

FORVIS



Exploring Ethics

January 18, 2024

Meet the Presenter



Jessica Richter
Partner
Des Moines, IA
jessica.richter@forvis.com

Agenda

WEBINAR

- Why Ethics?
- Where Do Our Ethics Come From?
- Code of Ethics
- Deciphering the Grey – A Quiz
- AICPA Ethics Decision Tree
- HFMA Code of Ethics

Learning Objectives

WEBINAR

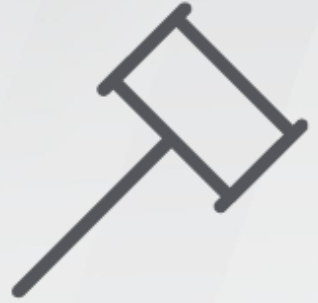
- Identify where our ethics come from
- Recognize ethical dilemmas
- Use the AICPA's Ethics Decision Tree for CPAs in Government
- Understand the Seven Standards of the HFMA Code of Ethics

Why Ethics?

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Why Ethics?



- We all have a set of ethics
- Ethics can be both conscious with thought & unconscious with instinct
- There is often not a consensus on ethics, as ethics come from different places
 - Governing principles such as state law or the Uniform Commercial Code
 - Personal principals such as personal faith & experiences
- Ethics are drawn from portions of our personal & business lives to drive decisions

Disclaimer Slide

CPE requirements for ethics can vary between states & between the different credentials. It is up to each professional to understand the specific requirements for their state or their credential before applying this CPE as ethics credit.



Where Do Our Ethics Come From?



- Childhood Upbringing
- Later Life Experiences
- Codes of Ethics
- Discussions With Others
- Ethical Philosophers
- Ethical Dilemmas

Childhood Upbringing

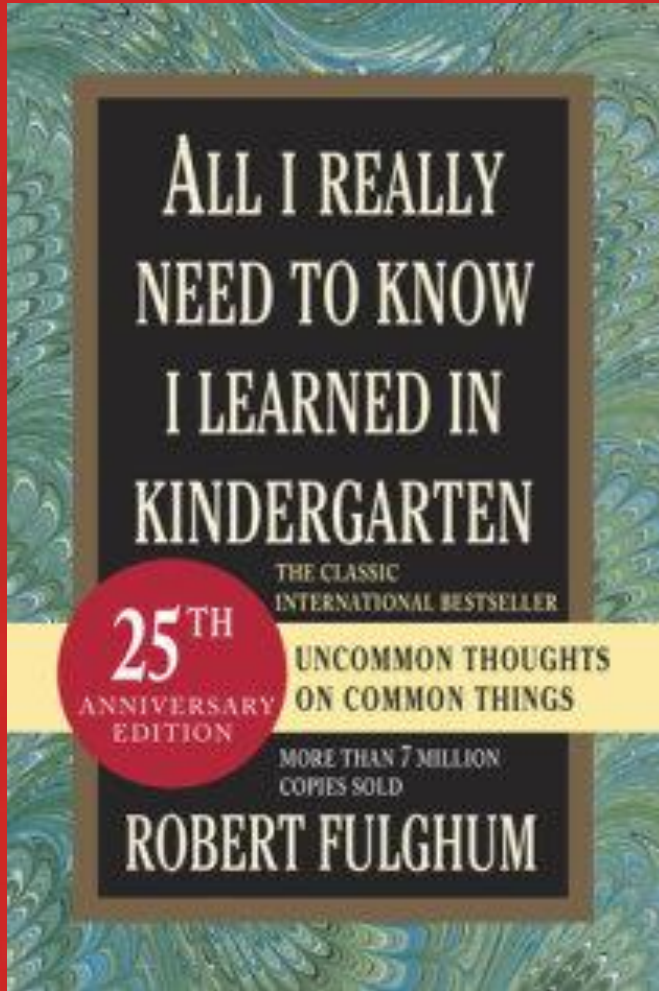


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- Parents
 - Teach through words &, more importantly, actions
 - Provide the fundamentals of “right” & “wrong”

<https://www.irmi.com/articles/expert-commentary/where-our-ethics-come-from>

Childhood Upbringing

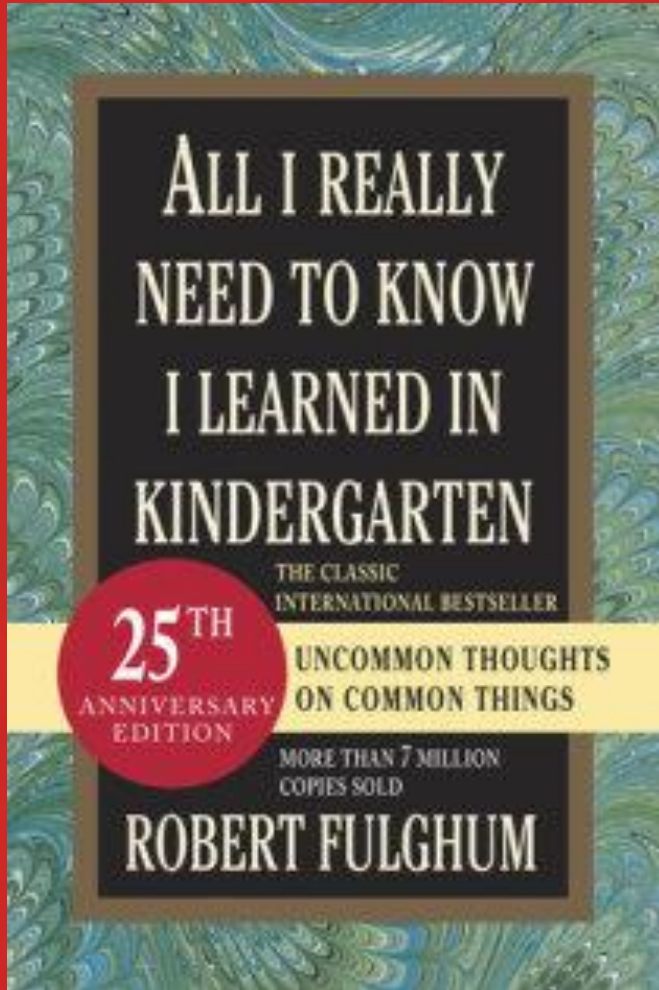


- *Share everything*
- *Play fair*
- *Don't hit people*
- *Put things back where you found them*
- *Clean up your own mess*
- *Don't take things that aren't yours*
- *Say you're sorry when you hurt somebody*
- *Wash your hands before you eat*
- *Flush*

<https://www.penguinrandomhouse.ca/books/56955/all-i-really-need-to-know-i-learned-in-kindergarten-by-robert-fulghum/9780345466396/excerpt>

