

# Code of Professional Ethics

**January 2018**



The mission of Accounting Technicians Ireland is:

*We exist for the development, guidance and representation of our members as specialists par excellence in the arena of accounting, business and finance.*

*We achieve this through innovative education, our advocacy of the Accounting Technician qualification, the building of tactical relationships and the steadfast support of our members throughout their careers. In doing so, we empower our members to reach the highest levels of excellence and professionalism.*

In pursuing this mission the Board of Directors of Accounting Technicians Ireland has produced this Code of Professional Ethics for use by our members and students. The decisions a member makes in the everyday course of his or her professional life can have real ethical implications. This is where this Code of Professional Ethics can help.

This Code sets out fundamental principles and expected professional conduct that our members and students should practice. Unless otherwise indicated, the term "member" refers to both members, affiliates, fellows, honorary and student members of Accounting Technicians Ireland.

The principles underlying this Code are as follows:

- To set out expected standards of professional behavior.
- To help protect the public interest.
- To help maintain Accounting Technician Ireland's good reputation.

This Code is comprised of 6 sections. Sections 1 to 3 apply to all members. Sections 4 to 6 apply to members who are working in differing areas, and should be read accordingly.

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| <b>Section 1:</b> | Provides the context for this Code in the light of our being a body with members in both the Republic of Ireland and Northern Ireland. |
| <b>Section 2:</b> | Sets out the fundamental principles that apply to all members.   |
| <b>Section 3:</b> | Fleshes out the fundamental principles and provides guidance for all members.  |
| <b>Section 4:</b> | Provides expanded guidance applicable to members working as employees.   |
| <b>Section 5:</b> | Provides expanded guidance applicable to self-employed members.  |
| <b>Section 6:</b> | Provides expanded guidance applicable to members who are supplying taxation services, either as employees or as self-employed members. |

This Code is made by the Board of Directors pursuant to the powers conferred upon the Board by the Memorandum and Articles of Association of Accounting Technicians Ireland.

## **SECTION 1 CONTEXT OF THE CODE OF PROFESSIONAL ETHICS**

- 1.1 Accounting Technicians Ireland has members in both the Republic of Ireland and Northern Ireland. In certain parts of this Code, reference is made to issues that are essentially legal in nature. In citing any law it is made clear whether it is a law of the Republic of Ireland or of Northern Ireland. The guidelines provided in this Code seek to provide helpful guidance on legal situations, which may arise. They do not purport to be definitive legal advice and, where appropriate, members should always seek independent legal advice.
- 1.2 There may be occasions when members, whether having sought independent advice or not, and having considered the application of this Code in a particular situation, are still in doubt about the proper course of action to be taken. In such cases they should email the relevant facts to [ethics@accountingtechniciansireland.ie](mailto:ethics@accountingtechniciansireland.ie)
- 1.3 This Code aims to assist members to achieve the following objectives:
  - (a) to master particular skills and techniques acquired through learning and education and maintained through continuing professional development;
  - (b) to develop an ethical approach to the work and to employers and clients, acquired by experience and professional supervision under training and safeguarded by a strict ethical and disciplinary code;
  - (c) to acknowledge duties to society as a whole in addition to duties to the employer or the client;
  - (d) to develop an outlook which is essentially objective, obtained by being fair minded and free from conflicts of interest (see section 3.2);
  - (e) to develop the ability to render personal services to the highest standards of conduct and performance; and
  - (f) to achieve recognition by the public that members provide accountancy services in accordance with these high standards and requirements.

## SECTION 2 FUNDAMENTAL PRINCIPLES FOR ALL MEMBERS

All members should comply with the following 5 fundamental principles (as set out by IFAC<sup>1</sup>) in order to achieve the objectives of the profession:

1. **Integrity**

Members should be straightforward and honest in all professional and business relationships.

2. **Objectivity**

Members should be fair and should not allow bias, conflict of interest or undue influence of others to override professional or business judgments.

3. **Professional Competence and Due Care**

Members have a continuing duty to maintain professional knowledge and skill at a level required to ensure that a client or employer receives the advantage of competent professional service based on current developments in practice, legislation and techniques. Members should act diligently and in accordance with applicable technical and professional standards when providing professional services.

