

## WHAT IS PUTTING YOUR ORGANIZATION AT RISK?

These threats below could be putting your organization at risk for ethical breaches.  
Use your responses to this questionnaire to help you focus and take action in your own organization.

NOTE: If you are part of a smaller organization, many of these may not be applicable to you.  
You can keep these risks in mind when creating and implementing policies, as your organization grows.

| Category   | Threats   | Is this concerning? |    |        |
|--|---|---------------------|----|--------|
|  |   | Yes                 | No | Unsure |
| Policies   | Do you have a robust written Code of Conduct?   |                     |    |        |
|  | Do you have a robust written Code of Ethics?  |                     |    |        |
|  | Do you follow through and enforce the Codes?  |                     |    |        |
|  | Do you provide training on the Codes?   |                     |    |        |
| Business Activities  | Are you dealing with negative operating or financial trends?                              |                     |    |        |
|  | Do you operate in diverse cultures?   |                     |    |        |
|  | Are there personal relationships between stakeholders?                                    |                     |    |        |
|  | Are you aware of any conflicts of interest situations?                                    |                     |    |        |
|  | Is there a culture of gift-giving or preferential treatment?                              |                     |    |        |
|  | Is there an emphasis on short term results?   |                     |    |        |
|  | Are performance expectations achievable?  |                     |    |        |
|  | Do employees have conflicting goals (i.e. reaching unattainable targets ethically)?       |                     |    |        |
|  | Does your organization have performance-based pay?  |                     |    |        |
|  | Are your performance targets achievable?  |                     |    |        |
| Do you feel there are effective internal control procedures? |   |                     |    |        |
| Communication  | Are there debates or discussions about current corporate policies?                        |                     |    |        |
|  | Does the culture foster open discussion?  |                     |    |        |
|  | Are company values discussed?   |                     |    |        |
|  | Is negative news often spun to soften the blow?   |                     |    |        |
|  | Are employees dissatisfied with information received from top management and supervisors? |                     |    |        |
| Risky Behaviours   | Do people place blame where it doesn't belong? (Scapegoating)                             |                     |    |        |
|  | Do people fail to accept responsibility? (Abdicating)                                     |                     |    |        |

|   |  |  |  |  |
|---|--|--|--|--|
|   | Do people falsify financial information? (to meet Budget expectations)   |  |  |  |
|   | Do people fail to follow through? (Overpromising)  |  |  |  |
|   | Are people overly controlling? (Turf-guarding)   |  |  |  |
|   | Do people hoard power and authority? (Empire-building)   |  |  |  |
|   | Do people fail to achieve minimum expectations? (Underachieving)   |  |  |  |
|   | Do people resort to a safe, but wrong position? (Risk-avoiding)  |  |  |  |
|   | Do people overinflate results? (Sharp penciling)   |  |  |  |
|   | Have you heard anyone say, "No one will ever notice"?  |  |  |  |
|   | Have you heard anyone say, "I'm counting on your loyalty"?   |  |  |  |
|   | Have you heard anyone say, "Technically this isn't illegal"?   |  |  |  |
|   | Have you heard anyone say, "This goes no further than this room"?  |  |  |  |
|   | Have you heard anyone say, "It may not seem like it, but this is really for the best"?                                     |  |  |  |
|   | Have you heard anyone say, "I'm not telling you to do this, but..."?   |  |  |  |
| Leadership  | Is there strong governance?  |  |  |  |
|   | Are leaders walking the walk?  |  |  |  |
|   | Do you have a strong and engaged board that exercises fiduciary responsibility?  |  |  |  |
|   | Is there strong management overview?   |  |  |  |
|   | Does management hide information from the board?   |  |  |  |
|   | Is the CEO surrounded by people who would never question or criticize his/her decisions?                                   |  |  |  |
| Corporate Culture   | Does your organizational culture tolerate intimidation or bullying?  |  |  |  |
|   | Does your organizational culture tolerate peer pressure?   |  |  |  |
|   | Does your organizational culture allow deviation from internal controls?   |  |  |  |
|   | Does your organizational culture promote compliance with the status quo?   |  |  |  |
|   | Is there general distrust of top management, supervisors and co-workers, particularly for keeping promises and commitment? |  |  |  |
|   | Does your organization reward employees even if the means of achievement are suspect?                                      |  |  |  |
|   | Does your organization ignore wrongdoings and negative incidences?   |  |  |  |
|   | Is there a fear of retaliation and payback for doing the right thing?  |  |  |  |
|   | Does management believe in manipulating clients?   |  |  |  |
|   | Do people express beliefs that rules are for others and not your organization?   |  |  |  |
| Do people feel that poor ethical behaviour in one area can be offset by good ethical behaviour in another area? |  |  |  |  |

## WHAT IS PROTECTING YOUR ORGANIZATION?

These safeguards below could be helping your organization prevent ethical breaches.

Use your responses to this questionnaire to help you focus and take action in your own organization.

NOTE: If you are part of a smaller organization, many of these may not be applicable to you.

