

A Preliminary Comparison of the AICPA Code of Professional Conduct and the IFAC Code of Ethics: Immediately After Codification

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ABSTRACT

Auditors and accountants generally have a public interest perspective when performing professional services. Within our global economy many jurisdictions maintain specific standards for compliance with the public interest goal. The primary ethical standard setting body is the International Federation of Accountants (IFAC) and its International Ethics Standards Board for Accountants (IESBA). The IESBA Code is the global foundation for the accounting profession. The American Institute of Certified Public Accountants (AICPA) also provides standards via the AICPA Code of Professional Conduct (AICPA Code).

Although the AICPA is officially a member of the IFAC, it continues to maintain its own Code. Overall, this Code takes a somewhat different approach than the IESBA. The AICPA requires its members to use the IESBA approach only if the rules of the AICPA Code do not address the situation under review.

Principles of the IESBA Code require accountants to utilize a conceptual framework approach to determine compliance with the fundamentals whenever they know that circumstances may compromise compliance. Although this approach is sometimes referred to as principles-based when contrasted with the AICPA approach, the differentiation is not as extreme as when comparisons are made between IFRS and U.S. GAAP. Application of the conceptual framework is only necessary in certain situations where the IESBA Code does not offer guidance.

This article and presentation will compare the Codes with examples amplifying differences. A summary will be provided that could be a resulting single global code of ethics.

Keywords: ethics, accounting ethics, accounting codes of conduct, global ethics code