

The Maturity Model™ in Action

ETHICS

Guidance Series
for the development of
Professional Accountancy Organisations

Endorsed by



CONTENTS



ENDORSEMENT AND FOREWORD	2
PREFACE	3
The Maturity Model	
Professional Ethics and the Maturity Model	
WHY	6
The Public Interest	
Public Trust in Business and Government	
Support for the Professional Accountant	
Leading by Example	
IFAC Membership Requirements	
WHAT	10
The IESBA Code	
Adoption and Implementation	
Use of Language	
PAO Operations	
Education and Professional Development	
Monitoring and Enforcement	
Speaking Out	
Some Advanced Considerations	
HOW	25
Adoption of the IESBA Code in accordance with Local Laws and Regulations	
Support on Non-compliance with Laws and Regulations (NOCLAR)	
Standards-based Ethics Committee	
Ethics Specialist	
Ethics Survey	
Professional Qualifications with Ethics Modules	
Ethics as part of Mandatory Practical Experience Requirements	
Ethics related Mandatory Continuing Professional Development	
Applying Ethical Requirements and Behaviours	
Mental Health Support Initiatives	
Supporting Members on Ethical Issues	

About CAPA

CAPA represents the regional voice of the accountancy profession across Asia Pacific, comprising 29 Professional Accountancy Organisations (PAOs) from 21 jurisdictions. Collectively, CAPA's members represent nearly three million accountants worldwide, advancing financial integrity and good governance across the region.

Recognised by the International Federation of Accountants (IFAC) as the regional organisation for the Asia Pacific, CAPA serves as a vital bridge between regional and global professional developments, bringing the perspectives of the profession in Asia Pacific to international stage.

Through CAPA, our members gain access to IFAC global initiatives, standards and policy dialogues, ensuring the region remains aligned with evolving global practices while addressing local priorities. Established nearly seven decades ago, CAPA is driven by its mission to enhance the value and influence of the accountancy profession in the Asia Pacific across the region by:

- Strengthening and advancing PAOs to ensure a resilient and future-ready profession.
- Championing ethics, trust and excellence through high-quality accounting, reporting and assurance.
- Serving as the collective voice of the profession to advance transparency, accountability and inclusive, sustainable growth for the region.

About the Guidance Series

The Guidance Series has been produced to facilitate the application of CAPA Maturity Model to support the development of Professional Accountancy Organisations (PAOs). Supported by the CAPA Member Development Committee (MDC)¹, the series provide PAOs with practical tools, guidance and shared knowledge to strengthen their organisations and ensure long term sustainability.

The complete guidance series, along with other development resources is available for download at www.capa-apac.org. We welcome any feedback or comments on these publications, which may be sent to admin@capa-apac.org

¹ Formerly the Professional Accountancy Organisation Development Committee (PAODC)

Endorsement



The International Federation of Accountants (IFAC)

IFAC, by connecting and uniting its members, makes the accountancy profession truly global.

IFAC member organisations are champions of integrity and professional quality and proudly carry their membership as a badge of international recognition.

IFAC and its members work together with the Forum of Firms and other key stakeholders to shape the future of the profession through learning, innovation, a collective voice, and commitment to the public interest.

A key focus for IFAC is supporting the development of PAOs.

IFAC endorses this publication, which it recommends to existing and aspiring PAOs around the world seeking to develop and strengthen the support they offer their members in complying with ethical standards.

Foreword



Ethics is about more than compliance, it's about doing the right thing, even when it's hard. This mindset is essential not only to the accountancy profession and its public-interest mission, but to society as a whole.

At IESBA, we set high-quality international ethics and independence standards to foster ethical business conduct and build public trust in financial and non-financial information, which are the foundations of resilient organisations, markets and economies. The IESBA Code of Ethics for Professional Accountants is global in reach yet adaptable to jurisdiction-specific needs and realities, setting a high bar for ethical conduct everywhere.

Professional Accountancy Organisations (PAOs) are pivotal in embedding these standards. IESBA encourages PAOs to champion ethics, support continuous education and advocate for integrity across the profession and the wider business community.

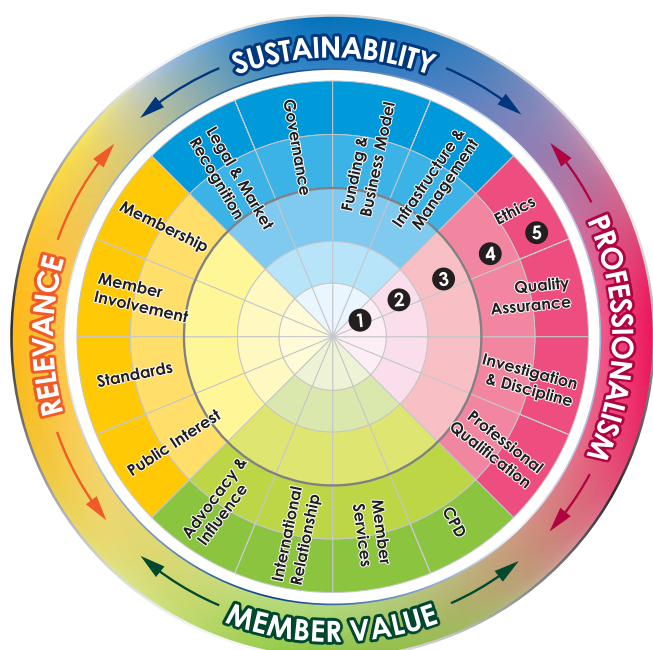
The Maturity Model for the Development of Professional Accountancy Organisations, developed by the Confederation of Asian and Pacific Accountants (CAPA), provides valuable practical guidance to PAOs in promoting ethical behavior in their own jurisdictions. We commend CAPA for its leadership in advancing ethics throughout the region.

Gabriela Figueiredo Dias
Chair, International Ethics Standards Board for Accountants (IESBA)

PREFACE

THE MATURITY MODEL™

The Maturity Model² is a support tool that allows PAOs to take a systematic approach to their organisational development. Its open approach and user-friendly interface present a clear value proposition that is unique on the international PAO development stage. Additionally, the Maturity Model™ helps PAOs make and carry out their commitment to excellence, easily tracking their progress along the way. It provides a holistic, proven and easy-to-scale framework that PAOs can interpret within their own context. This flexibility allows PAOs to decide on their own purpose and on the pace of improvement efforts.



“ A useful approach may well be to ... use the ‘PAO maturity model’ ... to ensure a comprehensive assessment is completed and that a properly tailored approach is taken to capacity development based on each PAO’s local context. ”

– Current Status of the Accounting and Auditing Profession in ASEAN countries (September 2014), The World Bank

The Maturity Model comprises sixteen key success areas (KSAs) across four broad characteristics. The characteristics - *sustainability, relevance, professionalism and member value* – are presented around the outside of the model, which takes the shape of a wheel, with the KSAs listed on the inside. Although each KSA is considered important, it is recognised that the required emphasis may vary based on the organisation concerned.

Characteristic	Key Success Areas	Description
SUSTAINABILITY	Legal & Market Recognition	An acknowledged reason to exist
	Governance	Oversight, direction and control arrangements
	Funding & Business Model	A strategy and plans for long-term viability
	Infrastructure & Management	Appropriate systems, processes and people
RELEVANCE	Membership	Criteria for admission and levels of membership
	Member Involvement	Member needs and views understood
	Standards*	International technical and ethics standards adopted and implemented
	Public Interest	Generates benefits for all society
PROFESSIONALISM	Ethics*	Established ethics standards for the profession
	Quality Assurance*	Standards for delivering services to the public
	Investigation & Discipline*	Maintains standards of membership
	Professional Qualification*	Established required-competency benchmark
MEMBER VALUE	Continuing Professional Development*	Supports member competency
	Member Services	Responds to member needs; provides value
	International Relationships	Internationally connected and continually improving
	Advocacy & Influence	Recognised voice on topics of relevance

* These KSAs link to IFAC’s Statements of Membership Obligations (SMOs)

² The Maturity Model for the Development of Professional Accountancy Organisations publication, and a number of associated detailed guides, can be downloaded at www.capa-apac.org

PREFACE

Ethics is one of the four KSAs for professionalism. Guidance series have already been issued for other KSAs for professionalism, **(i) Quality Assurance for Audit** >>, **(ii) Investigation & Discipline** >> and **(iii) Professional Qualification** >>. It should also be read in conjunction with CAPA guidance on **PAO Governance** >> and on **Continuing Professional Development (CPD)** >>.

PROFESSIONAL ETHICS AND THE MATURITY MODEL™

Each KSA within the Maturity Model™ is accompanied by an attribute table³ that assists PAOs in assessing their current level of maturity and considering the desired level they wish to attain for each KSA. In each attribute table, five possible levels of maturity are distinguished. As PAOs mature, they typically pass through each of these development levels, which can be characterised by attributes representing:

1. Ad hoc or no practices
2. Informal practices
3. Good practices
4. Strong practices
5. Best practices

Striving for best practices in all KSAs may not always be feasible due to varying contextual and regulatory environments. However, PAOs are encouraged to attain good practices as a minimum for all KSAs.

THE ATTRIBUTE TABLES

Ethics¹⁸ - Establishing clear and appropriate standards of conduct.

Aspect	1	2	3	4	5
Law and regulation	Few or no legal or regulatory requirements	Limited engagement with government or regulators	Clear legal or regulatory requirements in place	Systematic monitoring and review of legal or regulatory requirements	The "go to" body for government or regulators when reviewing requirements
Awareness	No understanding of ethical requirements as a core attribute of a PAO	Some engagement with members	Members and staff understand the requirements	Engages in debate, with comments valued by key influencers as authoritative and constructive	Widespread public awareness that members are required to behave ethically
Implementation and reporting	No reaction to problems No commitment to developing and implementing ethical requirements	Plan of action under development	Buy-in by members to be compliant Implementation plan aligned with investigation and discipline framework	Effective implementation that encourages acting in the broader public interest where appropriate Discipline consistently applied and outcomes published	Recognised nationally and internationally as a role model Advisory helplines and support schemes in place Proactive and external review
Training	Few or no training opportunities	Training programme in development	Training programme in place	Training fully integrated into CPD programmes	High-quality training programme, regularly updated in the light of practical experience
SMO compliance ¹⁹	Not active	Considering how to address the requirements of SMO 4	Has a defined plan to address the requirements of SMO 4	Executing and implementing the requirements of SMO 4	Ongoing commitment to continuous improvement in addressing requirements of SMO 4

¹⁸ Ethical requirements apply to the staff as well as to the members of PAOs. PAOs should comply with good practice in the way they are managed, governed, and financed. Their members should similarly comply with good practice in whichever sector or jurisdiction they work. It is assumed that even where ethical standards and codes are set by government, regulators, or other appointed authorities, the PAO will have a role in encouraging compliance by its members.

¹⁹ SMO 4 - International Code of Ethics for Professional Accountants (including International Independence Standards).

³ The attributes included in the attribute tables are not necessarily exhaustive and should be viewed as examples.

THE ETHICS GUIDE

Ethical requirements (i.e. established clear and appropriate standards of conduct for professionals) lie at the core of professional accountancy. Being bound to a code of ethics is a key characteristic of what it means to be a professional, and members' compliance with such a code is a key measure of what it means to be an effective PAO. Moreover:

“ Regulation will not be effective unless it is accompanied by ethical behaviour. Regulatory systems should be designed to promote and achieve this behaviour. It is ethical behaviour that ultimately guarantees good service and quality. ”

– IFAC position paper, 'The Regulation of the Accountancy Profession' , September 2011

The adoption and implementation of ethical requirements by PAOs is a must, not an option. It entails, at its most effective, working with government, regulators, training providers and the business community in all sectors, public and private alike, to embed ethical behaviour into the DNA of the professional accountant.

This guide provides the “**why**,” “**what**” and “**how**”. It explains why a strong commitment by PAOs to professional ethics is so important; highlights the key components of robust systems that comply with international requirements; and provides tools, templates and examples to assist with implementation.

In offering examples that resonate in Asia Pacific, the guide draws on the experience of those CAPA members assessed by IFAC as being in full compliance with the International Code of Ethics for Professional Accountants (Statement of Membership Obligation – SMO 4). It offers practical guidance to PAOs without established or mature systems in place while acknowledging that it can take years to design and implement sound arrangements. The timeframe will depend on the PAO's level of commitment to professional ethics as a fundamental requirement, on the level of available resources, and on the legal and regulatory framework within which the PAO and its members operate.

