



MINUTES OF THE 38th ANNUAL GENERAL MEETING OF THE INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS OF KENYA HELD AT THE CPA CENTRE, ON FRIDAY, 3RD JUNE, 2016 FROM 1.30PM AT NAIROBI

Present from the Council:

FCPA Fernandes Barasa	Chairman
FCPA Julius Mwatu	Vice Chairman
FCPA Pius Nduatih (OGW)	Council Member
CPA June Kivinda	Council Member
CPA Obare Nyaega	Council Member
CPA Wycliffe Shamiah	Council Member
CPA Geoffrey Malombe (HSC)	Council Member
CPA Susan Oyatsi	Council Member
CPA Samuel Okello	Council Member
CPA Rose Mwaura	Council Member

Apologies from the Council:

Ms. Damaris Kimosop	Council Member
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In Attendance:

CPA Dr. Patrick Ngumi, Chief Executive & Secretary to the Council
Harriette Chiggai, Senior Manager, Legal Services

Present from Institute Members: As per Appendix 1

Apologies from the Institute Members: As per Appendix 2

AGM. 1/2016: To note Proxies and Establish Quorum

The Chairman called the meeting to order following the attainment of the mandatory quorum of one hundred (100) full members in accordance with Section 7(1) of the first schedule of the Accountants Act No. 15, 2008 and By-43.

The Chairman gave an apology for starting the meeting late which he attributed to the delay in the grand opening of the CPA Centre. He thanked members for being patient and requested them to adopt the starting of the meeting at 1.30pm as proposed by FCPA Abdul Wahid Aboo (M/n 0528) and as seconded by CPA Nelson Korir (M/n 5852).

AGM. 2/2016 To note Apologies

The Chairman noted the apologies received and further stated that they had been duly recorded by the Chief Executive and Secretary to Council.

The Chairman noted that various proxies had been received and duly recorded by the Secretary.

AGM. 3/2016 Adoption of the Agenda

The Chairman noted the circulation of the Notice and the Agenda of the 38th Annual General meeting through the E-connect. The same was posted in the Institute's website. He further requested members to amend the agenda by including a substantive agenda item on the establishment of the ICPAK benevolent fund. Members unanimously resolved to amend the day's Agenda to include the establishment of the ICPAK Benevolent fund as a substantive agenda item, as proposed by CPA Joseph Langa (M/n 7342) and as seconded by FCPA Abdul Wahid Aboo (M/n 0528)

AGM. 4/2016: To confirm Minutes of the 37th Annual General Meeting

The Minutes of the 37th Annual General Meeting as proposed by CPA Tom Joshua Akolo (M/n 5871) and seconded by CPA Oduol Julius Onyango (M/n 13223) were confirmed as a true record of the proceedings of that meeting.

4.1: 2016: To consider Matters Arising

Matters arising from the Minutes of the 37th AGM were read and the progress duly noted.

AGM. 5/2016: To Receive and Adopt Council Report for year end 2015

The Council report was delivered by the Chairman. The Chairman began by thanking Members of Council for the tremendous support in ensuring the vision, mission and the core values of the Institute were upheld. He further urged members to abide by the principles and the code of ethics for accountants.

In his address to members, the Chairman provided an update on the activities undertaken by the Council and the Institute over the past year. The highlights of the Chairman's remarks were as follows:

AGM. 5.1: Membership and Member Services

Members were informed that the Institute in the year 2015 sought to understand the market it operates in by keeping on top of key industry trends, and responding to the changing behaviors and expectations of its members. Membership engagement remained core to understanding the changing expectations as the Institute sought ways to address those expectations.

Members were informed that during the year 2015, Council approved a 50% discount on membership registration and as a result the Institute witnessed the highest registration of members. He reported that 4,575 registered with the Institute as full members, while 550 registered as Associate Members in the same discount period. The Institute as a result had an increased membership standing at 18,328 members as of 31st December 2015 as compared to 400 members in 1978. The end result was a transformed Institute into one of the five largest Institutes in Africa.

He reported that in recognition of the various needs of Members, the Council established the Public Sector Committee in order to profile, identify and tackle the various needs of the members working in the Public Sector. He reported that the Committee was expected to lobby and advocate on the issues affecting members in the public Sector and carry out research and develop policies that enhance the public sector within the national and devolved governments.

Members were informed that the Institute's Council established a Youth and Students Affairs Subcommittee of the Member Services Committee to address issues affecting about 40% of the membership who fall in the category of 35 years and below. To ensure that these members derive benefits relating to their unique needs, the Institute developed a Trainee Accountant Practical Experience Framework (TAPEF) to ensure the Associate members get the requisite training and exposure needed to sharpen their skills in taking up Accountancy roles. The Institute also carried out several forums with the Accountancy Students to provide mentorship and appraise them on the opportunities available in the profession.