4. **Confidentiality**

Members 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 or 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 member concerned or third parties.

5. **Professional behaviour**

Members should comply with relevant laws and regulations and should avoid any action that discredits the profession.

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1. *Handbook of the Code of Ethics for Professional Accountants*, as updated from time to time, International Federation of Accountants (IFAC). Available on the IFAC website: [www.ifac.org](http://www.ifac.org).

## **Section 3 Expanded Guidance in Relation to Fundamental Principles for All Members**

### **3.1 Integrity**

3.1.1 The principle of integrity imposes an obligation on all members to be straightforward and honest in professional and business relationships. Integrity also implies fair dealing and truthfulness

3.1.2 A member should not be associated with reports, returns, communications or other information where they believe that the information:

- (a) Contains a materially false or misleading statement;
- (b) Contains statements or information furnished recklessly; or
- (c) Omits or obscures information required to be included where such omission or obscurity would be misleading.

### **3.2 Objectivity**

3.2.1 Section 2 of this Code emphasises the need for a member to maintain objectivity at all times. The principle of objectivity imposes the obligation on all members to be fair minded, intellectually honest and free from conflicts of interest.

3.2.2 Members serve in many different capacities and should demonstrate their objectivity in varying circumstances. Self-employed members undertake professional services. Other members as employees prepare financial statements, perform internal audit services and serve in financial management capacities in the accountancy profession, industry, commerce, public sector and education. Members also educate and train those who aspire to admission to membership of Accounting Technicians Ireland.

3.2.3 Regardless of service or capacity, members should protect the integrity of their professional services, maintain objectivity and avoid any subordination of their judgement by others.

3.2.4 Whatever the nature of the professional services they provide, members may be exposed to situations that involve the possibility of pressures and threats being exerted on them. These pressures and threats may impair their objectivity, and hence their independence.

3.2.5 Many safeguards arise as a result of:

- (a) a member's normal strength of character and professionalism which enables him or her to confront the threats and pressures which may be exerted on him or her by employers or clients;

- (b) the fear of pressures of legal accountability;
- (c) the possibility of professional discipline and enforcement; and
- (d) the fear of loss of reputation.

3.2.6 Objectivity may be threatened by acceptance of gifts:

- (a) objectivity may be threatened or appear to be threatened by the acceptance by a member, or the spouse or dependent children of a member, of gifts, services, favours or hospitality from a client, or, in the case of an employed member, from a work colleague or a person having or proposing to have a contractual relationship with the member's employer; and
- (b) employed members should be aware of the difficulties which may arise from the offer or the acceptance of any gift, service, favour or hospitality which may be intended to influence the recipient or which could be interpreted by a reasonable person in full possession of the facts as likely to have that effect. The attention of members serving in Republic of Ireland or Northern Ireland government, local and public authorities, or other public bodies is particularly drawn to the provisions of the relevant legislation in Republic of Ireland which include: the Ethics in Public Office Act 1995 and the Prevention of Corruption Acts 1989 to 2005 and the Proceeds of Crime Acts 1996 and 2005 and in Northern Ireland which include the Prevention of Corruption Acts 1889 to 1916.

3.3 **Professional competence and Due Care**

The mandatory CPD Policy sets out for Members the guidelines in order to maintain MIATI designation. \*\*\*See the CPD Policy for further detail ([http://www.accountingtechniciansireland.ie/Members/Continuous\\_Professional\\_Development/](http://www.accountingtechniciansireland.ie/Members/Continuous_Professional_Development/)).

3.3.1 The principle of professional competence and due care imposes the following obligations on members

- (a) To maintain professional knowledge and skill at the level required to ensure that clients or employers receive competent professional service; and
- (b) To act diligently in accordance with applicable technical and professional standards when providing professional services.

3.3.2 Competent professional service requires the exercise of sound judgement in applying professional knowledge and skill in the performance of such service. Professional competence may be divided into two separate phases;

- (a) Attainment of professional competence; and
- (b) Maintenance of professional competence.

3.3.3 The attainment of professional competence requires specific education, training, assessment or examination in professionally relevant subjects and, whether prescribed or not a period of relevant work experience in finance or accountancy.