While this ethics guide is primarily intended for PAOs that lack established or mature approaches to implementing ethical requirements and behaviours, a section on “**Advanced Considerations**” >> is included to offer aspirational content and to reinforce that understanding and complying with professional ethics requirements is a constant and continuing commitment.

The terminology used throughout this guide reflects common usage by the global accountancy profession.

A strong commitment by PAOs to professional ethics is important because:

- It is central to the accountancy profession acting in **the public interest**;
- It fosters **public trust in business and government**;
- It provides **support for the professional accountant**; and
- It positions **PAOs as leaders**.

It is for these reasons that **membership in the International Federation of Accountants (IFAC)**, the organisation representing the global accountancy profession, requires PAOs to identify and undertake actions to adopt and implement the International Ethics Standards Board for Accountants (IESBA) 'International Code of Ethics for Professional Accountants (including International Independence Standards)' - (the IESBA Code).

“ Corruption remains one of the most pressing challenges of our time. It promotes mistrust in governments, public institutions, banks, corporations, politicians, political parties, democracies, you name it. It corrodes our social fabric. ”

– José Ángel Gurría, former OECD secretary-general
9th Annual Conference: International Forum on Business Ethical Conduct, November 2018

THE PUBLIC INTEREST

A distinguishing characteristic of the accountancy profession is its responsibility to act in the public interest. Professional accountants meet this responsibility by upholding the fundamental principles and complying with the requirements of the Code. In doing so, they consider not only the preferences or requirements of individual clients or employing organisations, but also the broader interests of other stakeholders when performing professional activities.

Professional accountants use their professional judgement to apply their relevant training, professional knowledge, skill and experience commensurate with the facts and circumstances to reach informed decisions. They have a responsibility to act in the public interest and to comply with fundamental ethical principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. Where appropriate, professional accountants must also apply the independence provisions. Furthermore, they need to act, and to be seen to act, in a way that generates and maintains public trust in the firm, and ultimately, the profession.

“ The purpose of these revisions to the Code are to better promote the role and mindset expected of all professional accountants.

The revisions explicitly recognise that the accountancy profession is entrusted with public confidence in the wide-ranging roles it plays in society and that such confidence is based on the skills and values it brings to its professional activities. Importantly, they reaffirm the profession’s responsibility to act in the public interest and the fundamental role of the Code in meeting that responsibility. ”

– IESBA Pronouncement, October 2020

Public interest obligations constitute the cornerstone of the accountancy profession, underpinning the professional ethics requirements laid down by PAOs to their members. Just as the medical profession commits to ‘do no harm’ and the legal profession commits to its ‘duty to the court’, so must the accountancy profession commit to acting in and protecting the public interest. In doing so, PAOs and their members acknowledge and accept that the public interest is paramount. This applies even when to put the public interest first may seem to disadvantage PAOs’ members. It is a distinguishing mark of professionalism.

Looming crises, such as technological disruption and climate change, have influenced and expanded the traditional notions of the public interest. One of the most notable shifts in this broader understanding of public interest is the growing emphasis on the Environmental, Social and Governance (ESG) agenda. These shifting priorities highlight how societal values influence the practical considerations of acting in the public interest, broadening the range of issues—such as inclusivity, sustainability, and ethics.

In setting out PAO public interest responsibilities, it is hard to better the criteria for the professions listed by Lord Benson, a chartered accountant, in a speech to the UK House of Lords in 1992⁴. Nearly thirty years on, perhaps the only thing that has changed are public expectations:

“ Putting the public interest first is ... of increasing importance... Accountants can no longer turn a blind eye or claim they were just working to the brief. ”

– Clare Payne, former EY Oceania Fellow for Trust and Ethics, Chartered Accountants Australia and New Zealand Acuity magazine, December 2018

PAO public interest responsibilities – nine criteria for the professions as set out by Lord Benson:

1. The profession must be controlled by a governing body, which in professional matters directs the behaviour of its members. For their part, the members have a responsibility to subordinate their selfish private interests in favour of support for the governing body.
2. The governing body must set adequate standards of education as a condition of entry and thereafter ensure that students obtain an acceptable standard of professional competence. Training and education do not stop at qualification. They must continue throughout the members' professional life.
3. The governing body must set the ethical rules and professional standards that are to be observed by the members. They should be higher than those established by the general law.
4. The rules and standards enforced by the governing body should be designed for the benefit of the public and not for the private advantage of the members.
5. The governing body must take disciplinary action, if necessary expulsion from membership, should the rules and standards it lays down not be observed, or should a member be guilty of bad professional work.
6. Work is often reserved to a profession by statute – not because it was for the advantage of the member but, because of the protection of the public, it should be carried out only by persons with the requisite training, standards and discipline.
7. The governing body must satisfy itself that there is fair and open competition in the practice of the profession so that the public is not at risk of being exploited. It follows that members in practice must give information to the public about their experience, competence, capacity to do the work and the fees payable.
8. The members of the profession, whether in practice or in employment, must be independent in thought and outlook. They must be willing to speak their minds without fear or favour. They must not allow themselves to be put under the control or dominance of any persons or organisations that could impair that independence.

PAOs work in the public interest by:

- Requiring their members to comply with the fundamental principles and apply the Conceptual Framework set out in the IESBA Code
- Offering their members guidance, training, development and support
- Monitoring behaviour and taking appropriate action where members fall short
- Raising awareness of ethical principles and requirements to a wider audience
- Committing to continuous review and improvement

⁴ Benson, Lord, 1992. “Criteria for a group to be considered a profession” as recorded in Hansard (Lords) 8 July. 1206-1207 and reproduced in ‘British Professions Today: The State of the Sector’, Spada Research 2009

PUBLIC TRUST IN BUSINESS AND GOVERNMENT

Corporate failures and government shortcomings over the past 2 decades have led to widespread grievances globally, eroding public trust in business and government. The Edelman Trust Barometer highlighted a growing distrust in traditional sources of authority. Institutions must work proactively to rebuild credibility through transparency, ethical leadership, and meaningful public engagement.

Falling Levels of Public Confidence

The 2018 Edelman Trust Barometer found the lowest levels of public trust in governments and business since the global survey began in 2001. The 2019 Barometer, which surveyed 27 major economies including 11 in Asia Pacific, found a world united in sharing an urgent desire for change:

“ The system isn’t working. Only one in five feels that the system is working for them, with nearly half of the mass population believing that the system is failing them. ”

– Edelman Trust Barometer 2019

The 2022 Barometer (surveyed 28 Countries including 12 in Asia Pacific), found that the world is failing to meet the unprecedented challenges of our time because it is ensnared in a vicious cycle of distrust:

“ Nearly 1 out of 2 respondents view government and media as divisive forces in society... “ fuelling a cycle of distrust...” which has “ ...created an over-reliance on business to fill the void.” ”

– Edelman Trust Barometer 2022

The 2025 Barometer (surveyed 28 Countries including 12 in Asia Pacific), found that majority hold grievances against government and business:

“ 61% have a moderate or high sense of grievance, which is defined by a belief that government and business make their lives harder and serve narrow interests, and wealthy people benefit unfairly from the system. ”

– Edelman Trust Barometer 2025

High-quality work engenders trust, and trust is fundamental to generating and supporting effective and sustainable businesses, governments and economies. While professional accountants alone cannot ensure confidence and trust in business and government, the wide variety of roles they play in business and government makes it essential that they take responsibility as individuals for their behaviour.

The conduct of professional accountants underpins the quality of their work, influencing how they are perceived by clients, employers and the wider public. More broadly, their conduct influences the quality of their working relationships with all those with whom they come into contact in the course of their duties (e.g. fellow professional accountants, other professions, regulators, government, corporates, the judiciary and the wider public). Their conduct has an impact on the wider reputation of the profession and hence on levels of public confidence in the profession.

Public trust is strengthened when professional accountants adhere to clear expectations and requirements set out in their professional code of ethics. The very existence of such a code signals the profession’s commitment to ethical standards and accountability. Trust is further reinforced by a robust system of monitoring and enforcement that ensures compliance with the code. These mechanisms serve as a key differentiator, particularly in jurisdictions where individuals who are not professionally qualified or members of a PAO are not prevented in law from calling themselves accountants.

IFAC continues to promote the highest ethical standards for the accountancy profession:

IFAC Strategic Plan 2025

“The public and regulatory reaction to high-profile corporate failures and other ethical breaches in many jurisdictions has made clear that the stakes for public trust in the profession are extremely high.”

“Professional accountants who materially and vocally demonstrate integrity in their work can make exceptionally large contributions to public trust in an environment of economic uncertainty and diminishing trust.”

Most important of all, professional accountants working in the public interest cannot do so in isolation from the public they serve:

Acting in the Public Interest: A Framework for Analysis, ICAEW

“The true measure of whether someone is acting in the public interest lies in the confidence of those affected, not those making the pronouncements.”

SUPPORT FOR THE PROFESSIONAL ACCOUNTANT

The exercise of professional judgement can feel, at best, complex and, at worst, impossible. It can make a professional accountant feel lonely. Professional accountants can be pressurised by clients, employers, fellow professionals, governments or commercial concerns to act in a particular way. There may well be no easy answers to the challenges they face.

Professional accountants therefore need the support of their PAO. They need confidence that their PAO will offer relevant and robust training, guidance and advice. They need confidence that their PAO will take appropriate action against fellow members should they fail to comply with ethical requirements. Furthermore, they need confidence that their PAO will work with standards-setters, regulators and businesses to encourage the development of ethics requirements and materials that are justifiable, workable and proportionate.

PAOs AS LEADERS

PAOs are supporters and cheerleaders of their members but also taskmasters with disciplinary powers. There is a balance to be struck, a balance which inevitably involves the exercise of professional judgement. In short, a PAO must take the lead, demonstrating by its behaviour the very attitudes it requires of its members. This is the case regardless of whether the PAO itself sets the ethical requirements with which members must comply or whether such requirements are set by external authorities. Demonstrating such leadership earns PAOs the respect of their members (both present and future), of fellow PAOs within and beyond their jurisdictional borders, of government and regulatory authorities, and of the wider public.

Matters of trust and ethics are in the spotlight, nationally and globally. Ethics is no longer a secondary consideration – it is front and centre. While adopting and implementing a code of ethics is core to embedding ethics into the way PAOs and their members operate, there is much more that PAOs can, and should, do. This Guide addresses the basics and poses more advanced considerations. It looks at:

- Adopting a Code of Ethics that is the IESBA Code or a code that is no less stringent than the IESBA Code, in compliance with IFAC requirements and with local laws and regulations
- Use of language
- PAO operations including governance and resources
- Education and professional development
- Monitoring and enforcement
- Speaking out

THE IESBA⁵ INTERNATIONAL CODE OF ETHICS FOR PROFESSIONAL ACCOUNTANTS (INCLUDING INTERNATIONAL INDEPENDENCE STANDARDS)

The Code sets out five fundamental principles in Part 1 of the Code, for all professional accountants:

- Integrity
- Objectivity
- Professional Competence and Due Care
- Confidentiality
- Professional Behaviour

Section 120 in Part 1 of the IESBA Code sets out requirements and application material, including a conceptual framework, to assist professional accountants in complying with fundamental principles and meeting their responsibility to act in the public interest. The conceptual framework specifies an approach for a professional accountant to:

- a) identify threats to compliance with the fundamental principles,
- b) evaluate the threats identified, and
- c) address the threats by eliminating or reducing them to an acceptable level.

Part 2 of the Code is for professional accountants in business, Part 3 for professional accountants in public practice, Parts 4A and 4B set International Independence Standards for audit, review and other assurance engagements and Part 5 sets International Ethics standards for sustainability assurance practitioners when performing sustainability assurance engagements.

The Code requires the exercise of professional judgement and an inquiring mind, including the use of a reasonable and informed third party test. There may be circumstances where the professional accountant must decline or end an activity or service when threats to compliance to the fundamental principles cannot be eliminated or reduced to an acceptable level.

The Code continues to be reviewed, updated and strengthened for ongoing developments in the accountancy profession to reflect changing conditions and expectations.

⁵ The International Ethics Standards Board for Accountants (IESBA) is an independent global standard-setting board. The IESBA serves the public interest by setting high-quality, international ethics (including independence) standards as a cornerstone to ethical behaviour in business and organisations, and to public trust in financial and non-financial information that is fundamental to the proper functioning and sustainability of organisations, financial markets and economies worldwide.

