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Ethics in Accounting and the Reliability of Financial Information

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Abstract
One of the unique features of most recognized trades and vocations including the highly regulated accounting profession is the existence of code of ethics which are the hallmarks of global best practices. The society evaluates the performance of professionals on the basis of both moral and technical codes. Adherence to these codes by the practitioners of the profession inspires confidence in the work of the professional by shareholders who depends on the auditor's opinion as a means of evaluating the integrity of financial statements.
The huge and embarrassing corporate failures and high profile frauds in the last two decades has called to question the integrity of the accounting profession both within and from outside the profession, leading to increased demands for ethics within the auditing profession. This study highlights the consequences of unethical practices and proposes some possible solutions to the question of ethics in the accounting profession.
Keywords: Ethics, reliability, financial information.

1. Introduction

The collapse of several companies and high profile frauds in the last two decades has called to question the integrity of the accounting profession. These scandals (e.g. Enron, WorldCom, Global Crossing, Cadbury, Bank of Credit and Commerce International, Polly Peck, Parmalat and so on) have questioned the effectiveness of corporate governance mechanisms, the quality of financial reports, and the credibility of audit functions thus, leading to increased demands for ethics within the auditing profession. This is because the responsibility for ensuring the integrity of corporate financial statements rests squarely on the shoulders of the independent auditors who give opinion on those statements.

Traditionally, the key feature of a profession is anchored on the grant of a special franchise by society who expects the practitioners of that profession to accept responsibility to provide a degree of regulation and enforcement through expert advice and persuasion thus, relieving the society of the burden of providing that control by other means (Mautz, 1988). A profession is distinguished by the general belief in its ability to deliver unique, specialized and restricted services to the public and the development of an internal rules aim at guiding, directing and regulating members' professional conduct (Nwagboso, 2008:25). The most visible and explicit enunciation of professional norms is referred to as the profession's code of ethics. The code embodies the collective conscience of the profession and testifies to the group's recognition of its moral dimension (Frankel, 1989).The accounting profession worldwide has evolved ethical codes that guide the conduct of members in the practice of the profession. These codes of conduct are what are referred to as accounting ethics in the literatures. Ethics in business and accounting helps to encourage people to abide by a code of conduct that facilitates and enhances confidence in their products and services, serve as a deterrent to unethical behavior, preservation of entrenched profession biases, serve as a support system as well as promote community orientation of members (Smith, 2003; Parker, 1994; Frankel, 1989). The practicing accountants are expected to observe these ethical principles in financial reporting to enhance public confidence and promote assurance of the reliability of financial statements. In the past ethical issues in accounting has manifested in practices that have been identified as creative accounting, earnings management, executive compensation, bribery, kickbacks, lobbying, audit quality, auditor independence and so on. This has led to the increasing demand for stricter application of ethical codes. Generally, accounting ethics revolves round the principles of independence, objectivity, integrity, confidentiality, professional behavior, competence and due care. Failure on the part of the practicing accountants or auditors to exhibit due care and diligence in carrying out their responsibilities and lack of integrity impinges on the credibility of the accountancy profession. Accountants and the accounting profession facilitate capital accumulation. It has been argued that the role they play in similar exercises is unethical, for example, accountants give advice on mergers but fails to consider the implication of the exercise on employees

(Willmott & Sikka, 1997). Unethical conducts can lead to loss of trust in the profession, loss of reputation, patronage and even imprisonment for the individual auditor as well as high cost of litigation and efforts to cover up the misdeeds.

