

THE INTEGRITY AND OBJECTIVITY OF THE PRACTITIONERS OF PUBLIC PRACTICE

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Summary

The Ethics is necessary so that the society, the organization could function orderly. The Ethics represents the "cement" of the society, of the organization. Any profession can preserve the public's trust only by relying on the Ethics. The importance of the Ethics has determined the inclusion of some morale values in laws; because of the subjective aspect, some moral values can not be included, but this thing does not mean that they are less important for the society. The need for Ethics appeared in the big organizations which set up ethical programmes and employed functionaries to have in view the ethical behaviours.

Rules of behaviour and ethical verdicts

The ethical codes include norms of behaviour defined by principles and rules of behaviour. In some professions there has been established the minimum level of behaviour of the practitioners which is a standard level (the standard behaviour) concretized in rules of behaviour.

The rules of behaviour are expressed in the ethical code which is systematized in three parts:

- Part A – applicable to all the practitioners, the auditors;
- Part B – applicable only to the practitioners, the auditors in public practice;
- Part C – applicable to the remunerated practitioners, the auditors, inclusively to the financial auditors remunerated in public practice.

The practitioners' behaviour is defined by principles and even by high enough standards according to which it is evaluated to see if it is satisfactory or not, if there is respected the minimum level of behaviour, the rules of behaviour. A profession's ethical code includes the explicit rules which must be respected by a professional belonging to this profession. Consequently, the rules of behaviour are minimum norms of ethical behaviour which have a concrete application and are often subject to the interpretation of the practitioners.

Therefore, it has appeared the need of publishing the interpretations given to the rules of behaviour by the specific department of the professional organism/body (The Professional Ethics Department), which drafts the interpretation on the basis of a decision taken by a committee of practitioners chosen from among the key-persons in the professional body. The interpretation does not have official applicability, but it would be difficult and maybe impossible for a practitioner to

justify a transgression from the given interpretation.

Beside the interpretation of the rules of behaviour there have appeared the ethical verdicts. There are explanations given to a specific real circumstance by the professional ethics department of a professional organism.

An example of ethical verdict is the answer given to the following question:

Is the practitioner's independence threatened toward an institution if he is part of the administration committee?

Answer: Yes, it is affected because the administration committee has the responsibility for the institution's activity and the practitioner must declare his interest in that institution.

The main rules of behaviour are as follows:

- Integrity and objectivity;
- Professional competence;
- Confidentiality;
- Rules related to the fiscal practice;
- Rules related to the international activities;
- Publicity;
- Independence;
- Fees and commissions.

The Impartiality

The integrity and the objectivity request the practitioners to avoid the conflicts of interests, the impartiality in the presentation of the information, not to scarify the own reasoning in the favour of other persons' opinions. The practitioners of public practice have the obligation to be fair, honest intellectually speaking, no matter the circumstances in which they develop their activity, and they must show objectivity.

There has to be paid an adequate attention to the following factors:

- The pressures brought on them;

- Other persons' prejudices, confusions and influences;
- Giving presents etc.

Also, there is violated the practitioner's integrity when he encourages the institution to deduct a series of outgoings for which he has no justification, taking into consideration the low risk of being identified and taxed by Fiscality. The ethical rule is not considered having been violated if the practitioners of public practice carry out services of financial or managerial advising, thing which allows him to defend his client's rights.

The practitioners of public practice who work in teams must not subordinate their own reasoning to the responsible of the assurance commitment's team, excepting the case when they agree with his conclusion. The disagreements have to be expressed and justified so that the practitioner of public practice could dissociate himself from the final solution if he does not agree.

The integrity and the objectivity are applied for any service and to all practitioners of public practice.

The Characteristics of the Integrity

The characteristics of the integrity can be synthesized as follows:

- Honesty;
- Sincerity;
- To do what must be done;
- To action with good faith.

The integrity might conciliate inherent the errors and the sincere difference of opinions and does not let place for fraud. The integrity is measured in the

terms of what is correct and fair and asks respecting both the form and the spirit of the technical and ethical standards.

There might exist divergence of professional opinions, but it must be taken care not to lose the integrity.

The 1st Example

At the sitting of the Administration Committee of the "X" Institution, there participates the chief accountant instead of the financial director (who is busy with other problems) in order to inform about the results communicated by the auditors until that moment.

A member of the Administration Committee asks the opinion of the chief accountant regarding what the auditors mentioned and the effectiveness of the internal control, pointing out that the financial director would have considered it excellent.

The chief accountant was informed by the auditors that system of internal control presents some defects from among one is significant and the financial director knows about this (for example, incurring unjustified expenses regarding the immobilizations).

The auditors solicited a meeting with the financial director and the chief accountant, the meeting being established after the sitting of the Administration Committee. The chief accountant is loyal to the financial director because his career depends on him.

Which is the ethical answer of the chief accountant given to the Administration Committee?

The chief accountant's answer	The analysis
"Yes, the system of the internal control is excellent as the financial director says, and there are not needed any changes."	This is not an honest answer because the personal loyalty is confounded with the obligation of honesty and sincerity.
"Even if I objected, the financial director had taken upon himself the responsibility for a transaction of immobilizations".	The chief accountant points out his own qualities by limiting the whole fault to the financial director.
"The auditors have already initiated a meeting to discuss about the recommendations for the system of the internal control together with the financial director and you."	The answer represents the best choice because it would be premature to accept the auditor's recommendation without being convinced that there have been taken into consideration all the aspects of the problem.

