

LEGAL NOTICE NO.....

**THE ACCOUNTANTS ACT**

*(No.15 of 2008)*

**THE ACCOUNTANTS (STANDARDS OF PROFESSIONAL PRACTICE AND  
ETHICAL CONDUCT) REGULATIONS, 2021**

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**LEGAL NOTICE NO.....**

**THE ACCOUNTANTS (STANDARDS OF PROFESSIONAL PRACTICE AND ETHICAL CONDUCT) REGULATIONS, 2021**

**IN EXERCISE** of the powers conferred by section 9 (3) and (4) of the Accountants Act, 2008 the Council of the Institute of Certified Public Accountants of Kenya makes the following Regulations —

**THE ACCOUNTANTS (STANDARDS OF PROFESSIONAL PRACTICE AND ETHICAL CONDUCT) REGULATIONS, 2021**

**PART I - PRELIMINARY**

- Citation.                   **1.** These Regulations may be cited as the Accountants (Standards of Professional Practice and Ethical Conduct) Regulations, 2021.
- Interpretation.           **2.** In these Regulations, unless the context otherwise requires —  
“Act” means the Accountants Act, 2008;  
“committees” includes subcommittees, workgroups, work streams, steering committees or branch executive committees;  
“Council” has the meaning assigned to it under section 2 of the Act;  
“Continuous Professional Development Program” means the continuous maintenance, development and enhancement of the professional and personal skills, of Certified Public Accountants to enable the execution of professional and technical duties;  
“Disciplinary Committee” has the meaning assigned to it under section 2 of the Act;  
“firm” has the meaning assigned to it under section 2 of the Act;  
“Institute” has the meaning assigned to it under section 2 of the Act;  
“member” means a person who is registered with the Institute in accordance with sections 4 and 24 of the Act;  
"member in good standing," means a member of the Institute who has attained the requirements of the Institute’s continuous professional development program, paid the applicable fees and subscriptions and has no pending disciplinary case before the Disciplinary Committee;

“Registration Committee” means the Registration and Quality Assurance Committee established under section 13 of the Act.

Objects and purpose.

- 3.** The objects and purpose of these Regulations shall be to provide for the means of administering the Act by the Council with respect to —
- (a) matters affecting the operations of the Institute and practice by members of the Institute; and
  - (b) setting standards of professional practice and ethical conduct.

## **PART II: PROFESSIONAL AWARDS OF THE INSTITUTE**

Conferment of Fellowship and Honorary Fellowship.

- 4.** (1) The conferment of Fellowship and Honorary Fellowship by the Council pursuant to sections 4 and 6 of the Act shall be as set out in the First Schedule to these Regulations.

(2) The Council may revise the First Schedule with the approval of the Cabinet Secretary and gazettelement from time to time.

## **PART III: PROFESSIONAL STANDARDS OF PRACTICE BY MEMBERS**

Professional ethics.

- 5.** (1) Every member shall be bound by the standards of practice in the accounting profession and guidelines on ethical behavior set out in the Second Schedule.

(2) The Council may revise the Second Schedule with the approval of the Cabinet Secretary and gazettelement from time to time.

Standards of professional accountancy practice including accounting and auditing standards.

- 6.** (1) A member shall comply with the standards of professional accountancy practice, including accounting and auditing standards, as issued by the International Federation of Accountants or any other applicable regulatory or international standards.

(2) Pursuant to section 9(3) of the Act, such standards of professional practice shall include —

- (a) Standards on Continuing Professional Development as set out in the Third Schedule;
- (b) Accountancy Practice Notes as set out in the Fourth Schedule;
- (c) Guidelines on Ethical Marketing and Advertising for Professional Accountants as set out in the Fifth Schedule; and

(d) any other standards made by the Council from time to time with the approval of the Cabinet Secretary by Notice in the Gazette.

(3) The Council may revise the Schedules set out in sub-regulation (2) with the approval of the Cabinet Secretary and gazettelement from time to time.

Continuous  
Professional  
Development.

**7.** (1) The Council shall maintain and improve the technical skills and abilities of the members of the Institute, through continuing professional development.

No. 4 of 1995

(2) Not later than three months after each year, a professional accountant shall be required to furnish the Institute with information on their continuing professional development activities for the preceding year.

(3) Where a professional accountant fails to comply with this regulation, he or she shall be required to comply in the subsequent calendar year;

(4) A professional accountant who is a member of the Institute and has attained the statutory retirement age, shall if he –

(a) continues to practise as a professional accountant, meet all the requirements of professional practice; and

(b) does not continue to practise as a professional accountant, meet any other requirement set out by the Council in order to remain in the register.

(3) A member who fails to comply with the provisions of this regulation shall be deemed guilty of professional misconduct as prescribed under section 30 (1) (h) of the Act and shall be liable to disciplinary action.

Guidelines on  
Practice Review.

**8.** (1) Pursuant to regulation 6 (2) (b), the following shall guide Practice Review Standards —

(a) the name of the practicing firm shall be approved by the Council prior to submission to the Registrar of Companies for registration;

(b) members in practice shall sign on —

(i) assurance engagements in their own names on behalf of their firm and provide their Institute membership number and practice license number, whether they are sole proprietorships or partnerships, and

(ii) all other engagements in their own names on behalf of their firm and provide their Institute membership

number and practice license number, whether they are sole proprietorships or partnerships.

(2) Notwithstanding sub regulation (1), members in practice may sign using the name of the firm provided the name of the person signing is indicated in a prominent place below the signature.

(3) The individual partners and firm shall be issued with practicing certificates and licenses issued by the Institute to practice accountancy in accordance with the Act and Regulations.

(4) A member who is in practice and is suspended pursuant to a disciplinary process under the Act and Regulations shall hand over the activities of the firm to an interim manager approved by the Institute for the period of suspension in the case of sole practitioners or to the other partners where there is more than one partner, as may be determined by the Council.

(5) A member in practice shall be required to register all their branches with the Institute.

(6) The resident person in charge of the branch shall be required to be a full member of the Institute.

(7) The firm shall identify to the Institute, the partner responsible for the quality of the work done at any of its branches.

(8) The Council shall from time to time determine, how any other category of the accountancy practice shall sign off their professional work set out in the Fourth Schedule.

Ethical  
marketing and  
publicity in the  
accounting  
profession.  
Dispute  
resolution.

**9.** A member of the Institute shall observe and apply the Guidelines on Ethical Marketing and Advertising for Professional Accountants as set out in the Fifth Schedule.

**10.** (1) Where a dispute arises relating to the rights of a member against any other member, the Council, committees, committee members, but excluding disciplinary proceedings for professional misconduct envisaged under section 30 of the Act; the aggrieved party shall refer the dispute in writing to the Secretary to the Council.

(2) Where the dispute involves the Secretary to the Council, the aggrieved party shall refer the dispute to the Chairman.

(3) Where the dispute involves the Chairman, the aggrieved party shall refer the dispute to the Secretary to the Council.

(4) The Secretary to the Council or Chairman shall notify the relevant parties of the dispute within seven days of such referral and invite the parties to make attempts to reach an amicable settlement by negotiation, conciliation or mediation.

(5) Where a dispute has been referred to the Council and the dispute cannot be resolved within six months, the Chairman or the Secretary to the Council shall, within fourteen days submit the dispute to arbitration through the Chartered Institute of Arbitrators, Kenya Chapter or the Nairobi Centre for International Arbitration.

(6) Where a dispute has been referred to arbitration and the dispute cannot be resolved within six months, the aggrieved parties may seek legal redress through the Court.

#### **PART IV – MEETINGS OF THE INSTITUTE**

Conduct of meetings of the Institute and Council.

**11.** (1) Pursuant to section 9 (4) of the Act, the meetings of the Institute shall be conducted as follows —

- (a) the conduct of meetings of the Institute shall be in accordance with the First Schedule of the Act and as set out in the Sixth Schedule; and
- (b) the conduct of meetings of the Council shall be in accordance with the Second Schedule of the Act and as set out in the Seventh Schedule.

