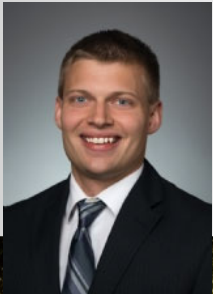




Ethics & Other Key Related Concepts – Insights From a Fraud Investigator

March 24, 2021



Sam Schriver
Managing Consultant
Forensics & Valuation Services
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experience commitment

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Learning Objectives

- Define ethics & other key related concepts
- Describe a model for ethical decision making
- Ethics/other key related concepts in different industries
- Examples of crossing the ethical boundary
- How to identify unethical behavior

Webster's Definition of Ethics

- Discipline dealing with what is good & bad & with moral duty & obligation
- Set of moral principles: theory or system of moral values
- Principles of conduct governing individual or group
- Guiding philosophy
- Consciousness of moral importance

Ethics



Polling Question #1

Have you ever faced an ethical dilemma during your career?

- A. Yes
- B. No
- C. Unsure
- D. Prefer not to answer



Ethical Decision-Making Process

- Often we do not have all facts & must probe to uncover “right” or best way to respond to our dilemma
- Ethical issues often times involve competing values
- Sometimes, there may be more than one “right” answer. As a professional, you cannot shy away from these gray areas but instead must learn to **actively work through them**
- Ethical decision-making model, which is a series of evaluation questions to help you analyze & determine best possible solution to an ethical dilemma

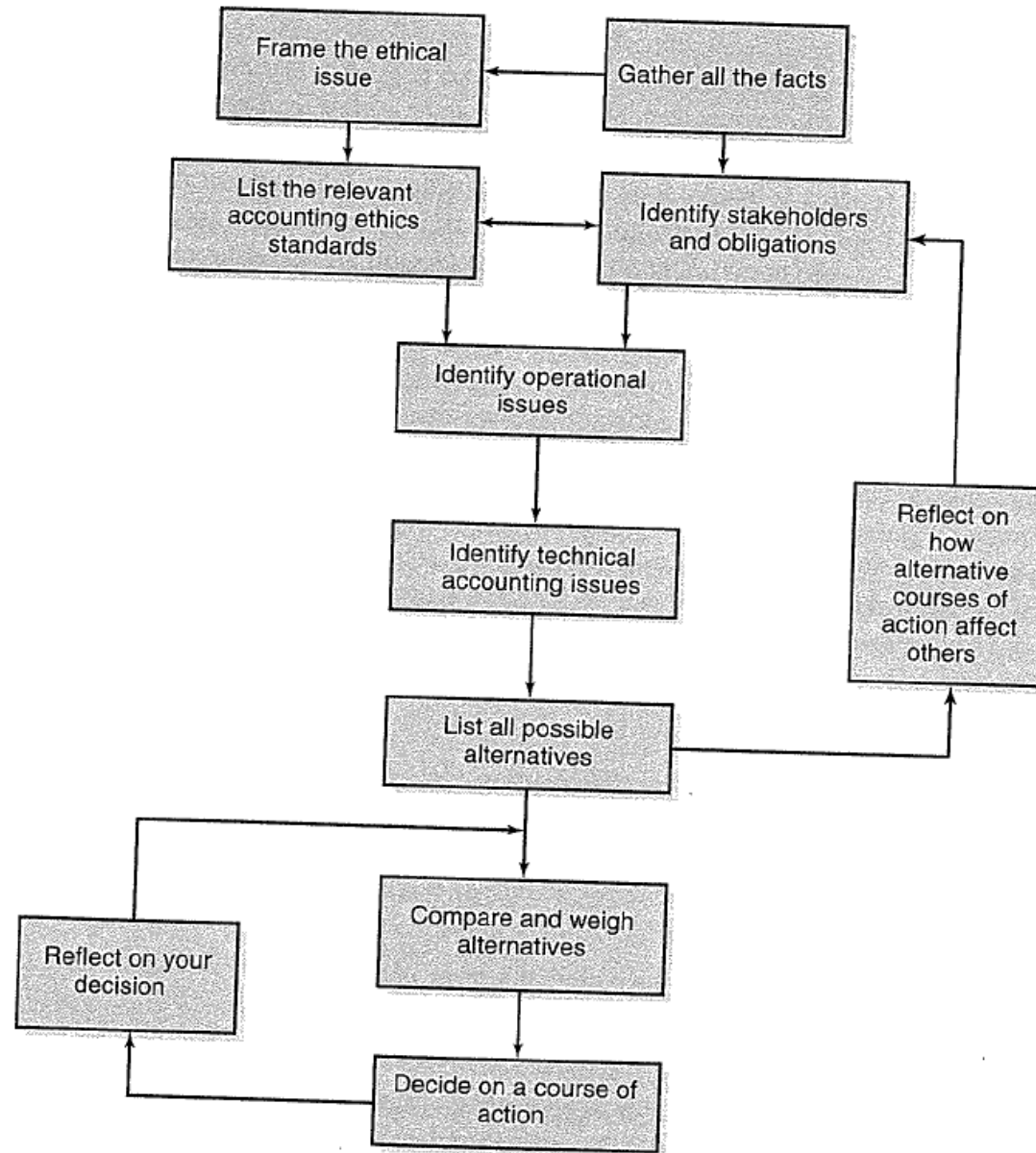


Ethical Decision-Making Process

- To address ethical matters & make good judgments, you must first be able **to recognize issues when they arise**
- This means being familiar with profession's body of rules & regulations from AICPA & your local state boards
- You also don't need to do this analysis alone or make this decision by yourself (See Risk, Seek Help) – there is lots of help available
- AICPA Ethics Hotline 1.888.777.7077



FIGURE 2.2
An Ethical Decision-
Making Model



Steps in Ethical Decision-Making Model

1. Frame ethical issue
2. Gather all facts
3. List relevant accounting & ethics standards
4. Identify stakeholders & obligations
5. Identify operational issues & technical accounting issues
6. List your possible alternatives
7. Consider effects on stakeholders
8. Compare & weigh alternatives
9. Decide on a course of action
10. Reflect on your decision
11. Document your efforts



Frame Ethical Issue

You have disclosed a finding & recommendation in a report. Upon providing draft to client, you are asked to remove finding

This is an ethical dilemma because you are experiencing a conflict in your values, that is a need to satisfy client & your obligation to accomplish disclosure of what you believe is a legitimate finding



Gather Critical Facts

- Issue is a compliance issue that is outside scope of your engagement & you discovered issue by chance
- Client indicates board & senior management are aware of issue
- Client is concerned about having issue in writing because regulatory reviewers will then be pointed to issue
- Client indicates they have no intention of changing their practices to be in compliance
- Long-time client, fees \$200,000 per year



Consider Applicable Accounting & Ethics Standards

Professional ethics rules, regulations & laws include those rules of conduct issued by any professional association or society

- AICPA
- Applicable State Accountancy Boards
- Applicable State CPA Societies
- Other Regulatory Requirements (GAO, SEC, PCAOB, NAIC)

Also consider your firm or company's policies that impact your decision.



Identify Stakeholders

These are people or organizations that will be affected either positively (benefited) or negatively (harmed) by your decisions For example

- Client
- Regulatory agency
- Lenders, customers, vendors, consulting firm
- Firm

You should consider as many stakeholders as possible to get a comprehensive picture of who would be affected by your decision



Consider Your Alternatives

Start with determining what might be appropriate courses of actions.

- Option 1, Option 2, Option 3, etc.



Polling Question #2

What is the first step in the Ethical Decision-Making Model?

- A. Gather all facts
- B. Identify stakeholders
- C. Frame ethical issue
- D. List relevant accounting & ethical standards



Consider Effect on Stakeholders

- How will each of these approaches **likely** impact each stakeholder?
- You have to apply your judgment in determining which option may be best so it is important to think through potential ramifications each approach might have on stakeholders



Weigh Your Options

Now that we have determined issues & stakeholders & determined potential effects on stakeholders & possible options, it is time to weigh your options

How comfortable are you with each option?

You might want to consider how you would feel if you had to discuss your decision in public & would you be concerned with how this reflects on your ethics



Make a Decision

- Discuss matters with trusted colleagues
- Consider matters from various perspectives
- Consider if you need further counsel (involvement of others in your firm or company)
- Ultimately, decision is yours & you should take time needed to try to arrive at right decision



Reflect on Your Decision

- Once time has passed, it may be instructive to re-evaluate decision you made & consider whether, given outcome of events, you would have done anything differently
- Would you make the same decision again?
- Why or why not?



