

*Extraordinary*



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**FINANCIAL REPORTING COUNCIL OF NIGERIA ACT, 2011**

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**FINANCIAL REPORTING COUNCIL OF  
NIGERIA ACT, 2011**

**ACT No. 6**

AN ACT TO REPEAL THE NIGERIAN ACCOUNTING STANDARDS BOARD ACT, No.22 OF 2003 AND ENACT THE FINANCIAL REPORTING COUNCIL OF NIGERIA CHARGED WITH THE RESPONSIBILITY FOR, AMONG OTHER THINGS, DEVELOPING AND PUBLISHING ACCOUNTING AND FINANCIAL REPORTING STANDARDS TO BE OBSERVED IN THE PREPARATION OF FINANCIAL STATEMENT OF PUBLIC ENTITIES IN NIGERIA ; AND FOR RELATED MATTERS.

[3rd Day of June, 2011]

Commence-  
ment.

ENACTED by the National Assembly of the Federal Republic of Nigeria—

PART I—ESTABLISHMENT OF THE FINANCIAL REPORTING COUNCIL OF NIGERIA

**1.**—(1) There is established the Financial Reporting Council of Nigeria (in this Act referred to as “*the Council*”).

Establishment  
of the  
Financial  
Reporting  
Council of  
Nigeria.

(2) The Council shall be :

- (a) a body corporate with perpetual succession and a common seal ; and  
(b) may sue and be sued in its corporate name.

(3) The Council may acquire, hold or dispose of any property, moveable or immovable, for the purpose of carrying out its functions.

**2.**—(1) There is established for the Council, a Board (in this Act referred to as “*the Board*”) which shall have overall control of the Council.

Establishment  
and  
Membership  
of the  
Board.

(2) The Board shall consist of :

- (a) a Chairman who shall be a professional accountant with considerable professional experience in accounting practices ;  
(b) two representatives from the Association of National Accountants of Nigeria ; and  
(c) two representatives from the Institute of Chartered Accountants of Nigeria ;  
(d) one representative from each of the following :
- (i) Office of the Accountant General of the Federation ;
  - (ii) Office of the Auditor General for the Federation ;
  - (iii) Central Bank of Nigeria ;
  - (iv) Chartered Institute of Stockbrokers ;
  - (v) Chartered Institute of Taxation of Nigeria ;
  - (vi) Corporate Affairs Commission ;

- (vii) Federal Inland Revenue Service ;
- (viii) Federal Ministry of Commerce ;
- (ix) Federal Ministry of Finance ;
- (x) Nigerian Accounting Association ;
- (xi) Nigerian Association of Chambers of Commerce, Industries, Mines and Agriculture ;
- (xii) Nigerian Deposit Insurance Corporation ;
- (xiii) Nigerian Institute of Estate Surveyors and Valuers ;
- (xiv) Securities and Exchange Commission ;
- (xv) National Insurance Commission ;
- (xvi) Nigerian Stock Exchange ;
- (xvii) National Pension Commission ; and
- (e) the Executive Secretary of the Council.

Appointment and tenure of office of Chairman and members of the Board.

**3.**—(1) The Chairman shall be appointed by the President, on the recommendation of the Minister and the members shall be recommended by their various professional or statutory bodies to the Minister for appointment by the President.

(2) The Chairman and other members of the Board shall each hold office :

(a) for a term of 4 years in the first instance and may be reappointed for a further term of 4 years and no more ; and

(b) on such terms and conditions as may be specified in their letters of Appointment :

provided that in appointing the Chairman and the Executive Secretary, due cognizance shall be taken to ensure fair representation of accounting bodies established by Acts of National Assembly.

Disqualification from Membership.

**4.** A person shall not be appointed or continue to hold office as a member of the Board if—

(a) he becomes bankrupt, suspends payment or compounds with his creditors ;

(b) he is convicted of a felony or any offence involving dishonesty or fraud ;

(c) he becomes of unsound mind, or incapable of carrying out his duties ; and

(d) he is guilty of serious misconduct in relation to his duties ; and

(e) in the case of a person who possessed professional qualifications, he is disqualified or suspended, other than at his own request, from practising



his profession in any part of the world by an order of a competent authority made in respect of that member.

**5.—**(1) The seat of a member shall become vacant if—

Vacation of office.

(a) he resigns ;

(b) he becomes disqualified from membership under section 4 of this Act ;

(c) he no longer holds the office by virtue of which he became a member ;

(d) he has been absent from 3 consecutive meetings or 3 quarters of the meetings of the Board during a financial year without any leave from :

(i) the Minister, in the case of the Chairman ; or

(ii) the Chairman, in the case of any other Board member.

(2) A member of the Board may resign his appointment by a notice in writing, addressed to the President, and that member shall, on the date of receipt of the notice by the President, cease to be a member of the Board, or if the President is satisfied that it is not in the interest of the Board or in the interest of the public for the person appointed to continue in office, the president may on the recommendation of the Minister, notify the person in writing to that effect.

**6.—**(1) A vacancy of the seat of a member created by virtue of sections 4 and 5 shall be filled not later than 30 days from the date of the occurrence of the vacancy.

Filling of vacancies.

(2) A person appointed under sub-section (1) of this section shall hold office for the remainder of the term for which the vacating member was appointed.

**7.—**(1) The Council shall have powers to do all things necessary for or in connection with the performance of its functions.

Power of the Council.

(2) Without prejudice to the generality of sub-section (1) of this section, but subject to the provisions of this Act, the Council shall have the power to :

(a) enforce and approve enforcement of compliance with accounting, auditing, corporate governance and financial reporting standards in Nigeria ;

(b) enter into such contracts as may be necessary or expedient for the purpose of discharging its functions ;

(c) borrow such sums of money or raise such loans as it may require for the purpose of discharging its functions ;

(d) co-operate with, or become a member or an affiliate of any similar international body the objects or functions of which are similar to, or connected with those of the Council ;

(e) exercise such powers as are necessary or expedient for giving effect to the provisions of the Act ;

(f) require management assessment of internal controls, including Information Systems controls with independent attestation ;

(g) require code of ethics for financial officers and certification of financial statement by Chief Executive Officer and Chief Financial Officer ;

(h) require entities to provide real time disclosures on material changes in financial conditions or operations ; and

(i) pronounce forfeiture, by Chief Executive Officers and Chief Financial Officers, of certain bonuses received from the company and profits realized from the sale of company shares owned by them, where the company is required to prepare an accounting restatement.

Functions of  
the Council.

**8.—(1)** The Council shall—

(a) develop and publish accounting and financial reporting standards to be observed in the preparation of financial statement of public interest entities ;

(b) review, promote and enforce compliance with the accounting and financial reporting standards adopted by the Council ;

(c) receive notices of non-compliance with approved standards from preparers, users, other third parties or auditors of financial statements ;

(d) receive copies of annual reports and financial statements of public interest entities from preparers within 60 days of the approval of the Board ;

(e) advise the Federal Government on matters relating to accounting and financial reporting standards ;

(f) maintain a register of professional accountants and other professionals engaged in the financial reporting process ;

(g) monitor compliance with the reporting requirements specified in the adopted code of corporate governance ;

(h) promote compliance with the adopted standards issued by the International Federation of Accountants and International Accounting Standards Board ;

(i) monitor and promote education, research and training in the fields of accounting, auditing, financial reporting and corporate governance ;

- (j) conduct practice reviews of registered professionals ;
- (k) review financial statements and reports of public interest entities ;
- (l) enforce compliance with the Act and the rules of the Council on registered professionals and the affected public interest entities ;
- (m) establish such systems, schemes or engage in any relevant activity, either alone or in conjunction with any other organization or agency, whether local or international, for the discharge of its functions ;
- (n) receive copies of all qualified reports together with detailed explanations for such qualifications from auditors of the financial statements within a period of 30 days from the date of such qualification and such reports shall not be announced to the public until all accounting issues relating to the reports are resolved by the Council ;
- (o) adopt and keep up-to-date accounting and financial reporting standards, and ensure consistency between standards issued and the International Financial Reporting Standards ;
- (p) specify, in the accounting and financial reporting standards, the minimum requirements for recognition, measurement, presentation and disclosure in annual financial statements, group annual financial statements or other financial reports which every public interest entity shall comply with, in the preparation of financial statements and reports ;
- (q) develop or adopt and keep up-to-date auditing standards issued by relevant professional bodies and ensure consistency between the standards issued and the auditing standards and pronouncements of the International Auditing and Assurance Standards Board ; and
- (r) perform such other functions which in the opinion of the Board are necessary or expedient to ensure the efficient performance of the functions of the Council.

(2) The Council may issue rules and guidelines for the purpose of implementing auditing and accounting standards.

**9.** The Chairman and members of the Board shall be paid such emoluments, allowances and benefits as the president may from time to time direct.

Emoluments.

**10.** The Board shall—

Functions of the Board.

