

O.U.Balaziuk

PhD, associate professor, Department of Accounting and Auditing
The Vinnytsia training and research institute of economics, TNEU

I.M. Sysoieva

PhD, associate professor, Department of Accounting and Auditing
The Vinnytsia training and research institute of economics, TNEU

Vinnytsia, Ukraine

ACCOUNTANT'S PROFESSIONAL ETHICS: THE SITUATION IN UKRAINE

Ukraine's efforts to bring its accounting standards in compliance with the international ones, trigger the introduction of new concepts. At the same time, the opportunity to apply new standards calls for consideration of national economic features of various industries. Therefore, the process of adopting the accountant's and auditor's professional ethics code calls for more than a formal approach, but sufficient work on adjusting national normative legal basis of accounting.

The professional ethics is a set of rules defining the professionals' behavior during performing his official duties, as well as his following the legal norms corresponding with the valid legislature, professional knowledge, relations with colleagues and customers, deep understanding of moral responsibility for performing official duties. The rules of professional ethics are set to regulate professional relationships within the moral understanding. The absence of ethical behavior in communication of two interested parties, malpractice or ignoring ethic norms causes misconduct or irregular situations, which in our country may turn into a favourable environment for corruption.

The role of accountant specialists in this situation is considerable. In particular, according to the data of the State Audit Service of Ukraine from 2017 [2] the results of the performed controlling measures at 335 enterprises of various forms of ownership testify to the number of financial failures causing losses equal to almost 483,8 mil. UAH.

Thus, malpractice of some supervisors and support of accounting in free of charge leasing natural or material resources resulted in the possible profit loss of above 270,7 mil. UAH, which constitutes 56,0 % from the total amount of malpractice. The specific amount of the mentioned malpractice is reflected in Figure 1.

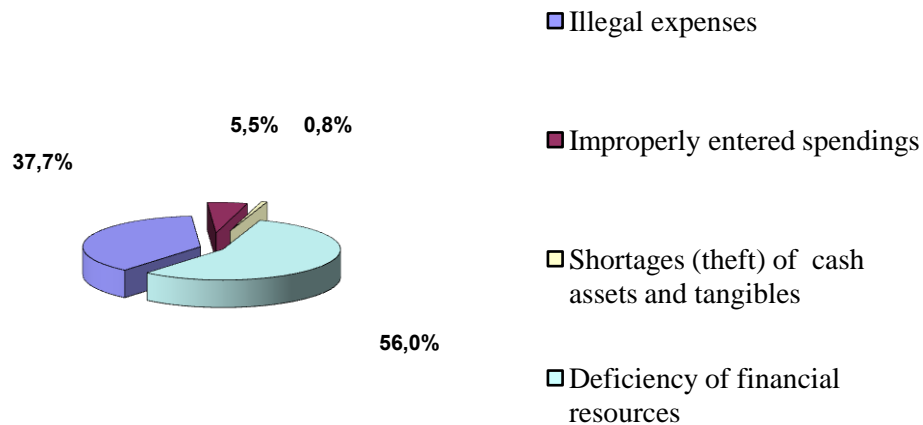


Figure. 1. The structure of breaches leading to financial and material losses, detected by the state audit bodies in January-February 2017 [2]

The characteristic feature of any profession is taking over public responsibility for the consequences of this professional activity, which can be secured by the adoption of the professional ethic code. The international accountant federation (IAF) offered the Code ethics for professional accountants as the basis of ethic requirements to accountants in every country. The Code ethics for professional accountants was endorsed by IAF in 2009 and ratified for IAF members on the 1st of June 2011.

The Code ethics for professional accountants appeals to the professional accountant or auditor to stick to certain fundamental principles, Fig.2.

The document consists of 3 chapters and a foreword. Chapter A describes general application of the Code by the International Ethics Standards Board for Accountants that is part of IAF. It reflects the basic principles of professional ethics of accountants and the conceptual basis, that is obligatory for all the representatives of this profession. Chapter B is meant for professional practitioners in accounting (accountants and auditors working for companies that deliver specialized services). The last Chapter C gives information for professional accountants who work in

business: enterprises, institutions and organizations. Actually, the second and the third parts explain the way of applying the conceptual basis in practice with regard to each definite situation.

