



The Institute of
Chartered Accountants
of Pakistan

CA
PAKISTAN

**Webinar Series
on the
ICAP Code of Ethics for
Chartered Accountants
(Revised 2019)**

Webinar Series on ICAP Code of Ethics (2019)



CHAIRMAN'S MESSAGE

The significance and the role of ethical practices has become more and more central with the evolving and challenging business needs and regulatory requirements. The Institute has always been advocate of professional excellence that can only be achieved by upholding the principles of integrity, transparency and accountability. The adoption and enforcement of the 'Code of Ethics for Chartered Accountants' is part of the Institute's vision to implement fundamental principles of professional ethics in the profession.

The Code of Ethics for Chartered Accountants (Revised 2019) (ICAP Code 2019) has made substantive revisions and is completely rewritten under a new structure and drafting convention.

Given due significance to the enhanced requirements and for effective implementation of the ICAP Code 2019, the Auditing Standards and Ethics Committee (the Committee) of the Institute has already developed various publications. Now, in order to develop and enhance ethical conduct we are organizing a series of webinars on the key topics of the ICAP Code 2019. The webinar series aims to educate our members about fundamental changes made in the ICAP Code 2019 and also help them to meet ethical responsibilities and obligation as required in the ICAP Code taking into consideration the public interest.

The Committee aims to plan this webinars series on key areas of the ICAP Code 2019 in next few weeks and information in this regard will be communicated to members from time to time. Members are encouraged to participate in the webinars.

Rana Muhammad Usman Khan, FCA

Chairman Auditing Standards & Ethics Committee

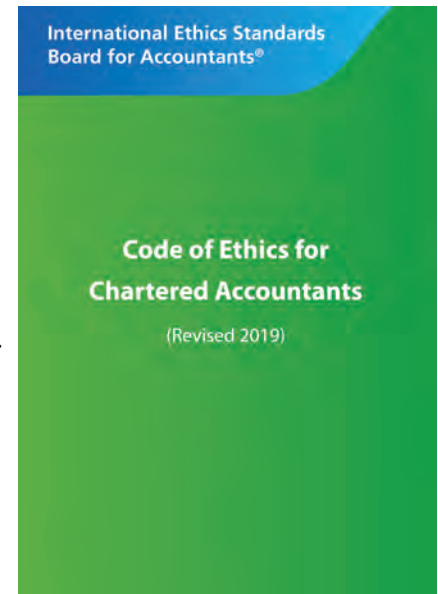
Webinar Series on ICAP Code of Ethics (2019)

ICAP CODE OF ETHICS 2019

Background

The Institute's last Code of Ethics was revised and issued to members in April 2015. In April 2018, the International Ethics Standards Board for Accountants (IESBA) of IFAC issued a revised and restructured Code of Ethics for Professional Accountants which brought significant changes in the structure of the Code and substantially strengthened the independence requirements of auditors. The IESBA restructured Code is effective from June 15, 2019.

In order to adopt the Restructured Code, the Auditing Standards & Ethics Committee (the Committee) of the Institute undertook a comprehensive review of the IESBA Restructured Code. The Committee made few necessary changes in the IESBA Restructured Code to develop the revised ICAP Code of Ethics (ICAP Code 2019). These changes were necessary to align the ethical requirements with the requirements of Chartered Accountants Ordinance, 1961 and local laws. In a due process of adoption, the Committee also organized awareness seminars for members on the revised ICAP Code and on NOCLAR in all major cities.



About ICAP Code of Ethics 2019

The ICAP Code 2019 contains all-around and multifaceted improvements, including the Code's structure and applicability, formatting and drafting, reinforced conceptual framework and ethical requirements and guidance.

The ICAP Code 2019 establishes a conceptual framework that requires a chartered accountant to identify, evaluate, and address threats to compliance with the fundamental principles. The ICAP Code 2019 entails ensuring compliance with the five fundamental principles of professional ethics which are integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The ICAP Code 2019 applies to all chartered accountants, whether practicing or not. The ICAP Code 2019 is effective from July 1, 2020.

SIGNIFICANT CHANGES MADE IN THE ICAP CODE 2019

The significant changes brought in under the ICAP Code 2019 include:

Ease of Use and Navigation

The requirements in the ICAP Code 2019 are identified with the letter 'R', while the application guidance paragraphs are denoted with the letter 'A'.

Enhanced Conceptual Framework

It contains an enhanced and more prominently featured conceptual framework.

NOCLAR

It provides the framework to guide the chartered accountants as to what actions to take in the public interest when they become aware of a potential illegal act, known as Non Compliance with Laws and Regulations (NOCLAR) committed by a client or employer.

Enhanced independence requirements

The ICAP Code 2019 has enhanced independence requirements in the following manner:

- Strengthens independence provisions relating to the long association of personnel with an audit or assurance client. The required cooling off period is:
 - 5 years for Engagement Partner
 - 3 years for Engagement Quality Control Reviewer
 - 2 years for other Key Audit Partner
- Strengthens some of the provisions related to non-assurance services to audit clients which are public interest entities, such as removal of exception provisions to provide accounting, bookkeeping services and tax calculation services in emergency situations.
- Emphasizes the importance of exercising professional judgment.
- Outlines new and revised sections dedicated to chartered accountants in business relating to preparing and presenting information and pressure to breach the fundamental principles.
- Enhances provisions for inducements including gift and hospitality.

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PUBLICATION AND GUIDANCE MATERIAL ISSUED/ DISSEMINATED TO MEMBERS

Publication on Question and Answer on the ICAP Code 2019

With the objective to assist our members in understanding and implementing provisions of the ICAP Code 2019, the Institute developed FAQs on following sections of the ICAP Code 2019:

- ◆ Responding to Non-Compliance with Laws and Regulations (NOCLAR) (sections 260 and 360)
- ◆ Long Association of Personnel with an Audit Client (i.e. partner rotation) (section 540)
- ◆ Provision of Non-Assurance Services to an Audit Client (section 600)

Other Resources

The Institute has also compiled guidance material issued by IESBA for member's guidance. The guidance is available on the Institute website.

Exploring the IESBA's Code Installment

For member's education, the Institute has also disseminated the IESBA Code installment series titled 'Exploring the IESBA Code' to members (through email and also covered the news in Audit Bulletin).

The installment series comprised of twelve-installments on varied topics of the IESBA Code of Ethics. Each installment highlights key aspects of the Code in a manner that is relatable, with special focus placed on the recent revisions to the Code. The installment series can be accessed at: <https://www.ethicsboard.org/focus-areas/exploring-iesba-code>

The ICAP Code 2019 and guidance material can be downloaded from the Institute website using the link: <http://www.icap.net.pk/icap-code-of-ethics-2019>

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WEBINAR SERIES ON THE ICAP CODE 2019

Now, considering the enhanced requirements of the ICAP Code 2019, the Committee has planned to organize series of webinars on the following topics of the ICAP Code 2019 to facilitate our members in understanding the significant revisions:

- ▶ Audit partner rotation
- ▶ Provision of non-assurance services to an audit client
- ▶ NOCLAR
- ▶ Audit fees/ Auditor's appointment/ NOC requirement/ marketing & advertisement requirements as per ICAP Code 2019.

In this regard, the first webinar of the series is planned to be held on March 31, 2021 on 'Audit partner rotation' requirement from 11-1 pm through Zoom and Facebook Live. Members are requested to make it convenient to attend these webinars to enhance its effective implementation.