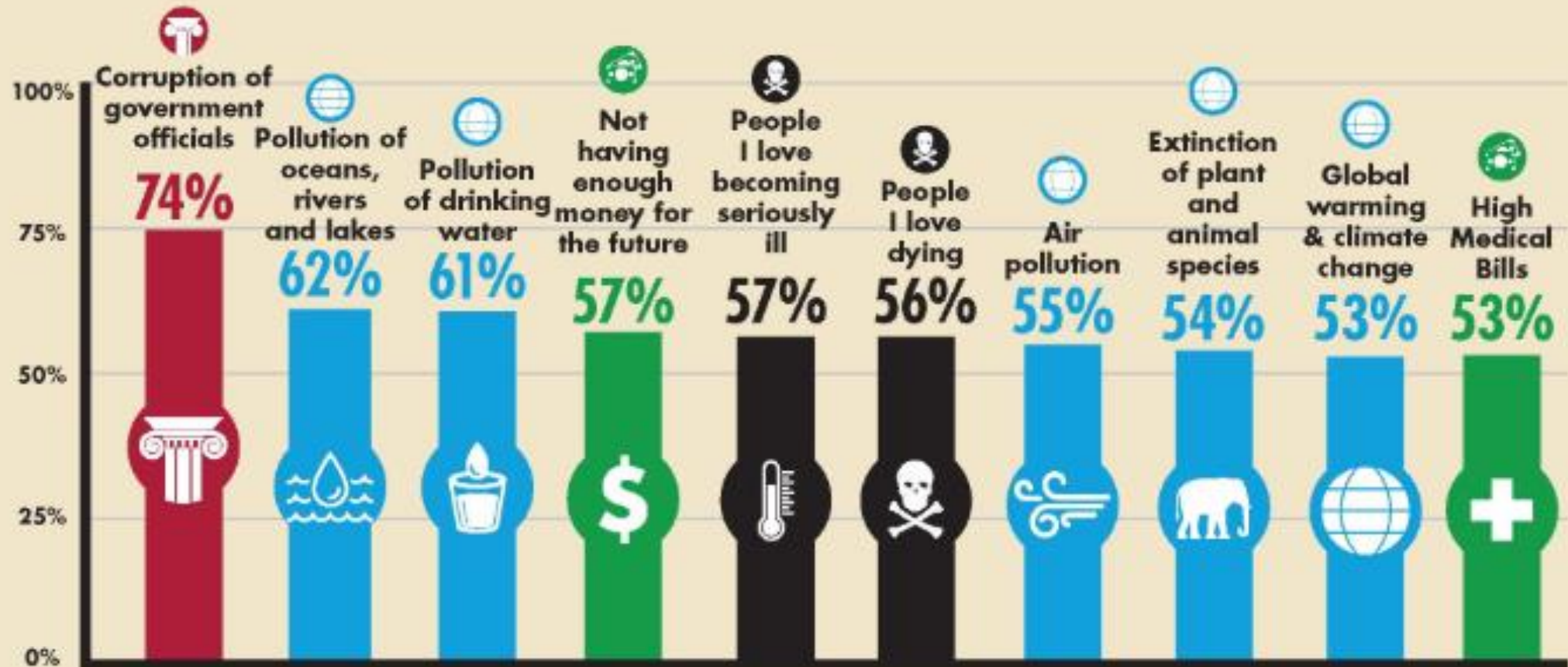


# Trust: The Finance Officers Most Valuable Asset

The Essence of GFOA's Approach to Ethics

# Top 10 Fears of 2018



Above are the 10 fears for which the highest percentage of Americans reported being *afraid* or *very afraid*.



Government



Environment



Economic



Illness and Death

Top Fear in 2019?

*Corruption of Government Officials*

# TRUST IN ORGANIZATIONS IS FALLING

2016

59%

54%

44%

40%

29%

2019

53%

40%

36%

36%

20%

NOT-FOR-PROFIT

NEWS MEDIA

SMALL AND  
MEDIUM-SIZED  
CORPORATIONS

GOVERNMENTS

LARGE  
CORPORATIONS

*“The rule of law depends on trust.  
And if the rule of law cannot work,  
Then our democracy and its  
institutions  
Are doomed.”*

*Rt. Hon. David Johnston,  
Former Governor-General of Canada*



*Trust is Our Most  
Valuable Asset*

# The Code's Five Values



**INTEGRITY  
AND  
HONESTY**



**PRODUCING  
RESULTS  
FOR YOUR  
COMMUNITY**



**TREATING  
PEOPLE  
FAIRLY**



**DIVERSITY  
AND  
INCLUSION**



**RELIABILITY  
AND  
CONSISTENCY**



# Poll Question



Advances in our understanding of human behavior present an opportunity to develop a more powerful approach to ethics



# Cognitive Biases

## Overconfidence Bias



50% of business people surveyed thought they were in the top 10% of most ethical people.

