

Ethical Dilemmas and Challenges

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**PRESENTATION FOR THE
SPD NEW CFO ORIENTATION PROGRAM
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Ethical Rationalization

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1. Calling an unethical act by a different name.
2. “Everybody does it!”
3. “That’s the way we do things here.”
4. “It’s a gray area.”
5. “We were only following orders.”

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Occupational Fraud:

The use of one's occupation for personal enrichment through the deliberate misuse or misapplication of the employing organization's resources or assets.

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Three categories:

Asset misappropriation - 83.5%; \$125,000

Corruption - 35.4%; \$200,000

Financial Statement Fraud - 9.6%; \$975,000

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Not-for-profit organizations: 10.1% of the cases;
median loss: \$100,000

Religious, Charitable, or Social Service organizations:
2.4% of the cases; median loss: \$82,000

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Primary areas of fraud in Religious, Charitable, and Social Services Organizations:

Billing	25.0%
Cash	23.1%
Check Tampering	25.0%
Corruption	28.8%
Expense Reimbursement	25.0%
Skimming	19.2%
Payroll	13.5%

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Primary Internal Control Weaknesses for all types of fraud:

Lack of internal controls	29.3%
Override of existing controls	20.3%
Lack of management review	19.4%
Poor tone at the top	10.4%
Lack of competent personnel in oversight roles	6.4%

Big Picture Ethical Issues

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1. Policy for denominational structure is not followed.
2. Unethical top-level decisions to “benefit the work.”
3. Pressure to meet goals which results in “fudged” numbers.

Slippery Slope Challenges

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1. Taking things that don't belong to you.
2. Giving or allowing false impressions.
3. Saying things you know are not true.

Slippery Slope Challenges

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4. Buying influence or engaging in conflicts of interest.
5. Hiding or divulging information.
6. Permitting interpersonal and/or organizational abuse.

The Ethical Standard

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LORD, who may abide in Your tabernacle?

Who may dwell in Your holy hill?

He who **walks uprightly,**

And **works righteousness,**

And **speaks the truth in his heart;**

He who **does not backbite with his tongue,**

Nor does evil to his neighbor,

Nor does he take up a reproach against his friend;

The Ethical Standard

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**In whose eyes a vile person is despised,
But he honors those who fear the LORD;
He who swears to his own hurt and does not change;
He who does not put out his money at usury,
Nor does he take a bribe against the innocent.**

He who does these things shall never be moved.

Psalm 15 (NKJV)



The Ethical Standard

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Since an overseer (elder) is entrusted with God's word, he must be blameless—not overbearing, not quick-tempered, not given to drunkenness, not violent, not pursuing dishonest gain. Rather he must be hospitable, one who loves what is good, who is self-controlled, upright, holy, and disciplined. He must hold firmly to the trustworthy message as it has been taught, so that he can encourage others by sound doctrine and refute those who oppose it.

Titus 1:7-9

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