TOPIC THREE: THE ACCOUNTANT.

Learning objectives:

a) Define and explain the role of professional accountant
b) Identify and explain the fundamental ethical principles of an accountant

Introduction

The term Accountant describes a person who has expertise in the field of accounting, achieved through formal education and practical experience and;

- ✓ who demonstrates and maintains competence,
- ✓ complies with a code of ethics,
- ✓ is held to a high professional standard and
- ✓ is subject to enforcement by a professional accountancy organization or regulatory mechanism

Accountant as per the Accountants Act, 2013

As per Uganda Accountants Act 2013, an accountant means a person who is enrolled as a member of the Institute of Certified Public Accountants of Uganda (ICPAU) in accordance with of this Act.

So, a Professional Accountant is an individual who is trained in accountancy and has been equipped with various skills in accountancy related functions and belongs to professional accountancy organization which is a member of IFAC.

A member may fall under the following categories of membership:

Full member:

When one passes qualifying exams & completes practical training as prescribed by the institute or if one is a member of an institute of accountants approved by the institute as its equivalent.

Associate member

When one passes qualifying exams but does not complete practical training as prescribed

Retired member

If one meets the criteria prescribed by regulations made under this Act and applies to the council for retirement

Any other category as may be determined by the council (The governing body of the Institute)

Professional Accountant per International Federation of Accountants (IFAC):

IFAC is a global organization that sets International standards for the accounting profession.

According to IFAC, a "Professional accountant" is defined broadly as an individual engaged in the practice of accounting or related services.

The key attributes associated with a Professional accountant based on IFAC's International Education Standard 2 (IES 2) include:

a) Education and Qualification: A professional accountant is expected to have completed relevant education and training, including academic qualifications and practical experience, to perform professional responsibilities competently.

b) Professional Competence: Required to possess the technical knowledge, skills, and professional judgment necessary to perform their roles effectively. This includes staying current with developments in accounting and related fields.

c) Integrity: Expected to be honest, straightforward, and act in accordance with ethical principles in all professional and business activities.

d) Objectivity: Should be objective in their work and avoid conflicts of interest. They must be impartial & not allow personal biases or undue influence to compromise their professional judgment.

e) Professional behavior: Expected to conduct themselves in a manner consistent with the reputation of the profession. E.g. complying with relevant laws and regulations and acting in the public interest.

e) Confidentiality: Maintaining the confidentiality of information obtained during the course of their work is a duty of professional accountants. This obligation extends to both current and former clients and employers.

f) Professional Skepticism: Professional accountants, especially those involved in audit and assurance engagements, are required to approach their work with a **questioning mindset** and be skeptical when assessing information and evidence.

g) Professional Development: Continuous professional development is essential for professional accountants to stay current with changes in accounting standards, regulations, and best practices.

ROLE OF AN ACCOUNTANT IN SUSTAINABLE ORGANIZATIONAL SUCCESS:

An accountant has an unusually wide range of options in the kind of work he/she can do. So an Accountant can be a financial accountant, a financial manager, an auditor, a management accountant, a tax accountant/advisor/consultant, an insolvency recovery practitioner, ax accounting services consultant, a CEO, a lecturer, among others

- ✓ **Financial Management:** Accountants are responsible for managing financial resources, budgeting, and forecasting. By providing accurate and timely financial information, accountants enable informed decision making by management, contributing to the organization's financial health.
- ✓ **Compliance and risk management:** Accountants play a vital role in ensuring that the organization complies with relevant financial regulations and reporting standards. They assess financial risks, implement internal controls, and develop strategies to mitigate risks, promoting the organization's stability and resilience.
- ✓ **Strategic Planning:** Accountants contribute to strategic planning by providing financial insights and analysis. They assist in evaluating the financial feasibility of various strategic initiatives, helping organizations make informed decisions about investments, expansions, and other critical activities.

