MEMORANDUM OF UNDERSTANDING

For mutual co-operation in the advancement of Regulation and oversight for the accountancy profession

Between

THE PUBLIC ACCOUNTANTS AND AUDITORS BOARD, ZIMBABWE

(PAAB)

and

ORDEM DOS CONTABILISTAS E AUDITORES DE MOÇAMBIQUE
(OCAM)

Preamble

This Memorandum of Understanding (MoU) is entered into effective on the signature date between The Public Accountants and Auditors Board (PAAB), a regulatory and oversight body for the accountancy profession in Zimbabwe established under the Public Accountants and Auditors Act [*Chapter 27:12*] of 1995 on one part;

And

Ordem dos Contabilistas e Auditores de Moçambique (OCAM), is a Mozambican Accountancy and audit body, a non-profit organization, created by the law n° 8/2012 dated 8th February by the national Parliament, with the objective of regulating and promoting best practices to all certified accountants (CC) and certified auditors (AC).

(Hereinafter referred to as "the Parties")

1. **PURPOSE OF THE MOU**
   1.1. The purpose of this MoU is to set out a framework for PAAB and OCAM to co-operate, work together and share high level information on the development of independent regulation and oversight for the accountancy profession.

   1.2. The framework will involve providing opportunities and taking steps for OCAM to move to an independent regulatory model.

   1.3. To support OCAM to achieve its vision and objectives. PAAB is committed to improving audit quality and the quality of financial reporting on the continent through supporting and cooperating with national bodies in the different jurisdictions to perform their functions

2. **Principles of the MoU**
   2.1. The MoU is a proactive vehicle for co-operation for the two statutory bodies whose objectives are largely similar

   2.2. This MoU is not intended to create binding obligations on the Parties and each Party has the right to vary its terms at anytime by agreement following consultation with the other Party.

   2.3. The MoU involves sharing of high level information at the request of OCAM on a cost recovery basis.

   2.4. Should further assistance be required OCAM would then contract with PAAB for deliverables and costs.

2.5. This MoU is entered into by the Parties hereto in good faith and for the purpose of facilitating a co-operative working relationship between the Parties in the following areas.

2.5.1. PRACTICE REVIEWS/AUDIT QUALITY MONITORING

Both PAAB and OCAM fully prescribe to the model of independent regulation and firmly believe that the global move to independent regulation has been a deliberate decision to restore confidence in accounting and ultimately in the financial markets.

- PAAB will support OCAM in practice reviews in a "twinning/partnership" arrangement whereby PAAB will carry out accounting quality inspections on behalf of OCAM, whilst transferring skills to OCAM staff members to eventually take over the AQM function

- All costs of sending PAAB reviewers to OCAM will be covered by OCAM. PAAB will not impose any charge on OCAM for providing the 'on-the-job-training' to the OCAM reviewers.

- For the initial part of the initiative PAAB reviewers accompanied by OCAM Technical staff will carry out reviews on behalf of OCAM, the OCAM to cover the costs of accommodation and travelling for PAAB reviewers. A cost recovery fee will be levied for the reviews. During the second half of the initiative PAAB reviewers will train OCAM reviewers to take over the review process. After that phase, PAAB reviewers will be available to support OCAM reviewers and join them on certain PIE reviews. At this stage PAAB will not levy any charge for making available PAAB reviewers to accompany OCAM reviewers on reviews in Mozambique.

- PAAB will support OCAM in setting up a practice review committee and to capacitate the committee to effectively deliver on its mandate.

- At the end of every review year the PAAB will produce a review report with common findings during the review year and OCAM will organise a stakeholder's workshop with practitioners to discuss the common findings. OCAM twill organise CPD events to address the shortcomings.

- PAAB will conduct practice review workshops with the OCAM reviewers, which may take 2-3 days, at no charge to PAAB. However, OCAM will be required to fund accommodation and travelling expenses for its reviewers attending the workshops.

- The arrangement would not preclude OCAM from working with other partners to capacity build the practice review unit.

2.5.2. STANDARDS SETTING

Both the PAAB and OCAM are tasked with defining, maintaining and enforcing ethical standards, accounting and auditing standards for audit professionals. Such standards have to be internationally comparable so as to promote investment and as a consequence, employment.

- The MoU will foster close co-operation between the two bodies in the standards setting processes, including but not limited to comparing notes on comment letters on Exposure Drafts issued by the International Standards Setters.
- Submit comments on Exposure Drafts from both a national standards setter's view and from the point of view of a regulator.
- To co-operate on issuing joint guidance on common issues.
- To promote and support participation by the two bodies in the activities of global institutions responsible for standards setting and regulating of the accountancy profession.

