



Did you know that Connect ACUA allows you to post new messages directly from your email without logging in to the Connect ACUA website?

For more details, check out the Quick Tip post on

[Connect.ACUA.org](https://connect.acua.org)

Your Higher Education Auditing Connection



Use a Kick Starter to launch your next audit!

ACUA Kick Starters

- Developed by ACUA members (Subject Matter Experts)
 - Higher Education Specific Topics

www.ACUA.org → Resources → Audit Tools → ACUA Kick Starters

Do you have a great idea for an ACUA Kick Starter?
Contact Justin Noble at Justin.Noble@ttu.edu

Association of College and University Auditors

ACUA

ASK NOT WHAT YOU CAN DO FOR ACUA BUT WHAT ACUA CAN DO FOR YOU!

Stay up to Date

News relevant to Higher Ed internal audit is posted on the front page. Articles are also archived for your reference under the Resources/ACUA News.

The College and University Auditor is ACUA's official journal. Current and past issues are posted on the ACUA website.

WWW.ACUA.ORG

ACUA SOCIAL NETWORKING



Connect with Colleagues

- Subscribe to one or more Forums on the Connect ACUA to obtain feedback and share your insights on topics of concern to higher education internal auditors.
- Search the Membership Directory to connect with your peers.
- Share, Like, Tweet & Connect on social media.

Get Educated

- Take advantage of the several FREE webinars held throughout the year.
- Attend one of our upcoming conferences:
 - Annual - September 9-13, 2018 New Orleans Marriott, New Orleans, LA
- Contact ACUA Faculty for training needs.

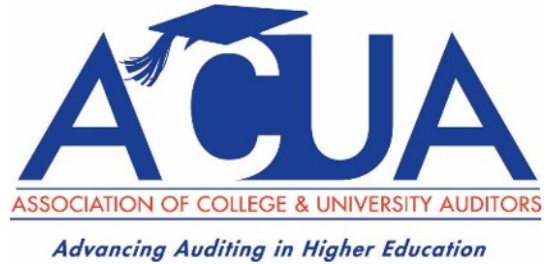
Get Involved

- The latest Volunteer openings are posted on the front page of the website.
- Visit the listing of Committee Chairs to learn about the various areas where you might participate.
- Nominate one of your colleagues for an ACUA annual award.
- Submit a proposal for the conference.
- Write an article for the C&U Auditor.

Solve Problems

- Discounts and special offers from ACUA's Strategic Partners
- Risk Dictionary
- NCAA Guides
- Resource Library
- Vendor Directory
- Governmental Affairs Updates
- Survey Results
- Career Center.....and much more.

WEBINAR MODERATOR



- Don't forget to connect with us on social media!



ACUA Distance Learning Director

Amy L. Hughes

*Director of Internal Audit
Michigan Technological University*

How Ethics Combat Fraud?

Presenter

Imad A. Mouchayleh

Senior Internal Auditor

Madison Area Technical College

Agenda

- A brief history on the evolution of Ethics
- Definitions
- Why ethics are needed
- 2016 Global Business Ethics Survey
- How managers make decisions under stress
- What should we look for as Internal Auditors

A Brief History

- 1920s – 1950s.
- 1950s – 1970s.
- 1970s – 2000.
- 2000 – to Present.

Polling Question #1

Are your ethics standards defined, published, and communicated?

- Yes
- No
- I Don't Know

Definitions

Ethics is the study of right or wrong conduct in situations where there is a choice of behavior involving human values.

Law is the collection of rules of conduct imposed by an authority.

Ethical Culture is an intangible structure of organizing and characterizing a group of people to constitute a framework influencing the behavior of each individual in the group.

Why Ethics Are Needed?

- Despite heavy regulations, harsh and aggressive prosecutions, and society viewing corporate and executive offenses as morally reprehensible, unethical and illegal conduct still occur.
- The challenge to corporate governance today is to give people enormous discretionary power and yet hold them accountable for the use of this power.

