

# C06 Creating an Ethical Environment

MSBO 2023 Annual Conference



**Quiz time**



**Defining Ethics**



**Why do I care – the facts and figures**



**The 6 Elements**



**Implementation**

# Agenda

# Ethics Quiz - Question 1

You wake up with the worst sore throat you've ever had and can hardly speak. Your physician diagnoses you with strep throat, which is highly contagious. But you have an important meeting at the office later that day. **What would you do?**

- A. Stay home and rest
- B. Stay home and take the meeting via teleconference or phone
- C. Go the meeting but avoid socializing
- D. Go to the meeting and socialize only with the people you don't like



# Ethics Quiz - Question 2

You're standing in line at a coffee shop. In front of you are two colleagues. They discuss confidential information about a student. They mention the student's name. **What would you do?**



- A. Ignore them.
- B. Tell them about your concerns regarding confidentiality and leave it at that.
- C. Report them to their supervisor or via the ethics hotline
- D. Make a video recording of them with your phone and post the clip on YouTube

# Ethics Quiz - Question 3

Tommy, a friend of yours, posts a new profile photo of himself on Facebook. He is poorly dressed and takes a swig out of a bottle of wine. He looks drunk.

What would you do?

- A. Nothing
- B. Contact Tommy privately, ask if he's OK, and suggest he remove the photo from Facebook
- C. Click the "like" or "love" icon
- D. Click the "care," "sad," or "wow" icon



# Ethics Quiz - Question 4

Your colleague Lynn drives you to lunch one afternoon. At the stop light she takes out her phone and begins texting. The light turns green, she resumes driving, and she continues to text. **What would you do?**

- A. Nothing
- B. Ask her to please stop texting.
- C. Volunteer to text for her.
- D. Tell her, “Pull over and let me out of the car now!”

# Ethics Quiz - Question 5



You're about to have a work-related Zoom meeting with a colleague. Before the meeting starts, you and he engage in some small talk. Out of the blue, he asks you where you stand on a controversial political topic. **What would you do?**

- A. Tell him where you stand.
- B. Respond, "I'm not comfortable discussing politics at work."
- C. Ignore him.
- D. Change the subject.

# Ethics Quiz – Tally the Results



- **High** – you take your ethical responsibilities seriously, and both your organization and the people you serve with are lucky to have you on the team. (16 to 20 points)
- **Good** – most of the time you take the high road, but sometimes you do what's easy, rather than what's right. (12 to 15 points)
- **Opportunities for development** – you tend to do what's convenient rather than what's right. We can all do better, of course, so you're in good company. (5-11 points)



# Defining Ethics



A set of moral principles or a theory or system of moral values

External rules that may vary between environments, while morals are personal principles that rarely change.

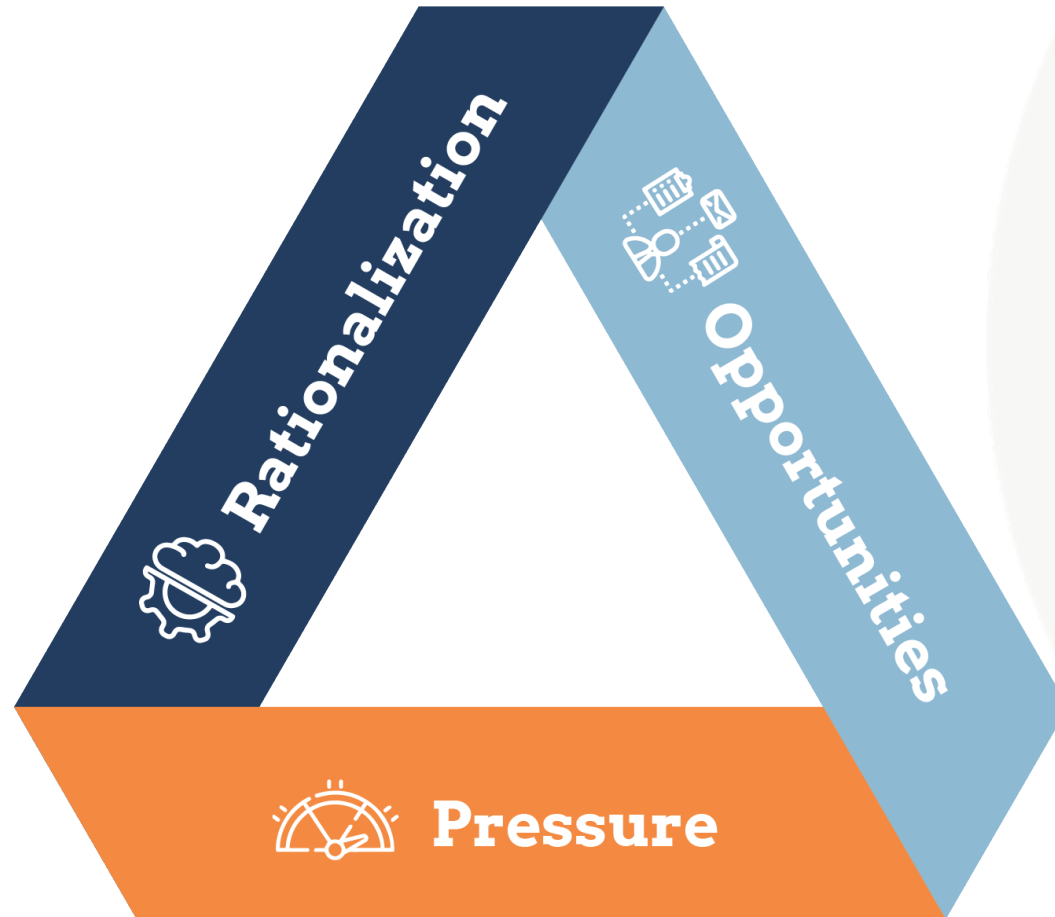


The discipline of dealing with what is good and bad and with moral duty and obligation



Conforming to the standards of professional conduct

# The Fraud Triangle



# Rationalization

## Ethical Danger Zones

- Conflicting goals
- Fear of Retaliation
- Avoidance
- Lowered Threshold
- Euphemisms

# Report to the Nations 2022

Association of Certified Fraud Examiners

Median Loss of \$56,000



69 Cases

# 2022 Report to the Nations

## WHAT ARE THE MOST COMMON OCCUPATIONAL FRAUD SCHEMES IN VARIOUS INDUSTRIES?

Industry	Cases	Billing	Cash on hand	Check & pmt. tampering	Corruption	Expense reimbursemen t	Financial stmt fraud	Noncash	Payroll	Skimming
Govt. & Public admin.	198	21%	7%	9%	57%	12%	8%	16%	16%	8%
Manufacturing	194	26%	9%	7%	59%	10%	12%	23%	10%	8%
Tech	84	21%	10%	6%	54%	14%	8%	30%	5%	1%
Construction	78	24%	10%	14%	56%	17%	18%	24%	24%	9%
Education	69	26%	12%	12%	49%	12%	12%	19%	14%	12%
Food service	52	19%	21%	17%	54%	13%	13%	29%	19%	17%