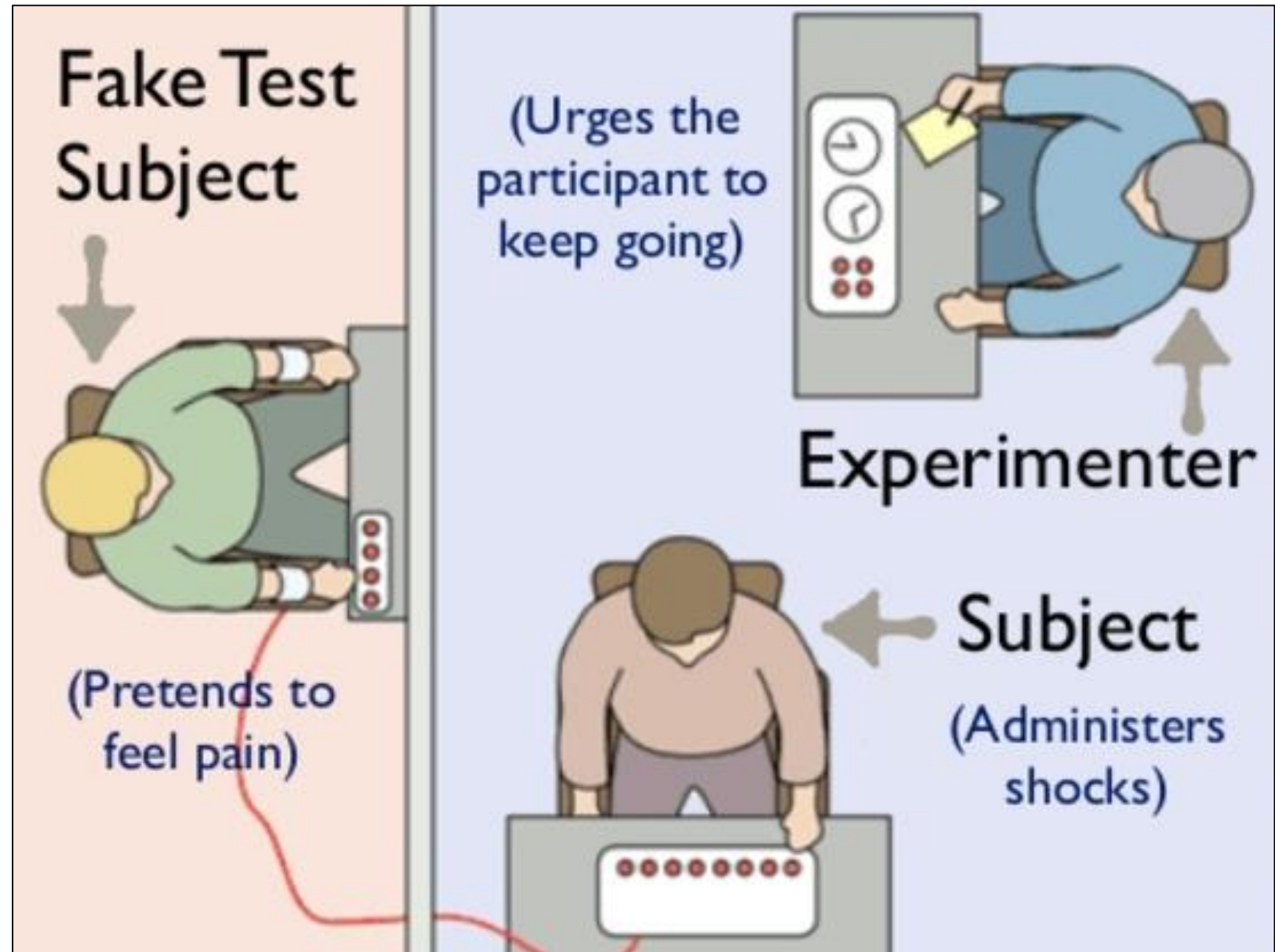


Which line, A, B, or C, is the same length as line X?



Social  
Pressures

# Pressure from Authority Figure







Most People:

- Know the difference between right & wrong
- Want to *be seen* as ethical

The GFOA ethics program helps by making people....