In the past only a small group of industrialists and financiers were interested in financial reporting, but lately it has become a highly complex activity that is of considerable interest to various stakeholders in the firm (Arvanitidou, Konstantinidou, Papadopoulos and Xanthi, nd). The development of financial reporting differs from one country to another as a result of various factors peculiar to them (Baker & Wallagey, 2000. While the British traditionally considers the main purpose of financial reporting to be the provision of information for investors, the continental European believes that financial reports can be used for several purposes (Ordelheide, 1993; Kuhner, 1997). Financial statements are used by various stakeholders for variety of purposes. Investors use it as the last line of defense to protect their investment through a thorough assessment of the organization's viability and its life expectancy (Leauanae & Rasmussen, 2002:1). Creditors use financial statements to determine the ability of an organization to repay debts. Financial statements serves two purposes for government: to determine how much tax that can be levied on the business and a means of monitoring organizations through the Securities and Exchange Commission (SEC) and other similar entities, to prevent the collapse of capitalism. The accountant on the other hand uses financial statements to determine his source of ongoing fees and potential liability. If financial statements issued by the accountant is found to be misleading, whether intentional or not, the accountant or firm that is responsible must face both regulatory and legal sanctions.

Accounting is pivotal to establishment of accountability and transparency in the economy of any nation as it provides information on financial position and profitability of operations of corporations as well as serving as the foundation of countries' fiscal, monetary and financial systems. The information so provided must be reliable to be useful to users who rely on the periodic financial statement for assurance that their investments are being efficiently and prudently managed. The independent auditor plays a very crucial role in ensuring that financial statements faithfully represent the activities of management during the period covered by the financial report (Otalor, 2012: 2).

The public accounting practitioners enjoys the monopoly of statutory audit as a privilege of belonging to the accountancy profession. Arguably the profession's superior qualities of independence, integrity, and of serving the public interest are used as grounds to defend this monopoly by the profession. Ironically, the relationship of these characteristics to ethical behavior is central to most of the criticisms leveled against the profession over the past 30 years. The accountancy profession has claimed to be both moral and ethical throughout the 20th century, but this assertion has been questioned by the regulator, legislators, investors and stakeholders alike (Ahmed, 2010:3). For instance, research has shown that the difference between what auditors do and what the public think they do ('perception gap') continues to affect the public confidence in the auditor's work (Glautier, Underdown, & Morris, 2011).

Accounting provides economic information to permit informed judgements and decisions by users of the information. Financial information plays a key role in the economic life of both individuals and nations by affecting the decisions of investors as well as contributing to the allocation of capital (Baker & Wallagey, 2000). Financial accounting information is defined as "a product of corporate accounting and external reporting systems which measures and publicly discloses audited, quantitative data concerning the financial position and performance of publicly quoted firms" (Bushman & Smith, 2001).

The objective of financial statements is to provide reliable information about the reporting entity's financial performance and financial position that is useful to a wide range of users for assessing the stewardship of the entity's management and for making economic decisions**.** *Reliability* is the quality of information which assures users that information is reasonably free from error or bias and faithfully represents what it purports to represent and as such can be depended upon for decision making. The assurance for the user comes through verification. Impliedly, the principal components of reliability are *representational faithfulness* and *verifiability*. Representational faithfulness is correspondence or agreement between a measure or description and the phenomenon it purports to represent. In accounting, the phenomena to be represented are economic resources and obligations and the transactions and events that change those resources and obligations. For example, the representation of receivables in a balance sheet at a specified naira amount, net of any allowance for bad debts, purports that the stated number of naira is collectible. However, if the allowance is too small and many more of the receivables are uncollectible, that depiction would not be reliable because it would not be representationally faithful of the number of naira that are collectible. However, what sometimes is overlooked is the requirement that, to be representationally faithful, accounting measures or descriptions must reflect *economic phenomena*—economic resources and obligations and the transactions that change them—and not simply accounting notions. The main essence of verification is to provide a significant degree of assurance that accounting measures represent what they purport to represent. Verifiability has three key aspects: consensus among observers, assurance of correspondence to economic things and events and direct verification versus indirect verification. (FASAC, 2004).

