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ETHICS – THAT FEELING IN YOUR GUT

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PRACTICAL

PD



Introduction

- Welcome to the course, I am glad you are taking it, for the sake of ethics in our profession, not just ethics hours
- I am recording this course from my studio in my home in _____
- I will send you completed slides on completion, just email me at spriddle@bell.net, after you take the video

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

I can't do that on the self-study version

BUT, send me an email with:

- example of how you plan to apply a tip
- another tip idea
- useful feedback
- clean relevant joke

and you will enter a draw for a prize spriddle@bell.net



In my webinar we do

- Let's get to know each other intros

Introduction - me

At age 19, I was the CDO of a
company

I have had, for over 30 years, a side-line authoring cases

- Of all kinds, I have just published two
- You have probably written them: _____

My career

- KPMG, 5 years, then primarily CFO roles since, mostly medium-size companies

My job and business - SureWx

- Software and weather equipment, helping pilots at about 1,000 airports around the world, if there is winter weather
- Helping them more effectively if we have weather equipment at the airport (50 airports)
- I co-own it after a 2015 MBO and am the CFO and a Director



The purpose of this course is to

- Consider carefully the role of your gut, before your analysis in ethical decision-making
- Sharpen your ethical thinking
- Strengthen and encourage your ethical resolve
- All done via an eclectic collection of ethics vignettes to help you via practice and discussion...with approaches to difficult situations
- I won't be able to resist making a few comments about ethics in education and society
- There will be some random, off the wall stuff from me, to...

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
- The Completed Slides have been changed
- The video will be updated soon

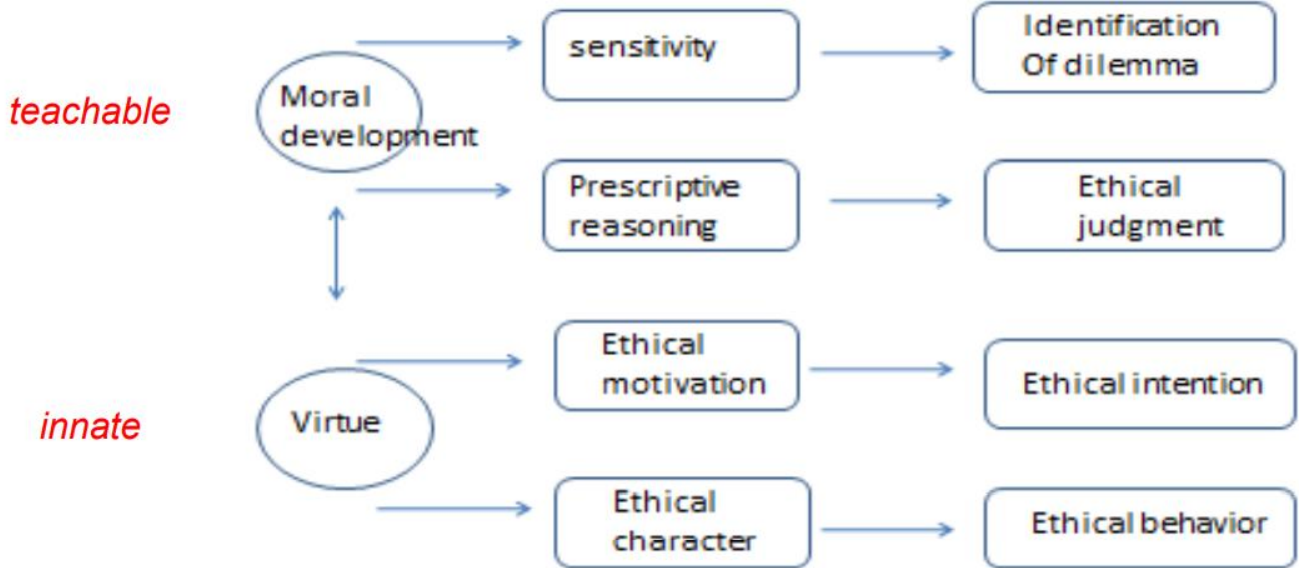
Course coverage

- Context and ethics and society and education
- The application of your gut and what it is
- The dangers of ignoring your gut
- Variety of case situations on the application of gut
- Interviews – how to find ethical accountants
- Punishing the thief in business
- Can you testify against a former employer?
- Appearances and ethics
- Being ready to get fired, or should you resign?
- Winning in the end

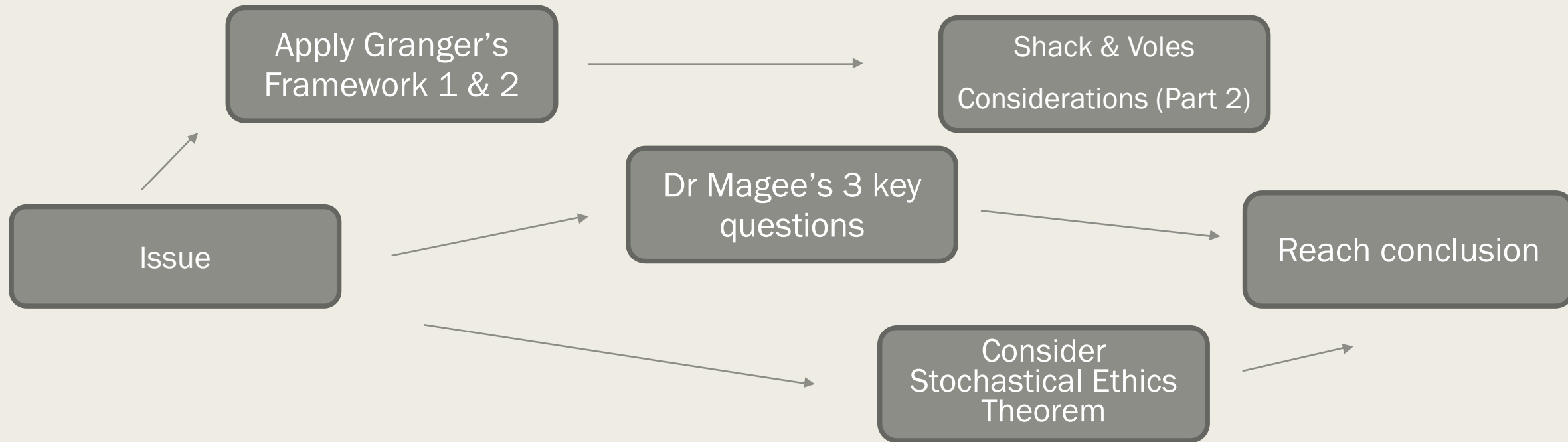
We need an ethics model to work from, here is a famous one