Document Your Efforts

Once you have made a decision, you should consider documenting this so that you can later remember

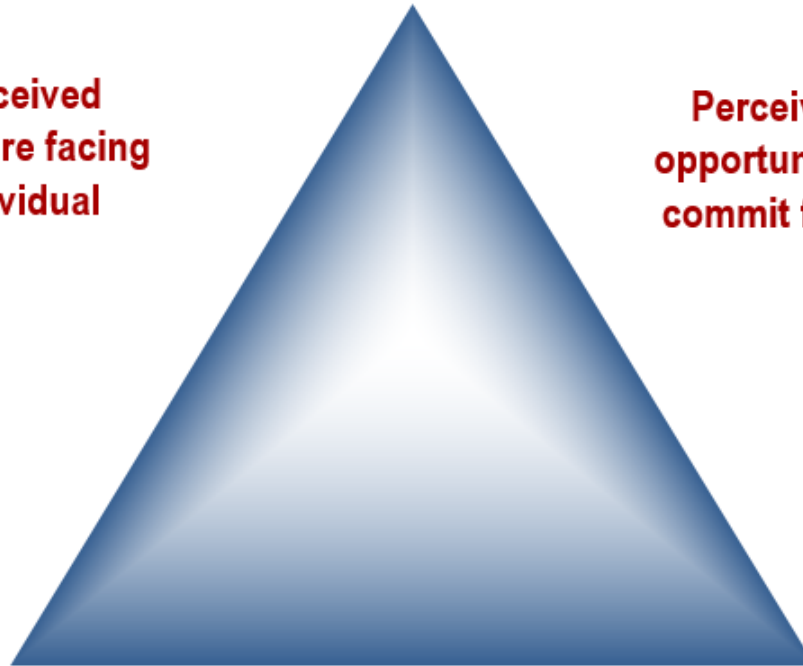
- Your understanding of facts at the time
- Persons with whom you consulted & their professional affiliations
- Your basis for your decision
 - Documentation reviewed
 - Notes from discussions
 - Emails with involved parties
- Some decisions require more documentation than others
- Seek assistance with documentation if needed



The Fraud Triangle

**Perceived
pressure facing
individual**

**Perceived
opportunity to
commit fraud**



Person's rationalization or integrity

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Quote from President & CEO of ACFE

“Coronavirus Pandemic Is a Perfect Storm for Fraud”

– Bruce Dorris, April 10, 2020



Story time...

Meet Paul Orphan:

- Chief Water Engineer of Washoe County, NV
- Employed by municipal water department for 20 years
- Very personable – liked & highly regarded by staff and superiors alike
- Workaholic
- Recently divorced, with two college-aged daughters
- Hobbies: reading, riding motorcycles, volunteered at local homeless shelter most weekends, loves dogs



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The End

Meet Paul Orphan:

- Convicted felon
- Received 12 to 30 years in prison and ordered to pay restitution of \$2.2 million



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Polling Question #3

Which is not one of the sides of the “Fraud Triangle”?

- A. Financial pressure
- B. Insecurity
- C. Rationalization
- D. Opportunity





REPORT TO THE NATIONS®

2020 GLOBAL STUDY ON OCCUPATIONAL FRAUD AND ABUSE



OUR STUDY COVERED



2,504 CASES

from



125 COUNTRIES

Causing total losses of more than
\$3.6 BILLION



TYPICAL FRAUD CASE

lasts
14 MONTHS
before
detection

causes a
loss of
\$8,300
per month

CFEs ESTIMATE THAT
ORGANIZATIONS
LOSE

5% OF REVENUE
TO FRAUD
EACH YEAR

MEDIAN LOSS
PER CASE:
\$125,000

AVERAGE LOSS
PER CASE:
\$1,509,000

CORRUPTION



WAS THE
MOST COMMON
SCHEME IN EVERY
GLOBAL REGION

ASSET MISAPPROPRIATION
SCHEMES are the
most common and least costly

86%
OF CASES

\$100,000
median loss

FINANCIAL STATEMENT
FRAUD SCHEMES are the
least common and most costly

10%
OF CASES

\$954,000
median loss

How Occupational Fraud Is Concealed

Understanding the methods fraudsters use to conceal their crimes can assist organizations in more effectively detecting and preventing similar schemes in the future.

TOP 4 CONCEALMENT METHODS USED BY FRAUDSTERS



40%

Created fraudulent physical documents



36%

Altered physical documents



27%

Altered electronic documents or files



26%

Created fraudulent electronic documents or files



12% did not involve any attempts to conceal the fraud

Ways CPA's Get Into Ethical Hot Water

- Lack of objectivity
- Power
- Superiority bias
- Pressure
- Ignorance

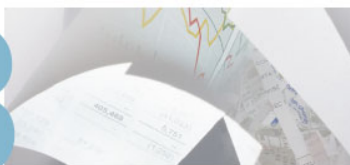


Objectivity / Skepticism

Skepticism An Enemy of Fraud

CHAPTER

3



Six Characteristics of Skepticism

- **Questioning Mind**—A disposition to inquiry, with some sense of doubt
- **Suspension of Judgment**—Withholding judgment until appropriate evidence is obtained
- **Search for Knowledge**—A desire to investigate beyond the obvious, with a desire to corroborate
- **Interpersonal Understanding**—Recognition that people's motivations and perceptions can lead them to provide biased or misleading information
- **Autonomy**—The self-direction, moral independence and conviction to decide for oneself, rather than accepting the claims of others
- **Self-Esteem**—The self confidence to resist persuasion and to challenge assumptions or conclusions

Summarized from R. Kathy Hurr, "Development of a Scale to Measure Professional Skepticism," *Auditing: A Journal of Practice and Theory*, May 2010.

DETECTING AND DETERRING FINANCIAL REPORTING FRAUD: A PLATFORM FOR ACTION



30 // experience drive



Polling Question #4

According to the lastest edition of Report to the Nations, what is the most common scheme in every global region?

- A. Skimming
- B. Corruption
- C. Financial Statement Manipulation
- D. Paying Personal Bills



By Industry

Government and public administration



MEDIAN LOSS
\$100,000

195
Cases

Transportation and warehousing



MEDIAN LOSS
\$150,000

65
Cases

Utilities



MEDIAN LOSS
\$163,000

20
Cases

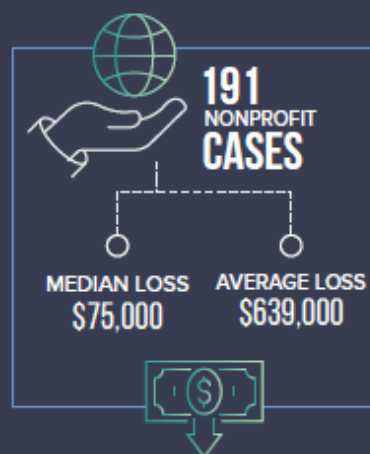
FIG. 20 What are the most common occupational fraud schemes in various industries?

INDUSTRY	Cases	Billing	Cash larceny	Cash on hand	Check and payment tampering	Corruption	Expense reimbursements	Financial statement fraud	Noncash	Payroll	Register disbursements	Skimming
Banking and financial services	364	8%	10%	18%	9%	40%	8%	10%	10%	2%	2%	10%
Government and public administration	189	18%	5%	9%	4%	48%	17%	4%	17%	17%	0%	7%
Manufacturing	177	23%	5%	6%	8%	50%	20%	18%	23%	10%	2%	8%
Health care	145	33%	10%	10%	14%	40%	22%	14%	24%	15%	6%	10%
Energy	89	24%	6%	7%	6%	66%	11%	9%	25%	6%	1%	9%
Retail	89	22%	15%	15%	11%	37%	17%	6%	20%	11%	7%	15%
Insurance	82	24%	2%	5%	9%	43%	16%	11%	9%	5%	2%	6%
Education	82	30%	9%	13%	18%	30%	22%	7%	17%	13%	1%	22%
Construction	77	22%	13%	12%	17%	47%	9%	25%	13%	13%	4%	13%
Transportation and warehousing	64	13%	5%	9%	5%	52%	9%	3%	23%	6%	0%	19%
Technology	63	24%	0%	5%	6%	46%	13%	13%	22%	11%	0%	0%
Telecommunications	62	5%	2%	3%	2%	56%	5%	6%	31%	2%	0%	5%
Food service and hospitality	59	22%	20%	10%	12%	39%	8%	8%	25%	12%	10%	14%
Services (professional)	54	37%	0%	9%	20%	26%	24%	15%	11%	22%	2%	11%
Real estate	52	25%	13%	12%	21%	48%	17%	15%	12%	8%	4%	27%



Fraud in Nonprofits

Nonprofit organizations can be more susceptible to fraud due to having **fewer resources** available to help prevent and recover from a fraud loss. This sector is particularly vulnerable because of **less oversight** and **lack of certain internal controls**.



Nonprofit schemes

Percent of cases

Corruption	41%
Billing	30%
Expense reimbursements	23%
Cash on hand	17%
Noncash	16%
Skimming	15%
Check and payment tampering	14%
Cash larceny	12%
Payroll	12%
Financial statement fraud	11%
Register disbursements	3%

Perpetrators AT NONPROFITS

39%
of cases

Owner/executive

MEDIAN
LOSS \$250,000

35%
of cases

Manager/supervisor

MEDIAN
LOSS \$95,000

23%
of cases

Employee

MEDIAN
LOSS \$21,000

Nonprofit organizations have **FEWER ANTI-FRAUD CONTROLS** in place, leaving them



MORE VULNERABLE TO FRAUD

TOP 3 CONTROL WEAKNESSES

- 35% LACK OF INTERNAL CONTROLS
- 19% LACK OF MANAGEMENT REVIEW
- 14% OVERRIDE OF EXISTING INTERNAL CONTROLS



Detection AT NONPROFITS

TIP OR COMPLAINT
40%



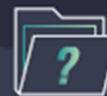
INTERNAL AUDIT
17%



MANAGEMENT REVIEW
13%



BY ACCIDENT
7%



EXAMINATION OF DOCUMENTS
6%



Unethical Behavior in a COVID-19 World

- According to the FBI website, the public should be aware of the following potential indicators of fraudulent activity:
 - Advertisements or offers for early access to a vaccine upon payment of a deposit or fee. Requests asking you to pay out of pocket to obtain the vaccine or to put your name on a COVID-19 vaccine waiting list
 - Offers to undergo additional medical testing or procedures when obtaining a vaccine
 - Marketers offering to sell and/or ship doses of a vaccine, domestically or internationally, in exchange for payment of a deposit or fee
 - Unsolicited emails, telephone calls, or personal contact from someone claiming to be from a medical office, insurance company, or COVID-19 vaccine center requesting personal and/or medical information to determine recipients' eligibility to participate in clinical vaccine trials or obtain the vaccine
 - Claims of FDA approval for a vaccine that cannot be verified
 - Advertisements for vaccines through social media platforms, email, telephone calls, online, or from unsolicited/unknown sources
 - Individuals contacting you in person, by phone, or by email to tell you the government or government officials require you to receive a COVID-19 vaccine



Airports – Fake COVID-19 Test Results

- Negative COVID-19 tests are often required for travel.
- No standard form for the results.
- Allows for easy falsification of test results.