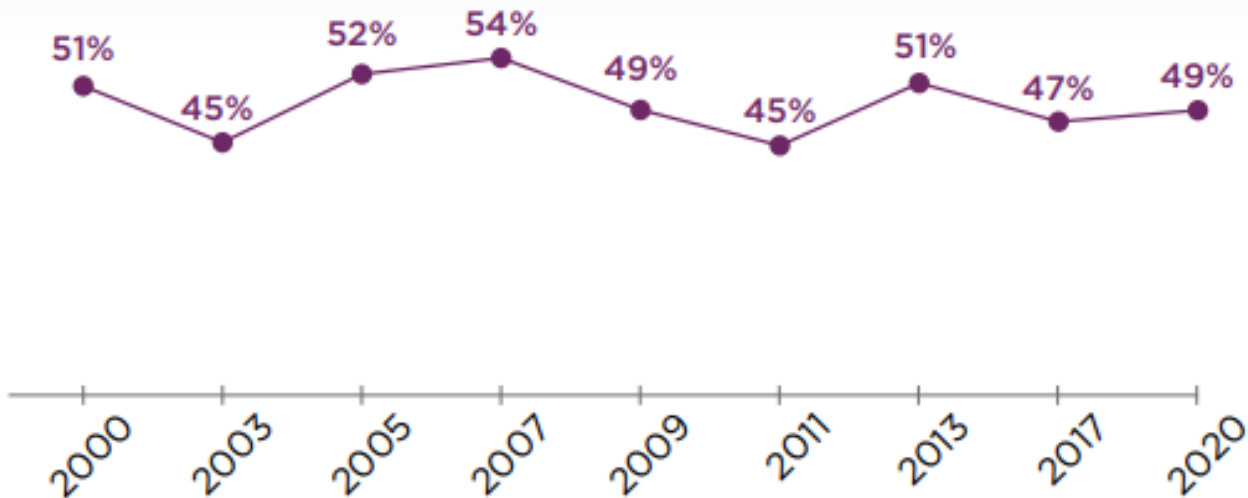


# Ethics & Compliance Initiative (ECI)

## 2021 State of Ethics and Compliance in the Workplace

### Percentage of Employees that Observed Misconduct

(Based on the Specific Observed Misconduct Index)



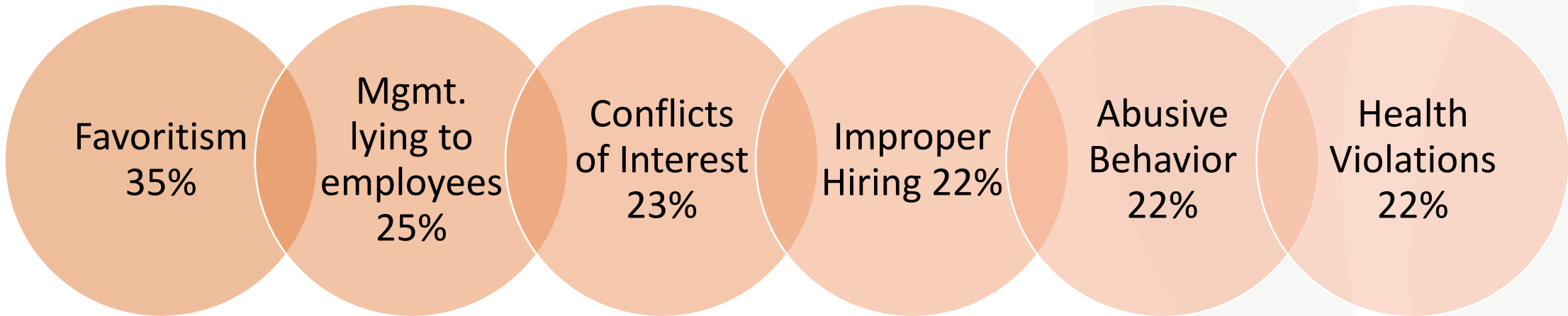
Note: Due to methodological differences among survey years, it is not possible to compare U.S. and global data related to observed misconduct.

Source: *The State of Ethics & Compliance in the Workplace: A Look at Global Trends (ECI, 2021)*

