



CACUBO

Ethics

2023

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CACUBO

- This webinar is part of our monthly webinar series to stay engaged with our community and bring programming of interest to our members.
- This webinar is eligible for CPE. If you are interested in receiving CPE credit for this webinar, please e-mail me (Marty Mickey) at mmickey@nl.edu now.
- During the webinar, there will be three check in questions for you to answer. In order to receive CPE, you must answer all three of these questions.
- The presentation is being recorded and both the recording and a copy of the slides will be added to the CACUBO web site in the next couple of days.
- We will send out a survey afterwards to solicit thoughts and topics for future webinars.
- If you would be willing to present in a future webinar, please e-mail me at mmickey@nl.edu.

- Disclaimer – the thoughts expressed in this presentation were developed and this presentation was prepared independent of RubinBrown LLP.



Agenda

I. Introduction

- Introduce the topic of ethics and its importance in the context of college and university business operations
- Provide an overview of the presentation

II. Understanding Ethics

- Define ethics and provide examples of ethical and unethical behavior
- Explain the difference between legal and ethical behavior
- Discuss the role of values and ethical frameworks in decision-making



Agenda – Not Exactly...

Chat GPT

Can you provide me an outline of a presentation on ethics for business officers for colleges and universities?



Sure, here's an outline for a presentation on ethics for business officers in colleges and universities







Polling Question #1



Ethics

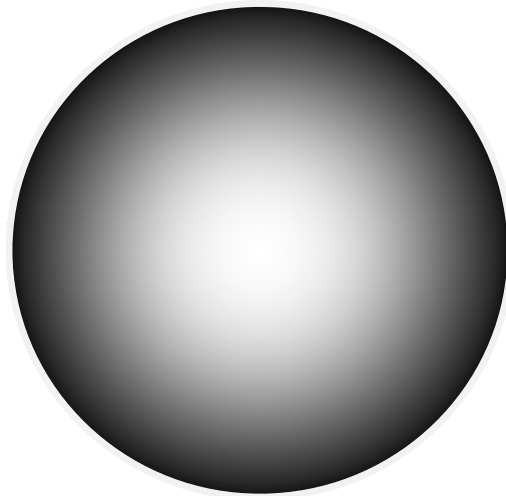
Concepts that govern what
is right and wrong



Why is this hard?

Institutional
Authority

Expectations



Laws

Rules



Points to take away

- Understand your freedom to choose and recognize our limitations
- Marginal analysis – consider the full cost of a decision
- Know the power of authority
- Frameworks to making decisions – COSO



