

ETHICS – THE FOUNDATION OF OUR PROFESSION – PART 2

STATE OF MAINE



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Agenda

Topic

Code of Conduct

The written word and practice as usual

The easy slide to fraud when ethics does not exist

The tone from the top- Leadership and Ethics

The Value of a strong Ethical organization

Objectives

By the end of this course, you will be able to:

- Develop a strong code of ethics
- Understand the how easy it is for people to slide from ethical to fraud when there are no controls
- Understand the important role Leadership as it relates to Ethics
- Understand the value of ethics within and outside the organization

CODE OF CONDUCT



Core Values

- Integrity
- Reliability
- Independence
- Accountability
- Focus on doing the right thing everyday for ourselves and our clients
- Code of conduct

Examples of Code of Conduct

- AICPA
- SUNY
- ACFE
- Code of Conduct – is it theory
- Difference between ethics and aesthetics
- Ethics training

THE WRITTEN WORD VERSUS PRACTICE AS USUAL



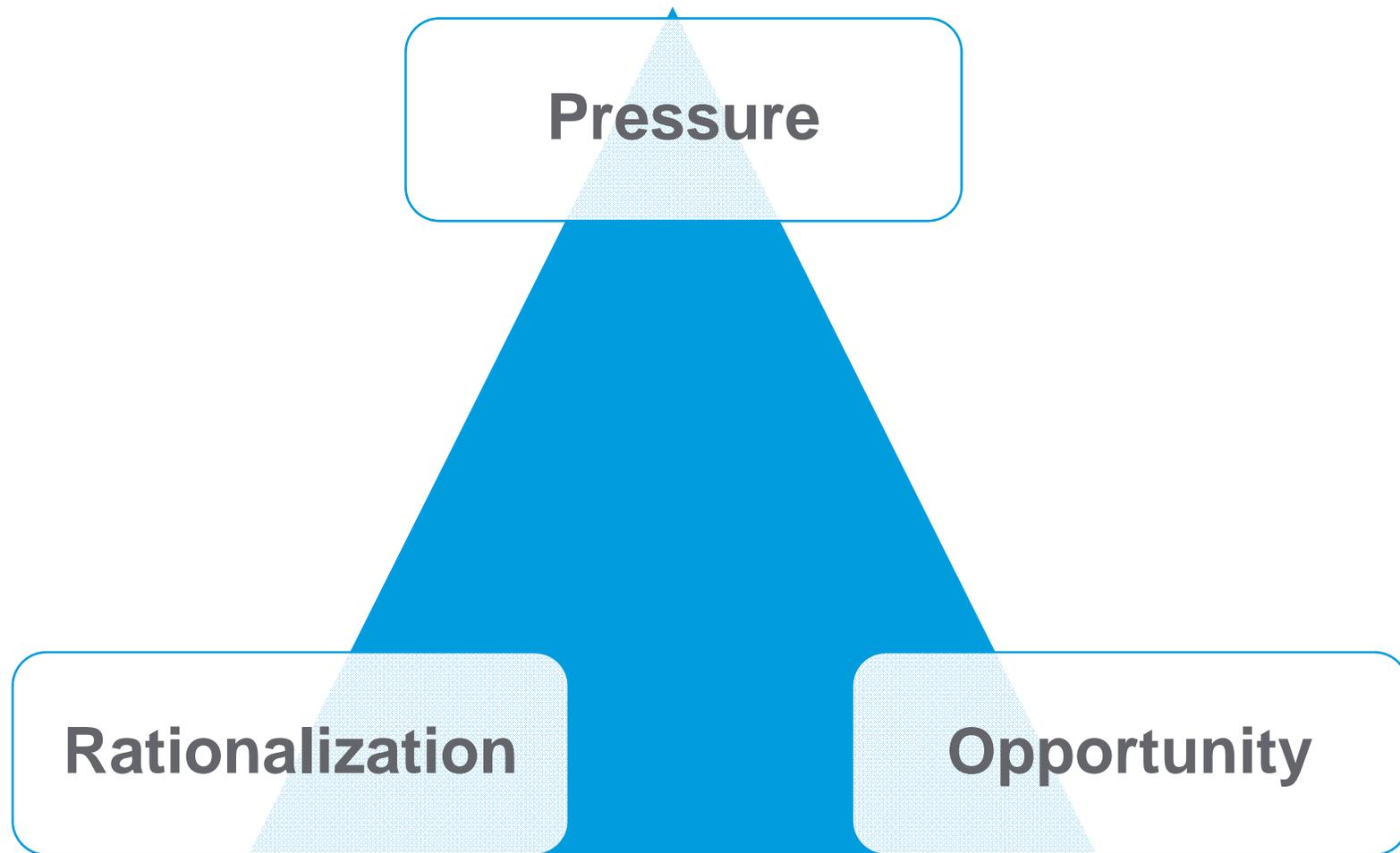
The written word versus practice as usual

1. Substance over form
2. Organization culture – sticks and carrots
3. Professional examples of success and failure

THE EASY SLIDE TO FRAUD WHEN ETHICS DOES NOT EXIST



Fraud triangle



ACFE fraud facts

- Organizations lose 7% of annual revenue to fraud
- Fraud continues for an extended time before its detected (average of 24 months)
- Small businesses and small not for profits are most vulnerable
- Fraud rises dramatically during poor economic times
- 63% of fraud is in excess of \$100,000

Common ways to learn of fraud in your organization

Ways to learn of fraud	Percentage
Tips	41.7%
Accident	29.6%
Internal audit	10.7%
Internal controls	17.3%
External audit	14.3%
Notified by police	3.3%

Common ways to learn of fraud in your organization

Ways to learn of fraud	Percentage
Tips	41.7%
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THE TONE FROM THE TOP – LEADERSHIP AND ETHICS



The tone from the top – Leadership and Ethics

1. Your words and actions matter – people are watching and listening
2. Leadership comes from all angles – top, bottom and sideways
3. Accountability – what is it – who decides

THE VALUE OF A STRONG ETHICAL ORGANIZATION



The value of a strong ethical organization

- Value proposition internally
- Value proposition externally
- Is there a punishment for unethical behavior
- How do we showcase strong ethical behavior
- Exercises

Key points

- Listen
 - Listen
 - Listen

RESOURCES



Resources

- Ethics Theory and Practice – Thiroux and Krasemann
- Your organization's code of conduct
- Human resource department
- Management team
- American Institute of CPAs
- ACFE – Anti-fraud resource guide
- Daily news articles

CALL TO ACTION



QUESTIONS AND ANSWERS?