

07 August 2020

The Chairman,
Parliamentary Select Committee on Education,
Office of Parliament, Parliament House,
Accra. Ghana.
Via e-mail: educationcommittee@parliament.gh

Dear Sir,

MEMORANDA: THE INSTITUTE OF CHARTERED ACCOUNTANTS OF GHANA, BILL 2020
SUBMITTED BY THE ASSOCIATION OF INTERNATIONAL ACCOUNTANTS

Thank you for the opportunity to submit a Memoranda to the Institute of Chartered Accountants Ghana, Bill 2020. On behalf of the Association of International Accountants (AIA), its members and branch operations in Ghana we have taken some time to consider the implications of the proposed Bill and in general welcome the principles that underpin the Bill. We also have some concerns relating to regulation of the accountancy profession, restrictions in employability and the recognition of professional qualifications, which we address below.

ABOUT AIA

The Association of International Accountants (AIA) is a leading professional body for Accountants and Finance Professionals with a long-standing reputation for excellence in professional education and a dynamic global membership.

Based in the United Kingdom and founded in 1928 and with branch operations in a number of other countries including Ghana, AIA has an established history of improving professional skills and ethical standards across the sectors - our members are recognised, respected and regulated.

AIA's commitment to protecting the public interest and advancing professional standards is evident through our respected qualifications portfolio, robust membership requirements and the production of research, best practice and skills guidance. Members are bound by the AIA Constitution which includes regulatory requirements and a Code of Ethics.

AIA actively seeks further accreditation, recognition and independent regulation with external stakeholders,

governments and standard setters to ensure both the AIA and its members are trusted, respected and accountable. AIA is a Recognised Qualifying Body (RQB) for Statutory Auditors in the UK and regulated by the Financial Reporting Council (FRC). AIA is a Prescribed Body under the Companies (Auditing and Accounting) Act 2014 in the Republic of Ireland. AIA is a Supervisory Body under the UK Money Laundering Regulations. AIA is also a Commonwealth Accredited Organisation and has working relationships with a number of other professional bodies.

AIA offers variant papers in law and taxation in acknowledgement of the importance of national knowledge and seeks to expand on the availability of these variant papers where possible.

AIA IN GHANA

AIA has been operational in Ghana for many years and offers a qualification that sits alongside the home body, in this instance the Institute of Chartered Accountants Ghana, to offer both a local and international aspect in developing accountancy and finance skills. AIA was admitted as a Professional Accountancy Qualifying Member Body of the ICAG in 2014 under Section 4.1 (b) of ICAG Act 170 of 1963, giving AIA members a pathway to ICAG membership. Since that time, AIA and the ICAG have worked closely together to offer a pathway to membership that has been beneficial to both parties and it is AIA's clear position that this pathway is maintained within the framework of the Bill.

AIA has an active Ghana Branch and Africa is currently represented on the AIA Council by Togbe Korqu Ganu III, AIA Ghana Branch Chairman. Working closely with our contacts in Ghana, AIA has strong relationships with several educational centres, accountancy firms and businesses. In line with our Commonwealth ties, educational policies and commitment to ensuring the accountancy profession is accessible to all, the AIA currently has approved and ready to start funding under the AIA Commonwealth Scholarship Programmes in Ghana - which will offer financial assistance to students in Ghana, who may otherwise struggle with the funding of their tuition and training generally.

THE INSTITUTE OF CHARTERED ACCOUNTANTS GHANA BILL, 2020: REGULATION OF THE PROFESSION

Working in the public interest and that of the global profession, AIA broadly welcomes measures that will ensure that the accountancy profession is regulated to an appropriately high standard and contributes to increased standards and development and we recognise that many countries use an act of Parliament to facilitate these aims. However, we have some significant concerns regarding the proposed framework for qualification and regulation of the accountancy sector in Ghana, namely that a single organisation would be responsible for qualification, membership and regulation of the entire accountancy profession. The Bill does not factor in the necessary measures that would create independence between the regulator and the regulated, which establishes the capacity for regulators to act independently and away from undue influence.

The role of accountants and in particular the performance and regulation of finance professionals has many benefits to both the economy and wider society, but this must be underpinned by a structure that allows the regulator to behave and act objectively, impartially, and consistently, without conflict of interest, bias or undue influence. The current proposed framework could not only facilitate a conflict of interest within the profession, but its wider implications mean that it could be detrimental to Ghana in its aspirations to boost trade and attract foreign investment and international business opportunities.

We would therefore recommend for the reasons set out above that the role of accountancy and audit regulator be independent of any professional body offering recognised qualifications in that sector in line with international principles of best practice.