More  
Resilient in Challenging  
Situations



More Vigilant Against  
Unethical Behavior  
from Others



See something.  
Say something.





# Anyone can face circumstances that challenge their ethics...



Social support...



..strengthens the  
inner angel

# Sometimes ethics fail...



Bad behavior more  
likely to be called out



**See something.**  
**Say something.**





# Change Ethics from Constraint to Enabler

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If being “ethical” is defined as being more “trustworthy”, then...

...when there is more trust in the finance office:

1. Finance is invited to be part of important discussions and decisions for the entire organization
2. Work is more efficient because there are more free flows of accurate information. People are more willing to share information.
3. People are more willing to take risks, so there will be more innovation.

# Integrity and Honesty

One of the Five Values of the GFOA  
Code of Ethics



# Why Integrity and Honesty is Important



**INTEGRITY  
AND  
HONESTY**

The foundation on which trustworthiness is built

- People can believe what I say
- I act in accordance with my deepest values
- I put principal ahead of my own ego
- I do the right thing even when it is hard

# The Conventional Wisdom

---

A large red circle with a diagonal slash through it, centered over the text.

**“Trust takes a lifetime  
to build and seconds  
to destroy”**



Peak Experiences Matter Most



# Examples of Peak Experiences

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*Zero* tolerance for unethical behavior

*Owning* mistakes

Delivering *bad news* well





# How to Deliver Bad News Well

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- Be prompt
- Be straight
- Provide solutions

# Standing for Your Values



**INTEGRITY  
AND  
HONESTY**

- Integrity is the integration of values with behavior
- Define the values that drive how you conduct yourself in service to your community
  - Be prepared to give voice to your values when faced with pressure to do the wrong thing



# Examples of Values

- A strong emphasis on customer service
- A commitment to democratic government
- Follow a defined set of principles





# One Finance Officer's Personal Code

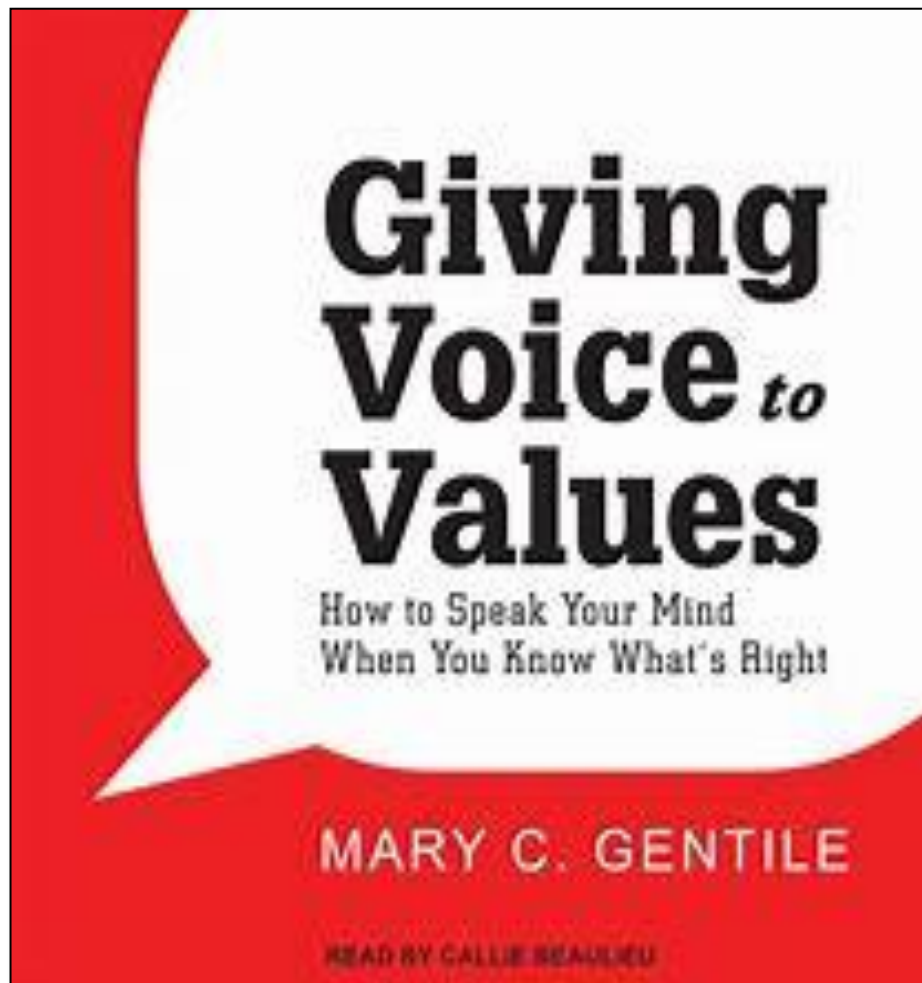
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- Is it illegal?
- Is it immoral?
- Will anyone be hurt?

