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Don't Leave Home Without Your Ethics

STEPHEN PRIDDLE

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PRACTICAL
PD

Introduction

- ▶ We will be together for 2 hours to discuss ethics
- ▶ There will be some _____we don't want this course to be boring!
- ▶ You are allowed to _____ with me on issues in the course and write to me after about it
- ▶ I have included some past webinar chats, from some material that has been aired before and a few jokes...
- ▶ You will get a fully completed slide deck, email me, spriddle@bell.net

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

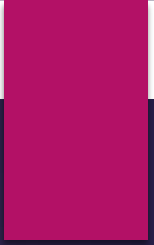
I can't do that on the self-study version

BUT, send me an email with:

- ▶ an ethics story
- ▶ another tip idea
- ▶ useful feedback
- ▶ clean relevant joke

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





In the webinar I
do a few get to
know each
other questions,
here are two

Type bk in the Chat

- ▶ If someone basically assumed you were a bookkeeper, when they learned you were a CPA, CGA, CMA, CA....

What is one of
your current
or past
biggest fears
that you don't
mind
disclosing to
us?

- ▶ I am thinking true, but humourous or interesting
- ▶ Not traumatic, sensitive or confidential
- ▶ For my Mum: _____
- ▶ For me, when younger: _____!
- ▶ Now _____
- ▶ _____
- ▶ For our daughter, _____
- ▶ What about you?



Your
instructor

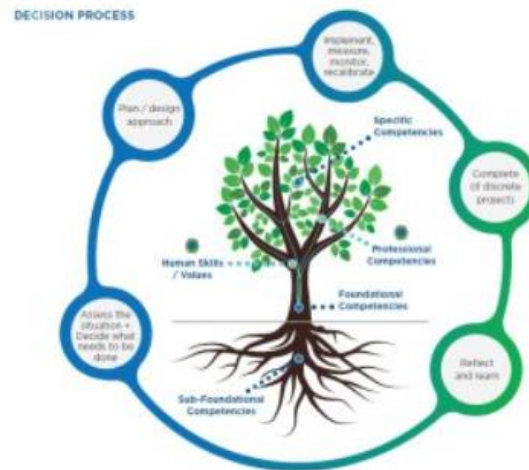
I have just had a job change

- ▶ Co-owner, Secretary and Board member of SureWx, a global aviation software company
- ▶ I recently **stepped down** from the CFO job there this year in my 12th year, because I was effectively Co-President, and we decided to hire a dedicated President, and I can't be his CFO and boss at the same time
- ▶ I will continue to grow this company, but I have taken another CFO position
- ▶ I am VP, Finance & CFO of Fidus Analytics
- ▶ The President and founder is very, very ethical and listens to me
- ▶ It is based in Calgary, I work remotely from Ottawa

I also am a case author

- ▶ I still write cases, but may do less with the CPA program changing
- ▶ Have you seen where it is going?

The New Certification Program will focus on specific and foundational competencies and indigenous views. The program will be divided into **specific, foundational, sub-foundational** competencies.



The move towards Competency Map 2.0 and the New Certification Program is driven by **questions** that can be easily answered using AI, Google and Excel, and that the focus is on the result, the new program will feature **complex cases** instead of multiple-choice questions. New ways of testing, such as interviews, group projects, and presentations.

Random

- ▶ I have taught many things over the years, but here is one that may surprise you

This course

- ▶ I have over 14 hours of other ethics content, but I keep getting new ideas, and remembering relevant career ethical stories of mine, that I had not thought of before
- ▶ I have substantial, personal, difficult ethical experience, **that I never asked for!**

Course objectives

- ▶ To discuss a variety of ethics issues and experiences and learn lessons therefrom
- ▶ To inspire CPAs in their ethical struggles
- ▶ To develop skills, lines, etc, to help in ethical battles
- ▶ To be encouraged that others have gone through what you have
- ▶ Less coverage of accounting ethics than my other courses... looking at fundraising, advertising, safety, donations, legalities, general boardroom discussions, taxation and more

Lesson/chapter 1

- ▶ Do ethics decline during your career?
- ▶ Dealing with an ethics tip-off
- ▶ Ethics and worker safety

Lesson/chapter 2

- ▶ Ethics, are they innate?
- ▶ Shortage of work
- ▶ Mini case, is this a problem?
- ▶ A broader debate
- ▶ Can CPAs be too narrow?
- ▶ Ethics and a government funding application

Lesson/chapter 3

- ▶ A lot depends on the words
- ▶ Unsupported estimates with implications
- ▶ An investment conundrum
- ▶ Proud to be unethical
- ▶ Tax ethics

Lesson/chapter 3

- ▶ Ethics in the job interview
- ▶ Association ethics issues
- ▶ Your spouse/significant other and ethics
- ▶ Ethics and a questionable donor
- ▶ Ethics and the nature of the business

Lesson/chapter 4

- ▶ In-depth case
- ▶ Lines, when you are battling ethics
- ▶ Conclusion

Important note



You may not face the same ethics issues, but the ethical thinking and thought processes are the learning points



I will try to draw a lesson or lessons from each scenario discussed



What do you think about
this statement?

What do you
think about this
view?

- ▶ *“When young people enter the business world, they are naïve about their ethical beliefs, but they soon become pragmatic and learn it is impossible to be truly ethical in the business world, and they become like everybody else, not particularly ethical.”*
- ▶ I have heard this in various forms, and I have distilled the idea to the above

Let's do a polling question on this

You believe that your personal ethics comparing now to when you entered the business world, are:

A lot worse

Slighter weaker

Basically the same

Even stronger

What do you think?

Class comments

My thoughts

- ▶ Likely _____ for quite a few people, accountants and otherwise
- ▶ Business school doesn't prepare properly for real world ethics and other programs, even less
- ▶ Not true at all for others
- ▶ I doubt it reflects you
- ▶ I hope it doesn't reflect me at all

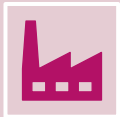


The case of the mysterious tip-off

The tip-off?



A CPA took a course with me, and emailed me right after for advice:



"I have just taken a new job and my predecessor (Director of Finance) and the former CFO have both contacted me on LinkedIn saying the CEO is a jerk and the company is "offside". The Director of Finance asked me if I wanted to know why she resigned"



The CPA asks for advice, how would you advise them?

What do you think?

- ▶ I always suggest, when watching the tape, and there are mini cases, that you pause the tape and think, because you will learn more this way...

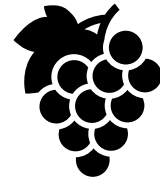
The tip-off?



My response



- ▶ How long have you been there?
- ▶ Did you do ethical due diligence like I recommend in detail in the course you just took with me? (**Practical Tips for Controllers & CFOs Part 1**)
- ▶ Do you know if the former CFO was let go or resigned?
- ▶ Obviously, these people may be biased/mad if they were let go (“sour grapes”), but they may be highlighting real issues
- ▶ Do nothing – but something might burn you/cause you problems, I wouldn't do that
- ▶ Did “offside” sound like unethical, that could be huge?
- ▶ At a minimum, you must stay extra alert and vigilant



My thoughts



- ▶ I would certainly want to know why your predecessor resigned
- ▶ (She should have left a note in the drawer....!)

You could say:

- ▶ Don't tell me anything that breaks your confidentiality obligations (corporate/CPA if applicable)
- ▶ (Not clear how this applies, because I am now in the company)
- ▶ Hint if you have to, on what you are trying to get at, without saying it directly..
- ▶ Can you hint where I should pay more attention?
- ▶ Would you recommend a good friend take the job?



