

PUBLIC ACCOUNTANTS AND AUDITORS ACT
(CAP. 53:06)

FORM 4

r. 5(1), 6 (1) (6)

FEES

| Matter | K | t |
|---------------------------------|-------------|---|
| Accreditation Fee | 200, 000.00 | |
| Annual Retainership Fee | 100, 000.00 | |

Made this 18th day of November, 2016.

GOODALL E. GONDWE
*Minister of Finance, Economic
Planning and Development*

(FILE NO: D53:06)

GOVERNMENT NOTICE NO. 2

PUBLIC ACCOUNTANTS AND AUDITORS ACT
(CAP.53:06)

PRACTISING ACCOUNTANT AND AUDIT FIRMS REGULATIONS, 2017
ARRANGEMENT OF REGULATIONS

REGULATION

PART I—PRELIMINARY

1. Citation
2. Interpretation
3. Application of Regulations
4. Objectives of Regulations

PART II—REGISTRATION OF PRACTISING ACCOUNTANTS AND AUDIT FIRMS

5. Application for Registration
6. Requirements for registration as a practicing accountant
7. Examination requirements for registration as a practicing accountant
8. Consideration of an application for registration as a practising accountant
9. Registration of firms providing audit services

PART III—AUDIT ASSURANCE QUALITY REVIEWS – MANDATE AND PROCESS

10. Audit Assurance quality reviews mandate and process
11. No civil or criminal liability for the production of information in good faith
12. Exemptions of withholding information obtained from the performance review
13. Quality Assurance Reviews

REGULATION

14. Objective of the reviews
15. Compliance by firms and practising accountants
16. Outcome of the Quality Assurance process
17. Engagement subject to reviews
18. Engagements reviews
19. Steps to be followed for quality assurance review
20. The Practice Review Committee
21. Reporting and evaluation
22. Review decisions
23. Review and re-review criteria
24. Procedure in conducting review and re-review criteria
25. Cost of quality assurance review

PART IV—GENERAL PROVISIONS

26. Extension of time
27. Invalidity affecting enforceability

IN EXERCISE of the powers conferred by Section 57 of the Public Accountants and Auditors Act, I, GOODALL EDWARD GONDWE, Minister of Finance, Economic Planning and Development, on recommendation of the Malawi Accountants Board, make the following Regulations—

PART I—PRELIMINARY

1. These Regulations may be cited as the Public Auditors and Audit Firms Regulations, 2017. Citation
2. In these Regulations unless the context otherwise requires— Interpretation

“Audit firm” means a firm that reviews activities to identify inefficiencies, reduce costs and otherwise achieve organisational objectives;

“practising accountant” means a person who is a member of the Board and is holding a certificate of practice granted under the provision of the Act;

“ review cycle” means a period of three to six years; and

“Users” means any person who has been recognised as the user of services, products and reports rendered by an accountancy or advisory service provider.
3. These Regulations apply to the following situations— Application of Regulations
 - (a) issuance for a Practising certificate;
 - (b) provision for the performance of audit quality, monitoring reviews or practice reviews, or inspections; or
 - (c) firms providing audit services.

Objectives of Regulations

4.— The objectives of these Regulations are to—

- (a) ensure that a proper register is maintained by the Board for all practicing accountants and audit firms;
- (b) ensure that financial statements prepared in Malawi are of high quality and in compliance with International Financial Reporting Standards, International Public Sector Accounting Standards (IPSAS) and any other regulatory frameworks;
- (c) promote the highest professional standards and ethics among auditors and accountants;
- (d) improve the quality of accounting and audit services;
- (e) improve the integrity and competence of the auditor;
- (f) protect the interests of the general public and investors; and
- (g) address International Standard on Quality Control 1 (ISQC 1).

PART II—REGISTRATION OF PRACTISING ACCOUNTANTS AND AUDIT FIRMS

Application for Registration

5.—(1) A chartered accountant wanting to practice in Malawi as a practicing accountant shall apply for registration to the Board through the Institute in order to be issued with a practicing certificate.

(2) All practising accountants shall register through the Institute, the continuity arrangements they have entered into with another practising accountant.

(3) The Board shall maintain a register of all practising accountants authorized to practice in Malawi.

Requirements for registration as a practicing accountant

6.—(1) A person may apply for a registration as a Practising accountant provided that the person meets the set requirements to be registered as a Practising Accountant.

(2) The Board shall require an applicant to have acquired 3 years of post-qualification experience in the office of a practising accountant, in an audit firm in auditing services for the applicant to be qualified for registration.

(3) A person who has made an application for a registration as a Practising accountant shall submit the application with a recommendation from a supervisor or mentor on the person's competency in auditing services.

