

Integrity

“Being straightforward and honest in professional and business relationships; fair dealing and truthfulness; not being associated with information that contains materially false or misleading statements or information furnished recklessly.”

CNCC (Compagnie Nationale des Commissaires aux Comptes), the French Institute of Statutory Auditors, is pleased to submit its comments on the “Integrity” discussion paper.

1. What does integrity mean for you?

In the French Code of conduct, integrity means honesty and uprightness. The French Code of ethics (art 3-entitled “integrity”) contains provisions for professionals to practice with honesty and uprightness and to refrain from any behaviour against honour and probity. As an illustrative example of this situation, before engaging any professional activity, The French professionals are subject to a public oath which includes practicing with honesty, uprightness and independence and to respect laws and make them be respected.

2. Is integrity the core principle in professional behaviour? If yes, why?

According to the French principles related to professional behaviour, integrity is one of the core principles among other principles such as independence. It should be noted that CNCC is a body which gathers all the statutory auditors in France and therefore independence is also a key concept probably as essential as integrity. Moreover, for the French profession, integrity is, first of all, a personal quality.

3. What are the threats to ethical behaviour?

Self interest, greed, incompetence and fear are the main ones.

4. How do these threats change as the economic climate changes?

We believe that as the economic climate changes, the threats become more acute although their nature remains the same. The economic climate can contribute in increasing certain risks for professional behaviour.

5. How is integrity instilled in your audit firm or your organisation? Does it always work? How could it be improved?

As a professional body CNCC promotes values such as integrity. CNCC believes in a tone at the top policy and instils integrity in its members through information, and the professional training courses that are proposed to our members. Moreover, CNCC and H3C (the French oversight) are entitled to take any disciplinary action against a professional who fails to respect ethical prescriptions.

6. *Do readers agree that integrity is actually the core principle and should be highlighted as such, compared with the other fundamental principles referred to in paragraph 2.3? If not, why not?*

According to what is explained above in question 2, for the French auditing profession there is another principle as important as Integrity which is independence. This is the reason why we don't agree on integrity being the only core principle and, therefore, should be highlighted as such.

7. *Do the other fundamental principles derive from integrity or are they complementary to it? Please explain your rationale?*

As we have explained above, we believe that Integrity is a principle which relates to a personal quality and therefore it can be part of fundamental principles such as independence. Accordingly we do not think that Integrity is necessarily the core principle. But we believe that integrity is a cross-quality that can't be per se self-sufficient as it is a component of other principles.

8. *From the perspective of professional ethical behaviour, does the quality of the persons' character matter if their actions are consistent with expected standards? Does this have consequences for the disciplinary process?*

Yes, it does. For the French statutory auditors' profession the scope of the disciplinary action may include private behaviour. Therefore, we can say that the quality of the person's character matters if his action, professional or personal, is not consistent with expected professional ethical standard.

9. *Do readers believe that the perceived integrity of the profession as a whole impacts upon the integrity of individuals within it? Again, does this have consequences for the disciplinary process?*

Yes, we believe that the perceived integrity of the profession may have an impact on the integrity of individuals concerned. The overall perceived image of the profession may create disrepute of the profession as a whole and therefore may impact general behaviour of individuals. Please refer to our previous answer.

10. *Would it be helpful for codes of ethics of accountancy bodies to include further discussion on integrity? If so, what are the key points that should be included?*

For the reasons explained above, we don't believe it would be necessarily helpful for the accountancy bodies' codes of ethics.

11. *Should there be greater clarity of the extent to which personal integrity would affect professional integrity, to enhance harmonisation? What sort of personal behaviour should merit professional disciplinary action?*

We believe that the existing cultural differences between the member bodies would make it very difficult to provide written detailed explanations on the extent to which personal integrity would affect professional integrity. We are attached to a principle-based Code and we believe that additional material in this respect would not help and may include risks of drifting towards a rule-based approach. We believe that harmonisation can be reached through the principles and guidance.

12. Do you agree with the behavioural characteristics discussed in paragraph 5.2? If not, please explain what should be changed.

We believe that a): “being straight forward, honest and truthful” and b): “dealing fairly” are characteristics sufficient enough for someone to behave with integrity. The other characteristics proposed are in fact notions that have no direct connection with integrity or that are redundant as they are part of integrity. For example honesty leads to c) “complying with the spirit as well as the letter of laws and regulations “. Moreover, we would like to point out the fact that the proposed definition of integrity refers to the notion of public interest which is not defined in the Code.

13. Are there further behavioural characteristics that should be expected of someone behaving with integrity in a professional context, other than those listed in paragraph 5.2? If so, what?

For the reasons already exposed we don't believe that there are any further behavioural characteristics that should be expected of someone behaving with integrity in a professional context other than being straight forward, honest and truthful or dealing fairly.

14. Do readers agree with the indicators discussed in 6.7? Are there others, and if so what?

As a professional body we can't answer to this type of question.

15. Do readers agree that organisations should have clear ethical values and that in all but the smallest organisations this will require the organisation to have a code of conduct? If not, please explain your rationale.

It should be noted that CNCC is a body which gathers exclusively professionals in public practice and therefore it is difficult for us to provide a clear view on this issue.

16. Who should be responsible for ensuring that ethical behaviour is embedded in organisations?

As a professional body we can't answer to this type of question.

17. Is it reasonable to expect professional accountants to promote an ethics-based culture in their organisations? If so, should there be greater guidance and what are the key points that it should include?

As a professional body we encourage statutory auditors to promote ethics-based culture and policy and procedures in their firms. But we believe that it is up to each of them to implement ethical behaviour freely into their firms and we do not believe that greater guidance is necessary.