

# ETHICS MATTERS

NASBA  
CENTER FOR THE  
PUBLIC TRUST

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## Unique Membership Opportunity

Founding Membership to Close December 31, 2008

You still have the unique opportunity to become a Founding Member of the NASBA Center for the Public Trust (CPT). This special membership category will be available until the end of 2008; yet those who become Founding Members will remain in this category and will always be recognized as early supporters. Becoming a Founding Member is easy—simply make a donation to the NASBA Center for the Public Trust by December 31, 2008.

Founding Members are listed as such on the CPT Web site. To further recognize this special group we are creating a “Founding Member” pin, which will be sent to all who donate during this campaign and to those that have already become Founding Members. Most importantly, your financial contribution to the NASBA Center for the Public Trust, and status as a Founding Member, reflects your belief in the endeavor to promote ethics and ethical leadership.

We also encourage you to promote Founding Membership in the NASBA Center for the Public Trust to your friends, colleagues and clients. As a stakeholder in the accounting

community, it is important to promote the CPT and strengthen the public’s view of the accounting profession’s dedication to ethical behavior. The media’s over-attention to the discreditable acts at organizations such as Enron and WorldCom, has somewhat diminished the view of accounting as the most-trusted profession. With the CPT’s mission to “tell the good news” and its success in delivering high-quality ethics conferences, the CPT is truly elevating the ethical threshold in the business world.

To become a Founding Member visit our Web site at [www.centerforpublictrust.org](http://www.centerforpublictrust.org) and contribute electronically or mail a check to: NASBA CPT | 150 Fourth Avenue North | Suite 700 | Nashville, TN, 37219.

You can also help us become more effective by sharing this issue of *EM* and encouraging your associates to become Founding Members. If you have any questions regarding Founding Membership, or would like additional information on forwarding copies of *EM*, please contact CPT Activities Coordinator [Jenn Bouchard](mailto:jbouchard@nasba.org) at [jbouchard@nasba.org](mailto:jbouchard@nasba.org) or 615-564-2129. ☆

## Good News

### CPT Awardee Sails Again

Johnny Lovell, a 2006 NASBA Center for the Public Trust Being A Difference Award recipient and veteran sailing campaigner, will return for his fourth consecutive Olympic Regatta. With one Silver Medal from 2004 already in his pocket, he and longtime crew member, Charlie Ogletree, will head to the starting line in Qingdao, China, with a decided edge: experience.

Lovell and Ogletree started sailing together in 1993 and competed in four successive campaigns for medals, the 1996 Olympic Games in Savannah (finishing 8th), the 2000 Games in Sydney (7th), and the 2004 Games in Athens (Silver Medal).

Along with sailing, Lovell juggles a career as a CPA and raising his young son with wife Katherine Pilley Lovell.

Wherever you are in the world, you can follow this year's Olympic Sailing Competition at [www.sailing.org](http://www.sailing.org). Sailing events of the 2008 Beijing Olympic Games will take place from August 9-21, with deciding Medal Races to be held from August 16-21. Gold medals will be decided in 11 Olympic sailing events, featuring a total of 400 sailors.

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# Nathan Garrett Receives National 'Being A Difference' Award

North Carolina Leader Honored for Advancing Business and Minorities through Ethical Leadership

“You don’t earn medals for not stealing chickens,” Nathan Garrett remarked on his original thoughts as to why he had been honored with CPT’s *Being A Difference Award*.

“But then I recalled a line written by Scottish poet and folk song writer Robert Burns,” Garrett said. “O would some power the gift to give us to see ourselves as others see us.”

It was evident that others recognized Garrett’s unprecedented ethical leadership, and influence as more than one hundred family and friends, partners and colleagues, board members, and fraternity brothers attended the award reception at the North Carolina Mutual Heritage Ballroom in Durham on May 13, 2008.

For over 40 years, Garrett worked as a CPA, attorney and served as a community leader in Durham, North Carolina. He has been the owner or partner of various CPA firms since 1962. After an extraordinary career, he retired as partner of Cherry Bekaert and Holland, LLP in 1999.

Garrett is a founder and former executive director of the Foundation for Community Development (FCD). The FCD, originally

formed as part of the North Carolina Fund, was created in 1963 to “break the cycle of poverty” that was plaguing many of North Carolina’s residents.

Additionally, Garrett contributes to his community in various capacities. He is chair emeritus for North Carolina Mutual Life Insurance and a trustee emeritus for Duke University. He served as a Durham County Commissioner, president of the North Carolina Association for Minority Businesses and chair of the board of trustees at Fayetteville State University.

On a national scale, Garrett served as chair for the Minority Development Advisory Committee to the US Secretary of Commerce, chair of the National Association of State Boards of Accountancy and president of the National Association of Minority CPA Firms.

