

PROFESSIONALISM AND INTEGRITY FUNDAMENTAL ELEMENTS OF ETHICS IN THE ACCOUNTING PROFESSION

Ruxandra GEORGESCU¹, Petronela Alice GRIGORESCU²

¹ University Valahia Targoviste, gruxandra11@yahoo.ro

² University Valahia Targoviste, grigorescu_petronela@yahoo.com

Abstract. *This article aims to highlight the criteria of ethics in the accounting profession, the way in which they influence the attitude and results of the professional accountant. Ethics is the foundation of the attitude that results in the professional performance of accountants, the way they relate to the profession they practice and how they meet the highest standards of professionalism and performance, and on the other hand, to satisfy the requirements of the public interest. Achieving the objectives requires the fulfillment of some basic requirements: credibility, professionalism, service quality and trust.*

Key words: accounting profession, professionalism, performance

JEL Classification Codes: G000

1. INTRODUCTION

This article aims to highlight the criteria of ethics in the accounting profession, the way in which how it affects behavior and results of the professional accountant. Ethics is the foundation of the attitude that results in the professional performance of accountants, the way they relate to the profession they practice and how they meet the highest peaks of professionalism and performance and, in the broadest sense, to satisfy the public's expectations. Achieving goals requires the fulfillment of some requirements: to be credible, to be professional, quality and credible services.

The accounting profession sums up all activities of an economic nature (based on information from the accounting field), the specialists who carry them out, as well as the bodies to which they are subordinate. The goals of the accounting profession are to achieve the highest levels of performance and professionalism, and to meet the expectations of the public. Achieving the goals means meeting the basic requirements: these must be credibility, professionalism, and the services must be of quality and trust.

At the present time, professional ethics and responsibility towards the public interest and the organization are a challenge for accounting professionals. In this direction, the article presents the principles of professional ethics that are necessary in the accounting profession, describes the characteristics of what should and should not be done by accounting professionals in order to assume responsibility for the public interest. This article is also important from the point of view of the interest in the International Code of Ethics for Professional Accountants which is periodically revised in order to align with the ethical requirements to the development that takes place in the accounting profession which is constantly increasing



This is an open-access article distributed under the Creative Commons Attribution-NonCommercial 4.0 International License (<http://creativecommons.org/licenses/by-nc/4.0/>).

At this time, knowing the ethical principles that must be applied to the accounting profession is of important interest to the accounting profession, but also to representatives of the accounting profession in order to assume responsibility for the public interest. The accounting profession sums up all the activities of an economic nature (based on information from the accounting field), the specialists who perform them, as well as the bodies to which they are subordinate.

The objectives of the accounting profession are set, on the one hand, to meet the highest standards of professionalism and performance, and on the other hand, to satisfy the requirements of the public interest. Achieving the objectives requires the fulfillment of some basic requirements: credibility, professionalism, service quality and trust.

2. ETHICAL DILEMMAS CASE STUDIES

Researched case studies have been published by the UK and Ireland Consultative Committee of Accountancy Bodies (CCAB). They illustrate how CCAB codes of ethics are put into practice by professional accountants. These cases are not intended to cover all possible circumstances, but they highlight the key principles and situations that can be assessed when identifying, measuring and addressing ethical hazards in accordance with the professional body's code of ethics.

CCAB members are responsible for behaving professionally and ethically at all times. Furthermore, the professional accountant who is a director in an institution has a very important role in creating, promoting and maintaining an ethical culture. There is a possibility that you will be met by someone else in the institution who will want to report unethical behavior and from the perspective of the professional accountant, the ethical tone has a significant impact on that. If you are aware of unethical situations among clients, it may be difficult to know your responsibilities. In public practice, the accountant has a significant responsibility and may be subject to scrutiny by the organization, by their clients and by anyone in the local community who has an interest. In large part, clients expect a high level of professional competence from their accountant and their accountant must live up to their expectations. The professional accountant has a duty to perform the services they have engaged to perform in order to achieve the legal purposes of their clients.

