Kingdom of Cambodia
Nation Religion King

The Royal Government of Cambodia
No. 83 ANKr. BK

Sub-Decree on
Code of Ethics for Certified public accountants and Authorized Auditors

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The Royal Government

- Having seen the Constitution of the Kingdom of Cambodia;
- Having seen the Royal Decree No. NS/RKT/0704/124 dated July 15, 2004 on the Appointment of the Royal Government of the Kingdom of Cambodia;
- Having seen the Royal Kram No. 02/NS/94 dated July 20, 1994 promulgating the Law on the Organization and Functioning of the Council of Ministers;
- Having seen the Royal Kram No. NS/RKM/0196/18 dated January 24, 1996 promulgating the Law on the Establishment of the Ministry of Economy and Finance;
- Having seen the Royal Kram No. NS/RKM/0702/011 dated July 08, 2002 promulgating the Law on Corporate Accounting, Corporate Accounting Audit and Accounting Profession;
- Having seen Sub-Decree No. 04 ANKr.BK dated January 20, 2000 on the Organization and Functioning of the Ministry of Economy and Finance;
- Having seen Sub-Decree No. 78 ANKr.BK dated November 18, 2004 on the Addition and Modification of Some Departments of the Ministry of Economy and Finance;
- Having seen Sub-Decree No. 18 ANKr.BK dated March 19, 2003 on the Organization and Functioning of the Kampuchea Institute of Certified Public Accountants and Auditors;
- Having seen Sub-Decree No. 41 ANKr.BK dated August 06, 1997 on the Implementation of the Royal Kram on the General Statute of Public Enterprises;
- Having been approved by the Council of Ministers in its plenary session on June 03, 2005.

Hereby Decides

Chapter 1
General Provisions

Article 1.-

The purpose of this Sub-Decree is to establish provisions on the code of ethics for certified public accountants and authorized auditors and all other categories of members of the Kampuchea Institute of

Certified Public Accountants and Auditors, abbreviated as "KICPAA", hereinafter referred to as “Certified Public Accountants”. This code of ethics is developed based on the fundamental principles of the International Code of Ethics for Certified Public Accountants issued by the International Federation of Accountants.

The technical terms used in this Sub-Decree shall have the following definitions:

Certified Public Accountant refers to a free authorized professional who is not bound by an employment contract with the entity for which he/she performs the duties of:

- Holding accounting records;
- Compiling accounting records;
- Opening accounting records;
- Closing accounting records;
- Auditing accounting records;
- Verifying accounting records;
- Regularizing accounting records;
- Evaluating and incorporating accounting records of enterprises and organizations;
- Preparing accounting rules and analyzing by accounting technical procedures financial reports and operating statuses of companies according to economic, legal, and financial aspects;
- Reporting in writing on his/her work, including observations, conclusions, and suggestions.

Authorized auditor refers to a person who practices the profession in his/her own name and under his/her own responsibility to certify the regularity and sincerity of the financial reports of natural persons or legal entities for whom he or she performs the audit in accordance with the provisions of applicable laws or agreements.

No person may practice as a certified public accountant and/or authorized auditor unless he/she is registered in the list of the certified public accountants of KICPAA.

Article 2.-

The rights granted to and obligations to be observed by certified public accountants authorized independently or serving in the commercial sector shall be detailed in the Code of Obligations of the Profession developed by KICPAA.

Chapter 2
Public Interest

Article 3.-

The main goal of the accounting profession is the consent to be responsible for his or her own duties in the public interest. Therefore, the responsibility of the Certified Public Accountants is not only to satisfy the needs of an individual client or employer.

Article 4.-

The public interest is considered the collective interest of the people community and institutions the certified public accountant serves, including clients, credit grantors, government, employers, employees, investors, business and financial communities and others who rely on the work of such accountants.

Chapter 3
Fundamental Principles

Article 5.-

The fundamental principles include integrity, impartiality, competence and professional due diligence, confidentiality, and professional behavior.

Section 1
Integrity

Article 6.-

The principle of integrity is an obligation required for all certified public accountants to follow in professional and business relationships in integrity and good faith. Integrity also refers to due diligence in business relationship and honesty.

Article 7.-

Certified public accountants should not be associated with statements, reports, correspondences or other information where they believe that the information:

a- Contains a materially false or misleading statement;
b- Contains unreliable reports or information;
c- States information necessary but lacking or vague and such lacking of information or uncertainty causes misleading.

Section 2
Impartiality

Article 8.-

The principle of impartiality is an obligation required for all certified public accountants to follow in professional or business adjudication without pre-adjudication or prejudice, conflict of interest or influence from others.

Article 9.-

Certified public accountants may be exposed to situations that may affect their impartiality. In real practice, all cases cannot be defined impartial. The certified public accountants should avoid relationships that leads to pre-adjudication or prejudice, or influence from others that may affect their professional judgment.

