ACCOUNTANCY IS MORE THAN JUST A JOB OR A BUSINESS.
It is part of a business information system which should be useful every day and needs to be performed professionally every day. The work we do has a wide-reaching impact that goes far beyond our own businesses and the clients who employ our services. Investors, suppliers and regulators are just some of the stakeholders who rely on the information that we provide. At the same time, the way we behave affects more than our own professional reputations. It is a crucial part of maintaining public confidence in the accounting profession as a whole and the important role we play in society. The trust that clients place in accountants is a key element in our success. That is why we, as professional accountants, have to do more than rely on technical and business skills. We also need a wholehearted commitment to professional ethics. Ethical behaviour is a keystone of the profession, and has a major impact both on individual accounting practices and on society as a whole. This guide is not a substitute for the codes of ethics published by professional associations. Instead, it outlines the key principles underlying professional ethics — helping accounting practices think about professional ethics in a practical way.

Competence
Qualifying as an accountant is the first step in professional competence. From then on, you need to continuously update and develop your professional expertise.

The first thing clients expect from their accountant is professional competence. That means a blend of technical skills and experience that let you perform to professional standards, whatever services you are providing.

Equally, it means developing professional behaviour based on integrity and respect. And in a continually evolving business environment, you need a commitment to lifelong learning and continuous professional development.

Professional competence is more than satisfying regulatory requirements. It includes the capability to understand and deliver the services clients need, with the professionalism they expect.

Quality
Reliable, high quality work relies on taking due care and being objective. Your approach should be efficient and effective, delivering timely results in a professional manner.

High quality work is based on exercising your professional competence in line with good practice. Diligent and conscientious work needs to be backed up by an honest, objective and independent approach.

Where a task falls outside your own expertise, you should recognise and acknowledge the fact, seeking help from appropriate specialists.

While clients expect professional competence, it is high quality work that keeps them loyal and drives recommendations.

Independence
Professional independence is essential for high quality performance. You need to be able to present reliable, objective and credible opinions without being compromised.

An independent mind is vital if clients and the wider public are to trust your professional judgement. That does not mean that you cannot cooperate with colleagues or follow legitimate instructions. But it does mean ensuring that you avoid or appropriately manage any influence that threatens your ability to behave professionally and ethically.

Of course, you can — and should — take into account other people’s constructive suggestions. But ultimately your decisions must be based on your own professional judgement.

Always be aware of potential threats to your independence. The familiarity and trust built up in a longstanding relationship can be as compromising as special favours or even intimidation. Whatever the circumstances, your professional independence must be non-negotiable.

Responsibility
You are responsible for ensuring that any accounting information you provide meets legal requirements and professional standards.

The same applies whether you are doing the work yourself, delegating to subordinates, or even outsourcing parts of the service you provide. It is up to you to ensure that accounting information is reliable, complete, understandable and relevant.

Of course that means behaving professionally and ethically yourself. It also means making your subordinates aware of their own responsibilities and ensuring that their work and behaviour meets professional standards.
Professional relationships
Professional relationships should be based on respect, understanding, kindness and impartiality.

Professional behaviour and common courtesy is at the heart of what people expect from an accountant. The way you act affects not only your own reputation, but the reputation of the profession as a whole.

Be aware of the impact of what you say — and the way you say it. You should take particular care not to express misleading or potentially offensive opinions.

Within your practice, you should be ready to offer advice and assistance if asked. If you need to criticise a colleague, provide feedback openly and constructively.

Conflict management
As an accountant, you need to be aware of potential conflicts of interest. Aim for a fair and amicable resolution of any disputes.

You should be aware of situations where you could be influenced by a colleague or client, or where your own personal interest conflicts with your professional responsibility. A strong commitment to the ethical principles outlined in this guide will help you manage any potential conflict.

If you find yourself in dispute with a colleague or client, try to resolve it amicably. There may be an internal grievance or dispute resolution procedure you can follow. If necessary, you may want to consult a partner, or to refer the dispute to an independent advisor or your professional association. As a last resort you must be ready to terminate the relationship if agreement cannot be reached.

Extraordinary situations
You must maintain your professional standards and ethical values, even when you find yourself dealing with insolvency and other difficult situations.

It is not uncommon for accountants to find themselves dealing with tricky situations. These can include insolvency, other threats to the survival of a business, negligence, changes in key personnel or the loss of vital documentation. Whatever the circumstances, you must act lawfully and maintain your ethical standards. Try to continue to observe key accounting principles, in particular ensuring that accounts present a true and fair view.

If you have concerns whether a business can continue as a going concern, or have detected signs of material negligence, let the client know. If important information has been lost, do your best to help recreate missing data. In insolvencies and similar situations, you should provide full cooperation.

If you are being replaced as accountant, make sure you pass on whatever information the new accountant will need to handle the role effectively.

Confidentiality
You have a duty to maintain professional confidentiality, protecting sensitive client information from public disclosure.

Professional confidentiality applies to any significant information or news that you obtain in your role as an accountant. Your duty to maintain confidentiality continues even after any professional relationship comes to an end.

Confidential information may only be passed on when it is justified: for example, because it is required by law or professional standards, or has been agreed with the client.

Where you need to share confidential information (for example, with your colleagues), you should carefully consider whether they have the right to that information, how you provide it and what the consequences could be. In particular, you should ensure that any colleagues understand their own obligations to protect confidential information.

On no account should you use or disclose your client’s confidential information for your own benefit or the benefit of third parties.

Marketing
You must market your services in an honest and ethical way.

You must not market in a way that could bring the accounting profession into disrepute or breach legal requirements.

In particular, you must not:

- suggest that you can influence regulators or other authorities
- present unsubstantiated or misleading claims about your own expertise
- engage in deceptive or unfair pricing practices
- exaggerate your qualifications and experience or the quality and speed of the services you provide
- make unfavourable comparisons with other accountants’ capabilities or fees

Where you promote yourself through publications or public speaking, you can include your professional qualifications and the name of your practice, but must not detail the services you provide.

This guide has been prepared by EFAA SME Expert Group as a brief practical introduction to professional ethics. We are grateful to the Accountants Association in Poland for allowing us to refer to their CODE OF PROFESSIONAL ETHICS IN ACCOUNTING, on which this guide is based. For more information on professional ethics, contact your professional association.

European Federation of Accountants and Auditors for SMEs
Rue Jacques de Lalaing, 4, B-1040 Brussels, Belgium
T +32 (0)2 736 88 86, F +32 (0)2 736 29 64
Email: info@efaa.com