

MORESPRUDENTIE

# DEALING WITH ETHICAL DILEMMAS WITH CONFIDENCE



Accountants  
in business

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**NBA**

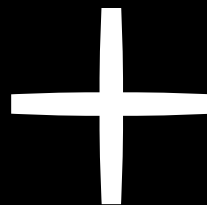
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# INTRODUCTION

In their everyday work practices, financial professionals face moral questions to which there are no cut-and-ried answers. The moral intervision model is a conceptual framework that helps people in making a decision as to what to do and what not to do in situations where they are required to make a moral assessment. The NBA used the morel intervision model to discuss moral dilemmas with small groups of members. The records of these sessions resulted in moral prudence on subjects like moral dilemmas on doing international business and moral dilemmas in family businesses. In this publication you find three exemples of Moral prudence bases on ethical dilemmas when dealing with fraud.

The concept of moral prudence incorporates the mental capacity and considerations that accountants in business need in dealing with ethical issues. The concept of moral prudence is intended as a foothold in handling moral issues that arise in work situations. The moral intervison model and moral prudence give you confidence to deal with ethical dilemmas.



# DEALING WITH ETHICAL DILEMMAS WITH CONFIDENCE

*By Erica Steenwijk, Policy Advisor, Netherlands Institute of Chartered Accountants and Stathis Gould, Deputy Director, Professional Accountants in Business, IFAC | June 6, 2019*

Being a professional accountant requires much more than professional competence in technical matters. The actions or inactions of accountants, whether they are working in business, advisory or audit, influence decisions and actions of others, and contribute to the moral bearing of organizations and societies. Accountancy, as with other professions, is in fact, a social and moral practice.

For an accountant to be a trusted advisor or business partner, professional ethics is fundamental. Professional integrity should be valued for bringing credibility to decision making and safeguarding the interests of stakeholders. Doing the right thing is as important as being a technical expert. To this end, accountants in business need to be conscious of how they influence ethical business culture. Professional accountancy organizations need to think innovatively on how to support them in discharging their ethical responsibilities.

The reality is that making the right call is often not straightforward. Few ethical dilemmas are black or white, and many could involve different perspectives and choices. In business, making a decision for the benefit of one group of stakeholders can sometimes be to the detriment others' interests. Often there are important moral considerations to take into account, such as in relation to the natural environment, or how value is distributed.

Accountants working in business and the public sector face a range of ethical dilemmas on a frequent basis. Recognizing and tackling dilemmas in real time is a significant part of being a professional. Consequently, it is important for the profession to provide adequate support to accountants to help them enhance their moral awareness, competence, and courage.

Recognizing that their members face ethical challenges and moral questions in their everyday work practices, The Royal Netherlands Institute of Chartered Accountants (NBA) uses a "moral intervention model" developed by the Nyenrode Business University in Breukelen. It is an action-based approach comprising six key questions and steps that are addressed in a group setting to help accountants reflect on the ethical issues they face at work.

*A framework for moral prudence*

The moral intervention model is a practical and simple framework that helps people decide

what or what not to do in situations where they are required to make a moral assessment. The approach is designed to help with everyday situations, and help to apply professionalization, learning and self-improvement.

It is based on “peer supervision” which means that dialogue in a group is an important element to developing moral prudence and effectively dealing with ethical issues. Engaging with others is likely to improve one’s ethical thinking by helping to view an issue from different perspectives. A professional accountancy organization could enable this approach by providing workshops or group sessions involving members or use the model as a tool to help frame a dialogue on a telephone support line.

Alternatively, an accountant in business could convene a small group of trusted colleagues to facilitate him/her in going through the steps and addressing the questions until a conclusion and decision has been reached. A group of five to eight participant peers generally works best.

The role of the participants is to offer perspectives and insights into the dilemma while addressing the six questions. Doing so helps to develop different ways of thinking about the issue, alternative ways of behaving, and ultimately helps an individual come up with a decision or action.