3.3.4 The maintenance of professional competence requires a continuing awareness and application of developments in the accountancy profession including relevant national and international pronouncements on accounting, auditing and other relevant regulations and statutory requirements. Members are required to participate in relevant CPD courses that are provided by Accounting Technicians Ireland.

Members and Fellows are required to complete 8 hours of CPD in 2018 rising to 15 hours in subsequent years. This must include one hour of ethics training.

3.3.5 The guidance in sections 3.3.3 and 3.3.4 is applicable to student members only to the extent that it is compatible with the stage they have reached in their training and work experience.

3.3.6 Members should adopt review procedures that will ensure the quality of their professional work is consistent with national and international pronouncements that are issued from time to time.

3.3.7 Members should refrain from undertaking or continuing assignments that they are not competent to carry out, unless competent advice and assistance is obtained to enable them satisfactorily to carry out the assignment.

3.3.8 Members are required to exercise due care and be mindful that:

- (a) a member, having accepted an assignment, has an obligation to carry it out with due care and reasonable despatch having regard to the nature and scope of the assignment; and
- (b) special care is required where members undertake assignments for clients and employers who may have little or no knowledge of accounting and taxation matters.

3.3.9 A member is expected to present financial information fully, honestly and professionally and so that it will be understood in its context.

3.3.10 Financial information should describe clearly the true nature of business transactions, assets and liabilities. It should classify and record entries in a timely and proper manner. Members should do everything that is within their powers to ensure that this is the case, and in particular that such information is in accordance with accepted accounting standards.

### 3.4 **Confidentiality**

3.4.1 Members have an obligation to respect the confidentiality of information about client or employer's affairs acquired in the course of professional work. The duty of confidentiality continues even after the end of the relationship between the member and the employer or client.

- 3.4.2 Members should always observe confidentiality unless specific authority has been given to disclose information or there is legal, regulatory or professional duty to disclose.
- 3.4.3 Members have an obligation to ensure that staff under their control and persons from whom advice and assistance is obtained respect the principle of confidentiality.
- 3.4.4 Confidentiality concerns the matter of usage of information and not just non-disclosure or disclosure. A member acquiring information in the course of professional work should neither use nor appear to use that information for personal advantage or for the advantage of a third party.
- 3.4.5 Members have access to much confidential information about employer's or client's affairs. Therefore members should be relied upon not to make unauthorised disclosures to other persons. This does not apply to disclosure of information in order to discharge their responsibilities properly according to the profession's standards.
- 3.4.6 The following are examples of the points which should be considered in determining the extent to which confidential information may be disclosed:
  - (a) When disclosure is authorised. When authorisation to disclose is given by the client or the employer, the interests of all the parties, including those third parties whose interests might be affected should be considered.
  - (b) When disclosure is specifically required by law. This could lead to a member:
    - (i) producing documents or giving evidence in the course of legal proceedings; and
    - (ii) disclosing to the appropriate public authorities infringements of the law. A particular example of the latter situation is in relation to money laundering. Legislation in the Republic of Ireland (Criminal Justice Act 1994 (as amended) and the Criminal Justice (Terrorist Offences) Acts 2005) and in Northern Ireland the Money Laundering Regulations 2003, The Proceeds of Crime Act 2002 (as amended), Serious and Organised Crime and Police Act 2005 and the Terrorism Act 2000 (Business in the Regulated Sector and Supervisory Authorities) Order 2003 require members to report to the appropriate authorities suspicions they have formed in relation to money laundering offences and financing of terrorism offences. Firms engaged in relevant businesses are required to establish specific procedures for the identification and prevention of money laundering. All the countries of the European Union, and many other countries outside it, have anti-money laundering legal provisions.



- (c) Where there is a professional duty:
- (i) to comply with technical standards and ethical requirements
  - (ii) to protect the professional interests of the member in legal proceedings;
  - (iii) to respond to an inquiry by Accounting Technicians Ireland or by a regulatory body of an ethical, investigatory or disciplinary nature.