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Childhood Upbringing

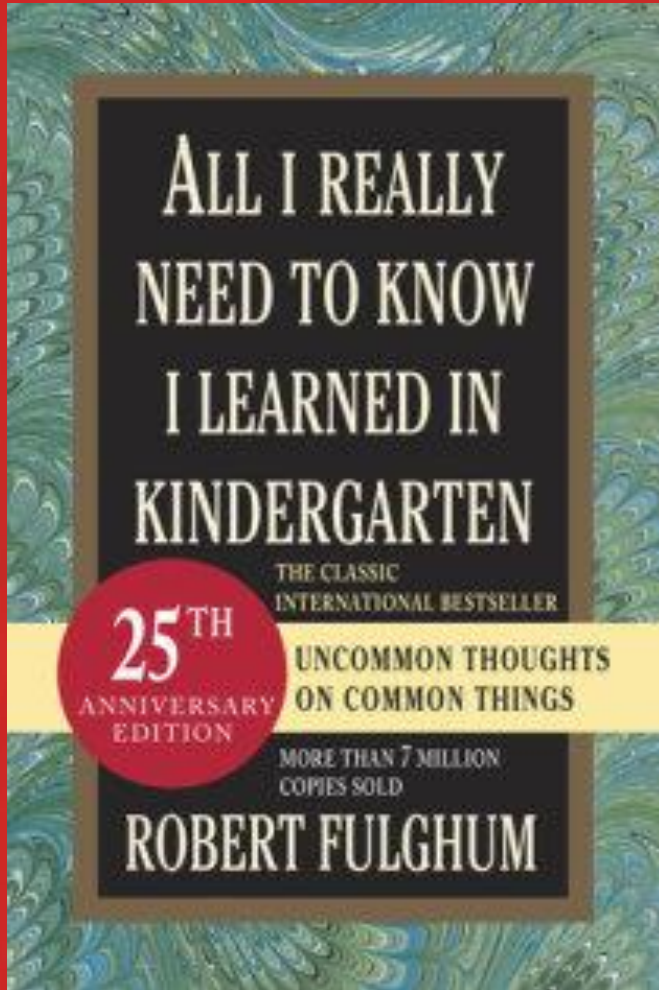


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- *Warm cookies and cold milk are good for you.*
- *Live a balanced life—learn some and think some and draw and paint and sing and dance and play and work every day some.*
- *Take a nap every afternoon.*
- *When you go out into the world, watch out for traffic, hold hands, and stick together.*
- *Wonder. Remember the little seed in the Styrofoam cup: The roots go down and the plant goes up and nobody really knows how or why, but we are all like that.*

<https://www.penguinrandomhouse.ca/books/56955/all-i-really-need-to-know-i-learned-in-kindergarten-by-robert-fulghum/9780345466396/excerpt>

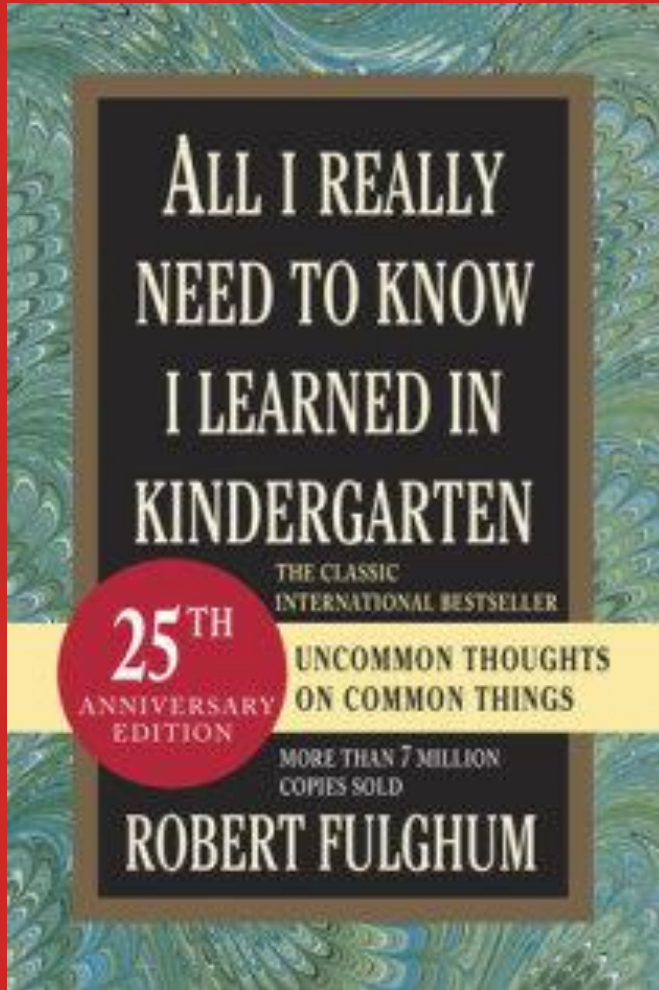
Childhood Upbringing



- *Goldfish and hamsters and white mice and even the little seed in the Styrofoam cup—they all die. So do we.*
- *And then remember the Dick-and-Jane books and the first word you learned—the biggest word of all—LOOK.*
- *Everything you need to know is in there somewhere. The Golden Rule and love and basic sanitation. Ecology and politics and equality and sane living.*

<https://www.penguinrandomhouse.ca/books/56955/all-i-really-need-to-know-i-learned-in-kindergarten-by-robert-fulghum/9780345466396/excerpt>

Childhood Upbringing



Take any one of those items and extrapolate it into sophisticated adult terms and apply it to your family life or your work or your government or your world and it holds true and clear and firm. Think what a better world it would be if we all—the whole world—had cookies and milk about three o'clock every afternoon and then lay down with our blankies for a nap. Or if all governments had as a basic policy to always put things back where they found them and to clean up their own mess.

<https://www.penguinrandomhouse.ca/books/56955/all-i-really-need-to-know-i-learned-in-kindergarten-by-robert-fulghum/9780345466396/excerpt>

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Later Life Experiences



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- Social media influencers



The above images were derived from respective company websites.



Codes of Ethics



- Direct & explicit source of daily ethical guidance
- Issued by many different sources: professional groups, *i.e.*, AICPA, ACFE; HFMA, your employer, state law, etc.

<https://www.irmi.com/articles/expert-commentary/where-our-ethics-come-from>

Codes of Ethics – Goals

- To set forth objectives like quality output, honesty, & public service in the customer or community dealings by the people who are governed by, or choose to subscribe to, a particular code
- To protect those to whom the code applies from harmful conduct by others governed by that particular code—conduct such as unfair competition or actions that cast the entire group in a bad light

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Codes of Ethics

- A Code of Ethics is often expressed through rather specific rules about what those governed by the code **definitely must**, or **must not**, do in their dealings with customers, one another, & the public at large. These self-protective rules can sometimes appear to conflict with religious, philosophical, or other sources of ethical guidance

**What happens when
there is conflict?
What should we do?**



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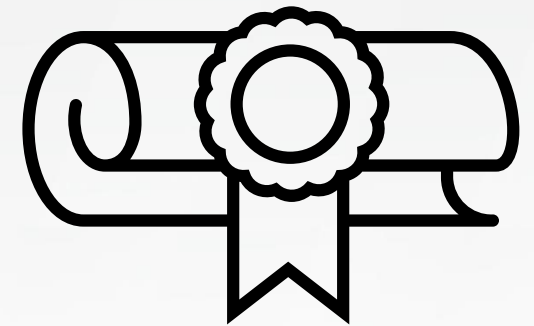
Discussions With Others

