FEDERAL NEGARIT GAZETTE
OF THE FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA

21st Year No 22
ADDIS ABABA 14th January, 2015

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Establishment and Determination of the Procedure of the Accounting and Auditing Board of Ethiopia Council of Ministers Regulation

COUNCIL OF MINISTERS REGULATION No.332 /2014
COUNCIL OF MINISTERS REGULATION TO PROVIDE FOR THE ESTABLISHMENT AND TO DETERMINE THE PROCEDURE OF THE ACCOUNTING AND AUDITING BOARD OF ETHIOPIA

This Regulation is issued by the Council of Ministers pursuant to Article 5 and 35 of the Definition of Powers and Duties of the Executive Organs of the Federal Democratic Republic of Ethiopia Proclamation No. 691/2010 (as amended by Proclamation No. 803/2013) and Article 4(1) of the Financial Reporting Proclamation No. 847/2014.

PART ONE
GENERAL

1. Short Title
This Regulation may be cited as the “Establishment and Determination of the Procedure of the Accounting and Auditing Board of Ethiopia Council of Ministers Regulation No. 332/2014”.

2. Definitions
In this Regulation unless the context otherwise requires:
1/ "Proclamation" means the Financial Reporting Proclamation No 847/2014;

2/ "Firm" means a firm which provides accounting service or audit service and registered as such by the board.

3/ "Professional" means a person who is registered by the board as a certified public accountant or a certified auditor and received certificate of registration or a practicing certificate as the case maybe;

4/ the definitions provided for under Article 2 of the Proclamation shall be applicable to this Regulation.

PART TWO
ACCOUNTING AND AUDITING BOARD OF ETHIOPIA

3. Establishment

1/ The Accounting and Auditing Board of Ethiopia (hereinafter the "Board") is hereby established as an autonomous government organ having its own legal personality.

2/ The Board shall be accountable to the Ministry.

4. Head Office

The Board shall have its head office in Addis Ababa and may have branch offices elsewhere, as may be necessary.

5. Objectives of the Board

The Board shall have the following objectives:

1/ promote high quality reporting of financial and related information by reporting entities;

2/ promote the highest professional standards among auditors and accountants;

3/ promote the quality of accounting and auditing services;

4/ ensure that the accounting profession is used in the public interest;

5/ protect the professional independence of accountants and auditors.
Powers and Duties of the Board

The Board shall, without prejudice to the powers and duties given to it by Article 4 of the Proclamation, have the following additional powers and duties to:-

1/ establish, publish and review a Code of Professional Conduct and Ethics for certified public accountants and certified auditors, which shall be consistent with that of the International Federation of Accountants or its successors;

2/ issue directives related to professionals including for the acceptance or rejection of application, suspension, cancellation or renewal of certificate and registration;

3/ issue its own examination and quality requirement directives;

4/ confer, consult, maintain contact or co-operate with any relevant authorities, associations, societies, institutions or bodies to enhance the standing of the accounting profession and professionals both nationally and internationally;

5/ cooperate with, or become a member or an affiliate of, any international body, the objectives and functions of which are similar to those of the board;

6/ facilitate arbitration or conciliation to amicably resolve disputes between professionals and their clients;

7/ consider and propose for amendment of existing or proposed legislation in Ethiopia affecting the accounting profession;

8/ conduct or arrange for the conduct of professional qualification examination for the purposes of registering certified public accountants;

9/ represent the accounting and auditing profession in Ethiopia;
10/lay down the requirements to register persons who qualify to be certified public accountants or certified auditors and register such persons as professionals and maintain a list of such persons;

11/establish requirements for, conduct, or arrange for the conduct of continuing professional training programs;

12/inquire into any breach of the Code of Professional Conduct and Ethics of the Board, the provisions of this Regulation or Regulations or directives issued under the proclamation, any certified auditor or certified public accountant, either on its own initiative or at the request or grievance of any person and take disciplinary action where appropriate;

13/implement a sound quality assurance mechanisms to ensure high quality audit practice;

14/conduct or arrange for the conduct of practice review of the auditors of small and medium enterprises;

15/engage in the continuous review and dissemination of international and domestic informations to professionals and others concerning to professions of accounting and auditing;

16/perform such other related functions as are necessary for the achievement of its objectives.

