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Icpak roots for audit standards

Body says listed firms should adopt new international benchmark

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Institute of Certified Public Accountants of Kenya (Icpak) is urging listed firms to adopt the new International Standard on Auditing (ISA) 701 to help them deal with issues related to law and regulations.

It said the standard will alter the form and content of auditing reports presented to stakeholders and urged officials in the public sector to adhere and participate in the “audit exit”, where issues of major concern to the auditor are explained.

According to Icpak, the standard requires that the auditor provides additional information to users of the financial statements to assist them understand matters that are significance in the audit.

ISA 701 is mandatory for all listed entities and took effect in January.

Speaking during the 25th Economic Symposium in Nairobi yesterday, Icpak chairman Ferdinand Barasa said the audit standards “lift the veil on” on confidentiality principle in

certain cases that would breach laws and regulations.

“It will deal with matters such as fraud, corruption and bribery, money laundering, tax payments, financial products and services, environmental protection, and public health and safety,” he said.

The standard applies to all categories of professional accountants.

“We recommend all public interest entities to adopt ISA 701 in their subsequent reporting. In view of this, the Icpak Council has mandated the Professional Standards Committee to sensitise regulators and those charged with governance on the impact of new and revised standards,” said Barasa.

The institute also noted with concern the recent attempt by Members of Parliament to pass a law that will allow them to continue receiving salaries and allowances after the August General Elections until March 2018.

Barasa said ICPAK does not support a plan that contravenes the Constitution, adding that paying MPs Sh3.3 billion for eight months after the election would be outrageous.

“It’s ironical for MPs to contemplate awarding themselves a hefty retirement package with ease at a time when the country is grappling with devastating drought, a ballooning public wage bill and demands from doctors and lecturers for more pay,” he said.