*Resource: GFOA Code of Ethics Poster*

# Strengthen Your Integrity By Standing for your Values

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*“A Self defense  
class for the  
soul”*



# Poll Question



# Key Take-Aways

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- Take advantage of high points, low points, and transitions to build trust
- Define your value system
- Standing up for your values can be a high point
  - Giving Voice to Values is a powerful tool for this

# Treating People Fairly

One of the Five Values of the GFOA  
Code of Ethics

# Why Treating People Fairly is Important



If people feel unfairly treated, relationships break down, and they may withhold their support from my local government.

**TREATING  
PEOPLE  
FAIRLY**

**Consider the “Ultimatum Game”**

# The Ultimatum Game

Scenario 1

Bill



*Bill shares  
roughly equally*



Joe



*Joe Accepts*

Scenario 2



*Bill is miserly*



*Joe Rejects*



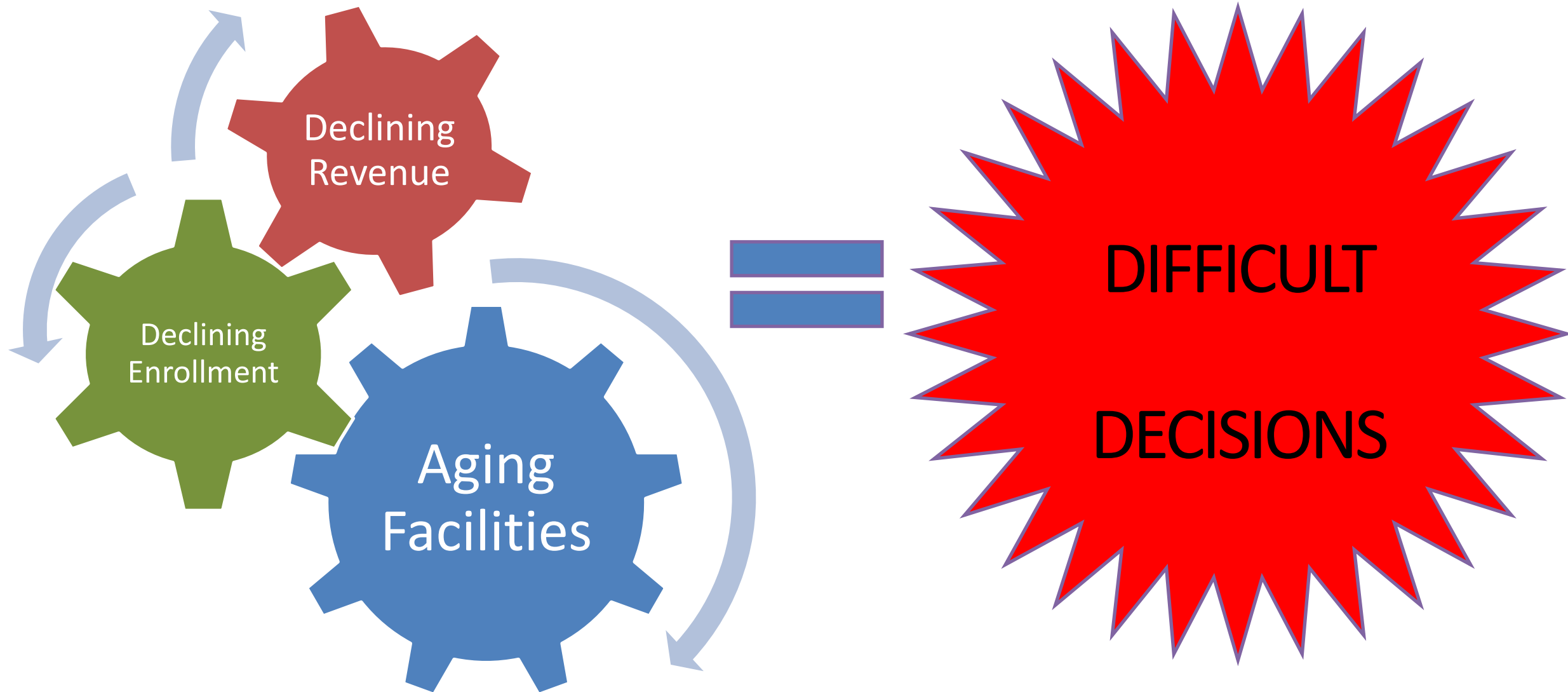
# Procedural Justice

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- Decisions are based on accurate information
- Transparent & consistent decision-making criteria applied equally
- Stakeholders given opportunity for input
- Mistakes are recognized & corrected