3.4.7 When the member has determined that confidential information can be disclosed, the following points should be considered:

- (a) Whether or not all the relevant facts are known and substantiated, to the extent it is practicable to do so; when the situation involves unsubstantiated fact or opinion, professional judgement should be used in determining the type of disclosure to be made, if any;
- (b) What type of communication is expected and to whom it will be communicated; in particular, the member should be satisfied that the parties to whom the communication is addressed are appropriate recipients and have the authority to act on it; and
- (c) Whether or not the member would incur any legal liability having made a communication and the consequences of incurring the relevant legal liability.

In all such situations, the member should consider the need to take independent legal advice from a solicitor. See also section 4.2.5, with reference to the Public Interest Disclosure Act 1998 that is applicable in Northern Ireland.

### 3.5 Professional Behaviour

3.5.1 The principle of professional behaviour imposes an obligation on members to comply with relevant laws and regulations and avoid any action that may bring discredit to the profession. This includes actions that a reasonable and informed third party, having knowledge of all relevant information, would conclude that it negatively affects the good reputation of the profession.

3.5.2 In marketing and promoting themselves and their work members should not bring the profession into dispute. Members should be honest and truthful and should not:

- (a) Make exaggerated claims for the services they are able to offer, the qualifications they possess, or experience they have gained; or
- (b) Make disparaging references or unsubstantiated comparisons to the work of others.

### 3.6 **Resolution of Ethical Conflicts**

- 3.6.1 From time to time members may encounter situations, which give rise to ethical conflicts. Such conflicts may arise in a wide variety of ways, ranging from the relatively trivial dilemma to the extreme case of fraud and similar illegal activities. If members are instructed or encouraged to engage in any activity that is unlawful, they are entitled and required to decline. For example, members should not be party to the falsification of any record or knowingly or recklessly supply any information or make any statement, which is misleading, false or deceptive.
- 3.6.2 If the member would feel uncomfortable defending an action in open court or to the press then it is likely that such a course of action should be avoided on ethical grounds.
- 3.6.3 An honest difference of opinion between a member and another person is not itself an ethical issue.
- 3.6.4 In resolving ethical conflicts the member should consider seeking counselling and advice on a confidential basis with an independent legal adviser and/or email [ethics@accountingtechniciansireland.ie](mailto:ethics@accountingtechniciansireland.ie).
- 3.6.5 It is important to keep a written record of all meetings and discussions that take place in seeking to resolve an ethical conflict.
- 3.6.6 For guidance on conflict of loyalties affecting employed members, see section 4.2.

## 4 **SECTION 4 EXPANDED GUIDANCE APPLICABLE TO MEMBERS WHO ARE WORKING AS EMPLOYEES**

### 4.1 **Introduction**

The following sections contain guidance, which is relevant to members employed in industry, commerce, the public sector, and education.

### 4.2 **Conflict of Loyalties**

4.2.1 Employed members owe a duty of loyalty to their employer as well as to their profession and there may be times when the two are in conflict. An employee's normal priority should be to support his or her organisation's legitimate and ethical objectives and the rules and procedures drawn up in support of them. However, an employee cannot legitimately be required to:

- (a) break the law;
- (b) breach the rules and standards of their profession;
- (c) lie to or mislead (including by keeping silent) those acting as auditors to the employer; or
- (d) put their name to or otherwise be associated with a statement that materially misrepresents the facts.

4.2.2 When members become aware that their employers have committed an unlawful act, which could compromise them, every effort should be made to persuade the employer not to perpetuate the unlawful activity, and to rectify the matter.

4.2.3 Differences in view about the correct judgment on accounting or ethical matters should normally be raised and resolved within the employee's organisation, initially with the employee's immediate superior, and possibly thereafter, where disagreement about a significant ethical issue remains, with higher levels of management or non-executive directors.

4.2.4 If employed members cannot resolve any material issue involving a conflict between their employer's and their professional requirements, they may, after exhausting all other relevant possibilities, have no other recourse but to consider resignation. An employer may also be influenced in taking the right decision if it is made clear by the member that it will not be possible to continue as an employee if matters are not corrected. Employees should state their reasons for resignation to the employer but their duty of confidentiality normally precludes them from communicating the issue to others (unless legally or professionally required to do so).