The confidence reposed in the auditing profession is based on its objective assurance about governance, risk management, and control. Auditing serves the purpose of contributing a trust to the public and therefore it is important the auditor acts ethically at all times (Artsberg, 2005). The accounting profession worldwide uses truth and fairness criterion to certify financial accounting reports to the owners of the business. Truth, sincerity, fairness, care and transparency are some ethical values considered to be fundamental for creating trust in both the accounting profession and in the information provided to users of accounting information. Concealment allows falsehood, dishonesty and deceit to thrive, while transparency helps to show the truth (Glautier, Underdown, & Morris, 2011:3). To be truthful and thus reliable, financial information must be free from material error and possess certain subsidiary characteristics (Lewis &Pendrill, 2008). These qualities include:

- *Faithful representation*. It must faithfully represent what it purports to represent so that, for example, the substance of a transaction must be portrayed when this differs from its legal form.
- *Neutral*. The information should be neutral, in other words, it should not be subject to deliberate or systematic bias.
- *Free from material error*. Information which includes a material error is unlikely to be reliable.
- *Complete*. It should be complete to the extent possible.
- *Prudent*. The UK Accounting Standards Board's Statement of Principles for Financial Reporting defined prudence as "the inclusion of a degree of caution in the exercise of the judgements needed in making the estimates required under conditions of uncertainty, such that gains and assets are not overstated and losses and liabilities are not understated. In particular, under such conditions it requires more confirmatory evidence about the existence of, and a greater reliability of measurement for, assets and gains than is required for liabilities and losses".

Accountants have a significant responsibility to the public. This responsibility exists because outside shareholders, creditors, employees, and others rely on financial statements in making various business decisions. Business organizations employ internal accountants to prepare financial statements. These statements are then audited by a firm of independent Auditors. Both the internal accountants and the external auditors have a responsibility to perform their tasks with integrity and due care in order to enhance the reliability of the information contained in the statements. This paper seeks to highlight the importance of ethics in the accounting profession.

2. The concept of ethics

Ethics refers to a system or code of conduct based on moral duties, values and obligations that indicates how we should behave within a constituted body or society. Ethical behaviour refers to conducts in organisations considered to be fair, just, above and beyond constitutional law and relevant regulations (Steiner, 1972). Ethics can be defined as the branches of philosophy concerned with value regarding human behavior pertaining to the rightness and wrongness of actions and to the goodness and badness of the intent and consequences of such actions (Smith & Lee, 2009). Ethics has also been broadly defined as a set of moral principles or values. Each of us has such a set of values, although we may or may not have considered them explicitly. Philosophers, religious organizations and other groups have defined in various ways ideal sets of moral principles or values. Examples of prescribed sets of moral principles or values at the implementation level include laws and regulations, religious doctrine, codes of business ethics for professional and industry groups, and codes of conduct within individual organizations (Kabir, 2009). In other words, ethics is the set of moral standards for judging whether something is right or wrong (Gitman & McDaniel, 2002).

Ethics deals with issues such as what individuals are confronted with in their decision-making (Collste, 1996). Ethics is also the study of morality in order to explain specific rules and principles that determine right and wrong for any given situation. Morality is more concerned with norms, values and beliefs that are part of a social process, which define right and wrong. Morality in a sense precedes ethics and both individuals and organizations possess morality to a certain point (Crane & Matten, 2004).

Ethics is a concept which does not lend itself to a broad and generally accepted definition, but there exist a consensus about the concept. Arguably, it relates to what is good or not good, what is morally right or wrong, what is acceptable in a given environment and what is not (Adewunmi, 1998:6). Joad (1962) define ethics as "a theoretical treatment of moral phenomena that falls into three classification: moral judgements, moral emotion and moral volition".

It has been argued that ethics include the study of what people ought to pursue, that is, what is good for people, or alternatively, the determination of which actions are right actions for people to perform… (Donaldson & Werhane, 1993). Ethics has also been seen as the branch of philosophy that is concerned with what is morally good and bad, right and wrong, a synonym for its moral philosophy" (Encyclopedia Britannica, 1992).