7. Organization of the Board

1/ The Board shall have:
   a) a Board of Directors;
   b) a Director General and, as may be necessary, a Deputy Director Generals, to be appointed by the Government; and
   c) the necessary staff.

2/The Board may establish various advisory committees to assist it in discharging its responsibilities properly.
8. Members of the Board of Directors

1/ The Board of Directors shall, including the chairperson, have 12 members to be appointed by the government from the relevant government organs, higher education institutions, and the private sector and from associations representing the profession.

2/ The majority of the persons to be appointed as members of the Board of Directors shall be from accounting and other related disciplines.

9. Term of office of Members of the Board of Directors

1/ Term of office of members of the Board of Directors shall be three years.

2/ Notwithstanding the provision of sub-article (1) of this Article, any member of the Board of Directors may be reappointed to serve in the board for another term of three years.

3/ A member of the Board of Directors appointed to serve as such in the board for two consecutive terms may be reappointed after a three years' interval.

10. Powers and Duties of the Board of Directors

The Board of Directors shall have the powers and duties to:

1/ oversee the activities of the Board;

2/ review the budget and work program and reports of the board prior to their submission to the government;

3/ review the rates of fees to be paid for services rendered by the board prior to their submission to the government.

11. Meetings of the Board of Directors

1/ The Board of Directors shall meet regularly once in a month; provided, however, that extraordinary meeting of the Board of Directors may be called by the Chairperson or when at least two third of the members request for such a meeting at any time.

2/ There shall be a quorum where two third of the members are present at any meeting.
Decisions of the Board of Directors shall be passed by a majority vote; provided, however, that the chairperson shall have a casting vote in case of a tie.

The Director General of the Board shall, unless otherwise excused by the Board of Directors, attend every meeting of the Board of Directors without voting right.

Without prejudice to the provisions of this Article, the Board of Directors may adopt its own rules of procedure.

Disqualification and Removal of Members of the Board of Directors

A person shall not qualify to be a member of the Board of Directors, if that person:

a) has at any time been convicted of an offence involving corruption, theft, fraud, forgery, perjury or other acts of dishonesty;

b) has, within the past five years been convicted of a criminal offence under any law punishable by a term of imprisonment of no less than six months without the option of a fine;

c) would have a conflict of interest if appointed as a member;

d) would for any other reason be disqualified by law from serving as a trustee in Ethiopia.

A person shall be removed from membership of the Board of Directors, if that person:

a) submits a resignation request to the Minister in writing;

b) has committed a breach of the Code of Conduct and Ethics adopted by the board;
c) unable to discharge the responsibilities as a member of the Board of Directors as shall be determined by a majority vote of the members thereof; or
d) fails to attend at least half of the meetings of the Board of Directors over a period of 12 consecutive months.

13. Powers and Duties of the Director General

1/ The Director General shall be the chief executive officer of the board and shall, subject to the general direction of the Board of Directors, direct and administer the activities of the board.

2/ Without limiting the generality of sub-article (1) of this Article, the Director General shall have the powers and duties to:-

a) exercise the powers and duties of the board stated under Article 6 of this regulation;

b) employ and administer employees engaged in support services of the board in accordance with the federal civil service laws and, in the case of employees engaged in the core functions of the board, in accordance with directives approved by the government following the basic principles of the federal civil service laws;

c) prepare and, upon review by the Board of Directors, submit to the Ministry the work program and budget of the board, and implement same upon approval;

d) effect payments in accordance with the approved budget and work program of the board;

e) represent the board in its dealings with third parties;

f) prepare and, upon review by the Board of Directors, submit to the Ministry the performance and financial reports of the board.
3/ The Director General may delegate part of his powers and duties to other officers and employees of the board to the extent necessary for the efficient performance of the activities of the board.

14. Source of the Budget

The Board's budget shall be drawn from the following sources:
1/ annual budget allocated by the government; and
2/ from other sources.

15. Books of Accounts

1/ The Board shall keep complete and accurate books of accounts.
2/ The books of accounts and financial documents of the board shall be audited annually by the Auditor General or by an auditor assigned by Auditor general.

PART THREE
REGISTRATION, CERTIFICATION AND MONITORING OF PROFESSIONALS

16. Registers

The Board shall keep, maintain and update registers of professionals specifying the name and all relevant particulars of every professional, and registers of any other matter it deems necessary specifying the relevant information regarding the matter.

