

Wayne State University

ETHICS TRAINING

Office of Internal Audit

Carolyn P. Hafner, Assistant Vice President Fannie M. Moore, Director, Forensic Audits/Training

COURSE OBJECTIVES

In this course, you will gain an understanding of (1) the University's policies and expectations pertaining ethical issues; (2) how to identify and resolve ethical dilemmas through the application of key HR principles; and (3) key contact information for reporting issues. The major topics include:

- Ethics Definition
- Expectations
- University Policies
- Ethical Issues & Dilemmas
- HR Core Principles
 - * Professional Responsibility
 - * Professional Development
 - * Ethical Leadership
 - Fairness and Justice
 - ***** Conflicts of Interest
 - ***** Use of Information
- Confidentiality
- Red Flags
- Reporting
- Case Studies

What are Ethics?

Ethics are:

- *Moral* principles that govern a person's or group's behavior; oxforddictionaries.com/us/definition
- A set of principles of right conduct; The rules or standards governing the conduct of a person or the members of a profession, etc. <u>medical ethics. www.thefreedictionary.com</u>

Ethical - conforming to accepted standards of conduct.

Morals - a person's standards of behavior or beliefs concerning what is and is not acceptable for them to do.

www.merriam-webster.com/dictionary

ETHICS vs. MORALS

Ethics refers to a set or system of principles, or a philosophy or theory behind them.



Morals are beliefs based on practices or teachings regarding how people conduct themselves in personal relationships and in society.

Ethics is often applied to right and wrong in the <u>business</u> or <u>professional</u> world, but **morality** relates to one's <u>personal</u> life.

Both ethics and morals involve decisions about **right** and **wrong**.

EXPECTATIONS

HR Professionals will promote:

- **✓** Collaboration
- **✓** Honesty
- **✓** Fairness
- **✓** Respect
- **✓** Objectivity
- ✓ A culture of partnership that works on every level and with every S/C/D

All for the purpose of creating an effective HR management team and to foster an ethical environment where employees can thrive.

"Management is doing things right; leadership is doing the right thing."

-Peter F. Drucker

UNIVERSITY POLICIES

07-2 Confidential Information Policy

This policy provides Wayne State University with a framework for dealing with the challenge of *maintaining private and* confidential data. The risks of identity theft, unauthorized data modifications and financial manipulations are associated with access to confidential electronic and paper-based information the university collects in the course of its operations. Because universities are dispersed organizations with a commitment to the free exchange of information, every person at the university who is entrusted with confidential data has an obligation to keep those data safe from theft or unauthorized access.

UNIVERSITY POLICY

07-2 Confidential Information Policy

Storage of Confidential Information

Physical records

- Paper documents
- Keep secured/locked storage

Electronic devices

- Desktop computers/portable devices
- Should be *password-protected*

Portable electronic equipment

- Laptops
- Smartphones
- Removable flash drives/other high capacity portable units
- Must be stored so as to prevent unauthorized acquisition
- Purged of confidential data.
- Password-protected and/or encrypted.

UNIVERSITY POLICY

07-2 Confidential Information Policy

Transmission of Confidential Information

Physical records such as paper documents should be transmitted in a secure manner, such as sealed envelopes, and should be transported by authorized couriers.

Electronic documents and other digitally-maintained data should be *encrypted* if sent in a digital format.

Disposal of Confidential Information

- *Physical records* should be *shredded*.
- *Electronic* /other digitally-maintained data should be *permanently deleted*.
- Digital storage media should be degaussed and/or destroyed.

UNIVERSITY POLICIES

00-1 Acceptable Use of Information Technology Resources

This policy is designed to guide students, faculty and staff in the acceptable use of computer systems, networks, and other information technology resources at Wayne State University.