In general, a large proportion of clients expect a high level of professional competence from their accountant and their accountant must live up to their expectations. The professional accountant has a duty to perform the services to which he or she has been engaged in order to achieve the legal purposes of his or her clients. The CCAB Codes of Ethics are not intended to prevent the professional accountant from carrying out the duties in accordance with this responsibility, they are intended to deal with situations in which compliance with the fundamental principles may be compromised.

The accountant wants to act in the interest of his clients, and on the other hand he has an obligation to act in the public interest, which requires him to be objective in any situation.

In practice, the accountant is faced with an ambiguity that can be difficult to manage. He will have the desire to work closely with his clients, but he will also sometimes have to challenge their decisions, with justifications, and if he does not reach a common, legal common denominator, he will interrupt the collaboration with them. Sometimes, when laws and regulations are not followed, experienced accountants are expected to make decisions that respond to the public interest, in relation to non-compliance or suspicion of non-compliance, more than complying with their obligations to comply with the legislation.

Resolving ethical dilemmas: These case studies are consistent with the codes of ethics of CCAB member bodies. CCAB member bodies are derived from the International Ethics Standards Board (IESBA) Code of Ethics for Professional Accountants (including international independence standards) issued by the International Ethics Standards Board (IESBA). All references to the “code” below are to the professional body’s code of ethics. The case studies do not assess the members’ liability under the FRC 2019 Restorative Ethics Standard (as applied to examination engagements) and the IA Ethics Standards (Ireland) 2020 and should also be considered in most audits in the UK and Ireland. Conceptual Framework and Five Fundamental Principles The case studies demonstrate the application of a “conceptual framework” to resolving ethical dilemmas.

This approach focuses on identifying, assessing and reconciling threats to compliance with the fundamental principles.

- Integrity - to be straightforward and honest in all professional and business dealings.
- Objectivity - not to be influenced by bias, conflict of interest or undue influence of others in the conduct of a profession or business.
- Professional competence and due care - to: (i) Maintain and maintain expertise and skills at the level necessary to ensure that the client or employer's organization receives competent professional services in accordance with current technical and professional standards and relevant laws. (ii) Work diligently in accordance with applicable technical and professional standards.
- Confidentiality - Respect the confidentiality of information obtained as a result of professional and business dealings.
- Professional conduct - to avoid compliance with relevant laws and regulations and to avoid conduct that the professional knows or understands to bring the profession into disrepute.

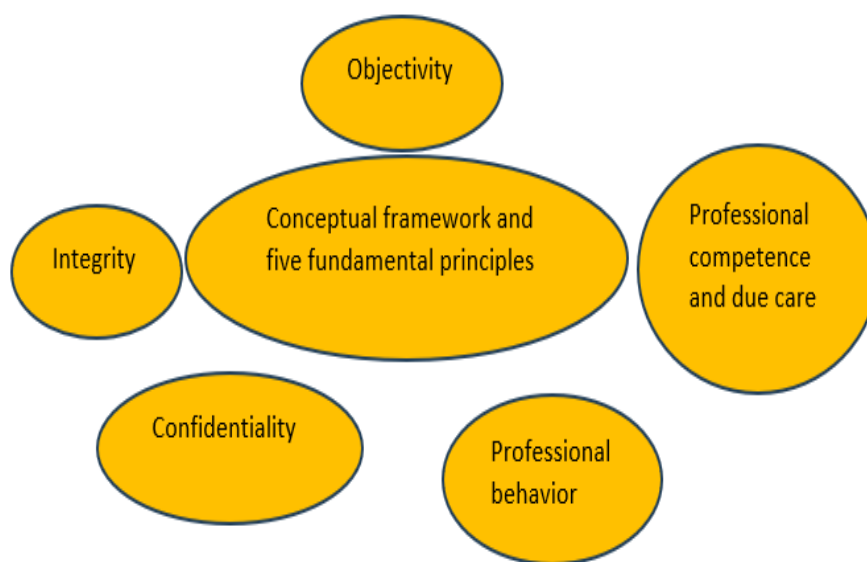


Figure. no1 “Conceptual framework and five fundamental principles”

Source: Created by the author based on research data

Threat to compliance with the five fundamental principles: To do this, it is important to pay attention to situations that could threaten these fundamental principles. Identified threats should be evaluated and managed and it should be ensured that they are eliminated or reduced to acceptable levels. A threat can arise from one of the following:

- Self-interest - the threat that financial or other interests do not appropriately affect judgment or actions.
- Self-review – the threat that you will not appropriately evaluate the results of a previous judgement made; or an activity performed by you, or by another individual within your firm or employing organization, on which you will rely when forming a judgement as part of performing a current activity.
- Expression of Interest - a threat that promotes the status of a client or employer to the extent that objectivity is affected. Friendship - Because of long or close relationships with clients and employer organizations, threats to deal with your interests too friendly or to accept your work too much.
- Research - The threat of being objectively discouraged due to real or perceived pressure, including attempts to be objectively affected unfairly.

3. ETHICS AND FUNDAMENTAL PRINCIPLES OF ACCOUNTING PROFESSIONALS

Professional ethics combines the practices and ethical codes that guide the activities of individuals practicing a particular occupation.

This group includes accountants (independent or organized professional associations/firms) who are responsible for strict compliance with the provisions imposed by the Code of Ethics (James R., 2000).

The ethics of accounting professionals are based on basic principles regarding integrity, objectivity, competence, confidentiality and professional behavior.

- Integrity: reports and statements based on correct information, stabilizing trust in accounting professionals.
- Objectivity: fairness, correct assessment of financial interests, avoid conflicts of interest or incompatibility, rejecting benefits that may affect thoughts.
- Ability: continuous learning, seriousness of activities, care, progress within deadlines.
- Confidentiality: confidential data.
- Action: Avoid actions that provoke loyalty in accordance with applicable legal regulations. Experts must fulfill two key elements of the concept of independence at the same time.
- Depending on the status (cognitive level), tasks and obligations must be performed with integrity and objectivity.
- In fact (in the conduct of the action) - a designated (competent) appropriate person must make sufficient progress (confidentiality) so as not to affect the integrity and objectivity of the occupation (behavior)

4. QUALITIES OF A PROFESSIONAL ACCOUNTANT

To defend honor and independence, accounting professionals must possess qualities such as competence and awareness. Independence of spirit and material indifference; In difficult cases, accounting experts must adhere to the following principles (P.K. McInnery, G.W. Rainbolt, 1994

- application of legal rules and regulations.
- use of goods in collective interest.
- adopting a correct and honest conduct;
- requesting support and counseling, in case of need.

The availability of professional education is one of the key issues that interests the employer when choosing a new employee. The criterion is one of the most important, but it is not exhaustive. The concept of “professional qualities of an accountant” also includes other elements. Conventionally, they can be listed in order of importance.

- Knowledge. The requirement is mandatory and correct. The accountant must have a solid theoretical base, master the terms (fixed assets, current assets, balance sheet, registration, primary documents, statements, etc.), at least minimally be able to work on a computer.
- Experience. Its presence allows the accountant to apply for vacancies with higher salaries or to apply for an increase. However, do not forget that work experience is not just the presence of an entry in the work book, which is presented at the interview. Practical skills must actually be present. The presence of experience makes it possible to adapt faster to another job, rather to enjoy the process and avoid mistakes in accounting.
- Literacy. The skill is necessary for the accountant. After all, a person in this position constantly works with documents, letters, reports. The presence of errors in important works will not be a plus in the work of the enterprise.
- Possession of special accounting programs. The skill allows you to carry out automated accounting throughout the enterprise, optimizing working time.

5. RULES FOR EFFICIENT ACCOUNTING ACTIVITY

The need for accounting information characterized by relevance and accuracy is essential for increasing performance in what is a properly planned activity, controlled by managerial functions, contributing to much better decisions taken by them.

Managers can exercise their position so that the activities undertaken by accounting professionals are characterized by efficiency, supervising the following rules: (P.Singer, 2006)

- continuing the maintenance of a link between accounting department employees and managers;
- promoting and supporting creativity, in a manner that denotes ethics and professionalism, manifested by accounting professionals;
- encouraging creativity and confidence in employees' own values;
- providing favorable working conditions for accountants;
- rewarding the favorable results obtained.