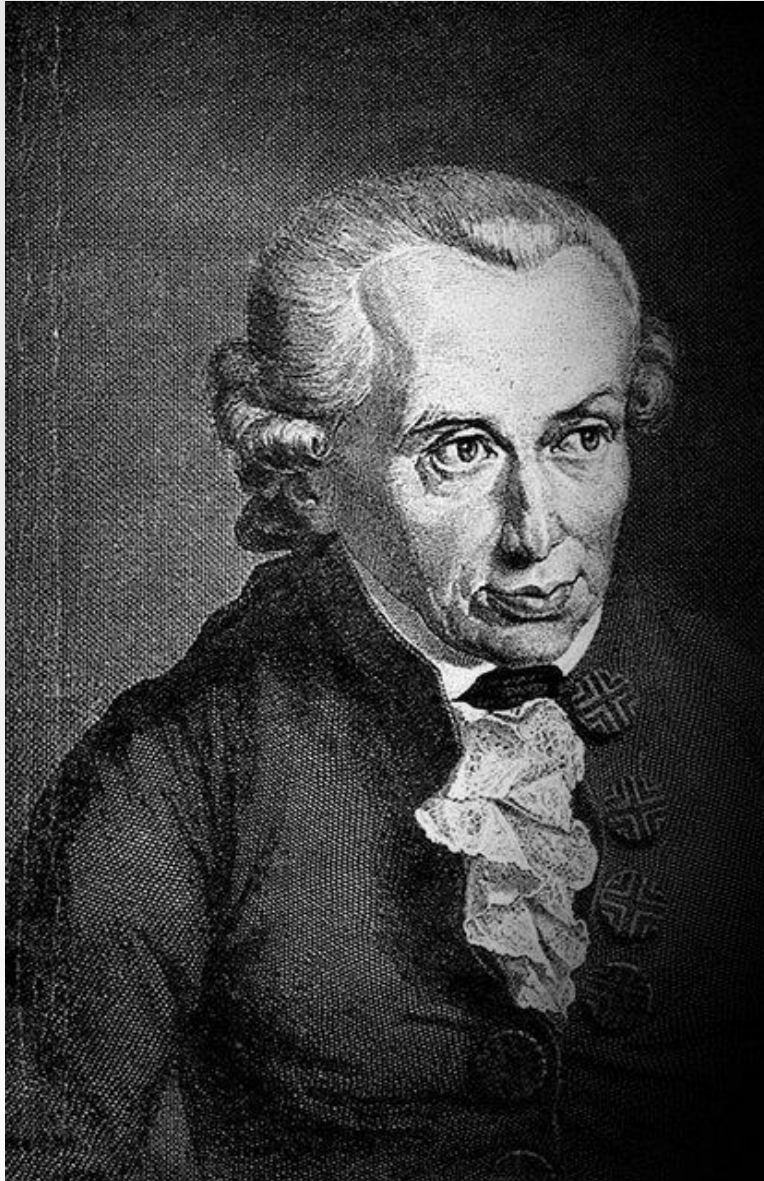
- Ethical judgements about behavior are being discussed daily, both implicitly & explicitly
 - Small talk, chit chat, gossip, etc.
- The words of others can lead each of us to a sense of what those around us view as good/bad, ethical/unethical
- The Social Consensus
 - How often do we “go along” with the opinions of others?
 - Is that easier than independently evaluating the ethical aspects of others’ actions?
 - What if we have strong personal views on a matter?

Ethical Philosophers



- Rules based vs. Results based
 - Rules based: The Ten Commandments
 - Results based: Hippocrates