Is It Enough To Keep It Legal?

- If white-collar crime is punishable by prison, and those convicted are branded as social pariahs, and society now views corporate and executive offenses as morally reprehensible, why would people in a position of wealth and privilege risk everything to commit such a crime?

Polling Question #2

Do you run an annual survey to assess your workplace ethical climate?

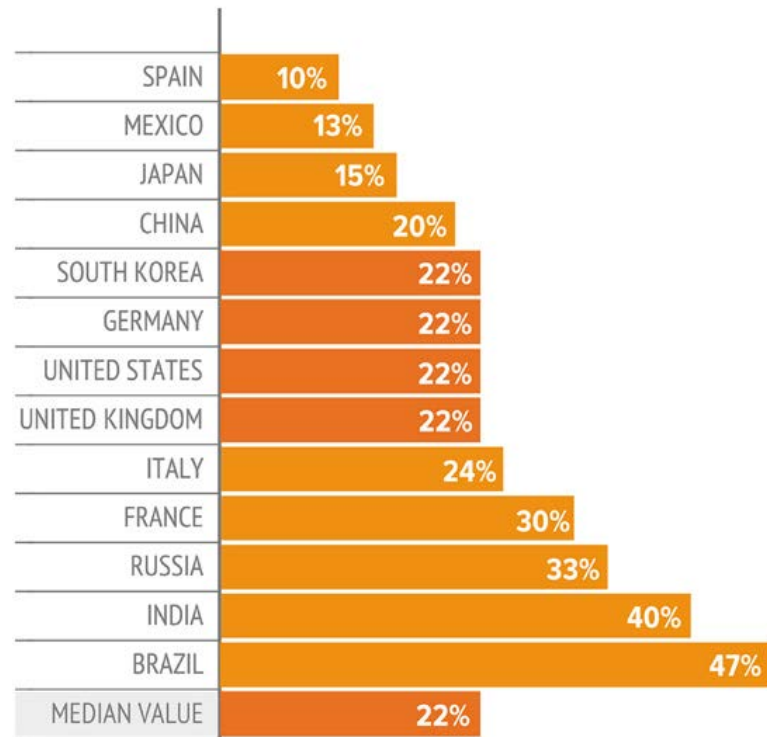
