Is Change Inevitable?

Everyone Wants to Change the World
But No One Wants to Change
Noticing Small Changes Early Helps You Adapt to the Bigger Changes That Are to Come

Move With the Cheese and Enjoy It!!

The Handwriting on the Wall

- Change Happens
- Anticipate Change
- Monitor Change
- Adapt To Change Quickly
  - Change
  - Enjoy Change!
- Be Ready To Change Quickly And Enjoy It Again & Again

How to Succeed in a Changing Environment

- Be Proactive
- Begin with the End in Mind
- Put First Things First
- Think Win/Win
- Seek First to Understand, Then to Be Understood
- Synergize
- Sharpen the Saw
Transform Your Life and Your Organization by Turning Colleagues and Contacts into Lasting, Genuine Relationships

“Life is no straight and easy corridor along
Which we travel free and unhampered,
But a maze of passages,
Through which we must seek our way,
Lost and confused, now and again
Checked in a blind alley.
But always, if we have faith,
A door will open for us,
Not perhaps one that we ourselves
Would ever have thought of,
But one that will ultimately
Prove good for us.”

‐ A. J. Cronin

Laws or Flaws?

• Bingo games may not last over 5 hours unless it is held at a fair.
• Organizations may not hold their meetings while the members present are in costume.
• It’s against the law to sing off key.
• In Alaska, no child is allowed to build a snowman taller than himself/herself on school property.
• In California, it is illegal to eat an orange in your bathtub.
• In Colorado, it’s illegal to loan your next door neighbor your vacuum.
• In Florida, it’s against the law to dream about another man’s wife or cow.
Why are gray areas so complex?

Curt Baker made $30,831 in Schedule C income and also received a $60,000 lump-sum payout from his 401(k) when he retired.

Ann Baker switched jobs and made $80,900 and inherited $30,500.

The Bakers’ investments include a mix of stocks, bonds and mutual funds totaling $21,298 in interest, dividends and capital gains.

Money Magazine and USA Today ran separate surveys of tax professionals asking for the tax liability of a hypothetical US family.

45 tax professionals gave 45 different tax liabilities ranging from $36k to $94k.

An Unexact Science

Working within Gray Areas
It's not always black and white...

And the answer is......

*It Depends*

Us vs. Them
Poll Question

Princeton vs. Dartmouth

Which team started the rough play?

<table>
<thead>
<tr>
<th></th>
<th>% Dartmouth</th>
<th>% Princeton</th>
</tr>
</thead>
<tbody>
<tr>
<td>Princeton started it</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>Dartmouth started it</td>
<td>36</td>
<td>86</td>
</tr>
<tr>
<td>Both</td>
<td>53</td>
<td>11</td>
</tr>
<tr>
<td>Neither</td>
<td>9</td>
<td>3</td>
</tr>
</tbody>
</table>
Was the game played fairly?

<table>
<thead>
<tr>
<th></th>
<th>% Dartmouth</th>
<th>% Princeton</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clean &amp; Fair</td>
<td>13</td>
<td>0</td>
</tr>
<tr>
<td>Rough &amp; Fair</td>
<td>39</td>
<td>3</td>
</tr>
<tr>
<td>Rough &amp; Unfair</td>
<td>42</td>
<td>93</td>
</tr>
<tr>
<td>Don’t Know</td>
<td>6</td>
<td>4</td>
</tr>
</tbody>
</table>

Does this affect our Ethics?

Can you match the line? – Round 1

A B C
Easier said than done, but…

Obstacles to doing the right thing

- Fear
- Focus on short term benefits
- Foul Mood

Ethical Intelligence

1. Will it cause harm?
2. Will this make things better?
3. Will this respect others?
4. Is it fair?
5. Is this caring?
Autonomy / Self-Esteem

“...expect you all to be independent, innovative, critical thinkers who do exactly as I say...”

KPMG Audit Committee Institute (2011 survey)

An audit committee where everybody is happy and likes each other is an audit committee that makes me nervous.
Do we need each other?

The Mother Teresa Principle

If I look at the mass, I will never act.
If I look at the one, I will.

The Pond Story
Identifiable and Statistical Life

How many leaves do you see?

Generational Differences in the Workplace

Mixing and Managing Four Generations of Employees
Poll Question

- You're right but I'm the Boss
- Just do your job
- I remember when....
- The kid wants a promotion after six months on the job

Discuss your reaction with your neighbor....

When was the last time you heard...

- You're right but I'm the Boss
- Just do your job
- I remember when....
- The kid wants a promotion after six months on the job

Discuss your reaction with your neighbor....

