



'Ensuring Investor Protection'

THE SECURITIES AND EXCHANGE COMMISSION

NOTICE TO AUDITORS ON SIGNING OF AUDIT REPORTS ON FINANCIAL STATEMENTS OF LISTED COMPANIES AND COMPANIES LICENSED BY THE SECURITIES AND EXCHANGE COMMISSION

Reference is made to two meetings the Securities and Exchange Commission (SEC) held with Auditors of Listed Companies and Market Operators in 2013 and 2014, inter alia, on the signing of audit reports on financial statements. Discussions have also been held with the Institute of Chartered Accountants, Ghana (ICAG) and Chief Financial Officers of listed companies on the matter.

The International Standards on Auditing (ISA) 700 'Forming an Opinion and Reporting on Financial Statements' states as follows: *"The auditor's signature is either in the name of the audit firm, the personal name of the auditor or both, as appropriate for the particular jurisdiction. In addition to the auditor's signature, in certain jurisdictions, the auditor may be required to declare in the auditor's report, the auditor's professional accountancy designation or the fact that the auditor or firm, as appropriate, has been recognized by the appropriate licensing authority in that jurisdiction"*

The Companies Act, 1963 (Act 179) provides in section 134 (2) that *"A partnership firm may be appointed, in the name of the firm, as auditors of the company, but, whether or not such firm is a body corporate, such appointment shall be deemed to be appointment of such of the partners of the firm as at the time of the appointment, are duly qualified"*.

In Ghana, the Companies Act recognizes the partners in the firm of Chartered Accountants as the ones appointed as auditors when the firm is appointed as an auditor. It is therefore expected that an audit report on financial statements issued by an audit firm be signed in the personal name of the partner in charge of the audit on behalf of the firm.

The ICAG issued the attached Public Notice requiring an Auditor to sign reports in his personal name and indicate his practicing certificate number as well as the name of the audit firm. The said notice was published in the Daily Graphic of 20th December 2012. The SEC believes that, the ICAG Public Notice was in line with ISA 700 and the provisions of section 134 (2) of the Companies Act.

The SEC, however, notes that for the fear of identity theft raised by practitioners, the ICAG could not enforce its directive on the signing of Audit Reports and hence most auditors are not complying with the said directive.

It is the considered view of the SEC, given the provision in section 134 (2) of the Company Act and ISA 700, that an audit report issued by an audit firm in Ghana must be signed in the personal name of the partner in charge of the audit on behalf of the firm.

Consequently, the SEC will henceforth not accept any financial statement with an auditor's report issued by an audit firm signed **not** in the name of the partner in charge of the audit on behalf of the audit firm.

A copy of an audit report of a UK listed company (also listed in Ghana) signed in the personal name of the audit partner in charge of the audit, is attached as a form of guidance in signing reports in the personal name of the audit partner.

The SEC as a member of the Financial Sector Regulators Forum (FSRF) has discussed this matter with other members of FSRF namely, the Bank of Ghana, National Insurance Commission and National Pensions Regulatory Authority to ensure that auditors' reports on Financial Statements of all regulated entities in the financial market are signed in the personal names of the partners in charge of the audits on behalf of their firms.

SIGNED
DR. ADU A. ANTWI
DIRECTOR-GENERAL

DATED 13TH FEBRUARY 2015