(2) A meeting of the Institute or Council may be held physically, virtually or a combination of both, as may be determined by the Council from time to time.

## **FIRST SCHEDULE**

**[r.4]**

### **GUIDELINES FOR THE AWARD OF FELLOWSHIPS**

#### **A. PREAMBLE**

1. Achieving fellowship is a significant milestone in a member's professional and career journey. It demonstrates to employers and business associates that the member has extensive experience and has made a substantiated long-term commitment to professionalism and ethics.
2. The Institute shall mark this achievement by issuing Commendation or Fellowship Certificates, which shall be awarded at a special meeting of the Institute or any other meeting that Council may decide from time to time.
3. For the purpose of these Guidelines, these awards will be in recognition of outstanding achievements in promoting accountancy and governance. "Outstanding achievement" will be defined as something accomplished, especially by superior ability, special effort, great courage, or a great or heroic deed in the context of promotion of accountancy and good governance.
4. These must be acts and related achievements outside one's expected roles and shall be judged based on and not limited to —
  - (a) The fact that the achievement was not expected as part of the awardees assigned roles;
  - (b) The impact is far reaching at global or continent or country-level; and
  - (c) The achievement is comparable to not more than the top three best similar achievements in the economy, industry or industry sector.
5. The role of the Nominations Committee will be to debate and benchmark the cited achievements against the best similar achievements in the economy, industry or industry sector and make recommendations to the Council based on the three aspects set out in paragraph 4(a),(b) and (c).

#### **B. GUIDELINES AND REQUIREMENTS FOR THE AWARD OF FELLOWSHIP**

6. The FCPA designation is the highest honour that the Institute can bestow on its members in recognition of their immense contributions to the profession. In recognition of the services and contributions to the profession and the Country, the Council at its discretion may admit such members as fellows of the Institute.
7. To qualify for this award a member must have —

- (a) published at least ten peer reviewed articles in a reputable international accountancy journal and taught accountancy at CPA level or degree level for at least ten years in which case the last academic institution where the member taught in must write a confidential account of the conduct and performance of the member in a prescribed format and have supervised at least ten PhD students to completion of their research in Accountancy; or
- (b) experience in public practice for at least twenty years, ten of which must have been a director or partner and committed at least cumulative one hundred hours in any of the following Institute activities —
  - (i) Training,
  - (ii) Audit Quality Reviews,
  - (iii) specific task forces,
  - (iv) responding to exposure drafts/consultation papers;The members must have passed Audit Quality Reviews for at least three review cycles and served in Council Committees for at least six years cumulatively; or
- (c) progressive experience in business up-to senior management level and above for at least twenty years, served in Council Committees for at least six years cumulatively or served at least two terms in the Council and committed at least cumulatively one hundred hours in any of the following Institute activities —
  - (i) Training,
  - (ii) Audit Quality Reviews,
  - (iii) specific task forces,
  - (iv) responding to exposure drafts/consultation papers;
- (d) progressive experience in public sector up to senior management level and above for at least twenty years, served in Council Committees for at least six years cumulatively or served at least two terms in the Council and committed at least cumulatively one hundred hours in any of the following Institute activities —
  - (i) Training,
  - (ii) Audit Quality Reviews,
  - (iii) specific task forces,
  - (iv) responding to exposure drafts/consultation papers;
- (e) served in Council Committees for at least eight years cumulatively and two terms in the Council provided that the time served in the Council does not count in the Council committee service and committed at least cumulative one hundred hours in any of the following Institute activities —
  - (i) Training,



- (ii) Audit Quality Reviews,
  - (iii) specific task forces,
  - (iv) responding to exposure drafts/consultation papers;
- (f) served as the Institute Chairman for full term;
- (g) been officially recognized or awarded for exemplary service or contribution to the profession by the International Federation of Accountants (IFAC) or Pan African Federation of Accountants (PAFA); or
- (h) made outstanding contribution to the Country that promotes governance, accountability, accountancy, public service, innovation, or business over a period of at least ten years.

**8. Additionally, the member must —**

- (a) have been a member of the Institute in good standing for at least ten consecutive years;
- (b) have received commendation not less than two years prior to the date of consideration for fellowship; and
- (c) comply with Chapter Six of the Constitution.

**C. GUIDELINES AND REQUIREMENTS FOR THE AWARD OF COMMENDATIONS**

**9. In recognition of the members' services and contributions to the Institute, the Council at its discretion may recognize such members by awarding them commendations. To qualify for this award, one must be a member of the Institute in good standing for a minimum period of five continuous years and —**

- (a) demonstrated exemplary service to the Institute such as: serving in Council committees or task forces for at least two full terms; branch executive committee for at least six years; serving as branch chairman for at least one term; served in Council for at least one term; provided three hundred hours of training to the Institute over a period of five years with an aggregate score of seventy percent; or published at least five articles in a relevant field in a reputable journal or the Accountant Journal; or
- (b) service to the Institute as an employee for at least six years two of which must include provision of support to the Council directly or through the committees or demonstrated commitment of at least cumulatively two hundred hours in any of the following Council activities —

- (i) Training, Audit Quality Reviews,
- (ii) specific task forces,

(iii) responding to exposure drafts/consultation papers;

- (c) A member already commended may be awarded an additional commendation if —
- (i) three years have elapsed since the last award;
  - (ii) he or she meets the requirement for commendation above and the achievement is different from that considered in awarding the previous commendation; and
  - (iii) he complies with Chapter Six of the Constitution.

#### **D. HONORARY FELLOWSHIP AWARDS**

- 10.** Section 6 of the Accountants Act stipulates that where the Council considers that a person, not being a member of the Institute has rendered special services to the Institute or the accountancy profession, the Council may invite such a person to become an Honorary Fellow of the Institute. An Honorary Fellow shall not be a member of the Institute.
- 11.** Award of the Honorary Fellowship of the Institute shall serve to —
- (a) appreciate and recognize support for the Institute’s mission and the profession in general by non-CPA professionals;
  - (b) encourage support to the Institute and professional accountancy in form of research, publication and authorship, funding, advocacy, knowledge transfer; and
  - (c) promote international recognition and brand equity through brand ambassadorship.
- 12.** The Council may thus grant the award of an honorary CPA credential to a person other than a member of the Institute. The purpose of the honorary award will be to recognize individuals of distinction who have made a significant contribution to the Institute, the country, or the public in advancing the accountancy profession. The award is designed to both recognize the individual as well as enhance the reputation of the Institute. The successful candidate for the Honorary Fellowship shall proudly use “HCPA” designation before his name – prefix that carries the Honorary aspect (H) and the CPA brand aspect to serve the purpose of the award effectively.
- 13.** Due to associated risks in the event of a failed nomination for the award, nominations and background check for the nominees shall be carried out with utmost confidentiality. The nominee shall only be notified upon successful nomination.
- 14.** The general criteria for the conferment of an Honorary CPA (HCPA) shall be exceptional contribution to the cause of the accounting profession demonstrated by outstanding leadership or by outstanding service to the Institute or the profession at large. It is also expected that the awardee will maintain a continuing association with the Institute. The premise for the award shall be either or a combination of the following parameters —
- (a) outstanding leadership and mentorship: Exceptional distinction in advancing governance, accountability and integrity that adds value and enhances the

- recognition of the accountancy profession;
- (b) outstanding service to the Institute: Outstanding service to the profession, Institute, or the public extending over a long period, or outstanding contribution to the advancement of the profession or activities of the Institute; and
  - (c) outstanding public service in support of the Institute's mandate.

#### **E. PROCESS OF AWARDING COMMENDATIONS, FELLOWSHIPS AND HONORARY AWARDS**

- 15.** At the discretion of the Council, the Council through the Nominations Committee, will call for nominations in a prescribed format from members of the Institute interested in being awarded or nominating other members to be awarded either a fellowship or commendation or honorary fellowship within a prescribed period of time. The Nominations Committee shall consider the applications and make recommendations to the Council for award.

