



**PARLIAMENT OF THE DEMOCRATIC
SOCIALIST REPUBLIC OF
SRI LANKA**

**INSTITUTE OF CHARTERED ACCOUNTANTS
(AMENDMENT) ACT, No. 15 OF 1998**

[Certified on 08th April, 1998]

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Institute of Chartered Accountants (Amendment)

Act No. 15 of 1998

[Certified on 08th April, 1998]

L. D.—G. 59/95.

AN ACT TO AMEND THE INSTITUTE OF CHARTERED ACCOUNTANTS
ACT, No. 23 of 1959

BE it enacted by the Parliament of the Democratic Socialist Republic of Sri Lanka as follows :—

1. This Act may be cited as the Institute of Chartered Accountants (Amendment) Act, No. 15 of 1998.

Short title.

2. The long title of the Institute of Chartered Accountants Act, No. 23 of 1959 (hereinafter referred to as the "principal enactment") is hereby amended by the deletion of the words "for the management of its affairs and" and the substitution therefor, of the words "for the management of its affairs, for the issue of Sri Lanka Accounting and Sri Lanka Auditing Standards and".

Amendment of long title of Act No. 23 of 1959.

3. The following new section is hereby inserted immediately after section 3 and shall have effect as section 3A of the principal enactment :—

Insertion of new section 3A in the principal enactment.

"Objects of the Institute.

3A. The objects of the Institute shall be—

- (i) to promote, in general the theory and practice of accountancy and in particular, auditing, financial management and taxation;
- (ii) to enrol, educate and train members who are desirous of learning or improving their skills and knowledge, in disciplines such as auditing, financial management and taxation;
- (iii) to preserve the professional independence of accountants and to ensure the maintenance of high standards of professional work and conduct, by its members;

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- (iv) to make donations and contributions for national, public, educational or charitable purposes;
- (v) to make grants to Universities or to other educational Institutions;
- (vi) to award scholarships, and to hold exhibitions, with a view to promoting the interests of the members of the Institute;
- (vii) to organise, finance and maintain schemes for the granting, of diplomas, certificates and other awards to members of the Institute and of other professional bodies and to other persons who fulfill the prescribed conditions;
- (viii) to make grants or contributions to any other society having similar objects as those of the Institute;
- (ix) to do all such acts and things as are incidental or conducive, to the attainment of the above objects."

Amendment of
section 6 of the
principal
enactment.

4. Section 6 of the principal enactment is hereby amended as follows :—

- (1) by the repeal of subsection (3) of that section, and the substitution therefor of the following subsection :—

"(3) A member of the Institute who is not eligible for registration by the Council as a Fellow of the Institute under subsection (2), shall be eligible for registration as a Fellow of the Institute by the Council, on completion of five years after admission to membership of the Institute and on fulfilling such requirements as may be prescribed by the Council

for the advancement to Fellowship of the Institute, and upon an application being made to the Council and on payment to the Council of the prescribed fee. Such member shall upon registration by the Council as a Fellow of the Institute be entitled to use the addition "F. C. A." after his name to indicate that he is a Fellow."

5. section 7 of the principal enactment is hereby amended as follows :—

Amendment of
section 7 of the
principal
enactment.

- (1) by the repeal of that subsection (2) thereof, and the substitution therefor of the following subsection :—

"(2) The Council shall consist of a President, a Vice-President and fourteen other members appointed or elected as hereinafter provided."

- (2) In subsection (4) of that section—

- (a) by the repeal of paragraphs (a) and (b) of that subsection and the substitution therefor, of the following paragraphs :—

"(a) eight members appointed by the Minister of whom one shall be the Auditor-General if he is a member of the Institute and another shall be the immediate past President of the Council;

(b) six members elected by the members of the Institute, from among its members;

(c) a member appointed by the Minister, in a case where the Auditor-General is not a member of the Institute or the immediate past President declines to accept appointment to the Council"; and

- (b) by the substitution, for the words "paragraph (a) of this subsection", in paragraph (ii) thereof, of the words "paragraph (b) or (c) of this subsection".

Insertion of new
section 7A in the
principal
enactment.

6. The following new section is hereby inserted immediately after section 7 and shall have effect as section 7A of the principal enactment:—

"Special
provision
relating to
President and
Vice-
President.

