



# *Practising Ethics*

## WEBINAR 3

This webinar is designed for you to access once you have completed module three of the Ethics Learning Programme.

There are five webinars in total that complement the Ethics Learning Programme. Practising Ethics builds on previous knowledge, using a variety of ethical dilemmas intended to make you think.

## USING THE TRANSCRIPT

This document is designed to be printed and used to accompany Practising Ethics: Webinar 3. Whether you plan on studying on the train to work, or simply prefer to have a printed copy to hand, this guide is the ideal solution to complement your ethics and professional scepticism training.



You will often come across this discussion symbol within the transcript. At these points, the webinar presenter has either posed an ethical question or identified an ethical dilemma for you to think about or discuss in groups. Use this as an opportunity to take a break from reading and carefully consider a response. By progressing through the Ethics Learning Programme and working your way through the webinar transcripts, you can practise your ethical skills before applying them in the workplace.

## USEFUL LINKS

Access the Practising Ethics webinars from the ethics tab in your [online training file](#)

Login to your [dashboard](#) to learn more on the ethics and professional scepticism element of the ACA.

# Practising Ethics

## Webinar 3



*In matters of conscience, the law of the majority has no place*

Mahatma Gandhi

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‘In matters of conscience, the law of the majority has no place.’

This series of webinars forms a workshop that fits around the six modules of the Ethics Learning Programme. The webinars should be completed on your own, or preferably, as a group. It provides the opportunity to put into practice some of the technical skills in the learning programme. Ideally, you should move to each webinar as and when you complete the relevant learning module. Each webinar will give a brief résumé of the learning module, worked examples of some of the principles involved, and a number of scenarios to help you identify key issues. Hopefully, this will prepare you for the professional life ahead of you. No answers are provided here, as the scenarios are to be discussed as part of your six-monthly review process. They are to be used as vital practice or you can ask your employer to discuss them at any time, and I’m sure they will be only too happy to oblige. When you see the discussion icon appear, take a minute to think about the question being asked and write down your thoughts in the notes section below.

### Notes

## Ethics Learning Programme 3

### Threats and safeguards

- **A**dvocacy
  - **S**elf-Interest
  - **S**elf-Review
  - **I**ntimidation
  - **F**amiliarity
- 
- Identify and select appropriate safeguards
  - Act where threats outweigh safeguards

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You were introduced to the concepts to threats of the fundamental ethical principles, and safeguards to use against those threats.

The main threats are:

- advocacy, which is promoting when you should be independent and objective;
- self-interest, where your judgement is clouded by personal considerations;
- self-review, using rose coloured spectacles in reviewing your own work;
- intimidation, where you may be put under undue pressure, and;
- familiarity, when you just get a bit too close.

In this webinar we will give you a chance to try to anticipate problems, and hopefully avoid them. That's what threats and safeguards are all about.

Before we look at a new, worked example, just consider a couple of the issues we have already mentioned in the first two webinars. MP's expenses and the global banking crisis.

### Notes

**Threats**

**MPs' expenses**

- Self-interest
- Self-review

**Banking crisis**

- Self-interest
- Self-review
- Familiarity
- Advocacy



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What threats might we have foreseen with MP's expenses? Clearly, there is always the threat of self-interest, whenever a human being feels justified in twisting the rules in their favour. Believe me, 80% of the ethical issues you will ever encounter will contain at least an element of self-interest; such is life. Self-review also appears to be high on the list, as the expenses system is established and policed by the same body of people. What safeguards could and should have been imposed? Clearer rules, stricter enforcement or more quality control? The banking crisis is, again, a workshop in itself. Self-interest on the part of bankers seeking bonuses, self-review in the policing of the entire system, familiarity and reliance placed on personal relationships, ('My word is my bond') advocacy of certain financial products, and, probably, a bit of intimidation thrown in there for good measure.

## Notes

## Safeguards

- Rules and regulations
- Leadership
- Policies and procedures
- Culture
- Training and recruitment
- Quality control



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So, what are these safeguards we keep talking about? In Ethics Learning Programme Three, you also read about safeguards, and they are once again, pretty much common sense and intuitive. So, you have rules and regulations, providing general legislated standards. Leadership, setting an example at the head of any organisation. Policies and procedures, which provide clarity and detail. Culture, creating a particular behavioural environment. Training and recruitment, ensuring that that culture is communicated properly. Quality control, as an internally policing backstop.

Right, let's get you thinking again. Back onto the high street and away from the office. Consider the following example, an example probably dear to all of our hearts. The National Lottery.

### Notes

## Example 4 – lotto

You are queuing up on Saturday evening in your local newsagents for your weekly Lucky Dip Lotto ticket, when your friend rings your mobile and asks you to get him one too.

Of course, you oblige, pay for them, and put them into your pocket. One hour later, you are at home eagerly awaiting the result when, to your bewilderment, you realise you have a winning ticket!



**What do you tell your friend?**



discussion

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You are queuing up on a Saturday evening in your local newsagent's for your weekly Lucky Dip Lotto ticket. Your friend rings your mobile and asks you to get him one too. Of course, you oblige, pay for them, and put them in your pocket. One hour later, you are at home, eagerly watching Phillip Schofield's latest outstanding performance, when, to your bewilderment, you realise you have a winning ticket. What do you tell your friend?



**discussion**

### Notes

### **Principles at stake**

- Integrity, but who cares?