- (a) determine broad strategies and priorities ;
- (b) set out budget, secure the necessary funding and monitor expenditure ;
- (c) appoint the Directors and other senior management staff ;

(d) oversee the delivery by each directorate of their functions, through regular reports from the directorates' coordinating directors ;

(e) oversee the performance of the executive through regular reports from the Chief Executive Officer ;

(f) ensure that the Council and its directorates achieve high levels of accountability and transparency ;

(g) undertake annual assessment of the risks to the success of the operations of the Council and oversee the necessary risk mitigation plan ; and

(h) undertake annual evaluation of its own performance, and that of its committees and operating bodies, against its objectives, including a review of the schedule of matters reserved to the Board.

Objects of the Council.

**11.** The objects of the Council shall be to—

(a) protect investors and other stakeholders interest ;

(b) give guidance on issues relating to financial reporting and corporate governance to bodies listed in sections 2 (2) (b), (c) and (d) of this Act ;

(c) ensure good corporate governance practices in the public and private sectors of the Nigerian economy ;

(d) ensure accuracy and reliability of financial reports and corporate disclosures, pursuant to the various laws and regulations currently in existences ; and

(e) harmonize activities of relevant professional and regulatory bodies as relating to Corporate Governance and Financial Reporting.

Meetings of the Board.

**12.—**(1) The Board shall meet at least once every 3 months and at such time and place as the Chairman shall determine subject to 14 days notice.

(2) The Board shall meet if required to do so, by notice to the Chairman, by not less than four member organizations and the Chairman shall summon a meeting of the Board within 14 days from the date on which the notice is given.

(3) At every meeting of the Board, the Chairman shall preside and in his absence, the members present shall elect a member to act as Chairman of the meeting.

(4) Subject to the provisions of this Act and Section 27 of the Interpretation Act (which provides for decisions of a statutory body to be taken by a majority of its members and for the person presiding at any meeting, when a vote is ordered, to have a second or casting vote) the Board may make standing orders regulating its proceedings or that of any of its Committees.

Cap. 123  
LFN, 2004.

(5) The Board shall set up such Committees for its efficient and effective functioning.

**13.—**(1) The quorum at a meeting of the Board shall not be less than one-third of the total number of members of the Board as at the date of the meeting.

Quorum for Board meetings.

(2) The quorum of any Committee set up by the Board (except the Technical and Oversight Committee and the Finance and General Purposes Committee) shall be as may be determined by the Governing Board.

**14.** Where the Board desires to obtain the advice of any person on a particular matter, the Board may co-opt him into the Board for such period as it deems fit; but a person who is a member by virtue of this section shall not be entitled to vote at any meeting of the Board and shall not count towards a quorum.

Co-option into the Board.

**15.—**(1) There is established for the Council 3 Standing Committees and any other committee the Board may deem necessary—

Establishment of Committees for the Council.

(a) Technical and Oversight Committee ;

(b) Finance and General Purposes Committee ; and

(c) Audit Committee (non-executives).

(2) The functions of the Technical and Oversight Committee shall be :

(a) to receive regular reports from the Inspection and Monitoring Directorate on breaches observed ;

(b) to review sanctions to be meted out to any professional Accountant; professional or public interest entity ;

(c) to review such reports and make appropriate recommendations to the Board ;

(d) to receive and deliberate on all appeals against sanctions and make recommendations to the Board ;

(e) to receive regular reports from each standard setting directorate ; and

(f) to consider such reports and make recommendations to the Governing Board on :

(i) new issues to be addressed by the standard setting directorate ; and

(ii) convergence of local and international standard and other related matters.

(3) The functions of the Finance and General Purposes Committee shall be :

(a) to make recommendations on the Management of the Council's finance, appraise financial implications of proposed activities, consider the annual budgets and accounts, and make recommendations on variations in level of all fees charged by the Council ;

(b) to review the Executive Secretary's and management's regular reports on performance against budget for a financial year ;

(c) to be responsible for the Council's staff establishment, salaries and conditions of service, staff training and development and approval of staff terminal benefits ;

(d) to make recommendations to the Council on the :

(i) relationship with other bodies ;

(ii) administration of the Council such as its organization and determining the requisite tools and material resources ;

(iii) income and expenditure policies ;

(iv) review of the audited financial statements of the Council and the management letter thereon ; and

(v) the administration of fines and other fees.

(4) The functions of the Audit Committee shall be :

(a) to oversees the systems of internal controls regarding finance, accounting, and legal compliance ;

(b) to fix the fees of external auditors of the Council ;

(c) review Council's financial statements and other financial information ; and

(d) review Council compliance with other regulatory requirements.

(5) Membership of a Standing Committee shall be 7 persons who are experts in the relevant fields, and the Committee shall elect one of them to be the Chairman of the Committee.

(6) Standing Committees shall hold meetings at least once a month and the quorum shall be 3.

(7) In the absence of the Chairman, members of the committee shall elect one of them to act as Chairman for the meeting.

(8) Without prejudice to other provisions of this Act, the Board may appoint such other standing or ad-hoc committees as it deems fit to consider and report on any matter with which the Board is concerned.

(9) A committee appointed under sub-section (8) of this section shall :

(a) consist of such number of persons (not necessarily members of the Board) appointed by the Council and shall remain on the Committee in accordance with the terms of his appointment ; and

(b) be presided over by a member of the Board

(10) A decision of a committee established under this section shall be of no effect until it is confirmed by the Board.

**16.—**(1) The fixing of the seal of the Board shall be authenticated by the signature of the Chairman and any other person generally or specifically authorized by Board to act for that purpose and that of the Executive Secretary.

Affixing of Seal.

(2) Any contract or instrument which, if made by a person not being a body corporate, would not be required to be under seal; it may be made or executed on behalf of the Board by the Executive Secretary or by any other person generally or specifically authorized by the Board to act for that purpose.

(3) Any document purporting to be a contract instrument or other document duly signed or sealed on behalf of the Board shall be received in evidence and shall, unless the contrary is proved, be presumed without further proof to have been signed or sealed.

**17.** The validity of any proceeding of the Board or any of its Committees shall not be affected by—

Validity of Proceedings.

(a) any vacancy in the membership of the Board or Committee ;

(b) any defect in the appointment of a member of the Board or Committee ; or

(c) the fact that any person not entitled to do so, took part in the proceedings of the Board or Committee.

**18.** A member of the Board or any Committee who has a personal interest in any contract or arrangement entered into or proposed to be considered by the Board or the Committee shall forthwith disclose his interest to the Board or the Committee in writing and shall excuse himself from the deliberations and the vote relating to the contract or arrangement.

Disclosure of personal Interest.

**19.** Every member of the Board shall be indemnified by the Council for any act or omission done or made in good faith while engaged in the business of the Council.

Indemnity of Board members.

## PART II—STAFF OF THE COUNCIL

Executive  
Secretary  
and other  
Staff of the  
Council.

**20.**—(1) There shall be for the Council an Executive Secretary who shall—

- (a) be appointed by the President ;
- (b) be the Chief Executive and Chief Accounting Officer of the Council ;
- (c) be a professional accountant and has been so qualified for not less than 10 years ;
- (d) be responsible for the execution of policy and the day-to-day administration of the affairs of the Council ; and
- (e) perform such other duties relating to the mandate of the Council as the Board or the Chairman may, from time to time, assign to him.

(2) The Executive Secretary shall hold office :

- (a) for a term of 4 years in the first instance and may be re-appointed for a further term of 4 years and no more, and
- (b) on such terms and conditions as may be specified in his letter of appointment.

(3) The Board shall appointment for the Council such other staff as it may deem necessary and expedient from time-to-time for the proper and efficient performance of the functions of the Council.

(4) The terms and conditions of service including remuneration, allowances, benefits and pensions of the staff and employees of the Council shall be determined by the Board.

(5) The Board shall define the duties and fix the salaries, allowances or other compensation of staff appointed under sub-section (3) at a level that is comparable to private sector or other regulatory organizations.

Pensions.

**21.** The service in the Council shall be approved service for the purpose of the Pensions Reforms Act and accordingly, employees of the Board shall be entitled to pensions, gratuities and other retirement benefits as are prescribed under the Pensions Reform Act.

Act No. 2,  
2004.

Staff  
Regulations.

**22.** Subject to the provisions of this Act, the Board may make staff regulations relating generally to the conditions of service of the staff and without prejudice to the generality of the foregoing, such regulations may provide for—

- (a) the appointment, promotions, dismissal and disciplinary control of staff or employees of the Council ; and



(b) appeals by staff or employees against dismissal or other disciplinary measures which shall be in accordance with staff regulations as made by the Council and until such regulations are made, any instrument relating to conditions of service in the public service of the Federal Government shall be applicable, with such modifications as may be necessary, to the employees of the Council.

### PART III—DIRECTORATES

**23.** The Council shall, for the purpose of this Act, establish the following Directorates and any other Directorate the Council may deem necessary—

Establishment  
of  
Directorates.

- (a) Directorate of Accounting Standards-Private Sector ;
- (b) Directorate of Accounting Standards-Public Sector ;
- (c) Directorate of Auditing Practices Standards ;
- (d) Directorate of Actuarial Standards ;
- (e) Directorate of Inspections and Monitoring ;
- (f) Directorate of Valuation Standard ; and
- (g) Directorate of Corporate Governance ;

**24.** The Directorate of Accounting Standards-Private Sector shall—

Directorate  
of  
Accounting  
Standard-  
Private  
Sector.

