

# The Public Accountancy Board & The Institute of Chartered Accountants of Jamaica

Sustaining the Knowledge of Public Accountants - Seminar

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PROFESSIONAL ETHICS

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# *PROFESSIONAL ETHICS*

- Professional Accountants accept the responsibility to act in the public interest.
- In recent years the reputation of the profession has been badly tarnished because of a number of events (Enron, World Com etc.). As a result the profession has taken steps to recover status by providing more guidelines for members
- Practitioners must be conversant with the requirements of the Code of Ethics of both the International Federation of Accountants and the Institute of Chartered Accountants of Jamaica

# ***STRUCTURE OF CODE OF ETHICS***

- Very detailed and well structured document with three sections
- **PART A – GENERAL APPLICATION OF THE CODE** addressing the fundamental principles.
- **PART B – PROFESSIONAL ACCOUNTANTS IN PUBLIC PRACTICE** providing principles, rules and guidance for professional accountants in public practice.
- **PART C – PROFESSIONAL ACCOUNTANTS IN BUSINESS** providing principles, rules and guidance for professional accountants working in industry, commerce etc.

## *Fundamental Principles - INTEGRITY*

- Professional Accountants are obliged to be straightforward and honest in professional and business relationships. Integrity also implies fair dealing and truthfulness.
- Should not be associated with reports, returns, communications or other information where they believe these documents contain false or misleading statements, are recklessly prepared or omit crucial information
- Not in breach if report addresses the concerns.

## *Fundamental Principles - OBJECTIVITY*

- Professional Accountants are obliged to be objective and not compromise professional or business judgment because of bias, conflict of interest or the undue influence of others.
- Should be wary of situations that may impair objectivity.
- Relationships that bias or unduly influence professional judgment should be avoided.

## *Fundamental Principles – PROFESSIONAL COMPETENCE AND DUE CARE*

- Professional Accountants are obliged to maintain knowledge and skill at the level required to ensure clients and employer receive competent professional service.
- Must act diligently in accordance with applicable technical and professional standards.
- Must attain and maintain professional competence through CPD required to function properly. Ensure staff/others supervised receive appropriate training and supervision

## *Fundamental Principles – CONFIDENTIALITY*

- Professional Accountants must refrain from disclosing outside the firm or employing organization confidential information acquired as a result of professional and business relationships without proper and specific authority or unless there is a legal or professional right or duty to do so.
- Must not use confidential information acquired to personal advantage or the advantage of third parties
- Should take steps to ensure staff under your control observe this principle

# *Fundamental Principles – PROFESSIONAL BEHAVIOUR*

- Professional Accountants must comply with relevant laws and regulations and avoid any action that may discredit the profession.
- In marketing and promoting should not bring the profession in disrepute by making exaggerated claims of competence/capabilities, qualifications or experience.
- Should not make disparaging references or unsubstantiated comparisons to work of others



## ***PART B – PROFESSIONAL ACCOUNTANTS IN PUBLIC PRACTICE***

- Professional Appointment – be satisfied that acceptance will not pose professional problems
- Conflict of Interests- avoid conflict of interest situations. This is a challenge in a small society. Written confirmation from staff
- Second Opinions – be wary when asked for this and ensure all relevant facts are presented before opining

## ***PART B – PROFESSIONAL ACCOUNTANTS IN PUBLIC PRACTICE***

- Fees and other Types of Remuneration – fee should be appropriate , reasonable, fair and avoid conflict perception.
- Marketing Professional Services – Be factual and not exaggerated
- Gifts and Hospitality - Should accept only if a reasonable and informed third party having knowledge of all relevant information would consider clearly insignificant

## ***PART B – PROFESSIONAL ACCOUNTANTS IN PUBLIC PRACTICE***

- Custody of Client Asset – should not assume custody of clients' monies or other assets unless permitted by law. Assets must be segregated and carefully kept.
- Objectivity – All Services – Should consider and address appropriately conflicts from relationships and provision of other services
- Independence- Assurance Engagements – Members of assurance team must be independent of client

## ***PART B – PROFESSIONAL ACCOUNTANTS IN PUBLIC PRACTICE - SUMMARY***

- Detailed guidance is available in codes of ethics compliance to which is mandated by adoption of International Standards on Auditing. All professional accountants must be conversant with codes.
- Details are available for many specific situations including where there are financial interests, loans and guarantees, close relationships (business & family), service related issues, long association of senior personnel with assurance clients, provision of non assurance services to assurance clients, fees and pricing( relative size, overdue fees and contingent fees) and actual or threatened litigation

## *PART B – PROFESSIONAL ACCOUNTANTS IN PUBLIC PRACTICE - SUMMARY*

APPLICATION OF CODE REQUIRES  
SOUND JUDGEMENT AND AS SUCH IF  
YOU ARE IN DOUBT SEEK ASSISTANCE.  
CHANCES ARE THAT IF “IT DOES NOT  
FEEL RIGHT, IT IS NOT RIGHT”, BETTER  
BE SAFE THAN SORRY

THANK YOU

***PART B – PROFESSIONAL ACCOUNTANTS IN  
PUBLIC PRACTICE - SUMMARY***



**QUESTIONS  
AND ANSWERS**

**END**