

THE BOTSWANA FINANCIAL REPORTING ACT 2007

Addressing the Accountants on their 5th International Conference, the Minister of Finance and Development Planning Mr Gaolathe warned that the Financial Reporting Act, due to go through Parliament later this year would revolutionise the accounting profession in Botswana. A message to those fly by night accountants was that there should be wary because the FRA was on its way to uncover them. He had this to say:

“It is perhaps opportune for me to say a word or two on the current efforts to review the accountants Act. The proposed Financial Reporting Act, an act which establishes the Botswana Accounting Oversight Board and reconstitutes the Botswana Institute of Accountants is indeed a milestone in refocusing the future strategic direction of professional bodies in Botswana, in particular, the Botswana Institute of Accountants. The Act shall at the same time establish and strengthen the regulatory framework and facilitate oversight of professional bodies. This is more like a case of policing the policeman so to speak,” He said.

The proposed Act, which should go through parliament by the end of the year, brings into play a new dimension into the responsibility of the Botswana Institute of Accountants as it imposes a public interest objective on professional accountants and requires them to report on how they have fulfilled that obligation in their regular reports to the Botswana Accounting Oversight Board.

The Botswana Accounting Oversight Board will exist as a superior body independent of all the professional bodies in Botswana in order to monitor their activities. The Board fulfils this by regulating the reporting of financial matters of public interest entities and the corporate sector and entrusting the Botswana Institute of Accountants with the responsibility to represent its members' interests, develop the accounting profession, protect the public interest, and ensure observance of the highest ethical standards. Mr Gaolathe told the accountants that he was mentioning all that to them because there had a lot that they would be expected to do once the Act was passed and as the expression went 'to be forewarned is to be forearmed'.

The Botswana Financial Reporting Act, 2007

A synopsis

This Act repeals the Accountants Act, 1988 and replaces it with the Financial Reporting Act (FRA). The new Act establishes the Botswana Accounting Oversight Board (BAOB) and reconstitutes The Botswana Institute of Accountants. The major emphasis of the new Act is two fold. First, it imposes a public interest obligation on professional accountants and requires them to report on how they have fulfilled that objective in their reports to the Board. Secondly, it establishes the BAOB as a superior body independent of the professional bodies in Botswana, in order to monitor their activities. The Board fulfils this by regulating the reporting of financial matters of public interest entities and the corporate sector and entrusting the Botswana Institute of Accountants with the responsibility to represent its members' interests, develop the accounting profession, protect the public interest and ensure observance of the highest ethical standards by its members.

The FRA first reconstitutes the BIA and comes up with new responsibilities of the protection of public interest through promotion of the highest standards of professional ethics consistent with IFAC principles and promoting high quality accounting, auditing and financial reporting standards and practices.

The Act strengthens the technical aspects of the Institute by creating the post of Technical Director to administer ethical and disciplinary matters and also strengthens the training and professional development by creating a director post to drive continuing professional development requirements, conducting examinations, establishing accounting qualifications and developing the status of Certified Public Accountant in Botswana.

Perhaps the most telling addition to the old act is the clarification that all professional accountants in Botswana be registered with the BIA or any other professional accountancy body accredited by the Board for this purpose. Since BIA is the only accredited body in Botswana at the moment, all accountants should therefore be registered with it. In the language of the Act, everybody who holds himself/herself out as a professional accountant, or renders accounting services for a salary or fee or use any description or designation likely to create the impression that he/she is a professional accountant shall register with the Institute. Instead of listing the other professional accountancy qualifications that would qualify for registration with BIA as previously done in schedule 4 of the Botswana Institute of Accountant 1988, the new Act refers to a professional accountancy qualification of an IFAC – recognised professional accountancy body. The new Act also incorporates a requirement that for a professional accountant to be allowed to remain in practice, he/she must comply with any continuing education and professional requirements as the institute may specify from time to time in its rules.

Accountability

The Accountability of the Institute is changed to prescribe the contents of the annual report to include an over view of its activities and a strategic plan; a profile of Council members and their attendance at Council meeting. All this to be filed with the BAOB. The Institute is expected to furnish the Board within 90 days with its activities regarding the fulfilment of its public interest obligation and a discussion of its performance indicators.