

AFIAAR Member Profile



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1. Jurisdiction	1.1 Insert the name of the jurisdiction in English: Botswana
2. Member	2.1 Insert the name of the Member, both in the local language and in English: Botswana Accountancy Oversight Authority (BAOA)
	2.2 Include relevant contact information, including postal address, telephone numbers, a link to the website and other relevant information: 10th Floor, Varsha House Gaborone CBD Private Bag 0056, Gaborone, Botswana. Tel.: +267 3919735 Fax: +267 3919737 Website: www.baoa.org.bw
	2.3 Include the basis for establishment of the Member, as well as the legislation or regulations which provide the Member the authority/mandate with respect to audit regulation. Please describe with an appropriate level of detail the mission and responsibilities of the Member with respect to audit regulation: <p>The Botswana Accountancy Oversight Authority was established as the independent oversight body of the accounting and auditing profession; to regulate the reporting of financial matters of public interest entities and the corporate sector; and for matters incidental thereto.</p> <p>The principal objectives of the Authority shall be to provide oversight to accounting and auditing services and promote the standard, quality, and credibility of providing financial and non-financial information by entities, including public interest entities and, without limiting the generality of the foregoing, shall be to:</p> <ol style="list-style-type: none"> promote the highest standards of auditors, whether or not registered with the Authority; improve the standard and quality of accounting and audit services; improve the integrity, competence, and transparency of accountants and auditors; promote development of the accountancy profession;

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	<ul style="list-style-type: none">e) protect the interest of the general public and investors in entities, including public interest entities;f) ensure compliance with and application of local and international accounting and auditing standards;g) promote high standards of corporate governance and compliance with professional ethics;h) monitor and adopt international developments in accounting and auditing fields;i) encourage effective collaboration with other regulators.j) implement a sound system of quality assurance and mechanisms to ensure high quality audit practice; andk) act as a supervisory authority under the Financial Intelligence Act. <p>BAOA's full mandate as derived from its legal functions as stated in the Financial Reporting Act, (The Act) is as follows:</p> <ul style="list-style-type: none">a) issue, adopt, establish, monitor, and enforce financial reporting and auditing standards;b) monitor the quality and fairness of financial reporting;c) monitor and enforce compliance with the reporting requirements provided under any relevant enactment;d) ensure and enforce compliance with standards and pronouncements issued by the International Accounting Standards Board and the standard setting boards of the International Federation of Accountants;e) oversee and monitor the services and professional conduct of certified auditors of Public Interest Entities;f) issue accounting and auditing rules, codes, and guidelines in accordance with the relevant laws and international standards;g) conduct investigations and, where necessary, impose relevant sanctions on certified auditors, officers of Public Interest Entities as well as on Public Interest Entities or other entities;h) establish, maintain, and apply an investigation system and disciplinary procedure against certified auditors and firms of Public Interest Entities as well as against Public Interest Entities or other entities and, where necessary, coordinate with or refer any disciplinary proceedings to other regulators;i) coordinate and cooperate with international institutions in the development and enforcement of financial reporting and auditing standards;j) oversee and monitor the regulatory system, training, professional development programs and examinations and other activities of the Institute;k) initiate, organize, and participate in educational and training programs in accounting and auditing;l) encourage, and where appropriate, finance research into any matter affecting financial reporting, accounting, auditing and corporate governance;
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	<p>m) provide accreditation to the institute and other professional accountancy bodies;</p> <p>n) register Public Interest Entities and other entities, including a partly or wholly funded public body; and</p> <p>o) perform such other duties or functions as the Authority deems necessary for the purposes on implementing the provisions of the Act.</p>
3. Governing Body Composition and members	<p>3.1 Describe with an appropriate level of detail the current composition of the Member's governing body, including the ratio between Board members who are independent from the audit profession and those who are not. The audit profession includes, for example: audit firms, professional accountancy bodies and bodies or entities associated with the audit profession.¹</p> <p>In terms of the Act, the functions and powers of the Authority shall be exercised and performed by a Board of Directors (independent of the audit profession) consisting of nine prominent individuals of integrity and reputation as follows:</p> <ul style="list-style-type: none"> i the Accountant General or his or her representative; ii the Governor of the Bank of Botswana or his or her representative; iii the Commissioner General of the Botswana Unified Revenue Service or his or her representative; iv the Chief Executive Officer of the Non- Bank Financial Institutions Regulatory Authority or his or her representative; v the Chief Executive Officer of Business Botswana or his or her representative, and vi the Chief Executive Officer of the Botswana Stock Exchange or his or her representative; vii two experienced professional accountants (experts) appointed by the Minister of Finance on recommendation of the ex-officio members. They hold office for a term of four years and shall be eligible for re-election for one further term; and viii one academic professional accountant appointed by the Minister on recommendation of the ex-officio members. The appointed members shall hold office for a term of four years and shall be eligible for re-election for one further term. <p>Six members (a) to (f) above are ex-officio members and serve as members by virtue of the office they hold.</p> <p>Detailed profiles can be accessed at: Board of Directors – BAOA</p> <p>All Members are independent as none of the Members in the Governing Body are from the audit profession.</p>