4.2.5 Before resigning it is strongly recommended that members should obtain appropriate legal advice. In Northern Ireland The Public Interest Disclosure Act, 1998 gives protection, including protection from dismissal, to employees in Northern Ireland who disclose otherwise confidential information internally or to a prescribed regulator in good faith. Under this act an employee making public disclosure is protected, where he or she makes the disclosure in good faith, and

reasonably believes that the information disclosed is substantially true and that he or she would otherwise be victimised or the evidence concealed or destroyed, or where the concern has already been raised with the employer or prescribed regulator.

4.3 **Support for professional colleagues**

A member, particularly one having authority over others, should give due weight to the need for them to develop and hold their own judgment in accounting matters and should deal with differences of opinion in a professional way.

4.4 **Professional competence**

A member employed in industry, commerce, the public sector or education may be asked to undertake significant tasks for which he or she has not had sufficient specific training or experience. When undertaking such work the member should not mislead the employer as to the degree of expertise or experience he or she possesses, and where appropriate expert advice, assistance or training should be sought.

## **Section 5. EXPANDED GUIDANCE APPLICABLE TO SELF-EMPLOYED MEMBERS**

### **5.1 Introduction**

5.1.1 Members, unless appropriately authorised by a regulatory body established under statutory authority, may not, inter alia, perform the following functions:

- (i) External audit of limited companies and other prescribed organisations in accordance with the provisions of the Companies Acts;
- (ii) External audit of other bodies that require the services of a registered auditor;
- (iii) Activities subject to the provisions of the Financial Services Act 1986. These include the undertaking of investment business and the provision of corporate finance advice to clients;
- (iv) Insolvency practice in accordance with the provisions of the Insolvency Act 1986.

### **5.2 Independence in financial reporting and similar roles**

5.2.1 When undertaking a financial reporting assignment, a self-employed member should be independent both in fact and appearance (see Section 3.2 - Objectivity - above).

5.2.2 In order to safeguard their independence, members contemplating any such assignment should consider certain matters before deciding whether to accept a new appointment, or whether to continue an existing appointment. These matters include the expectations of those directly affected by the work; the environment in which the work is to be conducted, including that within the member's business and the profession; the threats to objectivity which may actually arise or may appear to arise because of any expectations and the environment; and the safeguards which can be put in place to offset the risks and threats.

5.2.3 The guidelines on objectivity (Section 3.2) emphasise the need for the member to maintain objectivity at all times. This is particularly so in financial reporting, and similar roles. In general, members should be able to reach a proper and responsible decision whether or not to accept or continue an engagement based on a realistic assessment and weighing of the threats to objectivity which arise and of the generally accepted safeguards which may be employed to negate those threats to objectivity or to reduce them to acceptable proportions.

5.2.4 The potential threats to objectivity and hence independence can be categorised in various ways. In essence they may arise from involvement by a self-employed member (or a close connection) in the client's affairs.

These threats may be:

- Financial in nature ("self-interest" threats);
- Resulting from an executive, managerial, or operational involvement in the client's affairs and/or in the preparation of its accounts (a "self-review" threat);
- Arising from an emotional commitment to the client or its interest (such as to create a "familiarity" or an "intimidation" threat);
- or from taking a strongly proactive stance on the client's behalf (an "advocacy" threat).

5.2.5 Where threats exist, members should always consider the use of safeguards and procedures, which may negate or reduce them. Safeguards and procedures might include:

- (i) Educational, training and experience requirements for entry into the profession;
- (ii) Continuing professional development requirements;
- (iii) Corporate governance regulations
- (iv) Policies and procedures intended to promote quality control of reporting engagements;
- (v) External or internal review of a firm's quality control system;
- (vi) Arrangements to ensure that staffs are adequately aware of and empowered to communicate any issue of independence and objectivity that concerns them;
- (vii) Where available, the involvement of an additional principal who did not take part in the conduct of the reporting assignment;
- (viii) Where possible consulting a third party such as a committee of independent directors, or a professional regulatory body;

- (ix) Where possible arrangements to reduce the risk of conflict by compartmentalising responsibilities and knowledge in specific cases;
- (x) Where possible rotation of senior personnel;
- (xi) Publicly visible steps, possibly including a public announcement, to explain how the risk of conflict is recognised and mitigated in a specific situation.
- (xii) Refusal to perform the assignment where no other appropriate course can abate the perceived problem.