17. Registration of Certified Public Accountants

1/ any person who satisfies the requirements relating to qualifications in the field of accountancy and has a minimum of three years' practical experience in the field may apply to the board to be registered as a certified public accountant in such form or manner as may be prescribed by the board.
2/ The Board may require an application under sub-article (1) of this Article to be accompanied by the prescribed fees and such information as may be determined by the board in its directives.
3/ The Board shall register the applicant as a certified public accountant and enter his name and such particulars as it considers relevant, in the register of certified public accountants where the applicant:

a) is a citizen of Ethiopia, or where he is a non-citizen, he holds a work permit or is legally exempt from holding a work permit;

b) is a permanent resident in Ethiopia;

c) is of good character and has not been convicted of an offence involving fraud or dishonesty in any country;

d) has successfully undergone such examination or assessment to be given for the purpose of determining whether he possesses adequate professional accountancy knowledge and skills; and

e) has paid the prescribed fees.

4/ The Board may require, as a condition for a certified public accountant to be allowed to remain in practice, that the certified public accountant comply with any continuing professional education as may be specified in the directives of the board.

18. Registration of Certified Auditors

1/ Any certified public accountant who intends to practice as an auditor may apply in writing to the board to be registered as certified auditor in such form and manner as may be prescribed by the board.

2/ An application under sub-article (1) of this Article shall be accompanied by the prescribed fees and such information as may be determined by the board in its directives.
3/ The Board may register an applicant as a certified auditor and enter his name and such particulars as it considers relevant in the register of certified auditors, where it is satisfied that the applicant:

a) is a certified public accountant;

b) meets the requirements laid down in the directives of the board;

c) has made such arrangements as may be provided in the directives of the board, for continuing professional education;

d) has the necessary competence to practice as a certified auditor and a period of one year has elapsed between the date he has undertaken continuing professional education as provided by the directives of the board and the date of the application; and

e) subjects himself to quality assurance reviews at such time and in such manner as the board may prescribe.

4/ The Board may require, as a condition for a certified auditor to be allowed to remain in practice that he has to comply with any continuing professional education and training as may be specified in the directives of the board.

19. Refusal to Register Certified Public Accountants and Certified Auditors

1/ On receipt of an application under Article 17 or 18 of this regulation, the board shall:

a) refuse to register an applicant as a certified public accountant where the applicant:

(1) does not satisfy the requirements specified in sub-article (3) of Article 17 of this regulation;

(2) has had his license or approval to practice as a certified public accountant suspended, cancelled or withdrawn in any country; or
(3) is otherwise unfit to be registered as a certified public accountant;

b) refuse to register an applicant as a certified auditor where the applicant:

(1) does not satisfy the requirements specified in sub-article (3) of Article 18 of this regulation;

(2) has had his license or approval to practice as a certified auditor suspended, cancelled or withdrawn in any country; or

(3) is otherwise unfit to be registered as a certified auditor.

2/ Where the Board decided to refuses to register an applicant under this Article, it shall inform the applicant in writing of its refusal within five working days.

3/ A person aggrieved by the refusal of the board to register him as a certified public accountant or certified auditor, may within 30 days of receipt of the decision of the board apply in writing to the Board of Directors for review of the decision of the board and such application shall set forth any facts or legal analysis that would support a decision to register him.

4/ The decision of the Board of Directors shall be the final decision of the board.

20. Registration of Firms

1/ Any firm that intends to provide accounting services or audit service may apply to the board for registration.

2/ An application under sub-article (1) of this Article shall be made in writing in such form and manner as may be prescribed by the board.
3/ The Board shall register the applicant firm and enter its name and such particulars as it considers relevant in the register of Firms, upon being satisfied that:

a) all of the partners of the firm are registered with the board;

b) there is a written undertaking by the firm and the partners individually that they shall be bound by the Code of Professional Conduct of the Board;

c) the firm holds a professional indemnity insurance of such amount or provides such other financial guarantee as the board may determine.

4/ The provisions of sub articles 2, 3 and 4 of Article 19 of this Regulation shall apply to any complaint that may be lodged in connection with the registration of firm.

21. Registration and Practicing Certificate

1/ Where the board registers a person as a certified public accountant or a firm as a firm, it shall issue to the person or the firm a certificate of registration.