My thoughts



- ▶ You could gather a bit more information and decide whether to resign or just to stay more alert in areas of concern
- ▶ What about reaching out to other former employees, to see what they have to say?
- ▶ What about a frank talk with the CEO, without mentioning where the alarms are coming from, or by saying I have sources that....
- ▶ **Lessons**: Unexpected things happen, and you need to react based on the information you have

Some people like to post their achievements on LinkedIn

▶ **LinkedIn:** I'm honored and thrilled to announce that I have been selected among the top 5 applicants who participated in the professional and most respected exam which evaluates the skill and ability to operate fuel-based vehicles. I cannot wait to see what the next chapter holds, and I cannot express my appreciation to the **ministry of transportation, Google, NASA, and My neighbors** who supported me during this challenging Journey.

  52

3 comments • 5 reposts


Like


Comment


Repost


Send

Some people like to post their achievements on LinkedIn

Reality vs LinkedIn

Reality:

LinkedIn: I'm honored and thrilled to announce that I have been selected among the top 5 applicants who participated in the professional and most respected exam which evaluates the skill and ability to operate fuel-based vehicles. I cannot wait to see what the next chapter holds, and I cannot express my appreciation to the **ministry of transportation, Google, NASA, and My neighbors** who supported me during this challenging journey.

Unethical on LinkedIn



- ▶ Some so grossly exaggerate their LinkedIn, it is comical, but I also think it is sort of unethical
- ▶ A guy I know describing himself as “visionary” on LinkedIn
- ▶ I know that “_____” would be more accurate
- ▶ Another described themselves as “charismatic leader”
- ▶ He is one of the least _____ I have ever met!

Linkedin more

- ▶ About two years ago, I noted people complaining that others were using LinkedIn partly like a ____ site, including making inappropriate comment to others on LinkedIn
- ▶ I was shocked, I had never heard of this kind of thing, it never even crossed my mind



Ethics and worker safety

[Click here to
cancel
course](#)

Polling question

- ▶ Are there significant human safety issues in the business of your employer?
- ▶ Yes
- ▶ No

Not so
common
among
participants

Ethics and safety

- ▶ You are the CFO and Operations Head for a company operating oil rigs, that float and extract oil from under the ocean floor
- ▶ The engineering team is finalizing the modifications to the rig to be used in a different ocean, that has never seen drilling activity
- ▶ The discussion is whether an extra \$10 million should be spent, so that the rig can withstand the forces of 300 km/hr winds, a one in 1,900 year event per the outside weather experts, the company is leaning toward no
- ▶ The oil rig has a 10 year useful life after modifications totaling \$37 million including the above, and 95 workers will be working on the rig, mostly not your employees, but employees of a foreign contractor from a poor country
- ▶ How do you reach a decision? Is there ethics involved?



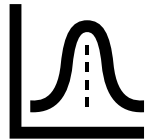
Past responses

My thoughts

- ▶ Ethics is partly involved in safety
- ▶ I think _____workers to very high safety risks, is unethical, especially if the solution is cheap
- ▶ But this is a little different, the risks are very, very remote

Remember

- ▶ We all consume things that come from statistically risky activities like _____
- ▶ And we do statistically risky things
- ▶ Like _____
- ▶ Or paying indirectly for _____



Note



- ▶ If Canadian governments spent say \$3 billion on more road railings, it would probably save ____ a year, but they don't do this, there is a trade-off

How about some questions?

Key question

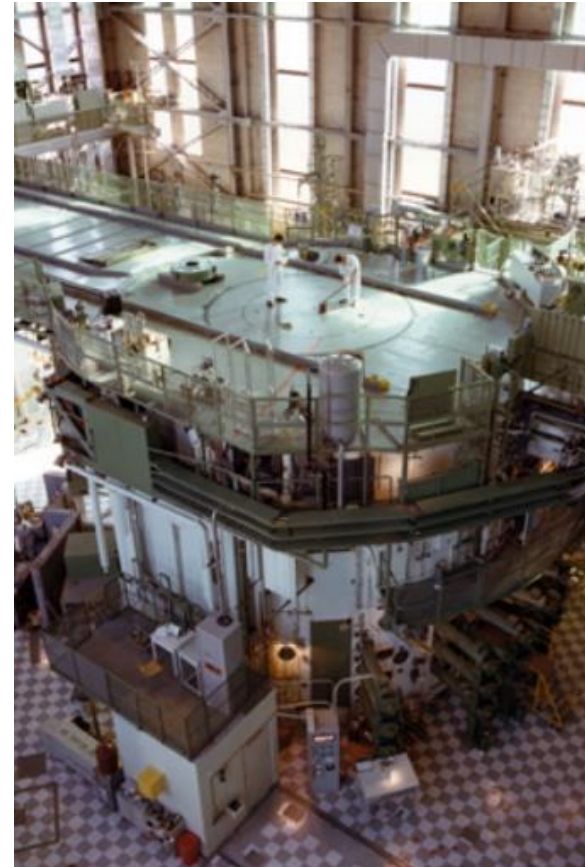
- ▶ How quickly would _____

Lesson

- ▶ Most people immediately assume _____

Other comments

- ▶ I worked in the Canadian nuclear industry, including being in charge of global insurance, where safety is taken very seriously, there have been no _____
- ▶ I co-own a software company in the aviation industry, where safety is spectacular
- ▶ Many years, there are ___ commercial aviation deaths in the US, versus about 43,000 every year from road accidents





A new unethical practice
in society

Please share an ethics story or problem

- ▶ Directly related to what I am talking about, or not even related
- ▶ Now or any time
- ▶ Public chat or private chat, I will read it without your name

PRIZE FOR
THE FIRST
ONE

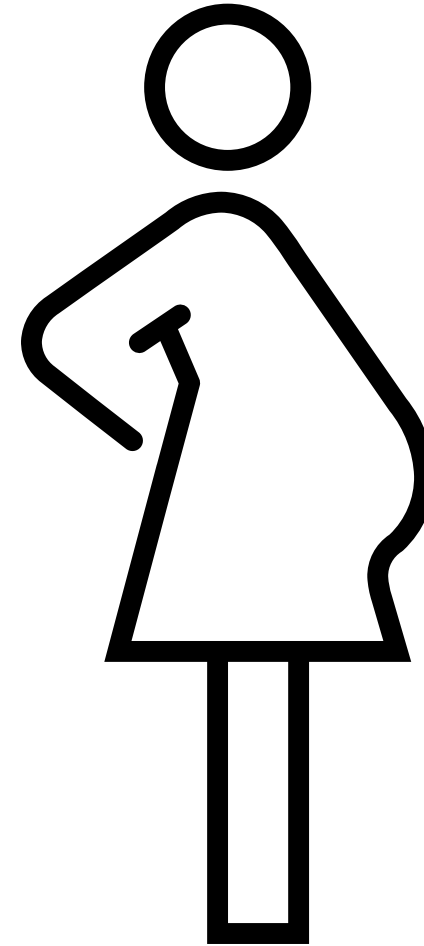
Chapter 2



Ethics, are they
innate?

Someone in a course of mine said

- ▶ “Ethics are innate, you either have them or you don’t
- ▶ Do you agree with this?
- ▶ Is it like you are _____
- ▶ But _____ is different, I don’t this is a good analogy
- ▶ What do you think?



What about you?