THE INSTITUTE OF CHARTERED ACCOUNTANTS GHANA, BILL 2020: RESTRICTIONS IN EMPLOYABILITY IN THE ACCOUNTANCY SECTOR

The Bill proposes to restrict employment opportunities in the accountancy and finance sector to one supplier, members of the ICAG. However, the accountancy and finance sector is diverse and offers many opportunities for those wishing to work in this profession at all levels, from basic bookkeeping services to statutory audit and limiting the opportunities and roles to members on only one professional body would serve to hold back, as opposed to developing the profession. Similarly, it would also restrict one of the most common entry points into the profession where membership and professional qualification is often sought after obtaining basic accountancy skills and experience through employment.

Further detailed information is urgently required regarding what contingency plans would be in place for the thousands of individuals and businesses in Ghana that have employed accountants or tax advisors qualified through other professional bodies.

There are also wider economic and social issues that are likely to occur as a result of this measure, for example, if lower level financial administration and bookkeeping services can only be undertaken by a qualified ICAG member, this will drive up costs to the detriment of small and medium sized businesses and start-ups causing a further negative consequences for the local economy and cause an immediate increase in unemployment.

AIA strongly believe that the suitability of an individual for a role should remain with the employer and their own assessment of skills, qualifications and experience and this should be removed from the Bill.

THE INSTITUTE OF CHARTERED ACCOUNTANTS GHANA, BILL 2020: RECOGNITION OF PROFESSIONAL QUALIFICATIONS

Whilst we fully support the desire to offer a strong regulatory structure in Ghana, and also recognise the importance of local skills and competencies in some fields within the accountancy sector, we would caution against a framework that is so restrictive that its introduction would monopolise the profession to the extent that it would

act as a driver to inflated costs, less choice and a constriction of the opportunities in financial services that are essential for accountants and the wider business community.

Competition and choice in professional education offers many benefits and while we support the desire to ensure that standards are maintained or improved and compliance with principles of best practice are developed, we do not consider that this can be achieved by restricting professional education to one supplier. Instead we would support a collaborative and inclusive approach that meets the objectives of the Bill without causing immediate disruption to businesses, individuals and the wider economy or that reduces the availability of skills and talent in Ghana.

We also have grave concerns regarding the level of restriction proposed by the Bill that would essentially disqualify accountants and tax advisers currently operating to high levels and qualified through alternative, but no less robust, professional bodies than the ICAG. Diversity and choice in qualifications are important and integral components in improving standards and delivering confidence in the Ghanaian economy and whilst we agree that some protection of the term accountant is vital, it should not be to the exclusion of alternative high quality and regulated qualifications.

AIA membership is attained by passing the AIA professional qualification (assessed and confirmed as being equivalent to Masters level degree), coupled with the completion of three years initial professional development (IPD)/work experience, which is assessed and approved by AIA. The AIA qualification is regulated by the Financial Reporting Council and AIA is named within the Companies Act as Recognised Qualifying Body for statutory auditors. Members must abide by the AIA articles, bye-laws, rules and regulations, and code of ethics, and only to use the prescribed designation and descriptions whilst a member. AIA has robust disciplinary processes which deal effectively with professional misconduct. AIA believes the statutory recognition awarded by the UK government and regulation by an independent body should offer sufficient reassurances that its members are qualified, experienced and skilled to work within the accountancy sector in Ghana, undertaking both accountancy and tax work.

Finally, we consider that the Bill should widen its scope to recognise professional bodies that can prove via statutory recognition and regulation that they provide suitable qualifications and membership requirements to operate in Ghana, that should safeguard the continuity of employment, the opportunities for global business and the maintenance of professional standards and opportunities that those professional bodies that have an existing relationship and established pathway to membership with ICAG such as AIA are named within the legislation.

Section 26.1, 26.2 and 26.3.

The terminology in these sections should be amended to restrict use to individuals that hold a professional qualification and membership set at minimum degree standard, or should name individual professional bodies that already offer an existing pathway to membership with ICAG. We have encountered examples of recognition being

determined by membership of external organisations, such as the International Federation of Accountants (IFAC), however we would advise against using such membership as benchmark in this instance, as it does not resolve the issue that the Bill is seeking to address in ensuring a minimum standard of qualification for those undertaking accountancy work.

Submitted by:

TOGBE KORKU GANU III

CHAIRMAN – AIA GHANA BRANCH

E-mail: ghana@aiaworldwide.com

Tel: +233 24 444 2053