Freedom to Choose

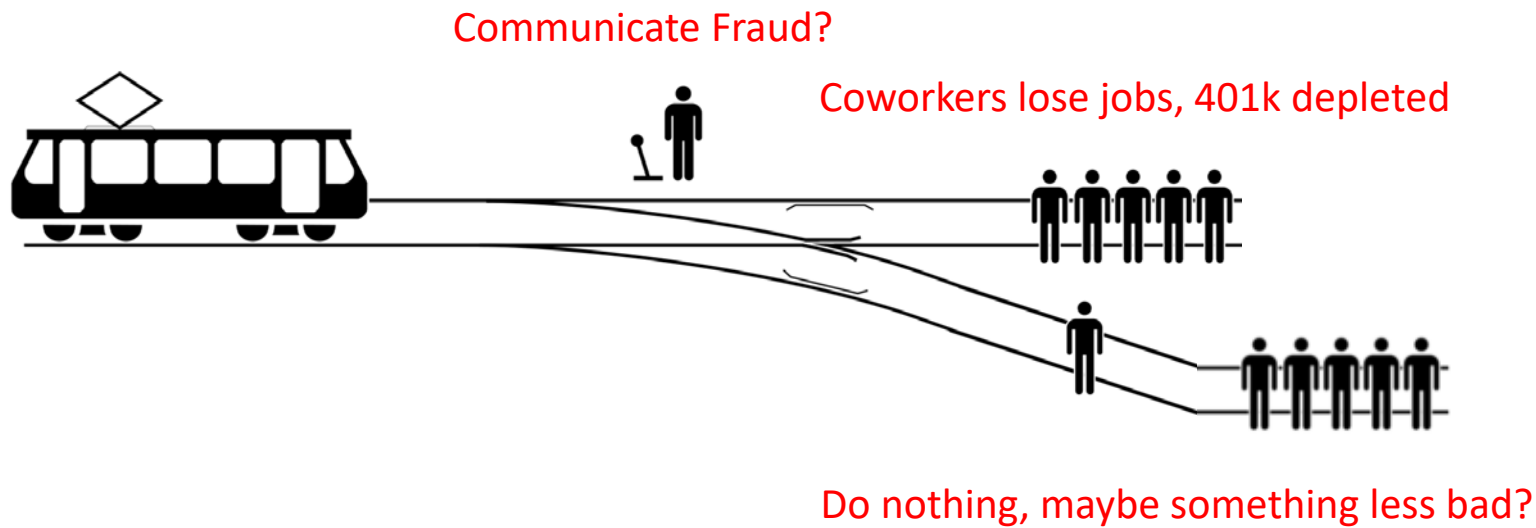


The Simpsons, Episode 221
Matt Groening



Freedom to Choose

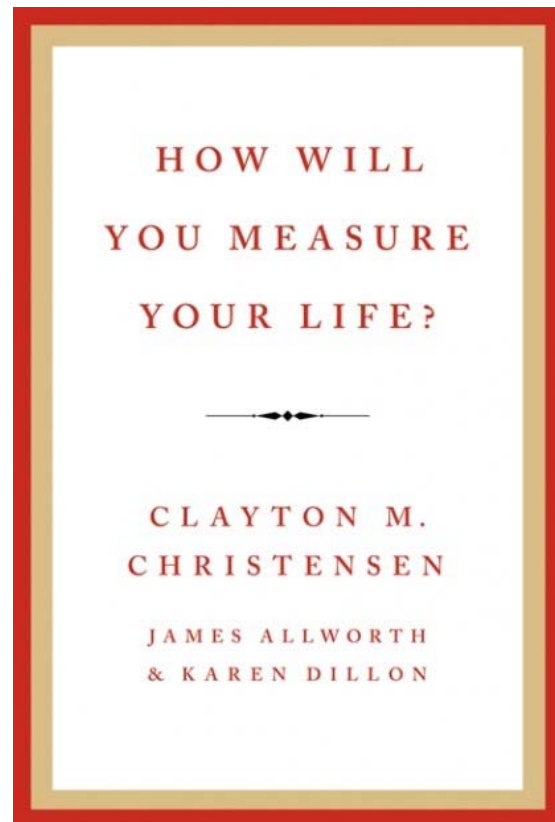
Trolley Dilemma



By Original: McGeddon Vector: Zapyon - This SVG diagram includes elements from this icon., CC BY-SA 4.0,
<https://commons.wikimedia.org/w/index.php?curid=67107784>



Full Cost of a Decision



Full Cost of a Decision



Full Cost of a Decision

Marginal Analysis can distort the full cost of a decision

- “Just this once” seems negligible. The costs seems low, but might not be the full cost.
- Risk of incrementally reaching a point previously believed to be impossible