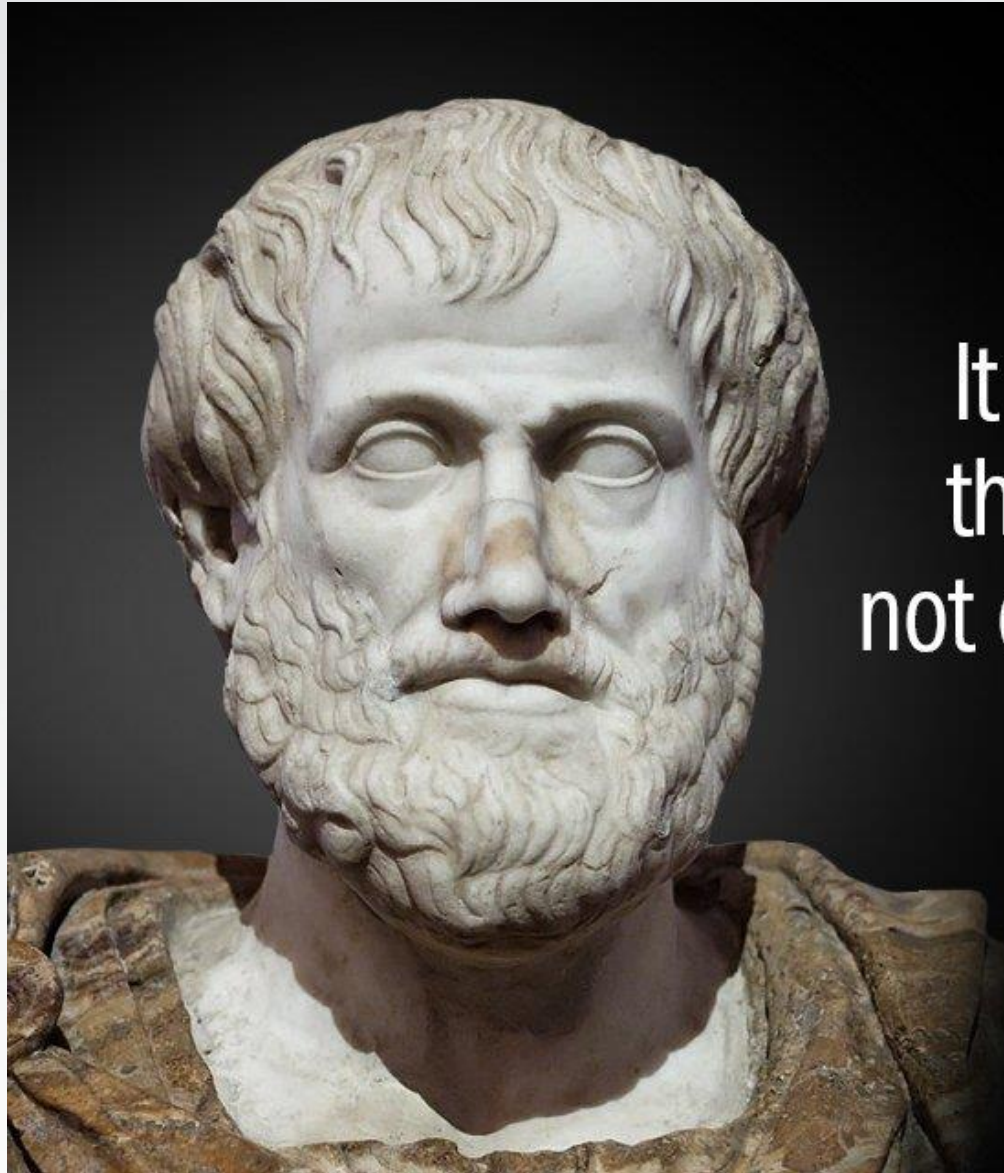


**Do the right thing
because it is right.**

— *Immanuel Kant*

AZ QUOTES

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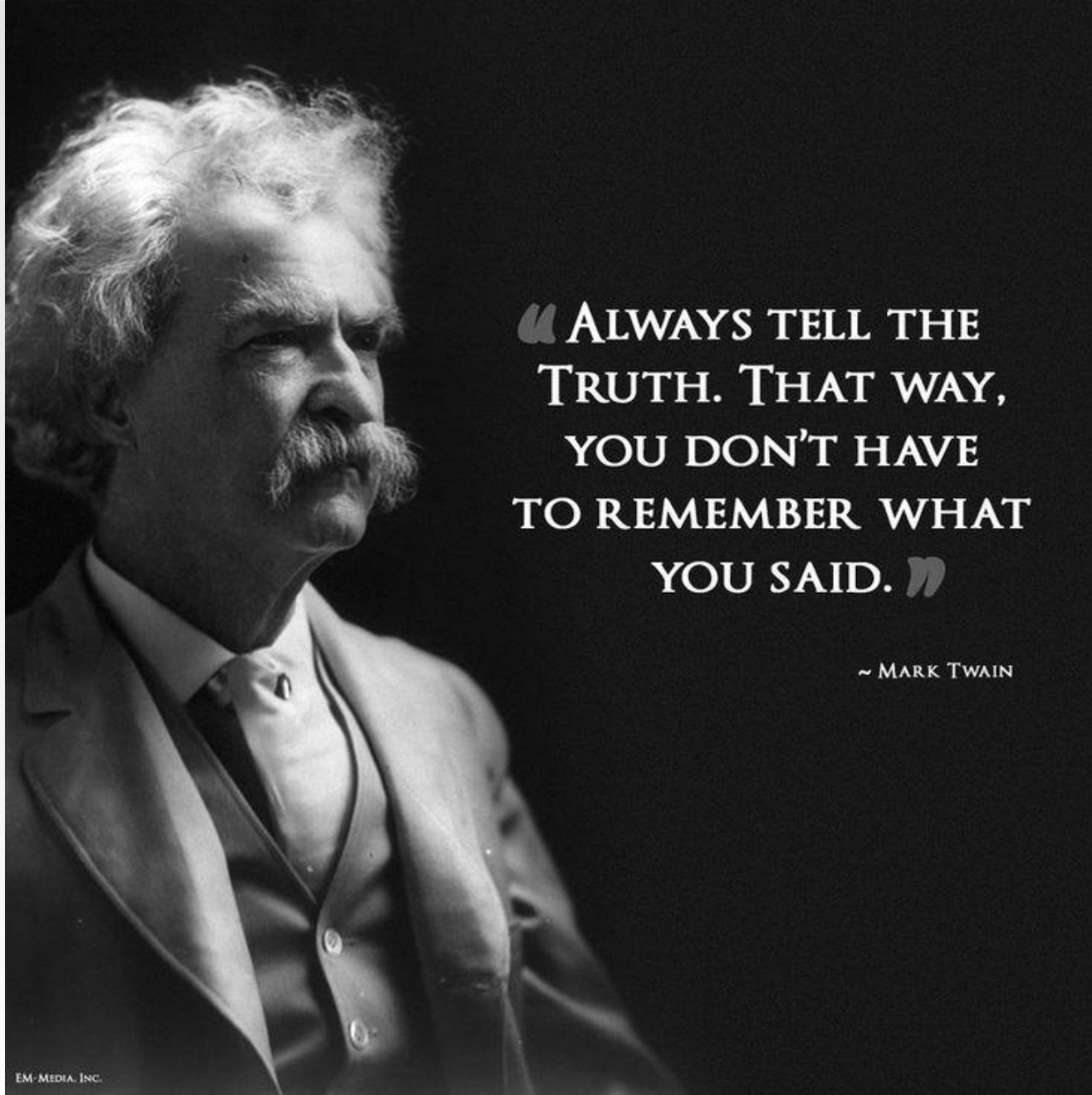


It is our **choice** of good or evil
that determines our character,
not our **opinion** about good or evil.

– *Aristotle*

AZ QUOTES

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“ALWAYS TELL THE
TRUTH. THAT WAY,
YOU DON'T HAVE
TO REMEMBER WHAT
YOU SAID.”

~ MARK TWAIN

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Ethical Dilemmas

- Pondering ethical dilemmas is a way to develop one's ethical awareness
 - Real or imagined, pitting two ethical principles, rules, or objectives against each other
 - To resolve the dilemma, one has to decide which of these ethically desirable ends is the more/most important or, alternatively, if there is a way to achieve both/all of these ends without committing some other ethical wrong



Why Ethics?



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Deciphering the Grey – A Quiz

- What is the ethical grey?
 - Not clearly right, not clearly wrong
 - How do you decide?



Is it ethical to purchase first-class flights for work travel?



If your personal credit card, for which you personally pay the annual fee, provides you with free checked bags, is it ethical to add the \$30 checked bag fee to your expense reimbursement request to recoup some of the annual fee that you personally paid?



Is it ethical to charge breakfast
on your expense report when
breakfast is provided by a
hotel?



