



***Enhancing Public Confidence by Strengthening the Accountancy
Profession with a Global Perspective***

ABRIDGED STRATEGIC PLAN 2016 - 2018

List of Acronyms and Abbreviations

| | |
|---------|---|
| ACCA | Association of Chartered Certified Accountants |
| AWAK | Association of Women Accountants of Kenya |
| BMOs | Business Management Organizations |
| CAK | Competition Authority of Kenya |
| CBK | Central Bank of Kenya |
| CMA | Capital Markets Authority |
| CPA - K | Certified Public Accountant - Kenya |
| CPD | Continuous Professional Development |
| CPSB | County Public Service Board |
| CSR | Corporate Social Responsibility |
| CUE | Commission for University Education |
| EAC | East African Community |
| EACC | Ethics and Anti-Corruption Commission |
| ERP | Enterprise Resource Planning |
| FRC | Financial Reporting Centre |
| FKE | Federation of Kenya Employers |
| ICPAK | Institute of Certified Public Accountants of Kenya |
| ICT | Information and Communications Technology |
| ICAEW | Institute of Chartered Accountants of England and Wales |
| IFAC | International Federation of Accountants |
| IHRM | Institute of Human Resource Management |
| IIAK | Institute of Internal Auditors Kenya |
| IRA | Insurance Regulatory Authority |
| LSK | Law Society of Kenya |
| KASNEB | Kenya Accountants and Secretaries National Examinations Board |
| KRA | Kenya Revenue Authority |
| KSG | Kenya School of Government |
| KSMS | Kenya School of Monetary Studies |
| LSK | Law Society of Kenya |
| NITA | National Industrial Training Authority |
| NGOs | Non-Governmental Organizations |
| PESTLE | Political, Economic, Social, Technological, Legal and Environment |
| PSC | Professional Standards Committee |
| RBA | Retirement Benefits Authority |

List of Acronyms and Abbreviations Continued..

| | |
|-------|--|
| SASRA | Sacco Societies Regulatory Authority |
| SCAC | State Corporations Advisory Committee |
| SO | Strategic Objective |
| SWOT | Strengths, Weaknesses, Opportunities and Threats |
| PAFA | Pan African Federation of Accountants |
| PSC | Professional Standards Committee |

Strategic Plan

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1. INTRODUCTION

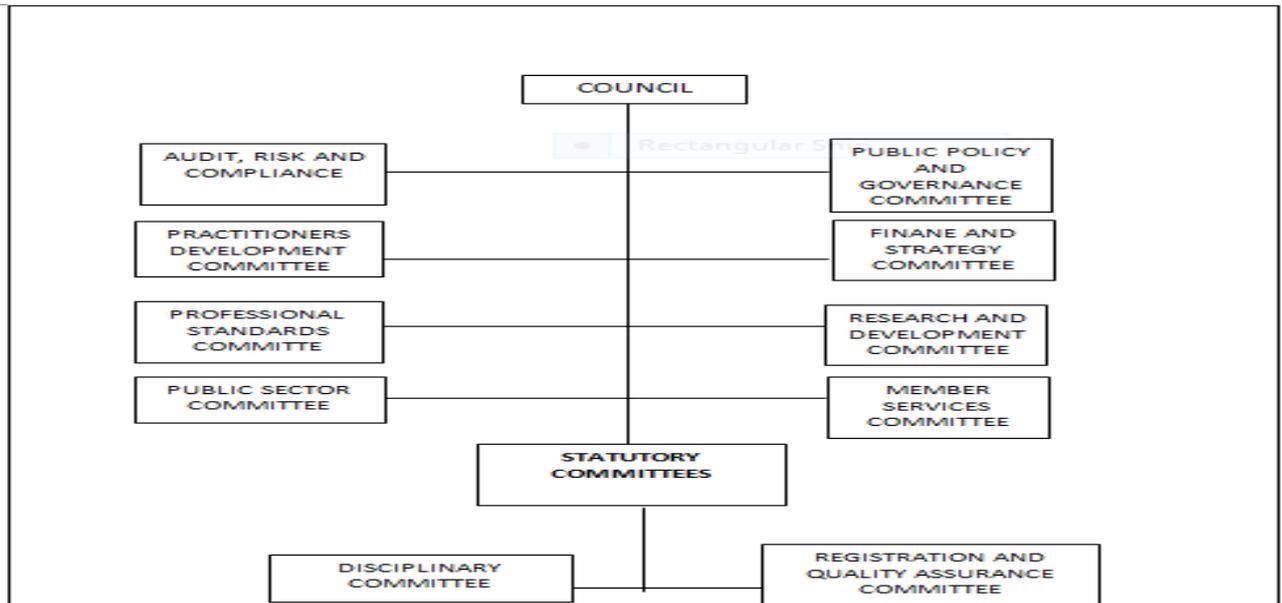
The Institute of Certified Public Accountants of Kenya (ICPAK) is the professional organization that regulates the activities of all Certified Public Accountants (the CPA (K)s) in Kenya. It was established in 1978 by the laws of Kenya under CAP 531. Since then, ICPAK has been dedicated to development and regulation of the Accountancy Profession in Kenya so as to enhance its contribution and that of its members to national economic growth and development. In 2008, a new Accountants Act No. 15 was enacted to replace the 1978 Accountants Act to take into account the various developments that had shaped the accounting profession in Kenya and globally.

