



THE REPUBLIC OF KENYA

LAWS OF KENYA

THE ACCOUNTANTS (QUALITY ASSURANCE REVIEW) REGULATIONS

NO. 146 OF 2022

Revised and published by the National Council for Law Reporting
with the authority of the Attorney-General as gazetted by the Government Printer

www.kenyalaw.org

Kenya

Accountants Act

The Accountants (Quality Assurance Review) Regulations Legal Notice 146 of 2022

Legislation as at 31 December 2022

By [Kenya Law](#) and [Laws.Africa](#). Share widely and freely.

www.kenyalaw.org | info@kenyalaw.org

FRBR URI: /akn/ke/act/ln/2022/146/eng@2022-12-31

There is no copyright on the legislative content of this document.

This PDF copy is licensed under a Creative Commons Attribution NonCommercial ShareAlike 4.0 License ([CC BY-NC-SA 4.0](#)). This license enables reusers to distribute, remix, adapt, and build upon the material in any medium or format for noncommercial purposes only, and only so long as attribution is given to the creator. If you remix, adapt, or build upon the material, you must license the modified material under identical terms. CC BY-NC-SA includes the following elements:

- BY: credit must be given to the creator.
- NC: Only noncommercial uses of the work are permitted.
- SA: Adaptations must be shared under the same terms.

Share widely and freely.

The Accountants (Quality Assurance Review) Regulations (Legal Notice 146 of 2022)
Contents

Part I – PRELIMINARY 1

 1. Citation 1

 2. Interpretation 1

 3. Objects and purpose 2

Part II – QUALITY ASSURANCE FRAMEWORK 2

 4. Quality assurance framework 2

 5. Quality review procedure 2

 6. Actions to rectify deviations from published standards 3

Part III – INVESTIGATIONS BY THE REGISTRATION COMMITTEE 3

 7. Conduct of investigations by the Registration Committee 3

FIRST SCHEDULE [r. 5(1)] 3

SECOND SCHEDULE [r. 5(2)] 17

THIRD SCHEDULE [r. 5(3),(4),6(d)] 20

FOURTH SCHEDULE [r. 7(1)] 24

ACCOUNTANTS ACT
THE ACCOUNTANTS (QUALITY ASSURANCE REVIEW) REGULATIONS
LEGAL NOTICE 146 OF 2022

Published in Kenya Gazette Vol. CXXIV—No. 200 on 30 September 2022

Commenced on 30 September 2022

[Revised by [24th Annual Supplement \(Legal Notice 221 of 2023\)](#) on 31 December 2022]

Part I – PRELIMINARY

1. Citation

These Regulations may be cited as the Accountants (Quality Assurance Review) Regulations.

2. Interpretation

In these Regulations, unless the context otherwise require—

"Act" means the Accountants Act (Cap. 531);

"assurance services" means professional audit activities that provide an independent and objective assessment of financial statements or compliance efforts that assure stakeholders including management and staff, the Board, shareholders, investors, regulators and the public that financial or non-financial statements are reasonable, true and fair, and operations are done in accordance with applicable policies and regulations;

"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, which accountants will require for the execution of professional and technical duties throughout their working lives;

"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 up the fees and subscriptions and has no pending disciplinary case before the Disciplinary Committee;

"non assurance work" means professional accountancy services rendered by a member or a firm whose primary purpose is to ensure compliance, generate recommendations, solutions or ideas to a client to enable them make an informed decision or explore alternatives or conclude a matter based on professional technical expertise and advice or deal with a situation or enhance its competitiveness in the market;

"Registration Committee" means the Registration and Quality Assurance Committee established under section 13 of the Act;

"reviewer" means a person deployed or engaged under Paragraph 10 of the Third Schedule to these Regulations; and

"work pack" means a combination of support documentation to a quality review that reflects work performed by a professional accountant and records inspected at the time of the review by the Institute.

3. Objects and purpose

The objects and purpose of these Regulations shall be to provide for means of—

- (a) monitoring compliance with professional, quality assurance and other standards published by the Council for observance by the members of the Institute;
- (b) undertaking investigations pursuant to section 13(3) of the Act;
- (c) reviewing compliance with professional, quality assurance and other standards and recommending to the Council that a member's conduct be referred for inquiry under section 32 of the Act; and
- (d) determining actions necessary for rectifying deviations from published standards.

Part II – QUALITY ASSURANCE FRAMEWORK

4. Quality assurance framework

Pursuant to section 13 (2) (b) of the Act, the Registration Committee shall undertake quality review for practising members undertaking—

- (a) composite;
- (b) audit and assurance;
- (c) taxation; and
- (d) management consulting

to ensure compliance with professional, quality assurance and other standards published by the Council for observance by the members of the Institute.

5. Quality review procedure

- (1) Pursuant to section 13(7) of the Act, members of the Institute shall administer a self-review on adherence to quality assurance in line with the self-review practice monitoring tool set out in the First Schedule.
- (2) The Registration Committee shall conduct a pre-review of the quality assignment as set out in the Second Schedule.
- (3) The Registration Committee shall conduct quality assurance reviews to assess the procedures, processes and controls established by firms to ensure that professional accountancy work complies with international standards and the firms meet the requirements of applicable laws in line with the procedures set out in the Third Schedule.
- (4) The quality assurance reviews undertaken under this regulation shall inform assessments for the issuance of annual licences or the renewal of the licenses by the Registration Committee.
- (5) The Registration Committee may revise the First, Second and Third Schedules with the approval of the Cabinet Secretary and gazettelement from time to time.

