



**BOTLHOLE**  
LAW GROUP

IN ASSOCIATION WITH  
**NEILL ARMSTRONG**

ATTORNEYS, NOTARIES & CONVEYANCERS  
CORPORATE | CONSULTANCY | LITIGATION | TAX

MARCH 2022

# BULLETIN

FINANCIAL REPORTING (AMENDMENT) ACT, 2020 &  
FINANCIAL REPORTING REGULATIONS



## Compliance with the Code of Corporate Governance is enforceable by law for Public Interest Entities

The Financial Reporting (Amendment) Act ('the Act') and Financial Reporting Regulations (the 'Regulations') shall come into full force and effect on the 1st April 2022. One of the major changes with legal implications brought by the Act is to expand the definition of Public Interest Entities (PIE) under Section 22 of the Act to include any partly or wholly funded public body.

In terms of Section 2 of the Act a public body is any board, tribunal, state owned entities, commission, council, committee, or other body, corporate or unincorporated established under any enactment and includes any company in which the Government has equity shares.

### Commencement date

1 APRIL 2022

### Transition period

NONE

### Authority

BOTSWANA ACCOUNTANCY  
OVERSIGHT AUTHORITY

The Act effectively expands the regulatory ambit of the Botswana Accountancy Oversight Authority ('the Authority') to include most, if not all, public bodies.

Regulation 19 of the Regulations provides that the Authority shall establish a code of corporate governance, monitor and enforce compliance with the code of corporate governance.

Penalties for non-compliance with the Regulations range from BWP 20 000 to BWP 500 000.00 and can be imposed by the Authority on the PIE and/or Board members and/or officers of the PIE and/or an audit firm and/or a certified auditor. In the event that the Authority decides to impose a fine for contravention of the provisions of the Act, Regulations or Rules of the Authority by a certified auditor, an audit firm, PIE or board member or an employee of a PIE, the fine shall:

- i) not exceed P500 000 in case of a PIE
- ii) not exceed P500 000 in case of an audit firm
- iii) not exceed P100 000 in case of a certified auditor
- v) not exceed P20 000 in case of a board member or officer of a PIE.



It is therefore imperative that all PIEs ensure that an efficient compliance framework is in place to manage the risk of regulatory sanctions.

Strong and effective corporate governance helps to cultivate a company culture of integrity, leading to positive performance and a sustainable business overall. Essentially, it exists to increase the accountability of all individuals and teams within your company, working to avoid mistakes before they can even occur.

The Corporate Services division of the Firm continues to monitor emerging legal risks and is available to provide further clarity and/or assistance.