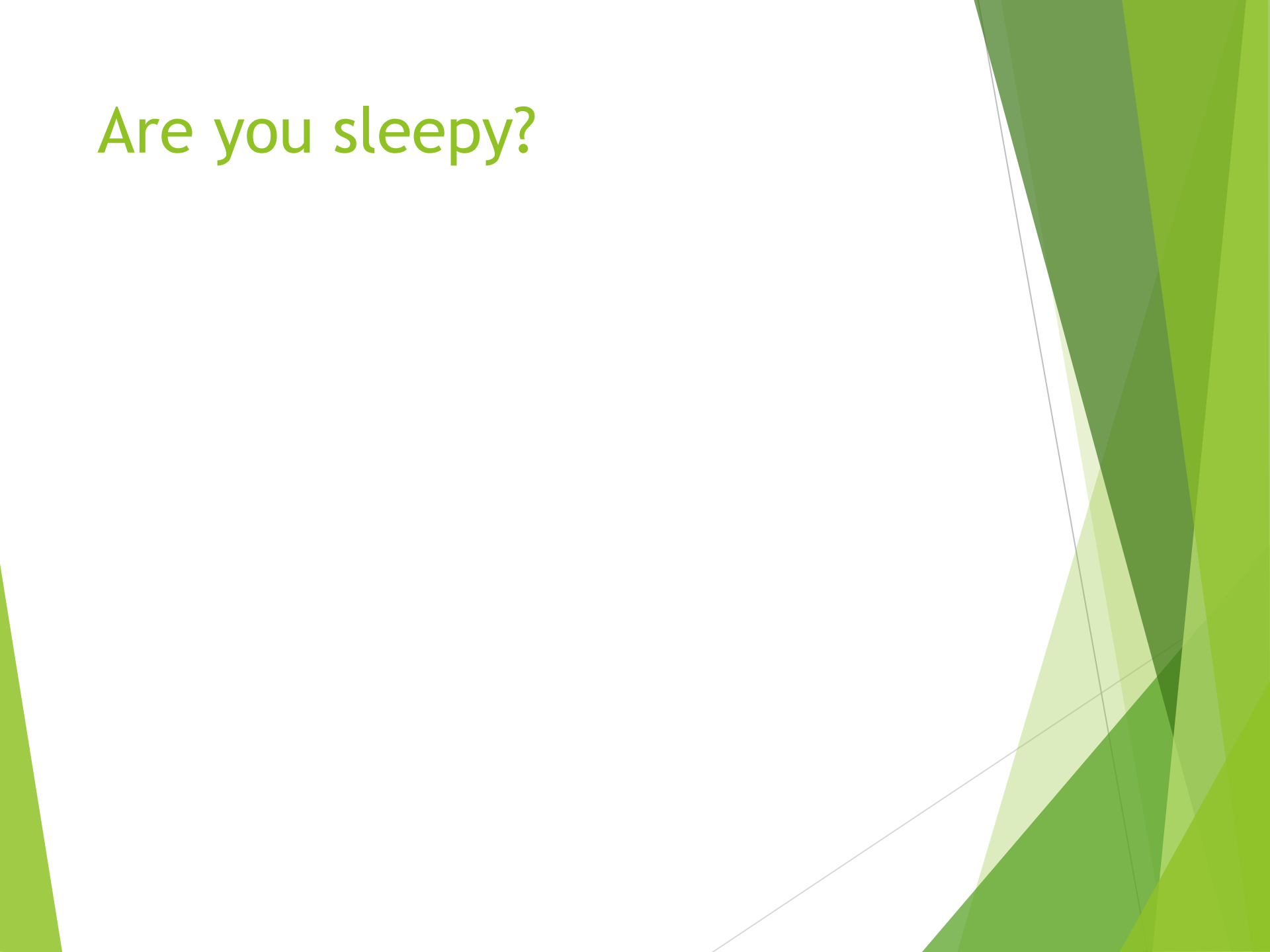
I quizzed two experienced provincial ethics advisors on this

- ▶ The duty to report in the context of a qualified audit report for wrong accounting
- ▶ One _____
- ▶ The other wrote: “_____”
- ▶ _____
- ▶ In other words, _____

Anonymous reporting

- ▶ I have verified with one CPA body, that another CPA _____ be reported anonymously by a CPA or a non-CPA
- ▶ However, they will not then _____
- ▶ However, if they investigate and charge, it will be on the _____

Are you sleepy?



