

ETHICAL DILEMMA

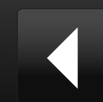
I am a student pursuing the final three papers of the ACCA Qualification. I sat Paper P1 in December 2011 and passed but I realise that one can never be fully prepared for all ethical dilemmas that may be encountered.

I have worked in a bank for the past two years. I used to be a branch cashier before becoming a vault cashier/head teller. Recently, I moved to the Back Office Posting Desk, while still retaining my vault cashier/head teller duties.

In our line of work there are always small instances of differences; overages or the dreaded shortages. Shortages occur when closing totals in the bank's accounting software system are more than physical cash. Overages are the reverse.

As expected, there are detailed procedures for handling these differences. However, most people who have worked in a bank will tell you that the most important aspect of our work is 'integrity'. When a difference is found, it must be declared and recorded on a cash discrepancy form with any information relevant to cause, source or circumstance. In this particular instance, it was declared but not recorded.

I have a colleague I am close to who sometimes helps verify cash from cashiers to be stored in the vault at the end of the day. This colleague is also close to the cashiers. On the day, the cashiers declared an overage verbally but for various reasons – the main one being ▶



◀ lack of time – the cash discrepancy form was not filed. A week later we discovered a shortage in the vault. It was the same amount as the cashier had reported to the colleague. At the time we could not determine the cause, so we counted and double counted to be certain. The next day I was told about this information by my colleague, in confidence, on the understanding that I would not pass on the information.

Now the ethical dilemma. If the information passed on in confidence is not disclosed, it would mean we go through detailed investigative procedures that would come to nothing. Disclosing the information would lead to a breakdown in work relations and possible cautionary action to the cashier and colleague. It is also important to note that since the incident was not recorded, there is no valid evidence besides the word of a colleague who may be unwilling to say the same in public as this would possibly taint them and also cause a breakdown in the relationship with the cashier.

So, what is the advice on such an ethical dilemma? I will say that there is no easy course of action in such a situation. That is the nature of these ethical dilemmas. All I remembered was the requirement to be honest and straightforward in all dealings. This is one of the values of professional accountants and it guided my actions, which was to subsequently inform the vault investigators. The consequences of this disclosure left my integrity intact, but my relationships with colleagues damaged and, ironically, trust lost.

ACCA ANSWERS:

From a professional ethics perspective, the overriding obligation here is not to allow the principle of confidentiality to take precedence over integrity. The accountant has an obligation to report that there was a verbally communicated overage on the relevant day to the team of vault custodians investigating the discrepancy.

It is difficult to advise after the event, but it should have been made clear at the time of the colleague's admission that the duty of a professional accountant is to report such a disclosure to the relevant authorities, and to do so immediately. It is clear that issues relating to potential fraud, dishonesty or a breach of the law must be reported and cannot remain confidential.

Deontological ethics would support this view. But other forms of ethics, including consequential ethics, might suggest that the ensuing disharmony and loss of trust – including irretrievable breakdown of working relationships – may make this course of action unethical. However, the overriding ethical responsibility is to act in accordance with established procedures and, as a professional, the cashier is duty bound to report any material fact or disclosure relating to the origin of a loss or possible crime, whether there are reasonable grounds for believing that this information would be ultimately helpful to the investigating authorities or not. ■