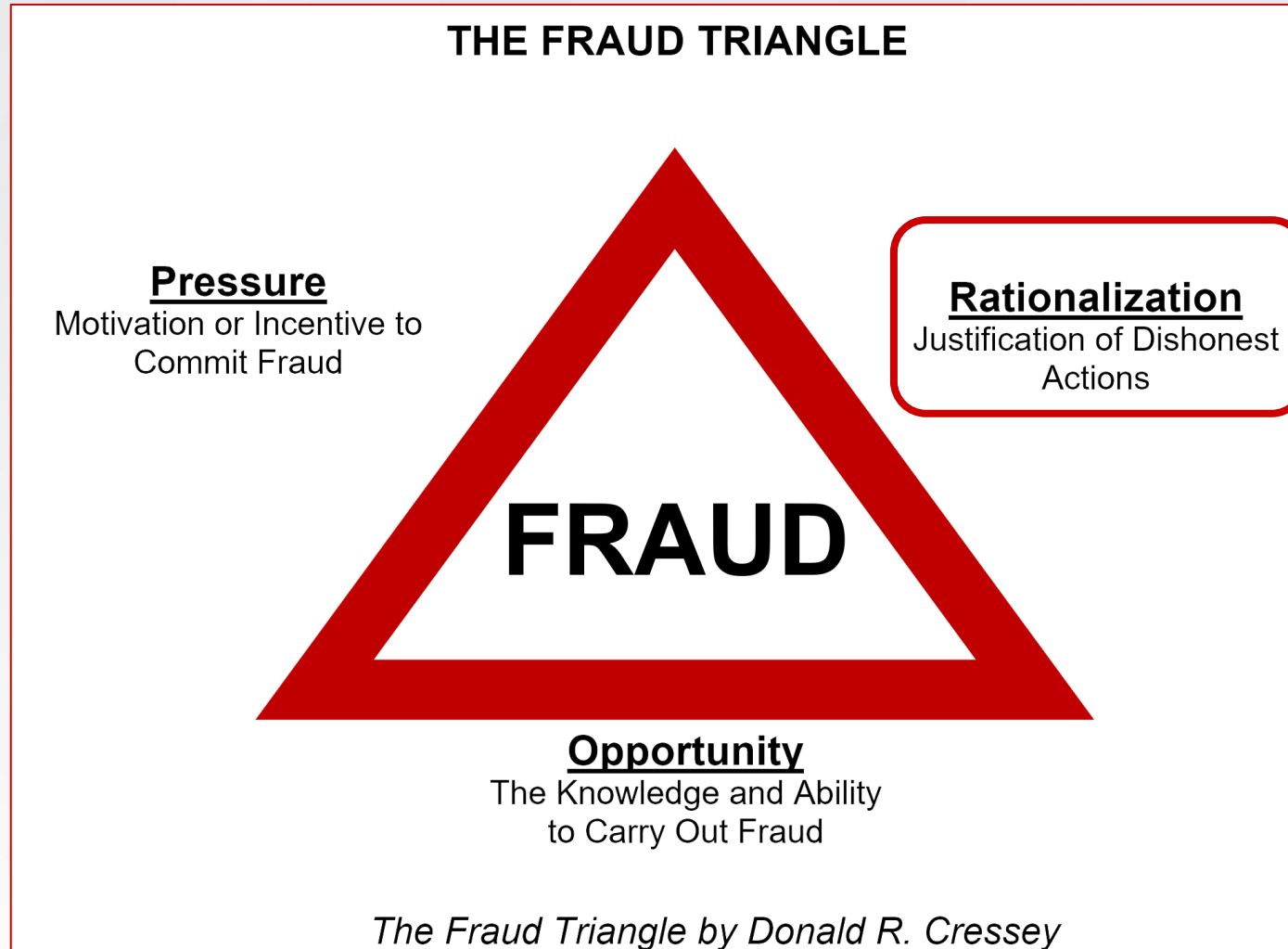
Is it ethical to charge dinner to your expense report when there's a conference reception ... even if it's only heavy hors d'oeuvres?



Is it ethical to drink coffee without contributing to the office coffee club?



Ethical Dilemma



Ethical Dilemma – Breaking Bad, a Case Study

- Walter White
 - Terminally ill with minimal financial resources
 - Former student is involved in the drug underworld
 - Walter is not a “bad guy” as he is doing this for his family



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Ethical Dilemma – Breaking Bad, a Case Study

- Walter White
 - Terminally ill with minimal financial resources (PRESSURE)
 - Former student is involved in the drug underworld (OPPORTUNITY)
 - Walter is not a “bad guy” as he is doing this for his family (RATIONALIZATION)



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Ethics CPE, the Fraud Triangle, & Rationalization

Our ethics directly impact our
ability to rationalize

NETWORKING BREAK

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AICPA Resources

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Understanding circumstances
that may compromise your
integrity and objectivity –
Practice aid

FORVIS



Practice aid

Understanding circumstances that
may compromise your integrity
and objectivity

June 1, 2021

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Ethics Decision Tree for CPAs in Business

Ethics Decision Tree

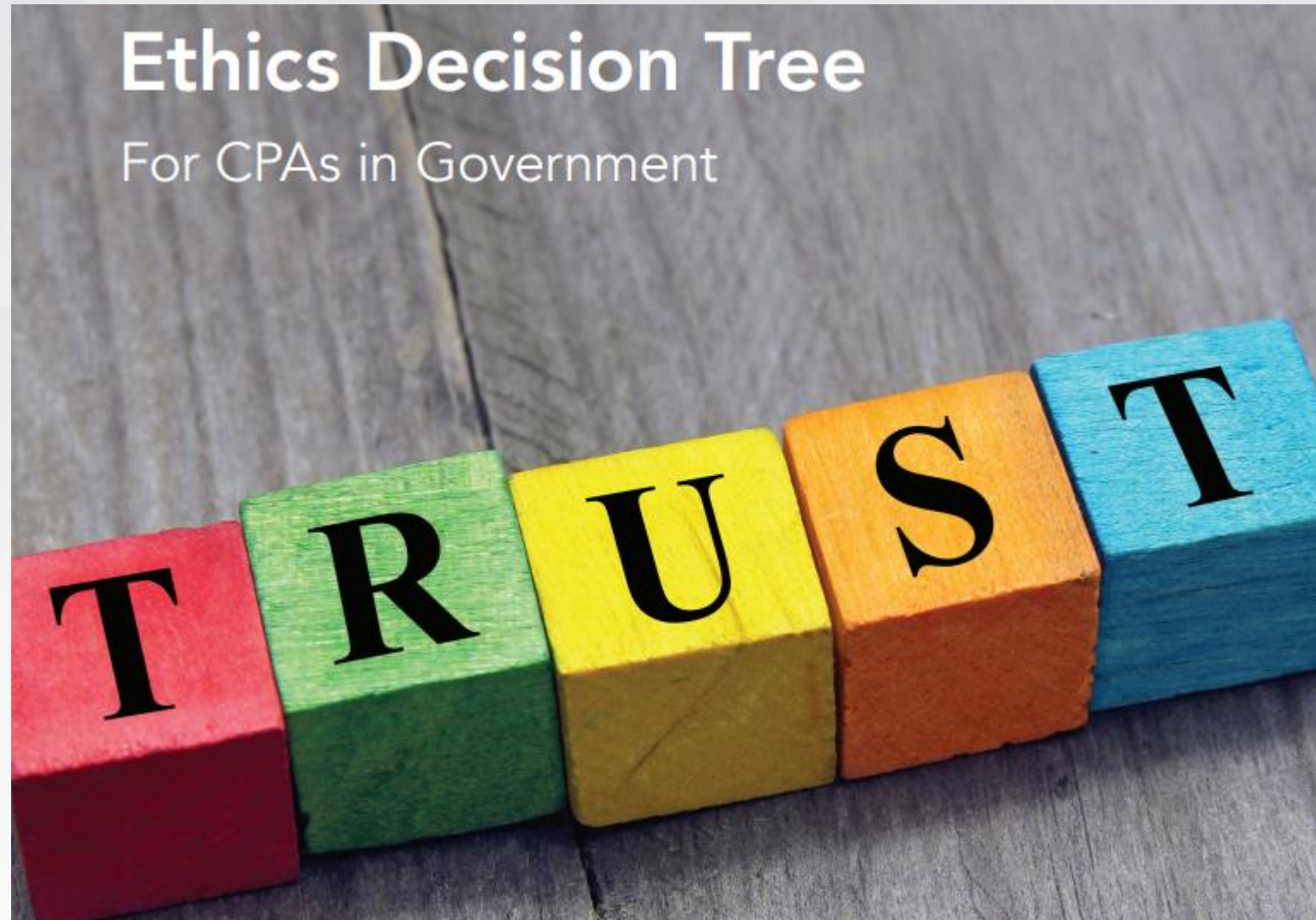
For CPAs in Business



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Ethics Decision Tree for CPAs in Government