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.
- ▶ This is pretty common in the Supply Chain Management (SCM) 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 _____

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 on the left side of the slide, set against a plain white background.

What is the correct question?

- ▶ “What are the rules on this?” or
- ▶ What is right and what is wrong here?
- ▶ I think we need to ask both, and step back from the rules alone
- ▶ By rules I mean the Code of Professional Conduct, 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 right and wrong 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? (real story from one of my brother’s direct knowledge)

Case # 7 - analysis

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 lime to dark forest green. A thin, light gray line runs diagonally across the lower right portion of the slide, intersecting the green shapes.

Goldman Sachs - pre 2008 financial crisis

This is basically what happened

- ▶ They were selling sub-prime loans to customers, making commissions, obviously telling them they are great investments
- ▶ (Sub-prime loans refer to the credit rating, not the interest rates, which would be high, due to the risk)
- ▶ While another department was shorting the sub-prime loans and making millions
- ▶ In other words betting the loans would go down in value as a corporate money-making strategy, while telling customers that they are good investments...

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.

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?

A formative moment

- ▶ Veteran senior, mentor CFO, first CFO one I worked with after leaving KPMG
- ▶ There was an employee wage classification complaint
- ▶ I remember him saying, I don't care what you say (wage classification specialist), we must pay this, because "it is the _____"

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 how you feel about this

My analysis

▶ Gut reaction: _____

The other side would say:

▶ _____

▶ _____

▶ I would _____

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 will 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?

Cons



Pros

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.

Story 1



Story 2



Story 3



Conclusion

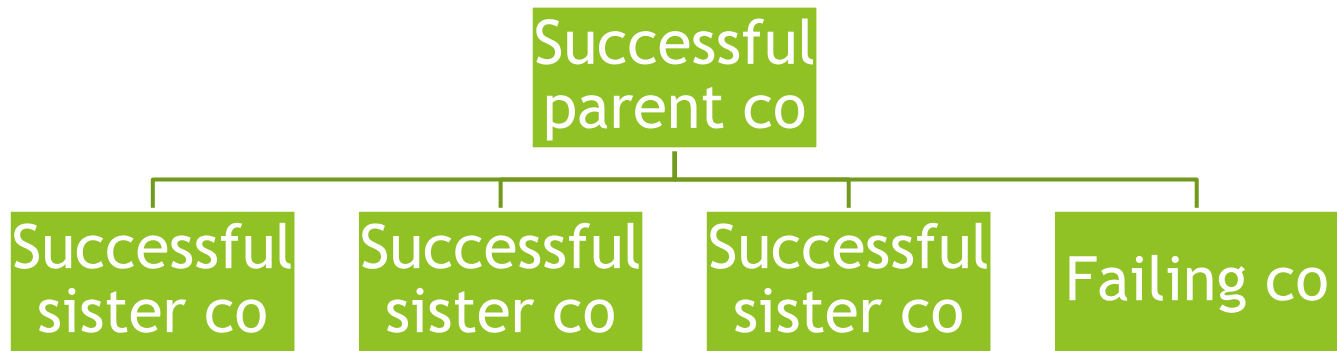
- ▶ I have mixed views on this whole topic am not

- ▶ 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 wealthier 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?
- ▶ Probably not, their risk is even more clear and there is no repayment promise

Case #8A, related

- ▶ One of your subsidiaries of your 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 are there are no inter-corporate guarantees
- ▶ Do you agree?

Visually



Do it



Don't do it

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 it feels wrong to me. Can we talk about it?”
- ▶ CPA Magazine, November 2016, Karen Wensley

Story for humour - sort of
accounting related

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.

Stealing

- ▶ I think we could all agree that stealing is wrong and Canada's Criminal Code agrees
- ▶ But what about stealing by _____
- ▶ Your boss presents _____
- ▶ _____
—
- ▶ _____
- ▶ I try to be very careful to give credit 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?”