More

- ▶ This comment fails to recognize the **battle** that I believe is inside all of us in different ways
- ▶ I do think many people generally trying to be ethical, and many others don't even try at all, or are deliberately and consistently unethical
- ▶ I have surveyed lots of great CPAs, and none claim ethical perfection, and I don't either

A wise proverb

- ▶ *The integrity of the upright will guide them,
But the crookedness of the treacherous
destroys them.*
- ▶ Application to us: an ethical accountant's personal integrity and ethics guides them all the time, but many of those who don't have integrity, have their careers ruined as a result, it doesn't end well.

A dark purple gradient background with a white text box. A pink tab is visible in the top right corner.

Shortage of work

Suppose you
have little or
no work to do,
does this bring
ethical issues?

- ▶ I know it doesn't happen a lot in the private sector
- ▶ I live in Ottawa, a federal government town, and can tell you so many real stories of this happening
- ▶ It is less likely for CPAs in government, but I know it has happened to some CPAs in government
- ▶ Has it ever happened to you, including summer jobs?

Suppose you have little or no work to do, does this bring ethical issues?

Suppose you have little or no work to do, does this bring ethical issues?

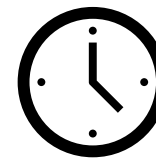
Examples:

- ▶ CPA friend goes months with zero work assigned (not CRA)
- ▶ A different CPA friend has very little work assigned (CRA)
- ▶ **Do you think there are any ethical issues for the worker?**

A dark purple banner with a white question and a pink vertical bar. The banner has a wavy bottom edge and a pink vertical bar on the right side.

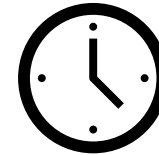
What are the ethical implications?

One perspective



Another perspective

- ▶ But it is _____
- ▶ It should make a responsible, ethical person feel guilty
- ▶ _____
- ▶ _____
- ▶ I have also been told to _____ down, when working in the federal government



What should an ethical CPA do?

- ▶ The boss often likely wants to keep _____ and would be embarrassed to reveal they are over-staffed and should lay you off
- ▶ Some would say if your boss _____, there is nothing more you can do
- ▶ However, I think CPAs should be more _____
- ▶ I think it is basically unethical to _____ and just do nothing
- ▶ Try to create useful work for yourself, at least _____
- ▶ Beg for _____ from the boss and even peers
- ▶ Then, your conscience can be pretty clear if you have done all this
- ▶ **Lesson:** _____



Mini case

A short, true story

- ▶ My boss started last summer and everything was fine until the new year started. To make the financial statements look better, he instructed the new clerk who started two weeks ago to change the budget spreadsheet since I disagreed. I know this is just the start and it will get worse. He told me we needed two set of books for his performance review. I know he wants to get bonus. The owner lives in another state and they talk everyday. If something happened, he would find excuses and persuade the owner that was not his fault. My boss even wants to put scrap back to the inventory since the owner is worried about the inventory situation. He is definitely intervening with my work and I think he is trying to train the new clerk to do his second set of books.
- ▶ There is no fraud yet, but I don't have a good feeling about it. I am not comfortable with the current situation. Maybe he is trying to squeeze me out of the company. After he started, the spending has gone up dramatically. The number of invoices and amount doubled, but the financial performance went down. I don't know how long it is going to last.

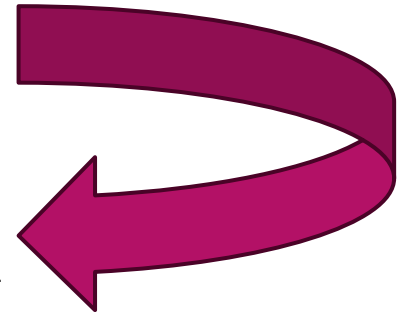
Analysis

- ▶ They think they are OK and there is no fraud yet, but they may already be in deep in _____
- ▶ It sounds like some kind of _____ has already taken place
- ▶ They seem to be associated with these activities, even if they are not doing them (rule 205/Quebec 26)
- ▶ They should be listening to their ethics gut – they are uncomfortable (check out my course, **Ethics – That Feeling in Your Gut**) and doing something about this
- ▶ I suggested this, and told them they should probably get another job
- ▶ **Lesson:** _____

A pattern

A strange story

- ▶ A company hired a controller that they thought was quite good. The police called the President one day about this controller and said she had been fired from her previous job for theft. The President terminated her right away. Upon closer examination, it turned out she had been robbing the company blind.
- ▶ It turned out the controller was _____
- ▶ Unethical accountants often do it again and again
- ▶ Some accountants think they are ethical, because they have never _____ but ethics goes beyond that



Joke

- ▶ **Question: What did the ethics teacher say to the art teacher?**

Joke

- ▶ **Question: What did the ethics teacher say to the art teacher?**
- ▶ **Answer: _____**



A broader debate

Is this true, a quote I heard?

- ▶ “Few executives can afford the luxury of a conscience. A business that defined right and wrong in terms that would satisfy a well-developed contemporary conscience could not survive. When the directors and managers enter the board room to debate policy, they park their private consciences outside. If they didn't, they would fail in their responsibility to the company that pays them.”
- ▶ “The crucial question in board rooms today is not, "Are we morally obligated to do it?" but rather "What will happen if we don't do it?" or "How will this affect the rate of return on our investment?" (Source of quote unknown)
- ▶ Consider your general business and management meeting experience, if you have not been in Board meetings

Breakout time in webinars



Brainstorm on the topic, including potential interview questions



5 minutes



Pick a Note Taker, the most Easterly person in the group, geographically



The Note Taker will take notes on the group's discussion live, and paste them into the main Chat