Linda Thorne, "The Role of Virtue in Auditors' Ethical Decision-Making: An Integration of Cognitive-Developmental and Virtue-Ethics Perspectives", Research on Accounting Ethics, no 4 (1998) pp 291-308

Thorne Model



My ethics decision model



Ethics - practical

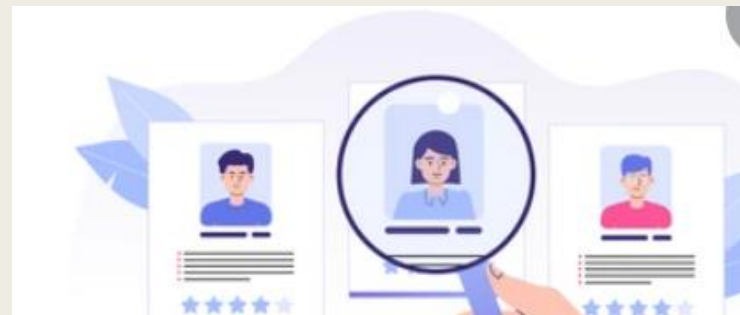
- First, what is happening in the real world...

Are ethics better than before in?

- _____
- _____
- _____
- _____
- _____
- _____
- _____

An executive with a major Toronto financial headhunter told me

- “About once a month a Toronto public company CFO calls me and says “ _____
- _____
- A reminder of _____ in our profession
- I like this because they are _____
- But there can be a lot of ethics issue in organizations other than public companies



Comment: regional variations in the ethics challenges in Canada

- From years of speaking in different cities, I am convinced that there are more ethical challenges in _____ than:
- _____
- _____
- One reason is _____
- I travelled _____km teaching courses in 2019
- Then ___ for the first 2.4 years of COVID...
- Then I did ___in-person courses from Aug-Nov 2022

Societal ethics comment, that will impact future CPAs - cheating at school

- University, college and school cheating is rampant these days, from surveys and from what I hear anecdotally
- And this is the next generation of CPAs...

Perplexing

- A poll found that only 56% of parents teach _____ to their children.
- A noted physician appeared on a network news-and-talk show and proclaimed, "_____ is an important part of social life, and children who are unable to do it are children who may have developmental problems."
- And a Louis Harris poll turned up the fact that _____% of high school students would cheat on an important exam.

Cheating at school

- A story from high school: a student misses the regular time to write the test, so they must write it alone in the teacher's lunch room
- Student is caught getting _____!
- In the old days, the kid would get in trouble with the parents for cheating
- Now the _____ help
- You probably heard of the _____ scandal in the US



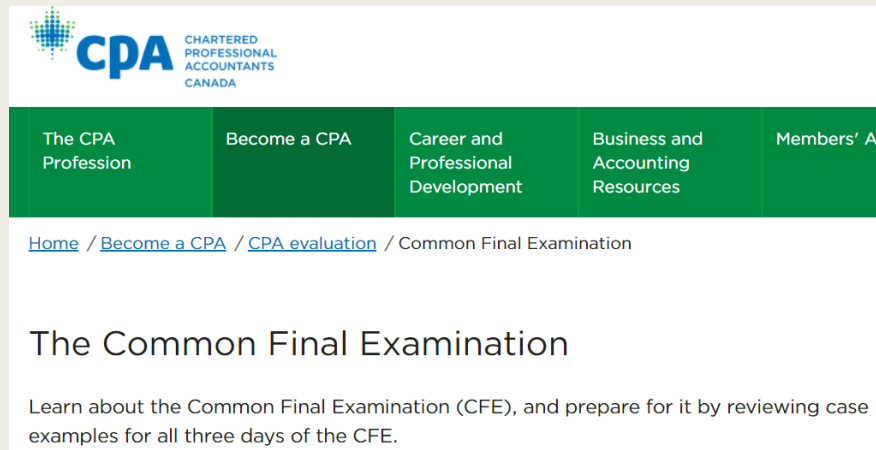
Once I was a part-time university professor

- Some students were cheating on their assignments, the course was Intermediate Accounting, probably future CPAs
- My marking assistants caught this, and I had to be examined in _____



Is there cheating on CPA exams?

- Like the CFE, the final exam
- It is almost impossible to cheat on CPA exams, since _____
- I have not _____



The screenshot shows the CPA Canada website. At the top left is the CPA logo with the text "CHARTERED PROFESSIONAL ACCOUNTANTS CANADA". Below the logo is a green navigation bar with five menu items: "The CPA Profession", "Become a CPA", "Career and Professional Development", "Business and Accounting Resources", and "Members' Ar...". Below the navigation bar is a breadcrumb trail: "Home / [Become a CPA](#) / [CPA evaluation](#) / Common Final Examination". The main heading is "The Common Final Examination". Below the heading is a paragraph: "Learn about the Common Final Examination (CFE), and prepare for it by reviewing case examples for all three days of the CFE."

An aside on education

- Since getting my B. Comm, I have felt the following
- (Although, I have taught accounting in the program)
- It had not changed much when two my kids took it, 27-28 years later
- It could probably be _____

Ethics - that feeling in “your gut”

- Something immediately bothers you about an _____
- I think this is your ____
- It is like an _____



What is it?

