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Ethics

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Ethics

Ethics is associated with the need for general well-being, health, happiness and prosperity of individuals. Knowledge of virtuous principles and skills are required in ethics to be able to apply them during problem-solving. Ethics may also be associated with a structured trial in comprehending moral conceptions and to suggest and protect theories and principles in line with wrong and right behaviors. Ethical theories show principles that award reasons for deciding to behave in certain ways. Normally, if the motive is to be of service to society, they get only one variety of ethics but if the point is to do a certain duty, the ethic involved is different. Ethics are crucial because they set boundaries of unethical conduct and are deliberated to provide direction in challenging situations (Forcehimes, 2018). Thus, ethics can be beneficial when involved in organizational functions, such as, cautioning workers on what actions are unpunishable and unethical, assist organizations in shifting accountability of deeds to employees from the company and unclear or unstated ethical values made to be explicit.

There are several broad ethical theories applicable in a framework that can be established to underpin an audit. They include consequentialist, non-consequentialist and agent-centered theories. Key elements involved in developing a framework are input, process, output, interactions and lastly contextual factors. Under input, the auditors who display appropriate values, attitudes and ethics are involved. Often, the theory involved in the input of an auditor is the common good approach under consequentialist theories. This theory promotes the idea that our deeds have to contribute to ethical communal life. Process is the second element in the framework. Auditors utilize meticulous audit procedures and standard management processes that adhere to the applicable standards, laws and regulations (Bhasa, 2017). The rights Approach guides everything involved in the process element. Again, this approach specifies that the

foremost ethical gesture is the one that guards the ethical rights of individuals affected by the deeds. Output is the third element when it comes to developing a framework. Outputs that are useful and timely are a result of quality audits. These are stated concerning the complete supply chain and the inclusion of outputs from the audit regulators, the audit firm, the auditor and the entity. The theory associated with output is the virtue approach. Commonly, this is important where an individual or the entire auditing company determines the kind of a person or company they should be. Finally, interactions and contextual factors are the last two elements involved in the establishment of the framework. According to Interaction, quality audit is best attained in a surrounding where there is support from financial reporting supply chain participants despite auditors being responsible for carrying out quality audits (Bhasa, 2017). For that reason, every stakeholder has a significant role in bracing high-quality financial descriptions and how they interconnect could affect audit quality. Mostly, contextual factors could affect the quality and nature of financial reporting and, indirectly and directly, audit quality. Both of these elements are under the duty theories where both involve obligations the firm or an employee has to the specific entity.

There are several principles of American Institute of CPAs (AICPA's) pertaining rules of conduct. The first principle is the responsibility principle. This defines that members when conducting their daily tasks should exercise careful moral and professional judgment in all their tasks (Lawson et al., 2016). Secondly, the public interest principle asserts that members should continue with their authorities, and retain the interest of the public in mind when making decisions, respect the public trust and show dedication to professionalism. The third principle is integrity principle. To have integrity, a member needs to be candid and honest with restrictions of customers' concealment (Persson, 2018).

There is no much difference between IESBA and AICPA despite the differences being significant. Normally, their application to similar facts pattern may result in the same outcome. Both codes superscribe regions like truthful conveying information, due care, independence, and confidentiality. Fundamental principles for these codes are also the same only that IESBA is concerned with confidentiality and retailing as principles applied to every professional, while AICPA Code comprises these as rules applied to members who practice publicly. On the other hand, in terms of differences, IESBA Code is often termed as principle-based code whereas, AICPA Code is referred to be rules-based. Regarding to the approach, the two codes take different approaches. Notably, AICPA needs members to utilize this approach in case the rules will not address their conditions whereas IESBA makes use of a theoretical framework approach to assess ethical behavior all through its code (Lee et al., 2020).

Independence in terms of auditing is the sovereignty of external and internal auditors from factions that may possess a financial interest in the vocation being audited (Adelopo, 2016). The concept needs the auditor to perform their tasks openly and in an impartial way. Independence is found in an individual's deeds in a condition or real sovereignty. Whereas, independence in appearance is what third parties would discern as being sovereign so they are recognized to be independent by others (Adelopo, 2016). For instance, your finance has 50% of a firm or is in a place to influence. You could practically be sovereign as neither your family members nor you have stocks in the firm.

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