#### **F. WITHDRAWAL OF FELLOWSHIPS, COMMENDATIONS AND HONORARY AWARDS:**

##### **(i) Basis for withdrawal of Fellowships, Commendations and Honorary Awards**

- 16.** The Council may at its discretion withdraw the Fellowships or Commendations or Honorary Awards awarded to the members of the Institute (or non-member for an Honorary Award) as it deems fit, if such a member —
- (a) has been found guilty of an act of professional misconduct in accordance with the provisions of the Accountant's Act, By-Laws, and International Accounting Standards; or
  - (b) has been convicted of an offence and sentenced to imprisonment for a term of six months or more without or without the option of a fine; or
  - (c) has been convicted of an offence involving corruption, dishonesty, or abuse of office; or
  - (d) has been adjudged bankrupt or has entered onto a composition of scheme of arrangement with his creditors; or
  - (e) conducts himself in any manner that brings disrepute to the profession or the Institute; or
  - (f) ceases to be a member of the Institute by a provision of the Accountants Act.

##### **(ii) Procedural Due Process and withdrawal of Fellowship, Commendations and Honorary CPA**

**17.** In conformity with due process, withdrawal of Fellowships, Commendations and Honorary Awards shall be carried out in such a manner that the Member or Honorary Member shall not be denied his or her legal rights and in congruence with fundamental, accepted legal principles, as the right of the accused to a fair hearing. The rights afforded in this respect include, but are not limited to —

- (a) the right to an unbiased trial;
- (b) the right to be given notice of the proposed trial and the reason for it;
- (c) the right of the individual to be aware of evidence against him;
- (d) the right to present evidence and call witnesses; and
- (e) the right to be represented by counsel.

**18.** (1) In this regard, the Council or the designated Committee of the Council shall upon collection and evaluation of factual evidence notify the Member or Honorary Members of the facts —

- (2) The decision of the committee will then be communicated to the Council and the Council shall, if it deems fit, adopt the recommendations of the Committee; and
- (3) The Member or Honorary Members shall then be notified of the decision of the Council through the Secretary to the Council.

## **G. APPEALS**

**19.** The appeal process is as follows —

- (a) where the due process has been completed, a Member or Honorary Member, shall be notified of the intent to withdraw the Fellowship or Commendation, or Honorary Award. The notice shall include the reasons for withdrawal.
- (b) the withdrawal shall not become effective until all appeals are exhausted.
- (c) if a Member or Honorary Member decides to appeal the decision, an Appeals Committee shall be established by the Council.
- (d) the Appeals Committee shall review the matter within thirty days of receipt of the appeal.
- (e) the Appeals Committee shall communicate its decision to the Council upon completion of the hearing of the appeal which may either —
  - (i) uphold the decision of the Council to withdraw the Award; or
  - (ii) reinstate the award.
- (f) the decision of the Appeals Committee shall be communicated to the Council and the recommendation adopted by the Council.

**20.** Upon reaching a decision to withdraw the award, the Council shall authorize the Chief Executive Officer of the Institute to notify members and the public through print national media that the Member or Honorary Fellow has been stripped of the award. Subsequently, records of these proceedings and the decision shall be kept in safe custody for reference and

the member's records in the Institute's databases and mailing lists shall be amended accordingly.

#### **H. REVIEW AND AMENDMENTS**

- 21.** These Guidelines shall be reviewed or amended every two years or at any other time as may be deemed fit by the Council.

**SECOND SCHEDULE**  
**[r.5 ]**

**STANDARDS OF PROFESSIONAL ACCOUNTANCY PRACTICE AND ETHICAL  
CONDUCT**

**PART I: GENERAL APPLICATION OF THE CODE**

1. The Code of Ethics for Professional Accountants includes provisions as prescribed by the International Federation of Accountants (IFAC) through the International Ethics Standards Board for Accountants (IESBA) together with specific requirements under the Kenyan context. A member body of IFAC or firm may not apply less stringent standards than those stated in that Code.
2. Professional misconduct by a member of the Institute is defined in section 30 of the Accountants Act. The observance of this Code complies with the provision of that section. A member of the Institute is guilty of professional misconduct if such member commits any offence under section 30 (1).
3. (1)The Council shall inquire into apparent failure by a member to observe the ethical requirements and may refer the matter to the Disciplinary Committee in accordance with section 32(1) of the Accountants Act.  
  
(2)Following appropriate inquiry by the Disciplinary Committee, recommendations as to the action to be taken against the member concerned shall be made to the Council under section 33 of the Act.

**A. FUNDAMENTAL PRINCIPLES**

4. A professional accountant is required to comply with the following fundamental principles

<b>Issue</b>	<b>Principles or Values</b>
Integrity	A professional accountant should be straightforward and honest in all professional and business relationships.
Objectivity	A professional accountant should not allow bias, conflict of interest or undue influence of others to override professional or business judgments
Professional Competence and Due Care	A professional accountant has a continuing duty to maintain professional knowledge and skill at the level required to ensure that a client or employer receives competent professional service based on current developments in practice, legislation and techniques. A professional accountant shall act diligently and in accordance with applicable technical and professional standards when providing professional services.
Confidentiality	A professional accountant shall respect the confidentiality of information acquired as a result of professional and business

	relationships and should not disclose any such information to third parties without proper and specific authority unless there is a legal or professional right or duty to disclose. Confidential information acquired as a result of professional and business relationships should not be used for the personal advantage of the professional accountant or third parties.
Professional Behavior	A professional accountant should comply with relevant laws and regulations and should avoid any action that discredits the profession.

## **B. THREATS AND SAFEGUARDS**

5. (1) Compliance with the fundamental principles may potentially be threatened by a broad range of circumstances.
- (2) Threats fall into the following categories —
- (a) self-interest threats which may occur as a result of the financial or other interests of a professional accountant or of an immediate or close family;
  - (b) self-review threats, which may occur when a previous judgment needs to be reevaluated by the professional accountant responsible for that judgment;
  - (c) advocacy threats, which may occur when a professional accountant promotes a position or opinion to the point that subsequent objectivity may be compromised;
  - (d) familiarity threats, which may occur when, because of a close relationship, a professional accountant becomes too sympathetic to the interests of others; and
  - (e) intimidation threats, which may occur when a professional accountant may be deterred from acting objectively by threats, actual or perceived.

## **C. SAFEGUARDS**

6. Safeguards that may eliminate or reduce such threats to an acceptable level are categorized into two —
- (a) safeguards created by the profession, legislation or regulation; and
  - (b) safeguards in the work environment.

## **D. ETHICAL CONFLICT RESOLUTION**

7. (1) In evaluating compliance with the fundamental principles, a professional accountant may be required to resolve a conflict in the application of fundamental principles.
- (2) When initiating either a formal or informal conflict, a professional accountant should be able to identify —
- (a) relevant facts;
  - (b) ethical issues involved;
  - (c) fundamental principles related to the matter in question;
  - (d) established internal procedures; and
  - (e) alternative courses of action.

## **PART B: PROFESSIONAL ACCOUNTANTS IN PUBLIC PRACTICE OR LICENSED PROFESSIONAL ACCOUNTANTS AND FIRMS**

8. (1) This Part of the Schedule illustrates how the conceptual framework is to be applied by professional accountants in public practice.  
(2) A professional accountant in public practice shall not engage in any business, occupation or activity that impairs or might impair integrity, objectivity or the good reputation of the profession.

### **A. THREATS AND SAFEGUARDS**

9. Threats can be categorized into —
- (a) self-interest;
  - (b) self-review;
  - (c) advocacy;
  - (d) familiarity; and
  - (e) intimidation.
10. The nature and significance of the threats may differ depending on whether they arise in relation to the provision of services to a financial statement audit client, a no- financial statement audit assurance client or a non- assurance client.
11. Safeguards that may eliminate or reduce threats to an acceptable level fall into two broad categories —
- (a) safeguards created by the profession, legislation or regulation; and
  - (b) safeguards in the work environment.
12. (1) In the work environment, the relevant safeguards will vary depending on the circumstances. (2) Work environment safeguards comprise firm-wide safeguards and engagement specific safeguards.  
(3) A professional accountant in public practice shall exercise judgment to determine how to best deal with an identified threat.  
(4) In exercising this judgment, a professional accountant in public practice should consider what a reasonable and informed third party, having knowledge of all relevant information, including the significance of the threat and the safeguards applied, would reasonably conclude to be acceptable. This consideration will be affected by matters such as the significance of the threat, the nature of the engagement and the structure of the firm.