The Six Key Steps in the Moral Intervention Model

### **1. WHAT AM I REQUIRED TO MAKE A DECISION ON?**

This involves outlining the nature and context of the dilemma including why it is a dilemma for the individual involved. It is important to describe the dilemma from a personal perspective, detail what action the individual is considering taking, or not taking (not doing something can, in certain cases, also be considered an action), and the options they are considering and not considering.

### **2. WHO ARE THE STAKEHOLDERS AFFECTED?**

Taking stock of all the parties, individuals, and organizations involved whose rights or interests are affected by the decision.

### **3. WHAT DO THE RULES OF PROFESSIONAL PRACTICE, BUSINESS OR GOVERNANCE CODES, OR OTHER BINDING LAWS AND REGULATIONS SAY?**

There are frames of reference that may be helpful in forming a judgment and decision-making, including:

- The International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards), or Code of Ethics from the IFAC member body should be a primary reference point. The five principles of the Code need to be considered as well as any specific safeguards that can be actioned. Safeguards are the

actions, either individually or in combination, that an accountant can take to reduce threats to compliance with the fundamental principles to an acceptable level. Not all threats can be addressed by the application of safeguards.

- The organization's code of conduct and values. Many organizations have an employee code of conduct or ethics.
- Relevant laws and regulations that need to be considered, including relevant case law, and guidance (although if an action is legal it does not necessarily mean it is morally right hence why the approach the model is focused on making a moral assessment).
- Codes of best practice such as a corporate governance or director's code.

#### **4. WHICH ARGUMENTS CAN BE MADE FOR THE POSSIBLE DECISIONS AND ALTERNATIVE COURSES OF ACTION?**

To establish a position – to do or not do something – one needs to be able to raise arguments for it that are powerful enough to persuade others. One must also bear in mind any arguments that may be raised against the position. The point is not to neutralize such counterarguments, but rather to show that they were taken into consideration and be able to state in a conclusion how one intends to do justice to those counterarguments. It is helpful to set out the arguments in favor and against taking a particular course of

action. The Royal NBA uses Muel Kapteijn's model of Neutralization Techniques to outline common excuses to defend certain situations, which might not in fact be substantial considerations or arguments. Typical excuses or "neutralization techniques" include:

distorting the facts ("it is not the truth"), negating the norm ("it is not decisive"), blaming the circumstances ("it is beyond my control"), and hiding behind oneself ("it is a lack of self-control" or "I really didn't think I was doing anything wrong at the time").

#### **5. WHAT IS MY CONCLUSION AFTER DISCUSSING THE DILEMMA WITH MY GROUP MEMBERS AND ANSWERING ALL THE QUESTIONS ABOVE?**

Once the arguments in favor and against have been exchanged and weighed, a clear conclusion can and must be formulated. Specify which arguments tipped the scales. Consider if it is possible to formulate a creative solution that does justice to as many arguments (for and against) as possible.

In doing so, explore whether there would be a way to mitigate any negative consequences to certain stakeholders. The consequences should be included in the list of arguments that were judged to be less important.

#### **6. WHAT IS MY INDIVIDUAL DECISION OR ACTION? AM I GOING TO ACTUALLY DO IT?**

Finally, it is important to address the key questions, "can I live with the consequences of my decision?" and "am I going to follow through with the decision?"

A final question is to consider what action you would take if the situation was in the public domain, and whether your actions might be different in a situation of public scrutiny.

A key aspect of this model is that it is culturally neutral although the ultimate de-

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cisions and actions an accountant might take can be affected by culture and social norms. This might lead to a conclusion that an ethical situation is “acceptable” despite not being morally prudent. Consequently,

ethical training for accountants should explicitly consider how to deal with cultural considerations and social norms where they can inhibit accountants’ ability to uphold their ethical duty.

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<sup>2</sup> [https://www.accountant.nl/globalassets/accountant.nl/diversen/uitglijders\\_lessen\\_uit\\_accountantstuchtrecht.pdf](https://www.accountant.nl/globalassets/accountant.nl/diversen/uitglijders_lessen_uit_accountantstuchtrecht.pdf)

## NYENRODE'S MORAL INTERVISION MODEL

### STEP 1

#### **What am I required to make a decision on?**

Describe the problem from a personal perspective and detail what action you are considering taking (Not doing something can in certain cases also be considered an action). Formulate the question as follows: Should I do/not do X?

