

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF BELIZE

CODE OF ETHICS

PART A - APPLICABLE TO ALL MEMBERS

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SECTION 1

Integrity and Objectivity

- 1.1 Integrity implies not merely honesty but fair dealing and truthfulness. The principle of objectivity imposes the obligation on all members as professional accountants to be fair, intellectually honest and free of conflicts of interest.
- 1.2 **Members** serve in many different capacities and should demonstrate their objectivity in varying circumstances. Members in public practice undertake reporting assignments, and render tax and other management advisory services. Other members prepare financial statements as a subordinate of others, perform internal auditing services and serve in financial management capacities in industry, commerce, the public sector and education. They also educate and train those who aspire to admission into the profession. Regardless of service or capacity, members should protect the integrity of their professional services and maintain objectivity in their judgement.
- 1.3 In selecting the situations and practices to be specifically dealt with in ethical requirements relating to objectivity, adequate consideration should be given to the following factors:
 - a) Members are exposed to situations which involve the possibility of pressures being exerted on them. These pressures may impair their objectivity.
 - b) It is impracticable to define and prescribe all such situations where these possible pressures exist. Reasonableness should prevail in establishing standards for identifying relationships that are likely to, or appear to, impair a member's objectivity.
 - c) Relationships should be avoided which allow prejudice, bias or influences of others to override objectivity or where not practicable, assignments should not be undertaken.

- d) Members have an obligation to ensure that personnel engaged to perform professional services adhere to the principle of objectivity.
- e) Members should neither accept nor offer gifts or entertainment which might reasonably be believed to have a significant and improper influence on their professional judgement or those with whom they deal.

SECTION 2

Resolution of Ethical Conflicts

- 2.1 From time to time members encounter situations which give rise to conflicts of interest. Such conflicts may arise in a wide variety of ways, ranging from the relatively trivial dilemma to the extreme case of fraud and similar illegal activities. It is not possible to attempt to itemise a comprehensive checklist of potential cases where conflicts of interest might occur. A member should be constantly conscious of and be alert to factors which give rise to conflicts of interest. It should be noted that an honest difference of opinion between a professional accountant and another party is not in itself an ethical issue. However, the facts and circumstances of each case need investigation by the parties concerned.
- 2.2 It is recognised, however, that there can be particular factors which occur when the responsibilities of a member may conflict with internal or external demands of one type or another. Hence:
- There may be the danger of pressure from an overbearing supervisor, manager, director or partner; or when there are family or personal relationships which can give rise to the possibility of pressures being exerted upon them. Indeed, relationships or interests which could adversely influence, impair or threaten a member's integrity should be discouraged.
 - A member may be asked to act contrary to technical and/or professional standards.
 - A question of divided loyalty as between the member's superior and the required professional standards of conduct could occur.
 - Conflict could arise when misleading information is published which may be to the advantage of the employer or client and which may or may not benefit the member as a result of such publication.

2.3 In applying standards of ethical conduct members may encounter problems in identifying unethical behaviour or in resolving an ethical conflict. When faced with significant ethical issues, members should follow the established policies of the employing organisation to seek a resolution of such conflict. Members are expected to take all reasonable steps to resolve ethical problems internally and if necessary to consult the Institute in order to seek objective advice.

If those policies do not resolve the ethical conflict, the following should be considered:

- Members should discuss the problem with their immediate superior. If this does not result in a satisfactory resolution then their immediate superior should be notified of the decision to communicate with a more senior management level. In cases where the organisation has an agreed grievance procedure, this should be used if meeting with one's immediate superior does not achieve a satisfactory solution to the problem;
- In circumstances where it appears that the member's immediate superior is involved in an unlawful act then it may be necessary to go immediately to a higher level of management, the Board of directors, or the Audit Committee;
- If an ethical conflict still exists after fully exhausting all levels of internal review members in such a situation as a last resort may conclude that they have no alternative but to resign. Employees should normally state their reasons for doing so to the employer but their duty of confidentiality normally precludes them from communicating the issue to others (unless legally or professionally required to do so). Before resigning it is strongly recommended that members should obtain appropriate legal advice.
- Seek counseling and advice on a confidential basis with an independent advisor or the Institute to be guided on the possible course of action.
- In some case or statute, regulations or professional standards may require certain serious matters to be reported to an external body.