6. Actions to rectify deviations from published standards

The Registration Committee shall—

- (a) subject to the review carried out under regulation 5(3), identify deficiencies in professional work, ensure follow up and specify remedial actions where necessary;
- (b) require a firm or member, who has deficiencies identified under subregulation (a), to submit a remedial action plan to the Registration Committee;
- (c) refer a firm or member who has not complied with the remedial action plan under subregulation (b) and within the timelines provided therein, to the Council for referral to the Disciplinary Committee for appropriate action; and
- (d) pursuant to section 13(4) and 13(5) of the Act, record information specified in the work pack set out in the Third Schedule for referral to Council and Disciplinary Committee for inquiry.

Part III – INVESTIGATIONS BY THE REGISTRATION COMMITTEE

7. Conduct of investigations by the Registration Committee

- (1) Where the Registration Committee deems it appropriate to undertake investigations in the performance of its functions under section 13(3) of the Act, such investigations shall be conducted as set out in the Fourth Schedule.
- (2) The Registration Committee may revise the Fourth Schedule with the approval of the Cabinet Secretary and gazettelement from time to time.

FIRST SCHEDULE [r. 5(1)]

SELF - REVIEW PRACTICE MONITORING TOOL

A. PART A: OVERVIEW OF THE SELF-REVIEW PRACTICE MONITORING TOOL

1. As part of the measures the Registration Committee has put in place to monitor compliance with professional standards and fulfill the requirements of Statement of Membership Obligation, the Registration Committee shall roll out this self- review monitoring tool to ALL practitioners with effect from
2. This tool is geared towards enabling individual firms carry out a self-review based on the level of compliance with applicable standards. It gives a firm an opportunity to gauge the major areas of non-compliance and subsequently based on need, call upon the Institute to enhance the firm's level of compliance.
3. Firms will be selected for reviews primarily based on their risk profiles identified from a desktop review of the information submitted in this tool. This process will analyse the units' responses in the tool and other relevant information.
4. All firms shall complete the self-review monitoring tool every two years or when called upon to do so by the Institute. However, should a firm's processes and any information submitted earlier significantly change before the two-year period, the firm should communicate such changes to the Institute;
5. This tool will collect the following information about a firm—
 - (a) organisation and management of the firm;
 - (b) quality control policies and procedures established by the firm;
 - (c) engagement review; and
 - (d) client profile of the firm.

6. The tool mostly contains questions of a “Yes/No” answer, but some questions such as those on the organization and management of the firm, and client profile information require quantitative data. Some questions also require narrative answers. In general, a “N/A” answer should not be selected unless in the circumstances specified in this questionnaire.

7. The tool provides the following benefits—

- (a) enables a firm to pro-actively manage its own operations;
- (b) gives a firm an opportunity to point out its own weaknesses and hence enhance its own capacity to address the weaknesses;
- (c) gives an insight to the firm’s staffing needs as well as the need to address the gaps identified through training;
- (d) provides a justification to the Institute on why a firm needs considerable support or no support hence the Institute can utilize its technical team to enhance compliance in a more deserving practice unit;
- (e) prepares the firm for the Institute’s programme review;
- (f) serves as a pointer for setting performance targets to member or staff of a firm in practice;
- (g) guides the Institute in developing the annual training calendar; and
- (h) gives the Institute an overview of the governance structure of the firms.

Note:

1. Practitioners are advised to fill the tool with total honesty for it to achieve the intended objectives.
2. The firm should retain information and supporting documentation used in the completion of this tool and avail it for reference or review by the Institute Reviewer(s) during site visits.

B. FIRM DETAILS

Name of Firm/Practice:

Physical address:

Postal address:

Telephone Numbers:

Email address

Number of staff employees (Attach a list of staff with their qualifications)

Mode of Practice:

A Sole Proprietorship

A Partnership

Partners Details: (Specify who the Managing Partner is)

Name Membership No. Practising No.

Name Membership No. Practising No.

Name Membership No. Practising No.

Has the firm or any of the partner’s ever been banned from conducting assurance or non-assurance work for the last five (5) years by any regulator e.g. Capital market Authority (CMA), Central Bank of Kenya(CBK), Nairobi Stock exchange (NSE) etc.?

YES NO

Has the firm or any of the partner’s ever been banned from conducting assurance or non-assurance for the last ten (10) years audit by any regulator e.g. Capital market Authority (CMA), Central Bank of Kenya (CBK), Nairobi Stock exchange (NSE), SASRA etc.?

YES NO

If your answer above is yes, what were the reasons?

.....

Does the firm have branches? YES NO

If yes, give the following branch details. Attach a different sheet of paper if the branches are more than one

County

Physical location

Telephone No..... Email.....

Name of Branch Manager..... ICPAK Membership No.....