Full Cost of a Decision



Power of Authority



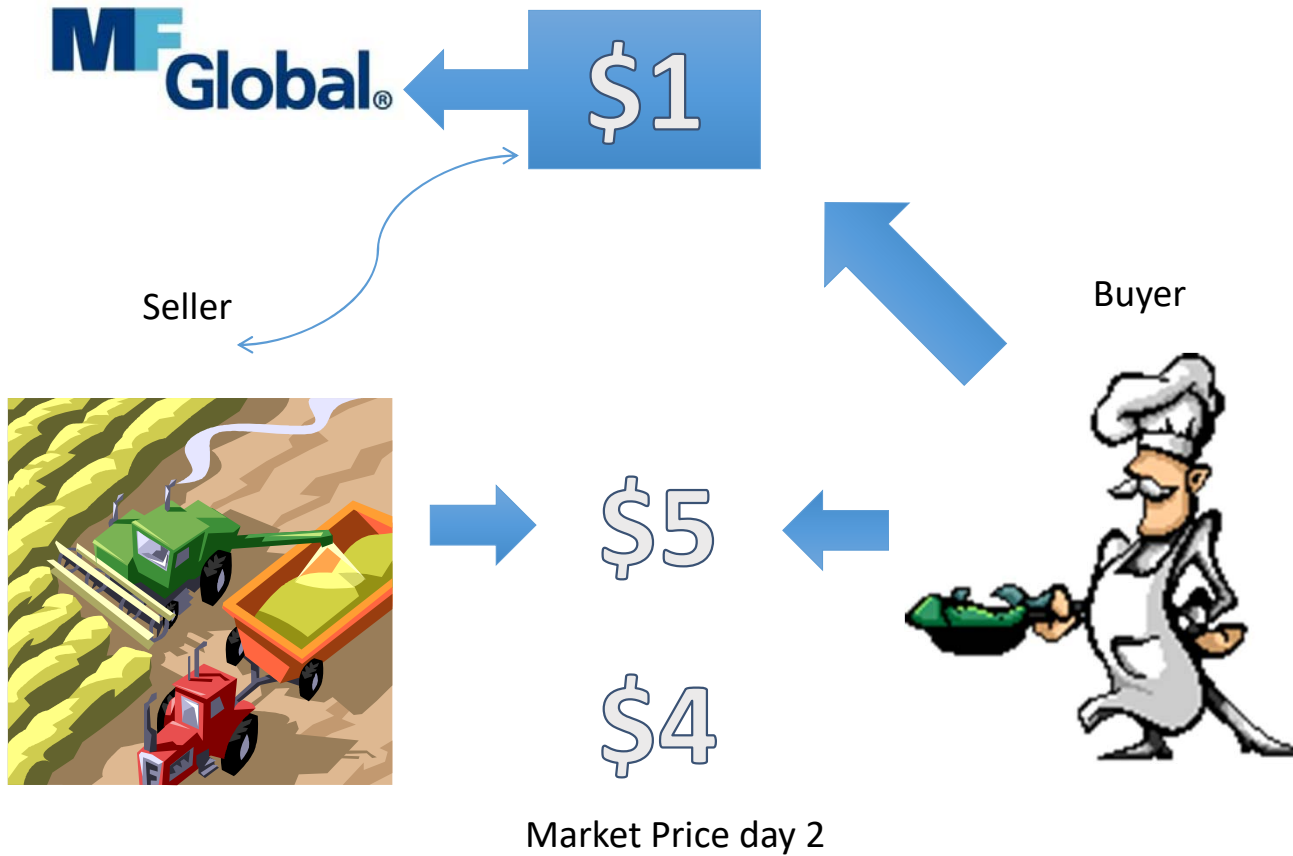
Power of Authority



What was MF Global and how did MF Global make money?