It is important to keep a written record of all meetings and discussions, which take place in seeking to resolve an ethical conflict.

- 2.4 Any member in a senior position should endeavor to ensure that policies are established within his or her employing organisation to seek resolution of conflicts.
- 2.5 The Institute will make available counseling and advice to members who experience ethical conflicts.

SECTION 3

Professional Competence

3.1 Members should not portray themselves as having expertise or experience they do not possess.

3.2 Professional competence may be divided into two separate phases:

a) Attainment of professional competence

The attainment of professional competence requires initially a high standard of general education followed by specific education, training and examination in professionally relevant subjects, and whether prescribed or not, a period of work experience. This should be the normal pattern of development for a member.

b) Maintenance of professional competence

i) The maintenance of professional competence requires a continuing awareness of development in the accountancy profession including relevant local and international pronouncements on accounting, auditing and other relevant regulations and statutory requirements.

ii) A member should adopt a programme designed to ensure quality control in the performance of professional services consistent with appropriate local and international pronouncements.

SECTION 4

Confidentiality

- 4.1 Members have an obligation to respect the confidentiality of information about a client's or employer's affairs acquired in the course of professional services. The duty of confidentiality continues even after the end of the relationship between the member and the client or employer.
- 4.2 Confidentiality should always be observed by a member unless specific authority has been given to disclose information or there is a legal or professional duty to disclose.
- 4.3 Members have an obligation to ensure that staff under their control and other persons from whom advice and assistance is obtained respect the principle of confidentiality.
- 4.4 Confidentiality is not only a matter of disclosure of information. It also requires that a member acquiring information in the course of performing professional services neither uses nor appears to use that information for personal advantage or for the advantage of a third party.
- 4.5 A member has access to much confidential information about a client's or employer's affairs not otherwise disclosed to the public. Therefore, the member should be relied upon not to make unauthorised disclosure to other persons of such information in order properly to discharge the member's responsibility according to the profession's standards.
- 4.6 It is in the interest of the public and the profession that the profession's standards relating to confidentiality be defined and guidance given on the nature and extent of the duty of confidentiality and the circumstances in which disclosure of information acquired during the course of providing professional services shall be permitted or required.
- 4.7 It should be recognised, however, that confidentiality of information is part of statute or common law and therefore detailed ethical requirements in respect thereof will depend on the applicable laws.
- 4.8 The following are examples of the points which should be considered in determining whether confidential information may be disclosed:
 - a) When disclosure is authorised:

When authorisation to disclose is given by the client or the employer the interests of all the parties including those third parties whose interests might be affected should be considered.

b) When disclosure is required by law:

Examples of when a member is required by law to disclose confidential information are:

- i) To produce documents or to give evidence in the course of legal proceedings; and
- ii) To disclose to the appropriate public authorities infringements of the law which come to light.

c) When there is a professional duty or right to disclose:

- i) To comply with technical standards, regulations and ethics requirements; such disclosure is not contrary to this section;
- ii) To protect the professional interests of the member in legal proceedings;
- iii) To comply with the quality (or peer) review of the Institute or professional body; and
- iv) To respond to an inquiry or investigation by the Institute or regulatory body.

4.9 When the member has determined that confidential information can be disclosed, the following points should be considered:

- Whether or not all the relevant facts are known and substantiated, to the extent it is practicable to do so; when the situation involves unsubstantiated fact or opinion, professional judgement should be used in determining the type of disclosure to be made, if any;
- What type of communication is expected and the addressee; in particular, the member should be satisfied that the parties to whom the communication is addressed are appropriate recipients and have the responsibility to act on it; and
- Whether or not the member would incur any legal liability having made a communication and the consequence thereof.

In all such situations, the member should consider the need to consult legal counsel and/or the Institute or professional organisation(s) concerned.