Your thoughts

The Queen

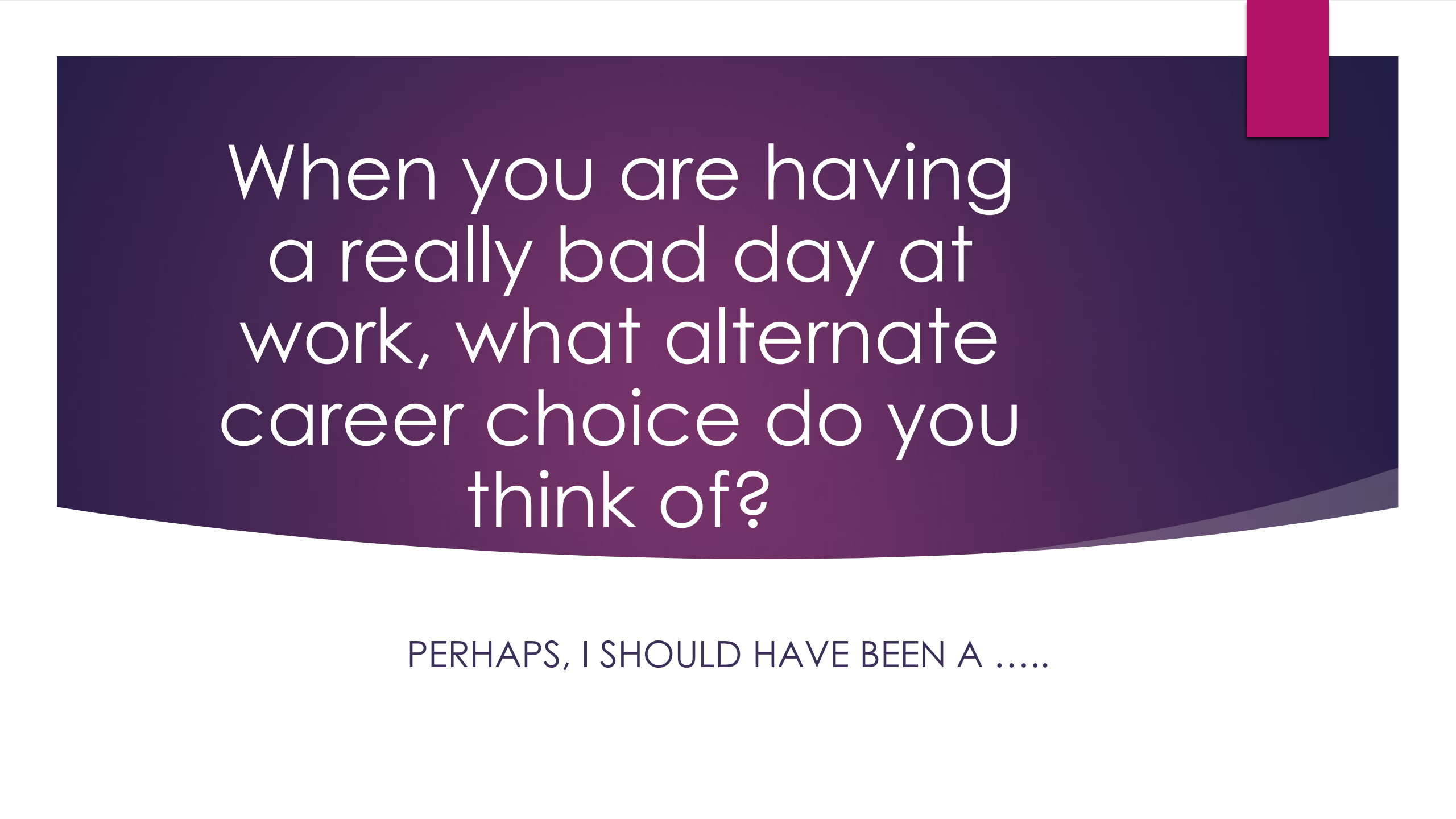
- ▶ Queen Victoria apparently said to her officials:
- ▶ “Don’t tell me what is expedient, tell me what is ____.”
- ▶ One of my grandmothers ____



Some of my thoughts

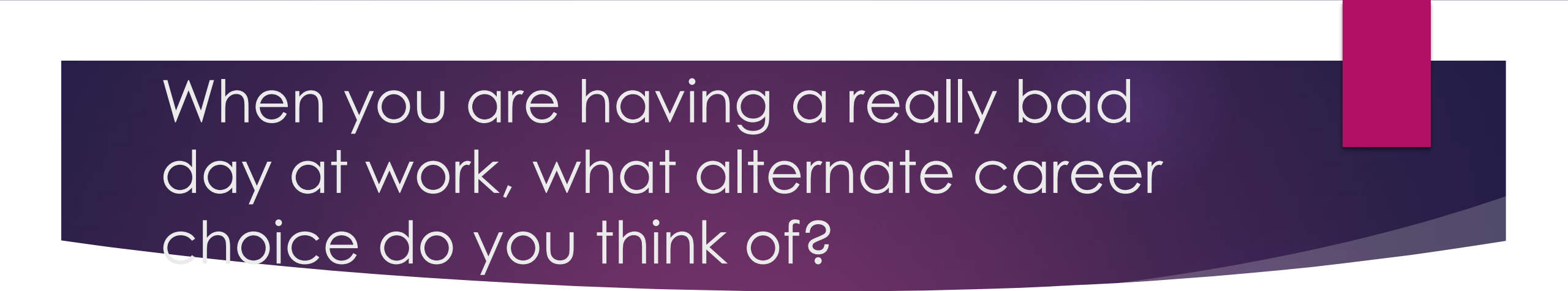


Alternate careers



When you are having
a really bad day at
work, what alternate
career choice do you
think of?

PERHAPS, I SHOULD HAVE BEEN A



When you are having a really bad day at work, what alternate career choice do you think of?

▶ For me, it is definitely _____

The farm accounting ethics joke

- ▶ A farmer asked a veterinarian for some free advice. "I have a horse," he said, "that walks normally sometimes and limps sometimes. What shall I do?"
- ▶ The veterinarian replied, "_____"



Ethics short story

- ▶ “Left my last job over multiple financial reporting issues and unwillingness to recognize years of losses through stuffing the balance sheet. Eventually left the company after getting continuously pushed into publishing false numbers to potential investors. Years later the company eventually became insolvent and was absorbed by another company in the industry. Found out recently from a contact/friend involved that it came out that the CEO failed to disclose debt obligations. After lawsuits came to settle the new ownership group was on the hook for debts that old CEO refused to acknowledge in the FS of the company. So thrilled that I pushed back and got away from that company”



Can CPAs be too narrow?

Interesting comment, too narrow?

- ▶ “In my opinion, CPAs should be a good example of good ethics but should not need to have ethics which are more than the regular honest people in their community. In other words, shining examples but not standard setters!”
- ▶ “As an example, almost all CPAs I know (and am not talking about myself here of course) would go forward with filing or associating with a tax return even if they suspect that some immaterial amount of personal expense is deducted etc. that is, they would not condone it or recommend it, but would still file the return. The store owner doesn't charge a few chocolate bars to personal (shareholder account). They feel that telling a CPA to refuse such a task and act like CRA auditors with their client is not only unrealistic but counterproductive as it will mean clients go to accountants who are complete fraudsters (sorry for my bluntness)... am I wrong here? “

Let's debate this

- ▶ What do you think?

Let's debate this

- ▶ What is immaterial? _____
- ▶ _____
- ▶ I do have some sympathy with the argument that the accountant is not ____, but I am OK with crooked businesses going to the crooked accountants, to get crooked advice
- ▶ (I actually ensure _____ are charged properly in my speaking business)



Ethics and government funding applications

Ethics pays off

- ▶ \$250K of money is available if we have 6 employees working in a **certain field** in a certain **province** during the **entire fiscal year**
- ▶ We did meet the 6 employee requirement for a good part of the relevant fiscal year, but then one moved out of the province
- ▶ I could not make the claim, because of this, I think many would and simply would not tell the government the employee left the province
- ▶ However, I decide to approach the government with the exact facts and they say:
- ▶ _____
- ▶ I also believe they _____

An ethics test in sports

- ▶ I have played competitive Ultimate (frisbee) on a team with one son, in my late 40s
- ▶ Slightly like touch football, but no quarterback equivalent
- ▶ Ottawa has one of the biggest Ultimate leagues anywhere in world, I was told
- ▶ Unlike any competitive team sport, I have ever been in, you _____
- ▶ And it actually works quite well, I don't recall any major problems





Are all accountants
like this?

Road ethics

- ▶ At a company retreat, there is a get to know you game
- ▶ “Find someone who plays a musical instrument, speaks 3 languages, has never had a speeding ticket, etc”
- ▶ We learn from this that no one in finance had _____
- ▶ Is your finance team like this?
- ▶ Is there any ethical or other significance to this?