(a) develop accounting and financial reporting standards to be observed in the preparation of financial statements in the private sector and small and medium scale enterprises ;

(b) promote the general acceptance and adoption of such standards by preparers and users of financial statements ;

(c) promote compliance with the accounting standards developed or reviewed by the Directorate ;

(d) review from time to time the accounting standards developed in line with the prevalent social, economic and political environment ;

(e) promote compliance with the accounting and financial reporting standards adopted by the Council ;

(f) promote, in the public interest, accounting and financial reporting standards to be observed in the preparation of financial statements of public interest entities ; and

(g) perform such other duties which in the opinion of the Board are necessary or expedient to ensure the efficient performance of the functions of the Council.

Directorate  
of  
Accounting  
Standards-  
Public  
Sector.

**25.** The Directorate of Accounting Standards-Public Sector shall—

(a) develop accounting and financial reporting standards for the public sector ;

(b) consider significant areas of accounting and financial reporting that can be improved through the standard-setting process ;

(c) promote the general acceptance and adoption of such standards by preparers and users of financial statements in the public sector ;

(d) promote compliance with the accounting standards developed or reviewed by the Directorate ;

(e) review from time to time the accounting standards developed in line with the prevalent social, economic and political environment ; and

(f) perform such other duties which in the opinion of the Board are necessary or expedient to ensure the efficient performance of the functions of the Council.

Directorate  
of Auditing  
Practices  
Standards.

**26.** Directorate of Auditing Practices Standards shall, for the Council—

(a) develop or liaise with relevant professional bodies on auditing and ethical standards set by it ;

(b) promote auditing standards which set out the basic principles and essential procedures with which external auditors in Nigeria are required to comply ;

(c) issue guidance on the application of auditing standards in particular circumstances and industries and timely guidance on new and emerging issues ;

(d) establish standards and related guidance for accountants providing assurance services ;

(e) encourage establishment of ethical standards in relation to the independence, objectivity and integrity of external auditors and those providing assurance services ;

(f) play appropriate role in the development of regulations and accounting standards which affect the conduct of auditing and assurance services, both domestically and internationally ;

(g) collaborate with relevant professional bodies to advance public understanding of the roles and responsibilities of external auditors and the providers of assurances services including the sponsorship of research ; and

(h) perform such other duties which in the opinion of the Board are necessary or expedient to ensure the efficient performance of external auditors.

**27.** Directorate of Actuarial Standard shall—Directorate  
of Actuarial  
Standards.

(a) develop an appropriate conceptual framework to guide the setting of relevant actuarial standards, including the explicit objectives and characteristics of such standards ;

(b) create a process for the development and adoption of standards which ensures that the objectives of the conceptual framework can be applied in practice ;

(c) develop relevant actuarial standards, or amend existing ones, in response to evolving commercial practices, economic development and deficiencies identified in current practice ;

(d) take account, where appropriate, of the regulatory requirements of the legislation or any other relevant regulatory body and liaise with the actuarial profession regarding areas of practice for which new standards may be required or existing standard should be modified or clarified ;

(e) consider the need for a generic standard for the communication of actuarial advice ;

(f ) liaise with the International Actuarial Association and other international bodies on the development and application of international actuarial standards ; and

(g) perform such other duties which in the opinion of the Board are necessary or expedient to ensure the efficient performance of the functions of the Council.

**28.—(1)** Directorate of Inspection and Monitoring shall—Directorate  
of  
Inspection  
and  
Monitoring.

(a) monitor compliance with auditing, accounting, actuarial and valuation standards and guidelines reviewed and adopted by the Council ;

(b) recommend through the Technical and Oversight Committee, sanctions as may be necessary for the Council's approval ; and

(c) implement sanctions and fines as approved by the Council in sub-section (1) (b) of this section ;

(2) The Council shall appoint such number of inspectors as it may deem fit under the circumstances.

(3) In exercise of its powers under sub-section (1) (a) of this section, the Council may appoint consultants.

(4) Any inspector appointed under sub-section (2) of this section shall have powers to :

(a) make such examinations and inquiry as may be necessary to ascertain whether or not the provisions of this Act or any rule or regulation made thereunder are complied with ; and

(b) by notice in writing require any person to furnish in such form as may be directed any information on such matters as may be specified in the notice and such person shall comply.

Directorate  
of Valuation  
Standards.

**29.** Directorate of Valuation Standards shall—

(a) develop an appropriate conceptual framework to guide the setting of relevant valuation standards, including the explicit objectives and characteristics of such standards ;

(b) create a process for the development and adoption of standards which ensures that the objectives of the conceptual framework can be applied in practice ;

(c) develop relevant valuation standards, or amend existing ones, in response to evolving commercial practices, economic developments and deficiencies identified in current practice ;

(d) take account, where appropriate, of the regulatory requirements of the legislation and any other relevant regulatory body and liaise with the valuation profession regarding areas of practice for which new standards may be required or existing standards should be modified or clarified ;

(e) consider the need for a generic standard for the communication of valuation advice ;

(f) liaise with the International Valuation Standards Board and other international bodies on the development and application of international valuation standards ; and

(g) perform such other duties which in the opinion of the Board are necessary or expedient to ensure the efficient performance of the functions of the Council.

Rules and  
Codes of  
Practice.

**30.**—(1) The Council shall make and issue such rules or ethical codes of practice to establish its procedures and policies for the purpose of monitoring registered auditors and other professionals rendering services to public interest entities.

(2) The Council may revise such rules or codes by revoking, varying or adding to provisions of the rules or codes of practice, as the case may be.

Codes of  
Ethics.

**31.** The Council shall adopt a Code of Ethics to be observed by every member of the Board, Directorates, Committees, employees or consultants to the Council, in the discharge of their functions and duties.

**32.** The Council may enter into a Memorandum of Understanding with such professional or regulatory body as it considers appropriate in order to exchange or share information for the purpose of discharging its functions under this Act.

Memorandum of Understanding and Co-operation Mechanism.

#### PART IV—FINANCIAL PROVISIONS

**33.—(1)** The Council shall establish and maintain a fund into which shall be paid all incomes accruing from annual levies charged from—

Establishment of Fund of the Council.

(a) every registered professional, not less than ₦5,000.00 annually ;

(b) every publicly quoted company, an amount based on its market capitalization, annually as follows :

(i) an amount equal to 0.1% of market capitalization or ₦250,000.00 whichever is lower, where the market capitalization of a company is not more than ₦1Billion ;

(ii) an amount equal to 0.04% of market capitalization or ₦2,000,000.00 whichever is lower, where the market capitalization of a company is greater than ₦1.00 billion but not more than ₦500 billion ; and

(iii) ₦5,000,000.00 only, where the market capitalization of a company is greater than ₦500 billion.

(c) every public interest entity other than those covered by paragraph (b), an amount based on its annual turnover as follows :

(i) ₦5,000.00, where the annual turnover of the entity is not less than ₦25 million but not more than ₦50 million ;

(ii) ₦20,000.00, where the annual turnover of the entity is greater than ₦50 million but not more than ₦500 million ;

(iii) ₦50,000.00, where the annual turnover of the entity is greater than ₦500million but not more than ₦1 billion ;

(iv) ₦100,000.00, where the annual turnover of the entity is greater than ₦1.00 billion but not more than ₦10 billion ; and

(v) ₦1,000,000.00, where the annual turnover of an entity is greater than ₦10 billion.

(d) budgetary allocations and subventions from the Federal Government ;

(e) fines and penalties imposed by the Council ;

(f) fees charged for services rendered by the Council ;

(g) rents, fees and other internally generated revenues from services provided by the Council ;

(h) gift, loans, grant-in-aid from national, bilateral and multilateral organizations and agencies ; and

(i) all other sums accruing to the Council from time-to-time.

(2) Where a person fails to pay the levy charged in accordance with sub-section (1) as and when due, the person shall :

(a) pay a penalty equivalent to 10% of the amount due for every month of default cumulatively for up to ten months ;

(b) thereafter, if still in default, the defaulting person shall be prosecuted and if convicted shall be liable to a fine of not more than 3 times the amount due plus all accrued penalties for default charged by the Council ; and

(c) in addition, in the case of a company, the chief executive officer of the company shall be liable to a fine of not more than N500,000.00 or imprisonment for a term not exceeding 6 months.

Expenditure  
of the  
Council.

**34.** The Council may, from time to time, apply the proceeds of the Fund established under section 33 of this Act—

(a) to the cost of administration of the Council and its operating directorates ;

(b) to the payment of the emoluments, allowances and benefits of the Board or of any Committee set up by the Board and for such expenses as may be expressly authorized by the Board ;

(c) to the payment of the salaries, fees or other remuneration or allowances, gratuities and pensions and other benefits payable to the staff and other employees of the Council, so however that no payment of any kind under this subsection (except such as may be expressly authorized by the Board) shall be made to any person who is in receipt of emoluments from the Federal or State Governments ;

(d) for the development and maintenance of any property vested in or owned by the Council ;

(e) for maintaining general reserves subject to the general or special directive that may be given in that behalf by the Board in accordance with the provisions of this Act ; and

(f) for and in connection with all or any of its functions under this Act.