- You can't put your _____ exactly on it
- It may be your _____
- Maybe you could also say it is your ____ of the situation
- “Does it pass the _____ test?” is a famous saying
- It may be in part a _____ feeling
- If something makes you almost feel _____, pay attention
- Someone said “that _____ feeling”
- It is a flash of _____?



What is it?

- Some would say your gut is your _____
- I partly agree
- Is it your _____?
- (There is a big question about where your _____ comes from, but this is beyond the scope of this course)
- But maybe we quite can't quite define it, but that is OK
- Key point: your gut may be more reliable than _____



Not your gut

- Your gut is not your _____ of the situation
- Your gut does not look at or listen to _____
- I think your gut, or your gut reaction is always _____



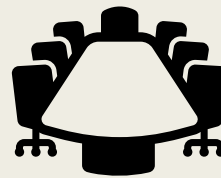
That initial gut feeling is a pivotal point in making the right decisions

- Look back yourself at gut feelings that hit during past work decisions and assess its helpfulness and accuracy...
- And maybe some personal situations as well



Ignoring your gut – examples from others and from me

- “I ignored my gut in an interview - one of the partners gave me a _____. I ignored it -I ended up leaving the company”
- “I should have listened to my gut instead of 1 person who said the company I was interviewing with was a _____. It really wasn’t!!”
- I have realized, that the worst company and boss I ever worked for, which I had to quit for ethical reasons, I had a small _____
- Do you have a story?



Polling question

- Looking back, have you ever ignored your gut related to ethics and regretted it?

Which brings us to the next question

How is your gut made/informed/created?

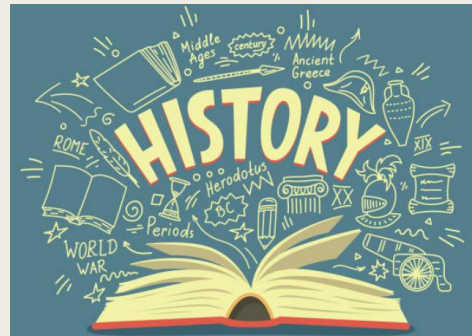
I think your gut is shaped by:

- Your _____
- _____ for some
- The Code of Conduct
- _____
- _____



Yes, I said history

- **“Those who forget their history are condemned to repeat it.”**
- This sentence, often attributed to the philosopher George Santayana, is actually a misquotation of his comment:
- “Those who cannot remember the past are condemned to repeat it.”
- We will have examples of this in the course, related to history
- The history could be _____
- Or, it could be _____ that you are aware of, during your lifetime or before



You don't have a very good gut on ethics

- If your gut has been clearly wrong many times, i.e. it did not sound the alarm, when it should have, you probably shouldn't _____
- If a person has no _____, I am not sure they will have a lot of “ethics gut”, a sociopath or hardened criminal for example
- Your experience is the test over time
- Hopefully it can be improved...
- Maybe this and my other courses can help...

We may all have another gut

- “_____”
- No, I am not talking about food, but _____
- Sometimes your general gut may not be in agreement with your _____
- Then go with your general gut

My thoughts on this model that I have made up

- Your gut is best for avoiding bad things
 1. If your gut says no, _____
 2. If your gut doesn't _____, turn to the Code and the laws and analyze, don't assume it is OK
- I would never say only with your gut, negative or positive in all situations for everyone

So here is my real model..

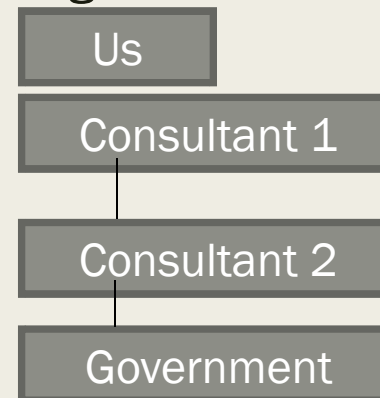
Feedback

Let's test your gut and talk about a whole variety of ethics situations for the rest of the course

- I am aware that your gut is not the same as my gut and the next person's gut
- But I think there will be similarities...
- I will also give examples of ethical problem solving, that you can learn from
- There will be a juxtaposition of a variety of situations along with some topical inserts _____, but I think you will like the approach....
- **I want to you to first react to the situation from your gut, before doing any analysis, which you can do after**

Scenario

- You work for a very large, engineering contractor, your VP, Overseas Sales says to you:
- “We are paying a consultant to help us get the government contract in such and such a country”
- “We have given them USD \$800,000 in cash and have told them that they are free to do whatever is necessary to win the contract, and we don’t want to know the details and in fact we can’t know the details, due to the confidentiality clause in our agreement. They in turn will hire another consultant or agent with more connections to assist”
- What do your gut say?



Analysis

- What do you think? Your gut?
- Hear _____?
- **But**, you should know very well what they will probably be doing
- _____ TO GET CONTRACTS

History helps

More

- Should you get a legal opinion on _____
- I don't think it is worth it, it is wrong even if it is safe legally, which I doubt it is
- No tax write-off because probably no receipt (minor point)
- I don't think you can _____
- And you sure that _____?

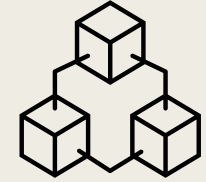
World Bank won't do business with corrupt companies

- Of the more than 600 companies now listed as barred from doing business with the World Bank over corruption, **117 are Canadian**, the most of any one country.
- And of those, 115 represent _____ and its subsidiaries the Financial Post reports.

Question

- How do you get \$1M in Cryptocurrency?
- Answer:
- Buy _____ and _____

The great new business scandal, FTX, the crypto company



- A \$25B US fraud it seems
- I have always been skeptical of crypto, I think it was my ___!
- Not a Big Four audit failure, but I believe two top 20 firms
- The \$25B company had a _____, and
- Apparently used _____ as their accounting system!
- Does your gut respond to that?