¹ An individual is independent of the profession even if he is a CPA, Chartered Accountant, or holder of another equivalent qualification, as long as this individual is not employed by or affiliated to a registered audit firm, nor employed by or affiliated to of a professional accountancy body, nor employed by or affiliated to bodies or entities associated with the audit profession

	<div data-bbox="549 282 1359 376"> <p>3.2 What are the eligibility criteria / requirements and composition requirements for the members of the governing body?</p> </div> <div data-bbox="536 416 1370 517"> <p>In terms of the Act, Section 101 provides that : a person shall not be appointed or elected as a member of the Board or be qualified to continue to hold office as a member who:</p> </div> <div data-bbox="536 560 1370 1160"> <ul style="list-style-type: none"> a) is not a citizen of Botswana; b) has in terms of a law in force in any country: <ul style="list-style-type: none"> (i) been adjudged or otherwise declared bankrupt or insolvent and has not been discharged; or (ii) made an assignment, arrangement, or composition with his or her creditors, which has not been rescinded or set aside; c) has within a period of 10 years immediately preceding the date of his or her proposed appointment, been convicted: <ul style="list-style-type: none"> (i) in Botswana, of a criminal offence, or (ii) outside Botswana, of an offence which if committed in Botswana, would have been a criminal offence, and sentenced by a court of competent jurisdiction to imprisonment for six months or more without the option of a fine, whether that sentence has been suspended or not, and for which he or she has not received a free pardon; or d) has committed a material breach of the Code of Conduct and Ethics adopted by the Board. </div> <div data-bbox="536 1202 1370 1339"> <p>Section 10 (2) provides that:</p> <p>An auditor or former auditor shall not be appointed or elected a member of the Board.</p> </div>
	<div data-bbox="549 1373 1359 1496"> <p>3.3. Is each member of the governing body independent from the audit profession? The audit profession includes, for example: audit firms, professional accountancy bodies and bodies or entities associated with the audit profession.³</p> </div> <div data-bbox="580 1527 858 1556"> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> </div>
	<div data-bbox="549 1628 1334 1688"> <p>3.4 If the answer to question 3.3 is “No”, is the majority of the members of the governing body non-practitioner? N/A</p> </div> <div data-bbox="549 1720 954 1749"> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p> </div>
	<div data-bbox="549 1821 1359 1912"> <p>3.5 If the answer to question 3.3 is “No”, which safeguards are in place to provide for the Member’s overall independence from the audit profession?</p> </div> <div data-bbox="536 1944 580 1973"> <p>N/A</p> </div>

3.6 Is there a restriction or refusal process that is applicable to members of the governing body of the Member who are current or former auditors/practitioners?

☒ **Yes**

☐ **No**

Does this include a “cooling-off” period for former auditors?