- Yes
- No
- I don't Know

2016 Global Business Ethics Survey Metrics (1/3)

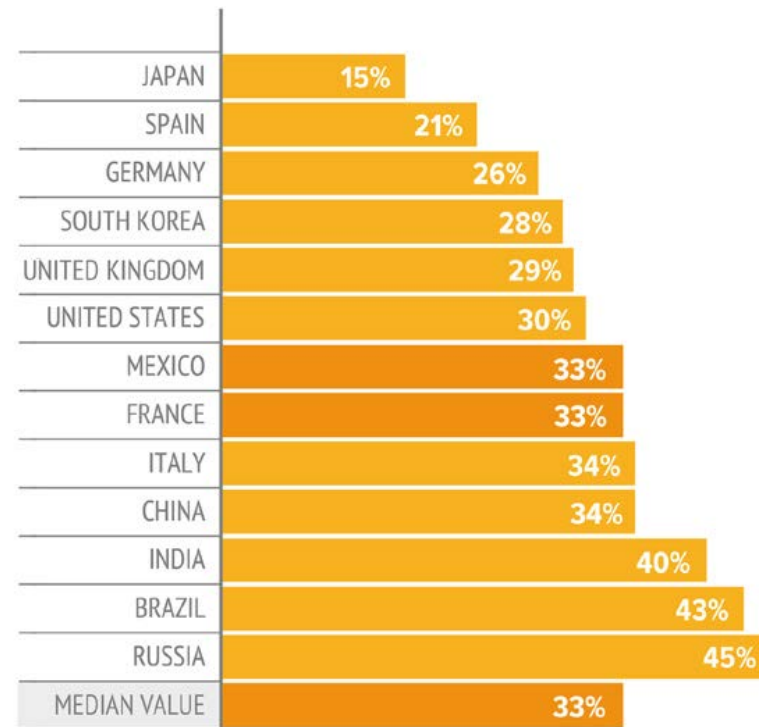


2016 Global Business Ethics Survey Metrics (2/3)

Pressure to Compromise Standards

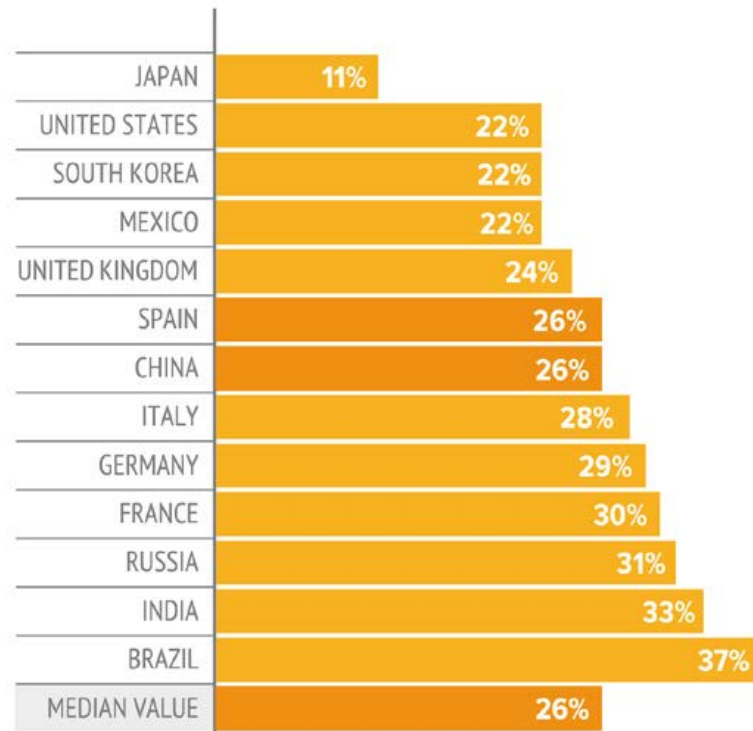


Misconduct Observed by Employees

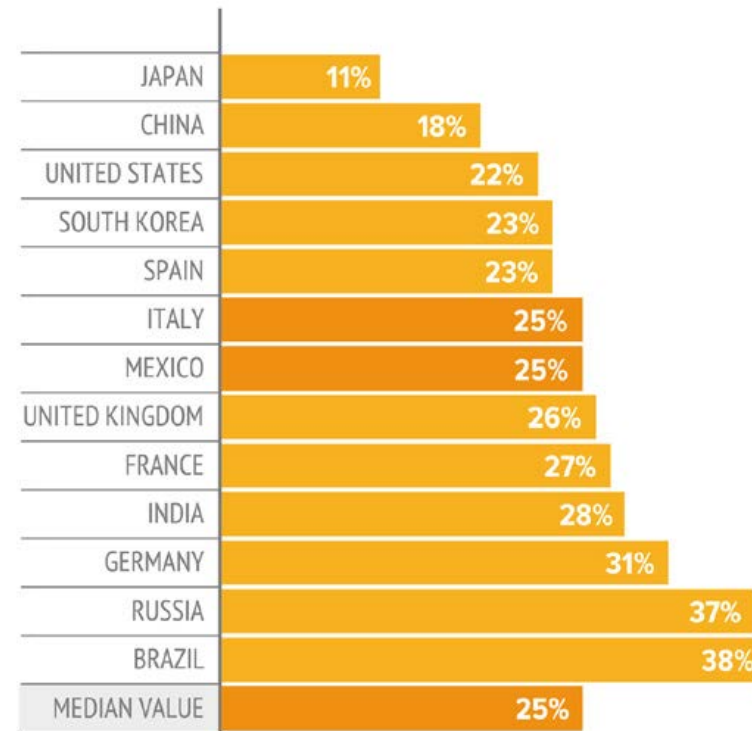


2016 Global Business Ethics Survey Metrics (3/3)

Lying



Abusive Behavior



Decision Making Creating Pressure?