“Through many years of work I painted the picture of my life,” Garrett said in closing. “I am glad that The Center for the Public Trust and others have seen it as I could not see it and have placed a value on it that I did not know was there.”

Garrett and his wife, Wanda, reside in Durham, North Carolina. They have three children, seven grandchildren and eight great grandchildren. ☆

## Connecticut State Board Holds Ethics Symposium

Helping Practitioners Understand the Role of Ethics in Practice Today

More than 400 individuals attended the June 27 Ethics Symposium sponsored by the Connecticut State Board of Accountancy. The conference featured three nationally known speakers, Dr. Raymond J. Clay, Jr., Gary M. Brown and NASBA CPT Board Member, Larry W. Bridgesmith.

Dr. Clay’s enthusiastic presentation “Ethics Cases in the Real World,” used case analyses to present ethics concepts and ethical reasoning. He included an ethics quiz which allowed participants to gauge their own ethical compass. During the quiz, which pointed out that many times an individual will jeopardize his/her job for a paltry sum of money by cheating on an

expense report, Dr. Clay noted, “we are often our own worst enemy.” He also utilized a general ethical checklist and discussed the core values of the accounting profession.

Gary M. Brown began his session by stating that ethical trends are cyclical and currently the ethics landscape at U.S. Companies are back to pre-Enron levels. Mr. Brown quoted an impressive statement from a corporate code of ethics and then revealed it was excerpted from Enron’s 65-page Code of Ethics. He noted that although Enron’s Code was well written, leadership had not actually focused on internal controls for about 25 years. [continues on page 5](#)

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# Ethics and Public Service

## What is ethics?

Ethics refers to standards governing the conduct of a person or members of a profession. There are three aspects to ethics:

- ◆ Discerning right from wrong
- ◆ Committing to do what is right
- ◆ Doing what is right

## Why is ethics important?

- ◆ There is an inner benefit (virtue is its own reward).
- ◆ There is a personal benefit (virtue is personally and professionally prudent).
- ◆ There is an appreciation benefit (virtue enhances self-esteem and the admiration and respect of others).

## What is public-service ethics?

To earn and safeguard public trust, employees and agencies must not only comply with laws and regulations, but adhere to higher standards than normally expected or required. “Wrongdoing” is often an ethical rather than a legal concept, so avoiding ethical misconduct is not only the right thing for public administrators to do, it’s a vital and effective risk-management strategy.

## Why is public-service ethics important?

Widespread cynicism. Embarrassing scandals. Obstructive partisanship. Crippling regulations. Faultfinding media. Damaging investigations. Whopping penalties. Managing public institutions has never been tougher. The mere accusation of wrongdoing can harm reputations, drain morale, hamper the ability to attract and retain top talent, and impair the delivery of public service.

## Whose responsibility is public-service ethics?

Everyone’s, but it starts at the top. Elected officials, policymakers, and senior management should walk the talk by modeling, communicating, and enforcing their expectations and commitment to ethical decision making.

## Do ethics codes work?

Ethics codes don’t make people ethical, make bad people good, or make people with poor judgment wise. But they can help define what’s right, instill an ethical culture, and establish standards of conduct in areas not governed by law. Studies have found that:

- ◆ 79 percent of employees say their organization’s concern for ethics is a key reason they remain.
- ◆ 78 percent of workers at organizations with an ethics program report misconduct when they see it compared to 39 percent of employees whose organizations don’t have an ethics program.
- ◆ 71 percent of employees who see honesty applied rarely or never in their organization have witnessed misconduct in the past year compared to 25 percent who see honesty applied frequently.

- ◆ 41 percent of low-morale organizations say absenteeism is a serious issue, while only 20 percent of high-morale organizations report the same.

## What values should be implemented?

In 1992, Josephson Institute convened a summit conference in Aspen, Colorado, of the nation’s foremost educators, youth leaders, and ethicists. The gathering created the Six Pillars of Character (trustworthiness, respect, responsibility, fairness, caring, and citizenship), a set of clear, consistent, nonpartisan, nonsectarian principles of conduct designed to resonate across society.

## What makes an ethics code effective?

- ◆ It must be inclusive (everyone participates, from senior management on down).
- ◆ It must be valid (content is consistent with standard ethical principles).
- ◆ It must be authentic (policies are enforced and values are reinforced in both word and deed).

