



# STANDARDS AND REGULATORY BOARD

**ANNUAL**  
**REPORT**  
2019



## CHAIRPERSON'S STATEMENT

On behalf of the Standards & Regulatory Board, it is my pleasure to present to you the Board's Annual Report for 2019. 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"*. This performance consisted of ensuring that accountants are adhering to the provisions of the Accountants Act of 2008 and other professional standards and codes.

During the period under review, the Board noted with concern the high number of reported cases of professional misconduct and individuals holding out. The Board therefore continues to challenge the accountancy profession to uphold high ethical standards in their work and practice. During the period under consideration, a Partners forum was held for practitioners in November 2019. Key issues were discussed during the forum which included among other topics Trade Based Money Laundering, Requirements of the Banking and Financial Services Act and Application of IAS 26.

The Board carried out consultations during the period under review on whether Graduates, Licentiates and Technicians

with 2 years' experience should be allowed to obtain practicing certificates which will allow them to offer restricted/limited services. Following the consultations, the Board is recommending that this proposal be adopted. A detailed paper on the matter has been submitted separately. A resolution to this effect has also been included among the meeting resolutions.

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 untiring effort.

Let us strive to uphold the good reputation that is expected of us as ours is to serve the public interest.

Thank you



CHILUFYA SAMPA  
**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 Taxation Committee, 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's Office (AG);
6. Chairperson – Practice Review Committee - Ex-officio;
7. Chairperson – Technical Committee - Ex-officio;
8. Chairperson – Public Sector Committee - Ex-officio;
9. Chairperson – Taxation 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	1
3	Ms. N. Zimba	3	1	1*
4	Mr. R. Kasonde	3	3	3
5	Ms. M. Mundia	3	3	3
6	Ms. C. Banda	3	3	3
7	Mr. J. Nkonjela	3	3	3
8	Ms. L. Mubanga	3	3	2
9	Mr. J. Zgambo	3	1	1*

\*Joined the Committee during the period under review.

## ACTIVITIES DURING THE YEAR

The Board received three (3) reports each from the Practice Review, Technical Committee, Taxation Committee and Public Sector Committee. In addition it deliberated on twenty four (24) complaints, eight (8) of which were closed, six (6) complaints are still under investigations, three (3) awaiting court ruling and seven (7) 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 2019 and December 2018 sittings. The pass rate was 40% for audit and 43% for non-audit for the June exams and 36% for audit and 33% for non-audit for the December exams.

We would like to urge those intending to sit for the Competence Practice Examinations to ensure that they attend the examiners workshop which is held before the examinations, at which tips on how to approach the examinations are provided as well as to refer to past examination questions and answers which are found on the ZICA website as this will help them pass the exams.

### Practice Review Reports Considered during the year

The Board considered twenty-four (24) audit monitoring visit reports. One (1) visit was to a medium firm while twenty three (23) were to small practitioners. The Committee has observed a decline in the level of compliance to both firm and engagement reviews. Of the firms reviewed, 17% were compliant as compared to the previous year with 22% compliance. This drop 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 unbecoming professional accountants. Complaints are received from a variety of sources including dissatisfied clients, employers of members, other 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 counseling, 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 as a national regulator 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 counseling 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 counseling 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>2019</b>	<b>2018</b>
1	Complaints in hand at the start of the year	0	0
2	Complaints received during the year	24	20
3	Complaints closed after initial review	3	2
4	Complaints still under investigations	6	7
5	Complaints cleared by the Standards & Regulatory Board	5	5
6	Complaints referred to the Disciplinary Committee	7	6
7	Complaints suspended	3	Nil
	<b>Total number of cases received</b>	<b>24</b>	<b>20</b>

## APPENDIX I: 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 standard 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 Standards and Regulatory 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-four (24) audit monitoring visit reports. One (1) visit was to a medium firm while twenty three (23) were to small practitioners.

There is a decline in the quality of audit work with the level of compliance falling to 17% compared to 22% in the previous year. The decline is attributed the first-time reviews.

### Meeting Attendance in 2019

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	2	2
3	Mr. Kabaye Mwale	3	3	3
4	Ms. Prudence Malilwe	3	3	2
5	Ms. Rhoda Mwiinga	3	3	2
6	Ms. Rodia Musonda	3	3	1
7	Mr. S. Simukoko	3	3	1

\*Joined the Committee in the year under review

## APPENDIX II: ALLOWING GRADUATES, LICENTIATES AND TECHNICIANS TO OFFER RESTRICTED/LIMITED ACCOUNTING SERVICES

Consultations were done by the Standards and Regulations Board on whether Graduates, Licentiates and Technicians with 2 years experience should be allowed to offer limited/restricted services. In this regard a resolution will be put forward in the course of the meeting to amend the constitution to allow for this to happen.

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