# Ethics & Compliance Initiative (ECI)

2021 State of Ethics and Compliance in the Workplace

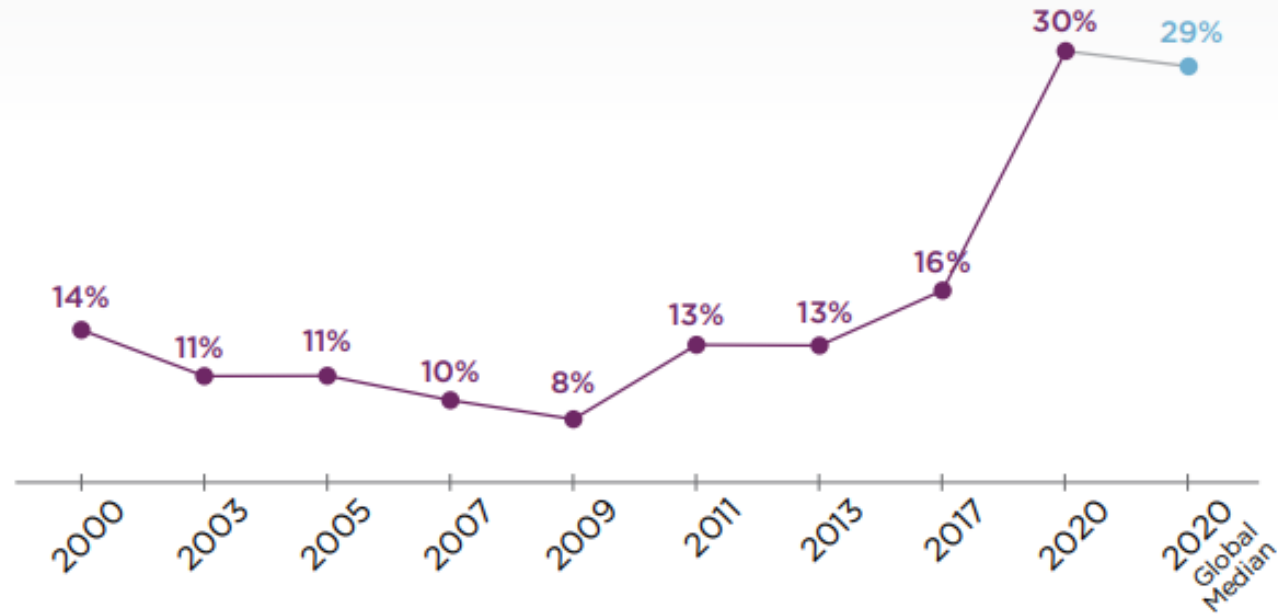
## Observed Misconduct



# Ethics & Compliance Initiative (ECI)

## 2021 State of Ethics and Compliance in the Workplace

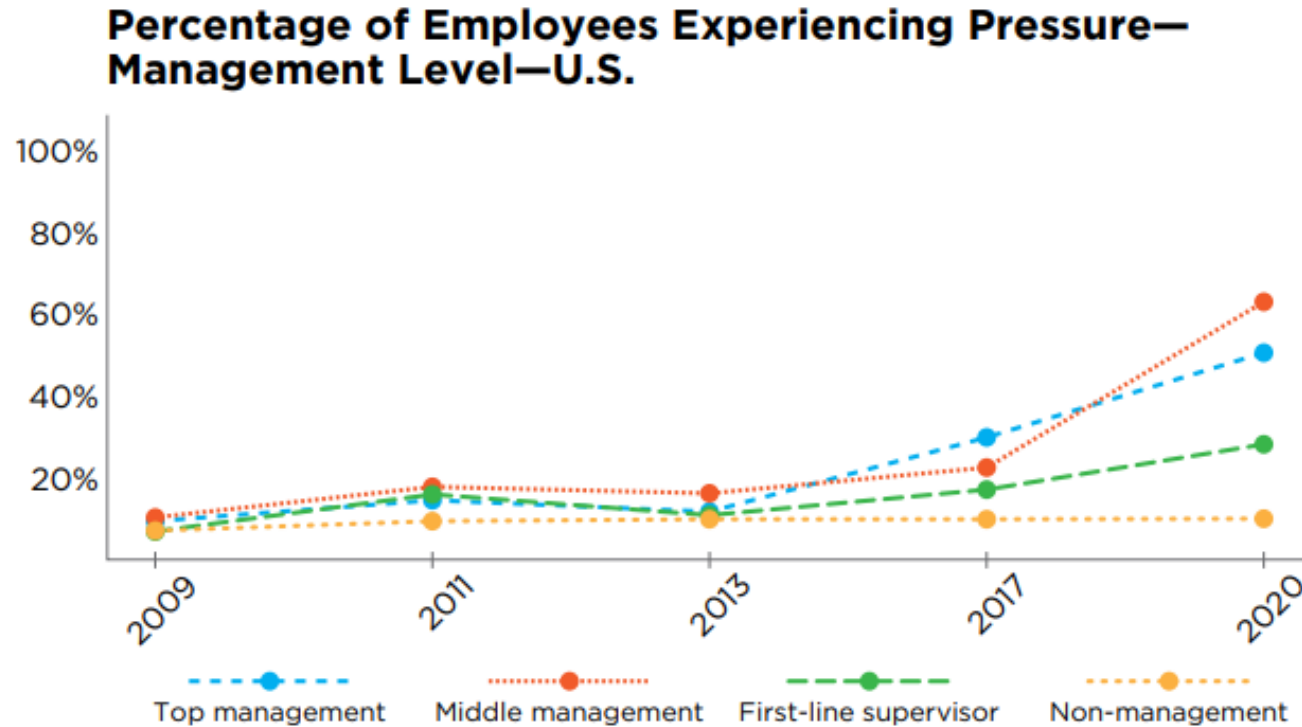
**Percentage of Employees Experiencing Pressure—U.S.**



Source: *The State of Ethics & Compliance in the Workplace: A Look at Global Trends* (ECI, 2021)

# Ethics & Compliance Initiative (ECI)

## 2021 State of Ethics and Compliance in the Workplace

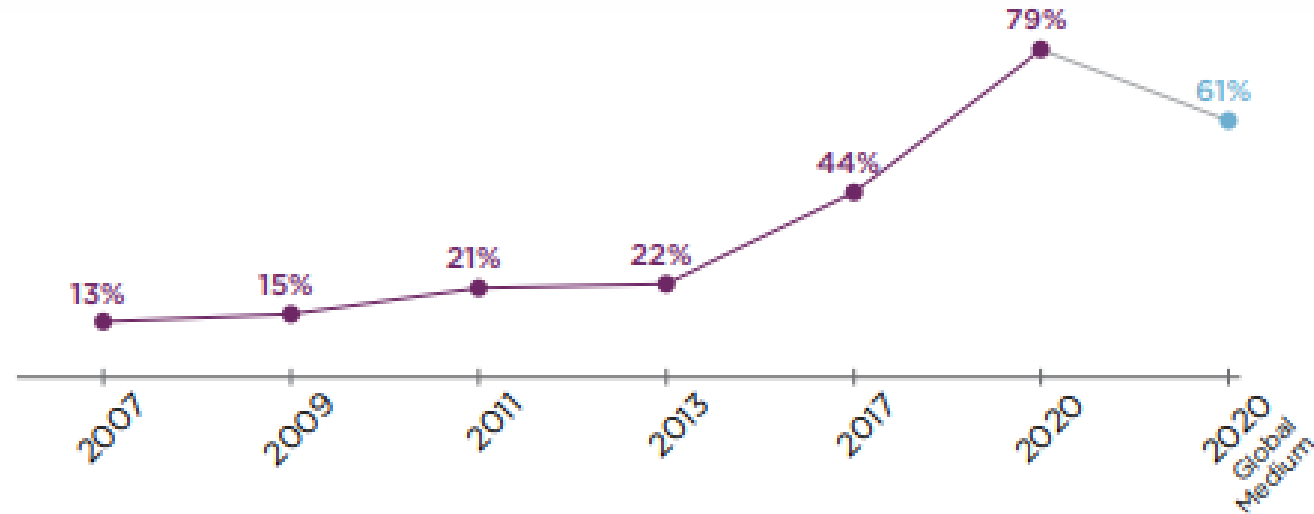


Source: *The State of Ethics & Compliance in the Workplace: A Look at Global Trends (ECI, 2021)*

# Ethics & Compliance Initiative (ECI)

## 2021 State of Ethics and Compliance in the Workplace

**Percentage of Employees Experiencing Retaliation After Reporting—U.S.**



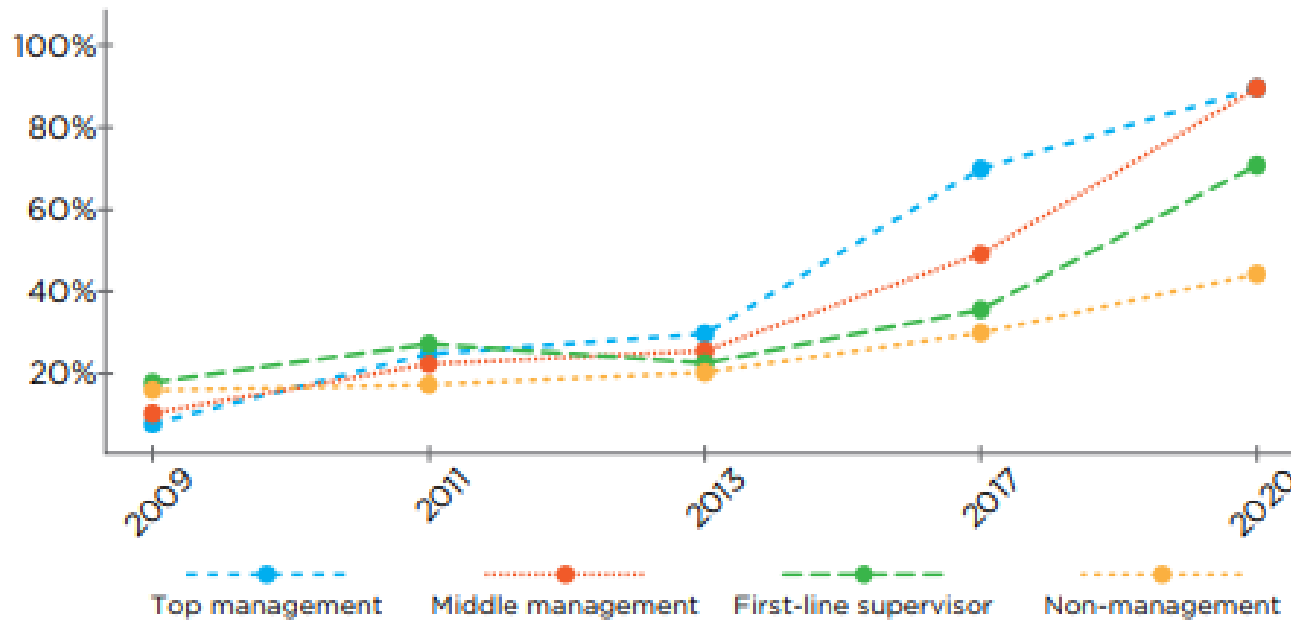
Source: *The State of Ethics & Compliance in the Workplace: A Look at Global Trends (ECI, 2021)*