Members were further informed that the Institute established a digital platform – 'ICPAK Live' in order to provide an interactive media platform, where members could engage more on issues affecting the Profession, access online CPDs, undertake status update, access any publications and have their concerns addressed real-time.

AGM. 5.2: Regulation of the Profession

On the regulatory front, Members were informed that the Council engaged in significant dialogue with government on the review of the Accountants Act. The review had been occasioned by market dynamism of the Accountancy profession. Additionally, several developments had taken place both locally and internationally necessitating the review.

Members were informed that the proposed Bill prescribed the relevant qualifications for Accountants and also provided disciplinary action against Accountants found guilty of misconduct and corrupt practices.

Members were informed that the Institute rolled-out a survey to assess the establishment and effectiveness of audit committees in the public sector. Several parastatals were interviewed and the report was finalized, published and launched during the year. The survey also assisted the Institute in developing a position on the structure of the Internal Audit function at both the National and County levels of Government.

Members were informed that the Institute shall continue to advocate for clear definition in regard to hierarchy of responsibilities and roles of institutional structures. The arrangement was geared to eventually reinforce checks and balances as part of risk mitigation; prevent potential conflict of interest, while ensuring fulfilment of fiduciary responsibilities and avoiding dereliction of duty. The Chairman reiterated that the outcome was to address issues of transparency and accountability supported by a set of institutional values and ethical codes of conduct, such as honesty, selflessness and integrity of the highest order.

AGM. 5.3: New Strategic Plan 2016-2018

Members were informed that the Institute continued to operate in a fast changing environment where flexibility and adaptability were vital for business sustainability and continuity. The said challenges required that the Institute continues to re-assess its strategies for adequacy in meeting the ever evolving members' needs. It was reported that in 2015, the Institute undertook a successful Strategic Plan Review in a bid to address the emerging needs within the environment both operational and regulatory and a focused implementation of the Plan with key milestones being achieved.

Members were informed that the Strategic Plan will allow the Institute to take advantage of the various emerging opportunities. The foundation of the plan was the Institute's new Vision and Mission Statements. The new Vision as set was "A World Class Professional Accountancy Institute." Which clearly stated that accountant's existence was to serve anyone with interest in the Accountancy profession. He stated that the vision can be achieved by ensuring that the services offered were exemplary and comparable to those which are offered by the best Institutes in the world.

Members were informed that the Institute's Mission defined the manner in which accountants operate and what their priorities are. The mission statement as described is to "Develop and promote internationally recognized accountancy profession that upholds public interest through effective regulation, research and innovation." Chairman stated that it was the responsibility of everyone connected to the Institute to ensure it remained futuristic through research, innovation and thought leadership. He emphasised that regulation would ensure that the Institute continued to uphold public interest.

Members were further informed that the reviewed Strategic Plan had four Strategic Pillars namely: Customer Focus, Regulating the Accountancy Profession, Thought Leadership and Institutional Sustainability. The pillars are supported by a number of strategic objectives and activities required to realise the objectives.

AGM. 5.4: Thought Leadership

Members were informed that on the International Recognition front, the Institute had an extremely successful year. The Institute witnessed signing of several MoUs and MRAs with various Institutes like ACCA, ICAEW and Zambia Institute of Chartered Accountants(ZICA). The Institute also remained at the forefront on matters of public policy contributions, development of legislation and offering advisory services to the National Treasury when called upon.

AGM. 5.5: ICPAK/KCAU/ECP-Maarifa Partnership

Members were informed that the Institute held a Special General Meeting (SGM) for ICPAK-KCA University and Maarifa-ECP Partnership. It was reported that at the Special General Meeting ("SGM") of the Institute that was held on Wednesday 11th March, 2015, ICPAK members approved ICPAK-KCAU- ECP and Maarifa Partnership by overwhelmingly supporting the strategic partnership by an 86% vote in support. It was reported that the investment was to help KCAU to make substantial improvement to its programmes, campuses, and services in order for the university to be in a position to compete more effectively within the growing Kenyan higher-education market and to attract a greater number of students. Members were informed that the major contracts advising the transaction were completed and forwarded to the National Treasury for approval.

AGM. 5.6: Global recognition of the CPA Brand

Members were informed that at the global level, ICPAK contribution to the Accountancy profession was well recognized, a fact that led to the appointment of one of ICPAK's former Chairman FCPA Patrick Mtange to IFAC Nominating Committee.

AGM. 5.7: ICPAK Complex

Members were informed that the completion of the CPA Centre comes as a relief to Council, Management and the entire Membership. He reported that the building was 70% let and it was expected that the Institute's cash flow would increase once the building was fully occupied and operational.