A gut sharing from someone I know

- “The company I work for (up until two weeks ago) was involved in a **sale to FTX.** “
- “Luckily, we hadn’t fully closed on the deal before the news broke on their scandal so I wasn’t put in a position that _____.”
- “I can agree however that the “**gut**” feelings were beginning to show in the final stages of the acquisition as _____.”

Scenario

- Your boss says: “can you write down this \$1,753,456 of inventory, evenly over the next 18 months, we have found it is no longer sellable” (Based on a true story)
- The company annual pre-tax income is approximately \$600,000 most years
- How do you respond? What does your gut say?

Response

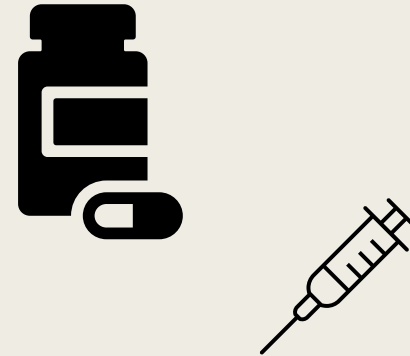
Scenario



- You are interviewing for a fairly senior role at a **pharmaceutical company** that is publicly traded
- You note that the company has paid fines to various governments, almost every year for various mis-deeds including criminal matters, typically 3-6% of revenues
- You ask about this in the job interview, and the interviewer says this is just a “cost of doing business” in the industry
- What does your gut say? What do you think? Would you work there?

Response

- This is very real for the pharmaceutical industry
- These fines are not from accidents, but _____
- Some doctors say....
- This is not just labelling issues, _____
- Note that the interviewer did not say “ _____...”
- Would you work there?
- I would ____
- Lesson: pay attention to _____



What does CFO stand for?

- Hopefully, Chief Financial Officer
- For some, Chief _____Officer, if they are unethical
- For Enron, CLO would have been a better term
- That is Chief _____ Officer

Good quotes

- Chief Dan George "the truth is a few words"
- When people are lying, it is almost always a _____...
- Although not all _____...
- "Never let your sense of morals get in the way of doing what's right."
- - Isaac Asimov.

CPA Code of Ethics

- Not a major focus in this course, addressed more in some of my other ethics courses
- But someone once said to me
- “Are you going to get the _____? :)”

Has your gut ever been wrong?

- Not on ethics issues, but other life situations?
- An example, my gut judged a reasonably close friend to be very relaxed and easy-going
- He was single at the time
- He got married and proved to be _____

A different gut example

- My 3 boys and I are walking along a train track....

An important situation where my gut was right

- The _____, my gut told me she was a great prospect
- Or was it my _____?
- Actually, I think it was both...

Ethics and those under you

- Theodore Roosevelt, US President 1901-1909
- During his time as a rancher, **Theodore Roosevelt** and one of his cowpunchers lassoed a maverick steer, lit a fire, and prepared the branding irons. The part of the range they were on was claimed by Gregor Lang, one of Roosevelt's neighbors. According to convention in ranching, the steer therefore belonged to Lang. As his cowboy applied the brand, Roosevelt said, "Wait, it should be Lang's brand."
- "That's all right, boss," said the cowboy.
- "But you're putting on my brand," Roosevelt said.
- "That's right," said the man.
- "Drop that iron," Roosevelt demanded, "and get back to the ranch and get out. I don't need you anymore. _____."



Discussion topic

- How to interview a candidate to see if they are ethical
- Some would say, just _____
- And they will likely answer _____, and you will have learned nothing
- Do you just trust your gut based on appearance, body language etc - I am not sure...appearances can be deceptive, more on that later
- I want you to brainstorm ways to ensure you only hire ethical candidates, in your groups

Responses

Some other ideas from me

- _____
- _____
- _____
- And when they try to _____ congratulate them...



Another strategy

- Ask them “have you ever been _____ – any context?”
- How will an unethical person answer?
- Probably by _____
- An ethical person _____
- I have dropped some of my _____ into a few of my courses



More

- Consider their employment history, types of employer can be an indication
- Also, check their references



Several past participants said

- “_____” was one of their favourite lines from the course...

Now a word from our sponsor

A gut story, and repeated pattern for a professional

- My wife had unusual and painful _____
- Her strange _____ says he will fix them for \$5,000
- My _____ tells me that is ridiculous
- We later find out that:
 - _____
 - _____
 - _____

Ethics and your own expenses

- Your company will pay 55 cents a kilometre for an employee who drives say 600 km, reimbursement will be \$330
- Recognizing wear and tear on car or not having a car available, employee rents a car for \$100, pays \$90 in gas but asks for reimbursement for \$330
- What do you think of this? What does your gut say?



Response

- Some would justify it, the company _____
- But the company would prefer to reimburse the \$190
- I think this is _____
- You effectively told your employer you _____, when you weren't (CPA Rule 205/Quebec 26, false or misleading information)
- The company could make it clearer, by _____

A dispute

- Gabby is working on the books of Lila Inc. with another senior accountant called Jeanne, both are CPAs
- The company is owed money by Brant Inc. in the form of a two year loan which was created when an overdue receivable was converted
- Jeanne is convinced that the loan is not collectible and should be provided for
- Gabby thinks it is collectible, which is the position of the company's President
- Jeanne is convinced that Gabby is being unethical in taking this position, she thinks under pressure from the President

Jeanne says

- The credit check was not that good
- Although the Controller of Brant said it will be paid, she also told Jeanne that she would be paying an A/R in a previous job, and that company never did pay the A/R owing
- Financials obtained from for the fiscal year ending 7 months previously shows a small operating loss and tight cash flow

Gabby says

- Brant says they will pay it, via its Controller
- The credit check was not that bad
- They are incented to pay because Lila Inc. has agreed to be their credit reference
- A press article showed that Brant has obtained a significant new American customer
- She was told that they are doing better this fiscal year by the Assistant Controller

Help them resolve the dispute

- You could do it based on the facts presented
- Or you could say you need to gather more information

Question – who is unethical?

