

OUTSTANDING TEACHING, LEARNING AND ASSESSMENT TECHNICAL SKILLS NATIONAL PROGRAMME

Ethics and Integrity PowerPoint Presentation
Created by: South Devon College
January 2019

Beyond the Knowledge Accounting Student Conference

Ethics & Integrity

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Objectives

- ▶ Describe the fundamental ethical principles of;
 - ▶ Professional behaviour
 - ▶ Professional competence and due care
 - ▶ Confidentiality
 - ▶ Integrity
 - ▶ Objectivity
- ▶ Apply the fundamental ethical principles to a given scenario
- ▶ Identify the impacts and implications and safeguards for ethical dilemmas

Ethical Considerations

- ▶ Ethics are moral principles that determine how we behave and what we think is acceptable in other's behaviour
- ▶ Our ethical code is developed by our influences from early childhood e.g. parents and family, school, religion
- ▶ The concept of business ethics extends the theory to suggest that businesses are morally responsible for their actions and can be held accountable for them. This goes beyond what is legally right or wrong.

Why should an Accounting Technician behave ethically?



- Uphold the law
- Protect AAT's reputation
- Protect individual member's standing
- Public interest
- Maintain professionalism
- Accountant's role is to provide a "true and fair" view of the financial state of a company

AAT Code of Professional Ethics

- ▶ Professional behaviour
- ▶ Professional competence and due care
- ▶ Confidentiality
- ▶ Integrity
- ▶ Objectivity

Integrity

- ▶ To act with integrity you are:
 - ▶ Straightforward
 - ▶ Honest
 - ▶ Fair dealing
 - ▶ Truthful
 - ▶ **Open** about the limitations of your knowledge or competence
 - ▶ Carrying out your work **accurately, conscientiously and efficiently**
 - ▶ Avoid being associated with potentially misleading information

Objectivity

- ▶ Stick to the facts, do not be influenced by other people's opinions, bias or prejudice
- ▶ Threatened by
 - ▶ Conflict of interest - personal gain
 - ▶ Undue influence - someone else pressurising you
- ▶ Conflicts of interest can cloud judgement. Either:
 - ▶ Say no to the task, or
 - ▶ Declare the conflict when the decision is made

Professional Competence and Due Care

- ▶ Act diligently when providing professional services
- ▶ Use sound judgement
- ▶ Know when to refuse work by knowing your limitations
- ▶ Develop professional knowledge and skills and use them to the full
- ▶ Maintain professional knowledge and skill at the level required to provide a competent professional service
- ▶ Plan career progression via CPD
- ▶ Exercise due care

Confidentiality

- ▶ Do not disclose information held by the organisation unless there is a legal or professional right or duty to do so.
- ▶ Exceptions to the rules:
 - ▶ Disclosure if permitted by law and is authorised by the client or employer
 - ▶ Auditors
 - ▶ Tax authorities inc. HMRC
 - ▶ There may be a legal duty to disclose information i.e. if money laundering or terrorist financing is suspected in which case it should be reported to the Money Laundering Reporting Officer (MLRO) or the the National Crime Agency (NCA)

Professional Behaviour

- ▶ Comply with laws and regulations
- ▶ Uphold the good reputation of the profession
- ▶ Do not bring the profession into disrepute
- ▶ Deal co-operatively with other professional colleagues
- ▶ Promote your services in a dignified and truthful manner

Let's discuss

- Ethical Issues Worksheets - in small groups



Accountancy - Public Perception



▶ Recent Accounting Scandals

▶ Tesco

- ▶ Fraud and false accounting - £250 million overstatement of profits
- ▶ Criminal prosecution of directors

▶ Carillion

- ▶ Largest ever trading liquidation in UK (£7 billion liabilities)



Potential threats to the fundamental ethical principles

Self-interest threat

These may occur where a financial or other interest will inappropriately influence the accountants judgement or behaviour



Self-review threats

These may occur when an accountant has to re-evaluate a judgement or data that they have previously made or produced



Familiarity threats

These may occur when, because of a close or personal relationship, an accountant becomes too sympathetic to the interest of others



Intimidation threats

These may occur when an accountant may be deterred from acting objectively because of real or perceived threats



Advocacy threats

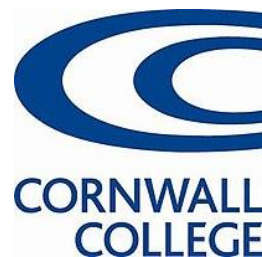
These may occur when an accountant promotes a position or opinion to the point that their objectivity may be compromised in the future



