Practical Ethics
Danny M. Goldberg

- Partner, Professional Development (www.sunera.com)
- Founding Partner, SOFT GRC (www.thesoftaudit.com)
  - Sold to Sunera January 2011
- Former Director of Corporate Audit/SOX at Dr Pepper Snapple Group & Tyler Technologies
- Published Author (Book/Articles)
- Texas A&M University – 97/98
- Father of two beautiful kids!
Danny M. Goldberg (cont.)

- CPA – Since 2000
- CIA – Since 2008
- CISA – Since 2008
- CGEIT (Certification in the Governance of Enterprise IT) – Since 2009
- CRISC (Certification in Risk and Information Systems Control) – Since 2011
- CRMA (Certification in Risk Management Assurance) – Since 2011
- CCSA (Certification in Control Self-Assessment) – Since 2007
- Chairman of the Leadership Council of the American Lung Association - North Texas
- Served on the Audit Committee of the Dallas Independent School District (CY 2008)
- Current Dallas IIA Programs Co-Chair (2011-2012)
- Former IIA Volunteer Instructor
- Published Author
  - November 2010 – *Bureau of National Affairs* - Internal Audit: Fundamental Principles and Best Practices
  - *Internal Auditor* Articles (August 2007, December 2007, October 2010)
  - *ISACA Online* Article – December 2009
  - June 2010 – *Audit Report* – Cover Article – “How the Recession is Changing is Internal Audit”
  - December 2010 *New Perspectives* - *Sell Your Work*: How to Deliver Best Practice Audit Reports
Danny M. Goldberg – Speaker Bio

- Speaking publicly for 5 years
- Relationships with over 50 IIA/ISACA Chapters around North America
- Work with multiple Fortune 1000 Internal Audit Departments
- Work with numerous other professional organizations throughout North America, including:
  - State Auditors Office of Numerous States
  - North Texas Independent School District Peer Group
  - National Lottery Association
  - North Texas Oil and Gas Peer Group
  - ASQ Audit Division
  - Texas Society of CPA’s
  - Bank Internal Auditors Association of Western Pennsylvania
- References from all IIA/ISACA Chapters worked with
- “Top Rated” (Excellent/Outstanding) Speaker – 20th Annual American Society for Quality (ASQ) Audit Division Conference (out of 44 presenters)
- Top 10 Presentation – 2011 IIA Midwest Regional (36 total concurrent sessions, 3.75 overall rating out of 4.0)
- Top 3 Ranked Speaker – Michigan CPA’s Healthcare Conference 2011 (29 total speakers)
- Top 3 Ranked Speaker – ArkSarBen IIA 2011 District Conference (24 total sessions)
- 3.58/4.00 Rating – 2011 ACFE Annual North American Conference
- 1 of 100 Presenters invited to present at the 2012 IIA International Conference
Ethics: Generally Speaking

- Study of what is good and evil, right and wrong (based on societal norms), just and unjust
- Ethical dilemmas can be obvious to some and oblivious to others
- Ethics are viewed differently by age, background and value system
Discussion – If there a difference between Ethics and Morals?

Discussion – Ethics vs. Morals
Business Ethics

- Study of what is good and evil, right and wrong (based on societal norms), just and unjust *in an organization*
- Comprised of the principles and standards that guide behavior in the world of business
- Determined by key stakeholders in an organization or, to an extent, rules and regulations (government agencies, public companies)
Examples of Ethical Dilemmas

- Individual values and the company
  - Receiving or offering kickbacks
  - Stealing from the company
  - Questionable business expenses (T&E)
  - Confidential information/trade secrets
  - Utilizing company property for personal use
  - Conflict of interest

Frequent Overlap

Ethics

Law
Examples of Ethical Dilemmas (cont.)

- The Company and Individual Rights
  - Whistle-blower fired
  - Employee screening vs. privacy
  - Sexual harassment
  - Affirmative action
  - Employee rights
  - Due process
Examples of Ethical Dilemmas (cont.)

