



INSTITUTE OF CHARTERED ACCOUNTANTS, GHANA

2022 REGULATORS FORUM

9TH NOVEMBER 2022



OUTLINE

- ❑ ICAG Act (Act 1058)
- ❑ Quality Management For An Audit of Financial Statements
- ❑ A New Standard for Audits of Less Complex Entities
- ❑ IFRS for SMEs Accounting Standard Update
- ❑ Auditor Rotation and Section 143 of Act 992
- ❑ Proposed Waivers and Exemptions on Fillings
- ❑ Collaboration with other Regulators



INSTITUTE OF CHARTERED ACCOUNTANTS, GHANA, ACT 2020 (ACT 1058)

Passed in December 2020 to repeal Act 170 which was passed in 1963 and had seen no review



MANDATE OF ICAG

- To promote the study of accountancy
- To regulate the accountancy profession and practice and
- To provide for related matters





FUNCTIONS

To achieve the object as stated above, section 3 of Act 1058 states a number of functions including to:

- (a) regulate the practice of accountancy in the country;
- (b) certify persons who can practise as auditors;
- (c) prescribe and approve courses of study for the accountancy profession;
- (d) conduct and provide for the conduct of qualifying examinations for membership of the Institute;
- (e) regulate the engagement, training and transfer of accountant trainees etc.



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INDEPENDENT COMMITTEES

The new Act has introduced three independent committees to facilitate the work of the Institute and to achieve its objectives.

Accountancy Practice
Review Committee (APRC)

Public Accountancy
Supervisory Committee
(PASC)

Disciplinary Committee



PROFESSIONAL INDEMNITY INSURANCE

Section 43 of Institute of Chartered Accountants, Ghana, 2020, Act 1058.

A firm registered by the Institute shall obtain a Professional Indemnity Insurance to cover any liability which may as a result of the negligence or recklessness in the conduct of the practice by the partners of the firm.

The liability of the partners in the firm shall be limited to the extent prescribed.





PROFESSIONAL INDEMNITY INSURANCE CONT'D...

The above provision in Act 1058 makes it mandatory for every registered firm to obtain PII and a pre-requisite requirement for a firm to obtain or renew its practice licence yearly.

Section 39 of Act 1058 criminalizes a member who practices without a Practice Licence.

This makes it mandatory for a firm to obtain PII.

The memorandum to section 43 explains that the provision offers maximum protection for firms and enables the firms remain as going concern.





SECTIONS 216 & 217 OF INSURANCE ACT, 2021, ACT 1061

The Insurance Act promulgated in 2021 has broaden the scope to cover all Chartered Accountants (Second Schedule of Act 1061) as a professional to obtain P.I.I.

The first schedule of the Act prescribes the sanctions thereof.

Maybe NIC may speak to these provisions on the enforcement strategy(ies).





NEW AND REVISED FRAMEWORK FOR QUALITY MANAGEMENT FOR AN AUDIT OF FINANCIAL STATEMENTS (ISQM 1 & 2 AND ISA 220)

“

IAASB[®]

“These standards will drive the audit profession to an enhanced approach to quality ‘management’ rather than ‘control’, which better enables the consistent performance of quality engagements, including audits. The standards place greater responsibility on firm leadership for continuously improving the quality of their engagements and remediating when deficiencies are found. When effectively implemented, the standards should help ensure that a commitment to quality is at the heart of firm strategy and operations.”

- IAASB Chair Tom Seidenstein

The Revised and New Quality Management Standards



THE REVISED FRAMEWORK



ISQM 1: Quality management at the firm level

ISQM 1 requires the firm to design, implement and operate a SOQM to manage the quality of engagements performed by the firm.

The firm's SOQM creates an environment that enables and supports engagement teams in performing quality engagements.



ISQM 2: Engagement quality reviews

Engagement quality reviews form part of the firm's SOQM. ISQM 2 builds upon ISQM 1 by including specific requirements for:

- The appointment and eligibility of the engagement quality reviewer;
- The performance of the engagement quality review; and
- The documentation of the engagement quality review.



ISA 220 (Revised): Quality management at the engagement level

ISA 220 (Revised) deals with the responsibilities of the auditor regarding quality management at the engagement level, and the related responsibilities of the engagement partner.

This standard applies to audits of financial statements.



A NEW STANDARD FOR AUDITS OF LESS COMPLEX ENTITIES

The public consultation on this draft new standard was open until January 31, 2022. Since then, the IAASB has evaluated feedback received from the Exposure Draft, feedback survey, and outreach and is revising the draft to address stakeholder feedback.

When final, the standard will meet the growing global need for a separate standard for audits of less complex entities, while reducing the emerging risk of jurisdictional divergence.

