Ethics is about principles, values and beliefs which influence judgement and behaviour. It goes beyond obeying laws, rules and regulations - it is about doing the right thing in the circumstances. Ethics is fundamental to establishing trust. The existence of trust is essential to business and society. It enhances the dependability of relationships, facilitates transactions and promotes the efficient allocation of resources.

Ethical behaviour is particularly important to professions and to business:

• It matters to the professions because the complexity of what they do means that there has to be trust by the user in what they do, or they have no purpose.

• It matters to business because investors will not back a company that will not report fairly and customers, increasingly, will not buy from a business that is not acting in the wider interests of society.

Deciding what is the right thing to do can be challenging. We all face numerous personal, social and organisational pressures which influence our decisions and actions. Sometimes it is easy to assume that compliance with legislation, regulations and policies and procedures equates to doing the right thing. By its nature, a compliance approach to decision-making cannot cover all types of situations and eventualities. Even when a specific circumstance is addressed by a rule, compliance is often with the letter of the rule, not its spirit. What is needed is a principles-based approach to decision-making, which encourages deliberation, judgement and responsibility.

Flexible but robust

The ICAEW pioneered the principles-based threats and safeguards approach to Codes of Ethics in the accountancy profession internationally. We believe that this approach is flexible but robust because it focuses on the spirit of the guidance and encourages responsibility and the exercise of professional judgement. The guidance can be applied to the infinite variations in circumstances that arise in practice and can be adapted to rapid changes of the modern business environment.

As well as including a framework for resolving ethical conflicts, the Institute’s Code includes guidance and case studies on the application of the fundamental principles to situations chartered accountants might encounter. We believe this approach is suitable for all kinds of professions and business.
Integrated

The ICAEW believes that instilling ethical behaviour requires an integrated approach to ethics: having a code of ethics is not enough. Ethics needs to be integrated into training, development, support and enforcement.

Training and development

The ACA qualification is unique in bringing together technical knowledge, practical application, work experience and best practice. Ethics is included in the four pillars of the ACA: examinations, initial professional development, structured training in ethics and work experience.

Once qualified, chartered accountants are required by the Institute’s Continuing Professional Development (CPD) obligations to complete an annual declaration confirming that they have reviewed their training and development needs and have acted to address any requirements. The CPD programme is intended to encourage chartered accountants to reflect on what their ongoing training and development needs are in order to meet their responsibilities and public expectations. The CPD programme is, like the Institute’s Code of Ethics, principles-based, flexible and robust.

Support

When chartered accountants are in doubt as to their position, they may seek advice from the Institute’s free and confidential helplines. The Institute provides advice to its members via the Ethics Advisory Services helpline, anti-money laundering helpline and a Support Member Scheme. The helplines are run by expert advisers while the Support Member Scheme is run by trained volunteer chartered accountants and is wider in scope than ethics.

Enforcement

Reputation is all but can be marred by the actions of a few. The ICAEW is committed to enforcing its Code through disciplining those members who do not meet reasonable ethical and professional expectations of the public and other members. The Institute assesses all complaints regarding members, students and member firms to determine if they constitute a disciplinary matter. Failure to follow the Code may result in disciplinary action which ranges from fines to expulsion from the Institute with the loss of the right to use the title ‘chartered accountant’. In addition, adverse findings of disciplinary investigations may be published.

Influential

As well as promoting high standards of behaviour in the accounting profession, the Institute seeks to foster a responsible ethical approach to finance and business throughout the financial reporting chain in its wider role as a commentator on key public policy issues. In order to influence and advance the debate in ethics, the Institute undertakes a full programme of policy representation, research and thought leadership in ethics, ethical behaviour and the public interest. Further information on the ICAEW’s thought leadership initiatives can be found on the Institute’s website at www.icaew.com/thoughtleadership.

About the ICAEW

The Institute operates under a Royal Charter, working in the public interest. Its regulation of its members, in particular its responsibilities in respect of auditors, is overseen by the Financial Reporting Council. As a world leading professional accountancy body, the Institute provides leadership and practical support to over 130,000 members in more than 160 countries, working with governments, regulators and industry in order to ensure the highest standards are maintained. The Institute is a founding member of the Global Accounting Alliance with over 700,000 members worldwide.

Contact us

Further information on the ICAEW’s approach to ethics can be found at www.icaew.com/ethics. If we can be of assistance or you would like to discuss any of the above, please contact us at ethicspolicy@icaew.com.