The impact of contemporary technologies on professional codes of ethics: Australia and Vietnam

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Project overview

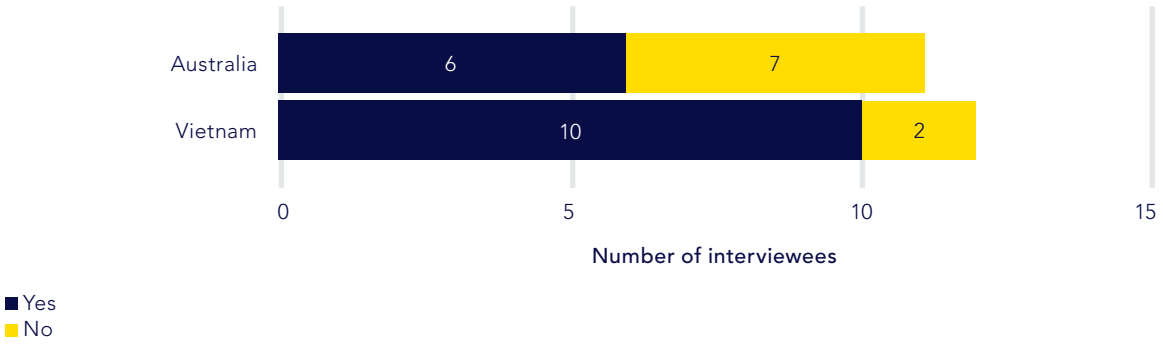
This report examines the relationship between contemporary technologies used by the accounting profession and the adherence to professional codes of ethics.

It especially focuses on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

It presents perceptions from Australia and Vietnam garnered from semi-structured interviews with accountants, auditors and regulators.

The impacts of contemporary technologies on the relevance of the code of ethics

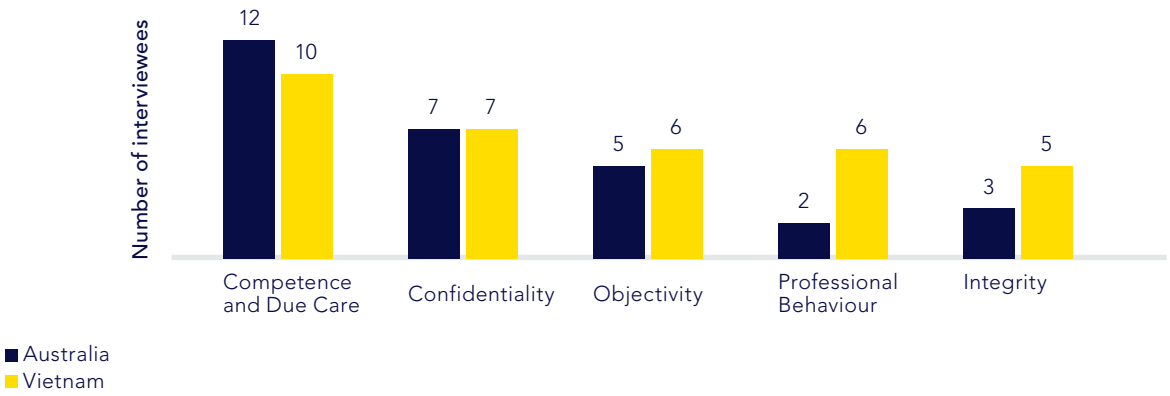
Does the code of ethics remain relevant?



Of the 25 interviewees, 16 agreed that the code of ethics remains relevant and fit for purpose in the context of contemporary technology. Vietnamese interviewees were more likely to agree than Australian interviewees. In other words, Australian accountants were more concerned about the impacts of technology on the relevance of the code of ethics.

The impact of contemporary technologies on ethical fundamental principles

Interviewees who said ethical fundamental principles were impacted by technology



Among the Code's five fundamental principles, interviewees in both countries said professional competence and due care were most impacted by contemporary technology. Professional behaviour and integrity were considered to be least impacted.

