AMENDMENTS TO THE ACCOUNTANTS ACT, 2012: A NEW DAWN FOR ACCOUNTANTS IN KENYA

The Finance Act 2012 introduced significant amendments to the Accountants Act, 2006, which came into force on 1st January, 2013. These amendments have strengthened the profession as well as help the government to improve the accountability and transparency of the profession. The amendments are essential for enhanced accountability and governance. Among the significant amendments are the following:

Definition of Accountant

In Part II of the Act, the Finance Act has amended the definition of Accountant. The Act now explicitly states the criteria that a person must meet to be registered as an Accountant. It now states that “accountant” means a person registered as an accountant under Section 5 of the Accountants Act, 2006. This amendment clarifies the profession's scope and helps to maintain an enhanced level of engagement with the users of accountancy services.

Definition of Accountancy

The amendment under the Act does not define to include practice in accounting, financial reporting, control systems, systems auditing, accounting, internal accounting and auditing, finance, financial management, public finance management, taxation, financial risk management, management consulting and audit services. The revised definition recognizes the growth in Accountancy area over the years and widens the registration of the profession to emerging areas.

Professional conduct, protection in practice and enhanced rights

Accountants have been in the receiving end in the wake of unending graft related cases. They have been accused of being compliant and passive participants in these harrowing economic crimes. To address this problem, the amendment provides a new section that protects Accountants from vindictive employers and clients in cases where they detect issues and inform authorities on such malpractices.

Provision of certain professional standards

Section 10 introduces several sub-sections that give effect to this new approach. The amendment provides for the establishment of a committee to assess the ethical guidelines and applicable standards in the field of accountancy. This committee shall not be appointed until the Act is amended to give effect to the new requirement in accordance with regulations. The amendment provides that the professional standards prescribed shall be published in the Gazette and shall be considered by the Council in the promulgation of standards.

FINES AND REMEDIES

In addition, all individual practitioners alike but who have not practiced in accordance with the amended Act shall be subjected to a fine not exceeding fifty thousand shillings or to imprisonment for a term not exceeding twelve months in default.

Conclusion

The leadership of the Institute is confident that these amendments will go a long way in enhancing accountability and corporate governance across all sectors of the economy. These amendments are intended to promote professionalism among our members and uphold the Institute's reputation for excellence.

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(The Institute of Certified Public Accountants of Kenya (ICPA) is the statutory body of Accountants established in 1979 and draws its mandate from the Accountants Act No 20 of 1999. It is a member of the Pan African Federation of Accountants (PAFAC) and the International Federation of Accountants (IFAC), the Global Accountancy umbrella body.)