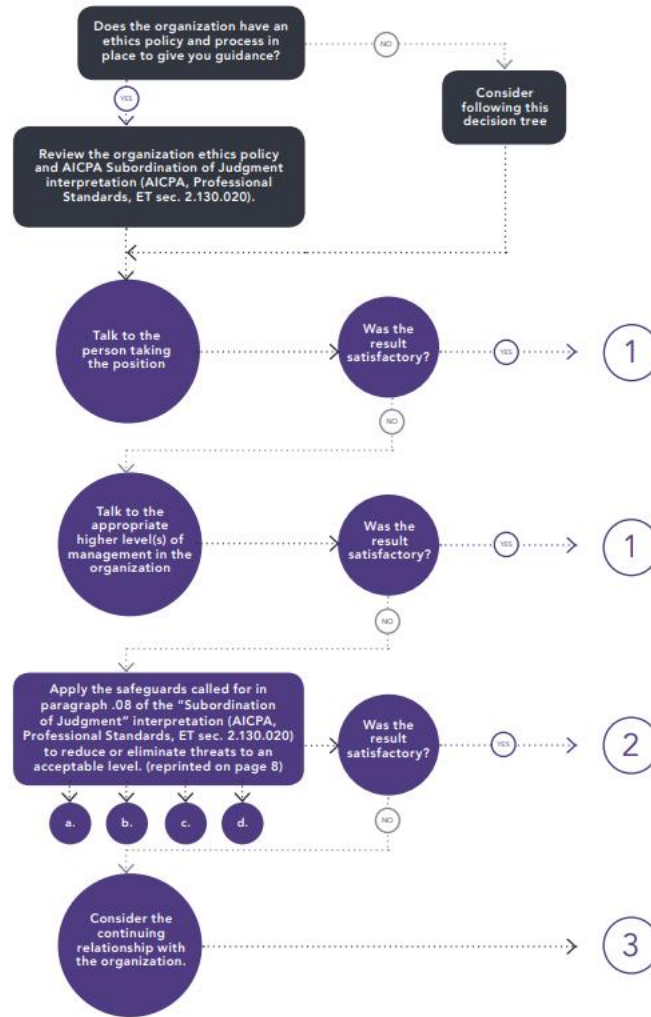


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Ethics Decision Tree for CPAs

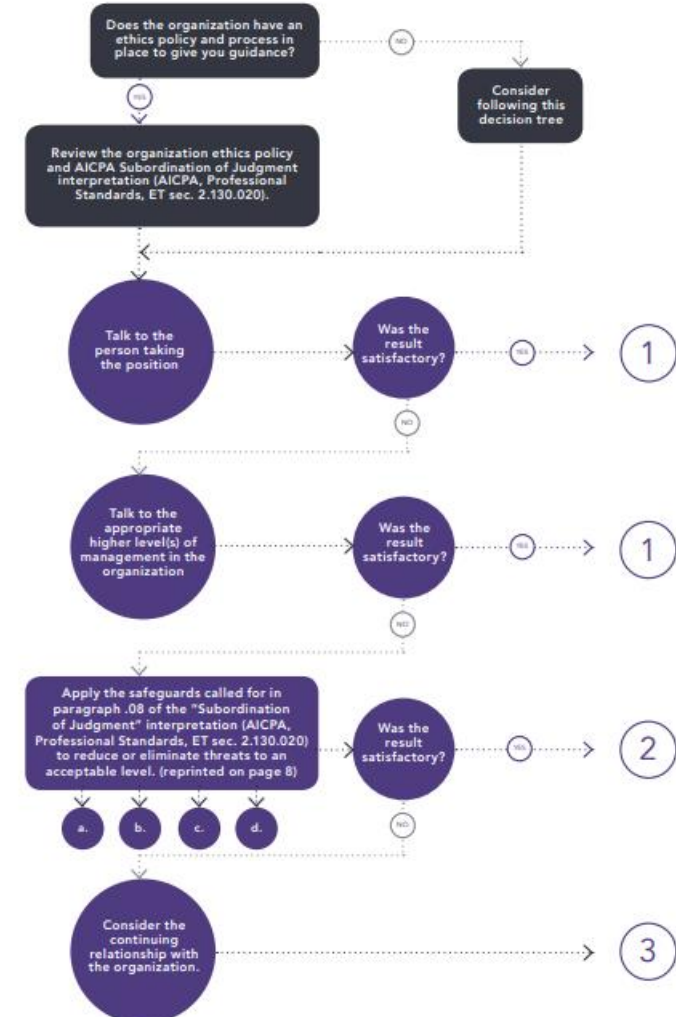
Ethics Decision Tree For CPAs in Government

When a member encounters an issue that would result in a material misrepresentation of fact or a violation of applicable laws or regulations then threats to compliance with the "Integrity and Objectivity Rule" exist. In such situations members must try to resolve the issue by following these recommended steps and actions:



