

Reflections on the Integrity of Accountants

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Abstract

The lack of integrity in the accounting profession is generally severe. A large number of accounting frauds are detected every year. This phenomenon is widespread in various enterprises and administrative institutions, and related professional institutions. The result of this problem is a series of severe weakening of the economic management function of government departments, harm the interests of investors, foster the forgers' fluke mentality, and have a terrible impact on social and economic activities. Therefore, this paper analyzes the current situation and causes of accounting fraud, explores the grounds of the loss of integrity of accountants, and finds countermeasures to solve this problem.

Keywords

Accounting Profession; Accounting Credit; Accounting Credit Construction; Professional Ethics.

1. Introduction

In recent years, the problem of fraud in the accounting industry has become more and more serious. The most impressive is the financial fraud in Yinguangxia. These credit crises affect the image of accountants in the eyes of the people and affect the credibility of the accounting industry. The scam of the accounting industry has brought profound influence to society and significant harm to the national economic market order. In reviewing many enterprises, many problems have been detected, such as artificially changing financial statements, false financial accounting, and poor implementation of internal control systems. Incorrect accounting information endangers the regular economic order of our society. But from the fundamental point of view, the integrity of accounting personnel moral problem. Some people desperately falsify accounting documents, books, and financial statements for the benefit of ignoring laws and regulations, resulting in numerous false accounting reports. In such an industry background, this paper chooses to think about the integrity of accounting personnel. By analyzing the appearance and causes of the integrity problems in China's accounting industry, it finds out the harm of the lack of integrity of accounting personnel. Finally, it puts forward the countermeasures to strengthen the construction of accounting personnel's integrity. Through these countermeasures, we can continuously improve the integrity of accounting personnel and lay the foundation for enhancing China's accounting industry.

2. Reasons for Lack of Integrity of Accountants

2.1. Accounting Personnel Individual Level Reasons

2.1.1. Lack of Professional Ethics and Dedication

Some accounting staff are not familiar with the relevant laws and regulations of accounting activities and cannot strictly comply with the requirements specified in Accounting Law of the People's Republic of China. Some accounting staff do not actively understand professional

ethics or think it is unnecessary to understand it. In learning accounting knowledge, relevant learning institutions do not give a vital explanation or training on professional ethics and professionalism. Schools do not pay enough attention to this knowledge and only stay in the book knowledge. Some accountants don't care about their work. They think it's all right. They are not skilled in the accounting business and have a low professional level. They can't strictly follow the accounting standards and accounting system. It is easy to make mistakes in the work and fail to realize their own mistakes, which leads to false and inaccurate accounting information disclosure.

2.1.2. Interests-driven

In this interest-oriented society, the temptation is too big for accountants dealing with money. Some of them are affected by their values, and they want to live a high-quality life, but they are brain-wracked. With the convenience of their accounting positions, in accounting activities, by forging or changing accounting documents, some even achieve selfishness by inflating their wages and misappropriating public funds. For example, in 2019, the accounting personnel of a street in Xingtai City, Hebei Province, through the means of inflating the total wage, in more than seven years, embezzled nearly 1.6 million public funds. She used these funds to buy houses and cars and even bought millions of online purchases. This also reflects that some accountants seek their interests through serious illegal means and leave behind compliance with the law.

2.2. Enterprise-level Reasons

2.2.1. Fake Income is Large

To some extent, the lack of accounting integrity can bring more private benefits to enterprises and related stakeholders. From the perspective of corporate interests, the lack of accounting integrity can whitewash corporate financial statements, selectively provide accounting information to external institutions, facilitate bank loans or tax incentives, and meet the short-term interests of enterprises.

2.2.2. Pursue False Performance

From the perspective of internal stakeholders, accounting means such as a virtual increase in income and a virtual decrease in expenditure can improve business performance and provide conditions for accountants to raise salaries or promote. And high performance and high income can let investors see the benefits of the visible future so that investors have enough confidence in the enterprise's current situation. So investors will invest more in the company, which will benefit from it.

2.2.3. Lack of Supervision Ability of Enterprises

For internal supervision, auditors belong to internal employees of enterprises. When carrying out accounting supervision, they are more or less affected by investors, managers, etc. It is challenging to complete the work independently, and there is the possibility of condoning the lack of accounting integrity. From external supervision, the audit of accounting firms' statements is more independent than an internal audit. Still, in practice, CPAs may be driven by interests, or accounting firms may be out of business considerations, which significantly reduces the objectivity of audit results. Some auditors ignore corporate financial fraud and even help corporate accountants falsify together; accounting dishonesty is challenging.