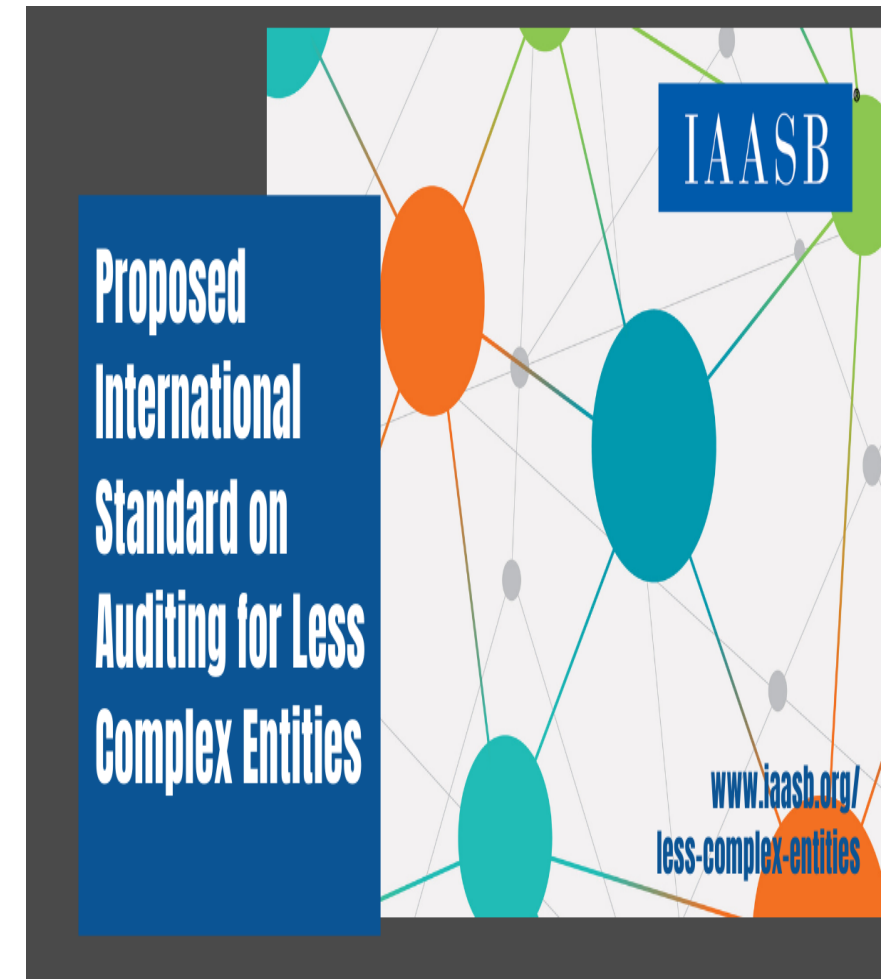




A NEW STANDARD FOR AUDITS OF LESS COMPLEX ENTITIES

The new stand-alone standard for audits of less complex entities:

- Is designed specifically for audits of a less complex entities
- Is based on the underlying concepts from International Standards on Auditing
- Was developed to be understandable, clear and concise





A NEW STANDARD FOR AUDITS OF LESS COMPLEX ENTITIES

The new stand-alone standard for audits of less complex entities:

- Reduces the risk of jurisdictional divergence by driving consistency and comparability globally
- Will achieve a quality audit engagement





IFRS FOR SMES ACCOUNTING STANDARD UPDATE

The International Accounting Standards Board (IASB) is carrying out a second comprehensive review of the IFRS for SMEs Accounting Standard, which the IASB issued in 2009 and amended in 2015.

Current stage

In September 2022, the IASB published the Exposure Draft, Third edition of the IFRS for SMEs Accounting Standard as part of its second comprehensive review of the Standard and it will remain open for public comment for 180 days.

The Exposure Draft proposes amendments to the IFRS for SMEs Accounting Standard to reflect improvements that have been made in full IFRS Accounting Standards (in the scope of the second comprehensive review) while keeping the Standard simple.



ICAG



MANDATORY ROTATION OF AUDITORS AND ITS IMPLICATION

Per section 139 (11) of the Companies Act, 2019, (Act 992), auditors are required to rotate off if they have served for a term of 6 years or more on the date the Act became effective.

- This was to take retrospective effect per the Registrar of Companies interpretation.
- ICAG upon discussions with the Registrar of Companies, extended the effective date to 1 August 2022
- Further extended to December 2022
- **Implications?**



ICAG



SECTION 143 OF ACT 992

This is a section on auditors conflict of interest. The interpretation of this section is not too clear. We expect The Registrar from the Office of the Registrar of Companies (ORC) to address this in her presentation.





PROPOSED WAIVERS AND EXEMPTIONS ON FILLING

Classification Of Companies As Large, Medium, or Small

The proposed basis for the classification shall be the turnover of a company

Company Category	Revenue
Small	up to GHS 200,000
Medium	GHS 200,000 to GHS 5,000,000
Large	Above GHS 5,000,000



COLLABORATION WITH OTHER REGULATORS

We encourage other regulators to collaborate with ICAG when issuing directives and notices that has an impact on the Accounting Profession in Ghana



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Our International Affiliates



ICAG