- Actually, it seems to be more like _____
- This is the _____ here, not everything that seems to be _____
- Providing for it is _____

Are they unethical, or just incompetent?

- I go for blood work and after the first draw, the clinic worker says
- Then after the second, he says
- Finally, the third....
- I think he was _____, due to labour shortages, not _____



Another way to punish unethical accountants



- Often white collar crime remains unprosecuted
- Police lack expertise in proving it, companies don't want bad publicity and don't press charges
- What is a way the thief can get punished, outside the criminal system?
 - _____
 - _____
 - _____
- But there is another important one...

This story will provide the answer

- I am helping to audit a medium-size business, while working at CRA as a tax auditor
- The owner told me and my colleague of hiring an accountant, who stole a lot of money from the company a couple of years earlier, and really hurt the business, a real sob story
- He was especially upset that they were not able to pursue criminal charges, I was not clear why
- Furthermore, investigation revealed the accountant had stolen from several former employers, and had never been charged

The story

- My senior auditor colleague said to the owner: “_____”
- The owner said: “_____” and was very friendly from then on
- _____and they won't_____

Maybe you can apply this in a different context

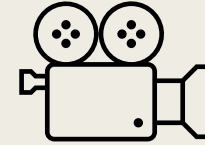
- _____

Polling question

Has there ever been a significant theft where you have worked?

- Yes
- No

Stealing



- A former CEO said in a previous company, he had caught on camera, employees stealing company computers and they were charged criminally
- So he terminated them “with cause” and was shocked when they won in court and got a severance package....
- This didn’t seem fair to me...
- Once I heard of a salesperson getting drunk and punching a customer at a lunch and terminating him with cause failed....
- Successful terminations with cause are rare
- The court cases basically say there has to be a series of warnings & violations and then maybe the employer can do it
- I don’t think he thought of getting them _____!

Polling question

Have you ever seen someone successfully terminated for cause where you worked?

- Yes
- No

Reporting

- Have you ever reported a person or business to CRA, do you have a story?
- A story:
- _____
- _____
- _____

I make a thief apologize

- A Canadian CPA stole my _____
- I got him to sign this
- _____

They admitted no fault...

Perceptions

- Once I got hired by a company, and on the first day, the most important Board member said:
- “Don’t be like the previous CFO”
- “He was too pessimistic”
- “If he saw this glass, he would say it is half _____”
- “You need to think of this glass as half _____”
- As I worked with him, I realized he actually would _____
- This is unethical, we eventually parted company



Analyzing the glass

Difference in Perception



Optimist:

Pessimist:

Chemist:

Engineer:

Mathematician:

Philosopher:

Realist:

Another thought

- “Don’t let the noise of other opinions drown out your _____”
- Your _____ is probably your _____...

A couple more webinar intro
questions

Did you ever have a really interesting
colleague?

Type “oui” if you know what a shoe box is in an accounting context



Have you ever called a CPA (or legacy designation) ethics advisor?

- Or legacy advisor
- Polling question
- 15% in a recent course



Have you ever called a CPA ethics advisor?

- I have, many times
- One course participant in one province once said:
- “Do not call that advisor, ever. Call anyone else, _____
- He wouldn’t elaborate further on why....



Can I testify in court against a former employer?

- A former colleague was suing our former employer for constructive dismissal
- I was no longer with the company and they had not been nice to me, and I felt he had a good case
- He said can you help testify in court to help him
- I was happy do this, but ____said I better check
- Are there any professional issues?



What I found out

- I contacted an ethics advisor
- The issue is _____
- _____
- They would likely try to bar me saying anything that would hurt their case...
- So this would mean I would be a _____
- I told my colleague, “I don’t think I would be useful”
- He ended up dropping the case
- I know legal fees were huge on both sides

Once someone put up their hand at an in-person course of mine and said

- “The FBI is _____”
- What does your gut say?
- Whoa, _____?
- After thinking about this
- From the class list, people could tell her employer name
- Why are you working there, unless the investigation is baseless?

Ethics shorts

- _____
- _____
- _____



Interesting quote

- “In law, a person is guilty when he violates the rights of another. In ethics he is guilty if he only thinks of doing so.”
- - Immanuel Kant.

A strange story

- Our fairly large accounting firm arranges for my CEO and I to do a fund-raising presentation in front of some businessmen they know
- They looked a little _____
- We ask what business are you in and I find their business is _____
- My gut _____
- I/we _____
- Fortunately, they didn't _____...

Scenario

- A guy I know was working as CFO and VP Exploration of a Public mining Company (CPA but also a Professional Engineer and Geologist).
- He finds his CEO is blogging about _____
- What should he do? What does your gut say?

Response

- It is not _____, don't worry?
- But it is _____
- But hopefully your gut recalled some _____

Have you heard of ____?

More

- Just about the biggest thing in the mining world is _____
- The President is _____
- Can you work for this President?
- You are probably _____
- You could basically _____ by quitting

History

- Knowledge of some history and staying aware of what is going on, is helpful
- Note: I don't carefully read the business news, but I seem to hear of most important things
- I would rather read the _____

Can Chat-GPT help with ethics?

I know I look old and history...

More ethics shorts

- “My owner said deduct _____ from all GST/HST remittances to CRA”
- “I was requested to _____ to obtain COVID funds” (Heard many times)
- “Medical technology company told BDC they needed money to build a _____ told me immediately after the call he has no intention to use the funds for workforce development, but would _____”
- “Interview: I mentioned that I had to follow _____. His (owner) opinion was that he would have the final say on _____.”

Easier said than done

- All this talk about ethics, is easier _____
- Easy to talk about in a course, but hard to _____
- You gain confidence when you _____ on an ethical challenge, that you can handle future ones...