Annual  
Estimate.

**35.** The Council shall, not later than 30<sup>th</sup> September of each year, submit its budget proposals for the next succeeding year to the Minister of Commerce and Industry.

Power to  
accept Gifts.

**36.—**(1) The Council may accept any gift of land, money or other property subject to the provisions of sub-section (2) of this section.

(2) The Council shall not accept any gift if the conditions attached by the person or organization making the gift or the quantum of the gift could impair the independence of the Council and are inconsistent with the objectives of the Council under this Act.

**37.**—(1) The Board may, with the consent of the Minister or in accordance with any general authority given in that behalf by the Federal Government, borrow by way of loan or overdraft from any source any sum required by the Board for meeting its obligations and discharging its functions under this Act.

Borrowing powers, investments and records of accounts.

(2) The Board may invest its funds and maintain general reserves.

(3) The Board shall cause to be kept proper books of accounts and records in relation thereto and present such accounts for audit as provided in section 38 (2) of this Act.

**38.**—(1) The financial year-end of the Council shall be 31st December.

Audits and Annual Reports of the Council.

(2) The accounts of the Council shall be audited not later than 60 days after the end of each financial year by external auditors appointed by the Board and fees of the auditors shall be paid from the funds of the Council.

(3) The Council shall publish an annual report on its affairs and functions during a financial year, not later than 30th April after the end of that financial year, and such report shall include :

- (a) a copy of its audited annual financial statements ;
- (b) an overview of the activities of the Council ;
- (c) an account of the extent to which the objects of the Council have been achieved in that financial year ; and
- (d) such other relevant reports as required under this Act.

(4) The report mentioned in sub-section (3) of this section shall be presented to the National Assembly.

**39.** The Council may, subject to the provisions of this Act and the conditions of any trust created in respect of any property, invest all or any of its funds in any securities prescribed by the Investment and Securities Act, Cap. 124 LFN, 2004 or in such other securities as may, from time to time, be approved by the Board.

Investment and Security Act, 1999.

**40.**—(1) The Council shall be exempted from the payment of income tax on any income accruing from investments made by the Council.

Exemption from tax.

(2) The provisions of any enactment relating to the taxation of companies or trust funds shall not apply to the Council.

## PART V—REGISTRATION OF PROFESSIONALS

Registration of professionals.

**41.**—(1) The Council shall maintain a register of professionals.

(2) A person shall not hold any appointment or offer any service for remuneration as a professional for public interest entities, unless he is registered under this Act.

(3) A person who wishes to be registered shall make a written application to the Council in a prescribed form.

(4) An application made under sub-section (2) of this section shall be accompanied by such fees and such information as the Council may from time to time determine.

(5) Where the Council is satisfied that the applicant holds a practicing certificate, the Council shall enter the name of the registered professional and such particulars as it considers relevant, in the Register of Professionals.

(6) A person who contravenes sub-section (2) of this section commits an offence and is liable on conviction, to a fine not exceeding ₦500,000.00 or to imprisonment for a term not exceeding 6 months or both.

Duration of Registration.

**42.**—(1) Every registration made under section 41 shall be valid for a period of 2 years.

(2) Every registered professional accountant shall, not later than 3 months before the expiry of the registration, make a written application for renewal of registration to the Council in such form and manner as the Council may from time to time prescribe.

(3) Where the Council is satisfied that the applicant continues to meet the requirements under section 41 (2) (5) of this Act, the Council shall renew the registration.

Practice by suspended professionals.

**43.** No registered professional shall employ a person who has been suspended from practice, unless the Council has consented to such employment.

Report and Opinion.

**44.**—(1) Where a professional accountant makes a report on the financial statements of an entity which he has audited, he shall express a clear written opinion in his report, giving details as to whether—

(a) the financial statements as a whole give a true and fair view of the state of affairs of the entity to which they relate ; and

(b) the financial statements comply with the provisions of this Act, or any other relevant enactments.



(2) A professional accountant shall not, in his report, express an opinion unless he has complied with the auditing standards that may be issued by the Council or relevant professional bodies and adopted by the Council from time to time.

(3) Where, in the annual report to the entity, the directors disclose the extent of compliance with the Code of Corporate Governance, the professional accountant shall report separately whether the disclosure is consistent with the requirements of the Code.

**45.**—(1) Where, during the course of the audit of an entity, a professional accountant is satisfied or has reason to believe, that a material irregularity has taken or is taking place, he shall, without delay—

Material irregularity.

(a) notify in writing the Chief Executive Officer of the public interest entity and all the members of the Board of the entity of the irregularity, giving particulars of the irregularity ; and

(b) request every person referred to in sub-section (1) (a) of this section, either individually or collectively, to take such action as the professional accountant may deem necessary.

(2) The professional accountant shall, within 30 days of the issuance of notice referred to under sub-section (1) of this section, notify the Council of the material irregularity referred to in sub-section (1) of this section, together with any other relevant information.

**46.** A professional accountant in the exercise of his audit function shall carry out his function in full independently and shall not—

Independence of Auditors.

(a) act in any manner contrary to the Code of Conduct and Ethics that may be made by the Council or under any enactment in force ; or

(b) engage in any activity which is likely to impair his independence as a professional.

**47.** Where a professional considers that he may have a conflict of interest in relation to an entity for which he has been engaged as a professional accountant, he shall disclose to the entity and the Council the nature of the conflict of interest in order to enable the entity determine the extent of the conflict and to decide whether or not to continue retaining the services of the professional accountant.

Conflict of interest.

**48.**—(1) The Council may deregister a professional registered under section 41 where the professional—

(a) has obtained the registration by fraud or misrepresentation ;

(b) no longer satisfies the requirement of section 41 (5) ;

(c) has acted in breach of any rule or regulation made by the Council.

(2) Notwithstanding sub-section (1) of this section, where a registered professional has committed a breach of any rule made by the Council, the Council may issue a warning to the professional.

#### PART VI—DIRECTORATE OF CORPORATE GOVERNANCE

Establishment of Directorate of Corporate Governance.

**49.** There is established for the purpose of this Act the Directorate of Corporate Governance.

Objectives of the Directorate of Corporate Governance.

**50.** The objectives of the Directorate of Corporate Governance shall be to—

- (a) develop principles and practices of corporate governance ;
- (b) promote the highest standards of corporate governance ;
- (c) promote public awareness about corporate governance principles and practices ;
- (d) on behalf of Council, act as the national coordinating body responsible for all matters pertaining to corporate governance ;
- (e) promote sound financial reporting and accountability based on true and fair financial statements duly audited by competent independent Auditors ;
- (f) encourage sound systems of internal control to safeguard stakeholders' investment and assets of public interest entities ; and
- (g) ensure that audit committees of public interest entities keep under review the scope of the audit and its cost effectiveness, the independence and objectivity of the auditors.

Functions of the Directorate of Corporate Governance.

**51.** The Committee on Corporate Governance shall—

- (a) assess the need for corporate governance in the public and private sector ;
- (b) organize and promote workshops, seminars and training in corporate governance issues ;
- (c) issue the code of corporate governance and guidelines, and develop a mechanism for periodic assessment of the code and guidelines ;
- (d) provide assistance and guidance in respect of the adoption or institution of the code in order to fulfill its objectives ; and

(e) establish links with regional and international institutions engaged in promoting corporate governance.

PART VII—REVIEW AND MONITORING OF STANDARDS

- 52.**—(1) The Council shall adopt and keep up-to-date accounting and financial reporting standards, and ensure consistency between standards issued under the International Financial Reporting Standards. Review and monitoring of accounting and financial reporting standards.
- (2) The Council shall specify, in the accounting and financial reporting standards, the minimum requirements for recognition, measurement, presentation and disclosure in annual financial statements, group annual financial statements or other financial reports which every public interest entity shall comply with, in the preparation of financial statements and reports.
- 53.**—(1) The Council shall develop or adopt and keep up-to-date auditing standards issued by relevant professional bodies and ensure consistency between the standards issued and the auditing standards and pronouncements of the International Auditing and Assurance Standards Board. Review and monitoring of auditing standards.
- (2) The Council may issue rules and guidelines for the purpose of implementing auditing and accounting standards.
- 54.** Every registered professional accountant shall, in the practice of his profession, comply with— Compliance with Auditing Standards.
- (a) such minimum requirements as shall be specified by the Council in the auditing and accounting standards ; and
- (b) any rule and guideline issued under this Act.
- 55.**—(1) In the exercise of its powers for developing and issuing standards, a Directorate of the Council shall adopt the following procedures— Procedure for setting standards.
- (a) identify accounting, auditing or financial reporting issues that require standardization, prepare and publish exposure drafts, conduct a public hearing where necessary and prepare a draft statement of accounting standards ;
- (b) submit the draft statement of accounting, auditing or financial standards prepared in accordance with sub-section 1(a) of this section to the Council for ratification and thereafter, the Council shall issue the standards ;
- (c) ratify such statements of accounting, auditing and financial reporting standards prepared in accordance with this section ; and
- (d) thereafter, the statements of accounting, auditing or financial reporting standards shall be published.

