

THE FINANCIAL REPORTING ACT
Guidelines issued by the Financial Reporting Council under
Sections 6(2)(f) and 24 of the Financial Reporting Act

1. Short title

These guidelines may be cited as the Financial Reporting (Reporting on Compliance with the Code of Corporate Governance) Guidelines 2019.

2. Interpretation

In these guidelines –

“Act” means the Financial Reporting Act;

“audit report” means an audit report made by a licensed auditor in compliance with the International Standards on Auditing Series 700;

“Code” means the Code of Corporate Governance issued by the National Committee on Corporate Governance and published in the Government Gazette as General Notice No. 1804 of 2016.

3. Application of guidelines

These guidelines shall be in addition to, and not in derogation from, the Act.

4. Responsibilities of licensed auditor as regards compliance with Code

Where a licensed auditor reports, pursuant to section 39(3) of the Act, on the compliance with the Code disclosed in the annual report of a public interest entity, he shall –

- (a) take into consideration the report on corporate governance submitted by the public interest entity under section 75(2) of the Act;
- (b) verify whether the statement of compliance submitted by the public interest entity under section 75(3) of the Act is consistent with the requirements of the Code; and
- (c) review the explanations given by the public interest entity for non-compliance with any requirement of the Code, if any.

5. Report of licensed auditor on compliance with Code

- (1) Where a licensed auditor makes a report, in his auditor’s report, on the compliance with the Code, that report shall, in the “Other Information” paragraph, appear under a separate subparagraph as “Corporate Governance Report”.

(2) The auditor's report shall –

- (a) in case the public interest entity has complied with all the requirements of the Code, be as follows-

“Our responsibility under the Financial Reporting Act is to report on the compliance with the Code of Corporate Governance disclosed in the annual report and assess the explanations given for non-compliance with any requirement of the Code. From our assessment of the disclosures made on corporate governance in the annual report, the public interest entity has, pursuant to section 75 of the Financial Reporting Act, complied with the requirements of the Code”.

- (b) in case the public interest entity has partially complied with the requirements of the Code be as follows-

“Our responsibility under the Financial Reporting Act is to report on the compliance with the Code of Corporate Governance disclosed in the annual report and assess the explanations given for non-compliance with any requirement of the Code. From our assessment of the disclosures made on corporate governance in the annual report, the public interest entity has not disclosed and/or has failed to satisfactorily explain the reasons for non-compliance with requirement/s of the Code (specify the requirement/s)”.

- (c) in case the public interest entity has not complied with the requirements of the Code and not provided any explanations, be as follows-

“Our responsibility under the Financial Reporting Act is to report on the compliance with the Code of Corporate Governance disclosed in the annual report and assess the explanations given for non-compliance with any requirement of the Code. From our assessment of the disclosures made on corporate governance in the annual report, the public interest entity has, pursuant to section 75 of the Financial Reporting Act, not complied with the requirements of the Code”.

6. Revocation

The Financial Reporting Council (Reporting on Compliance with the Code of Corporate Governance) Guidelines 2013 are revoked.

Made by the Financial Reporting Council on 23 January 2019.