Number of staff employees at the branch (Attach a list of branch staff with their qualifications)

3.1 QUALITY CONTROL PROCEDURES APPLIED BY THE PRACTICE	
3.1.1 Does the firm have an established system of quality control designed to provide it with reasonable assurance that the firm and its personnel comply with professional standards and regulatory and legal requirements promulgated by the Institute? If the answer is “YES”, please complete questions 3.1.2 to 3.8.1. If the answer is “NO”, skip section 3 and answer section 4. (However, if the firm has guidance materials which are relevant, answer in the relevant sections and attach the materials	YES/NO

<p>3.1.2 Does the firm’s system of quality control include any policies and procedures that address each of the following elements:</p> <p>(a) leadership responsibilities for quality within the practice;</p> <p>(b) ethical requirements;</p> <p>(c) acceptance and continuance of client relationships and specific engagements;</p> <p>(d) human resources;</p> <p>(e) engagement performances;</p> <p>(f) monitoring; and</p> <p>(g) documentation.</p>	<p>Yes/No</p> <p>N/A</p>
<p>3.1.3. Are the firm’s quality control policies and procedures documented and communicated to the firm’s partner(s) and staff?</p>	<p>Yes/No</p> <p>N/A</p>
<p>3.2 LEADERSHIP RESPONSIBILITIES</p>	
<p>If the answer is “YES” for question 3.1.2(a), please list who is responsible and what are the main considerations under leadership responsibilities.</p> <p>.....</p> <p>.....</p> <p>.....</p>	<p>Yes/No</p> <p>N/A</p>
<p>3.3 ETHICAL REQUIREMENTS</p>	
<p>If the answer is “YES” for question 3.1.2(b), please list the main considerations and how they are applied in performing engagements. Explain if the firm maintains a central record, for example a register, in which to document its evaluation of any identified circumstances and relationships that create threats to independence, and the appropriate action taken to eliminate or reduce such threats to an acceptable level (ISQC123).</p> <p>.....</p> <p>.....</p>	
<p>3.4 ACCEPTANCE AND CONTINUANCE OF CLIENT RELATIONSHIPS AND SPECIFIC REQUIREMENTS</p>	
<p>If the answer is “YES” for question 3.1.2(c), give a brief overview of how you accept or continue with client engagements, highlighting the main considerations, what you document and processes if any.</p> <p>.....</p> <p>.....</p>	

<p>In case a client terminates your engagement relationship or you get a new client, do you give/respond to letters of professional clearance to the incoming/ outgoing auditor?</p> <p>If the answer to the above question is no, give reasons</p> <p>.....</p> <p>.....</p> <p>.....</p>	<p>Yes/No</p> <p>N/A</p>
<p>3.5 HUMAN RESOURCES</p>	
<p>If the answer is “YES” for question 3.1.2(d), briefly explain how the firm ensures it has sufficient personnel with the capabilities, competence and commitment to ethical standards necessary to perform its engagements in accordance with professional standards, regulatory and legal requirements and to enable the firm or engagement partners(s) to issue reports which are appropriate in the circumstances. Which personnel issues are addressed in the HR policy?</p> <p>.....</p> <p>.....</p> <p>.....</p>	
<p>3.6 ENGAGEMENT PERFORMANCE</p>	
<p>If the answer is “YES” for question 3.1.2(e), give a brief explanation of the audit methodology, procedures and minimum documentation, highlighting any special consideration for special audits. Explain if the firm has criteria against which audits should be evaluated to determine whether an engagement quality control review should be performed (ISQC 1.35).</p> <p>.....</p> <p>.....</p> <p>.....</p>	<p>Yes/No</p> <p>N/A</p>
<p>Does the firm use an audit software?</p> <p>If “YES”, please specify the name of the software.</p> <p>.....</p> <p>.....</p> <p>.....</p>	<p>Yes/No</p> <p>N/A</p>

<p>Is the software developed by an international firm/practice of which the firm is a member? If "YES", please specify: Name of software Author Publisher Edition</p>	<p>Yes/No N/A</p>	
<p>Is the software developed internally by the firm? If developed internally by the firm, is the firm willing to assist other firms develop their in-house audit software/tool? If the answer to the above question is No, give reasons why the firm would not want to help other firms develop their own audit software/tool. Given an opportunity to buy an audit software, how much will the firm be willing to pay for acquiring a software? Tick in the relevant box.</p>	<p>Yes/No N/A</p>	
<p>Kshs 30,000 – 50,000 Kshs 50,000 – 100,000 Kshs. Over 100,000</p>	<p><input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/></p>	
<p>Any other suggestion How much do you consider reasonable amount to pay for the software per user? Kshs. 8,000 <input type="checkbox"/> 10,000 <input type="checkbox"/> 15,000 How much do you consider as reasonable fee for annual renewal for user rights for the software? Kshs. 10,000 <input type="checkbox"/> 20,000 <input type="checkbox"/> 25,000</p>		
<p>3.7 MONITORING</p>		

