



THE INSTITUTE  
OF CHARTERED  
ACCOUNTANTS  
IN ENGLAND AND WALES

## ICAEW PRACTISING CERTIFICATE GUIDANCE NOTES

# ICAEW PRACTISING CERTIFICATE – GUIDANCE NOTES

## 1 WHY WOULD I NEED A PRACTISING CERTIFICATE?

You must have a practising certificate if you want to engage in public practice and provide accountancy services to the public within the European Economic Area (EEA – see table on page 3). This includes work you do in person or indirectly, regardless of whether you call yourself a chartered accountant, or charge a fee.

You also need a practising certificate if you want to be a responsible individual for audit purposes; or to become an insolvency practitioner licensed by the ICAEW.

You can find full details on the regulations in Section 6.1 of the *Members' Handbook* (the Council Statement on Public Practice).

To find out whether you need to hold a practising certificate, please call ICAEW Ethics Advisory Services on +44 (0)1908 248 258.

## 2 HOW DO I QUALIFY FOR A PRACTISING CERTIFICATE?

You need to:

- (a) have been a member of the Institute for at least two years;
- (b) have completed your application form and accompanying *Are You Ready to go Into Practice?* questionnaire to assess your own readiness to practice;
- (c) have complied with the Institute's requirements on CPD for the two years preceding your application;
- (d) understand the Fundamental Principles in the Institutes Code of Ethics, in particular, Section 130, which covers professional competence and due care;
- (e) comply with the Institute's Professional Indemnity Insurance Regulations;
- (f) be a fit and proper person to hold a practising certificate (by reference to the Institute's disciplinary records);
- (g) pay the annual practising fee (this includes a practising certificate fee and the annual Practice Assurance fee).

There are special arrangements for members who want to apply after a career break. For further information, see Section 10 of this helpsheet, call +44 (0)1908 248 028 or email [postqual@icaew.com](mailto:postqual@icaew.com).

## 3 HOW DO I APPLY FOR A PRACTISING CERTIFICATE?

You need to complete the "Are you ready to Practice" questionnaire assessing your readiness to go into practice before you complete the application form.

You will be required to sign a declaration that you have satisfied the conditions outlined in 2(d), 2(e), 2(f) and 2(g) above.

## 4 HOW MUCH IS THE PRACTISING FEE?

The fee is made up of a practising fee and a Practice Assurance fee.

The fees for 2009 are listed in the table on page 3.

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## 2009 Practising Fee

Countries forming the EEA	£259 (£136 practising fee, £123 Practice Assurance fee)	Austria Belgium Bulgaria Cyprus Czech Republic Denmark Estonia Finland France Germany	Greece Hungary Iceland Irish Republic Italy Latvia Liechtenstein Lithuania Luxembourg Malta	Netherlands Norway Poland Portugal Romania Slovakia Slovenia Spain Sweden UK
Countries in Continental Europe	£136	Andorra Bosnia and Herzegovina Croatia	Gibraltar Monaco Switzerland The Russian Federation	Turkey Ukraine Yugoslavia
Countries in the Rest of the World	£64			

The practising fee is due on 1 January each year. We don't adjust it pro rata so think about the timing of your application. If you are applying at the end of the year, it may be worth deferring the issue of your practising certificate until the start of the following year, to avoid paying the practising fee twice in a short period of time.

## 5 ONCE I HAVE OBTAINED A PRACTISING CERTIFICATE, HOW DO I RENEW IT?

You renew your certificate on an annual basis by continuing to:

- pay the annual fee;
- comply with the Fundamental Principles set out in the Code of Ethics (part of the *Members' Handbook*), in particular Section 130 which covers professional competence and due care;
- maintain competence in the accounting services you intend to provide;
- comply with the Professional Indemnity Insurance Regulations; and
- comply with the Institute's CPD requirements.

## 6 IF I RELINQUISH MY PRACTISING CERTIFICATE, HOW CAN I GET IT BACK?

You need to re-apply, as if you are applying for the first time. Complete the application form, pay the annual fee, and confirm your continuing compliance with the conditions outlined in section 5.

## 7 FUNDAMENTAL PRINCIPLE – PROFESSIONAL COMPETENCE AND DUE CARE

You must judge whether you are suitable and ready to practise. When preparing your practising certificate application, you must read Professional Competence and Due Care, Section 130 of the Institute's Code of Ethics.

