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**REPORT OF THE
COMMITTEE ON EDUCATION**

ON THE

**INSTITUTE OF CHARTERED
ACCOUNTANTS, GHANA BILL, 2020**

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REPORT OF THE COMMITTEE ON EDUCATION ON THE INSTITUTE OF CHARTERED ACCOUNTANTS, GHANA BILL, 2020

1.0 INTRODUCTION

1.1 The Institute of Chartered Accountants, Ghana Bill, 2020 was presented to the House and read the first time on Tuesday, 6th October, 2020.

In accordance with Article 106 (4) and (5) of the 1992 Constitution of the Republic of Ghana and Order 186 of the Standing Orders of the House, the Rt. Hon Speaker referred the Bill to the Committee on Education for consideration and report.

1.2 The Committee on Education subsequently met and discussed the Bill. The Hon. Minister for Education, Dr. Matthew Opoku Prempeh, officials from the Ministry of Education, the Office of the Attorney-General and representatives of the Institute of Chartered Accountants, Ghana were present to assist the Committee in its deliberations.

1.3 The Committee expresses its appreciation to the Hon. Minister for Education, officials from the Ministry of Education, the Office of the Attorney-General, and representatives of the Institute of Chartered Accountants, Ghana for attending upon the Committee.

2.0 REFERENCE DOCUMENTS

The Committee referred to the following documents during its deliberations:

- i. The 1992 Constitution of the Republic of Ghana.
- ii. The Standing Orders of the Parliament of Ghana.
- iii. The Chartered Accountants Act, 1963 (Act 170).
- iv. The Professional Bodies Registration Decree, 1973 (N.R.C.D. 143).

- v. The State Lands Act, 1962 (Act 125).
- vi. The Internal Audit Agency Act, 2003 (Act 658).
- vii. The Chartered Institute of Taxation Act, 2016 (Act 916).
- viii. The Public Financial Management Act, 2016 (Act 921).
- ix. The Chartered Institute of Bankers, Ghana Act, 2019 (Act 991).
- x. The Chartered Institute of Marketing, Ghana Act, 2020 (Act 1021).

3.0 **BACKGROUND**

The Institute of Chartered Accountants, Ghana was established by an Act of Parliament, the Chartered Accountants Act, 1963 (Act 170) and provided for the conduct of examinations by the Institute and other matters connected with the accountancy profession.

It is worth acknowledging that the study and practice of accountancy has since witnessed significant transformation, largely driven by the application of technology, improved regulatory standards and new auditing requirements for greater transparency and accountability in the application of public financial resources.

The study of accountancy has evolved substantially in scope and content over the period, while the number of people involved in the study and practice of accountancy has increased considerably. These developments, coupled with other changes that have taken place in the field of accountancy, has occasioned the need to put in place the requisite regulatory mechanisms to uphold the ethical and professional standards in the accountancy profession. As a result, Government has considered it necessary to review the Chartered Accountants Act, 1963 (Act 170) to bring it in line with global trends in the study and practice of accountancy by the introduction of the Institute of Chartered Accountants, Ghana Bill, 2020 to the House. Accordingly, upon the passage of the Bill, the Institute of Chartered Accountants Act, 1963 (Act 170) would be repealed.

4.0 **OBJECT OF THE BILL**

The Bill seeks to establish the Institute of Chartered Accountants, Ghana to regulate the study of accounting and promote the accountancy profession and the practice of accountancy in Ghana.

5.0 **CONTENT OF THE BILL**

5.1 The Bill is made up of sixty-five clauses and divided into eight headings as follows:

a. *Establishment of the Institute of Chartered Accountants, Ghana*

Clauses 1 to 3 deal with the establishment of the Institute of Chartered Accountants, Ghana.

Clause 1 establishes the Institute as a corporate body. It also provides for the acquisition of property by the Institute. In situations where there is a hindrance to the acquisition, the State may acquire the property on behalf of the Institute. Clause 2 spells out the object of the Institute, while Clause 3 provides for the functions of the Institute.

b. *Governance of the Institute*

Clauses 4 to 12 deal with the governance of the Institute.