Section 3
Professional Competence and Due Diligence

Article 10.-

The principle of professional competence and due diligence is an obligation required for certified public accountants:

1- To pay serious attention to prepare for professional knowledge and skills at the level required to ensure that clients or employers receive highly competent and comprehensive professional service;
2- To perform their functions diligently in accordance with applicable technical and professional standards when providing professional services in all professional and business relationships.

Article 11.-

Highly competent professional service requires the exercise of strict judgment in applying professional knowledge and skill in the performance of such service. Professional competence may be divided into two separate phases:

1- Attainment of professional competence;
2- Serious attention to professional competence.

Article 12.-

The attainment of professional competence requires substantially a high standard of general education followed by additional education, training, and examination, particularly in relevant subjects to accounting profession and working experience if acceptable. This is a normal process in technical accounting training. Certified public accountants should also take action to ensure that their colleagues working under their supervision shall obtain appropriate training.

Article 13.-

Paying serious attention to professional competence requires raising awareness of certified public accountants according to technical professional and business developments.

Article14.-

Diligence encompasses the responsibility to act in accordance with the requirements of an assignment, carefully, thoroughly and on a timely basis.

Section 4
Confidentiality

Article 15.-

The principle of confidentiality is an obligation required for certified public accountants to refrain from:

1- Disseminate confidential information acquired as a result of professional and business relationships without proper and specific authority or unless there is a legal or professional right or duty to do so;
2- Use confidential information acquired as a result of professional and business relationships to their personal advantage or the advantage of third parties.

Article 16.-

Certified public accountants should maintain confidentiality even in a social environment, being alert to the possibility of inadvertent disclosure, particularly in circumstances involving long association with a business associate or a close or immediate family member.

Article 17.-

Certified public accountants should also maintain confidentiality of information disclosed by a prospective client or employer.

Article 18.-

Certified public accountants should take all reasonable steps to ensure that staff under their direct supervision and persons from whom advice and cooperation is obtained respect the professional duty of confidentiality.

Article 19.-

The need to comply with the principle of confidentiality continues even after the end of relationships between certified public accountants and a client or employer. When certified public accountants change employment or acquire a new client, they are entitled to use prior experience. They should not, however, use or disclose any confidential information either gained or acquired in a professional or business relationship.

Article 20.-

The following are circumstances where certified public accountants are or may be required to disclose confidential information or when such disclosure may be appropriate:

1- Disclosure is permitted by law or is authorized by the client or the employer;
2- Disclosure is required by law, for example:
   - Provision of documents or other evidence in the course of legal proceedings;
   - Disclosure to the appropriate public authorities of infringements of the law that come to light;
3- There is a professional duty or right to disclose, when not prohibited by law:
   - To comply with the quality review of a member body or professional body;
   - To protect the professional interests of a certified public accountant in legal proceedings;
   - To comply with quality monitoring of a member group, or KICPAA; or
   - To respond to an inquiry or investigation by a member group or regulatory body.

Article 21.-

In deciding whether to disclose confidential information, certified public accountants should consider the following points:

1- Whether the interests of all parties, including third parties whose interests may be affected, could be harmed if the client or employer consents to the disclosure by the certified public accountant;
2- Whether all the relevant information is known and substantiated to the extent possible. When the situations involve unsubstantiated fact, incomplete information or unsubstantiated conclusions, professional judgment should be used in determining the type of disclosure to be made, if any;
3- The type of communication that is expected and to whom it is addressed; in particular, certified public accountants should be satisfied that the parties to whom the communication is addressed are appropriate recipients.

Section 5
Professional Behavior

Article 22.-

The principle of professional behavior is an obligation required for certified public accountants to comply with relevant laws and regulations and avoid any action that may bring discredit to the profession. This includes actions which a reasonable and informed third party, having knowledge of all relevant information, would conclude negatively affects the good reputation of the profession.

Article 23.-

In marketing and promoting themselves and their work, certified public accountants should not bring the profession into disrepute. Certified public accountants should be honest and truthful and should not:

1- Make exaggerated claims for the services they are able to offer, the qualification they possess, or experience they have gained; or
2- Make disparaging references to unsubstantiated comparisons to the work of others.

Chapter 4
Threats and Defensive Methods

Article 24.-

Compliance and adherence to the fundamental principles may be threatened by a broad range of circumstances. Many threats fall into the following categories:

1- Self-interest threats, which may occur as a result of the financial or other interests of a certified public accountant or of an immediate of close family member;
2- Self-review threats, which may occur when a previous judgment needs to be re-evaluated by the certified public accountant responsible for that judgment;
3- Advocacy threats, which may occur when a certified public accountant promotes a position or opinion to the point that subsequent objectivity may be compromised;
4- Familiarity threats, which may occur when, because of a close relationship, a certified public accountant becomes too sympathetic to the interests of others; and
5- Intimidation threats, which may occur when a certified public accountant may be deterred from acting objectively by threats, actual or perceived.

