

CASE STUDY: ADVOCATING ETHICS IN THE PUBLIC INTEREST

Overview
Reflections from the Top
In Focus
Value Creation
Governance
Financials
Appendix

In line with its mandate to uphold the public interest as intended by the Accountants Act 1967, the MIA is accelerating its ethics advocacy and education to ensure that members adhere to the highest professional and ethical standards of conduct.



DR. VEERINDERJEET SINGH
Chairman of the MIA Ethics Standards Board

“In serving the public interest, it is crucial to set ethics (including independence) standards as a cornerstone for ethical behavior in business and organisations. Upholding ethics is also essential to ensure public trust in financial and non-financial information that is fundamental to the proper functioning and sustainability of organisations, financial markets and economies worldwide.”

Ethics is fundamental to public trust in the conduct of professional accountants and it must always be the basis of their judgments, decisions, and actions when performing professional activities or services.

Indeed, ethics has become even more crucial as the business landscape becomes more complex, challenging and uncertain. The conduct of professional accountants is naturally subject to scrutiny given the profession’s leading role as financial advisors and custodians. Reports of financial misconduct in major jurisdictions as well as in Malaysia have led many stakeholders including regulators and the public to question whether the conduct of accountants is trustworthy, honest, free from conflicts of interest, in accordance with confidentiality requirements, or in the public interest.

To narrow the trust deficit, it is essential for accountants to behave ethically in compliance with professional standards and practices. As the regulator of the profession, MIA emphasises the importance of ethical behaviour and enforces compliance with the MIA By-Laws (On Professional Ethics, Conduct and Practice) of which Part A is substantially based on the International Code of Ethics for Professional Accountants established by the International Ethics Standards Board for Accountants (IESBA).

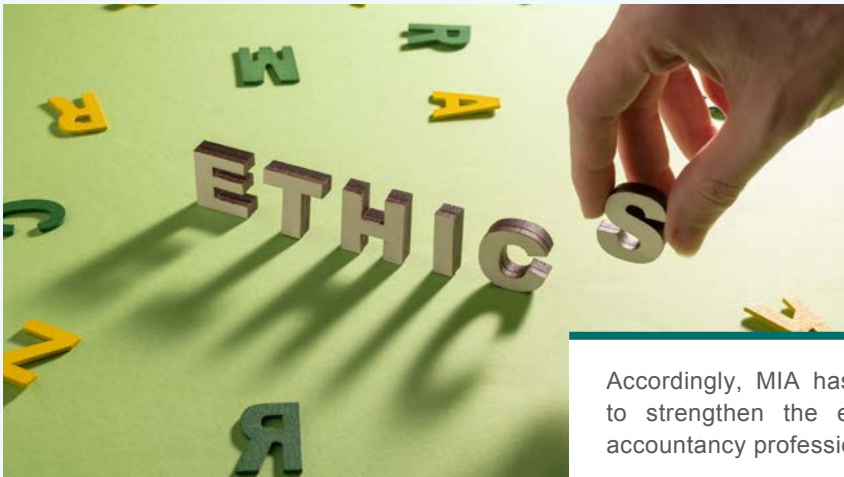
INTERNATIONAL CODE OF ETHICS FOR PROFESSIONAL ACCOUNTANTS

Among all professions, the global accountancy profession stands apart in having a comprehensive and robust code of ethics in the IESBA International Code of Ethics for Professional Accountants (including International Independence Standards) (the Code) that it must apply. This Code is globally accepted as evidenced by its adoption or use in over 130 jurisdictions including Malaysia, and adoption by the 34 largest international networks of accounting firms for transnational audits.

The high-quality ethics standards in the Code are a cornerstone to ethical behaviour in business and organisations, and they underpin the accountancy profession’s longstanding good reputation. It is therefore crucial that all accountants fully understand and comply with all their ethical obligations under the Code.

