Ethics

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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
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:

1. Introduction to Ethics in Business
2. Ethical Principles and Standards
3. Case Studies of Ethical Dilemmas in Education
4. Legal and Regulatory Aspects of Ethics
5. Professional Responsibility and Accountability
6. Ethics in Decision Making
7. Ethics in Financial Management
8. Ethics in Marketing and Advertising
9. Ethics in Technology and Innovation
10. Conclusion and Future Directions

This outline can be tailored to fit the specific needs and context of the audience 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

Trolley Dilemma

- Communicate Fraud?
- Coworkers lose jobs, 401k depleted
- Do nothing, maybe something less bad?
Full Cost of a Decision
Full Cost of a Decision

BLOCKBUSTER

NETFLIX
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

$1$

Seller

$5$

Market Price day 2

$4$

$5$

Buyer
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

[Graph showing MF Global's market price per share and net income (loss) from 2007 to 2009.]
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 through an IPO (~ $3 billion raised)

2009 CFTC issued order against MF Global

March 2010 Corzine hired as CEO and Chairman and shifted strategy

Declared bankruptcy October 31, 2011
Power of Authority

FMV BONDS $90
CASH $88
CASH $89
BONDS RETURNED

LENDER
Power of Authority

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

2009 CFTC issued order against MF Global

March 2010 Corzine hired as CEO and Chairman and shifted strategy

$2B

$4.75B

$5.8B

$8.5B

Declared bankruptcy October 31, 2011
Power of Authority

FMV BONDS $90

CASH $88

CASH $89

BONDS RETURNED

LENDER
Power of Authority
Power of Authority

JP Morgan
Power of Authority

- 2007 Financed spinoff through an IPO (~$3 billion raised)
- 2009 CFTC issued order against MF Global
- March 2010 Corzine hired as CEO and Chairman and shifted strategy
- $2B
- $4.75B
- $5.8B
- $8.5B
- Declared bankruptcy October 31, 2011
Power of Authority
Power of Authority

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 Alessandro Milgram

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

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

- 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

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<thead>
<tr>
<th>ACTION</th>
<th>COSO</th>
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<tbody>
<tr>
<td></td>
<td>Integrity and ethical values?</td>
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<tr>
<td></td>
<td>Oversight responsibility of Board?</td>
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<td>Structure, authority and responsibility established?</td>
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<td>Competence?</td>
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<td>Accountability?</td>
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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


- Koppenheffer, Matt; Dumortier, Alex; Beyers, Tim; McCluskey, Molly; Reeves, John. The Astonishing Collapse of MF Global. “The Motley Fool.” E Book.


- Peterson, P. “Behind the Collapse of MF Global.” Department of Agricultural and Consumer Economics, University of Illinois at Urbana-Champaign, August 2, 2013.


- The Simpsons, Episode 221. Matt Groening.

- KMBC Television screen grab – Kansas City, Missouri Superbowl Rally.