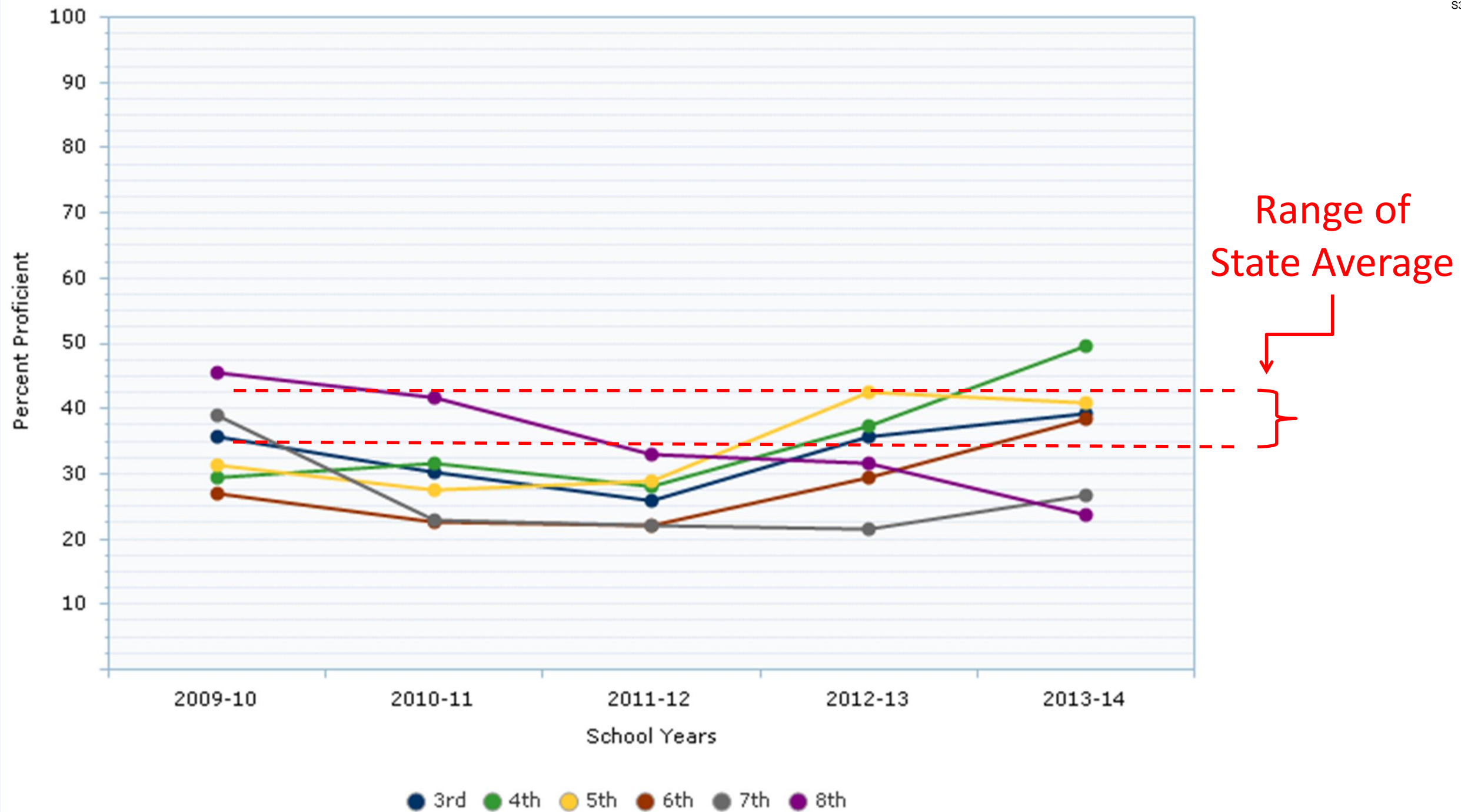
# Traverse City Area Public Schools



# 3 Principles

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- Education priorities should drive the budget
- You can't be all things to all people
- Get the most bang for our buck



# Procedural Justice

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- Decisions are based on accurate information
- Transparent & consistent decision-making criteria applied equally
- Stakeholders given opportunity for input
- Mistakes are recognized & corrected