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	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If yes to either of the above, please describe: Section 10 (2) provides that: An auditor or former auditor shall not be appointed or elected a member of the Board.
	3.7 Other than the governing body, are members of the profession involved in the Member's organization (including in any inspections, committee or panel role) ? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If yes, please describe their role with an appropriate level of detail, including the ratio between those who are independent and those who are not in the relevant function and whether such role includes decisional or control authority:
4. Funding Arrangements	<div style="border-bottom: 1px solid black; padding-bottom: 10px;"> 4.1 Describe the main funding arrangements of the Member, including the setting and approval of the budget and the fees, if any: BAOA is mainly funded by the Government. BAOA prepares a budget of its requirements at least nine months before the end of each financial year and presents it to the Government through the Ministry of Finance for approval. Once approval is given, Management makes quarterly drawdowns of the funds allocated. </div> <div style="padding-top: 10px;"> 4.2 Is the funding free from undue influence by the profession? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please describe with an appropriate level of detail the safeguards in place to prevent undue influence by the profession: BAOA is mainly funded by the Government. Currently BAOA has no intention of establishing direct review-based fees which may compromise its independence from the accountancy profession which it regulates. BAOA recovers a small proportion of its fees (about 6%) from its members </div>

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5. Inspection System	<p>5.1 Does the Member have the responsibility for recurring inspections of audit firms undertaking audits of public interest entities (PIEs)?</p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <hr/> <p>5.2 Is this responsibility undertaken directly or through oversight of inspection conducted by another organization?</p> <p><input checked="" type="checkbox"/> Directly <input type="checkbox"/> Through Oversight</p> <p>If through oversight of another organization, please describe with an appropriate level of detail the other organization, its relation to the Member, its role, and the arrangements for oversight:</p> <p>N/A</p> <hr/> <p>5.3 Please describe with an appropriate level of detail the requirements and practices regarding the frequency of inspections:</p> <p>The Audit Practices Procedures require that such inspections be undertaken at least once every three years (three-year inspection cycle). If a certified audit firm or certified auditor passes an inspection, the next review will be carried out in the next cycle. If a certified audit firm or certified auditor fails a review, that firm or certified auditor will require to be re-reviewed within the three year-cycle reviews period or is referred to the Enforcement Committee for appropriate action if the performance is judged to be unacceptable.</p>
6. Audit and Financial Market	<p>6.1 Provide the number of audit firms subject to inspections. Include an indication of the number of public interest audits (PIEs) and other audits that fall under the Member's oversight or mandate.</p> <p>There are currently 33 registered audit firms in Botswana.</p> <p>There are 600 Public Interest Entities that BAOA monitors through inspections as well as Financial Reporting Monitoring and Corporate Governance reviews. The Authority is also responsible for the monitoring of non-Public Interest Entities audits.</p> <p>The Authority is also responsible for the accreditation and oversight of Professional Accountancy Organisations.</p>
7. Main Other Responsibilities of the Member <u>within</u> the area of Audit Oversight	<p>7.1 Please indicate whether the Member has responsibility for tasks other than Inspections within the area of Audit Oversight:</p> <p><input checked="" type="checkbox"/> Registration/Licensing <input checked="" type="checkbox"/> Audit and/or Ethics Standard Setting <input checked="" type="checkbox"/> Permanent Education of Auditors <input checked="" type="checkbox"/> Enforcement Other:</p>

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<p>8. Main Other Responsibilities of the Member <u>outside</u> the area of Audit Oversight</p>	<p>8.1 Please describe with an appropriate level of detail whether the Member has responsibility for tasks outside the area of audit oversight such as Supervision of Financial Reporting or Securities Regulation:</p> <p>Specific to Supervision of Financial Reporting, BAOA's responsibilities through its Board's subcommittee, the Financial Reporting Monitoring Committee (FRMC) is to review the financial statements of Public Interest Entities (PIEs) or other entities required under any enactment to file its financial statements and reports with a Government Department or Authority, in order to determine whether they are in compliance with the law and applicable reporting requirements as stipulated in the Act and the Authority's Rules and Regulations; with the ultimate objective of protecting public interest. In fulfilment of the foregoing, the FRMC shall:</p> <ul style="list-style-type: none">a) review financial statements for compliance with financial reporting requirements of any relevant enactment; financial reporting standards issued by the Authority under Section 52 of the Act; Rules, Regulations or Codes made under the Act; and to identify cases where it appears that these requirements have not been complied with;b) review financial statements to assess the performance of PIEs, in particular those that are regarded to be under financial stress. Ratio analysis and other analytical procedures may be used to assess the liquidity, profitability, gearing and efficiency of the entities, amongst other assessment tools; andc) promote the highest standards of corporate governance and compliance with professional ethics.
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