



Promoting Professionalism in Accountancy

INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS OF UGANDA

DUE PROCESS GUIDELINES

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ABOUT ICPAU

The Institute of Certified Public Accountants of Uganda (ICPAU) was established in 1992 by the Accountants Act, Cap 266. This has now been repealed and replaced by the Accountants Act, 2013.

The functions of the Institute, as prescribed by the Act, are to regulate and maintain the Standard of Accountancy in Uganda; and to prescribe and regulate the conduct of accountants and practising accountants in Uganda. Under its legal mandate, the Institute prescribes professional standards to be applied in the preparation and auditing of financial reports in Uganda.

Vision

To be a world class professional accountancy institute.

Mission

To develop and promote the accountancy profession in Uganda and beyond.

Core Values

- 1) Professional Excellence
- 2) Accountability
- 3) Integrity
- 4) Innovation

International Affiliations

The Institute is a member of the International Federation of Accountants (IFAC) and the Pan African Federation of Accountants (PAFA).

INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS OF UGANDA

DUE PROCESS GUIDELINES

1.0 INTRODUCTION

These guidelines set out the process that the Institute of Certified Public Accountants of Uganda (ICPAU) follows in setting, adopting or adapting professional accountancy standards, in developing relevant guidelines¹ and in dealing with technical consultation with the Institute.

These guidelines are prepared to inform stakeholders about the way in which the ICPAU sets standards, develops guidelines and deals with technical inquiries, including how stakeholders can participate in the process.

The due process procedures are critical in maintaining the objectivity of the standard-setting process, and the quality of the standards to be implemented. The basic ingredients of due process are information gathering, discussion and consultation.

2.0 COUNCIL

Under section 12 of the Accountants Act, 2013 the Council of ICPAU has the function of:

- Issuing or adopting internationally accepted accounting and auditing standards;
- Promoting usage of professional standards in Uganda;
- Making suitable adaptations to professional standards where necessary;
- Ensuring the maintenance of professional standards by members of ICPAU; and
- Taking steps to acquaint members of ICPAU with methods and practices necessary to maintain the professional standards.

The Professional Standards Committee of ICPAU advises the Council and makes recommendations on development or adoption of standards and guidelines.

2.1 Strategic plan

ICPAU's standard-setting process begins with its strategic plan which is council's policy document. The strategic plan establishes the broad policy objectives that ICPAU follows for establishing and maintaining appropriate professional standards. The strategic plan covers a multi-year period as specified in the plan.

¹ Guidelines mean practice notes, statements, paper or any other document of a similar nature.

In developing a new strategic plan ICPAU considers changes in the environment since the development of the current plan and input received from stakeholders through its ongoing communications and self-assessment programs.

2.2 Work Plan

In developing its work plan, new issues may arise from input from committees, feedback from interested parties or from research. ICPAU also considers whether new standards developed by the international standard setters include requirements or guidance that would significantly improve professional standards in Uganda.

3.0 PROFESSIONAL STANDARDS

The following professional standards have been adopted by the Council of ICPAU and are available for use in Uganda:

- (a) International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB);
- (b) International Financial Reporting Standards for Small and Medium Entities (IFRS for SMEs) issued by the International Accounting Standards Board (IASB);
- (c) International Financial Reporting Standards Interpretations (IFRICs) issued by the IFRS Interpretations Committee of the International Accounting Standards Board (IASB);
- (d) International Public Sector Accounting Standards (IPSASs) and other pronouncements issued by the International Public Sector Accounting Standards Board (IPSASB);
- (e) International Standards on Quality Standards (ISQCs), International Standards on Auditing (ISAs) and other pronouncements issued by International Auditing and Assurance Standards Board (IAASB); and
- (f) International Education Standards (IESs) and other pronouncements issued by the International Accounting Education Standards Board (IAESB).

3.1 Adaptation of Professional Standards

The ICPAU Council has maintained the policy of adopting internationally recognised professional standards, as issued, without modifications. This policy is necessary as a prerequisite to achieving a single global set of professional standards with all of the related benefits.

However, the Council may, whenever it deems necessary, make suitable adaptations to these professional standards. The Council may, through guidelines or practice statements, issue requirements in addition to these professional standards, and the professional standards shall be read together with any relevant guidelines issued by

the Council. This will be done to ensure that the standards meet the local and jurisdictional requirements.

