INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
OF UGANDA

GUIDELINES FOR CHARGING PROFESSIONAL FEES

AUGUST 2026

Plot 42 Bukoto Street, Kololo, P.O. Box 12464,
Kampala, UGANDA Tel: 041-4540125
standards@icpau.co.ug
www.icpau.co.ug

Table of Contents

PURPOSE

This paper is intended to assist professional accountants in understanding the principles and considerations for determining appropriate professional fees. It provides practical guidance on establishing fees that are fair, transparent, and consistent with the nature, scope, complexity, and risks of professional engagements. The paper also highlights ethical considerations and good practices in fee determination in accordance with applicable professional standards. Ultimately, it aims to promote consistency, professionalism, and public confidence in the provision of professional services.

Disclaimer

This guidance is intended to provide persuasive rather than prescriptive recommendations on the determination and application of professional fees by professional accountants. It reflects good practice and should not be regarded as a substitute for professional judgment, applicable laws and regulations, the ICPAU Code of Ethics for Professional Accountants, or other relevant professional standards. Professional accountants are encouraged to consider the specific circumstances of each engagement when determining appropriate fees. ICPAU accepts no responsibility or liability for any loss or consequences arising, directly or indirectly, from the use or application of this guidance.

ABOUT ICPAU

The Accountants Act, Cap 266, established the Institute of Certified Public Accountants of Uganda (ICPAU) in 1992. This has now been repealed and replaced by the Accountants Act Cap. 294.

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 practicing 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.

International Affiliations

The Institute is a member of:

- International Federation of Accountants (IFAC)
- Pan African Federation of Accountants (PAFA).

Vision

A globally recognized promoter of accountants for sustainable economies.

Mission

To develop and regulate accountants for professional excellence and sustainable impact.

Core Values

- Professional Excellence.
- Accountability.
- Integrity.
- Responsiveness

1.0 INTRODUCTION

The fundamental principles underlying the charging of professional fees and the general guidance in connection therewith are given in Section 4.9 of the ICPAU Code of Ethics. These Guidelines must be read in conjunction with the ICPAU Code of Ethics.

Practising accountants are advised that when charging fees, they should ensure that the hope of financial gain does not impair their independence, objectivity, and judgment. They should ensure that such fees are commensurate with the responsibilities they assumed.

Practising accountants should be particularly careful to ensure that there is no danger that standards of performance will be compromised or adversely affected because the fee charged is insufficient to allow the necessary amount of time and skill to be spent on the engagement or client's affairs. The Practising accountants should equally be mindful of the fee dependency, that is, the proportion of the total fees of the firm from the firm's largest client by fee, as this may impact the level of the self-interest threat and create an intimidation threat.

Practising accountants must continuously upgrade their skills, tools, equipment, and software to efficiently deliver high-quality services and maintain adherence to the professional standards and ethical requirements. ICPAU believes that a reasonable level of remuneration will encourage the practising accountants to maintain and/or upgrade the quality of services that they render for the benefit of the client and the profession in general.

Therefore, setting a middle ground charge has always been a challenge for a number of jurisdictions. In Uganda, ICPAU issued the Guidelines on Professional Fees in December 2011, which provide for value-based and time-based computation of professional fees. The Guidelines, however, have remained on the shelves, and for those who have attempted to apply them, have been left indifferent on the most appropriate base for computation of professional fees, that is, whether to use the time-based principle or value-based principle. There is, therefore, an overwhelming need for updated guidelines on charging professional fees.

2.0 BACK GROUND

The issue of professional fees (audit fees in particular) has been of great concern worldwide. Whether the fee set by an auditor is high or low has always been cited as an element of compromise among the auditors. High fees or low fees have always been highlighted as key audit quality concerns. A study by Patrick et al (2015) demonstrates that positive abnormal audit fees are negatively associated with audit quality and imply that the audit fee premium is a significant indicator of compromised auditor independence due to economic auditor–client bonding. High audit fees have been regarded as an appetite for compromise of an auditor's independence, while low audit fees have not been exceptional, as there is much doubt as to whether an auditor can fully demonstrate quality work where the audit fees are extremely low, given the professional standards and ethical requirements expected of a practising accountant. Low fees are particularly seen as a recipe for quality compromise as the practicing accountants fight to strike a balance between resource allocation and fees.