ADOPTION AND IMPLEMENTATION

IFAC Membership Requirements

Along with access to the international PAO community and the incumbent status this offers, IFAC membership brings with it the requirement to meet a range of inter-related benchmarks including adoption of international standards for education, audit and assurance, ethics, public sector accounting and financial reporting. In setting these requirements, IFAC recognises that local law and regulation has primacy and that there may be circumstances where it is not possible for international standards to be applied in full as PAOs in different jurisdictions may have different degrees of responsibility for meeting the requirements (ie direct responsibility, no responsibility or shared responsibility).

Under Statement of Membership Obligation 4 (SMO 4), it states that where:

- a) PAOs have **direct responsibility**, they shall implement all the requirements of this SMO.
- b) they have **no responsibility**, they shall **use their best endeavours** to encourage those responsible for the requirements to follow the SMO and assist in implementing them.
- c) there is **shared responsibility**, they shall implement those requirements for which they have direct responsibility and take specific actions (outlined in the SMO) for those for which they have no responsibility.

SMO 4 requires adoption and implementation to be no less stringent than the IESBA Code of Ethics. This entails:

- Adoption: a process of reviewing international standards, setting, consulting on, translating (where applicable) and supporting the approval and adoption of proposed standards.
- Implementation: ongoing adoption of new or amended standards and raising awareness of the adopted ethical standards, providing relevant education and training, disseminating guidance and other activities that promote understanding of the standards in practice.

PAOs must submit SMO Action Plans to IFAC on a regular basis setting out how they intend to fulfil their responsibilities and describing the processes in place to support this. In assessing the journey towards full compliance with SMO 4, IFAC uses a 'Plan-Do-Act-Review' cycle along with ratings (consider, plan, execute, review and improve, and sustain⁶). At the time of writing, 11 CAPA member PAOs⁷ have been assessed by IFAC as meeting the criteria of the desired 'sustain' stage.

A Common Code which applies Globally

Applying a common code globally matters. This is about more than a wish to improve the efficiency of global capital market matters by enhancing the quality and consistency of services provided by professional accountants. It is about applying common principles worldwide to determine what is expected in terms of ethical behaviour. It is about accountability - an accountability that does not stop at jurisdictional borders. It is about collaboration and cooperation.

The IESBA Code is designed for all jurisdictions and cultures with the expectation that it may be translated into many languages. IESBA members are drawn from a wide range of specialisms and jurisdictions. All PAOs in IFAC membership, as well as other national, regional and global stakeholders, are encouraged to contribute towards the development of standards by commenting on exposure drafts.

Inevitably, while the requirements of the IESBA Code (the "Code") may not always align easily with local laws and regulations, the fundamental principles of the Code should. Definitions and expectations of what constitutes behaviour may vary across cultures, and there may be no easy fit. For example, professional accountants working in public finance may face particular challenges in jurisdictions where the absence or weak public administration fails to provide guidance, support and training on ethical accounting practices, rendering it difficult to uphold the integrity and transparency essential to their role.

PAOs must apply the Code across all sectors of their membership, regardless of where, or for whom their members work or the size of the organisation. The Code covers all professional accountants offering services to the public and/or who are employed, and pays specific attention to professional accountants in business and public practice. It also encompasses International Independence Standards which apply specifically to audit and assurance engagements.

While this diversity of focus may affect the way the Code is applied by professional accountants, the concept of a common code based on common principles remains valid and is widely accepted throughout the profession.

⁶ IFAC assessment categories <https://www.ifac.org/statements-membership-obligations-fulfillment-status>

⁷ Australia (CAANZ, CPAA, IPA), Bangladesh (ICAB), Japan (JICPA), Pakistan (ICAP and ICMAP), Sri Lanka (CA Sri Lanka), UK (ICAEW, ACCA, AAT)

The Powers of the PAO

All but the smallest and least mature of PAOs in CAPA member countries issue a code of ethics with which their members must comply. It is a code that sets out ethical standards and conduct requirements. In most cases, the PAO holds direct responsibility, often in law, to issue the code, or shares this responsibility with government and regulatory authorities.

Some PAOs opt to reproduce the IESBA Code as it stands, perhaps accompanied by locally drafted guidance, while others apply a process of convergence. In the Asia Pacific region, it is usual for PAOs to amend and modify the IESBA Code in line with local laws and regulations, usually with the effect of making the PAO's ethical requirements more stringent than the Code itself demands, and never with the effect of weakening the Code.

Refer to **HOW 1: Adoption of the IESBA Code in accordance with local laws and regulations** >>

In all cases, the Code issued by the PAO will apply to all its members. Significant numbers of professionally qualified professional accountants in Asia Pacific are based in, or do business in, jurisdictions other than where they grew up or were trained. It is for the PAO and the professional accountants to be aware of possible variations between the Code as issued by the PAO to their members and the laws and regulations in jurisdictions where professional accountants are working. Similarly, PAOs and professional accountants must consider how best to assess compliance with ethical requirements where cultural understandings may vary.

However, PAOs do not have the power to enforce ethical requirements on those:

- who have chosen not to take up membership, despite passing the PAO's examinations,
- whose membership has lapsed or been terminated, although some PAOs may have the ability to discipline former members for ethical breaches even after their membership has ended, or
- who have never taken the examinations or been a member, yet call themselves accountants.

It is for businesses (and those charged with governance) to take an interest in ensuring that their staff, who are qualified accountants, retain membership of their PAO.

Stakeholder Collaboration

In emerging economies there may be few or no legal and regulatory requirements relating to professional ethics, and small and under-resourced PAOs sometimes have little engagement with government and regulators. In others, there may be multiple and overlapping legal and regulatory requirements in a single jurisdiction. PAOs based in federal or devolved jurisdictions may face additional complexities.

In practice, wherever formal responsibility lies, effective implementation of ethical standards entails the commitment of many stakeholders to align requirements with cultural and political sensitivities. This can be a demanding process, achievable only with the significant support of government, regulatory authorities, and the professional accountancy community in all its shapes and forms. Where there is more than one PAO in a single jurisdiction, it may mean working collaboratively with other PAOs to ensure a common understanding of the principles on which the Code is based and working together to make any national modifications to the Code.

Compliance with local laws and regulations

PAOs are long accustomed to managing gaps between the IESBA Code and local laws and regulations. However, the Non-compliance with Laws and Regulations (NOCLAR) standard introduced into the IESBA Code in 2017, has set new challenges for them and for their members.

NOCLAR addresses breaches of laws and regulations which a professional accountant might encounter or be aware of in the course of providing a professional service to a client or a professional activity to their employer. It provides a clear pathway for responding to such situations. The response framework includes requiring the professional accountants to:

- understand the facts and circumstances.
- escalate concerns internally to management or those charged with governance (TCWG) within the professional accountant's employing organisation or the audit client.
- comply with applicable laws and regulations.
- take action to have the consequences of the NOCLAR corrected, remediated or mitigated by the entity.
- evaluate the response of management or TCWG.
- decide whether further action, including disclosure to an appropriate authority, is warranted in the public interest.

Depending on the nature of the engagement, relevant laws and regulations may relate to matters such as fraud, corruption, bribery, money laundering, tax payments, financial products and services, environmental protection, and public health and safety.

Some PAOs have made changes to their Codes, and are providing clarity through articles, information, guidance and webinars regarding where compliance with NOCLAR could entail non-compliance with local laws and regulations. In such circumstances, it is for PAOs to clarify with their members where and when local laws and regulations take precedence and to consider how best to work with the legal and regulatory authorities and the business community to identify conflicts and develop possible solutions.

Refer to **HOW 2: Non-compliance with Laws and Regulations** >>

Promoting Ethical Alignment of Sustainability Reporting and Assurance Across Disciplines

The introduction of the International Ethics Standards for Sustainability Assurance (IESSA) by IESBA marks a major development in the global assurance landscape. This is driven by the growing demand for assurance in sustainability reporting which underscores the need for greater transparency, relevance, and trust in sustainability information.

IESSA builds on the fundamental principles of the Code and is intended for use by all providers of sustainability assurance, including audit firms, conformity assessment bodies, or other practitioners. Its profession-agnostic approach establishes a global baseline for ethical conduct and independence of practitioners performing sustainability assurance engagements, reinforcing trust in sustainability information.

The growing demand for sustainability reporting and assurance also reflects the expanding need for collaboration across sectors and disciplines, as sustainability engagements increasingly require the involvement of experts from diverse fields and communities. The IESBA has also developed provisions on using the work of external experts, which are an integral part of the IESSA. At the same time, collection of sustainability information might require the use of technology and the IESBA's technology-related provisions help to guide professional accountants to identify and evaluate threats to compliance with the fundamental principles when using the output of technology. While this multidisciplinary environment grows in scope and complexity, a strong and coherent ethical foundation remains essential. PAOs remain central to building trust in sustainability information and reinforcing the global relevance of the Code.

USE OF LANGUAGE

Translation

Translation into local languages is hugely important if professional accountants, and the employers and clients they serve throughout the business, regulatory and public sectors, are to understand what the Code means and why it is important. Even where English is used as an official and/or business language, translation into local languages may be essential if the wider public is to be aware, at the very least, of the existence and purpose of the Code, the ethical behaviour and the right to expect from professional accountants.

However, translation can prove a major obstacle to timely implementation. Complex standards use formal and highly technical language and translation is a lengthy, expensive and skilled process, something which may well be beyond the capacity of small PAOs in emerging economies. It may also entail restructuring and revision to ensure that the reader can make sense of the material.

Translating into Local Language

The **Korean Institute of Certified Public Accountants (KICPA)** finances the translation of the IESBA Code into the Korean language. The Korean Ethics Standards Board for Accountants (KESBA) has the ultimate responsibility for the translation. A task force team composed of experts from the large accountancy firms conduct reviews of the translation to ensure the accuracy of the translation.

The **Vietnam Association of Certified Public Accountants (VACPA)** translates the IESBA Code into Vietnamese. The translation is carried out by the VACPA technical team and VACPA members from the large accountancy firms. The translation is submitted to the Ministry of Finance for review, approval and publication. The translation is funded by the Ministry of Finance.

Where translation is needed, the first task is to identify exactly what to translate. Some PAOs may decide to translate the IESBA handbook in full, others may concentrate on components likely to be of most relevance to their membership base. Where English is commonly used as a business language, PAOs may opt to translate related guidance materials and fact sheets, rather than the Code in full.

Protocols must then be developed to ensure that translation is complete, accurate, of high-quality and thus helpful to members. Adequate funding must be found. Translation may entail collaboration with other PAOs in the same jurisdiction, with regulatory authorities, with training providers and with users (eg, the major firms), with clear lines of accountability and oversight. CAPA members estimate that it can take many months to finalise high-quality translations.

All PAOs are required to seek formal permission from IFAC (by submitting a request through the IFAC online permission request and inquiry system at <https://www.ifac.org/ifac-intellectual-property>) before translating any copyrighted publications owned by IFAC, including international standards issued by the Standards Setting Boards. Additional guidance on the translation process can be found in the “**Policy for Translating Publications of the IFAC**”. ➤

A significant number of CAPA member PAOs are based in countries where English is not commonly used, or where dual languages are the norm. PAOs in China, India, Japan, Korea, Mongolia, Nepal, Sri Lanka and Vietnam all confirm they need to commission translation of at least some of the materials issued by IESBA and IFAC.

PAOs are required to continually review and, where necessary, translate the ethics-related materials they provide to their members in response to revisions and changes to the structure and drafting conventions of the IESBA Code. This responsibility is ongoing and applies whenever new or revised standards are issued. PAOs should also consider what additional measures may be needed to reach audiences beyond the immediate professional accountancy community.

WHAT



Avoiding jargon

All professions use jargon: at best a useful shorthand but at worst a way of deliberately excluding the non-professional. The complex and technical language of the Code is no accident – it offers maximum precision in a complex and technical world. There is, however, a risk that users may inadvertently hide behind such language and lose sight of the principles on which the Code is based and what it actually means in practice. Jargon can also be difficult to translate into local languages which could pose a risk if something is misunderstood and translated incorrectly.

It is not just the professional accountant who needs to understand the Code and the requirements it places on them. There is a much wider audience to connect with if trust is to be built.

“ As with all professions there’s a certain language that becomes understood by insiders, however it can be quite confusing to an outsider and distance the speaker from the human element of their work.

I think we should be very careful with using abstract terms that distance us from the ethical and moral dimensions of our work.”⁸

– Clare Payne, former EY Oceania Fellow for Trust and Ethics Acuity magazine,
December 2018

⁸ <https://www.acuitymag.com/people/eys-clare-payne-says-to-earn-trust-start-by-telling-the-truth?>


PAO OPERATIONS

Whatever the legal and regulatory framework, however lengthy the translation process, the real work for PAOs begins with planning to implement the Code. PAOs must consider what is involved: the best approaches, the resource implications, appropriate decision-making structures and whether their staff and volunteers have the requisite independence, knowledge and skills.