Clause 4 makes provision for the governing body of the Institute. Clauses 5, 6, 7 and 8 cover the tenure of office of members of the Council, meetings of the Council, disclosure of interest and conflict of interest. The establishment of committees of the Council is spelt out in Clause 9. The allowances of members of the Council, meetings of the Institute and policy directives by the Minister responsible for Education are provided for under clauses 10, 11 and 12.

c. Membership and Qualification

Clauses 13 to 16 set out the membership of the Institute and qualification for membership of the Institute.

Clause 13 spells out the categories of membership of the Institute. The requirements for enrolment in respect of the various categories of membership are detailed in Clause 14. Clause 15 provides for a certificate of enrolment. Clause 16 puts a restriction on the use of the title “Chartered Accountant” on a person who is not a Chartered Accountant.

d. Registration

Clauses 17 to 33 encompass matters on registration.

Clause 17 provides for the qualification for registration as a Chartered Accountant. Clause 18 specifies the qualification for registration as a member of the Institute. Clause 19 sets out the application process for registration as a Chartered Accountant, while Clause 20 requires the Council of the Institute to issue a certificate of registration on the successful registration of a person under Clause 19.

The conditions under which the Council may suspend a member of the Institute or revoke the licence of a firm member are provided for under Clauses 21 and 22. Clause 23 stipulates the circumstances under which the Council shall cancel a member’s registration while Clause 24 requires the Institute to establish, keep and maintain registers of members of the Institute.

Conditions under which the name of a member shall be struck off from the register of the Institute is provided for in Clause 25. Matters pertaining to representation to the Council and appeals against a decision of the Council to suspend a member or cancel the membership of a member are spelt out in Clause 26. Clause 27

specifies the conditions for restoring the membership of a member by the Council.

Clause 28 prohibits a person who is not registered with the Institute from holding out as a Chartered Accountant. Prohibited employment and activities, standards for performance of audit, indemnity for Chartered Accountants, and periodic review and inspection by the Institute of the practice of a Chartered Accountant are dealt with under Clauses 29, 30, 31 and 32 respectively. Clause 33 provides for the publication of the code of professional conduct and ethics for members of the Institute.

e. Public Practice of Accountancy

Clauses 34 to 45 deal with the public practice of Accountancy.

Clause 34 permits a member of the Institute or a Chartered Accountant who has been issued with a public practising licence or a non-audit practising licence by the Institute to engage in the public practice of Accountancy. Clause 35 enumerates the circumstances by which a person is considered to be engaged in the public practice of accountancy. Clause 36 stipulates the procedure for application for licence for public practice of accountancy while Clause 37 specifies the duration of a licence for public practice of accountancy.

Clause 38 puts an obligation on a holder of a licence to engage in the public practice of accountancy or a non-audit practising licence to display the licence in a conspicuous place at the place of practice. Under Clause 39, a person is forbidden to practise as a Chartered Accountant or be a partner in a firm that practices as a firm of Chartered Accountants if that person does not have a licence to engage in the public practice of accountancy or a non-audit practising licence issued by the Institute. The circumstances under

which and the procedure by which the Institute shall cancel a licence to engage in the public practice of accountancy or a non-audit practising licence are provided for in Clause 40.

Clause 41 deals with the registration of a firm of Chartered Accountants with the Institute while Clause 42 covers information to be provided by a Chartered Accountant to a client or prospective client. Clause 43 mandates a firm to obtain a professional indemnity insurance to cover any liability which may be incurred due to negligence or recklessness in the conduct of the practice by the partners of the firm. Clause 44 provides for the conditions to be met by a person who is not a member of the Institute, but practices as an accountant in the country. Clause 45 grants the Institute, the right to affiliate with other professional bodies.

f. Administrative Provisions

Clauses 46 to 51 relates to administrative provisions. The Clauses provide for the offices of the Institute, Internal Audit Unit of the Institute, appointment and functions of the Chief Executive Officer of the Institute, Secretary to the Council and appointment of other staff of the Institute.

g. Financial Provisions

Clauses 52 to 57 deal with financial provisions.

