



AUDIT QUALITY ASSURANCE WORKSHOP

FOCUS: A Practical Guide to Launching and Growing Practice – Do's and Don'ts

**Presented By:-
CPA PATRICK M. SILA
Friday, 8th March, 2019
Gelian Hotel Machakos**

OUTLINE



- Background
- Practice
- Branding and Marketing
- Client Relationship
- Staffing and Human Resource
- Mergers and Acquisitions
- The Role of the Institute in Mergers and Demerger of Firms

BACKGROUND



As you may have noted, the Institute attaches great importance to the workshop on Audit Quality Assurance - this is because, it is the backbone of our profession.

And, since the current business world requires the services of this profession, which is constantly and rapidly changing with new requirements and environmental changes, hence the need for constant training. You also notice that over 90% of the practise in Kenya are small firms with 1-3 partners

BACKGROUND



.... and many other newly qualified Accountants intending to start practise - hence the to talk of **Practical Guide to Launching and Growing a Practise - Do's and Dont's**

PRACTISE



Practise is the act of engagement by an entity/client for a professional (Accountant Auditor). To perform some duties in furtherance of the respective profession and this case accountancy profession in consideration of remuneration or other benefit received or to be received.

These duties may include:-

1. Statutory audits
2. Book Keeping Services
3. Payroll Services



PRACTISE



4. Tax Filing. Tax Agency and Consulting services
5. Business valuation
6. Management consulting
7. Investigation
8. Executors and Trustees
9. Insolvency Practitioners
10. Forensic Audit
11. IT and Systems Review



PRACTISE



12. Outsourced Audit Services
13. Assurance Engagements
14. Reporting Accountants; Features and Derivatives.
15. Company Secretarial services
16. Executive recruitments
17. Attestation of Documents



PRACTISE



Off-course one has to be registered as an Accountant, the firm and accountant to be granted annual practising license by the Institute.

The annual licensees are supposed to be displayed in the office of the practice.

BRANDING AND MARKETING



The issue of marketing and advertising of professional services offered to the public remains a contentious and challenging issue to professionals in Kenya and beyond.

However the Accountants Act and the Code of Ethics for Professional Accountants provides for acceptable advertising and publicity.

The ICPAK guidelines provides what should not be done through public communication as that containing :

BRANDING AND MARKETING



False, fraudulent, misleading or deceptive, thus not in public interest.

Branding assists greatly by making the firm more visible to the public and hence prospective clients.

What is Branding?

Is not just the use of a name term logo mark or design to identify a product or service but it is also the development of a personal relationship between the client and the product or service. Simply put, it is who people think you are from

BRANDING AND MARKETING



.... the way a person answers the phone, to the way you do business; to the look of the invoice, we can also say in layman's language, your reputation or otherwise. The branding process starts with market research.

Key marketing and branding tools;

- i. Use social media
- ii. Your firm's website
- iii. E-newsletter

CLIENT RELATIONSHIP



The auditor-client relationship differs from typical seller-buyer relationships primarily because the intended user of the audit service is not only the client, but rather a third party financial statement user.



CLIENT RELATIONSHIP



How to build client-relationship

Communicating to your client

- Be a useful resource to your customers
- Always meet your deadlines
- Be honest at all time
- Eliminate surprise
- Reward your loyal clients
- Become the Go-to Person
- Pay attention to feedback

CLIENT RELATIONSHIP



- Redefined your concept of client
- Be patient in building new relationship

The challenge in maintain successful client relationships is the encroachment to threat to independence if the relationships get too close.

There should be balances and mitigations

CLIENT RELATIONSHIP



.....Fees should be determined fairly and objectively with demonstration to the clients that is for the benefit of both the client and the firm.

STAFFING AND HUMAN RESOURCE



Attraction and retaining qualified staffs has been a big snag for firms however big or small they are.

This issue is worsened by the fact that pattern audit work is not spread evenly, tending to be heavier in the first half of the year.

This may be compensated by the ability to use staff interchangeable on audit and non-audit engagements

STAFFING AND HUMANT RESOURCE



Strategies used by firms to attract and retain the right staff include;

- a) Recruitment
- b) Documentaries and Job allocation
- c) Documentation and employee record
- d) Discussion and Training
- e) Continuous professional developments
- f) Assignment of engagements teams
- g) Rewarding staff
- h) Succession planning in audit firms

MERGERS AND AQUISITIONS



A merger is viewed as the situation where two or More companies or firms combine to form a larger business entity.

As an acquisition on the other hand involves outright purchase or purchase of controlling shares of another company or firm.

Types of forms of mergers and acquisitions

- Outright sales
- Merger
- Two stage deal and



MERGERS AND AQUISITIONS



- Cut out sale

Reasons Why Firm Merge Or Engage In Aquisitions

This include;

- a) Increasing staffing requirements
- b) Practise development
- c) Quest for firm growth and expansion
- d) Successful planning

THE ROLE OF THE INSTITUTE IN THE MERGERS AND DEMERGER OF FIRMS



The Institute as a regular of the profession is key player in merger and acquisition of the accountancy firms.

Upon any merger, the firms should furnish the Institute with all the details of the merger within 30 days.

Merger agreement itself should contain the terms and conditions for demerger

THE ROLE OF THE INSTITUTE IN THE MERGERS AND DEMERGER OF FIRMS



After merger or demerger the Institute realigns the names and licenses accordingly.

The demerger cannot be done before 5 years up from the date of merger

THE END!



THANK YOU FOR YOUR TIME AND FOR
TURNING IN FOR THIS PRESENTATION.

QUESTION & ANSWERS