Examination requirements for registration as a practicing accountant

7.—(1) A person who has made an application for registration as a practising accountant shall submit the application to the Board with proof that he has passed the Malawi Taxation, Malawi Company Law and Audit Assurance examinations at a higher level, unless the person is exempted from writing such examinations.

(2) The Board shall be responsible for setting up the Malawi Taxation, Malawi Company Law and Audit Assurance examinations and shall further set the venue and dates of where the examinations shall be written.

(3) A person shall make an application to the Board through the Institute to sit for the examinations.

(4) Upon registration, only the person who has paid the approved examination fee in full shall be eligible to sit for the examinations.

(5) The Board shall communicate the results of the examinations to the person through the Institute.

8.—(1) The application for registration as a practicing accountant shall be considered by the Membership and Education Committee of the Board.

Consideration
of an
application
for
registration as
a practicing
accountant

(2) Where the Board approves the application for registration, the Board shall issue to the applicant, a practising certificate.

(3) Where the Board rejects an application for registration, the Board shall communicate, to the applicant, through the Institute, in writing, of its decision specifying the reasons for having made such a decision:

Provided that the Board shall give the applicant an opportunity to defend his application where the applicant wishes to do so.

(4) The practising certificate shall be valid until it is revoked either by non-payment of fees or cancellation by the Board.

(5) The Board shall maintain a register of practising accountants, which shall be updated regularly.

(6) A practicing accountant shall display the Practising Certificate in a conspicuous place on the premises from which the practising accountant practices.

9.—(1) A person shall make an application to the Board to register an audit firm providing audit services in Form 1 in the schedule hereto.

Registration
of firms
providing
audit services

(2) The Board shall register all audit firms operating in Malawi at a fee prescribed in Form 2 in the schedule hereto.

(3) The Board shall register an audit firm only if the managing partner is a registered member under the practising membership category.

(4) At least one practising accountant in the partnership shall be resident in Malawi in order for the Board to register the audit firm.

(5) Only a chartered accountant or firm registered under this category shall be allowed to issue an opinion on the truth and fairness of financial statements for a client.

(6) Where the Board approves the application for registration, the Board shall issue to the audit firm, a practising certificate in Form 3 in the schedule hereto.

(7) The Board shall maintain a register of all registered firms or partnerships allowed to provide auditing services in Malawi.

(8) Non-resident firms with a one off assignment for audit services in Malawi shall obtain a special clearance at a prescribed fee for every assignment.

(9) The Board shall require a non-resident firm intending to practice in Malawi to partner with a local registered firm, before the Non-resident firm is registered in Malawi.

PART III—AUDIT ASSURANCE QUALITY REVIEWS—MANDATE AND PROCESS

Audit Assurance quality reviews mandate and process

10—(1) The Board shall perform Quality Assurance reviews or Practice Reviews in accordance with Section 16 (1) (u) of the Act.

(2) The Board shall—

(a) define and enforce ethical practice and discipline among registered accountants; and

(b) take such steps as appear to the Board to be necessary or desirable to advance the standing and effectiveness of the accountancy profession in Malawi.

No civil or criminal liability for the production of information in good faith

11. A practising accountant who acts in good faith during a review of a firm or a practising accountant, and produces information as requested by a reviewer shall not be held liable under criminal or civil law for the production of information.

Exemptions of withholding information obtained from the performance review

12.—(1) A person who is or was concerned with the performance of the practice review shall not disclose any information obtained in the performance of the practice review except—

(a) for the purpose of any investigation or a hearing as a result of the review;

(b) where the person supplies the information in the performance of the review;

(c) where the person is required to do so by order of a Court of Law;

(d) where the Institute requires such information for purposes of conducting an investigation which may lead to disciplinary action or criminal prosecution;

(e) where the Institute requires such information for purposes of IFAC's Statement of Members' Obligations; or

(f) at the written request of, and to, any appropriate international regulator of audits and auditors, that requires the information for the purpose of inspection with the consent of the practising accountant.

(2) The Board shall ensure that a person who is or was concerned with the performance of the practice review holds the practice review information in strict confidentiality and any documentation pertaining to the completed cycle of a practising accountant or Firm shall not to be retained by other users apart from the Board.

Quality Assurance Reviews

13. The Board or any person authorized by the Board, may at any time review the practice of a registered practising accountant and may for these purposes inspect and make copies of any information, including but not limited to any working papers, correspondence, books or documentation in the possession or under the control of a registered public auditor.

Objective of the reviews

14—(1) The Board shall, through engagement reviews, monitor compliance with relevant professional standards in the performance of the attest function.

(2) The Board shall, through firms' reviews, inspect the design and implementation of the systems of quality control employed by audit firms.