This section is important because it imposes the following obligations on professional accountants:

- (a) to maintain professional knowledge and skill at the level required to ensure that clients or employers receive competent professional service; and
- (b) to act diligently in accordance with applicable technical and professional standards when providing professional services. Sometimes, your recent experience will have been in an environment where, for example, legislation and standards differ significantly from those in force in the UK/EEA. In these circumstances, you should consider whether you should gain further relevant experience in the UK/EEA before you apply for your practising certificate in order to comply with Fundamental Principle – Professional Competence and Due Care.

The Code of Ethics is published in full at [www.icaew.com/membershandbook](http://www.icaew.com/membershandbook).

## 8 WORK EXPERIENCE

Only you know your proposed field(s) of work and the nature of your experience, and only you can judge whether you are ready to practise. The questionnaire accompanying the application asks the relevant questions, and should help you to assess whether your experience is relevant.

If you have been employed in a specialised area – for example, in corporation tax – you may need to gain additional relevant experience before you offer advice on, say, self assessment as a sole practitioner.

If your recent experience has been in teaching and research, you should consider whether you need any further practical experience before you apply for a practising certificate.

## 9 WORK IN THE REGULATED AREAS

Statutory audit, insolvency and investment advice are areas of work reserved by legislation for appropriately qualified and authorised individuals and firms. Your practising certificate alone will not entitle you to work in a regulated area; you will need to meet additional requirements before you can be authorised.

If you want to become a responsible individual for audit purposes or a licensed insolvency practitioner, you are required by the relevant Institute regulations to hold a practising certificate. This rule applies whether or not you are a principle in the firm.

If you are a member of ICAS or ICAI and you are appointed a responsible individual; you may also need to have a practising certificate. (If your firm is registered by another recognised supervisory body, you will only need a practising certificate if you are a principal in the firm.) If you have an insolvency licence from another recognised professional body (RPB) and if you are not a principal, you should check with that body whether you need to hold a practising certificate from the ICAEW.

Whatever the RPB's requirements, you will need a practising certificate if you are a principal in the firm. In the regulated areas, the practising certificate regulations work in conjunction with other statutory requirements and do not override them. For example, although recent work experience in audit may qualify you for a practising certificate, it will not, in itself, allow you to gain the Audit Qualification (AQ) or responsible individual status. Nor will it allow your firm to become a registered auditor. You/Your firm will have to comply with other regulations.

If you hold a practising certificate and are based in the UK, you must comply with the Institute's PII Regulations. If you are a responsible individual or a licensed insolvency practitioner working in practice, your firm will probably arrange your PII cover. However, if you hold an insolvency licence but do not take appointments and work in business, you may need to discuss your position with the Professional Conduct Department. Call +44 (0)1908 546 262.

## **10 HOW DO THE ARRANGEMENTS CATER FOR MEMBERS ON CAREER BREAKS?**

We try hard to ensure that you are not disadvantaged by the practising certificate arrangements if you have been on a career break and not worked in a relevant field during the last four years. If you have been on a career break and want to apply for a practising certificate, please contact the Post Qualification team for advice on how to apply. Call +44 (0)1908 248 028 or email [postqual@icaew.com](mailto:postqual@icaew.com).

## **11 AM I ELIGIBLE FOR A FEE EXEMPTION?**

You will be eligible to apply for a practising certificate fee exemption provided you:

- (a) intend to practise as a sole practitioner or as the sole director and sole shareholder of a limited company; and
- (b) have not held a practising certificate at any time during the three years before the date of your application or have never received this exemption previously. We will give an exemption on the initial application and at the first renewal of the practising certificate on 1 January following the date of its issue. This is dependent on you still being in practice as a sole practitioner or as the sole director and sole shareholder of a limited company, on the renewal date.

## **12 WHAT DO I DO WITH MY COMPLETED 'ARE YOU READY TO GO INTO PRACTICE?' QUESTIONNAIRE?**

When you have completed the self assessment questionnaire, it will help you to make an informed decision on whether you are ready to go into practice. Although you don't have to submit the questionnaire along with your application, you must keep it while you are in practice, as we may ask you to submit it at a later date.