Some Prohibited Behaviors

- Tampering with software protections or restrictions placed on computer applications or files;
- **⊗** Using University information technology resources for personal for-profit purposes;
- Sending messages that are malicious or that a reasonable person would find to be harassing;
- Subverting restrictions associated with computer accounts;
- ☼ Using resources to obtain unauthorized access to information pertaining to the University or individuals;
- Accessing another person's computer account without permission.
- Obtaining access to an account name or password through the negligence or naivete of another
- Using, or encouraging others to use, resources in any manner that would violate this or other
 University policies

UNIVERSITY POLICY

00-1 Acceptable Use of Information Technology Resources

User Responsibilities and Obligations

- Desktop computers, laptops, other devices are operated and maintained in a *secure* manner.
- Use best security practices /Up-to-date anti-virus software, anti-spyware software and firewalls.
- User must immediately report any discovery that confidential information has fallen into unauthorized hands or a machine or storage device has been hacked, lost, stolen or misplaced.

Disciplinary Actions

- *Violation* of this policy may lead to appropriate action as provided for by the disciplinary processes relevant to that individual.
- Faculty, staff and students are responsible both to civil authorities and to the University for acts that constitute violations of both law and this policy.

UNIVERSITY POLICIES

08-1 Conflict Of Interest Disclosure

A conflict of interest exists:

- ✓ When an individual is in **a position where he/she may obtain an improper gain or advantage** as a result of his/her activities on behalf of Wayne State University;
- ✓ He or she is in a **position where he/she may have to choose whether to advance his/her own interests** (or those of another) rather than the interests of Wayne State University.

It is important to remember that conflicts of interest do not necessarily involve intentional wrongdoing.

UNIVERSITY POLICIES

WSU Personnel Manual for Non-Represented Employees

3.9 Nepotism (Employment of Relatives)

Blood or marital relationships with other University staff members are not regarded as a deterrent to appointment, reassignment or continuance in present position. Close relatives may not be employed where one is in a position of influence over another. Close relatives include husband or wife, parent or child, son-in-law, daughter-in-law, brothers or sisters. A position of influence exists in instances where selection for employment, judgments concerning performance, compensation, status, fitness for promotion or discipline/discharge, require the action of one person with respect to the other.

UNIVERSITY POLICIES

Other Policies include:

99-3 Workplace Violence

"Zero tolerance" for *threats* or *acts of violence* by anyone on University property or at University-sponsored activities

01-5 Sexual Assault

Any intentional, unconsented, *unwelcome* physical contact or threat of unwelcome physical contact or attempt thereof

11-1 Video Surveillance

Video Surveillance equipment shall not be installed in, or used to monitor or record, areas where there is a *reasonable expectation of privacy*. Monitoring individuals based on race, gender, ethnicity, national origin, sexual orientation, disability, or intimate behavior is prohibited.

Refer to the University Policies at: http://fisopsprocs.wayne.edu/policy/ for the complete policy.

UNIVERSITY POLICIES

05-3 Discrimination and Harassment Complaint Process

BOG Statute 2.28.01 - Non-Discrimination/Affirmative Action

Requires non-discrimination and **equal opportunity** in all:

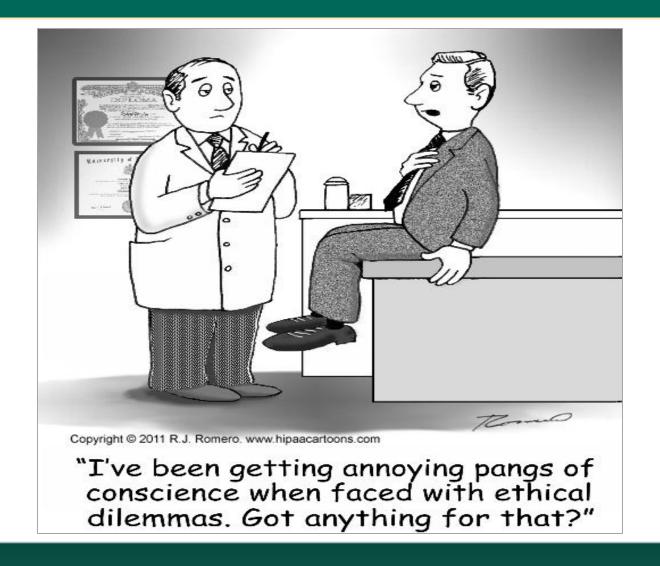
- Operations
- •Employment opportunities
- •Educational programs and related activities