2.5.3. EDUCATION, TRAINING AND PROFESSIONAL DEVELOPMENT

The deliverables with respect to education, training and professional development are similar for the two bodies. There is need for high level cooperation in an effort to improve and maintain high standards in pre-to post qualification learning.

- The MoU will promote cooperation and sharing of high level information in programme recognition and assessment of professional competence at entry level to the profession.

3. RESPONSIBILITIES

3.1 OCAM

OCAM will be responsible for:

3.1.1 availing its staff for capacity development by carrying out quality reviews with PAAB.

3.1.2 Preparing practitioners for quality reviews.

3.1.3 Sensitising OCAM Practitioners about quality reviews.

3.1.4 Participating in joint quality reviews.

3.1.5 Facilitating the implementation of the quality review system

3.1.6 Jointly training the practitioners and share information.

3.1.7 Sharing experiences with PAAB

3.1.8 Commenting on exposure drafts jointly, until such time as OCAM is comfortable,

3.1.9 Providing ongoing support to PAAB

3.1.10 Maintaining the existing professional relationship

3.2 PAAB ZIMBABWE

PAAB Zimbabwe will be responsible for:

3.2.1 Helping OCAM develop capacity by carrying out quality reviews with its staff.
3.2.2 Preparing practitioners for quality reviews.
3.2.3 Training OCAM Practitioners on Accounting Issues by responding or addressing quality reviews findings.
3.2.4 Offering OCAM staff practical experience on quality reviews by involving such staff in other reviews.
3.2.5 Helping OCAM as a standards setter participate in developing comments to issued exposure drafts, through involvement in round tables, and joint comments paper.
3.2.6 Providing human resource capital at cost for technical trainings.
3.2.7 Providing ongoing support to OCAM, in terms of technical references.
3.2.8 Maintaining the existing professional relationship.

4. CONFIDENTIALITY

4.1. The parties to this MoU will keep confidential and no party will disclose to any person without prior written consent of the other party, any details relating to this MoU, including, without limitation, the intellectual capital employed by either party in the fulfilment of its obligations in terms of this MoU or any other information to which either Party has access in the course of this MoU relating to the business, operations and affairs of the other party, whether jointly or individually, which it knows or should reasonably know to be confidential information hereinafter referred to as "Confidential Information".

4.2. The parties agree to keep all confidential information confidential and to disclose it only to those officers, directors, employees, consultants, professional advisors, principals, agents and sub-contractors who –

- have a need to know (but only to the extent that such person has a need to know) and;
- are aware that the confidential information should be kept confidential and;
- are aware of the disclosing party's undertaking in relation to such confidential information in terms of this MoU; and
- have been directed by the disclosing party to keep confidential information confidential and have duly undertaken to keep the confidential information confidential.

4.3 The obligations of the parties in respect of the maintenance and non-disclosure of the confidential information in terms of this MoU do not extend to information that

- is disclosed to the receiving party in terms of this MoU but at the time of such disclosure, such information is known to be in the lawful possession or control of such party and not subject to an obligation of confidentiality; or
- is or becomes public knowledge, otherwise than pursuant to a breach of this MoU by either party; or
- is required to be disclosed by the provisions of any law, statute, regulation or code of professional conduct, or during any court proceedings.

5. Contact Persons

All communication between the Parties will be between the Chief Executive Officers of the two bodies. These contacts may be added or amended by written notice from one Party to the other without the need to re-sign the MoU.

6. Effective Date, Amendments and Termination

This MoU shall come into effect on the date of signature by both Parties. The Parties hereto agree to keep the operation of this MoU under review and to consult with a view to improving its operation and resolving any matters.

This MoU shall remain in force until the Parties agree in writing to terminate the whole or any part thereof.

7. Dispute Resolutions

In the event of a dispute arising, the Parties, acting in good faith, shall endeavor to resolve the dispute amicably within 14 days after such dispute has been declared by either party. Should the Parties fail to resolve the dispute within the 14 days, then either Party may refer the dispute to the President and Chairman of the Mozambique Institute of Accountants' Council and the Public Accountants and Auditors Board of Zimbabwe respectively.

8. Signatures

We, the undersigned, acting on behalf of the Parties have read and agree with this MoU.

Signed at: _____ this _____ day of _____

PUBLIC ACCOUNTANTS AND AUDITORS BOARD

Signed: _____ Date: 21/04/17

Admire Ndurunduru

OCAM- Vice-President

Signed: _____ Date: 21.04.17

Name Abel Jone Guaiaguaia