The Accountants Act No. 15, 2008 prescribes the following as the functions of the Institute:

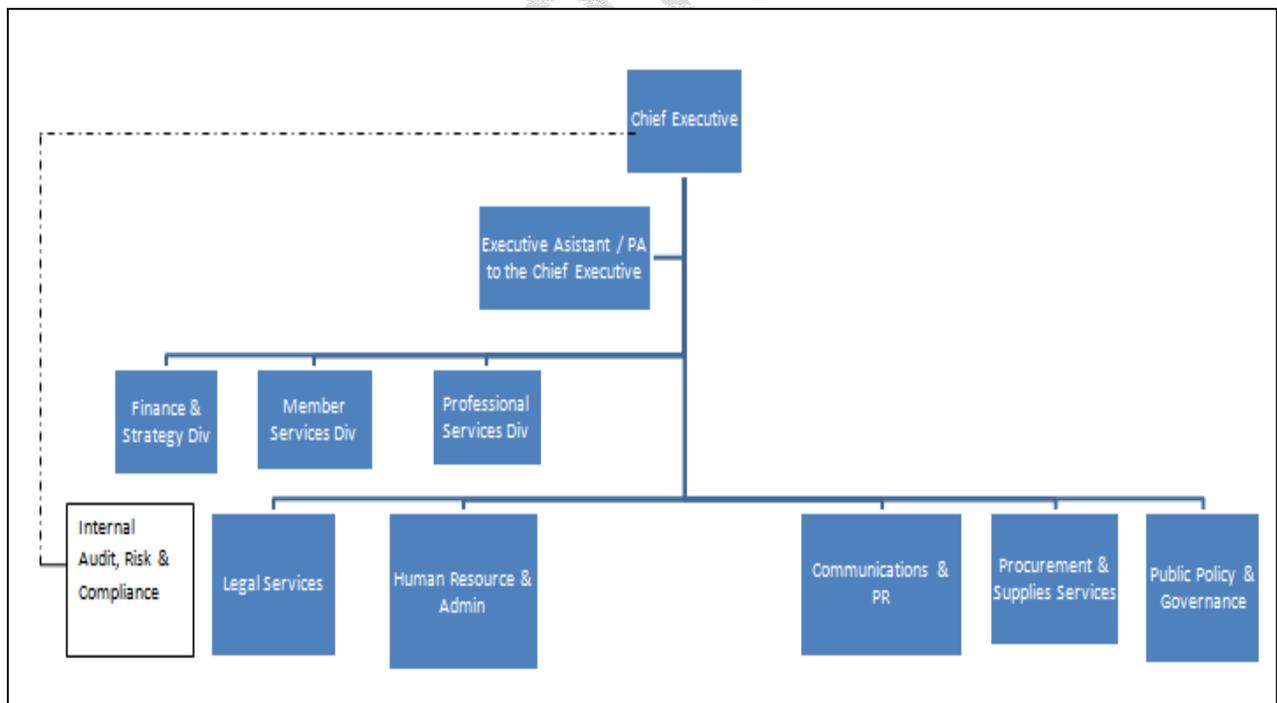
- To promote standards of professional competence and practice amongst members of the Institute;
- To promote research into the subject of accountancy and finance and related matters, and the publication of books, periodicals, journals and articles in connection therewith;
- To promote the international recognition of the Institute;
- To advise the Examinations Board on matters relating to examinations standards and policies;
- To advise the Minister on matters relating to financial accountability in all sectors of the economy;
- To carry out any other functions prescribed for it under any of the other provisions of this Act or any other written law; and
- To do anything incidental or conducive to the performance of any of the preceding functions.