Expressly forbids sexual harassment and discrimination in:

- •Hiring
- •Terms of employment
- •Tenure
- Promotion
- •Placement and discharge of employees
- •Admission, training, and treatment of students
- •Extracurricular activities, the use of University services, facilities, and the awarding of contracts

Also *forbids retaliation* and/or any form of harassment against an individual as a result of filing a complaint of discrimination or harassment, or participating in an investigation of a complaint of discrimination or harassment.

ETHICS HUMOR

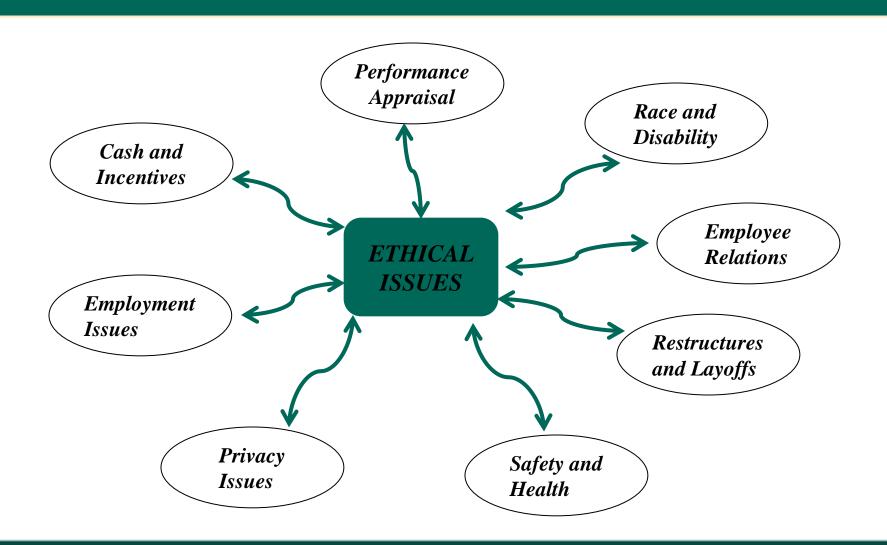


ETHICAL ISSUES IN HR

- Employment
- Salary & Benefits
- Labor Relations
- Health & Safety
- Training & Development
- Employee Relations
- HR Ethical Issues



ETHICAL ISSUES IN HR



ETHICAL ISSUES IN HR

Cash & Incentives may result in exerted pressure to re-evaluate a position to a higher grade to justify a salary increase.

Performance Appraisals should be based on ethics and provide an honest assessment of performance, while mutually developing a plan to improve performance and growth.



ETHICAL ISSUES IN HR

Race, Gender, Age, Disability

- Ensure principles reflect the values of society
- Ensure selection, rewards, and appraisals are consistent
- Defend the University against unfounded allegations
- Help avoid violations

Employment Issues

- Hiring relatives or friends
- Discovery of fabricated credentials



ETHICAL ISSUES IN HR

Privacy Issues - personal life styles are private matters and should be safe guarded from being snooped or analyzed.

Safety & Health - new categories of accident and illnesses have emerged, including the job safety problems associated with office injuries.

Restructuring and Layoffs

- Ethical implications in the process
- Conducted in an atmosphere of fairness, equity, and dignity



Employee Relations - fair treatment, objectivity, consistent application of rules among all employees, and avoidance of discriminatory practices

ETHICAL DILEMMAS



Face to Face Ethics

Functional Area





Policy Ethics

Sources of ethical dilemmas for HR Professionals

ETHICAL DILEMMAS

Common Ethical Dilemmas of HR Professionals

- Placing misleading advertisements for jobs.
- Misrepresenting the requirements of a particular position.
- Responding to a hiring manager who has asked you to find a way "around" not hiring a qualified candidate for discriminatory purposes.
- Not reviewing candidates based on their merits.