Utilities – Schemes in a COVID-19 World



- Impersonating utility workers.
- Demanding payment not owed
- Threatening disconnection
- Requesting personal information

Polling Question #5

Which of the following is a top control weakness commonly associated with nonprofit organizations?

- A. Lack of internal controls
- B. Lack of management review
- C. Override of existing internal controls
- D. All of the above



AICPA Code of Professional Conduct

- Due Professional Care requires the auditor to exercise:
 - Professional skepticism
 - Is an attitude that includes:
 - a questioning mind,
 - being alert to conditions that may indicate possible misstatement due to fraud or error, and
 - a critical assessment of audit evidence
 - Considers the competency and sufficiency of the evidence
 - Neither assumes that management is dishonest nor assumes unquestioned honesty
 - Not satisfied with less than persuasive evidence because of a belief that management is honest



Which One Looks Suspicious?



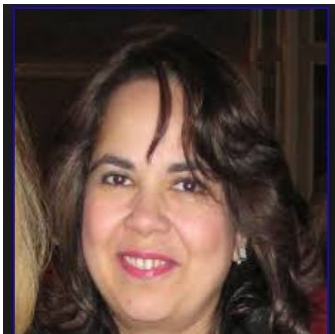
\$3 million



\$4.6 million



\$1.0 million



\$31 million



\$900,000



\$1.1 million



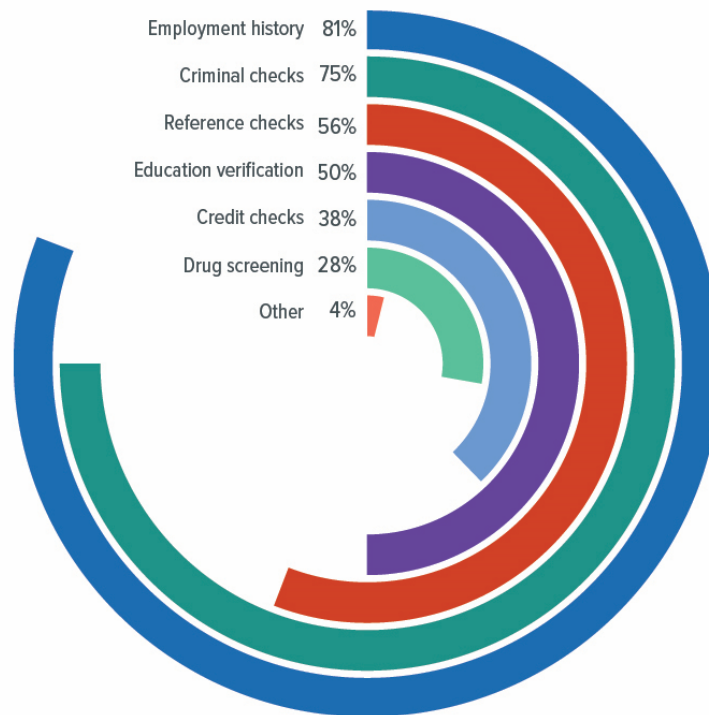
Profile of a Perpetrator

- No prior criminal history (5%)
- Well liked by co-workers
- Likes to give gifts/compulsive shopper
- Gambling problems not unusual
- Long-term employee
- Rationalizes, starts small or “borrows”
- Lifestyle clues



Types of Background Checks Run

FIG. 26 What types of background checks were run on the perpetrator prior to hiring?

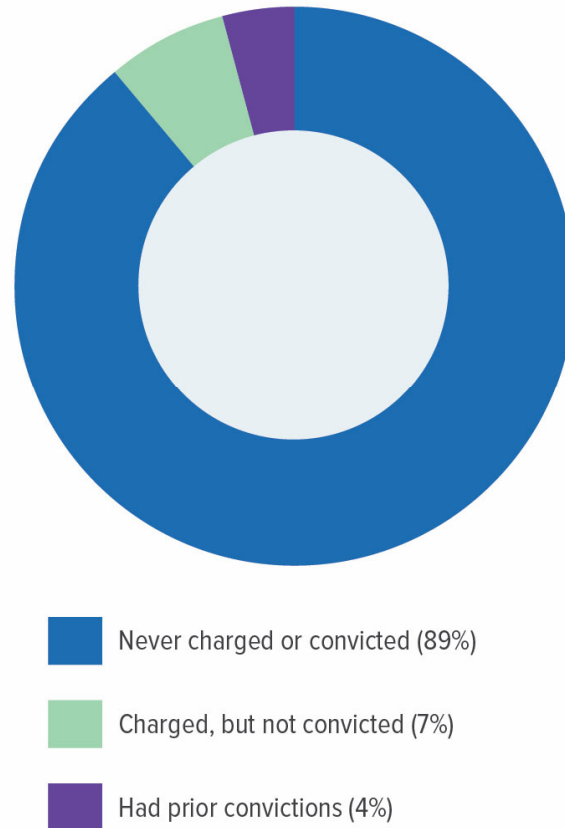


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Criminal History

FIG. 39 Do perpetrators tend to have prior fraud convictions?



When Perpetrators Gang Up

FIG. 38 How does the number of perpetrators in a scheme relate to occupational fraud?

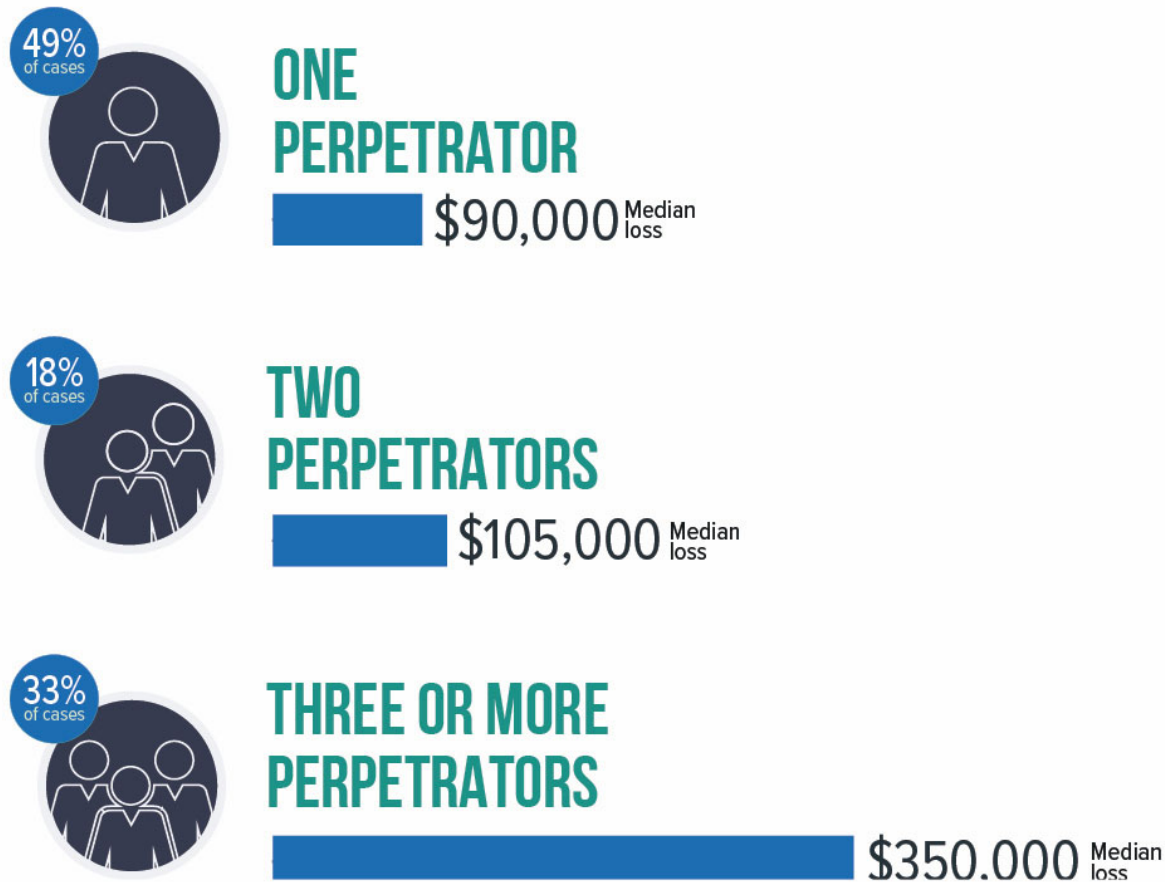


FIG. 33 How does the perpetrator's gender relate to occupational fraud?