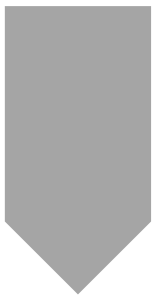
Power of Authority



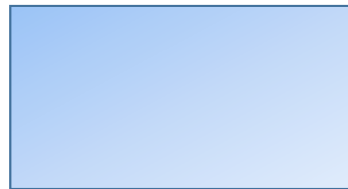
Power of Authority



Spinoff of a company started in 1783



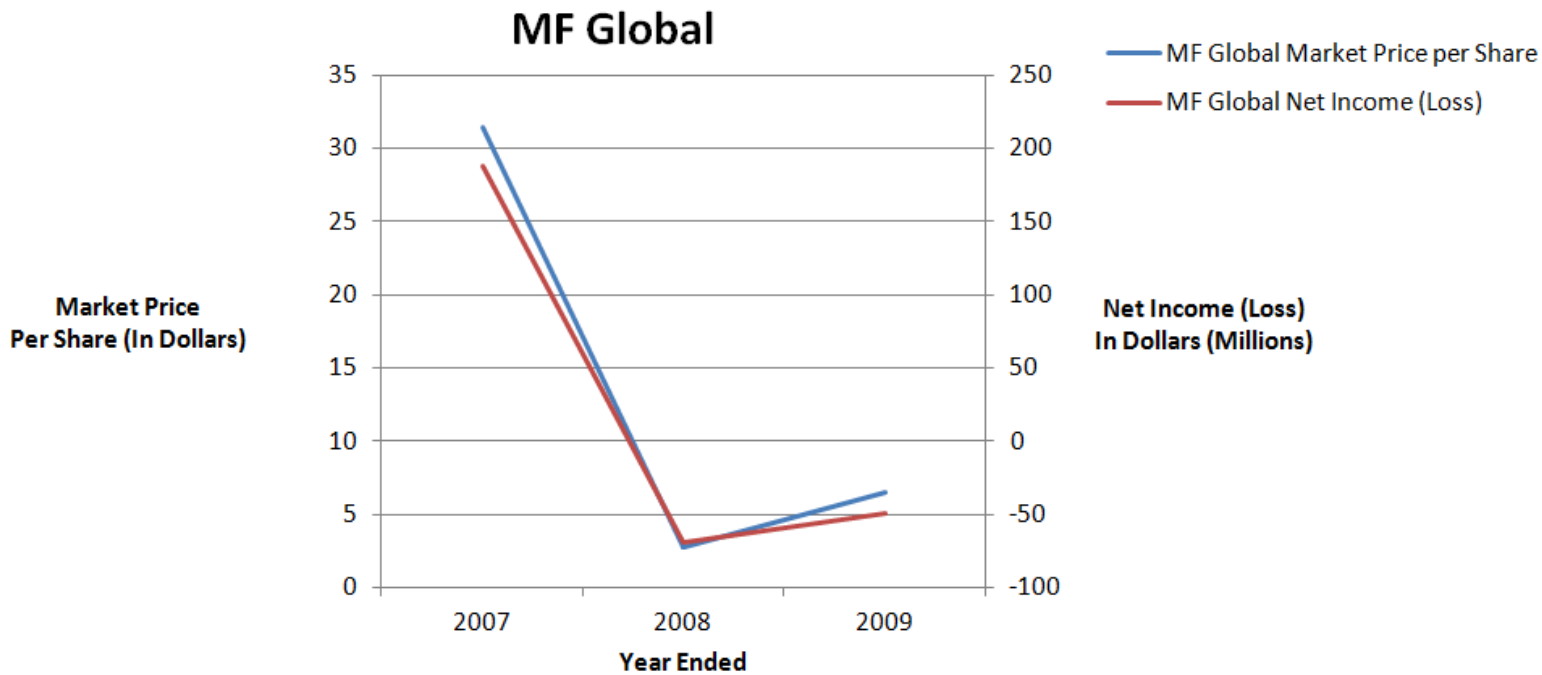
2007 Financed spinoff through an IPO (~ \$3 billion raised)



