

**INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS OF KENYA**

**THE ACCOUNTANT'S ACT CAP 531**

Council guidelines and regulations made under Section 8 of the Act

**REGULATIONS ON MULTIPLE LICENCES – CATEGORY ‘T’**

Citations and Commencement	1. These Regulations may be cited as the National Council of Auditors and Commencement Accountants (Practicing) By- laws, 1997 (Revised 2012) and shall come into operation on the 18 <sup>th</sup> day of November 2020.
Interpretation	<p>2. In these Regulations, unless the context otherwise requires:</p> <p>“Act” means the Accountants(Registration) Act.</p> <p>“Partnership” means a form of business organization in which two or more persons go into business as co-owners to share profits and losses in accordance with the partnership agreement;</p> <p>“Salary Partner” means a partner who is has neither contributed capital to the firm nor has any voting rights in the firm nor participate in the share of profits or losses but receives compensation in the form of salary or allowances. ..For the purpose of these Regulations, salary partners shall not constitute a partnership.</p> <p>“Public Practice” means the practice or functions of an Auditor at the disposal of the public for a consideration;</p> <p>“IFAC” means the International Federation of Accountants.</p> <p>“International Standards” means..... the International Financial Reporting Standards (IFRSs), International Standards on Auditing (ISA) and the International Public Sector Standards (IPSASs).</p> <p>“Ancillary entity” means an entity that provides necessary support to the main activities of an organization.</p>
Eligibility for Application of Certificate of Practice	<p>3. - (1) Any Certified Public Accountant with the required auditing experience is eligible to apply for a Certificate of Practice as set out in the Schedule to these Regulations.</p> <p>(2) A successful applicant shall pay an annual practicing fee as shall be</p>

	determined by the Council from time to time.
Issuance of practicing Certificate	<p>4.. -(1) Any person applying for the issuance or renewal of practicing certificate may be issued with a practicing certificate after fulfilling the following conditions:</p> <ul style="list-style-type: none"> <li>(a) complying with the auditing and accounting standards and guidelines or similar directives that shall be issued from time to time;</li> <li>(b) adhering to the code of ethics and conduct issued by the Council;</li> <li>(c) submitting a proof that he has attained the required minimum continuing professional development hours per annum. .</li> </ul> <p>-(2) The due date for renewal of certificate of practice shall be on the first business day of January of each year:</p> <p>-(3) Any member holding a practicing certificate shall:</p> <ul style="list-style-type: none"> <li>(a) not be allowed to attest as an individual without being a partner or an employee- of a practicing firm registered by the Council.</li> <li>(b) not be allowed to operate or engage himself in a firm which is not registered with the Council.</li> </ul>
Registration of practicing firms	<p>4. A firm applying for registration as Certified Public Accountants in Public Practice shall fulfill the following conditions::</p> <ul style="list-style-type: none"> <li>(a) complete an application form issued by the Council and submit it to the Council</li> <li>(b) Submit professional indemnity insurance cover equal to at least three times the latest annual turnover of the firm;</li> <li>(c) submit a proof of formation of partnership;</li> <li>(d) submit a proof that there are arrangements for the continuity of the practice in the event of death or incapacity of the partner(s);</li> <li>(e) submit a proof that there is a proper place of business with proper physical address.</li> <li>(f) Pay the appropriate application fees.</li> </ul>
Description of Practicing firms	5. Any firm of registered members in public practice that has been duly registered shall be entitled to describe itself as Certified Public Accountants of Kenya.
Restriction on	6. (1)It shall be unlawful for a registered member or a practicing firm to

Formation Involvement Ancillary Entities	or in	establish or engage itself in any ancillary entity in which its activities may cause a conflict of interest with the requirements of the Council.
Condition of Partnership		<p>7.(1) No registered member in public practice shall go into partnership with a person who is not registered by the Council as a Certified Public Accountant of Kenya;</p> <p>Provided that such partnership may be permitted where the majority of the ownership of a capital and the voting rights lies only with the registered member in public practice and not by persons other than the registered member in public practice or as the case may be.</p> <p>(2) Where the partnership involves foreign partners, the ratio of foreign to local partners shall be at least 50%. In any case, the majority of partners shall be the local partners;</p> <p>(3) No member shall be allowed to practice as sole practitioner;</p> <p>(4) A Registered Certified Public Accountant of Kenya shall not act as a partner and at the same time as an audit manager in the same practicing firm;</p> <p>(5) A Registered Certified Public Accountant in Public Practice shall not act as a partner in one firm and at the same time as an employee or partner in another practicing firm.</p> <p>(6) Salary partners shall not be allowed to be a partner of a practicing firm.</p>
Prohibition Practice	of	<p>8. (1) No firm shall practice as a Certified Public Accountant in Kenya unless it is registered with the Council as an audit firm.</p> <p>(2) No person shall practice as a Certified Public Accountant in Public Practice or register a practice firm unless he is registered with the Council in the category of Certified Public Accountant in Public Practice.</p>
Signing of Audited Financial Statements Practicing Firms	by	9. When signing audited financial statements, practicing firms shall indicate individual names and signatures of audit partners together with the name of the firm.
Preparation of		10. A Registered Certified Public Accountant in Public Practice may