- Prospect Model

- Rubicon Model

Polling Question #3

Do you have an established ethics and compliance program?

- Yes
- No
- I don't Know

The Challenge for Internal Auditors

- It can be difficult to know what the most pressing needs are and what to do about them.
- Where are the areas of greatest concern when it comes to workplace integrity?
- What should leaders worry about right now? Moreover, what, if anything, can they do about it?

Ethics and Compliance Programs

- Corporations have historically organized their ethics and compliance programs around a priority to align with legal and regulatory expectations. Yet increasingly, organizations are going beyond historic regulatory risk mitigation.

Workplace Integrity (1/2)

- While deliberate efforts to promote workplace integrity do make a difference, they require commitment of focus and resources.
- Written standards of ethical workplace conduct.
- Training on the standards.
- Organizational resources that provide advice about ethics issues.
- A means to report potential violations confidentially or anonymously.
- Performance evaluation of ethical conduct.
- Systems to discipline violators.

Workplace Integrity (2/2)

- Lead by example.
- Monitor and evaluate.
- Encourage and correct.
- Provide training and resources.

Ethical Climate Survey (1/3)

SAMPLE

- Scale rating questionnaire
 - People are expected to strictly follow legal or professional standards.
 - Successful people strictly obey policies.
 - The most important consideration is each person's sense of right and wrong.
 - Each person decides for himself what is right and wrong.
 - People have a strong sense of responsibility to the outside community.

Ethical Climate Survey (2/3)

SAMPLE

- Open ended questionnaire
 - How satisfied are you with your job?
 - To what extent do you feel free to speak your mind on the job?
 - To what extent do you feel varying opinions are respected within your department?
 - To what extent are you confident in the overall leadership in your department?
 - To what extent do you respect your supervisor?
 - To what extent do you feel people from all backgrounds are treated fairly in your immediate work area?

Ethical Climate Survey (3/3)

SAMPLE

- Direct questionnaire
 - To what extent do you feel pressured to compromise standards?
 - Have you witness any misconducts or violations of laws and policies?
 - Have you experienced any retaliation for reporting a violation?

Individuals' Ethical Profile/ID

- Create a safe climate for people to tell you who they really are.
 - Values focus on being more than doing.
 - Ask people to define their “I” starting by “I Am...”.
 - People will watch to see if we are who we tell them we are.
 - Our behavior as individuals demonstrates our values

Polling Question #4

Do you have a system to punish ethics standards violators?

- Yes
- No
- I don't Know

Internal Auditors Ethics

- Small losses do not amount to a big one. Do we chase a flock of small fish or the big fish?
- Are we looking in the right places? Are we identifying and assessing the right risks?
- Do we have the skills to do what we are hired to do?
- Are we doing it right?
- Could we do more?

Final Thoughts

- What holds it all together is INTEGRITY
- Integrity without knowledge is weak.
- Knowledge without integrity is very dangerous.
- Integrity is best when it is tested.

Questions



Contact Information

Imad A. Mouchayleh

Senior Internal Auditor

Madison College

Address: 3591 Anderson Street Madison WI 53705

Office: (608) 246-6092

Email: imouchayleh@madisoncollege.edu

UPCOMING ACUA EVENTS

- Sept 9 -13, 2018 – ACUA Annual Conference in New Orleans, Louisiana
- Sept, 2018 – Responding to Audits from External Agencies
- Late fall, 2018 – Webinar by Steve Hoffman, The Tax Translator