

Good research paper about aicpa versus ifac code of ethics

[Experience](#), [Belief](#)



Accounting profession has been in the spotlight for past decades. Auditors are being linked to the economic scandal brought by the collapse of various business giants due to the claim that auditors failed to do their duties. Public claimed that auditors failed to inform the fraud committed by their clients, thus, becoming an accessory to the crime. In respond, professionals say that they should not be held responsible because they conduct their job based on the guidelines provided to them by the regulating bodies. For this reason, various organizations called for the improvement of the existing rules governing audit and accounting practices.

Ethical Standards

I agree to what the author said that the code of ethics should be more than just setters of minimum acceptable standards. More than anything else, code of ethics must serve as an underlying guideline on how professionals must act, behave, and conduct their work. Code of ethics must be crafted towards becoming a set of laws that auditors must follow all the times. It must clearly define the expected professional behavior as well as the corresponding penalties for any violation. In improving the Code, the ruling bodies must remember to include firm definition of values, specific ways to manifest adherence to such values, and tougher penalties in the event of disobedience. In addition, the code of ethics must serve as a uniform decree of attitudes that auditors must practice.

Five Cardinal Virtues

Integrity is the primary virtue both the AICPA and IFAC discussed. This is synonymous with honesty and courage. Accountants must have the courage

to express the results of their analysis. After gathering the data and evaluating the results, professionals must communicate these results without exaggeration or omission.

Second is objectivity. This virtue requires accountants to do their work in a fairly manner, which means without bias and based only on facts and supporting data. It means that auditors must comply with the standards, communicate their findings based on sound judgment, and to keep the balance between mere compliance and expressing concrete information.

Diligence or the virtue of truth seeking is the third virtue in the code of ethics. This is in connection with integrity. Accountants are expected to find or gather all material information that might affect their judgment. They must possess both the intention and the determination to find basis of their opinion. For instance, if the auditor's intention is to verify accuracy of the year-end inventory, then he or she must conduct physical count, verification of invoices versus delivery receipt, or to conduct additional test to achieve firm results.

Loyalty or the balance between the clients' interest and the public's welfare is the fourth virtue. While it is important that accountants maintain confidential facts about their clients, it is also their obligation to provide relevant and material information to the users of the financial statements (Spalding, Jr. and Oddo, p56).

Last on the list is the professional behavior. This mandates auditors to observe all other virtues discussed. In addition, it is vital for accountants to maintain professionalism at all times. Professional behavior reminds auditors the importance of drawing a line between client-auditor relationships. Too

much attachment or closeness with their clients might impair auditor's credibility. No matter how auditors practice other virtues, if the public cannot trust the auditor because of his or her professional behavior, then his or her craft has no significance.

Rule-based Ethics

I believe that having a rule-based ethics will be more beneficial for the whole industry. Past events reflect how the principle-based standards failed to encourage high ethical standards among professionals. I think that by having a list of rules to follow with heavier penalties for non-compliance will urge auditors to perform their duties with higher standards. Mere definition of attitudes without clear interpretation will allow auditors to somehow detach the work from the standards. For instance, mere observance of confidentiality without specific set of rules might prevent the accountants from informing the public about significant information about the clients' financial condition. Clearly enumerating what are specific things or data to disclose will encourage the auditors to become more sensitive on the needs of the general public. An example of the relevant things that should be clearly stated is to disclose the true and real result of operation, financial wealth, management decision on operation, future plans that might affect the income, asset, liabilities, or equity structure of the company, and changes of accounting treatment, among others.

AICPA Code of Ethics vs. IFAC Code of Ethics

Reference

AICPA Code of Professional Conduct. Retrieved May 28, 2014 from

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