They also need to anticipate the likely reaction of their members and, in particular, consider the type of support members will need from their PAO to help them to comply with new and more rigorous requirements.

Governance

To earn the respect of their members, of national regulators and of the public, PAOs must lead by example. This starts with good governance.

The “why”, the “what” and the “how” of implementing good governance for PAOs can be found in ‘**The Maturity Model in Action: Governance**’  published by CAPA in 2018.

WHY: THE CASE FOR GOOD GOVERNANCE

TO CREATE A HIGH-PERFORMING ORGANISATION...

The growth and sustainability of any organisation depends on the application of good governance principles. In this respect, a PAO is no different to any other organisation: its ability to serve its constituencies over the long term depends largely on the quality of its governance.

Good governance creates a high-performing organisation by:

- Improving the ability of the board and management to support the organisation's long-term success
- Ensuring that established strategic objectives are followed
- Establishing clear and proper oversight for the organisation to support good decision-making
- Managing risk to avoid problems and take advantage of emerging opportunities
- Creating a culture that delivers social value and attracts members, employees and suppliers through the instilling of appropriate values and behaviours
- Providing accountability to all stakeholders

Whilst PAOs exist in differing country and cultural contexts, each usually shares a key commonality: accountability is regarded as a profession and, as such, is expected to embrace high levels of integrity and competence in everything it does – including its own operations. Good governance lies at the heart of the PAO's ability to do so.

Dependent upon its legal and constitutional arrangements, a PAO may be accountable solely to its members, or the accountability may extend to governments and other stakeholders. Notwithstanding to whom it reports, this accountability translates to the ability of the PAO to demonstrate that it uses its resources wisely, serves its membership, and is committed to the public interest.

Smaller and newer PAOs, often with volunteer staff, fairly informal governing bodies, and limited budgets, may be tempted to dismiss the idea of focusing on governance principles. However, early commitment to good governance sets a PAO on a course to successful development and, eventually, positive recognition by stakeholders, peers and the public.

LEADERSHIP PERSPECTIVE

“ Trust in the profession was one of the leading themes of my presidency. The profession today suffers from an unprecedented regulatory burden. But an antidote to overregulation is not simply ‘no regulation’. Rather, it is professionalism. And professionalism is what the accountancy profession is all about. When Lord Benson, also a former ICAEW president, was defining what a profession is, he identified maintaining public trust as the central tenet of that definition. The trust begins with being a trusted advisor to clients. Therefore, it is crucial that we are managed by a professional organisation that sets itself apart from our individual interests and the interest of individual firms.”

– Past President, ICAEW (Institute of Chartered Accountants in England and Wales)

...AND REAP THE BENEFITS OF STAKEHOLDER CONFIDENCE

In its 2014 working paper, *Governance and Development Outcomes in Asia*, the Asian Development Bank argues that “improvements in governance along with the strengthening of the mechanisms by which governance affects social development can deliver clear gains in development outcomes in developing Asia.”⁴

By adopting good governance principles, PAOs gain two key attributes: credibility in the eyes of external stakeholders and the consequent trust of those stakeholders. These attributes are vital to working in the public policy arena. They provide a platform from which to influence and to advocate.

Governance demonstrates to stakeholders that the PAO can serve as a reliable partner and will act in the public interest. PAOs exercising good governance therefore have a stronger starting position in any dialogue with regulators, government agencies, development partners or the general public.

IFAC REQUIREMENTS

IFAC's membership criteria require PAOs to maintain good governance⁵. In effect, to achieve general and international recognition, aspiring and established PAOs have to demonstrate that they are well-governed.

THE LAST WORD

A well-governed organisation generates internal advantages from operating efficiently and effectively, and derives external advantages from the inherent trust and confidence of stakeholders. In contrast, when there is an organisational failure, poor governance is often the cited culprit.

The case for good governance can, in fact, be reinforced by observing outcomes from bad governance, which is frequently characterised by one or more of the following:

- A lack of, or change in, strategic direction due to poor staff continuity or insufficient knowledge sharing
- Poor use of resources due to inadequate internal controls
- Inappropriate decision-making arising from control in the hands of a few
- Flawed decisions resulting from deficient information
- Insufficient checks and balances due to inadequate demarcation between governance and management

Good governance creates an effective organisation internally

“ ...efforts that focus on supporting PAOs in developing a sound system of governance, appropriately structuring operations, and utilizing strategic planning techniques will aid in positioning PAOs to take a greater role in furthering financial sector and economic growth.”

– PAO Global Development Report MOSAIC, 2013

Good governance creates an effective organisation externally

“ A strong and well governed professional accountancy organization (PAO) produces and sustains a strong accountancy profession that is able to serve the public interest and contribute to economic stability and growth.”

– Establishing Governance: A Guide for Professional Accountancy Organizations IFAC, 2013

⁴ Memorandum of Understanding to Strengthen Accountability and Improve Collaboration (MOSAIC) is a collaboration between IFAC and the international development community. <https://www.ifac.org/mosaic>

⁵ Sen, Kunal. *Governance and Development Outcomes in Asia*. ADB Economic Working Paper Series, Asian Development Bank, January 2013.

⁶ See IFAC Bylaws, Article 1.1.1a. <https://www.ifac.org/about-ifac/structure-governance/constitution>

It is increasingly common in the business world for large companies to establish ethics committees responsible for adopting, implementing and enforcing high quality corporate ethical behaviour⁹. This principle also applies to PAOs, not least as a way of demonstrating their own commitment to the very ethical behaviours they require of their members.

While it is standard practice for PAOs to assign responsibility for ethics to a specific committee within their governance structure, the designated committee frequently holds a wider brief (eg, investigation and discipline, technical standards, member admission and support). Relatively few PAOs have established a discrete Ethics Committee focused on developing their professional ethics strategy and overseeing adoption and implementation of their Code.

⁹ See G20/OECD Principles of Good Governance 2015 and King IV Report in Corporate Governance 2016

Ethical Governance and Oversight

The **Chinese Institute of Certified Public Accountants (CICPA)**'s Ethical Committee reviews and monitors drafts of their CICPA Code, maintaining convergence with the IESBA Code (as appropriate), and approves its publication, guides its implementation, monitors any issues encountered, and promotes and creates awareness and recognition of the Code to the profession and the public.

The **Institute of Chartered Management Accountants of Sri Lanka (CMA SL)** has an Ethics & Disciplinary committee. Members of the committee are appointed by the Council. Its main role is to educate members on its Code and take necessary actions on related matters.

The **Institute of Chartered Accountants of Pakistan (ICAP)**

ICAP's Auditing Standards & Ethics Board is responsible for adopting and implementing the ICAP Code of Ethics for Chartered Accountants (aligned with the IESBA Code with local adaptations), issuing guidance and resource material on ethics and related matters, and responding to members' technical queries on these topics. Any ethics-related complaints are handled by ICAP's Investigation Committee, which is established under the law.

Precise committee structures and related divisions of responsibilities tend to evolve over time, so it is important PAOs review their structures from time to time. Today's arrangements must be fit-for-purpose to meet the demands of today's environment.

PAOs need to ask, and continue to ask, many questions of themselves:

- What does an effective ethics framework look like?
- What types of committees are needed?
- What are their roles and responsibilities?
- Are there gaps or overlaps in roles and responsibilities? If yes, how are these managed?
- Does combining ethics with other committee responsibilities enhance or diminish the value placed on ethics within the PAO? If the latter, what must the PAO do to change this?
- Does the structure reflect ethics as a core aspect of technical requirements, of professional development, of conduct and discipline, of outreach beyond the profession?
- Do nominating and appointment processes reflect good practice? Is there provision for independent lay members? Is there a case for nominees from government or the big firms?
- What steps are taken to engage with members and with other stakeholders?
- Does the PAO itself operate ethically, with integrity?

Refer to **HOW 3: Standards-based Ethics Committee - example content for terms of reference** >>

Tone at the top

The term 'tone at the top' has its origins in the audit profession as a response to the corporate accounting scandals at the beginning of the century. The concept was strongly emphasised in the US Sarbanes-Oxley Act 2002 as an important tool in preventing and detecting fraud and other unethical financial practices. Today, it is used more generally to describe leadership culture, a culture which drives an organisation's policies, the way it allocates its resources and the way in which it supports its staff.

For a PAO, whose mandate often includes upholding public trust, enforcing ethical standards, and supporting the professional development of accountants, the tone set by leadership carries even greater significance.

Tone emanates from internal policies and behaviours through codes of ethics, governance structures, trained and supported staff, and rewards which do not impose undue and often short-term expectations on staff. It reflects the interplay of 'hard' attributes of behaviour (such as following clearly identified rules) with 'soft' attributes (such as inter-personal relationships and culture).

PAO ethics specialists

PAOs can only be as good as their staff and their volunteers. Encouraging high standards of professional ethics through the adoption and implementation of the Code is multi-faceted, affecting all aspects of PAO activity. To be effective, the PAO's leadership must commit to a cycle of continuous review and improvement, with the support of dedicated and experienced staff and volunteers who are given the resources they need to do their jobs well.

Ethics specialists need the expertise and gravitas which enables them to contribute to the development of standards by engaging with regulatory authorities and standard-setters and commenting on exposure drafts. Once standards and revisions to the Code are finalised, their role is to interpret the Code by developing guidance and training materials that are easily accessible for their members, and by developing awareness of the Code among the clients of professional accountants and the wider public.

Ethics specialists must have sufficient status, internally and externally, to be listened to, and sufficient independence to be able to resist any pressure to overlook potential problems. They must fulfil their role with integrity, honesty, impartiality and objectivity, and do so in the knowledge that they will have the support of senior management and senior volunteers in the case of conflicts of interest.

PAO ethics specialists must also understand the pressures their members face. The Code rightly references inducements, pressures to breach the fundamental ethical principles and long association with clients as potential threats to individual and corporate compliance with ethical requirements. PAOs need to appreciate that these threats are real. 'Understanding of' is not the same as 'sympathising with', and it is important for PAOs to understand this if they are to be effective in raising the awareness of their members to the risks they face and in providing appropriate guidance and support mechanisms.

Refer to **HOW 4: Ethics Director - Example Job Description** >>

To enable them to focus on providing the right level of support to members, PAOs could survey their members to understand what their needs are, for example:

- their level of understanding of the Ethics Code
- their experiences in relation to ethical activities
- the pressures they might be under, and
- what support they need from the PAO?

CCAB Ltd¹⁰ UK through the member networks of its five PAO members carried out an Ethics Survey in 2021¹¹ to gather information about the ethical pressures that professional accountants find themselves under.

The survey was anonymous to encourage open and accurate responses. 445 professional accountants responded and offered insight into their recent experience of ethical pressure. Just over one quarter of respondents indicated that, in the previous three years, they had been put under pressure, or felt under pressure, to act in a professionally unethical way - for many, this took a toll on their mental health.

Despite this, professional accountants maintained a robust attitude to ethical matters. Respondents indicated clarity in understanding their own ethical boundaries and, when faced with pressure, recognised their ethical responsibilities and spoke out against the unethical behaviour. Many respondents indicated that they personally promote an ethics-based culture.

In the survey report, CCAB states:

"The survey findings are useful for:

- professional bodies to consider how to ensure their members know and understand their professional ethical responsibilities, including whether ethics should be a mandatory element of Continuing Professional Development (CPD);
- firms, employers and clients to be made aware of and respect those professional obligations;
- firms and employers to encourage and promote ethics in the workplace (both in terms of professional and business ethics and in a more general sense);
- professional bodies to consider whether they have adequate support in place for members who might be struggling with ethical dilemmas or find themselves under pressure."

Refer to **HOW 5: Ethics Survey - Example Content** >>

¹⁰ CCAB Ltd's membership includes five of the main UK bodies: ACCA, CIPFA, ICAEW, CA Ireland and ICAS

¹¹ CCAB Ethics Survey 2021

EDUCATION AND PROFESSIONAL DEVELOPMENT

Initial Professional Development (IPD)

All CAPA member PAOs treat ethics as a core element of their Professional Qualification (PQ) programs and examinations. However, the way they do this can vary considerably. Some PAOs are primarily concerned with offering an audit qualification, others with a business or public sector qualification, and this may influence both the content of, and how they choose to introduce ethics into, their programs. Options include some or all of the following:

- Including separate ethics modules as a clear demonstration that the topic is a mandatory component of the PQ program, and a high level of attention will be given to it.