Accountability and ethics

- It is great if you have a strong ethical CPA in your organization who has the same standards, who you can talk to in confidence, because they are in the same organization, who can hold you accountable
- Do any of you have this?
- Not possible in smaller organizations, you are the only CPA, etc.
- My main accountability comes from.... _____

Outward appearance

- Many fraudsters have looked very good on the outside
- Appeared well-dressed, responsible, strong on family and charity
- They are often trying harder than non-fraudsters to please people and look good
- This reminds me of a story in our family, with a related lesson

My wife and daughter pick strawberries and...



Scenario

- We want government funding for a new university grad hire
- In a rush to get them working for us, we extend an offer which is accepted
- The government funding program says it doesn't apply if you have already hired the new grad
- A colleague says "just lay him off, apply for the funding and then re-hire him after the funding is approved"
- How would you respond? What does your gut say? Is there a solution?

Analysis

- It _____to me, due to the form of the documents, my ____is saying this
- These programs are subject to _____
- Ask the government funding agency what _____
- Or footnote _____
- But I _____

Write a _____to scare the colleague

- I have done something like this in real life to scare a colleague on ethics in another context, here is how it would work here...

More personal examples

- Lawyer said just put in fake _____ to get provincial government money for _____ in the province
- An advisor said “sign this to say the Board passed this resolution at a board meeting”, but there was _____
- **Solution:** _____



What would you do?



- My nephew has been asked to invest in his employer
- He tells me the CFO has just had his CPA suspended during a public hearing for “serious misconduct” related to activities in respect of a condominium corporation he was associated with. But the CFO is close to the owners and has retained his CFO job.
- He asks what I think, should he invest? What is your gut?
- The conceptual question: would you keep a CPA working for you who was suspended for serious misconduct unrelated to their work for you?
- Comments?

Comments

- I would _____with that guy in charge of the finances
- An unethical _____, it doesn't matter that it was in a different scenario, it is even current, not long past
- I _____if I ran the business
- Important, did the employer consider this: _____...

Scenario

- You are the Accounting Manager of a law partnership. Reporting to you is an accounts receivable clerk, a single parent with 3 dependents, who just cannot do the required work for various reasons.
- You have determined that it is not possible to re-train or re-assign the clerk to other work.
- You know that it will be difficult for the clerk to find alternative employment if they do not work for the partnership.
- What should you do?

Analysis

- No _____ involved!
- A tough personal decision, my gut is _____
- It would possibly be _____ to keep them, due to compassionate reasons, that the employer does not support
- Consider your obligation to your employer - the employer's objective is _____
- Unless you get permission from _____
- Try to get them a _____
- As well as _____
- After you terminate them, help them _____

I have faced a situation a little like this

References and honesty

- In the previous case, it would be impossible to give them a _____
- I have told some former employees:
 - “ _____ ”
 - “ _____ ”
- And I may even say, “ _____ ”
- (In the government, they _____)

I was a tax auditor with CRA before graduating from university

- It was very interesting working there, finding the underground economy and tax cheaters
- A senior auditor I worked with said _____
- The company simply _____
- Once I audited a company with CRA, and 2.5 years later, I was _____
- CRA was actually _____.....

Recent comment from a course participant

- “Ethics issues sound so clear in the _____, but in real life they are incredibly _____!”
- I agree, I have been hugely _____

A US story from a course attendee

- “I changed jobs due to Ethics as an Assistant Controller for a Fortune 200 public company. Homebuilding in 2005 in (state)”
- “I oddly noticed a similar phone number on a few customer home cancellations in different communities. ”
- “Then I searched the phone number in the ERP system and found hundreds of them”
- “It was our sales manager’s number”
- What would you do?

Response

- Gut, this _____...
- _____
- If not properly dealt with, there will be a _____ since a public company will have one or....

What actually happened

A thought

- For 30 years plus we have heard, audits are _____
- There is some truth to this, but if public companies were not audited, the amount of _____
- Comments?

Auditor jokes

- I collect jokes auditors could play on their junior auditors, or clients could play on auditors
- I heard this joke idea once, so I made this up: _____

More gut in action

- “We were asked by a customer to perform a service for them which we don't have licensing for (Yet - it's in the works and they know that). It was something we were asked to consider given the value of the service and no one would know.”
- “My immediate response* was whether we were caught or not it's not worth the risk and goes against our company and personal values and given the _____, this likely _____

* Read _____...

Scenario

- A Sales executive wants the company to pay for his wife, not an employee, to attend a conference (true story for me)
- How do you respond?

Response

- Check _____, but likely unacceptable
- You generally want to reduce conflict and keep employees happy
- Real life solution: _____
- Or _____
- Or _____
- Otherwise, _____

The customer is always right, or are they?

- “I thought that the ethics topic you taught was very relevant too because, in recent months, I have come to realize that one of the challenges that I face is that I still seem to have the ingrained reflex that “the customer is always right”. This was certainly my experience when I worked for one of the big firms.
- “But this year, I stepped up and wrote a letter of resignation to a client to state that I would no longer be associated with their business. I agonized about doing this. I felt that there was a stigma to me doing this. But in the end, I felt huge relief to have this client off my back. “
- “Ethical behaviour and standing up for your ethics needs to be a way of life and not about the number of CPE hours achieved. If I had reminded myself of this earlier in the process, I would have saved myself from the agony of working with this _____.”
- Comments?
- Their ingrained reflex here might be a “_____”

Someone wrote to me recently

- After watching one of my video courses
- “Research has shown people _____”
- I think that is why my courses are in part popular

Scenario



- You take a two year overseas transfer to a beautiful island country, to work for an investment dealer as a senior accountant. Until now, your job experience has only been in the food industry. You have been on the job two weeks, it is November 24
- You just got an email from your boss

From: boss@investmentdealer.com
Sent: November 26, 9:55 PM
To: you@investmentdealer.com
Subject: Transfer

Hi,

I am out of town, and I need you take care of something. Please move USD \$602,000 from client account 40232A (Mrs. Ada Fodio), on November 29, before closing, and put it in House Account 400, just temporarily, until 8 AM on December 1.