ICPAK Governance and Secretariat structure is represented diagrammatically as follows:

Governance Structure



Secretariat Structure



2. STAKEHOLDER ANALYSIS

Stakeholder mapping enabled ICPAK to rank its stakeholders in terms of:-

- Contribution(s) of the identified stakeholder to ICPAK;
- The legitimacy of the stakeholder's claim to engage with ICPAK;
- The perceived willingness of the stakeholder to engage with ICPAK; and
- The influence the stakeholder exerted over ICPAK.

The mapping process involved placing the various stakeholders as analysed in a quadrant depending on their level of influence/power and interest.

The four categories were as follows:

- Key stakeholders**– High influence and high interest. It is critical for ICPAK to actively engage with stakeholders in this quadrant.
- Stakeholders to keep informed** – High influence but low interest. ICPAK will have high level communications with this group.
- Show consideration** –Low influence, high interest. ICPAK will have low level communications with stakeholders in this quadrant; and
- Passive efforts**– This group of stakeholders has very low influence over ICPAK and they (stakeholders) have little interest or are least impacted by ICPAK activities. Therefore, ICPAK will maintain a passive relationship with them.

Identified ICPAK Stakeholders

| | |
|---|---|
| <p style="text-align: center;"><u>MEET THEIR NEEDS</u></p> <ul style="list-style-type: none"> ❖ Service providers ❖ Employers ❖ Foreign Accountancy Professional Bodies i.e. ACCA, ICAEW, EAIA etc ❖ State Corporations Advisory Committee (SCAC) ❖ NITA ❖ IHRM ❖ Training institutions <ul style="list-style-type: none"> ✓ KSG ✓ Universities ✓ Mid-Level Colleges ❖ Media <ul style="list-style-type: none"> ✓ Print ✓ Broadcast ✓ Social ❖ Others | <p style="text-align: center;"><u>KEY PLAYERS</u></p> <ul style="list-style-type: none"> ❖ Public ❖ Government <ul style="list-style-type: none"> ✓ Commission on Administrative Justice ✓ Commission on Revenue Allocation ✓ Council of Governors ✓ Controller of Budget ✓ County Governments ✓ County Assemblies ✓ Judiciary ✓ Kenya National Audit office ✓ Legislators ✓ Ministry of Devolution and Planning ✓ Ministry of Education ✓ National Treasury ✓ Public Sector Accounting Standards Board ✓ Salaries and Remuneration Commission ❖ Affiliates and Regulatory Institutions AWAK, IFAC, PAFA, KASNEB(A), CMA(R), RBA, IRA, CBK, SASRA, KRA(A), CAK, CUE, EACC, FRC ICIFA (A), PSC, CPSK, FKE, IAAK, LSK (A), KSMS (A) ❖ Business Membership Organizations ❖ Standards Setting Bodies (IASB, IFASS etc) ❖ EAC (East Africa Community) ❖ Members ❖ Program Donors/ Partners ❖ Others |
| <p style="text-align: center;"><u>PASSIVE EFFORTS</u></p> <ul style="list-style-type: none"> ❖ High Schools ❖ Think Tanks ❖ NGOs ❖ Civil Societies ❖ Relevant State Bodies and Agencies ❖ Others | <p style="text-align: center;"><u>SHOW CONSIDERATION</u></p> <ul style="list-style-type: none"> ❖ Trade Unions ❖ Others |

3. SITUATIONAL ANALYSIS

ICPAK situational analysis encompassed a SWOT and PESTLE analysis. SWOT identified the Institute’s Strengths; Weaknesses; Opportunities and Threats. PESTLE covered an analysis of the following macro environment factors:-

- Political;
- Economic;
- Social;
- Technological;
- Legal; and
- Environmental.

