



PRESS RELEASE: FOR IMMEDIATE RELEASE

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IRREGULAR AND UNLAWFUL PROFILING OF AUDIT FIRMS

1. The Institute of Certified Public Accountants of Kenya (ICPAK) is mandated by the Accountant's Act to among others, promote standards of professional competence and practice amongst members of the Institute, promote the international recognition of the Institute, advise the Minister on matters relating to financial accountability in all sectors of the economy and, to prescribe the remuneration order for the accountancy profession. The Institute may also do anything incidental or conducive to the performance of any of the above stated functions.
2. The Institute in the discharge of its mandate engages various stakeholders and the public to continuously improve and enhance its effectiveness. In addition to adoption and promotion of the internationally accepted standards of practice, the Institute rolls out robust training programme to update and capacity build its members for professional probity and effectiveness. Moreover, quality reviews are conducted to its members in practice to ensure Credibility, Professionalism and Accountability of their work to the public.
3. It has come to the attention of the Institute that some Financial Institutions are dictating and imposing restrictions on their clients regarding the kind of audited financial statements that those clients should provide to be considered as valid. Further, the Institute has noted concerns from its members and various stakeholders that some of the Financial Institutions only recognize financial statements that are audited by one of the 'big four' audit firms which, they deem, to be the only valid and acceptable audit reports.

The Institute wishes to clarify and notify the public as follows:

4. That audit firms and practitioners licensed by the Institute, under Category 'C' (Composite License) are authorized to perform Audit and Assurance Services, Tax Services & Accounting, Controls and Consulting Services, while those licensed under Category 'A' License are authorized to perform only Audit and Assurance Services. There are also category 'M' Licensees authorized to perform Accounting, Controls, and Consulting while Category 'T' Licensees are to be engaged in performing Tax practices.

5. That, the terminology, 'the big four audit firms' is a terminology that does not exist in its regulatory framework as a regulator of all accounting/ audit firms in Kenya.
6. That the Institute has categorized the audit firms with respect to the number of Partners, whereby there are Sole Practitioners, Two to Five Partner Firms, Six to Ten Partner Firms and over Ten Partner Firms to demonstrate their varying capacities. In categorizing the firms, the Institute does not in any way whatsoever, attempt to promote any firm or category of firms as being superior above the others. For the avoidance of doubt, all auditors and accounting firms licensed by the Institute have been thoroughly vetted, are constantly trained and are fully suitable to offer the services that they are licensed to offer under the various license categories.
7. That, having provided this clarification, any other profiling that attempts to designate some audit firms as 'the big four', or to determine that only financial statements audited by the said big four firms are valid or acceptable is discriminatory, biased, irregular and anti-competitive. It is hence unlawful and an unacceptable attempt to usurp the mandate of the Institute. The Institute wishes to inform its members, accountancy practitioners, members of the public, and particularly the Financial Institutions, to take note and apply accordingly.
8. The licensed members posted on the Institute's website and published in a Newspaper of wide national circulation from time to time are duly vetted and cleared to perform such duties as prescribed in their respective licenses.
9. The Institute will be reaching out to other relevant regulators for appropriate action and remedial measures.



CPA PHILIP KAKAI
CHAIRMAN, ICPAK

The Institute of Certified Public Accountants of Kenya (ICPAK) is the statutory body of accountants established under the Accountants Act 1978. ICPAK draws its mandate from the Accountants Act No.15 of 2008. It is also a member of Pan Africa Federation of Accountants (PAFA) and the International Federation of Accountants (IFAC), the global umbrella body.

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