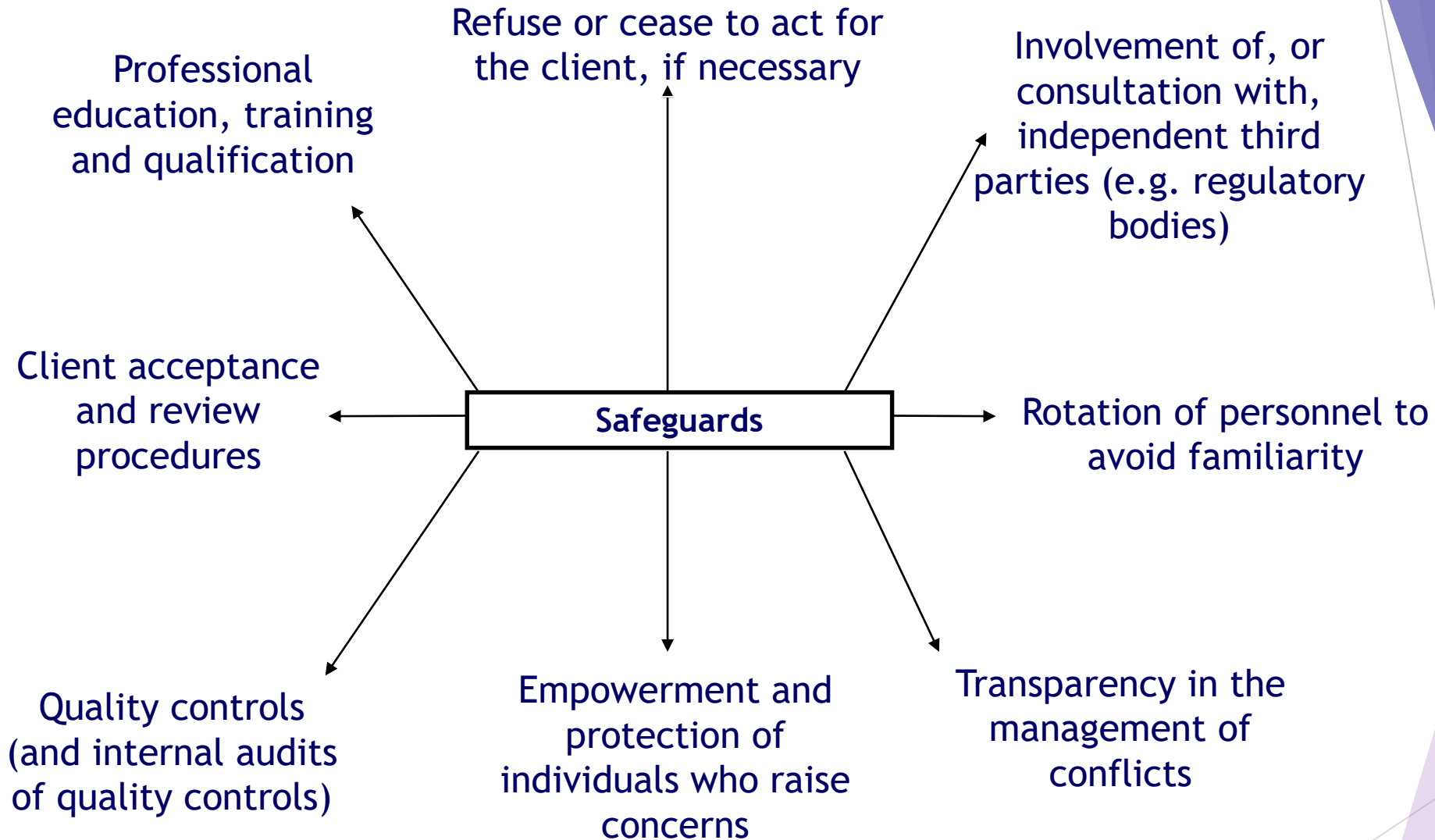


Potential Threats Activity

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Sustainability

- ▶ What is it?
- ▶ *“Development that meets the needs of the present without compromising the ability of future generations to meet their own needs”*
- ▶ It describes the need for individuals and organisations to become “green” and adopt policies that meet the three main objectives of sustainable development:
 - ▶ Economic growth
 - ▶ Environmental protection
 - ▶ Social equality
- ▶ Or profit, planet, people



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Financial implications of sustainability

- ▶ Cost saving or cost incurring?
- ▶ Cost savings
 - ▶ Energy saving = lower bills
 - ▶ Charging for carrier bags - reduces the cost of providing carrier bags and helps reduce number of plastic bags sent to landfill
- ▶ Costs incurred
 - ▶ Recycled materials may be more expensive but are better for the environment
- ▶ Using local suppliers
 - ▶ Might be more expensive but is good for local businesses
 - ▶ Local businesses employ local people who then have a higher income to spend in other local businesses thus improving the prosperity of the whole area

Responsibility of accountants to uphold sustainability



- ▶ Professional accountants have public interest duties to protect society by:
 - ▶ Long-term responsible management of resource utilisation
 - ▶ Contribute to running their organisation in a sustainable manner
 - ▶ Assessing and minimising the risks to the organisation and society if not acting sustainably



Ethics & Sustainability Dilemmas

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