## What sustains an ethics code?

- ◆ It’s specific. Guidelines are explained clearly using common scenarios.
- ◆ It’s thought-provoking. Public employees are taught how to analyze situations and make good choices.
- ◆ It’s clear. Legalese, vagueness, jargon, and platitudes are absent. Instead of saying “Avoid improper use of equipment,” explain precisely what is meant with examples and unambiguous language.
- ◆ It’s readable. One should not need a user’s guide to wade through its provisions. Improve readability with wide margins, large type, breakout quotes, tight editing, and accurate proof reading.
- ◆ It’s concise. The entire U.S. Constitution is shorter than many ethics codes. Avoid complex sentences. Translate dense, multifaceted paragraphs into bulleted or numbered lists.
- ◆ It’s realistic. “Absolutely no personal phone calls” is unreasonable. “Accept no gifts or gratuities” is vague.
- ◆ It’s enforceable. All provisions should adhere to union agreements, city or government mandates, departmental regulations, Constitutional rights, etc. Institute a credible and efficient process for receiving complaints and investigating charges.
- ◆ It’s flexible. Codes should be regularly put to the test. Make additions, omissions, or changes as needed.
- ◆ It’s a process. Most employee cynicism stems from senior management flouting ethical rules. A code’s value is not its prose, but the commitment of those who implement it.

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## Vice President's Voice

### Why do Good People do Bad Things?

Since the news broke about New York's ex-Governor Elliot Spitzer I knew I wanted to comment about his story in this column. I can't help but be fascinated by his downfall and wonder, why do good people do bad things?

My Internet searches on that topic led me to a newly published book by Debbie Ford, *"Why Good People Do Bad Things: How to Stop Being Your Own Worst Enemy."* Ford believes that almost all of us have hidden forces of self-sabotage. Most interesting to me is Ford's assessment that the reason most of us are so

captivated by these shocking tales is because it provides us with some shelter from our own behavior—we aren't as bad as those we see portrayed around us. That may be true, but one thing I have always believed is that most everyone is sorry when they get caught. When disciplining my children, I'm pleased to accept their apologies but point out, I really want them to change their behavior, not rely on requests for forgiveness.

One of our goals at the CPT is to be a conduit for information about the admirable activities people engage in. Our challenge is to make the reports on virtuous behavior as exciting as client number nine's story.

In this, our second issue of *EM*, we announce the closing of our Founding Membership. Make a donation to the CPT by the end of the year and you will always be a Founding Member. As you will see, our list of upcoming activities is very impressive and I hope many of you are motivated to start thinking about participating in this year's Talent Show, "A Night of 101 Stars." Our "Good News" focuses on one of our first award recipients, Johnny Lovell, CPA, the Olympic sailor.

You'll also read about the Connecticut Board's Ethics Symposium which was a huge success. Coincidentally, one of the speakers at the Symposium made a statement which agreed with Debbie Ford's theory, "we are our own worst enemy." That's good news, because we can teach and learn positive behavior and become our best selves.

Summer is my favorite season. I hope you enjoy yours.

*Lisa Axisa*

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## Ethics and Public Service

### What are the 10 myths of ethics?

1. It's ethical if it's legal and permissible. Loopholes, lax enforcement, and/or personal moral judgment do not outweigh what's right or lawful.
2. It's ethical if it's part of the job. Separating personal ethics from work ethics can cause decent people to justify actions at work that they would never do at home. Everyone's first job is to be a good person.
3. It's ethical if it's for a good cause. People can be vulnerable to rationalizations when advancing a noble aim. This can lead to deception, concealment, conflicts of interest, favoritism, or other departmental violations.
4. It's ethical if no one's hurt. Ethical values are not factors to be considered in decision making; they are ground rules.
5. It's ethical if everyone does it. Treating questionable behaviors as ethical norms under the guise of "safety in numbers" is a false rationale.
6. It's ethical if I don't gain personally. Improper conduct done for others or for institutional purposes is wrong. Personal gain is not the only test of impropriety.
7. It's ethical if I've got it coming. Being overworked or underpaid doesn't justify accepting favors, discounts, or gratuities. Nor is abusing sick time, insurance claims, or personal use of office equipment fair compensation for one's services or under appreciated efforts.
8. It's ethical if I'm objective. By definition, if you've lost your objectivity, you don't know you've lost it. Gratitude, friendship, or anticipation of future favors can subtly affect one's judgment.
9. It's ethical if I fight fire with fire. Promise-breaking, lying, or other misconduct is unacceptable even if others routinely engage in them.
10. It's ethical if I do it for you. Committing white lies or withholding information in professional relationships (such as performance reviews) disregards the fact that most people would rather know unpleasant information than soothing falsehoods.

-Michael Josephson

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## Connecticut State Board Holds Ethics Symposium

The day concluded with Larry Bridgesmith’s presentation, “Ethically Managing Conflict in a Global Environment: Is it Process or Substance?” Mr. Bridgesmith focused on four key ideas:

- ◆ The tension in conflict leads to both danger and opportunity.
- ◆ The tension in conflict pits tasks versus relationships.
- ◆ The tensions in conflict are addressed by exploring interests.
- ◆ Emphasis on process, people and performance promotes durable agreements.