- ✓ **Cost management:** Accountants are involved in cost analysis and management, identifying areas for cost reduction and efficiency improvement. Effective cost management contributes to sustainable profitability and resource optimization.
- ✓ **Performance measurement:** Accountants develop and implement key performance indicators to measure and evaluate the organization's performance. This information helps management assess progress toward strategic goals and make adjustments as needed.
- ✓ **Financial reporting:** Accountants are responsible for preparing accurate and transparent financial statements. These financial reports are essential for stakeholders, including investors, creditors, and regulators, to assess the financial health and performance of the organization.
- ✓ **Sustainability Reporting:** In the context of sustainable development, accountants may be involved in the preparation of sustainability reports covering environmental, social, and governance factors, showcasing the organization's commitment to sustainable practices.

ROLE OF AN ACCOUNTANT IN PROVISION OF ASSURANCE SERVICES:
Assurance services involve providing an independent assessment or verification of information to enhance the credibility and reliability of that information. Accountants, particularly those with audit expertise, offer assurance services in the following ways:

- ✓ **Audit Services:** Accountants conduct financial audits to provide an independent and objective assessment of an organization's financial statements. This enhances confidence in the accuracy and fairness of financial reporting, benefiting investors, creditors, and other stakeholders.
- ✓ **Internal control evaluation:** Accountants assess and evaluate internal controls within an organization. This includes reviewing processes and procedures to ensure they are effective and mitigate the risk of financial misstatements.
- ✓ **Compliance audits:** Accountants perform compliance audits to ensure that the organization adheres to relevant laws, regulations, and industry standards. Compliance audits help identify areas of non-compliance and recommend corrective actions.
- ✓ **Assurance on non-financial information:** With the growing emphasis on sustainability reporting, accountants may provide assurance on non-financial information, including environmental and social performance metrics. This enhances the credibility of sustainability reports.
- ✓ **Cyber security assurance:** In the digital age, accountants may be involved in providing assurance on cyber security measures. This includes assessing the effectiveness of controls to protect sensitive financial and non-financial information.

SUMMARY:
Professional Accountants' roles in Sustainable businesses, can broadly be described under 4 key categories .i.e. as creators, enablers, preservers and reporters of sustainable value for the organization.

Value Creation
At a st**rategic level**, they takes managerial roles in designing and implementing strategies, policies, plans, structures as well as governance measures which establishes a course for delivering

sustainable value generation. E.g. For Management: Chief Executive Officers, Chief Finance Officers or Finance directors, Treasurers etc

Value enablers/ providers

At operating level, they inform and guide operating and management decisions and implements strategies for the achievement of sustainable value formation. E.g. finance or performance analysts, cost accountants,

Value preservers/ keepers

At reporting level, they ensure protection of sustainable values creation, operating and financial risks, ensures conformity to rules, principles as well as high quality practices. E.g. For executive controls, internal auditors.

Value reporters

At reporting Level, they enables transparency in communicating and delivering sustainability values to stakeholders. E.g. For accounting and stakeholders' communications: group controllers, heads of reporting, investors' relations managers, financial/ management accountants. (IFAC, 2011 & 2015)

DRIVERS OF SUSTAINABLE ORGANIZATIONAL SUCCESS.

Sustainable organizational success is driven by a combination of factors that go beyond short-term financial gains and encompass long-term resilience, responsible practices, and positive contributions to society and the environment.

The drivers of sustainable organizational success are multifaceted and interconnected and provide a basis for professional accountants to help organizations achieve sustainable value creation and they are as follows:

- ✓ **Effective strategic vision and leadership:** Sustainable success starts with a clear strategic vision that emphasizes long-term goals and responsible business practices. Effective leadership is crucial in setting the tone for sustainability and ensuring that it is integrated into the organization's culture and decision making processes.
- ✓ **Stakeholder engagement:** Organizations that actively engage with their stakeholders, including employees, customers, suppliers, communities, and investors, are better positioned for sustainable success. Understanding and responding to stakeholder expectations contribute to trust and long-term relationships.
- ✓ **Ethical business practices:** Ethical conduct is foundational to sustainability. Organizations that prioritize integrity, transparency, and responsible governance build trust with stakeholders and reduce the risk of reputational damage.
- ✓ **Innovative and adaptive capacity:** Successful organizations embrace innovation and adaptability. They continuously seek ways to improve products, services, and processes, anticipating and responding to changes in market dynamics, technology, and societal expectations.
- ✓ **Operational excellence:** Aligning resources allocation with strategic objectives

- ✓ **Environmental stewardship:** Sustainable organizations prioritize environmental sustainability by adopting eco-friendly practices, reducing carbon footprints, and promoting resource efficiency. Environmental stewardship contributes to long-term resilience and supports the global push for environmental conservation.