- Business Operations
  - Workplace safety
  - Business environment and practices in other countries (pay-offs, etc.)
  - Procedures (financial, cash management)
  - Environment issues
Key Causes of Unethical Behavior

- Meeting overly aggressive financial or business objectives ("meeting earnings expectations")
- Meeting schedule pressures ("it has to be done today no matter what")
- Helping the organization survive ("staying out of bankruptcy by falsifying earnings, etc.")
- Others do it so I can too (charging through alcohol or expensive meals outside of policy guidelines)
- Saving jobs
Key Influences on Ethical Behavior

- How you grow up
- Personal moral and values
- Influence of meaningful people (mentors) – supervisors, parents, family, etc.
- Influence of senior management
- Personal drive
- Performance pressures
- Lack of consequences
- Law
Other Determinants of Ethical Behavior

- Religious convictions
  - Reciprocity
  - Fairness
  - Charity
  - Responsibility
- Moral philosophy
- Ethical philosophy
Everybody else does it
If I do not do it, someone else will
It is the way it's always been done
Let's wait until someone tells us it is wrong
  – Legality has nothing to do with ethical behavior
We are not hurting anyone
The system is unfair
Ethical Issue Types

- Conflict of interest
- Do one to others.....
- Communication
- Organizational relationships
Conflict of Interest

- Exists when an individual must choose whether to advance his/her own interests, the organization’s, or others’
  - Examples include bribes or personal
- Payments, gifts, or special favors intended to influence decision making
Do One to Others.....

- Treat all with honest and fairness
- Following applicable laws and regulations & not knowingly harming stakeholders
  - Is advertising prescription drugs on TV and in magazines fair?
Communications

- Transmission of information and the sharing of meaning
  - Examples: deceptive advertising, product safety information, & product composition
Organizational Relationships

- Behavior of organizational members toward stakeholders
  - Includes confidentiality, meeting obligations & deadlines, not pressuring others to behave unethically
Why Should We Be Concerned With Ethics?

- Laws can be viewed as insufficient and do not cover all aspects or gray areas of a problem
- Free-market and regulated-market mechanisms do not effectively inform owners and managers about how to respond to complex crises
- Cost/benefit
- Whatever come around, goes around
Discussion – What is the Cost of Unethical Behavior?
Complex Ethical Decisions
A customer asked for a product from us today. After telling him our price, he said he could not afford it. I know he could get it cheaper from a competitor. Should I tell him about the competitor -- or let him go without getting what he needs? What should I do?
Our company prides itself on hiring minorities. One Hispanic candidate fully fits the job requirements for our open position. We are concerned that our customers will not understand his limited command of the English language. What should I do?
My boss told me that one of my employees is among several others to be laid off soon, and that I'm not to tell my employee yet or he might tell the whole organization which would soon be in an uproar. Meanwhile, I heard from my employee that he plans to buy a new house. What should I do?
Personal Versus Business

My computer operator told me he'd noticed several personal letters printed from a computer that I was responsible to manage. While we had no specific policies then against personal use of company facilities, I was concerned. I approached the letter writer to discuss the situation. She told me she had written the letters on her own time to practice using our word processor. What should I do?
4 Methods to Resolve Ethical Dilemmas
1. The Golden Rule

- Do one to others as you would want others to do to you
  - Treat all work situations the same as you would a personal situation
  - Do you normally fly first class?
  - Do you normally go to a first class steak house when out of town?
2. The Right Questions

- Are you confident that your position will be as valid over a long period of time as it seem now?
- Could you disclose without qualm your decision or action to your boss, your CEO, the board of directors, your family, society as a whole?
- Would you feel comfortable discussing via subpoena?
- How would you feel if the issues was in the newspaper?
3. Perception Can Be Reality

- How is the situation perceived by peers?
  - Does not matter reality; it is how it is spun and perceived.

- Logic Test
  - Does this make sense?

- Do not over think the situation
  - Simplify
4. Do What Feels Right

- Not what feels good but right
- If you would be embarrassed by it, you should not do it
- You know in your heart what should be done
Ethics is Personal

- If you are unsure if it’s a problem, it usually is.
- *Ethics will always be important, especially in these trying economic times, which is driving survival and greed.*
- Use common sense; if it does not feel right, it probably is not right.
# Private Training

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<tbody>
<tr>
<td>March 19</td>
<td>Audit Report Writing</td>
<td>Audit 101 (Day 1)</td>
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<tr>
<td>March 20</td>
<td>IT Auditing for the Non-IT Auditor</td>
<td>Audit 101 (Day 2)</td>
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<tr>
<td>March 21</td>
<td>Audit Engagement Planning</td>
<td>Operational Auditing</td>
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**Date:** March 19th - 21st, 2012  
**Time:** 8:00 – 4:30 PM  
**Location:** Sunera Dallas Offices  
1400 Preston Road  
Suite 400  
Plano, Texas 75093  
**Cost:** $299/person/day (discounts for 5+ registrants)  
**Please register by clicking on the following link:** [http://www.sunera.com/training](http://www.sunera.com/training)