



**The Institute of
Chartered Accountants
of Pakistan**

**CA
PAKISTAN**

HEAD OFFICE

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(Submitted electronically)

Technical Director
International Ethics Standards Board for Accountants
529, Fifth Avenue, 6th Floor,
New York, USA

**EXPOSURE DRAFT PROPOSED REVISIONS TO CLARIFY THE APPLICABILITY OF PROVISIONS
IN PART C OF THE EXTANT CODE TO PROFESSIONAL ACCOUNTANTS IN PUBLIC PRACTICE**

The Institute of Chartered Accountants of Pakistan is pleased to comment on the Exposure Draft *Proposed Revisions to clarify the Applicability of Provisions In Part C of the Extant Code To Professional Accountants in Public Practice* (the ED), published by International Ethics Standards Board for Accountants (the IESBA) on January 24, 2017.

Our responses detailed by the questions contained in the ED, are presented in the appendix to this letter.

We hope our comments are helpful to the IESBA's deliberation on the ED.

Should you require further clarification on our comments, please contact the undersigned, at sohail.malik@icap.org.pk

Yours truly

Sohail Malik
Director
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(Established under the Chartered Accountants Ordinance, 1961 - X of 1961)



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Appendix

ICAP COMMENTS ON EXPOSURE DRAFT

PROPOSED REVISIONS TO CLARIFY THE APPLICABILITY OF PROVISIONS IN PART C OF THE EXTANT CODE TO PROFESSIONAL ACCOUNTANTS IN PUBLIC PRACTICE

SPECIFIC QUESTIONS

Do respondents agree with:

- (a) The proposed applicability paragraphs; and
- (b) The proposed location of those paragraphs in Sections 120 and 300 of the proposed restructured Code. If not, why not?

ICAP Comments

- a) We agree with IESBA proposed applicability paragraph because in practice, PAPPs may encounter situations similar to that of PAIBs.
- b) Placement of applicability paras is also appropriate as these are placed more prominently, at beginning of the Part 1 and Part 3.

GENERAL COMMENTS

In addition to the request for specific comments above, the IESBA is also seeking comments on the matters set out below:

- **Small and Medium Practices (SMPs)** – The IESBA invites comments regarding any aspect of the proposals from SMPs.

ICAP Comments - In Pakistan, Small and Medium Practices (SMPs) represent the most significant part of the accountancy profession as large number of firms and practitioners are engaged with SMPs. ICAP is responsible for establishing ethical requirements for its members including the SMPs. The SMPs are well aware of the applicable Code of Ethics (the Code).

We understand that revised Code with increased clarity of language will help the understandability of the Code, and also believe that the revised Code will have no adverse impact for SMPs. However, a series of awareness-raising round table sessions would help SMPs in the enhanced understanding and effective implementation the Code.

Regulators and Audit Oversight Bodies – The IESBA invites comments on the proposals from an enforcement perspective from members of the regulatory and audit oversight communities.

ICAP Comments – ICAP is a member body of the International Federation of Accountants (IFAC). ICAP is responsible for establishing and enforcing ethical requirements for its members. It not only as



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an obligation of its membership but also to be aligned with the latest developments and international best practices supports the work of IESBA by: (a) informing its members of every pronouncement developed by IESBA and (b) implementing to the extent possible under local circumstances.

ICAP supports IESBA initiative to restructure the Code, with the underlying objective of enhanced understandability and usability, thereby facilitating its adoption, effective implementation and enforcement.

- **Developing Nations** – Recognizing that many developing nations have adopted or are in the process of adopting the Code, the IESBA invites respondents from these nations to comment on the proposals, and in particular on any foreseeable difficulties in applying them in their environment.

ICAP Comments - ICAP is responsible for establishing ethical requirements for its members. ICAP has adopted the Code of Ethics issued by IESBA in July 2014 with some amendments which are more stringent than the IESBA Code.

ICAP adopts the change/s prescribed by IESBA, unless it is not contradictory with Pakistan local law. At present, IESBA issued, new sections on Non-Compliance with laws and Regulations (NOCLAR) are under deliberation of the relevant committee of ICAP, and its implementation and application in Pakistan environment is under discussion. The new provisions come into effect from July 15, 2017.

- **Translations** – Recognizing that many respondents may intend to translate the final changes for adoption in their own environments, the IESBA welcomes comment on potential translation issues respondents may note in reviewing the proposals.

ICAP Comments – Not applicable, as Code of Ethics is published in English.