



# PRACTITIONERS' & PROFESSIONAL FIRMS GROWTH FORUM

Themed: “Technology & The future of Accountancy  
Practice”

Presentation on the  
Overview of the intended multiple licenses and what it  
means to the practice and the profession

By,

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# What multiple licenses means to the practice and the profession



- **Opportunity for members to practice**
- **Enhanced Professional Accountancy**
- **Strengthen the Accountancy profession in Kenya**

# Multiple Licenses



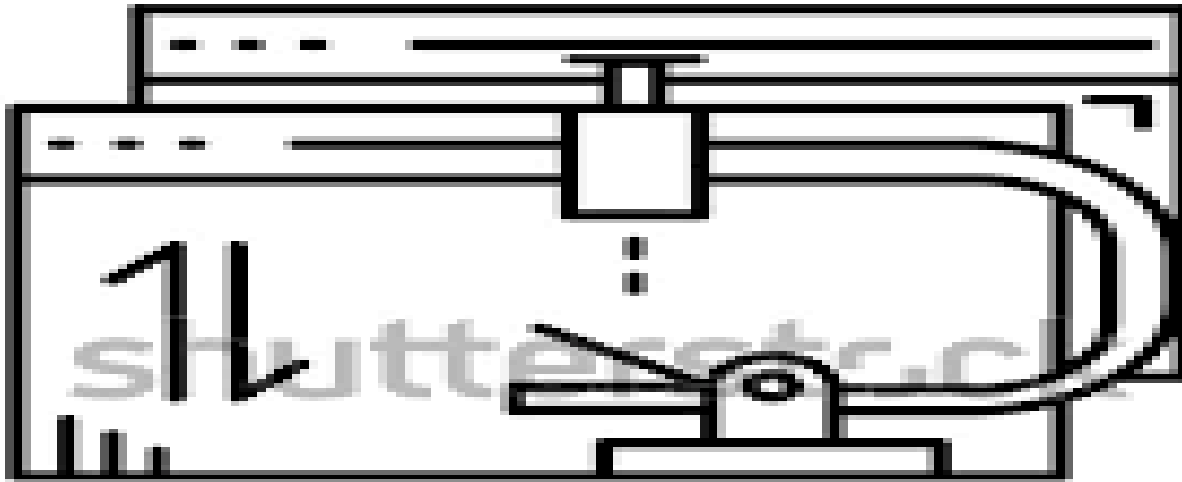
TIME FOR  
SOMETHING  
NEW!

# Background



- **THE ACCOUNTANTS ACT (PRACTISING CERTIFICATE AND LICENCES) GUIDELINES, 2020**
- **Since the amendments to the Act in 2018, “Accountancy”** means practice in accounting, financial reporting, control systems, systems auditing, auditing, assurance, forensic accounting and auditing, finance, financial management, public finance management, taxation, financial risk management, management accounting and advisory services related thereto;
- **IN EXERCISE** of the powers conferred by Section 9 (3) and (4) of the Accountants Act No 15 of 2008, the Council issues the following guidelines.

# Comparative analysis of licensed professional services



## COMPARATIVE ANALYSIS

# Comparative analysis of licensed professional services



## CPA Licensure in California

### Type A

If you **passed the Uniform CPA Exam in California**, have not been issued a valid license to practice public accounting in any state and are applying for licensure as a CPA in California for the first time.

### Type B

If you **passed the Uniform CPA Exam in a state other than California**, have not been issued a valid license to practice public accounting in any state and are applying for licensure as a CPA in California for the first time.

### Type C

If you were issued a license to practice public accounting in a state other than California.

# Comparative analysis of licensed professional services



## CPA Licensure in California

### Type D

If you were **previously licensed as a CPA in California** and the certificate was canceled after five years for non-payment of license renewal fees.