Ethics Decision Tree For CPAs in Business

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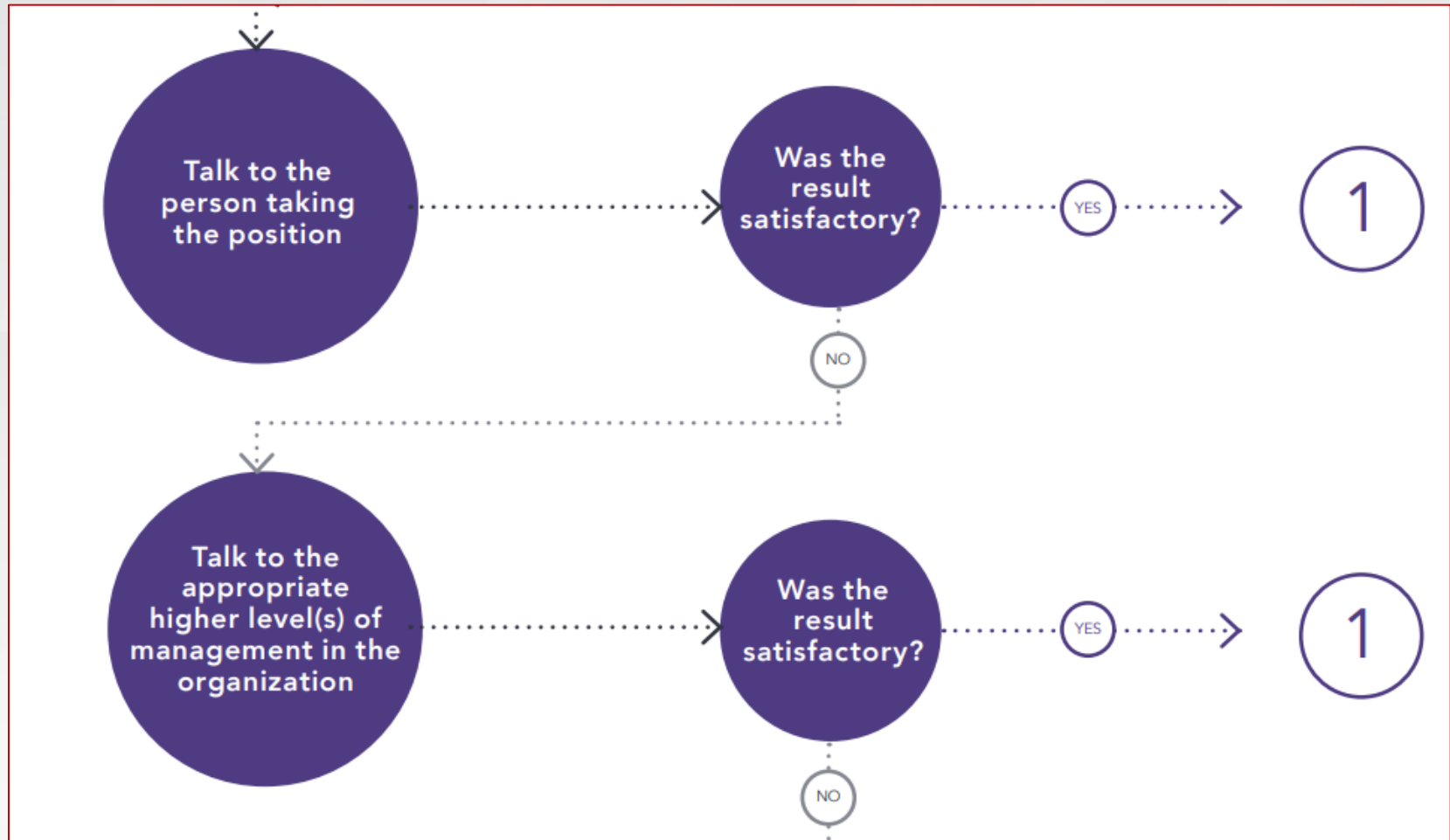
Ethics Decision Tree for CPAs



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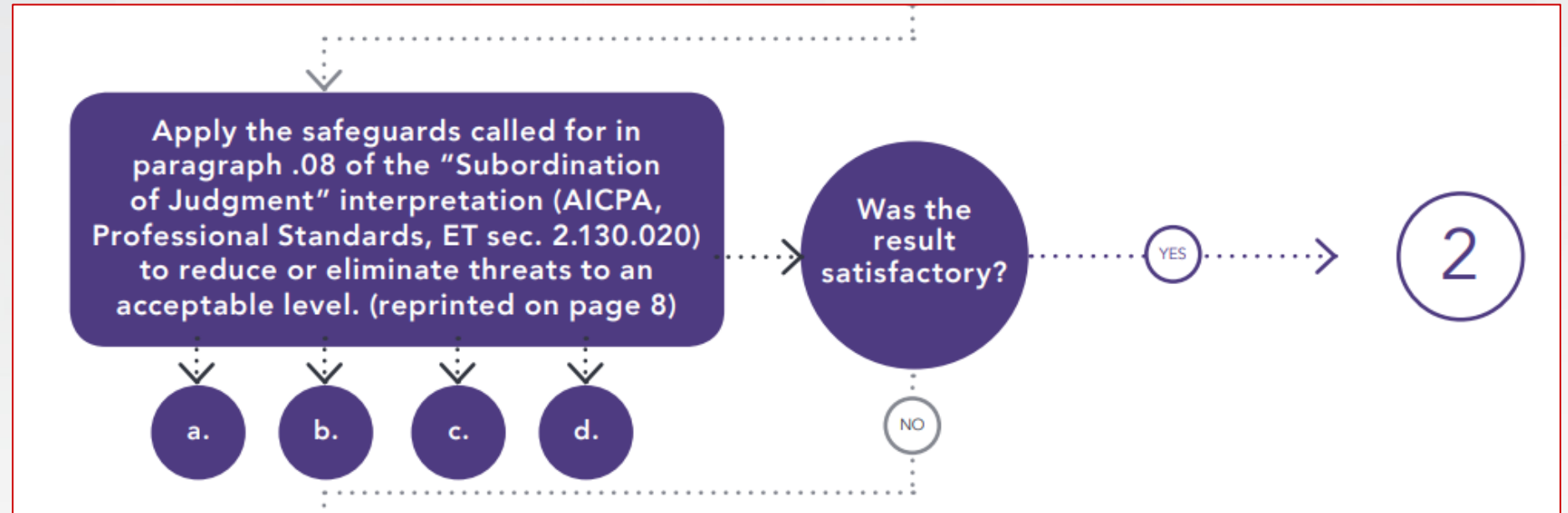
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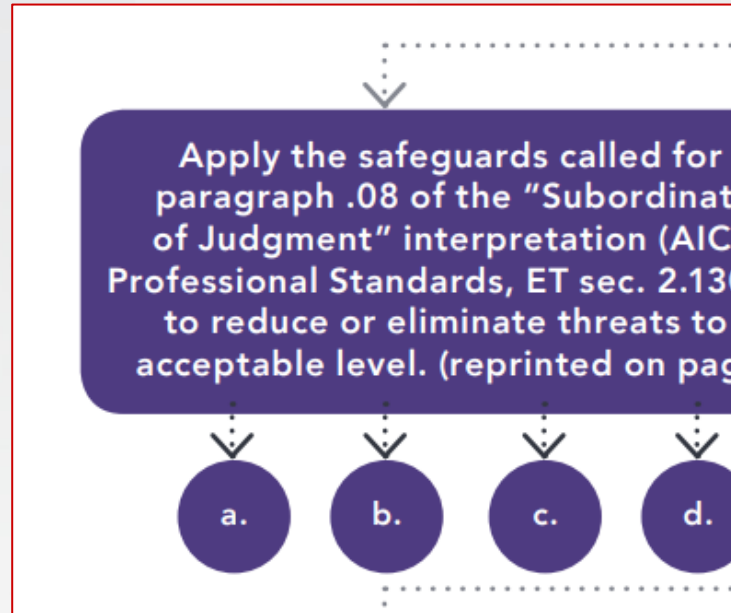
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Ethics Decision Tree for CPAs



2

It appears you have successfully managed your way through this challenge. It is recommended that you maintain and secure all documentation related to this matter as described in your organization records retention policy or as recommended by your legal counsel in case the issue resurfaces. Has the organization's processes, internal control system, and culture changed in response to this matter? Are these changes sufficient to minimize the recurrence of a challenge like this one? Evaluate your answers and properly document all resulting actions. In addition, make sure you document your understanding of the facts, accounting principles or other relevant professional standards involved or applicable laws or regulations and the conversations and parties with whom these matters were discussed.