<p>If the answer is “YES” for question 3.1.2(f), explain whether the firm has established policies and procedures, including an ongoing consideration and evaluation of the firm’s system of quality control which include a periodic inspection of a selection of completed engagements, designed to provide it with reasonable assurance that the policies and procedures relating to the system of quality control were relevant, adequate, operating effectively and complied with in the firm.</p> <p>.....</p> <p>.....</p>	<p>Yes/No</p>
<p>3.8 DOCUMENTATION</p>	
<p>Has the firm established policies and procedures, appropriate to its size and structure, which provides documentary evidence of the operation of the six elements of the firm’s system of quality control, described in question 3.1.2 above?</p> <p>If the answer is “YES”, please complete the following subsequent questions: If the answer is “NO”, please select “N/A” for questions 3.8.2 (a) to (d).</p> <p>Are the working papers sufficiently complete and detailed for the engagements conducted in the accounting referenced period:</p> <p>(a) To provide an overall understanding of the audit?</p> <p>(b) To indicate who performed the audit procedures and when they were performed?</p> <p>(c) To provide evidence that the audit work performed by assistants was supervised and reviewed?</p> <p>(d) To record the nature, timing and extent of the audit procedures performed, the results thereof, and the conclusions drawn from the evidence obtained?</p> <p>(e) Did the firm communicate to those charged with governance significant findings from the audit? If yes, what was communicated and how was it communicated?</p> <p>.....</p> <p>.....</p>	<p>Yes/No N/A</p>
<p>Does the firm obtain written representation from management on matters material to the financial statements when other appropriate evidence is not reasonably expected to exist?</p> <p>If the answer is “YES”, what is contained in the letter of representation?</p> <p>.....</p> <p>.....</p> <p>If the answer to the former question is “NO”, explain why you do not get letters of representations from your clients.</p> <p>.....</p> <p>.....</p>	

D. ENGAGEMENT REVIEW – ASSURANCE SERVICES

<p>Does the firm carry out audit planning?</p> <p>If the answer to the above planning is Yes, who is involved in planning?</p> <p>-----</p> <p>-----</p> <p>-----</p>	<p>Yes/No</p>
<p>Does the firm develop and document an overall audit strategy?</p> <p>If yes, what main factors does the firm consider is developing the audit strategy?</p> <p>(a) -----</p> <p>(b) -----</p> <p>(c) -----</p>	<p>Yes/No</p>
<p>Does the firm develop and document an audit plan?</p> <p>If Yes, what does the audit plan include?</p> <p>(a) -----</p> <p>(b) -----</p> <p>(c) -----</p>	<p>Yes/No</p> <p>N/A</p>
<p>3. UNDERSTANDING THE ENTITY INCLUDING THE INTERNAL CONTROL ENVIRONMENT</p>	
<p>Does the firm document the key aspects of understanding the entity and the control environment?</p> <p>If yes, what aspects does the firm consider?</p> <p>-----</p> <p>-----</p> <p>-----</p> <p>-----</p>	<p>Yes/No</p>
<p>Does the firm consider the entity’s information system relevant to financial reporting?</p> <p>If Yes, what aspects does the firm consider?</p> <p>-----</p> <p>-----</p>	<p>Yes/No</p>
<p>4. RISK ASSESSMENT PROCEDURES</p>	

<p>Does the firm carry out risk assessment procedures for all clients?</p> <p>If No, how do you approach the audit?</p> <p>-----</p> <p>-----</p> <p>-----</p> <p>If Yes, what considerations do you make and at what levels do you carry out risk assessment procedures?</p> <p>-----</p> <p>-----</p> <p>-----</p>	<p>Yes/No</p>
<p>Does the firm determine whether the use of external confirmations is necessary? If Yes, what alternative procedures does the firm carry out when external confirmations are not been received?</p> <p>-----</p> <p>-----</p>	<p>Yes/No</p>
<p>If your assessment on risks reveals that there are several risks, how do you respond to the risks?</p>	
<p>5. INTERNAL AUDIT</p>	
<p>Does the firm have clients with an internal audit function?</p> <p>If Yes, answer the following questions.</p> <p>Do you consider the work of the internal auditor</p> <p>Do you evaluate the competencies of the internal auditor?</p> <p>How do you assess whether the internal auditors work is effective and whether she/he is independent?</p> <p>-----</p> <p>-----</p> <p>-----</p>	<p>Yes/No</p>
<p>6. DOCUMENTATION AND AUDIT EVIDENCE</p>	

<p>To the best of your understanding, does the auditor document all matters which are important in providing audit evidence to support the audit opinion?</p> <p>If Yes, list what you consider as adequate documentation. What must be documented as per the engagement performance policy of the firm?</p> <p>(a) -----</p> <p>(b) -----</p> <p>(c) -----</p> <p>What information must be documented in a standard working paper?</p> <p>(a) -----</p> <p>(b) -----</p> <p>(c) -----</p> <p>How is reviews of work done by junior staff conducted?</p> <p>-----</p> <p>-----</p> <p>-----</p> <p>Where the client has related party transactions, what do you document?</p> <p>-----</p> <p>-----</p> <p>Briefly explain how you document the following.</p> <p>(a) Fair value measurements</p> <p>-----</p> <p>-----</p> <p>-----</p> <p>(b) Segmental reporting</p> <p>-----</p> <p>-----</p> <p>-----</p> <p>(c) Use of an experts work</p> <p>-----</p> <p>-----</p>	<p>Yes/No</p>
--	---------------

