



# **AAT SRI LANKA CODE OF ETHICS 2016**

PRESENTED BY

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# **REVISED CODE OF ETHICS OF AAT SRI LANKA**

The current publication is based on the Code of Ethics handbook -2016 edition issued by the International Ethics Standard Board for Accountants (IESBA).

# WHY ETHICS ARE REQUIRED?

- Work to the highest standards of professionalism
- Attain the highest levels of performance, and
- Meet the public interest

# **PART A – GENERAL APPLICATION OF THE CODE**

## **Fundamental Principles**

### **SECTION**

110 Integrity

120 Objectivity

130 Professional Competence and Due  
Care

140 Confidentiality

150 Professional Behavior

# **PART B - PROFESSIONAL ACCOUNTANTS IN PUBLIC PRACTICE**

## SECTION

200	Introduction
210	Professional Appointment
220	Conflicts of Interest
225	Responding to Non-Compliance with Laws and Regulations
230	Second Opinions
240	Fees and Other Types of Remuneration
250	Marketing Professional Services
260	Gifts and Hospitality
270	Custody of Client Assets
280	Objectivity - All Services
290	Independence - Review and Assurance

# PART C - PROFESSIONAL ACCOUNTANTS IN BUSINESS

## SECTION

- 300 Introduction
- 310 Conflicts of Interest
- 320 Preparation and Reporting of Information
- 330 Acting with Sufficient Expertise
- 340 Financial Interests, Compensation and  
Incentives Linked to Financial Reporting and  
Decision Making
- 350 Inducements
- 360 Responding to Non-Compliance with Laws and  
Regulations

# NEW CHANGES

Responding to Non Compliance with Laws & Regulations (NOCLAR)

## Why & Targets

- Hiding behind “client confidentiality”
- Easy out- resign from audit/ employment
- Responding to vs. reporting NOCLAR
- Professional accountants vs. auditors

# Auditors-Requirements

- | <b>Outcomes</b>   | <b>Requirements</b>   |
|---|---|
| <ul style="list-style-type: none"><li>• Can't close blind eye</li></ul>                 | If become aware of possible NOCLAR<br>Obtain understanding, raise with TCWG   |
| <ul style="list-style-type: none"><li>• Fulfill professional Responsibilities</li></ul> | Comply with <ul style="list-style-type: none"><li>- Laws and regulation (e.g. reporting to authority)</li><li>- Auditing standards (e.g. fraud, auditors' report)</li></ul> |

## Possible courses of further action

- Disclose to appropriate authority
- Withdraw from the engagement and client relationship where permitted by law



# Senior PAs IN BUSINESS

- Director, officer or senior employee able to exert significant influence over and make decisions regarding, the acquisition, deployment and control of the employing organization's human, financial, technological, physical and intangible resources.
- Set right tone at the top

# Senior PAs IN BUSINESS- Requirements

- Fulfill Professional responsibilities
  - Raise with superior/TCWG
  - Comply with laws and regulations
  - Rectify/remediate/mitigate consequences
  - Determine whether to alert external auditor

# Senior PAIBs- Determination of Further Action

- Possible courses of further action
  - inform parent entity management if applicable
  - Disclose to appropriate authority
  - Resign from employment relationship
- Will depend on legal and regulatory framework

# PAIBs Other than Senior PAIBs

- Actions
  - Inform to immediate superior, or
  - Use established internal whistle-blowing mechanism

Exceptional circumstances, disclose of the matter to an appropriate authority

# Effective Date

- Issued on 15<sup>th</sup> July 2016
- Effective from 15<sup>th</sup> July 2017

**THANK YOU**

**Q & A**