# "We Love Math! We Love Math!" -A chant of 4<sup>th</sup> grade students at Westwoods Elementary

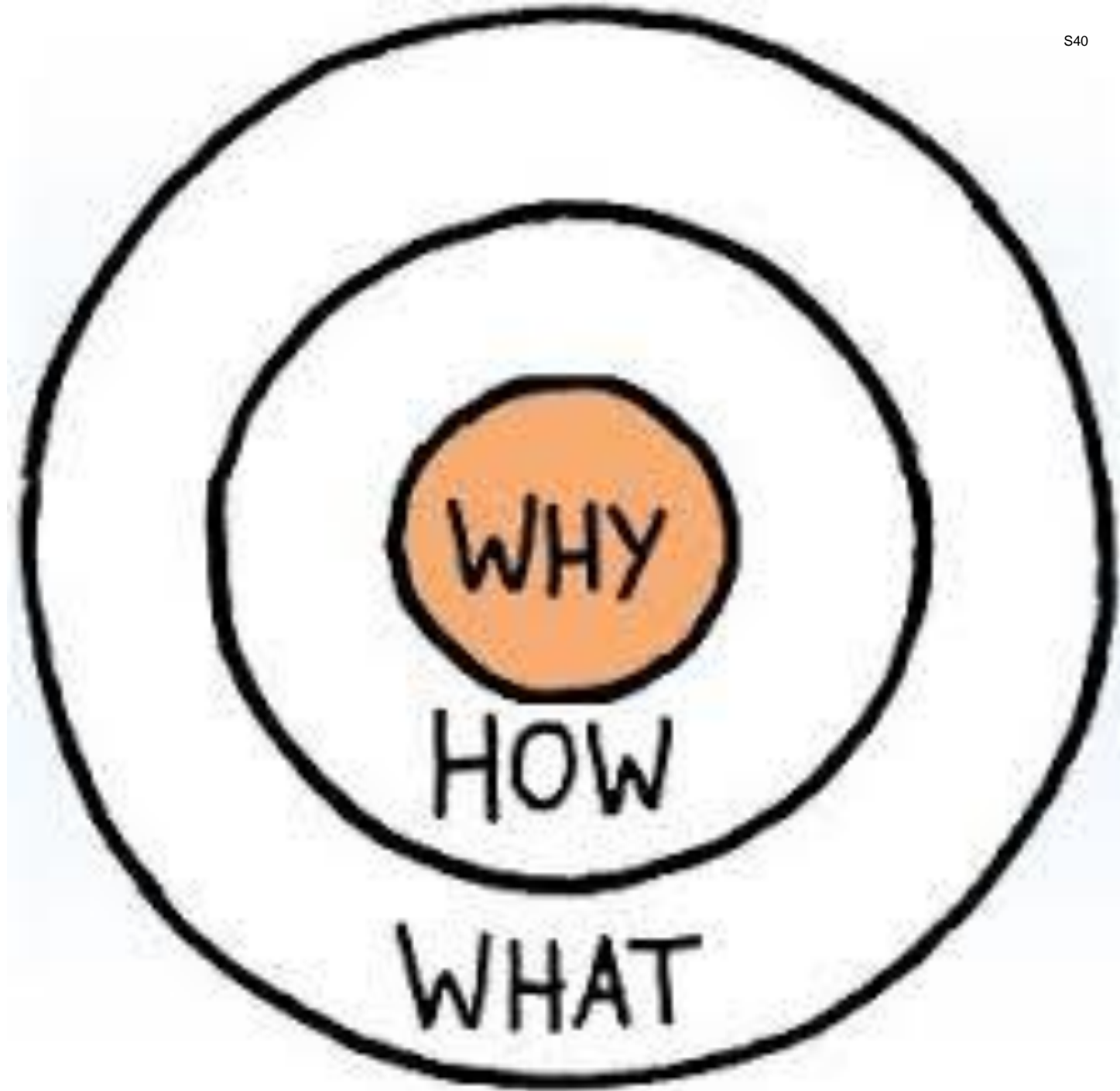








Start  
with  
Why





# Cross Departmental Team Develops New Approach

**Opportunity for  
input**

**Team develops  
criteria to evaluate  
need for vehicles**



# The Team Makes a Discovery!



# Procedural Justice

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- Decisions are based on accurate information
- Transparent & consistent decision-making criteria applied equally
- Stakeholders given opportunity for input
- Mistakes are recognized & corrected