Deontologists consider ethics to be a matter of understanding and application of general imperatives or rules, such as the Ten Commandments. Examples of such imperatives are: 'work hard', 'tell the truth' and 'be kind'. Moral rules are held to be binding independently of the consequences of putting them into practice. Murder is wrong, period. It is not our duty to consider the consequences of truthfulness, just to be truthful. A moral person knows what is right and must do what is right simply because it is right (Kant 1953).

The term "ethics" is defined as the science of study of morals, rules or principles of which guides the behaviour and decision of a certain person, community or group, etc. Ethics therefore, is concerned with norms, ground rules, principles, values or conduct of behaviour and practices exhibited by a group of people, community or profession. It can also be regarded as acceptable standards of behavior or unwritten regulations or moral principles that guide an individual, an organization, a discipline or society in their dealings with one another. A profession is formed and founded on the following premises: a generally accepted body of knowledge, a widely recognized standard of attainment and an enforceable code of ethic.

The International Federation of Accountants (IFAC) defined professional ethic as the professional behaviour and characteristics that identifies professional accountants as members of a profession.

In the light of the above definitions, we can safely define professional ethics as a set of principles or rules which stipulates in broad terms the responsibilities of a profession to clients, colleagues and the society in general.

2.1 Importance of professional ethics

1. Protection of clients and the professionals alike.
2. Clarifies the ideals and responsibilities of the profession.
3. Enhancement of the profile of the profession.
4. Motivates and inspires practitioners
5. It provides guidelines on acceptable conduct.
6. It raises the level of awareness and consciousness on issues.
7. Improves quality and consistency.

The need for ethics arose from the claims of the accounting profession and the role the profession have assumed over time. These include:

1. It is the responsibility of Professional accountants to maintain the reputation of the accounting profession by consistently considering the public interest in any given assignment. Personal interest must not be allowed to override these duties (ICAEW, 2009 and 2010).

2**.** Accountants deal with a range of issues on behalf of clients. They often have access to confidential and sensitive information. Auditors claim to give an independent view (ICAEW, 2009 and 2010).

3. The professional sees himself or herself as responsible to the customer; the mission is to solve the problem of the customer, to create the value that the customer requires. If that value is not created, if problem is not solved, the professional has not done his or her job. It is only by producing the result that customer requires- by performing the entire process that yields that result-that the professional discharges his or her responsibility (Kabir, 2009).

4. Technically, the professional accountants should carry out professional services in accordance with the relevant technical and professional standards. The professional accountants have a duty to carry out with care and skill, the instructions of the client or employer in so far as they are compatible with the requirements of integrity, objectivity and, in the case of professional accountants in public practice, independence (Kabir, 2009).

*2.2 Fundamental Principles of Ethics***:**

International Federation of Accountants (IFAC) code of ethics for professional accountants has prescribed five (5) fundamental principles to be adhered to by accountants. These are as follows:

2.21 Integrity: A professional accountant should be straight forward and honest in all professional and business relationship.

2.22 Objectivity: A professional accountant should not allow bias, conflictive interest or undue influence of others to override professional or business judgment.

2.23 Professional Competence and Due Care: A professional accountant has a continuing duty to maintain professional knowledge and skill at the level required to ensure that a client or employer receives competent professional service based on current developments in practice, legislation and techniques. A professional accountant should act diligently and in accordance with applicable technical and professional standards when providing professional services.