The Characteristics of the Objectivity

By analysing the objectivity, there can be outlined the following characteristics:

- Impartiality;
- Intellectual honesty;

- No conflicts of interest.

The rule of the objectivity is applied to any domain and in the financial-bookkeeping domain it is applied both when financial situations are drawn up and when the financial information are

evaluated by the practitioners of the public practice in the public sector.

The objectivity is the intellectual quality which offers value to the accomplished services and imposes non-dissociately the three characteristics: impartiality, honesty, no conflicts of interest.

The 2nd Example

Reading about the management of the performance, the “X” Institution asks an auditor to implement such a system, considering that this thing can solve the problems it confronts with. The

auditor diagnoses the “X” institution and comes to the conclusion that it does not need to introduce such a system of the management of the performance in order to solve its problems and that it needs to elaborate a strategic plan.

In the moment of the solicitation the auditor is not sufficiently busy so that he can trouble himself with the working of the “X” Institution and the working of realization of a strategic plan costs less than the project of measuring the performance.

How should the auditor act in order to be objective?

The auditor's decision	The analysis of the auditor's objectivity
1. The working is accepted. During the whole activity of introducing the system of management of the performance is induced to the officials of the institution the idea of the necessity of a strategic plan made by the auditor too in pursuance of the finality of the management of performance system. There are concretized two workings for the auditor, therefore two big fees.	The auditor does not proceed honestly, therefore he is not objective. He takes into consideration first and foremost his own interest, having a conflict of interests with the professional judgement and the intellectual honesty.
2. The working is accepted, but the institution is presented the fact that there can not be guaranteed an immediate improvement.	The auditor is not objective when talking the decision in his own interest without presenting the truth to the officials of the institution.
3. The auditor presents the client the fact that the introduction of a management of performance system is not efficient before having realized a strategic plan.	The auditor is objective, his judgement is professional and he is impartial and honest and succeeds in edging out the conflict of interests determined by the fee.

The 3rd Example

At the “X” Institution the financial director was recently entered upon the function of executive director and the chief accountant has become the financial director.

When the financial situations are drawn up, the financial director asks the chief accountant not to

register all the expenses referring to the period of reporting; these ones would be reported in the here and now. He mentions that only in this way there would be realized the indicators of performance and he assumes the whole responsibility.

The decision of the chief accountant	The analysis of the ethical behaviour of the chief accountant
1. To realize the things requested by the financial director, who assumes the whole responsibility, considering that his integrity is not compromised.	The chief accountant's behaviour is not ethical because he violates the integrity and the legal precautions by not making knowingly some registrations and by providing some false and deceitful information in the account book of the entity.
2. To transmit to a subaltern not to make the registration, this thing having to be approved by the financial director, considering that, in this way, his integrity is not affected	Even if it is chosen the subterfuge of not making himself the false declaration as following some omissions in the registrations, transmitting and guiding another person to proceed in this way, it constitutes too a violation of the ethics and the law.
3. He refuses the request.	This decision is ethical an the chief accountant respects the rules if ethical behaviour.

The chief accountant could proceed in the following manner too:

To announce the hierarchical chief superior to the financial director, if he would not have become executive director.

To assume the responsibility for the registrations requested by the financial director alongside him.

The Characteristics of the Conflict of Interests

The conflict of interests appears only if the objectivity is affected, the relationship being evaluated from a third person's point of view. In other words, the existence of a situation of conflicts must be analyzed throughout other one's eyes, a third person.

If there exists a potential conflict and the practitioner considers that he can not realize the service with objectivity, he must refuse that service.

If there exists a potential conflict and the practitioner considers that he can not realize it with objectivity, but the third persons consider that the practitioner's stateliness is objective, the practitioner will ask the permission of that third part. If the permission is not given, the practitioner will refuse that service. If the third person gives him the permission, the practitioner can realize the service and not having a conflict of interests.

The practitioners of public services and the ones in the public sector too must avoid the coming out of the conflicts of interests, they must be constantly aware of and attentive to the factors which can determine conflicts of interests like: the exertion of pressures of a supervisor, manager, director or partner, inclusively in the case in which there exist personal relationships between them and the practitioners; acting contrary to the technical and/or professional standards; dividing the loyalty between the practitioner's upper and the standards of behaviour; deluding by presenting some information which can be in advantage for the employer or the institution that employs and of which the practitioner can or can not benefit.

The process of solving the conflicts of interest must be done according to the existent policies of the institution which employs.

If the ethical conflict is not solved in this way, there will be proceeded as follows:

- Analysing the conflict's problem with the direct superior.
- If it is not solved with the direct superior, the practitioners appeals to the next level of management, but this decision must be communicated to the direct superior. If the superior is involved in the problem of the conflict, the practitioner must discuss the

problem with the immediate superior management.

- Asking for an independent consultant or the body he is a member of for advising and guidance.
- The resignation and the presentation of a report to the official of that entity, of the ones charged with the governance if the conflict of interests has not been solved and the problem is significant (for example, the fraud).

The professional bodies are obliged to offer in private advising and guidance for the members involved in conflicts of interests.

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