The IESBA Code of Ethics under para 330.3A2 provides that "a professional accountant might quote whatever fee is considered appropriate. Quoting a fee lower than another accountant's is not in itself unethical. However, the level of fees quoted creates a self-interest threat to compliance with the principle of professional competence and due care if the fee quoted is so low that it might be difficult to perform the engagement in accordance with applicable technical and professional standards."

3.0 CHARGING CLIENTS

The A substantial proportion of the costs of running a practice are salary-related. Practicing accountants may be justified in increasing their charge-out rates to ensure that they can attract and retain quality human capital, for competitive remuneration of their qualified and support staff, as well as their own, particularly in light of their responsibility and commitment to continuing professional education.

On the other hand, it is incumbent on practising accountants to give their clients value for money for the fees charged. Accordingly, practising accountants should make certain that their operations are efficient.

Practising accountants are advised to ensure their fee notes indicate as much detail as is practicable, and, in particular, that charges for other categories of work, for example, secretarial, tax, accounting, and consulting, are specified separately, and not included in, say, the audit fee. Disbursements should also be disclosed separately.

4.0 ETHICAL CONSIDERATIONS

The ICPAU Code of Ethics requires that fees should normally be computed by reference to the skill and knowledge required for the work involved, the seniority of the persons necessarily engaged on the work, the time necessarily occupied by each person engaged on the work, and the nature of responsibility, which the work entails.

The ICPAU is cognizant of the fact that some practicing accountants have continuously agreed fixed fee arrangements with their client. However, such fees should be set at a level that will enable the practicing accountant to deliver a quality service for the client.

Lack of understanding of the basis of fees regularly contributes to clients or former clients making complaints. In order to avoid such complaints, clients need to be assisted in understanding the basis of fees calculation. Reasonable details about this often have to be provided in the engagement letter before commencing the work.

Given that fee arrangements and methods of payment vary widely in practice, the ICPAU Code of Ethics does not prescribe the method a firm should use to determine the fees, or the type of remuneration (for example, the fees quoted, charged or paid) that should be taken into consideration for purposes of identifying, evaluating, and addressing threats to independence.

A practising accountant should consider any type of payment received from their client for purposes of evaluating and addressing the level of the threats created, and exercise appropriate professional judgment.

5.0. CONSIDERATIONS FOR SETTING AN APPROPRIATE FEE

Human The charge-out rate method involves calculating the costs of the practice, adding a profit margin, and then applying this to an hourly rate. The price is then quoted based on the estimated time to provide the services multiplied by the deemed charge-out rate for each level of personnel in the firm, as allocated to the engagement.
It may be useful to consider charging differential charge-out rates for different types of services and the perceived value and risks involved. The firm may determine that there are clients who may be a better fit for another firm, unless they are willing to pay an appropriate fee. There is no “one size fits all” formula for charge-out rates because engagements and clients vary.

Nevertheless, practising accountants are encouraged to have the following considerations while setting fees for their services:

(a) Base the fees on service, not on price

Practicing accountants should base their fees on the value of the service for the client. There is often someone willing to do things cheaper, so it is important to defend why the firm can offer the best service the client may need, and therefore justify the fee level. The services must cover the needs of the client, whose needs should not contradict or conflict with professional standards, legal and regulations, and ethical requirements, even if the fees are very competitive.

(b) Prices should be reasonable

Professional fees should be consistent with the attributes of the service to be offered and confidence in the firm. Clients tend to accept fees based on their perception of the value to be provided by the practising accountant. Therefore, practising accountants should aim to provide quality services and ensure that the client understands the service to be provided before quoting fees.

(c) Time spent on an assignment as a basis for fees

Practising accountants often fix fees based on the amount of time spent on the engagement. The number of hours the practising accountants and their staff have spent providing the engagement in the past serves as the baseline in the determination of fees for similar current engagements.