### Type E

If you **passed** the Canadian Chartered Accountant Uniform Certified Public Accountant Qualification Examination (**CAQEX**) of the American Institute of Certified Public Accountants (AICPA) or the International Uniform Certified Public Accountant Qualification Examination (**IQEX**) of the AICPA and the National Association of State Boards of Accountancy (NASBA).



# Comparative analysis of licensed professional services





# Comparative analysis of licensed professional services



## CPA Australia

- 1) Registered Tax Agent, BAS agent or Tax (Financial) Adviser
- 2) Registered Company Auditor
- 3) Self-Managed Superannuation Fund Auditor
- 4) Liquidator or a Registered Trustee in Bankruptcy
- 5) Australian Financial Services (AFS) licence holder.

# Multiple Licenses



- 1) **Composite License – Category “C”** performing Audit and Assurance Services, Tax services & Accounting, Controls and Consulting
- 2) **Audit and Assurance License – Category “A”** performing Audit and Assurance Services
- 3) **Tax License – Category “T”** performing Tax practices
- 4) **Accounting, Controls and Consulting License** - means a member registered by the Committee to perform Accounting, Controls and Consulting

# Composite License



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# Composite License - (category “C”)



## Application for Composite Licence

- A member shall be qualified to be issued a composite licence to practise as a Composite Licensed Practitioner if such member: -
- Has been an ordinary member of the Institute in good standing for a period of two (2) years and in possession of a valid Practising Certificate
- Has acquired five (5) years' full-time experience in performing Audit and Assurance, Tax; Accounting, Controls and Consulting Services, or seven (7) years' experience on part time basis under the supervision of a member in good standing, who has been holding the Practising Certificate in the fields outlined for a period of not less than six (6) years immediately preceding the date of the application;

# Eligibility for Application of Composite Practice Certificate



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# Composite License - (category “C”)



- Has obtained an average of Forty (40) CPD hours annually for the last three (3) years in accordance with the Institute's CPD policy;
- Has attended a minimum of three mandatory trainings in Audit and Assurance, Tax, Accounting Controls and Consulting within the last one year prior to the application for a License as directed by the Institute.
- A member who is qualified under this Division shall apply in writing to the Committee in a prescribed form as per Schedule III.
- A successful applicant under this Division shall pay an annual renewal licence fee as provided under Schedule I.



# Composite License - category “C”



- The License issued under this Division shall be valid from the date of issue to the thirty-first December of the year of issue and shall be renewed at the end thereof.
- Foreign nationals must have a valid work permit or a Certificate of Permanent Residence and comply with the provisions of section 26 of the Act.

# Register of Composite Licenced Members



The Secretary to the Committee shall maintain a register of all members licensed under this Division in accordance with section 28 of the Act.

- The contents of the register shall include: -
- The names of all members licensed under this Part;
- The principal address of business and any other place where the licensed members may operate from;
- The names of the firm and the name of the interim manager where the firm is a sole proprietor;
- Such other information as the Committee may deem necessary.
- A licenced member under this Division shall notify the Committee of any change in the information in (b) above within fourteen days of such change.

# Services to be provided by a Composite Licenced Practitioner.



Subject to independence provisions in the International Ethics Standards Board for Accountants (IESBA) Code of Ethics for Professional Accountants, the services to be provided by a Composite Licenced Practitioner shall include: -

- Performing an audit, review, or other assurance services, including issuing an auditor's report, a review engagement report, opinion or any other assurance report in accordance with auditing, assurance and other related standards issued by the International Auditing and Assurance Standards Board;
- Deal with any other matters that relate to Audit and Assurance services;
- Prepare and submit tax returns on behalf of a taxpayer;
- Liaise with the Kenya Revenue Authority on behalf of a taxpayer on matters relating to tax;