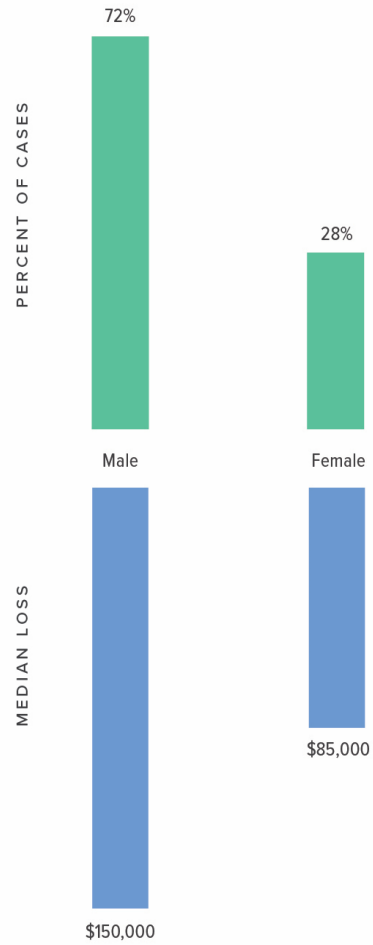


FIG. 35 How do gender distribution and median loss vary based on the perpetrator's level of authority?



FIG. 27 How does the perpetrator's level of authority relate to occupational fraud?



FIG. 29 How does the perpetrator's tenure relate to occupational fraud?

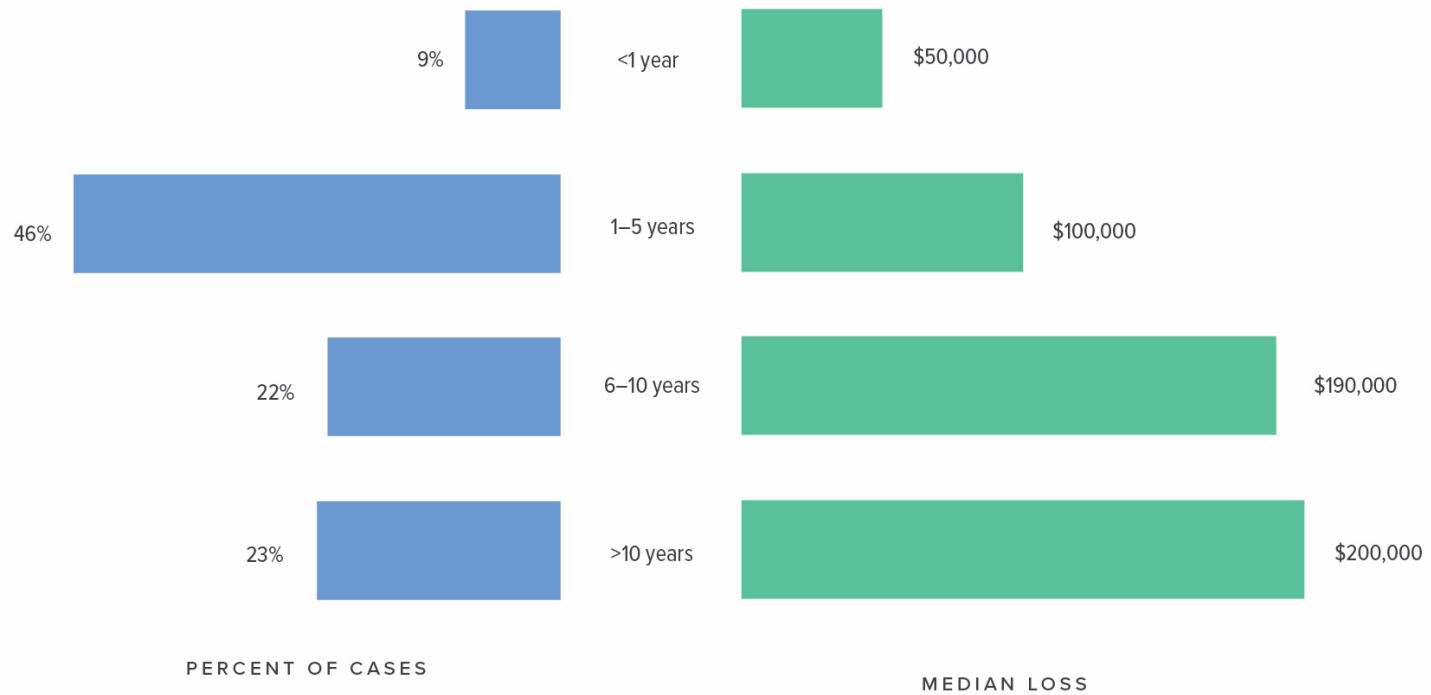


FIG. 37 How does the perpetrator's education level relate to occupational fraud?

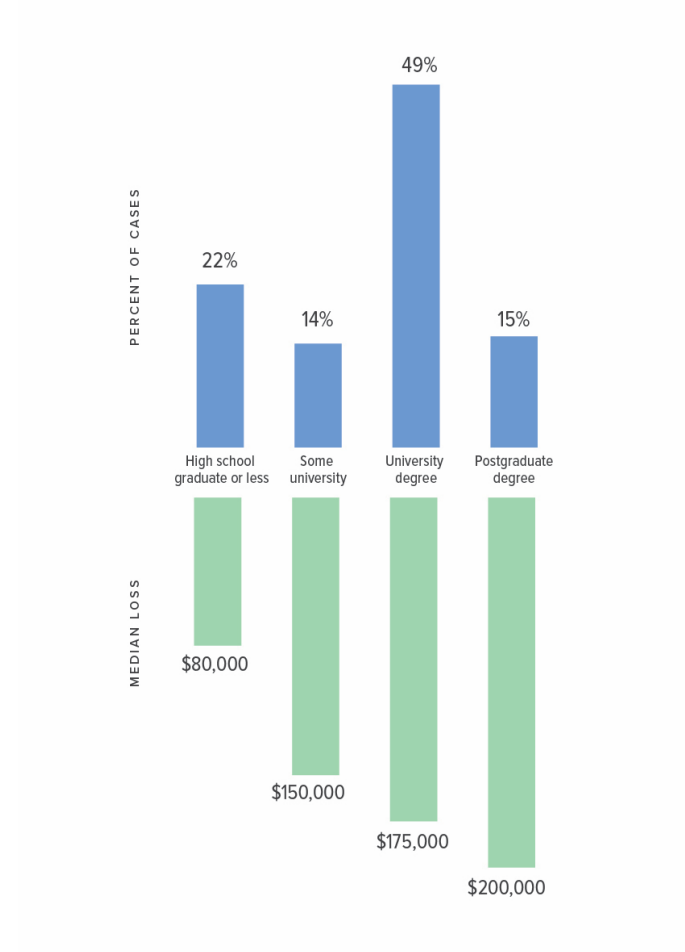
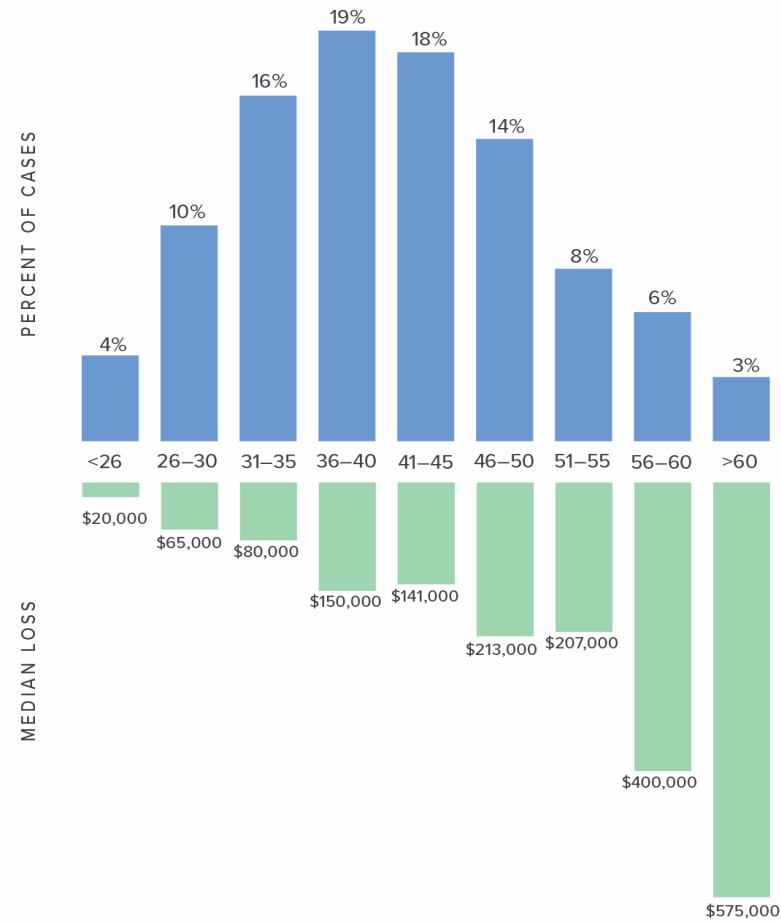


FIG. 36 How does the perpetrator's age relate to occupational fraud?



Behavioral Red Flags of Fraud

Recognizing the behavioral clues displayed by fraudsters can help organizations more effectively detect fraud and minimize their losses.

85% OF ALL FRAUDSTERS displayed at least one **BEHAVIORAL RED FLAG** while committing their crimes.

7 KEY WARNING SIGNS



42%

Living beyond means



26%

Financial difficulties



19%

Unusually close association with vendor/customer



15%

Control issues, unwillingness to share duties



13%

Irritability, suspiciousness, or defensiveness



13%

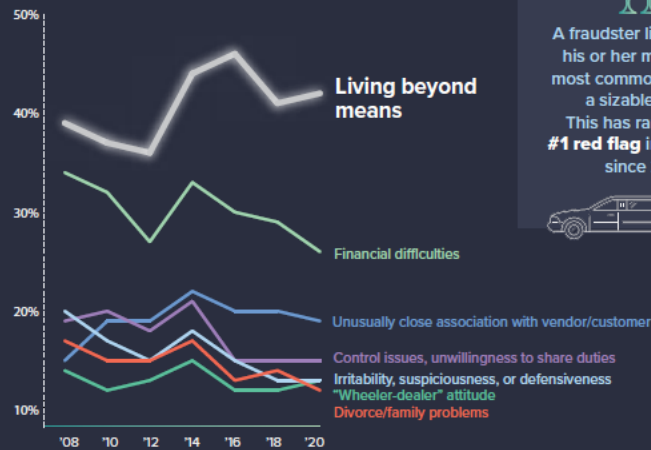
"Wheeler-dealer" attitude



12%

Divorce/family problems

LIVING BEYOND MEANS



A fraudster living beyond his or her means is the most common red flag by a sizable margin. This has ranked as the **#1 red flag** in every study since 2008.



