



# Ethics

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## Training Goal



- How ethics help you in your job!
  - Presentation
    - Define Ethics
    - University Values
    - Resolving Dilemmas
  - Scenarios
  - Conclusion

## Guidelines for Actions & Decision-Making



## UC Statement of Ethical Values and Standards of Ethical Conduct



**The Regents**

- The Regents Committee on Audit
  - Recommended approval on 5/26/05
- Values and Standards apply to everyone
  - Including The Regents

## Values

*Important Beliefs and Desires*



Motivate Actions



Shape Attitudes

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## Values Different Than Ethics

### Values

*All important beliefs (e.g., health, wealth)*

### Ethics

*Beliefs about moral right and wrong  
(e.g., trustworthiness, respect)*

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## Ethics

Moral principles of duty and virtue that prescribe how we should behave



**Integrity** in our dealings

**Excellence** in our work

**Accountability** individual & compliance

**Respect** rights & dignity of others

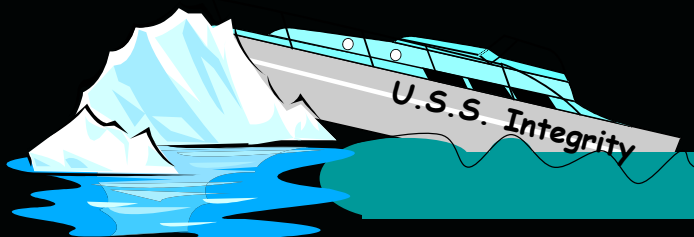
UC Statement of Ethical Values

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## Enemies of Integrity

- Complacency
- Self Delusion
- Rationalizations
- Survival Syndrome
- Win-at-Any-Cost
- Misplaced Loyalty
- Undervaluing Integrity
- Unaccountability
- Short-Term Thinking
- Arrogance of Power



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**Most of the time, we know what  
we *should* do.**



The real test of ethics  
and character is whether  
we are willing to do the  
right thing

**... even when it is likely  
to cost more than we  
want to pay.**



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## University of California Standards of Ethical Conduct

1. Fair Dealing
2. Individual Responsibility & Accountability
3. Respect for Others
4. Compliance - Laws & Regulations
5. Compliance - Policies, Procedures & Guidance
6. Conflicts of Interest or Commitment
7. Ethical Conduct of Research
8. Records: Confidentiality/Privacy & Access
9. Internal Controls
10. Use of University Resources
11. Financial Reporting
12. Reporting Violations and Protection from Retaliation

## 1. Fair Dealing

- *“No unlawful practice or a practice at odds with these standards can be justified on the basis of customary practice, expediency, or achieving a ‘higher’ purpose.”*
  - Conduct is ethical, honest & with integrity
  - Fairness, good faith & respect consistent with laws, regulations & policies govern our conduct

## The Golden Rule

**Confucius:** What you do not want done to yourself, do not do unto others.

**Aristotle:** We should behave to others as we wish others to behave to us.

**Judaism:** What you dislike for yourself, do not do to anyone.

**Hinduism:** Do nothing to thy neighbor which thou wouldst not have him do to thee thereafter.

**Islam:** No one of you is a believer unless he loves for his brother what he loves for himself.

**Buddhism:** Hurt not others with that which pains thyself.

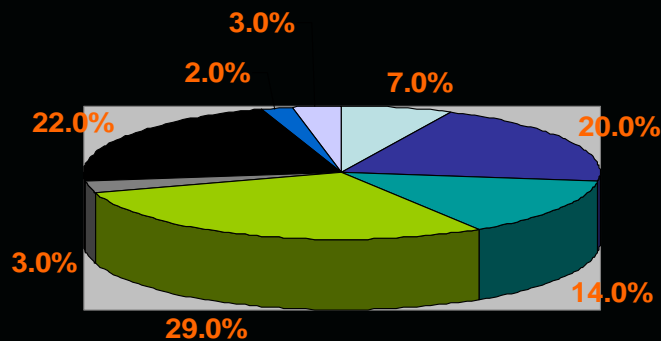
**Christianity:** Do unto others as you would have them do unto you.

