



Financial Services Commission
Mauritius

***Role of Professional Accountants in the
Development of the Financial Services Sector
in Mauritius***

CPA Associates International/ EMEA Conference.

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Introduction

“Professional accountants play an important role in creating, enabling, preserving, and reporting value for organizations and their stakeholders”

(IFAC)

Agenda

- Ethics for Professional Accountants
- Expectations of Professional Accountants
- Legal Requirements
- Development of Business and Jurisdiction
- Changing role / skills of the Accountants (CFO)

Ethics for Professional accountants

IEBSA Code of Ethics for professional accountants (March 2013):-

- Professional accountants are expected to **act responsibly** when engaging in accounting services and reviewing sensitive financial information.
 - expected to exercise **sound moral judgment** in all accounting activities.
 - have the unique responsibility to provide clients with professional services while presenting a **truthful and accurate assessment** of a company
- **Integrity** - be **honest, candid and forthright** with a client
- **Objectivity and independence**
 - Accountants must remain **free from conflicts of interest** and other questionable business relationships when conducting accounting services
- **Due care** requires accountants to exercise **competence, diligence** and a proper **understanding** of financial information.
 - Competence is usually based on individual **education and experience**.
- **Protection** of data and information
- **Communication** with those charged with Governance

Expectations of Professional Accountants

- Transparency in reporting and exercising professional skepticism
- Maintain accounting integrity
- Adopt best practices
- Instil a compliance culture
- Ethical handling of clients' portfolio
- Risk management
- *Whistle blowing role*
- Network of professionals
- Gatekeepers - safeguarding the good repute of the jurisdiction

Legal Requirements

- Qualifications of auditor (Co Act)
- Financial Reporting Act 2004
 - Professional Accountant
 - Public Accountant
 - Licensed Auditor
 - AML/CFT
- Licensing requirements to serve in the Financial Services Sector (FSA)

Qualifications of Auditor

(Co Act - s198)

A person shall not be appointed or act as auditor of a company other than a small private company unless

- a) the person is a member of -
 - i. the Institute of Chartered Accountants in England and Wales;
 - ii. the Institute of Chartered Accountants of Scotland;
 - iii. the Institute of Chartered Accountants of Ireland;
 - iv. the Association of Chartered Certified Accountants; or
 - v. the Institute of Chartered Accountants of India;
- b) he is a person who possesses such qualifications as are in the opinion of the Minister equivalent to those of a member of any body specified in paragraph (a), hereinafter referred to as an “approved auditor”; or
- c) it is a firm or partnership which provides auditing services performed by a person specified in paragraphs (a) or (b).

Financial Reporting Act 2004

- Professional Accountant

1. No person shall hold himself out as a **professional accountant**, or use any description or designation likely to create the impression that he is a professional accountant or be employed in Mauritius, unless he is registered as a professional accountant with the Mauritius Institute of Professional Accountants (MIPA).
2. Every member of –
 - a) the Institute of Chartered Accountants in England and Wales;
 - b) the Institute of Chartered Accountants of Scotland;
 - c) the Institute of Chartered Accountants of Ireland;
 - d) the Association of Chartered Certified Accountants;
 - e) the Institute of Chartered Accountants of India;
 - f) the Chartered Institute of Management Accountants; and
 - g) the South African Institute of Chartered Accountants**shall** apply to the MIPA to be registered as a professional accountant.
3. A person who is a member of a professional accountancy body other than those referred to in subsection (2), and –
 - a) satisfies the **requirements relating to qualifications** in the field of accountancy; and
 - b) has a **minimum of 3 years' practical experience** in the field of accountancy, may apply to the MIPA, to be registered as professional accountant in such form or manner as the MIPA may determine.