(2) Any relevant standard issued by a relevant international body shall be adopted by the Council in accordance with the procedure in sub-section (1) of this section.

(3) Each Directorate shall appoint working groups in order to accomplish its objectives and where appropriate, in consultation with the Chairman of the Council.

Amendments to Councils pronouncements.

**56.**—(1) Where the Council has cause to seek amendment to any of its pronouncements, it shall do so in consultation with the relevant standards setting bodies and shall cause a notice to be published in—

(a) the Gazette ; and

(b) not less than two national daily newspapers, inviting comments from all interested persons.

(2) A person who wishes to submit any comment shall, within 30 days of the last date of the publication specified in sub-section (1) of this Section, submit his comments in writing to the Council.

(3) The Council shall, in deciding whether to consider the standards or their amendments shall have regard to any comment submitted under sub-section (2) of this Section.

Compliance by public interest entities.

**57.** Where any public interest entity is required to prepare any financial statement or report under any enactment, it shall ensure that the financial statements or reports is in compliance with the accounting and financial reporting standards developed by the Council under this Act.

Monitoring of financial statements and reports.

**58.**—(1) Where any public interest entity is required under any enactment to file its financial statements and reports with a government department or authority, the Council or any officer authorised by it in writing, may review the financial statements and reports of an entity filed with the government department or authority to determine whether the financial statements and reports are in compliance with this Act.

(2) The Council, or any officer authorised by it, in writing may seek further information or clarification from—

(a) any director of any public interest entity ;

(b) an employee of a public interest entity ;

(c) any professional accountant responsible for the audit of the financial statements of that public interest entity ; and

(d) any other person or institution with relevant information and such director, employee, professional accountant, institution or other person shall comply.

(3) Where a public interest entity files any financial statements and report with any government department or authority, the entity shall also file a copy of the financial statements and reports with the Council within 30 days, in such manner as may be set out in the rules of the Council.

**59.**—(1) The accounts, financial reports or annual returns and other documents required under the following Acts, or the amendments thereafter, shall be adopted for that purpose by the Council—

Preparation of Financial Reports in accordance with Standards.

(a) Banks and other Financial Institutions (Amendment) Act Cap. B3 LFN, 2004 ;

(b) Companies and Allied Matters Act Cap. C20 LFN, 2004 ;

(c) Investments and Securities Act Cap. 124 LFN, 2004 ;

(d) Nigerian Investment Promotion Commission Act Cap. N117, 2004 ;

(e) Insurance Act Cap. 117 LFN, 2004 ;

(f) Pensions Reform Act No 2, 2004 ; and

(g) Federal Mortgage Bank of Nigeria Act, Cap. F16 LFN, 2004.

(2) Where there is any conflict between the financial reports or annual returns and other documents required or prepared in fulfillment of the relevant Sections of the Acts listed in sub-section (1) of this Section and other Acts which deal with financial reporting, the standards and guidelines adopted for that purpose by the Council shall to the extent of that inconsistency, prevail.

**60.** The Council, or any officer authorised by it, in writing may review the practice of an auditor and may, for that purpose—

Practice Review of professional Accountants.

(a) inspect any relevant book, document and record in the possession, or under the control of the auditor, his partner or employee and make copies of, or take any abstract of, or extract from any such book, document and record in relation to a company under investigation subject to the consent of the public interest entity ; and

(b) seek information or clarification from any partner or employee of the professional.

**61.**—(1) Annual quality reviews (inspections) shall be conducted for professional accountants that audit more than 20 public interest entities; all others shall be conducted every three years and the Council may order a special inspection of any professional accountant at any time.

Frequency of practice reviews.

(2) The Council shall require registered professional accounting firms and other professionals to maintain for a period of not less than 6 years, audit work papers and other information related to any audit report, in sufficient detail to support the conclusion reached in the report.

(3) The Council shall require evidence of a second partner review and audit approach that registered professional accountants adopted on quality control.

Power of investigation by Council.

**62.**—(1) The Council may investigate or cause to be investigated—

(a) any complaint or dishonest practice, negligence, professional misconduct, malpractice made against any professional ;

(b) any breach of the Code of Conduct and Ethics by any registered professional ; or

(c) any material irregularity notified to it.

(2) Where the Council investigates a complaint—

(a) it shall notify the professional whose conduct, act or omission is under investigation, of the nature of the complaint ;

(b) it shall summon and hear the professional ;

(c) it may summon and hear witnesses ;

(d) it may call for relevant documents and make such copies thereof as it deems fit ; and

(e) it may review any financial statements and reports filed with any government department or authority.

(3) Every public interest entity, professional or professional accountant shall produce any relevant book, record or document (hard copy or electronic) in their or under their control to the Council where the Council is conducting an investigation for the purpose of sub-section (1) of this section.

Obstruction of an inspector.

**63.**—(1) Any person who willfully obstructs or delays an inspector in the exercise of any power conferred upon him under section 28(3) of this Act or fails to comply with the requisition of an inspector pursuant to the said section or to produce any document or furnish any information which he is required by inspector, or pursuant to the provisions of this Act to produce or furnish, willfully withholds any information, that person shall be deemed to have obstructed an inspector in the execution of his duties under this Act.

(2) A person who obstructs an Inspector in the execution of his powers or duties under the provisions of this Act commits an offence and is liable on conviction to a fine not exceeding ₦500,000.00 or to imprisonment for a term not exceeding 6 months or to both.

Sanctions for non-compliance.

**64.**—(1) Any person who fails to comply with the prescribed statement of accounting and financial reporting standards developed by the Council or any decision of the Council to the effect that a public interest entity has failed to comply with any of its pronouncements under this Act, and with such other

accounting and financial reporting standards as may be specified under the relevant enactments, commits an offence and is liable on conviction to a fine of not exceeding ₦10,000,000.00 or imprisonment for a term not exceeding 2 years or both, provided that the Council shall bring such non-compliance to the notice of the preparers of such financial statements.

(2) Where a notice is served on a person or public interest entity under sub-section (1) of this Section, it shall, within 60 days of the service of the notice, restate its financial statements and resubmit them to the Council and to any government department or authority requiring such statement and hold a general meeting of its shareholders on the restated financial statements.

(3) Any public interest entity which fails to comply with the notice referred to in sub-section (2) of this section commits an offence and is liable, on conviction to a fine of not exceeding ₦20,000,000.00 and restate the said financial statements within 30 days thereafter.

(4) The Council shall, subject to the approval of the Minister, review the amounts stated in sub-sections (1) and (3) of this section.

(5) Any professional, auditor or preparer of financial statements found liable under this Act commits an offence and shall, in addition to the fine and imprisonment provided for in sub-section (1) of this Section be de-listed from the register of Professionals by the Council.

**65.**—(1) Where the Council reaches a final decision under section 57, to the effect that a public interest entity has failed to comply with any of its decisions under this Act, and with such other financial reporting, accounting, auditing and financial reporting standards as may be specified under the relevant enactments, the Council shall serve a notice on the entity for an immediate restatement of its financial statements.

Sanctions on public interest entities.

(2) Where a notice is served on a public interest entity under sub-section (1) of this Section, it shall, within 60 days of the service of the notice, restate its financial statements and resubmit same to the Council and to the relevant government department or authority.

(3) Any public interest entity which fails to comply with the notice referred to in sub-section (2) of this section commits an offence and shall, on conviction be liable to a fine not exceeding ₦10,000,000.00 and be required to restate the said financial statements within 30 days thereafter and the Council shall require such entity to disclose same in the following year's financial statements.

**66.**—(1) The Council shall encourage resolution of grievances by public interest entities and all professional accountants and other professionals registered with it.

Grievances procedure.

(2) The Council shall make known to registered professional accountants and other registered professionals all faults or defects discovered from any investigation pursuant to the provisions of this Act, before resorting to prosecution of the public interest entity, professional accountant or other professional.

(3) Any public interest entity or professional accountant or other professionals who disagree with any decision of any of the Directorates may appeal to the Council's Technical and Oversight Committee.

(4) All the methods of grievance resolution as stated in sub-section (2) and (3) of this section shall be exhausted before any external resolution is sought.

Referrals to appropriate authorities.

**67.** Without prejudice to the powers of the Council under this Act, where an investigation carried out by, or on behalf of the Council, reveals that an offence may have been committed, the matter under investigation may be referred to the appropriate authorities.

#### PART VIII—LEGAL PROCEEDINGS

Limitation of suits against the officers of the Council.

**68.** Subject to the provisions of this Act, the provision of the Public Officers Protection Act shall apply in relation to any suit instituted against an officer or employee of the Council.

Service of documents.

**69.** Notices, summons or other documents required or authorised to be served on the Council under the provision of this Act or any other law or enactment may be served by delivering it to the Executive Secretary or by sending it by registered post addressed to the Executive Secretary at the principal office of the Council.

Execution against properties of the Council.

**70.** Any sum of money which by judgment of any court has been awarded against the Council shall, subject to any direction given by the Court, where no notice of appeal against the judgment has been given, be paid from the funds of the Council.

Indemnity of officers.

