

A Simple Phone Call

By Digna Hernandez from the 1998 NSF workshop

Each month Ana Pérez must report on the bank account of the company, Kash y Karito. Ana has been working with this company since she graduated from college a little over four years ago. Up to date information on the company's bank account with Banco Ponceño is required for the preparation of the financial statement of Kash y Karito. Ana knows that the amount of cash that appears in the financial statement together with other current activities will be included in the financial analysis of the company.

During this month and for the first time in her experience with Kash y Karito, Ana found that the information provided by the bank does not agree with that provided by the accounting department. Someone has made an error.

According to the accounting books, Banco Ponceño has made two errors: (a) they have not included in the bank statement \$10,000 that Kash y Karito deposited two weeks ago and (b) Banco Ponceño has credited to the account of Kash y Karito \$15,000 that does not belong to the company.

Ana's responsibility is to reconcile the disparity between the bank statement provided by Banco Ponceño and what appears in the accounting books of Kash y Karito. To do so, she must inform Banco Ponceño of its two errors. But Ana's supervisor, having been made aware of the problem, makes a "creative" suggestion: "It would look much better in our external audit if you informed Banco Ponceño of the error in not crediting the \$10,000 to our account that we deposited two weeks ago but held off informing them of the \$15,000 that they have mistakenly credited to our account. The later is their problem--let them find it. Their mistake won't hurt them, and it can certainly help us."

Questions:

1. Ana has to call Banco Ponceño. What should she tell them?
2. What alternatives of action are open to Ana?
3. What are the stakeholders in this case? What are their stakes?
4. Evaluate Ana's alternatives in terms of feasibility and ethics. Which is the best?
Why?