# Services to be provided by a Composite Licenced Practitioner.



- Advise and/or represent a taxpayer in matters relating to tax before the Commissioner or the Tribunal established under the Tax Appeals Tribunal Act, 2013;
- Deal with any other matters that relate to tax on behalf of a taxpayer;
- Issue “expert opinions” in disputes involving tax matters;
- Internal control systems auditing including internal audit reports issued in accordance with International Professional Practices Framework as may be promulgated by the Institute of Internal Auditors (IIA) from time to time;
- Accounting services including bookkeeping, compilation, management and cost accounting reporting;
- Finance and Public Finance Management including Financial Risk Management reviews;
- Any other advisory services related thereto including summarization and analysis of accounts, forensic accounting, financial investigation, and financial litigation support;

# Prohibited Practice



# Prohibited Practice



## **Prohibited Practice.**

A Practitioner licensed under this Division shall be guilty of professional misconduct if such member engages in any acts prohibited under section 30 of the Act.



# Licensing of Firm.



A firm applying to be licensed as Certified Public Accountants of Kenya (Composite Licence) shall fulfill the following conditions:

- Apply to the Committee in a prescribed form as per Schedule III, and confirm that the proprietor or at least one partner holds a valid “C” licence, or at least one partner each holding a valid “A”, “T”, and “M” licence;
- Submit an appropriate professional indemnity insurance cover with a sum assured appropriate to the risk assumed;
- Submit a Certificate of Registration of firm and the Partnership Deed (where applicable);

# Licensing of Firm.



- In case of a sole proprietor, submit proof that there exist arrangements for the continuity of the practice in the event of death or incapacitation of the proprietor;
- Submit proof of the appropriate place of business with a verifiable physical address;
- Pay the appropriate annual licence fees as provided under Schedule I.
- PROVIDED THAT for the purpose of section 5 of the Public Audit Act, 2015, the Committee may accept the Office of the Auditor General's application for registration as a firm, so long as the application is made by a member in good standing and responsible for the direction and supervision of the Office of the Auditor General.

# Description of Licenced Firm.



Any firm of registered members that has been duly licensed under this Division shall be entitled to describe itself as “**Certified Public Accountants of Kenya** (Composite Licensed Offering Audit and Assurance, Tax, Accounting Controls and Consulting services).”

# Offences



# ARREST

# Offences.



## Offences.

A Composite Licenced Practitioner shall be bound by the provisions of section 41 of the Act.

# Conduct of a Composite Licenced Practitioner.



A Composite Licenced Practitioner shall: -

- Act in in the Public Interest;
- Comply with the International Ethics Standards Board for Accountants (IESBA) Code of Ethics for Professional Accountants and as may be revised from time to time;
- Observe the code of conduct and ethics guidelines issued by the Institute;
- Comply with the provisions of the Act.



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## **Investigation of Allegations of Misconduct by Practitioner.**

All allegations of misconduct by a member licensed under this Division shall be handled by the Disciplinary Committee and dealt with in accordance with the provisions of section 30 to 35 of the Accountants Act.

### **Transfer to a Category of Licence.**

A Composite Licenced Practitioner or a firm in good standing seeking a transfer to a different category of licence shall apply in writing to the Committee in a prescribed and applicable form under Schedule III and pay the applicable fees.

# Revocation of Firm Licence



Upon the recommendation of the Disciplinary Committee, the Council shall revoke a Firm Licence: -

- If the firm is convicted in a court of law for a financial crime;
- If the actions of the firm constitute breach of professional conduct or ethics;
- If the partners become incapacitated and the term of the interim manager appointed under section 45 of the Act expires and not renewed by Council;
- If the firm fails to pay the annual firm licence fees for a period of more than twelve months from the due date;
- If the firm fails to comply with the applicable International Standards or directives issued by the Council from time to time;
- If the partners voluntarily wind up the firm and return their practising certificates and Firm Licence to the Committee.

# Audit and Assurance



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# Application for an Audit and Assurance Licence.