#### **5.2.6 Financial Involvement with or in the affairs of clients**

Financial involvement with a client creates a self-interest threat to objectivity which is generally regarded as insurmountable. Financial involvement can arise in a number of ways, such as:

- (i) by direct or indirect financial interest;
- (ii) by loans to or from the client or any officer, director or principal shareholders of a client company. The self-interest threat arising from outstanding fees is exacerbated when they become equivalent to a loan, and a member should review the propriety of continuing to act where significant fees have been outstanding for twelve months or more. Special considerations may apply in circumstances involving Individual Voluntary Arrangements (IVAs) or other specific arrangements for payment;
- (iii) by holding a financial interest in a joint venture with a client or employee(s) of a client;
- (iv) when the receipt of fees from a client or group of connected clients represent a large proportion of the total gross fees of a member or of the practice as a whole. The perceived threat grows with the size of the fees and is thus increased by work or services additional to the reporting assignment;
- (v) the provision of other services may also give rise to self-review, familiarity, or advocacy threats (see paragraph 5.2.8).

#### **5.2.7 Appointments in companies**

When a self-employed member is or was, within a period of two years prior to a potential assignment:

- (i) a member of the Board, an officer or employee of a company; or
- (ii) a partner of, or in the employment of, a member of the board, or an officer or employee of a company; then the member would be regarded as being subject to an insurmountable threat of a self-review nature, which would be incompatible with his or her

continuing with a financial reporting assignment in relation to the company.

#### **5.2.8 Provision of other services to clients**

When members provide consultancy services to clients, care should be taken when rendering advice not to report on management decisions which the member has recommended, so as to avoid a self-review threat. The services provided by a self-employed member in the fields of management consultancy and taxation are advisory services which should not usurp the management functions of clients. Objectivity is not impaired by offering advisory services provided there is no involvement in, or responsibility assumed for, management decisions. Nevertheless, members should remain aware of a possible self-review threat, and be careful not to go beyond, or appear to go beyond the advisory function into the management sphere.

#### **5.2.9 Personal and family relationships**

Personal and family relationships can affect objectivity. There is a particular need to ensure that an objective approach to any assignment is not endangered as a consequence of any personal or family relationship. Family relationships which will normally impose an unacceptable threat to objectivity in relation to financial reporting assignments are those in which the member is the spouse, dependant child or relative living in a common household, of the client, or vice-versa.

#### **5.2.10 Conflicts between interests of different clients**

There is, on the face of it, nothing improper in a self-employed member having two or more clients whose interests may be in conflict. In such a case however the work should be managed so as to avoid the interest of one client adversely affecting that of another. Where the acceptance or continuance of an engagement would, even with safeguards, materially prejudice the interests of any client the appointment should not be accepted or continued, or one of the appointments should be discontinued. All reasonable steps should be taken to ascertain whether any conflict of interest exists or is likely to arise, both in regard to new engagements and to any change in the circumstances of existing clients. Relationships with existing clients need to be considered before new appointments are accepted. Wherever a significant conflict between the interests of different clients or potential clients is identified, sufficient disclosure should be made to both parties so that they may make an informed decision on whether to engage or continue their relationship with the member or practice.



### 5.3 Letters of engagement

- 5.3.1 Self-employed members should ensure that, as a matter of good practice, for each client an engagement letter is agreed. The purpose of such a letter is to provide written confirmation of the work to be undertaken and the extent of the member's responsibilities.

