



an overview of the  
**Maldives Chartered Accountants Bill**

## Introduction

In an effort to develop and improve the accountancy profession in the country, the government of the Maldives has submitted the Maldives Chartered Accountants Bill to the Parliament. While the bill largely covers procedural aspects, it is set out to establish and incorporate a separate and independent legal entity under the name of the Institute of Chartered Accountants of the Maldives (ICAM), granting it the statutory responsibility of regulating the accountancy profession in the country.

Some of the wider objectives the government wants to achieve through the bill includes;

1. Ensuring that accounting practitioners are familiar with International Standards and are knowledgeable, proficient and responsible in their practices;
2. Regulating the Financial Accounting, Auditing and other standards to be followed by the private sector; and
3. Assist in implementing accrual basis of accounting in state owned enterprises through professional advice.

## The Institute

With the ratification of the Act, the ICAM will be the national regulator of the accountancy profession. The institute will primarily have an “employment” function in the administration and promotion of chartered accountants, and a supervisory and disciplinary function in setting both ethical and professional standards.

The main objective of the institute is to ensure that accounting practitioners are competent and independent in their practices. As such, the institute is granted with the following powers and responsibilities.

## Powers and Responsibilities

1. Record and register members with the institute;
2. Safeguard the interests of the members of the institute and assist in obtaining employment opportunities (both in the Maldives and abroad);
3. Convey the knowledge of financial accounting, management accounting, financial accounting standards, and audit & assurance standards;
4. Determine the prospectus/curriculum of management accounting programmes, financial accounting programmes, professional programmes and technical accounting programmes, and conduct and provide for the conduct of such programmes in the Maldives;
5. Take disciplinary action against practitioners who fail to meet the accounting standards, audit & assurance standards and the code of conduct determined by the institute; and
6. Take any other action necessary to achieve the objectives of the institute.

## Members and Other Registrants

Persons eligible to register with the ICAM are:

1. Members of the institute
2. Affiliates
3. Students; and
4. Accountants in business

## **Members**

Associate Members and Fellow Members will be registered as Members of the Institute. Associate Members will be allowed to use the abbreviation 'ACA' after their names, reflecting they are Associate Members of the institute and Fellow Members will be allowed to use the abbreviation 'FCA' after their names, reflecting they are Fellow Members of the institute.

## **Membership Requirements**

To be registered as an Associate Member:

- You must be an associate member of a 'professional accounting organisation' approved by the International Federation of Accountants (IFAC).

To be registered as a Fellow Member:

- At the date of enactment of the Act, you must fulfil the requirements of an Associate Member and have 5 years of continuous experience as an accountant; or
- If you are an Associate Member registered with the institute and have 5 years of continuous experience:
  - in audit & assurance; or
  - in the commerce industry; or
  - as a lecturer in an institute of higher education; or
  - as an accountant in business

you will be registered as a Fellow Member as per the provisions of the regulation.

## **Other Registrants**

Persons eligible to register as other registrants are accountants in business and students.

### **Accountants in business**

Within one year from the ratification of the Act, a person can only work as an accountant in business after registering with the ICAM. The council will make arrangements for accountants in business to register with the institute.

### **Students**

Students enrolled in a course conducted by a professional accounting institute approved by the IFAC will be registered with the institute. The council will also make arrangements for students to register as affiliates upon successful completion of examinations conducted by a professional accounting institution approved by IFAC or on successful completion of any other programme approved by the ICAM.

## Removal of members & other registrants

A member may be removed due to any of the following reasons:

- o Upon death
- o Upon request
- o Payment default (registration fees or any other fee determined by the provisions of the Act or the Regulation authorised by the Act)
- o No longer meeting the requirements of a member
- o Violating the professional standards or code of conduct established by the Act or the Regulation authorised by the Act

## Licensing

Only ICAM approved 'Licenced Auditors' will be allowed to conduct statutory audit & assurance engagements. Within 3 months from the ratification of the Act, ICAM must make arrangements for licensing; and if a person has been granted this title or permission under any other Act, the title and permission to practice will be revoked.

In the time elapsed between the date of ratification of the Act and licensing, auditors granted with the permission to practice by the Auditor General may continue doing so. However, within 3 months, audit and assurance services can only be provided by licensed auditors permitted by the Act.

## The Council

The governing body of ICAM will be a nine-member council comprised of

- o 7 elected representatives from the members of the ICAM;
- o the Auditor General; and
- o the States' Financial Controller.

The president and vice president of the council will be appointed following a secret ballot amongst the members of the council. A two-year term is fixed for the first presidency and vice presidency, and new appointees must be elected 21 days before the expiry of the initial term.

### Transitional Council

Initially, a transitional council will be formed within 21 days from the ratification of the Act, whereby the council will be chaired by the Auditor General of the Maldives for a tenure of 4 years. The remaining appointees are as follows:

1. the States' Financial Controller;
2. a representative from the Maldives Inland Revenue Authority appointed by the Commissioner General of Taxation;
3. two representatives from the Auditor General's Office appointed by the Auditor General; and
4. four private sector practitioners appointed by the Auditor General.

## **Powers and Responsibilities**

The Council will be responsible for the administration and management of ICAM, including registration of members, ensuring provision of necessary education, knowledge and skills and taking any disciplinary action against members who are in violation of the set standards and code of conduct.

## **The Council's Committees**

The following committees will be formed, and certain powers and responsibilities will be delegated to the committees as determined by the Council.

### **1. Management and Finance Committee**

The primary responsibility of the management and finance committee will be the day to day operations and finances of the Institute.

### **2. Academic Committee**

The primary responsibility of the academic committee will be to conduct or provide for the conduct of approved courses and issuance of certificates.

### **3. Ethics Committee**

The Ethics Committee will be responsible to investigate any disciplinary concerns or misconduct it finds, or any complaints reported by a member of the institute or against a member of the institute who is in violation of the code of conduct or the standards established by the Act. The committee will also have the power to determine the most appropriate disciplinary action that needs to be taken against such personnel and submit it to the council for review.

Amongst other disciplinary actions (taking into consideration the magnitude of misconduct), the committee may submit to the council to terminate the right to practice for a certain period, to pay a fine ranging between MVR 5000-MVR 10,000 or even suspend or terminate ICAM's membership.

### **4. Technical and Standards Committee**

The role of the technical and standards committee will be to provide strategic direction from a technical perspective and solve any key issues that arise in implementing the provisions of the Act; and setting the private sector accounting and audit standards.

## Audit Firms

With the ratification of the Act, the following bodies can only be incorporated in the Maldives as per the Regulation made under the Act:

- An entity providing the service of audit & assurance
- A firm of chartered accountant
- A branch of such a firm

Further to this, on top of taking action against individual auditors or member employed in audit firms, the council will have the power to take action against the firm itself, if it is in contravention of the Act.

## Further information

For further information of the Bill, contact any of the following members of our team:



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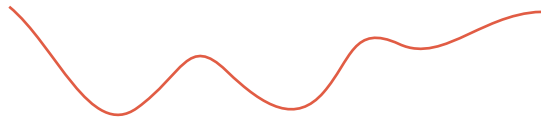
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This publication is intended to provide an overview of the Maldives Chartered Accountants Bill. It should be noted that the information contained herein are based on the Act and has not become law as of yet. The publication is intended to give readers an overview of the structure of the Act and the proposed tax regime. It should not be taken as legal or tax advice of any nature, nor should be regarded as offering detailed explanation of all legal and taxation matters discussed. Readers are advised to seek professional advice specifically to their particular circumstances.