**71.** A member of the Board, the Executive Secretary or any officer or employee of the Council shall be indemnified out of the assets of the Council against any liability suffered or incurred by him in defending any proceedings, whether civil or criminal, brought against him in his capacity, in pursuance or in execution of this Act, as a member of the Board, Executive Secretary, officer or employee of the Council.



## PART IX—MISCELLANEOUS

- 72.**—(1) The Council shall—
- (a) periodically publish an Official Bulletin which shall contain :
- (i) the rules made by the Council ; and
- (ii) such other information as the Council may deem necessary ; and
- (b) cause to be published in the Gazette, national daily newspapers and electronic media notices relating to the rules of the Council which have been altered or revoked.
- (2) The Council may cause to be published in the Gazette, national newspapers and electronic media its findings or decisions under sections 60 and 61 of this Act.
- 73.** The Minister may, on the advice of the Council, make such regulations as in his opinion are necessary or expedient for giving full effect to the provisions of this Act and for the due administration of its provisions.
- 74.** The Nigerian Accounting Standards Board Act, No. 22 of 2003 is repealed.
- 75.** Any reference made to the Nigerian Accounting Standards Board as provided under Section 335 (1) of the Companies and Allied Matters Act, and any other related or relevant legislation shall be construed to refer to the Financial Reporting Council established under Section 1 (1) of this Act.
- 76.** The Chairman, a member of the Board, Committee, Panel Experts, Executive Secretary or an employee shall swear to or affirm the Oath of Confidentiality in the Schedule to this Act.

Publication of Official Bulletin.

Power to make Regulations.

Repeal of NASB Act 2003.

Cap. C20 LFN, 2004.

Oath. Schedule.

## PART X—INTERPRETATIONS

- 77.** In this Act—
- “*Annual report*” means the documents that an entity issues on an annual basis on its affairs, including its financial statements together with the audit report thereon, and the report from the Board of Directors ;
- “*Audit*” has the same meaning as in the International Federation of Accountants (IFAC) Code of Ethics for Professional Accountants ;
- “*Audit firm*” means a firm which provides audit services ;
- “*Auditor*” means a professionally qualified Accountant or firm of Accountants appointed to conduct an examination of the records of an enterprise and to form an opinion as to whether the accounts have been prepared in accordance with generally accepted accounting principles.

Interpretations.

“*Board*” means the governing body of the Financial Reporting Council of Nigeria established under section 2 (1) of this Act ;

“*code of corporate governance*” means the Code of Corporate Governance issued by the Directorate of Corporate Governance in this Act ;

“*Director*” has the same meaning given to it under the Companies and Allied Matters Act, 2004 ;

“*Entity*” means any person or body of persons, whether incorporated or unincorporated ;

“*Financial reporting standards*” mean accounting, auditing, actuarial and valuation standards issued by the Council under this Act ;

“*Financial statements*” means the balance sheet, income statements or profit and loss account, statement of changes in equity, statement of cash flows , notes, statements and explanatory materials thereon and other documents to be included in a financial statement as required under Companies and Allied Matters Act, 2004 whether interim or final, and any other relevant accounting standards ;

“*Functions*” include powers and duties ;

“*IASB*” means the International Accounting Standards Board or its successor body ;

“*IFAC*” means the International Federation of Accountants or its successor body ;

“*Minister*” means the Minister charged with responsibility for matters relating to Commerce;”*Official Bulletin*” means the official journal of the Council ;

“*Practice*” in relation to an auditor, means the practice of the auditor or the audit firm ;

“*President*” means the President of the Federal Republic of Nigeria ;

“*Professional Accountant*” means a person who is a member of a body of professional Accountancy body established by an Act of National Assembly and registered with the Council ;

“*Public Interest Entities*” means governments, government organizations, quoted and unquoted companies and all other organizations which are required by law to file returns with regulatory authorities and this excludes private companies that routinely file returns only with the Corporate Affairs Commission and the Federal Inland Revenue Service ;

“*Corporate Governance*” refers to the roles of persons entrusted with the supervision, control and direction of an entity ;

*“material irregularity”* includes fraud, deliberate misstatements of financial statements, falsifications, defalcations, etc. ;

*“Qualified report”* has the same meaning given to it by IFAC.

**78.** This Act shall be cited as the Financial Reporting Council of Nigeria Act, 2011. Citation.

## SCHEDULE

*Section 76*

## OATH OF CONFIDENTIALITY

I.....having been appointed as Chairman/Member of the Board/Member of Committee/Member of Panel of Experts/Executive Secretary/Employee do hereby swear/solemnly affirm that I will, discharge my duties and perform my functions honestly, to the best of my ability and in accordance with the Constitution of the Federal Republic of Nigeria, objects of the Council, with the authorization of the Council or where it is really necessary for the performance of my duties, any information of a confidential nature obtained by me by virtue of my official capacity except as may be required for the due discharge of my duties and I will devote myself to the well being of the Council. So help me God.

DEPONENT

SWORN to on the.....day of.....2011.

BEFORE ME.

.....  
*Commissioner for Oaths*

I certify, in accordance with Section 2 (1) of the Acts Authentication Act, Cap. A2, Laws of the Federation of Nigeria 2004, that this is a true copy of the Bill passed by both Houses of the National Assembly.

SALISU ABUBAKAR MAIKASUWA, mni  
*Clerk to the National Assembly*  
2nd Day of June, 2011.

EXPLANATORY MEMORANDUM

This Act repeals the Nigerian Accounting Standards Board Act, No.22 of 2003 and enacts the Financial Reporting Council of Nigeria charged with the responsibility for, among other things, developing and publishing accounting and financial reporting standards to be observed in the preparation of financial statement of public entities in Nigeria.

**SCHEDULE TO THE FINANCIAL REPORTING COUNCIL OF NIGERIA BILL, 2011**

(1) <i>Short Title of the Bill</i>	(2) <i>Long Title of the Bill</i>	(3) <i>Summary of the Contents of the Bill</i>	(4) <i>Date passed by the Senate</i>	(5) <i>Date Passed by the House of Representatives</i>
Financial Reporting Council of Nigeria Bill, 2011.	An Act to repeal the Nigerian Accounting Standard Board Act, No. 22 of 2003 and enact the Financial Reporting Council of Nigeria charged with the responsibility for, among other things, developing and publishing accounting and financial reporting standards to be observed in the preparation of financial statement of public entities in Nigeria ; and for related matters.	This Bill seeks to repeal the Nigerian Accounting Standard Board Act, No. 22 of 2003 and enact the Financial Reporting Council of Nigeria charged with the responsibility for, among other things, developing and publishing accounting and financial reporting standards to be observed in the preparation of financial statement of public entities in Nigeria ; and for related matters.	31st May, 2011	1st June, 2011

I certify that this Bill has been carefully compared by me with the decision reached by the National Assembly and found by me to be true and correct decision of the Houses and is in accordance with the provisions of the Acts Authentication Act Cap. A2, Laws of the Federation of Nigeria, 2004.

I ASSENT.



SALISU ABUBAKAR MAIKASUWA, mni  
*Clerk to the National Assembly*  
2nd Day of June, 2011.

DR GOODLUCK EBELE JONATHAN, GCFR  
*President of the Federal Republic of Nigeria*  
3rd Day of June, 2011.

*Extraordinary*



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**FINANCIAL REPORTING COUNCIL OF NIGERIA  
(AMENDMENT) ACT, 2023**



ARRANGEMENT OF SECTIONS

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24. Citation



**FINANCIAL REPORTING COUNCIL OF NIGERIA  
(AMENDMENT) ACT, 2023**

**ACT No. 42**

AN ACT TO AMEND THE FINANCIAL REPORTING COUNCIL OF NIGERIA ACT, No. 6, 2011 TO,  
AMONG OTHER THINGS STREAMLINE THE MEMBERSHIP OF THE GOVERNING BOARD AND  
STRENGTHEN THE COUNCIL TO DISCHARGE EFFECTIVE REGULATORY RESPONSIBILITIES  
ON FINANCIAL REPORTING AND CORPORATE GOVERNANCE IN NIGERIA ;  
AND FOR RELATED MATTERS

[3rd Day of May, 2023]

Commence-  
ment.

ENACTED by the National Assembly of the Federal Republic of Nigeria—

**1.—(1)** The Financial Reporting Council of Nigeria Act, No. 6, 2011 (in this Act referred to as “the Principal Act”) is amended as set out in this Act.