AGM. 5.8: Other Updates

Members were informed that in accordance with the Accountants Act, ICPAK Council conferred the first honorary membership to H.E Hon. Mwai Kibaki during the 2nd Chairman's Annual Ball held on 11th December 2015 at Safari Park Hotel, for his immense contribution to the growth and development of the Accountancy profession.

The Chairman concluded by thanking the Members of Council and the Secretariat led by the Chief Executive for the overwhelming support in ensuring that the Institute thrives amongst other professions.

AGM. 6/2016: To receive consider and approve the annual report and Financial Statements for the Year Ended 31st December, 2015 together with the Auditors report thereon

The Chairman invited CPA Samuel Okello the Convener Finance and Strategy Committee to present to the Members the Financial Report for the year ended December 2015.

CPA Samuel Okello, invited the Auditors, Messrs Mazars Kenya (formerly Koka Koimhuri) who proceeded to give the auditors opinion and noted that the financial statements presented were a true and fair representation of the Institute's accounts in accordance with the International Financial Reporting Standards.

CPA Samuel Okello then provided the members with a detailed analysis and review of the year's financial performance as contained in the Audited Financial Statements within the Annual Report, after which members were invited to discuss the financial statements.

It was reported that the growth in active members was at 30% as compared to the year 2014 which was at 17% and 20% in 2013. It was reported that there was a surplus of Kshs. 7.38Million as compared to the previous year Kshs. 2.9Million. This was attributed to the increase in active members from 11671 to 16711 due to the recruitment of 5163 members as a result of the discounted recruitment drive in Jan to June 2015 and the improvement in training income from Kshs. 246Million in the year 2014 to Kshs. 313Million in the year 2015. It was reported that the increase in training income was as a result of the increased number of CPD events, introduction of targeted trainings and heavy profiling of the Institute's events leading to increased participation by members.

It was further reported that the increase in operating expense from Kshs. 259 Million to Kshs. 345 Million was as a result of the increase in stakeholder engagement activities during the year, staff recruitment and the increased visibility drive of the profession through media and stakeholder engagement.

During the ensuing discussions, it was clarified that the recruitment drive was expected to bring more revenue in the year 2016. It was further clarified that the increase in Property and Equipment was as a result of the Work in Progress in the construction project of the ultra-modern office building and it was expected that the revenue earned from the building could improve the 2016 financial statements. The completion of CPA Centre which was at 70% let, was considered as a revenue earning stream for the Institute in the long term.

One member sought clarification why the staff cost was too high and it was clarified that with the increased number of members, the Council had to recruit additional staff. Further, the Chief Executive and the Chief Managers were hired in late 2014 and as a result their salary and gratuity had to be factored for the full year 2015.

One Member took note of the rebate on subscription for the youth and requested for consideration for the members over sixty (60) years of age. It was clarified that the issue on rebate had to be discussed by Council and an advisory issued to Members once a decision is made. It was also clarified that during the formation of the Committees, there was no application by Members with physical challenges. Members within the special categories of youth, women and persons with physical challenges were encouraged to apply for any positions advertised by the Institute.

Resolution:

The members unanimously resolved to approve the Annual Report, the Financial Statements and the auditors report for the year ended 31st December, 2015 as presented and commended the Council for a well elaborated, refined and detailed financial statements and annual report. The report as adopted was proposed by CPA Paul Njagatha (M/n 11874) and seconded by **CPA Margaret Nanwara (M/n 5529)**.

AGM. 7/2016 To appoint the Independent Auditor of the Accounts of the Institute for the year ended 31st December 2016 and authorize the Council to fix the remuneration of the Auditor

It was reported that Council in its 333rd meeting considered the work well done by Messrs Mazars Kenya who had served the Institute for seven (7) years as the external auditors and resolved that there was need to rotate the auditors. It was reported that the Institute sent out adverts through the e-connect inviting members to bid and the same went through the evaluation process with Parker Randall East Africa emerging the successful bidder.

The Council recommended to the members the appointment of Messrs Parker Randall East Africa as the Institute's external auditor for the 2016 financial year. It was reported that the appointment was approved by the Audit Risk and Compliance Committee.

Members unanimously resolved to appoint Messrs Parker Randall East Africa as the Institute's auditors for 2016 financial year and further resolved to authorize the Council to fix their remuneration as proposed by FCPA Abdul Wahid Aboo (M/n 0528) and seconded by CPA Rose Osoro (M/n 4555).

AGM. 8/2016: To receive, consider and approve the establishment of ICPAK Benevolent Fund

Members were taken through an elaborate presentation on the establishment of the Institute's Benevolent Fund.

