

# Code of Professional Conduct of the National Association of Certified Public Bookkeepers

## Agreement

Please read, sign, and mail the completed Code of Professional Conduct of the National Association of Certified Public Bookkeepers. Please do not fax or email (.pdf) the signed Agreement.

### **Introduction**

The Code of Professional Conduct of the National Association of Certified Public Bookkeepers (NACPB) include principles that govern the performance of professional services by licensees.

The Code of Professional Conduct was adopted by the NACPB Licensing Board to provide guidance to all licensees—those in public practice, in industry, in government, and in education—in the performance of their professional responsibilities.

Compliance with the Code of Professional Conduct, as with all standards in an open society, depends primarily on licensees' understanding and voluntary actions, secondarily on reinforcement by peers and public opinion, and ultimately on disciplinary proceedings, when necessary, against licensees who fail to comply.

### **Section 100 – Principles of Professional Conduct**

.01 Obtaining a NACPB license is voluntary. By obtaining a license, a licensee assumes an obligation of self-discipline above and beyond the requirements of laws and regulations.

.02 These Principles of the Code of Professional Conduct express the profession's recognition of its responsibilities to the public and to clients. They guide licensees in the performance of their professional responsibilities and express the basic tenets of ethical and professional conduct. The Principles call for an unswerving commitment to honorable behavior, even at the sacrifice of personal advantage.

### **Section 101 - Article I—Responsibilities**

*In carrying out their responsibilities as professionals, licensees should exercise sensitive professional and moral judgments in all their activities.*

.01 As professionals, licensees perform an essential role in society. Consistent with that role, licensees of the NACPB have responsibilities to all those who use their professional services. Licensees also have a continuing responsibility to cooperate with each other to improve the skill of bookkeeping, maintain the public's confidence, and carry out the profession's special responsibilities for self-governance. The collective efforts of all licensees are required to maintain and enhance the traditions of the profession.

## **Code of Professional Conduct (Continued)**

### **Section 102 - Article II—The Public Interest**

*Licensees should accept the obligation to act in a way that will serve the public interest, honor the public trust, and demonstrate commitment to professionalism.*

.01 A distinguishing mark of a profession is acceptance of its responsibility to the public. The bookkeeping profession's public consists of clients, credit grantors, governments, employers, investors, the business and financial community, and others who rely on the objectivity and integrity of licensees to maintain the orderly functioning of commerce. This reliance imposes a public interest responsibility on licensees. The public interest is defined as the collective well-being of the community of people and institutions the profession serves.

.02 In discharging their professional responsibilities, licensees may encounter conflicting pressures from among each of those groups. In resolving those conflicts, licensees should act with integrity, guided by the precept that when licensees fulfill their responsibility to the public, clients' and employers' interests are best served.

.03 Those who rely on licensees expect them to discharge their responsibilities with integrity, objectivity, due professional care, and a genuine interest in serving the public. They are expected to provide quality services, enter into fee arrangements, and offer a range of services—all in a manner that demonstrates a level of professionalism consistent with these Principles of the Code of Professional Conduct.

.04 All who accept licensure in the NACPB commit themselves to honor the public trust. In return for the faith that the public reposes in them, licensees should seek continually to demonstrate their dedication to professional excellence.

### **Section 103 - Article III—Integrity**

*To maintain and broaden public confidence, licensees should perform all professional responsibilities with the highest sense of integrity.*

.01 Integrity is an element of character fundamental to professional recognition. It is the quality from which the public trust derives and the benchmark against which a licensee must ultimately test all decisions.

.02 Integrity requires a licensee to be, among other things, honest and candid within the constraints of client confidentiality. Service and the public trust should not be subordinated to personal gain and advantage. Integrity can accommodate the inadvertent error and the honest difference of opinion; it cannot accommodate deceit or subordination of principle.

.03 Integrity is measured in terms of what is right and just. In the absence of specific rules, standards, or guidance, or in the face of conflicting opinions, a licensee should test decisions and deeds by asking: "Am I doing what a person of integrity would do? Have I retained my integrity?" Integrity requires a licensee to observe both the form and the spirit of technical and ethical standards; circumvention of those standards constitutes subordination of judgment.

