Accounting Professions in Thailand

Kesree Narongdej

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The University of the Thai Chamber of Commerce has the great honor of awarding an Honorary Doctorate in Liberal Arts (Accountancy) to Professor Kesree Narongdej for her considerable contributions to the establishment of accounting and auditing standards and the institutionalization of accounting professions in Thailand. This article is a response to the receipt of her honorary doctorate from UTCC on Friday November 16, 2007.
Thai accounting professions were formally organized when the Institute of Certified Accountants and Auditors of Thailand (ICAAT) was established in 1948. Most activities of the professions originally focused only on setting accounting and auditing standards, which were based on the international standards of the IAS and ISA.

Every president of ICAAT made great effort to institutionalize the accounting professions. Their hard work finally paid off when the Accounting Professions Act B.E. 2547 (2004) was enacted and came into force on October 23, 2004 (B.E. 2547). On January 29, 2005, the ICAAT members unanimously voted to register the cessation of its operation and transferred all ICAAT’s duties and responsibilities to the Federation of Accounting Professions (FAP). Since then, the FAP as a juristic person, has become the first officially recognized representative of the national accounting professional body in Thailand. In addition, His Majesty the King accepted the FAP under Royal Patronage on September 6, 2007, which has brought the highest honor to FAP’s members and all accounting professions in Thailand.

Under the Act, the accounting professions initially cover six areas, viz. bookkeeping, auditing, financial accounting, managerial accounting, accounting systems, tax accounting, and accounting education and technology.

The organization chart of the FAP is as follows:
Organizational Structure of Federation of Accounting Professions, THAILAND Under the Accounting Professions Act B.E. 2547 (2004)

The Oversight Committee on Accounting Professions (Section 59)
Permanent Secretary of the Ministry of Commerce – chairman
Secretary - General of the Office of Insurance Commission
Director - General of the Department of Revenue
Director – General of the Department of Business Development
Governor of the Office of the Auditor General of Thailand
Governor of the Bank of Thailand
Secretary-General of the Office of the Securities and Exchange Commission
President of the Federation of Accounting Professions
President of the Federation of Thai Industries
President of Thai Bankers Association
President of Thailand Chamber of Commerce
Two experts on accounting and one on law (Total 14 persons)

Committee on Professional Ethics (Section 50)
Consists of not fewer than nine but no more than fifteen members selected from persons with apparent justice and honesty and appointed by the Committee of the Federation of Accounting Professions with approval of a General Meeting of the Federation of Accounting Professions.

The Committee of the Federation of Accounting Professions (Section 22)

1. President of the Federation of Accounting Professions elected by ordinary members at a General Meeting.
2. Ex officio members of the Committee derived from chairmen of all accounting profession committees, chairman of the Committee on Accounting Standard-Setting and chairman of the Committee on Accounting Profession Ethics.
3. Two accounting specialists and one law specialist appointed by the President of Federation of Accounting Professions and ex officio members under 2.
4. Members of the Committee elected by ordinary members at a General Meeting in the number of fewer than or equal to five persons.

The Secretary-General of the Federation of Accounting Professions shall be a member and secretary of the Committee. An assistant secretary may be provided as necessary and may be appointed by resolution of the Committee of the Federation of Accounting Professions.

Committees of Accounting Professions (Section 32)
Bookkeeping Committee
Auditing Committee
Managerial Accounting Committee
Accounting System Committee
Tax Accounting Committee
Accounting Education and Technology Committee

Committee of Accounting Standard-Setting (Section 33) composed of
No fewer than seven but no more than eleven experts in accounting, appointed by the Committee of the Federation of Accounting Professions
a representative of the Office of Insurance Commission
a representative of the Department of Business Development
a representative of the Revenue Department
a representative of the Bank of Thailand
a representative of the Office of Auditor General of Thailand
a representative of the Office of the Securities and Exchange Commission
The Oversight Committee on Accounting Professions

The Oversight Committee on Accounting Professions consists of:

1. The Permanent Secretary of the Ministry of Commerce as Chair of the Committee.

2. Ex-officio members derived from the Secretary General of the Office of Insurance Commission (Previously Department of Insurance), the Director-General of Revenue Department, the Governor of the Office of the Auditor General of Thailand, the Governor of the Bank of Thailand, the Secretary-General of the Office of the Securities and Exchange Commission, the President of the Federation of Accounting Professions, the President of the Thai Chamber of Industry, the President of Thai Bankers’ Association, and the President of the Thai Chamber of Commerce.

3. Two experts in accounting and one specialist in law appointed by the Minister of Commerce.

The Director-General of the Department of Business Development shall act as a member and secretary to the Committee. If necessary, an assistant from the Department of Business Development shall be appointed.