After extensive deliberations, members unanimously resolved that Council proceed and establish ICPAK Benevolent Fund and the Institute to collect the annual premiums of Kshs. 1,200 effective January, 2017 together with the annual subscription as proposed by CPA Hesborn Omollo (M/n 4749) and seconded by CPA Jacinta Mwendwa (M/n 6666)

AGM .9/2015 2016: To confirm the election Council Member

The Chairman invited CPA Isaac Ruto (M/n 5893) who served as the Returning Officer for the 2016 Council Elections to present the report on the results of the Elections.

The Returning Officer reported that there was one (1) vacancy for Council Member in year 2016 and the announcement was made through the e-connect on Wednesday 10th February, 2016. Members were requested to express interest by completing Nomination Forms which were to be returned by 7th March, 2016 at 5.00 p.m. The nomination form was required to be filled by the candidate, a proposer, a seconder and five supporters all of whom must be members of the Institute in good standing.

He reported that a total of seven (7) members went through the nomination process. The requirement of Candidates and their supporters to be in good standing was applied strictly and this included compliance with the annual requirements for Continuous Professional Development (CPD) hours, being upto date with membership subscriptions with no record of professional misconduct. The results of the Nomination Opening process were as follows:

AGM. 9.1: Results of the Nomination Process

The Returning Officer reported that Seven (7) prospective candidates submitted their nomination forms for the position of Council Member. Of the seven, five (5) of them were found to have met all the eligibility requirements. They were declared validly nominated to contest for the one vacant position of Council Member. These were as follows:

	<u>M/N</u>
i. CPA CPA Obare Nyaega	6669
ii. CPA Michael Kidula Mbaya	4198
iii. CPA Omollo Hesbon Oyieko	4749
iv. CPA Michael Koome Mburugu	6993
v. CPA Joshua Kamwere	7878
vi. CPA Odhiambo Philip Omondi	1973
vii. CPA Karuma Maganjo Livingstone	5505

It was reported that the following members failed to meet the minimum eligibility criteria set out in the By-Laws and the Elections Policy. They were disqualified with the members accepting the verdict issued by the Election Scrutineers.

- i. CPA Odhiambo Philip Omondi
- ii. CPA Karuma Maganjo Livingstone

Results of the Election Process

The Returning Officer reported that Voting closed on the 29th May, 2016 at 11.59pm with vote tallying taking place on the 30th May, 2016 at the Institute's boardroom as from 7.30am. The results were as follows:

Voter turnout report was tabulated as follows :-

SUMMARY	
Total No. of Eligible Members	11401
Total No. of Ballots Cast	5201
Total No. of Ballots Talled	5201
Total No. of Ballots not cast	6200

Results as tallied:

Candidate	Votes	%
CPA Hesbon Oyieko Omollo	873	16.79%
CPA Joshua Kamwere	936	18%
CPA Michael Kidula Mbaya	519	9.98%
CPA Michael Koome Mburugu	787	15.13%
CPA Obare Nyaega	2086	40.11%

From the above, the leading candidate was CPA Obare Nyaega with **2086** votes. He was declared to be validly elected for the vacant position of Council Member for a term of 3 years with effect from 3rd June, 2016.

The Returning Officer reported that the Institute's Internal and External Auditors, Messrs Mazars Kenya had audited the voting system in 2015. He congratulated the candidates on their good conduct during the voting period and the members for having voted in large numbers. He further encouraged members who did not participate in the voting to consider exercising their democratic right in future.

Resolution:

Members unanimously resolved to confirm the election of CPA Obare Nyaega as a Council Member.

Closing Remarks

In his closing remarks, Chairman thanked the Council Members for their tremendous support, He thanked Members for the confidence exuded towards his leadership, their resilience and always looking out for the betterment of the Institute. He pledged to enhance the developments so far established, i.e the relationship between the Institute and the Public Sector, strengthen the branches and to continue serving members in various capacities. He also commended the Secretariat led by the Chief Executive for hard work and ensuring that the Council was well supported.

AGM. 10/2015: Any Other Business

There being no other business to transact, the Chairman declared the 38th Annual General Meeting adjourned at 15.30 pm and invited members to a luncheon.

These Minutes are confirmed as a true record of the proceedings of the 38th Annual General Meeting.

Signature: _____ **Date:** _____
Chief Executive and Secretary to the Council

Signature: _____ **Date:** _____
Chairman of the ICPAK Council

MATTERS ARISING FROM THE 38TH AGM

MINUTE	ISSUE	STATUS
AGM. 6/2016: To receive consider and adopt the Financial Statements for the Year 31st December, 2015 together with the Auditors report thereon	Council to review and consider rebate on subscription to members of over 60years of age and issue an advisory to Members	Management to draft a proposal to be reviewed by the Member Services Committee before it is tabled in Council

