

Media Statement

30 October 2020

A framework for ethical behaviour

Global Ethics Day is celebrated each year in late October, and it is a timely reminder of the importance of ethics in public, private and not-for-profit organisations. Ethics are the principles and values that guide and regulate an organisation's behaviour and provide guidelines on the choices individuals within the organisation make.

In a year in which the COVID-19 pandemic has brought so many challenges to the economy, it is imperative that individuals and organisations behave ethically and not contribute any more damage to the already fragile economic environment. Unfortunately, impaired judgement and poor ethical decision-making result in sub-optimal outcomes for organisations and individuals.

The Accounting Professional & Ethical Standards Board (APESB) issued the restructured *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) in 2018 that sets out requirements on how to act in the public interest for accounting professionals who play a crucial role across public, private and not-for-profit organisations.

The five fundamental principles which underpin the Code: integrity, objectivity, professional competence and due care, confidentiality, and professional behaviour, are supported by an enhanced conceptual framework that provides accountants with a systematic approach to identify, evaluate and address threats to the five fundamental ethical principles. The conceptual framework requires the individual to exercise professional judgement to determine whether their actions comply with the fundamental principles.

APESB Chair, Nancy Milne OAM, said, "The Code of Ethics provides a robust framework for professional accountants to incorporate ethical considerations to their decision making. Individuals and firms that adhere to the Code's fundamental principles and adopt strong ethical practices will create stronger and healthier businesses."

A recent Deloitte Access Economics study commissioned by the Ethics Centre, *The Ethical Advantage* (2020), found that better ethical behaviour and infrastructure are associated with improved financial outcomes. The report noted that by improving its governance score by 1 standard deviation, an Australian organisation could expect a 7% increase in its return on assets.

As we work towards rebuilding the economy in the COVID-19 normal environment, the importance of behaving according to the five principles that underpin the Code takes on greater relevance and is critical in establishing exemplary ethical behaviour in the accounting profession.

"Now more than ever, we have the opportunity to embark upon a financial recovery that is both ethical and profitable. Organisations that take a measured and ethical approach in their recovery will perform better in the long run," said Ms Milne. "It is vital that professional accountants recognise the importance of the Code of Ethics to govern all aspects of their professional conduct and behaviour."

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Notes to Editors: APESB is the National Standards Setter that sets the Code of Ethics and professional standards by which members of Australia's three major professional accounting bodies (CPA Australia, Chartered Accountants Australia and New Zealand and the Institute of Public Accountants) are required to abide.