2/ Where the board registers a person as a certified auditor, it shall issue to him a practicing certificate.

3/ A registration or a practicing certificate shall, upon payment of the prescribed fees by the applicant, be issued in such form as may be prescribed by the board.

4/ A person who is registered under the provisions of this part as:

a) a certified public accountant shall be entitled to describe himself as certified public accountant and to use the initials “C.P.A.”;

b) a certified auditor shall be entitled to describe himself as certified auditor and to use the initials “C.Au.”.
A certificate of registration or a practicing certificate shall remain valid for so long as its holder remains registered. A person whose registration is cancelled or suspended shall immediately return his certificate of registration or practicing certificate to the board.

22. Cancellation or Suspension of Registration

1/ The Board may either suspend or cancel the registration of a certified public accountant, a certified auditor or a firm, and remove them from the register where:

a) the certified public accountant or the certified auditor or the firm has obtained registration by fraud or misrepresentation;

b) the certified public accountant or the certified auditor or the firm no longer satisfies or has acted in breach of any directive of the board;

c) the registration of the certified public accountant or certified auditor has been suspended or cancelled by other professional accountancy body of which he is a member;

d) the certified public accountant or the certified auditor or the firm has acted in breach of the provisions of the Proclamation and this regulation;

e) the certified public accountant or the certified auditor has been convicted of an offence involving dishonesty, whether in Ethiopia or abroad jurisdiction for which he could have been sentenced to imprisonment without the option of a fine or in case of the firm with fine;

f) the certified public accountant or the certified auditor becomes legally interdicted.

g) the certified public accountant or the certified auditor or the firm has submitted incorrect information to the Tax Authority.
Where the board cancels a registration or practicing certificate, it shall also cancel the holder of the certificate from the professionals’ registration list of the board.

Where the board suspends a registration or practicing certificate, it shall suspend the holder of the certificate from any professional services for the period for which the certificate has been suspended.

Where the board suspend or cancel a registration or practicing certificate shall publish a notice, for three consecutive days, in not less than two daily newspapers of national circulation notifying the public of such cancellation or suspension.

23. Duration and Renewal of Registration

1/ A registration or practicing certificate issued in accordance with sub-article (1) or (2) of Article 21 of this regulation shall be valid for a period to be determined by the board.

2/ Any certified auditor may renew his practicing certificate by filing a written application to the board, not later than one month before the expiry of the practicing certificate, in such form and manner as the board may prescribe.

3/ Any certified public accountant or firm may renew the certificate of registration by filing a written application to the board, not later than one month before the expiry of the certificate of registration, in such form and manner as the board may prescribe.

4/ An application under sub-article (2) or (3) of this Article shall be accompanied by the prescribed fees and such information as the board may determine in its directives.

5/ The Board shall:

a) renew the certificate of the certified public accountant or the firm if the applicant satisfies the requirements specified in sub-article (3) of Article 17 or sub-article (3) of Article 20 of this regulation, respectively;
b) refuse to renew the certificate of the certified public accountant or the firm where the applicant:

(1) does not satisfy the requirements specified in sub-article (3) of Article 17 or sub-article (3) of Article 20 of this regulation, respectively; or

(2) is otherwise unfit to be registered as a certified public accountant or a firm.

c) renew the certificate of the certified auditor if the applicant satisfies the requirements specified in sub-articles (3) and (4) of Article 18 of this regulation;

d) refuse to renew the certificate of the certified auditor where the applicant:

(1) does not satisfy the requirements specified in sub-articles (3) and (4) of Article 18 of this regulation; or

(2) has had his license or approval to practice as a certified auditor suspended, cancelled or withdrawn, in any country; or

(3) is otherwise unfit to be registered as a certified auditor.

6/ Where the Board decided to refuses renewal of a certificate under this Article, it shall inform the applicant in writing of its refusal within five working days.

24. Prohibition against Practicing without Certificate

No person shall practice or hold himself out as a certified public accountant or certified auditor whether directly or indirectly, by himself or in partnership or association with any other person, except in accordance with the terms and conditions
of a valid certificate or registration or practicing certificate issued by the board

25. Change of Name or Particulars

Any certified public accountant, certified auditor or firm shall, whenever there is a change in the registered name or particulars, notify the board of such change within 14 days of the change occurring in such manner as the board may require in its directives.