## **Application for an Audit and Assurance Licence.**

- A member shall be qualified to be issued an Audit and Assurance licence to practice as an Audit and Assurance Practitioner if such member: -
  -
- Has been an ordinary member of the Institute in good standing for a period of two (2) years and in possession of a valid Practising Certificate
- Has acquired five (5) years' full time experience in performing Audit and Assurance work or seven (7) years' experience on part time basis under the supervision of a member in good standing, who has been holding the practising certificate for a period of not less than six (6) years immediately preceding the date of the application;
- Has obtained an average of 40 CPD hours annually for the last three (3) years in accordance with the Institute's CPD Guidelines;

# Application for an Audit and Assurance Licence.



## **Application for an Audit and Assurance Licence.**

- A member shall be qualified to be issued an Audit and Assurance licence to practice as an Audit and Assurance Practitioner if such member: -
- Has been an ordinary member of the Institute in good standing for a period of two (2) years and in possession of a valid Practising Certificate
- Has acquired five (5) years' full time experience in performing Audit and Assurance work or seven (7) years' experience on part time basis under the supervision of a member in good standing, who has been holding the practising certificate for a period of not less than six (6) years immediately preceding the date of the application;
- Has obtained an average of 40 CPD hours annually for the last three (3) years in accordance with the Institute's CPD Guidelines;

# Application for an Audit and Assurance Licence.



- Has attended any of the two mandatory trainings in Audit and Assurance, reviews and related services on an annual basis as directed by the Institute;
- A member who is qualified under this Division shall apply in writing to the Committee in a prescribed form as per Schedule III.
- A successful applicant under this Division shall pay an annual renewal licence fee as provided under Schedule 1
- The License issued under this Division shall be valid from the date of issue to the thirty-first December of the year of issue and shall be renewed at the end thereof.
- Foreign nationals must have valid work permit or a Certificate of Permanent Residence and comply with the provisions of section 26 of the Act



# Register of Audit and Assurance Licenced Members



- The Secretary to the Committee shall maintain a register of all members licenced under this Division in accordance with section 28 of the Act
- The contents of the register shall include: -
  - The names of all members licensed under this Division;
  - The principal address of business and any other place where the licensed member may operate from;
  - The names of the firm and the name of the interim manager where the firm is a sole proprietor;
  - Such other information as the Committee may deem necessary.
- A licenced member under this Division shall notify the Committee of any change in the information in (b) above within fourteen days of such change.

# Eligibility for Application of Auditing and Assurance Practice Certificate



# Services to be Provided by an Audit and Assurance Practitioner.



- Subject to independence provisions in the IESBA Code of Ethics for Professional Accountants, the services to be provided by an Audit and Assurance Licenced Practitioner shall include: -
- Performing an audit, review, or other assurance services, including issuing an auditor's report, a review engagement report, opinion or any other assurance report in accordance with international standards;
- Dealing with any other matter that relates to Audit and Assurance services.

# Prohibited Practice.



A Practitioner licensed under this Division shall be guilty of professional misconduct if such member: -

- engages in any acts prohibited under section 30 of the Accountants Act; or
- engages in Practice not authorized under the licence or this Part.

# Licensing of Firm.



A firm applying to be licenced as Certified Public Accountants of Kenya (Audit and Assurance Practice) shall fulfill the following conditions:

- Apply to the Committee in a prescribed form as per Schedule III and confirm that the proprietor or at least one partner holds a valid Audit & Assurance licence
- Submit a professional indemnity insurance cover with a sum assured that is appropriate to the risk assumed;
- Submit a Certificate of Registration of a Firm and Partnership Deed (where applicable);
- In case of a sole proprietor, submit proof that there exist arrangements for the continuity of the practice in the event of death or incapacitation of the proprietor;

# Licensing of Firm.



- Submit proof of the appropriate place of business with a verifiable physical address;
- Pay the appropriate application fees as provided under Schedule I.
- PROVIDED THAT for the purpose of section 5 of the Public Audit Act, 2015, the Committee may accept the Office of the Auditor General's application for registration as a firm, so long as the application is made by a member in good standing and responsible for the direction and supervision of the Office of the Auditor General



# Introduction



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# Application for Tax Licence.