# Ethics & Compliance Initiative (ECI)

## 2021 State of Ethics and Compliance in the Workplace

**Percentage of Employees Experiencing Retaliation After Reporting—Management Level—U.S.**



Source: *The State of Ethics & Compliance in the Workplace: A Look at Global Trends (ECI, 2021)*

# Ethics & Compliance Initiative (ECI)

82%

of U.S. employees surveyed who reported misconduct in the past 12 months indicated they experienced retaliation after some or all of their report(s)

Source: 2020 Global Business Ethics Survey® (GBES®)

# The 6 Elements - Written standard for ethical conduct

- Code of Ethics
- Conflict of Interest policy
- Anti-Fraud policy
- Whistleblower policy



# MSBO Code of Ethics

- I. **MSBO members** shall demonstrate and be dedicated to the **highest ideals of honor and integrity** to merit the respect, trust and confidence of school officials, other public officials, employees and of the public.
- II. **MSBO members** shall recognize and be accountable for their responsibilities as school employees in the public sector.
- III. **MSBO members** shall be responsible for maintaining their own competence, for enhancing the competence of their colleagues, and for providing encouragement to those seeking to enter the field of public schools.
- IV. **MSBO members** shall demonstrate **professional integrity** in the issuance and management of information.
- V. **MSBO members** shall act with **honor, integrity and virtue** in all professional relationships.
- VI. **MSBO members** shall actively **avoid the appearance of or the fact of conflicting interest**.
- VII. **MSBO members** shall **uphold the constitution, laws, and regulations** of the United States, the State of Michigan and all governments therein.
- VIII. **MSBO members** shall perform their duties with the **highest ethical standards**.

# The 6 Elements – Training on Ethics

- Employee Surveys
- Onboarding
- Annual Renewal
- Ethics Audit



# The 6 Elements – Training on Ethics

The  
Analogous  
Relationship

Both Sides  
Toward the  
Middle

Testing the  
Limits

Writing a  
Policy

Role  
Reversal

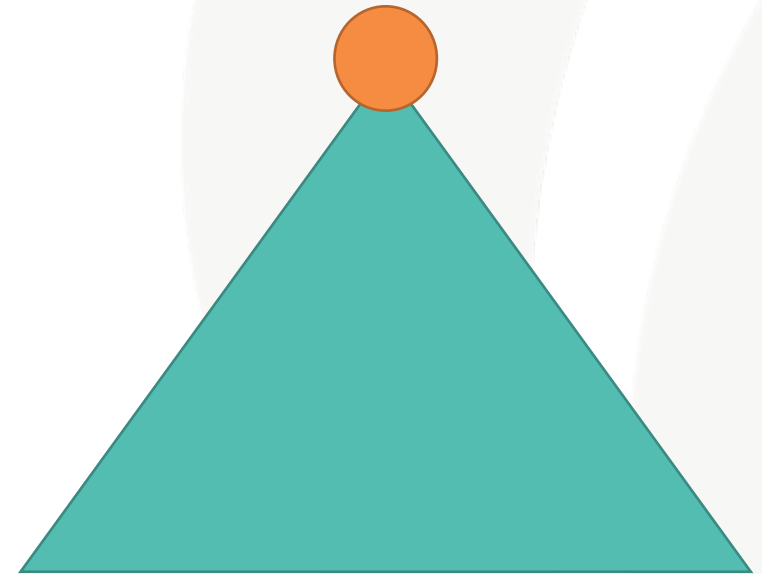
# The 6 Elements – Training on Ethics

## Ethics Audits

- Solid foundation
- Concrete metrics
- Cross functional team
- Effective and Efficient
- What else is there?
- Consistent and constant communication