### STEP 2

#### **Who are the stakeholders?**

Take stock of all the parties, individuals, and organisations involved whose rights or interests are at stake in the decision.

### STEP 3

#### **What do the rules of professional practice, business codes, or other binding regulations say?**

Are there any frames of reference that may be helpful in making the decision, such as rules of professional practice, business codes, or provisions from guidelines or legal frameworks?

### STEP 4

#### **What arguments can be raised?**

To establish a position - to do or not do something - one needs to be able to raise arguments for it that are powerful enough to persuade others. One must also bear in mind any arguments that may be raised against the position. The idea is then not to neutralise such counterarguments, but rather to show that they were taken into consideration and to be able to state in a conclusion how one intends to do justice to those counterarguments. Write down in two columns:

1. Arguments in favour of doing X.
2. Arguments in favour of not doing X.





## STEP 5

### **What is the conclusion**

Once the arguments in favour and against have been exchanged and weighed, a clear conclusion can and must be formulated. Specify which arguments tipped the scales. You can formulate a creative solution that does justice to as many arguments (for and against) as possible.

In doing so, explore whether there would be a way to mitigate any harm done to certain stakeholders. Such harm is included in the list of arguments that were judged to be less important.



## STEP 6

### **Am I going to actually do it?**

Do I stand by my conclusion? Will I still be able to look at myself in the mirror? Can I explain it? Am I actually going to do it?



# MORAL PRUDENCE

Three detailed examples on fraud dilemmas:

- Committing fraud yourself
- Having your own suspicions
- Covering up fraud

# DETAILED EXAMPLE: COMMITTING FRAUD YOURSELF

## DILEMMA: **‘DO I EXECUTE THE ORDER?’**

Our company recently appointed a new CFO. Our CEO is a very dominant man. Every year in December it becomes clear whether or not we are going to hit our targets for the year. If we hit our targets, bonuses will be paid out. The figures for December, however, turn out to be dreadful, as we posted a loss of €500k. As a result, we will not hit our target for the year. The CFO called and asked me whether I had some reserves tucked away somewhere that I could use to absorb the loss. I did not. The next morning, I got another call from the CFO, ordering me to add €300k to the revenue figure. I was astounded, there was no justification for it whatsoever. This CFO is a well-known colleague in the financial industry. He regularly gets positive exposure in the various trade magazines.

I suspect that I am being asked to do this so that people can still get their bonuses (of several hundred thousand euros). Sure, I could do as asked and then simply reverse it in January. After all, we will definitely be posting a profit (of 5 million euros) for the whole year. As it turned out later, a colleague at our Belgian branch got the same request.

What do I do? Do I execute the order (the group controller agrees with the CFO) or do I go with my gut reaction and refuse? I decide to discuss it with my wife. She agrees with me that refusing is what I should do, because she sees that I have qualms about going against my principles...

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## MORAL INTERVISION MODEL

# START



**STEP 1**

**What am I required to make a decision on?**

Do I execute the order and add €300k to the revenue figure?



**STEP 2**

**Who are the stakeholders?**

- Society (people and bodies who read the financial statements)
- I personally
- My wife
- The business controller
- The CFO
- The CEO
- Colleagues who will get or not get a bonus
- The company's creditors
- Management Board
- Supervisory Board
- Shareholders
- My own employees
- My colleague in Belgium
- Chief controller (who would also get a bonus)
- External auditor
- Tax authorities



**STEP 3**

**Which principles from the Code of Conduct and Professional Practice for Accountants Regulation apply?**

All protocols and regulations say not to do it. All 5 fundamental principles from the Code of Conduct and Professional Practice for Accountants Regulation seem to apply in the case of this example, especially INTEGRITY and PROFESSIONAL BEHAVIOUR:

## **INTEGRITY**

- **Article 6**

The professional accountant shall act ethically and honestly.