Clause 52 provides for the sources of funds of the Institute. Clause 53 provides for the bank account of the Institute while Clause 54 deals with the expenses of the Institute. The borrowing powers of the Institute are spelt out under Clause 55. Clauses 56 and 57 deal with the standard provisions on Accounts and Audit, and Annual Reports and other Reports.

h. Miscellaneous Provisions

Clauses 58 to 65 cover miscellaneous provisions. Clause 58 stipulates that fees and levies payable under the Bill shall be prescribed by the Council and paid to the Institute. Clause 59 provides for the custody and use of the common seal of the Institute. Offences and their correlative penalties are dealt with in Clause 60. Clause 61 mandates the Council to make rules and procedures for the effective functioning of the Council. Under Clause 62, the Minister responsible for Education, in consultation with the Council shall by legislative instrument, make Regulations to prescribe courses of study for the accountancy profession, prescribe standards of professional conduct of members of the Institute, prescribe for requirements for qualification as a member of the Institute, among others.

Clause 63 provides for the interpretation of the key terms used in the Bill. Clauses 64 and 65 deal with repeal and savings, and transitional provisions.

5.2 The Bill further contains five Schedules as follows:

- i. **First Schedule** – The First Schedule covers International Standard Setting endorsed by the International Federation of Accountants.
- ii. **Second Schedule** – The Second Schedule is in two parts. Part one deals with the composition, term of office, cessation of membership, functions, remuneration of members and the procedure for proceedings of the Accountancy Practice Review Committee, among others. Part two provides for the composition, functions, the tenure of office of members, meetings of the Public

Accountancy Supervisory Committee, and the Secretary to the Committee.

- iii. **Third Schedule** – The Third Schedule stipulates the number of persons to be appointed by the Council to constitute a Disciplinary Committee. The functions of the Disciplinary Committee, presentation of cases to the Disciplinary Committee, statement of charges, sanctions by the Disciplinary Committee, inter alia are also dealt with in the Third Schedule.
- iv. **Fourth Schedule** – The Fourth Schedule provides for the membership of the General Assembly of the Institute. It also provides for the meetings of the Institute, quorum and voting at meetings, adjournment of meetings of the Institute, among others.
- v. **Fifth Schedule** – The Fifth Schedule deals with professional misconduct.

6.0 **OBSERVATIONS**

The Committee made the following observations during its deliberations:

a. Policy Rationale

The Hon. Minister for Education informed the Committee that providing the Institute of Chartered Accountants, Ghana with the requisite legal backing to operate forms part of Government's policy to empower professional institutions to enable them effectively and efficiently regulate the study and practice within their respective areas.

The Committee rightly noted that such Government Policy has in recent past, given legal backing to the Chartered Institute of Banking,

Chartered Institute of Marketing and the Chartered Institute of Human Resource Management to enable them operate and regulate their respective professions effectively and efficiently.

In the opinion of the Committee, providing the Institute of Chartered Accountants, Ghana with a legal backing, would ensure adherence to strict corporate governance principles in the accountancy industry.

b. Effective Regulation of the Accountancy Profession

The Committee observed that the Chartered Accountants Act, 1963 (Act 170), which gave birth to the Institute of Chartered Accountants, Ghana does not adequately empower the Institute to effectively regulate the study and practice of accountancy, particularly in the enforcement of professional and ethical standards. In order to ensure that the legal framework governing the accountancy profession is responsive to current realities, provision has been made under Clause 3 of the Bill to empower the Institute to regulate the practice of accountancy in the country.

Accordingly, the Institute, as part of its functions, will certify persons who can practice as auditors, prescribe and approve courses of study for the accountancy profession, conduct and provide the conduct of qualifying examinations for membership of the institute, regulate accounting firms and auditing firms as well as keep, maintain and publish a register of Chartered Accountants, practitioners and practicing accounting firms.

c. Training and Professional Development of Accountants by the Institute of Chartered Accountants

The Committee observed that the Institute of Chartered Accountants has since its inception, distinguished itself as an Institute of high repute in the training and professional development of accountants in

the country. This is attested by the fact that a considerable number of accountants, auditors and tax experts currently working in both the public and private sectors obtained their professional training and certification through the accredited programmes of the Institute. Apart from training professionals in the field of accountancy, the Institute, in line with its overall objective of promoting the accountancy profession, is to ensure that members of the Institute and others practicing accountancy in general, maintain high professional and ethical standards in the performance of their functions.

