

THE ROLE OF AN ACCOUNTING AND FINANCE PROFESSIONAL

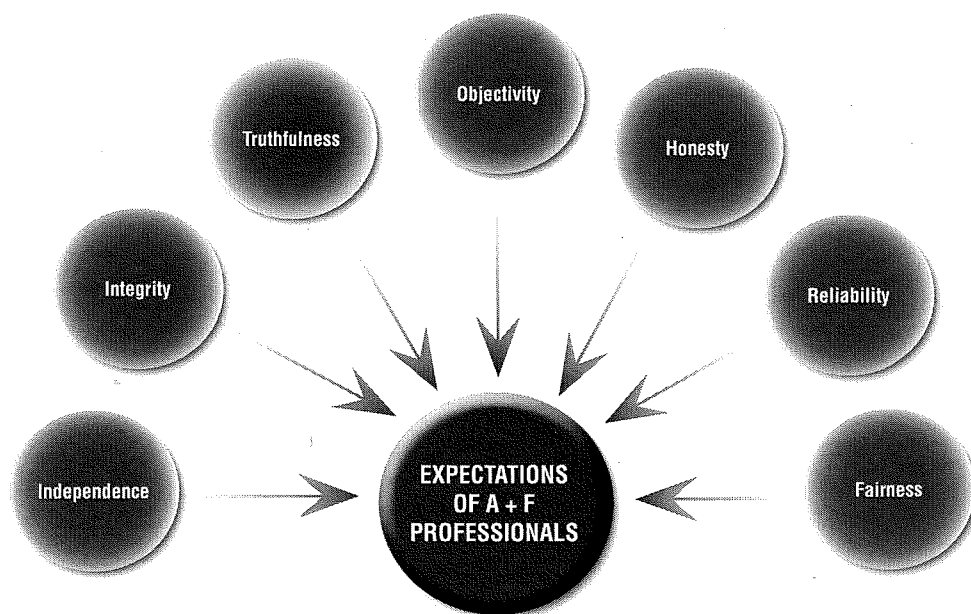
With a range of roles from fostering economic growth to ensuring sustainable business development, the role of an accountant is one of contrast and sometimes contradiction. Accounting and finance professionals are called upon to assist with decision making for a variety of business and personal needs. Individuals in these roles are needed to interpret information, develop policies and enable risk management.

The accounting and finance professionals' role is enshrined in legislation. The *Australian Financial Service Reform Act 2001* outlines the expected role to be taken by accountants and financial advisors. The Act outlines licensing rules and disclosure requirements, and is aimed at ensuring that the user of the financial information is fully knowledgeable and can make informed decisions.



ACCOUNTING AND FINANCE ROLES SCENARIO

An accountant might develop the accounting system for a specific business in response to its unique needs, while it is the role of the bookkeeper to ensure that records are kept and the system is used to an optimal level. A finance professional might develop a risk management policy for a business' future financial investments, and the stockbroker would put this into place.



Professional associations

The Australian professional associations support both the professional and the academic areas of the accounting and finance industry. The associations have input into a range of national and international decision making bodies, representing their members in decision making about professional practice. They advocate 'best practice' for all accounting and finance professionals.

To become a member of CPA Australia potential members must hold an accredited undergraduate degree. They need to have studied accounting, finance and business topics through a major in accounting, or a double major including accounting. They are also required to do post graduate study and work experience.

To join the Chartered Accountants Australia and New Zealand potential members must complete an accredited degree and a postgraduate accounting program. They then study five modules while completing relevant work experience.

Members of the Institute of Public Accountants complete studies that meet the requirements for financial services registration, registration as a company auditor and registration as a tax agent. It requires an accounting qualification or statutory certification for entry. Associate members must hold a university degree, TAFE advanced diploma in Accounting or a statutory registration from the Federal Government.

CPA AUSTRALIA

- Education and training
- Technical support of members
- Advocacy
- Represent the profession

CHARTERED ACCOUNTANTS AUSTRALIA AND NEW ZEALAND

- Advocacy and leadership
- Influence policy
- Act in the public interest
- Educating candidates and members

INSTITUTE OF PUBLIC ACCOUNTANTS (IPA)

- Support member needs
- Provide education
- Lobby on legislative issues
- Products and services for members

Accounting Professional and Ethical Standards Board (APESB)

Australia's three professional accounting bodies support an independently constituted board that oversees the development of professional and ethical standards in the accounting profession.

