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4th January 2015

International Ethics Standards Board for Accountants
529 Fifth Avenue, 6th Floor
New York
E-mail: kensiong@ethicsboard.org

Dear Sir,

Comments on Consultation Paper – Improving the Structure of the Code of Ethics for Professional Accountants

The Zambia Institute of Chartered Accountants (The Institute), the national regulator of the Accountancy Profession in Zambia, welcomes the opportunity to provide its views on the Consultation Paper: *“Improving the Structure of the Code of Ethics for Professional Accountants”*

The Institute supports the mandate of the IESBA, “to serve the public interest by setting high-quality ethical standards for professional accountants and by facilitating the convergence of international and national ethical standards, including auditor independence requirements, through the development of a robust, internationally appropriate code of ethics”.

We particularly support the IESBA’s efforts to seek stakeholders’ input on:

- (a) Approaches that could be taken to improve the clarity of the IESBA *Code of Ethics for Professional Accountants* (the Code) by revising its structure.
- (b) How to improve the usability of the Code, thereby facilitating its adoption, effective implementation and consistent application.

Our comments on the proposals in the CP are included in detail in the Appendix to this letter, where we have answered the specific questions asked.

The Institute will be ready to respond to any matters arising from the above comments.

Yours faithfully

Chansa A Chiteba
DIRECTOR STANDARDS & REGULATION
FOR/SECRETARY AND CHIEF EXECUTIVE OFFICER

APPENDIX – RESPONSES TO THE SPECIFIC QUESTIONS IN THE INVITATION TO COMMENT

Question 1:

Do you believe that the approach outlined in this Consultation Paper, as reflected in the Illustrative Examples, would be likely to achieve IESBA’s objective of making the Code more understandable?. If not, why not and what other approaches might be taken?

Comment

We believe that the proposed approach outlined in the Consultation Paper, as reflected in the Illustrative Examples, would achieve IESBA’s objective of making the Code more understandable.

This is on account that the reorganisation of content where each section is structured with its own separate purpose, requirements and application guidance with cross-reference to the conceptual framework and fundamental principles allows for ease of navigation and creates room for future changes.

The reorganisation also takes into account the specific interests and priorities of different types of users thereby making the Code to be readily visible and understandable.

Question 2:

Do you believe that the approach outlined in this Consultation Paper, as reflected in the Illustrative Examples would be likely to make the Code more capable of being adopted into laws and regulations, effectively implemented and consistently applied? If not, why not and what other approaches might be taken?

Comment

Yes we believe that the proposed approach outlined in the consultation paper is likely to make the Code more capable of being:

- a) Adopted into laws and regulations because it places specific requirements on the Professional Accountants to comply with each separate provision unless prohibited by law or regulation or an exception is permitted. The outlined approach further places responsibility for compliance with the code on individuals holding appropriate authority that are responsible for taking appropriate action on behalf of the firm in accordance with the requirements of this Code. This clarification will facilitate compliance and enforcement.
- b) Effectively implemented and consistently applied to improve the usability of the Code because it takes into account the specific interests and priorities of different types of users thereby making the Code to be readily visible and understandable.

Question 3:

Do you have any comments on the suggestions as to the numbering and ordering of the content of the Code (including reversing the order of extant Part B and Part C), as set out in paragraph 20 of the Consultation Paper?

Comment

We support the proposed numbering and ordering of the code as it would make navigation easy and allow for logical flow of ideas by placing related material under a common section. The suggested numbering convention also avoids the usual contrived numbering and is flexible to facilitate the future expansion of current topics and subtopics without renumbering every existing paragraph that follows a change.

Question 4:

Do you believe that issuing the provisions in the Code as separate standards or rebranding the Code, for example as International Standards on Ethics, would achieve benefits such as improving the visibility or enforceability of the Code?

Comment

As pointed in **Para 22**, issuing the provisions in the Code as separate standards or rebranding the Code, for example as International Standards on Ethics, would achieve benefits such as improving the visibility or enforceability of the Code.

We support the proposal because the provisions are relatively self-contained and include clear requirements which meet the key criteria for standards. We also agree with assertion in **Para 22** that the move would align more with the approach taken by other standards setters and could improve the transparency of changes made to sections of the Code, as well as potentially improving enforceability.

Question 5:

Do you believe that the suggestions as to use of language, as reflected in the Illustrative Examples, are helpful? If not, why not?

Comment

The suggestions as to use of language, as reflected in the Illustrative Examples, are helpful because they enhance the readability and clarity of the Code. We have noted in **Para 23** that this will be achieved through use of:

- a) Simpler and shorter sentences.
- b) Simplified complex grammatical structures.

- c) Adding a link from the definitions section to terms which although defined, are described at greater length within the text of the Code, such as “network firm.” Increased use of the active voice.
- d) Avoiding repetition in the body of the text of definitions which are included in the list of defined terms.
- e) Avoiding legalistic and archaic terms, nuances, and superfluous adjectives.
- f) Aligning terminology used in the independence sections with that used by the International Auditing and Assurance Standards Board (IAASB).

Question 6:

Do you consider it is necessary to clarify responsibility in the Code? If so, do you consider that the illustrative approach to responsibility is an appropriate means to enhance the usability and enforceability of the Code? If not, what other approach would you recommend?

Comment

As alluded to in **Question 2** we consider it is necessary to clarify responsibility in the Code because it places compliance with the code on individuals holding appropriate authority that are responsible for taking appropriate action on behalf of the firm in accordance with the requirements of this Code. This clarification also facilitates compliance and enforcement.

Question 7:

Do you find the examples of responsible individuals illustrated in paragraph 33 useful?

Comment

Yes, the provided examples of responsible individuals illustrated in paragraph 33 of the consultation paper are useful in that they remove possible doubt and ambiguity on where responsibility for compliance is placed.

Question 8:

Do you have any comments on the suggestions for an electronic version of the Code, including which aspects might be particularly helpful in practice?

Comment

The Institute welcomes suggestion of making available the Code in electronic format. The proposed means would help users better understand the Code and subsequently would enhance its usability.

Question 9:

Do you have any comments on the indicative timeline described in Section VIII of this Paper?

Comment

We believe that the indicative timeline and tentative effective date suggested in the consultation paper would be appropriate. We do not foresee any issue with the implementation of the proposed changes.

Question 10:

Do you have any other comments on the matters set out in the Consultation Paper?

Comment

We have no further comment.