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Case Study- Fruitcake....

AP Manipulation – Collin Street Bakery

Case 3:13-mj-00503-BH Document 1 Filed 08/12/13 Page 1 of 9 PageID 1
AO 91 (Rev. 12/10) Criminal Complaint

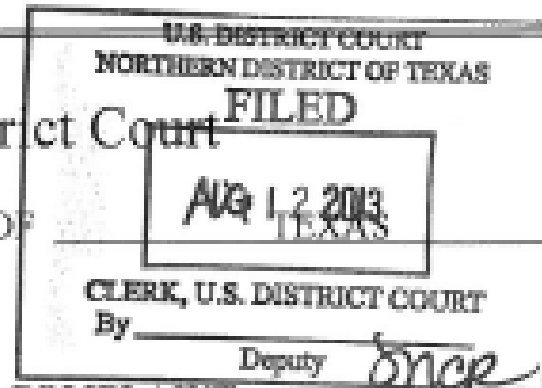
United States District Court

NORTHERN DISTRICT OF

UNITED STATES OF AMERICA

V.

SANDY JENKINS



COMPLAINT

CASE NUMBER: 3-13-MJ-503-BH

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Case Study



WHERE DID THE MONEY GO?

Year	Total Number of Fraudulent Checks	Total Dollar Amount
2005	76	\$2,149,137.00
2006	139	\$2,286,182.98
2007	140	\$2,483,598.09
2008	127	\$2,220,483.05
2009	106	\$1,732,994.64
2010	97	\$1,615,790.49
2011	88	\$1,866,883.43
2012	81	\$1,749,328.75
2013*	34	\$545,388.48
Grand Total	888	\$16,649,786.91
<i>*January 1, 2013 to June 21, 2013</i>		

Payee	Total Amount
American Express	\$11,120,449.92
Citi Card	\$1,941,596.39
Neiman Marcus	\$1,196,773.51
Bank of America	\$555,915.97
Capital One	\$337,957.66
BAC H/L (Home Loan) Servicing	\$125,854.30
Lexus Financial Services	\$101,303.27
Sewell (Lexus)	\$98,662.30

Odd Behavior to Routine Requests



WHERE DID THE MONEY GO?

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BAC H/L (Home Loan) Servicing	\$125,854.30
Lexus Financial Services	\$101,303.27
Sewell (Lexus)	\$98,662.30

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Polling Question #6

What is the most common type of prior fraud conviction history for a perpetrator?

- A. Never charged or convicted
- B. Charged, but not convicted
- C. Had prior convictions
- D. None of the above



The Fraud Spectrum

Affected by: Company culture, industry, position in company, personal spending philosophy

Good

Clearly bad



Examples

Never taking a dollar that isn't yours, avoiding perceptions of conflicts of interest, recording accounting entries based on what is right, not what helps bottom line

Examples

First class business travel, borrowing office equipment for home projects, awarding project to a relative, "aggressive" accounting positions. These are often debated

Examples

Classic fraud schemes – e.g., fake vendors, skimming cash receipts. Normally little debate here

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Three Common Buckets of Credit Card Purchases

Okay:
Office supplies with
receipts, approved
travel for conferences

May be inappropriate:
First class travel,
certain meals, fuel for
personal car, gift cards

Clearly wrong:
casino cash advances,
home remodeling
projects

Don't give this bucket an
automatic free pass

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Different Ways of Doing Business

- What's “ethical” in one company might be frowned upon in others
 - Spouse travel to conferences
 - First class travel
 - High-end wining & dining
 - Business in U.S. vs. Mexico vs. China, etc.

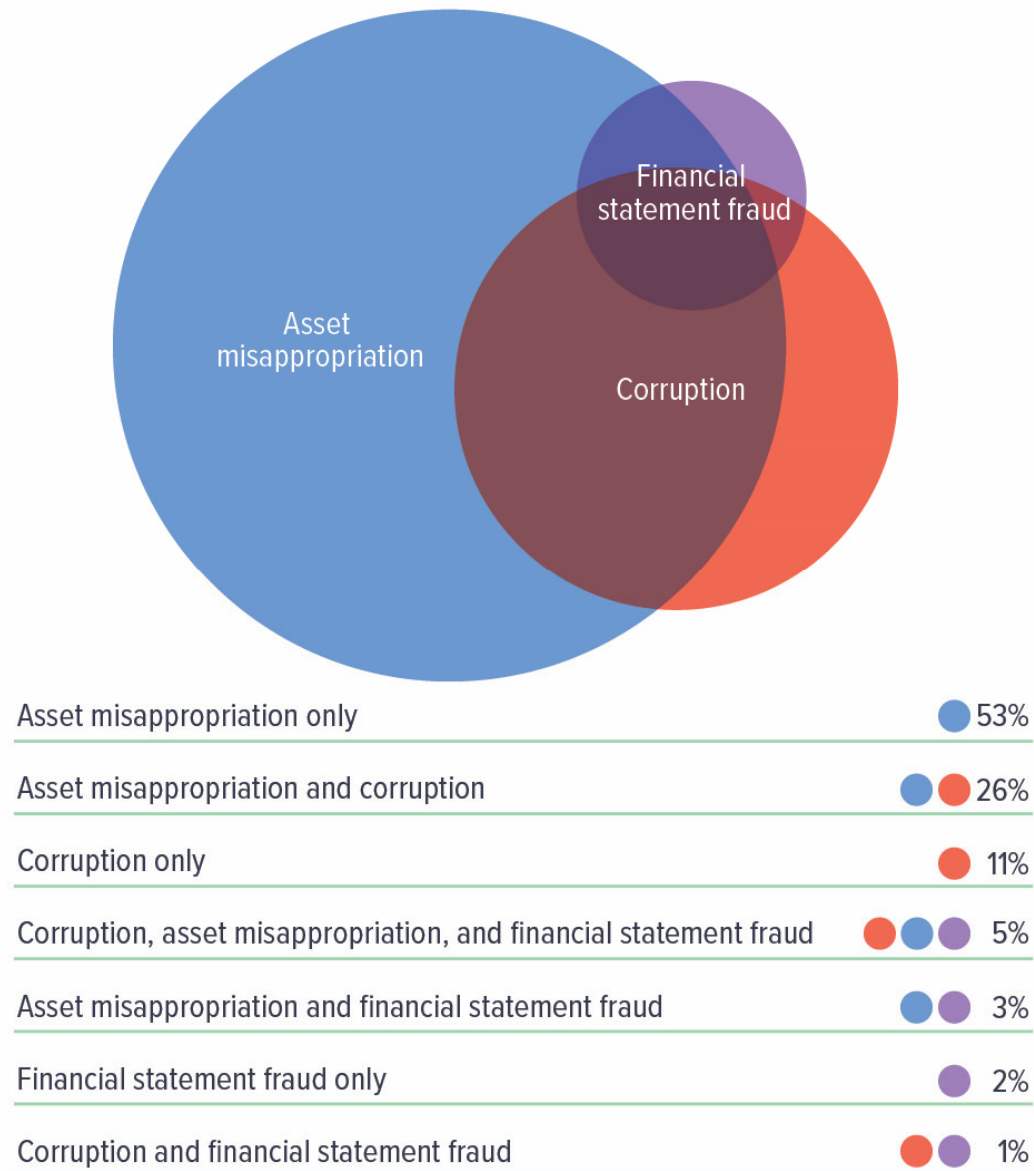


Superiority Bias

- “Powerful people deceive themselves into decisions that are consistently worse than those made by people who feel less powerful but accept advice”
- The more power, less advice taken
- Rules become fuzzy with self justification



FIG. 4 How often do fraudsters commit more than one type of occupational fraud?



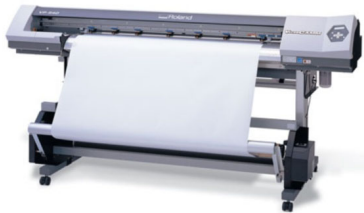
Straw Vendor



Invoice

With 40 %
Mark-up

Invoice



Legit Vendor

Print Job



Employee –
Graphic Designer

Client Company



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Take the Extra Step to Verify

- Google and Google map new vendors
 - Especially consultants & service providers
- Look up on Secretary of State website
- Google product number from invoice
- Second guess handwriting on a receipt
- Don't take things at face value

Polling Question #7

What can you do to identify unethical behavior?

- A. Notice odd behavior when asking a basic question
- B. Take the extra step to verify representations
- C. Trust your gut instinct
- D. All of the above



Ignorance



“I knew it was wrong....I knew that what I was doing was misleading. But I didn't think it was illegal. I thought: That's how the game is played. You have a complex set of rules, and the objective is to use the rules to your advantage. And that was the mistake I made.”

Andrew Fastow

Enron Chief Financial Officer





"Let the minutes show that Fenwick brought up the subject of corporate ethics."