<p>7. AUDIT COMPLETION</p>	
----------------------------	--

<p>What activities/ procedures does the firm carry out at the completion stage.</p> <p>-----</p> <p>-----</p>	
<p>Does the firm perform audit procedures to evaluate whether the overall presentation of the financial statements, including the related disclosures, are in accordance with the applicable financial reporting framework?</p> <p>If Yes, what procedures does the firm follow? Does the firm have guidelines for financial statements presentation and disclosure?</p> <p>-----</p> <p>-----</p>	<p>Yes/No</p>
<p>Does the engagement principal carry out a review of the audit file and discuss matters with the audit team?</p> <p>If Yes, what procedures does the engagement principal perform? Does the firm have guidelines for review of the audit file?</p> <p>-----</p> <p>-----</p>	<p>Yes/No</p>
<p>8. REPORTING</p>	

<p>Does the auditor’s report contain the following basic elements:</p> <ul style="list-style-type: none"> • title (700.21) • addressee (700.22) • introductory paragraph identifying the financial statements audited (700.23) • management’s responsibility for the financial statements (700.24-27) • auditor’s responsibility (700.28-33) • an auditor’s opinion paragraph containing reference to the financial framework used to prepare the financial statements (IFRS and the Kenyan Companies Act) (700.34-37) • other reporting responsibilities (700.38-39) • auditor’s signature? (700.40) • date of the auditor’s report (700.41) • auditor’s address (town or city) (700.42) <p>How does the firm communicate audit matters of governance interest, including: deficiencies in internal control, fraud, indications that a fraud may exist or uncorrected misstatements to those charged with governance?</p> <p>-----</p> <p>-----</p> <p>-----</p> <p>If the auditor identifies or suspects a fraud has been perpetuate, does he determine whether there exists a responsibility to report the occurrence or suspicion to a party outside the entity? The auditor’s legal responsibility may override the duty of confidentiality of client information; does the auditor consider this fact?</p> <p>Briefly explain.</p> <p>-----</p> <p>-----</p>	<p>Yes/No</p>
--	---------------

NOTE:

Attached is a comprehensive summary of the most applicable ISAs for clients of SME nature. The checklist is tailored to cover each section of an audit and the required minimum documentation and evidence.

E. CLIENT PROFILE INFORMATION

5.1. REGULATED CLIENTS

Sector	Total for The Practice	Per Engagement Partner	Practising Certificate Number
Banks			
Building Societies			

Insurance companies			
Savings & Credit Cooperative Organizations i.e. SACCOS			
Retirement Benefit Schemes and Pension Funds			
Total number of regulated clients			

5.2 Listed Clients and other Clients of Significant Public Interest

Sector	Total For The Practice	Per Engagement Partner	Practising Certificate Number
Banking I sector			
Agricultural sector			
Investment sector			
Any other sector			
Total number of clients			

5.3 Other Clients

<i>Sector</i>	<i>Total For The Practice</i>	<i>Per Engagement Partner</i>	<i>Practising Certificate Number</i>
Private companies			
Non-Governmental Organizations			
Insurance companies/ agencies and brokers			

Mutual Funds			
Total number of other clients			

**SECOND SCHEDULE [r. 5(2)]
PRE-AUDIT QUALITY REVIEW**

PRE-REVIEW INFORMATION FORM

REVIEW	CODE

In order to protect the anonymity of your practice you do not need to reveal the name of the practitioner who has completed this form.

1. Type of practice:-

SOLE PRACTITIONER

Full-time <input type="checkbox"/>	No. of offices <input type="checkbox"/>
Part-time <input type="checkbox"/>	No. of Professional Staff <input type="checkbox"/>

PARTNERSHIP

No. of Partners <input type="checkbox"/>	No. of offices <input type="checkbox"/>
No. of Professional Staff <input type="checkbox"/>	

2. Do you have documented quality control procedures in respect of all engagements where the attest function is performed?

Y N

Y N

3. Do you have an Internal Quality Review Programme?

Y N

Y N

Give a brief description thereof.

4. Can the Quality Review be conducted at your office

Y N

5. Where are your offices situated (Physical location)?

6. Rough estimate of annual hours spent performing attest function assignments (practitioner and staff) as a percentage of the firm's annual time.

7. Client list is to be furnished in respect of all clients of the practice unit. This list should reflect at least the client's name, the practitioner responsible for the assignment, the type of industry in which the client operates, the fee, and the hours taken to perform the fieldwork and the date latest report was signed for each of the audit clients. Every client where the attest function is performed must appear on the list in order for the committee to make a selection from the entire population.

Type of industry in which each client operates must be provided in order for the Professional Standards Committee to engage a suitable reviewer.

Examples of types of industry are:

- Banking /Financial Services
- Construction
- Technology, Communications
- Engineering
- Insurance

- Manufacturing
- Mining
- Professional (e.g. Architects, lawyers, medical practitioners)
- Property
- Retail

CLIENTS LIST

8. In order to protect the anonymity of your practice you do not need to reveal the name of your practice or the name of the practitioner who has completed this form. This table provides the Standard format for presenting information in respect of the firm's clients. If the number of clients exceed what is provided for in the table the firm should adopt the same format in providing client information on an additional sheet(s) of paper.

No.	Name of Client	Industry	Practitioner responsible	Hours taken in fieldwork	Date the latest audit report was signed	Fees charged Kshs
1						
2						
3						

NB: Please attach a comprehensive client list if the space provided above is inadequate.

