



Report on the meeting with the Ministry of Industry Trade and Cooperatives held on 27th of February 2020 at NSSF Building, Block A, 9th floor.

The State Department of Cooperatives has been inviting applications for eligible audit firms who would wish to audit cooperative societies for purposes of approval from the Commissioner of Cooperative Department. The audit firms are further required to pay an annual registration fee of three thousand shillings (ksh 3,000/=).

Audit firms which have current practicing certificates and licenses from ICPAK have already been vetted by ICPAK and are eligible to offer audit services in Kenya. The said audit firms have also paid an annual subscription fee to be eligible to practice accountancy in Kenya.

The following are provisions of the Cooperative Societies Act No 12 of 1997:

S 25(4) The auditor shall be appointed at the annual general meeting from a list of auditors approved by the Commissioner, in consultation with the Institute of Certified Public Accountants of Kenya.

Rule (r) prescribe the fees to be paid on applications, registrations and other acts done by the Commissioner under this Act;

The Institute has engaged the Ministry of Industry Trade and Cooperatives as a regulator of the accountancy practice to outline the quagmire that arises as a consequence of the Society's action to prescribe a fee on already trained, licensed and regulated external auditors to authorize them perform external audit on Saccos, a service which they have already been licensed to provide alongside other related matters.

The Institute opined that:

1. The action subjects the External auditors to double vetting;
2. The action disadvantages External Auditors who do not have access to or cannot afford the prescribed fee;
3. The action subjects the Auditors to double licensing and double license fees;
4. The action demeans the Institute's mandate to regulate the Accountancy profession.

The Institute's Chair FCPA Rose Mwaura lobbied the Ministry of Industry Trade and Cooperatives to consider waivering the annual registration levied on audit firms who would wish to audit cooperative societies.

She further requested the State Department of Cooperatives to consider extending the window period for eligible audit firms who would wish to audit cooperative societies since the institute has been in the process of relicensing the audit firms a new.

FCPA Mwaura also asked the commission to report cases of misconduct in the licensed firms that are auditing Saccos saying the Institute will launch an investigation and whip the said firms with immediate effect.

The chair also urged the commission to abate the Multiple Vetting of the audit firms.

From the discussions held between the two entities, the following were the outcomes.

- 1) The Commissioner expressed his joy that ICPAK is committed to better the growth and operations of the Saccos in the country and promised to engage with the Institute more and more in various matters both on the saccos and matters of general Public Interest.
- 2) The State Department of Cooperatives has extended the window period for approval of eligible audit firms who would wish to audit cooperative societies to 15th of March to allow more firms that had not applied to do so.
- 3) The department acknowledged that their online system being used by firms for application is a new tool which they anticipated would have its fair share of challenges to the users but further asked firms to channel any challenges encountered in using the system to their ICT team led by Peter **0718838400** and Erick **0725743423** at the department.
- 4) The State department also said they would consider the decision to remove the licensing fees of sh. 3000 levied on the firms when doing amendments to the law since the fees is provided for in the law and that can only be done through the same process.
- 5) The department further declared that they were not in way subjecting the firms to multiple vetting process or jeopardizing the Institute's oversight role but only undertaking precautionary procedures to verify facts about the firms.
- 6) The firms that are interested in auditing saccos are required to present normal registration documents (**PIN, BN reg, TCC etc.**) to safeguard the SACCO's from rogue auditors who seek to fleece them of their hard-earned sweat and tarnish their reputation and that of the Institute.