

Message from the Chair



# Which Side of the Line?

BY WILLIAM BROWER, CMA, CFM

It has never been more important for management accountants working in industry to maintain the highest ethical standards. I hope you have never had the occasion to have your choices be questioned as possible ethics issues or violations, but the headlines are clear: Many firms have bent the rules, and the reputations of both the internal finance team and the external audit

firms have been damaged. The latest disclosures regarding backdating of options and the resulting restatements of financial results are obvious symptoms of a failure to adhere to a clear regulatory requirement. Is this failure due to a lack of understanding about acceptable accounting practices and regulations, is it a breakdown of the system of controls that are designed to prevent the mistakes, or is it caused by decisions that, when brought to the light of day, don't measure up to the standards expected? I suspect that it is often caused by a moral and ethical failure of top management and the gatekeepers within a firm. They crossed the line.

Given this situation, what are you doing to ensure that your reputation and your firm's reputation won't get tarnished in tomorrow's headlines?

Are you building the necessary process controls to identify issues before they happen? Are you setting the right tone at the top and walking the walk as well as talking the talk? The IMA Board of Directors now requires Certified Management Accountants to complete two hours of continuing education in ethics each calendar year. The December deadline approaches, so I suggest that you consider taking the first course in the IMA Ethics Series, "Success without Compromise." I took this Internet-based course recently and found that it uses an interactive case-study approach covering the IMA's Statement of Ethical Professional Practice, which you can find in the Ethics Center under About IMA on the IMA website ([www.imanet.org](http://www.imanet.org)). The case is provocative, and the course is

an excellent tool you can use to refresh your knowledge of the principles and standards that guide our members' conduct.

There is no question that, as finance professionals working within business, you will be exposed to situations and dilemmas that may seem to be in a gray zone close to the line. There may be ambiguity in interpretation of procedures or pressure from your peers or superiors to do something that would make you uncomfortable. How often should you have spoken up but instead let the discussion proceed on a course that might have been changed for the better if you added your two cents? In my career, I was fortunate to work with individuals who were concerned about my integrity and credibility, and they made it essential that I live up to a high level of ethical behavior. Ralph Larsen, past chairman of Johnson & Johnson, told his senior management group: "Not only do I not want you to cross the line; I don't want you to get even *close* to it." I certainly hope that you get the same advice from the leaders within your company.

What do you think? Please share your thoughts with me at [bbrower@imanet.org](mailto:bbrower@imanet.org). ■