

Paul Robbins training and consultancy

Ethics for Accountants

Threats and Safeguards to Fundamental Ethical Principles

Self Review Threats

Colin works as an accountant for a local firm of Chartered Accountants. He is currently completing this year's Corporation Tax return for A & B Ltd, one of his clients.

Whilst completing this work he has reviewed last year's Corporation Tax return for A & B Ltd which he also completed. He is shocked to realise that he made several errors on last year's Corporation Tax return which resulted in A & B Ltd paying £2,000 more Corporation Tax than they should have done.

Which of the fundamental ethical principles are threatened by this self review threat and why?

What safeguards should Colin put in place to deal with this self review threat?

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Lars has recently joined Raine & Flood Chartered Accountants as an Audit Senior.

He previously worked for Coastal Tours Ltd as a Cost Accountant.

Lars has been asked to lead the statutory audit of Coastal Tours Ltd. However, this would mean that he would have to audit some of his own work and work completed by his former colleagues.

Which of the fundamental ethical principles are threatened by this self review threat and why?

What safeguards should Lars put in place to deal with this self review threat?

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Nasir works as an Internal IT Auditor for Middle of Nowhere District Council.

A year ago, Nasir was seconded to the council's Accounts department for three months when they were installing a new computerised financial system where he advised on controls that should be put in place to reduce the risk of fraud.

Now Nasir has been asked to undertake an audit of the council's computerised financial system. As part of this he will need to form an opinion on the effectiveness of the controls in place to reduce the risk of fraud.

Which of the fundamental ethical principles are threatened by this self review threat and why?

What safeguards should Nasir put in place to deal with this self review threat?