## **13 WHO CAN I CONTACT FOR ADVICE?**

The Post Qualification section can help you with all aspects of applying for a practising certificate. Please call +44 (0)1908 248 028 or email [postqual@icaew.com](mailto:postqual@icaew.com).

To find out if you need to hold a practising certificate, call Ethics Advisory Services on +44 (0)1908 248 258 or email [ethics@icaew.com](mailto:ethics@icaew.com).

We aim to process applications within 21 days. However, the process may take longer if your application has to be referred to the Practising Certificate Monitor because it cannot be approved at staff level.

You may set a date several months in the future for your start in practice. However, we will not issue your practising certificate until the date you specify on the application form. Practising certificates cannot be backdated.

## HELPSHEET ON AUDIT REGULATION

### WHO IS THIS SHEET FOR?

This helpsheet is for those members of the Institute who want to become a responsible individual within a firm of registered auditors.

### WHAT DOES IT DO?

It provides a brief outline of audit regulation and explains what a firm needs to do to become a registered auditor. Under Section 1212 of the Companies Act 2006 (the Act) you are only eligible to accept an appointment as a company auditor if your practice is a registered auditor.

A practice must also be registered if it audits any organisation which is required by statute or regulation to appoint an auditing firm eligible to carry out company audits. It is not just limited companies which need a registered auditor. Banks, building societies, many pension schemes, clubs and associations which are subject to the Friendly Societies Act or Industrial and Provident Act all require auditing by a registered auditor. Some unincorporated charities, clubs or voluntary organisations may require their auditor to be eligible to act as a company auditor. The specific requirement(s) may be written into the entity's constitution or may be a condition of membership of some other body.

### HOW CAN A FIRM BECOME A REGISTERED AUDITOR?

If your firm wants to be registered as a registered auditor, you must satisfy the Audit Registration Committee that your practice:

- (a) meets the eligibility criteria;
- (b) is a fit and proper firm to carry out audit work; and
- (c) undertakes to comply with the audit regulations.

The audit registration fee is based on the number of partners and offices of the firm and, if appropriate, the number of listed clients.

In order to be eligible to apply for audit registration, a majority of the voting rights in the firm must be held by principals who hold an appropriate qualification. An appropriate qualification is defined in Section 1219 of the Act. You also need an appropriate qualification if you are joining a registered auditor firm and intend to be responsible for audit work.

Members can apply for the Institute's appropriate qualification or Audit Qualification (AQ) when they apply for a practising certificate.

If you intend to practise as a registered auditor in your own right, you will need to apply for audit registration for your firm once you have been granted your Audit Qualification and practising certificate.

The application process usually takes 30 working days as various checks have to be made. Straightforward applications are dealt with by Institute staff under delegated powers. Other applications are considered either by a sub-committee or by the full Audit Registration Committee depending on the issues involved.

The application process is thorough and it is often necessary to request further information from applicants concerning their experience in audit work, relevant CPD undertaken/planned and their audit procedures.

For an application form, RA1 Application to become a registered auditor, and further advice, please call Regulatory Support on +44 (0)1908 546 302 or visit [www.icaew.com/auditnews](http://www.icaew.com/auditnews).

## HELPSHEET ON INVESTMENT BUSINESS REGULATION

This helpsheet gives a brief outline of investment business regulation for Institute members and firms who may want to conduct investment business.

### BACKGROUND

In order to conduct investment business a firm must have either:

- (a) authorisation from the Financial Services Authority (FSA) to conduct mainstream investment business regulated under the terms of the Financial Services and Markets Act 2000; or
- (b) a licence from the Institute as a designated professional body (DPB) to conduct non-mainstream investment business.

Without authorisation or a licence, a firm cannot undertake regulated investment business. The Act, together with the Regulated Activities Order (Statutory Instrument 2001, No. 544) as amended and the Non-Exempt Activities Order (Statutory Instrument 2001, No. 1227) as amended, defines which activities (when undertaken in connection with investments) can only be undertaken by an FSA authorised firm, which can be undertaken under a DPB licence and which are excluded from regulation.

### DPB HANDBOOK

The legislation is available from the HMSO website [www.legislation.hmso.gov.uk](http://www.legislation.hmso.gov.uk). However, the *DPB Handbook* contains a number of detailed schedules which are provided to help firms decide what level of regulation is needed. Some of the schedules cover all types of investments and others are directed to particular types of investments such as insurance, mortgages and corporate finance.

