CIMA ETHICAL DILEMMA CASE STUDIES

This dilemma appeared in Financial Management Magazine (April 2014)

‘I have found an error going back years that will have caused a loss to our supplier’

THE DILEMMA

My firm has a contract with a supplier that’s paid on the basis of a percentage of a volume of a certain product. I have found an error going back three years that will have caused a loss to the supplier. I would like to address the issue openly and compensate the firm directly, but my colleagues in management would prefer to adjust the forthcoming reports and make up the difference that way.

CIMA’S RESPONSE

Integrity (section 110) is under threat here, undermining fair dealing and truthfulness. Openness now would be far better than the issue being uncovered and the organisation being seen as deceitful. Section 100.10 recognises that violations may occur inadvertently, but they should be corrected promptly and any necessary safeguards applied.

For the code and other online ethics resources, visit www.cimaglobal.com/ethics