Mr. Bridgesmith suggested that we ask ourselves questions without predicting the outcomes and that by understanding motivation we can help create many more options. ☆

## Night of 101 Stars

CPT Talent Show to be Held October 27, 2008

What do promoting ethics and talent shows have to do with each other? Only the NASBA Center for the Public Trust can link the two in a most creative and entertaining way. Part of our mission at the CPT is to provide innovative programs. The CPT Night of 100 Stars debuted at the 2007 NASBA Annual Meeting, and showcased some of the most original and unique acts ever put forth by an accounting ethics organization.

Co-hosted by the engaging Improv Nashville Stars, Sheryl and Michael Bryant (also known as NASBA’s CFO and his lovely and talented wife); the evening was amusing and unique from start to finish. The audience, made up of Annual Meeting participants and their guests, served as the talent judges and awarded prizes of \$500, \$300 and \$200. The Tisch Family “Ode

to Regulators,” Joseph Smith’s operatic sing-along and Teri Lucena’s one-woman Romeo and Juliet skit were the winning acts.

Due to popular demand, the CPT will once again sponsor a talent show in conjunction with NASBA’s 101st Annual Meeting in Boston, MA on Monday, October 27, 2008. We encourage and welcome all acts for our Night of 101 Stars. Guidelines for this year’s program, along with an entrance form can be found on the CPT Web site at [www.centerforpublictrust.org](http://www.centerforpublictrust.org). You may also view a video of last year’s program in the News Section of the Web site—it’s “Must-see TV” for those of you who missed it, for anyone who needs a good laugh and for those of you who need some inspiration in putting together an act. ☆



2007 CPT Winning Acts L-R: Teri Lucena, The Tisch Family, Joseph Smith

## Good News

### New Mexico Good Guys

This year’s recipients of the New Mexico Ethics in Business Award go above and beyond simple business practices by making ethics part of their company’s culture.

The awards distinguish New Mexico individuals, nonprofits and businesses each year. Recipients included Albuquerque-based electric contractor, Enterprise Electrical Services, Inc.; the largest provider of worker’s compensation policies in the State, New Mexico Mutual; and the Stewart Brothers Drilling Co, a 63-year-old family owned and operated drilling company.

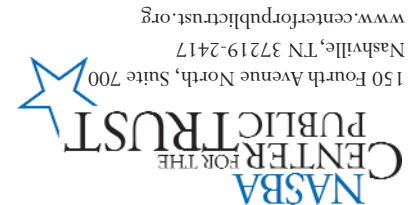
- Jack King  
Albuquerque Journal Staff Writer

### Blue Cross Blue Shield Receives Ethics Award

Blue Cross Blue Shield, the largest health insurer in Kansas, was bestowed the 2008 North-east Kansas Business Ethics Award for its long-standing tradition of sustaining ethical business practices.

“This award is a tremendous honor for our company and each individual employee who strives to uphold our code of conduct while serving our members,” Andrew C. Corbin, president and CEO of BCBS, stated.

- Josh Heck  
Wichita Business Journal



## Upcoming Events:

The CPT has several exciting events on the horizon. We continue to be committed to educating corporate America in the areas of ethics and leadership.

**Developing and Sustaining an Ethical Business Culture**  
October 16, 2008 | University of Texas at Austin | Austin, TX

**Night of 101 Stars Talent Show**  
October 27, 2008 | Westin Copley | Boston, MA

**Third Annual Being A Difference Awards - Fall 2008**

**Ensuring Integrity: Third Annual Auditing Conference**  
December 4, 2008 | Baruch College | New York, NY

**CPT Ethics Focus Group - Spring and Summer 2009**

**Ethical and Servant Leadership**  
February 2009 | Lipscomb University | Nashville, TN

## Join the CPT in Texas for Our Next Conference

On October 16, the NASBA CPT, the Texas State Board of Accountancy, McCombs School of Business and Department of Accounting, and the Society of Corporate Compliance and Ethics will host a one-day conference focusing on topics in ethics and leadership such as: Building Trust, Ensuring Accountability, Leading with Integrity, and Creating Public Confidence. This conference promises to be a great exchange of information and interaction for CPAs and other business leaders.

With informative keynote addresses and lively breakout sessions, this conference will help participants take ethical leadership to a new level individually and organizationally.

The conference will be held at the new state-of-the-art AT&T Conference Center on the beautiful campus of the University of Texas at Austin. For more information, visit our Web site ([www.centerforpublictrust.org](http://www.centerforpublictrust.org)) or contact Jenn Bouchard at 615-564-2129.