Declared bankruptcy October 31, 2011



Power of Authority



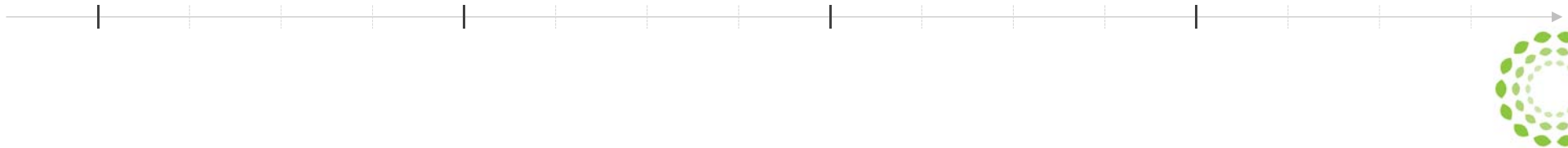
Power of Authority



2007 Financed spinoff
through an IPO (~ \$3 billion
raised)

2009 CFTC
issued order
against MF
Global

Declared bankruptcy
October 31, 2011



Power of Authority



- Various banks to Goldman Sachs,
to Chairman and CEO of Goldman Sachs
- US Senator
- New Jersey Governor
- Chairman and CEO of MF Global

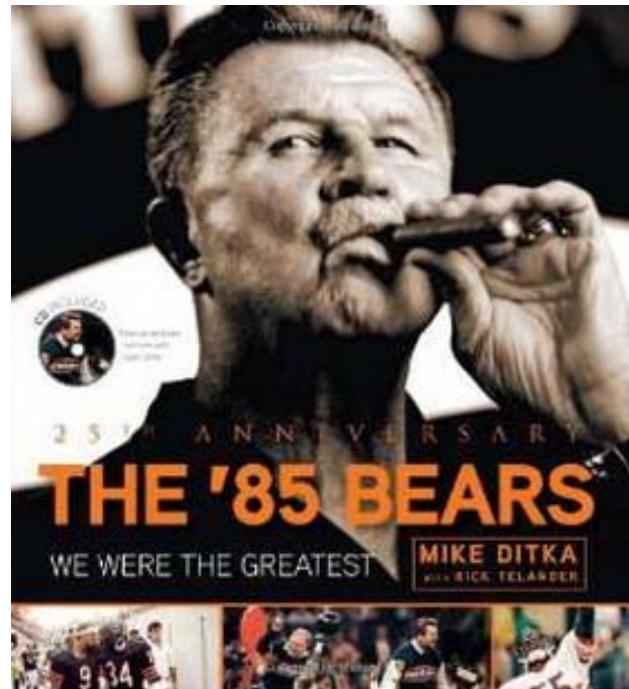


Jon Corzine

US Congress– Public Domain



Power of Authority



Polling Question #2



Power of Authority

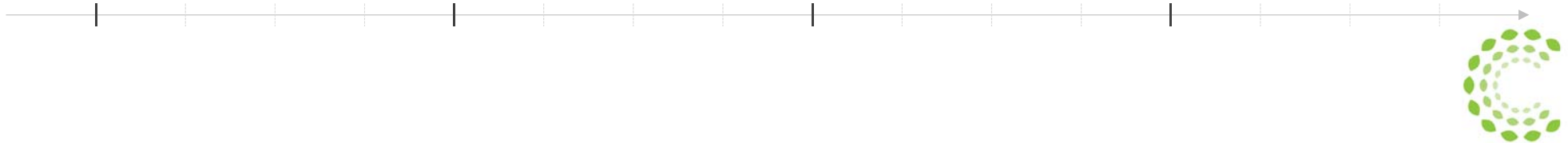


2007 Financed spinoff
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March 2010 Corzine
hired as CEO and
Chairman and shifted
strategy