Financial Reporting Act 2004

- Public Accountant

- Every professional accountant who intends to practise as a **public accountant** shall apply in writing to the MIPA in such form and manner as the MIPA may require.
- The MIPA shall register an applicant under subsection (1) as a public accountant and enter his name and such particulars as the MIPA considers relevant in the **Register of Public Accountants**, where it is satisfied that the applicant –
 - meets the requirements laid down in the **rules of the MIPA**;
 - has made such arrangements as may be provided in the rules of the MIPA, for **continuing professional education**;
 - is a **fit and proper person**;
 - has **the necessary competence** to practise as a public accountant and a period of more than 2 years has elapsed between the date he has undertaken any education and training as provided by the rules of the MIPA and the date of the application.

Financial Reporting Act 2004

- Licensed auditor (s33)

- ... no person shall hold any appointment, or offer any services for remuneration, as an auditor, unless he holds a licence under this Act;
- No foreign auditor shall be, or shall act as, the auditor of a GBC 1 unless he is authorised or licensed to be, or to act as, an auditor by the regulatory body of the foreign jurisdiction ... and he obtains the prior written approval of the FRC;
- Where ... the Council is satisfied that the applicant -
 - a) holds a practising certificate issued by the MIPA under section 55(2);
 - b) is a fit and proper person; and
 - c) meets such requirements as may be specified in the rules of the Council,the Council shall issue a licence to the applicant authorising him to practise as an auditor.

AML/CFT

The primary reasons for an effective AML/CFT programme include legal compliance, reputation management, protection from criminal prosecution.

Know the exposure - threats posed by your operations, products & services, markets and different customer types

- Develop a programme of people, processes and controls proportional to the quantified risks which can ensure compliance, visibility and protection



Keeping up with ever-changing laws and regulations about financial transactions and money laundering possibilities

- Quantitative impact of defined risks
- Understand how operating locations affect risk
- Profile and risk rate customers and assets

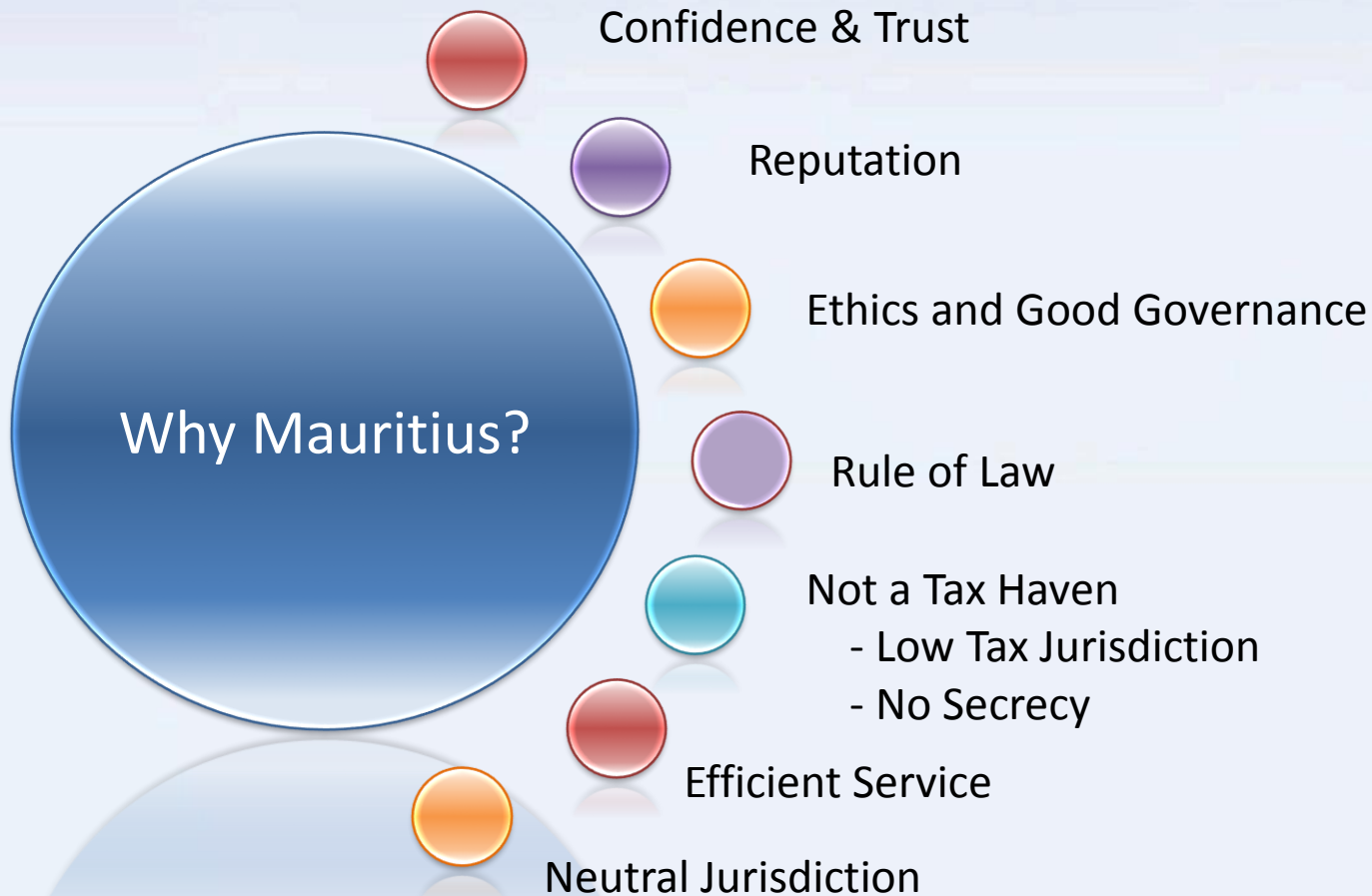
Licensing Requirements to serve in the Financial Services Sector