### **B. PROFESSIONAL APPOINTMENT**

13. Client Acceptance —
- (1) Before accepting a new client relationship, a professional accountant in public practice shall consider whether acceptance would create any threats to compliance with the fundamental principles.
  - (2) Potential threats to integrity or professional behaviour may be created from, for example, questionable issues associated with the client (its owners, management and activities).
  - (3) Appropriate safeguards may include obtaining knowledge and understanding of the client, its owners, managers and those responsible for its governance and business activities,



or securing the client's commitment to improve corporate governance practices or internal controls.

### **C. CONFLICTS OF INTEREST**

- 14.** (1) A professional accountant in public practice shall take reasonable steps to identify circumstances that could pose a conflict of interest.
- (2) Such circumstances may give rise to threats to compliance with the fundamental principles for instance, a threat to objectivity may be created when a professional accountant in public practice competes directly with a client or has a joint venture or similar arrangement with a major competitor of a client and thereafter evaluate any threats that may rise.
- (3) Depending therefore on the circumstances giving rise the conflict, safeguards should ordinarily include the professional accountant in public practice —
- (a) notifying the client of the firm's business interest or activities that may represent a conflict of interest, and obtaining their consent to act in such circumstances; or
  - (b) notifying all known relevant parties that the professional accountant in public practice is acting for two or more parties in respect of a matter where their respective interests are in conflict, and obtaining their consent to so act; or
  - (c) notifying the client that the professional accountant in public practice does not act exclusively for any one client in the provision of proposed services (for example, in a particular market sector or with respect to a specific service) and obtaining their consent to so act.
- 15.** Where a conflict of interest poses a threat to one or more of the fundamental principles, including objectivity, confidentiality or professional behavior, that cannot be eliminated or reduced to an acceptable level through the application of safeguards, the professional accountant in public practice should conclude that it is not appropriate to accept a specific engagement or that resignation from one or more conflicting engagements is required.

### **D. SECOND OPINIONS**

- 16.** Occurs in a situation where a professional accountant in public practice is asked to provide a second opinion on the application of accounting, auditing, reporting or other standards or principles to specific circumstances or transactions by or on behalf of a company or an entity that is not an existing client which may give rise to threats to compliance with the fundamental principles. The significance of the threat in this case will depend on the circumstances of the request and all the other available facts and assumptions relevant to the expression of a professional judgment.

### **E. FEES AND OTHER TYPES OF REMUNERATION**

- 17.** (1) When entering into negotiations regarding professional services, a professional accountant in public practice may quote a fee that he or she deems appropriate.

(2) A professional accountant in public practice quoting a fee lower than another is not in itself unethical but there may be threats to compliance with the fundamental principles arising from the level of fees quoted for instance, a self interest threat to professional competence and due care is created if the fee quoted is so low that it may be difficult to perform the engagement in accordance with applicable technical and professional standards for that price.

**18.** (1) The significance of the threats will depend on factors such as the level of fee quoted and the services to which it applies.

(2) In view of these potential threats, safeguards should be considered and applied as necessary to eliminate them or reduce them to an acceptable level.

(3) Safeguards that may be adopted include —

- (a) making the client aware of the terms of the engagement and, in particular, the basis on which fees are charged and which services are covered by the quoted fee.
- (b) assigning appropriate time and qualified staff to the task.

**19.** (1) A professional accountant in public practice may also pay a referral fee to obtain a client, for example, where the client continues as a client of another professional accountant in public practice but requires specialist services not offered by the existing accountant.

(2) The payment of such a referral fee may also create a self-interest threat to objectivity and professional competence and due care.

**20.** A professional accountant in public practice shall not pay or receive a referral fee or commission, unless the professional accountant in public practice has established safeguards to eliminate the threats or reduce them to an acceptable level. Such safeguards may include —

- (a) disclosing to the client any arrangements to pay a referral fee to another professional accountant for the work referred.
- (b) disclosing to the client any arrangements to receive a referral fee for referring the client to another professional accountant in public practice.
- (c) obtaining advance agreement from the client for commission arrangements in connection with the sale by a third party of goods or services to the client.

## **F. MARKETING PROFESSIONAL SERVICES**

**21.** (1) When a professional accountant in public practice solicits new work through advertising or other forms of marketing, there may be potential threats to compliance with the fundamental principles.

(2) A professional accountant in public practice should not bring the profession into disrepute when marketing professional services.

(3) The professional accountant in public practice shall be honest and truthful and shall not

- (a) make exaggerated claims for services offered, qualifications possessed, or experience gained; or
- (b) make disparaging references to unsubstantiated comparisons to the work of another.

**22.** If the professional accountant in public practice is in doubt whether a proposed form of advertising or marketing is appropriate, the professional accountant in public practice should consult with the relevant professional body.

### **G. CUSTODY OF CLIENT ASSETS**

**23.** A professional accountant in public practice shall not assume custody of client monies or other assets unless permitted to do so by law and, if so, in compliance with any additional legal duties imposed on a professional accountant in public practice holding such assets.

**24.** (1) The holding of client assets creates threats to compliance with the fundamental principles for instance there is a self-interest threat to professional behaviour and may be a self-interest threat to objectivity arising from holding client assets.

(2) To safeguard against such threats, a professional accountant in public practice entrusted with money or other assets belonging to others shall —

- (a) keep such assets separately from personal or firm assets;
- (b) use such assets only for the purpose for which they are intended;
- (c) at all times, be ready to account for those assets, and any income, dividends or gains generated, to any persons entitled to such accounting; and
- (d) comply with all relevant laws and regulations relevant to the holding of and accounting for such assets.

### **H. OBJECTIVITY—ALL SERVICES**

**25.** (1) A professional accountant in public practice shall when providing any professional services consider whether there are threats to compliance with the fundamental principle of objectivity resulting from having interests in, or relationships with, a client or directors, officers or employees.

(2) A professional accountant in public practice shall evaluate the significance of identified threats and, if they are other than clearly insignificant, safeguards shall be considered and applied as necessary to eliminate them or reduce them to an acceptable level.

(3) Such safeguards may include —

- (a) withdrawing from the engagement team;
- (b) supervisory procedures;

- (c) terminating the financial or business relationship giving rise to the threat;
- (d) discussing the issue with higher levels of management within the firm;
- (e) discussing the issue with those charged with governance of the client.

## **I. INDEPENDENCE–ASSURANCE ENGAGEMENTS**

- 26.** In the case of an assurance engagement, it is in the public interest and, therefore, required by the Code of Ethics, that members of assurance teams, firms and, when applicable, network firms be independent of assurance clients.
- 27.** (1) Assurance engagements are designed to enhance intended users' degree of confidence about the outcome of the evaluation or measurement of a subject matter against criteria.  
(2) The International Framework for Assurance Engagements (the Assurance Framework) issued by the International Auditing and Assurance Standards Board describes the elements and objectives of an assurance engagement and identifies engagements to which International Standards on Auditing (ISAs), International Standards on Review Engagements (ISREs) and International Standards on Assurance Engagements (ISAEs) apply. For a description of the elements and objectives of an assurance engagement reference shall be made to the Assurance Framework.