Perceived impacts on 'integrity'

Our findings indicate that integrity is one of the least technology-impacted principles:

I think straightforwardness and honesty are human characteristics while technology is just a tool and is unable to alter the number by itself without the intervention of humans.

However, there can be a negative impact on integrity for accountants and auditors:

When accountants/auditors have access to the database using these new technologies, they could access a huge amount of information. This would create a challenge for auditors' and accountants' integrity as if they are not integrity, they could take advantage of their accessed information for their self-interest purposes.

Perceived impacts on 'objectivity'

Most interviewees did not agree that objectivity would be adversely affected by contemporary technologies.

Most interviewees in both countries were aware of biases when using technology that might affect their professional judgments:

When we use technology, we have the tendency to trust technology. So, if any errors occur, it is less likely to identify the source of the problems regardless of if it is a human mistake or a machine error.

Interviewees from both countries agreed that mitigating automation bias relies on accountants' and auditors' knowledge and experience.

Perceived impacts on 'professional competence and due care'

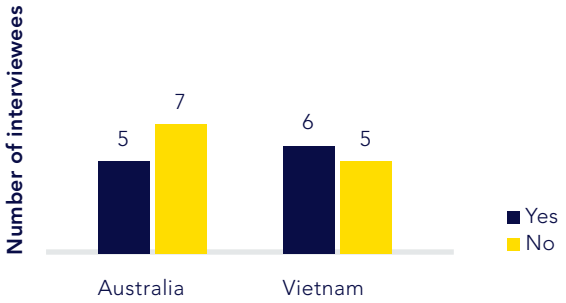
The perceived impact of contemporary technology on professional competence and due care was strongest out of the five fundamental ethical principles. Technology assists accountants and auditors to produce faster, more accurate and higher quality work. In this sense, technology assists in improving accountants' and auditors' competence and due care.

However, accountants and auditors need to update their competency levels to keep up to date with changes in technology:

My view is that technology only acts as a tool to enhance and improve the ability of the profession, but it is up to professional accountants to make sure that they develop that level of understanding and competence to be able to do the work with those tools.

Nearly half of all interviewees were confident that their peers had sufficient knowledge and skills related to the technologies they use. However, many indicated that their peers' knowledge and competence regarding technology needed to be strengthened.

Interviewees' confidence in peers' technology-related knowledge and competence



*Note: two interviewees did not provide a clear response.

There was a perception that competencies, with respect to contemporary technologies, should be considered a core component of professional confidence and due care:

I would get all our CPAs certified for the core competency in technology.

Perceived impacts on 'confidentiality'

The impact of contemporary technology on confidentiality was viewed as both a positive and a negative. The positive comes from some features of technology (e.g. blockchain).

The more that we utilise technologies, such as AI and blockchain, the more we can make sure that the work that we do is as accurate as possible. These technologies improve the ethic of the whole industry.

In contrast, the negative impacts on confidentiality were prominent. Notably, cyber security attacks have come more frequent for Australian organisations.

Yes, it's very challenging for us, not just accountants but everyone who is involved in tasks such as the collection, transfer and storage of data ... So, it would be a really challenging task for us with internal confidentiality now. Not just us, but many of our clients are facing that problem.

Perceived impacts on 'professional behaviours'

Most interviewees did not believe that technology prevents accountants and auditors from adhering "to the principle of professional behaviour.

Comparable with integrity, interviewees indicated that technology had minimal negative influence upon professional behaviour, given it is inherently human nature. Furthermore, contemporary technologies help accountants and auditors do their job more accurately and efficiently:

When we do advisory work we have to go through a checklist, like 10 pages, manually, that we have to memorise before giving the client the response. Probably you can miss out on something. This is not the case with technology. So, I think technology would help us a lot in terms of professional behaviour.

However, interviewees found some challenges to their professional behaviour when faced with a lack of clear rules relating to the use of contemporary technologies. The complexity of rules relating to technology makes it harder for accountants and auditors to comply.

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