- A member shall be qualified to be issued a Tax Licence to practice as a Tax Practitioner if such member: -
- Has been an ordinary member of the Institute in good standing for a period of two (2) years and in possession of a valid Practising Certificate
- Has acquired two (2) years' full time experience in performing tax work or four (4) years' experience on part time basis under the supervision of a member in good standing, who has been holding a practising certificate issued in accordance with section 22 of the Act for a period of not less than three (3) years immediately preceding the date of the application;
- Has obtained an average of 40 CPD hours annually for the last three (3) years and in accordance with the Institute's CPD Guidelines;
- Has attended any of the two mandatory trainings in tax as directed on an annual basis as directed by the Institute.

# Application for Tax Licence.



A member who is qualified under this Division shall apply in writing to the Committee in a prescribed form as per Schedule III.

A successful applicant under this Part shall pay an annual renewal licence fee as provided under Schedule I

The License issued under this Division shall be valid from the date of issue to the thirty-first December of the year of issue and shall be renewed at the end thereof.

Foreign nationals must have valid work permit or a Certificate of Permanent Residence and comply with the provisions of section 26 of the Act

A successful applicant under this Part shall pay an annual licence fees in accordance with section 22 of the Act.

# Register of Licenced Members.



- a) The Secretary to the Committee shall maintain a register of all Tax Practitioners licensed under this Division in accordance with section 28 of the Act.
- b) The contents of the register shall include: -
  - (i) The names of all members licensed under this Division;
  - (ii) The principal address of business and any other place where the licensed Tax Practitioners may operate from;
  - (iii) The names of the firm and the name of the interim manager where the firm is a sole proprietor;
  - (iv) Such other information as the Committee may deem necessary.
- (a) A licenced Tax Practitioner under this Division shall notify the Committee of any change in the information in (b) above within fourteen days of such change.

# Services to be provided by Licenced Tax Practitioner.



The services to be provided by a licenced Tax Practitioner shall include: -

- Preparation and submission of tax returns on behalf of a taxpayer;
- Liaison with the Kenya Revenue Authority on behalf of a taxpayer on matters relating to tax;
- Advising and representing a taxpayer in matters relating to tax before the Commissioner or the Tribunal established under the Tax Appeals Tribunal Act, 2013;
- Issuing “expert opinions” in disputes involving tax matters as a tax practitioner registered and admissible under these regulations;
- Dealing with any other matters that relate to tax on behalf of a taxpayer.



# Offences



# ARREST



# Prohibited Practice.



A Practitioner licensed under this Part shall be guilty of professional misconduct if such member: -

- engages in any acts prohibited under section 30 of the Act; or
- engages in Practice not authorized under the licence or this Part.

# Licensing of Firm.



A firm applying to be licensed as Certified Public Accountants (Tax Practitioners) shall fulfill the following conditions: -

- Apply to the Committee in a prescribed form as per Schedule III, and confirm that the proprietor or at least one partner holds a valid Tax licence;
- Submit professional indemnity insurance cover with a sum assured appropriate to the risk assured;
- Submit a Certificate of Registration of firm and the Partnership Deed (where applicable);
- Submit a professional indemnity insurance cover with a sum assured appropriate to the risk assured;
- In case of sole proprietor, submit proof that there exist arrangements for the continuity of the practice in the event of death or incapacitation of the proprietor;
- Submit proof of the appropriate place of business with a verifiable physical address;
- Pay the appropriate application fees as provided under Schedule I.