## **J. OBJECTIVE AND STRUCTURE**

- 28.** The objective of this section is to assist firms and members of assurance teams in —
- (a) identifying threats to independence;
  - (b) evaluating whether these threats are clearly insignificant; and
  - (c) in cases when the threats are not clearly insignificant, identifying and applying appropriate safeguards to eliminate or reduce the threats to an acceptable level.
- 29.** (1) It is important to consider what a reasonable and informed third party having knowledge of all relevant information; including safeguards applied would reasonably conclude to be unacceptable.  
(2) In situations when no safeguards are available to reduce the threat to an acceptable level, the only possible actions are to compromise, eliminate the activities or interest creating the threat, or to refuse to accept or continue the assurance engagement.  
(3) When threats to independence that are not clearly insignificant are identified, and the firm decides to accept or continue the assurance engagement, the decision shall be documented.  
(4) The documentation shall include a description of the threats identified and the safeguards applied to eliminate or reduce the threats to an acceptable level.
- 30.** (1) Firms should establish policies and procedures relating to independence, communications with audit committees or others charged with governance of the client.

(2) In the case of the financial statement audit of listed entities, the firm shall communicate orally and in writing at least annually, all relationships and other matters between the firm, network firms and the financial statement audit client that in the firm's professional judgment may reasonably be thought to bear on independence.

#### **K. PROVISIONS APPLICABLE TO ALL ASSURANCE CLIENTS**

- 31.** If a member of the assurance team, or their immediate family member, has a direct financial interest, or a material indirect financial interest, in the assurance client, the self-interest threat created would be so significant that the only safeguards available to eliminate the threat or reduce it to an acceptable level would be to —
- (a) dispose of the direct financial interest prior to the individual becoming a member of the assurance team;
  - (b) dispose of the indirect financial interest in total;
  - (c) dispose of a sufficient amount of it so that the remaining interest is no longer material prior to the individual becoming a member of the assurance team; or
  - (d) remove the member of the assurance team from the assurance engagement.

#### **L. PROVISIONS APPLICABLE TO FINANCIAL STATEMENT AUDIT CLIENTS**

- 32.** If a firm, or a network firm, has a direct financial interest in a financial statement audit client of the firm the self-interest threat created would be so significant no safeguard could reduce the threat to an acceptable level. Consequently, disposal of the financial interest would be the only action appropriate to permit the firm to perform the engagement.

#### **M. PROVISIONS APPLICABLE TO NON-FINANCIAL STATEMENT AUDIT ASSURANCE CLIENTS**

- 33.** If a firm has a direct financial interest in an assurance client that is not a financial statement audit client the self-interest threat created would be so significant no safeguard could reduce the threat to an acceptable level. Consequently, disposal of the financial interest would be the only action appropriate to permit the firm to perform the engagement.

#### **N. FEES AND PRICING FEES-RELATIVE**

- 34.** When the fees generated by an assurance client represents a large proportion of a firm's total fees, the dependence total on that client or client group and concern about the possibility of losing the client may create a self-interest threat. The significance of the threat will depend upon on; the structure of the firm and whether the firm is well established or newly created. Such safeguards for the threats might include —
- a) discussing the extent and nature of fees charged with the audit committee, or others charged with governance;
  - b) taking steps to reduce dependency on the client;
  - c) external quality control reviews; and

- d) consulting a third party, such as a professional regulatory body or another professional accountant.

### **PART III: PROFESSIONAL ACCOUNTANTS IN BUSINESS OR PROFESSIONAL ACCOUNTANTS IN COMMERCE AND INDUSTRY, EMPLOYMENT AND PUBLIC SECTORS**

1. This Part provides how the conceptual framework is applied by professional accountants in business. A professional accountant in business has a responsibility to further the legitimate aims of their employing organization. This Code does not seek to hinder a professional accountant in business from properly fulfilling that responsibility but considers circumstances in which conflicts may be created with the absolute duty to comply with the fundamental principles. Members in industry, employment, private and public sectors are required to comply with the provisions of the Act including the fundamental principles set out in this Schedule.

#### **A. THREATS AND SAFEGUARDS**

2. Compliance with the fundamental principles may potentially be threatened by a broad range of circumstances. The threats fall into the following categories; Self-interest, Self-review, Advocacy, Familiarity; and Intimidation. Safeguards that may eliminate or reduce to an acceptable level the threats faced by professional accountants in business fall into two broad categories: Safeguards created by the profession, legislation or regulation; and safeguards in the work environment.

#### **B. POTENTIAL CONFLICTS**

3. A professional accountant in business has a professional obligation to comply with the fundamental principles. There may be times, however, when their responsibilities to an employing organization and the professional obligations to comply with the fundamental principles are in conflict. Ordinarily, a professional accountant in business should support the legitimate and ethical objectives established by the employer and the rules and procedures drawn up in support of those objectives. Nevertheless, where compliance with the fundamental principles is threatened, a professional accountant in business must consider a response to the circumstances.

#### **C. PREPARATION AND REPORTING OF INFORMATION**

4. Professional accountants in business are often involved in the preparation and reporting of information that may either be made public or used by others inside or outside the employing organization. Such information may include financial or management information. A professional accountant in business should prepare or present such information fairly, honestly and in accordance with relevant professional standards so that the information will be understood in its context.

5. A member in industry, employment, private and public sectors shall prepare and present any financial information fully, honestly, professionally and in accordance with the relevant professional standards as issued and implemented by the Institute or other statutory body from time to time.
6. A member in industry, employment, private and public sectors shall —
  - (a) assist the employer to maintain all financial and non-financial information in a manner that describes clearly the true nature of business transaction, assets, liabilities; and
  - (b) record entries

in a timely and proper manner as required by law and professional standards as issued and implemented by the Institute or other statutory body from time to time.

7. Threats to compliance with the fundamental principles may be created where a professional accountant in business may be pressured to become associated with misleading information or to become associated with misleading information through the actions of others. The significance of these threats will depend on factors such as the source of the pressure and the degree to which the information is, or may be, misleading.

#### **D. INDUCEMENTS**

8. A member in industry, employment, private and public sectors shall not receive an inducement in an attempt to unduly influence actions or decisions, encourage illegal or dishonest behavior or illegally obtain confidential information.
9. If there are circumstances that threaten a member in industry, employment, private and public sectors to be involved in receiving inducements, such member shall immediately report to higher levels of management or those in charge of governance of the employing organization.
10. A member in industry, employment, private and public sectors shall not offer an inducement to improperly influence professional judgment of a third party.

#### **E. PROFESSIONAL COMPETENCE**

11. Members in industry, employment, private and public sectors shall only undertake significant tasks for which the member has sufficient training and experience and where necessary seek assistance from relevant experts.
12. Members in industry, employment, private and public sectors shall not —
  - (a) intentionally seek employment without the requisite degree of expertise or experience; or

- (b) intentionally mislead the employer as to the degree of expertise or experience he possesses.

#### **F. PROFESSIONAL STANDARDS**

- 13. Members in industry, employment, private and public sectors owe a duty to the employer and the profession and shall not —
  - (a) act contrary to the law or regulations;
  - (b) breach the rules and standards of the accountancy profession;
  - (c) intentionally mislead officers acting as auditors to the employer or the Institute;
  - (d) be involved in corrupt practices; or
  - (e) issue a financial or non-financial report that materially misrepresents facts including but not limited to financial statements, tax compliance, legal compliance or any reports required by regulators or the Institute.

#### **G. COMPLIANCE TO INTERNATIONAL CODE OF ETHICS FOR ACCOUNTANTS**

- 14. A member shall, in addition to the provisions of this Code, comply with the prescribed code of ethics for professional accountants as issued by the International Federation of Accountants (IFAC) through the International Ethics Standards Board for Accountants (IESBA) from time to time and any other applicable regulatory international and Institute pronouncements or standards.



## **THIRD SCHEDULE**

**[r.6(2)(a)]**

### **STANDARDS ON CONTINUING PROFESSIONAL DEVELOPMENT**

#### **PART I: PREAMBLE**

1. Pursuant to section 2 of the Act, and the requirements of the international standards on accountancy education, require a professional accountant to develop and maintain the professional competence necessary to provide high quality services to clients, employers, and other stakeholders, and thereby to strengthen public trust in the profession.
2. The professional accountant shall be required to develop and maintain professional competence by undertaking relevant continuous professional development activities, in discharge of their roles and the Institute shall be required to —
  - (a) foster a commitment to lifelong learning among professional accountants;
  - (b) facilitate access to continuous professional development opportunities and resources for professional accountants; and
  - (c) adopt prescribed requirements relating to the development and implementation of appropriate measurement, monitoring, and compliance procedures, so as to help professional accountants develop and maintain the professional competence necessary to protect the public interest.

