



GETTING FINANCIAL STATEMENT CERTIFICATION RIGHT

A Practical Guide for Nigerian Companies

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1. INTRODUCTION

The certification of financial statements is not a mere administrative formality. It is a statutory declaration of responsibility, accountability, and truthfulness by those charged with governance and management of reporting entities.

In Nigeria, the obligation to properly certify financial statements is firmly anchored in both the Financial Reporting Council of Nigeria Act, 2011 (as amended) (“FRC Act”) and the Companies and Allied Matters Act, 2020 (“CAMA 2020”).

Despite the clarity of the law, experience from regulatory inspections and reviews shows that certification remains one of the most frequently misunderstood and improperly executed aspects of financial reporting. Common infractions include uncertified financial statements, improper signatories, delegation to unauthorised officers, and boiler-plate certifications that do not meet statutory intent.

This article aims to provide practical guidance to reporting entities on:

- a. The legal basis for certification of financial statements in Nigeria;
- b. Who is required to certify and how certification should be done;
- c. Available exemptions or waivers, where applicable; and
- d. The regulatory, legal, and personal consequences of failure or improper certification.

2. STATUTORY FOUNDATION: S.7(G) OF THE FRC ACT

Section 7(g) of the Financial Reporting Council of Nigeria Act provides that the Council shall have power to:

“require code of ethics for financial officers and certification of financial statements by Chief Executive Officer and Chief Financial Officer.”

This provision is the direct statutory authority for certification of financial statements in Nigeria. Unlike more general provisions relating to governance or standards, Section 7(g) is explicit in both who must certify and what must be certified.

Three critical implications flow from this provision:

- a. Certification is mandatory, not discretionary
- b. The wording “require” establishes certification as a legal obligation, not a voluntary governance practice.
- c. Certification is officer-specific.

The FRC Act deliberately identifies the Chief Executive Officer (CEO) and Chief Financial Officer (CFO) as the principal certifying officers, reflecting their central roles in operational leadership and financial stewardship. Section 7(g) also links certification with codes of ethics, underscoring that certification is a personal ethical declaration, not merely a technical endorsement. This provision empowers the FRC to issue binding rules prescribing the form, content, and manner of certification and to enforce compliance.

3. FRC RULES 1 AND 2 ON CERTIFICATION OF FINANCIAL STATEMENTS

FRC Rule 1 was issued specifically to give effect to Section 7(g) of the Act. It requires that financial statements, annual reports, accounts, returns, and other financial documents must be certified by the Chief Executive Officer (CEO) and Chief Financial Officer (CFO) of the reporting entity and that such certification must include the individual FRC registration numbers of the certifying officers.

The regulatory intent is clear. Audited financial statements that are not accompanied by CEO and CFO certification are incomplete from a regulatory perspective, as they lack formal executive accountability for the integrity, accuracy, and completeness of the financial information presented. The certification requirement is designed to ensure that responsibility for the financial statements rests squarely with the entity’s top management, who are directly responsible for financial reporting processes, internal controls, and governance oversight.

FRC Rule 2 extends the certification framework to other professionals involved in the financial reporting and assurance chain. It requires that professionals whose work forms part of the financial reporting process must certify their respective roles and responsibilities. Their names and FRC registration numbers (both for the individuals and firms) must be disclosed. Rule 2 reinforces the principle that financial reporting is a chain of responsibility, not a single act, and that accountability should be transparent at every critical point.

Together, Rules 1 and 2 are intended to:

- a. Eliminate anonymous or faceless financial reporting;
- b. Prevent officers from disowning financial statements after publication;
- c. Strengthen internal governance and financial discipline; and
- d. Provide a clear legal basis for enforcement actions where misstatements occur.

4. CERTIFICATION UNDER CAMA 2020: BOARD APPROVAL AND AUTHENTICATION

It is important to distinguish between board approval of financial statements under section 386 of CAMA 2020 and corporate responsibility for financial reports under section 405 of CAMA. While directors approve financial statements on behalf of the company, section 405 places personal responsibility on the Chief Executive Officer and Chief Financial Officer for the integrity, accuracy and reliability of those statements, regardless of whether they are members of the board; further reinforcing the position of the FRC.

