

Behaving Ethically to Uphold Enduring Values

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Ceremony

Ethical Behaviour

- “**Acting** in ways consistent with what society and individuals typically think are good values. **Ethical** behavior tends to be good for business and involves demonstrating respect for key moral principles that include honesty, fairness, equality, dignity, diversity and individual rights.” Business Dictionary
- Wisdom is the proper, appropriate application of knowledge
- To know and not apply is not wisdom...folly?

- Professional Ethics

Upholding Ethical Behaviour

- Enduring means long lasting, not flash in a pain, sustainable
- Value means

principles or standards of behaviour; one's judgement of what is important in life.

"they internalize their parents' rules and values"

synonyms:

principles, moral principles, ethics, moral code, morals, moral values, standards, moral standards, code of behaviour, rules of conduct, standards of behaviour "society's values are passed on to us as children"

Ethics of accounting

- *Accounting ethics* is primarily a field of applied *ethics* and is part of business *ethics* and human *ethics*, the study of moral values and judgments as they apply to *accountancy*. It is an example of *professional ethics*
- *Why should accountants be ethical? Finance and accounting are the lifeline of companies, if the companies are formed to make money then the stakeholders should be able to rely on the reports and that can only be possible if the integrity of the persons are above board*

Professional code of Conduct

- Generally a member of a profession owes certain duties to the public at large, including those who retain or employ him, to the profession itself and to all other members of that profession, even though such duties may at times be at variance with his own personal interests
- The professional code of conduct serves as a guide to members of the institute and require strict observance as a condition for continued membership
- Misconduct is any act or default likely to bring discredit to a member, the institute or the accountancy profession
- The investigating Panel and The Accountants' Disciplinary Tribunal handle cases of misconduct

Fundamental Principles

- A professional accountant shall comply with the following fundamental principles:
- **Integrity** - to be straightforward and honest in all professional and business relationships.
- **Objectivity** - to not allow bias, conflict of interest or undue influence of others to override professional or business judgments.
- **Professional competence and due care** - to maintain professional knowledge and skill at the level required to ensure that a client or employer receives competent professional services based on current developments in practice, legislation and techniques and act diligently and in accordance with applicable technical and professional standards.
- **Confidentiality** - to respect the confidentiality of information acquired as a result of professional and business relationships and, therefore, not disclose any such information to third parties without proper and specific authority, unless there is a legal or professional right or duty to disclose, nor use the information for the personal advantage of the professional accountant or third parties.
- **Professional behaviour** - to comply with relevant laws and regulations and avoid any action that discredits the profession.

Professional Ethics

- Honesty
- Integrity
- Transparency
- Accountability
- Confidentiality
- Objectivity
- Respect
- Obedience to law
- Loyalty

Threats and Safeguards

- THREATS

- Self Interest
- Self Review
- Advocacy
- Familiarity and
- Intimidation are examples of threats

- SAFEGUARDS

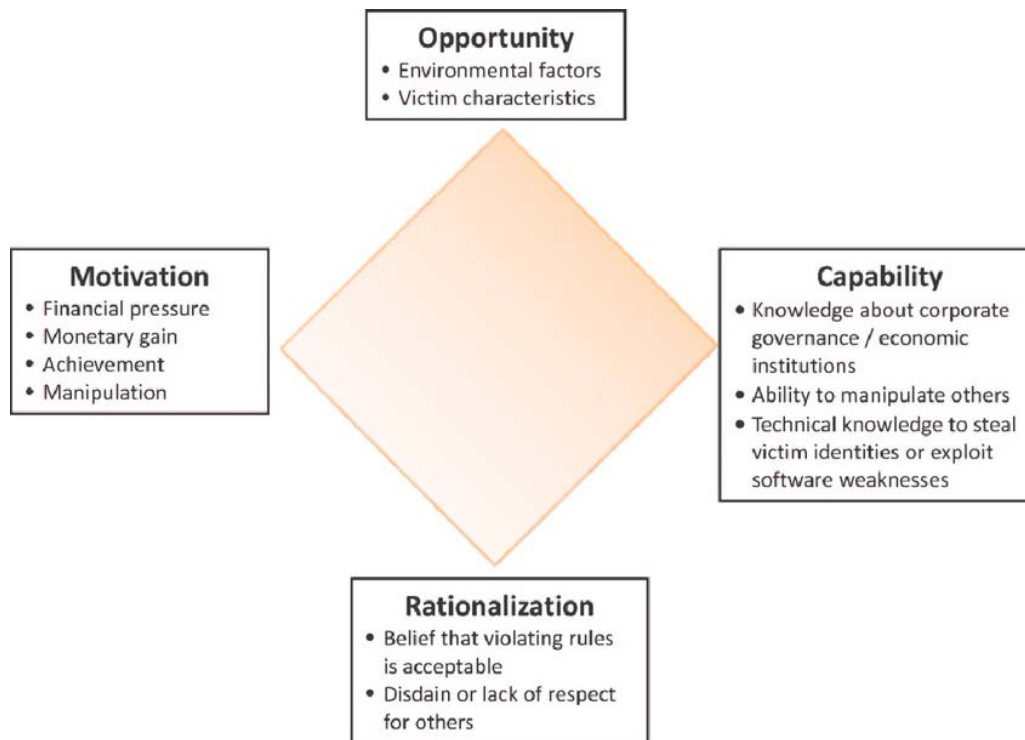
- Instilling integrity in organisation and reporting with integrity
- Ethical standards,
- Core values
- Tone at the Top
- Properly documented Policies and procedures