- All officers of companies that are licensed under the Financial Services Act and relevant acts require the approval of the Commission.
- The Commission also has the mandate to approve audit firms .
- The FSC considers the following:
 - Fit and Proper requirements as per S20 FSA – approval of officers (accountants):
 - Financial standing
 - Relevant education, qualifications and experience
 - Ability to perform the relevant functions properly, efficiently, honestly and fairly
 - Reputation, character, financial integrity and reliability
 - Competence and experience



**Contribution to the
Development of Business and
Jurisdiction
- Mauritius Financial Services Sector -**

Mauritius International Financial Centre



Regulation of Mauritius Financial Services Sector

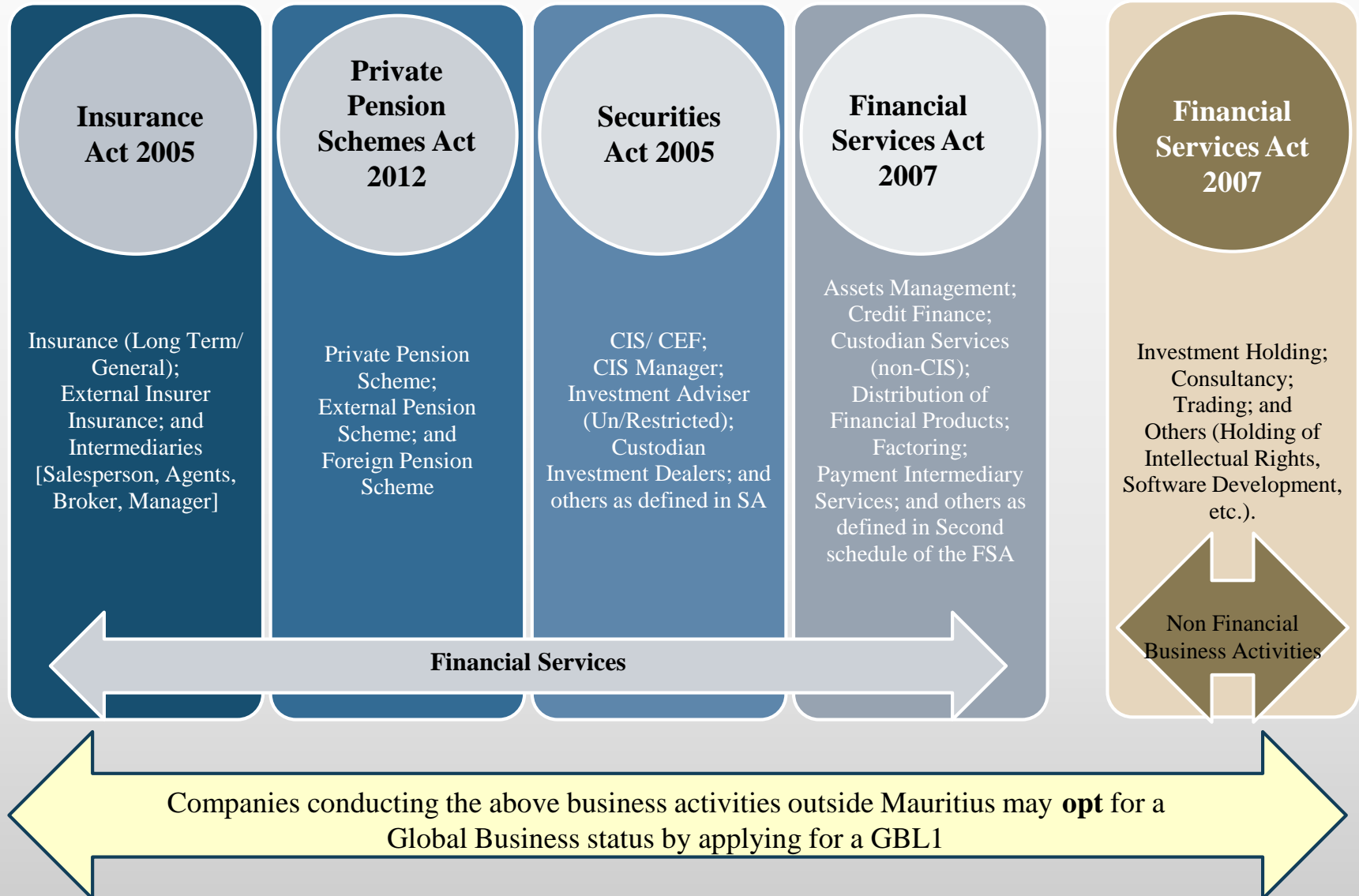
Financial Services Commission (FSC)

- **Insurance**
- **Pensions**
- **Capital Markets**
- **Other NBFIs**
- **Global Business (GB)**