The FRC Act, FRC Rules 1 and 2, and S. 405 of CAMA 2020 focus on officer-level certification; S. 386 of CAMA 2020 establishes the board-level responsibility for financial statements. It requires that financial statements must be approved by the board of directors and signed on behalf of the board by at least two directors authorised to do so.

5. INTERACTION BETWEEN CAMA AND FRC CERTIFICATION REQUIREMENTS

CAMA 2020 compliance (S. 386) ensures board approval and authentication. FRC compliance ensures CEO/CFO accountability and regulatory oversight. At all times, both certifications must be complied with. An entity that satisfies only one limb remains non-compliant.

While FRC Rule 1 prescribes who must certify financial statements (the CEO and CFO), Section 386 of CAMA 2020 prescribes who must sign on behalf of the board (directors). In practice, the number of required signatories depends on whether the CEO and/or CFO also serve as directors of the company. This interplay gives rise to three clear scenarios, each with distinct signatory requirements.

a. Scenario A: CEO and CFO Are Both Directors

Where the CEO and CFO are both members of the board, the corporate structure allows for two signatories only, with the CEO (as a director) and the CFO (as a director) certifying the financial statements. In this arrangement, the same two individuals simultaneously satisfy FRC Rule 1, which requires certification by the CEO and CFO, and section 386 of the Companies and Allied Matters Act (CAMA), which requires a minimum of two directors to sign on behalf of the board, resulting in a fully compliant outcome under both regulatory frameworks, provided each signs expressly in their respective capacities.

b. Scenario B: Only One of the CEO or CFO Is a Director

Where only one of the CEO or CFO is a director, that is, the CEO is a director while the CFO is not, or vice versa, the financial statements require three signatories: the CEO and CFO to satisfy FRC Rule 1 certification, and one additional director to meet the

requirement of section 386 of CAMA for a minimum of two directors signing on behalf of the board. In this structure, the CEO and CFO signatures fulfil the FRC requirement, while the signatures of the director-CEO or director-CFO together with the additional director satisfy CAMA, resulting in a fully compliant regulatory outcome, with the key implication being that where only one of the CEO or CFO is a director, an extra director’s signature is mandatory to achieve compliance.

c. Scenario C: Neither the CEO nor CFO Is a Director

Where neither the CEO nor the CFO is a director, the financial statements require four signatories to achieve full regulatory compliance. The CEO and CFO must sign to satisfy FRC Rule 1 certification, while two directors must sign on behalf of the board. In this structure, the officers (CEO/CFO) certifications do not substitute for board approval, meaning that although the CEO and CFO signatures meet the FRC requirement, separate board-level signatures remain mandatory, resulting in a fully compliant outcome only where all four signatures are obtained, with the key principle being that officer certification cannot replace statutory board authorization when neither officer is a member of the board.

Signatory Requirements at a Glance

Scenario	Is the CEO a Director?	Is the CFO a Director?	Total Signatories Required	Compliance Outcome
A	Yes	Yes	2	Fully compliant
B	Yes	No	3	Fully compliant
B	No	Yes	3	Fully compliant
C	No	No	4	Fully compliant

Regulatory Clarification (Important)

FRC Rule 1 and CAMA Section 386 are cumulative, not alternative. A signature that satisfies one requirement may count toward the other only where the individual legally occupies both roles. Misunderstanding this point is one of the most frequent causes of certification non-compliance observed during inspections.

6. EXEMPTIONS AND WAIVERS

There is no automatic exemption from certification under the FRC Act or Rules. CEO/CFO certification remains applicable unless expressly waived.

Also, section 18(2) of CAMA 2020 permits the incorporation of companies with a single director. In such circumstances, the sole director constitutes the entire board of the company and validly exercises all powers of the board, including responsibility for the approval and

certification of the company's financial statements. Accordingly, where a company has only one director, the requirement for financial statements to be signed on behalf of the board is satisfied by the certification and signature of the sole director. The requirement for the CEO and CFO certification still stands except where the same sole director occupies any of those roles.