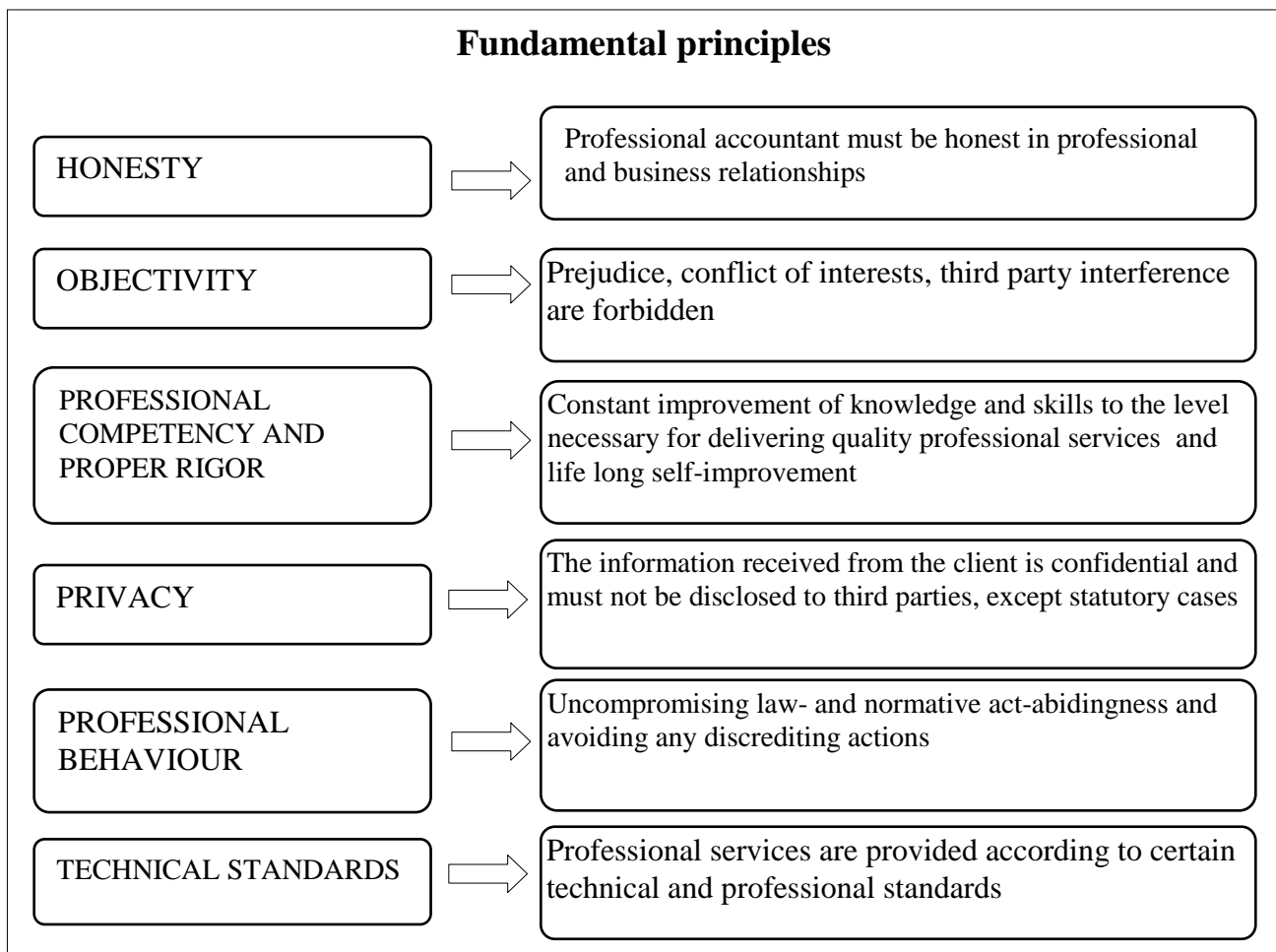


Figure 2. Fundamental principles of accountants' professional ethics

Such structure of the Code ethics for professional accountants is characteristic for many countries, which professional organizations are members of IAF. However there are countries that build their ethic requirements basing on the mentality and national peculiarities. Ukraine refers to the first group, with the translated version of the The Code ethics of IAF adopted by the Federation of Professional Accountants, though in our opinion such situation does not completely conform with the current requirements, since some specific features of our economic system require precision.

Nowadays, the spheres of accountants' professional activity and responsibilities are increasing, as well as the range of positions occupied by accountants: financial managers, accountants of records consolidation, accountants

on reporting according to the IFRS, securities accountants, specialists in management accounting, internal auditors.

Among the requirements to the applicants for the position of chief accountants are complete higher education, 5-year work-experience, the knowledge of IFRS, ACCA certificate, the command of English (for international companies), the knowledge of modern software (SAP, «1C: Enterprise»). However officially accepted qualifications necessary for the position of a chief accountant include only the knowledge of national legislature, economics and production organization. This fact calls for reconsideration of the requirements to, rights and duties of accounting officials and specialists. It also concerns the qualification requirements to the accountants ratified a lot of years ago and no longer conforming with the modern standards.

Thus, the broadening of the spheres of activity and responsibility of accounting and auditing specialists involves the necessity to bring in changes to the normative legal basis of accounting which will help implement the international accounting standards in the realis of the Ukrainian life.

A modern accountant is a specialist who throughout his professional experience establishes his reputation, therefore compliance with professional ethics is obligatory not only for all members of the Federation of professional accountants and auditors of Ukraine, but for anyone who occupies an accounting position.

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