2.24 Confidentiality: A professional accountant should respect the confidentiality of information acquired as a result of professional and business relationships and should not disclose any such information to third parties without proper and specific authority unless there is a legal or professional right or duty to disclose. Confidential information acquired as a result of professional and business relationships should not be used for the personal advantage of the professional accountant or third party.
2.25 Professional Behavior: A professional accountant should comply with relevant laws and regulations and should avoid any action that discredits the profession

3. Ethical Challenges in Auditing Profession:
There are five types of ethical threats associated with the auditing profession. The ethical dilemmas occur as a result of these threats:
3.1 Self Interest Threats:
Self interest threats arise of from having financial interest in client. This financial interest can be for own or for other family members or for relatives. The IFAC code of ethics highlights a great number of areas in which a self interest threat might arise as follows: employment with client, close business relationship, partner on client board, financial interest, family or personal relationship, higher fees, gifts & hospitality, lowballing contingent fees, overdue fees, loans & guarantees .
3.2 Self Review Threats:
A self review threats when the auditors has to re-evaluate work completed by himself or if the external auditor advised on the implementation of the financial reporting system of the client.
Service with assurance client, preparing accounting records and financial statements, other service, valuation services, corporate finance, tax services, internal audit service are some sources of self review threats
3.3 Advocacy Threats:
This may occur when the auditor is asked to promote the client's position or represent them in some way. In this situation the auditor would have to be biased in favor of the client and therefore cannot be objective. This could happen if the client asked the auditor to promote their shares for a stock exchange listing or if the client asked the auditor to represent them in court. The sources of advocacy threats include legal services, contingent fees, and corporate finance.
3.4 Familiarity Threats:
A familiarity threats occur when the auditor is too sympathetic or trusting of the client because of a close relationship with them. This may be because a close friend or relative of the auditor works in the key financial role for the client. The sources of familiarity threats can be found in the following situations: where there is family and personal relationship between client and firm, employment with assurance client, long association with assurance client, recruitment and recent service with assurance client
3.5 Intimidation Threats:
An intimidation threat arises when members of the assurance team have reason to be intimidation by client staff. The sources of intimidation threats are: close business relationship, litigation, family & personal relationship, assurance staff members move to employment with client
3.6 Management Threat:
A management threat is identified in the Accounting Practicing Board (APB) ethical standards rather than in the IFAC code. A management threat arises when the audit firm undertakes work involving making judgment and taking decision that is the responsibility of management. There is a significant cross-over with self-review threats here, and, as we have already seen, assurance provider are forbidden to take decision behalf of management, therefore this risk should be removed by avoiding situations or not accepting engagements where the client is asking the assurance firm to take management decisions (ICAEW, 2009 and 2010).
3.7 Safeguard of the Threats:
The IFAC code of ethics also prescribed some safeguard against these threats. The safeguards are discussed by dividing into two parts, as –
1. Safeguard created by the profession, legislation or regulation.
2. Safeguards within the working environment.
The safeguards that are created by the profession, legislation and regulation are as follows –
a. Educational training and experience requirements for entry into the profession.
b. Continuing professional development requirements.
c. Corporate governance regulations.
d. Professional standards.
e. Professional or regulatory and disciplinary procedures.

f. External review by a legally empowered third party of the reports, returns, communication or information produced by a professional accountant.
The safeguards that are created by the working environment include:
a. Involving an additional professional accountant to review the work done or otherwise advice as necessary.
b.Consulting an independent third parity, such as a committee of independent directors, a professional regulatory body or another professional accountant.
c. Rotating senior professionals.
d. Discussing ethical issues with those in charge of client governance.
e. Disclosing to those charged with governance the nature of services provided and extend of fees charged.
f. Involving another firm to perform or re-perform part of engagement.
To avoid the ethical threats the IFAC Code prohibits the following non-audit services for audit clients:
1. Bookkeeping Services;
2. Valuation services;
3. Management decision making functions;
4. Broker-dealer or investment advisor services; and
5. Litigation support.
3.8 Steps in Accepting Auditing Engagement to Avoid Threats:
The steps that are prescribed by the IFAC code of ethics prescribed three steps to be followed in accepting audit engagement in order to avoid the threats listed above:
1. Identify threats of independence.
2. Evaluate whether the threats are insignificant.
3. If the threats are insignificant, identify and apply necessary safeguards to eliminate risk or reduce it to an acceptable level.
It also recognizes that there may be occasion where no safeguard is available. In such situation, it is only appropriate to:
1. Eliminating the interest or activities causing the threats.
2. Decline the engagement or discontinue.

