

***ETHICS and
GOVERNANCE***

ETHICS

-- Moral principles that governs a person's behavior in conducting of an activity or doing their job

-- A norms observed by a person in doing their job

GOVERNANCE

-- Putting into action the ethical code

Level of Governance

1. Incipient - Individual
2. Ordained - Team
3. Connective - Domain
4. Coordinative – Cross functional
5. Collaborative – Organizational

Level of Governance

1. Incipient - Activities
2. Ordained - Practices / standard
3. Connective - Policies, structure
4. Coordinative – Rules, processes,
Strategic system
5. Collaborative – Vision, Relationship

Level of Governance

1. Incipient - Performance
2. Ordained - Quality
3. Connective - Systematic work
4. Coordinative – Goal Setting
5. Collaborative – Norms setting

Basically, accountants should consider the ethical requirements as basic principle which they should follow in performing their work

Auditors services to clients

1. Assurance – an engagement to provide a high level of assurance that financial statements are free of material misstatement, that the audit was done in accordance with the Philippine Standard of Audit. This also includes a statutory audit required by legislation or other requirements

Auditors services to clients

2. Professional services – services requiring accountancy or related skills which includes, but limited to financial management, financial consultancy, taxation, internal audit services, compilation of financial and others information, management consultancy, other advisory services

ETHICAL STANDARDS FOR ACCOUNTANTS

- ◆ Integrity and objectivity
 - * Honesty, fair dealing, truthfulness
 - * Objectivity entails one to be fair, intellectually honest and free of conflict of interest

ETHICAL STANDARDS FOR ACCOUNTANTS

◆ Resolution of ethical conflicts

Conflict of interest infusing independence

ETHICAL STANDARDS FOR ACCOUNTANTS

- ◆ Professional competence
 - * Attainment
 - * Maintenance

ETHICAL STANDARDS FOR ACCOUNTANTS

◆ Confidentiality

- * Authorized
- * Disclosure is required by law
- * Professional duty or right to disclose

ETHICAL STANDARDS FOR ACCOUNTANTS

- ◆ Tax practice
- ◆ Cross Borders Activities
- ◆ Publicity

In Public Practice

◆ Independence

- * Independence of mind

- * Independence in appearance

◆ Engagement period

Significant observations

- 1, Compiler at the same time auditor of the cooperative
2. Signing of audited financial report without conducting actual audit work
3. Undertake audit engagement despite of on-going contract of service directly or significantly relevant to audit work
4. Doing retainer work while undertaking audit engagement

Significant observations

5. Non observance of cooperative rules, regulations and practices.
6. No comments or non-inclusion of management and risk level exposure of the cooperative client.

End of presentation