2.3. Reasons at the Level of Laws and Regulations

Although our country promulgates many accounting-related laws, has made specific stipulations to the accounting profession, compared with the previous accounting professional ethics system has consummated many, but many rules and regulations have not the actual concrete operation. In the process of accounting personnel violating integrity, most do not think of severe legal consequences, often in the late fear of legal sanctions, which is due to people

have a fluke mentality. In addition, compared with the United States and the United Kingdom, China has lighter legal punishment, which makes enterprises and accountants think that although punishment is terrible, it obtains more benefits than punishment. Low penalties have allowed high returns to be seen as fuelling the integrity crisis in the accounting industry by giving beneficiaries greater privacy. For accounting dishonesty such as financial fraud, the external regulatory authorities often adopt penalties such as fines and revocation of professional qualifications for the accounting personnel involved and impose administrative penalties such as fines or warnings on the illegal enterprises, with relatively minor penalties. Managers of enterprises are rarely punished economically because of management misconduct, let alone bear the corresponding legal responsibility. In the actual punishment of accounting dishonest behavior, we should pay a small amount of fine instead of confiscation of all illegal income, and rarely give legal punishment. The lack of legal sanctions on accounting fraud-related personnel makes accountants take risks and ultimately leads to the decline of enterprise accounting integrity.

3. Harm of Lack of Integrity of Accountants

3.1. Destruction of Market Economic Order

Accounting information refers to the professional accounting information formed in the process of accounting, which records and reflects the actual economic and business matters, including accounting vouchers, accounting books, financial accounting reports, and other accounting information. As an essential carrier to record the process and results of accounting, accounting information is necessary for the state to carry out macro-control, managers to manage, and investors to make decisions. Accounting information is a vital social resource. The quality of accounting information directly affects the data users. However, accounting fraud will mislead users to make wrong judgments, which will lead to mistakes in macro-control and micro-decision-making. It will also provide convenience for economic crime activities, increase social instability, and ultimately disturb the social and economic order.

3.2. Harm Enterprise Development

Accounting personnel is closely related to the development of enterprises. Lack of integrity of accounting personnel will make enterprises unable to obtain accurate and actual financial information and make wrong judgments on the development of enterprises, affecting the future development of enterprises. On the other hand, the loss of credibility of accounting personnel causes irreparable damage to the integrity of enterprises, and it isn't easy to find excellent partners without good credibility. When the loss of credibility occurs, enterprises will lose customers and investors, and employees will deviate.

3.3. Harm the Interests of Investors

For investors, they want to see interests but no false claims. Their investment in enterprises is mainly based on accounting statements, and fraudulent accounting statements make the interests of investors lose protection and thus lose trust in enterprises. As long as investors have a crisis of confidence in an enterprise, then investors will doubt other enterprises and ultimately affect investment.

3.4. Harm the Interests of Accountants

The accountant's dishonesty, the light behavior person, may not work again in the accounting profession; the heavy person must receive the legal sanction. Accountants themselves, as a part of social life, in the damage to their integrity, in life will be excluded by others. When looking for a job, no enterprise is willing to accept dishonest staff. Accounting fraud endangers their credibility and leads to the whole society's distrust of accounting personnel. When

encountering accounting problems, it is not to ask accountants but to doubt whether there is dishonesty at the first time.

4. Countermeasure Research on Strengthening Accountants ' Integrity Construction

4.1. Accounting Personnel Individual Level Reasons

In every industry, dedication is the most important. Professionalism enables accountants to have a sense of reverence and honor for their profession and resist the idea of damaging their professional reputation. In this way, a series of behaviors that violate professionalism will not occur on the issue of accounting integrity. The cultivation of professionalism is gradual and can not be achieved immediately. It can exert a subtle influence on accounting spirit in work. This requires the accounting personnel themselves, enterprises, and even society to influence the accounting personnel at all times. Accountants should also have high standards and high requirements.

4.2. Enterprise-level Reasons

4.2.1. Enterprise Management Level

As an essential part of accounting activities, enterprises have a necessary impact on accounting activities. The awareness of accounting integrity of the management in the enterprise should also be enhanced. The administration should have a profound understanding of the importance of accounting integrity, a detailed knowledge of the enterprise's financial situation, and strict requirements for financial work. They should not ignore and intervene in accounting work in violation of laws and regulations. As long as an enterprise realizes the importance of integrity from top to bottom, the concept of accounting integrity can affect everyone.

