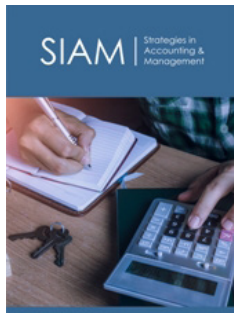


Upholding Ethical Integrity: Exploring Ethics Policies for Accounting and Finance Professionals

ISSN: 2770-6648



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Introduction

In the accounting and finance industry, maintaining ethical standards is of paramount importance. Ethics policies serve as guiding principles that outline an organization's expected ethical behavior and provide a framework for ethical decision-making. This article delves into the significance of ethics policies for accounting and finance professionals. We will examine examples of ethics policies from Fortune 500 companies and discuss their implementation and communication strategies. Additionally, we will explore the ethics policies of professional organizations such as the AICPA, ACFE, CFA Institute, and IIA, to gain insights into the principles and guidelines that govern ethical conduct within these organizations. The article will also address key organizational characteristics and considerations when developing an ethics program.

Understanding ethics policies

An ethics policy is a formal document that establishes an organization's ethical standards, values, and principles. It provides a framework for decision-making and behavior, ensuring adherence to legal and regulatory requirements. Ethics policies set the tone for ethical conduct and help create a culture of integrity within the organization.

Ethics policies in fortune 500 companies

Fortune 500 companies recognize the importance of strong ethics policies in shaping an ethical organizational culture. Here are examples of how ethics policies are implemented and communicated in some notable companies:

Google: Google's Code of Conduct, known as "The Google Way," outlines the company's values and expectations regarding ethical conduct. The policy covers areas such as privacy, conflicts of interest, and compliance with laws. The policy is easily accessible on Google's website and is reinforced through regular training and communication to employees.

Microsoft: Microsoft's Standards of Business Conduct serves as its ethics policy. It emphasizes integrity, respect, and compliance with laws and regulations. The policy is communicated to employees through training programs, online resources, and executive messages. Microsoft encourages employees to raise concerns through its confidential reporting mechanism.

Johnson & Johnson: Johnson & Johnson's Credo outlines its values and ethical responsibilities towards customers, employees, and communities. The Credo serves as a guiding principle for ethical decision-making. The company disseminates the Credo throughout the organization, incorporates it into training programs, and reinforces it through leadership communication.

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Submission: 📅 December 10, 2024

Published: 📅 December 17, 2024

Volume 5 - Issue 2

How to cite this article: Steve A Garner*. Upholding Ethical Integrity: Exploring Ethics Policies for Accounting and Finance Professionals. *Strategies Account Manag.* 5(2). SIAM. 000610. 2024.
DOI: [10.31031/SIAM.2024.05.000610](https://doi.org/10.31031/SIAM.2024.05.000610)

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Ethics policies in professional organizations

Professional organizations in the accounting and finance industry have developed ethics policies specific to their members. Let's explore the ethics policies of the AICPA, ACFE, CFA Institute, and IIA:

American Institute of Certified Public Accountants (AICPA): The AICPA's Code of Professional Conduct sets forth the ethical standards for certified public accountants (CPAs). The code is built upon six fundamental principles, including integrity, objectivity, professional competence and due care, confidentiality, professional behavior, and independence. These principles guide CPAs in maintaining the highest ethical standards in their professional practice. The code outlines specific rules addressing independence, integrity and objectivity, confidentiality, professional competence, and professional responsibilities. These rules provide detailed guidance on ethical behavior in various scenarios encountered by CPAs.

Association of Certified Fraud Examiners (ACFE): The ACFE's Code of Professional Ethics establishes the ethical framework for Certified Fraud Examiners (CFEs). It emphasizes integrity, objectivity, confidentiality, and professional competence. The code outlines specific standards that CFEs must adhere to, including ethical conduct, professional competence, and confidentiality. These standards ensure the highest level of integrity and professionalism in fraud examination.

CFA institute: The CFA Institute, a global association for investment professionals, has a Code of Ethics and Standards of Professional Conduct that governs the behavior of chartered financial analysts (CFAs). Key features of the CFA Institute's ethics policy include:

A. Code of ethics: The code sets forth ethical principles, including integrity, diligence, and loyalty, which CFAs should uphold in their professional activities. It emphasizes the fiduciary duty CFAs owe to clients and the importance of maintaining the integrity of the capital markets. **Standards of Professional Conduct:** The standards provide specific guidelines for CFAs, covering areas such as professional competence, duties to clients, and duties to employers. These standards ensure that CFAs act in the best interests of their clients and maintain the highest professional standards.

B. Institute of Internal Auditors (IIA): The IIA's International Professional Practices Framework includes the Code of Ethics for internal auditors. It focuses on principles such as integrity, objectivity, confidentiality, and competency. The code provides guidance for internal auditors in maintaining ethical practices while carrying out their responsibilities and maintaining the trust of stakeholders. The code outlines specific rules that govern the behavior of internal auditors, such as performing

work with due professional care, maintaining confidentiality, and avoiding conflicts of interest. These rules ensure that internal auditors maintain the highest ethical standards in their roles.

Key organizational considerations for ethics programs

Developing an effective ethics program requires careful consideration of several organizational characteristics and issues:

Understanding why good people can commit unethical acts: Recognizing the potential factors and pressures that can lead individuals to make unethical choices is essential. This understanding helps shape ethics policies and training programs to address these vulnerabilities.

Defining organizational values: Clearly defining the organization's current values and identifying the desired values helps align ethics policies with the organization's overall vision and culture.

Effective communication of organizational values: Ensuring that organizational values are properly communicated throughout the organization is crucial. This includes integrating ethics discussions into regular communication channels, training programs, and leadership messaging.

Leadership's role in ethics: Ethics should be seen as a leadership issue within the organization. Leaders must set a strong example by embodying ethical behavior and prioritizing ethics in decision-making processes.

Understanding stakeholders' definition of success: Considering how various stakeholders, including board members, stockholders, management, and employees, define success helps align ethics policies with the organization's objectives and stakeholder expectations.

Written ethics policies, procedures, or structures: Developing written ethics policies, procedures, or structures ensures clarity and consistency in ethical decision-making. These documents serve as a reference for employees, providing guidance in challenging situations.

Conclusion

Ethics policies are crucial for accounting and finance professionals, promoting ethical behavior, and upholding integrity within organizations. Fortune 500 companies and professional organizations have developed robust ethics policies, emphasizing principles such as integrity, objectivity, and confidentiality. Understanding key organizational characteristics and considering relevant issues is vital when establishing an effective ethics program. By embracing ethics policies, accounting and finance professionals can contribute to a culture of integrity, trust, and accountability within the industry.