Ethics in the countryside

Very honest

- ▶ Coming from a big city, David wasn't prepared for the approach rural businessmen take toward their customers. Shortly after David moved there, he rented a rototiller. The store owner showed him how it worked and explained that the charge was not based on how many hours he had it out, but rather how long it was actually used. Looking over the tiller for some kind of meter, David asked, "How will you know how long I've used it?"
- ▶ With a puzzled look, the owner simply said, "_____."
- ▶ Lesson: **Ethics is** _____



One VP Sales I worked with always said this about himself

- ▶ “your lyin’, thieving, pack of ____, sales guy”
- ▶ I eventually had to get him _____

Longer case

In-depth case

- ▶ You have been the Controller of Markan Corp, a company in the business of installing industrial heating systems, for private and government customers, for five years
- ▶ The company is owned by Edith Naman 100%. Naman inherited the shares from her parents, and she is not involved in the business. The CEO of eight years is Nathalie Lefebvre. The company has no Code of Ethics or whistleblower line and the sole Board members are Naman and her daughter.
- ▶ You report to the CFO, Dick Nick. The company follows Accounting Standards for Private Enterprise, Part II of the CPA Handbook, and has a May 31 year end. The auditors are medium-size firm Cork LLP
- ▶ You dislike Dick and you are ambitious. You noted that Nick Dick personally used a \$50 rebate related to the purchase of a company laptop on December 13, 2024, but you have kept this information to yourself

June 18, 2025

- ▶ At 10 AM, you saw Dick raise his voice at your colleague Samien, just as you entered a meeting. You were called out of the meeting shortly after.
- ▶ At 2 PM, you were reviewing some travel expense claims, and you notice that the Head Purchaser travelled business class on a flight to the supply Management Conference in Paris in late-May
- ▶ This surprised you because even the CEO is not allowed to travel business class
- ▶ There were two ticket payments and the first was charged to the company travel card and the second one said paid for by the corporate account of BD Link Inc. a business you are not familiar with,
- ▶ You put this aside because of other pressing matters

June 19, 2025

- ▶ Dick called you and said that “per Lefebvre we are going to lose the Kale Industries action, could you book the estimated loss of \$110,000” at May 31
- ▶ The Kale industries action was a breach of contract dispute with an ex-customer, they were claiming \$300,000 and the matter was described in a contingent liability note in the 2023 and 2024 year end financials
- ▶ You book the entry, as Dick has a habit of giving such instructions

Is there anything you would be doing
at this point?

June 21, 2025 meeting with the CEO

Lefebvre: How are you doing?

You: Great

Lefebvre: I need to talk to you about something confidential and sensitive. I am carrying out a leveraged buyout of the company, which will mean I will be buying all the shares. I am working on this with company lawyer & General Counsel Fil Paradis. I hope to close the deal by the end of July.

You: Wow!

Lefebvre: I want you to my CFO, I am going to get rid of Dick soon and the cost will be purchase price adjustment paid for by the seller

You: Ohh.....Uuuh...

Lefebvre: Keep this all under your hat, but we will be talking more about this later

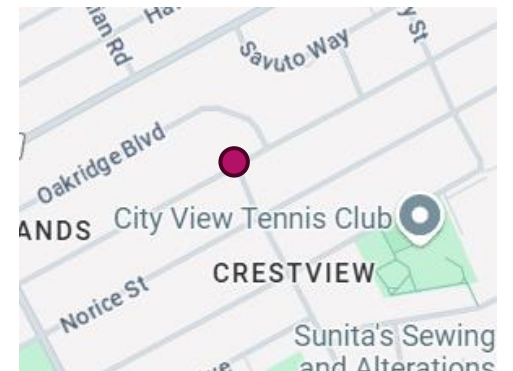
Next

- ▶ You decide to get the Head Purchaser's home address from the HR records

Comments?

You listened to the Chat

- ▶ You were going to obtain Head Purchases address from the HR records, but then you decided to get it from the phone site www.canada411.com after getting advice in the Chat
- ▶ You examined their residential address via GoogleMaps streetview, and you see a very large house, that looks to be worth about \$2 million in your estimation
- ▶ You know from the payroll records, that the Head Purchaser makes \$94,000 plus is eligible for a \$6,000 bonus and is single



What you do after

- ▶ You google BD Link Inc and note that is a seller of high end industrial thermostats
- ▶ You search the company SharePoint and accounting system and find that the company has purchased \$211,111 of thermostats from them, in late May 2024 and there are discussions about buying significantly more them

What flows from this?

- ▶ The Head Purchaser is now under suspicion for possibly being unduly influenced by any and all suppliers
- ▶ Likewise, the entire purchasing team, to be pessimistic
- ▶ You need to review all transactions and negotiations with BD Link Inc, and any companies associated with this company

June 22, 2024

- ▶ Lefebvre asks you to close the year end books, quicker than usual and do it without involving Dick and asks you to book a donation at year end of \$40,000 to the Jane Lefebvre Memorial Foundation, although the funds were disbursed on June 1
- ▶ You are on top of the financials and only have one key question, has the purchase order from Anti Property Management (APM) come through?
- ▶ The company had done some work in May for under verbal instructions from an assistant project manager, and you had booked the revenue of \$240,000, assuming a purchase order would come
- ▶ Lefebvre said: “no, don’t record the revenue, it doesn’t look like it is coming in time for the close”

June 25, 2025

- ▶ You have finalized the year end financials statements, and have not followed Lefebvre's donation accounting instructions, and income before taxes and interest is \$3,534,000
- ▶ You talked to project manager Kent Mimin, a personal and trusted friend, who told you that Lefebvre called his customer's rep and said hold the \$240,000 purchase order for two weeks, it had been prepared and was approved

June 25, 2025

- ▶ Lefebvre asks you by e-mail to sign the following document in connection with the pending dismissal of Dick, you have not responded yet

To whom it may concern:

On June --_, I saw Nick Dick shout at my colleague Samien for no reason and she was quite upset.

I believe Nick Dick manipulated the books of the company to overstate income for the year ending May 31, 2024.

Signed,

CPA

June 26, 2025

- ▶ You bumped into General Counsel Paradis in the lunch room and you told him that you have been made aware of the purchase negotiations. He mentions that the purchase price has been agreed at 5 times earnings before interest and taxes for the year ending May 31, 2025
- ▶ Paradis said Dick has done something inappropriate toward an admin employee, but he will say no more
- ▶ You decided to ask about the Kale Industries action. He said: “there are no new developments, but we can probably settle for \$60,000”

What should you do?

How do you evaluate the situation?

Chapter 3



Shipping costs

Scenario



You are the new accounting manager for a not-for-profit organization that among other things, distributes publications. The charity charges for “shipping” on all items ordered by individuals. The shipping charge is the bill from Fedex plus 20%.



What do you think? Is this ethical?

Analysis

▶ Key: _____

We must always guard against misleading

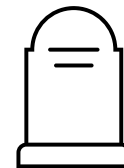
- ▶ Something may not be false, but it may be misleading as presented and rule 205/Quebec 26 tells us we can't produce or be associated with such information...

A story

- ▶ A CPA had a wife and 10 children and needed to move as his rental agreement was coming to an end for the home where he lived but was having difficulty in finding a new home.

When he said he had 10 children, no one would rent a home to him because they knew that the children would probably cause damage to the home. He could not say that he had no children, he could not lie, after all, CPAs cannot and do not lie.

So, he had an idea: he sent his wife for a walk to the cemetery with 9 children. He took the remaining one with him to see homes with the Real Estate Agent. He liked one of the homes and the agent asked, "How many children do you have?"



He answered : “_____”

A story

- ▶ The agent asked: "Where are the others?"
- ▶ The CPA answered, with a sad look, "_____"
- ▶ And that's the way he was able to rent a home for his family.



