



# *Ethics in the formation of the Professional Quality of the Public Accountant*

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## **ABSTRACT**

When we speak of professional ethics in the daily work of the Public Accountant in order to strengthen the work of companies as a challenge to perform a job with quality, efficiency and effectiveness we mean that the Public Accountant, must act with much belligerence and adherence to the rules and ethical principles of the profession, which leads to having a behavior adjusted to the code of ethics of the profession.

In the same way, the Public Accountant, product of his vast experience in the field of accounting and finance, works as an advisor, consultant who develops his professional competence in accounting and finance in order to obtain better results of understanding between the entity and his professional ethics at the service of those who require him to adhere to the rules and procedures established in each entity where he operates. The public accountant in the development of his professional work must comply with the standards established by the International Federation of Accountants (IFAC), which states that in the development of the profession must accept responsibility for the public interest demanded by society in this case the

companies, according to their requirements and according to their various activities. The Public Accountant to better develop his work must be trained and acquire constant knowledge that allow him to perform in the field of accounting with better preparation, professional experience and values of training.

## **INTRODUCCIÓN**

Ethics is understood as the science of human behavior that studies the way human beings act in front of our peers and the way in which we develop in our daily activities.

Professional ethics is recognized as the normative science that studies the duties and rights of professionals in the fulfillment of their professional activities. The profession of Public Accountant, can be exercised both in the public or private sector, since it is a liberal profession, which provides a very wide field of application, but despite that freedom the accountant can not ignore his social responsibility, so his actions must be under rules and / or principles, always acting under the law. (Mosquera Valencia, 2017)

The values, ethics, and professional attitudes that identify the professional accountant as a member of a profession include a commitment to serving the interests of the community, and the International Federation of Accountants (IFAC) emphasizes that a characteristic element of a profession is the acceptance of its responsibility towards the public interest.

Because of its social responsibility, the accounting profession needs a much broader training than the simply technical one; today, more than ever, the professional practice of the Public Accountant guided by ethical standards cannot be postponed. In the field of professional ethics, the International Federation of Accountants (IFAC) does not have direct punitive powers, but has developed, through its Ethics Committee, a set of pronouncements that deploy certain deontological principles of the accounting profession. IFAC contributes to high-quality international standards and guidelines, helps build strong professional accounting organizations and accounting firms, and supports high-quality practices by professional accountants, all the infrastructure necessary for the effective functioning of the world's capital markets. (Petrides Jimenez, 2012)

Today we find ourselves with a degraded society because a large majority of people do not attend to the minimum standards of coexistence and the lack of values in many cases is evident in the daily performance of our professionals in the different areas, which currently has repercussions in major corruption scandals. Thus, it is imperative for different professionals to apply ethical standards when exercising any work independent of the profession and the sector in which they are working.

The accounting profession is an indispensable element for the State, because through the quantification of economic facts, it provides the tools and information necessary to determine and analyze variables of the different economic actors that affect public finances or “public finances”, therefore, the importance of accounting in the State-E relationship should not be ignored. Conomía, it is there where the role of the Public Accountant comes to take on greater relevance, due to the great social responsibility involved in the development of the accounting profession together with professional ethics. (Mosquera Valencia, 2017)

## **THE CODE OF ETHICS**

It is the power of the Professional Associations to establish deontological rules, which adapted to the realities of each profession, help on the one hand to clearly define the desirable ethical conduct of their professionals and on the other hand, avoid unwanted behaviors that result in a demerit of the profession in general that discredits the group of professionals who exercise it.

Codes of ethics are the norms in which the central ideas of corporate conduct are expressed.

The Code of Professional Ethics of the Public Accountant is intended to serve as a standard of conduct for accounting professionals, who, as a profession of scientific and humanistic training, must orient their professional practice to the social function they perform, promoting the conditions for the economic progress and well-being of society.

Codes play an identifying role of the profession vis-à-vis the profession itself. There are a series of rules and provisions that govern the performance of the professional in his permanent relationship with his Colleagues, Clients, State and Public in general, which are provided in a Code of Ethics, which are elaborated and supervised by the respective Professional Association.

The Code of Professional Ethics contains the regulations for our performance in all the tasks we perform, and deals with our responsibility towards society in general.

## **THE CODE OF ETHICS OF THE COLLEGE OF PUBLIC ACCOUNTANTS OF NICARAGUA.**

Novel from many perspectives: It derives from an initiative of the International Federation of Accountants (IFAC), through the International Ethics Standards Board of Accountants (IESBA<sup>1</sup>). The latter independent body develops and issues, in the public interest, high-quality ethical standards and other pronouncements for use by accounting professionals worldwide; and encourages them to set high standards of ethics for accounting professionals and promotes ethics practices globally.

