



'Ensuring Investor Protection'

SECURITIES AND EXCHANGE COMMISSION

GUIDELINES ON THE REGISTRATION OF ACCOUNTANTS REPORTING FOR PUBLIC COMPANIES

NUMBER: SEC/GUI/001/01/2020

1.0. Preamble

These Guidelines are issued by the Securities and Exchange Commission (hereinafter referred to as "the SEC") pursuant to sections 3, 146 and 209 of the Securities Industry Act, 2016 (Act 929) for Accountants reporting for public companies.

2.0. General Statement

These guidelines shall apply to Accountants providing reporting services for public companies.

3.0. Requirements for Accountants reporting for public company

A person reporting for a public company shall:

- a) be a member of the Institute of Chartered Accountants, (Ghana) under the Chartered Accountants Act, 1963 (Act 170) and not be disqualified under the Companies Act, 2019 (Act 992);
- (a) be registered before the expiration of January each year, with the Securities and Exchange Commission on SEC Form D (II);
- (b) possess a valid professional indemnity insurance acceptable to the Commission;
- (c) be required to have knowledge and skills in the securities market.

4.0. Scope of work

The scope of the reporting Accountant work shall include:

- (1) Review the audited financial statements or audited statements of the public company and issue a report. In the course of this assignment, the reporting Accountant shall:
 - (a) Review the statutory auditor's work
 - (b) Review significant trends and investigate unusual variations;
 - (c) Discuss with the management and auditors, all significant issues, e.g. changes in profit trend, company or group structure, subsidiaries and general organization;

- (d) Ascertain that the accounting policies adopted are in compliance with international financial reporting standards as well as the consistency of their application;
 - (e) Investigate post-balance sheet events such as major contracts and litigation;
 - (f) Review the offer document or scheme particulars to ensure consistency of financial information.
- (2) Review prospective financial information to be included in the prospectus and issue a report.
- (3) Prepare his report, addressed jointly to the directors of the public company and the lead manager of the offer and thereafter disclose same in the prospectus. The report shall address:
- (a) The financial information based on the audited financial statements of the public company.
 - (b) The audited financial statements shall include:
 - i. Statement of comprehensive Income,
 - ii. Statement of financial position
 - iii. Statement of cash flow
 - iv. Statement of changes in equity
 - v. Notes to the financial statements;
 - (c) Prospective financial information, the content of which shall be similar to (b) above and include underlying assumptions.

5.0. Failure to report discrepancies

Where the reporting Accountant knowingly fails to report any discrepancies in the work done by the auditor, the reporting Accountant may be liable for any loss occasioned thereby and may be reported to the relevant professional body for disciplinary action. In addition, the reporting Accountant may be barred from performing any further work in the securities market.

6.0. Independence of a reporting accountant

The reporting Accountant shall:

- (a) Not be the same as the issuer's external auditor and shall be independent of same.
- (b) Not be the same as the issuer's Accountants who may be carrying out any other functions for the issuer.
- (c) comply with the independence requirements of the code of ethics for Professional Accountants of International Federation of Accountants (IFAC)

7.0. Restrictions on the reporting Accountant

- (1) The reporting Accountant shall not simultaneously act in the capacity of an auditor for the same public company or SEC licensee.
- (2) A former Auditor of a public company or a SEC licensee shall not act in the capacity of a reporting Accountant for the same public company or a SEC licensee within a period of 12 months immediately after the expiration of its appointment as Auditor.
- (3) A reporting Accountant shall not provide an opinion on accounts it has previously audited.

8.0. Suspension or Cancellation of registration

- (1) The SEC may suspend or cancel the registration of the reporting accountant where:
 - (a) a levy of execution in respect of that reporting Accountant has not been satisfied;
 - (b) the reporting Accountant ceases to hold a licence to practice;
 - (c) the reporting Accountant is adjudged bankrupt in any jurisdiction;
 - (d) the SEC has reason to believe that the reporting accountant has not performed his functions efficiently, honestly or fairly;
 - (e) the reporting accountant is convicted of an offence involving fraud or dishonesty;

The SEC shall not suspend or cancel the registration of a reporting Accountant without first providing the reporting Accountant an opportunity of being heard

- (2) The suspension or cancellation of the registration of a reporting Accountant shall not affect the rights or responsibilities attached to a previous assignment.

9.0. Sanctions for Non-Compliance

Where there is a breach of any provision stipulated in these guidelines by a reporting Accountant:

- (a) The SEC may take any action(s) specified under section 209 or any other relevant provision applicable under the Securities Industry Act 2016.
- (b) The SEC reserves the right to cancel the registration of the reporting Accountant from its register.

10.0. Registration fees

- (1) . The SEC shall from time to time determine an annual fee that shall be paid during registration.
- (2) An applicant who is registered as an auditor of a public company and/or SEC licensee by the SEC may be exempted from paying annual registration fee as a reporting accountant.

11.0. Revocation, Variation and Revision

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

12.0 Interpretation

(a) Where any doubt arises about the meaning of any provision contained in these Guidelines, the same shall be referred to the SEC and the interpretation provided by the SEC shall be final.

These Guidelines shall be effective 1st January, 2020