#### **PART II: SCOPE**

1. These Regulations shall guide —
  - (a) all processes and decisions involved in conception, development, implementation and evaluation of the Institute's continuous professional development programs, from time to time; and
  - (b) the recognition and categorization of continuous professional development programs and award of continuous professional development units earned by members of the Institute.

#### **PART III: GUIDING PRINCIPLE**

2. The following principles shall guide continuous professional development programs —
  - (a) a professional accountant shall have a continuing duty to maintain professional knowledge and skill at the level required to ensure that a client or employer receives the advantage of competent professional service based on current developments in practice, legislation and techniques; and

- (b) a professional accountant shall act diligently and in accordance with applicable technical and professional standards issued by the Council from time to time, while discharging professional accountancy services.

#### **PART IV: OBJECTIVES**

- 3. The objectives of the continuing professional development guidelines shall be to —
  - (a) set standards for preparation and delivery of continuing professional development for the Institute's members;
  - (b) adhere to the accountancy education standards, and statements of members obligations, including professional accountancy standards; and
  - (c) provide for quality control for continuous professional development programs organized by the Council and recognised institutions.

#### **PART V: CONTINUOUS PROFESSIONAL DEVELOPMENT**

- 4. Continuous professional development shall —
  - (a) outline the learning activities that professional accountants shall engage in and promote life-long learning to develop and enhance their abilities;
  - (b) continually up skill or re-skill members, regardless of occupation, age or educational level; and
  - (c) to equip professional accountants with relevant and appropriate skills to improve their output in current positions as well as develop them to provide innovative strategic leadership including value-based decision making.
- 5. Continuous professional development shall combine different methodologies to learning, including but not limited to workshops, conferences, seminars, e-learning programs, and professional forums.
- 6. The programs shall be focused to a member or firm to improve capacity and enhance the professional competencies.

#### **PART VII: COMPLIANCE WITH CONTINUOUS PROFESSIONAL DEVELOPMENT REQUIREMENT**

- 7. A member shall be required to attain the minimum continuous professional development hours each year as shall be determined by the Council from time to time.
- 8. Notwithstanding paragraph (7), a member shall be deemed to be in good standing if they have —
  - (a) attained the minimum continuous professional development hours as shall be determined by the Council from time to time;
  - (b) no outstanding disciplinary matter; and
  - (c) paid the annual subscriptions.

## **PART VIII: CATEGORIZATION OF CONTINUOUS PROFESSIONAL DEVELOPMENT UNITS**

9. For purposes of this Part —

- (a) “**structured continuous professional development**” shall consist of learning activities that are measurable and verifiable designed to impart specific knowledge to a role in accountancy and to achieve a particular learning outcome; and
- (b) “**unstructured continuous professional development**” shall consist of learning activities designed to enhance the broad knowledge in understanding the environment in which a professional accountant in discharging his duties.

### **A. Continuous Professional Development**

- 10. Qualifying continuous professional development units for a member shall be classified as either structured or unstructured.
- 11. For a member to have attained the required minimum continuous professional development hours, he shall be required to undertake both structured and unstructured continuous professional development learning as determined by the Council from time to time.
- 12. For a program to qualify as a structured continuous professional development, such a program shall meet at the minimum but not limited to the following attributes:
  - (a) offered by the Institute or a recognized institution;
  - (b) the qualifying units shall be as determined by the Institute or the recognized institution;
  - (c) the course program including the key facilitators has met the criteria determined by the Institute from time to time;
  - (d) presenters approved by the Council from time to time and listed as Institute trainers or hold qualifications and competencies that qualify them for recognition through a memorandum of understanding or a mutual recognition agreement;
  - (e) the Institute or the recognized institution shall share with the course participants a course outline and the pre-prepared course notes for retention and future reference.
  - (f) the course program shall be interactive, allowing participants to ask questions and to discuss points of interest or concern;
  - (g) a certificate of attendance will be issued by the Institute or the recognized institution indicating the number of continuous professional development hours attained upon successful completion of the course program;
  - (h) the course program may be offered by the Institute or the recognized institution either virtually or physically;
  - (i) the minimum number of continuous professional development hours which shall be offered by the Institute shall be fifteen hours or any other minimum number of continuous professional development hours, as may be determined by the Council from time to time;
  - (j) employers who offer in-house training without the prior approval of the training program by the Institute, such a training shall be awarded a maximum of five

continuous professional development hours subject to review and approval by the Institute;

- (k) a member undertaking masters or PhD studies or research and lecturing in Accountancy related courses shall be awarded a maximum of ten continuous professional development hours for a certificate or provisional results presented for each year of study; and
- (l) presenting papers at accountancy conferences where active presentation hours shall be awarded a maximum of five Continuous Professional Development Units in any given year.
- (m) research and writing technical articles or books for publication shall be awarded a maximum of five structured Continuous Professional Development units in any given year;
- (n) a member of the Institute, serving as an examiner, moderator or reviewer of the Examinations Board under the Act or any other professional accountancy examining body shall be:
  - (i) awarded a maximum of five continuous professional development hours per year if he is a member of staff of the Examinations Board;
  - (ii) awarded a maximum of five continuous professional development hours per year if he is a member of staff of any other professional accountancy examining body; or
  - (iii) awarded a maximum of ten continuous professional development hours per year if he does not fall under sub-paragraph (a) or (b).

#### **B. Award of Structured Continuous Professional Development Hours**

13. Notwithstanding the provisions of paragraph 12, the Council shall determine such other minimum continuous professional development hours for any other professional accountancy program or activity.

#### **C. Competence-based trainings**

14. A practising member shall be required to attend at least two competency-based trainings on their area of practice as part of their continuous professional development, as determined by the Council from time to time.

### **PART IX: MANDATORY TRAININGS**

15. A member in practice, and applicants for attendant licences shall be required to comply with such mandatory trainings as determined by the Council from time to time as set out in the Fourth Schedule of the Accountants Regulations on criteria for issuance of practicing certificates.

#### **B. Unstructured CPD Units**

16. A member shall be required to undertake self-improvement skills and competencies under this category including but not limited to —

- (a) all relevant trainings where a certificate has not been issued;
  - (b) reading of business articles in the newspapers of wide circulation, professional journals and periodicals;
  - (c) watching professional technical videos and digital versatile discs;
  - (d) attending professional motivational talks;
  - (e) self-study that results in professional development; or
  - (f) professional networking sessions.
17. For purposes of paragraph 16, a practising member shall submit to the Council a summary of the relevant —
- (a) trainings attended per year where a certificate has not been issued;
  - (b) business articles read in the newspapers of wide circulation, professional journals and periodicals, including details on the number of editions per year;
  - (c) professional technical videos and digital versatile discs watched per year;
  - (d) professional motivational talks attended per year;
  - (e) self-study that results in professional development undertaken per year; and
  - (f) professional networking sessions attended per year.
18. A member shall be awarded not more than five continuous professional development units per year for each unstructured continuous professional development activity.
19. A member shall be required to attain such minimum unstructured continuous professional development hours per year as shall be determined by Council from time to time.

### **C. Member Responsibility to Continuous Professional Development Hours**

20. A member shall be responsible for the attainment of the requisite continuous professional development hours in any given year.
21. For each continuous professional development hours activity offered by a recognized institution, a member shall be responsible for filing his continuous professional development hours returns in such platform as shall be determined by the Council from time to time within six months from the end of the year.
22. Continuous professional development hours from recognized institutions shall be filed with the Institute as follows —
- (a) by 31<sup>st</sup> March of the subsequent year for purposes of declaration of a member to be in good standing during the year;
  - (b) by 30<sup>th</sup> June of the subsequent year for purposes of declaration of a member's total continuous professional development hours attained during the preceding year and declaration of a member to be in good standing during the year; and
  - (c) by 31<sup>st</sup> January of the subsequent year for purposes of licensing practising members and declaration of such a member to be in good standing during the year.
23. Pursuant to paragraph 21, the Institute shall in every year, provide a continuous professional development hours' return to members by 31<sup>st</sup> December and the member to confirm the returns to the Institute in accordance with paragraph 21.