# A counter-example





# Poll Question



# Distributive Justice

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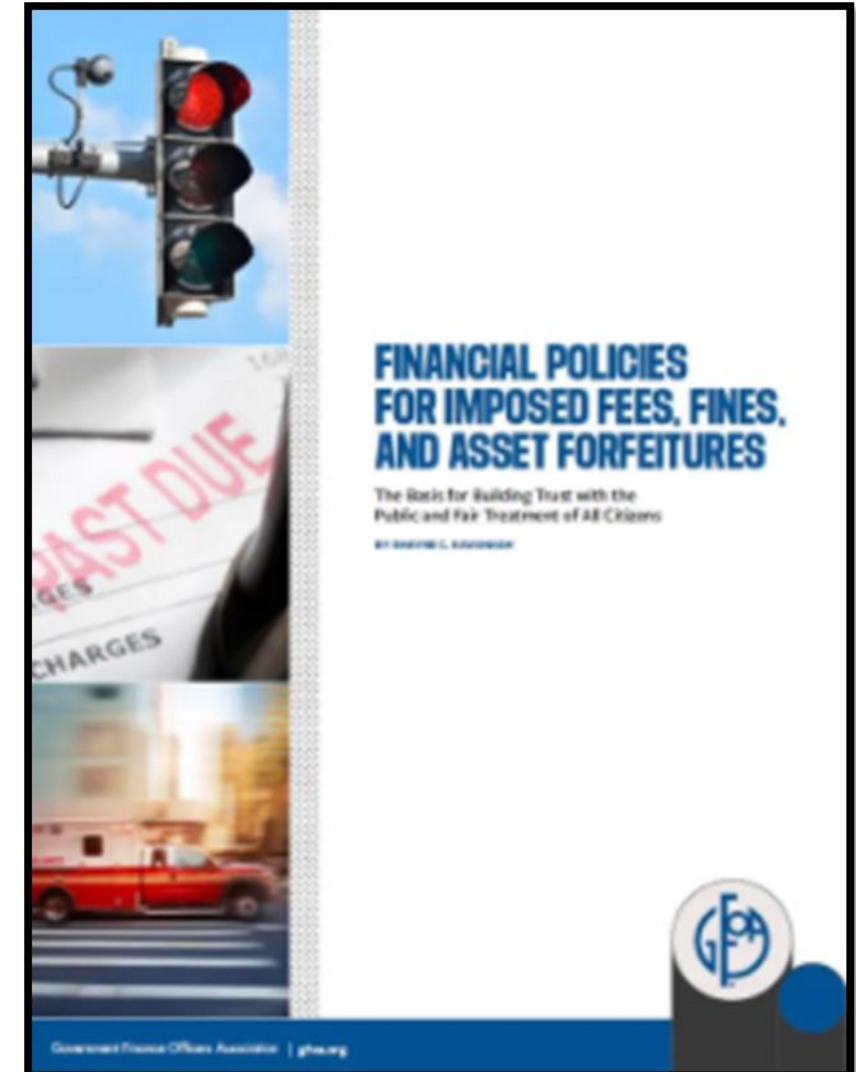
- People get what they deserve
- Distribution of resources is equitable
- “Equitable” generally means that the outcomes that someone experiences is roughly proportionate to the inputs they provide



# Key Take-Aways

- Build procedural justice into financial decision-making
- Account for distributive justice in decision-making