The IFAC Code of Ethics sets out the rules of conduct for all Accountants in the world and determines the fundamental principles that must be respected in order to perfect the common objectives of the profession.

This Code is of undoubted public interest, since it strengthens the actions of professional accountants in Nicaragua and this should contribute to the development of the national economy, since by establishing high-quality professional standards and promoting adherence to them, it adds to the international convergence on these standards and raises the specialization of the profession to higher quality levels. (College of Accountants, 2010)

### **THE CODE OF ETHICS OF THE PROFESSIONAL ACCOUNTANT**

The International Federation of Accountants (IFAC), as established in its constitution, has as its mission “the development and strengthening of the accounting profession worldwide with harmonized standards, capable of providing high quality services in favor of the public interest.”

The International Federation of Accountants (IFAC) has issued the Code of Ethics for professional accountants, which promotes its application by all Accountants in the world.

The IFAC Code of Ethics sets out the rules of conduct for all Accountants in the world and determines the fundamental principles that must be respected in order to perfect the common objectives of the profession.

The Code of Ethics of the Professional Accountant of the International Federation of Accountants (IFAC), recognizes that the objectives of the Accounting Profession are to work at the highest level of professionalism and for this it has four basic requirements: Credibility, Professionalism, Quality of Service, and Trust. (Alatriza Gironzini, 2015)

“When you have the challenge of forming a code of ethics that serves the interests and good performance of the profession at the continental level, you can not subtract from it, the quality standards, designed to obtain and retain customers, ensure trust, train successful professionals. Within these quality standards, ethical standards must be inserted.” (Polar Falcon, 2009)

### **PRINCIPLES, VALUES AND ETHICS OF THE PUBLIC ACCOUNTANT**

According to (Garcia B, 2013) the Public Accountant, as a professional and social responsible, it must acquire on a large scale principles and rules of conduct annexed to the accounting activity, to apply them in the help and timely improvement of the quality of life of the community. In addition, it must study thoughts and generate ideas that raise its intellectual power, taking the past to expand its knowledge and envisioning the future to globalize concepts

from an analytical-progressive perspective, standardizing social concepts to improve the environment in which it develops.

A basic principle of the professional ethics of the public accountant is the responsibility that must have before the company and society, giving guarantee of transparency, generating confidence in each of the processes that involve him and make him participate in the daily events of his business life.

It is of vital importance that the public accountant in the dimension of the theoretical-practical development of his profession acquires on a large scale principles, values and rules of conduct attached to the accounting activity, showing himself as an individual capable of contributing through his behaviors, teachings and at the dawn of growth at the same time as the profession; In this way, a clear respect for accounting will be generated. (Pago Salvatierra & Flores Mendoza, 2014)

According to (Sigcha Garcia, 2014), Ethics is shown in the behavior or responsibility of each person, in the face of facts or actions in a society. It is a daily knowledge that we all exercise at some point. “It highlights the importance for the accountant to acquire commitments to society and to apply professional ethics in his career”

The structural link between the social environment and accounting ethics is not a matter to be spared. Social and economic actors have a great role to play in shaping a social culture of ethics and in contributing to a moral construction of the exercise of the accounting function.

The formation of a responsible culture with the application of ethical principles is cultivated through the sowing of values and the rooting of them, through the application of knowledge, contributing immensely to the formation of a collective consciousness. The correlations between social responsibility and training are summarized in three points: extension of training in certain areas, training to judge situations in line with the social context in which they occur, encouragement of continuing vocational training.

The professional of public accounting when developing his professional work must comply with the social responsibility of being an advisor, consultant and comply with all the requirements that professional ethics and the code of ethics demand in the exercise of his profession with care and strength of knowledge at the service of the company.

The professional practice of the Public Accountant must always be linked to the ethical principles of the profession, regardless of the type of work he develops, that is, in the private sector he must be a guarantor for the State, in tax matters reflecting the information in an impartial and truthful manner complying with all tax obligations; if the case is in the public sector, it must exercise its work with all the professional ethics facilitating that the resources are

executed efficiently and comply with the purposes of the State, mainly the social (Investment in Education, Health, Infrastructure).