Threats and Safeguards –cont'd

- Deterrence (fear of being caught)
- Corporate governance
- Effective Internal Control systems,
- Fraud Risk Assessment,
- Peer Review

The Fraud Triangle\Diamond

- Framework designed to capture the workplace fraudster's reasoning for committing fraud
- Pressure(incentive), opportunity(weak controls) and rationalisation(attitude) plus capability



The Fraud Triangle\Diamond

cont'd

- The three elements of fraud coexist at different levels per individual
- The elements of fraud will vary based on personal circumstances
- The strength of one element may cause an individual to commit a fraudulent act
- The strength of one element may eliminate the worry of detection
- Identifying the three elements is easier than measuring the three elements
- The 10-80-10 law
- The paw in the bottle

Fraud

- Fraud encompasses a range of irregularities and illegal acts characterised by intentional deception or misrepresentation, which an individual knows to be false or does not believe to be true – IIA std 1210.A2
- Unfortunately corruption is a cost of doing business
- Bribery, a price, reward, gift, or favour bestowed or promised with a view to pervert the judgement of or influence the action of a person in a position of trust
- Accounting Irregularities
- Asset misappropriation
- Revenue fraud
- False billing/overbilling
- Travel expenses
- Contract fraud

Who is likely to commit Fraud

- **Who are the perpetrators of fraud?**
- According to research conducted by KPMG on [Global Fraud Patterns](#):
- 40% of fraud is committed by people 36-45
- 85% of fraud is committed by men
- 82% of fraud is committed by management or higher (29% by management, 35% by senior management, 18% by the board)
- 90% of fraud is committed by people that have been with the company for over 3 years (29% 3-5 years, 27% 6-10 years, 33% more than 10 years)
- 32% of fraud is committed by the finance department, 25% by operations, and 26% by the CEO's office.
- 74% of fraud exploits weak internal controls
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The Market Place

- Without accountants treasury won't be looted successfully
- Financial records wont be falsified without detection
- Padding will be exposed
- Theory versus practise
- Does it include doing the wrong thing against the law for the right reason

Make Your Tent before the Rain

- Your “WHY” -purpose
- Your Dreams
- Your worth
- The only way to be truly satisfied is to do what you believe is great work. And the only way to do great work is to love what you do. If you haven't found it yet, keep looking. Don't settle. As with all matters of the heart you'll know when you find it”
Steve Jobs

The Whistle blower

- The Whistle-blower Protection Act 2017
- The Bankers' Committee whistle blower policy
- There's a price to pay
- Enron and WorldCom - Cynthia Cooper Sarbanes-Oxley Act

How Will You Measure Your life

- The Harvard prof – allocate resources to things that matter, have a strategy for your life, have a purpose and how will you measure your life
 - Happiness in your career
 - Happiness in your relationships. “The happiest moments of my life have been the few which I have passed at home in the bosom of my family” Thomas Jefferson
 - Staying out of trouble. Living a life of integrity. “The safest road to hell is the gradual one-the gentle slope, soft underfoot, with sudden turnings, without milestones, without signposts”. C S Lewis

Finishing Strong

- Set your limit upfront
- Don't live a life of compromise
- Be the best you can
- Develop yourself
- Know the principal
- Always be prepared
- Never compromise integrity
- Think sustainability – leave the world better

Finishing Strong – cont'd

- To uphold enduring values you need to see your epitaph before you
- Three parts to your purpose:
- The person I want to become,
- Becoming committed,
- Finding the right metric

• **THANK YOU!**

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- Play like a man win like a woman –Gail Evans
- IFAC code of Ethics
- ICAN professional Code of Conduct & guide for members-2009
- ICAN website – www.icanig.org
- Old Notes