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Avoid Going Through the Motions

- Professional skepticism is a must
- Implement procedures to identify unethical behavior





TURNOVER is VANITY
PROFIT is SANITY
but
CASH
is KING

69

Credit: Phil Hobden, LinkedIn



Ideas For Procedures

- Compare tiny check images to general ledger listing of checks
 - Is check there?
 - Payee the same?
 - Amount the same?



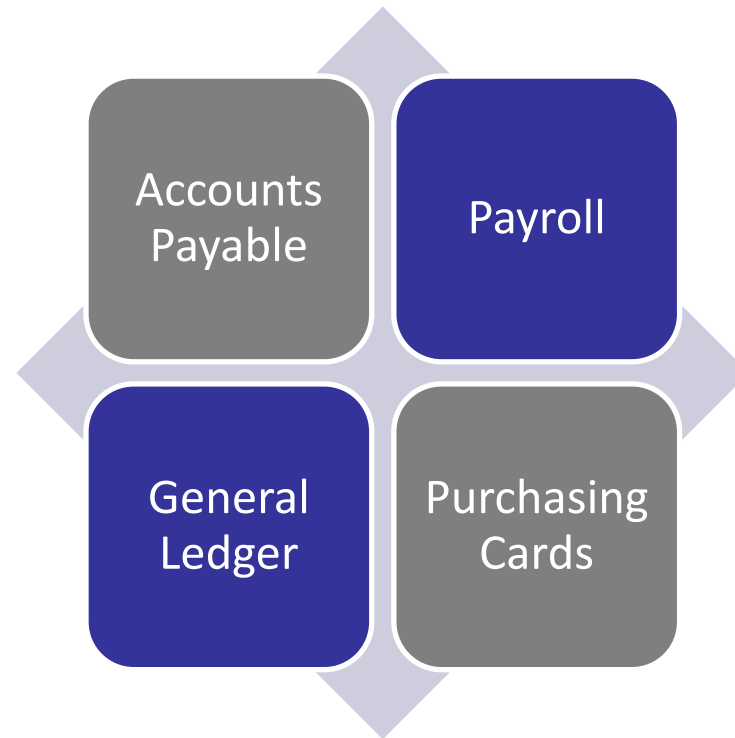
Ideas For Procedures

- Compare carbon copy deposit slip to cleared deposit slip from bank statement



Ideas For Procedures

- Computer Analytics
 - Every 5 years or so



Whistle-Blowing

Term originates from the practice of British police who blew their whistles when they observed the commission of a crime.

- Internal Whistle-Blowers: Current employees, management, directors/officers
- External Whistle-Blowers: Customers, vendors, suppliers, investors, law enforcement, competitors, mass media, former employees

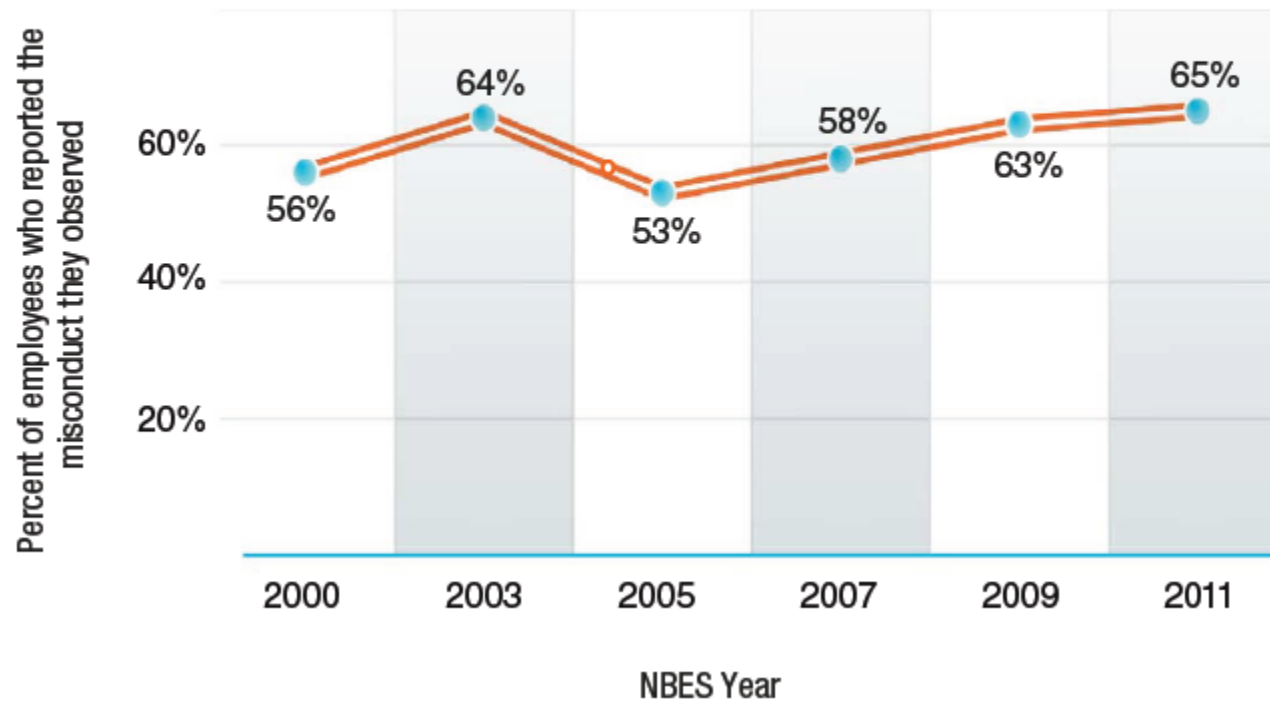
Reportable Misconduct:

- Unethical conduct
- Illegal or unlawful conduct
- Unprocedural conduct
- Wasteful conduct



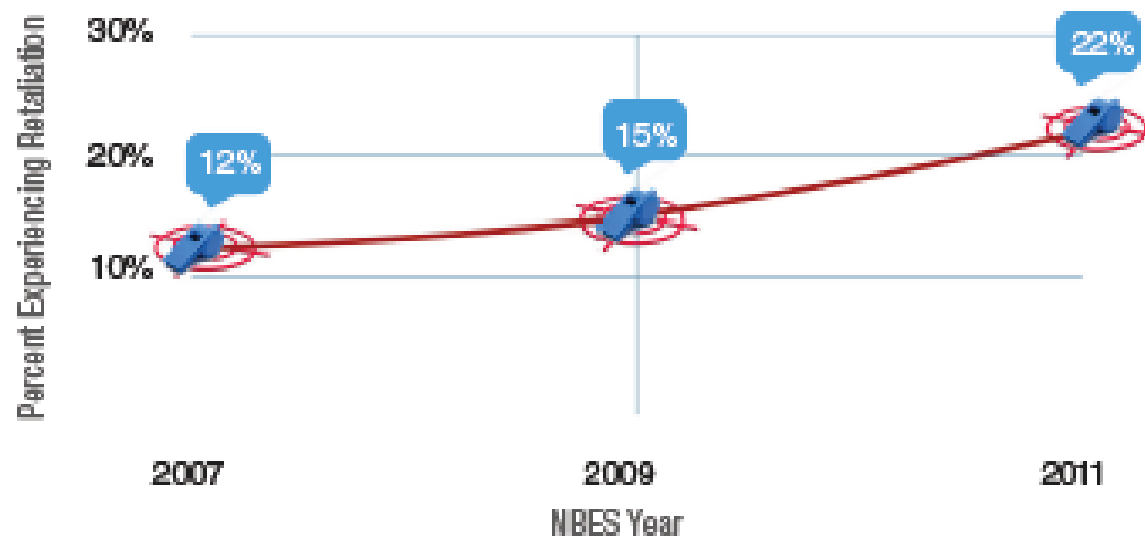
Whistle-Blowers

PERCENTAGE WHO REPORTED MISCONDUCT THEY OBSERVED: 2000-2011



Whistleblower Retaliation

RETALIATION AGAINST WHISTLEBLOWERS AT ALL-TIME HIGH



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www.CartoonStock.com



Search ID: jmo0411

“Remember the good old days when it was a suggestion box?”

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Whistle-Blowers - Employees

- Only 1 in 6 reporters (18%) choose to report externally.
- Of those who choose to go outside their company at some point, 84% do so only after trying to report internally first.
- Half of those who choose to report to an outside source initially later report internally as well.
- Only 2% of employees solely go outside the company and never report the wrongdoing they have observed to their employer.