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Ethics Decision Tree for CPAs

- a. Determine whether the organization's internal policies and procedures have any additional requirements for reporting differences of opinion.
- b. Determine whether he or she is responsible for communicating to third parties, such as regulatory authorities or the organization's (former organization's) external accountant. In considering such communications, the member should be cognizant of his or her obligations under the "Confidential Information Obtained From Employment or Volunteer Activities" interpretation [2.400.070] of the "Acts Discreditable Rule" [2.400.001] and the "Obligation of a Member to His or Her Employer's External Accountant" interpretation [2.130.030] of the "Integrity and Objectivity Rule" [2.100.001].

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Ethics Decision Tree for CPAs

a. Determine whether the organization's internal policies and procedures have any additional requirements for reporting differences of opinion.

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considering such communication should be cognizant of his or her responsibilities under the "Confidential Information" [2.400.070] of the "Acts of the Institute" [2.400.001] and the "Obligation to His or Her Employer's" [2.130.030] interpretation [2.130.030] and the "Objectivity Rule" [2.100.0

c. Consult with his or her legal counsel regarding his or her responsibilities.

d. Document his or her understanding of the facts, the accounting principles, auditing standards, or other relevant professional standards involved or applicable laws or regulations and the conversations and parties with whom these matters were discussed.

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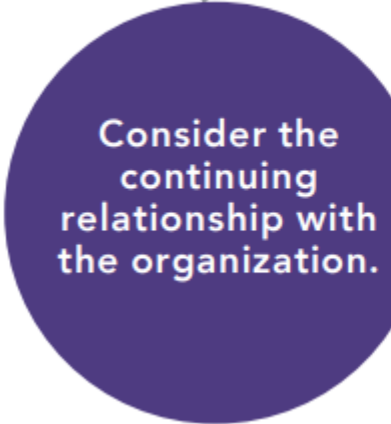
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Ethics Decision Tree for CPAs



Consider the
continuing
relationship with
the organization.

3

Consider whether it is appropriate for you to continue your employment at this organization and take appropriate steps to eliminate your exposure to subordination of judgment. Consider the severity and implications of the issue you have identified and whether it should be reported to the outside accountants, regulatory agency, bank or other lending institution, owner or investor committee, Board of Directors or another party.

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Ethics Decision Tree for CPAs

ETHICS HOTLINE

The AICPA Professional Ethics Team maintains a hotline for members to make inquiries about the AICPA Code of Professional Conduct, and for advice when facing situations that challenge their professional ethics. To access the Ethics Hotline dial 888.777.7077 and follow the prompts to be routed to the Ethics team.

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HFMA Code of Ethics

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HFMA

Seven

Standards of the HFMA

Code of Ethics

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1. Practicing honesty and maintaining personal integrity, including avoidance of conflicts of interest with those of my employer or the Healthcare Financial Management Association.

<https://www.hfma.org/about-hfma/bylaws-and-code-of-ethics/>



Code of Ethics #1

Practicing honesty and maintaining personal integrity, including avoidance of conflicts of interest with those of my employer or the Healthcare Financial Management Association.

- Best Practices
 - Have all board members, executives and key members of management sign a conflict of interest statement annually
 - Ensure you are transparent and forthright in communications

HFMA

Seven Standards of the HFMA Code of Ethics

FORVIS

2. Adhering to high standards of personal conduct.

<https://www.hfma.org/about-hfma/bylaws-and-code-of-ethics/>



Code of Ethics

#2

Adhering to high standards of personal conduct.

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- Things to avoid –
 - Obvious stuff – stay out of legal trouble
 - Think about social media postings – if that was on the front page of the Wall Street Journal would you still post it?
 - Even if you think your page is “locked down”it isn't really
 - SnapChats don't magically disappear – they are actually still stored on a server and can be recalled and people can screenshot and save them

HFMA

Seven Standards of the HFMA Code of Ethics

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3. Striving for the objective and fair presentation of financial information.

<https://www.hfma.org/about-hfma/bylaws-and-code-of-ethics/>



Code of Ethics

#3

Striving for the objective and fair presentation of financial information.

- Make sure what you prepare is easy to read and appropriate for the intended audience
 - Board
 - Management
 - Department Heads
 - Policy Makers
- Provide information far enough in advance to allow users proper time to review and consider as part of their decision-making process

HFMA

Seven

Standards of the HFMA

Code of Ethics

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4. Fostering excellence in healthcare financial management by keeping abreast of pertinent issues.

<https://www.hfma.org/about-hfma/bylaws-and-code-of-ethics/>



Code of Ethics #4

Fostering excellence in healthcare financial management by keeping abreast of pertinent issues.

- Keep learning!
 - Attend conferences & workshops
 - Read pertinent articles
 - Teach courses
- Network
 - Your peers are an amazing resource so make sure you are taking advantage of your networks and make sure you are reciprocating

HFMA

Seven Standards of the HFMA Code of Ethics

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5. Maintaining the confidentiality of privileged information.

<https://www.hfma.org/about-hfma/bylaws-and-code-of-ethics/>



Code of Ethics

#5

Maintaining the confidentiality of privileged information.

- Train your teams frequently as to what is allowable and what isn't
 - HIPPA
- Review systems to ensure they are compliant with requirements
 - Set up a rotational schedule for review of various components and assign owners
- Review policies to ensure they are compliant with guidelines
 - Set up a rotational schedule for review of various components and assign owners

HFMA

Seven Standards of the HFMA Code of Ethics

6. Promoting a greater understanding of financial management issues by others in the healthcare field and seeking increased public understanding through communication about such issues.

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<https://www.hfma.org/about-hfma/bylaws-and-code-of-ethics/>



Code of Ethics

#6

Promoting a greater understanding of financial management issues by others in the healthcare field and seeking increased public understanding through communication about such issues.

- Work with advocacy groups and communications teams to educate the public
- Leverage peer groups to collaborate on data compilation to support advocacy efforts

HFMA

Seven Standards of the HFMA Code of Ethics

7. Seeking to maintain a reasonable balance between the quality and cost of healthcare.

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<https://www.hfma.org/about-hfma/bylaws-and-code-of-ethics/>



Code of Ethics #7

Seeking to maintain a reasonable balance between the quality and cost of healthcare.

- Cheapest doesn't (and shouldn't) always win
 - Need to ensure quality of care and quality of experience
- Don't forget about employees and their quality of experience

Resources

- HFMA Whistleblower Policy
 - <https://www.hfma.org/wp-content/uploads/2022/10/Whistleblower20Policy.pdf>
- HFMA Code of Conduct
 - <https://www.hfma.org/about-hfma/hfma-code-of-conduct/>
- HFMA By-laws
 - https://www.hfma.org/wp-content/uploads/2022/10/HFMA_Bylaws_Revised_Aug_2021.pdf

“Unethical behavior significantly increases the cost of doing business.”

- Frank Sonnenberg

Questions?

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