Thanks,

RJ

- What do you do?

Response

- “Yes, _____”
- Not _____, should be fine
- I need to impress my new boss by following orders
- I am _____....

Response

- What does your gut say, does it _____?
- _____
- Moving from a client account to a house account _____
- I vaguely remember there is a **history** of _____
- Investment dealers are regulated in just about any country
- Since this is a move just around the **month end**, perhaps _____

Practical responses

Play dumb?

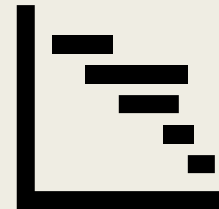
- “Sure, when I see _____”
- “Why don’t you _____?”
- “I don’t know _____”
- “I don’t think I _____”
- “Can you confirm in writing that this request complies with _____”
- “Who approved _____?”
- “Would our ___ agree with this?”

Key notes?

- When you don't know _____, pay special attention to your gut
- (I deliberately made this _____)

Ethics issue from someone recently

- “As a systematically important financial institution, we are required to allocate capital for various business risks. The risks should be determined objectively based on reasonable assumptions and models that are validated. “
- “However, the models did not pass muster
- and numbers were fudged in order to reduce the level of capital. Both the Validation and Audit teams scrutiny were watered down in order to comply with the policy and guidelines.”
- Comments? Your gut?



Comments

- Perhaps not CPA ethics per se, but _____?
- Is any _____ involved? - probably not
- If you go outside of the norms, there should be a _____
- My friend: “ _____ ”

Two topics that are ethics related, to make you/me uncomfortable

- Different angles on ethics, lest we are getting smug on ethics....

When the boss is looking/not looking

- We all know people who are especially good and showing off in front of the boss, but actually are terrible when the boss is not looking
- You could call them _____ or....
- What would you call them?
- I think this is a personal ethics topic actually
- What do you think?
- Do you have an interesting example?

When the boss is not looking/not looking

- We all do at least a bit of this...
- Working at home complicates this...

Motivations

- What motivates us at work?
- Hopefully it is something like
- _____
- However, it can often be a lot of things, such as, and this relates to ethics
- This is uncomfortable, but here we go...

Our real motivation may be:

- Do _____
- What's best for _____
- Internal _____
- External _____
- Get _____ for _____
- Win _____ with other person/dept
- Build our _____
- Not get _____
- Get ___ off their back about _____

Our real motivation may be:

- Look ____ to ____
- Fight for our piece of the ____
- Close to _____ so
- Check some ____
- Get it off our _____list
- Bonus based on ____?
- Do you have any other ideas?

“Unethical” behaviour in the middle of one of my webinars took place one day

- A guy started “_____” me in the course
- Here are some of his comments
- _____
- _____
- What would you do as instructor?
- Or as participant?

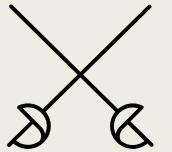
Sometime in taking a stand versus leadership on ethical issues, you are

Comment

- I don't agree with everything _____did...
- But she refused to back down to the _____on an ethical issue...,, and was fired, if you know the story...

Have you ever been ready to get fired over an ethics issue?

- You know that they may fire you for the stand you are taking on an ethical issue
- You are ready to be let go because you know you are doing the right thing
- This has happened to me _____
- One company, they could not fire me because they knew it would make the auditors _____
- Do you have a story?

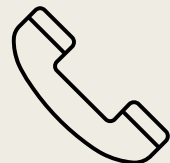
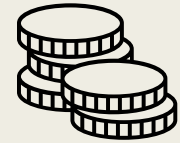


Sometimes you don't know you are taking a stand that will result in your dismissal

- “CEO and owner asked me to give _____to a supplier’s CFO to get extended credit terms.... I refused...” (writes me later, “we _____”)
- “(After ethical concerns re 2021 T4s), I said I was taking over T4s for the 2022 tax year. Within 24 hours I was _____ “

This happened to me during major ethics dispute

- I had been disagreeing with the CEO on a number of ethics issues...
- CEO in the board room said to me: “Are you trying to get fired? (In front of the key board member)
- I said: “_____”
- I had someone _____
- This might be a good tip for you one day



CEO and controlling shareholder wanted to fire me

- Context: I wouldn't give him some money he was owed by the company, as there was insufficient cash on hand, considering outstanding cheques (no ethics issue)
- He looks on the bank website and sees money but doesn't understand outstanding cheques... He writes to the President":
- *"I see there is money in the account to pay ____...I cannot accept Steve trying to over-rule me... and this is not the first occurrence...there is a remedy for that...it is called " _____ " ..."*
- (He didn't _____,the President was on my side)

Should you resign or get fired re an ethics battle, if there is a choice?

Fired

- _____
- _____
- _____
- _____
- _____

Should you resign or get fired re an ethics battle, if there is a choice?

Resign

- _____
- _____
- _____
- _____

Of course

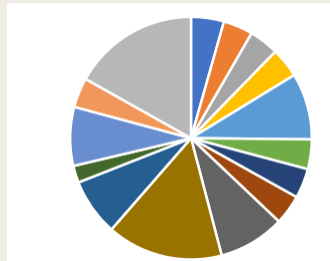
- You should have a chat with your employment lawyer about this
- Although, they will help on the legal side, the human side is actually more important
- In one company, I didn't want to resign until _____

Someone once wrote

- “I think you need to get someone else (not fire or I quit), I was not going to_____”

Diversification of income risk re ethics resignation

- One day a veteran sole practitioner CPA heard me speak about CPAs quitting jobs for ethics
- He said it suddenly hit him _____
- On the other hand, he would have no clients providing more than _____
- I have heard this from others in public practice
- I have surveyed thousands, and about 15% of CPAs have quit a job, or dropped a client for ethical reasons, in a survey to CPAs