INTERNAL QUALITY CONTROL

Identify your firm's policies and procedures in respect of quality control, as envisaged in ISQC 1 – Quality Control for Firms That Perform Audit and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements. The Standard requires that such policies and procedures be documented and communicated to the firm's personnel. Please identify in the box below the manuals, documents or databases that contain such policies and procedures (e.g. audit manual, quality control manual, risk management manual, human resources manual, staff handbook, etc)

In addition, please provide the following information:

	Question	ISQC	Response
1	Identify the person assigned operational responsibility for the firm's quality control system.	9	
2	Please provide a CV of that person.	12	

3	Does your firm obtain, at least annually, written confirmation of compliance with its policies and procedures on independence from all personnel required to be independent by the IFAC Code (ISQC) 1, paragraph 23)?	23	
4	Has a periodic inspection of a selection of completed engagements by partners or staff independence of the engagement teams been carried out within the last three years?	78	
5	If the answer to the question 4 is yes, please state: The date of the inspection Was a report on the inspection produced? Will that report be available for inspection by the quality reviewers?		

Completed by:

Name:

Registration Number:

Designation:

Signature:

Date:

THIRD SCHEDULE [r. 5(3),(4),6(d)]

QUALITY ASSURANCE REVIEW FRAMEWORK

Part I - PREAMBLE

1. This Schedule shall guide the quality review team when conducting quality assurance reviews in accordance with section 13(2)(b) of the Act.
2. A quality assurance review shall focus on the procedures, processes and controls established by firms to ensure that non assurance work and audits comply with professional standards and meets the requirements of existing applicable laws and regulations.
3. Work carried out during the course of a quality assurance review will assess and comment on the quality of assurance or non-assurance work performed by a firm.
4. A quality assurance review shall identify any deficiency in assurance or non- assurance work, to:
 - (a) ensure adequate follow-up;
 - (b) maximise the value for practitioners and firms by giving them constructive and practical advice; and

- (c) conduct a cost-effective review.

5. A quality assurance review shall contain as part of documentation a work pack which includes copies of the electronic or other forms, work done and checklists, as a proof of the review of a member or firm, as shall be determined by the Registration Committee from time to time.

6. This Schedule is designed to help quality reviewers reach key decisions on:-

- (a) the extent and detail of work to be carried out;
- (b) the quality of assurance or non-assurance work reviewed; and
- (c) the degree of compliance shown by a member or firm.

7. A quality assurance review shall be designed to allow a quality reviewer to exercise his professional judgement, objectivity, conclusions reached in an assignment and completion of a work pack.

Part II - OBJECTIVE OF MONITORING

8. The objective of the monitoring process shall be to:

- (a) promote compliance with professional accountancy standards;
- (b) support a member or a firm, providing professional accountancy services to enhance their capacity to provide quality services to their clients;
- (c) enhance user confidence in the reliability of audited financial statements and non-assurance services by a member or firm by ensuring compliance with accountancy professional standards;
- (d) enhance the status and image of professional accountants while providing quality accountancy services;
- (e) monitor compliance by a member or firm with the Act and these regulations while discharging his professional accountancy services;
- (f) ensure constructive and value adding quality review process to members, firms and other stakeholders;
- (g) ensure that members and firms in practice have put in place measures to ensure competence and independence is maintained;
- (h) provide a mechanism of monitoring the continuous quality improvement in professional practice within a self-regulatory framework is working;
- (i) enhance the regulation of a member or firm in practice; and
- (j) ascertain the quality of audit work or non-assurance work carried out by a member or a firm.

Part III - SCOPE

9. This schedule shall cover work carried out by a member or firm in practice and shall involve:-

- (a) all assurance work including public interest entity audits;
- (b) all non-assurance work and services related thereto;
- (c) framework for review of audit and non-assurance work by a member or a firm; or
- (d) any other work as may be determined by the Registration Committee from time to time.

Part IV - QUALITY REVIEW TEAM

A. Appointment of review staff

10. The Registration Committee shall deploy or engage reviewers who shall be:-

- (a) staff of the Institute; or
- (b) a person contracted by Registration Committee to carry out monitoring work.

11. Notwithstanding the provisions under paragraph 10 above, the Registration Committee shall have overall responsibility for competence and professional conduct of a reviewer.

12. A reviewer engaged or deployed in paragraph 10 above shall meet the following requirements:-

- (a) be a member in good standing of the Institute, a recognized professional accountancy organization or a recognized professional organization;
- (b) possess at least 5 years' experience in accountancy;
- (c) demonstrate knowledge of professional standards;
- (d) demonstrate knowledge and experience in the industry of engagement selected for review;
- (e) be an expert or possess specialized skills in non-accountancy work to assist in a review; or
- (f) any other qualifications as may be determined by the Registration Committee from time to time.

B. Professional and Ethical Standards

13. A reviewer shall comply with the provisions of the Accountants Act, relevant standards in accountancy and attendant regulations.

14. Pursuant to paragraph 13 above, a reviewer shall adhere to the following:-

- (a) maintain an acceptable standard of professional conduct in all matters pertaining to the review;
- (b) be free from conflict of interest as pertains to the accountancy practice under review;
- (c) sign a declaration of independence as shall be determined by the Registration Committee from time to time;
- (d) inform the Registration Committee of any instance where his independence may be compromised;
- (e) maintain confidentiality in regard to any matter within their knowledge when undertaking the review; and
- (f) sign a statement of confidentiality as shall be determined by the Registration Committee, to ensure that at any time no other person has access to the records, documents or any other material in any form which is in their possession or under their control by virtue of their being or having been appointed or having performed or having assisted any other persons in the performance of the review.