The fundamental principles clearly establish the standard of behaviour expected of all professional accountants. The Code also sets a clear expectation for professional accountants, especially those in leadership or managerial roles, to promote an ethical culture within their organisations.

Upholding the fundamental principles and complying with the specific requirements of the Code enable professional accountants to meet their responsibility to act in the public interest. Non-compliance with ethical requirements not only creates a risk of adverse consequences for accountants from a professional or regulatory standpoint, but also may result in profound negative consequences for firms, employing organisations, clients, other stakeholders, and the public at large. Ethical failures can also damage the profession’s reputation.

**CASE STUDY:
ADVOCATING ETHICS IN THE PUBLIC INTEREST****MIA'S ETHICS ADVOCACY****Strengthening Public
Confidence in the
Accountancy Profession**

High quality professional and ethics standards that are benchmarked against international practices will enhance the quality and consistency of services provided by professional accountants in Malaysia. This will in turn strengthen public confidence in the accountancy profession.

The inculcation of professional ethics, conduct and practices among MIA members comes under the oversight of the MIA Ethics Standards Board (ESB), a standard setting body under the auspices of the MIA Council. The ESB's main objective is to promote adherence to high quality professional and ethics standards and convergence with international ethics standards.

To ensure that the MIA is heard and recognised as the voice of the profession, the ESB also reviews exposure drafts issued by the IESBA and submits comments thereon. The ESB's role also entails taking into consideration any final pronouncements issued by the IESBA to be adopted in Malaysia and issuing guidance or clarification to assist the implementation of Sections 100 to 990 of Part A of the By-Laws (On Professional Ethics, Conduct and Practice) of the Institute.

MIA efforts to inculcate sound ethical conduct among members is guided by Strategic Objective 2 (SO2) - Nurture professional values and ethics of members to uphold a strong accountancy profession.

Accordingly, MIA has embarked on various initiatives to strengthen the ethical culture of the Malaysian accountancy profession. These include:

1 **Creating written and media content and organising outreach activities** to provide awareness on the MIA code of ethics

2 **e-AT articles**

**[Changes to the Ethics Code:
Revisions to the Definitions of
Listed Entity and Public Interest Entity](#)**

published on 23 June 2023

**[Dialogue with the Chairman
of the MIA Ethics Standards Board](#)**

published on 27 June 2023

3 **Integrating ethics contents** into various **MIA Programmes** such as the Public Practice Programme, Townhall, SMP members engagements, collaboration with PPT and regulators such as AOB, SSM, JANM, SPRM, SKM and BNM

4 **Organising a panel session on Ethical Leadership in a Digital Era** at the MIA Digital Month 2023

5 **Releasing a non-authoritative guidance** on ethical conduct for accountants in public practice on using technology

**[Ethical Guidelines on Technology
Usage for Public Practitioners](#)**

published on 30 June 2023

6 **Organising Ethics Webinars and Quizzes** for Members

7 **Organising outreach activities** with universities

EMERGING ETHICAL RISKS

Accountants have to be mindful of ethical and governance considerations emerging in the digital and sustainability space in order to continue upholding the public interest.

As technology is constantly evolving, most recently in the realm of artificial intelligence programs like ChatGPT, revisions to codes of ethics are necessary to guide accountants on the use of any technology, including possible future technologies. Technological innovation is also transforming how work is performed and how professional services are delivered as well as enabling new services in ways never before imagined. It is crucial and in the public interest that MIA members comply with strong, clear and principles-based standards to equip themselves in navigating the ethical risks and challenges brought on by technology.

Similarly, the pressure to adopt ESG for sustainability and the emerging areas of sustainability-related disclosures and sustainability assurance also have the potential to raise ethical issues that will involve accountants. The ESB also expects more guidance materials to be issued by the IESBA going forward, particularly in dealing with issues such as greenwashing. As MIA develops its sustainability agenda, it will track emerging ethical issues to provide the necessary guidance in the public interest.