A webinar get to know you question

Work team- building activities

- ▶ Have you ever done an interesting work/office team-building activity?
- ▶ Type it in the chat for interest, including whether it worked out well
- ▶ For example:

Work team-building activities



FOR ME: HOT AIR BALLOON RIDES =

I got this email recently about a video course quiz

▶ **From:** Louis ___ <_____@gmail.com>
Sent: Wednesday, June 28, 2023 9:55 AM
To: spriddle@bell.net
Subject: Question 4, answer d, "blue"



▶ Good morning !



▶ What is the meaning of this? Blue ??



▶ Thanks !

Short ethics story

- ▶ My benefits broker says just lie about employee hours (insufficient to get them covered by the benefit plan) – _____



UNSUPPORTED ESTIMATES WITH IMPLICATIONS



Scenario

- ▶ You work for a high profile publicly-traded airline as Controller
- ▶ There are some very bad winter weather storms one week affecting operations
- ▶ In the quarterly report which you are not involved in, it says such storms cost the company \$21 million
- ▶ You ask for support, but the CFO says it is just a rough estimate
- ▶ What do you do?

Real (old) headline

Continental Loses \$10-\$15 Million Due To Winter Storm



Scenario - analysis

- ▶ I have seen this in real life, public companies exaggerating the impact of short-term negative things to try to help the stock price
- ▶ There should be _____
- ▶ What is the costing basis, _____?
- ▶ Does it include assumed _____ as a cost? What are the assumptions? Is that a true cost?
- ▶ How much of the costs were _____? Is it fair to include these costs?
- ▶ If the calculation is unsupportable there may even be _____

Scenario - analysis

- ▶ I have seen this in real life, public companies exaggerating the impact of short-term negative things to try to help the stock price
- ▶ There should be better support for the number
- ▶ What is the costing basis, incremental, opportunity?
- ▶ Does it include assumed missed revenue as a cost? What are the assumptions? Is that a true cost?
- ▶ How much of the costs were indirect? Is it fair to include these costs?
- ▶ If the calculation is unsupportable there may even be association issues, rule 205/Quebec 26 and legal investor issues for the company...
- ▶ **Lesson:** _____



An investment conundrum

Fundraising

You are the CFO of a private company

You have just raised \$650,000 from wealthy but unsophisticated private investors in the form of a debenture

All verbal discussions and emails during the entire negotiation process stated that the funds would be used for development of the new ZK product

Sixteen days after receipt of the funds, the CEO says circumstances have changed, and ZK product will not be proceeding, she says she will use the funds for completion of project RL

What do you think?

Response

- ▶ Our lawyer would probably say that _____
- ▶ However, there is a _____ obligation to spend the money as promised
- ▶ Even if there is no _____ obligation

Response

Inspiration from real-life

- ▶ I was in a situation somewhat like this _____

In-house ethics courses

- ▶ Many employers say “we have a lot of CPAs, instead of paying them to take individual ethics courses, let’s hire Steve Priddle to do an in-house session”
- ▶ I have had two in the last few months, about 85 attending, one a **foreign government department**, another the **Canadian operation of a huge French company**
- ▶ None of them tell me what to cover, “our ethics problems are ____”



Proud to be unethical

Boasting or laughing about being unethical

- ▶ In some circles, people laugh or boast about being unethical
- ▶ I remember some KPMG colleagues boasting about getting travel expense claim items approved, which probably should not have been
- ▶ The colleague who seemed to boast the most, I have found that years later he caused a scandal by claiming from his employer:
 - ▶ _____
 - ▶ _____
 - ▶ - _____
- ▶ Before it went controversially bankrupt! Headline news in another continent

Let's stick to the truth

- ▶ Some people say your truth, my truth, everyone has their own truth
- ▶ I think this is logically impossible by _____
- ▶ Sometimes it is hard to find the truth, in terms of what exactly happened in a situation, but that is different

Thought: I wonder if our profession will ever come after members

- ▶ For social media posts, that have little or nothing to do with the practice of our profession
- ▶ Eg _____
- ▶ Look up the case, if you are not familiar with it...

Tax ethics



Scenario

- ▶ Your employer is in the construction and property management business
- ▶ Your position is Manager, Financial Reporting
- ▶ Your colleague, the Manager, Treasury & Compliance is also a CPA and you have a good relationship with them
- ▶ They just shared this with you: “I am very concerned about a tax filing I have been asked to do. In 2018, we built the Bill Street property in the construction division, which we tried to sell for six months, with no reasonable offers. Therefore, we rented it out for 37 months, but now the tenants have bought it. They want me to report the sale as a capital gain, but I know our intention was to sell it, therefore it should be business income.
- ▶ How do you think you should handle this ethical issue?



What do you think?

Tax jokes

Q: What is the definition of a good tax accountant?

A:.

Q: "Tell us succinctly what the difference is between tax avoidance and tax evasion."

A:

Q: Where do homeless accountants live?

A:

Tax jokes

Q: What is the definition of a good tax accountant?

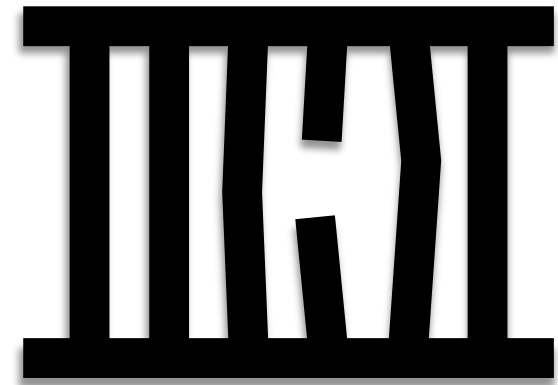
A: Someone who has a loophole named after them.

Q: "Tell us succinctly what the difference is between tax avoidance and tax evasion."

A: "Jail."

Q: Where do homeless accountants live?

A:



Tax jokes

Q: What is the definition of a good tax accountant?

A: Someone who has a loophole named after them.

Q: "Tell us succinctly what the difference is between tax avoidance and tax evasion."

A: "Jail."

Q: Where do homeless accountants live?

A: In a tax shelter.



13:44:57 From Homer to everyone:

I knew an accountant that did not become a CPA so they can advise their clients how to trick the system.

Ethics in the job interview

I teach do your ethics research

- ▶ Before you take the job, on the boss, the organization, the executive
- ▶ I strongly recommend you make your ethics known in the job interview, to reduce ethical problems – crooks won't usually hire an ethical accountant

13:42:28 From Pam to everyone:

some people want an unethical CPA... people ask me, hey do you know how to save me taxes?
do you have tricks... always asked this! can you put fake expenses... can you hide this income.

Ethics in the interview

- ▶ I interviewed for a contract role at ___ after they lost their Health Canada license (this is public knowledge and you can google it). They were found to break Health Canada rules regarding growing cannabis. The CEO, and other senior employees, were fired with cause. While working on mitigating the Health Canada violations, the company needed experienced CPAs to restate prior year financials and prepare quarterly financials to submit to TSX. During the interview, I told HR & Director of Finance that I will not break any codes of conduct and/or prepare any reports/financials that I believe are materially misstated. I did not get the job but I probably would not have accepted because I was unsure if I wanted to work for a company that had arrogantly violated Health Canada rules. I also had concerns that they wouldn't be able to pay me. (right decision based on the news I've seen). I thought they didn't hire me because of money. In hindsight, after the webinar you did, I'm wondering if they didn't hire me because I stated during the interview that I would not do anything unethical and/or illegal.

