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## No. S 25

### ACCOUNTANTS ACT (CHAPTER 2)

#### ACCOUNTANTS (PUBLIC ACCOUNTANTS) (AMENDMENT) RULES 2015

In exercise of the powers conferred by section 64 of the Accountants Act, the Accounting and Corporate Regulatory Authority, with the approval of the Minister for Finance, hereby makes the following Rules:

#### **Citation and commencement**

1. These Rules may be cited as the Accountants (Public Accountants) (Amendment) Rules 2015 and shall come into operation on 1 July 2015.

#### **Deletion and substitution of Fourth Schedule**

2. The Fourth Schedule to the Accountants (Public Accountants) Rules (R 1) is deleted and the following Schedule substituted therefor:

#### “FOURTH SCHEDULE

Rule 9(1)

#### CODE OF PROFESSIONAL CONDUCT AND ETHICS FOR PUBLIC ACCOUNTANTS AND ACCOUNTING ENTITIES CONTENTS

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#### DEFINITIONS

#### SCOPE

- SG010.1 This Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (Code) establishes ethical requirements for public accountants, accounting firms, accounting corporations and accounting LLPs. Compliance with this Code is mandatory for all public accountants, accounting firms, accounting corporations and accounting LLPs and failure to observe the Code may result in disciplinary action.
- SG010.2 This Code applies to the provision of public accountancy services by public accountants, accounting firms, accounting corporations and accounting LLPs. Under the Accountants Act (Chapter 2), public accountancy services means the audit and reporting on financial statements and the doing of such other acts that are required by any written law to be done by a public accountant. For non-public accountancy services, public accountants should refer to the code of ethics of their professional body.

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PART A: GENERAL APPLICATION OF THE CODE

Section 100 Introduction and Fundamental Principles

Section 110 Integrity

Section 120 Objectivity

Section 130 Professional Competence and Due Care

Section 140 Confidentiality

Section 150 Professional Behaviour

Section 100

Introduction and Fundamental Principles

100.1 A distinguishing mark of the accountancy profession is its acceptance of the responsibility to act in the public interest. Therefore, a public accountant's responsibility is not exclusively to satisfy the needs of an individual client. In acting in the public interest, a public accountant shall observe and comply with this Code. If a public accountant is prohibited from complying with certain parts of this Code by law or regulation, the public accountant shall comply with all other parts of this Code.

100.2 This Code contains two parts. Part A establishes the fundamental principles of professional ethics for public accountants and provides a conceptual framework that public accountants shall apply to —

- (a) Identify threats to compliance with the fundamental principles;
- (b) Evaluate the significance of the threats identified; and
- (c) Apply safeguards, when necessary, to eliminate the threats or reduce them to an acceptable level. Safeguards are necessary when the public accountant determines that the threats are not at a level at which a reasonable and informed third party would be likely to conclude, weighing all the specific facts and circumstances available to the public accountant at that time, that compliance with the fundamental principles is not compromised.

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A public accountant shall use professional judgment in applying this conceptual framework.

100.3 Part B describes how the conceptual framework applies in certain situations. They provide examples of safeguards that may be appropriate to address threats to compliance with the fundamental principles. They also describe situations where safeguards are not available to address the threats, and consequently, the circumstance or relationship creating the threats shall be avoided.

100.4 The use of the word “shall” in this Code imposes a requirement on the public accountant or firm to comply with the specific provision in which “shall” has been used. Compliance is required unless an exception is permitted by this Code.

### **Fundamental Principles**

100.5 A public accountant shall comply with the following fundamental principles:

- (a) Integrity – to be straightforward and honest in all professional and business relationships;
- (b) Objectivity – to not allow bias, conflict of interest or undue influence of others to override professional or business judgments;
- (c) Professional Competence and Due Care – to maintain professional knowledge and skill at the level required to ensure that a client receives competent professional services based on current developments in practice, legislation and techniques and act diligently and in accordance with applicable technical and professional standards;
- (d) Confidentiality – to respect the confidentiality of information acquired as a result of professional and business relationships and, therefore, not disclose any such information to third parties without proper and specific authority, unless there is a legal or professional right or duty to disclose, nor use the information for the personal advantage of the public accountant or third parties;

- (e) Professional Behaviour – to comply with relevant laws and regulations and avoid any action that discredits the profession.

Each of these fundamental principles is discussed in more detail in Sections 110 – 150.

### **Conceptual Framework Approach**

- 100.6 The circumstances in which public accountants operate may create specific threats to compliance with the fundamental principles. It is impossible to define every situation that creates threats to compliance with the fundamental principles and specify the appropriate action. In addition, the nature of engagements and work assignments may differ and, consequently, different threats may be created, requiring the application of different safeguards. Therefore, this Code establishes a conceptual framework that requires a public accountant to identify, evaluate, and address threats to compliance with the fundamental principles. The conceptual framework approach assists public accountants in complying with the ethical requirements of this Code and meeting their responsibility to act in the public interest. It accommodates many variations in circumstances that create threats to compliance with the fundamental principles and can deter a public accountant from concluding that a situation is permitted if it is not specifically prohibited.
- 100.7 When a public accountant identifies threats to compliance with the fundamental principles and, based on an evaluation of those threats, determines that they are not at an acceptable level, the public accountant shall determine whether appropriate safeguards are available and can be applied to eliminate the threats or reduce them to an acceptable level. In making that determination, the public accountant shall exercise professional judgment and take into account whether a reasonable and informed third party, weighing all the specific facts and circumstances available to the public accountant at the time, would be likely to conclude that the threats would be eliminated or reduced to an acceptable level by the application of the safeguards, such that compliance with the fundamental principles is not compromised.