### **CHARACTERISTICS OF PROFESSIONAL ETHICS**

Cortina and Conill (2000), cited by (Sources, 2006), state that professional ethics is characterized by the following:

- a. A social human activity, since it is an indispensable specific good.
- b. It is demanded by society.
- c. In addition to including the internal rules of the collective, it takes into account a broader perspective.
- d. Their ethical content derives from the ethical sense that their end provides, the good they contribute or seek and,
- e. It requires the proper use of competence: theoretical training (knowledge-knowledge, learning-culture, technology and foreign languages). Practical training skills, techniques and social: trust, independence, tolerance, discovery of the other, participation in common projects, and intercultural enrichment).
- f. The belonging of an individual to a profession means then, that in addition to the competence of that profession, it shares its inherent ethical principles of action.
- g. Put the accent on what is good to do; that which is proper to each profession on the level of moral behavior.
- h. It discusses the various possibilities of acting well in various professional activities.

In a strict sense, professional ethics are designated only to university careers. In a broader expression, it also covers permanent and remunerated trades and jobs, even if they do not require a university degree.

Therefore, professional ethics is defined by (Sources, 2006), as a set of principles, values and norms that indicate how a professional must behave in order for his exercise to be considered worthy, establishing the best criteria, concepts and attitudes to guide the conduct of himself by reason of the highest purposes that can be attributed to the profession he exercises, as well as their relationships with clients, the public and other public accountants, taking into account the independence, self-discipline and moral integrity of the professional. (Hernandez, 2010)

In a professional sense, ethics implies a way of carrying out the work of convening, responsibility, intellectual and practical honesty, which is denoted in the moral commitment to the professional work of each human being, where knowledge does not influence, but to do good or bad that work, that is, it is an inescapable commitment to one's own being, an inviolable principle that cannot be abandoned or defrauded, since what is done cannot be done wrong.

By acting well at work, he integrates well into the work with the individual's own life, and therefore, with that of others; in a natural sense of community, where professional ethics form an ethical imperative of man's existence, which is born as a loyalty with its own vocation, based on the ethical foundation of being and of the work in a certain way of life. Therefore, since there is no professional ethics in what is done, work becomes a way of obtaining money, but the work is not executed, failing in what is, since as in any moral act, professional ethics makes the individual honorable. (Hernandez, 2010)

## **CONCLUSION**

The use of standards and codes in professional ethics can serve as a tool in order to achieve acceptable moral behavior on the part of accounting professionals, but for this ethics must be previously based from the philosophical point of view and determine the principles that, in a rational way, will govern the rules of conduct. The codes of conduct that apply in much of the world, such as the code of the International Federation of Accountants IFAC and the Code of the American Institute of Certified Public Accountants (AICPA), do not clarify in any case whether a foundation was made prior to the establishment of the principles they contemplate, and although both propose principles, much of it is dedicated to the application of the same to specific cases of professional practice.

The accounting professional must comply with rules, procedures, laws and codes of ethics in their training and development of the profession, which will allow them to perform better with professional values at the service of the society that demands them. In the same way, it must be continuously trained to empower itself with new knowledge and training strategies in the field of accounting, finance and other branches of the economy.

The professional of public accounting when developing his professional work must comply with the social responsibility of being an advisor, consultant and comply with all the requirements that professional ethics and the code of ethics demand in the exercise of his profession with care and strength of knowledge at the service of the company.

The professional practice of the Public Accountant must always be linked to the ethical principles of the profession, regardless of the type of work he develops, that is, in the private sector he must be a guarantor for the State, in tax matters reflecting the information in an

impartial and truthful manner complying with all tax obligations; if the case is in the public sector, it must exercise its work with all the professional ethics facilitating that the resources are executed efficiently and comply with the purposes of the State, mainly the social (Investment in Education, Health, Infrastructure).

The Public Accountant is a special call to compliance with the Code of Professional Ethics since we are depositaries of Public Faith at the time of validating with our signature and professional card a document, therefore, we must look at the repercussions that such information has on society because we must always tend because the general interest prevails over the particular with respect and compliance with the professional ethics of the individual.

The Public Accountant, as the depositary of public trust, "attests" when he signs a document that expresses opinion on certain past, present or future economic events. In its actions, the Public Accountant must consider and analyze the user of its services as an independent economic entity, observing in all cases the Principles of: Integrity, Objectivity, Independence, Responsibility, Confidentiality, Respect, Observance of regulatory provisions, Competition, Professional Updating, Dissemination and Collaboration, Respect among colleges, and Conduct and Conduct impeccable.

The knowledge and application of the rules of the Code of Professional Ethics of the Public Accountant is of vital importance in their professional performance, since it is a requirement in their professional work of great value for their behavior before the company and society that demands them daily for a good professional service with quality, since as is known the public accountant is in his daily work with many deficiencies and visible errors on the part of officials who lack ethical values and secrecy of information, which forces him to exercise his profession with belligerence, respect for ethics and the code of professional ethics.

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