



ICAEW CODE OF ETHICS PARTS 1 TO 3 OVERVIEW OF SECTION BY SECTION KEY REQUIREMENTS

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This overview summarises the key requirements in each section of Parts 1 to 3 of the ICAEW Code of Ethics revised 1 January 2020 (the Code). Note that for Parts 2 and 3, these are the requirements over and above the core requirements of Part 1 to comply with the fundamental principles, consider threats to compliance and apply safeguards.

This overview is an aide memoire: it does not form part of the Code, is not intended to be a means of interpreting the requirements and application material in the Code and is not a substitute for reading the relevant material in the Code.

Section	Title	Key requirements
-	Guide to the code	<i>Explanatory document setting out how the Code is structured and operates. Does not of itself include any requirements.</i>
1	Scope and authority	Follow the code in all professional and business activities, whether paid or not, and in all other circumstances where failure to comply would bring discredit on the profession. Follow the spirit of the code. Examples of misconduct in the code are not exhaustive. Ensure work undertaken by others on your behalf is done in accordance with the code.
Part 1	Complying with the code	<i>The fundamental ethical principles; the core requirement to assess threats to compliance with those principles and, if they are significant, address them or do not undertake the work.</i>
100	Complying with the code	Comply with the code, although note that laws and regulations prevail. If a breach of the code is identified, the significance of the breach must be evaluated, action taken asap to address the consequences, and determine whether the breach should be reported.
110	The fundamental principles	Comply with the fundamental principles. If a situation arises where the principles are in conflict, consult with others, and exercise professional judgement to resolve the conflict.
111	Integrity	Be straightforward and honest; be truthful and deal fairly with clients. Do not be associated with false or misleading information.

112	Objectivity	Do not compromise professional or business judgement because of bias, conflict of interest, or undue influence of others.
113	Professional Competence and due care	Ensure you are competent to provide the services you are delivering. Act diligently and apply professional knowledge and skill in professional work. Maintain competence through CPD. Ensure staff have appropriate training and supervision.
114	Confidentiality	Respect the confidentiality of all information acquired. Do not disclose confidential information or use it for personal advantage even if the relationship has ended. Only breach confidentiality if there is a legal or professional reason to do so, or disclosure is in the public interest.
115	Professional behaviour	Comply with relevant laws and regulations; avoid conduct that discredits the profession. Treat others with courtesy and consideration in a professional context.
120	The conceptual framework	Using professional judgment, identify, evaluate and address threats to compliance with the fundamental principles. Consider the perceptions of a reasonable and informed third party (RITP), and reassess for new information or changes in circumstances. If the threats to ethical compliance are not at an acceptable level, apply effective safeguards or decline or end the professional activity.
Part 2	Professional Accountants in Business	<i>Ethical requirements arising for Professional Accountants in Business ('PAIBs') when dealing with an organisation or individual as an employee, contractor or owner. Includes accountants in practice employed in a firm.</i>
200	Applying the conceptual framework - PAIB	Apply the threats and safeguards approach to identify, evaluate and address threats. Consider whether communication with one representative of a governance group is sufficient to address the whole group
210	Conflicts of interest	Conflicts must not compromise professional judgement. Before and during work, identify circumstances that might create potential conflicts. If measures can be put in place to address threats to objectivity so PAIB can continue to act, you should generally also disclose any conflicts to relevant parties and obtain their consent to act.
220	Preparation and presentation of information	Prepare or present information in line with relevant reporting frameworks. Do not mislead users, or inappropriately influence contractual or regulatory outcomes. Exercise professional judgement to accurately and completely represent the facts, describe the true nature of business activities, and record information in a timely manner. Exercise professional judgement to identify: <ul style="list-style-type: none"> • how information will be used; • the context within which it is given; and • the audience it addresses, especially where there is no relevant reporting framework.