## **PART IX: SANCTIONS AND REINSTATEMENT**

### **A. Grace Period**

24. A member who fails to comply with these regulations in any given year will be required to commit an undertaking to fulfil the continuous professional development requirements in the subsequent year or as shall be determined by the Council from time to time.
25. The time allowed by Council under paragraph 21 shall be in conformity with applicable standards on accountancy education and relevant statutes.

### **B. Sanctions**

26. Where a member fails to comply with the continuous professional development requirements under these regulations, the Council of the Institute shall apply any of the following measures but not limited to —
  - (a) denial of renewal or processing of a practicing license;
  - (b) communication with the employer informing her of the state of non-compliance by the member;
  - (c) referral of the case for disciplinary action and subject to the disciplinary procedures as set out in Section (32) of the Act;
  - (d) disqualification from participating or contesting for any elective post at the Institute;
  - (e) disqualification from serving in any committee, work group or taskforce of the Institute and withdrawal of such membership where it had previously been awarded;
  - (f) disqualification from commendation or consideration of the award of Fellowship of the Institute; or
  - (g) revocation and/or refusal to nominate such a member to a board or a committee for which members are required by law to be nominated for appointment.

### **C. Suspension**

27. Pursuant to paragraph 21, a member who fails to comply may have his name suspended from the register of active members.
28. A member shall be required to fulfil the requirement of these regulations to activate his membership subject to paragraph 21.

### **D. De-registration**

29. Pursuant to paragraph 26, a member may be deregistered from membership if he fails to comply with the continuous professional development requirements in accordance with paragraphs 21 and 23 and in accordance with section 29 (1) and (8) of the Act.

### **E. Reinstatement**

30. A member may be reinstated after deregistration or suspension upon proof of compliance with the regulations.

## **PART X: EXEMPTIONS**

31. A Member may apply for waiver if unable to comply with the continuous professional development requirements as set out in these regulations
32. Pursuant to paragraph 31, the Council may consider waiver of the continuous professional development requirements where a member:
  - (a) has retired from gainful employment or professional accountancy practice;
  - (b) relocates to a country where there is no professional accountancy organisation with reciprocating arrangement with the Institute and or no opportunities to attain continuous professional development hours;
  - (c) is incapacitated due on health grounds supported by a medical certificate issued by a qualified medical doctor; or
  - (d) is facing a calamity, financial hardship or unavoidable challenges to be approved by Council based on the nature of the circumstance.
33. The exempted member shall be expected to give a semi-annual update to the Institute on the status of the condition that qualified them for exemption.
34. A member shall be required to resume continuous professional development activities and comply with the development continuous professional hours upon determination of the calamity or financial hardship or unavoidable challenges facing the member has been contained.

## **PART XI: AWARD OF CONTINUOUS PROFESSIONAL DEVELOPMENT HOURS TO COUNCIL MEMBERS, COMMITTEE MEMBERS, INSTITUTE'S TRAINING FACILITATORS**

35. A member of Council or Council committees or member of the Institute's secretariat shall be awarded continuing professional development hours in recognition of their service to the profession.
36. Members of Council, committees, sub-committees, taskforces and representatives attending local or international meetings or events on behalf of the Institute or any other employer shall be awarded such hours as may be determined by the Council from time to time, subject to submission of:
  - (a) an appointment letter of the member to the Institute;
  - (b) the Taskforce workplan; and
  - (c) output of the Taskforce.
37. A member of the Institute who facilitates continuous professional development events for the Institute or any other institution, shall be awarded such hours as shall be determined by the Council from time to time, subject to submission of:
  - (a) course outline; and
  - (b) the presentation.

## FOURTH SCHEDULE

[r.6(2)(b)]

### ACCOUNTANCY PRACTICE NOTES

SN	Description	Criteria
1.	<b>Minimum Statutory requirements to be met when developing practice notes</b>	<p>(1) Should be indexed and published on the Institute’s website.</p> <p>(2) Should be publicized in accordance with the provisions of the Public Finance Management Act, 2012 and in at least one two media of wide circulation.</p> <p>(3) Aligned to the Constitution of Kenya, 2010, Accountants Act, 2008, International Best practices and any other written law in the Republic of Kenya.</p> <p>(4) Be subjected to adequate public Consultations in line with provisions of the Constitution of Kenya.</p>
2.	<b>Objects and purpose of practice notes</b>	<p><b>Purpose of the Practice Notes</b></p> <p>(1) The purpose of the practice notes issued by the Council is to assist a professional accountant in applying accounting and audit standards of general application to particular circumstances and industries.</p> <p>(2) The practice notes will take into account the following —</p> <ul style="list-style-type: none"><li>(a) Statutory basis and the relevant professional accountancy standard it relates to.</li><li>(b) Application and applicability of the professional accountancy standard.</li><li>(c) Overriding values and principles of professional practice in application and implementation of the practice note.</li></ul>
3.	<b>Form and details of a Practice Note</b>	<p>The following requirements shall form the minimum details of an accountancy practice note —</p> <ul style="list-style-type: none"><li>(a) Name of the practice note;</li><li>(b) Number of the practice note;</li><li>(c) Date of issue of the practice note.</li><li>(d) Objective of the Practice note.</li><li>(e) Category of practice in accountancy and scope of practice note in which it applies.</li><li>(f) Applicable local or national legislation guiding the practice note.</li><li>(g) Requirements, specifications and attendant notes.</li><li>(h) Effective date.</li></ul>



<b>SN</b>	<b>Description</b>	<b>Criteria</b>
4.	<b>Guidance on the interpretation of a Practice Note</b>	The Practice note shall —  (a) give guidance on the specific area of professional accountancy practice and mode of implementation; and (b) provide an explanatory memorandum on the — (i) standard, (ii) basis and rationale, and (iii) scope and applicability in specific contexts. (c) bind the practise and conduct of a professional accountant in the specific professional accountancy practice.

## **FIFTH SCHEDULE**

**[r.6(2)(c), 9]**

### **GUIDELINES ON ETHICAL MARKETING AND ADVERTISING FOR PROFESSIONAL ACCOUNTANTS**

#### **PART I: PREAMBLE**

1. The primary objective of this guideline is to set boundaries for marketing practices within the Accountants Act and the Code of Ethics.
2. The Accountants Act and this Schedule provide for acceptable advertising and publicity. Section 30 (1) (e) of the Accountants Act provides that “a member of the Institute shall be guilty of professional misconduct if such member solicits clients or professional work or advertises professional attainments or services by use of means which contravene the guidelines in this Schedule”.
3. These guidelines provide the principle upon which acceptable advertising and publicity is founded.
4. Marketing and advertising material shall be legal, decent, honest, truthful and clear and ensure compliance with the Code of Ethics for Professionals.

