CIMA ETHICAL DILEMMA CASE STUDIES

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‘I’m working for a small firm that needs to go into liquidation, but the director prioritises settling his expenses’

THE DILEMMA

I work for a small consultancy that has suffered a big decline in income. This week a contract was not renewed and it’s clear that the firm needs to go into liquidation. One of its directors is demanding to have his expenses settled as a top priority. These have not yet been authorised, as there are no supporting receipts, despite our policy and repeated requests.

CIMA’S RESPONSE

In relation to the expenses claim, you require receipts and related documentation as good practice and for auditing reasons. Once in liquidation, your firm will need to follow clear administrative advice on prioritising payments to creditors, including staff, and you should wait for this before acting. When dealing with this issue, consider your need for objectivity (see section 120 of CIMA’s code of ethics) and professional behaviour (section 150). Also consult section 310 on potential conflicts and document your concerns.

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