

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 (the Code) 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, from the point of view of a practitioner, are discussed below and in other available factsheets.

THE FUNDAMENTAL PRINCIPLES

Within the Code, the Fundamental Principles are set out in Part A. As a member body of the International Federation of Accountants (IFAC), ACCA is required to apply ethical standards that are at least as stringent as those stated in the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (the IESBA Code). Whenever the IESBA Code is revised, the ACCA Rulebook is reviewed, and updated as necessary, to ensure that it remains aligned with the IESBA Code.

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 shall be ‘straightforward and honest in all professional and business relationships.’ The *ACCA Rulebook* (and the IESBA Code) goes on to state that integrity implies not merely honesty, but fair dealing and truthfulness.
- **Objectivity** – Members shall not allow bias, conflicts of interest or the undue influence of others to compromise their professional or business judgement.
- **Professional competence and due care** – Members have a continuing duty ‘to maintain professional knowledge and skill at a level required to ensure that clients or employers receive competent professional service’. Members shall ‘act diligently in accordance with applicable technical and professional standards when providing professional services’.
- **Confidentiality** – Members shall respect the confidentiality of information ‘acquired as a result of professional and business relationships’, and shall 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’. Similarly, confidential information acquired as a result of professional and business relationships shall not be used to the personal advantage of members or third parties.
- **Professional behaviour** – Members shall comply with relevant laws and regulations and shall avoid any action that may discredit the profession. The *ACCA Rulebook* goes further, and states that members shall ‘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 not at an acceptable level, 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. 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 (under which there is a risk of breaching one or more of the Fundamental Principles) are:

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

AREAS OF THE CODE MOST RELEVANT TO MEMBERS IN PRACTICE

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

All the areas of the Code most relevant to members in practice are within Part B of the Code. Those most relevant to members in business are within Part C, and ACCA has produced a factsheet providing guidance on ethical matters specifically for members in business.

FURTHER INFORMATION

Further information is available from the ACCA website at www.accaglobal.com or by telephoning the Advisory Services Helpline in your region.