Whistle-Blowers

INSIDE THE MIND OF A WHISTLEBLOWER

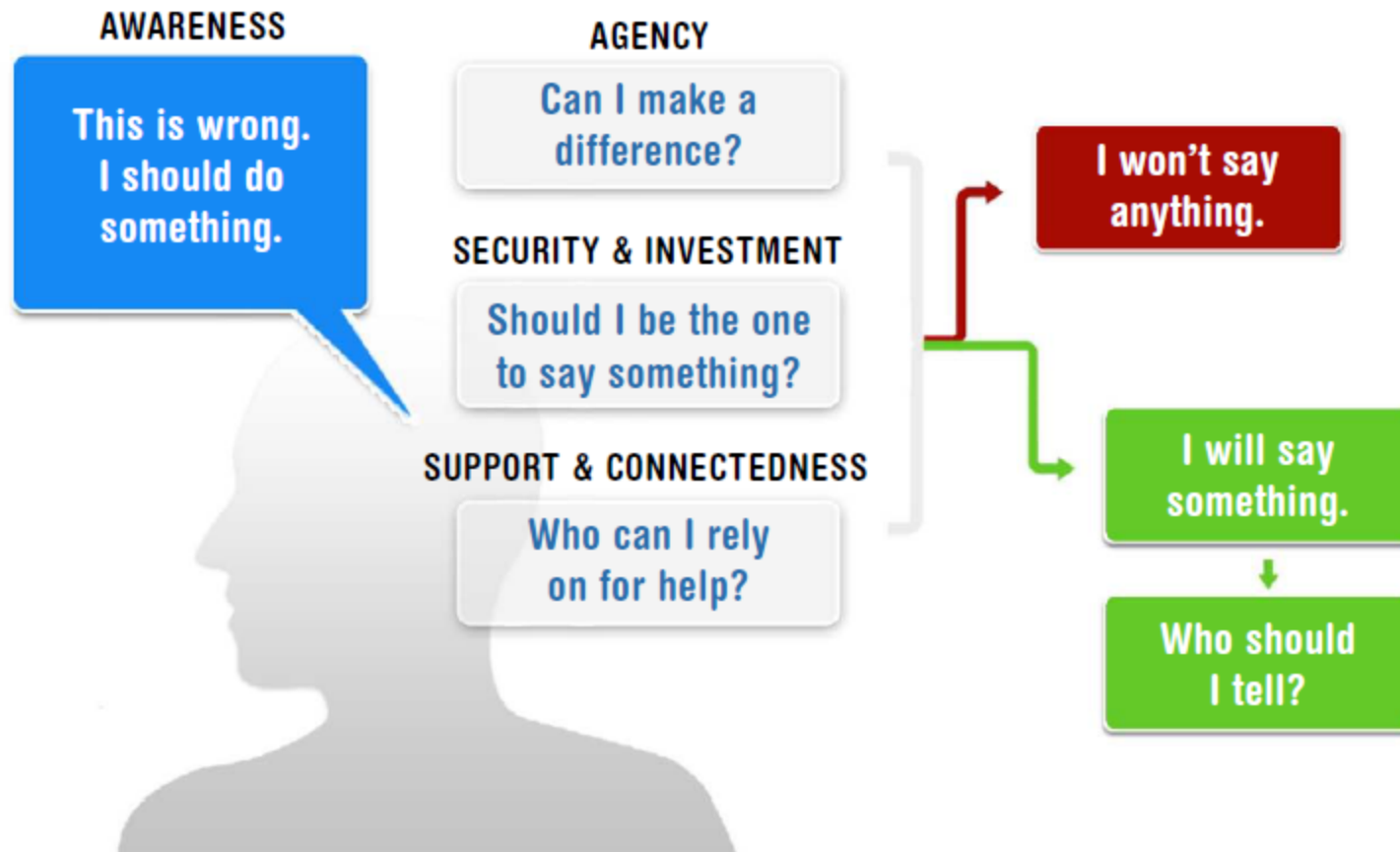


FIG. 9 How is occupational fraud initially detected?

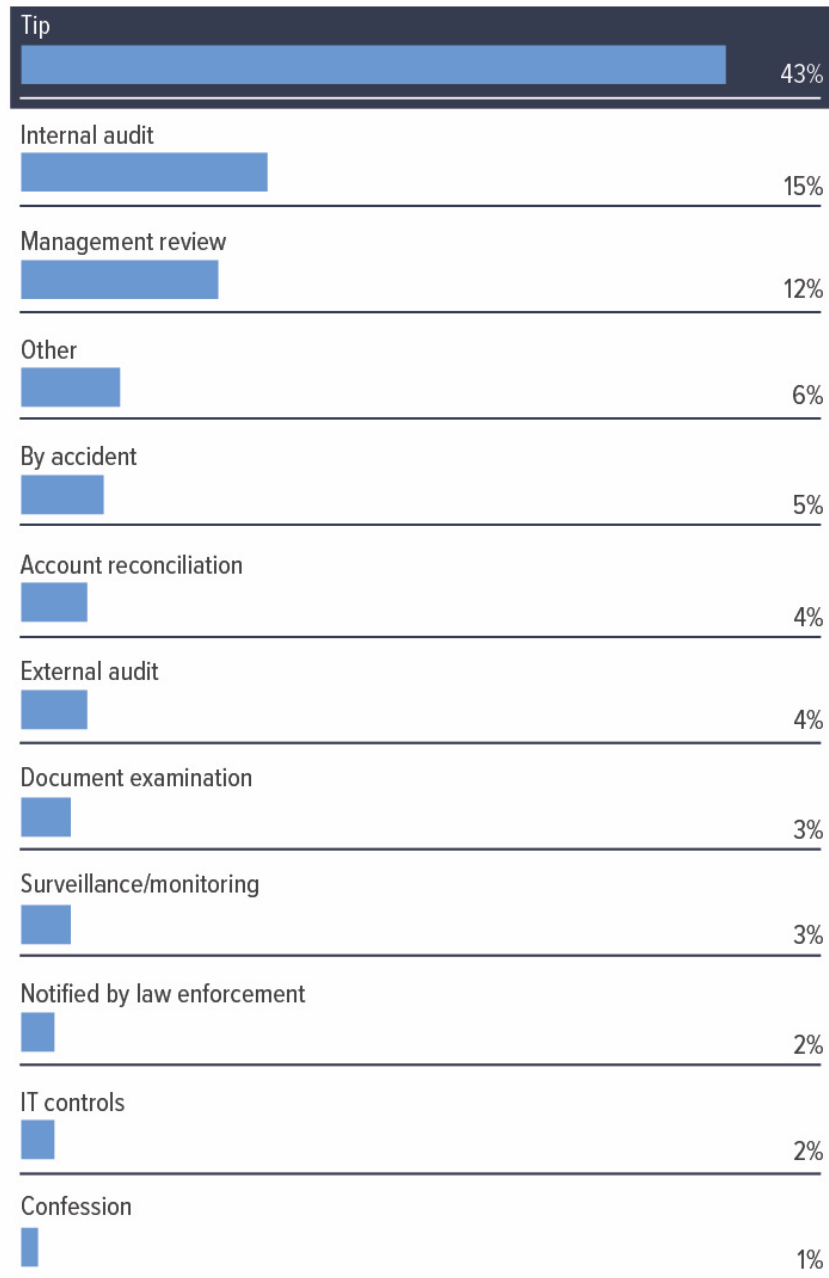


FIG. 12 What formal reporting mechanisms did whistleblowers use?

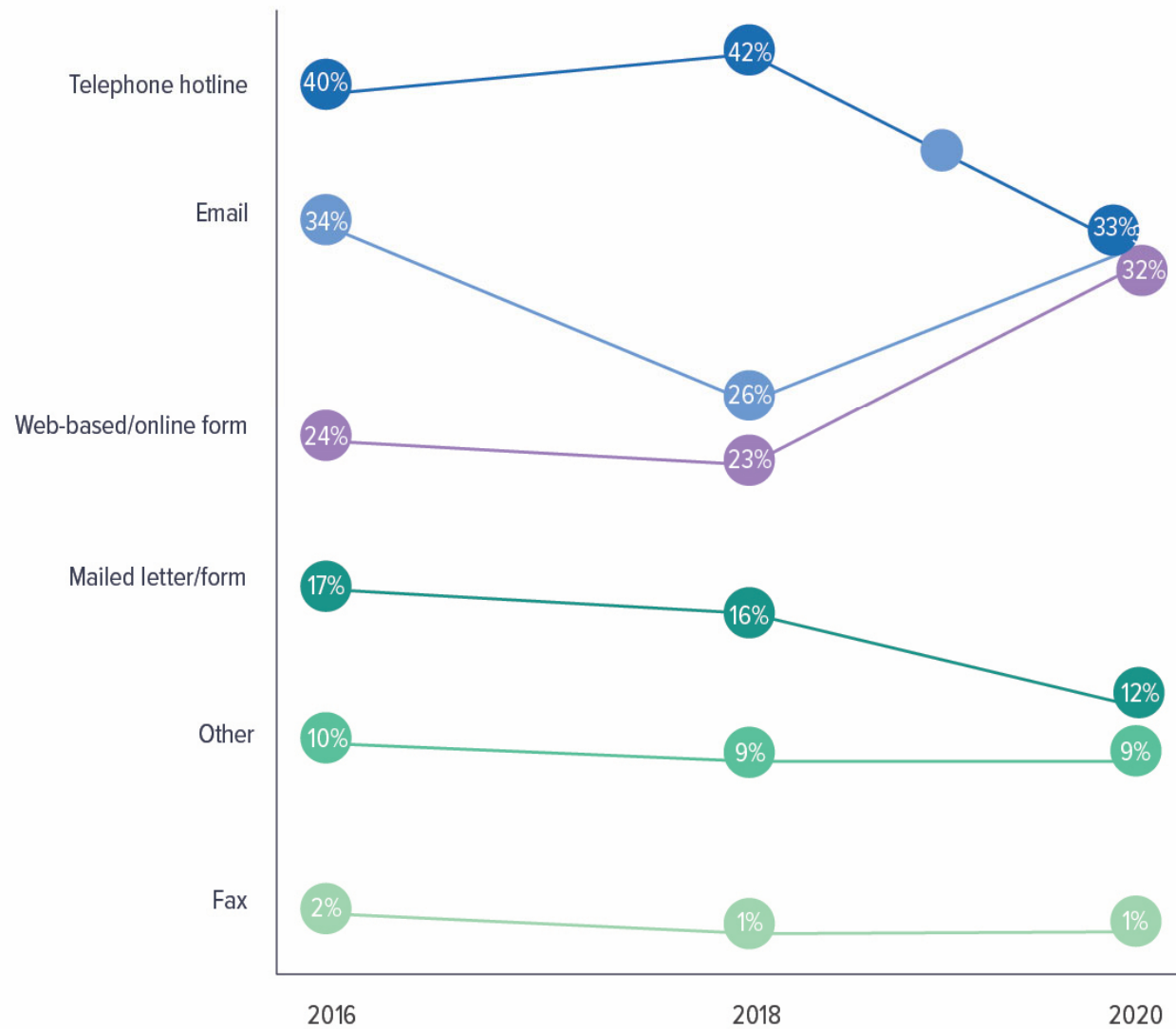


FIG. 10 Who reports occupational fraud?