7A. (1) A member of the Institute shall not be eligible for election as President of the Council for more than one term of office.

(2) A member of the Institute shall not be qualified to be elected as Vice-President of the Council unless he—

- (a) is a Fellow of the Institute; and
- (b) has served in at least three Committees appointed by the Council; and
- (c) has been a member of the Council for at least one term during the period of five years immediately preceding the date of closing of nominations for the post of Vice-President.

(3) Notwithstanding anything to the contrary in this Act, the Member of the Institute holding office as Vice-President of the Council, shall be deemed, to be elected as President of the Council, for the next term of office of the Council, by the members of the Institute, unless the Council resolves to the contrary, by secret ballot, at a meeting held at least six months prior to the date of commencement of the next term of office of the Council and by a majority of not less than three fourths of the members of the Council (including those not present) voting in its favour. In the event of the Council so resolving or in the event of the member of the Institute holding office as Vice-President of the Council being unable or unwilling to accept office as President of the Council for the next term of office of the Council,

the members of the Institute shall elect a President from among themselves, so however, that the member so elected shall be a member who has the qualifications set out in paragraphs (a), (b) and (c) of subsection (2) and is not the member holding office as President of the Council."

7. Section 8 of the principal enactment is hereby amended by the insertion, immediately after subsection (3) of that section, of the following subsection :—

Amendment of section 8 of the principal enactment.

"(3A) A member of the Council who fails, without being excused by the Council, to attend three consecutive meetings of the Council shall be deemed to have vacated office, with effect from the date of the last of such meetings."

8. Section 9 of the principal enactment is amended by the addition, immediately after paragraph (k) of that section, of the following new paragraphs :—

Amendment of section 9 of the principal enactment.

- "(l) to issue Sri Lanka Accounting and Sri Lanka Auditing standards;
- (m) to borrow or raise monies with or without security;
- (n) to purchase, lease, rent or otherwise acquire any movable or immovable property and to sell, mortgage, lease or otherwise dispose of any such property;
- (o) to construct, alter, maintain and equip any buildings necessary for the use of the Institute;
- (p) to pay remuneration, allowances, pensions and gratuities to officers and servants of the Institute, and to their dependants;
- (q) to pay expenses to members of the Council and to any other persons who render any services to the Institute; and
- (r) to do all such other acts or things as may be necessary for carrying out the objects of the Institute"

Amendment of
section 17 of the
principal
enactment.

9. Section 17 of the principal enactment is hereby amended by the repeal of subsection (2) of that section and the substitution, of the following subsection therefor :—

"(2) (a) Where the Council has reasonable cause to believe, whether on complaint made to it or otherwise, that any person who is a member of the Institute has been guilty of professional misconduct, the Council may appoint an investigating Committee to inquire into and report to the Council, whether a *prima facie* case of professional misconduct, has been made against such member.

(b) Where an investigating Committee appointed under paragraph (a) reports to the Council that a *prima facie* case of professional misconduct has been made out against a member, the Council shall appoint a disciplinary Committee for the purpose of inquiring into the conduct of such member."

Amendment of
section 18 of the
principal
enactment.

10. Section 18 of the principal enactment is hereby amended by the substitution for the words "in lieu of exercising that power, suspend the person", of words "in lieu of exercising that power, warn or reprimand that person or suspend that person."

Amendment of
section 24 of the
principal
enactment.

11. Section 24 of the principal enactment is hereby amended as follows :—

- (1) in subsection (1) of that section, by the substitution for the words "in partnership with any other person, he—" of the words "in partnership with any other person or as a director of a company, he—";
- (2) in paragraph (c) of that subsection, by the substitution for the words "accounting procedure or" of the words "accounting procedures or company taxation or business matters or".

12. The First Schedule to the principal enactment is hereby amended in sub-paragraph (10) of paragraph 4 of that Schedule by the substitution, for the words "which the inquiry was held", of the words "which the inquiry was held, and shall cause a copy of such report to be sent to the person whose conduct was the subject of the inquiry".

Amendment of
First Schedule to
the principal
enactment.

13. In the event of any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail.

Sinhala Text to
prevail in case of
inconsistency.

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