

# STANDARDS AND REGULATORY BOARD



**ANNUAL REPORT 2018**

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## CHAIRMAN'S STATEMENT

On behalf of the Standards & Regulatory Board, it is my pleasure to present to you the Board's Annual Report for 2018. The performance of the Institute on regulation and compliance continues to be positive in line with the Institute's vision of "upholding the highest professional standards in accountancy education and practice to the satisfaction of stakeholders" in ensuring that accountants are adhering to the provisions of the Accountants Act No. 13 of 2008 (as amended) (herein after referred to as The Accountants Act) and other professional standards and codes.

During 2018, a number of decisions of the Board were actioned by the Institute, among which was the engagement with the Accountants General's Office and the Auditor General's Office in initiating talks to ensure that all the accountants working in the various Ministries, departments and agencies of Government are registered with the Institute. This was done in the wake of the soaring number of accountants working in Ministries, departments and agencies of Government who have continued to engage in acts of professional misconduct.

Going forward, the Board is challenging the accountancy profession to continue upholding high ethical standards in their work and practice. However, during the period under review the Board noted with great concern that there was an unprecedented increase in the reported cases of professional misconduct and accountants holding out.

Further, there was need to sensitize members in complying with the Public Finance Management Act, No. 1 of 2018 and the Code of Conduct for Accountants as promulgated by The Accountants Act and the IFAC Code of Ethics. This shall ensure that accountants fully comply with The Accountants Act in the wake of numerous reports of professional misconduct activities that have increased in the recent past. The Board is therefore confident that this will ensure greater compliance with the rules and regulations expected from the membership at large and will further enhance public confidence in the profession.

Lastly, I must express my appreciation to Management and my colleagues on the Board for their continued commitment, and selfless service, which has enabled us to continue to deliver on our mandate. To the esteemed members, we remain grateful for your loyalty. Let us strive to maintain the good reputation that is expected of us as ours is to serve the public interest.

Thank you



CHILUFYA SAMP  
**CHAIRPERSON**

## MANDATE OF THE BOARD

The primary purpose of the Standards and Regulatory Board is to promote and maintain the integrity of the accountancy profession by overseeing compliance with relevant standards and regulations governing the profession. The Board reviews the decisions of the Practice Review Committee and considers the results of Competence Practice Examinations for individuals wishing to become practitioners. The Board also receives reports on complaints from the public regarding alleged or actual professional misconduct by the members of the Institute. Further, the Board receives quarterly reports from the Public Sector and Technical Committees for necessary action.

In addition, the Board receives reports of the audit monitoring reviews from the Practice Review Committee. The Board considers decisions of the Committee and its decisions on such matters are final. In cases where decisions require disciplinary action, such matters are referred to the Disciplinary Committee for determination.

## COMPOSITION OF THE BOARD

The Board comprises representatives from the following institutions:

1. Competition Consumer Protection Commission (CCPC);
2. Pensions and Insurance Authority (PIA);
3. Bank of Zambia (BOZ);
4. Securities and Exchange Commission (SEC);
5. Accountant General (AG);
6. Chairperson – Practice Review Committee - Ex-officio;
7. Chairperson – Technical Committee - Ex-officio; and
8. Chairperson – Public Sector Committee - Ex-officio.

### Membership and Attendance

No	Name	Meetings Held	Meetings Eligible to Attend	Meetings Attended
1	Mr. C. Sampa (Chairperson)	3	3	3
2	Ms. R. Zyambo	3	3	2
3	Mrs. D. Mudenda	3	2	2
4	Mr. R. Kasonde	3	3	2
5	Ms. M. Mundia	3	3	2
6	Ms. C. Banda	3	3	3
7	Mr. J. Nkonjela	3	2	3
8	Ms. L. Mubanga	3	3	2

## ACTIVITIES DURING THE YEAR

The Board received three (3) reports from the Practice Review, Technical and Public Sector Committees. In addition it deliberated on twenty (20) complaints, seven (7) of which were closed (being two (2) on initial review and five (5) after validation), Seven (7) complaints are still under investigations and Six (6) matters were referred to the Disciplinary Committee for determination.