To help deal with these types of dilemmas, it is critical for HR professionals to be <u>honest</u>, consistent and objective throughout the hiring or "on boarding" process.

ETHICAL DILEMMAS

Reasons People Engage in Unethical Behavior

- Insecurity, fear of job loss
 - Downsizing
 - "Rank and Yank" performance evaluation systems
 - Do whatever it takes

Psychological insecurity

- Bosses who are threatening and controlling
- Competitive environment
- The desire to conform to one's peers

Materialistic focus

- Focus on the bottom-line
- Bonus pay systems with earnings "at risk"
- Large pay disparities between levels

Discussion question:

What are some other reasons for unethical behaviors?



CLASS EXERCISE

Describe a time when you were faced with an ethical dilemma at work.

- ✓ Describe the situation?
- ✓ How did you handle it?
- ✓ What crucial factors influenced your decision?

Ethical Decisions Are Difficult

- No one clear solution
- Competing interests
- Many unknowns
- Pressure

Human Resource Professional Ethics

PROFESSIONAL RESPONSIBILITY

Guidelines

- Adhere to the highest ethical/professional standards
- Assess your effectiveness
- Comply with the law
- Strive to achieve the highest standards
- Model mutual respect

Intent

- To build respect, credibility, importance
- Help the University achieve goals/objectives
- Develop and share best practices
- To positively influence Human Resources' practices
- To encourage professional decision-making and responsibility
- To encourage social responsibility.



PROFESSIONAL DEVELOPMENT

Guidelines

- Commit to continuous learning
- Help disseminate knowledge concerning human resource management to other employees
- Pursue certification such as CCP, CEBS, PHR, SPHR, etc.

Intent

- To expand knowledge/understanding of how the University functions continued growth and development as an employee
- Gain understanding of the University's processes/procedures/policies



ETHICAL LEADERSHIP

Guidelines

- Behave ethically
- Question /verify actions to ensure that decisions are ethical and are implemented in an ethical manner
- Seek expert guidance
- Champion the development of others as ethical leaders

Intent

- To set the standard and be an example for others
- To earn individual respect and increase credibility



FAIRNESS AND JUSTICE

Guidelines

- **Respect** every individual
- Treat people with *dignity*, *respect*, *and compassion*



- Ensure that everyone has the opportunity to develop skills/competencies
- Promote an environment of *inclusiveness/commitment*
- Advocate policies and procedures that foster equitable treatment
- Support ethical and legal decisions
- Behave responsibly/ practice sound management

Intent

To create and sustain an environment that encourages all individuals and the organization to reach their fullest potential in a positive and productive manner.



CONFLICTS OF INTEREST

Guidelines

- Adhere to university policy on conflicts of interest
- Avoid using position for *personal*, *material*, *financial gain*
- Avoid giving/seeking preferential treatment
- Prioritize obligations to *identify conflicts of interest*

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Intent

To avoid activities that are in conflict or may *appear* to be in conflict responsibilities and duties as a human resource professional/WSU employee.



CLASS EXERCISE

DJ Pete

Answer the following questions:

- 1. What did Jerry do right?
- 2. What was Jerry's ethical dilemma?
- 3. What are the potential ramifications for Jerry's actions?
- 4. What should Jerry do?

USE OF INFORMATION

Guidelines

- Acquire and disseminate information ethically
- Ensure *appropriate* information is used
- *Verify* information before making decisions
- Maintain current and accurate HR information
- *Safeguard* information
- Ensure all communicated is *accurate*

Intent

• To build *trust*



CONFIDENTIALITY



CONFIDENTIALITY

<u>Confidentiality</u> - the nondisclosure of information except to another authorized person.

<u>Confidential</u> - spoken, written, or given in confidence; secret; private; entrusted with another's confidence or secret affairs.