Output from the analysis is presented below:

3.1 Political

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| <p style="text-align: center;">Strengths</p> <ul style="list-style-type: none"> ➤ Well-developed linkages with government and professional agencies- KRA, Auditor General, Accountant General, etc. | <p style="text-align: center;">Weaknesses</p> <ul style="list-style-type: none"> ➤ Effect of political processes on functioning of ICPAK. ➤ Lack of a well-coordinated lobby and advocacy function especially on matters pertaining to legislation. |
| <p style="text-align: center;">Opportunities</p> <ul style="list-style-type: none"> ➤ Regional integration: creating opportunities for ICPAK members in the East African region. ➤ Devolved government system: ICPAK can leverage on its branch network in the counties and strengthen its capacity; increase visibility in counties. ➤ Opportunity to strengthen the Institute’s advisory role in issues of national importance such as inflation and interest rates by having a position in key government committees. ➤ Opportunity to influence public perception on matters of national interest through proprietary opinion polling administered nationwide. ➤ Opportunity for ICPAK representation in engagements with the Kenya National Qualifications Authority to ensure recognition of the CPA qualification. | <p style="text-align: center;">Threats</p> <ul style="list-style-type: none"> ➤ Evolving political climate has the potential to bring instability to ICPAK agenda. |

3.2 Economic

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|---|--|
| <p style="text-align: center;">Strengths</p> <ul style="list-style-type: none"> ➤ Ability to optimize revenue generation from membership. | <p style="text-align: center;">Weaknesses</p> <ul style="list-style-type: none"> ➤ Current reliance on membership as the main source of revenue. |
| <p style="text-align: center;">Opportunities</p> <ul style="list-style-type: none"> ➤ Increasing demand for Professional Accountants. ➤ Opportunity to diversify revenue streams to include consultancy, research, training and the real estate portfolio. ➤ Increased demand for CPD hours presents an opportunity to engage in more revenue generating activities i.e. more seminars. | <p style="text-align: center;">Threats</p> <ul style="list-style-type: none"> ➤ Lack of employment opportunities for CPA graduates, hence reduced capacity to raise membership fees. |

3.3 Social

| | |
|---|---|
| <p style="text-align: center;">Strengths</p> <ul style="list-style-type: none"> ➤ Youthful employee base: Average age is 33 years hence more flexibility and energy from the workforce. ➤ The membership base is equally youthful hence a vibrant and sustainable talent pool. ➤ The Accountancy Profession is mandated to safeguard public funds and do all that is necessary to achieve this. ➤ Accountants play advisory roles within the society, from the community, church, and right to the national level. ICPAK members are represented in many boards within the country. ➤ Large number of qualified accountants from KASNEB forms a rich pool of ICPAK potential membership. ➤ Members' receptiveness, willingness and ability to attend ICPAK events. ➤ Influential members' support within the government and other stakeholders. | <p style="text-align: center;">Weaknesses</p> <ul style="list-style-type: none"> ➤ Limited programs to capture the interest of the youth and students to the profession. Accountancy qualification in some instances is viewed as a mitigation to lack of job opportunities other than a mainstream professional qualification. ➤ Lack of protection of whistle blowers within the profession in line with safeguarding the public interest. |
| <p style="text-align: center;">Opportunities</p> | <p style="text-align: center;">Threats</p> |

