

INTERNATIONAL EDUCATION STANDARD
IES 4
PROFESSIONAL VALUES, ETHICS AND ATTITUDES
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Purpose and Scope of this Standard

1. This Standard (IES) prescribes the professional values, ethics and attitudes professional accountants should acquire during the education program leading to qualification.
2. The aim of this IES is to ensure that candidates for membership of an IFAC member body are equipped with the appropriate professional values, ethics and attitudes to function as professional accountants.
3. IFAC recognizes that the accountancy profession throughout the world operates in environments with different cultures and regulatory requirements. The International Ethics Standards Board for Accountants (IESBA) has, nevertheless, established an international *Code of Ethics for Professional Accountants* (IESBA Code). Professional values and ethics relate directly to IFAC's mission to develop and enhance the profession to enable it to provide services of consistently high quality in the public interest.

Introduction

4. Society has high expectations of the accountancy profession. It is essential for professional accountants to accept and observe ethical principles regulating all their relationships. Professional values, ethics and attitudes identify professional accountants as members of a profession and should shape everything they do as professionals. It is the responsibility of member bodies to ensure that their members have an adequate understanding of the principles of professional ethics and the underlying rationale of the constraints that professional ethics place on professional accountants.
5. Since professional accountants have a role to play in decision making, they need to have a thorough appreciation of the potential ethical implications of professional and managerial decisions. They also need to be aware of the pressures of observing and upholding ethical principles that may fall on those involved in the decision-making process. This is true whether they are working in public practice, industry or commerce, the public sector or education.
6. Professional accountants operate in a world of change. Good governance, both corporate and public, depends greatly on adherence to professional values, ethics and attitudes. In such circumstances, a clear understanding of, and education in, ethical principles is essential.
7. IFAC considers that member bodies have an obligation to their current and future members, as well as to society at large, to ensure that their members have a continuing understanding of professional values, ethics and attitudes. This understanding needs to be sufficient to enable them to operate

effectively and with integrity and discernment in an environment of change. The purpose of this IES is to assist member bodies in this task.

8. Professional values, ethics and attitudes need to be treated in their own right within the education framework. If future professional accountants are to perceive professional values, ethics and attitudes as important to their work, it is essential that they do not perceive the treatment of professional values, ethics and attitudes as peripheral to their main education programs.
9. Educators and professional bodies need to distinguish between teaching students about professional values, ethics and attitudes and developing and instilling ethical behavior. Developing professional values, ethics and attitudes needs to begin early in the education of a professional accountant and be re-emphasized throughout a career. The professional accountant needs to consider this as part of life-long learning.
10. Education programs need to deal with ethical rules in a positive, participative way, for example, by exploring links between ethical behavior, corporate failure and fraud. It is important for professional accountants to learn from their experiences. With this in mind, education programs need to include reflection when students are required to consider an experience, what went well, what did not work and what approach should be taken in the future in similar circumstances.
11. Definitions and explanations of the key terms used in the IESs are set out in the *Framework for International Education Standards for Professional Accountants* and the *IAESB Glossary of Terms*.

Effective Date

12. This IES is effective from January 1, 2005.

Professional Values, Ethics and Attitudes

13. **The program of professional accounting education should provide potential professional accountants with a framework of professional values, ethics and attitudes for exercising professional judgment and for acting in an ethical manner that is in the best interest of society and the profession.**
14. **The required values, ethics and attitudes of professional accountants include a commitment to comply with the relevant local codes of ethics which should be in conformity with the IESBA Code.**
15. **The coverage of values and attitudes in education programs for professional accountants should lead to a commitment to:**
 - (a) **the public interest and sensitivity to social responsibilities;**
 - (b) **continual improvement and lifelong learning;**