4. Ethical Dilemma
Most of the criticisms that have trailed the accounting profession following the discovery of fraud in the financial statement of the collapsed companies bothered on poor ethical behavior on the part of the accountant. One major scandal in the USA which revealed lack of ethics at the executive levels is the celebrated Enron case (Agacer,Vehmanen & Valcarcel, 1997). In December 2001 Enron became the largest bankruptcy ever in the USA. It failed due to the twin problem of improper accounting practices and poor corporate culture that pushed executives into unethical behaviour (Robbins, 2003). This scandal also led to the demise of one of the largest auditing firms who lost many clients. To be able to keep their clients, the auditors chose to overlook some ethical dilemmas that they were confronted with (Agacer et al., 1997). Ethical dilemmas which can take the form of commercial pressure, commercial ethos of the accounting firm, threat to professionalism, firm's culture and so on (Magil, & Previts, 1991;Hanlon,1997; Willmott & Sikka,1997; Jones, Massey, & Thorne, 2003) arise as a result of conflicting demands or opportunities in the course of delivering expert services (Stumpf, Doh & Clark, 2002). These dilemmas have been found to fall within the rules of professional conducts issued by the profession (Pierce, 2003). The increased interest for ethics in businesses today is highly dependent on the corporate scandals (Larsson & Wennerholm, 2006:1). Ethics deals with issues such as what individuals are confronted with in their decision-making (Collste, 1996). Ethics is also the study of morality in order to explain specific rules and principles that determine right and wrong for any given situation. Morality is more concerned with norms, values and beliefs that are part of a social process, which define right and wrong. Morality in a sense precedes ethics and both individuals and organizations possess morality to a certain point (Crane &Matten, 2004).
The dominating auditing firms at the market offers consultancy services in addition to the traditional audit and assurance services and this is often seen as a dilemma (Crane & Matten, 2004). In raising the complex interrelationship of issues concerning how auditors ought to behave, what rules and principles they ought to adopt and follow, and how to promote a culture in which we can expect compliance with these norms, it is helpful to classify the ethical issues that arise in relation to auditing by distinguishing three spheres of activity; (1) the practice of auditor(s), (2) the management and culture of auditing firms, and (3) the setting of auditing standards and laws(Campbell n.d).
At the level of the individual auditors engaged in the practice of auditing, ethical considerations may appear relatively straightforward. Auditors ought to carry out their standard procedures carefully, diligently and