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| <ul style="list-style-type: none"> ➤ Opportunity to understand and respond to the Accountancy career needs of the young generation. ➤ Opportunity to work closely with AWAK to promote the growth of the Accountancy profession among women. ➤ Opportunity to tap into the skills, knowledge and experience of senior retired members of the Institute who have a wealth of experience. ➤ Opportunity to make a greater impact on the society through CSR programs e.g. free accountancy clinics, scholarships to accounting students etc. ➤ Increasing demand for professional accountants. ➤ Opportunity to introduce practical experience for the young accountants out of college. | <ul style="list-style-type: none"> ➤ Negative impact of lifestyle diseases on staff, current and potential members. ➤ Failure by members to comply with the code of ethics for professional Accountants hence the rising cases of corruption and institutions engaging in fraudulent accounting practices. ➤ Employment of non-accountants to senior accountancy/financial positions, thus taking away opportunities from ICPAK members and diluting the influence of the Institute and significance of the CPA qualification. ➤ Unfair competition posed to ICPAK members from unqualified practitioners with unstructured (low) professional fees regime. ➤ Other qualifications both local (i.e. Bachelors in Accounting) and foreign are in some instances deemed superior to CPA. ➤ Low productivity of newly qualified accountants which has a negative perception of the CPA qualification. |
|--|--|

3.4 Technological

| | |
|--|--|
| <p style="text-align: center;">Strengths</p> <ul style="list-style-type: none"> ➤ The Institute has embraced technological innovations including ERP system to improve performance and service to members. ➤ Increased performance and controls within the profession through use of accounting/ audit software solutions. ➤ High IT literacy among the membership and availability of audit software tools. | <p style="text-align: center;">Weaknesses</p> <ul style="list-style-type: none"> ➤ The Institute is not fully leveraging on social media platforms hence communication gap between it and the stakeholders, especially the young generation. |
| <p style="text-align: center;">Opportunities</p> <ul style="list-style-type: none"> ➤ Well-developed telecommunication infrastructure which enables solutions such as online CPD hours and filing of | <p style="text-align: center;">Threats</p> <ul style="list-style-type: none"> ➤ Increased fraud cases perpetuated by use and/or manipulation of technology. |

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| <p>returns.</p> <ul style="list-style-type: none"> ➤ Opportunity to pay membership fees electronically. ➤ Opportunity to promote ICPAK brands through ICT enabled platforms. | |
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3.5 Legal

| | |
|--|--|
| <p style="text-align: center;">Strengths</p> <ul style="list-style-type: none"> ➤ The accountancy profession regulations and standards have been anchored in the Accountants Act (initial and succeeding Acts) since 1978. ➤ ICPAK is anchored under the Accountants Act which puts it in a favourable position to influence policy and/or legislation. ➤ ICPAK is able to enter into beneficial contractual arrangements with local and international Bodies through MOUs and MRAs. | <p style="text-align: center;">Weaknesses</p> |
| <p style="text-align: center;">Opportunities</p> <ul style="list-style-type: none"> ➤ Amendment of Accountants Act No. 15 of 2008 provides an opportunity to further regulate the profession to act on emerging issues including non-adherence to the code of ethics. ➤ Opportunity to work with SCAC to champion governance issues in State Corporations. | <p style="text-align: center;">Threats</p> <ul style="list-style-type: none"> ➤ Frequently changing laws, government rules and regulations which may have an impact on ICPAK work Program. |

3.6 Environmental

| | |
|---|---|
| <p style="text-align: center;">Strengths</p> <ul style="list-style-type: none"> ➤ General respect for the environment prevails within ICPAK and the membership. | <p style="text-align: center;">Weaknesses</p> <ul style="list-style-type: none"> ➤ Lack of a “Green Policy.” |
| <p style="text-align: center;">Opportunities</p> <ul style="list-style-type: none"> ➤ Opportunity to be a “Green” institution through CSR. | <p style="text-align: center;">Threats</p> <ul style="list-style-type: none"> ➤ Global and national policies on “Green Issues” usually have a cost and legal implication. |

4. STRATEGIC DIRECTION

4.1 HIGHLIGHTS OF THE ICPAK 2016-2018 STRATEGY

4.1.1 VISION STATEMENT

A world class Professional Accountancy Institute.

4.1.2 MISSION STATEMENT

Develop and promote internationally recognised accountancy profession that upholds public interest through effective regulation, research and innovation.