# The 6 Elements - Mechanism for seeking ethics-related advice or information

- Policies and training
- Chain of Command
- Tone at the Top



# The 6 Elements - Mechanism for reporting misconduct anonymously

- Policies and training
- Hotline
- AI??
- Retaliation prevention

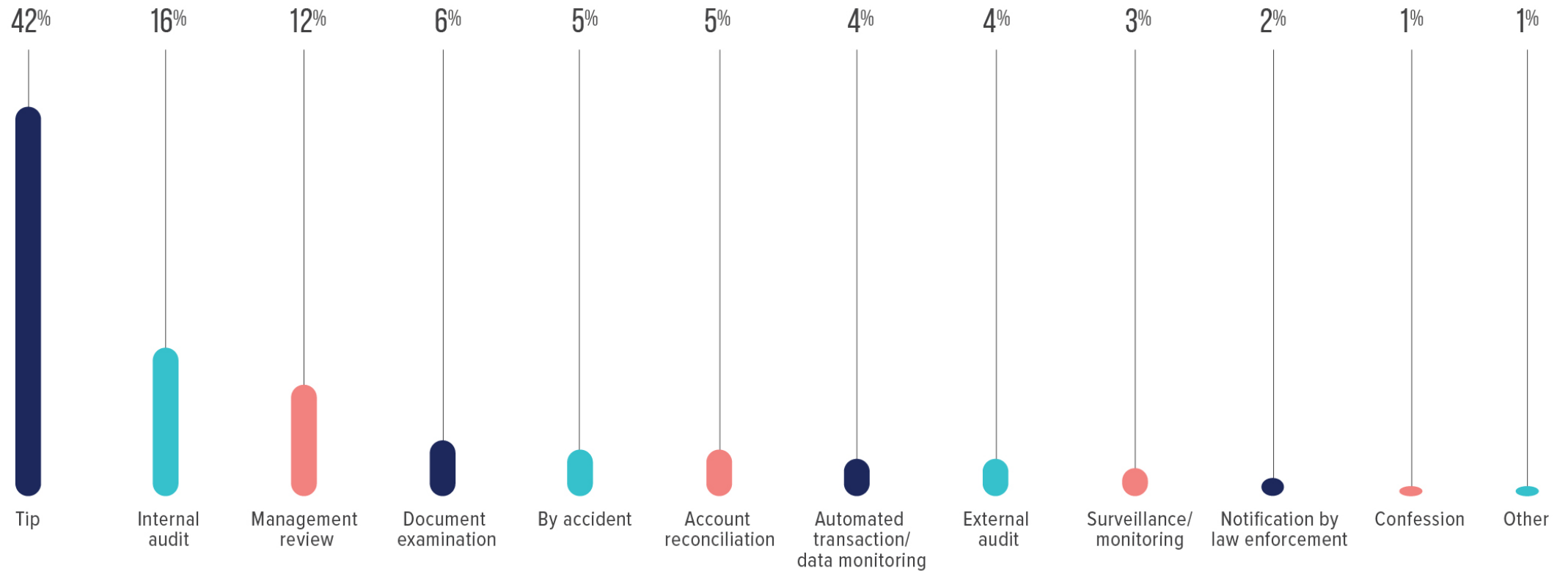


VS



# 2022 Report to the Nations

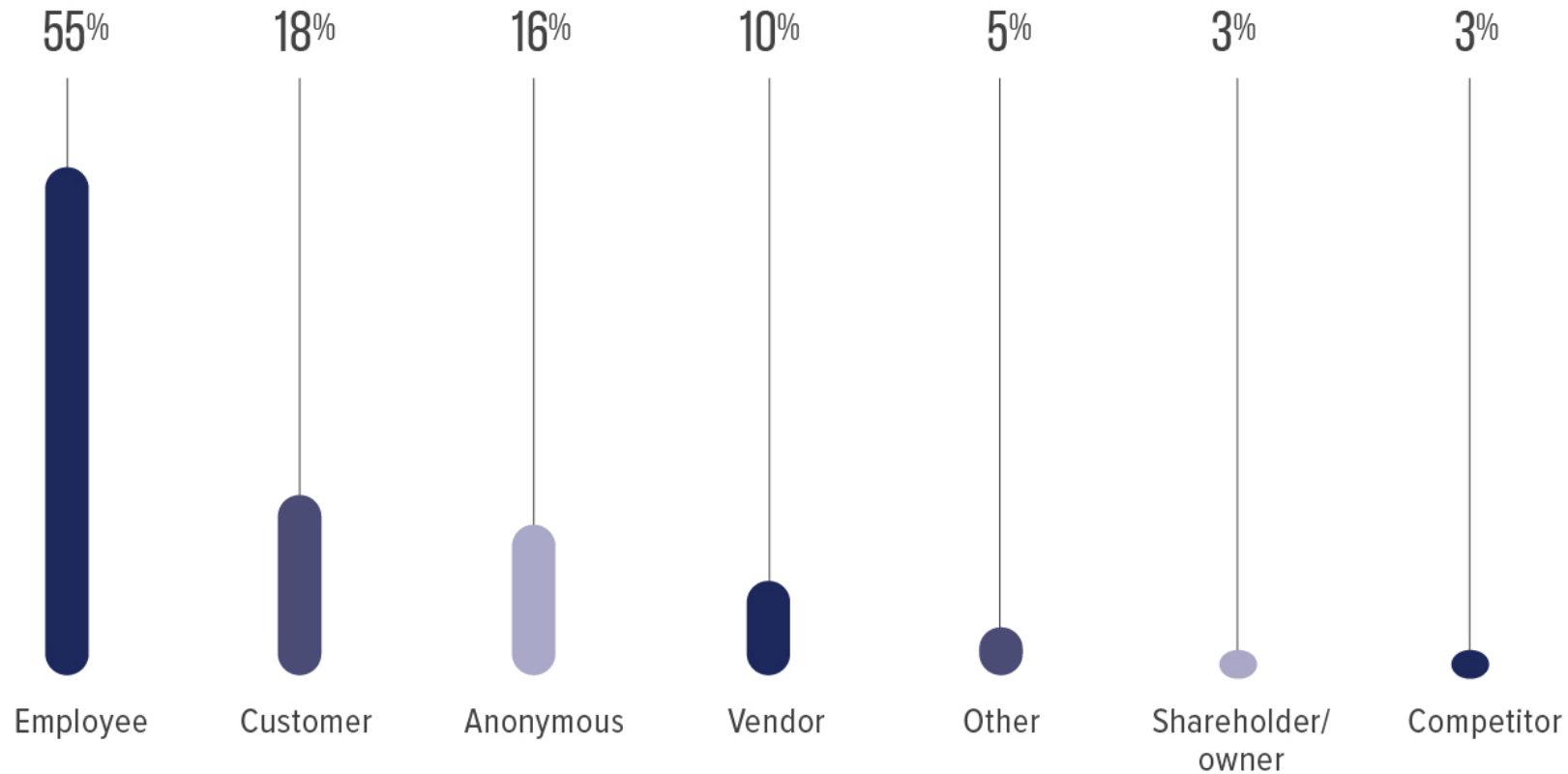
## HOW IS OCCUPATIONAL FRAUD INITIALLY DETECTED?