15. The Registration Committee shall put in place mechanisms to ensure that confidentiality is maintained with respect to a reviewed member or firm, its clients and records under the custody of the Registration Committee.

16. Notwithstanding the provisions of paragraph 15, Registration Committee shall publicize the outcome of a reviewed member or firm as shall be determined from time to time by the Registration Committee.

17. Pursuant to paragraph 15 the Registration Committee shall ensure that:

- (a) a reviewer that acts contrary to the Act and these Regulations, shall be withdrawn from current and future reviews and be subjected to disciplinary action, if he is a member or firm of the Institute or be debarred if he is a member of a recognized institution, as shall be communicated by the Registration Committee;
- (b) all the review working papers shall be retained for a period of seven years or for such a time as shall be provided in any statutes or where the matter is under review by the Disciplinary Committee or a Court of Law following the conclusion of the review; and
- (c) a reviewer shall sign a service level agreement with the Registration Committee on each assignment to be undertaken.

C. Competence

18. The Registration Committee shall provide induction course to a reviewer and any other person involved in a review in the form of, but not limited to:

- (a) induction training to orient reviewers on relevant legislation, policies and procedures governing reviews;

- (b) exposure to relevant publications, journals, periodicals and other relevant documents on quality review; and
- (c) any other form of training deemed necessary as may be determined by the Registration Committee from time to time.

Part IV - CONDUCT OF REVIEWS

19. A member or a firm in practice shall be subjected to a three-year review cycle and such reviews shall be designated as routine visits.

20. The Registration Committee shall develop an annual review schedule for review of a member or firm in practice or as shall be determined from time to time by the committee.

21. Pursuant to paragraph (20) the Registration Committee shall develop operational manuals to guide the review process.

22. The Registration Committee shall determine the annual review schedule taking into account among others the following:-

- (a) the whole population of members or firms in practice
- (b) the size, previous reviews and the geographical spread of members or firms
- (c) key risk indicators identified from self-review form as set out in the First Schedule of this regulation

23. Notwithstanding the provisions of paragraph 19, a firm or member will be designated for an annual review, if the profile and self-review as set out in First Schedule indicate that the firm is conducting audits or non-assurance work that poses greater risk to the public due to the nature of the clients or if work performed is below standard.

24. Pursuant to paragraph 23 above, a member or firm providing assurance or non-assurance services to the following shall be reviewed annually:

- (a) companies as defined by the Companies Act (Cap. 486) or listed companies;
- (b) all companies or entities with a gross revenue of over Kenya Shillings five million;
- (c) regulated entities; and
- (d) outsourced work by the Auditor General in line with the Public Audit Act (Cap. 412B).

25. All follow-up visits to address identified deficiencies shall not form part of the annual review cycle and the scope of such reviews shall be as determined by Registration Committee with all attendant costs met by the member or firm under review.

26. A member or firm under review shall inform the client, in the engagement letter to the effect that the working papers in connection with the audit or non-assurance work shall be subject to review by the Registration Committee.

27. (1) A member or firm in practice selected for review shall be required to:

- (a) provide the reviewer with unlimited access to records as may be deemed necessary for the purpose of the review;
 - (b) provide any information in connection to the review; and
 - (c) provide any information relating to the client, which may be required for the purpose of the review.
- (2) Where a firm fails to provide any information or document required in the process of review, the Council may refer the matter to the Disciplinary Committee.

28. Pursuant to section 2 of the Act and this Schedule, the Registration Committee shall request a member or firm to provide the following:

- (a) a filled information questionnaire which shall be returned two weeks before the visit;

- (b) a copy of the opening meeting aide memoire; and
- (c) a list of documents and records which shall be requested at the visit.

29. Pursuant to paragraph (28) the Registration Committee shall:

- (a) have an entry meeting with the member or firm and provide a brief outline of the review process from which minutes shall be kept;
- (b) identify weaknesses in the assurance and non-assurance process to recommend the required technical assistance and professional development to be undertaken by a member or firm in practice; and
- (c) have an exit meeting with the member or firm to discuss among others the initial report subject to the following:
 - (i) the initial report as shall be determined by the Registration Committee from time to time provided to the member or firm fourteen days prior to the exit meeting;
 - (ii) minutes of the exit meeting be taken to the Registration Committee signed by both parties; and
 - (iii) a member or firm will be required to respond in writing, to any matter in the initial report within twenty-one days from the date of the exit meeting to the reviewer;
- (d) be required to submit the documents under (c) to the Registration Committee;
- (e) determine the completion of the assignment and issue a review report within thirty working days on finalisation of the review in a manner as shall be determined by the Registration Committee from time to time;
- (f) design and communicate appropriate remedial actions where necessary; and
- (g) rate the firms or members in accordance with a criterion as shall be determined from time to time.

30. Pursuant to paragraph (29) (g), the Registration Committee shall in accordance with section (13) (2) (d) of the Act determine the implication of the rating to the member or firm and the remedial action required or; refer the matter to Council for further inquiry under section 32 of the Act.

