



THE ROLE OF THE PROFESSIONAL ACCOUNTANT IN THE PREVENTION OF CORRUPTION

Recommended by the Professional Accountants In Business
Committee of ICATT.

This article examines the role of the professional accountant in the prevention of corruption and is intended for educational purposes only.

Professional accountants are expected to subscribe to robust ethical and educational standards. Indeed, in Trinidad and Tobago, the professional accountant is required to act with integrity and objectivity. This is because the professional accountant stands in a position of trust and confidence and is relied upon by the public to ensure a sound financial sector. Transparency International comments that, 'Ultimately, accounting professionals can play a vital role in tackling corrupt behavior. A curious, questioning mindset will uncover anomalies and wrongdoing, and will help convey the message throughout the organization that bribery and corruption will always be exposed.'

In 2017, the International Federation of Accountants (IFAC) produced its results of a study, which demonstrated that the professional accountant had a major role in the prevention and detection of corruption. In the report, it was stated that '[T]he accountancy profession is a crucial part of strong national governance architectures that confront corruption, in partnership with good government and strong businesses.'

Generally, corruption involves the misuse of entrusted power for private gain and involves a range of offences, including bribery, fraud, embezzlement, misfeasance in public office, money laundering and concealment, obstruction of justice and theft. Locally, these offences are provided for in several pieces of legislation, including the Prevention of Corruption Act, the Proceeds of Crime Act, the Larceny Act, the Criminal Offences Act, the Accessories and Abettors Act and the Summary Courts Act.

Consequently, the professional accountant's role in the prevention of corruption includes the following:-

- **Upholding and encouraging high ethical standards:** IFAC, in its article titled "The Professional Accountant's Mindset and Tackling Corruption" stated that 'Ethics is core to

the accountancy profession. It is widely recognized that in recent years there has been an increased focus on business ethics, driven in part by the many high-profile business scandals that have caught global attention. Incidents of fraud and corruption can impact organizations of every size and every sector globally. No finance professional can be complacent about the risk of either wrongdoing taking place somewhere within their organization, or being targeted by external fraudsters, and need to be alert to apply their code of ethics. For professional accountants who have a duty to uphold integrity and objectivity, through their commitment to their code of ethics, there is a clear requirement to not knowingly misrepresent facts or subordinate their judgement to others and to be straightforward and honest in all professional and business relationships.'

Consequently, the professional accountant should encourage a sense of belonging, commitment and compliance among his/her management team, business associates and employees. He/she should be open and transparent in his/her business dealings and should encourage inclusion of anti-bribery and anti-corruption clauses in contracts and other commercial dealings. The professional accountant should also encourage transparent dealings with third parties, including suppliers and customers.

- **Report corrupt or suspected corrupt activities:** The professional accountant could institute a procedure whereby employees, outside consultants and even customers can report incidences of corruption that they witness.

Some companies utilize a whistleblowing system whereby internal stakeholders can report any untoward activities anonymous. It is expected that directors understand their fiduciary duties and their role in ensuring good corporate governance and act expeditiously when matters are reported to them.

The professional accountant should also report his observation or discovery of corrupt activities to the board of directors or the appropriate external body. These external bodies include the Procurement Authority, the Integrity Commission, the Director of Public Prosecutions, the Anti-Corruption Investigative Bureau of the Trinidad and Tobago Police

Service, the Service Commissions, the Securities Exchange Commission, the Ombudsman, the Financial Intelligence Unit of Trinidad and Tobago and the investigative or disciplinary tribunal/committee of a professional body in which the person is affiliated, for example, the Investigation Tribunal of ICATT.

- **Implement internal controls:** The professional accountant should:
 - Select and employ “fit and proper” persons for the job. Such selection should be based on merit and not nepotism.
 - Encourage whistleblowing by his/her staff and throughout the organisation.
 - Identify any risks the business faces in relation to corrupt activities and assess the danger they present.
 - Assist in the design and implementation of policy encouraging anti-corruptive behaviour. Such policies should include anti-bribery; compliance with laws, regulations and professional standards; requirements to report, and consult in relation to, suspected wrongdoing by personnel, clients or third parties; facilitation payments; gifts and entertainment; political donations; charitable donations and sponsorships; insider trading; and arrangements with suppliers and other third parties.
 - Encourage disciplinary action for violations of the anti-corruption policies.
 - Introduce ethics training.
 - Act ethically and be seen to be acting ethically.
 - Develop and implement orientation programs for board members as well as employees, consultants, subcontractors and any person or entity working with the organisation.
 - The professional accountant should advise on the role of an efficient internal audit department and the constitution of an audit and finance board committee.

- **Utilise external monitoring:** The professional accountant should consider the use of an independent third party to test its company’s controls and policies as it relates to anti-corruption measures. The professional accountant should be cognisant to recommendations made by its external auditors relating to such policies.

As financial gatekeepers and internal business partners, professional accountants can drive the need for transparency and good governance. This is the ultimate opportunity for the accountant to help businesses become more transparent in their decision making and to ensure that ethical behaviour is seen as critical in the decision-making process so sustainable development can be achieved.