4.2.2. Establishing Early Warning System of Accounting Fraud

The improvement of the internal control system of the enterprise directly affects the accounting personnel. It is necessary to follow the principle of the separation of incompatible positions in accounting work and strictly control the accounting personnel positions. Once the accounting personnel holds multiple positions, even if they have no ambition to falsify at the beginning, they will inevitably be tempted by enormous interests for a long time. So in the external control of accounting integrity, accounting personnel can not leave room for loopholes. And the internal control system in enterprises should be strictly implemented to ensure the authenticity of accounting information.

4.2.3. Cultivating Talents with Comprehensive Quality

Enterprises should examine the professional knowledge level of accounting personnel and the professional ethics level of accounting personnel when recruiting and recruiting. Accounting personnel is strictly required to abide by the law in accounting work, but no illegal intervention shall be carried out. Regular professional ethics, professionalism, law-abiding training of accountants, accounting staff to strengthen the integrity of moral training, and the learning of accountants to assess the quality of accountants.

4.3. Reasons at the Level of Laws and Regulations

4.3.1. Improving the Policy System

The definition of accounting policy itself is not accurate or vague, which makes accountants have deviations in understanding, so in practical work, these deviations will affect the accuracy and integrity of accounting information. Therefore, before issuing the accounting policy system, we should first simulate the assumptions, find the possible ambiguity in the policy system and improve it. Increase the existing accounting policies and reduce the mistakes and loopholes in

accounting policies so that accountants can not find a place to drill down in accounting processes. With the speed of social and economic development, more specific legal rules should be added so that accountants can better have the law and gradually form a complete legal system of the accounting system.

4.3.2. Increase Penalties

From a legal point of view, when accountants or enterprises conduct illegal accounting operations, they shall be subject to legal sanctions. But the lack of accounting integrity punishment is slight; punishment can not deter counterfeiters. Therefore, we should improve the punishment mechanism, increase the punishment measures and related responsibilities, and take strict actions against dishonest means to provide an excellent social environment for economic activities.

4.3.3. Raise the Threshold of Accounting Industry

As accountants should strictly require professional ethics as an essential test content when learning accounting knowledge as direct contact with accounting activities. It enables accountants to have a profound understanding of integrity and a strong reverence for professional ethics, thus affecting the internal ideological and moral values, strictly requiring their accounting behaviors and forming good industry norms. There are two ways to improve the entry threshold of the accounting industry. One is to strictly regulate professional accounting ethics during the learning of accounting knowledge. When teaching accounting knowledge, professional accounting ethics should be emphasized and analyzed in detail. The second is to focus on investigating professional accounting ethics in the examination syllabus and improve the standard of accounting professional ethics tests.

5. Conclusion

Honesty is an essential part of socialist economic construction. In today's s high demand for honesty, accountants must construct honesty morality. With the continuous progress and development of society, accounting is essential in the economic market. At the same time, the integrity of accounting personnel has also aroused the vital concern of the public. In the monetary business, the most crucial role is the accounting personnel. The accounting personnel have direct contact with the accounting vouchers and prepare financial statements according to the accounting vouchers. If the accounting vouchers or financial information are counterfeited, there will be financial fraud events, which will have a wrong impact on the economic decision-making needs of the users of financial reports. Accounting professional ethics is the basis of accounting work. To achieve no leakage and no error in accounting work, it is necessary to put accounting professional ethics in a critical position. This paper discusses the current situation of the lack of integrity of accounting personnel in China, and finds that some accounting personnel in China have weak professional ethics, are not familiar with their work details, or have selfish desires. This paper analyzes the reasons for the lack of integrity of accounting personnel in China and finds some measures to improve the rules of the accounting industry and national laws and regulations. First of all, accountants should have a profound understanding and experience of accounting professional ethics when entering the accounting industry and cultivate professionalism in learning. Secondly, enterprises should be strict with themselves, resolutely not to do illegal things, and not to falsify for false performance, to improve the internal control system of enterprises. Again, from the government's point of view, the quality of accounting information should be high standards and high requirements, strengthen the working environment of accountants, Strict supervision of accountants' work, and further improve the construction of accounting policies.

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