(3) The Board through the reviews shall ensure that there is improved standards and the quality of work provided by practising accountants and audit firms.

15. The Board shall ensure compliance by firms and practising accountants with relevant professional standards in a manner which is most cost effective without compromising in thoroughness of the quality assurance process.

Compliance by firms and practising accountants

16. The outcome of the quality assurance process shall be an ongoing pursuit of quality improvement by the firms and practising accountants who offer attest services to the public.

Outcome of the Quality Assurance process

17. (1) Engagements subject to review are audits of financial statements and audits conducted on behalf of the Auditor General.

Engagement subject to reviews

(2) The Board shall require a copy of the audit report from reviewers of the Auditor General.

(3) For firm reviews, the control system elements shall be leadership responsibilities, ethical requirements, client acceptance and continuance human resources, engagement performance and monitoring.

18.—(1) The Board shall carry out engagement reviews, where a sample of engagement files are reviewed at least once in a review cycle.

Engagement reviews

(2) Audit firms shall be subject to review, by the Board, at least once in a review cycle.

(3) The Board shall first find reviews satisfactory in a review cycle before proceeding to the next cycle. Engagement reviews shall be on a three to six years cycle.

(4) The reviews shall be performed by qualified professionals employed on full time or part time basis by the Board.

(5) The Board shall ensure that the reviewers meet the qualification guidelines from IFAC Statement of Membership Obligation1 (SMO1)

19.—(1) The Board, in order to undertake quality assurance practice reviews, shall, in the following order—

Steps to be followed for quality assurance review

(a) give eight weeks' notice for carrying out the review to the practising accountant;

(b) request pre-review information from the practising accountant or firm and the information to be submitted shall include name of clients, year end, turnover, audit fee, status of audits and nature of business;

(c) perform the quality assurance review;

(d) discuss review findings by the reviewer with the practising accountant or firm;

(e) draft and submit a report to the practising accountant or firm within 21 days of the review;

(f) obtain comments in writing from practising accountant or firm within 14 days after the report was submitted;

(g) draft a final report with recommendations of the review results;

(h) submit the final report, on an anonymous basis to the Practice Review Committee for a decision on the findings of the review;

(i) submit the recommendations of the Practice Review Committee to the Board for the Board's decision;

(j) advise the Board Secretary to relay the Board's decision to the practising accountant or firm; and

(k) receive communication from practising accountant or firm on the practising accountant or firm's implementation recommendations.

(2) The Practice Review Committee may use the option of using the internal review report to review the firms with established independent review process.

The Practice
Review
Committee

20.—(1) There shall be a Practice Review committee which shall be a sub-committee of the Board and shall be made up of 3 to 5 members, appointed by the Board, who shall serve on a voluntary basis.

(2) The committee shall be made up of, among others, retired public auditors, registered Chartered accountants and sector regulators and the committee's responsibilities shall be to—

(a) assess the appropriateness of the standard documentation used in the review process;

(b) determine the nature of attest engagements subject to practice review;

(c) determine the outcome of reviews on an anonymous basis; and

(d) assess the quality and consistency of review reports.

(3) The Practice Review Committee shall receive and review the reports from the Quality Assurance Reviewers and shall make recommendations to the Board.

Reporting and
evaluation

21.—(1) The Quality Assurance reviewer shall summarize the results of the Quality Assurance review in a format prescribed by the Board and shall submit the summary to the Practice Review Committee for evaluation.

(2) The Practice Review Committee shall evaluate the summary of the results and, where necessary, consult with the Quality Assurance reviewer, in order to make necessary recommendations to the Board.

Review
decisions

22.—(1) The Practice Review Committee shall recommend the following review decisions to the Board—

(a) the performance is satisfactory and shall be subject to review in the next cycle;

(b) the performance is not satisfactory and that the committee shall

conduct follow up reviews until the performance is satisfactory; or

(c) the performance is subject to an investigation referral and disciplinary action by the Institute.

(2) A performance shall be subject to an investigation referral, where—

(a) the Quality assurance reviewer's report did not meet the required standards and the users are at risk;

(b) the re-review indicates failure to implement corrective action by the practising accountant or firm;

(c) there is flagrant disregard of professional standards by the practising accountant or firm; and

(d) there is refusal to cooperate in the review process by the reviewee.

(3) Where a practising accountant or firm is aggrieved by a review decision of the Board and is of the view that the decision should be re-considered, the practising accountant or firm may, within forty-five days, after the review decision was communicated to them, submit a detailed written request for consideration to the Secretary of the Board.

(4) The Secretary to the Board shall then submit the request to the Board for consideration at its next meeting.

(5) The Secretary to the Board shall communicate the final decision of the Board to the practising accountant or firm.

