



# THE INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA

(Established by the Act of Parliament Number 15 of 1965)

## ICAN STATEMENT ON LICENCE TO PRACTISE AND THE SIGNING OF AUDITED ACCOUNTS BY CHARTERED ACCOUNTANTS

The Institute of Chartered Accountants of Nigeria refers to the recent circulars from Securities and Exchange Commission and Corporate Affairs Commission, both on the mode of signing audited accounts and financial statements examined by Chartered Accountants.

The circulars were premised on the decision of the Court of Appeal in the case of **Unegbu Vs KPMG & Anor** wherein the court ruled that Reports on audited accounts and financial statements examined by Chartered Accountants must be signed specifically by the Audit Partner who reviewed the accounts. This is contrary to the current practice by which a partner signs in the name of the Firm. This decision was based on the 2007 Supreme Court decision in the case of **Okafor v Nweke** which laid a new precedent on signing of legal documents.

Mazi Unegbu had sued KPMG and Guinness in the Federal High Court Lagos in 2009 stating that the audited accounts for the 2008 financial year was not properly signed and as such should be discountenanced.

The current position is that the Institute issues Licence to Practise to its members who are qualified to practice and only those members with Licence to Practise can examine Financial Statements and sign the Auditor's Report.

The Institute also adopted and adapted auditing Standards issued by the International Federation of Accountants (IFAC) to guide its members on their examination and review of financial statements. The adapted standards are coded in the Nigerian Standards on Auditing (NSA).

NSA28 makes provision for signing of the Auditor's report and it states in paragraph 16.1 and 16.2 that:

**"The Auditor's Report should be signed"**

**"The Auditor's signature should be in the name of the audit Firm together with the official seal of the Chartered Accountant signing the Report".**

In December 2013, the Court of appeal delivered its ruling refusing to grant the application filed by KPMG for stay of execution of the Federal High Court judgement.

Based on this ruling, both SEC and CAC wrote to the Institute requesting it to direct its members to comply with the decision of the court as reports not signed in line with the judgement would be rejected.

The International Federation of Accountants (IFAC) has just released an exposure draft (ISA 700 Revised) on the mode of signing audited accounts which states in Paragraph 42:

**"The name of the engagement Partners shall be included in the Auditor's report for audits of financial statements of listed entities unless, in rare circumstances, such disclosure is reasonably expected to lead to a significant security threat to the individual."**

This position is in line with the High Court judgement and the directive of the regulatory bodies.

Based on the foregoing, the Institute's Governing Council deliberated on the issues and approved the following for immediate implementation:

- a. Individual members would be issued with Licence to Practise;
- b. Every member licensed to practise will apply for renewal;
- c. Renewal of Licence would be granted only after a successful practice monitoring/peer review exercise;
- d. Members can only be Partners in one firm at any point in time;
- e. Seals would be issued to individual members;
- f. The new Licence will have a validity period of three (3) years;
- g. The Issuance of Compliance Certificate has been discarded.
- h. Individual Partners will sign the Auditor's report for and on behalf of the firm e.g.

Signed  
Jibodu Musa Okoro, FCA, FRCN No .....  
For: ABX and Co  
Chartered Accountants

The signature, ICAN Seal, ICAN Stamp and FRCN No should belong to Mr J.M Okoro FCA who now signs as the engagement Partner.

The Institute of Chartered Accountants of Nigeria (ICAN) was established by the Act of Parliament Number 15 of 1965 and is a founding member of International Federation of Accountants (IFAC), Association of Accountancy Bodies of West Africa (ABWA) and Pan African Federation of Accountants (PAFA).

ICAN is empowered to set standards of knowledge and skill to be attained by persons wishing to become members of the accountancy profession in Nigeria. The Institute has over 37,000 members and over 120,000 students on its registers and conducts professional examinations twice in a year. Its vision is to be a leading global professional body while its mission is to produce world-class Chartered Accountants, regulate and continuously enhance their ethical standards and technical competence in the public interest.

ICAN produced the first president of PAFA, has a permanent seat on the Board of PAFA and a seat on the Board of IFAC. The Institute is also engaged in broadening the frontiers of the profession in Africa by mentoring sister bodies for international recognition.

**ROTIMI A. OMOTOSO MBA, FCA**  
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