- ✓ **Social responsibility:** Social responsibility involves considering the impact of business activities on society. Organizations that invest in social initiatives, support community development, and promote diversity and inclusion demonstrate a commitment to sustainable success.

- ✓ **People and talent management:** This is a strategic function, aimed at serving better the needs of wider organization

- ✓ **Financial Stability and responsible finance:** Sustainable success requires financial stability and responsible financial practices. Organizations that manage their finances prudently, invest in long-term value creation, and consider the financial implications of sustainability initiatives are better positioned for success.

- ✓ **Regulatory compliance:** Compliance with applicable laws and regulations is essential for sustainable success. Organizations that proactively address legal and regulatory requirements reduce the risk of legal challenges and reputational damage.

- ✓ **Resilience to External Shocks:** Organizations that build resilience to external shocks, such as economic downturns or global crises, are more likely to sustain success over the long term. Diversification, risk management, and scenario planning contribute to organizational resilience.

- ✓ **Technology Integration:** Embracing and integrating relevant technologies into business operations can enhance efficiency, reduce environmental impact, and foster innovation, contributing to sustainable success in a rapidly evolving digital landscape.

FUNDAMENTAL ETHICAL PRINCIPLES OF AN ACCOUNTANT.
Ethical principles are the foundation of the accounting profession, guiding accountants in their conduct, decision-making, and interactions with stakeholders.

Every accountant enrolled or registered under this Act shall be subject to the Professional Code of Ethics prescribed by regulations made under this Act. (2)
An accountant who contravenes the professional code of ethics commits the offence of profession al misconduct and shall be dealt with by the disciplinary committee as appropriate.

The most widely recognized set of ethical principles for accountants is often captured in the codes of ethics which Accountants are expected to adhere to**.** They include:

- ✓ **Integrity:** Integrity is the quality of being honest and straightforward in all professional and business relationships. Accountants are expected to be truthful and forthright, avoiding deceit or subterfuge. They should not knowingly be associated with misleading or false information.

- ✓ **Objectivity:** Objectivity involves the need for accountants to maintain impartiality and not allow conflicts of interest or undue influence to compromise their professional judgment. Accountants must provide fair and unbiased assessments, recommendations, and reports.
- ✓ **Professional competence and due care:** Accountants are expected to maintain a high level of professional competence, continually updating their knowledge and skills to stay relevant in their field. They must also exercise due care in performing their professional duties, diligently applying their skills and judgment.
- ✓ **Confidentiality:** Accountants have a duty to respect the confidentiality of information obtained during the course of their work. They should not disclose confidential information to third parties unless required by law or with the appropriate authorization.
- ✓ **Professional behavior:** Professional behavior encompasses the standards of conduct expected from accountants. This includes acting in a manner that upholds the dignity and reputation of the accounting profession. Accountants are expected to comply with relevant laws and regulations.
- ✓ **Professional skepticism:** Professional skepticism involves a questioning mindset and a critical assessment of information. Accountants should approach their work with a healthy level of skepticism, verifying the accuracy and reliability of information before making conclusions or decisions.
- ✓ **Professional development:** Continuous professional development is essential for professional accountants to stay current with changes in accounting standards, regulations, and best practices.

Challenges that accountants face;

- ✓ Balancing confidentiality with whistle blowing on illegal actions of others (Disclosing information in public interest)
- ✓ Dealing with pressure to act unethically especially from dominant supervisors/ managers
- ✓ The effect of greed