

MONEY & MARKETS

ICPAK orders disclosure of key audit queries to shareholders

REGULATION Regulator asks members to adhere to new ISA rules in cutting fraud

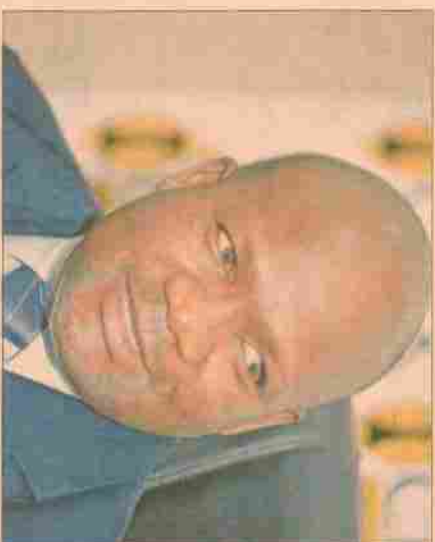
BY BRIAN NGUGI

The Institute of Certified Public Accountants of Kenya (Icpak) has advised auditors to comply with new guidelines that require greater disclosure of key audit issues.

Icpak chairman Fernandes Barasa yesterday said that the institute would strictly enforce the International Standard on Auditing (ISA) guidelines that

mandate auditors to disclose to shareholders audit information that was previously only communicated to management through confidential letters

The new standards that came into force in January will bring to light audit queries raised on matters such as fraud, corruption, money/laundring, tax payments, financial products and services, environmental protection, public health and safety.



ICPAK chair Fernandes Barasa. The new auditing regime started in January and affects statements ending on or after December 2016.

SALATON NIAU

"The International Auditing and Assurance Standards Board's new ISA 701 standard will alter

the form and content of audit reports. In effect, the standard lifts the veil on the confidential-

ity principle in certain cases, subject to existing legal framework," said Icpak chairman Fernandes Barasa.

"ISA 701 is mandatory for all listed entities. We highly recommend all public interest entities to adopt it in their subsequent reporting." This ISA is effective for audits of financial statements for periods ending on or after December 15, 2016.

The standard was adopted by global bodies as a response to calls for auditors to be more transparent to give investors and other interested parties knowledge of the aspects of the companies' financial statements that the auditor also found to be challenging.

The Kenyan audit fraternity has in recent years been on the spot after creative accounting was exposed among some listed firms,

leading to pressure on ICPAK to enforce stricter audit standards to protect the public from fraud.

A number of firms including Imperial Bank, Dubai Bank, CMC Holdings, Muminis Sugar, Kenya Airways and Uchumi have at various points hit financial trouble without their auditors raising the alarm.

New regime

The new audit regime will therefore boost the capacity of investors to make good investment decisions in listed firms.

Mr Barasa said the standard will apply to all categories of professional accountants and auditors, including those in public service, private practice, and non-profit organisations.

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