

Consultancy advice for YJ Oil & Gas

Suggested answers

What the ethical issue is:

1. When I, as Management Accountant, spoke to the CEO, I was instructed to arrange payment without delay and to NOT discuss this payment with anyone.
 2. I feel that the CEO is pressuring me to pay this invoice and I am not happy to do this, and as a professional Management Accountant, I am under the obligation to act in accordance with CIMA's ethical principles.
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Why I consider this problem to have an ethical dimension:

3. It goes against the principle in CIMA Code of Ethics concerning the need to act with integrity.
 4. This is also an ethical issue as the CEO has not acted with transparency and honesty in connection with the authorisation of these five invoices received from the consultancy company in an African Country X, of which four invoices have already been paid and the invoices appear suspicious. The invoice describes the services as "Geological consultancy services" but the payments have been made to a Swiss bank account.
 5. The implications of YJ being involved with the possible bribery of a government official in the African Country X, in order to obtain a licence would have huge adverse implication for the entire company and YJ's reputation. If these payments are later proven to be bribes, then YJ will have breached the UK Bribery Act. However, at present this is only a suspicion.
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Recommendations for this ethical issue:

6. I am writing this email (to YJ's Finance Director) to update you on what I have found out so far and to share the information on what the CEO has instructed me to do, which is to make this payment and to keep quiet about it, and I am concerned that he is putting me under pressure.
 7. It is further recommended that this invoice should NOT be paid and any further invoices from this company should be blocked and not paid, until a satisfactory explanation of what services have been provided to YJ is received.
 8. Furthermore, there should be an investigation to check whether these invoices were really for "Geological consultancy services" or not. It is recommended that you (Finance Director) speak directly to the Director of Exploration, to ask whether he knows anything about these invoices or not. As Director of Exploration, he should be familiar with all of the companies his team are using and whether these invoices are genuinely for "Geological consultancy services" or not.
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Justification of why I am making these recommendations:

9. It is also recommended that the Finance Director arrange to discuss the matter with the Non-executive Chairman as this matter is serious and if these payments are found out to be bribes, then this could affect the long-term reputation of the entire company.
10. If the full investigation shows that these payments were bribes, then it would be suitable for the YJ Board to ask the CEO to resign from YJ, as these disreputable payments could seriously damage YJ's good reputation.