- (c) **reliability, responsibility, timeliness, courtesy and respect; and**
 - (d) **laws and regulations.**
16. **While the approach of each program to the learning of professional values, ethics and attitudes will reflect its own national and cultural environment and objectives, as a minimum all programs should include:**
- (a) **The nature of ethics;**
 - (b) **Differences of detailed rules-based and framework approaches to ethics, their advantages and drawbacks;**
 - (c) **Compliance with the fundamental ethical principles of integrity, objectivity, commitment to professional competence and due care, and confidentiality;**
 - (d) **Professional behavior and compliance with technical standards;**
 - (e) **Concepts of independence, skepticism, accountability and public expectations;**
 - (f) **Ethics and the profession: social responsibility;**
 - (g) **Ethics and law, including the relationship between laws, regulations and the public interest;**
 - (h) **Consequences of unethical behavior to the individual, to the profession and to society at large;**
 - (i) **Ethics in relation to business and good governance; and**
 - (j) **Ethics and the individual professional accountant: whistle-blowing, conflicts of interest, ethical dilemmas and their resolution.**

Teaching Professional Values, Ethics and Attitudes

17. Because of the importance of professional values, ethics and attitudes to future professional accountants, the presentation of the topic may at first be treated as a separate subject. As students progress, and gain a wider knowledge of other subjects, it will be appropriate to integrate subject matters. This will encourage students to look for and consider the possible ethical implications of problems being discussed in their study of other subjects.
18. Students need to understand that values, ethics and attitudes run through everything that professional accountants do and how they contribute to confidence and trust in the market. Subsequent treatment might address the particular ethical issues likely to be faced by all professional accountants and those more likely to be encountered by professional accountants in public practice in any particular cultural environment.

19. Students need to be encouraged to study the role of, and critically appraise, relevant codes of ethics. Students may be invited to view professional pronouncements in this area as a positive effort to create a framework of trust and integrity within which professional accountants can operate. Students need to be encouraged to examine the ethical pronouncements of other professions and examine and discuss other potential approaches for the accountancy profession. Rote learning of codes and subsequent tests of memory will not produce the desired effect.
20. The presentation of professional values, ethics and attitudes to accounting students can be enhanced greatly through the use of participative approaches. These may include:
 - (a) The use of teaching materials such as multi-dimensional case studies;
 - (b) Role playing;
 - (c) Discussion of selected readings and videos;
 - (d) Analysis of real life business situations involving ethical dilemmas;
 - (e) Discussion of disciplinary pronouncements and findings; and
 - (f) Seminars using speakers with experience of corporate or professional decision making.
21. Such participative work will lead those involved to a greater awareness of the ethical implications and potential conflicts for individuals and businesses that may arise from having to make complex management decisions. Distance learning programs may be limited in offering all these participative experiences, however, as many approaches as possible can be used to enhance the learning experience.
22. It is important for professional accountants to learn from their ethical experiences. With this in mind, education programs need to include reflection when students are required to consider an experience, what went well, what did not work, and what approach may be taken in the future in similar circumstances.

Workplace Learning and Professional Values, Ethics and Attitudes

23. Professional values, ethics and attitudes affect the work of all professional accountants. Proper ethical behavior is as important as technical competence. Member bodies will require trainees to gain appropriate training and practical experience prior to admission to membership. Accordingly, the period of training and practical experience needs to be structured to give trainees an opportunity to observe the application of professional values, ethics and attitudes in the work situation.

24. Those responsible for the supervision of practical experience need to stress to their trainees the ethical dimensions of the role professional accountants play in the workplace. This may be done by encouraging them to identify any apparent ethical implications and conflicts in their work, to form preliminary views on such occurrences and to discuss them with their superiors.
25. In addition to discussions with the supervisors or mentors, there are other ways for trainees to discuss ethical issues, for example, discussions or interviews with other staff within the organization.
26. Trainees, and those recently qualified as professional accountants, would also benefit from exposure to, and involvement in, discussions on relevant issues relating to the work of their employers that are perceived to have potential ethical implications, for example conflicts of interest related to:
 - (a) Professional accountants' job responsibilities (including responsibilities defined by the policies of organizations and the instructions of supervisors) and their professional responsibilities (as defined by their professional codes of conduct amongst other sources);
 - (b) Confidentiality of information, including the limits of confidentiality;
 - (c) The structure and purpose of professional associations (including lobbying activities on behalf of members); and
 - (d) The variety of ways in which professional accountants can face conflicts of interest, including, for example, inappropriate advocacy and earnings management.
27. Ethical problems and potential dilemmas may occur. Where there is doubt about the ethical aspects of a course of action or situation, trainees need to consult some recognized ethical reference point, within their work environment or member body, whichever may be the appropriate course of action.