



**INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
OF UGANDA**

**OPERATIONALISING THE NEW
LICENSING FRAMEWORK**

DECEMBER 2021

OPERATIONALISING THE NEW LICENSING FRAMEWORK

1.0 BACKGROUND

In a bid to address audit quality challenges, the Council of the Institute of Certified Public Accountants of Uganda (ICPAU) reviewed and approved changes in the accountancy practice licensing regime.

Practicing accountants will now be licensed to offer services in their desired areas of accountancy but ensure that one can demonstrate the specialized expertise for their choice.

A Certificate of Practice is required when one engages in accountancy practice. Accountancy practice is the provision of accountancy-related services, including auditing and assurance services, for which the relevant skills have been acquired by a member by reason of his or her training and qualification, to persons other than his or her employer.

The Council has approved two broad categories of certificates of practice. The first category *permits a practising accountant to provide all types of accountancy services* (including audit and assurance services). The second category of certificates of practice *permits the holder to only provide non-assurance services* (that is excluding audit and assurance services).

The review and changes in the licensing regime for practising accountants are intended to drive public confidence in the financial reporting value chain and promote the provision of high-quality accountancy services.

1.1 Certificate of Practice to provide all types of accountancy services

Applicants who intend to obtain certificates of practice that permit the provision of all types of services will be required to acquire and demonstrate professional capacity, training, and competence to undertake all assignments under this license.

Practicing accountants licensed under this category will be assessed, at the application stage and on an ongoing basis, through a review of the engagements they have carried out to demonstrate the capabilities and competence needed to take up responsibility for audit and assurance engagements.

All practising accountants performing audit and assurance services are required to adhere to the highest professional, quality control, and ethical standards. They will be required to ably demonstrate expertise and compliance with IES 8 - Professional Competence for Engagement Partners.

Where ICPAU discovers non-compliance with the applicable standards, the responsible practising accountants may be restricted from the provision of audit and assurance services for a period determined by the Quality Assurance Board.

1.2 Certificate of Practice to provide non-assurance services

An applicant for a certificate of practice may wish to provide only non-assurance services. In such circumstances, a certificate of practice to provide only non-assurance services will be issued.

Existing practising accountants whose performance at quality assurance review necessitates disciplinary and/or regulatory action may be restricted from providing audit and assurance services where the QAB deems so and the Council approves it. In such circumstances, a certificate of practice to provide only non-assurance services will be issued to the affected practitioner even if that practitioner previously held a certificate of practice for all accountancy services.

2.0 LICENSED TO PROVIDE ALL TYPES OF ACCOUNTANCY SERVICES

A member desiring to provide all types of accountancy services shall submit the appropriate application for registration as a practicing accountant and pay the applicable fees.

Once registered as a practicing accountant, he or she shall apply for licensing of his or her accounting firm, and comply with all the applicable provisions of the Accountants (Practice) Regulations 2019.

3.0 LICENSED TO PROVIDE NON-ASSURANCE SERVICES

A member desiring to be licensed to provide non-assurance services shall submit the appropriate application, together with evidence of experience in the desired areas of practice, and pay the applicable fees.

Certificates of Practice are valid for the calendar year or the balance of the calendar year for which they are issued. For the Certificate of Practice to be renewed, a practicing accountant licensed to provide non-assurance services will be required to:

- (a) Pay his or her annual subscription;
- (b) Pay the practising fee for the Certificate of Practice;
- (c) Submit his or her Continuing Professional Development (CPD) return; and
- (d) Submit his or her Annual Practice Return.

4.0 ANNUAL PRACTICE RETURN

The Annual Return must be completed accurately as this information enables ICPAU to understand and collate information about the structure and profile of practices, as well as help to select and plan monitoring visits.

Firms who are licensed to provide audit and assurance services must complete additional sections covering these areas in their return.

5.0 PRACTICE MONITORING

ICPAU recognizes that the accountancy profession is under unprecedented scrutiny and as such the regulatory approach used aims at supporting practising accountants whilst also working in the public interest. To deliver this, ICPAU must uphold standards and this is the main focus of ICPAU Practice Monitoring. Practice Monitoring will cover the regulatory and compliance processes implemented by a practicing accountant.

5.1 Timing and Frequency of Practice Monitoring

The ICPAU Practice Monitoring regime is designed to support the work of practising accountants by reassuring the public and other regulators that practising accountants are complying with regulatory requirements. The monitoring will be conducted in six-year cycles.

5.2 Scope of Practice Monitoring

All practising accountants shall cooperate fully and promptly with Practice Monitoring, which cooperation shall include:

- Cooperating with the reviewers appointed by the Quality Assurance Board;
- Using best endeavours to accommodate a Practice Monitoring visit on the date notified;
- Provide such information as may be requested in advance of a Practice Monitoring visit;
- Providing access to client files and other documents and records;
- Providing full responses to any questions or inquiries.

With the exception of audit which is monitored separately, Practice Monitoring covers all areas of accountancy practice. To begin with, the reviewer will gain an understanding of the practice being reviewed, gain an overview of how the business is organized, the types of work being undertaken, and the sort of clients that the firm engages with.

The specific areas covered at a Practice Monitoring Review are:

- Anti-Money Laundering/Countering Terrorist Financing;
- Handling of Client Money;
- Continuing Professional Development (CPD) and Training;
- Code of Ethics and Professional Conduct;
- Professional Indemnity Insurance; and
- Other relevant regulatory concerns.

Additionally, client work is also reviewed as part of a review. The areas to be reviewed include;

- Client file structure, standard documentation, consistency of approach, for example, compliance with the appropriate financial reporting standards and disclosure requirements.
- Review of staff documentation including training records.
- Adherence to professional standards, regulations, and best practice guidance.
- Practice management and compliance with the prevailing regulated areas such as insolvency practice, investment business, etc.
- A detailed review of the Firm's compliance with the Anti-Money Laundering Act and Regulations.

Practice Monitoring is conducted using a risk-based approach and as a result, the reviewer will determine the number of client engagement files and the type of files to be reviewed based on the perceived risks.

5.3 Liability to Sanctions of Undertaking

Practice Monitoring is designed to be consultative and helpful, the aim being to help practising accountants ensure that they are complying with relevant legislation, ICPAU guidelines, and best practice. However, regulatory compliance is expected, and breaches of the regulations may lead to regulatory actions or referrals to the disciplinary committee.

A practicing accountant who fails to comply with the requirements will be forwarded to the Quality Assurance Board for handling. Further restrictions may be placed on the

Certificate of Practice, where a practicing accountant who is authorized to offer non-assurance services obtains unsatisfactory results from a practice monitoring review.

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