The above, coupled with emerging trends in the practice of accountancy, new audit requirements, improved international regulatory standards, among others, have given rise to the need for a review of the existing legal framework to enable the Institute effectively regulate the practice of accountancy in the country.

d. Impetus for Industrial Self-Regulation

The Committee observed that the Bill seeks to take the concept of industrial self-regulation to a higher dimension through a framework that provides legal impetus for professional associations to effectively regulate and standardise the practice of a profession, and the conduct of its members. This principle is reflected in Clause 3 of the Bill under which the Institute has been given the mandate to prescribe and maintain standards of professional conduct for members of the Institute, including the adoption of methods and practices for the maintenance of standards of professional conduct. Provision has also been made for the Institute to establish and enforce disciplinary code of conduct among its members and also monitor and evaluate the conduct of practice by members of the Institute.

e. Enforcement of Minimum Standards

The Committee noted that apart from the powers granted the Institute to regulate the practice of accountancy and professional conduct,

particularly of members of the Institute, the Institute has been given general powers under Clause 43 of the Bill to enforce minimum standards of professional practice and disciplinary sanctions for non-members of the institute. Clause 43 (1) of the Bill provides that:

“A person who is not a member of the Institute but practice as an accountant in the country shall comply with the

(a) ethical requirements of the Institute; and

(b) standards, policies and directives of the Council.”

The Bill further stipulates that a person who is found to have contravened the above provision would be liable to a disciplinary action that would be determined by the Council of the Institute taking into consideration, the gravity of the contravention.

This measure, the Committee observed, will assist a great deal to inject more professionalism into the accounting profession for the benefit of the country.

f. Promotion of Research

The Committee noted that as part of measures to promote the study of accountancy, the Institute of Chartered Accountants will encourage research in accountancy and related subjects and generally ensure the advancement of the accountancy profession. To this end, the Institute will establish and maintain a library of books and periodicals, including an electronic library on accountancy and related subjects. It will also inspire members of the Institute to publish books and periodicals on accountancy.

7.0 PROPOSED AMENDMENTS

To further strengthen the provisions of the Bill, the Committee proposes the amendments in the attached Appendix for consideration and adoption by the House.

8.0 CONCLUSION AND RECOMMENDATION

The Committee, after scrutinising the Bill is of the considered view that providing the Chartered Institute of Accountants, Ghana, the necessary legal framework, is a step in the right direction and demonstrates the commitment of Government to provide professional bodies with the relevant legal backing to enable them effectively promote and regulate the study and practice of their respective professions in the country.

In the light of the above, the Committee recommends to the House to adopt its Report and pass the Institute of Chartered Accountants, Ghana Bill, 2020 in accordance with Article 106 of the 1992 Constitution.

Respectfully submitted.



.....
WILLIAM AGYAPONG QUAITTOO (HON.)
(CHAIRMAN, COMMITTEE ON
EDUCATION)



.....
ABIGAIL ABA ANSO
(CLERK TO THE COMMITTEE)

OCTOBER 2020

APPENDIX

PROPOSED AMENDMENTS

- i. **Clause 4** - **Amendment proposed** - Subclause (1), paragraph (b), line 1, *delete* “First”.
- ii. **Clause 4** - **Amendment proposed** - Subclause (1), paragraph (c), *delete* the entire paragraph.
- ii. **Clause 4** - **Amendment proposed** - Subclause (1), paragraph (g), line 1, *delete* “two” and *insert* “three”.
- iv. **Clause 5** - **Amendment proposed** - Subclause (1), line 2, after “only” *insert* “except the chairperson who shall hold office for one term only”.
- v. **Clause 6** - **Amendment proposed** - Subclause (4), *delete* and *insert* the following:

“The chairperson shall preside at meetings of the Council and in the absence of the chairperson, the Vice-President of the Institute shall preside and in the absence of both the chairperson and Vice-President of the Institute, a member of the Council elected by the members present from among their number shall preside”.
- vi. **Clause 13** - **Amendment proposed** - Paragraph (f), *delete* the entire paragraph.
- vii. **Clause 14** - **Amendment proposed** - Subclause (9), *delete* the entire subclause.
- viii. **Clause 14** - **Amendment proposed** - Subclause (10), *delete* the entire subclause.

