

## **15<sup>th</sup> Annual Symposium on Ethics Research in Accounts**

### **'In the public interest: useful concept or meaningless diversion?'**

This panel, chaired by Robert Hodgkinson, ICAEW, looked at some of the issues arising when applying 'the public interest'. This is part of some work by Tony Bromell, ICAEW, on giving substance to the assertion that something is in the public interest, as the term is not clear. The panellists started the debate with some brief observations from their own perspectives.

Ross Watts, Massachusetts Institute of Technology, gave some historical examples of regulators reacting to accounting crises from the 1920s onwards, who no doubt sought to act in the public interest. Nevertheless, their actions had been wrong, illustrating that even if it was clear what the public interest is, the outputs can be erroneous. The output is the key consideration.

Jim Gaa, University of Alberta and member of the IFAC Ethics Standard Board for Accountants, noted the importance of the public interest both to IFAC and, in the IESBA code of ethics, to the profession in general. He agreed the public interest was not clearly defined but considered 'not submitting to improper influence' to be important. This marks a key role for due process and transparency: possibly more so even than the outcome.

Manuel Ramirez, President of the California Board of Accountancy, highlighted the importance of ethics education. He had increased the ethics component of CPE and also the national board were increasing initial training though it is not clear what can sensibly be taught: learning a set of regulations is not ethics education. He noted most complaints about CPAs are about fee disputes or not being up to date with standards, rather than unethical behaviour. Where there are such proceedings (which are televised) the public confidence needs to be considered. CPA audit firms are now required to be peer reviewed.

Jeff Hoops, Ernst and Young Ethics and Compliance officer and an AICPA board member, noted the large changes in the profession and its reputation post-enron. These have increased costs significantly but have helpfully widened the set of stakeholders being interacted with. SOx, despite some flaws, has focussed many parties on the public interest perspective.

A lively discussion ensued covering the historical perspective (going back to the ancient Greeks), the role and meaning of the private interest in a market economy, whether transparency is always in the public interest, whether the proliferation of different sets of accounting standards is in the public interest, and indeed why accountants should act in the public interest in the first place. There was a final call to get involved with those whose remit is to act in the public interest.