

## Excellence without Ethics is Meaningless, CAs Must Fulfill Expectations of Public Conscience



*A long standing supporter and facilitator of the cause of Indian accountancy profession, the Rajya Sabha member and former Union Minister CA. K. Rahman Khan is one the leading figures of Public Life from among the Indian CA fraternity. A Union Minister of Minority Affairs in UPA-2 regime, he also served as a Deputy Chairman of the Rajya Sabha from 2004 to 2012. Before holding the post of the Deputy Chairman, he was the Union Minister of State for Chemicals and Fertilisers in UPA-1 Government. In this special write-up, he delves into the high importance of maintaining and practising professional ethics by Indian accountants in letter as well as spirit for the ultimate benefit of the profession, the society and the nation, particularly in the present times when there are newer and newer professional opportunities galore. Read on to know more...*

As you read this, our *alma mater* the Institute of Chartered Accountants of India (ICAI) would have completed 68 years of its glorious existence as a true *Partner in Nation Building*. This calls for grand celebrations, particularly when the ICAI and Indian Accountancy tradition of Integrity, Independence and Excellence has remained intact all through these years. However, there remains a room for improvement, particularly with reference to some so perceived Expectation Gap, as some instances, though exceptional, have demonstrated in not very distant past. As such, this occasion of CA Day, also calls for deep introspection as to how to keep intact



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the public and government trust in us for all times to come. This is also the right occasion to earnestly ponder over and revisit the Indian Chartered Accountant's stated motto: *"pride of service in preference to personal gain"* besides delving deeper into the spirit of our Professional Code of Ethics.

In my view, Excellence without Ethics is meaningless and a sham. Our tags of 'institution of public trust,' 'conscience keepers of economy' and 'backbone of financial discipline' must be guarded more vigilantly and promoted more vigorously for the ultimate benefit of the profession, the society and the nation. *"We do not act rightly because we have virtue or excellene, but we rather have those because we have acted rightly,"* said Aristotle, Greek Philosopher and scientist, student of Plato and teacher of Alexander the Great. I agree with American Film Writer Producer Roy Disney when he says *"It's not hard to make decisions when you know what your values are."*

The CA DAY is a very apt occasion to look back at what the founding fathers of the nation perceived and thought of it. Let's recall the speech of the then Minister for Commerce Mr. K.C. Neogy delivered at the first meeting of the first Council at New Delhi on 15<sup>th</sup> August 1949 in which he said: *"it was appropriate that a great and important profession in the country was launching upon a career of autonomy on Independence Day"* and hoped that the *"Council would maintain a level of professional conduct and professional standards which would bring resounding glory not only to the profession but to the country as well."*

There is no vice like avarice. This adage is worth taking note of by Indian accountancy profession, which primarily deals with country's finances. It is all the more so when enormous opportunities and professional avenues are emerging in the wake of our country's economic horizons expanding beyond the traditional spheres. This scenario has intensified the public gaze on our professionals and their ethical behaviour. Chartered Accountants, particularly those in practice, are now more likely to encounter a conflict of interest when performing a professional service. Here the professionally ethical mindset comes into play. We will have to rise to the occasion and come up to the enhanced expectations of society and the government. And this can be done by strict abidance to our Professional Ethics besides technical excellence. The legislature has cast an important responsibility on the able shoulders of chartered

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accountants to lubricate the wheels of economic growth by ensuring that the financial information reaching the intended users is reliable. This is high time for Indian CAs to prove their prudence and efficacy of judgement through ethical behaviour and professional excellence. It is time to benchmark ourselves against the best global practices, technically as well as ethically.

Unethical business practices and amoral management bring doom and disrespect to economies and organisations as amply proved by failures such as Enron and Satyam. Accountants, as stewards of transparency and trust, can play a pivotal role in upholding, encouraging and influencing ethical behaviour and decision making in whatever capacities and at whichever layer of economy they serve. These are the times when public interest has to be held supreme at all costs, even at the cost of losing out on some dishonest clients.