A good comment, just after resignation

- “I just faced and am living through making a choice for my ethics. It’s scary with no income coming in **but I can _____**”
- We all want to _____
- **His __ is probably no longer bothering him**

The future explanation if you resign for ethics or are fired

- You want to be truthful
- You don't to be open to accusations of breaking confidentiality
- You don't want to be open accusations of slander or libel
- You want the next employer to think well of you
- (The shorter the stay, the trickier the issue)

A real situation

- “The consensus (after talking to CPA Ontario ethics who also suggested a lawyer so I don't damage the previous employer's reputation) seems to be:
 1. Say that I _____.
 2. That I was the only CPA, the only one with ASPE training, and the only one with tax training.
 3. We had _____
- That is the truth, so minimal liability for me.”
- I have also said "I have to follow the CPA Code of Ethics and ASPE. They did not have a CPA there before, nor anyone trained in ASPE, nor an audit".



When we think about our ethics dilemmas, think also about

- The clerk who _____, and who has dependents to support, and they are forced do unethical things that bother their conscience...
- It is even harder for them...

Ethics pressure & coercion

- Sometimes they just pressure you with their authority
- Other times they try to “bribe” you
- This is an appeal to your “greedy gut” perhaps
- “Steve, remember you have _____....”
- “Had several requests to _____ when we owned our oilfield business.... On the promise I could _____...”
- “CEO changed, new one was not ethical and offered to _____ for me if I turned the other way on some things he wanted to do”
- This of course shouldn’t change what you should do or not do



One approach to fighting executive pressure to mis-state

- “OK, if you want that approach, let’s just _____”
- “You want me to lie to them, but you wouldn’t like me to _____...”
- Then they back off

Winning in the end

- I think you basically never win in the end with lack of ethics, with rare exceptions
- The companies that I have worked that were less ethical and I left, have never done well... they don't win in the end
- Receivership, never making profits, in limbo etc.
- One of my most ethical former employers, I received _____

Did you notice a CFO of a company that was doing some crooked accounting, _____recently?

- _____

Resigning and having the last one word

- Sometimes, you might want to leave, but make a statement that has implications.
- Here is a real example:
 - _____
 - _____
 - _____
- This person likely won in the end

They lost

- “I had to quit 2 jobs because of the lack of ethics, one of those employer is now facing _____.”

He wins in the end

- A Winnipeg accountant I know was fired by furniture store for refusing to hide inventory
- They later go _____

Advice

- Many are envious of rich evil people, but don't! They don't usually win in the end...
- Proverb: _____

Edgewater Beach Hotel – Chicago, 1923



People at this hotel meeting, 1923

Who	Position 1923	Ending by 1948	Notes
Charles Schwab	CEO, Bethlehem Steel		
Samuel Insull	President largest utility		
Howard Hopson	Associated Gas and Electric		
Arthur Cutten	Great wheat speculator		
Richard Whitney	NYSE President		
Albert Fall	US President's cabinet		
Jesse Livermore	Greatest bear on Wall St		
Leon Fraser	President, BIS		
Ivar Krueger	Monopoly empire		

Another one

- CPA is let go from an accounting firm for not being able to trace A/R properly with a client
- 30 years later, his former boss told him it was a _____
- What is I _____? “A _____ scheme is a **fraudulent practice that _____**”
- I wrote a famous CA final exam (UFE) question where the company was doing _____

There are exceptions to losing in the end for bad stuff

- One that makes me mad in history
- And it almost impacted me...

Ethics – things come around

- “Your course made me feel better. Here is my story.”
- “A few years ago, I worked for a small company and was in charge of Finance & Ops”
- “This company _____”
- “I was impressed at that start.”
- “But as my time with the company went-on, I realized it was all “_____”
- “I noticed - first hand - _____
- “I still _____

Ethics – things come around

- “Today, I have a job in a great environment.”
- “And guess what? This company _____
- _____

“Do as you would be done by” and ethics

- If everybody practiced this, there would be no ethics problems
- The most unethical person in the world doesn't want to be cheated by others
- No one wants to be _____, so don't do it to anyone else
- Another way of saying it is “_____”

UPSETTING NEWS FLASH

This accountant took two hours of CPA ethics with me!

Please listen to me

- He now _____
- I don't want any of you to get charged for anything...!
- Taking ethics courses doesn't make you ethical
- Maybe he was taking the course, to find out _____
- Maybe I should have him as a guest speaker, _____...

You need to listen to your gut

Now available on our website

Some more thoughts

Challenge

- Do not ignore _____
- But there is more than just your gut, you have a _____
- _____ when facing ethical issues



My other courses

- I have many other courses
- They are more polished from years of participants interacting with them

Ethics

- **Ethics – More Than Just the Code of Conduct , 2 hours (webinar 2.5 hours)**
- **Ethics – Where The Rubber Meets The Road, 2 hours**

Other courses of interest

Full day courses:

- Practical Tips for Controllers & CFOs (nearly 11,000 have taken this one)
- Practical Tips for Not-For-Profit Financial Leaders
- Practical Tips for Government Accountants

Other courses of interest

- **Ten Practical Topics for Financial Leaders** 4 hours
- **Practical Tips to Get Through a Cash Difficulties**, 2.5 hours
- **Practical Financial Negotiation Tips** 4 hours

More

- **Practical Work Solutions From Case Discussions, 2 hours**
- **Practical Work Smarts for Accountants 2 hours**

New courses

- **Practical Tips to Improve Your Internal Financial Reporting** (1.5 hours)
- **Sharpen Your Business Loan Negotiating Tips** (2 hours)
- **Practical Contract Review Tips** 1 hour
- **Practical Foreign Exchange Management** 1 hour
- And more courses are being developed

Closing

- I hope you got something out of this course
- You can email me with questions/comments and to get completed slides, spriddle@bell.net
- You can do LinkedIn with me 
- See you next time!

www.practicalpd.com

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