

## Ethics: Standards of Ethical Conduct



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County Auditor-Controller



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### A sensitive but important topic

- 74% of us believe our ethics are higher than those of our peers
- 83% of us may say at least one-half of the people we know would list us as one of the most ethical people they know
- 92% of us are satisfied with our ethics or character



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### Transparency International corruption index rating for USA

- 2003 – 18<sup>th</sup> of 133
- 2004 – 17<sup>th</sup>
- 2005 – 17<sup>th</sup>
- 2006 – 20<sup>th</sup>
- 2007 – 20<sup>th</sup>
- 2008 – 18<sup>th</sup> of 180



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### Indicators of what the future holds

- 64% of high school students cheated on an exam
- 36% plagiarized and assignment
- 64% lied to a teacher
- 84% lied to their parents
- 30% stole from a store

*The Josephson Institute of Ethics 2007*



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### What is ethics?

- Ethics has a universal appeal
- It underscores an expectation of goodness
- Ethical behavior is the bedrock of every successful society
- Understood in every culture



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### What is ethics?

- Beliefs and actions reflecting right and wrong, good and bad
- Ethical behavior conforms to individual beliefs



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### Seven standards of ethical conduct

- 1. Set the right tone at the top
- 2. Fairness and objectivity
- 3. Individual responsibility and accountability
- 4. Respect
- 5. Compliance with laws and regulations
- 6. Avoid conflicts of interest
- 7. Maintain a good system of internal control



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### 1. If you are in charge, set the right tone

Nearly all men can stand adversity, but if you want to test a man's character, give him power.

— Abraham Lincoln, 16th president

- Encourage ethical behavior
- Align priorities with values



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### Encourage ethical behavior

- Make beliefs and actions line up
- People sometimes say one thing and do another
- Lead by example



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### Align priorities with values

- Defines values and align priorities
- Elevate ethics on the agenda
- Top management's support
- Evaluate existing ethics programs
- Give employees an outlet to *Speak Out!*



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### 2. Fairness and objectivity

- Apply the Golden Rule
  - Do unto others as you will have them do unto you
  - What you do not want done to yourself, do not do unto others



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### 3. Individual responsibility and accountability

In matters of style, swim with the current.  
In matters of principle, stand like a rock.  
— *Thomas Jefferson, 3rd president*

- Exercise responsibility appropriate with your authority
  - Know yourself – your strengths and weaknesses, and seek self improvement
- Be accountable for your actions



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## 4. Respect

- Respect for others
- Respect confidentiality



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## Treat each other with respect and dignity

- Don't discriminate or harass
- Create a safe workplace
- Be compassionate



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## Respect differences



- Underlying beliefs cloud and color how we measure people, our actions towards them and our communications with them



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## Respect confidentiality

- Levels of access to information should be limited to business
- Privacy is a fundamental right
- Observe computer security
- Beware of the risk of identity theft
- Remember, "loose lips sink ships"



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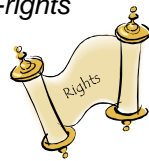
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## 5. Comply with laws and regulations

The time is always right to do what is right.

— *Martin Luther King, Jr., civil-rights leader, minister*

- Become familiar with laws, regulations, policies and procedures related to your area of responsibility



- Ethics transcends the law



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## 6. Avoid conflicts of interest

- Actual conflicts
  - Financial transactions
  - Personal relationships
  - Acceptance of gifts
  - Future employment
- Appearance of conflicts



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## Perception is reality

When it comes to trust, perception is reality

It is not enough to do no wrong, we also have to assure that others believe we have done no wrong

*The Josephson Institute of Ethics 2007*



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## 7. Maintain a good system of internal controls

- Broadly, internal controls are processes to help an organization achieve its objectives in the following areas:
  - Economy and efficiency of operations
  - Compliance with laws and regulations
  - Reliability and integrity of financial reporting
- Everyone has a responsibility for internal controls



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## Ethics is a core element of internal controls

- Management environment - Tone at the top, integrity, **ethics**, competence.
- Risk assessment
- Controls activities
- Information and communication
- Monitoring



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Listen for the bells warning you of a potential ethical issue

- Freebies
- Special loans/deals
- Consulting fees
- Honoraria
- Using government resources
- Hiring relatives
- Leaving government for a position with a contractor
- Political intervention



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***If you want to know how to live your life, think about what you'd like people to say about you after you die – and live backwards.***



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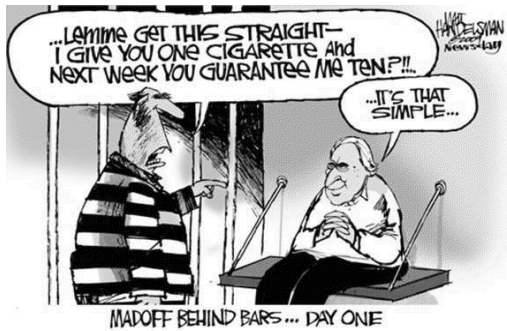
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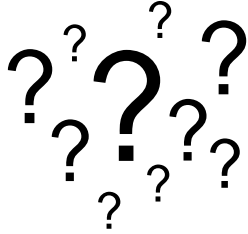
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# Questions



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# The End



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