punctually in accordance with their instructions and the appropriate auditing standards and procedures taking into account the virtues of integrity, objectivity, independence, confidentiality, upholding technical and professional standards, competence and due care. Although the categorizations of these virtues may be considered adequate, putting such virtues into practice is not a simple matter (Libby & Thorne 2004). There may be morally relevant problems (such as personal gain and selfish interest, organizational goals vs. personal values, and competitive pressure on finances) for practicing auditors when they accept tasks that go beyond their expertise and feasible time. In these circumstances, should the auditor alter the limitations of their work, thereby risking the displeasure of superiors and hazarding personal career prospects, or should they just do what they can, perhaps under the guise that their superiors might prefer not to be informed of weaknesses in the process which they are not themselves in a position to remedy? We may analyze the options available to the hard-pressed auditor purely in terms of self-interest. What measure of hard work should he put into the job, how often should he seek assistance, how open can he be about difficulties? These are however tactical questions within a career strategy that is aimed at personal advancement and material gain which can best approached through a thorough assessment of the immediate and future benefits of alternative courses of action for the individuals concerned. These calculations may turn out to be in conflict with more evidently moral or ethical questions: considerations of fairness to other members of the team, obligations to employers, duties to clients, and perhaps a concern for other groups who may rely on the audit for one reason or another. Only a little reflection is required to demonstrate the difficulty of balancing such a variety of considerations. What weight, if any, should be given to self-interest in such circumstances? Some would say none at all. Morality is all about considering other people, not calculating one's own gains and losses. Yet there is also a powerful moral tradition that endorses the idea of people having duties to them which may be balanced against duties to others. And every system of morality has a place for legitimate self-interest. Even if we put self-interest to one side, similar problems arise when we consider the interests of other people and try to think through how to approach employees' duties to their colleagues, their employers and the public. Are all these interests morally relevant? If so, how can these be compared? And when making such comparisons, should we consider short- or long-term consequences, and what sort of consequences are morally salient anyway? At this point it is easy to fall back on a few simple maxims. Individual auditors should work as hard as they can, in accordance with their instructions, and they should always make a full report to their superiors of any problems they encounter. Slacking, fudging and dissemblance are simply wrong. If there are complex moral balances to be taken into account, this is not something that should affect practicing auditors at work. Their duties are clear and they should do their best to fulfill them. It is also almost certainly in their long-term self-interest so to do. But that is not a calculation for them to make. A similarly firm line may be taken to another ethical dilemma that is said to be endemic in auditing. This arises when pressure is brought to bear on the auditor not to draw attention to irregularities or problems that have emerged in the course of the audit, pressure that is often related to a real or perceived threat to the future commercial relationship between the auditee and the auditor. This is a manifestation of what is a straight conflict of interest at the core of the standard auditee/auditor relationship – that the auditor is financially dependent on the auditee. The integrity of a professional auditor might suggest that such pressure is always to be totally resisted, but the legitimate need to earn a living, and retain clients in a way that the auditor's employers have a right to expect, mean that there will always be some moral reason to compromise on such matters from time to time (Campbell, n.d).

Fortunately, ethicists have developed frameworks for examining ambiguous ethical situations to help auditors avoid ethical dilemma. Two of these frameworks, utilitarianism and deontology, are briefly described below:

Utilitarianism (consequentialism) posits that the moral correctness of an act is based solely on its consequences. Accordingly, they advocate that the act which maximizes the overall favorable consequences (net of unfavorable ones) should be the one that is taken. In order words the propriety of any action depends on the favourable consequences not only to the actor but to all the parties concerned. The proponents of ***deontology (rule-morality)*** assert that the consequences of an act do not necessarily denote its moral correctness. They believe that the correctness of the act is greatly influenced by the underlying nature of the act itself. However, within deontology are two different perspectives. Some feel that the nature of an act is the only thing to be considered in assessing its moral correctness. This group believes that killing and lying are morally wrong under any circumstances. Others contend that the nature of the act and its consequences in a particular situation should both be considered (Mill, 1910 (1861); Bentham, 1948(1823); Kant, 1953; Fried, 1978; Nagel, 1986).

Artsberg, 2005 posits that in the auditing profession, ethical rules seem to be the most important attribute within the profession and the independence appears to be the most essential ethical rule. He however, argues that these ethical rules cannot solve the problem with consultancy assignments.

5. Conclusion and Recommendation

The Professional accountant has a duty to maintain the reputation of the accounting profession by consistently considering the public interest in any given assignment. Unethical financial reporting could lead to legal action for breach of civil or criminal law, loss of practicing licence with its attendant consequences and loss of confidence in the financial statement. Auditors are expected to carry out their standard procedures carefully, diligently and punctually in accordance with their instructions and the appropriate auditing standards and procedures taking into account the time- honoured virtues of integrity, objectivity, independence, confidentiality, upholding technical and professional standards, competence and due care in order to enhance the reliability of financial information. Personal interest must not be allowed to override these duties.

It is therefore recommended that the auditor should be bold enough to decline or discontinue any engagement that may constitute a threat to his integrity and put his reputation in jeopardy.

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