Confidential Information:

- ✓ Safeguarded (manage access and storage)
- ✓ Adequate procedures are in place to minimize this risk.
- ✓ Access granted on a "need to know" basis to authorized individuals
- ✓ Protected from any unauthorized access, disclosure or tampering



HR CONFIDENTALITY STATEMENT

Statement

The Wayne State University Human Resource Division has a responsibility to protect our employees', customers', and, students' legal right to privacy of their personal information under our custody and control.

In all circumstances, Human Resource recognizes the value of an individual's personal information, which must be collected, used, disclosed and protected appropriately.

Purpose

The purpose of this policy statement is to provide a framework for the consistent management of personal and business information collected, used, disclosed and protected by the Human Resource Division in accordance with the principles and requirements of various state and federal laws and University policy, including but not limited to the Bullard-Plawecki Employee Right to Know Act, the Michigan Freedom of Information Act (MIFOIA), the Federal Educational Rights Privacy Act (FERPA), Health Insurance Portability and Accountability Act of 1996 (HIPPAA) and other standards of practice.

HR CONFIDENTALITY STATEMENT

Policy

Personal information obtained in the performance of Human Resource business...

- Must be held in confidence
- Must ensure information is collected, used, disclosed only:
 - In necessary circumstances
 - For authorized employment, research, and educational purposes
 - For conducting University business

The use, sharing, and/or disclosure must comply with:

- Federal/state laws
- University Policy
- Business Practices

Wayne State University

CONFIDENTIAL DATA

07-2 Confidential Information Policy

Definition of Confidential Information

- ✓ Data held by the University that could harm the person to whom it refers/belongs if seen or acquired by a person not authorized by university policy, procedure or applicable external regulations.
- ✓ Data that are protected by federal or state legislation dealing with data privacy.
- ✓ Data that are legally excluded from release under the Freedom of Information Act

CONFIDENTIALITY

Federal Laws and Regulations

The Family Educational Rights and Privacy Act (FERPA) — protects a wide range of personal education records and information about current and former students including, but not limited to, grades, university judicial, and academic records.

The Health Insurance Portability and Accountability Act (HIPAA) – governs the use of protected health information, including information that identifies an individual and relates to: the individual's past, present or future physical or mental health; or the provision of health care to the individual; or the past, present or future payment for health care.

The Gramm-Leach-Bliley Act (GLBA) – protects personal financial information

Bullard-Plawecki Employee Right to Know Act – permit employees to review personnel records; to provide criteria for the review; to prescribe the information which may be contained in personnel records; and to provide penalties.

CONFIDENTIALITY

Personal Data

- Name
- Date of Birth
- Social Security Number
- Driver's License Number
- State Identification Card Number
- Financial Account Information
- Passport Number
- Alien Registration Number
- Health Insurance Identification Number



CONFIDENTIALITY

Student Records

- Grades/Transcripts/Test scores
- Courses taken/Schedule
- Advising records
- Educational services received
- Disciplinary actions
- Student Financial Aid, Grants, and Loans
- Financial account and payment information
- Billing statements, bank account and credit card information
- Student Personnel records
- Admissions and recruiting information



CONFIDENTIALITY

Financial Data

- Credit Card Primary Account Number
 - Cardholder Name
 - Service Code
 - Expiration Date
- Bank Account
- Financial Aid
- Student Loans



CONFIDENTIALITY

Personal Health Information

- Information that identifies the individual
- Information about the individual's *past*, *present or future physical or mental health or condition*
- Information relating to the provision of, or payment for, health care



CONFIDENTIALITY

Personnel Data

- Health & Welfare Benefits
- Performance Appraisals
- Disciplinary Actions
- Background and Reference Checks
- Personnel Transactions
 - Salary
 - ***** Terminations
 - Merit Increases
 - Bonuses
 - Attachments
 - Promotions/Transfers
 - Bumps/Layoffs
- Employment Contracts



BULLARD PLAWECKI ACT

Employees are entitled to:

- ✓ **Review** their personnel records
- ✓ *Receive copies* of those records
- ✓ File written statements clarifying or protesting any documents contained in their file
- ✓ The employee is entitled to submit a written statement explaining his or her position concerning *disputed information* in the file
- ✓ If either the employer or employee knowingly puts false information in the personnel file, legal action may be taken to *remove such false information*.