The following features are recommended for inclusion in a Letter of Engagement:

- (i) **The nature of the assignment.**  
The nature of the assignment, the scope of the work to be undertaken and, if appropriate the format and nature of any report which has to be delivered;
- (ii) **Timing.**  
The timing of the engagement, i.e. the date the work is expected to start, (and whether these dates are contingent on the completion by the client or others of information), the duration of the work and the dates on which reports are to be made;
- (iii) **Duration.**  
Whether the assignment is monthly, annual or not recurring and whether the engagement will continue unless specifically terminated by the client;
- (iv) **Client's responsibilities.**  
The client's responsibilities e.g. as to the production of information such as records and books, their format and timing. The client should also be advised that, for example, in relation to tax compliance work a member will only be acting as an agent for the client and that the client is responsible for the tax returns, etc. submitted;
- (v) **Detection of irregularities.**  
That the responsibility for the detection of irregularities and fraud rests with the client's management and this would normally be outside the scope of the engagement. Nevertheless it should be made clear, under the terms of the engagement letter, that the client is obliged to provide full information to the member;
- (vi) **Basis, frequency and rate of charge.**  
The basis, frequency and rate of charge for services rendered together with the treatment of expenses incurred in connection with the assignment. The incidence of any taxes should also be specified;
- (vii) **Ownership and lien.**  
The ownership of books and records created in the engagement and whether the member will exercise a lien over such items if fees remain unpaid or are disputed. The member's policy on retention, destruction and return of records should, if appropriate, be specified;

(viii) **Unpaid fees.**

The member's actions on a fee remaining unpaid after presentation of the invoice should be dealt with: including the charging of interest and at what rate, the cessation of work and, as above, the exercise of a lien over the client's books and records;

(ix) **Third parties.**

The usage of the member's work by the client for third parties should be specified and suitable disclaimers employed.

### 5.3.2 **Ownership of books and records**

The rules concerning the ownership of books and records as between a client and a professional person engaged by the client to perform agreed services derive, in the Republic of Ireland/UK, mainly from a combination of statute law and case law. It is however stressed that before entering into contracts with clients, all members should inform themselves of the local legal position and take steps to ensure that the engagement letter covers, as far as reasonably possible, the respective rights and responsibilities.

### 5.3.3 **Professional liability of members**

The following guidance is concerned only with the liability for professional negligence which a member may incur because of an act or default by the member or an employee or associate of the member which results in financial loss to a person to whom a duty of care is owed. It does not deal with liability arising from other causes (for example criminal acts, breaches of trust or breaches of contract, other than the negligent performance of its terms, and certain heads of liability arising by statute independently of contract). Because of the need to keep the ethical guidelines to reasonable proportions the guidance is published in summary form. Members should however be aware of the number of cases in recent years where substantial sums have been claimed from providers of accountancy services in damages for negligence. When entering into contracts with clients therefore, where there appears to be any doubt about the extent of the member's liability, the member is recommended to seek legal advice.

The attention of all self-employed members is drawn to the need to maintain an adequate level of **Professional Indemnity Insurance** cover. Professional Indemnity Insurance is strongly recommended for student members that undertake self-employed work.

## **5.4 Fees**

- 5.4.1 Self-employed members who undertake professional services for a client assume the responsibility to perform the work with integrity and objectivity and in accordance with the appropriate technical standards. That responsibility is discharged by applying the professional skill and knowledge which members have acquired and continue to acquire through learning and experience and which student members are in varying stages of acquiring. For the services rendered they are entitled to remuneration.
- 5.4.2 Professional fees should be a fair reflection of the value of the work performed for the client, taking into account:
- (i) The skill and knowledge required for the type of work involved;
  - (ii) The level of training and experience of the persons necessarily engaged on the work;
  - (iii) The time necessarily occupied by each person engaged on the work; and
  - (iv) The degree of responsibility that the work entails.

## **5.5 Changes in a professional appointment**

- 5.5.1 Clients have the right to choose their professional advisers, and to change to others if they wish. Self-employed members have the right to choose for whom they act. Nevertheless, it is necessary in the interest of both the public, and the existing and prospective advisers, that a member who is asked to act by a prospective client in respect of a recurring reporting assignment, accounting services, or taxation compliance work, should communicate with the existing appointee. Likewise the latter must reply promptly as to any considerations, which might affect the prospective adviser's decision whether or not to accept appointment. Where there is no existing adviser, the procedures apply equally to any previous adviser.
- 5.5.2 Members should undertake the same procedures with non-members as they would with members.
- 5.5.3 Members invited to undertake professional work additional and related to that being carried out by another professional adviser should consult paragraph 5.5.4 (below).
- 5.5.4 Communication is meant to ensure that the member considering accepting an appointment, who, having considered it, should then be able to reach a responsible decision whether or not to accept that appointment, knowing all relevant facts.