Amendment  
of Act No.  
6, 2011

**2.** Section 2 of the Principal Act is amended by substituting for subsection (2), a new subsection “(2)” —

Amendment  
of section 2

“(2) The Board shall consist of —

(a) a Chairman who shall be a professional accountant with cognate experience of at least 10 years ;

(b) one representative from each of the —

- (i) Association of National Accountants of Nigeria,
- (ii) Institute of Chartered Accountants of Nigeria,
- (iii) Office of the Auditor General for the Federation,
- (iv) Chartered Institute of Stockbrokers,
- (v) Chartered Institute of Taxation of Nigeria,
- (vi) Ministry charged with the responsibility of supervising the activities of the Council,
- (vii) Ministry charged with the responsibility for finance,
- (viii) Nigerian Accounting Association,
- (ix) Nigerian Institution of Estate Surveyors and Valuers,
- (x) Institute of Directors of Nigeria, and
- (xi) Office of the Accountant General of the Federation ; and

(c) the Executive Secretary of the Council —

**3.** Section 8 of the Principal Act is amended —

(a) in subsection (1)(d), by substituting for the word, “Board”, the words, “board of public interest entities” ;

(b) in subsection (1), by substituting for paragraphs (h) and (q), new paragraphs “(h)” and “(q)” —

Amendment  
of section 8

“(h) promote compliance with the adopted standards issued by the International Federation of Accountants (IFAC), International Financial Reporting Standards Foundation (IFRS), International Public Sector Accounting Standards Board (IPSASB) or any other body that may be designated as such and any other setting body relating to the mandate of the Council ;

(q) develop or adopt and keep up-to-date auditing standards issued by relevant professional bodies and ensure consistency between the standards issued and the auditing standards and pronouncements of the International Auditing and Assurance Standards Board, International Organisation of Supreme Audit Institutions or any other body that may be designated as such and any other international standards setting body relating to the mandate of the Council ;”

(c) by inserting after paragraph “(r)”, a new paragraph “(s)” —

“(s) maintain a national repository for electronic submission of General Purpose Financial Statements by public interest entities” ;  
and

(d) in subsection (2), by inserting after the word, “implementing”, the words “financial reporting, corporate governance,”.

Amendment  
of section 11

4. Section 11 of the Principal Act is amended by substituting for paragraph (b), a new paragraph “(b)” —

“(b) give guidance on issues relating to financial reporting and corporate governance to bodies listed in section 2 (2) (b) of this Act ;”

Amendment  
of section 15

5. Section 15 of the Principal Act is amended —

(a) by deleting the words, “and oversight” in subsection (1)(a) and wherever it appears within the section ;

(b) in subsection (1)(c), by inserting after the word, “Audit”, the words, “and Risk Management” ;

(c) in subsection (4), by inserting after the word, “Audit”, the words, “and Risk Management” ;

(d) in subsection (3)(a), by substituting for the word, “account” the words, “financial statements” ;

(e) in subsection (5), by substituting for the figure “7”, the figure “5” ;

(f) in subsection (6), by substituting for the words, “at least once a month”, the expression, “once every 3 months” ; and

(g) in subsection (10), by substituting for the word, “confirmed”, the word, “approved”.



6. Section 20 of the Principal Act is amended by substituting for subsection (3), a new subsection (3) — Amendment of section 20

“(3) The Board shall be responsible for the appointment, promotion, discipline and welfare of senior management staff from grade level 15 and above for the Council as it may deem necessary and expedient from time-to-time for the proper and efficient performance of the functions of the Council”.

7. Section 28 of the Principal Act is amended in subsection (1), by substituting for paragraph (a), a new paragraph “(a)” — Amendment of section 28

“(a) monitor compliance with auditing, accounting, actuarial, corporate governance and valuation standards and guidelines reviewed and adopted by the Council.”

8. Substitute for section 33 of the Principal Act, a new section “33” — Substitution for section 33

“33. (1) The Council shall establish and maintain a Fund into which shall be paid —

(a) all incomes accruing from annual dues from—

(i) all registered professionals,

(ii) all registered firms of professionals,

(iii) public interest entities, and

(iv) other entities as prescribed by the Council and approved by the Minister;

(b) annual dues from every registered professional, not less than ₦10,000;

(c) an amount from every publicly quoted company, based on its market capitalization, annually as follows —

(i) an amount equal to 0.10% of market capitalization or ₦500,000 whichever is higher, where the market capitalization of a company is not more than ₦1 billion,

(ii) an amount equal to 0.04% of market capitalization or ₦2 million whichever is higher, where the market capitalization of a company is greater than ₦1 billion but not more than ₦5 billion,

(iii) an amount equal to 0.004% of market capitalization or ₦3.5 million whichever is higher, where the market capitalization of a company is greater than ₦5 billion but not more than ₦100 billion,

(iv) an amount equal to 0.004% of market capitalization or ₦10 million whichever is lower, where the market capitalization of a company is greater than ₦100 billion but not more than ₦250 billion,

(v) an amount equal to 0.003% of market capitalization or ₦15 million whichever is lower, where the market capitalization of a company is greater than ₦250 billion but not more than ₦500 billion,

(vi) an amount equal to 0.0025% of market capitalization or N20 million whichever is lower, where the market capitalization of a company is greater than N500 billion but not more than N1 trillion, and

(vii) an amount equal to 0.002% of market capitalization or N25 million whichever is lower, where the market capitalization of a company is greater than N1 trillion ;

(d) an amount from every public interest entity other than those covered by paragraph (b), based on its annual turnover as follows —

(i) an amount equal to 0.02% of annual turnover, where the annual turnover of the entity is not more than N25 million,

(ii) an amount equal to 0.025% of annual turnover, where the annual turnover of the entity is greater than N25 million but not more than N50 million,

(iii) an amount equal to 0.03 % of annual turnover, where the annual turnover of the entity is greater than N50 million but not more than N500 million,

(iv) an amount equal to 0.04% of annual turnover, where the annual turnover of the entity is greater than N500million but not more than N1 billion,

(v) an amount equal to 0.045% of annual turnover, where the annual turnover of the entity is greater than N1 billion but not more than N10 billion, and

(vi) an amount equal to 0.05% of annual turnover, where the annual turnover of an entity is greater than N10 billion ;

(e) budgetary allocations and subventions from the Federal Government ;

(f) fines and penalties imposed by the Council ;

(g) fees charged for services rendered by the Council ;

(h) rents, fees and other internally generated revenues from services provided by the Council ;

(i) gift, loans, grant-in-aid from national, bilateral and multilateral organisations and agencies ; and

(j) all other sums accruing to the Council from time-to-time.

(2) The dues referred to in subsection (1) shall be payable by —

(a) individual professionals and professional firms, not later than 60 days from 1st January of every year ;

(b) public interest entities, not later than 120 days of the financial year ; and

(c) other entities, not later than 120 days of the financial year.



(3) Where a person or an entity fails to pay the dues as prescribed in subsection (1) as and when due, the person or entity shall —

(a) pay a penalty equivalent to 10% of the amount due for every month of default cumulatively until payment is made ;

(b) be liable to sanctions as may be prescribed by the Council for any default of its agents, officers or personnel engaged in the financial reporting process for failure to comply with the provisions of this Act ;

(c) be prosecuted by the Council, for default in payment as prescribed in this section ; or

(d) be liable, in the case of the chief executive officer, to a penalty as may be prescribed by the Council, or on conviction to imprisonment for a term not exceeding 6 months.”

9. Section 41 of the Principal Act is amended by substituting for subsection (6), a new subsection “(6)” —

Amendment  
of section 41

“(6) A person who contravenes subsection (2) of this section shall be liable to a fine of ₦5,000,000 or any other amount as may be prescribed by the Council through regulation from time to time or imprisonment for a term not exceeding 6 months on conviction”.

10. Section 42 of the Principal Act is amended —

Amendment  
of section 42

(a) in subsection (1) by substituting for the expression “valid for a period of 2 years”, the words “shall be renewed annually” ; and

(b) by deleting subsection (2).

11. Section 48(1) of the Principal Act is amended by inserting after the word “may”, the words, “suspend or”.

Amendment  
of section 48

12. Section 51(a) of the Principal Act is amended by substituting for the word “asses”, the word “assess”.

Amendment  
of section 51

13. Section 53 of the Principal Act is amended by substituting for subsection (1), a new subsection “(1)” —

Amendment  
of section 53

“(1) The Council shall develop or adopt and keep up-to-date auditing standards issued by relevant professional bodies and ensure consistency between the standards issued and the auditing standards and pronouncements of the International Auditing and Assurance Standards Board or any other body that may be designated as such and any other international standard setting body relating to the mandate of the Council.”

14. Section 59 (1) of the Principal Act is amended by substituting for paragraphs (a)-(g), new paragraphs “(a)”-“(j)” —

Amendment  
of section 59

- “(a) Banks and other Financial Institutions Act, No. 5, 2020 ;
- (b) Companies and Allied Matters Act, No. 3, 2020 ;
- (c) Investments and Securities Act, No. 29, 2007 ;
- (d) Nigerian Investment Promotion Commission Act, Cap. N117, LFN, 2004 ;
- (e) Insurance Act, Cap I17, LFN, 2004 ;
- (f) Pension Reforms Act, No. 4, 2014 ;
- (g) Federal Mortgage Bank of Nigeria Act, Cap. F16, LFN, 2004 ;
- (h) Finance Act, No. 3, 2021 ;
- (i) Fiscal Responsibility Act, No. 31, 2007 ; and
- (j) Finance Control and Management Act, No. 33, 1958.

Amendment  
of section 60

15. Section 60 of the Principal Act is amended in paragraph (a), by deleting after the word “investigation”, the words “subject to the consent of the public interest entity”.

Insertion of  
section 61A

16. Insert after section 61 of the Principal Act, a new section “61A” —  
“*Execution of warrant of distraint*

61A (1) The Council may co-opt the assistance and co-operation of any of the law enforcement agencies in the discharge of its duties under this Act.