- **Article 7**

1. If the professional accountant is involved in, or associated with, unethical conduct by others, he or she shall apply safeguards in order to terminate such conduct.

2. If the safeguards, as referred to in the first paragraph, are not possible, the professional accountant shall disassociate himself or herself from such unethical conduct.

- **Article 8**

The professional accountant who suspects that the organisation where he or she operates or is associated with shows unethical conduct shall apply reasonable safeguards.

- **Article 9**

1. If the professional accountant is involved in, or associated with, information that is materially inaccurate, incomplete or misleading:

a. the professional accountant shall apply safeguards to resolve the inaccuracy, incompleteness or misrepresentation; or

b. the professional accountant shall include a statement in this information that informs the intended users of the inaccuracy, incompleteness or misrepresentation.

2. If these safeguards or the statement, as referred to in the first paragraph, are not possible, the professional accountant shall disassociate himself or herself from this information.

- **Article 10**

If the professional accountant's involvement in certain information is misrepresented by someone else, the professional accountant shall reasonably apply safeguards in order to inform the intended users of his factual involvement.

## **PROFESSIONAL BEHAVIOUR**

- **Article 4**

The professional accountant refrains from any action or omission of which he knows, or should know, that this discredits, or may discredit, the accountancy profession.

### **On the application of safeguards:**

Article 8 calls on the accountant to apply a safeguard. Articles 20 to 22 explicitly call on the account to apply safeguards. But what does such a safeguard look like in this case?

Participants in the moral prudence session about this dilemma hold the view that the accountant in the example should refuse the request but find it unclear whether or not any further safeguards need to be applied.

“In practice, things go very differently. It takes courage to refuse this request. And when you have mustered that courage and refused the request, that’s it, you really don’t want to go raising this matter elsewhere at the organisation....”

They point out that refusing the request is like setting an example that will have a formative and good effect on your employees. Although it never occurred to the person who submitted the case to go to the integrity manager, compliance officer, or someone like that, this could indeed be considered a form of “applying a safeguard.”

**Some participants say that,**

“perhaps you should also do something about the cultural problem you have come up against. It is probably not the first time someone is asked to cook the books. After all, you suspect that there is more going on...”

Others respond to that by saying, “But surely there are boundaries to what you can do, aren’t there?”

What exactly these boundaries are is not clear to the participants. They consider the mere refusal of the order an act of courage. Requiring the accountant to do more than that is considered asking too much of him.



**What arguments are there in favour of and against executing the order (to add €300k to the revenue figure without any kind of justification)?**

**Do it, because**

It does not have a material effect on the annual result

It is an order

**I don’t want to lose my job (I have a mortgage)**

My boss has ultimate responsibility, it’s up to him to decide

**Counterargument:**

Only when you look at it in quantitative terms. In qualitative terms, however, this addition does have a material effect

But surely you are not expected to execute every order unquestioningly?

Poor excuse (unjust appeal to authority)! This order touches on the core of what we

do. You have a responsibility here that you cannot shirk.

I can always get the external auditor involved later

You can, but that would be passing the buck, while this is a problem you can solve yourself.

Others also do it

That in itself is bad enough. Plus, others doing it is not a valid reason to do the same. You always have to make your own assessment.

Protect the company's continuity. There is a covenant with banks that will be jeopardised if this loss comes out.

But lying about the figures will not solve that, as you'll have this problem again next quarter. You are merely kicking the ball into the long grass, instead of working on a sustainable solution, and you are therefore not contributing to the company's continuity.

Shareholders will be happy

Shareholders have a right to be given accurate figures.

1. It is against the law and regulations (see Code of Conduct and Professional Practice for Accountants Regulation)
2. I cannot explain this. It is just wrong
3. Shareholders (and all others who read the annual figures) must be shown the real figures

If I say 'yes' now, I won't be able to say 'no' in the future

1. That's not true. You can make your own assessment again each time
- 2. I don't want to be corrupt**
- 3. By refusing the order, I'm showing my employees to stand firm, I'm setting an example when it counts**

So what? It'll blow over. Arguments against this counterargument:

1. In my experience, this is not the case.
2. I find that very opportunistic.

The **red** arguments are considered the strongest ones. The participants classify all the other arguments as excuses.