4.1.3 CREDO

Uphold Public Interest.

4.1.4 CORE VALUES

Credibility: We resolve to promote high ethical standards in accounting practice and reinforce our mandate of championing public interest.

Professionalism: We maintain a high level of knowledge, skills and standards as we provide excellent services to our members and stakeholders.

Accountability: we are obliged to account for our activities, accept responsibility for our actions and conduct our operations in a transparent manner.

4.4.5 ICPAK STRATEGIC PRIORITIES

1. **C**ustomer Focus

The Institute will seek to grow membership by 18,000 over the plan period and carry out bench marking to inform its retention and member satisfaction strategies. ICPAK will also carry out a national Customer Satisfaction Survey in order to improve on its service offerings.

2. **R**egulating the Accountancy Profession

The Institute seeks to strengthen its regulatory role through review of the Accountants' Act, increased practice monitoring, collaborations with the Examination body and the adoption of the Practical Experience Framework.

3. **T**hought Leadership

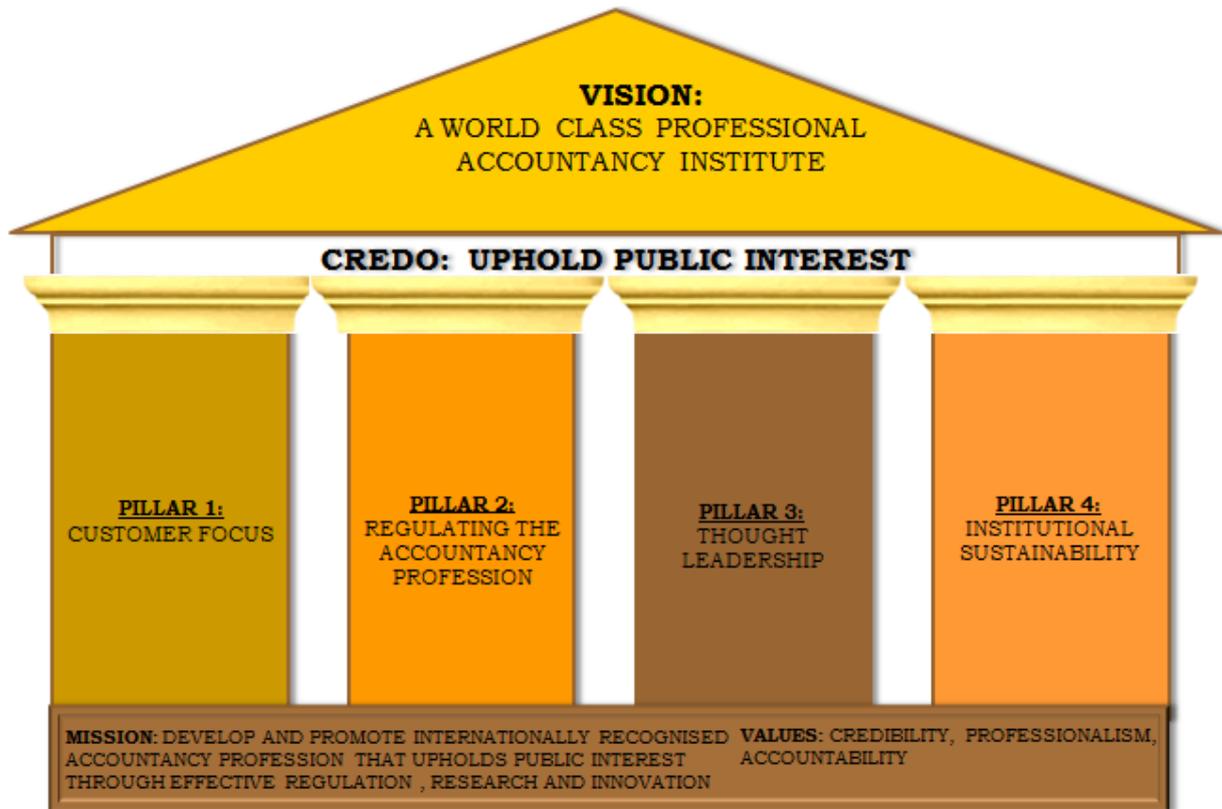
ICPAK will seek to increase its engagements with both the international, regional and national stakeholders on thought leadership matters for increased accountability and good governance. The Institute will also undertake researches on key thematic areas to inform its position on various legislation, policies and other governance matters.