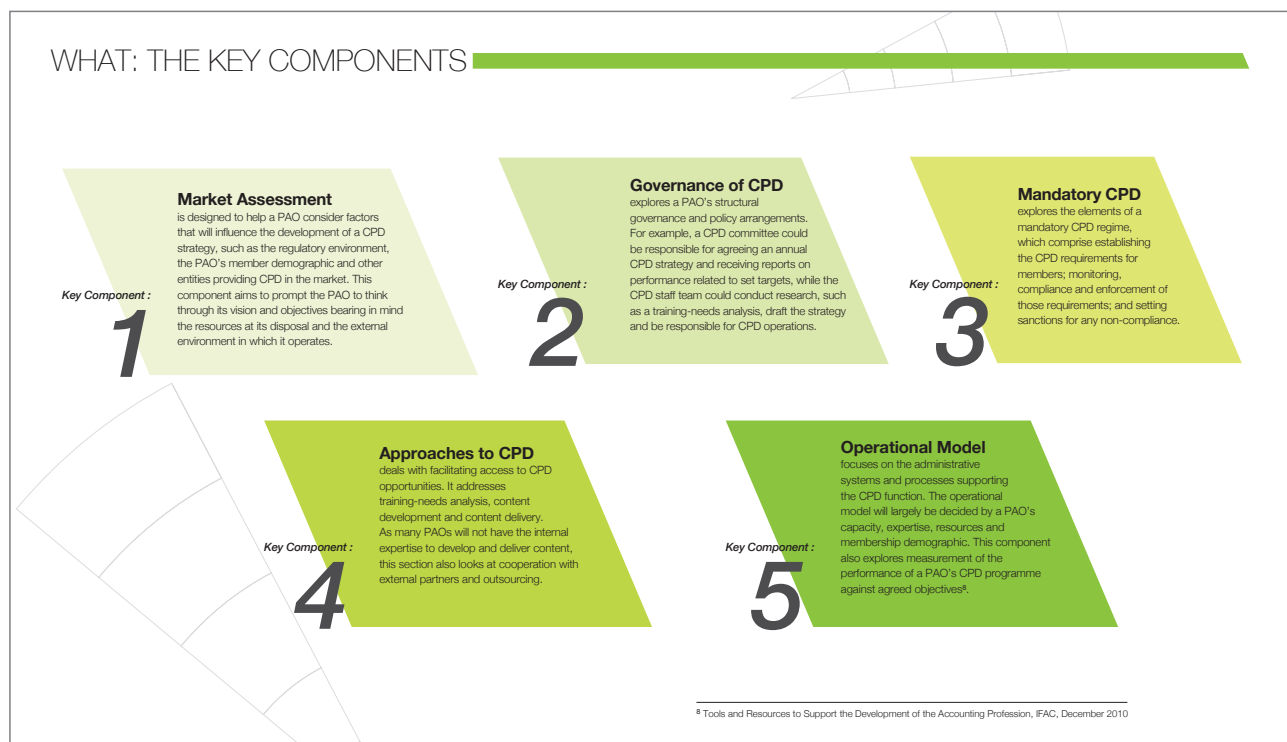
Refer to **HOW 6: Professional Qualifications with Ethics modules** >>

- Embedding ethical thinking and challenge throughout the PQ program as a way of stressing that ethics cannot be overlooked or treated as a desirable but not necessarily essential, element of the curriculum.
- Focusing on the practical issues influencing ethical behaviour and conduct as an element of mandatory practical experience requirements.
- Requiring students who have passed their final examinations to undertake specific ethical courses prior to taking up membership and thus the designation of the PAO.
- Any combination or all of the above.

Refer to **HOW 7: Ethics as part of mandatory practical experience requirements** >>

Continuing Professional Development (CPD)

The “why”, the “what” and the “how” of implementing robust CPD systems can be found in the ‘**The Maturity Model in Action: Continuing Professional Development**’ >> published by CAPA in 2016.



The key issues for PAOs to consider when establishing CPD programs and requirements are set out above. There are two elements, however, of relevance to ethics. The first is the importance of putting in place effective monitoring and enforcement systems to minimise the risk that members may not take their CPD requirements seriously. Members need to know that their annual CPD compliance returns may be subjected to detailed scrutiny and that sanctions against non-compliance can lead to expulsion from membership.

The second, and most relevant to this guide, is the question of whether CPD focused on ethics should be a mandatory requirement, or left to individual members to decide whether it is necessary?

Making professional ethics-related content mandatory

The majority of CAPA member PAOs offer ethics related CPD courses but leave it to members to decide their CPD needs in the light of their specific role. This includes deciding whether ethics-related courses are relevant to them. It should also be noted in this context that some members working in regulated areas may be subject to separate and additional regulatory requirements to stay up to date.

A smaller, but still considerable – and growing - number of CAPA member PAOs do not permit members to ‘opt-out’ of ethics-related content in this way, instead requiring members to devote a specified number of their CPD hours to ethics-related education and training. The advantage of this more prescriptive model, which makes ethics related CPD content mandatory is that it provides a marker, reminding members that ethics sits at the heart of the accountancy profession. This is a message to all: professional accountants, employers, clients and the wider public.

Refer to **HOW 8: Ethics-related Mandatory CPD** >>

Effectiveness of ethics-related content

Making ethics-related content mandatory does not in itself necessarily deliver value. There are several factors for the PAO to consider:

- What is ‘ethics-related’ CPD? Examples may include theory (eg updating standards) and dilemmas (eg, using role-plays, videos and films to consider behaviours)
- Who provides ‘ethics-related’ CPD? Does the term apply solely to materials developed by the PAO or can individual members use their professional judgement to determine that third party materials are relevant?
- How do PAOs maintain the relevance of ethics-related materials and keep pace with new demands? Are there particular challenges for those PAOs with members working in a very wide range of roles or in a very wide range of jurisdictions?
- How does the PAO measure the effectiveness of ethics-related materials?

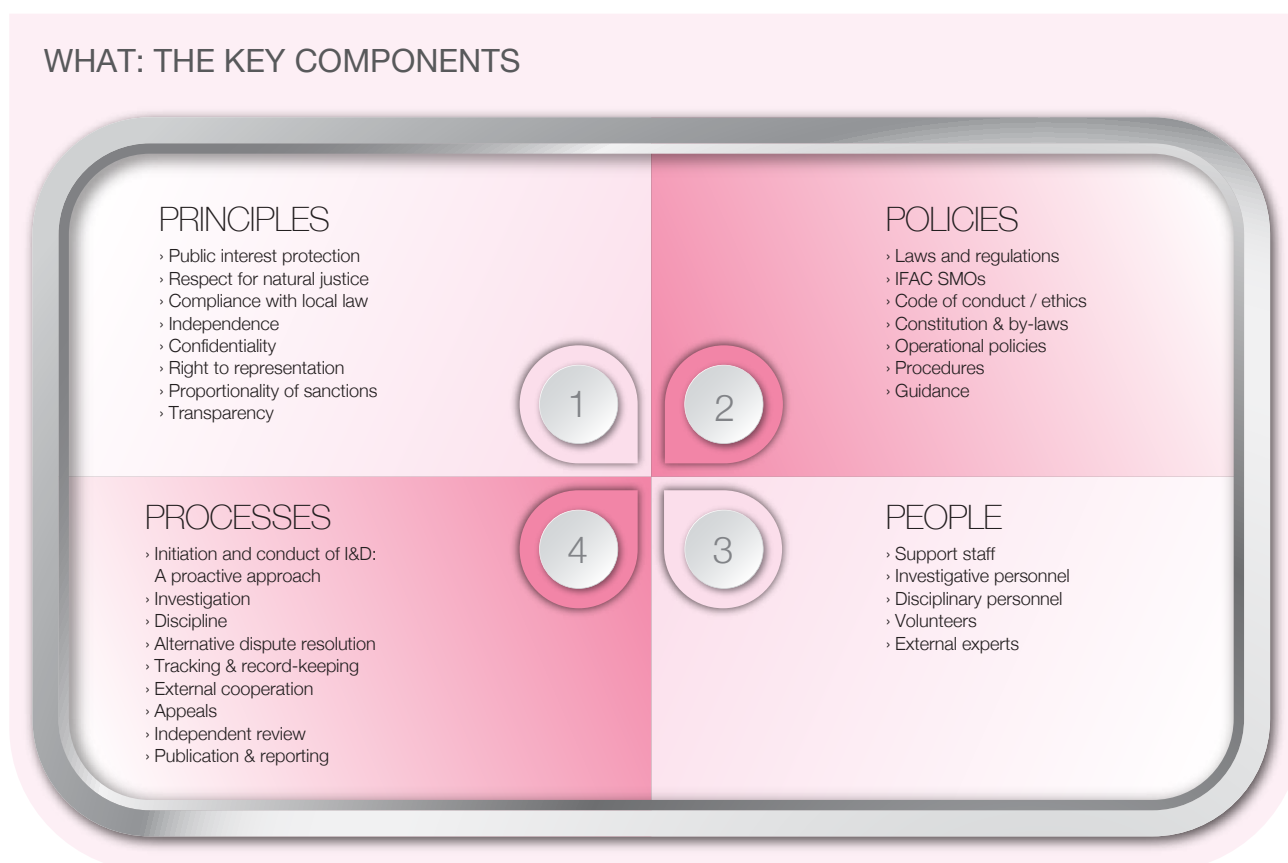
WHAT

MONITORING AND ENFORCEMENT

The “why”, the “what” and the “how” of monitoring members’ behaviour and of imposing consequences can be found in **‘The Maturity Model in Action: Investigation & Discipline’** >> published by CAPA in 2017. These are essential aspects of any strategy to raise ethical standards, complementing the work of PAOs to embed ethics into all aspects of the activities of their members.

IFAC SMO 6 sets out the requirements for PAOs to establish and maintain robust investigation and disciplinary systems. These systems are essential for ensuring accountability, maintaining public confidence, and upholding the integrity of the profession.

WHAT: THE KEY COMPONENTS



Codifying ethical requirements and clarifying expectations is just the start. To have impact, the Code must be applied. While ultimate responsibility rests with the individual, monitoring the behaviour of professional accountants and enforcing ethical requirements are fundamental to the effectiveness of the Code in practice. PAOs must establish a framework for accountability, so that professional accountants know they may be required to explain their behaviour and suffer the consequences. PAOs must know that they too may be required to justify their actions should they fail to establish and apply requirements.

Second and more problematic is finding ways of assisting the public when things go wrong and they feel let down. At a minimum, this means making complaints procedures easy to find and easy to follow. Many PAOs go further by publicising the ethical requirements with which their members are required to comply and by advising individuals of their rights.

SPEAKING OUT

PAOs have a responsibility to speak out in the interests of their members and in the interests of the public. They need to address confusions, difficulties, and problems and to advocate improvements and change.

One of the more commonly held misunderstandings about the accountancy profession is the myth that all those who call themselves accountants are subject to regulation. This is true only for professional accountants in membership of a bona fide PAO. In many jurisdictions, it is not illegal for an unqualified or less-qualified individual to use the term 'accountant' as a descriptor, and it is easy for those who do so to undercut professional accountants. PAOs can only regulate their own members or affiliates – it is for governments, regulatory authorities, and the courts to determine how to regulate those who are not PAO members.

“PAOs can and should do more to increase public awareness so that those using the services of a professional accountant understand exactly what they are buying.”

SOME ADVANCED CONSIDERATIONS

As noted earlier, this Guide is primarily aimed at PAOs without established or mature approaches to supporting the implementation of ethical requirements. As such, it offers practical guidance to help PAOs achieve the expected minimum. A few aspirational examples of more 'advanced' services and initiatives are also included below.

Communications strategies

PAOs need to develop carefully thought through communications strategies to remind members of ethical requirements, using appropriate communication channels, including social media, websites, publications and/or CPD programs, most relevant to their jurisdictions. They need to develop guidance which is easily accessible and understood: FAQs, case studies, advice on how best to handle ethical dilemmas. Encouraging and supporting the development of and exercise of professional judgement is as important as publicising the technical details of the Code.

Refer to **HOW 9: Applying ethical requirements and behaviours - Innovative methods** >>

The **Philippine Institute of Certified Public Accountants (PICPA)** participates in the Integrity Initiative (through Project SHINE), a coalition started by the Makati Business Club and the European Chamber of Commerce of the Philippines to accredit companies that consistently uphold ethical standards and are committed to transparency in their business processes. The Philippines Regulatory Board of Accountancy (BOA) requires all CPAs to sign the Integrity Pledge to register with the BOA—a prerequisite to be able to practice in the jurisdiction.