**STEP 5**

**What is the conclusion of the person who submitted this dilemma?**

“I will not do it, because it is against the law and regulations. Besides, by refusing to execute the order I am showing my employees to stand firm, I’m setting an example and thus gaining in credibility.”

Damage limitation:

“Inspired by the Code of Conduct and Professional Practice for Accountants Regulation, I should now apply another safeguard. I could seek to change the organisational culture with respect to these kinds of practices. Perhaps reporting this situation to our company’s integrity coordinator would be an option. Or simply talking to him about how to put a stop to these kinds of practices. I cannot do it on my own.”



**STEP 6**

**Is the person who submitted this dilemma actually going to proceed as stated?”**

“Yes, I will not add this sum to the revenue figure. Later, my colleague in Belgium told me that he had done it. I have not applied any further safeguards. It simply did not occur to me at the time. As far as this is concerned, the Code of Conduct and Professional Practice for Accountants Regulation wanted me to do more.”

The participants in the intervision session in question applauded the submitter’s courage in standing firm in this case.

(By the way, he did not lose his job and his relationship with both the CEO and the CFO is still good)

# DETAILED EXAMPLE: HAVING YOUR OWN SUSPICIONS

## DILEMMA: **'CASH PAYMENT?'**

Our company sells cars. In one specific case, a customer buys a very expensive car with a delivery time of 9 months. As soon as the exact date of delivery is known, the customer is notified and asked how he intends to pay (if he, for example, wants to pay using his debit card, he will have to raise the limit on his card for a one-off transaction). On the delivery day, it turns out that the customer will pay cash (70,000 euros).

Whenever we get a cash payment above a certain amount, we submit a so-called 'unusual transaction' notification under the Disclosure of Unusual Transactions Act.

Cash payments for cars are quite a regular occurrence. On average, the company receives between 10 and 30 cash payments a week. The salesman deposits the cash at the bank. As the controller, I see the notification with the credit entry in the list of transactions on our bank account.

Whenever I see such a notification of a large cash payment, I check with sales staff whether they noticed anything suspicious about the customer in question. Sales staff always say they did not notice anything suspicious.

They will say things along the lines of, "It was a nice man, smartly dressed in a suit." As an accountant in business, I sometimes suspect in these kinds of cases with a cash payment that there is actually something 'fishy' about it. What should I do with these suspicions?

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## MORAL INTERVISION MODEL

# START



### STEP 1

#### **What is the decision I am facing here?**

Should I, as the accountant in business, urge management to tighten the organization's policy (i.e. to no longer accept cash payments) to be stricter than the law requires us to be?



### STEP 2

#### **Who are the stakeholders?**

- Sales staff (sales may suffer when policy is tightened, as it may drive some customers to go to the competition, and sales staff would then see their bonuses fall, which are a substantial part of their overall remuneration)
- Customer (who may really want to pay cash)
- Company (a tighter policy may go at the expense of sales, especially sales of high-margin cars, and therefore be bad for profits, but also for the financial ratios that are so important to financiers)
- Staff (if the company struggles, staff will struggle)
- Society (it is a step in the fight against money laundering)
- Bank (transfers are easier to process than cash transactions)
- Industry (good for the image of the industry as being strict, because it will be associated less with money laundering)
- Accountants in business/I personally



### STEP 3

#### **Which principles from the Code of Conduct and Professional Practice for Accountants Regulation apply?**

Integrity, objectivity and professional behaviour

## INTEGRITY

- **Article 7**

1. If the professional accountant is involved in, or associated with, unethical conduct by others, he or she shall apply safeguards in order to terminate such conduct.
2. If the safeguards, as referred to in the first paragraph, are not possible, the professional accountant shall disassociate himself or herself from such unethical conduct.

## OBJECTIVITY

- **Article 11**

The professional accountant will not be biased in his or her considerations.  
This article is considered a process duty; do not let excuses colour your assessment.