(d) Fees should not be set too low

Fees charged for the service should be enough to cover the firm's ongoing costs and to maintain a reasonable standard for the firm. Setting prices too low can lead to insufficient resources to run the practice to pay staff, and therefore lead to a risk of losing key individuals, which may impact the quality of the firm's services. If this happens, it could result in a very dangerous cycle: less perceived value, so lower fees received, leading to poor rewards for staff, poor quality services, client business failures, etc. This cycle could have long-term consequences for both the firm's and the client's viability.

(e) Firm strategy

Setting of fees should be part of the firm's strategy. The firm's perceived attributes in the market will determine the fees clients are willing to pay. Above all, practising accountants should aim to price their value proposition appropriately. Practicing accountants should set fees at a level that reflects value for the client in their unique needs and circumstances. Once the proposed fees have been accepted by the clients, the practising accountant should ensure that all terms and conditions relating to the fees are well documented in the engagement letter and adhered to.

6.0. BASES FOR COMPUTATION OF PROFESSIONAL FEES

The Guidelines propose two bases for the computation of professional fees, i.e., value-based and time-based approaches.

6.1 Value-Based Fees

The computation of an appropriate fee for services involves value judgment. It should take into account the value of advice rendered by the practising accountant and the benefit, tangible and intangible, derived by the client.

Value-based fees are determined before the engagement commences and establish a fee on the perceived value to the client, rather than the actual cost of the service, the market price, or competitor price.

Value-based billing takes cognizance of the knowledge and skills that a practising accountant brings to bear on the assignment and the professional judgment that s/he was called upon to make. At the same time, the client who derived a certain value, be it functional value or emotional value, must be reflected by a fair and equitable fee payable. Value-based fees are generally more applicable and shall always apply to non-assurance services as such services usually require highly skilled team members as well as a deep and detailed knowledge of the subject matter.

6.1.1 Value drivers

In the course of applying value-based billing, a practising accountant must uncover the value drivers of their service. Value drivers are those elements that assist the practising accountant in satisfactorily and professionally discharging their professional obligations. Generally, express and tacit knowledge, information technology hardware, quality of internal processes, and others can and are the drivers of value.

In the course of his/her professional work, a practising accountant should and must impress upon his or her client the ‘value’ that is being ‘delivered’ and the ‘value drivers’ that have been brought to bear in satisfying the client’s objective.

Fees charged for assurance engagements should be a fair reflection of the value to the client and should take into account, inter alia:

(a) the skill and knowledge required for the type of work involved;

(b) the level of training and experience of the persons necessarily engaged in the work;

(c) the time necessarily occupied by each person engaged on the work; and

(d) The degree of responsibility and urgency that the work entails.

6.1.2 Benefits of a Value-Based Approach

One of the major benefits of value-based billing is that both parties know in advance what the price will be; there is less anxiety about the final bill and there are no surprises. It can also help your clients understand exactly what they are getting with regard to not only the price, but also the scope of work.

On the staff side, it also stresses the importance of providing value to the client and what the expected outcome will be, as opposed to focusing only on the number of hours they will need to spend on the job. This could lead to growth for individuals on the job and more thinking outside the box with regard to client solutions.

Some firms challenge their staff on how best they can provide the solution and which technologies they can use to be as efficient and effective as possible, rather than insisting on a certain number of hours to get the job done in accordance with a budget.

6.2 Time-Based Fees

This involves the use of charge-out rates in the determination of fees for professional services. In using this method, practising accountants are encouraged to quote professional fees based on the estimated time and team composition required or spent to provide the services, multiplied by the deemed charge-out rate for each team member involved. Time-based billing is based on the fundamental premise that the organisation and conduct of the practice and its clients’ work are well planned, controlled, and managed.

Time-based fees may be subject to minimum rates prescribed herein after.

6.3 Records

On each engagement, time records should be kept for individual staff or the grades of staff involved. Time necessarily incurred on work for clients should be recorded. Practising accountants are encouraged to keep time records for each engagement team member involved in the assignment, which should indicate the actual time spent on each assignment. Should it be necessary to spend more time than expected because of exceptional circumstances, additional work to be performed should be negotiated with the client and agreed upon prior to any work being carried out.