3.2 Participating in Standard-Setting due process

ICPAU has established policies and procedures for ongoing, extensive participation in the standard setters' projects, with a view to contributing to the development of professional standards that are of the highest quality and respond to Ugandan needs.

As a policy ICPAU strives to respond to all published invitations to comment, discussion papers, exposure drafts, draft interpretations and similar documents in individual standard-setting projects, as well as to requests for information for post-implementation reviews.

4.0 ICPAU DUE PROCESS

The procedures in these guidelines are designed to serve the public interest by addressing the need for transparency of the standard-setting process, extensive consultation and responsiveness to input received and accountability to all stakeholders.

4.1 Principles

The due process requirements are built on the following principles:

- (i) Transparency – ICPAU conducts its standard-setting role in a transparent manner and encourage stakeholders to communicate with it at every stage of the standard-setting process. ICPAU shall maintain a plan for outreach to the public and carry out specific activities to achieve transparency of its standard-setting or document development activities. To ensure transparency, information shall be published in the known used media of communication by ICPAU.
- (ii) Consultation – ICPAU shall operate on the principle that consultation with other third parties enhances the quality of professional standards. This consultation may be carried out through various means including consulting with its standing committees and subcommittees that it may establish, other regulators and organizations that may represent financial statement preparers, auditors, users and academics. Other methods of consultation may include issuing documents for comment, such as discussion papers, exposure drafts, public meetings and fieldwork.
- (iii) Accountability – ICPAU shall analyze the potential effects of its proposals on affected parties and explain the rationale for why it made the decisions it reached in developing or changing a standard or developing a technical

pronouncement. ICPAU is also accountable for following due process as set out in these guidelines.

4.2 Due Process Procedures

The formal due process procedures include:

- (a) specify the minimum steps it must take to ensure that its activities have benefited from a thorough and effective consultation process;
- (b) identify the non-mandatory steps or procedures that must be considered; and
- (c) identify other optional steps that are available to help improve the quality of professional standards and related documents.

Although ICPAU has established the above procedures for developing standards and other pronouncements, these procedures are used for major projects. Not all of these steps may be necessary for projects focused on narrower application and implementation guidance.

5.0 DEVELOPMENT OF STANDARDS OR GUIDELINES

When a topic is identified by ICPAU as potentially requiring the issue of a standard or guidance, ICPAU shall undertake a programme of consultation. This programme shall involve consideration of and consultation on the relevant conceptual issues, pre-existing practices both in Uganda and elsewhere in the world, and the economic, legal and practical implications of the introduction of particular requirements. This will be done by engaging individuals and or institutions with the relevant experience and knowledge on the matters at hand.

5.1 Research

ICPAU may sometimes use research to gain a better understanding of how a proposal is likely to affect those who use, apply or are affected by professional standards and or practice.

Research would be undertaken in different ways, including visits or interviews with individual preparers, auditors, regulators or the public who are likely to be affected by the proposals; or meetings where several such parties are brought together, through e-surveys, baseline study or pure research postulates among others.

New guidelines developed by ICPAU are designed to address identified problems. Sometimes a problem identified with current financial reporting can be remedied with a relatively minor clarification to a standard. In other cases, the problem might

require a more significant change. Consequently, the first step in developing such guidance is to assess and define the problem within the existing practice.

For instance, ICPAU analyses possible financial reporting problems by collecting evidence on the nature and extent of the perceived shortcoming and assessing potential ways to improve financial reporting or to remedy a deficiency.

5.2 Discussion Paper

In some cases, ICPAU may issue a discussion paper as a first step for a new project. A discussion paper is designed to elicit comments from interested parties that can help the Institute decide whether to add a project to its standard-setting program or how to proceed with a project. A discussion paper typically includes a comprehensive overview of the issue, possible approaches to addressing the issue including the anticipated effects, any preliminary views and an invitation to comment.

A comment period of at least 30 days will normally be followed for a discussion paper. Discussion papers shall be freely available at www.icpau.co.ug. In certain circumstances, the Institute may reduce the period for public comment on a discussion paper to below 30 days or decide not to issue an exposure draft at all.