## PROFESSIONAL BEHAVIOUR

- **Article 4**

The professional accountant refrains from any action or omission of which he knows, or should know, that this discredits, or may discredit, the accountancy profession. This article is considered an appeal, a call to think things through properly and not only look at the law.



**Arguments**

**Press for a tighter policy, because**

Good for company's image  
(we do not take part in money laundering!)

Good for the industry's image (same)

Good for the image and credibility of accountants in business in general and of the I figure. You will be seen as a nagging goody two shoes (excuse)

**Do not press for a tighter policy, because...**

The customer wants a car, no fuss, and pay however they want

It can lead to loss of sales (excuse? See Article 11)

Public opinion is increasingly less tolerant of money laundering.

Current practices are already in compliance with the law.

By adopting a stricter policy, you will eliminate any uncertainty as to whether or not your company is acting ethically.

It is the usual way of working in the industry (excuse?).

And it will create clarity for staff in the process. They will no longer be required to make the subjective assessment that the law requires them to make.

Why be more Catholic than the Pope? (the weight of this argument depends in part on the company's market positioning. If you want to position yourself as the most ethical company in the business, this argument will be less valid or not valid at all).

You are positioning the organization in a certain way, you want to position yourself in a way that means you simply have to do this (stricter policy is in line with the organization's core values).

The financing ratios may deteriorate.

It is easier for the bank to process transactions.

You will have to look into this first, would tightening the policy indeed cause a substantial problem? (fundamental principles: professional competence and due care, professional behaviour) ...  
But: this is basically a different matter, i.e. not part of the original dilemma, though we will weigh this in finding a solution.

And last, but not least, tightening the policy would be a specific fulfilment of Article 7 of the Code of Conduct and Professional Practice for Accountants Regulation (fundamental principle: integrity).

A stricter policy may lead to job losses (but ... Article 11).

A stricter policy may go at the expense of our own bonuses (but ... Article 11).

A personal cost-benefit analysis shows that you could use your limited time/energy for more relevant matters.

You are in the business of selling cars, you are not a criminal investigator, stick to your role.

STEP 5**Conclusion**

Although a few different versions were suggested, there seemed to be some level of consensus on the following solution:

Step 1: let management know that you are looking into the situation and will be submitting a proposal. Some participants thought this was a good idea for the sake of transparency, while others pointed out that you would then basically already get the discussion going before having looked into the case. What would be the wise thing to do depends in part on management, your relationship with management, and your position.

Step 2: look into the severity of the situation

Step 3: talk to management, explain the problem clearly, and share the various arguments with them. So, instead of pressing for your solution, put the issue on the agenda and get a good discussion about it going with management.

Step 4: if the outcome of the above steps is incompatible with your moral compass, the problem that arises is whether or not you still want to work there.

STEP 6**Am I going to actually do it?**

The person who submitted this example tells the group that the above steps were indeed the ones he took, and they produced a positive outcome: cash payments are no longer accepted.

# DETAILED EXAMPLE: **COVERING UP FRAUD**

## DILEMMA: **‘PRESSURE TO GROW’**

I work for a French company that is listed on the stock market. Besides myself, the CFO is the only chartered accountant at the company. There is a lot of pressure on the company to grow. I have seen people make choices that go too far. We do not take our losses, but we carry them forward to next year. All our board members downplay these practices out of a personal interest: they stand to receive (potentially unlawful) bonuses. The shareholders base their decisions on an incorrect/incomplete picture of the company's finances. After I raised this concern internally, a decision was made to send a written warning about it to the board but not to head office in France. I don't have a lot of influence and authority. Still, I have been offered another, much better job at the company.

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## MORAL INTERVISION MODEL

# START



**STEP 1**

**What is the decision I am facing here?**

Am I going to escalate this to the head office in France?