Declared bankruptcy
October 31, 2011



Power of Authority



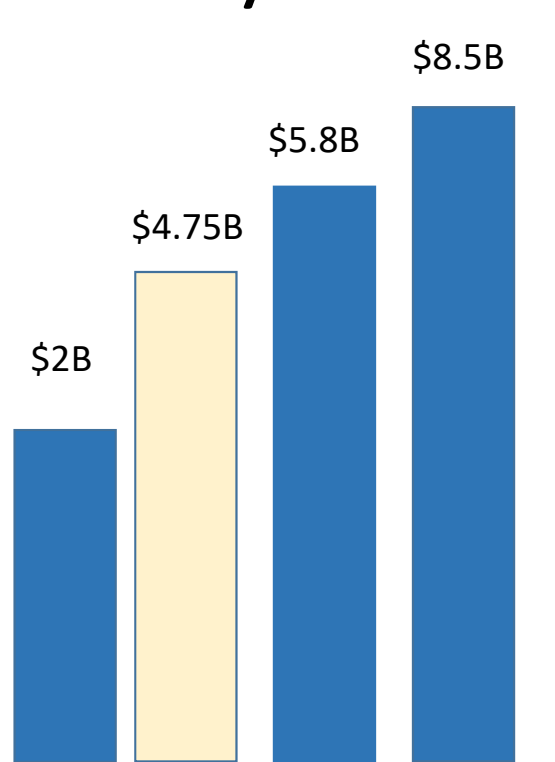
Power of Authority



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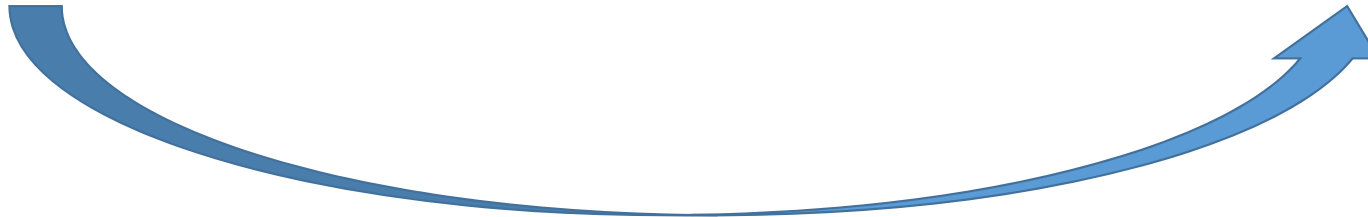
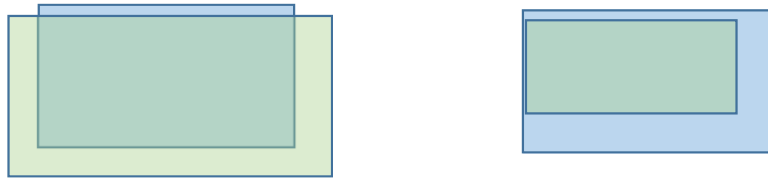


Declared bankruptcy October 31, 2011



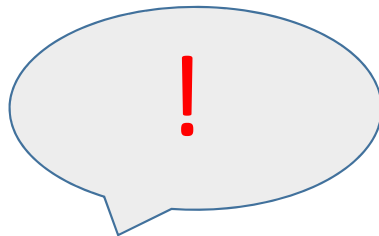
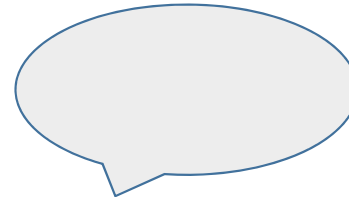
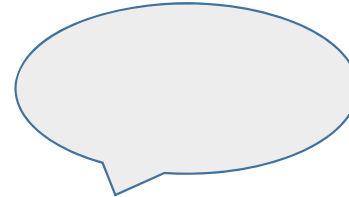
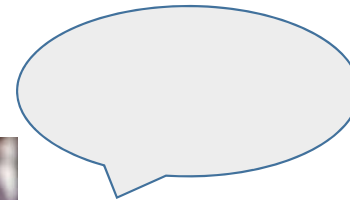
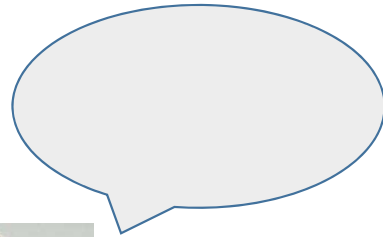
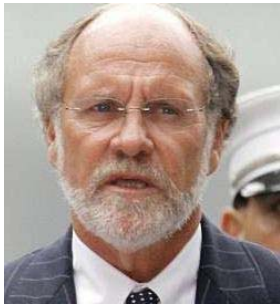
Power of Authority