<< Return

Confidential advisory helplines

It is not possible to identify every possible ethical dilemma and dictate how it should be handled. The Code, quite rightly, is principles-based. However, in acknowledging the very real complexities faced by professional accountants, some PAOs offer dedicated advisory services, usually by telephone or webchat. At the core is the requirement that professional accountants must report breaches of the Code, whether by others or by themselves. Members can raise dilemmas with technical, legal and ethical experts to help them determine the action they need to take. The provision of advice in this way can then provide the PAO with a basis for publishing guidance, for example, in the form of FAQs.

Such services are confidential, anonymous, easy to access and free of charge. Members unsure of how to handle ethical challenges need to know they will be supported in making the 'right' decision and that they do not risk criticism or worse for raising their concerns. There must be a clear line drawn between, on the one hand, technical and ethical helplines and, on the other hand, investigation and discipline processes.

Support for Whistleblowers

Whistleblowing regimes support individuals concerned about illegal and unethical behaviour within their workplace. PAOs need to consider putting in place independent systems that support their own staff to raise concerns as well as considering how best to offer independent advice and support to their members. They may decide to collaborate with national regulators and academics and fund research, working to embed whistleblowing programs into ethics and compliance regimes.¹²

The **Institute of Chartered Accountants of Pakistan (ICAP)** has an independent whistleblowing and protection mechanism for its employees, members, and vendors/contractors. The Whistleblowing Policy, approved by the Council, is implemented under the oversight of the Audit Committee (AC). The AC periodically reviews the Policy and, where necessary, recommends updates to the Council.

Mental health support

The professional accountant is expected to exercise professional judgement but there are times when this is far from easy. Without the right structures to support professional accountants in their decision-making, often coupled with pressure on them to make decisions that they are uncomfortable with, could lead to stress and mental ill health. Growing awareness of mental health issues has led some PAOs to review their disciplinary regimes to ensure that due consideration is given to determining whether members are being pressured to make unethical decisions, which could impact their mental health and impair their ongoing judgement.

Some PAOs have specific mental health support initiatives for their members to support them in managing their mental health. Some of the services go further in helping members to provide support with legal and ethical dilemmas.

Refer to **HOW 10: Mental Health Support Initiatives** >>

<< Return

¹² ACCA is a funding partner of whistleblowingimpact.org

Consultative Committee of Accounting Bodies (CCAB UK) Ethics Survey 2021

“In terms of **consequences** suffered, almost one third of respondents experienced anxiety, stress and depression. 13 per cent experienced no consequences and for 7 per cent the relationship/respect with the third party improved. But many respondents resigned, were subject to disciplinary processes, were removed from their role or made redundant. A small number experienced an increase in substance misuse (e.g. alcohol, drugs).

Around two-thirds of respondents sought **support**. 73 per cent indicated the support they received was helpful or very helpful. Of those that sought support 32 per cent went to family / friend /colleague.

Just 8 per cent approached their professional body.”

The **Institute of Public Accountants Australia (IPA)** is extensively involved in research on the mental wellbeing of small business and in this context, the topic of the trust which small and medium-sized enterprises (SMEs) place in their accountant has been raised. Some of the research is based on the premise of leveraging the trusted adviser (ie accountant) to improve the mental wellbeing of SMEs. Also, during a research roadshow the IPA engaged extensively across Australia with the wider public, where the topics of ethics and trust were raised in various contexts.

“ More than half of accountants (55%) said they were suffering with stress and burnout. The survey highlighted that the stigma associated with mental health problems is alive and well. ”

– **chartered accountants benevolent association (caba)¹³ whitepaper 2022**

‘Listening Ear’ schemes

Volunteer members act as a listening ear, offering free and non-judgemental comment. Older and larger PAOs may also be able to work with related charities to support members (from initial training through to retirement) who seek help.

Advocacy and thought leadership

Professional accountants (for example those who are auditors or advisors) are frequently in the spotlight when there are large organisational failures. Such criticisms may be based on misunderstandings about their role and extent of their powers, but which often result in public criticism that may reflect adversely on the wider reputation of the profession. It is, therefore, in the interest of the profession for PAOs to anticipate such challenges, and engage in the debate with standard-setters, governments and regulatory authorities particularly where the status quo is viewed as inadequate.

Well established and well-resourced PAOs make a significant investment in advocacy and thought leadership programs, going beyond the core role of the professional accountant to consider the impact of the profession in a wider context. Convening a wide range of specialisms and interests (e.g. other professions, regulators, government, business leaders, lay people) can be key to working through ethical issues and developing recommendations. PAOs can and do offer leadership but, to be effective, they must understand and draw on the perspectives of all those affected, and not just on their professional accountant members. Working with stakeholders through technical policy consultation mechanisms gives PAOs insight, both into the issues that create the most interest and concern and, into the likely impact of challenging and commenting on or accepting and adopting new policy positions.

The focus of advocacy and thought leadership programs will vary from jurisdiction to jurisdiction but is likely to include new challenges facing professional accountants and the businesses and governments they serve. Examples may include international tax, digitisation and artificial intelligence, terrorism financing, anti-money laundering, proceeds of crime, securities trading, pension liabilities, financial products, environmental protection, fraud, protecting professional ethics and scepticism in multi-disciplinary environments, personal responsibility and accountability regimes. Some PAOs may go further to consider the role of the profession in supporting the United Nations Sustainability Development Goals or in committing to climate change strategies.

Refer to **HOW 11: Supporting Members on Ethical Issues** >>

¹³ caba (<https://caba.org.uk>) is the wellbeing charity for ICAEW members and their families.

HOW 1: Adoption of the IESBA Code in accordance with local laws and regulations

Chinese Institute of Certified Public Accountants (CICPA)

In December 2020, CICPA's Ethical Standard Committee approved and published its revised Code of Ethics. This new Code (which incorporates the China Code of Ethics for Certified Public Accountants (CPAs) and China Code of Ethics for Non-practicing CICPA members) converges with the IESBA Code Ethics 2018.

In December 2024, the Ministry of Finance approved and released the China Independence Standards for Certified Public Accountants No. 1- Independence for Audit and Review Engagements (the Independence Standard), strengthening authority and mandatory independence requirements in Code of Ethics. The Independence Standard, incorporating IESBA's projects of Non-Assurance Services, Fees, Definitions of Listed Entity and Public Interest Entity and Technology, converges with Part 4A of the IESBA Code of Ethics 2024.

The Code of Ethics and the Independence Standard constitute professional ethical requirements applicable to CPAs in China, which converge with the IESBA Code, with additional (more clarified or stringent) provisions, in line with China's national conditions and practices:

- According to article 22 of Law of the People's Republic of China on Certified Public Accountants, a CPA may not execute professional activities with two or more accounting firms, therefore the CICPA Code does not include relevant requirements. Relevant examples have been removed.
- Rotation provisions for Key Audit Partners will not be for more than five years, consistent with the China Securities Regulatory Commission (CSRC) and more stringent than the IESBA Code's rotation provisions. Further, there's also firm level consideration. A firm should take appropriate action if the firm provides audit service to a PIE audit client for 10 consecutive years.
- Gifts are prohibited.
- The definition of immediate family and close family members definitions have been clarified:
 - immediate family includes a spouse, parent or child
 - close family includes a sibling, grandparent, or grandchild
- There are more clarified requirements regarding the provision of NAS. A firm or a network firm shall not provide accounting and bookkeeping services to a PIE audit client, including preparation of a single financial statement, a specific element of a financial statement, notes of a financial statement or consolidated financial statements.
- There are more stringent requirements regarding the provision of financial interests. A direct financial interest or a material indirect financial interest in the audit client shall not be held by all partners of the firm providing the audit.
- Additional examples are provided based on principles of IESBA Code. For instance, central state-owned enterprise groups shall be treated as PIEs. Further, a firm is required to determine whether to treat other state-owned enterprises with wide stakeholders as PIEs for the purposes of the definition of PIE.

The formulation of Ethical Standards follows a rigorous due process. This includes project initiation, preparation of the initial draft, discussion and revision, release of exposure drafts for public comment, evaluation by subject-matter specialists, review by the CICPA's Ethical Standards Committee, and final approval by the Ministry of Finance, where required. Throughout this process, it is essential to engage extensively with a broad range of stakeholders and actively solicit feedback and suggestions from all relevant parties.

[← Return](#)

HOW 2: Support on Non-compliance with Laws and Regulations

The Non-Compliance with Laws and Regulations (NOCLAR) requirement has been part of the IESBA Code since 2017. Some PAOs have taken steps to update their codes and provide further information and guidance to their members.

CPA Australia (CPAA)

In Australia, the Code of Ethics (APES 110), published by the Accounting Professional and Ethical Standards Board (APESB) has been amended to include the NOCLAR requirements.

CPA Australia has provided its members with information and articles on responding to NOCLAR as part of its professional and ethical standards resources.

Institute of Public Accountants Australia (IPA)

IPA provides members with comprehensive training and support in relation to operation of the Code of Ethics (APES 110) and NOCLAR requirements.

Institute of Chartered Accountants in England and Wales (ICAEW)

ICAEW has specific guidance¹⁴ to its members, including providing a framework for members to consider whether action is in the public interest. ICAEW guidance states: *“although the ICAEW Code already allows breaches of confidentiality in certain circumstances, NOCLAR provides greater detail on when this would apply and the specific steps to take. Members should note that any disclosure made under the NOCLAR provisions must meet the public interest test, or a legal or regulatory obligation to disclose.”*

In relation to documentation, ICAEW states: *“Auditors who identify NOCLAR must document how management or those charged with governance have responded to the matter. Auditors must also document the course of action taken, the judgements made, and the decisions taken. Auditors must also document how their responsibility to act in the public interest has been made. While documentation is not a requirement for other professional accountants dealing with their responsibilities under NOCLAR, it is encouraged that they document the matter, the results of discussions with management, the courses of action they have considered, any professional or legal advice they have taken, and how they are satisfied they have fulfilled their responsibilities.”*

Institute of Chartered Accountants Pakistan (ICAP)

The ICAP Code 2024 is based on the IESBA Code of Ethics and incorporates the NOCLAR requirements in full, without modification. To promote member awareness, ICAP conducts awareness sessions and provides resources and guidance¹⁵ materials to help members understand and apply the Code of Ethics, including NOCLAR. Support is also offered to assist members in responding to NOCLAR situations and addressing the associated ethical considerations.

[<< Return](#)

¹⁴ ICAEW, New Code of Ethics – NOCLAR, which took effect from 1 January 2020.

¹⁵ Questions and Answers on Responding to NOCLAR, September 2020

HOW 3: Standards-based Ethics Committee - example content for terms of reference

Some PAOs have established dedicated Ethics Committees to support their ethics-related work. For an Ethics Committee to work effectively, it is useful for there to be a terms of reference under which the Committee operates.

Institute of Chartered Accountants in England and Wales (ICAEW)

ICAEW's Ethics work falls under its Trust & Ethics Team within the Reputation and Influence Department. The Ethics Standards Committee (ESC) is a Reputation and Influence Committee and is guided by established terms of reference. The following headers and content, outline example content for a standards-based ethics committee terms of reference:

Accountability

This section outlines which Board the ESC is accountable to, within ICAEW.

Composition

- The number of committee members
- The period of membership for each committee member and how many times the representation is renewable for, up to a maximum number of years
- That membership can include both ICAEW and non-ICAEW members
- Which internal committee within ICAEW approves the appointments (for ESC, it is ICAEW's Nominating Committee)
- The chair of ESC or another approved member is co-opted on the Board outlined under the Accountability Section

Quorum

The appropriate quorum needed at any meeting of the ESC in order to make decisions is outlined under this section

Role

The ESC's role is to assist the Department on relevant Ethical matters by:

- Identifying and keeping ICAEW informed of areas of work or significant issues important to both ICAEW members and to ICAEW's public interest role.
- Providing input into ICAEW's strategy, major project proposals and policy positions.
- Reviewing ICAEW responses and representations to stakeholders.
- Developing and/or contributing to thought leadership projects which the Department leads on or participates in.
- Contributing to the development of guidance, information, and events.
- Reporting to the Council, through the Board, on issues of significant interest to members or ICAEW's public interest role.
- Facilitating a wider pool of experts for the Department, particularly in specialist topics relevant to the Department's work (through establishing one or more specialist groups).

Under this section, there is clarification that the Department can seek support or guidance from outside of the ESC or any supporting groups where necessary.