- **Banking Services**

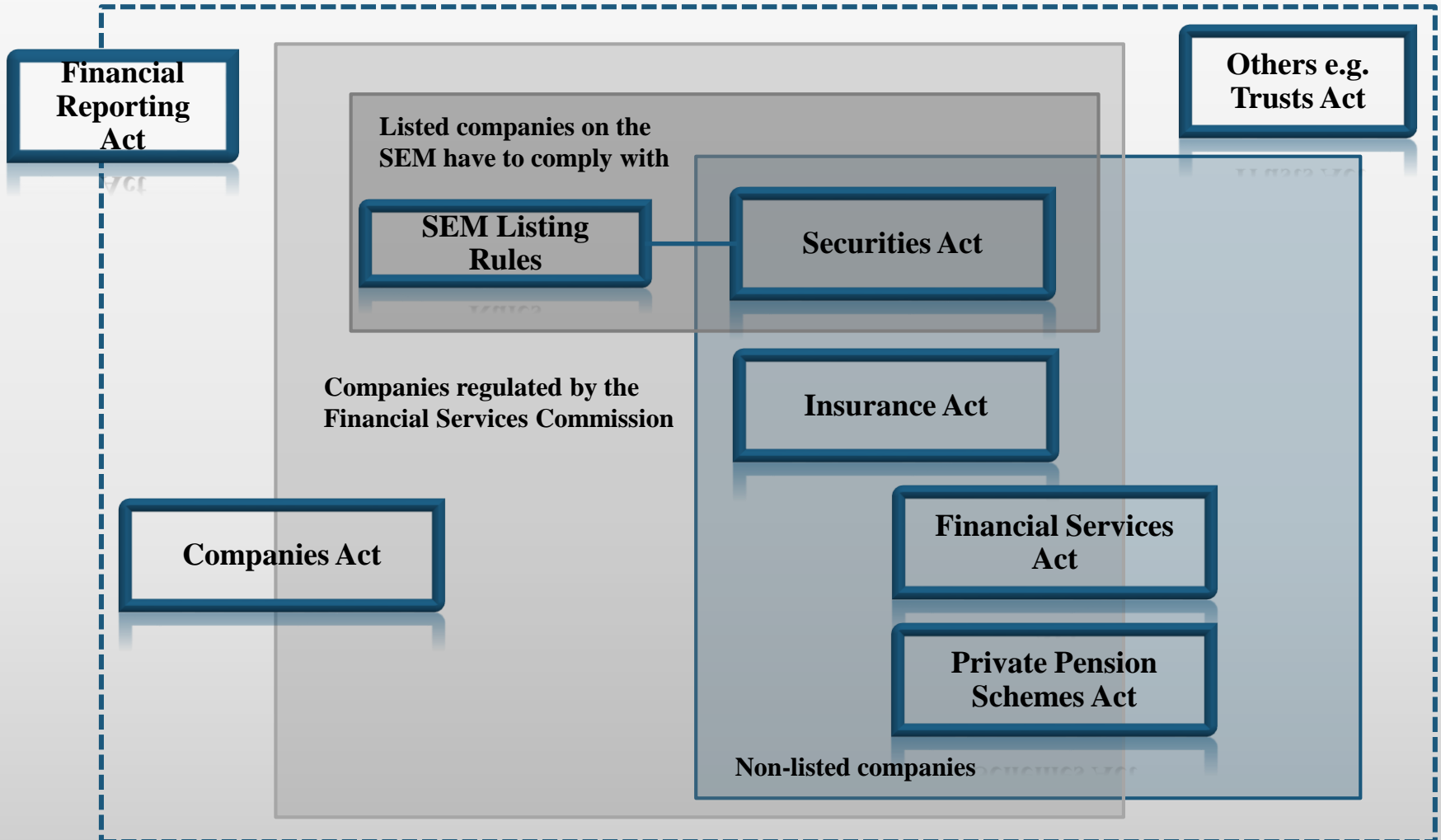
Bank of Mauritius (BOM)

Business Activities



Framework - Non Bank Financial Services Regulatory and Governance

National Code of Governance (GN. 844 of 2005) defines CG as a system by which corporations are directed and controlled. The National Committee on CG issued a Report which explains the different aspects of the Code and how to comply. It uses the comply or explain rule.



Insurance Companies - Accounting

Summary of recognition and disclosure in financial statements

Balance Sheet (BS)	Income statement (IS)	Disclosure
<p>as a defined benefit liability:- the Net total of the following amounts:</p> <p>a) the present value of the defined benefit obligation at the BS date;</p> <p>b) plus any actuarial gains (less any actuarial losses) not yet recognised;</p> <p>c) minus any past service cost not yet recognised; and</p> <p>d) minus the fair value of plan assets, if any, at the balance sheet date.</p> <p>If the amount determined is negative (an asset), then the extent of its recognition in the balance sheet is limited (see guidelines).</p>	<p>the net total of the following amounts as expenses:</p> <p>a) interest cost;</p> <p>b) expected return on any plan assets;</p> <p>c) actuarial gains and losses, to the extent they are recognised;</p> <p>d) past service cost, to the extent it is required to be recognised; and</p> <p>e) resulting gain or loss from any plan curtailment or settlement.</p>	<p>a) accounting policy;</p> <p>b) general description of the plan;</p> <p>c) reconciliation of the assets and liabilities in the BS;</p> <p>d) the amounts included in the fair value of plan assets, if any;</p> <p>e) reconciliation showing the movements in the net liability or asset recognised in the BS;</p> <p>f) the total expense recognised in the IS with breakdown;</p> <p>g) actual return on plan assets, if any; and</p> <p>h) principal actuarial assumptions used in the valuation.</p>