Article 25.-

Defensive methods that may eliminate or reduce threats to an acceptable level fall into two broad categories:

1- Defensive methods created by the KICPAA, laws or regulations;
2- Defensive methods in the working environment.

Article 26.-

Defensive methods created by the KICPAA, laws or regulations include, but not limited to:

1- Educational, training and experience requirements for entry into the accounting profession;
2- Continuing accounting profession development requirements;
3- Corporate governance regulations;
4- accounting profession standards;
5- Monitoring procedures determined by the KICPAA or laws and disciplinary procedures
6- External review by a legally empowered third party of the reports, correspondences or information produced by a certified public accountant.

Article 27.-

Certain defensive methods may increase the likelihood of identifying or deterring unethical behavior. Such defensive methods, which may be created by the KICPAA, laws, regulations, or an employer, include, but are not limited to:

1- Effective, well publicized complaints systems operated by the employer, the KICPAA or a regulatory body, which enable colleagues, employers and members of the public to draw attention to unprofessional or unethical behavior; and
2- An explicitly stated duty to report breaches of ethical requirements.

Article 28.-

The nature of the defensive methods to be applied will vary depending on the circumstances. In exercising judgment, a certified public accountant should consider what a reasonable and informed third party, having knowledge and understanding of all relevant information, would reasonably conclude whether or not such circumstances are unacceptable.

Chapter 5
Resolution of Ethical Conflicts

Article 29.-

In applying the ethics standards, certified public accountants may encounter problems in resolving an ethical conflict or dispute. When faced with such an issue, a certified public accountant should, in line with the policies of his/her firm or of the organization employing him/her or of KICPAA, endeavor to solve such dispute.

Article 30.-

When initiating either a formal or informal dispute resolution process, a certified public accountant should consider, either any or all of the following points:

1- Relevant facts;
2- Ethical issues involved;
3- Fundamental principles related to the matter;
4- Established internal procedures in the body served; and
5- Alternative measures.

Having considered these matters, a certified public accountant should determine the most appropriate measure that is consistent with the fundamental principles. The certified public accountant should also balance the consequences of the chosen measure. If the matter remains unresolved, the certified public

accountant should consult with other appropriate persons within the firm or employing organization for help in obtaining resolution.

Article 31.-

Where a matter involves a conflict with a certified public accountant or within an organization under auditing, the certified public accountant should also ask for a meeting with the auditing committee or those charged with governance of the organization. For his/her own sake, the certified public accountant shall record the truths/facts in details of any discussion or decision related to such problems.

Article 32.-

If a significant conflict cannot be resolved, a certified public accountant may wish to obtain consultation with KICPAA without breaching confidentiality, which may provide relevant guidance on ethical issues. A certified public accountant may also consider obtaining legal counsel.

Article 33.-

If, after exhausting all relevant possibilities, the ethical conflict remains unresolved, a certified public accountant should, where possible, refuse to remain associated with the matter creating the conflict. A certified public accountant may determine that, in the circumstances, it is appropriate to withdraw from the specific engagement team or assignment, or to resign altogether from the engagement, the firm or the employing organization.

Chapter 6
Disciplinary Sanctions

Article 34.-

In accordance with Article 7 of Sub-Decree No. 18 ANKr.BK dated March 19, 2003 on the Organization and Functioning of KICPAA, disciplinary sanctions shall be applied to any certified public accountant who violates the rules of the profession or commits any act affecting the ethics or dignity of the accounting profession, even if the act is considered outside one's professional practice. The Disciplinary Council of KICPAA has the authority to make judgement on disputes related to the activities of certified public accountants.

Article 35.-

Any person concerned may file a complaint with the Disciplinary Council of KICPAA. The accusation can be made by the Board of Directors of KICPAA on its own initiative or upon a complaint from a member of KICPAA or from a third party or from the Royal Government Commissioner attached to KICPAA.

Chapter 7
Final Provisions

Article 36.-

The provisions of the above articles shall also apply to all auditors who are members of KICPAA.

Article 37.-

All provisions contrary to this Sub-Decree shall be considered null and void.

Article 38.-

The Minister in charge of the Office of the Council of Ministers, the Minister of Economy and Finance, Ministers, Secretaries of State, the National Accounting Council, KICPAA, and all relevant ministries and institutions shall be responsible for implementing their respective duties in this Sub-Decree effectively from the date of its signature.

Done in Phnom Penh, June 17, 2005

Prime Minister

HUN SEN

Recipients:
- Ministry of the Royal Palace;
- General Secretariat of the Constitutional Council;
- General Secretariat of the Senate;
- General Secretariat of the National Assembly;
- National Audit Authority;
- Cabinet of the Prime Minister;
- General Secretariat of the Royal Government;
- As per Article 38;
- Document - Archive