		If the PAIB could be associated with misleading information, take appropriate action to resolve the matter. If all feasible options exhausted, and information is still misleading, refuse to remain associated with the information.
230	Acting with sufficient expertise	Do not intentionally mislead your employer about levels of expertise or experience. If there is a self-interest threat to professional competence and due care that cannot be addressed, consider whether to decline to perform the duties in question. Communicate the reasons for this to your employer.
240	Financial interests, compensation and incentives	Do not manipulate information or use confidential information for personal gain or the financial gain of others.
250	Inducements	Do not offer or accept an inducement which an RITP would consider is intended to influence behaviour improperly. If there is no intent, consider likely actual or perceived threats and if necessary apply safeguards. Be alert to threats resulting from inducements offered by or to immediate or close family members.
260	Responding to non-compliance with laws and regulations	If suspecting non-compliance within scope of the section, take timely action to understand the matter, any legal requirements requiring or preventing disclosure, and any organisational protocols; communicate with a superior. If a senior accountant in business, take steps to ensure the matter is communicated to Those Charged With Governance ('TCWG') and dealt with. Consider if need to tell external auditor. If a senior accountant in business (or, exceptionally, others) consider how the matter has been dealt with and determine if external disclosure is needed in the public interest. Any such disclosure that is made in good faith and with cautious statements, will not be a breach of confidentiality.
270	Pressure to breach the fundamental principles	Do not allow pressure from others to result in unethical behaviour, or place pressure on others to act unethically.
Part 3	Professional Accountants in Public Practice	<i>Ethical requirements arising for Professional Accountants In Public Practice ('PAIPPs') when providing professional services.</i>
300	Applying the conceptual framework - PAIPP	Apply the threats and safeguards approach to identify, evaluate and address threats. Depending on the circumstances, the requirements of Part 2 may apply, notwithstanding that the accountant is also in practice. Consider whether communication with one representative of a governance group is sufficient to address the whole group.
310	Conflicts of interest	Conflicts must not compromise professional judgement. Before and while performing work, identify potential conflicts. This includes network firms where there is 'reason to believe' there might be an issue. If measures can be put in place to address threats to objectivity so the PAIPP can continue to act, you should generally also disclose any conflicts to relevant parties and obtain their consent to act.

		If disclosure to obtain consent would breach confidentiality, work can only continue if specific measures are put in place and documented and the RITP would concur with continuing.
320	Professional appointments	<p>Before taking on work, consider threats arising from the nature of the client and the availability of requisite skills (including appropriate use of experts) and capacity. For recurring work, periodically reassess.</p> <p>If asked to take in work on which another accountant is or has been involved, seek to contact the existing or predecessor accountant, after obtaining permission to make contact. Consider if there are any reasons you should decline to act.</p> <p>If contact is not made with the existing or predecessor accountants, specific procedures are necessary.</p> <p>If asked for information, an existing or predecessor accountant should respond honestly and unambiguously (but in accordance with the law), including stating whether the client has refused permission to disclose information.</p>
321	Second opinions	<p>Any second opinion should be confirmed in writing and any limitations should be made clear.</p> <p>If asked to provide an opinion on a matter in which another accountant is or was involved, seek to contact the existing or predecessor accountant, after obtaining permission to make contact. If permission is not given, usually decline to act.</p>
330	Fees and other types of remuneration	<p>Explain the basis of calculation of fees and any estimates, at the earliest opportunity, and in writing.</p> <p>Provide a fee breakdown if requested, and explain any overruns against estimate.</p> <p>Obtain explicit consent from the client to retain any referral or similar fees, in one of the manners prescribed in the Code.</p>
331	Agencies and referrals	<p>When making a referral, a duty of care may arise.</p> <p>Assess the suitability of the third party and only refer to them if no better alternative.</p> <p>Communicate to the client, any limitations of knowledge, and any referral arrangements and connections with the third party.</p> <p>Be clear about agency arrangements. Such arrangements cannot require referrals regardless of suitability.</p> <p>Ensure investment business introductions comply with regulatory requirements and requirement to give objective advice (particularly for referrals to restricted firms).</p>
340	Inducements	<p>Do not offer or accept an inducement which an RITP would consider was made to improperly influence behaviour. If there is no intent, consider likely actual or perceived threats and if necessary apply safeguards.</p> <p>Be alert to threats resulting from inducements offered by or to immediate or close family members.</p>

350	Custody of client assets	As part of acceptance procedures, make enquires about the source of the assets. Keep the assets separate from other assets, use them only for the purpose intended, and be prepared to account for the assets.
360	Responding to non-compliance with laws and regulations	<p>If suspecting non-compliance within scope of the section, take timely action to understand the matter, any legal requirements requiring or preventing disclosure, and any organisational protocols and communicate with a superior.</p> <p>Take steps to ensure the matter is communicated to appropriate management and/or TCWG and dealt with. If PAIPP is not the auditor, consider if there is a need to tell the external auditor. If PAIPP is the auditor, ensure documented and communicated where appropriate to the group auditor, who should assess the impact on other components.</p> <p>Consider, if possible, how it has been dealt with and determine if external disclosure is needed in the public interest. Any such disclosure that is made in good faith and with cautious statements, will not be a breach of confidentiality.</p>

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