You can keep these safeguards in mind when creating and implementing policies, as your organization grows.

| Category   | Safeguards  | Is this concerning? |    |        |
|--|---|---------------------|----|--------|
|  |   | Yes                 | No | Unsure |
| Professional Practice  | Other services are not performed by a member of the audit team  |                     |    |        |
|  | Independence issues are discussed with the Board of Directors or audit committee  |                     |    |        |
|  | Policies and procedures ensure that audit team does not make or assume responsibility for management decisions for the audit client |                     |    |        |
|  | Source data and all underlying assumptions are provided by the client   |                     |    |        |
| Policies   | Do you have a robust written Code of Conduct?   |                     |    |        |
|  | Do you have a robust written Code of Ethics?  |                     |    |        |
|  | Do you follow through and enforce the Codes?  |                     |    |        |
|  |   |                     |    |        |
|  | Is your Code specific?  |                     |    |        |
|  | Do you have ongoing education and training on the Codes?  |                     |    |        |
|  | Is there mandatory reporting of ethical breaches?   |                     |    |        |
|  | Do you have positive reinforcement of ethical behaviour?  |                     |    |        |
|  | Do you have disciplinary processes with clear action plans?   |                     |    |        |
|  | Do you have an Ethics Officer?  |                     |    |        |
|  | Are your ethics policies interactive, memorable, situational and relatable?   |                     |    |        |
|  | Are there open discussions about ethical issues?  |                     |    |        |
|  | Are your Codes visible and easily accessible?   |                     |    |        |
|  | Do you revise your Codes annually?  |                     |    |        |
| Do you incorporate input from organizational members and stakeholders in your Codes? |   |                     |    |        |

|                  |   |  |  |  |
|------------------|---|--|--|--|
|                  | Do you ensure that employees understand the Codes?  |  |  |  |
|                  | Does your Code provide examples?  |  |  |  |
|                  | Is your Code easily understandable (i.e. for the average employee)?   |  |  |  |
|                  | Is your Conflict of Interest policy clearly written?  |  |  |  |
|                  | Is your Conflict of Interest policy clearly enforced?   |  |  |  |
|                  | Do you record and analyze statistics on internal compliance, reporting and ethics policies?                                       |  |  |  |
| Whistleblowing   | Is there adequate whistleblower protection for employees?   |  |  |  |
|                  | Is a hotline part of your organization's ethics program?  |  |  |  |
|                  | Is the hotline managed by a third-party provider?   |  |  |  |
|                  | Do you have multiple methods for submitting whistleblower tips?   |  |  |  |
|                  | Do you disseminate tools (i.e. whistleblower hotline) with other stakeholders (i.e. vendors and agents) in addition to employees? |  |  |  |
|                  | Does your organization respond quickly and appropriately to allegations of unethical behaviour brought to their attention?        |  |  |  |
|                  | Are employees aware of where they can go to seek guidance and to raise concerns they have?  |  |  |  |
|                  | Is whistleblowing reporting kept anonymous and confidential?  |  |  |  |
|                  | Are employees afraid to be speak up in fear of retaliation or dismissal?  |  |  |  |
|                  | Do you have incentives (financial and non-financial) for whistleblower reports?   |  |  |  |
| Hiring Practices | Do you do background checks?  |  |  |  |
|                  | Are employees who handle cash bonded?   |  |  |  |
|                  | Do you test employees for ethical values before hiring them?  |  |  |  |
|                  | Do you have a probationary period that allows you to terminate employment if you have ethical concerns?                           |  |  |  |
|                  | Are ethics considered as part of the hiring criteria and process?   |  |  |  |
|                  | Do you indicate your ethical expectations during the hiring process?  |  |  |  |
| Leadership       | Is there strong governance?   |  |  |  |
|                  | Do you have strong internal controls?   |  |  |  |
|                  | Do you have strong risk management measures?  |  |  |  |
|                  | Do you utilize any external monitoring?   |  |  |  |
|                  | Do you use expert consultation when needed?   |  |  |  |
|                  | Do the leaders "lead by example" and "walk the walk"? Are they perceived at ethical people?                                       |  |  |  |

|                                     |  |  |  |  |
|-------------------------------------|--|--|--|--|
|                                     | Do you promote work-life balance? Do they truly care for their employees?              |  |  |  |
| Culture                             | Are all employees aware of potential ethical red flags?                                |  |  |  |
|                                     | Do you discuss ethics and identify ethical weaknesses and strengths?                   |  |  |  |
|                                     | Do you have mechanisms in place for stakeholder feedback?                              |  |  |  |
|                                     | Do you have an ethical and positive tone at the top?                                   |  |  |  |
|                                     | Do individual board members share a sense of accountability?                           |  |  |  |
|                                     | Is the board upfront and honest when dealing with stakeholders?                        |  |  |  |
|                                     | Do leaders live up to the values of the organization?                                  |  |  |  |
|                                     | Is there commitment to the organization's mandate?                                     |  |  |  |
|                                     | Is there a high trust organizational culture?  |  |  |  |
|                                     | Do leaders confront issues head on when asked questions or sugar coat their responses? |  |  |  |
|                                     | When subject to challenges, is the priority to fix the problem or to attribute blame?  |  |  |  |
|                                     | Is there a "corporate psychopath" in a leadership position?                            |  |  |  |
|                                     | Are you building a culture that puts clients first?                                    |  |  |  |
|                                     | Do your employees know what you expect of them?  |  |  |  |
| Is there an environment of honesty? |  |  |  |  |

## ACTION ITEMS

Which 3 risks or threats are you most concerned about?

- 1.
- 2.
- 3.

Which 3 ethical safeguards are you NOT worried about (i.e. You believe your organization does these things well)?

- 1.
- 2.
- 3.

Which 3 ethical safeguards are you worried about (i.e. You feel these need some work in your organization)?

- 1.
- 2.
- 3.

What are your 3 next steps as you take this information back to your organization (i.e. Do some research, speak to colleagues, propose a change to policies, etc.)?

- 1.
- 2.
- 3.