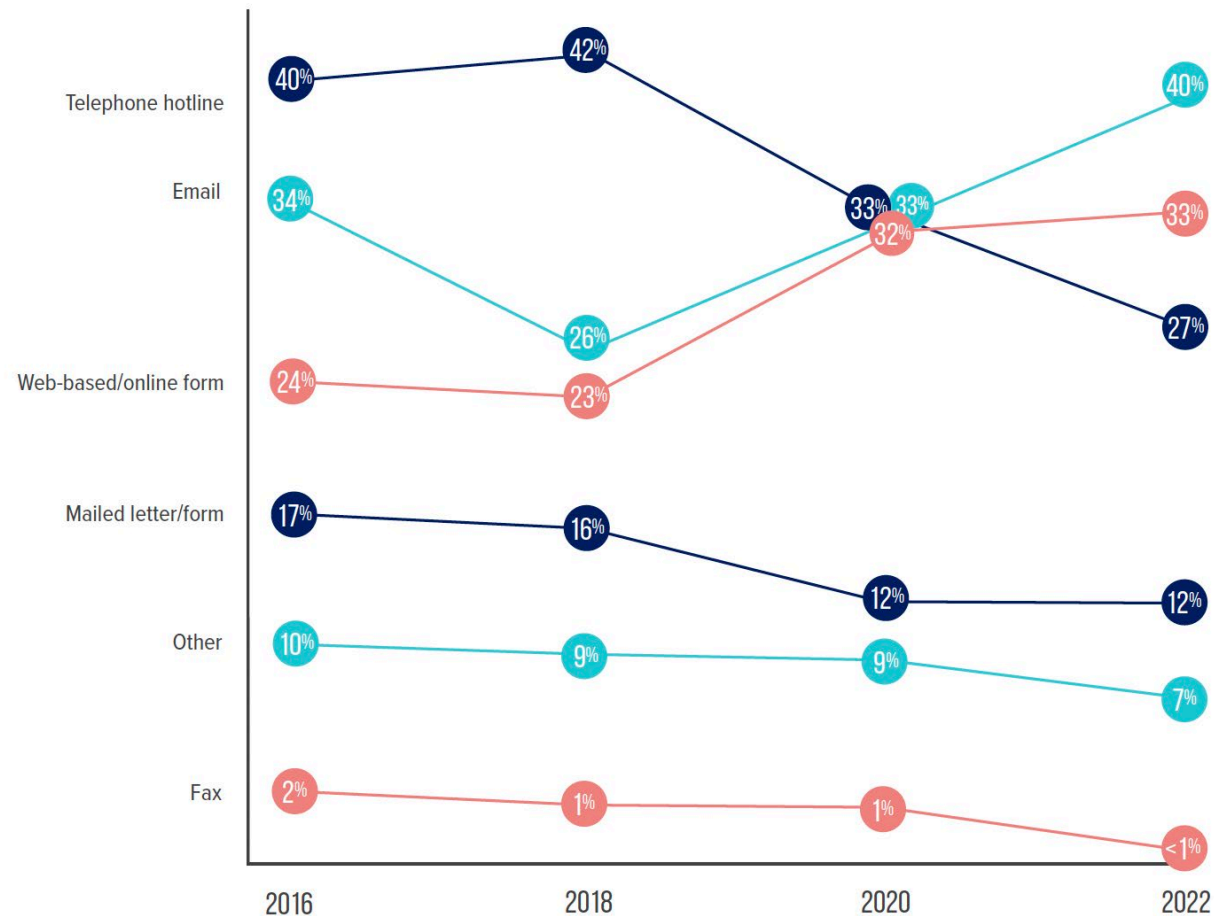
# 2022 Report to the Nations

## WHO REPORTS OCCUPATIONAL FRAUD?



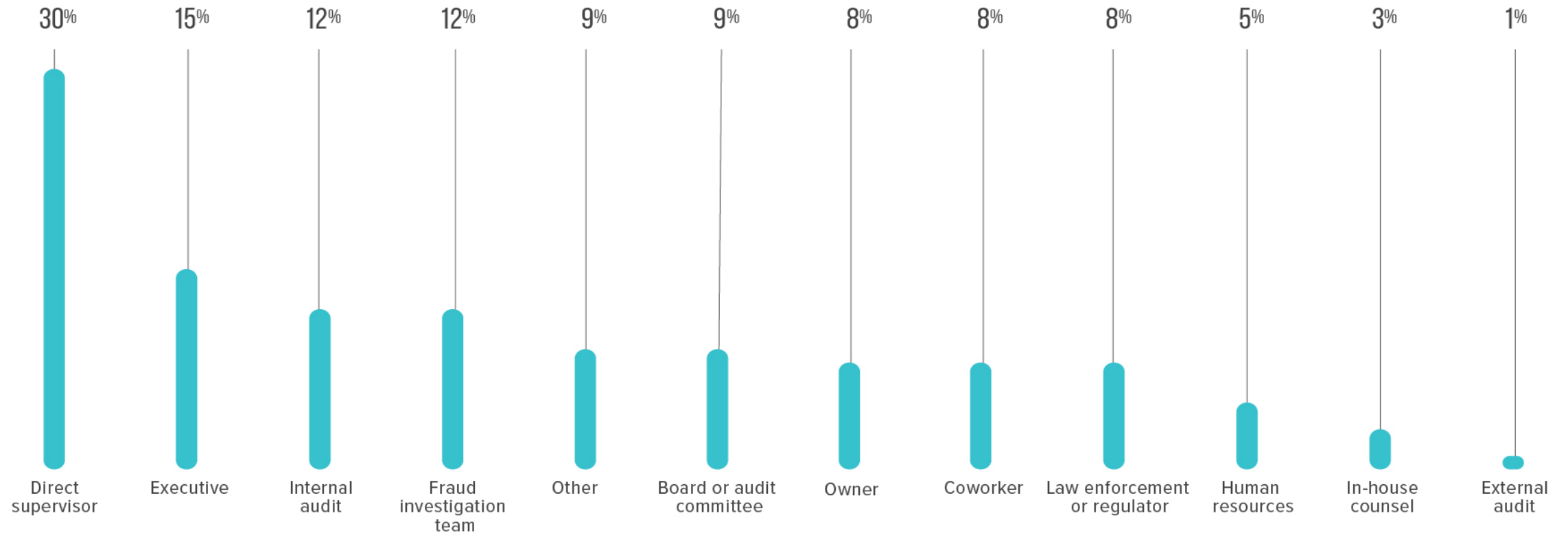
# 2022 Report to the Nations

## FORMAL REPORTING MECHANISM



# 2022 Report to the Nations

## INITIAL REPORTING POSITION

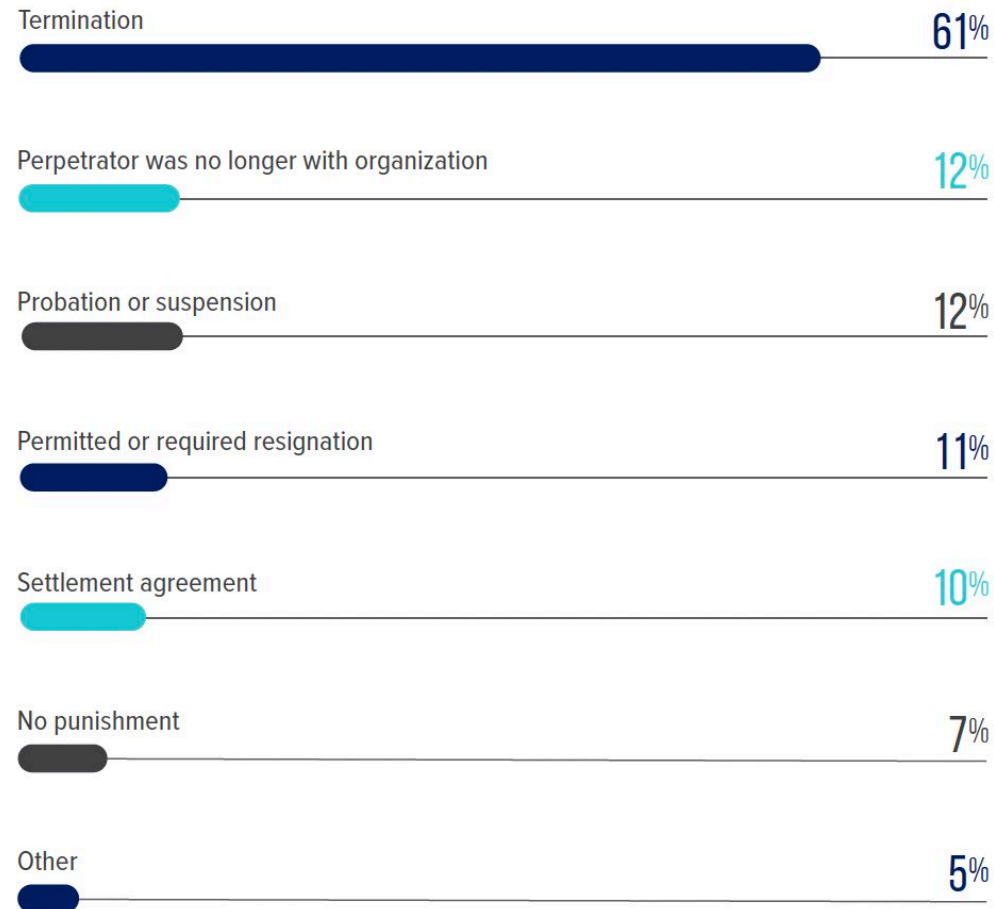


# The 6 Elements – Performance Appraisals & Discipline

- Policies and training
- Onboarding