5.5.5 Communication of the facts to a prospective adviser does not relieve the existing adviser of his or her duty to continue to press on the client his or her views on any technical or ethical matters, which may have led him or her into dispute with the client.

### **5.6 Advertising**

In advertising their business, Self Employed Members may use their designatory letters MIATI or FIATI on all stationary including letterheads, business cards and compliment slips.

### **5.7 Clients of a former employer**

A member should have regard to the bad will that is likely to result from soliciting the client of an employer whose service they have recently left. A member should act professionally and with integrity in this respect.

## **SECTION 6 EXPANDED GUIDANCE APPLICABLE TO MEMBERS WHO ARE SUPPLYING TAXATION SERVICES**

- 6.1 Members performing taxation services in the Republic of Ireland, Northern Ireland and in other member states of the EU will be dealing with compliance and advice on Value Added Tax (an indirect tax) and direct taxes based on income, gains, losses and profits.
- 6.2 It is beyond the scope of these guidelines to deal with detailed ethical issues relating to taxation services encountered by members. Should you require further assistance you may contact [ethics@accountingtechniciansireland.ie](mailto:ethics@accountingtechniciansireland.ie) with the relevant facts.
- 6.3 The guidance that follows consists of general principles for members that apply to both direct and indirect taxation.
- 6.4 A member providing professional tax services has a duty to put forward the best position in favour of a client or an employer. However, the service must be carried out with professional competence, must not in any way impair integrity or objectivity, and must be consistent with the law.
- 6.5 A member should not hold out to a client or an employer the assurance that any tax return prepared and tax advice offered is beyond challenge. Instead the member should ensure that the client or the employer is aware of the limitations attaching to tax advice and services so that they do not misinterpret an expression of opinion as an assertion of fact.
- 6.6 A member should only undertake taxation work on the basis of full disclosure by the client or employer. The member, in dealing with the tax authorities, must act in good faith, and exercise care in relation to facts or information presented on behalf of the client or employer. It will normally be assumed that facts and information on which business tax computations are based were provided by the client or employer as the taxpayer, and the latter bears ultimate responsibility for the accuracy of the facts, information and tax computations. The member should avoid assuming responsibility for the accuracy of facts, etc. outside his or her own knowledge.
- 6.7 Tax advice or opinions of material consequence given to a client or an employer should be recorded, either in the form of a letter or in a memorandum for the files.
- 6.8 A member should not be associated with any return or communication in which there is reason to believe that it:
  - (i) contains a false or misleading statement;
  - (ii) contains statements or information furnished recklessly or without any real knowledge of whether they are true or false; or

(iii) omits or obscures information required to be submitted and such omission or obscurity would mislead the tax authorities.

6.9 In the case of a self-employed member, acting for a client, the member should furnish copies of all tax computations to the client before submitting them to the Revenue.

6.10 When a member learns of a material error or omission in a tax return of a prior year, or of a failure to file a required tax return, the member has a responsibility to advise promptly the client or employer of the error or omission and recommend that disclosure be made to the Revenue (normally the member is not obliged to inform the Revenue, and should not do so without the permission of the client or employer).

If the client or employer does not correct the error, the member should inform the client or employer that it is not possible for the member to act for them in connection with that return or other related information submitted to the authorities.

6.11 In the case of a self-employed member whose client refuses to make disclosure of an error or omission to the Revenue, the member should cease to act for the client, informing the client, in writing, to that effect:

(i) Where the member has acted in relation to the error or omission, he or she should also inform the Revenue that they have ceased to act, adding, if it is the case, that the member has received information indicating that accounts and statements, etc. should not be relied upon;

(ii) However, where the member has not acted in relation to the error or omission, although the member should cease to act, his or her communication with the Revenue should be restricted to a bare notification to that effect.

For more information on Disciplinary procedures please follow the below link:  
[http://www.accountingtechniciansireland.ie/Members/Professional\\_standards/](http://www.accountingtechniciansireland.ie/Members/Professional_standards/)