III. ETHICAL VALUES

Objectivity and Impartiality

Fraud examiners have a responsibility to maintain objectivity and impartiality in performing their professional responsibilities. Objectivity denotes freedom from prejudice or discrimination. The following are ways to honor objectivity during fraud examinations:

- Avoid conflicts of interest—both real and perceived.
- Report complete information.

Conflicts of Interest

Prior to accepting a fraud examination engagement, professionals should investigate for potential conflicts of interest and disclose any potential conflicts of interest to prospective clients.

Video

Perceived Conflicts of Interest

Video

Report Complete Information

Fraud examiners have a responsibility to reveal all material matters discovered during an examination that, if omitted, could cause a distortion of the facts. Evidence and conclusions are material if knowledge of them would affect a client’s decisions.
Ethical Values

Integrity
Fraud examiners are expected to exhibit the highest level of integrity in the performance of their professional assignments—never sacrificing their integrity to serve a client, an employer, or the public interest. Public trust is founded on integrity.

Integrity can be viewed as the opposite of hypocrisy and includes:

• Trustworthiness
• Congruency

Trustworthiness
Trustworthiness is an element of integrity that embodies being deserving of another’s confidence. It includes avoiding making false or deceptive claims.

Some ways people exhibit trustworthiness are by:

• Following through on promises and not making promises they know they cannot keep
• Refraining from knowingly making a false statement when testifying in a court of law or other dispute resolution forum

Congruency
Actions are congruent with beliefs when individuals consistently act in a manner that is in accordance with their values. For example, an individual demonstrates integrity when they voice their belief that everyone should be treated with respect and consistently acts in a respectful manner toward others.

Respect for Others
Fraud examiners are expected to display respect for others in all of their professional engagements. This is especially important—and might be challenging for some—when the individual being dealt with is suspected of criminal activity. Respect for others includes:

• Concern for others’ well-being
• Respect for others’ autonomy

Concern for the Well-Being of Others
Demonstrating concern for others’ well-being involves contributing to the welfare of others and not putting them in harm’s way. For example, an examiner can show concern for the well-being of a witness by not needlessly disclosing the witness’s identity to a potential suspect.
There are different levels of risk based on the case and the type of witnesses involved. Often, non-culpable whistleblowers want to remain anonymous because they fear they will be fired if they are exposed. Often, this fear is legitimate if the culture at an organization is corrupt. When dealing with cases that involve serious crimes or large amounts of money, even the personal safety of a witness or informant might be at stake if a fraud examiner is not mindful of a person’s well-being. Whistleblowers, informants, and other parties frequently report a fear for their safety when aiding investigations into money laundering rings, drug cartels, high-profile accounting scandals, and other cases.

**Respect for the Autonomy of Others**

Respect for the autonomy of others involves acknowledging the rights of others to act based on their own values and belief system, free from coercion. For example, an examiner should respect the autonomy of a potential suspect by refraining from putting the individual in a situation that could be construed as false imprisonment.

**Justice**

Roman philosopher Cicero wrote that the “foundations of justice are that no one shall suffer wrong; then, that the public good be promoted.” Accordingly, justice is often thought of as fairness, or granting each person their proper due. Acting justly includes handling similar matters consistently. Professionals are expected to carry out their fraud examination responsibilities in a just manner by:

- Establishing a reasonable basis for conclusions reached
- Avoiding expressing opinions regarding a suspect’s legal guilt or innocence

**Reasonable Basis for Conclusions Reached**

Professionals exhibit justice when they establish a reasonable basis for any conclusions reached during an examination.

**Video**

Listen as Mr. Turner further explains the concept of reasonable conclusions. (Go to ACFE.com/EthicalIssues to view the video.)

**Expression of Opinions**

Just behavior also involves refraining from expressing an opinion on the legal guilt or innocence of a suspect.
Ethical Values

Video

Professionalism
Fraud examiners must demonstrate a commitment to professionalism by:

- Developing professional competence throughout their careers through education and experience
- Only accepting assignments that they believe they can complete proficiently
- Not cutting corners
- Living up to their professional responsibilities

Professional Competence
Despite a commitment to increasing fraud examination knowledge and skills, there might be times when examiners are presented with assignments for which they do not possess all of the necessary skills.

Video

Video

Video

Not Cutting Corners

Video
Living Up to Professional Responsibilities

Responsibilities to Clients and Colleagues
Some of the responsibilities fraud examiners have to their clients and colleagues include:

- Maintaining confidentiality
- Exercising due professional care
- Owning up to mistakes

Confidentiality
Confidentiality is the principle that certain information is private and should not be openly shared. Examiners should honor this principle by keeping privileged information confidential and obtaining proper and express authority to reveal it.

Due Professional Care
Due professional care requires diligence, critical analysis, and professional skepticism in performing professional responsibilities. Fraud examiners exhibit due professional care by:

- Making reasonable efforts to gather relevant facts prior to disclosing suspicions that could unduly harm a potential suspect’s reputation
- Supporting conclusions with evidence that is relevant, competent, and sufficient
- Adequately planning professional services, including developing strategies and objectives

Owning Up to Mistakes
At times, everyone makes errors or mistakes of judgment. In these situations, professionals are expected to behave responsibly by admitting their missteps and doing their best to correct and learn from them rather than attempting to conceal them or shifting blame.
Ethical Values

Conflicting Ethical Values
These ethical values, along with numerous others, will come into play throughout a fraud examiner’s career, and they will sometimes conflict with each other, creating an ethical dilemma.

The next chapter explores some fictional scenarios that illustrate potential ethical dilemmas that pertain to fraud examinations.