MF Global®



Power of Authority

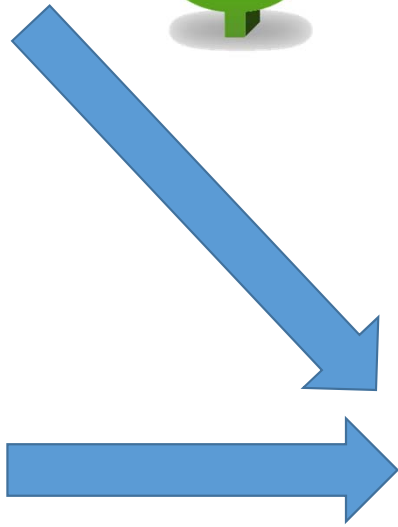
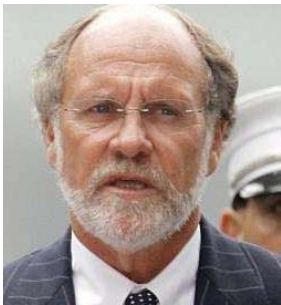
MF Global®



Power of Authority

MF Global®

JP Morgan



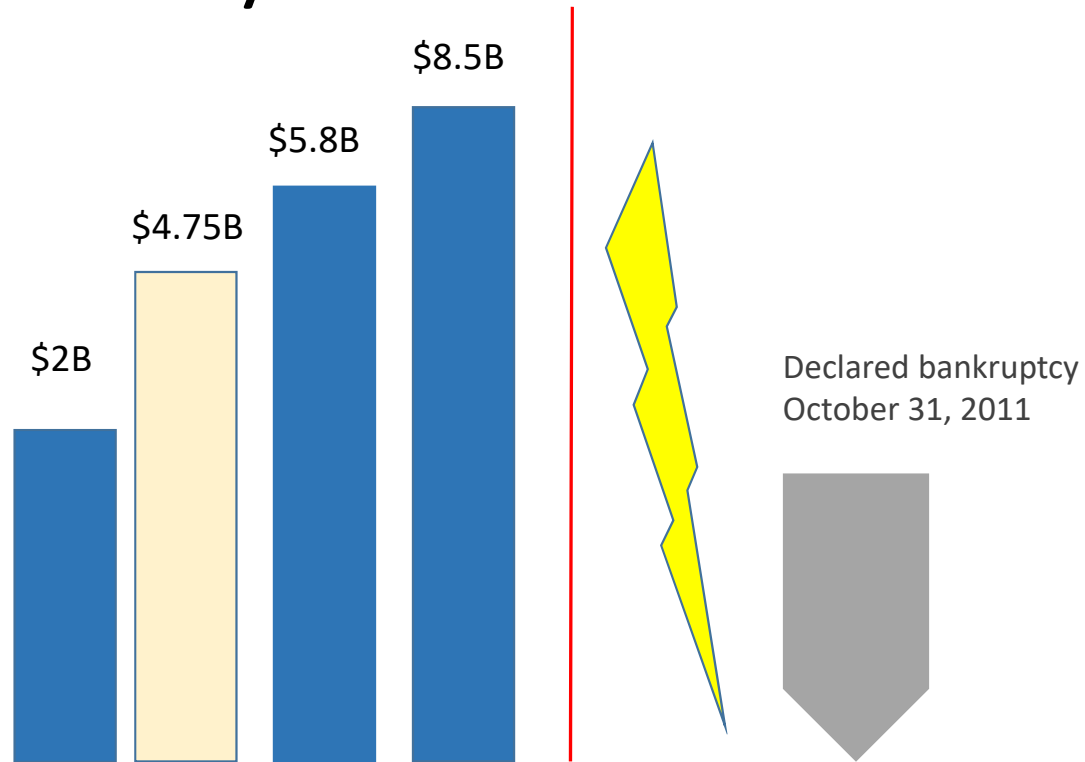
Power of Authority



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Power of Authority



The New York Times Science MORE SLIDE SHOWS ▾

A Famous Experiment 3 of 7 ◀ ▶



At the beginning of most of the experiments, the scientist pretended to randomly choose one person as the learner and one to deliver the shocks. In fact the learner was an actor, always "randomly chosen," and the actual study participant helped strap the man into the chair with the electrodes before getting started.