4. **Institutional Sustainability**

The Institute is focused on increased growth to ensure its life-long sustainability. During the Strategic plan period, ICPAK will focus on recruiting and retaining of top talent, automation of processes, developing a Business Continuity Plan and enhance risk management. The Institute will also focus on diversification of its revenue streams and improvement on its governance structures.

Strategic Plan

FIGURE 1: STRATEGIC DIAGRAM/BUILDING



Stratelo

4.2 STRATEGIC PILLARS AND OBJECTIVES

Below are the proposed objectives for the strategic planning period.

| Strategic Pillars | Strategic Objectives |
|---------------------------------------|---|
| Customer Focus | SO 1: Achieve a 76% customer satisfaction rate over the plan period ¹ |
| | SO 2: Maintain an active member retention rate of 95% annually |
| | SO 3: Increase participation in Training and Development events by 40% annually |
| | SO 4: Position ICPAK brands to be among the leading competing brands |
| | SO 5: Membership growth |
| | SO 6: Corporate Social Responsibility (CSR) |
| Regulating the Accountancy Profession | SO 7: To enhance accountancy qualification framework |
| | SO 8: Enhance admissions, diversification of membership and quality of licensed firms and members |
| | SO 9: Improve Audit quality through Audit Quality Monitoring (AQM) |
| | SO 10: Enhance compliance and regulation in public interest |
| | SO11: Enhance investigations on professional misconduct, disciplinary and legal advisory |
| | SO 12: Contribute to and promote the development of high quality international standards |
| | SO 13: Facilitate consistent implementation of technical standards |
| Thought Leadership | SO 14: Enhancing thought leadership |
| | SO 15: Develop collaborative partnerships with regional and global institutions |
| | SO 16: Proactive stakeholder engagement |
| | SO 17: Public Policy Research |
| | SO 18: Participation in legislative process in Kenya and EAC |
| | SO 19: Lobbying and advocacy |
| | SO 20: To position the Accountant Journal to be the leading professional magazine in Kenya |

¹ Benchmarked against United States Overall Customer Satisfaction Index (2013-2014)

| Strategic Pillars | Strategic Objectives |
|------------------------------|---|
| | SO 21: Establish a Research and Innovation function |
| Institutional Sustainability | SO 22: Attracting and retaining top talent |
| | SO 23: Enhance internal operating processes |
| | SO 24: Risk management |
| | SO 25: Business Continuity Framework |
| | SO 26: Operationalising Regional Branches and Chapters |
| | SO 27: Revenue sustainability |
| | SO 28: Enhance governance structures |
| | SO 29: Separation of Company Secretary role from Chief Executive's position |

Strategic Plan

5. RISK MANAGEMENT

The preparation of the Strategic Plan took cognisance of the risks that are likely to affect the implementation of the Plan. Moreover, it is envisaged that the various Strategic Objectives of the plan will only be realised if the conditions in the internal and external environment do not change in a way that is not anticipated at the time of preparation of the Plan.

The risks are identified as strategic, legal, operational, financial and technological.

The following assumptions have been taken into account during the strategy formulation process:-

- The necessary resources required for the implementation of this strategic plan will be available;
- An organizational review will be carried out at the beginning of the planning period to assess the adequacy of the existing organizational structure, ascertain the optimal staffing levels and the competencies required;
- All the projects envisaged during the plan period will be completed and implemented fully within the planned time frames;
- The key stakeholders shall continue to respond proactively to ICPAK recommendations on policies and other advice relating to the advancement of the Accountancy Profession Nationally, Regionally and Internationally;
- The necessary legal amendments in support of the Accountancy Profession will be expeditiously passed;
- Adequate policies and guidelines will be developed and implemented to effectively regulate the Accountancy Profession; and
- Membership growth will be realized at the planned levels.