SECTION 5

Tax Practice

- 5.1 A member rendering professional tax services is entitled to put forward the best position in favor of a client, or an employer, provided the service is rendered with professional competence, does not in any way impair integrity and objectivity, and is in the opinion of the member consistent with the law. Doubt may be resolved in favour of the client or the employer if there is reasonable support for the position.
- 5.2 A member should not hold out to a client or an employer the assurance that the tax return prepared and the tax advice offered are beyond challenge. Instead, the member should ensure that the client or the employer is aware of the limitations attaching to tax advice and services so that they do not misinterpret an expression of opinion as an assertion of fact.
- 5.3 A member who undertakes or assists in the preparation of a tax return should advise the client or the employer that the responsibility for the content of the return rests primarily with the client or employer. The member should take the necessary steps to ensure that the tax return is properly prepared on the basis of the information received.
- 5.4 Tax advice or opinions of material consequence given to a client or an employer should be recorded, either in the form of a letter or in a memorandum for the files.
- 5.5 A member should not be associated with any return or communication in which there is reason to believe that it:
- a) Contains a false or misleading statement;
 - b) Contains statements or information furnished recklessly or without any real knowledge of whether they are true or false; or
 - c) Omits or obscures information required to be submitted and such omission or obscurity would mislead the revenue authorities.

Members should take note that Section 99 of the Income Tax Act makes liable to penalties a person who for himself or any other person, makes a false statement or representation in connection with a tax return. The section also makes persons who aid or abet another person in such falsehoods liable to penalties.

5.6 A member may prepare tax returns involving the use of estimates if it is impractical under the circumstances to obtain exact data. When estimates are used, they should be presented as such in a manner so as to avoid the implication of greater accuracy than exists. The member should be satisfied that estimated amounts are reasonable under the circumstances.

5.7 In preparing a tax return, a member ordinarily may rely on information furnished by the client or employer, provided that the information appears reasonable. Although an examination of documents or other evidence in support of the information is not required, the member should encourage, when appropriate, such supporting data to be provided.

In addition, the member:

- a) should make use of the client's returns for prior years whenever feasible;
- b) is required to make reasonable inquiries when the information presented appears to be incorrect or incomplete; and
- c) is encouraged to make reference to the books and records of the business operations.

5.8 When a member learns of a material error or omission in a tax return of a prior year (with which the member may or may not have been associated), or of the failure to file a required tax return, the member has a responsibility to:

- a) promptly advise the client or employer of the error or omission and recommend that disclosure be made to the revenue authorities. The member is not obligated to inform the revenue authorities, nor may this be done without permission, except when specifically required by law. In these circumstances the member should advise the client or employer of the position before informing the authorities and should give no additional information to the authorities without the consent of the client or the employer.
- b) if the client or the employer does not correct the error the member:
 - i) should inform the client or the employer that it is not possible to act for them in connection with that return or other related information submitted to the authorities; and
 - ii) should consider whether continued association with the client or employer in any capacity is consistent with professional responsibilities.

- c) if the member concludes that a professional relationship with the client or employer can be continued, all reasonable steps should be taken to ensure that the error is not repeated in subsequent tax returns.

SECTION 6

Cross Border Activities

- 6.1 When considering the application of ethical requirements in cross border activities a number of situations may arise. Whether a professional accountant is a member of the profession in one country only or is also a member of the profession in the country where the services are performed should not affect the manner of dealing with each situation.
- 6.2 A member may reside outside Jamaica or may be temporarily visiting another country to perform professional services. In all circumstances, the member should carry out professional services in accordance with the relevant technical standards and ethical requirements. The particular technical standards which should be followed are not dealt within this section. In all other respects, however, the member should be guided by the ethical requirements set out below.
- 6.3 When a member performs services in a country other than Jamaica and differences on specific matters exist between ethical requirements of the two countries the following provisions should be applied:
 - a) When the ethical requirements of the country in which the services are being performed are less strict than the Jamaican Code of Ethics, then the Jamaican Code of Ethics should be applied.
 - b) When the ethical requirements of the country in which services are being performed are stricter than the Jamaican Code of Ethics, then the ethical requirements in the country where services are being performed should be applied.

SECTION 7

Publicity

In the marketing and promotion of themselves and their work, Members should:

- a) not use means which brings the profession into disrepute;
- b) not make exaggerated claims for the services they are able to offer, the qualifications they possess, or experience they have gained; and
- c) not denigrate the work of other accountants.

SECTION 8

Second and other opinions

Where the opinion of a member, whether in practice or otherwise, is sought on the application of accounting standards or principles to specific circumstances or transactions, either completed or contemplated, of an entity with which the member does not have an ongoing professional relationship to provide audit services, he should be alert to the possibility of his opinion creating undue pressure on the judgement and objectivity of the auditor. Accordingly, he should seek to minimize the risk of giving inappropriate guidance by ensuring that he has access to all relevant information.