Professional and ethical standards include (but are not limited to) a **Code of Ethics** for professional accountants, professional statements, guidance notes and other ethical issues relating to the accounting profession.

Aims of the APESB

- To develop and issue professional and ethical standards to apply to members of the professional bodies.
- To provide a forum for the promotion and approval of professional and ethical standards.

Business advisors and financial service providers

An accountant may specialise in a particular field, and offer business advice or financial planning to customers who have particular needs. Possible areas of specialisation are outlined here.

The **Financial Planning Association of Australia (FPA)** is an organisation which exists to represent the interests of the public and of Australia's professional community of financial planners. It aims to represent those involved in the financial planning market, to lobby government and regulators, to set and maintain professional standards, to certify members and to provide professional development.

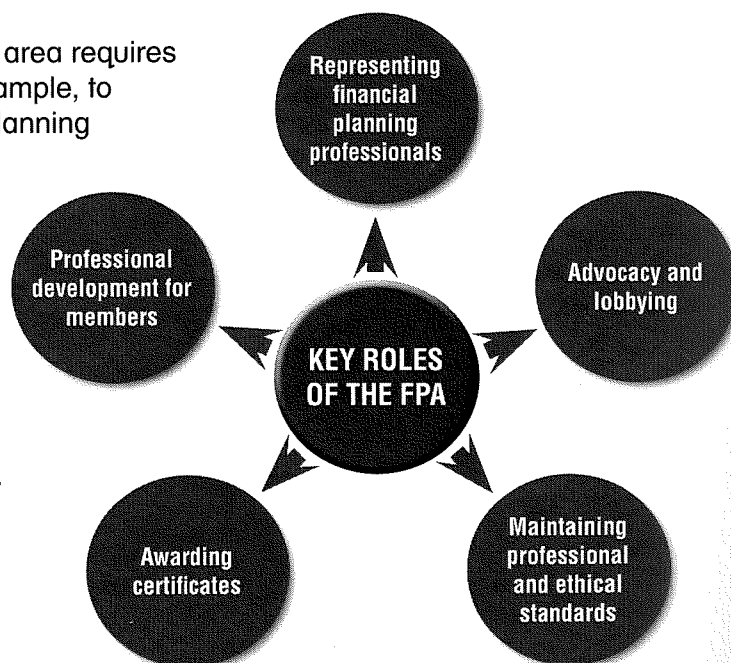
Quite often the move into a specialist area requires further study and certification. For example, to become a member of the Financial Planning Association (FPA) an individual must have an approved post-graduate qualification in financial planning and complete an exam consisting of a financial plan, an oral presentation and multiple choice questions. They also need three years' relevant experience within Australia and must comply with the Association's Code of Ethics.

Members of the Investment and Financial Services Association Limited tend to be **financial service suppliers** in retail and wholesale funds management, superannuation and life insurance. Individual members must follow the Associations' Standards and Guidance Notes.

A **registered tax agent** is another possible area of specialisation, requiring registration with the Tax Agents' Board. This involves an application, character references and relevant employment experience.

Specialist areas

- Information and communication technology
- Auditing
- Insolvency
- Management accounting
- Financial planning
- Taxation and treasury



Financial associations

There are many financial associations in Australia, and their members provide support to either financial institutions or to individuals. Many of these associations are not-for-profit, in that they exist to provide support and services to their members, and not to earn a return. The financial institutions that might be members of some of these associations

include banks, insurance companies, building societies, superannuation funds and credit unions. Individuals who would become members could either be employees in a business, or would be members for personal reasons.

Examples of financial associations, organised by category

CATEGORY	FINANCIAL ASSOCIATIONS
Stock market	Securities Institute of Australia Australian Financial Markets Association Australian Technical Analysts Association
Business financing	Australasian Institute of Banking and Finance Australian Chamber of Commerce Australian Asset Finance Association Group of 100 Inc
Superannuation	Association of Superannuation Funds of Australia Association of Taxation and Management Accountants Life, Investment & Superannuation Association of Australia
Investing	Australian Investment Managers Association Financial Planners Association of Australia Investment Funds Association of Australia Limited
Insurance	National Insurance Brokers Association Australian Insurance Institute Australian Insurance Law Association Insurance and Superannuation Commissioner Insurance Council of Australia



REVIEW QUESTIONS 18.1

1. What is the difference between bookkeeping and accounting?
2. Why do professional associations require registration and a specific level of study?
3. Summarise the membership requirements of the three major professional accounting bodies in Australia.
4. List areas of specialisation in the provision of financial services.
5. What are the main categories of financial association found in Australia?
6. What are the expectations of the professional accounting and financial associations in Australia, as outlined in the *Australian Financial Service Reform Act 2001*?