The detailed schedules are as follows:

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|------------|--|
| Schedule 1 | List of prohibited activities (activities that a licensed firm cannot undertake);                              |
| Schedule 2 | Guidance on regulated activities that may be provided by a licensed firm;                                      |
| Schedule 3 | Guidance on the meaning of in an incidental manner;  |
| Schedule 4 | Guidance on work that is not a regulated activity;   |
| Schedule 5 | Guidance on corporate finance;   |
| Schedule 6 | Guidance on insurance mediation activities;  |
| Schedule 7 | Guidance on mortgage business activities;  |
| Schedule 8 | Guidance on professional services in relation to HMIT and HMCE investigations;                                 |
| Schedule 9 | Guidance to assist on deciding whether an activity can be undertaken within the scope of the DPB arrangements. |

To view the *DPB Handbook* online, visit [www.icaew.com/members/dpb](http://www.icaew.com/members/dpb), enter your membership number and password and click on *DPB Handbook*.

If a firm wants to hold a DPB licence, it must satisfy the Investment Business Committee (IBC) that it is eligible to carry out DPB activities. The firm must undertake to comply with the *DPB Handbook* and pay a fee.

To apply for a DPB licence, a firm must:

- complete the relevant application form and any related DPB affiliate application forms;
- provide evidence of Professional Indemnity Insurance; and
- pay the DPB fee.

The application process usually takes 30 working days. The IBC may consider non-routine applications. The assessment process is very thorough and we may need to ask you for more information.

You can download the application form from [www.icaew.com/members/dpb](http://www.icaew.com/members/dpb), click on DPB, and then click on Applying for a DPB licence. Or, you can ask for a form from our Registration Enquiry Line on +44 (0)1908 546 302.

For general queries regarding the level of authorisation required, please contact the DPB helpline on +44 (0)1908 546 370.

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## **FSA AUTHORISATION REQUIRED BY FIRMS CONDUCTING MAINSTREAM INVESTMENT BUSINESS**

The Non-Exempt Activities Order 2001 (Statutory Instrument 2001 No. 1227) sets out those activities which a DPB licensed firm cannot do. This is effectively Schedule 1 of the *DPB Handbook*. Instead, a firm will need authorisation from the FSA.

Application forms are available from the 'How do I get authorised' section of the FSA website which also has useful information on key issues and the application process [www.fsa.gov.uk/pages/doing/how/](http://www.fsa.gov.uk/pages/doing/how/)

## **HELPSHEET ON INSOLVENCY REGULATION**

This helpsheet provides a brief outline of insolvency regulation for members or affiliates of the Institute who want to become ICAEW licensed insolvency practitioners.

Under Section 390 of the Insolvency Act 1986, you are only eligible to act as an insolvency practitioner if you are authorised to do so. Section 388 of the Act defines the meaning of acting as an insolvency practitioner. This includes acting as liquidator, administrator, administrative receiver or supervisor in respect of a company, and/or acting as trustee in bankruptcy or supervisor in respect of an insolvent individual.

Insolvency practitioners are licensed as individuals. There is no firm authorisation under the present regulatory regime.

If you wish to be authorised, you must satisfy the Insolvency Licensing Committee that you meet the eligibility criteria and that you are a fit and proper person to act as an insolvency practitioner. You must undertake to comply with the ICAEW's Insolvency Licensing Regulations. The licence fee is based on fee income.

When you apply for an insolvency licence you must have an overall pass from the Joint Insolvency Examination Board, unless you are currently authorised by another recognised professional body or competent authority.

The application process involves:

- (a) completing the relevant application form;
- (b) providing evidence of your JIEB examination pass (where applicable);
- (c) providing evidence of professional indemnity insurance (for principals and those wishing to take appointments or otherwise engaged in public practice);
- (d) providing evidence of an insolvency bond (for those wishing to take appointments);
- (e) holding a practising certificate; and
- (f) paying the licence fee.

The application process usually takes 30 working days. Applications may be considered by the Insolvency Licensing Committee. We may need to ask you for further information (eg, regarding your work experience) and to seek references.

For an application form or for any further advice or queries on insolvency regulation, please contact Clare Bryan on +44 (0)1908 546 262 or visit [www.icaew.com/insolvency](http://www.icaew.com/insolvency).