# Conduct of a Licenced Tax Practitioner.



A Licensed Tax Practitioner shall: -

- Act in a professional manner in providing services to clients to enable them to comply with the requirements of any tax law;
- Comply with any notice served on the Tax Practitioner by the Commissioner within the period specified in the notice;
- Act in the public interest;
- Maintain a separate client account for all tax monies received from client for onward remission to KRA;
- File accurate tax returns on behalf of clients;
- Be compliant with the ethics standards as issued by International Ethics Standards Board for Accountants (IESBA) Code of Ethics for Professional Accountants and as may be revised from time to time;
- Observe the code of conduct and ethics guidelines issued by the Institute.

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## **Investigation of Allegations of Misconduct by Tax Practitioner.**

- All allegations of misconduct by Tax Practitioner shall be handled by the Disciplinary Committee and dealt with in accordance with the provisions of section 30 to 35 of the Act.

## **Transfer to a Category of Licence.**

- A Licenced Tax Practitioner or a firm in good standing licensed under this Division seeking a transfer to a different category of license shall apply in writing to the Committee in a prescribed and applicable form under Schedule III and pay the applicable fees

## **• Revocation of Firm License.**

- As discussed above

# Accounting, Controls and Consulting Licence



A member shall be qualified to be issued with Accounting, Controls and Consulting Licence to practise as an Accounting, Controls and Consulting Practitioner if such member: -

- Has been an ordinary member of the Institute in good standing for a period of two (2) years and in possession of a valid Practising Certificate.
- Has acquired two (2) years' full time experience in performing Accounting, Controls and Consulting work in public or private sector performing any of the following; Accounting Services, Financial Management, Public Financial Management, Management Accounting, Advisory Service, and any other Accountancy services as envisaged under section 2(1) of the Act or four (4) years' experience on part time basis under the supervision of a member in good standing, having acquired practical experience for a period of not less than three (3) years immediately preceding the date of the application;

- Has obtained an average of 40 CPD hours annually for the last three years and in accordance with the Institute's CPD policy;
- Has attended at least any two mandatory trainings in Accounting, Controls and Consulting as directed on an annual basis by the Institute.



# Accounting, Controls and Consulting Licence



- (a) A member who is qualified under this Division shall apply in writing to the Committee in a prescribed form as per Schedule III.
- (a) A successful applicant under this Division shall pay an annual renewal licence fee as provided under Schedule 1
- (a) A successful applicant under this Division shall pay an annual licence fee in accordance with section 22 of the Act.
- (a) The License issued under this Division shall be valid from the date of issue to the thirty-first December of the year of issue and shall be renewed at the end thereof.
- (a) Foreign nationals must have valid work permit or a Certificate of Permanent Residence and comply with the provisions of section 26 of the Act

# Register of Accounting, Controls and Consulting Licenced Members



- The Secretary to the Committee shall maintain a register of all members licensed under this Division in accordance with section 28 of the Act.
- The contents of the register shall include: -
  - The names of all members licensed under this Division;
  - The principal address of business and any other place where the licensed members may operate from;
  - The name of the firm and the name of the interim manager where the firm is a sole proprietor;
  - Such other information as the Committee may deem necessary.
- An Accounting, Controls and Consulting Licenced Practitioner shall notify the Committee of any change in (b) above within fourteen days of such change.

# Services under “M”



## Services to be provided by Accounting, Controls and Consulting Licenced Practitioner.



The services to be provided by Accounting, Controls, and Consulting Practitioner under this category shall include: -

- Internal Control systems auditing including internal audit reports issued in accordance with the International Professional Practices Framework as may be promulgated by the Institute of Internal Auditors (IIA) from time to time;
- Accounting services including bookkeeping, compilation, management, and cost accounting reports;
- Finance and Public Finance Management including County Government financial management reports;
- Any other advisory services related thereto including summarization and analysis of accounts, forensic accounting and investigation and financial litigation support.



**TRANSITION**

# Effective Date



These Guidelines shall take effect from the date approved by Council.



# Application forms



# End



*Thank you!*