(2) The law enforcement officers shall aid and assist an authorised officer in the execution of any warrant of distraint and the levying of distraint.

(3) Any official of the Council armed with the warrant issued by a judicial officer and accompanied by a number of law enforcement officers as may be determined by the Executive Secretary shall —

(a) enter any premises covered by such warrant and seal off the premises, search for, seize and take possession of any book, document or other article used or suspected to have been used in the commission of an offence ;

(b) inspect, make copies of, or take extracts including digital copies from any book, record, document or computer, regardless of the medium used for their storage or maintenance ;

(c) search any person who is in or on such premises ;

(d) open, examine and search any article, container or receptacle ;

(e) open any outer or inner door or window of any premises and enter or otherwise forcibly enter the premises and every part of it ; or

(f) remove by reasonable force any obstruction to such entry, search, seizure or removal as he is empowered to effect.

(4) A person shall not carry out a bodily search on another person under this section except by a person of the same gender.”



17. Section 63 of the Principal Act is amended by substituting for subsection (2), a new subsection (2)— Amendment of section 63

“(2) A person who obstructs an inspector in the execution of his powers or duties under the provisions of this Act commits an offence and is liable to a fine or penalty not exceeding N5,000,000 as the Council shall prescribe by regulation or on conviction to imprisonment for a term not exceeding 6 months or both.”

18. Section 64 of the Principal Act is amended by substituting for subsections (1) and (3), new subsections “(1)” and “(3)” — Amendment of section 64

“(1) Any person who fails to comply with the prescribed statement of accounting and financial reporting standards developed or adopted by the Council or any decision of the Council to the effect that a public interest entity has failed to comply with any of its pronouncements under this Act, and with such other accounting and financial reporting standards as may be specified under the relevant enactments, shall be liable to a fine or penalty of N10,000,000 or any amount as may be prescribed by the Council by regulations or on conviction to imprisonment for a term not exceeding 2 years, provided that the Council shall bring such non-compliance to the notice of the preparers of such financial statements.

(3) Any public interest entity which fails to comply with the notice referred to in subsection (2) of this section shall be liable to a fine or penalty of N25,000,000 or any other amount as may be prescribed by the Council by regulations, and shall restate the said financial statements within 30 days.”

19. Section 65 of the Principal Act is amended by substituting for subsection (3), a new subsection “(3)” — Amendment of section 65

“(3) Any public interest entity which fails to comply with the notice referred to in subsection (2) of this section, commits an offence and is liable to a fine of N50,000,000 or any other amount as may be prescribed by the Council through regulations from time to time and be required to restate the said financial statements within 30 days thereafter and the Council shall require such entity to disclose same in the following year’s financial statements.”

20. Substitute for section 68 of the Principal Act, a new section “68” — Substitution for section 68

“68. (1) Subject to the provisions of this Act, the provision of the Public Officers Protection Act, Cap. P41, LFN, 2004 shall apply in relation to any suit instituted against an officer or employee of the Council.

(2) No suit shall be commenced against the Council before the expiration of 30 days after a written notice of intention to commence the suit is served on the Council by the intending plaintiff or his agent.

(3) The notice referred to, in subsection (2) of this section shall clearly and explicitly state the —

- (a) cause of action ;
- (b) particulars of the claim ;
- (c) name and place of abode of the intending plaintiff ; and
- (d) relief sought.

Amendment  
of  
section 72

21. Section 72 of the Principal Act is amended by substituting for subsection (2), a new subsection (2) —

“(2) The Council may cause to be published in the Federal Government Gazette, national daily newspapers and electronic media its findings or decisions under any relevant provisions of this Act.”

Substitution  
for section 73

23. Substitute for section 73 of the Principal Act, a new section “73” —

“73. The Council may, subject to the approval of the Minister, make regulations to give effect to the provisions of this Act”.

Substitution  
for  
section 77

24. Substitute for section 77 of the Principal Act a new section “77” —

“77. In this Act —

“*Annual report*” means the documents that an entity issues on an annual basis on its affairs, including its financial statements together with the audit report on it, and the report from the Board of Directors ;

“*Audit*” has the same meaning as in the International Federation of Accountants (IFAC) Code of Ethics for Professional Accountants ;

“*Audit firm*” means a firm which provides audit services ;

“*Auditor*” means a professionally qualified Accountant or firm of Accountants appointed to conduct an examination of the records of an enterprise and to form an opinion as to whether the accounts have been prepared in accordance with generally accepted accounting principles ;

“*Board*” means the governing body of the Financial Reporting Council of Nigeria established under section 2 (1) of this Act ;

“*Code of Corporate Governance*” means the Code of Corporate Governance issued by the Directorate of Corporate Governance in this Act ;

“*Corporate Governance*” means the role of persons entrusted with the supervision, control and direction of an entity ;

“*Director*” has the same meaning given to it under the Companies and Allied Matters Act, No. 3, 2020 ;

“*Entity*” means any person or body of persons, whether incorporated or unincorporated ;



“*Financial reporting standards*” mean accounting, auditing, actuarial and valuation standards issued by the Council under this Act ;

“*Financial statements*” means the Statement of Financial Position or balance sheet, income statements or profit or loss account, statement of changes in equity, statement of cash flows, notes, statements and explanatory materials thereon and other documents, as may be prescribed by the Council under this Act ;

“*Functions*” include powers and duties ;

“*IASB*” means the International Accounting Standards Board or its successor body ;

“*IFRS*” means the International Financial Reporting Standards ;

“*IFRSF*” means the International Financial Reporting Standards Foundation ;

“*IFAC*” means the International Federation of Accountants or its successor body ;

“*IPSASB*” means the International Public Sector Accounting Standards Board” ;

“*Material irregularity*” includes fraud, deliberate misstatements of financial statements, falsification and defalcations ;

“*Minister*” means the Minister charged with responsibility of supervising the activities of the Council ;

“*Offence*” includes default in payment of annual dues, submission of returns and other infractions, irregularities committed by entity or individual against the provisions of this Act ;

Regulations.

“*Official bulletin*” means the official journal of the Council ;

“*Practice*” in relation to an auditor, means the practice of the auditor or the audit firm ;

“*President*” means the President of the Federal Republic of Nigeria ;

“*Professional accountants*” means a person who is a member of a body of professional accountancy body established by an Act of the National Assembly and registered with the Council ;

“*Public interest entities*” means —

- (a) governments and government organizations;
- (b) listed entities on any recognized exchange in Nigeria ;
- (c) non-listed entities that are regulated ;
- (d) public limited companies;
- (e) private companies that are holding companies of public or regulated entities ;
- (f) concession entities ;
- (g) privatized entities in which government retains an interest ;

- (h) entities engaged by any tier of government in public works with annual contract sum of ₦1 billion and above, and settled from public funds ;  
(i) licensees of government ; and  
(j) all other entities with an annual turnover of N30 billion and above ; and

“*Qualified report*” has the same meaning given to it by IFAC.

24. This Act may be cited as Financial Reporting Council of Nigeria (Amendment) Act, 2023.

noitsiD

I, certify, in accordance with Section 2 (1) of the Acts Authentication Act, Cap. A2, Laws of the Federation of Nigeria 2004, that this is a true copy of the Bill passed by both Houses of the National Assembly.

SANI MAGAJI TAMBAWAL, *fnca*  
*Clerk to the National Assembly*  
5th Day of April, 2023.

#### EXPLANATORY MEMORANDUM

This Act amends the Financial Reporting Council of Nigeria Act, No. 6, 2011 to, among other things, streamline the membership of the Governing Board and strengthen the Council to discharge effective regulatory responsibilities on financial reporting and corporate governance in Nigeria.



**SCHEDULE TO THE FINANCIAL REPORTING COUNCIL OF NIGERIA (AMENDMENT) BILL, 2023**

(1) <i>Short Title of the Bill</i>	(2) <i>Long Title of the Bill</i>	(3) <i>Summary of the Contents of the Bill</i>	(4) <i>Date Passed by the Senate</i>	(5) <i>Date Passed by the House of Representatives</i>
Financial Reporting Council of Nigeria (Amendment) Bill, 2023.	An Act to amend the Financial Reporting Council of Nigeria Act, No. 6, 2011 to, among other things streamline the membership of the Governing Board and strengthen the Council to discharge effective regulatory responsibilities on financial reporting and corporate governance in Nigeria ; and for related matters.	This Bill amends the Financial Reporting Council of Nigeria Act, No. 6, 2011 to, among other things streamline the membership of the Governing Board and strengthen the Council to discharge effective regulatory responsibilities on financial reporting and corporate governance in Nigeria.	30th November, 2022.	6th February, 2022.

I certify that this Bill has been carefully compared by me with the decision reached by the National Assembly and found by me to be true and correct decision of the Houses and is in accordance with the provisions of the Acts Authentication Act Cap. A2, Laws of the Federation of Nigeria, 2004.

I ASSENT



SANI MAGAJI TAMBAWAL, fmc  
*Clerk to the National Assembly*  
 5th Day of April, 2023.

MUHAMMADU BUHARI, GCFR  
*President of the Federal Republic of Nigeria*  
 3rd Day of May, 2023.