Training kids to be ethical

- ▶ I think we should want to train kids about all kinds of things: politeness, work ethic, honesty and more
- ▶ A big topic, my parenting courses are not offered by CPA bodies!
- ▶ Suffice to say, setting a good example is the first and best way, not talking
- ▶ Once a wife calls me with her husband to complain that he is not ethical, and it is hurting their ethical training of their children, although he claims to be ethical
- ▶ At the all you can eat buffet he tells the servers in front of the kids, _____

I am fortunate

- ▶ I never, ever, heard or heard of my parents tell a lie, even a white lie
- ▶ Honesty 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?

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 things unethical which they could report you for, then they push you to do more unethical things

Ethics is not just talk it
should change our actions

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.

Ethics - coming clean

- ▶ The most radical coming clean story I have ever heard

Less radical

- ▶ A guy hears me give a talk in another context, including the topic of being honest on taxes
- ▶ He asks me to go for lunch
- ▶ He says, he has not reported _____

Ethics and my career

- ▶ If you happen to hear that I quit a job suddenly, but won't say why, what do you think you could deduce?
- ▶ It has happened before....

What is your ethics “mantra”?

- ▶ Or personal ethics summary in a few words, if you have one, or could make one up?
- ▶ Someone once said in one of my courses: “_____”
- ▶ I was concerned!
- ▶ Then they said: “_____”
- ▶ All together: _____
- ▶ This is obviously their mantra
- ▶ I have used the following mantra for years, especially when advising others: _____
- ▶ Relates to a faith text: _____

What is your ethics “mantra”?

- ▶ Send me an email with yours, that you have had for a while...
- ▶ Or that that you make up after hearing this

A strange comment

- ▶ Nearly 17,000 have taken my courses
- ▶ I get a few strange comments in evaluations because of this
- ▶ Possibly the strangest comment:
- ▶ _____
- ▶ I have worked nearly 40 years in the real business world
- ▶ I think they were saying you can't be as ethical as you teach
- ▶ But I can assure you, it is possible, although not easy

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 a huge company that you all know the name of
- ▶ This company is _____
- ▶ I believe the company has not ceased this
- ▶ I decided to _____, although high profile

Conclusions

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

I have over 40 hours of other courses

- ▶ Better than this one, because polished by over 28,000 accountants attending them and interacting and giving feedback
- ▶ I have two other ethics courses with CPA Quebec:
- ▶ **Ethics - Where The Rubber Meets The Rubber, 2 hours**
- ▶ **Ethics - That Feeling In Your Gut, 2 hours**

Longer courses

- ▶ **Practical Tips for Controllers & CFOs**, over 11,000 have attended it, 7 hours
- ▶ The NFP and Government accountant versions of this course:
- ▶ **Practical Tips for Not-For-Profit Financial Leaders** 6 hours
- ▶ **Practical Tips for Government Accountants**, 6 hours

More courses

- ▶ **Practical Tips To Improve Your Internal Financial Reporting, 1.5 hours**
- ▶ **Sharpen Your Business Loan Negotiation, 2 hours**
- ▶ **Contract Review Tips For Accountants, 1 hour**
- ▶ **Practical Foreign Exchange Management, 1 hour**
- ▶ **And more are being developed**

More courses

- ▶ **Practical Financial Negotiation Tips, 4 hours**
- ▶ **Practical Work Smarts for All, 2 hours**
- ▶ **Practical Work Solutions from Case Discussions, 2 hours**
- ▶ **Ten Practical Topics for Financial Leaders, 4 hours**
- ▶ **Practical Tips to Get Through Cash Difficulties, 2.5 hours**
- ▶ **And more are being developed**

Note

- ▶ Some people have approached me to do in-house versions of courses in corporations/accounting firms/government for clients
- ▶ For example: in-house courses on ethics, or creative thinking
- ▶ We can chat if either of these options are of interest to you
- ▶ I have also been approached by people who want to pick my brain on topics - a quick email, it is free, a few hours and I will see if I have time for a consulting assignment

A new request

- ▶ You have a feel for my teaching style, background etc.
- ▶ Do you have suggestions for other topics you would like me to teach on?

Closing comments

- ▶ I hope you liked the course
- ▶ I will send you the completed slides, if you ask by email spriddle@bell.net
- ▶ You can do LinkedIn with me
- ▶ Please complete course feedback questionnaire

Large file,
check junk mail..