



## SECURITIES AND EXCHANGE COMMISSION

# GUIDELINES FOR AUDITORS OF PUBLIC COMPANIES AND SEC LICENCEES

NUMBER: SEC/GUI/001/01/2017

### 1.0. Preamble

These Guidelines are issued by the Securities and Exchange Commission (hereinafter referred to as "the Commission") pursuant to sections 146 and 209 of the Securities Industry Act, 2016 (Act 929) with respect to services provided by auditors to public companies and SEC licensees (hereinafter referred to as "auditee firms").

### 2.0. General Statement

These guidelines shall apply to auditors of auditee firms.

### 3.0 Requirements for auditors

An auditor of auditee firms shall:

- i. be a member of the Institute of Chartered Accountants, (Ghana) under the Chartered Accountants Act, 1963 (Act 170) and also hold a practice certificate issued under Act 170.
- ii. not be disqualified under the Companies Act, 1963 ( Act 179).
- iii. be registered with the Securities and Exchange Commission.
- iv. have professional indemnity insurance acceptable to the Commission.

#### **4.0 Approval of appointment to audit**

A person shall not audit the accounts of a public company or a SEC licensee unless the appointment of that person is approved in writing by the Commission.

#### **5.0 Independence of an auditor**

- a. The auditor shall be independent of the public company or the SEC licensee.
- b. The auditor shall comply with the code of ethics for Professional Accountants of International Federation of Accountants (IFAC).

#### **6.0 Removal and resignation of auditors**

- (1) An auditee firm may, with the consent of the Commission, remove an auditor of the auditee firm from office.
- (2) An auditor of an auditee firm may, by notice in writing given to the auditee firm, resign as an auditor of the auditee firm where the auditor:
  - (a) has, by notice in writing given to the Commission, applied for consent to resign and has, at or about the same time that the notice was given to the Commission, notified the auditee firm in writing of the application to the Commission;
  - (b) has received the consent of the Commission.
- (3) The Commission shall, as soon as practicable, after receipt of the notice from an auditor under subsection (2), notify the auditor and the auditee firm whether it consents to the resignation of the auditor.
- (4) Within fourteen days after the receipt of a notice of resignation from an auditor or an auditee firm or, where an auditor of an auditee firm is removed, the auditee firm shall lodge a notice of the resignation or removal in accordance with the prescribed form with the Commission.
- (5) Where the auditor becomes disqualified under the Companies Act, 1963 (Act 179), as amended or any other subsequent replacement legislation, the auditor shall notify the auditee firm and the Commission within seven days of the disqualification.

## **7.0 Auditor to report to the Commission in certain matters**

Where an auditor, in the performance of its functions becomes aware of a matter which may negatively affect investor or shareholder interests, the auditor shall within seven days after becoming aware of that matter, lodge with the Commission a written report on the matter and send a copy of the report to the auditee firm.

## **8.0 Duties of auditors**

- i. Duties and powers of the auditor shall be as provided for under the Companies Act, 1963 (Act 179).
- ii. The Commission may require additional duties of the auditor as may be necessary for the protection of the interests of shareholders and other investors.

## **9.0 Auditor's report**

The auditor's report shall conform to the provisions of the Companies Act, 1963 (Act 179), auditing standards adopted by the Institute of Chartered Accountants (Ghana) and any additional requirements of the Commission necessary to protect the interests of shareholders and other investors.

## **10.0 Suspension or Cancellation of registration**

(a) The Commission may suspend or cancel the registration of the auditor where:

- (i) a levy of execution in respect of that auditor has not been satisfied;
- (ii) the auditor ceases to hold a licence to practice;
- (iii) the auditor is adjudged bankrupt in any jurisdiction;
- (iv) the Commission has reason to believe that the auditor has not performed his functions efficiently, honestly or fairly;
- (v) the auditor is convicted of an offence involving fraud or dishonesty;

## **8.0 Sanctions for Non-Compliance:**

(a) Where there is a breach of any provision stipulated in these guidelines by auditor:

- i. The Commission may take action(s) specified under section 209 of the Securities Industry Act 2016.
- ii The Commission reserves the right to cancel the registration of the auditor from its register

The Commission may revoke, vary, revise or amend these guidelines.

These Guidelines shall be effective 1st January 2017

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