<https://www.gfoa.org/materials/fees-fines-foreitures>



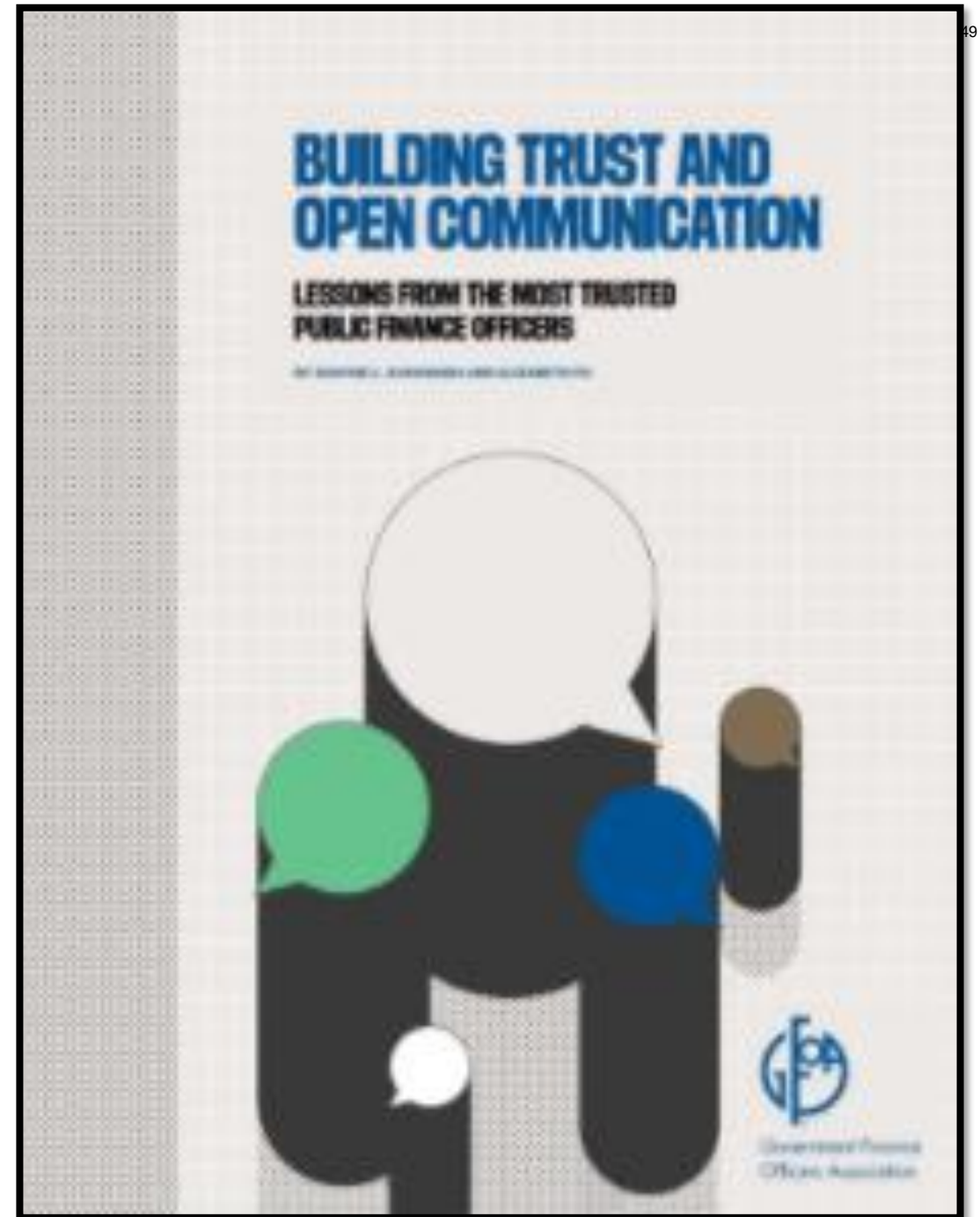


# Additional Resources



For further reading  
on trust

[gfoa.org/trust](https://gfoa.org/trust)





# For your Code of Ethics poster

[gfoa.org/trust](https://gfoa.org/trust)

Government Finance Officers Association	
<i>Code of Ethics</i>	
<i>Government Name</i>	GFOA Alberta
<i>Government Logo</i>	
<p>We, the government finance officers of the United States and Canada, have a deep and abiding desire to show that we are worthy of the special trust that the communities we serve have placed in us. As a member of my government's finance office, I commit to living the following values to show that I am worthy of that trust.</p>	
<b>INTEGRITY AND HONESTY</b>	
<p>Integrity and honesty are the foundation on which trustworthiness is built. It means people can believe what I say, I act in accordance with my deepest values, I put principle ahead of my own ego, and I do the right thing even when it is hard.</p>	
<b>PRODUCING RESULTS FOR MY COMMUNITY</b>	
<p>Public finance offices have an important job. Doing that job well honors the trust the public has placed in me.</p>	
<b>TREATING PEOPLE FAIRLY</b>	
<p>Local governments depend on trusting relationships. Therefore, I will treat people fairly and develop processes and procedures that are fair.</p>	
<b>DIVERSITY AND INCLUSION</b>	
<p>Embracing diversity and fostering inclusiveness helps finance offices cultivate organizations and promote policies that reflect the communities they serve. When people feel included, they see that I am concerned for their wellbeing. That shows I am worthy of their trust.</p>	
<b>RELIABILITY AND CONSISTENCY</b>	
<p>When I consistently apply my standards – especially to myself – I honor my commitment to the community I serve and make it easier to do the right thing even when faced with challenging circumstances.</p>	



# For trust and open communication applied more broadly to public finance

[www.gfoa.org/financialfoundations](http://www.gfoa.org/financialfoundations)