The History Meets The Future

How and When did Kennedy die? Paul McCartney and Kanye West ballad "Only"
Generational Timeline

Workplace Characteristics

<table>
<thead>
<tr>
<th>Traditionalists</th>
<th>Boomers</th>
<th>Gen X</th>
<th>Millennials</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hard work</td>
<td>Workaholics</td>
<td>Crusading causes</td>
<td>What’s next?</td>
</tr>
<tr>
<td>Respect authority</td>
<td>Work efficiency</td>
<td>Personal fulfillment</td>
<td>Multitasking</td>
</tr>
<tr>
<td>Sacrifice</td>
<td>Eliminate the task</td>
<td>Desire quality</td>
<td>Tenacity</td>
</tr>
<tr>
<td>Duty before fun</td>
<td>Self-reliance</td>
<td>Question authority</td>
<td>Entrepreneurial</td>
</tr>
<tr>
<td>Adherence to rules</td>
<td>Want structure and direction</td>
<td></td>
<td>Goal Oriented</td>
</tr>
</tbody>
</table>

Discussion Question

A top-notch, cross-functional team with individuals from several different generations has been set up to recommend a solution to a nasty manufacturing problem. After a couple of weeks, the manager responsible for the team cannot understand why there is constant bickering and nothing is getting done. If the manager were aware of just one characteristic of each individual relating to communication needs, he or she might understand the stalemate. The Veterans on the team are looking for handwritten notes and direct, specific requests for work to be done. The Boomers do not like to work independently, and they expect to have meetings any time, any place — and it is fine if they are called day or night. Xers do not want to hear about the project outside of work, and don’t dare call them at home. And the Yers don’t want any meetings at all, they only communicate via voice mail and e-mail. Is it any wonder that the team is having trouble getting motivated toward the goal? At the beginning of any team formation, an effective leader should consider spending time learning how team members wish to communicate.
How Do the Generations Compare in 2011?

<table>
<thead>
<tr>
<th></th>
<th>Overall</th>
<th>Traditionalists</th>
<th>Boomers</th>
<th>Gen X</th>
<th>Millennials</th>
</tr>
</thead>
<tbody>
<tr>
<td>Felt Pressure</td>
<td>13%</td>
<td>22%</td>
<td>9%</td>
<td>13%</td>
<td>15%</td>
</tr>
<tr>
<td>Observed Misconduct</td>
<td>45%</td>
<td>36%</td>
<td>44%</td>
<td>45%</td>
<td>49%</td>
</tr>
<tr>
<td>Reported Misconduct</td>
<td>65%</td>
<td>39%</td>
<td>64%</td>
<td>69%</td>
<td>67%</td>
</tr>
<tr>
<td>Perceived Retaliation</td>
<td>22%</td>
<td>16%</td>
<td>18%</td>
<td>21%</td>
<td>29%</td>
</tr>
</tbody>
</table>

Ends and Means

% of workers who agree to look the other way if the company did something questionable

<table>
<thead>
<tr>
<th></th>
<th>Millennials</th>
<th>Gen-X</th>
<th>Boomers</th>
<th>Traditionalists</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ends</td>
<td>35%</td>
<td>22%</td>
<td>17%</td>
<td>12%</td>
</tr>
</tbody>
</table>

Are the generations really that different?

<table>
<thead>
<tr>
<th></th>
<th>18-24</th>
<th>25-40</th>
<th>41-50</th>
<th>&gt;50</th>
</tr>
</thead>
<tbody>
<tr>
<td>Must lie to succeed</td>
<td>36</td>
<td>18</td>
<td>11</td>
<td>10</td>
</tr>
<tr>
<td>Told a significant lie to spouse</td>
<td>48</td>
<td>34</td>
<td>22</td>
<td>18</td>
</tr>
<tr>
<td>Kept too much change</td>
<td>31</td>
<td>19</td>
<td>18</td>
<td>15</td>
</tr>
<tr>
<td>Unauthorised copy of software</td>
<td>34</td>
<td>27</td>
<td>18</td>
<td>14</td>
</tr>
<tr>
<td>Lied to client</td>
<td>18</td>
<td>12</td>
<td>8</td>
<td>6</td>
</tr>
<tr>
<td>Lied on this survey</td>
<td>11</td>
<td>7</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>More ethical than others</td>
<td>73</td>
<td>71</td>
<td>69</td>
<td>67</td>
</tr>
</tbody>
</table>
Social networkers more likely to believe questionable behaviors are acceptable

<table>
<thead>
<tr>
<th>Do you feel it is acceptable to...?</th>
<th>Active Social Networkers</th>
<th>Other U.S. Workers</th>
</tr>
</thead>
<tbody>
<tr>
<td>post a negative comment on social</td>
<td>28%</td>
<td>19%</td>
</tr>
<tr>
<td>share or discuss confidential info</td>
<td>21%</td>
<td>12%</td>
</tr>
<tr>
<td>buy personal items with company credit</td>
<td>40%</td>
<td>33%</td>
</tr>
<tr>
<td>include their real names in posts</td>
<td>58%</td>
<td>56%</td>
</tr>
<tr>
<td>use your personal computer to share confidential documents</td>
<td>48%</td>
<td>36%</td>
</tr>
<tr>
<td>upload employee pictures to the company network or server</td>
<td>68%</td>
<td>47%</td>
</tr>
</tbody>
</table>

Can most people be trusted?

- TRADITIONALIST (Born 1925-1945): 68%
- BOOMER (Born 1946-1964): 57%
- GEN-X (Born 1965-1980): 48%
- MILLENNIAL (GEN-Y) (Born 1981-2000): 38%

Which of the following do you trust?