23.—(1) The Quality Practice Review Committee shall, annually, determine the review criteria subject to approval by the Board.

Review and re-review criteria

(2) The Practice Review Committee shall revise and adjust the review criteria, where necessary, after each year ends based on the results of reviews performed within a specific year with due consideration given to specific requirements of the relevant auditing standards.

24. The Board shall, in conducting re-reviews, focus on assessing how identified deficiencies have been addressed by a practising accountant or firm, in the interim, since the initial review was conducted.

Procedure in conducting review and re-review criteria

(2) A re-review shall entail a reviewer reviewing the same files for a new financial year and selecting an additional number of files as may be determined by the Reviewer.

(3) A re-review of Independent Internal Review processes and firm reviews shall only focus on the addressing of identified deficiencies.

(4) Based on the results of the re-review, the Quality Assurance Committee or the Practice Review Committee shall make new recommendations to the Board.

(5) Each review cycle shall have a maximum of two reviews and if after a maximum of two re-reviews the practising accountant or firm has not yet addressed all the identified deficiencies, the Board shall take disciplinary action (refer to attached sanctions).

Cost of quality assurance review

25. A registered practising accountant or firm shall pay quality assurance reviews fees as may be determined by the Board from time to time.

PART IV—GENERAL PROVISIONS

Extension of time

26. Notwithstanding anything contained in these Regulations, where a time period is specified under the Regulations or in any request by the Board for an act to be done or a condition to be fulfilled, the person affected may request for an extension of such time in writing to the Board and the Board may grant such extension of time as it considers appropriate.

Invalidity affecting enforceability

27. Where the regulations are unenforceable due to changes in professional standards or any pronouncements from International Federation of Accountants, the section affected shall be suspended and the new standard or pronouncement shall prevail.

SCHEDULE
PUBLIC ACCOUNTANTS AND AUDITORS ACT
(CAP. 53:06)

FORM 1

r. 9(1)

APPLICATION TO REGISTER AN AUDIT FIRM
(Membership must be renewed annually)

- A. Full Name of Entity:.....
- Physical Address:.....
-
- Postal Address:.....
-
- Email Address:.....
-
- Contact Phone Numbers:.....
- B. Operating Revenue per annum
-
- C. Number of audit partners

| No. | Name | MAB Membership No. | Signature |
|-----|------|--------------------|-----------|
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |

- D. Number of staff:.....

- E. Presence: (Please tick) Local International
- F. Number of clients audited (Customer Base): Attach list
- G. Details of the professional auditing services that the entity provides or intends to provide:

DECLARATIONS AND SIGNATURE

1. We confirm that the information in this form is complete and true.
2. We will provide Malawi Accountants Board with a copy of registration or certificate of incorporation.
3. We acknowledge the role, duties and powers of the Malawi Accountants Board and agree to co-operate fully during its reviews.
4. We understand that an annual registration fee will be due upon lodging an application and thereafter at the commencement of MAB's financial year end and upon receiving an invoice/reminder from MAB.

Name..... Designation

Signature..... Date:.....

PUBLIC ACCOUNTANTS AND AUDITORS ACT

(CAP. 53:06)

FORM 2

r. 9 (2)

FEES

| Matter | k | t |
|---|----------|----|
| Audit firm registration | 750,000. | 00 |
| Audit firm retainership | 250,000. | 00 |
| Foreign audit firm one-off assignment | 300,000. | 00 |

PUBLIC ACCOUNTANTS AND AUDITORS ACT

(CAP. 53:06)

FORM 3

r. 9 (6)

THE MALAWI ACCOUNTANTS BOARD CERTIFICATE OF REGISTRATION

This is to certify that

.....
has this day been registered by the Board as an

AUDIT FIRM

Given under the common seal of the
MALAWI ACCOUNTANTS BOARD.....
Chairman.....
Secretary

Dated this Day of 20.....

Certificate Number:.....

This Certificate is the Property of the Malawi Accountants Board

Made this 18th day of November, 2016

GOODALL E. GONDWE
*Minister of Finance, Economic
Planning and Development*

(FILE NO: D53:06)

GOVERNMENT NOTICE NO. 3

PUBLIC ACCOUNTANTS AND AUDITORS ACT

(CAP. 53:06)

PROFESSIONAL ACCOUNTANCY BODIES REGULATIONS, 2017

ARRANGEMENT OF REGULATIONS

REGULATION

PART I—PRELIMINARY

1. Citation
2. Interpretation
3. Application
4. Objectives of Regulations

PART II—ACCREDITED PROFESSIONAL ACCOUNTANCY BODIES IN MALAWI

5. Application for accreditation
6. Requirements for accreditation
7. Submission of financial statements
8. Requirement to provide information
9. Quality in the administration of accountancy examinations