**STEP 2**

**Who are the stakeholders?**

- I personally
- CFO
- The entire board of the Dutch branch of the company
- Shareholders
- Suppliers
- Tax authorities
- Internal audit department
- Fellow controllers
- Compliance officer
- External auditor
- Supervisory Board
- Internal confidential adviser
- Professional group
- Customers of our company (imagine we were to go out of business)
- French trust in Dutch branch
- My family
- Diplomatic relations



**STEP 3**

**Which principles from the Code of Conduct and Professional Practice for Accountants Regulation apply?**



## INTEGRITY

- **Article 7**

- apply safeguard to eliminate misrepresentation
- disclose the details of the situation
- distance yourself

### **What does ‘distancing yourself’ look like?**

- resigning
- deregistering as an accountant
- sending an email to the CEO
- sending an email to the CFO
- discussing it with/running it by peers and the occupational group (helpline, confidential adviser, etc.)

### **What would constitute a ‘reasonable safeguard’ from your position?**

- resigning is not an option
- dialogue
- letting everyone involved know how you feel about the situation and documenting this
- talking to the CFO (who is the only other chartered accountant at the company) about his take on the chartered accountant’s role in this situation. And about the consequences for the company.
- Following on from the previous point, regularly going back to the CFO, project leaders and divisional leaders to keep the issue on the agenda.

### **Is escalating a ‘reasonable safeguard’?**

It is an option. And yet, the protagonist, supported by group members, does not go for this option. “Because it could cost me my job and the ultimate decision is the CFO’s.”



**STEP 4**

**What arguments can be raised?**

## Arguments in favour of escalating it to the head office in France

Warning that things are not going well this way

I can use this situation to get improvements to the internal audit function

**The internal code of conduct requires me to do this.**

My personal peace of mind

I am a (moral) role model for the organisation

**Article 7 of the Code of Conduct and Professional Practice for Accountants Regulation**

## Arguments against escalating it to the head office in France

It would be professional suicide (even though the company's internal code says differently)

- Counterargument: "I'm a chartered accountant, aren't I? So this is part of my job. Who else do I raise this with?"

**I am not a consultation partner to them**

They won't listen to me anyway

- Excuse: is this fatalist attitude justified?

I don't want to go over my CFO's head.

- Counterargument: You wouldn't be doing that, because you would first let the CFO know what you are going to do. But yes, he won't be happy about it.

**I don't know the chance of success and whether it will change the situation**

It will work itself out

- Excuse: this is rationalisation, arguing it away

We promised the stock market

- Counterargument: this is false! You have not promised the stock market to look away, but rather to provide an accurate presentation of the finances

Others also do it

- Excuse: this is rationalisation, arguing it away

**I can see other alternatives:**

- **Internal dialogue is more effective**
- **I've been offered a promotion. In my new position, I will have greater influence and be able to actually do something about it.**

STEP 5**What is the conclusion?**

The red arguments are perceived to be the strongest ones. As a chartered accountant, you are expected to also bring bad news, and not to cover it up.

The arguments in favour of escalating the matter are based on this professional duty. In practice, however, an accountant in business works within an organisation with its own written and unwritten rules. The chartered accountant is often judged based on this role and there is a real chance of being fired. What is even more important is that this accountant in business has too little influence and that chances that escalating the matter will change anything are slim. This is what the arguments against escalating are based on. Participants prefer not to escalate the matter in this case, given that they see little chance of this changing anything, while it also comes with a major risk of being fired.

Damage limitation safeguard (what am I going to do instead?)

- “I will engage with the CFO from the new position I have been offered. In these talks, I will draw attention to additional legislation and regulations. This is generally effective with people such as my CFO. If I want and get that new job, I will have more influence. I’ll take it step by step. I want to put together my own team of people with strong ethical values to create critical mass.”
- Other comments: “Do you really want to work for a company with such dubious ethics? Saying one thing in the code and doing another when the going gets tough, i.e. firing you?”

STEP 6**Am I going to actually do it?**

The person who submitted this example is planning to apply the damage limitation safeguard.

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The logo for the Koninklijke Nederlandse Beroepsorganisatie van Accountants (NBA) features a thick orange horizontal bar above the letters 'NBA' in a bold, orange, sans-serif font.

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