The Oversight Committee’s Authorities and Duties

The Oversight Committee has the authorities and duties to:

1. Supervise the overall performances of the Federation of Accounting Professions so that they comply with the laws and objectives.

2. Propose the enactment of Royal Decrees under Section 9.

3. Approve the regulations of the Federation of Accounting Professions under Section 30 paragraph 2 and accounting standards under Section 34, paragraph 3.

4. Consider the appeals of applicants for licenses of certified public accountants in accordance with Section 42, paragraph 2.

5. Consider the appeals of allegers or persons penalized by the Committee on Professional Ethics under Section 55, paragraph 1.

6. Appoint sub-committees to perform activities under its authorities and duties.

The FAP Committee Members

As specified in the Act, there are 17 FAP committee members comprising one President, six ex-officio members, and five specific accounting profession committee chairs who are elected by ordinary members from the general meeting. Three specialists are appointed by the President of FAP and ex-officio members. Under the FAP, there are two other committees, namely, the Committee on Accounting Standard-Setting, whose members are appointed by the FAP’s President and the ex-officio members, and the Committee on Professions Ethics, whose members are nominated by the FAP’s President and the ex-officio members with approval of the general meeting.
The Professions’ Ethics Committee works as an independent body from the FAP. It can appoint sub-committees to assist in its investigations of ethical violations.

**The Fap’s Authorities and Duties**

As stipulated by Section 7 of the Act, the FAP is empowered to:

1. Promote education, training and research with respect to accounting professions;
2. Promote the unity and the integrity of its members and to arrange welfare and assistance among the members;
3. Set accounting standards, auditing standards and other standards relating to accounting professions;
4. Prescribe the Code of Accounting Profession’s Ethics;
5. Register accounting professionals, and issue, suspend or revoke licenses of disciplined accounting practitioners;
6. Certify accounting degrees or certificates of educational institutions as credentials in applying for FAP membership;
7. Certify knowledge and expertise in accounting professions;
8. Certify professional training courses and continuing professional education in all areas of accounting professions; and
9. Regulate the conduct and practices of members and registrants to make them comply with the Code of Accounting Profession Ethics.

**Accounting and Auditing Standards**

In regards to the setting of accounting and auditing standards, the FAP committee lays out the procedure as follows:

1. The Accounting and Auditing Standard-Setting Committees consider the issues raised.
2. Accounting and auditing standards are drafted or revised.
3. Public hearings are held on the drafts.
4. The drafts are reviewed against the comments received from public hearings.
5. Completed drafts are submitted to the FAP Committee for consideration:
   - A subcommittee scrutinizes and improves drafts.
   - The Oversight Committee of Accounting Professions gives final approval to the drafts.
   - Approved standards are published in the Royal Gazette.

Currently, accounting and auditing standards are set and coded according to international standards (IFRS). Many of them have already been updated. Some are in the process of public hearings.

**Code of Ethics**

The Code of Ethics, which is set to comply with Section 47 of the Act, follows the IFAC’s Code of Ethics for professional accountants. The Code is applied to both auditors and accountants.
The Code of Ethics as applied to auditors and accountants is set to comply with IFAC’s Code of Ethics for Professional Accountants on:

- Integrity
- Objectivity
- Professional competence & due care
- Confidentiality
- Professional behavior
- Transparency
- Independence
- Professional standard
- Accountability

**Enforcement**

To enforce professional practices, Thai regulators and authorities, namely the Ministry of Finance, the Bank of Thailand, the Revenue Department, the Business Development Department of the Ministry of Commerce, the Office of Insurance Commission, and the Securities and Exchange Commission, are responsible for regulating the juristic persons which are required to submit financial statements to comply with the accounting and auditing standards.

In terms of investigation and discipline of misconduct, including breaches of professional standards and rules by accounting profession practitioners, the FAP shares responsibility to oversee the professional practices by cooperating with the above-mentioned regulators and authorities in investigating the cases submitted. A case filed by regulators will be reported to the Professional Ethics Committee for further investigation and decisions on appropriate discipline.

**Professor Kesree Narongdej**, Professor of Accounting and the former Dean of the Business School at Thammasat University, received her Master’s Degree in Professional Accounting from the University of Texas, Austin, USA. In addition, she received an Honorary Doctorate in Accounting from Thammasat University. In 2007, the University of the Thai Chamber of Commerce conferred upon her an Honorary Doctorate in Liberal Arts (Accountancy). Currently, she has held many important administrative positions, such as the President of the Federation of Accounting Professions under the Royal Patronage of His Majesty the King, Thailand; the President of the Business Administration Program (International Program), School of Commerce and Accountancy, Thammasat University; and the Executive Board of the MBA Program, Thammasat University. Her main interest is in setting accounting and auditing standards for both education and professions.