The following were the main deliberations of the Board:

### Competence Practice Examinations

During the year the Board approved the results of the Competence Practice Examinations for the June 2018 and December 2018 sittings. The pass rate for the June 2018 Diet was 57% for audit and 57% for non-audit while for December 2018 Diet was 43% for audit and 100% for non-audit.

### Practice Review Reports Considered during the year

The Board considered twenty-two (22) audit monitoring visit reports. Four (4) of the visits were to medium firms while eighteen (18) were to small practitioners. The Committee observed a decline in the level of compliance in both firms and engagement reviews. Of the firms reviewed, 22% were compliant as compared to the previous year with 49% compliance. This decline is attributed to the number of first time inspections on newly registered firms.

### Complaints from the Public

ZICA deals with complaints in respect of its members and students, including allegations of conduct unbefitting professional accountants. Complaints are received from a variety of sources including dissatisfied clients, employers of members, accounting practitioners, members of the public and referrals from departments within ZICA. Complainants are able to lodge a complaint by either sending an email through the ZICA Help Desk or writing a letter to the Institute. However, going forward the Institute has designed a complaint form. Thus the complainant will be required to complete the complaint form, which will be easily accessible on the ZICA website. ZICA's responsibilities encompass counselling, investigation and discipline. In all of these areas, ZICA acts in the public interest and in accordance with the principles of better regulation. It strives to take effective and proportionate disciplinary action, where appropriate, while carrying out procedures that are consistent and transparent.

ZICA is a national regulator, and applies the same standards to all its members and students countrywide. Therefore, ZICA is mandated to act, and be seen to act, appropriately and robustly when its members or students fail to meet those standards.

ZICA provides counselling services, where disagreements involving ZICA members are appropriate for such resolution. This is achieved by finding a solution that is acceptable to both parties, while ensuring that any need for disciplinary action is also further investigated. The counselling exercise helps reduce the burden on the investigations section, so that its work may be targeted towards the cases where thorough investigation is justified.

	<b>Outputs – Complaints</b>	<b>2018</b>	<b>2017</b>
1	Complaints in hand at the start of the year	0	2
2	Complaints received during the year	20	17
3	Complaints closed after initial review	2	4
4	Complaints still under investigations	7	7
5	Complaints cleared by the Standards & Regulatory Board	5	5
6	Complaints referred to the Disciplinary Committee	6	1
7	Complaints suspended	Nil	Nil
	<b>Total number of cases received</b>	<b>20</b>	<b>17</b>

## APPENDIX: PRACTICE REVIEW COMMITTEE

The overall purpose of the Practice Review Committee is to ensure that audit work carried out by practicing members is of high standard and is in compliance with International Standards on Auditing and International Standards on quality control and the code of ethics for professional accountants.

The Committee comprises representatives from the following:

1. Zambia Revenue Authority (ZRA);
2. Lusaka Securities Exchange (LuSE);
3. Bank of Zambia (BoZ);
4. Energy Regulation Board (ERB);
5. One representative from users of financial statements;
6. One representative from the big firms;
7. One representative from small to medium firms;

The Committee receives reports of the audit monitoring reviews carried out by the Practice Review Department of the Institute. The decisions of the Committee are presented before the Standards and Regulatory Board whose decisions are final. In cases where decisions require the discipline of members, such matters are referred to the Disciplinary Committee for further determination.

During the period under review, the Committee considered twenty-two (22) audit monitoring visit reports. Four (4) of the visits were to the medium sized firms while eighteen (18) were to small sized firms.

There was a decline in the quality of audit as evidenced by the decline in the level of compliance to 22% for the year under review as compared to 49% the previous year. The decline is attributed

### Meeting Attendance in 2018

No	Name	Meetings Held	Meetings Eligible to Attend	Meetings Attended
1	Mr. John Nkonjela (Chairperson)	3	3	3
2	Mr. Kwibisa Siyunyi (Vice Chair)	3	3	3
3	Mr. Kabaghe Mwale	3	1	1*
4	Ms. Prudence Malilwe	3	3	1
5	Ms. Rhoda Mwiinga	3	3	2
6	Ms. Rhodia Musonda	3	3	2
7	Mr. Simukoko	3	3	2

\*Joined the Committee in the year under review

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