Once the comment period for a discussion paper ends, Institute's staff analyse and summarize the comment letters. While preparing this analysis the staff may have further consultations with stakeholders to obtain additional input.

5.3 Public meetings

ICPAU may consider holding public meetings such as roundtables, stakeholder workshops with interested organizations to listen to, and exchange views on specific topics. Public meetings are generally primarily consultative, providing participants with the opportunity to present and discuss their analysis of the proposals, but may include an educational component, with members or staff of ICPAU explaining the proposals before discussing them with the participants.

Public meetings are not mandatory. ICPAU may have to explain or give guidance why public meetings were not considered.

Feedback from any research, public meetings or other outreach is summarized by the ICPAU staff and assessed by the relevant Committee.

5.4 Exposure drafts

An exposure draft is ICPAU's main vehicle for consulting stakeholders. Publication of an exposure draft is a mandatory step in the due process before a new standard can be issued or amended.

An exposure draft shall set out a specific proposal in the form of a proposed standard (or amendment to a standard) and shall generally set out in the same way as, and have all of the components of, a standard. An exposure draft shall also include consequential amendments to other standards to maintain internal consistency of the complete set of standards. Changes to cross-references, terminology and other matters that are more administrative in nature may be omitted if not significant.

An exposure draft shall include issues on which ICPAU is requesting input and the following explanatory material:

- (a) highlights of the proposals;
- (b) information explaining the rationale for the proposals, including the effects expected as a result of the proposals and other alternatives considered.

ICPAU shall normally allow a minimum period of 30 days for comment on an exposure draft. If the matter is narrow in scope and urgent, ICPAU may consider a comment period of no less than 30 days. In certain circumstances, ICPAU may reduce the period for public comment on an exposure draft to below 30 days or decide not to issue an exposure draft at all.

All exposure drafts and related publications should freely be made available at www.icpau.co.ug

5.5 Comment letters

Comment letters play a pivotal role in the deliberations process of ICPAU because they provide public responses by a variety of respondents to a formal consultation. All comment letters received by ICPAU will be considered to be public document and may be made available on the relevant project page.

When considering comment letters, ICPAU assesses the matters raised and the related explanations and evidence provided by respondents. It is the strength of the analysis provided in comment letters, and the evidence supporting the analysis, that is important. An analysis of the type of respondent can help ICPAU assess whether there are any types of respondents for which additional outreach might be appropriate.

5.6 Consideration of comments received

After an exposure draft comment period ends, ICPAU shall review the comment letters and the results of the other consultations. As a means of exploring the issues further, and seeking further comments and suggestions, ICPAU may conduct research or arrange public meetings.

In considering comments received, ICPAU shall consider issues such as how the proposed changes are likely to affect:

- different stakeholders in the way in which they apply the requirements;
- financial reporting or other aspect of accountancy;
- accounting effort and costs for preparers, both on initial adoption and on an ongoing basis; and
- the users, including how the changes will improve the user's ability to use financial information of an entity, and the effect on the costs of analysis.

5.7 Re-exposure criteria

ICPAU's decision on whether to publish or not to publish a revised draft for another round of comment is made in a relevant committee meeting. In considering whether there is a need for re-exposure, the Institute:

- (a) identifies substantial issues that emerged during the comment period on the exposure draft and that it had not previously considered;
- (b) assesses the evidence that it has considered;
- (c) determines whether it has sufficiently understood the issues, implications and likely effects of the new requirements and actively sought the views of interested parties; and
- (d) considers whether the various viewpoints were appropriately discussed in the exposure draft.

5.8 Publication

The Council shall approve any adopted standards or guidelines before it is circulated to the general public.

A background information and basis for conclusions document shall be available at the Institute's office. That document will include:

- (a) the reasons for undertaking the project;
- (b) alternatives considered and why ICPAU made the decisions reflected in the exposure draft or final standard or guidelines;
- (c) an analysis of effects taking into account all information obtained during the project;
- (d) a summary of the significant issues raised by stakeholders on the exposure draft proposals and the reasons for the Institute's decisions on these issues; and
- (e) a summary of the due process steps undertaken by the Institute in developing the standard or guidelines.