Corporate Governance

- The work of accountants is important for effective corporate governance.
 - The fundamental role of the accountant is to provide transparency in reporting to shareholders and the broader stakeholder groups who have an interest in the performance of the business.
- Accountants are involved in several of the governance mechanisms, which may include
 - nominations committees (identifying appropriate candidates/non-executive directors) for the board,
 - remuneration committees and
 - risk and compliance committees as well as
 - the audit committee.
- The other area where accountants working in business currently support good corporate governance is creating a good compliance culture.
 - Accountant can bring their regulatory knowledge and industry standard experience to their clients to drive through best practice

Changing Role / Skills of the Accountants (CFO)

- **Mandatory CPD** hours to ensure upgrading of skills.
- Principles-based standards require **more judgement and inquisitive** mind;
- Crucial to keep **abreast of changes** – in particular, following financial crisis;
- **New skills set**:- commercial awareness, strong communications, management and leadership skills;
 - Greater involvement in businesses influencing colleagues to achieve better business performance through greater understanding of finance;
- Accountability for regulatory adherence and **compliance**;
- Accountants are expected to bring strategic decision making to bear
 - In addition to their traditional **gatekeeper** responsibilities,
 - **voice of caution** in the face of poor investment strategies & business decisions that are short term and detrimental to shareholder value in the long run.

Changing Role / Skills of the Accountants (CFO)

THE ORGANISATIONAL AGILITY ISSUE

The race has changed

(Bet on this one)

The best vision wins ...

Building skills to make faster,
more confident decisions 12

... and speed sure helps

A blueprint for the resilient
organisation 16



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Nimble Thinking Takes the Lead

Finance professionals are increasingly expected to be business advisers. To fulfil this expectation, they must develop business acumen, which manifests itself in the ability to make faster, more confident strategic decisions. David A. J. Axson provides insight on the shifting role.

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Resilience Through Rapid Response

Responding quickly to risk and opportunity is one of the five crucial abilities displayed by resilient companies studied by Cranfield School of Management for Airmic. Get best practices and tips for building decisiveness into your DNA, including a look at how Virgin Atlantic does it.

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Six Tips for Using Existing Data More Wisely

Organisations are collecting more data than ever before. But often they are not using the data in the right way – if they are using them at all. Brett Knowles offers six ways to make sure you are making the most of the data you already possess.

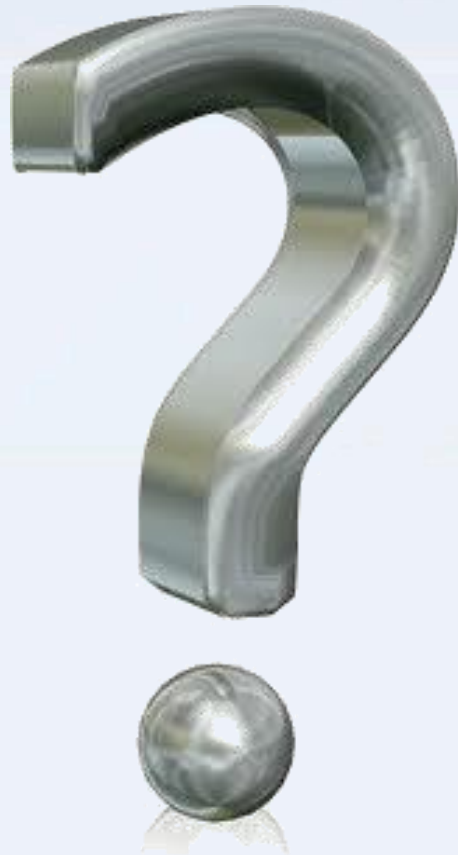
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Any Questions



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Vision

“To be an internationally recognised Financial Supervisor committed to the sustained development of Mauritius as a sound and competitive Financial Services Centre”

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