I teach do your ethics research

- ▶ Before you take the job, on the boss, the organization, the executive
- ▶ I strongly recommend you make your ethics known in the job interview, to reduce ethical problems – crooks won't usually hire an ethical accountant
- ▶ This is discussed in my course, **Practical Tips for Controllers & CFOs Part 1** (over 11,000 seller), and the one hour ethics extract from that course **Ethics – Some Other Angles**
- ▶ **This teaching has been well received by CPAs, and doesn't seem to be covered in other ethics courses**

More

- ▶ I am going to expand on this here
- ▶ Because often the employer/interviewer/owner/CEO will think they are ethical, **BUT** they have a very **different** understanding of ethics than you, and it causes trouble
- ▶ You need to find out if you are broadly on the same page re ethics, that is your future boss, but also the owner/President, and the company culture

Probing the interviewer's ethics

- ▶ How could you probe into this better to see if you are generally on the same page about ethics?

Prize for
ideas, lines,
stories

Probing

Probing the interviewer's ethics

Some
are
partly
humour..

Also, in the interview

- ▶ Can you quote _____
- ▶ Ask the big industry ethics questions
- ▶ Quebec construction for governments, what should you ask?
- ▶ Ask about _____
- ▶ Start-up doing fund-raising, what should you ask?
- ▶ Do you _____
- ▶ Can you think of other examples?

09:28:03 From Frances Napoli To Everyone: I had a job interview where they asked about how grey I was.

Outside the interview

- ▶ And not already mentioned in my other course
- ▶ Read the company **Code of Ethics** in advance, if they have one and it is public information
- ▶ Check their social media

Probing the interviewer's ethics

- ▶ Some interviewers may be offended by the discussion, but that probably means you _____
- ▶ Interviewers who _____ the discussion will probably be good to work for

13:44:02 From Louise to everyone:

If a company has had former accountants who were not designated, they are sometimes used to "creative" accounting which is hard for a designated accountant to change the culture - seen as the bad guy.

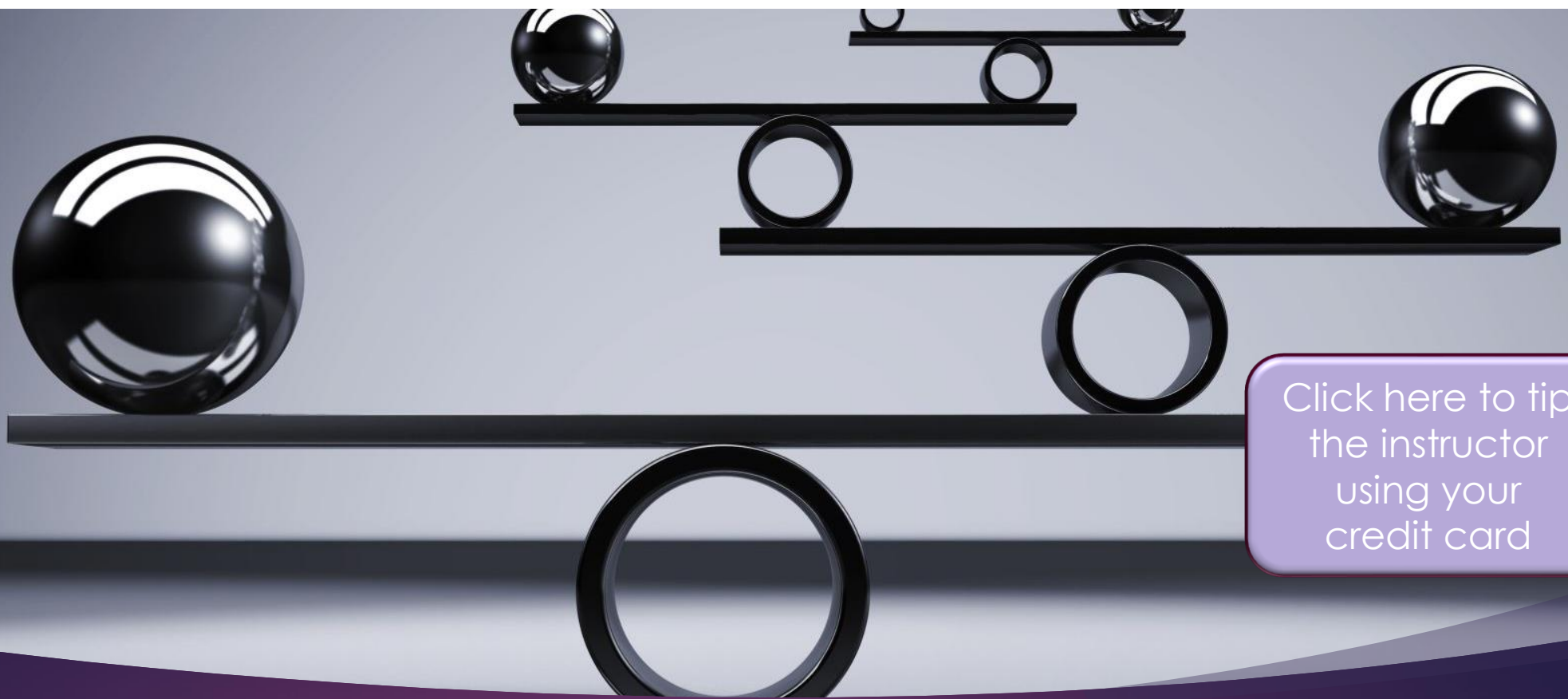
A necessary line from before the merger for CMAs

- ▶ “If you hire me to be a company officer, the entire company must comply with the CMA Code of Ethics”

This is not a joke

- ▶ Are you a CMA? Did you notice this in the Code before the merger?

{e} A Member will:



Click here to tip
the instructor
using your
credit card

Association ethics issue

The rule

- ▶ Our profession doesn't want us to be associated with unethical stuff, (rule 205/26 Quebec)
- ▶ It sounds extreme but in the absence of this rule, most honest, ethical people are I believe _____

Mini case

- ▶ I was asked to advise an interesting SAAS business with a unique and powerful software idea in the world of dentistry, by the CTO (Chief Technology Officer)
- ▶ (If I explained what _____, you would all get its value immediately)
- ▶ They might have even wanted me to become their CFO
- ▶ I give him a bunch of business ideas, including how to improve his situation (working for sweat shares, but the mechanism was not fair to him)
- ▶ I drilled down quickly into ethics, and the CTO says he is disturbed that the founder and President always _____ in meetings he attends
- ▶ In a SAAS business, it is all about _____
- ▶ If I was a dentist, I would be impressed with say 1,800 subscribers versus _____...



More



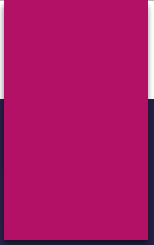
- ▶ I explained to the CTO you are _____ with the lie, if you are in the meeting with the prospective client
- ▶ In my profession, that can be problem (Rule 205, Quebec 26 association with false or misleading information)
- ▶ He is disturbed by this, his “gut” is obviously bothering on this
- ▶ A CPA ethics advisor once told me in writing _____
- ▶ Is this reasonable? Have you ever done this?
- ▶ Stay away from _____ talking in meetings!

Lessons from tests

- ▶ “In school you are given the lesson and then there is a test. In life, you are _____.” Source unknown
- ▶ We learn a lot from our ethics (and other tests in life)

An aside

What was the pass rate when you passed your final professional exam?



What does your
spouse/significant other
have to do with your ethics?

What does your spouse/significant other have to do with your ethics?