- Friends: 100%
- Family: 80%
- Neighbors: 60%
- Politicians: 40%
- Co-workers: 20%
- Boss: 10%
Recommendations

Best way to address challenges of a workplace spanning multiple generations is...

- Implement effective ethics and compliance program
- Build strong ethics culture that encourages employees to do right thing
- Do this in a way that reaches and influences each generation

Case Study

Susan, a senior manager, notices as she walks by Andrew’s desk (a new employee) that he is on the social media site LinkedIn. When Andrew realized that Susan was looking at his computer screen he quickly exited the website.

Susan proceeded to walk away while thinking to herself that she was going to have to talk to Andrew and remind him about the Company’s policy regarding company resources used for personal reasons. She also considers what else Andrew is doing that he feels the need to cover up.

Andrew grimaces as Susan walks by shaking her head. Even though he was screening the website, as well as other social media sites, for opportunities and networking possibilities with potential business partners, Andrew worries that these activities are not understood or valued.

North Carolina Accountancy Rules
North Carolina State Law

To contact:
N.C. State Board of Certified Public Accountant Examiners
www.ncpaboard.gov
Updated CPE Requirements

Can be given in 25 minute increments starting later this year

40 hours each calendar year

20 hours of CPE can be carried over

Up to 10 hours for publications and 20 hours for teaching;

Prorated based on date of approval of application (30, 20, or 10 hours)

A course must increase your professional competency

Must maintain records substantiating CPE credits for five years (includes current year)

No CPE requirement for inactive CPA’s

You must have a certificate of completion for each course

2014 State Board Activity

Disciplinary Orders
North Carolina Administrative Rules
08N - Professional Ethics & Conduct

- Section 100 – Scope and Applicability
- Section 200 – Rules Applicable to All CPA’s
- Section 300 – Rules Applicable to All CPA’s that use the CPA Title in Offering or Rendering Products or Services to Clients
- Section 400 – Rules Applicable to CPA’s Performing Attest Services

Rules for All CPAs (Section 200)

- Integrity
- Deceptive Conduct Prohibited
- Discreditable Conduct Prohibited
- Discipline by Federal/State Authorities- 30 days
- Cooperation with Board Inquiry - 21 days to respond
- Confidentiality
- Violation of tax laws
- Reporting Convictions and Judgments
- Accounting Principles
- Responsibilities in Tax Practice
- Competence
- Outsourcing to third parties
- IFRS

Discreditable Conduct Prohibited

A CPA shall not engage in conduct discreditable to the accounting profession:

- Acts that reflect adversely on the CPA’s honesty, integrity, trustworthiness, or good moral character
- Stating or implying an ability to improperly influence a governmental agency or official
- Failing to comply with any order issued by the Board; or
- Failing to fulfill the terms of a peer review engagement contract
Brian Williams

Rules for All CPAs Using the CPA Title (Section 300)
- Professional Judgment
- Forms of Practice
- Practice Privileges
- Objectivity and Conflicts of Interest
- Retention of Clients Records
- Advertising/Solicitation
- CPA Firm Names

Poll Question
Discussion Question

Bonnie is a CPA and has been your neighbor for the last 4 years. She decided several years ago to be a stay-at-home Mom. During a discussion with some of your other neighbors, you learn that Bonnie is preparing tax returns for several families on your street.

Does it matter if Bonnie receives compensation?

Is it considered ‘holding yourself out’ if you put CPA on your business cards?

Rules for All CPAs Performing Attest & Assurance Services (Section 400)

Public Reliance

Independence

Standards (SAS, SSARS, GASB, GAGAS, peer review)

Competitive Bidding

Discussion Question

Sam is a partner with a local CPA firm that primarily concentrates on preparing tax returns for individuals and small businesses.

Upon completing the 2014 business tax return for ABC Company, the owner of ABC informed Sam that the company was applying for a line of credit with a local financial institution. The financial institution requested a copy of ABC’s most recent set of financial statements so the owner of ABC asked Sam to prepare the financials for 2014.

Can Sam prepare the financial statements?

Are there any restrictions or additional requirements associated with the preparation of the financial statements?
SSARS 21

Reviews
- Independent, engagement letter, review report

Compilations
- Engagement letter and compilation report

Preparation
- Engagement letter but no accountant’s report
- Each page of FS must have disclaimer

The Future Ethical/Fraud Issues:
What’s Coming

IT Security

Cybercrime

How many times have you been affected?

Anthem

JPMORGAN CHASE & CO

SONY
10 Common Sense Approaches to Reducing Cyber Threats

1. Provide adequate training to team members
2. Use “long and strong” passwords
3. Consider alternative authentication measures
4. Limit administrative rights on computers
5. Get a grip on BYOD
6. Disable USB ports for storage
7. Thoroughly vet all Cloud vendors
8. Ensure firewalls are active on all computers
9. “White List” software titles
10. Implement monitoring tools

Which one are you?

It ain’t what you know that gets you into trouble. It’s what you know for sure that just ain’t so.