Operation

The terms of operation are outlined under this section, in line with ICAEW's internal governance including how often the ESC will meet during the year.

[« Return](#)

HOW 4: Ethics Specialist – Job Description

A possible job description for an Ethics Director might include the following features:

Overview:

Ethics is the cornerstone of the Accountancy Profession. Accountants' core purpose is to uphold the public interest. The Ethics Director of a Professional Accountancy Organisation (PAO) is responsible for ensuring that the PAO complies with its member obligations as issued by the International Federation of Accountants (IFAC). This may include overseeing the PAO's responsibility in assessing members' compliance with relevant laws, regulations, standards, By-laws and membership requirements.

Experience:

The Ethics Director for a Professional Accountancy Organisation will have extensive experience working in a policy-based ethics and professional standards environment. This may include a policy adviser position, in standard setting or with a government regulator, in academia or in other similar roles. The successful candidate will preferably have experience working in a PAO in a compliance or policy position with a past work history including experience in public practice.

Qualifications:

Undergraduate qualifications in accountancy or law are a minimum requirement. Membership of a PAO is preferred as are post-graduate qualifications in accountancy and ethics.

Responsibilities:

- Ensuring compliance with IFAC membership obligations.
- Liaising with local and international standard setters on matters related to ethics and professional standards.
- Contributing to, preparing or overseeing submissions to standard setters/government on issues relating to the ethical conduct and behaviour expected of professional accountants.
- Tailoring the IESBA Code of Ethics for local adoption, potentially including arranging translation.
- Advising senior management of matters of ethics and professional standards.
- Overseeing the ethics and professional standards training requirements of PAO membership.
- Promoting awareness of and adoption of the Code of Ethics, via events, tools, articles, seminars and other resources.
- Assisting members with ethics related queries – this may be through supporting the Ethics Advisory Team or responding directly to members
- Co-ordinating and/or facilitating PAO member to member ethical assistance services
- Overseeing or contributing to professional ethics matters relating to breaches of the Code of Ethics for Professional Accountants and relevant professional standards/By-law requirements
- Overseeing or contributing to the PAO's quality review program which reviews members offering public accounting services under a Certificate of Public Practice as issued by the PAO.

Reporting lines:

- Reporting to the next tier up (depending on the hierarchy within the PAO – this could be a CEO or Board level Executive Director).

[<< Return](#)

HOW 5: Ethics Survey – Example Content

UK's Consultative Committee of Accountancy Bodies (CCAB): Ethics Survey for Professional Accountants

The CCAB survey was organised to take the ethical temperature of the accountancy profession and the organisations that they operate in. CCAB considered the importance of capturing information to understand the pressures that PAs and auditors are working under and any patterns or variations across or between sectors.

The survey questions were either:

- Multiple choice; or
- List of options, with the ability to choose more than one

Under certain questions, PAs had the opportunity to provide further details regarding their response.

YOUR EXPERIENCE

This section investigates the incidence of pressure and tries to determine if there any trends and patterns that can be identified about:

- The occurrence of pressure
- The type of pressure exerted
- The persons likely to exert pressure
- The entities in which pressure is most likely to be noted
- The ultimate consequences of pressure; and
- The ability or likelihood to consult with another person or a body when one is put under pressure.

1. In the last 3 years, have you been put under pressure or felt under pressure to act in a professionally unethical way?
2. How many times have you been put under pressure to act in an unethical way in your professional career in the last 3 years?
3. Who put you under pressure?
4. In what type of organisation did you work when you were put under pressure? – with a list of options
5. Were you offered incentives to act in an unethical way? Eg money, promotion, free goods/services etc
6. Did you feel under threat in any way? Eg salary reduction, demotion, reduced chance of achieving a promotion, dismissal, other?
7. Have you ever felt under pressure to do any of the following? – with a list of options
8. Did you speak up to prevent being put under pressure to break the ethical code?
9. Did you carry out the unethical task that you were pressured to do?
10. Did you consult anyone for support/guidance?
11. Who did you consult?
12. Was the consultation / support helpful to you?

CURRENT WORKPLACE CULTURE

13. Do you feel under more or less pressure now than 3 years ago to compromise the ethical code for accountants?
14. What do you think are the factors / drivers in your sector that could generate an increased risk to ethics for PAs?

HOW 5: Ethics Survey – Example Content (cont'd)

CODE OF ETHICS

15. Do you know that there is an international code of ethics for all PAs?
16. Do you know that it applies to all members of professional accountancy bodies?
17. In the past 3 years, have you read either:
 - a. The IESBA Code of Ethics for PAs?
 - b. Your professional body's statement/code of ethics?
18. Do you personally encourage and promote an ethics-based culture in your organisation?
19. Does your organisation promote, publicise, and talk about professional ethical responsibilities?
20. Do you or does your organisation promote, publicise, and talk about professional ethical responsibilities with Board Members?
21. Do you think Ethics Training should be mandatory CPD for PAs?
 - a. If yes, how frequently should ethics training occur for PAs?
22. Have you undertaken any formal training on ethics for PAs?
 - a. What method of study did you undertake?
 - b. How would you prefer to learn about the Code of Ethics?

ABOUT YOU

23. Gender Questions
24. Age
25. Qualification status
26. Which PAO(s) are you a member of?
27. What is your current employment status?
28. In what type of organisation do you work now?
29. Where is your work predominantly based?
30. How many years have you been a qualified accountant?
31. What is your position now?

[<< Return](#)

HOW 6: Professional Qualifications with Ethics Modules

CPA Australia (CPAA)

CPA Australia includes a mandatory 'Ethics and Governance' module of study in its professional qualification program. The module is a semester long in duration and is successfully completed via passing a three-hour examination (combination of multiple choice and extended response questions) at the end of the study period. The module explores ethics and ethical decision making in the professional and business context through the practical implications of professional ethics from a public interest point of view. It provides an overview of various theories on ethics, each of which provides perspective and insights to guide accountants when considering and resolving complex ethical dilemmas.

The module describes key aspects of the Code of Ethics for Professional Accountants¹⁶ (APES 110) and demonstrates how to apply the Code when addressing specific ethical issues. It aims to create an understanding of the individual, organisational, professional and societal factors that can influence an individual's decision-making thought processes. The module also examines decision-making models that provide a structured approach to help professional accountants to systematically analyse complex situations, exercise clear judgment and make more consistent and justifiable decisions.

The module has three key aims:

1. promoting awareness of the ethical responsibilities of professional accountants, thereby enabling them to identify and resolve ethical issues or conflicts throughout their career
2. ensuring professional accountants understand the importance of governance, including their role in achieving effective governance
3. improving an understanding of the role of accounting, and of accountants, in providing information about the social and environmental performance of an organisation

Institute of Public Accountants Australia (IPA)

IPA in Australia requires members to undertake minimum education in ethics every 12 months as part of its continuing professional development program. In addition, following a review of its education program, the IPA has introduced a new competency-based education program called the Global Certificate of Public Accounting that embeds ethics as a micro-credential assessment.

Association of Chartered Certified Accountants (ACCA)

Ethics is a compulsory part of the ACCA qualification. ACCA Ethics and Professional Skills Module (EPSM) is designed to provide ACCA students with the complete range of skills employers need in a trusted and confident finance professional. All students are required to complete an interactive online training module in ethics and other professional skills which places students in realistic business situations. Here, students will develop advanced ethical, professional and digital skills needed in the workplace. The module is made up of ten units in total, which includes an end assessment to test students on what they have learnt throughout the module. ACCA's Career Navigator links skills required for a particular role to the EPSM, illustrating the direct impact of ethics skills on specific roles and career paths.

To get any Foundation level awards (pre-professional), students must complete a module entitled Foundations in Professionalism which introduces ethics at an appropriate level. Additionally, ethics is introduced to all students in their first exam, Accountant in business, where they need to understand and apply the Code of Ethics. This is built on with Audit and Assurance at the degree level of the qualification. At Strategic Professional, the final (Masters) level of the ACCA Qualification ethics is integral to all exams and applied in a practical context. All exams at this level are case study based - students work through relevant practical scenarios and issues.

¹⁶ The Code of Ethics for Professional Accountants is set by the Australia's Accounting Professional and Ethical Standards Board

HOW 6: Professional Qualifications with Ethics Modules (cont'd)

Chartered Accountants Australia and New Zealand (CA ANZ)

CA ANZ has incorporated the Ethics and Business subject as a core component of the Chartered Accounting (CA) Program. The Ethics and Business subject introduces essential skills for professional reflection, enabling candidates to objectively evaluate their own practice for continuous improvement. This reflective approach is critical in considering the Code of Ethics, which underpins all sub-disciplines of accounting.

As part of the course, candidates analyse an organisation and its business environment, assessing how value is created within an ethical decision-making framework. A holistic approach is encouraged, extending beyond numerical analysis to explore underlying motivations and strategic considerations. This comprehensive evaluation supports risk identification, the assessment of alternative options, and the formulation of well-founded recommendations.

A key component of this subject is an interactive workshop, where participants collaborate to examine ethical challenges and apply professional judgement to realistic business scenarios. Through these activities, individuals engage with topical and authentic 'what if' situations, enhancing their ability to navigate ethical dilemmas effectively.

This subject serves as the foundational unit in the Graduate Diploma of Chartered Accounting, providing a critical framework for ethical decision-making and professional conduct within the accounting profession.

Institute of Chartered Accountants of Pakistan (ICAP)

ICAP embeds ethics across its professional qualification structure, building awareness, values, and judgment from early stages to advanced levels. Based on the IESBA Code, ethical principles are taught in multiple subjects and assessed through scenario-based and case study questions. ICAP's framework emphasises the development of an inquiring mindset and the ability to recognise threats to fundamental principles such as integrity, objectivity, and professional behaviour. Ethical competence is assessed through both technical knowledge and practical application.

Under the Education Scheme 2021, students must complete an online Professional Values, Ethics, and Attitude course at different interval, covering ethics and human behaviour, ethical decision-making models, and reflective activities, aimed at knowledge acquisition, analytical skill development, and applied ethical competence.

[<< Return](#)

HOW 7: Ethics as part of Mandatory Practical Experience Requirements

PAOs usually require their newly qualified students to gain practical experience or undertake specific ethical courses as part of their final exams prior to becoming a member of their PAO. Some PAOs include Ethics as part of that mandatory requirement.

Association of Chartered Certified Accountants (ACCA)

To qualify as an ACCA member, supervised practical experience is required. The first compulsory component is entitled “Professionalism and Ethics” and requires students to demonstrate how they apply the Code of Ethics in the workplace.

Japanese Institute of Certified Public Accountants (JICPA)

JICPA’s CPA exams include professional ethics in its scope of examination under the subject of CPA Act. During the professional accountancy education period of three years, after passing the examinations, associate members are required to take ethics courses. The ethics content is also included in the final exam conducted by JICPA.

Institute of Chartered Accountants of Pakistan (ICAP)

ICAP requires trainees to undergo a structured, supervised training program in approved organisations, including two mandatory iterations of the Professional Values, Ethics and Attitudes (PVEA) course—before CFAP exams and before training completion. The course develops ethical sensitivity and practical application of the ICAP Code of Ethics. Trainees must document learning outcomes related to ethics, governance, compliance, and responsibility, which are assessed and signed off by supervisors to ensure ethical awareness in daily work.

[<< Return](#)

HOW 8: Ethics related Mandatory CPD

Some PAOs have ethics related CPD content which serves as a reminder to members that ethics sits at the heart of the accountancy profession.

Chinese Institute of Certified Public Accountants (CICPA)

CICPA requires its members to complete at least 4 credit hours of ethics training every year.

CPA Australia (CPAA)

All CPA Australia members are required to complete 10 hours of ethics related CPD per triennium, with a minimum requirement of 2 verifiable hours per year. CPA Australia also offers several micro-credentialed online courses that explore key aspects of ethics and integrity for finance professionals including Ethical Dilemmas in Accounting: A Practical Perspective.

Institute of Public Accountants Australia (IPA)

IPA in Australia requires members to undertake annual ethics education. This is typically obtained through the IPA Ethics Short Course bundle delivered in conjunction with Deakin University and comprise:

- Ethics and Decision Making: providing an understanding of ethics and of ethical decision-making, as well as how to identify and address ethical dilemmas in the workplace.
- Ethics and Governance: an understanding of the ethical requirements of good governance, as well as how organisations might align their various formal and informal control mechanisms to reliably produce trustworthy and ethical conduct.
- Ethics and Fraud: an understanding of ethics and of ethical decision-making, as well as consider its importance in preventing and addressing such unethical practices as fraud.