- ▶ One on hand nothing: only you _____
- ▶ But they can be impacted, if your ____ goes down or away
- ▶ They can be a huge _____ on ethics, subject to confidentiality
- ▶ Spouses/significant others usually _____ us, by being different (opposites attract)





Ethics and a questionable donor

The questionable donor decision

- ▶ Famous charity is helping people in a war-torn country, a real humanitarian crisis
- ▶ They get offered a large donation
- ▶ The donor turns out to be an _____, actively selling in relation to this conflict
- ▶ What should they do?

Discussion

What would you recommend if you were on the board?

- ▶ Check _____
- ▶ Take the money, it will _____?
- ▶ If a bad business _____
- ▶ But is this like an _____?
- ▶ Don't take it, it is blood money, they actually want _____
- ▶ (In real life, they _____)



Ethics and the nature of the business

A recent ethics question

- ▶ Recent course attendee is the CFO of a start up, that will sell drugs that are now illegal, when the drug is made legal, this will reduce fentanyl deaths
- ▶ He is feeling uneasy about this
- ▶ The investment banker doesn't want him to get legal opinion on whether it is legitimate to start the business now
- ▶ Question: should he stay in the job? What should he do?



Prize

A discussion

- ▶ Reducing fentanyl deaths is praiseworthy in itself (do you know someone impacted?)
- ▶ But who knows if it will work
- ▶ You don't want to be working for a company that is doing anything criminal
- ▶ But maybe this is moral (helps society), but for a short time longer, criminal
- ▶ Why is the _____ saying this? This is a big concern
- ▶ Who is _____?

A discussion

- ▶ Pay for _____
- ▶ Chat with the ____....
- ▶ Try to get a special _____
- ▶ “_____” the company until the legislation is passed (although this will give the competitors will have a head start)

Side note

- ▶ I saw in the Disciplinary Notices of one province that a person was once disbarred from being a pharmacist technician for stealing fentanyl, and was also criminally charged, had to have a special decision by the ethics committee on whether they could become a CPA student
- ▶ They decided to let them into our profession, after _____!



Inspiration

It is sometimes difficult to follow our Code

13:44:31 From Prestia to everyone:

I wonder how much unethical practices continue because of fear of losing a job.

It is sometimes
difficult to
follow our
Code

- ▶ Let's think of people who get tortured if they adhere to their Code, to encourage us in our stand
- ▶ Who would that be, think about it?
- ▶ I am talking about _____
- ▶ But have been tortured by _____ to reveal more...

Chapter 4



In-depth case

Key background

- ▶ You have been the Controller of Markan Corp, a company in the business of installing industrial heating systems, for private and government customers, for five years, and are single
- ▶ The company is owned 100% by Edith Naman. Naman inherited the shares from her parents, and she is not involved in the business. The CEO of eight years is Nathalie Lefebvre. The company has no Code of Ethics or whistleblower line and the sole Board members are Naman and her daughter.
- ▶ The company follows Accounting Standards for Private Enterprise, Part II of the CPA Handbook, and has a May 31 year end. The auditors are medium-size firm Cork LLP



Key background

- ▶ You report to the CFO, Nick Rick. He has a foreign accounting designation. You have typical Controller responsibilities, including scrutinizing employee travel expense claims
- ▶ You dislike Rick and you are ambitious. You noted that Rick personally used a \$50 rebate related to the purchase of a company laptop on June 3, 2025, but you have kept this information to yourself.
- ▶ You have noticed the Lefebvre has been very distracted lately

June 18, 2025

- ▶ At 10 AM, you saw Rick raise his voice at your colleague Jazz, just as you entered a meeting. You were called out of the meeting shortly after.
- ▶ At 2 PM, you were reviewing some travel expense claims, and you noticed that the Head Purchaser Herbert Feyn travelled business class on a flight to the supply Management Conference in Paris in late-May, confirmed by the ticket and the boarding pass. This surprised you because even the CEO is not allowed to travel business class
- ▶ There were two ticket payments and the first was paid by the company travel card as per normal procedure and the second one said paid for by the corporate account of BD Link Inc. a name you are not familiar with.
- ▶ The Head Purchaser reports to Rick. You have not done anything else about this, because of other pressing matters

June 19, 2025

- ▶ Rick called you and said that “per Lefebvre, we are going to lose the Kale Industries action, could you book the estimated loss of \$110,000” at May 31, 2025
- ▶ The Kale Industries action is a breach of contract dispute with an ex-customer, they were claiming \$300,000 and the matter was described in a contingent liability note in the 2023 and 2024 year end financials, as outcome “not determinable”
- ▶ You book the entry, as Rick has a habit of giving such instructions with backup to follow

Is there anything you should be doing
at this point?

Is there anything you should be doing
at this point?

June 21, 2025 meeting requested by the CEO

Lefebvre: How are you doing?

You: Great

Lefebvre: I need to talk to you about something confidential and sensitive. I am working on a leveraged buyout of the company, which will mean I will be buying all the shares. I am working on this with company lawyer & General Counsel Fil Paradis. I hope to close the deal by the end of July.

You: Wow!

Lefebvre: I want you to be my CFO post-purchase, I am going to get rid of Rick soon and the cost will be purchase price adjustment paid for by the seller

You: Ohh.....Uuuh...

Lefebvre: Keep this all under your hat, but we will be talking more about this later



Any thoughts?

You need to watch the video for the rest...

A dark purple banner with a white text box and a pink vertical bar. The banner is positioned at the top of the page and has a curved bottom edge. The text box is centered within the banner and contains the text "What actually happened....". The pink vertical bar is located on the right side of the banner.

What actually happened....

Audience comments?

- ▶ 09:34:09 From Jazznine To Everyone: Sounds good, I am single
- ▶ 09:34:11 From Nat To Everyone: You made a complex situation clear, with some useful ethics ideas, I hope I don't have to ever use them, but you never know



Lines, when you are
battling ethics

When you
are battling
ethics, you
need some
good lines



I covered quite a few in my course
**Ethics, Use as Prescribed &
Directed**, but I have more



The context is a penultimate
discussion on ethics issue, where
higher ups are pushing you on it



They will give you ideas, but some
are half jokes, or even slightly rude,
don't take them all seriously, but
they may have value

A decorative graphic at the top of the slide consists of a dark purple horizontal bar with a curved bottom edge. A vertical pink rectangle is positioned on the right side of the purple bar.

Lines, when you are battling ethics

Lines, when you are battling ethics

Prize for my favourite one
from you

Past ideas

Lines, when you are battling ethics



Aside: what animal/creature best represents the unethical accountant?

- ▶ What do you think and why?

Finally

- ▶ “I might as well put _____ on you now..”

Conclusion: Don't Leave Home Without Your Ethics

- ▶ This is obviously partly a tongue in cheek title
- ▶ It make it sounds like ethics are _____, like wearing a hat or carrying an umbrella....
- ▶ Yes, some people do _____
- ▶ I think your ethics should be _____
- ▶ You also need to be ethical in your home (life, family, taxes..)



Top participant

- ▶ I gave one out in my last webinar, guess what it was?
- ▶ A ___

I have about 20 other courses

- ▶ And only about 20% of the material is ethics, the rest is practical and experiential and humorous advice on other business topics for CPAs
- ▶ All the ethics courses and content, cover different issues
- ▶ Check out the website of the organization you signed up for this course for my other courses

Closing comments

- ▶ Thanks for taking this course
- ▶ I look forward to your feedback
- ▶ **I can send you the fully populated slide deck, email me at spriddle@bell.net**
- ▶ Don't forget the **Quiz**
- ▶ We could do LinkedIn



PRACTICAL
PD