In limited and exceptional circumstances, the FRC may issue specific regulatory waivers on certification requirements which are often time-bound and conditional. Such waivers must be explicit, in writing, and strictly complied with and above all, information about such waivers must be disclosed in the notes to the financial statements.

7. REGULATORY REQUIREMENTS FOR PROPER CERTIFICATION OF FINANCIAL STATEMENTS

Proper certification of financial statements is a core regulatory requirement and a key indicator of effective corporate governance. For certification to be regarded as valid and acceptable for regulatory purposes, all of the following conditions must be met:

a. Board Review and Approval

The financial statements must be reviewed and approved at a duly constituted meeting of the Board of Directors. Evidence of this approval must be clearly documented, and board minutes should explicitly reflect the approval of the financial statements prior to certification and audit sign-off.

b. Execution of Required Certifications and Signatures

The financial statements must bear the appropriate signatures in accordance with applicable regulatory requirements:

- I. CEO and CFO certification, in line with FRC Rule 1, confirming executive responsibility for the integrity and completeness of the financial statements; and
- II. Board signatures, in compliance with Section 386 of the Companies and Allied Matters Act (CAMA), evidencing formal board approval.

These signatures should appear on the Statement of Financial Position (or its equivalent) and on any Directors' Report or Corporate Responsibility Statement included in the annual report.

c. Consistency of Certification Dates

The date of certification must align with the date of board approval. Any form of back-dating or post-dating of signatures undermines the authenticity of the approval process and is regarded as improper and potentially fraudulent.

d. Consistency Across Financial Reporting Documents

Names, designations, signatures and FRC numbers must be consistent across all related documents, including the financial statements, the Directors' Report, statement of directors responsibility, statement of corporate responsibility, particularly with respect to the approval and certification timeline.

8. COMMONLY OBSERVED REGULATORY DEFICIENCIES AND CONSEQUENCES

The following deficiencies are frequently identified during inspections and reviews and often trigger regulatory queries:

- a. Absence of CEO or CFO certification;
- b. Certification without valid FRC registration numbers, or with incorrect or expired numbers;
- c. Certification executed before board approval;
- d. Signing by only one director without legal justification;
- e. Signing by individuals who are not directors on behalf of the board;
- f. Certification occurring after the auditor's report date, indicating lack of substantive board oversight;
- g. Use of scanned, copied, or mechanically reproduced signatures without proper authorisation;
- h. Omission of full names of certifying officers or use of initials only; and
- i. Certification of draft or unaudited financial statements, except where expressly required by regulation.

9. REGULATORY CONSEQUENCES OF FAILURE OR IMPROPER CERTIFICATION

Certification failures create both corporate and personal regulatory risk. Where certification requirements are not properly met, the Financial Reporting Council may:

- a. Reject the financial statements filed on the National Repository;
- b. Impose administrative penalties and sanctions;
- c. Require re-certification of the financial statements;
- d. Suspend or withdraw FRC registration
- e. Enhance monitoring and increase frequency of inspections

Other unintended consequences may include -

- a. Increased audit scrutiny and expanded audit procedures by auditors
- b. Modified audit opinions or emphasis of matter
- c. Loss of stakeholder and investor confidence
- d. Heightened scrutiny of directors' governance practices

Because certification is a personal attestation, accordingly:

- a. CEOs and CFOs may be subject to individual sanctions for defective or misleading certification;
- b. Directors may be exposed where board approval processes are inadequate or improperly documented;
- c. Professional credibility and regulatory standing of the individuals and the entity may be impaired;

10. PRACTICAL CERTIFICATION COMPLIANCE TIPS FOR REPORTING ENTITIES

Before finalising financial statements, entities should explicitly confirm:

- a. Who occupies the CEO and CFO roles;
- b. Whether either or both are board members; and
- c. That the minimum required number of distinct signatories has been obtained.