We can speak of professionalism in accounting services if the accounting professional:

- acts with enthusiasm to fulfill the obligations specific to the profession,
- is ready to take on tasks with a high level of difficulty;
- correctly appreciates the people they work with,
- shares the joy of success and rewards with the people he works with;
- efficiently uses available time, taking into account priorities.

The transition from the internal to the external environment of an entity is a characteristic, thanks to the activity carried out, of professional accountants, who must carry out their profession in the public interest, regardless of the place where they work professionally.

The honesty and independence of professional accountants are two of the essential values that they should demonstrate, thus contributing to increasing the client's trust in the respective entity, professional ethics contributing on the one hand, to ensuring the provision of a quality service, and on the other hand, to providing the certainty that the activities are carried out by employees with high moral values.

6. PRINCIPLES OF ETHICS IN ACCOUNTING ACTIVITY

The International Code of Ethics for Professional Accountants (including the International Standards on Independence) sets out the fundamental principles of ethics for accountancy.

It reflects the perception of the professions responsible for acting in the public interest. These principles set out the criteria for the behaviour expected of professional accountants. The fundamental principles are integrity, objectivity, professional competence, due care, confidentiality and professional behaviour.

This code provides a general conceptual framework that accountants should apply to identify, evaluate and address threats to compliance with the fundamental principles, while also setting out the provisions and application materials for various subjects to assist accountants in applying the general conceptual framework to these subjects. For inspections, audits and other assurance engagements, the Codex sets out international standards on independence.

This is achieved by using a general conceptual framework for independence threats associated with these engagements. The 2018 edition of the International Code of Ethics for Professional Accountants, which came into effect in June 2019, has been completely reformulated, with a new structure and texts that facilitate travel and easier use. The Code contains several important grades and revisions, including: An improved and remarkable general framework. Clearer provisions on threats to compliance with the core principles and better coordinated independence and safeguards.

A stronger independence provision for the treatment of long-term staff associations with audit or insurance clients. New and revised sections dedicated to employees' accounting experts (PAIBS) in relation to the following Preparation and presentation of information. and Pressure that violates the core principles. Clear guidance for professional practitioners (PAPPS) indicating that the provisions specified in Part 2 of the Code are applicable to the relevant PAIB. Strict PAIB and PAP regulations regarding the offering or acceptance of inducements, including gifts and hospitality. New application material emphasizing the importance of understanding the facts and circumstances in exercising professional discussions. New application material to explain how adherence to the fundamental principles supports the exercise of professional skepticism in review or other assurance engagements.

Integrity - is characterized by the sincerity and correctness shown by the professional accountant in the exercise of his mission, as well as his attitude in indicating the records identified as erroneous, false or misleading;

Objectivity - consists of the accountant's ability not to show any traces of subjectivity, having to be impartial in his professional activity, without the possibility of being influenced by a third party. In the event that these are not met, it can be concluded that the professional, through errors, possible conflicts of interest or external influences, compromises his profession.

Professional competence and prudence - the constant attitude that the professional accountant must demonstrate towards updating knowledge in the respective field in order to provide quality services to his/her client/employer. Also, prudence and compliance of the professional's activity with applicable standards should be paramount for the accountant. This principle implies two important requirements: obtaining competence and maintaining competence.

Confidentiality - consists of the professional's ability not to disclose private information related to the company or client with whom he has or has had a professional relationship, without their consent, except in the case of an obligation imposed by a competent and authorized law enforcement body to request such information. Also, the information must not constitute a means of personal benefits in the interest of the professional accountant. (A.Miroiu, 1995)

Professional conduct - involves the manifestation of professional behavior adapted to the legal regulations in force, applicable to the accountant, which contributes to creating a real and ethical image of the accountant, both in front of the client and in front of the professional body.

Compliance with professional standards - The technical and professional standards specific to accountants are the necessary elements of an action taken by these professionals. Professionals must perform their tasks and according to the wishes and demands of the client, only if they demonstrate integrity, objectivity and independence." (National Code of Ethics for

Independence - Independence represents a set of means by which the accounting expert demonstrates to the public that he can exercise his mission (professional service) in an objective and fair manner. (D. Craciun, 2005)

7. CONCLUSIONS

It is easy to understand that there are problems in respecting the fundamental ethical principles of the profession and here an important role is played by internal and international professional bodies. International because the international development of the profession is desired. There is no definition of what international development means, but it should not be confused with foreign aid or globalization, international development being a result of globalization. This is not limited to economic growth in one country or another but means the "flourishing of the human person", who has the right to development, to the realization of his potentials, to his realization as a being with human status, as Aristotle said.