Institute of Chartered Accountants India (ICAI)

CPD is a mandatory part of ICAI's regulation - every Member has to undergo compulsory hours every year. Ethics related CPD forms a substantial part of these compulsory hours training (40 hours annually).

Japanese Institute of Certified Public Accountants (JICPA)

To ensure compliance with the JICPA code of ethics, and to maintain the quality of services provided by members, each member is required to earn 2 credits in professional ethics each year.

Chartered Accountants Australia and New Zealand (CAANZ)

CAANZ requires all members to complete a minimum of six hours of verifiable ethics training per triennium (Mandatory Ethics Training).

Korean Institute of Certified Public Accountants (KICPA)

KICPA members are required to complete more than eight hours of CPD on ethics. KICPA provides 26 lectures (about 50 hours) through its online education program centre as well as off-line programs on ethics to its members.

Vietnam Association of Certified Public Accountants (VACPA)

Ethics related content is mandatory in the annual CPD program for VACPA members. Each member must have at least 4 hours on ethics out of a total of 40 hours of CPD.

HOW 9: Applying Ethical Requirements and Behaviours - innovative methods

Consultative Committee of Accountancy Bodies Ltd (CCAB)

CCAB (representing the five PAOs in the UK) has, after the 2021 Ethics Survey, in February 2022 published five sets of Ethical Dilemmas case studies to illustrate how PAs can apply the Ethics Codes in the areas that they work in.

Institute of Public Accountants Australia (IPA)

IPA has undertaken ethical dilemmas hypotheticals with panels made up of practitioners, regulators and academics. Case studies have been used to demonstrate decision-making approaches and different frameworks, based on the Code of Ethics. Members have been encouraged to share their personal experiences with other members in open forums. This has worked very well with positive member feedback.

Institute of Chartered Accountants of Pakistan (ICAP)

To support its members to understand and apply ethical requirements and behaviours, the ICAP organised nationwide seminars for promoting awareness of the requirements of the revised Code of Ethics including NOCLAR. The seminars were streamed live on Facebook to enable more members to access from their location of choice. The seminars were recorded, with the recording and keynote speakers' presentations made available to members for ongoing reference.

Japanese Institute of Certified Public Accountants (JICPA)

JICPA provides its members with the "Declaration of Ethics" mini card to declare that they will comply with the JICPA Code of Ethics as a code of conduct to govern themselves as professional accountants, act in accordance with the spirit and intent of its fundamental principles and strive to practice professional ethics. The card was distributed in 2022 and in 2025, digital wallpapers for PCs and smartphones were released to reinforce this commitment.

Association of Chartered Certified Accountants (ACCA)

ACCA has created several global forums, each focused on a specific topic of area of interest. These forums are designed to support and contribute to ACCA's technical and research work on issues affecting business and the profession. These forums bring together experts from the public and private sectors, as well as academia worldwide, to provide insights and guidance on both current and emerging challenges. Sharing of national experiences by members is seen as a key virtue of the forums.

The Global Forum for Ethics provides expert opinion and stimulates discussion that inform ACCA's global policy on issues where there are (or may be) ethical considerations. The scope of the forum is broad and intersects with numerous other ACCA Global Forums, reflecting the fundamental role that ethics plays in all aspects of ACCA's activities.

[<< Return](#)

HOW 10: Mental Health Support Initiatives

Some PAOs have specific mental health support initiatives for their members to support them in managing their mental health. Some of the services go further in helping members to provide support with legal and ethical dilemmas.

CPA Australia

CPA Australia offers a suite of mental health support initiatives to assist members and their clients in navigating challenging times. These resources include webinars on strategies to avoid burnout, online courses such as "Skills for Conversations that Matter" to enhance communication, and training programs focused on psychological and suicide intervention first aid. Additionally, CPA Australia collaborates with Beyond Blue to provide the New Access program, offering free and confidential mental health support tailored for small business owners. Members can also access various tools and guides aimed at fostering mental wellbeing in the workplace.

Institute of Public Accountants (IPA)

IPA in Australia provides comprehensive support to members through a service called "Uprise" which connects members with clinical psychologists with a credit of 30-minute consultation per member per annum. This will typically involve a referral from an IPA staff member to the service for the member, connecting them to clinical support sooner. In addition, the IPA has driven mental health research in small business through its IPA Deakin University SME Research Centre which led to the creation of the innovative "Counting on U" program that trains accountants and business advisers in mental health first aid.

Institute of Chartered Accountants of Pakistan (ICAP)

ICAP requires its learning partners to implement a comprehensive policy for addressing students' mental health and well-being, with clear protocols for managing such issues. The policy includes establishing a dedicated panel for awareness and guidance sessions conducted by qualified professionals. Training organisations with over 100 trainees are also mandated to adopt similar measures for supporting trainees' mental health.

Institute of Chartered Accountants in England and Wales (ICAEW)

The Chartered Accountants Benevolent Association (CABA) support is available to ACA students, ICAEW employees, current or former ICAEW members, or part of their family. CABA provides a range of support such as financial grants and aids, debt advice, mental health support, counselling and talking therapies, neurodiversity assessments and assistance. Most of the services including mental health support and legal advice, are provided free regardless of financial circumstances.

Chartered Accountants Australia and New Zealand (CAANZ)

CA ANZ Wellbeing offers resources and guidance to support members' mental health, helping them thrive in their accounting careers, manage stress, and prioritize their overall well-being. All CA ANZ members have free access to the Employee Assistance Program (EAP) that offers confidential and free access to independent professionals who can provide short term, early intervention and solution focused support.

Association of Chartered Certified Accountants (ACCA)

ACCA's Wellbeing Hub offers students with a range of information and resources to support their wellbeing throughout their ACCA journey. The hub features exclusive articles, videos and podcasts from ACCA's Wellbeing Ambassador and inspiring stories from students. The hub is divided into three areas: community support, lifestyle and mental health. The latter focuses on topics such as managing anxiety and building resilience. The hub is accessible to both students and members and addresses the wider impact of working under pressure.

HOW 11: Supporting Members on Ethical Issues

CPA Australia

CPA Australia provides members support through its member services team. Member queries related to ethics and professional standards, are referred to the Policy Adviser for Ethics and Professional Standards or other Policy Advisers in the team who are responsible for other legislative matters including compliance with the Corporations Act, Accounting Standards and Reporting, Auditing and Assurance, Tax, Whistleblowing and Anti-Money Laundering/Counter Terrorism Financing. Members are also provided with access to Ethi-call, enabling a conversation with an independent, expert, and impartial ethics trained professional. It is an Australia-wide independent service, that is, free and confidential.

CPA Australia's Ethics and Professional Standards Centre of Excellence serves as an advisory body dedicated to guiding members on ethical conduct and professional standards. This Centre plays a pivotal role in shaping CPA Australia's policies and strategies, ensuring that public interest remains central to its objectives. By offering expert guidance on policy matters, identifying emerging issues, and providing feedback on public consultations, the Centre supports members in upholding the fundamental ethical principles of the profession.

Institute of Public Accountants (IPA)

IPA in Australia provides members with access to a service called "Professional Assist": which connects members to a panel of (typically) experienced legal professionals to provide complimentary advice with four credits per annum which may be used to provide guidance on technical, ethical or legal matters. This is in addition to the direct guidance offered by the Advocacy and Professional Standards team and through showcasing ethical issues at conference, publications and other media channels.

Institute of Chartered Accountants Bangladesh (ICAB)

ICAB raises awareness and promotes ethics through:

- research, thought leadership or case studies
- dedicated sections in member's journals, articles, newsletters, website
- publication of disciplinary outcomes involving ethical breaches
- guidance materials, eg a framework for ethical conflict resolution.

Chinese Institute of Certified Public Accountants (CICPA)

CICPA provides consultancy on members' issues during practices, including ethics-related issues, and established channels accessible to the public for complaints on violation of ethical requirements. When ethical requirements are revised, CICPA dedicates a series of topics in members' journals, newspapers and website, to raise public awareness. CICPA also actively communicates with regulators for violations of ethics and publish guidance for common issues.

Institute of Chartered Accountants India (ICAI)

ICAI has a dedicated webpage providing updates on professional ethics for the members. Important issues on ethics are published monthly in the National accountancy Journal (CA Journal). There is an Ethics Helpdesk to support members' questions on Ethics, with FAQs on Ethical Issues published regularly. Workshop and webcasts highlighting ethical issues are also organised for members.

ICAI has come up with the CA Connect Portal, which is a listing platform for the Chartered Accountants. Listing is done in line with the provisions of the Chartered Accountants Act, 1949 and Code of Ethics. Clients can access the portal and search Chartered Accountants on the basis of geographical area and service required.

HOW 11: Supporting Members on Ethical Issues (cont'd)

Institute of Chartered Accountants in England and Wales (ICAEW)

ICAEW offers Technical Advisory Service for its members on technical, ethical, money laundering and member issues. The Advisory Service allows members to talk through their issues with experienced staff. It also offers online guidance, help sheets and FAQs on technical and ethical issues typically encountered by members.

Chartered Accountants Australia and New Zealand (CA ANZ)

CA ANZ offers a dedicated helpline where members can confidentially discuss ethical issues they encounter. The CA ANZ's Professional Standards team is available to help clarify their obligations and offer practical advice. This confidential support service is free for all members. The Chartered Accountants Advisory Group (CAAG), which comprises local panels of experienced senior CAs, provides confidential, members-only counselling and support to CA ANZ members who face ethical dilemmas or career decisions.

In addition, CA ANZ members have access to practical guidance based on professional standards and regulations. The CA ANZ site provides tools, resources, and information to assist members in managing ethical concerns or dilemmas in their workplace.

Institute of Chartered Accountant Pakistan (ICAP)

ICAP provides support, through its Technical Services Department to its members who have queries in respect of ethical and related matters. Its Auditing Standards & Ethics Board responds to member's queries and develops technical releases on matters where general guidance is needed. In-house and external legal advisors provide legal advice on the ethical matters, when needed.

A dedicated webpage on the Code of Ethics is developed to provide the latest version of the code along with updates and resources from the Auditing Standards & Ethics Board. IESBA news and updates are regularly shared with members through the ICAP Newsletter and the quarterly Audit Bulletin.

Korean Institute of Certified Public Accountants (KICPA)

KICPA's in-house lawyers and ethics specialists provide consultancy on members' ethics-related issues and a hotline centre is operated to receive complaints on violation of ethical requirements.

Japanese Institute of Certified Public Accountants (JICPA)

JICPA offers CPD courses featuring case studies on professional ethics. The course content is updated annually, drawing from consultations received through the Ethics Helpline, which provides support services to members. Responses to these inquiries are prepared by a working group within the Ethics Standards Committee.

Additionally, based on the IESBA's Q&As and insights from member consultations, JICPA has published practical guidance on the Code in a Q&A format, along with a checklist to support auditor independence.

Association of Chartered Certified Accountants (ACCA)

ACCA has a dedicated section of the website collating the ethics resources and support for its students and members. The section includes explanation of the concept of ethics including the distinction between personal and professional ethics, various schools of thought on ethics, information on anti-bribery and fraud, links to case studies and illustrative ethical dilemmas, and "how to" guide to developing your own Code of Ethics. The section also includes the ACCA Code of Ethics and Rulebook as the primary guiding documents for members.

ACCA provides its members with guidance on whistleblowing arrangements including recommendations for developing, operating and overseeing effective speak-up arrangements. Links are provided to UK government whistleblowing information service and whistleblowing advice service Protect.



Confederation of Asian and Pacific Accountants

B-9-2 Tower B, Atria Suites,
Jalan SS 22/23, Damansara Jaya,
47400 Petaling Jaya, Selangor, MALAYSIA.
T : (603) 7731 8892 / 7731 8063

www.capa-apac.org

Connect with us:

 @CAPAAccountancy

 Confederation of Asian and Pacific Accountants (CAPA)

Copyright © 2026 by the Confederation of Asian and Pacific Accountants (CAPA). All rights reserved. Used with permission of CAPA. Contact admin@capa.com.my for permission to reproduce, store or transmit, or to make other similar uses of this document.

While reasonable efforts have been made to ensure that the information contained in this document is accurate and up to date at the time of publication, no representation or warranty, express or implied, is made regarding its accuracy, completeness, or suitability for any particular purpose.

CAPA, its officers, employees, and contributors shall not be liable for any loss, damage, or expense arising from or in connection with the use of, or reliance upon, the information contained in this document.

This document may be updated, amended, or withdrawn at any time without prior notice.