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16 September 2015

IESBA

Link: "Submit a Comment "via the IESBA website

Dear Sir/Madam

**ICAZ SUBMISSION RESPONDING TO NON COMPLIANCES WITH LAWS AND REGULATIONS**

In response to your request for comments responding to **non-compliances with laws and regulations**, attached is the comment letter prepared by the Institute of Chartered Accountants of Zimbabwe. The comment letter is a result of deliberations of the ICAZ education committee (APC), which comprises members from reporting organisations, regulators, auditors, IFRS specialists and academics.

We are grateful for the opportunity to provide our comments on this project.

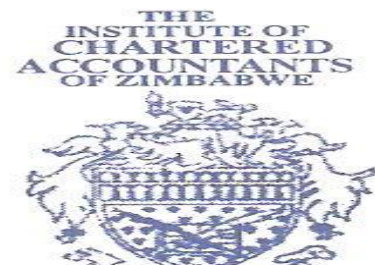
Please do not hesitate to contact us should you wish to discuss any of our comments.

Yours faithfully,

Arthur Mubaiwa (AMG)  
Chairperson of the APC

Elliot Wonenyika (CAA)  
Project Director

Cc: Matthews Kunaka (ICAZ C.E.O)



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## Comment Letter: IESBA Responding to Non Compliance with Laws and Regulations

Question	Comment
<b>General Matters</b>	
Where law or regulation requires the reporting of identified or suspected NOCLAR to an appropriate authority, do respondents believe the guidance in the proposals would support the implementation and application of the legal or regulatory requirement?	<i>We believe the general guidance support the implementation and application of the legal or regulatory requirement. For example in our jurisdiction the Banking Act requires an auditor to report identified or suspected NOCLA to the Reserve Bank of Zimbabwe, therefore the guidance in the code would assist the regulator in achieving this requirement.</i>
Where there is no legal or regulatory requirement to report identified or suspected NOCLAR to an appropriate authority, do respondents believe the proposals would be helpful in guiding PAs in fulfilling their responsibility to act in the public interest in the circumstances?	<p><i>Generally the guidance would be helpful as the PA's obligations to act in the public interest are clear when responding to an identified or suspected NOCLAR.</i></p> <p><i>Sect 225.4 of the code gives guidance on factors to consider when determining public interest; we however believe a few examples may be needed to assist PA's in interpreting this guidance.</i></p>
The Board invites comments from preparers (including TCWG), users of financial statements (including regulators and investors) and other respondents on the practical aspects of the proposals, particularly their impact on the relationships between: (a) Auditors and audited entities; (b) Other PAs in public practice and their clients; and (c) PAIBs and their employing organizations.	<p><i>Impact on:</i></p> <p><i>Auditors and audited entities:</i></p> <ul style="list-style-type: none"> <li>• <i>The new guidance will go a long way in enhancing the relevance of an audit as TCWG are interested in reports on identified or suspect NOCLAR. However potential conflicts may arise where the auditor may need to report to an appropriate authority identified or suspected NOCLAR in fulfilling their responsibility to act in the public interest.</i></li> </ul> <p><i>Other PAs in public practice and their clients:</i></p> <ul style="list-style-type: none"> <li>• <i>Again the proposals will increase the relevance of the PAs services to clients.</i></li> </ul> <p><i>PAIBs and their employing organisations:</i></p> <ul style="list-style-type: none"> <li>• <i>The proposals will enhance the credibility of the profession as PAIBS are expected to take the leading role in dealing or addressing NOCLARs.</i></li> </ul>
<b>Specific matters</b>	
Do respondents agree with the proposed objectives for all categories of PAs?	<i>We are agreeing with the proposed objectives for all categories of Pas as they are enhancing the need for PAs act in the public interest from an ethical point of</i>

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	<i>view.</i>
Do respondents agree with the scope of laws and regulations covered by the proposed Sections 225 and 360?	<i>We agree with the scope of laws and regulations.</i>
Do respondents agree with the differential approach among the four categories of PAs regarding responding to identified or suspected NOCLAR?	<p><i>We agree with the differential approach among the four categories for the following reasons:</i></p> <ul style="list-style-type: none"> <li>• <i>Their role in respect of public interest is different for example an auditor vs. PAIB.</i></li> <li>• <i>The seniority of the PAIB will also determine the influence they may have in responding to identified or suspected NOCLAR.</i></li> </ul>
<p>With respect to auditors and senior PAIBs:</p> <p>(a) Do respondents agree with the factors to consider in determining the need for, and the nature and extent of, further action, including the threshold of credible evidence of substantial harm as one of those factors?</p> <p>(b) Do respondents agree with the imposition of the third party test relative to the determination of the need for, and nature and extent of, further action?</p> <p>(c) Do respondents agree with the examples of possible courses of further action? Are there other possible courses of further action respondents believe should be specified?</p> <p>(d) Do respondents support the list of factors to consider in determining whether to disclose the matter to an appropriate authority?</p>	<p><i>Par 225. 41 – 47</i></p> <p><i>a) We agree with the factors identified but in addition we propose the following factors to be added:</i></p> <ul style="list-style-type: none"> <li>• <i>Whether the NOCLAR is continuing</i></li> <li>• <i>Whether the suspected NOCLAR actually occurred.</i></li> </ul> <p><i>b) We agree with imposing as it would assist the PA in determined whether their further action is actually in line with public interest.</i></p> <p><i>c) We agree with the further courses of action and we have no additional ones.</i></p> <p><i>d) We support the list as it gives clear guidance to a PA on what to do in this event happening</i></p>
For PAs in public practice providing services other than audits, do respondents agree with the proposed level of obligation with respect to communicating the matter to a	<p><i>Par 225.40</i></p> <p><i>We agree with the proposed level of obligation as the auditor would need to take into account the confidentiality requirements of the jurisdiction they are working from. Therefore the use of the phrase shall</i></p>

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network firm where the client is also an audit client of the network firm?	<i>consider is appropriate.</i>
Do respondents agree with the approach to documentation with respect to the four categories of PAs?	<i>Par 225.48 and 360.35 We agree with the approach to documentation requirements:</i>
<b>General Comments:</b>	
PAIBs working in the public sector—Recognizing that many PAIBs work in the public sector, the Board invites respondents from this constituency to comment on the revised proposals and, in particular, on their applicability in a public sector environment.	
Developing Nations—Recognizing that many developing nations have adopted or are in the process of adopting the Code, the Board invites respondents from these nations to comment on the proposals, and in particular, on any foreseeable difficulties in applying them in their environment.	<i>We believe there will be no material difficulties in applying the proposed in Zimbabwe.</i>
Translations—Recognizing that many respondents may intend to translate the final pronouncement for adoption in their environments, the Board welcomes comment on potential translation issues respondents may note in reviewing the revised proposals.	<i>None noted.</i>