Also, the developed states must get involved in helping those societies where, for various reasons, people lack the minimum conditions for survival, for a better life and lack the existence of a basis for their future development.

Professional bodies must help not only to solve some short-term problems, but to create policies, structures, means, and changes that lead to a robust and sustainable development in the field. This implies not only guardianship and intervention, but also the strengthening of resources, their identification and improvement.

On the other hand, it is also a problem of the behavior of people who say, "As long as we respect the laws in force, we don't steal and we don't cheat anyone, leave us alone to do our business", taking advantage of the politically unstable environment, economic and legislative, by an incoherent and interpretable legislation.

And finally, an important cause that determines behavior inconsistent with ethical principles is the lack of education in this sense, the lack of time for the inoculation of healthy moral principles. In such an existence, only the work of synthesis with the improvement of didactic and informative methods (that is, ethics and dianoethics) can create a climate conducive to virtues.

This is how the character is shaped, refraining from calling him wise or intelligent, understanding his habitual dispositions we will praise his gentleness and competence. A general ethical conclusion cannot be drawn up inductively, that is, by generalizing particular data and information, gathered from observing what actually happens in the moral behavior of different individuals, but can only be built deductively, starting from a few principles, more or less less obvious, from which to extract a series of necessary and universal consequences that can be applied in different particular situations and individual cases. Therefore, ethical principles cannot be extracted from a series of exemplary facts, as well as any exemplary fact can be discussed whether it is exemplary or not.

In the event of an ethical conflict, the issues you should consider include: the existence or otherwise of other parties who could be brought into the discussion, and confidentiality obligations. Also, due to time pressure from clients, professionals often feel they cannot devote sufficient attention to the proper performance of their profession, which can lead to the possibility of ethical breaches.

Also, if you find yourself unable to establish a conflicting finding from an ethical point of view, the responsibility you should demonstrate is closely linked to identifying a trusted person made available by the professional body or company and tasked by one of the mentioned units to assist you and provide you with independent legal counsel.

The proposals formulated by the person approached, complemented by their own conclusions, constitute the elements that contribute to solving the ethical problem, moreover, these being complemented by clear, justified evidence and relevant evidence to justify the decision formulated.

Finally, conversations, emails, meeting logs, and other documents, including a brief description of the event, can be made available, if they exist.

REFERENCES

1. A. Miroiu , *Applied Ethics* (ed.), Alternative Publishing House, Bucharest, 1995
2. D. Craciun , *Business Ethics* , ASE Publishing House, 2005
3. E. E. Stefan, *Ethics and academic integrity*, Ed.Pro Universitaria, 2023
4. *Ethical Dilemmas Case Studies Professional Accountants in Public Practice*, CCAB, CCAB Ltd, 2022
5. J. Rachels , *Introduction to Ethics* , UNCT Publishing, 2000
6. P. K. McInnery, G. W. Rainbolt *Ethics*, 1994
7. P. Singer , *Treatise on Ethics* , Polirom Publishing House, Iasi, 2006
8. V. Capcelea,, *Treaty of moral ethics and civilized behavior*, Ed. Pro Universitaria, 2024.
9. Bunget, O., Lungu, C., 2023, A Bibliometric Analysis of the Implications of Artificial Intelligence on the Accounting Profession, CECCAR Business Review, Body of Expert and Licensed Accountants of Romania (CECCAR), vol. 4(4), pages 9-16, April.
10. Miti, M., & Ātika, N. & Dhamo, S., 2023, The Role of Accounting Profession in the Fight Against Corruption, European Journal of Multidisciplinary Studies Articles, Revistia Research and Publishing, vol. 8, ejms_v8_i.
11. Tomo A., Spanò, R., 2020, Strategising identity in the accounting profession:, Meditari Accountancy Research, Emerald Group Publishing Limited, vol. 28(6), pages 917-949, April.