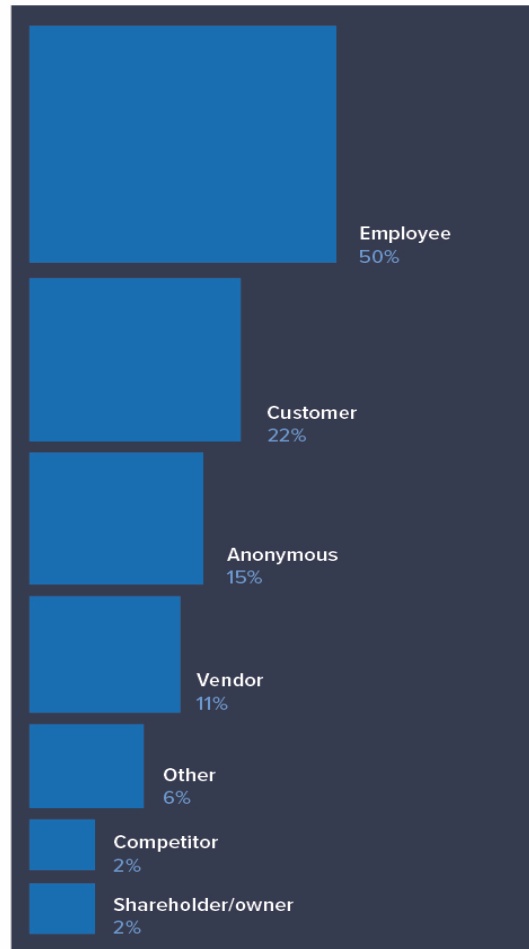
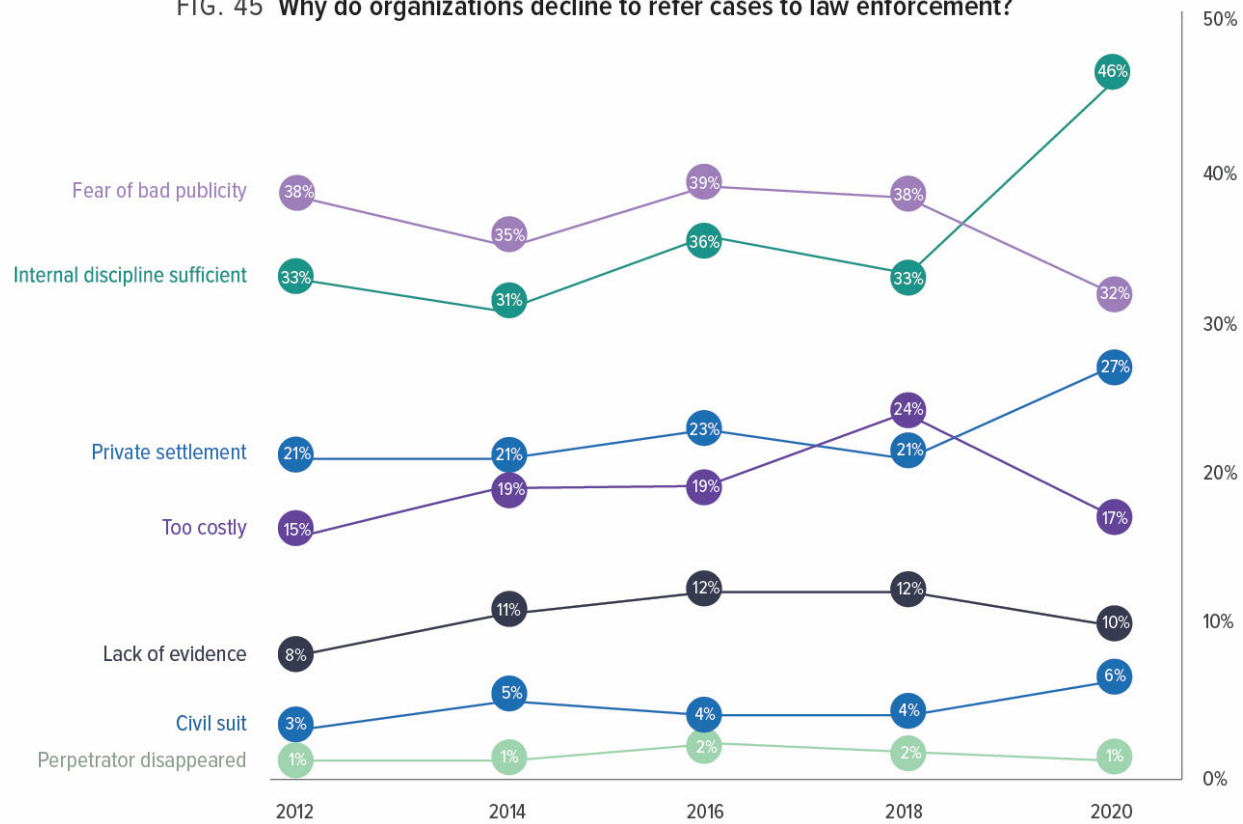


FIG. 13 To whom did whistleblowers initially report?



FIG. 45 Why do organizations decline to refer cases to law enforcement?



STATE INTEGRITY 2015

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MISSOURI GETS D- GRADE IN 2015 STATE INTEGRITY INVESTIGATION



Missouri

GRADE: **D-**(62) RANK: **26th**

Assessing the systems in place to deter corruption in state government

Click on each category for more detail

[OUR METHODOLOGY](#)

Public Access to Information

GRADE: F(50) RANK: 18th

Political Financing

GRADE: F(41) RANK: 44th

Electoral Oversight

GRADE: F(56) RANK: 42nd

Executive Accountability

GRADE: C(75) RANK: 3rd

Legislative Accountability

GRADE: F(59) RANK: 37th

Judicial Accountability

GRADE: D+(67) RANK: 5th

State Budget Processes

GRADE: D(65) RANK: 43rd

State Civil Service Management

GRADE: F(59) RANK: 29th

Procurement

GRADE: D-(63) RANK: 41st

Internal Auditing

GRADE: B-(83) RANK: 17th

Lobbying Disclosure

GRADE: C-(71) RANK: 10th

Ethics Enforcement Agencies

GRADE: D(64) RANK: 11th

State Pension Fund Management

GRADE: F(53) RANK: 38th

Ethics Enforcement Agencies

GRADE: D(64) RANK: 11th

CLOSE X

Are there laws and regulations to promote and protect a professional ethics enforcement agency (or set of agencies)?

In law, there is an entity/ies tasked with enforcing state ethics rules in all branches of government.

YES

In law, the ethics entity/ies has an independently allocated budget.

NO

In law, the ethics entity/ies can independently initiate investigations and sanction offenders.

MODERATE

In law, the ethics entity/ies can propose the creation of relevant laws or regulations to bolster its mission.

MODERATE

In law, the ethics entity/ies is required to report on its investigations, activities and advisory opinions.

NO

Are the laws and regulations to promote and protect a professional ethics enforcement agency (or set of agencies) effective?

In practice, the ethics entity/ies has sufficient staff and resources to conduct its work.

100

In practice, the ethics entity/ies' management actions (e.g. hiring, firing, promotions) are not based on cronyism, nepotism, or patronage.

100

In practice, the ethics entity/ies operates with independence and is protected from political interference.

100

In practice, the ethics entity/ies independently initiates investigations and imposes penalties on offenders.

100

Ethics Enforcement Agencies

GRADE: D(64)

RANK: 11th

Are there regulations governing conflicts of interest by the ethics enforcement agencies?

In law, members of the ethics entity/ies are required to file an asset disclosure forms.

MODERATE

In law, gifts and hospitality offered to members of the ethics entity/ies are regulated.

MODERATE

In law, members of the ethics entity/ies must recuse themselves from actions in which they may have a conflict of interest.

YES

In law, there are restrictions for members of the ethics entity/ies entering the private sector after leaving the office.

YES

Are the regulations governing conflicts of interest by the ethics enforcement agencies effective?

In practice, members of the ethics entity/ies adhere to the law governing gifts and hospitality.

100

In practice, ethics entity/ies asset disclosures are independently audited.

0

In practice, members of the ethics entity/ies adhere to the law governing private sector employment after leaving office.

100

Ethics Enforcement Agencies

GRADE: D(64)

RANK: 11th

Can Citizens access asset disclosures and ethics entities reports?

In practice, citizens can access the asset disclosure records of members of the ethics entity/ies within a reasonable time period and at no cost.

50

In practice, asset disclosure records of members of the ethics entity/ies are accessible to the public in open data format.

0

In law, citizens can access ethics entity reports.

MODERATE

In practice, citizens can access reports by the ethics entity/ies within a reasonable time period and at no cost.

75

In practice, ethics reports are made available in open data format.

25

Polling Question #8

What is the #1 way to detect fraud?

- Data analytics
- Tip/Hotline
- Management Review
- External Audit



Lessons Learned

- Be cognizant of your **ethical obligations** to public under AICPA Code of Professional Conduct
- When evaluating issues, take time to understand facts, applicable rules & regulations, available options & effect of your actions on various stakeholders
- Don't go it alone!
- The decisions you make DO matter!



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