6.4 Expenses

Where a practising accountant incurs any additional costs in the course of providing professional services, such as travelling costs and any other out-of-pocket expenses, such costs should be agreed with the client and billed accordingly.

7.0 SETTING FEES

7.1 AUDIT AND ASSURANCE SERVICES

7.1.1 The Guidelines propose the use of charge-out rates in the determination of audit fees for audits of financial statements. This is by no means the only method of setting fees. Practicing accountants should ensure that the engagement leader and, in circumstances that require a Quality reviewer, the quality reviewer spend a reasonable time on an engagement. In instances where the scope of the engagement includes other incidental professional services such as tax advisory and/or financial statement preparation, competent staff separate from the audit team members shall always be amongst the team composition’s

7.1.2 Methods of determining client service fees may vary across different classes of businesses. Fees may be ascertained by a gross sum, a fixed sum, commission, or percentage of the value of the assignment, or partly in one mode or another; and may take into account any of the following:

a) The skill, labour, and responsibility involved therein on the part of the practicing acountant; or
b) The number and importance of the documents prepared or perused.

7.1.3 The minimum rates charged shall be based on the engagement team composition, time spent on the audits (number of hours), and the charge-out rates. Practicing accountants are encouraged to quote fees for the audit of financial statements based on the estimated time and team composition required or spent to provide the services, multiplied by the deemed charge-out rate.

7.1.4 Below are the minimum charge-out rates that practicing accountants should consider when charging for the service of audits of financial statements:

Details	Recommended Minimum Charge-out rates UGX/Shs
Partner	250,000
Director	200,000
Manager	150,000
Supervisor	100,000
Senior	50,000
Assistant	25,000

7.1.5 Notwithstanding 7.1.4 above, practicing accountants shall not charge fees for audits of financial statements assignments lower than the following:

	Organisation category	Recommended Minimum Fees (UGX/Shs)
a)	Micro: with revenue, costs, or assets less than 200 million	2,500,000
b)	Small: with revenue. costs or assets greater than 200 but less than Shs 500 million	a minimum base of UGX 2,500,000 + 1% of the amount above 200 million.
c)	Medium: with revenue, costs, or assets greater than Shs 500 million but less than 1 billion	a minimum base of UGX 4,000,000+1% of the amount above UGX200m
d)	Large: revenue, costs, or assets above Shs 1 billion	~~a~~ minimum base of UGX8,000,000+1% of the amount above UGX 1 billion

7.1.6 Where a practicing accountant engages the services of a person with a specialised skill in the provision of accountancy services, the practicing accountant shall bill the client for the cost related to the provision of such a specialised skill using the same scale provided above. Where applicable, the need for specialised skills shall be agreed with the client before the commencement of the engagement.

7.1.7 Client service fees should be written and agreed upon in signed letters of engagement/contract and or other form of written documents, e.g., email exchange, discussed and approved bid proposal documents, etc., between the practicing accountant and his/ her client.

7.1.8 Practicing accountants, on taking instructions for assurance engagements, shall draw the attention of the client to the minimum charge-out rates and minimum fees set out above or generally to these guidelines.

7.1.9 The practicing accountant shall bill the client for any out-of-pocket expenses and disbursements incurred in connection with the engagement, such as travelling and accommodation expenses, specific stationery, communication costs, and any directly outsourced expenses.

7.1.10 The minimum charge-out rates and minimum fees recommended in these guidelines are exclusive of revenue-based taxes and levies, e.g., VAT, etc. The practicing accountant shall bill and indicate to the client the revenue-based taxes and levies chargeable in addition to professional fees.

7.1.11 A practicing accountant appointed by the Auditor General shall consider the scope of the engagement, the terms of reference, provisions of public procurement laws, budgeted costs of the assignment, exceptional circumstances, and any other relevant factors that materially affect the scope of work in conducting and billing for the audit or assurance engagement.