- Follow through

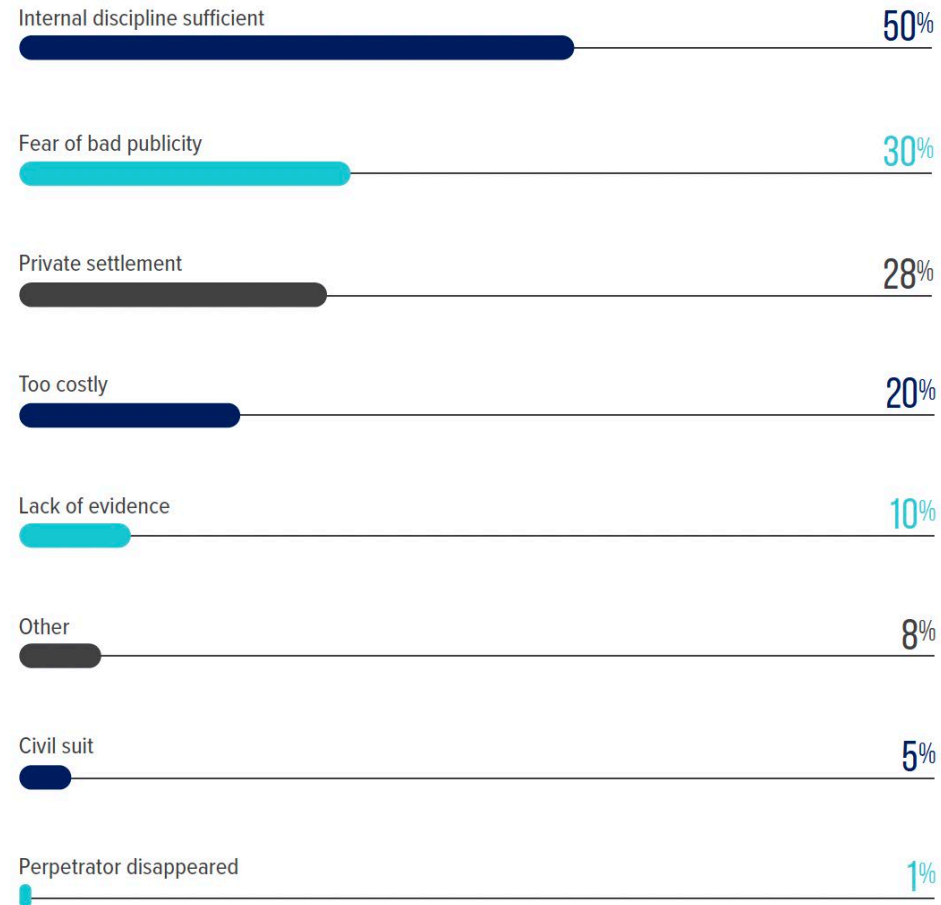
# 2022 Report to the Nations

## HOW DO VICTIM ORGANIZATIONS PUNISH FRAUD PERPETRATORS?



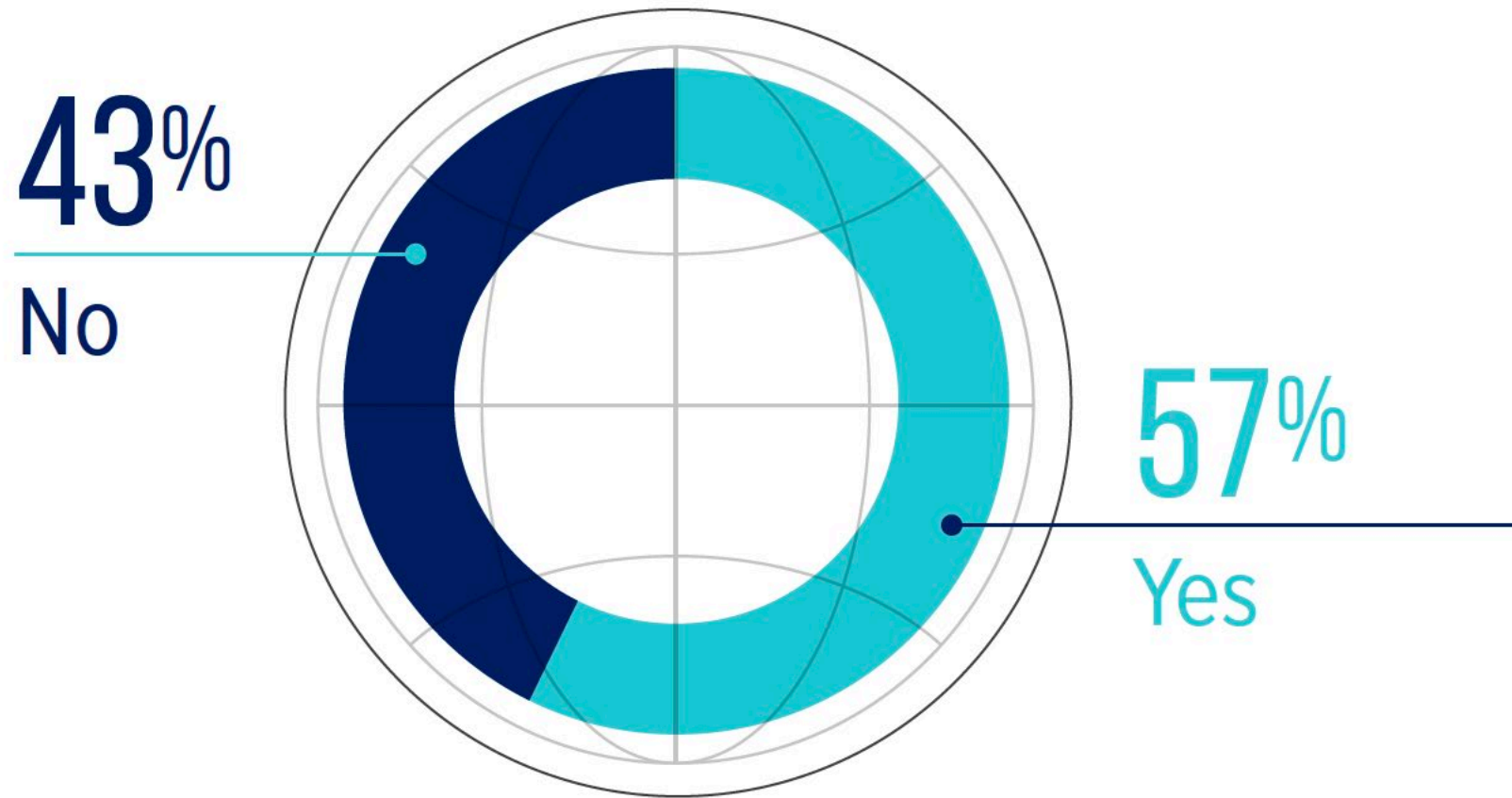
# 2022 Report to the Nations

## WHY DO ORGANIZATIONS DECLINE TO REFER CASES TO LAW ENFORCEMENT?



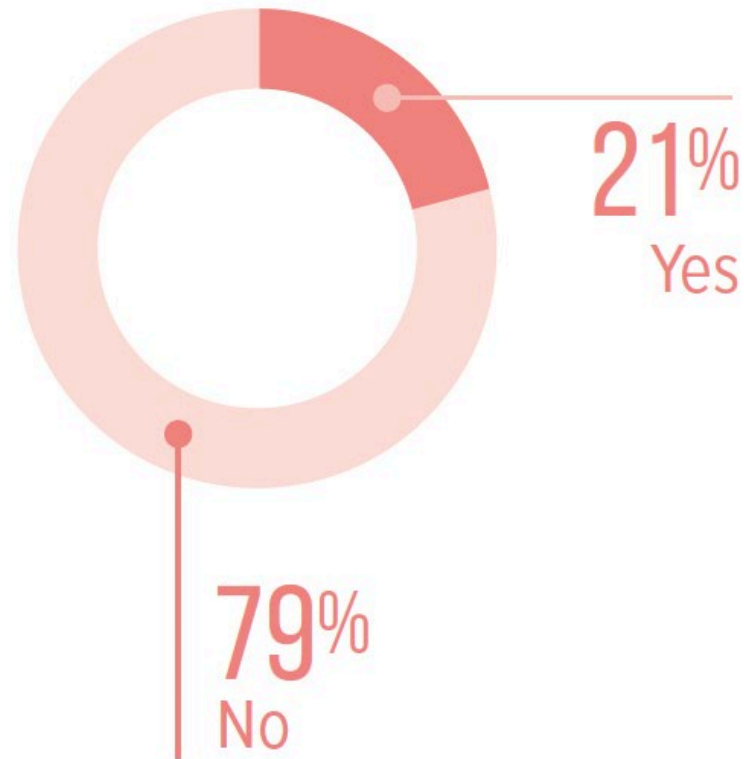
# 2022 Report to the Nations

WAS A BACKGROUND CHECK RUN ON THE PERPETRATOR PRIOR TO HIRING?