- ix. **Clause 19** - **Amendment proposed** - Subclause (1), line 2, after "Institute" *insert* "for registration".
- x. **Clause 23** - **Amendment proposed** - Subclause (1), Paragraph (e), line 1, before "Chartered", *delete* "the" and *insert* "a".
- xi. **Clause 23** - **Amendment proposed** - Subclause (3), line 2, after "member" *delete* "for a period and".
- xii. **Clause 24** - **Amendment proposed** - Subclause (2), opening phrase, *delete* "The register" and *insert* "Registers".
- xiii. **Clause 24** - **Amendment proposed** - Subclause (5), *delete* "register" and *insert* "registers".
- xiv. **Clause 26** - **Amendment proposed** - Subclause (3), line 2, *delete* "three months" and *insert* "ninety days".
- xv. **Clause 36** - **Amendment proposed** - Subclause (4), paragraph (b), subparagraph (ii), *delete* "its principals" and *insert* "the principals of the firm".
- xvi. **Clause 43** - **Amendment proposed** - Headnote, after "Professional" *insert* "indemnity".
- xvii. **Clause 43** - **Amendment proposed** - Subclause (1), line 1, after "professional" *insert* "indemnity".
- xviii. **Clause 43** - **Amendment proposed** - Subclause (2), line 1, after "professional" *insert* "indemnity".
- xix. **Clause 56** - **Amendment proposed** - Subclause (2), line 2, *delete* "three months" and *insert* "ninety days".

- xx. **Clause 63** - **Amendment proposed** - Interpretation of "FCA(Hons)", *delete*.
- xxi. **Fourth Schedule-** **Amendment proposed** - Paragraph 2, subparagraph (1), subsubparagraph (b), line 1, *delete* "Vice Presidents" and *insert* "Vice-President" and after "the" *delete* "four" and *insert* "five".
- xxii. **Fourth Schedule-** **Amendment proposed** - Paragraph 4, subparagraph (4), line 2, *delete* "Vice-Presidents" and *insert* "Vice-President".
- xxiii. **Fourth Schedule-** **Amendment proposed** - Paragraph 5, subparagraph (1), *delete* and *insert* the following:

"The President shall preside at all meetings of the Institute and in the absence of the President, the Vice-President shall preside".
- xxiv. **Fourth Schedule-** **Amendment proposed** - Paragraph 5, subparagraph (2), lines 1 and 2, *delete* " President, the First Vice-President and the Second Vice-President" and *insert* "and Vice-President".
- xxv. **Fourth Schedule-** **Amendment proposed** - Paragraph 10, subparagraph (1), subsubparagraph (a), line 1, *delete* "First".
- xxvi. **Fourth Schedule-** **Amendment proposed** - Paragraph 10, subparagraph (1), subsubparagraph (b), *delete* the entire subsubparagraph.
- xxvii. **Fourth Schedule-** **Amendment proposed** - Paragraph 10, subparagraph (1), subsubparagraph (c), *delete* and *insert* the following:

"the President and the Vice-President of the Institute shall elect two of its members to hold Office as President and Vice-President for the remainder of the term".

xxviii. **Fourth Schedule-**

Amendment proposed - Paragraph 10, subparagraph (1), subparagraph (d), *delete* the entire subparagraph.

xxix. **Fourth Schedule-**

Amendment proposed - Paragraph 10, subparagraph (1), subparagraph (e), *delete* the entire subparagraph.

xxx. **Fourth Schedule-**

Amendment proposed - Paragraph 10, subparagraph (2), *delete* and *insert* the following:

“A Vice-President who leaves office because of the expiration of the term of office is eligible for election to the position of President”.