MAINTAINING ETHICAL BUSINESS PRACTICES

A **Code of Ethics** is a set of standards that are designed to encourage people to be honest in their dealings with each other, deal with professional relationships in an equitable manner, and always disclose all important information to individuals who may rely on them for assistance. Ethical codes also include requirements to report any breach of the ethical code to appropriate authorities and conform with regulations as required.

APESB Code of Ethics

The Accounting Professional and Ethical Standards Board (APESB) has developed the *APES 110 Code of Ethics for Professional Accountants*, which is a Code of Ethics for professional accountants. This code outlines ethical requirements for all members of CPA Australia, the Institute of Chartered Accountants in Australia and the Institute of Public Accountants. It was developed in relation to the International Federation of Accountants' ethical code. The code contains **five fundamental principles** of professional ethics for members to follow.

Integrity

Be straightforward and honest in all professional and business relationships

Objectivity

Do not allow bias, conflict of interest or undue influence of others override professional or business judgements

Professional competence and duty of care

Maintain professional knowledge and skill at the level required to provide competent professional services

Confidentiality

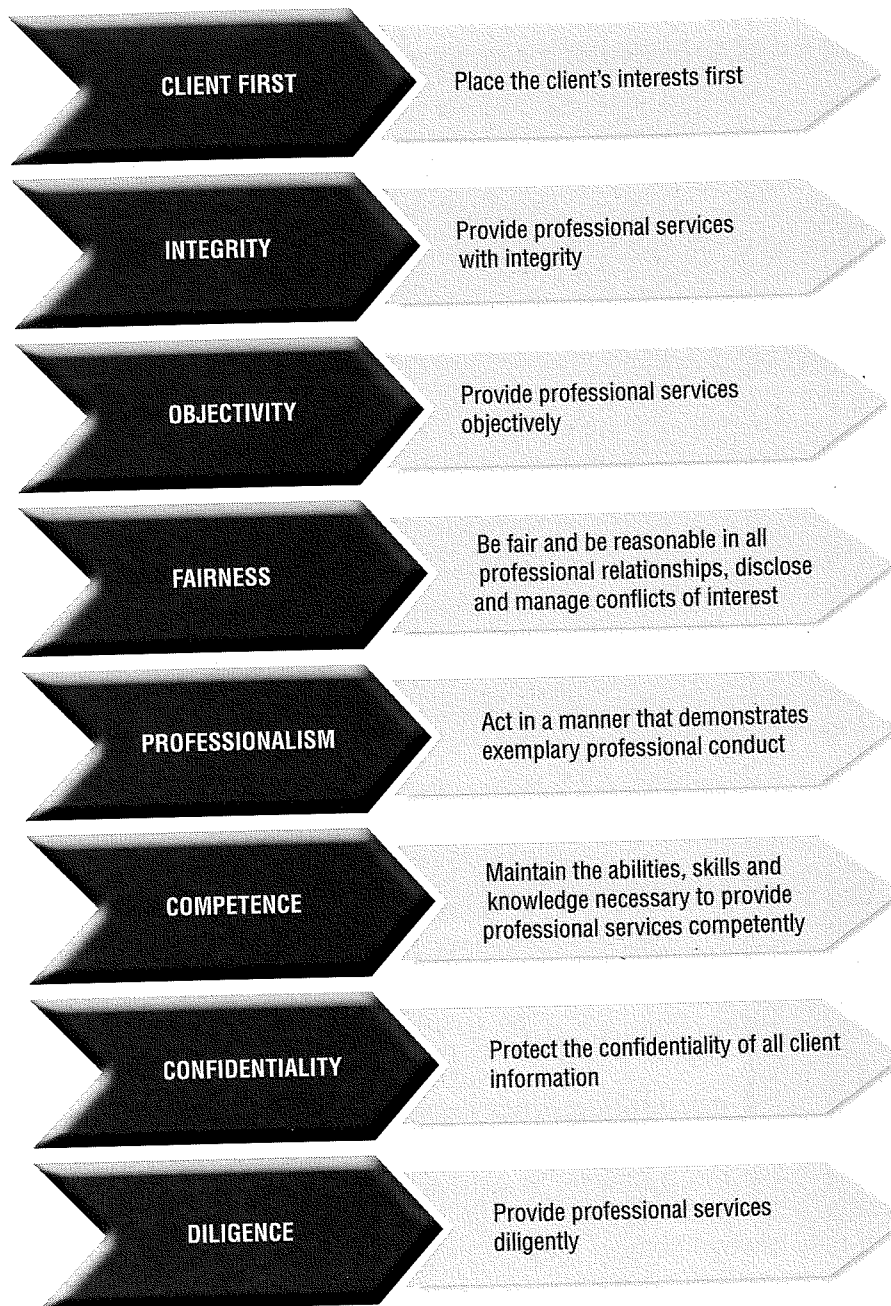
Respect the confidentiality of information acquired as a result of professional and business relationships. Do not disclose information without proper and specific authority

