



CODE OF ETHICS OVERVIEW

As members of one of the world's leading membership organisations, chartered accountants are expected to demonstrate the highest standards of professional conduct.

ICAEW's Code of Ethics (the Code) helps our members meet these obligations by providing them with ethical guidance. The Code has been revised with effect from 1 January 2011. It applies to all members (including students), affiliates, employees of member firms and, where applicable, member firms, in all of their professional and business activities, whether remunerated or voluntary. These are referred to in the Code as professional accountants. The Code is based on the Code of Ethics revised by the International Ethics Standards Board of Accountants in 2009, which itself has adopted the principles-based approach pioneered by ICAEW. Additional guidance (indicated in the Code in italics) has been included by ICAEW which it is hoped will be of assistance to members.

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STRUCTURE OF THE CODE

The Code sets out five fundamental principles, the spirit of which must always be complied with. It requires members to consider whether actions or relationships might constitute threats to adherence to those principles and where these are significant, requires safeguards to be implemented. The Code includes a number of sections covering situations that members might be likely to encounter and suggests, or in some cases requires, specific courses of action. For convenience, these sections have been grouped into four parts, one covering general application to all members, and the others dealing with situations most likely to be encountered by members in practice, members in business and members undertaking insolvency work.

FUNDAMENTAL PRINCIPLES

INTEGRITY

To be straightforward and honest in all professional and business relationships.

OBJECTIVITY

To not allow bias, conflict of interest or undue influence of others to override professional or business judgements.

PROFESSIONAL COMPETENCE AND DUE CARE

To maintain professional knowledge and skill at the level required to ensure that a client or employer receives competent professional services based on current developments in practice, legislation and techniques and act diligently and in accordance with applicable technical and professional standards.

CONFIDENTIALITY

To respect the confidentiality of information acquired as a result of professional and business relationships and, therefore, not disclose any such information to third parties without proper and specific authority unless there is a legal or professional right or duty to disclose nor use the information for the personal advantage of the professional accountant or third parties.

PROFESSIONAL BEHAVIOUR

To comply with relevant laws and regulations and avoid any action that discredits the profession.

THREATS AND SAFEGUARDS APPROACH

Compliance with the fundamental principles may potentially be threatened by a broad range of circumstances. Many threats fall into the following categories:

- (a) **self-interest** – the threat that a financial or other interest will inappropriately influence the professional accountant’s judgement or behaviour;
- (b) **self-review** – the threat that a professional accountant will not appropriately evaluate the results of a previous judgement made or service performed, on which the accountant will rely when forming a judgement as part of providing a current service;
- (c) **advocacy** – the threat that a professional accountant will promote a client’s or employer’s position to the point that the professional accountant’s objectivity is compromised;
- (d) **familiarity** – the threat that due to a long or close relationship with a client or employer, a professional accountant will be too sympathetic to their interests or too accepting of their work; and
- (e) **intimidation** – the threat that a professional accountant will be deterred from acting objectively because of actual or perceived pressures.

Where threats are significant, safeguards need to be applied, or the action/relationship at issue should not be undertaken. The Code discusses the types of safeguards which might be applied.

The nature of the safeguards to be applied will vary depending on the circumstances. In exercising professional judgement, a professional accountant needs to consider what a reasonable and informed third party, having knowledge of all relevant information, including the significance of the threat and safeguards applied, would conclude to be unacceptable.

In a number of circumstances discussed in sections 210 to 291, 310 to 350 and 400, the Code specifies actions to be taken.

ETHICAL CONFLICT RESOLUTION

In evaluating compliance with the fundamental principles, a professional accountant may be required to resolve a conflict in the application of fundamental principles.

The following factors may be relevant as part of the resolution process:

- (a) relevant facts;
- (b) relevant parties;
- (c) ethical issues involved;
- (d) fundamental principles related to the matter in question;
- (e) established internal procedures; and
- (f) alternative courses of action.

Having considered these issues, an appropriate course of action can be determined that is consistent with the fundamental principles identified, bearing in mind the consequences of each possible course of action. If the matter remains unresolved, the professional accountant should consult with other appropriate persons for help in obtaining resolution.

It may be in the best interests of the professional accountant to document the substance of the issue and details of any discussions held or decisions taken, concerning that issue.

If a significant conflict cannot be resolved, a professional accountant may wish to obtain professional advice from ICAEW or legal advisors, and thereby obtain guidance on ethical issues without breaching confidentiality.

If, after exhausting all relevant possibilities, the ethical conflict remains unresolved, a professional accountant should, where possible, refuse to remain associated with the matter creating the conflict. The professional accountant may determine that, in the circumstances, it is appropriate to withdraw from the engagement team or specific assignment, or to resign altogether from the engagement, the firm or the employing organisation.

The Code is available for review or download at [icaew.com/ethics](https://www.icaew.com/ethics). There are several case studies illustrating the thought processes that might be applicable in typical ethical dilemmas.

SOURCES OF ADVICE

Professional accountants who are in doubt as to their ethical position may seek advice from the following sources. These services are available to all ICAEW members:

- ICAEW's Ethics Advisory Services are confidential and free from the duty to report professional misconduct within ICAEW. Further information can be found at [icaew.com/ethicsadvice](https://www.icaew.com/ethicsadvice), along with helpsheets and answers to frequently asked questions. Email ethics@icaew.com or call +44 (0)1908 248 025.
- ICAEW's money laundering helpline provides advice on general issues concerning the regulations or specific issues, which can be discussed anonymously. Call +44 (0)1908 248 025.
- Support Members Scheme which is run by volunteer members of ICAEW from a wide range of backgrounds. It is a confidential, free service exempt from the duty to report misconduct and provides advice and help to members in difficulties. Call +44 (0)800 917 3526.

A professional accountant may wish to consider taking legal advice to resolve issues arising from the application of laws and regulations to particular situations relating to confidentiality, disclosure, privilege, self-incrimination and other areas.

Additional support material and case studies on ethics are included in our Continuing Professional Development (CPD) website at [icaew.com/cpd](https://www.icaew.com/cpd).