## 2. Individual Responsibility and Accountability

- *“Each individual is expected to conduct the business of the University in accordance with the Core Values and the Standards of Ethical Conduct ...”*
  - Exercise responsibility appropriate to position & authority
  - Responsible to each other, University, stakeholders

## Our Stakeholders

UC Revenues for FY 03-04 - \$18,738 M



Tuition & Fees	Contracts & Grants	State Gov't	Med Ctrs/Aux
Private Gifts	DOE Labs	Investments	Other

## Tone at the Top Our Public Trust

- “The University of California shall constitute a **public trust** ...”
  - *California Constitution, Article 9, Education*
- “The University, as a public institution, has a special **stewardship** obligation ...”
  - *UC Accounting Manual, Section A-000-4*
- “We succeed by earning the ... respect and **trust** of those who govern us, support us, and do business with us.”
  - *Mission of UC Business Administration and Operations*



## Post Enron Environment

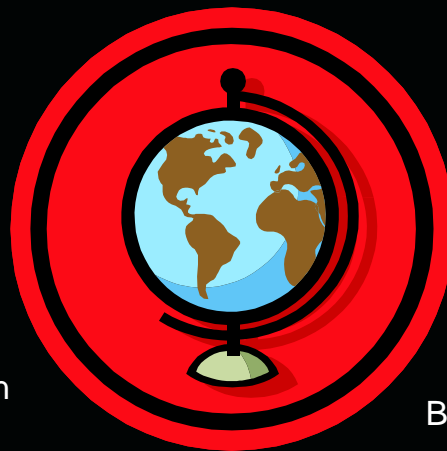
Intensified Scrutiny

Public Cynicism

Prosecution

Burdensome Regulation

Broader Accountability



Turned Our World Upside Down!

### 3. Respect for Others

- *“The University is committed to the principle of treating each community member with respect & dignity”*
  - Provides for:
    - Equal opportunity
    - Safe and drug-free workplace
    - Ethical and compassionate treatment of patients
  - Prohibits:
    - Discrimination and harassment
    - Romantic or sexual relationships between faculty and students

### Principles of Community

- UCOP - [http://www.ucop.edu/humres/prncpls\\_comm.html](http://www.ucop.edu/humres/prncpls_comm.html)
- UCB - <http://www.berkeley.edu/about/community.shtml>
- UCD - <http://principles.ucdavis.edu/>
- UCI - <http://www.dos.uci.edu/judicial/principlesofcommunity.html>
- UCLA - [http://www.diversity.ucla.edu/caqd\\_statement.html](http://www.diversity.ucla.edu/caqd_statement.html)
- UCM - <http://www.ucmerced.edu/ourvalues.asp>
- UCR - <http://www.chancellor.ucr.edu/documents/diversity.html>
- UCSB - <http://www.diversity.ap.ucsb.edu/diversity/message/>
- UCSC - [http://www.ucsc.edu/about/principles\\_community.asp](http://www.ucsc.edu/about/principles_community.asp)
- UCSD - <http://www.ucsd.edu/principles/>
- UCSF - <http://www.ucsf.edu/swe/principles.htm>

## What is Work Culture?

Shared History  
Expectations  
Unwritten Rules  
Social Mores

Underlying beliefs  
color perceptions  
of actions and  
communications



## 4. Compliance with applicable Laws and Regulations

- *“Members of the University community are expected to become familiar with the laws and regulations bearing on their areas of responsibility.”*
  - Many legal requirements in policies
  - Serious consequences – individual & UC
  - Includes contractual requirements

## Ethics Transcends the Law

There is a big difference between what you have a right to do and what is right to do.



