

## **PART C - APPLICABLE TO EMPLOYED CHARTERED ACCOUNTANTS**

The following sections contain guidance which is particularly relevant to employed chartered accountants. Chartered Accountants employed in public practice should be aware they may find that the principles set out below are also of application to their particular circumstances. If chartered accountants employed in practice are in doubt as to the applicability of any particular guidance, they should seek assistance from the Institute.

### **SECTION 14**

#### **Conflicts of Loyalties**

- 14.1 Employed chartered accountants owe a duty of loyalty to their employer as well as to their profession and there may be times when the two are in conflict. An employee's normal priority should be to support his or her organization's legitimate and ethical objectives and the rules and procedures drawn up in support of them. However, an employee cannot legitimately be required to:
- (a) break the law;
  - (b) breach the rules and standards of their profession;
  - (c) lie to or mislead (including misleading by keeping silent) those acting as auditors to the employer; or
  - (d) put their name to or otherwise be associated with a statement which materially misrepresents the facts.
- 14.2 Differences in view about the correct judgment on accounting, or ethical matters should normally be raised and resolved within the employee's organization, initially with the employee's immediate superior and possibly thereafter, where disagreement about a significant ethical issue remains, with higher levels of management or non-executive directors.
- 14.3 If employed accountants cannot resolve any material issue involving a conflict between their employers and their professional requirements they may, after exhausting all other relevant possibilities, have no other recourse but to consider resignation. Employees should state their reasons for doing so to the employer but their duty of confidentiality normally precludes them from communicating the issue to others (unless legally or professionally required to do so).
- 14.4 For further guidance as to the considerations involved see Section 2 - Resolution of Ethical Conflicts.