

# The Filipino Professional Accountant & the Corruption Environment

By Dr. Conchita L. Manabat



“A distinguishing mark of the accountancy profession is its acceptance of the responsibility to act in the public interest. The IESBA *Code of Ethics for Professional Accountants* (the Code) provides ethical requirements and guidance to help professional accountants (PAs) to meet this responsibility.”

*International Ethics Standards Board for Accountants (IESBA)*

A recent report from the global anti-graft watchdog Transparency International (TI) disclosed that the 2015 Philippine score in the Corruption Perceptions Index registered at 35 out of a possible 100, placing the country to rank 95 among 168 countries. It was also noted that the country’s score is “based on expert opinions of public sector corruption” and is lower than 2014 score of 38. The region’s average score stands at 43/100. Regionally, New Zealand topped it at 88 followed by Singapore’s 85. (From Rappler’s Report)

The report is alarming considering the encouraging development that the country is one of the best performing economies in the region. One can only ask, with the slide in the corruption perceptions index from 38 to 35 against the region’s average of 43 amidst the improving economy, are the transactions in the country increasingly laced with graft and corruption? This brings to fore another query, where are the professional accountants?

The first question may be challenged since the report is on perception and not necessarily on actual corruption incidents as documented. However, the old saying, *there is no smoke where there is no fire*, cannot be set aside. Are the perceptions borne out of regular or usual transactions or “isolated” significant transactions worthy of note? One can only ask more questions.

On the second query, usual or “isolated” significant transactions cannot escape the sharp eyes and clean ears of the professional accountants. Professional accountants are expected to act in the public interest. What does it mean? In the conduct of professional work and when encountering non-compliance or suspected non-compliance to laws and regulations, it is the responsibility of the professional accountant to have a better understanding of the same, assess the implications, and take appropriate courses of action. Where the professional accountant considers his/her inadequacy in undertaking these three important steps, he/she should consult with his/her immediate superior, if on hand, or consult another able co-professional mindful of confidentiality. *The objectives of the professional accountant may include:*

*(a) To comply with the fundamental principles of integrity and professional behavior;*

*(b) By alerting management or, where appropriate, those charged with governance, to seek to:*

*(i) Enable them to rectify, remediate or mitigate the consequences of the identified or suspected non-compliance; or*

*(ii) Deter the commission of the non-compliance where it has not yet occurred; and*

*(c) To take such further action as appropriate in the public interest.*

*\*Adopted from the clean draft of Proposed Section 225 of the Code entitled, Responding to Non-Compliance with Laws and Regulations presented to the IESBA Board and IESBA CAG meetings in November/December 2015.*

As the world becomes flat and the economies, borderless driven by technology with jurisdictional aspirations and private interests to win and to become big/dominant, laws, codes, rules and regulations find their usefulness to put order. How I wish all would be guided by the golden rule and all would aim to go to heaven or find his/her nirvana.

*Dr. Conchita L. Manabat is the President of the Development Center for Finance and*

*a member of the Consultative Advisory Groups for the International Auditing & Assurance Standards Board (IAASB) and the International Ethics Standards Board for Accountants (IESBA). She founded and retired as CEO of the Deloitte firm in the country that originally carried her name, C.L. Manabat & Co. She was once the Chair of the Board of Accountancy. She can be reached at [clm@clmanabat.com](mailto:clm@clmanabat.com)*

*This column accepts contributions from accountants, especially articles that are of interest to the accountancy profession, in particular, and to the business community, in general. These can be e-mailed to [boa.secretariat@gmail.com](mailto:boa.secretariat@gmail.com)*