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## Research Noncompliance in Higher Education

### Cost of Not Doing the Right Thing

• Florida International University (2005)	\$13.2M
• University of Alabama (2005)	\$ 3.4M
• Mayo Foundation (2005)	\$ 6.5M
• University of Pennsylvania Children's National Medical Center (2005)	\$ 1.3M
• East Carolina University (2004)	\$ 2.3M
• Harvard/Beth Israel Deaconess Medical Center (2004)	\$ 3.3M
• Johns Hopkins University (2004)	\$ 2.6M
• Northwestern University (2003)	\$ 5.5M
• Thomas Jefferson University (2000)	\$ 2.6M
• University of Pittsburg (1999)	<u>\$15.5M</u>
	<u><u>\$56.2M</u></u>

## Research Noncompliance in Higher Education

### Allegations Made Against the Institutions

- Lack of accounting integrity
- Unallowable costs
- Improper use of animals
- Conflicts of Interest
- Cost Transfers – Incorrect Accounts
- Improper Salary Expenses
- Duplicate Billings
- Inaccurate Effort Reporting
- Ineligible researchers
- Over-recovery of F&A costs
- Improper treatment of human subjects
- False statements in reports to Federal Government
- Failures in Integrity of Research
- Mischarged costs and overbilling

## 5. Compliance with Applicable University Policies, Procedures and Other Forms of Guidance

- *“It is not acceptable to ignore or disobey policies if one is not in agreement with them, or to avoid compliance by deliberately seeking loopholes.”*
  - Define responsibilities, minimum standards & expectations
  - Expectation of conformance
  - Obligation to become familiar & seek clarification

## 6. Conflicts of Interest or Commitment

- *“In all matters, community members are expected to take appropriate steps, including consultation if issues are unclear, to avoid both conflicts of interest and the appearance of such conflicts.”*
  - Allegiance to University and its mission
  - Outside employment must not interfere
  - Avoid/disclose actual and perceived conflicts

## Perception is Reality

When it comes to trust, perception  
is reality.

*It is not enough that we do no wrong, we must also try to assure that others believe we have done no wrong.*

## 7. Ethical Conduct of Research

- “[All those engaged in research] are also expected to demonstrate accountability for sponsors’ funds and to comply with specific terms and conditions of contracts and grants.”
  - Honesty, integrity, accuracy, objectivity
  - Regard for human and animal subjects
  - Research misconduct prohibited

## U.S. Settles Case of Gene Therapy Study That Ended With Teen’s Death

- U. of Penn & Children’s National Medical Center
  - Government alleged:
    - Study produced toxicities in humans, but was not terminated
    - Reports misrepresented actual clinical findings
    - Consent form did not disclose anticipated toxicities
  - Settlement: \$1,032,118

## 8. Records: Confidentiality / Privacy and Access

- *“Access to information concerning the conduct of the people’s business is a fundamental and necessary right of every person, as is the right of individuals to privacy.”*
  - Confidential, proprietary & private
  - Comply with laws, policies, etc.
  - Computer security & privacy

## 9. Internal Controls

- *“Each business unit or department head is specifically responsible for ensuring that internal controls are established, properly documented and maintained for activities within their jurisdiction.”*
- *“Any individual entrusted with funds, including principal investigators, is responsible for ensuring that adequate internal control exists over the use and accountability for such funds.”*
  - Ensure UC business is carried out IAW these Standards, policies, laws, sound practices
  - Everyone is responsible

## Ethics is the *Foundation of Internal Control*

- *Management Environment* - Tone at the top, integrity, **ethics**, competence.
- *Risk Assessment*
- *Controls Activities*
- *Information and Communication*
- *Monitoring*