## **Code of Professional Conduct (Continued)**

.04 Integrity also requires a licensee to observe the principles of objectivity and of due care.

### **Section 104 - Article IV—Objectivity**

*A licensee should maintain objectivity and be free of conflicts of interest in discharging professional responsibilities.*

.01 Objectivity is a state of mind, a quality that lends value to a licensee's services. It is a distinguishing feature of the profession. The principle of objectivity imposes the obligation to be impartial, intellectually honest, and free of conflicts of interest.

.02 Licensees often serve multiple interests in many different capacities and must demonstrate their objectivity in varying circumstances. Licensees in public practice render bookkeeping, accounting, payroll, tax, and business advisory services. Other licensees perform bookkeeping, accounting, and prepare financial statements in the employment of others, and serve in financial and management capacities in industry, education, and government. They also educate and train those who aspire to admission into the profession. Regardless of service or capacity, licensees should protect the integrity of their work, maintain objectivity, and avoid any subordination of their judgment.

.03 For a licensee in public practice, the maintenance of objectivity requires a continuing assessment of client relationships and public responsibility. In providing all other services, a licensee should maintain objectivity and avoid conflicts of interest.

.04 Licensees not in public practice have the responsibility to maintain objectivity in rendering professional services. Licensees employed by others to perform bookkeeping, accounting, and prepare financial statements are charged with the same responsibility for objectivity as licensees in public practice and must be scrupulous in their application of bookkeeping and accounting principles and candid in all their dealings with licensees in public practice.

### **Section 105 - Article V—Due Care**

*A licensee should observe the profession's ethical standards, strive continually to improve competence and the quality of services, and discharge professional responsibility to the best of the licensee's ability.*

.01 The quest for excellence is the essence of due care. Due care requires a licensee to discharge professional responsibilities with competence and diligence. It imposes the obligation to perform professional services to the best of a licensee's ability with concern for the best interest of those for whom the services are performed and consistent with the profession's responsibility to the public.

## **Code of Professional Conduct (Continued)**

.02 Competence is derived from a synthesis of education and experience. It begins with a mastery of the common body of knowledge required for designation as a licensee. The maintenance of competence requires a commitment to learning and professional improvement that must continue throughout a licensee's professional life. It is a licensee's individual responsibility. In all engagements and in all responsibilities, each licensee should undertake to achieve a level of competence that will assure that the quality of the licensee's services meets the high level of professionalism required by these Principles.

.03 Competence represents the attainment and maintenance of a level of understanding and knowledge that enables a licensee to render services with facility and acumen. It also establishes the limitations of a licensee's capabilities by dictating that consultation or referral may be required when a professional engagement exceeds the personal competence of a licensee or a licensee's firm. Each licensee is responsible for assessing his or her own competence—of evaluating whether education, experience, and judgment are adequate for the responsibility to be assumed.

.04 Licensees should be diligent in discharging responsibilities to clients, employers, and the public. Diligence imposes the responsibility to render services promptly and carefully, to be thorough, and to observe applicable technical and ethical standards.

.05 Due care requires a licensee to plan and supervise adequately any professional activity for which he or she is responsible.

### **Section 106 - Article VI—Scope and Nature of Services**

*A licensee in public practice should observe the Principles of the Code of Professional Conduct in determining the scope and nature of services to be provided.*

.01 The public interest aspect of licensees' services requires that such services be consistent with acceptable professional behavior for licensees. Integrity requires that service and the public trust not be subordinated to personal gain and advantage. Objectivity requires that licensees be free from conflicts of interest in discharging professional responsibilities. Due care requires that services be provided with competence and diligence.

.02 Each of these Principles should be considered by licensees in determining whether or not to provide specific services in individual circumstances. No hard-and-fast rules can be developed to help licensees reach these judgments, but they must be satisfied that they are meeting the spirit of the Principles in this regard.

.03 In order to accomplish this, licensees should:

- Practice in firms that ensure that services are competently delivered and adequately supervised.
- Assess, in their individual judgments, whether an activity is consistent with their role as professionals.