7.1.12 If a practicing accountant accepts an appointment at a fee below the recommended minimum charge-out rates or minimum fees, the practicing accountant shall report to the Council of ICPAU within 30 days of the commencement of the engagement, specifying the reasons for accepting appointment at a fee below the recommended fee and commit to devote reasonable time to the client affairs to deliver a quality service. The relevant audit working paper files may consequently be reviewed by ICPAU to assess the quality of the audit done. If the quality of the audit is assessed as unsatisfactory and the reasons for acceptance of the low rates are not acceptable to ICPAU, then the practicing accountant may be subjected to disciplinary action.

7.2 NON-ASSURANCE SERVICES

7.2.1 When charging fees for non-assurance services, practicing accountants shall consider the following criteria:

a) The amount or value of the subject matter;
b) The nature and importance of the matter;
c) The complexity of the matter and difficulty or novelty of the question raised;
d) The skills set, qualifications, and experience, time spent on the assignment by the staff of the practicing accountant or accounting firm; and
e) The number, length, and importance of the documents prepared or perused.
f) The urgency with which the results or services are required to be performed.

7.2.2 Fees for all non-assurance services regulated by a professional standard issued by a recognised professional body or regulatory body shall be determined in line with the guidelines of paragraphs 7.1.4 and 7.1.5 above.

7.2.3 Fees for all other professionally unregulated non-assurance services where the subject matter is quantifiable, a practicing accountant shall negotiate with the client a mutual fee or may charge the following minimum fees for non-regulated non-assurance services/ consultancy services exclusive of taxes as per the schedule below:

	Where the value of the subject matter exceeds	**But does not exceed**	**Minimum chargeable fees**
a)	Shs	Shs	Shs
b)	0	200,000,000	1,500,000
c)	200,000,000	500,000,000	Fees as for 200,000,000, plus an additional 1% of the value exceeding 200,000,000
d)	500,000,000	1,000,000,000	Fees as for 500,000,000 plus an additional 0.75% of the value exceeding 500,000,000
e)	1,000,000,000	7,500,000,000	Fees as for 1,000,000,000 plus an additional 0.5% of the value exceeding 1,000,000,000
f)	7,500,000,000		Fees as for 7,500,000,000 plus an additional 0.25% of the value exceeding 7,500,000,000

7.2.4 Where the value of the subject matter cannot be easily ascertained, the practicing accountant shall determine the fees chargeable based on the criteria set out in 7.1.4.

7.2.5 A practicing accountant shall be entitled to negotiate and receive from the client such additional remuneration as appropriate in the circumstances, depending on the skill and knowledge required, nature, urgency, complexity of the assignment, level of training and experience of the key staff, unforeseen delays, risks involved, and exceptional dispatch required by the client.

7.2.6 The practicing accountant shall prepare and keep records of the time spent on non-assurance services with respect to all staff engaged in the assignment.

7.2.7 The practicing accountant shall bill and indicate to the client the statutory taxes and levies chargeable.

7.2.8 Where the practicing accountant engages the services of a person with specialised skills in the provision of accountancy services, the client shall be billed for the cost related to the provision of such specialised skills.

8.0 PROBONO SERVICES

Whether a practising accountant charges a fee for the services or decides to offer pro-bono services to a client, the quality of work and the relevant working paper files should be prepared and maintained as per the professional standards.

8.1.1 These guidelines shall be revised by the Council at least once every two years to cater for changes in practice regulations or inflation.

9.0. CONCLUSION

Fee arrangement is a matter for commercial negotiation by practising accountants with their clients. ICPAU does not ordinarily investigate complaints relating solely to the quantum of fees charged.

The level of fees largely depends upon the skill and knowledge required, the level of training and experience of the staff involved, the time necessarily occupied and the degree of responsibility and urgency of work involved.

Practising accountants, on taking instructions for any professional assignment, shall draw the attention of the client to the criteria used in establishing the fees set. This is aimed at minimising complaints from clients about fees charged and to ensure practising accountants devote reasonable time to client affairs to deliver a quality service.

The Guidelines should be used as a benchmark to establish a reasonable level of remuneration. Other sophisticated billing methodologies may be more appropriate for the firm, the nature of the client, or the engagement handled.