#### **PART II: PRINCIPLES**

5. A firm or member in public practice shall not seek to obtain clients by any communication or advertising, including written, oral, or electronic, or other forms of solicitation —
  - (a) in a manner that is false, fraudulent, misleading, deceptive, unfair, tends to promote unsupported claims; or
  - (b) which is accomplished or accompanied by the use of coercion, duress, compulsion, intimidation or vexatious or harassing conduct.
6. A firm or member in public practice shall not on behalf of himself, his partner or associate, or any other individual affiliated with him or his firm, use or participate in the use of any form of public communication containing a false, fraudulent, misleading or deceptive, which is not in public interest.
7. Publicity not in the public interest shall include, but not be limited to, advertising or marketing that —
  - (a) is false, fraudulent, deceptive, or misleading;
  - (b) guarantees any service based on discretionary decisions of regulatory authorities;

- (c) makes any claim relating to professional services or products or the cost or price thereof which cannot be substantiated by the firm, who shall have the burden of proof;
  - (d) makes claims of professional superiority which cannot be substantiated by the firm, who shall have the burden of proof; or offers inducements in any form for a professional service or product.
- 8.** Advertising or other forms of solicitation, including communication, publicity, among others, that are false, misleading, or deceptive and are not in the public interest are prohibited. Those activities will include —
- (a) creating false or unjustified expectations of favourable results;
  - (b) implying the ability to influence any court, tribunal, regulatory agency, or similar body or official;
  - (c) having a representation that specific professional services in current or future periods will be performed for a stated fee, estimated fee or fee range when it was likely at the time of the representation that such fees would be substantially increased and the prospective client was not advised of that likelihood;
  - (d) having any other representations that would be likely to cause a reasonable person to misunderstand or be deceived.

### **PART III: APPLICABILITY AND AUTHORITY**

- 9.** A firm or member and its or his employees shall be bound by these guidelines in respect of any communication originating from the firm or member.

### **PART IV: GENERAL GUIDELINES**

#### **A. GENERAL CONDUCT**

- 10.** A firm or member shall not —
- (a) unfairly apply for or unfairly seek instructions for professional business; or
  - (b) do or permit to be done in its or his name anything that may reasonably be considered as calculated to unfairly attract professional business.
- 11.** A firm or member shall not advertise its or his practice other than in accordance with this Schedule.

#### **B. MANNER OF ADVERTISING**

- 12.** An advertisement made under this Schedule shall —
- (a) be objective, true and dignified;

- (b) be factual and verifiable;
- (c) be guided by the professional code of ethics; and
- (d) not discredit or denigrate the practice or services of other professional accountants and/or the profession.

### **C. WHAT MAY BE CONTAINED IN AN ADVERTISEMENT**

- 13.** A firm or member may only provide the following information in an advertisement under this Schedule —
- (a) the identity of the member, including name, registration and practicing number;
  - (b) the identity of the member firm;
  - (c) the address and other contact information of the member or the member firm;
  - (d) the hours of business of the member or the member firm;
  - (e) the advertisement shall be in English;
  - (f) the academic or professional qualifications of the member; or
  - (g) any contribution made by the firm or member to the Institute or the accountancy profession.
- 14.** Where a firm or member offers to perform professional services via the internet, the firm or member shall include the following information on the website —
- (a) firm or member name;
  - (b) description of the firm, whether sole practice or partnership;
  - (c) principal place of business;
  - (d) business telephone;
  - (e) partner name, registration number and practicing certificate number ; and
  - (f) a statement that the firm is licensed by ICPAK as a member Firm and clearly separating from other businesses, with similar name.
  - (g) registration number of the member firm, if it is a limited liability partnership
- 15.** A firm or member shall not provide the following information in an advertisement under this Schedule —
- (a) the name or the identity of a client of the member's firm;
  - (b) a promise by the member or the member's firm to achieve a particular outcome for clients or prospective clients of the member or the member's firm or that failure to obtain that outcome shall constitute a waiver of the member or the member's firm fees.

### **D. REGISTER OF MEMBERS**

- 16.** The Institute shall maintain a register of members and such a register shall classify members in accordance with section 28 of the Act.
- 17.** Where a firm or member is recorded in the register under paragraph 19, that firm or member shall state his practising certificate category in an advertisement made under this Schedule.

## **SIXTH SCHEDULE**

**[r.11(1)(a)]**

### **CONDUCT OF MEETINGS OF THE INSTITUTE**

- 1.** In addition to the provisions of paragraph 4 of the First Schedule of the Act, the Council may, by giving not less than fourteen days' notice and upon a meeting requisition signed by at least one hundred members and accompanied by a deposit of a sum sufficient to cover the expenses incidental to the summoning and holding of the meeting, convene a Special General Meeting within twenty eight days of the receipt of the requisition.
- 2.** Every such requisition and notice shall specify the purpose for which such meeting is requisitioned or called. No other business shall be considered at such meeting.
- 3.** If the Council, within twenty-eight days from the date of the requisition fails to proceed duly to call a special general meeting, the requisitionists may themselves call a special general meeting giving not less than fourteen days' notice thereof, provided that any meetings so called shall not be held after the expiration of three months from the said date of receipt by Council of the first requisition.
- 4.** In the event of the proposal of the requisitionists being carried, the deposit shall be refunded to the persons by whom it was paid.
- 5.** In the event of the Council failing to proceed as aforesaid, the deposit paid by the requisitionists shall be returned to them.
- 6.** If at such meeting a quorum be not present within one hour of the appointed time for holding the meeting, the meeting, if convened upon requisition of members, shall be dissolved and the matter shall be referred to the next annual general meeting.

## **SEVENTH SCHEDULE**

**[r.11(1(b))]**

### **CONDUCT OF MEETINGS OF THE COUNCIL**

#### **PART A – COUNCIL**

- 1.** The Council shall meet at the principal or registered office of the Institute at least quarterly in a year, or at such other times and places or in a manner that council may determine.
- 2.** (1) A meeting of the Council may at any time be convened by order of the Chairman; or the Vice Chairman if the Chairman is unable to exercise and perform those functions.  
  
(2) Any three members of the Council may cause a meeting to be convened by a request in writing, addressed to the Secretary to Council.
- 3.** The Secretary shall be responsible to the Council for all executive functions of the Institute.
- 4.** Notice of meeting of the Council shall be sent to each member of the Council by any appropriate mode of communication, at least fourteen (14) days before such meeting excluding the day on which the notice is sent and the day on which the meeting is to be held, unless two-thirds of the members of Council agree to a shorter period.
- 5.** At all meetings of the Council, the Chairman shall endeavor to build consensus in the Council's deliberations and decision making but in the event of a vote, the votes of the majority of those present and voting shall prevail with the person presiding having a deliberate and also a casting vote as provided under paragraph 7 of the Second Schedule of the Act.
- 6.** The quorum of Council meetings shall be fifty (50) percent plus one (1) of all members.
- 7.** Where there is a conflict of interest in the members of Council the quorum shall be at least three (3) members.
- 8.** A copy of the minutes of each meeting of the Council shall be kept by Secretary to the Council and made available to members of the Council within fourteen days from the date of the meeting.
- 9.** (1) The Common Seal shall not be affixed to any instrument except by order of the Council backed by resolution and every such instrument shall be signed by the Chairman and the Secretary to Council or such other permanent officer of the Institute as the Council may from time to time direct.

(2) The Council shall maintain a Seal Register and any document to which the common seal of the Institute is affixed, a report thereof shall be tabled before the Council at the next meeting.

**10.** (1) Each Committee shall be presided over by a Convener who shall be appointed by the Council.

(2) The Chairman, Vice-Chairman and Secretary to Council may attend any of the Committee meetings and by invitation to the Audit, Risk and Compliance Committee.

**11.** (1) Members of each committee shall be appointed for a period of two years with at least one third of the members being retained every two years except as shall be determined by the Council.

(2) Subject to the provisions of sub-paragraph (1), the Council shall ensure to achieve rotation of Committee members every two years to the maximum extent possible.

(3) Any member who shall be absent from three consecutive meetings of the Committee without good cause or notice shall liable to exclusion from membership of the Committee, upon being heard.

**12.** The quorum for a committee meeting will be equal to fifty (50) percent plus one (1) of all members

**13.** Committees shall hold meetings at least quarterly in a year or at such times as the convener with the approval of two-thirds of the members may decide.

**14.** The Secretary to the Council or his appointees shall be the secretary to all committees.

**15.** The Council may co-opt not more than one person per committee due to the nature and complexity of the agenda of the day's business and such a person shall be co-opted for only that meeting.

Made on the....., 2021.

.....  
**Chief Executive Officer,**  
**Institute of Certified Public Accountants.**

.....  
**Chairperson,**  
**Institute of Certified Public Accountants.**