BULLARD PLAWECKI ACT

Employers must:

- ✓ Make the personnel *records available to employees* upon written request, but not more than 2 times per year.
- ✓ Only records kept and used by an employer in determining an employer's qualifications for employment, promotions, transfers, additional compensation, or disciplinary action must be available for review.
- ✓ Employers may charge that employee for *reasonable copying charges*.
- ✓ An employer is *prohibited from using in a judicial proceeding* any personnel record information which was intentionally not included in the personnel record, but should have been as required by the Act.
- ✓ Any *violation* of the Employee Right to Know Act by an employer is grounds for a *civil lawsuit*.

CONFIDENTALITY BREACHES

Breaches of confidentiality include *intentional and unauthorized access* to, *use and/or disclosure* of, confidential information.

- Intentionally viewing or accessing confidential information outside job function
- *Discussion* where others, not entitled, are likely to overhear
- *Disclosure* outside Federal guidelines (FOIA,FERPA, HIPPA) without informed consent

Failing to safeguard information

- Locked Files
- Password protected files online
- Leaving information on screen while computer is unattended
- Not shredding excess documents



HR Confidentiality Statement and Acknowledgement Statement

HR CONFIDENTALITY STATEMENT

Sanctions

- **≻**Discipline
- > Termination
- > Cancellation of security access
- **►** Withdrawal of privileges to information
- >Legal action

CLASS EXERCISE

Blabbing Betty

Answer the following questions:

- 1. What did Betty do right as the HR Director?
- 2. What did Betty do wrong?
- 3. What rules did she violate?
- 4. What are the potential ramifications of Betty's actions?

UNETHICAL BEHAVIOR

Guess what happens in the workplace when management doesn't clearly define, prohibit, and follow through on dishonest business practices?

- ✓ The risks of scandal increase
- ✓ Increased employee fraud
- ✓ Decreased productivity
- ✓ Efficiency declines
- ✓ Communication decreases
- ✓ Retention and recruiting is encumbered
- ✓ Performance of the highly skilled decline
- ✓ Absenteeism increases



UNETHICAL BEHAVIOR

Deliberate Deception or Fraud

- Calling in sick in order to go to the beach
- Falsifying / Forging documents or credentials
- Filing false travel /other expenses
- Stealing

Violation of Conscience

• Your boss is engaging in unethical behavior by forcing you to do something you know is wrong.

Inappropriate Computer Use

- An employee who is not permitted to use the Internet for personal reasons commits an unethical act by shopping online while at work (with the exception of lunch break, before/after work)
- Employee use of university computers or e-mail to operate a private business

Unethical behavior often causes more unethical behavior.

UNETHICAL BEHAVIOR

Time Misuse

- "Stealing" time from the University by receiving compensation for time not worked
- Hours spent on aimless internet surfing
- Extended breaks beyond the allotted time
- Engaging in lengthy gossip sessions during work hours, but not making up the lost time
- Falsifying timesheets
- Coming into work late or leaving early without authorization
- Running personal errands while traveling on University business
- Not charging leave backs

Stealing

- Office supplies, Petty Cash, gift cards, P-Cards
- Furniture and/or equipment

UNETHICAL BEHAVIOR

Harassment

This could be *verbal*, *physical*, *or sexual* and could involve any intentional, unconsented, unwelcome physical contact or threat of unwelcome physical contact or attempt thereof. *This behavior may also be unlawful*.

Bullying

Bullying typically involves attempting to intimidate a co-worker by making demeaning comments, spreading gossip or even making verbal or physical threats. *In some cases*, *ongoing bullying can escalate into violence in the workplace*.