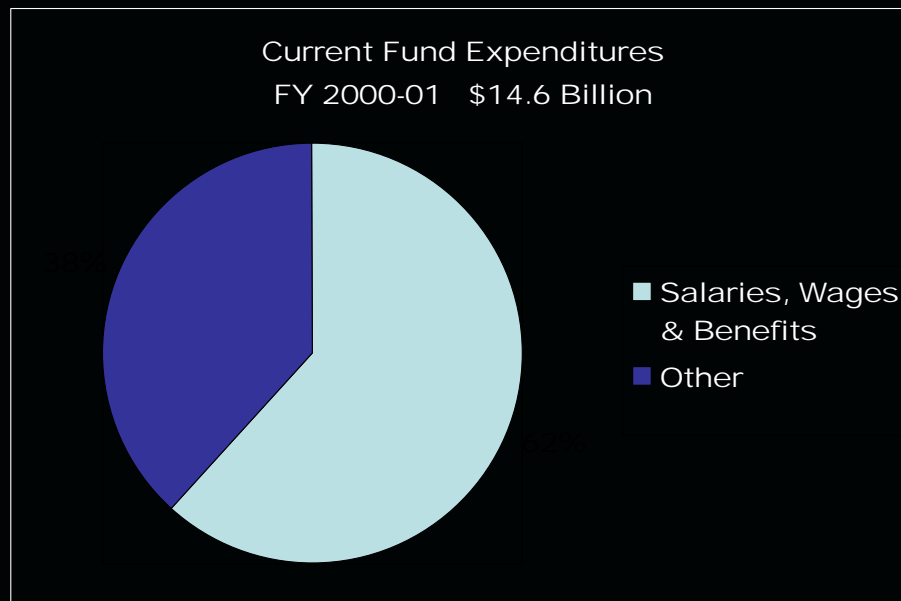
## 10. Use of University Resources

- *“University resources may only be used for activities on behalf of the University.”*
  - No private gain or personal purpose
  - Incidental personal use OK (e.g., telephones)
  - Includes all resources
    - **Assets (e.g., cash, facilities, intellectual property rights)**
    - **Effort (e.g., UC employees and those billing UC)**
    - **University’s Name**
    - **Records (e.g., student, patient, financial)**
    - **IT Infrastructure**

## 11. Financial Reporting

- *“Certain individuals with responsibility for the preparation of financial statements and disclosures, or elements thereof, may be required to make attestations in support of the Standards”*
  - Accurate, clear & complete
  - Full, fair, timely and understandable disclosures
  - Compliance (GAAP, Bond Covenant Agreements)

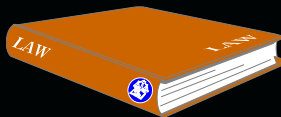
## Our Most Valuable Resource?



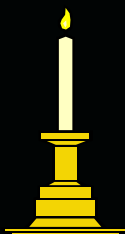
## 12. Reporting Violations and Protection from Retaliation

- *“Members of the University community are strongly encouraged to report all known or suspected improper governmental activities . . .”*
  - Managers/Supervisors required to report
  - Protection from retaliation under the *Policy for Protection of Whistleblowers from Retaliation and Guidelines for Reviewing Retaliation Complaints (Whistleblower Retaliation Policy)*

Listen for the bells warning you of an ethical issue.



Check to see if there are any laws, regulations or rules which restrict your choices.



How will your decision look in the light? Could a reasonable fair-minded person conclude you acted improperly?

## Jack's Rule of Thumb

- We judge other people by their actions and we judge ourselves by our intent.

- Jack Azzaretto, UCR, "Ethics for UC Business Officers"

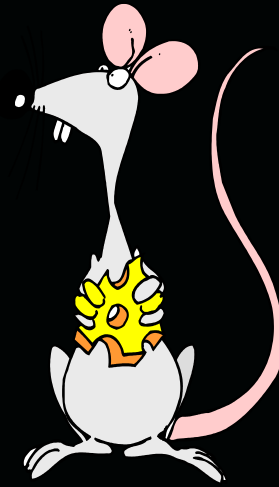
*When you decide to fight  
fire with fire ...*

*... all you get is the  
ashes of your own  
integrity.*



*The problem  
with the rat race  
is that even if  
you win, you're  
still a rat.*

*—Lily Tomlin*



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## Scenarios

- Read scenario together.
- Vote and See Responses.
- Discuss in small groups (2 minutes):
  - What are the competing pressures?
  - What actions might be taken?
- Share with room (1 minute).

## Remember:

- **YOU** are our most valuable resource.
- **TOGETHER** we can:
  - Support Ethical Culture.
  - Model Ethical Behavior.

**Thank You!**

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