Photo: From the personal collection of Alexandra Milgram

RELATED

- [Article: Decades Later, Still Asking: Would I Pull That Switch?](#)

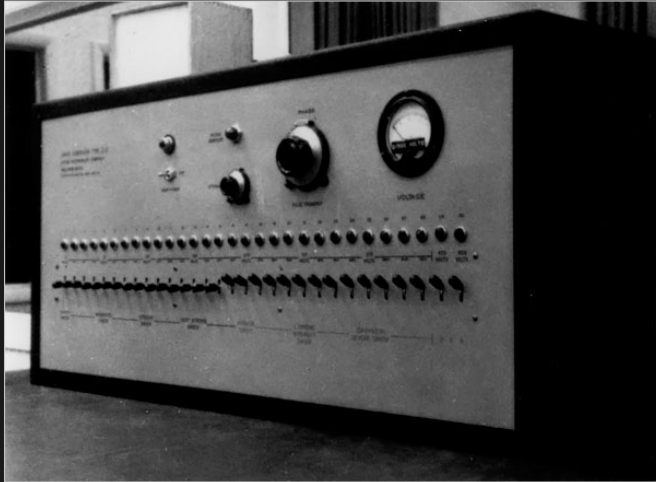


Power of Authority



The New York Times Science MORE SLIDE SHOWS ▾

A Famous Experiment 2 of 7 ◀ ▶



Milgram's mock voltage machine allowed participants to increase shocks by increments of 15 volts. The switches at the right end of the machine, nearing the maximum of 450 volts, were often labeled as highly dangerous. Most people flipped the switches anyway.

Photo: From the personal collection of Alexandra Milgram

RELATED

- Article: Decades Later, Still Asking: Would I Pull That Switch?

The image shows a black and white photograph of a rectangular metal control panel for a shock generator. It features a large analog gauge on the right side, several knobs and switches, and a row of 15 small toggle switches along the bottom edge. The panel is mounted on a dark surface.

Framework



-An Update of COSO's
Internal Control-Integrated Framework – slide #9



Framework



Control Environment

- Demonstrates commitment to integrity and ethical values
- Exercises oversight responsibility
- Establishes structure, authority and responsibility
- Demonstrates commitment to competence
- Enforces accountability



Evaluation using COSO Framework



ACTION	COSO
	Integrity and ethical values?
	Oversight responsibility of Board?
	Structure, authority and responsibility established?
	Competence?
	Accountability?



Polling Question #3

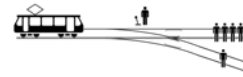


Points to take away



- Understand your freedom to choose and recognize our limitations

- Perspective



- Marginal analysis – consider the full cost of a decision

- Where do you draw the line?



- Know the power of authority

- You have more influence than you might realize



- Frameworks to making decisions – COSO

- Thoughtful evaluation



Sources

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- Peterson, P. "Behind the Collapse of MF Global." Department of Agricultural and Consumer Economics, University of Illinois at Urbana-Champaign, August 2, 2013.
- https://www.nytimes.com/slideshow/2008/06/30/science/070108-MIND_index.html "A Famous Experiment."
- <https://www.nytimes.com/2008/07/01/health/research/01mind.html> "Decades Later, Still Asking: Would I Pull That Switch?" Carey, Benedict. July 1, 2008.
- The Simpsons, Episode 221. Matt Groening.
- KMBC Television screen grab – Kansas City, Missouri Superbowl Rally.