Conflict of Interest

Nepotism

UNETHICAL BEHAVIOR

Other Illegal Acts

- Embezzlement
- Bribery
- Extortion
- Sexual Assault
- Hiring only relatives in spite of lack of competencies
- Asking money from candidate for pushing his/her resume through

CLASS EXERCISE

The Best Person for the Job

- 1. What are the ethical issues?
- 2. What should Mary do?
- 3. What are the possible courses of action?
- 4. Identify the problems with each alternative.

RED FLAGS

Behavioral Red Flags

- Living Beyond Means
- Close Vendor/Customer Association
- Financial Difficulties
- Excessive Control Issues



Other indicators or contributors of fraud...

- Oversight
- Lack of Review/Reconciliation
- Control Overrides
- Control Weaknesses
- No Segregation of Duties

Be aware of the red flags, consider them when other anomalies are present – they may help identify patterns that might indicate fraud.

ACFE Report to the Nation 2012

ETHICAL RED FLAGS

Financial Concerns

- •Embezzlement
- •False Billing
- •Misuse of Corporate Credit Cards, Petty Cash, etc.
- Accounting Irregularities



- Safety Concerns
- Intimidation
- Substance Abuse
- •Harassment
- •False Insurance Claims



REPORTING METHODS

Michigan Whistleblowers' Protection Act

Why employees don't report?

- ➤ Not sure whom to contact
- ➤ Not wanting to get involved
- ➤ No one asked
- > Fear



REPORTING

The Office of Internal Audit

Anonymous Tip Website internalaudit.wayne.edu

Anonymous Tip Hotline 313-577-5138

Office of Internal Audit 313-577-2128

- ✓ Dishonest acts known or suspected
- ✓ Misappropriation of funds
- ✓ Embezzlement
- ✓ Theft of supplies, property or other WSU resources
- ✓ Forgery/alteration of documents
- ✓ Unauthorized alteration or manipulation of computer files
- ✓ Improper and wasteful activity
- ✓ Falsification of reports to management or external agencies
- ✓ Authorization or receipt of compensation for hours not worked

Report whenever unethical behavior is witnessed, experienced or suspected. ALL reports will be investigated. Hotline should not be abused by filing an intentionally false report.

REPORTING

HR related issues 577-2010

Labor Relations 577-2018

Office of Equal Opportunity 577-2280

Scientific Misconduct 577-9064

Employee Assistance 800-852-0357

Public Safety-emergency 577-2222 non emergency 577-6057



RECAP

We have discussed the following topics:

- Ethics Definition
- Expectations
- University Policies
- Ethical Issues & Dilemmas
- HR Core Principles
 - . Professional Responsibility
 - . Professional Development
 - . Ethical Leadership
 - . Fairness and Justice
 - . Conflicts of Interest
 - . Use of Information
- Confidentiality
- Red Flags
- Reporting
- Case Studies

POINTS TO CONSIDER

A Process for Making Ethical Decisions

- ✓ Recognize an ethical issue
- ✓ Get the facts
- ✓ Evaluate alternative actions
- ✓ Do the *RIGHT* thing
- ✓ Act and reflect on the outcome

Wayne State University

SUMMARY

All employees share the responsibility to behave ethically and to speak up if they see coworkers behaving dishonestly. Do your utmost to recognize behaviors that may do harm or cause a breakdown in the ethical culture of the department. Always strive to make the best possible decision, that will protect the integrity of the University as well as promote a culture of ethical behavior.

Resources

- ✓ WSU Administrative Policy & Procedure Manuel
- ✓ WSU Personnel Manual for Non-Represented Employees
- ✓ WSU University Policies & BOG Statute
- ✓ SHRM

THANK YOU!

The Office of Internal Audit
5700 Cass Avenue
Suite 3300 A/AB
Detroit, MI 48 234

Carolyn P. Hafner, Assistant Vice President <u>chafner@wayne.edu</u> 313-577-6802

Fannie M. Moore,
Director Forensic Audits/Training
<u>fmoore@wayne.edu</u>
313-577-5018