The International Federation of Accountants (IFAC), the global accountancy body, rightly says: *"A distinguishing characteristic of the accountancy profession is the responsibility to act in the public interest. The accountancy profession's public consists of clients, credit grantors, governments, employers, employees, investors, the business and financial community and others who rely on the objectivity and integrity of professional accountants to maintain the orderly functioning of commerce. This reliance imposes a public interest responsibility on the accountancy profession. The public interest is defined as the collective wellbeing of the community of people and institutions the professional accountant serves..."*

*"For accountants, business ethics requires the application of professional ethics. IFAC's member organisations are required to apply ethical standards at least as stringent as the Code. The Code requires professional accountants to comply with five fundamental principles: integrity; objectivity; professional competence and due care; confidentiality; and professional behavior...The decisions and behaviors of accountants should*

# Special Write-Up

*reinforce good governance and ethical practices, develop and promote an ethical culture, foster trust and transparency, bring credibility and value to decision making, and present a faithful picture of organisational health to stakeholders."*

CA professionals are regarded as guardians of public money and this public confidence can only be protected and promoted by actually living, in letter and spirit, the Motto of the ICAI: *ya eṣa supteṣu jāgarti*. We need to add more punch and dynamism by redefining and expanding our roles as a "watchdog of public expenditure and investments" and "crusader against corruption". The starting point to this can be during the course of professional training when the importance of acting ethically should be given much more emphasis. Since the CA profession works on ethical principles of the highest order, they can bring an effective and visible change in social and corporate conduct and dealings. Accountants working at senior management positions, both in business and practice, have special responsibility to provide ethical and trusted leadership in all spheres of financial activities.

Ethics covers moral beliefs, rules, values and principles *vis-à-vis* what is right and what is wrong. With reference to Chartered Accountants it also includes the strength of character to act in accordance with the right decision arrived at out of professionally ethical behaviour, in line with trust bestowed on them by the public, investors, regulators and the government.

Ethics are the foundation of the accounting profession. In these times, the CAs are required to act in accordance to Public Conscience, which is in fact ahead of the law. Thus, their ethical approach needs to transcend even beyond the law rather than being confined to only what the law requires.

It is highly trustworthy that Indian Chartered Accountants have a comprehensive and strict code of

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ethics, which is at par with global best practices and standards. According to the ICAI Code of Ethics, it *"has mandatory compliance provisions. Hence non-compliance of the same shall be treated as misconduct under section 22 of the Chartered Accountants Act, 1949."* *"The Code of Ethics are not exhaustive. Any conduct of the Chartered Accountants which brings disrepute to the profession, even though not expressly specified herein, shall attract misconduct proceedings."*

According to ICAI website, the existing ICAI Code of Ethics is based on International Code of Ethics issued by International Ethics Standards Board of Accountants (IESBA) and also provisions of the CA Act and Guidelines issued by the ICAI from time to time. I am sure, the Code will guide the Indian CAs to conduct themselves with utmost integrity and help in practically resolving all kinds of conflicts of interests in discharge of professional duties. The Mission of ICAI Ethical Standards Board has to be fulfilled in both letter and spirit, that is: *"To work towards evolving a dynamic and contemporary Code of Ethics and ethical behaviour for members while retaining the long cherished ideals of 'excellence, independence, integrity' as also to protect the dignity and interests of the members"*.

To conclude, let's recall Albert Einstein when he said: *"True religion is real living; living with all one's soul, with all one's goodness and righteousness... Try not to become a man of success but rather try to become a man of Value."* Thirty fourth President of United States Dwight David Eisenhower too is worth taking note of when he says: *"A People that values its privileges above its principles soon loses both."* According to Persian Nobleman and Founder of Bahai religion Bahauallah *"Commerce is as a heaven, whose sun is trustworthiness and whose moon is truthfulness"*. And the Chartered Accountants have the all traits and qualities to make the Commerce meaningful and benevolent.

Happy CA Day to all of you! ■