Professional behaviour

Comply with relevant laws and regulations and avoid any action that discredits the profession

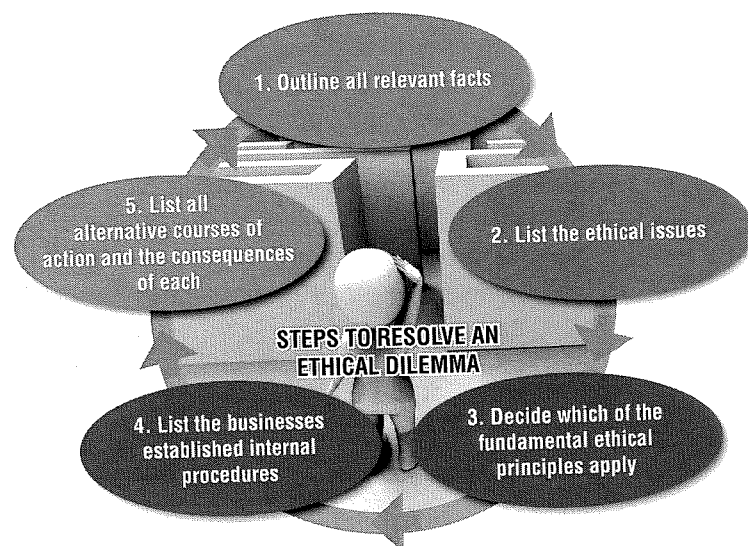
FPA Code of Ethics

The Financial Planning Association of Australia has developed a Code of Ethics which provides the top layer of regulation for members of the profession. The **eight fundamental principles** contained in the Code of Ethics are the minimum benchmarks of professional behaviour for members to follow. Underlying the Code of Ethics is a middle layer of regulation, consisting of seven Practice Standards, which describe how members should practice their profession.



How can an ethical dilemma be resolved?

These steps are a recommended procedure to resolve an ethical dilemma.



Categories of ethical dilemmas for accounting and finance professionals are defined in the following table.

DILEMMA	EXPLANATION
Professional appointment	Ensure there are no questionable matters in relation to the client, and only agree to perform work in which you are competent
Conflict of interest	Make sure business interests or client relationships do not clash with objectivity or confidentiality
Second opinion	You can be asked to give a judgment on the use of accounting or auditing principles by a company that is not presently a client
Remuneration	Quote a fee for services that will allow the work to be carried out properly, and disclose all relevant referral fees
Marketing services	Advertise truthfully and don't make embellished claims about services offered or qualifications possessed, nor make disparaging references to others
Gifts	Consider the nature and intent behind any gifts from customers or clients
Custody of assets	Don't take clients' assets into safekeeping, unless legally required to
Objectivity	You need to be able to give an independent conclusion without prejudice, conflict of interest or influence from others

Procedures to safeguard against ethical problems

A **financial service provider or accounting practitioner** can use several safeguards to ensure they are able to react appropriately to circumstances that might involve an ethical dilemma. They could involve a colleague as a reviewer or adviser, consult an independent committee or professional regulatory body, discuss the ethical dilemma with a manager, ensure they always itemise their services, provide a quote, or engage another individual to complete part of the work.

The **owner of the manufacturing or retail business** who has employed the accountant or finance provider can also implement safeguards. They could ask another member of their business to approve the appointment, ensure their employees have the experience to make managerial decisions, check on their internal control safeguards and make sure they have input into potentially ethical decisions.