This simple check prevents avoidable regulatory findings. Beyond understanding who is required to certify financial statements, reporting entities must also pay close attention to the validity of the certifier's professional and regulatory status. Experience from regulatory reviews indicates that many certifications fail not because they were improperly executed, but because they were executed by persons who were not validly registered or authorised at the time of certification.

The following practical issues are therefore critical.

a. Certification by Professionals with Outstanding Annual Dues

Professionals registered with the Financial Reporting Council are required to renew their registration annually, including the payment of prescribed annual dues and fulfilment of continuing obligations. Where a professional has an outstanding annual dues obligation or has failed to complete annual renewal requirements, any certification issued during such period, even if otherwise correctly executed, is regarded as invalid for regulatory purposes. The key regulatory principle is that registration status is determined as at the date of certification, not by historical or subsequent compliance. Reporting entities should therefore ensure that certifying officers and assurance providers have active and current FRC registration at the time they sign, and evidence of valid registration is obtained and retained.

b. Registering Under the Correct FRC Category

FRC registration is category-specific, and each category carries distinct eligibility and documentation requirements. Accordingly, registration in one category does not confer authority to operate or certify in another. Certification executed under a wrong registration category is treated as non-compliant, notwithstanding that the individual

is generally registered with the FRC. For example, an individual signing as Chief Financial Officer must be registered under the CFO/Preparer category and must meet the specific registration requirements applicable to that category. Registration under another category (e.g. director, assurance provider, governance professional) does not suffice for CFO certification purposes, and this principle applies equally across other roles.

c. Staying Alert to Changes in Registration Requirements

FRC registration is not static. Requirements may evolve due to changes in law or regulation, introduction of additional documentation or disclosures, updates to renewal, validation, or compliance processes. These changes may affect new registrants, and existing registrants may also be required to update their records. Professionals and reporting entities are therefore expected to remain observant to changes in FRC registration processes; promptly update records where required; and ensure continued compliance with revised requirements. Failure to update registration details or meet new requirements may render a registration inactive or defective, thereby affecting the validity of certifications issued.

d. Due Diligence in Engaging Officers and Assurance Providers

Reporting entities have a duty to exercise proper due diligence when engaging officers whose roles require FRC certification (e.g. CFOs), and external assurance providers whose services fall within the FRC's regulatory remit. This includes verifying that such persons are duly registered with the FRC; are registered in the appropriate category for the services they provide; have valid and current registration status at the time services are rendered. This obligation is particularly important because regulatory consequences are not limited to the individual professional, and the engaging entity or firm may also be held liable for certificates or assurance reports that are improperly certified. An entity cannot absolve itself of responsibility by relying on the professional's assurances alone where reasonable due diligence was not exercised.

Key Takeaway for Reporting Entities

Certification failures frequently arise not from ignorance of the law, but from insufficient attention to regulatory detail. Valid certification requires not only the right persons to sign, but also that those persons are properly registered, correctly categorised, and fully compliant at the time of certification.

11. CONCLUSION

Section 7(g) of the FRC Act, supported by FRC Rules 1 and 2 and reinforced by CAMA 2020, establishes a clear, deliberate, and enforceable certification regime in Nigeria. The law leaves no ambiguity: financial statements must be properly approved, properly certified, and properly attributed to those responsible.

Certification of financial statements sits at the intersection of law, accountability, and trust. It is one of the clearest signals that directors understand and accept their statutory responsibilities under the FRC Act and CAMA. For reporting entities, compliance with certification requirements is not optional. Getting it right is essential to remaining on the right side of the law.

Getting this certification right requires -

- a. Proper board involvement;
- b. Correct signatories;
- c. Timely and authentic execution; and
- d. A clear understanding that certification carries real consequences.

As regulatory scrutiny deepens and enforcement becomes more robust, entities that treat certification casually expose themselves and their directors to avoidable risk. Compliance, in this area, is not just good governance; it is sound risk management.

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