### **Issues for consideration**

- It was definitely your ticket that won
- Consider legal situation
- Just share the winnings
- But anticipate the ethical threat

### **Safeguard**

- Agree to split or tell your friend the numbers

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The principle at stake here is undoubtedly integrity, but, who cares? You have won the lottery, so you don't need to bother about such things now. In reality, you have a limited number of considerations:

1. tell him it was your ticket that won. He didn't even pay for it after all, it was you that went all the way to the newsagent's, and there was no verbal agreement to split the winnings;
2. could it be deemed an unofficial syndicate, so does your former best friend have an equitable 50% share? So, you might be legally obliged to share it;
3. do you just play the best friend card and offer to split it? What if they want it all? The point here is that you should have anticipated the ethical threat, even while they were speaking to you, and put an immediate safeguard in place, there and then, in the queue. 'Okay, shall we split the winnings?'; or 'okay, I'll text you your numbers as soon as I'm out of the shop.'

As an aside, does a professional person have any additional ethical duties here? Would your answer be any different if you were already a fully-fledged, qualified chartered accountant? By the way, you should only buy a lottery ticket if you are already out shopping. If you make a separate, specific trip in the car to buy the ticket, you are statistically more likely to die in a road accident on the way there than buy a winning ticket. Just a thought. Anyway, more scenarios for you to exercise your ethical minds, and consider threats and safeguards.

### **Notes**

## Scenario 7 – redundancy

You are relatively new to the management team, and the current financial situation in the business is such that there is the need for a redundancy programme in order to cut staffing costs and improve the competitive position of the business.

As FD you have been nominated by the MD to establish the appropriate redundancy process, and in particular, to define the necessary selection criteria to apply in order to choose those at risk of redundancy. The MD makes it very clear that the 'right' people are to lose their jobs. He says to you, 'You will obviously make sure that your 'criteria' give us the result we all want. Here's the list of people who need to go'. That list obviously excludes his favourites, including some family and close friends who might otherwise have been at risk of redundancy.

**What is your response?**



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You are relatively new to the management team, and the current financial situation in the business is such that there is the need for a redundancy programme, in order to cut staffing costs and improve the competitive position of the business. As FD, you have been nominated by the MD to establish the appropriate redundancy process, and in particular, to define the necessary selection criteria to apply in order to choose those at risk of redundancy. The MD makes it very clear that the 'right' people are to lose their jobs. He says to you, 'You will obviously make sure that your criteria give us the result that we all want. Here's the list of people who need to go.' That list obviously excludes his favourites, including some family and close friends who might otherwise have been at risk of redundancy. What do you do?



discussion

Notes



## Scenario 8 – the reference

You recently received a request for a reference from a former employee who worked for you. She is a single parent with young twins who really needs to work, and this job suits her perfectly in terms of flexibility and salary. Unfortunately she left you under a bit of a cloud, 'by mutual consent' after money went missing when she was in charge of petty cash. You instinctively feel she was a good worker, but could not be trusted with physical cash. She pleads her case to you, telling you that she is desperate for this job, and that her past is behind her. The job she is applying for involves preparing cash wages for distribution by a local security firm.

**What do you do?**



discussion

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You recently received a request for a reference from a former employee who worked for you. She's a single parent with young twins who really needs to work, and this job suits her perfectly in terms of flexibility and salary. Unfortunately, she left you under a bit of a cloud by 'mutual consent' after money went missing when she was in charge of petty cash. You instinctively feel that she was a good worker, but could not be trusted with physical cash. She pleads her case to you, telling you that she's desperate for this job, and that her past is behind her. The job she's applying for involved preparing cash wages for distribution by a local security firm. What do you do?



**discussion**

**Notes**

## Scenario 9 – can I do it?

You are AAT qualified and 12 months into your Training Agreement in a small practice. You hear around the office that your manager has made serious planning errors in his portfolio of audit clients and is currently struggling to adequately manage his imminent December year-end jobs in his Group. He tells you that you are to carry out the audit of the subsidiary of a large group, on your own. He explains that it would be excellent experience, that it is a normal part of the trainee's work experience, and that it needs to be finished within a week. You are embarrassed to tell him that you do not feel capable, particularly as you are struggling with audit as an examination subject and have requested at your appraisal to do as little audit work as possible.

**What do you do?**



discussion

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You are AAT qualified and twelve months into your training agreement in a small practice. You hear around the office that your manager has made serious planning errors in his portfolio of audit clients, and is currently struggling to adequately manage his imminent December year-end jobs in his group. He gets you in, and tells you that you are to carry out the audit of the subsidiary of a large group, on your own. He explains that it would be excellent experience, that it's a normal part of the trainee's work experience, that it needs to be finished within a week. You are embarrassed to tell him that you do not feel capable, particularly as you are struggling with audit as an examination subject, and have requested at your appraisal to do as little audit work as possible. What do you do?



discussion

Notes



Ok, so that's Ethics Learning Programme Three and its scenarios completed. You are probably getting the hang of this by now. Just in case you're not, what you need to do is to go to Ethics Learning Programme four, and then Practising Ethics: Webinar 4. Remember, you may need to discuss or present your considerations on one or more of these scenarios with your employer at your next six-monthly review, so make sure you have made notes, and have considered the principles at stake, the main considerations, and what actions you might take. After your review, remember to record the fact that you have discussed scenarios in your training file, in the ethics section, as a record of your ethical progress. Keep thinking.

## Notes