

The Code of Ethics and Conduct is set out in section 3 of the *ACCA Rulebook*. This covers specific areas in which ACCA regulates its members.

This factsheet has no regulatory status. It is issued for guidance purposes only, and in the event of any conflict between the content of this factsheet and the content of the *ACCA Rulebook*, the latter shall at all times take precedence. Therefore, this factsheet should not be regarded by a member as a substitute for familiarising himself or herself with the appropriate regulations or, where necessary, obtaining specific advice concerning a specific situation.

INTRODUCTION

The Code of Ethics and Conduct is binding on all members of ACCA, and any partner (or director) in an ACCA practice. However, it is also binding on the staff of such a practice, regardless of whether or not they are members of ACCA or any other professional body. Some of the most important areas of the Code of Ethics and Conduct, from the point of view of a new practitioner, are discussed below and in later sections.

THE FUNDAMENTAL PRINCIPLES

Within the Code of Ethics and Conduct, the Fundamental Principles are set out in section 3.2 of the *ACCA Rulebook*. In June 2005, the International Federation of Accountants (IFAC) issued a revised version of its Code of Ethics for Professional Accountants. Therefore, the *ACCA Rulebook* was updated to ensure that it remained aligned with the IFAC Code of Ethics, in order to meet ACCA's obligations as a member of IFAC.

The Fundamental Principles set out the obligations placed on all members, whether or not they are in practice. The five principles are set out below:

- **Integrity** – ‘Members should be straightforward and honest in all professional and business relationships.’ The *ACCA Rulebook* (and the IFAC Code of Ethics) goes on to state that integrity implies not merely honesty, but fair dealing and truthfulness.
- **Objectivity** – ‘Members should not allow bias, conflicts of interest or undue influence of others to override professional or business judgements.’
- **Professional competence and due care** – ‘Members have a continuing duty to maintain professional knowledge and skill at a level required to ensure that a client or employer receives competent professional service based on current developments in practice, legislation and techniques. Members should act diligently and in accordance with applicable technical and professional standards when providing professional services.’
- **Confidentiality** – ‘Members should respect the confidentiality of information acquired as a result of professional and business relationships and should not disclose any such information to third parties without proper and specific authority or unless there is a legal or professional right or duty to disclose. Confidential information acquired as a result of professional and business relationships should not be used for the personal advantage of members or third parties.’

- **Professional behaviour** – ‘Members should comply with relevant laws and regulations and should avoid any action that discredits the profession.’ The *ACCA Rulebook* goes further, and states that members should behave with courtesy and consideration towards all with whom they come into contact in a professional capacity.

THE CONCEPTUAL FRAMEWORK

The application of the Fundamental Principles is considered within a conceptual framework, which acknowledges that these principles may be threatened by a broad range of circumstances. This approach categorises the threats, and thereby assists members to identify, evaluate and respond to them. If identified threats are other than clearly insignificant, members must implement safeguards to eliminate the threats or reduce them to an acceptable level so that compliance with the Fundamental Principles is not compromised.

It is impossible to define every situation that creates threats to compliance with the Fundamental Principles and specify the appropriate mitigating action that should be taken. A conceptual framework requires members to identify, evaluate and address threats, and consequently it is not sufficient for members to merely comply with the examples of circumstances set out in the Code of Ethics and Conduct. Rather, members must ensure that, in the particular circumstances under consideration, the Fundamental Principles have been observed.

The various categories of threat discussed within the Code of Ethics and Conduct (under which there is a risk of breaching one or more of the Fundamental Principles) are:

- self-interest;
- self-review;
- advocacy;
- familiarity; and
- intimidation.

OTHER AREAS OF THE CODE OF ETHICS AND CONDUCT

Specific areas of a practice covered within the Code of Ethics and Conduct (section 3 of the *ACCA Rulebook*) include money laundering, whistleblowing responsibilities, advertising and publicity, the descriptions of members and firms, changes in professional appointments, legal ownership and access to books and other documents, fees charged, professional liability of accountants and auditors, and clients' monies. Some of the essential requirements of which practitioners should be aware are discussed in other ACCA factsheets.

FURTHER INFORMATION

Further information is available from the ACCA website at www.accaglobal.com, or by telephoning the advisory services helpline in your region.