FOURTH SCHEDULE [r. 7(1)]

CONDUCT OF INVESTIGATIONS

CONDUCT OF INVESTIGATIONS BY THE REGISTRATION COMMITTEE

1. (1) Pursuant to Section 13(3) of the Act, the Registration Committee may undertake such investigations as it deems appropriate in order to enforce compliance with the provisions of the Act.
- (2) Notwithstanding (1) above, the Registration Committee shall undertake investigation where, it has reasonable cause to believe, either on its own motion or as a result of a quality review, that –
 - (a) an individual or firm's operational practices have violated international Standards on Quality Management and other relevant local or International Standards in accountancy;
 - (b) an individual or firm is operating under a registered name without due approval and or scope of the licence; and
 - (c) an individual or firm has been involved in malpractice and such information is in public domain or occasioned by a public complaint.

- (3) Pursuant to subparagraph (1) above, where the Registration Committee has reasonable cause to believe, either on its own motion or as a result of a complaint received from any person, that –
- (a) an offence has been committed under this Act; or
 - (b) a licensed or approved person may have engaged in embezzlement, fraud, misfeasance or other misconduct in connection with its regulated activity; or
 - (c) the manner in which a licensed or approved person has engaged or is engaging in the regulated activity is not in the interest of the person's clients or in the public interest, the Secretary to the Registration Committee may in writing depute a suitably qualified person to conduct investigations into the matter on behalf of the Registration Committee.
- (4) In conducting investigations under any circumstance in (1) or (2) above, the Registration Committee shall
- (a) appoint an investigator in liaison with other law enforcement agencies;
 - (b) requisition evidence, examine records and documents prepared or held by, or likely to be availed to, the individual or firm under investigation; and
 - (c) present such evidence for proper determination and compilation of the case for adjudication in the Disciplinary Committee, in Court or to other law enforcement agencies as the case may be.

2. The Registration Committee may require any person or firm under investigation

- (a) any record or document which contains, or which is likely to contain information relevant to the investigation under this Schedule;
- (b) to produce to the investigator, within such time as shall be prescribed and at such place as the investigator may require in writing, any record or document specified by the investigator which is, or may be, relevant to the investigation, and which is in the possession or under the control of that person;
- (c) to give an explanation or further particulars in respect of any record or document produced under paragraph 2(a) and 2(b) above;
- (d) to attend before the investigator at the time and place specified in writing by the investigator, and to the best of his ability under oath or affirmation answer any question relating to the matters under investigation as the investigator may put to him; and
- (e) to assist the investigator with the investigation to the best of the person's ability.

3. The Registration Committee may obtain such official information as it considers necessary to fulfil its functions, duties and powers from a person who is not a member, employee or office holder of the entity or firm or company, within fourteen days and in doing so, the Registration Committee may –

- (a) advise the person in writing of the nature of the information and why it is needed;
- (b) state that the information is required under the Act;
- (c) ask for further information where necessary; and
- (d) summon the person, if necessary.

4. For the purposes of obtaining full information, the Registration Committee shall issue directions to–

- (a) a company where a professional accountant has provided services;
- (b) a subsidiary of the company where a professional accountant has provided services;
- (c) a company which is substantially under the control of the same person as the company where a professional accountant has provided services;
- (d) any originator, servicer, trustee, manager, director, auditor or any other party associated with a records and books of accounts, financial statements and annual financial reports where a professional accountant has provided services; or

- (e) any party associated with the issue of financial statements and annual financial reports or as prescribed by any other law, where a professional accountant has provided services.
5. (1) For the purposes of exercising or performing the functions under this Schedule, the Registration Committee shall require a firm or company or any person employed by firm or company where a professional accountant has provided services —
- (a) to produce any official document in the firm's or company's or person's custody, care or control; and
 - (b) to provide the Institute with information or an explanation about any official information, system or asset.
- (2) The Institute or the Registration Committee may obtain such official information as it considers necessary to fulfil its functions, duties and powers from a person who is not a member, employee or office holder of the firm or company, within fourteen days and in doing so, the Institute may —
- (a) advise the person in writing of the nature of the information and why it is needed;
 - (b) state that the information is required under the Act;
 - (c) ask for further information where necessary;
 - (d) summon the person, if necessary;
- (3) Where the information required is not official, then the Registration Committee will have to apply to the courts to obtain such information.
- (4) In cases where the Registration Committee suspects fraud or corruption, it may invite the relevant organs for their appropriate action.
- (5) Pursuant to Section 13(3) of the Act, production of information shall have effect notwithstanding—
- (a) any law relating to privilege or the public interest with respect to the giving of information or the production of any accounts, documents, or records (including in electronic format); or
 - (b) any contractual duty of confidentiality.
6. Where the information required is not official but requisite for the conduct of its investigations, then the Registration Committee shall apply to the courts to obtain such information.
7. Pursuant to Section 13(2)(f) of the Act, in cases where the Registration Committee suspects fraud or corruption, it may invite the relevant state organs for their appropriate action.
8. Pursuant to Section 13(4) of the Act, upon conclusion of an investigation, the Registration Committee may make recommendations to Council and refer a matter for disciplinary inquiry under Section 32 of the Act.