

## PROFESSIONAL ETHICS & VALUES – PAPER 9

### 1.0 General Performance

- There was a slight drop in performance compared to the last two sittings. The pass rate was 48.71% compared to 50.57% for the December 2010 examinations diet.
- Some candidates misunderstood some questions, answered them wrongly, and failed accordingly. Some questions were generally not attempted or avoided because either syllabus was not fully covered or poor preparation by the candidate or tuition providers, for example, Questions 3, 6 and 7. Less than 5 candidates attempted question 3 about sustainability.

### 2.0 PERFORMANCE IN INDIVIDUAL QUESTIONS

#### 2.1 Question 1

- Required candidates to: (a) outline the purpose and objectives of corporate governance in an export business, (b) (i) account for the existence of non-executive directors on the boards of directors, (ii) discuss situations where the independence of non-executive directors may be impaired, (c) evaluate the difference between the roles of the chairman of the board of directors and the chief executive officer (CEO) of the company, (d) explain the term 'proxy voting', (e) discuss the governance issues raised by the CEO from the case study.
- In part (a) some of the candidates were able to properly identify the purposes as well as the objectives of corporate governance. However, many candidates did not answer each part of this question separately; they swapped the answer as if the question required so.
  - In part (b) (i) most candidates accounted for existence of non-executive directors. In (b) (ii) the candidates identified the situations where the non-executive director's independence may be impaired. Some candidates, though, confused it with threats to the external auditor's independence.
  - In part (c) performance was above average.
  - In part (d) most candidates did not appreciate proxy voting as voting in absentia.
  - In part (e) performance was above average.

#### 2.2 Question 2

- Required candidates to: (a) discuss the term 'insider trading' and its effects, (b) discuss the underlying ethical principles under the code of ethics that guide professional accountants in Uganda in their professional conduct..
- In part (a) performance was very good; performance in this part (b) of the question was above average.

#### 2.3 Question 3

- Required candidates to discuss the: (a) concept of sustainability and its three perspectives, (b) factors affecting the embedding of risk in a company's culture.
- Very few candidates attempted this question at all.

**2.4 Question 4**

- Required candidates to: (a) discuss, with examples the type and the occurrence of the threats which affect auditor's independence and (b) recommend ways on how information systems can be protected in an organization.
- In part (a) performance was good. However, candidates did not identify an example for each threat to be able to get full marks.
- In part (b) performance was not very good. A few candidates identified the modern methods of protecting information systems such as encryption and computer/ information system audits.

**2.5 Question 5**

- Required candidates to: (a) discuss, with examples any five different forms of internal controls that firms in Uganda have adopted, (b) assess the elements of internal control system.
- In part (a) performance was above average. However, most candidates could not identify traditionally known forms such as authorization, segregation of duties, supervision and physical controls among others.
- In part (b) performance was fair. A few candidates correctly identified the elements under the COSO framework (Risk assessment, Control environment, control activities, monitoring and information & communication).

**2.6 Question 6**

- Required candidates to discuss the key areas for corporate ethics which should be included in corporate social responsibility (CSR) report
- Performance in this question was not good. Only a few candidates correctly identified the areas to include.

**2.7 Question 7**

- Required candidates to: (a) explain the term 'public interest', (b) discuss the reasons why some accountants enjoy the status quo and why others are involved in new initiatives.
- In part (a) performance was above average; in part (b) performance was fair.
- Only a few candidates were able to correctly identified issues for each of the two parts of the question.