



Consiglio Nazionale
dei Dottori Commercialisti
e degli Esperti Contabili

Integrity in Professional Ethics

A discussion paper

FEE – Fédération des Experts comptables Européens

Observations

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Q1. What does integrity mean for you?

R1 We think that integrity is the honesty and fairness the professional accountant is required to apply to all his/her activities and relations, both professional and personal.

Q2. Is integrity the core principle in professional behaviour? If yes, why?

R2 Yes, we consider integrity as the core value, all other principles, such as objectivity, professional competence and due care, confidentiality, professional behaviour, are subject to integrity.

Q3. What are the threats to ethical behaviour?

R3. We think that a lack of independence and carefulness, the search for success by all means, the incapacity of judgment and the extreme fragmentation of the work that forbids to perceive it as a whole, **an inadequate ethical education (which results in “naïve” mistakes), an insufficient knowledge of the wider social and economical environment within which the professional service is provided** are the main threats to the ethical behaviour.

Q4. How do these threats change as the economic climate changes?

R4. They change in an inversely proportional way, we deem, however that an ethical behaviour allows in any case to overcome bias related to economic changes.

Q5. How is integrity instilled in your audit firm or your organisation? Does it always work? How could it be improved?

R5. Integrity is promoted through the preparation of the Ethics Code and the application, within the professional practice, of appropriate ethics principles by the *dominus*.

Q6. 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?

R6. Yes

Q7. Do the other fundamental principles derive from integrity or are they complementary to it? Please explain your rationale?

R7. We believe that the other fundamental principles identified (objectivity, professional competence and due care, confidentiality, professional behaviour) result from integrity and are complementary



to it. The objectivity- intended as not allow bias, self interest or undue influence of others to override professional or business judgments – is, as a matter of fact, an application of the integrity. Similarly, professional competence and due care, intended as the capacity to provide clients with high quality professional services, are a practical expression of the integrity principle, and also confidentiality results from the application of this principle. Finally the professional behaviour, being a behaviour characterized by dignity, honour, credit and aimed at protecting the image of the profession also outside its practice, is obviously one of the way professionals show their integrity.

Q8. 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?

R8 We believe that the character does not matter if the behaviour is a professional ethical behaviour.

Q9. 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?

R9 Yes

Q10. 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?

R10. We believe that the Code of Ethics already provides fundamental guidance. It can be helpful however to integrate it in some part, where appropriate.

Q11. 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?

R11. We consider integrity as the fundamental value for the professional as a person. Therefore the disciplinary procedure is necessary when there is a damage to the reputation of the profession or to the public interest.

Q12. Do you agree with the behavioural characteristics discussed in paragraph 5.2? If not, please explain what should be changed.

R12. Yes

Q13. 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?

R13. We deem that also in the private sphere (or while undertaking private activities) an ethical behaviour is required.

Q14. Do readers agree with the indicators discussed in 6.7? Are there others, and if so what?



R14. Yes

Q15. 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.

R15. Yes

Q16. Who should be responsible for ensuring that ethical behaviour is embedded in organisations?

R16. We think that this is a responsibility of the management of the professional practice, the professional association or the audit firm and also of the person responsible for corporate compliance, if any.

Q17. 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?

R17. Yes, in particular some action at international level would be welcome.

With reference to paragraph 8, we wish to underline that the National Council is required by the law to apply the Code of Ethics and the disciplinary procedure in case of non compliance with ethics requirements. The Code of Ethics is, as a matter of fact, a legislative rule, which is mandatory for all the members of the professional category who are subject to disciplinary sanctions. The juridical value of the ethics requirements is based upon the principles contained in the professional legislation.

In exercising the disciplinary function, the National Council acts as a special jurisdiction belonging to the general jurisdiction of the State, and as such, directly interpretable by the court responsible of the legal profile.