# 2022 Report to the Nations

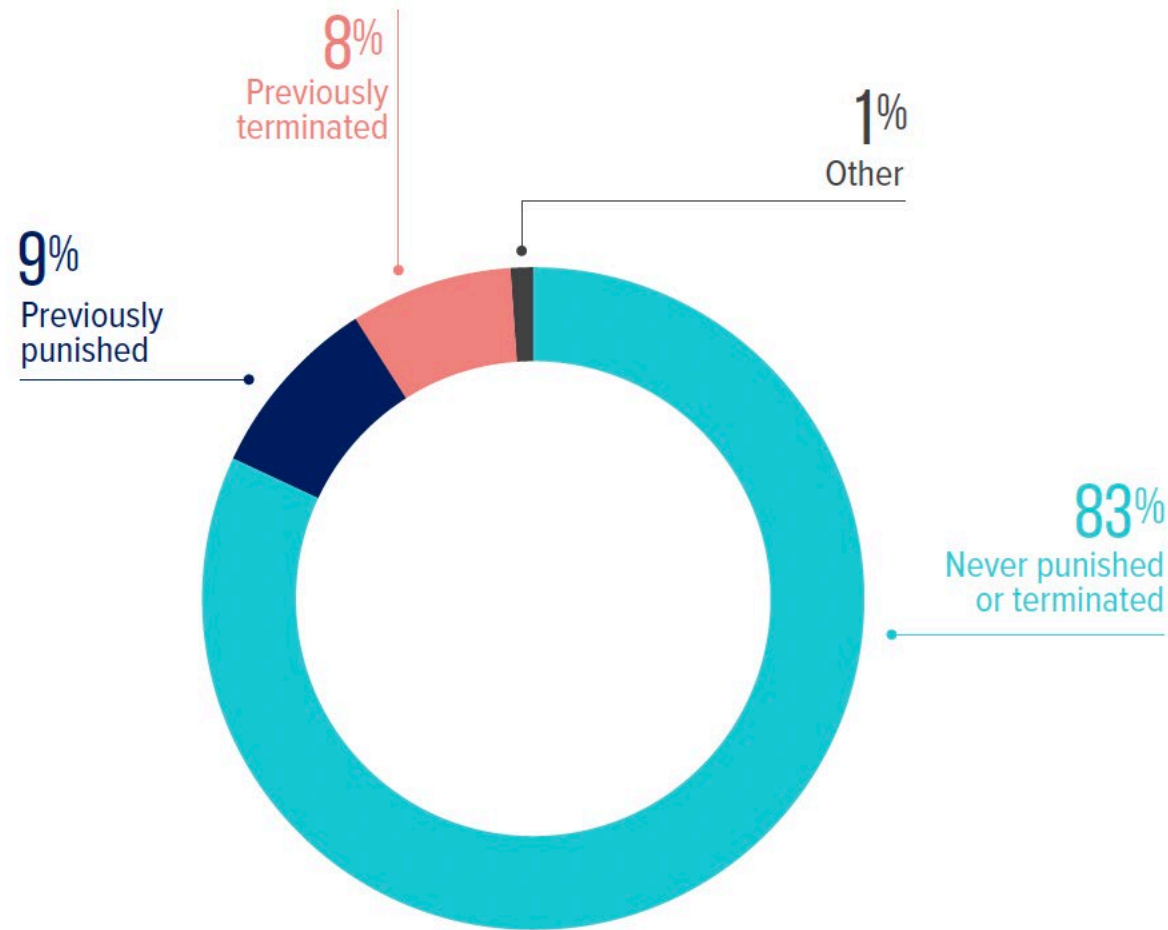
DID THE BACKGROUND CHECKS REVEAL EXISTING RED FLAGS?





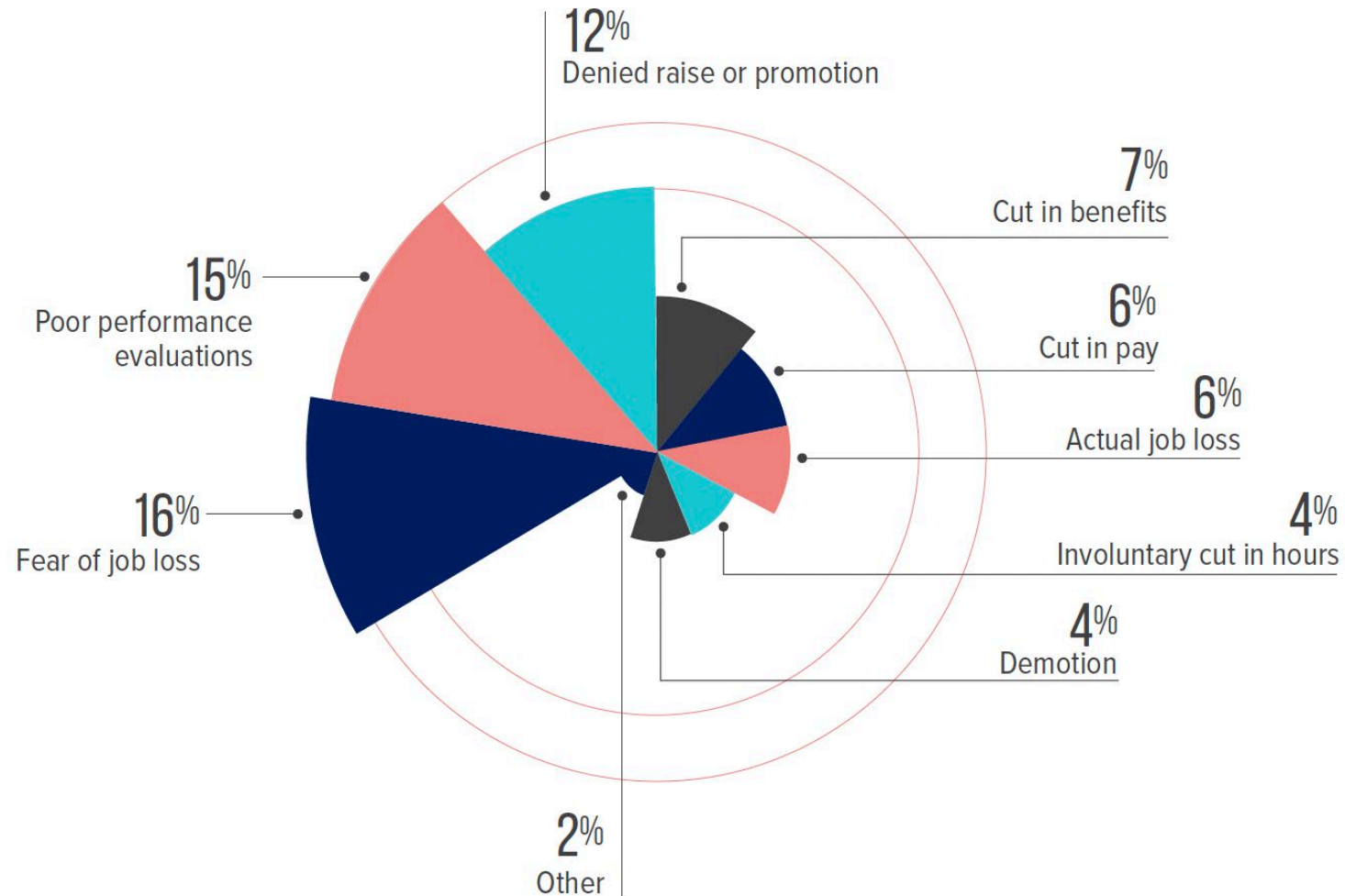
# 2022 Report to the Nations

DO PERPETRATORS TEND TO HAVE PRIOR EMPLOYMENT-RELATED DISCIPLINARY ACTIONS FOR FRAUD?



# 2022 Report to the Nations

## WHICH HR-RELATED ISSUES ARE MOST COMMONLY EXPERIENCED BY FRAUD PERPETRATORS?



# Group Discussion



What do you see as being the greatest ethical risks for schools today? In the future?



What would be the most difficult of the 6 elements to implement? The easiest?



What elements do you think might be missing from the 6 elements?

## Questions & Contact Information

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