5.9 Post-publication procedures and maintenance

After a standard or guideline is issued, ICPAU staff shall consult with the relevant interested parties to determine whether unexpected issues have arisen from the application of the standard or guideline. If necessary, ICPAU will consider updating the Guideline to clarify or otherwise address issues that have arisen.

6.0 TECHNICAL CONSULTATION

The Professional Standards Committee (PSC) supports implementation of professional standards by providing interpretation on technical inquiries submitted to it. Any stakeholders may submit a matter for consideration by the PSC.

Working Procedures documented in this section are the steps adopted by the Professional Standards Committee (PSC) to facilitate the operation of technical consultation, but are not themselves part of the consultation. Working Procedures may be modified in practice, as considered necessary, to respond to changes in circumstances and where this results into significant modifications in practice, the PSC shall be informed.

6.1 Types of Inquiries

a) Straight-forward inquiries

These are less-complex matters that may not require extensive consultation. Such matters are sufficiently narrow in scope, can be resolved efficiently and do not require technical guidance by the PSC.

b) Complex inquiries

These are matters that are difficult or contentious or relate to a widespread or application problem expected to have a material/ significant effect on a wide range of users. Such inquiries require technical guidance and interpretation by the Professional Standards Committee.

6.2 Working Procedures for consulting with the Institute

The consultation process typically begins as a submission by a stakeholder of a matter for consideration. All submissions are considered. The Standards and Regulation Directorate shall be responsible for categorisation of inquiries as either straightforward or complex:

- i) Straightforward technical inquiries shall be considered and handled by the Standards and Regulation Directorate in a timeous manner, usually within a period of one (1) week.
- ii) The following steps and processes shall be followed in dealing with complex inquiries;

- On receipt of an inquiry, the Secretariat shall prepare the matter to be presented to the PSC.
- The Secretariat shall assemble the documentation supporting the technical inquiry, and where possible draft a possible response.
- The matter and draft response shall be presented to the PSC.
- The PSC shall decide whether to recommend a particular Panel to address the matter in the submission.
- The PSC may also decide to handle the matter itself if deems it proper and where time is of essence.
- The PSC's consideration of the inquiry may require the Secretariat to take further steps to address concerns regarding the inquiry, if raised.
- The PSC may also decide to involve a third party in the consultation. Where the PSC decides to involve a third party, the Committee shall recommend the mode of consultation. Consultations with third parties may involve parties such as other regulatory bodies, other PAOs, Standard Setters, subject matter experts among others. The committee may also co-opt other members to the committee with the required expertise to give their input on matters raised in an inquiry.
- In certain circumstances, the PSC omits certain steps in order to quickly respond to an urgent or time-sensitive inquiry.
- Once the consideration of an inquiry has been finalised, a response shall be prepared and shared with the stakeholder.
- The consultation process should not normally take more than two (2) weeks before a response has been finalised and shared with the appropriate persons.
- In circumstances where consultations cannot be concluded within a period of two (2) weeks, the stakeholder will be notified accordingly.
- The PSC's consideration of an inquiry may be done at a physical meeting, through email communication or by any other electronic means.

6.3 Publication of Response on a Technical Consultation

After the PSC has made a decision on a Technical Consultation, it may recommend the publication of the technical consultation and response provided. Where appropriate, the PSC may determine whether the identity or some facts in the consultation should be disguised in order to protect the confidentiality of third parties.

7.0 CONCLUSION

ICPAU may often perform steps and procedures over and above the procedures described in these guidelines, because it is continually striving to improve how it consults and operates. From time to time, ICPAU will review how it is operating to determine whether some of these new and additional steps should be embedded into its due process. Similarly, such reviews could remove or amend due process steps that impede, rather than enhance, the efficient and effective development of standards and other guidance material.

ICPAU is conscious of the need to operate with maximum possible consultation and to be transparent in its deliberations. For this reason, ICPAU's due process is based upon consultation with preparers, users, industry representatives, auditors, regulatory authorities and other interested parties. In addition, the due process provides opportunities for interested parties to make input to any proposed pronouncement at several stages.

In certain circumstances or where there is an urgent need, the Institute may reduce the number and duration of the steps followed in developing standards, guidelines and other pronouncements. For projects focused on narrower application and implementation issues some of the steps outlined in these Guidelines may be unnecessary.