



Question 5

Using your recent work experience, demonstrate how you dealt with an ethical issue.

EXAMPLE ANSWER

HANDLING THE ISSUE OF CONFLICT OF INTEREST WITH THE START-UPS

At XYZ's investment national centre (NC), start-up recruitment, training and qualification processes included many stages of evaluation of start-ups. As the manager of Reporting and Compliance, I was required to share the details and profiles of trainers, evaluators and investors for each start-up inducted in the program in a report. While consolidating the lists, I noticed that one of the staff members, the Community Manager, was actively involved in the selection and evaluation process of the start-ups had also personally invested in a few of the start-ups. This raised a serious concern to me on conflict of interest that could affect the integrity of the Community Manager and the reputation of the whole scheme. To investigate the issue, I reviewed the evaluation forms and found out that the Community Manager recommended the induction of the start-ups he had invested in.

I arranged a meeting with him to discuss the matter further and to understand his perspective. He refused to agree that his investment in start-ups had caused any conflict of interest in the selection and evaluation of any start-up. He stated that he had been investing in start-ups before being part of this program and his intentions were to support the growth of the start-up industry of the country.

I conveyed to him that this was causing serious doubts about his integrity and may affect his professional judgments in evaluating the start-ups. He tried to assure me that he was not being biased towards those start-ups that he had invested in.

He also tried to convince me to consider investing in one of the start-ups myself, as the start-up industry was growing and investing in them could ensure a good return of investment in the future. I declined his offer and told him that I considered it an unethical practice as this may affect my ability to make objective and fair decisions about the matter in hand.

While I was considering whether and how to report this issue to the higher management, I received a call from the founder of one of the start-ups. He asked to have a meeting to discuss some important matters. During my meeting with him, he shared the business plan of his start-up. After sharing all the relevant details, he offered me equity shares in his start-up. I understood the situation immediately and found out that the Community Manager had sent him to me to offer the deal so that I may not report him to the higher management. I humbly refused his offer and asked him to avoid making such offers to the management team if he wanted to continue being part of this program.

After this meeting, I gathered all the evidence against the Community Manager and prepared a detailed report on the matter. I reported the incident to the Chairman and provided him all the evidence that I had gathered. I shared in detail how this conflict of interest is affecting his integrity and objectivity. I also mentioned the incident of his unprofessional behaviour of him seemingly offering to bribe me. The Chairman analysed the situation and agreed with me.

The Chairman arranged a meeting with the Community Manager to take his statements and presented to him all the evidence shared by me. The Community Manager accepted his fault and asked the Chairman to provide him another chance. The Chairman reported the matter to Human

Resource Department and removed the Community Manager from his position and responsibilities with immediate effect.

I handled the above matter considering the ethical issues prevailing and ensured integrity and objectivity. Being an active ACCA fellow member and a potential member of ICAEW, I could not compromise on unethical practices despite any potential personal financial gains. Therefore, I reported the matter to the concerned authority and dealt with it within the ethical boundaries.

EXAMPLE ANSWER

DEALING WITH THE ISSUE OF BRIBES RECEIVED BY CLIENT MANAGEMENT

During the 2016 annual audit of my client AAA Healthcare Ltd, a general hospital in Zedd City, I made a number of observations that were related to the actions of certain members of middle management. These managers were mainly staff in the supplies and procurement department of the hospital. The observations suggested the possibility of acceptance of bribes by these employees from pharmaceutical companies paid to secure larger orders or large supply contracts.

The list of observations that I made are set out, below:

- Some of the companies stated on the quotations supposedly invited from them never existed. The presence of such fake quotations indicated the involvement of the favoured pharmaceutical company in arranging such fake questions to make their own 'appear' the best.
- Frequent leave often involving international travel by the suspected employees. It was a known fact that pharmaceutical companies gave generous 'benefits-in-kind' to secure large supply orders and contracts.
- The suspected employees had a standard of living (luxury cars etc.) that was way above their salary level making it virtually impossible to afford such amenities considering some of them had families to support.

It was I who had uncovered the issues by requesting information during the audit. What made this a particularly awkward situation was that I knew one of the middle managers from having gone to the same university as them.

This was a serious issue because it involved not only ethical concerns at the workspace but also the health of the individuals since the favoured supplier would not necessarily be the best in terms of product and service quality. Objectivity and due care principles demanded that I take up these matters with the top management that comprised senior medical doctors and consultants, who also made up the Board of Directors (BoD) of the hospital. This was done by me calling a special meeting to discuss my findings.

The observations that I discussed with the BoD were subsequently investigated further by the company's internal audit team who interviewed and probed each of the suspected middle managers.

For some of the suspected employees further evidence was obtained and their involvement in bribe-taking was confirmed. Depending on the magnitude and frequency of the bribe-taking some of them were terminated from service whereas the rest were disciplined.

Although my duty of confidentiality required me not to disclose the matter to an outside party but since the offence involved outside stakeholder (i.e. suppliers) and risk to public health I advised the BoD to apprise appropriate personnel at the pharmaceutical companies of the situation. As a result of my advice the sales team of the suppliers currently dealing with the hospital were also investigated and their employment was subsequently terminated.

The actions that I and the top management of AAA Healthcare Ltd took greatly improved the ethical environment of AAA Healthcare.