Clients' Accounting Records	<p>prepare accounting records for a client, but shall observe the following:</p> <p>(a) not to have any relationship with the client or any conflict of interest which would impair integrity or independence.</p> <p>(b) Must be ready to accept responsibility for statements made by him;</p> <p>(c) Must not assume the role of an employee or of management conducting the operations of the entity;</p> <p>(d) not to audit financial statements that were prepared by himself.</p>
Annual Practicing Fee	<p>11. –(1)Any firm registered by the Council in public practice shall pay an annual practicing fee as shall be prescribed by the Council from time to time.</p> <p>(2) The due date of payment of annual subscription fees shall be on the first day of July of each year.</p>
Penalty for Non-Compliance with International Standards	<p>12. Audit firms that will not comply with the International Standards shall pay penalty at the rate that shall be determined by the Council from time to time.</p>
De- registration of Practicing Firms	<p>13. Registration of a practicing firm shall cease on the occurrence of any of the following:</p> <p>(a) where the firm is convicted in a court of law for a financial crime;</p> <p>(b) where the actions of the firm's partners constitute a breach of gross professional conduct or ethics;</p> <p>(c) death</p> <p>(d) failure of the firm to pay the annual firm fees for a period of more than three months from the due date;</p> <p>(e) where any of the partners ceases to be a member of the Council in accordance with section 20 of the NBAA (Membership and Registration) Regulations.</p> <p>(f) failure of the firm to comply with the international Standards and</p>

	<p>Guidelines or directives issued by the Council from time to time.</p> <p>(g) failure of the firm to keep proper books of accounts as required by law and to pay the required tax to the Government;</p> <p>(h) failure of the firm to maintain good quality work for its clients; or</p> <p>(i) failure of any one of the firm partner(s) to attain the minimum number of hours in continuing professional development programmes.</p> <p>(j) failure of any of the partners of the firm to pay the annual subscription fee for a period of more than three months from the due date;</p>
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Table 1: Qualification for category 'T' licensing

Category	Competencies
<b>T</b>	<ul style="list-style-type: none"> <li>▪ Has acquired five (5) <b>years' experience</b> performing taxation work full time or seven (7) <b>years 'experience'</b> on part time basis, monitored by a holder of a valid practicing and a member in good standing, who has been holding the practicing certificate for a period of not less than six (6) years;</li> <li>▪ Have obtained 40 CPD hours per year, in accordance with ICPAK's CPD Guidelines, in the years prior to the application for a Practicing Certificate;</li> <li>▪ Has attended any of the <b>two</b> mandatory trainings in tax as directed on an annual basis by the Institute;</li> <li>▪ Ethics</li> <li>▪ Is in good standing;</li> <li>▪ A licensed tax agent as envisaged under section 19 and 20 of the Tax Procedures Act 2015 and Tax Procedures (Tax Agents) Regulations</li> </ul>

### **Requirements for Registration of firms**

The Council prescribes various requirements for registration of firms. This applies to all the three categories of licenses as outlined below:

#### **(a) Firm Name**

The firm's name must not include any name other than any of the following:

- a. The names of existing partner or partners;
- b. The names of former partner or partners;
- c. The names of the existing or former partners of a firm with which a member becomes associated;
- d. Abbreviations of the names of the existing or former partner or partners; and
- e. Any other name that may be approved by council.

#### **(b) Application and relevant documents**

For the purpose of registration of the firm(s) with ICPAK, the partner(s) of the firm shall apply using the appropriate ICPAK license form together with a copy of name reservation received from the relevant Registrar. The Form shall contain all details of the offices and other relevant particulars with the signatures of all partners of the proposed firm.

The partners shall be required to have the names and styles of their practices listed with the Institute by paying applicable license fee as may be determined by Council from time and time. Individual annual licenses shall be paid at rates as shall be determined by Council from time and time.

The firm shall be required to describe itself as “**regulated by ICPAK**” and the same shall be included in all its publications together with the firm Registration Number.

### **Requirements for Signing of Reports**

The name of the person responsible for the preparation of assurance and non-assurance reports shall be included in the final reports. The preparer shall also include:

- (a) The name, membership number and license number
- (b) Signature in the name of the firm or personal name of the proprietor
- (c) The address of the firm
- (d) Date of signing

### **Dispute Resolution**

In case of any dispute in respect of these guidelines, the same shall be referred to the Registration and Quality Assurance Committee (RQAC) of the Institute.