



# ETHICS AND YOUR AUDIT

MSBO Business Manager/CPA  
Workshop  
June 5, 2024

# Presented by:



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# Session Outline

- Ethical lessons learned during – and – post COVID
- Questions to ask in ethical decision-making
- How to promote an ethical environment within your workplace

# Ethical Lessons Learn During – and – Post COVID

- **Human Resources Pressures**
  - The great resignation
    - Led (leads) to shortage of qualified staff
  - Hybrid and remote work environment
  - Lack of expertise
  - Lack of oversight
  - Stretching employees across the organization too thin



# Ethical Lessons Learn During – and – Post COVID

- Human Resources Pressures
  - Taking short-cuts
    - Circumventing processes and procedures
  - No time for training – or training was deferred
  - Do we “know” the rules so that they can be followed and enforced
  - Many new finance officials across the state – lots of movement of experienced financial officials as well

# Ethical Lessons Learn During – and – Post COVID

- Lots of \$'s
  - Money appeared from everywhere it seemed causing unique circumstances:
    - Allowance of supplanting
    - Trying to maintain fiscal prudence
    - Administration & Board of Education in your ear
    - Stretching of boundaries on Allowable Expenditures



# Ethical Lessons Learn During – and – Post COVID

- Lots of \$'s
  - Money appeared from everywhere it seemed causing unique circumstances:
    - Spending funds on things you would have never considered before COVID
    - So many of the funds used for payroll – easy to lose adherence to proper payroll control policies and procedures

# Ethical Lessons Learn During – and – Post COVID

- Lots of \$'s
  - Money appeared from everywhere it seemed causing unique circumstances:
    - Other big use of these COVID funds was for stuff
      - In the rush to get these funds spent were purchasing policies and procedures short-changed?
      - Bidding requirements – internal quoting requirements, etc.
      - Were vendors properly vetted?
    - Ethical/political conflicts created with bargaining units
- What's next with the looming or upon us funding cliff

# Ethical Lessons Learn During – and – Post COVID

## What Did We Learn

- We can do incredible things even in the most trying circumstances
- People, processes and systems are extremely important
- Flexibility is now a must
- You found out who you could count on and trust



# Ethical Lessons Learn During – and – Post COVID

- **What Did We Learn**

- Teamwork was essential
- Even in stressful times, you can still make informed and ethical choices/decisions
- Effective communication with all stakeholders was essential
- Decisions are best made after open vetting of ideas

# Questions You Should Ask in Ethical Decision Making

- What is the bigger context to this decision?
  - Am I dealing with a perceived emergency or crisis brought to my doorstep by someone else?
  - Someone else's crisis doesn't equal your emergency



# Questions You Should Ask in Ethical Decision Making

- Before making a decision/determination consider the following:
  - Do I have all the facts? Ask probing questions
  - Does this fit the District's mission and beliefs?
  - Is this a sustainable position?
  - What is the long-term impact of this near-term decision?
  - Are the appropriate people involved with this decision?

# Questions You Should Ask in Ethical Decision Making

- Before making a decision/determination consider the following:
  - Biases in ethical decision making
    - Showing favoritism
    - Conflicting goals / betterment of the District vs. personal goals
    - Fear of retaliation
    - Avoidance – doing nothing
    - Lowering thresholds – it's a small decision so I treat it differently

# Questions You Should Ask in Ethical Decision Making

- Before making a decision/determination consider the following:
  - What kind of example am I setting with this decision
  - Is there a teachable moment here
  - Consistency
  - It's OK to stand facing the wind instead of being carried along by it

# How to Promote an Ethical Environment Within Your Workplace

- Tone at the top is essential
- An ethical framework for the District also should have written standards for ethical conduct
  - Part of Board Policy, Employee Handbooks, Student Handbooks, Purchasing Policies, Personnel Policies, etc. It should be pervasive.



# How to Promote an Ethical Environment Within Your Workplace

- Written policies should include:
  - A code of ethics
  - Conflict of interest policies – impacts all areas of the District
  - Whistleblower policy – more importantly a mechanism for reporting
  - Anti-fraud policy
  - Job duties – documented accounting procedures – delineation of responsibilities/authority for decision making

# How to Promote an Ethical Environment Within Your Workplace

- There should be ethics training provided to all employees
  - Ideally, this training is part of onboarding new employees
  - It should be a standard item discussed annually as part of your welcome back / school year start up events
  - Information about how ethical disputes/issues are addressed such as chain of command
  - Enforcement and consequences for violations of policy

# How to Promote an Ethical Environment Within Your Workplace

- Personally speaking:
  - Consistent ethical behavior and actions say more than words
  - Invest in your own ethics training – make professional development a priority
  - Reward ethical behavior when you witness it – positive reinforcement is a great motivator

# How to Promote an Ethical Environment Within Your Workplace

- Personally speaking:
  - Expect / demand ethical behavior from others in your District
    - Not just Central office
      - Interactions at the building level with anyone who has purchasing abilities
      - Purchasing card/credit card users
      - IT
      - Transportation
      - Food Service
      - Custodial & Maintenance, etc.

# Open Q&A