26. Quality Assurance Review of Certified Auditors

1/ Without prejudice to the provision of Article 25 of the Proclamation, the board, or any other countries’ accountancy regulatory agencies, regional and sub-regional accountancy association and other international accountancy association, authorized by the board in writing, may review the practice of certified auditors and for that purpose, are authorized to:

a) inspect any relevant book, audit working papers and files, document and record in the possession, or under the control of the auditor, his partner, employee or persons associated with the auditor and make copies of or take any abstract of or extract from any such book, document and record; and

b) seek information or clarification from any partner, employee or persons associated with the auditor.

2/ For the purposes of sub-article (1) of this Article any certified auditor, his partner, employee or person associated with the auditor shall, at the request of the board or any person authorized by it in writing, produce any relevant book, audit working papers and files, document or record in his possession or under his control.
27. Publication

1/ The Board shall publish:

a) not later than three months after the end of its financial year, for three consecutive days, in not less than two daily newspapers of national circulation an annual list of professionals registered by the board;

b) maintain in its public register and on its website, a current list of names of professionals.

2/ The registers of professionals shall at all reasonable times be available for inspection by any person, on payment of the prescribed fee.

3/ The Board shall periodically publish an official report that shall contain such information that the Board may deem necessary.

4/ The Board may maintain an electronic homepage and publish an e-bulletin that shall contain such information that the board may deem necessary.

5/ The Board may cause to be published in its official report, on its homepage, e-bulletin or in a daily newspaper, the decisions of the board with respect to professionals and other activities of the board.

PART FOUR

EDUCATION AND EXAMINATIONS

28. Professional Qualifications and Contents of Education Programs

The Board shall, based on the standards of the International Federation of Accountants or its successors, develop qualification requirements and contents of education programs that meet the needs of both the government and private sectors efficiently and effectively.

29. Exam Administration and Quality Assurance

The Board shall establish twining arrangements with accountancy bodies accredited by the International Federation of Accountants or its successors and work in partnership with them in joint examination schemes for experience sharing and for ensuring that the board's qualification
requirements are high quality and can command international recognition.

PART FIVE
DISCIPLINARY PROCEEDINGS

30. Disciplinary Proceedings of the Board

1/ Without prejudice to the provisions of Articles 36 to 42 of the Proclamation, the Chief Executive Officer, upon the recommendation of the investigative officer or based on the information the board obtains on its own initiative, is satisfied that contraventions of the proclamation or this regulation or directives or the code of conduct issued hereunder may have been committed by a certified public accountant, certified auditor or firm, he may institute proceedings against the alleged violator and refer the case to the Hearing Examiners to be established pursuant to Sub-Article 3 of Article 38 of the proclamation.

2/ After the hearing, if, Hearing Examiners are of the opinion that the case under consideration has been proved wholly or in part, it shall make a finding to that effect and may make any one or more of the following orders against the defendant having regard to the nature and seriousness of the violation:

a) that the defendant be reprimanded or cautioned;

b) that the defendant's practicing certificate or certificate of registration be withdrawn;

c) that the defendant be suspended from practicing the profession for a specified period;

d) that the name of the defendant be removed from the register;

e) that the defendant pay a fine not exceeding Birr 25,000.

3/ No individual or firm whose practicing certificate or registration has been suspended or whose name has been removed from the register under sub-article (2) of this Article shall hold himself out as a certified public accountant, certified auditor or firm and his certificate shall be deemed to be cancelled until
The period of suspension has expired or until his name has been restored to the register following application in writing to the board.

4/ The decision of the Hearing Examiners to suspend or remove the name of any individual or firm from the register and to withdraw or suspend his certificate of registration or practicing certificate shall be effective immediately, notwithstanding any appeal which may be pending unless the hearing examiners expressly suspended the operation of their decision pending the outcome of such appeal.

PART SIX

MISCELLANEOUS PROVISIONS


1/ Notwithstanding the provisions of this regulation, any person who, immediately before the coming into force of this regulation:

a) was providing accounting or auditing services to reporting entity, may continue to provide such services for a period not exceeding five years beginning from the closing date for submitting of application for registration, if he applies for registration within six months of the entry into force of this regulation notwithstanding that he does not meet the requirements to act as a certified public accountant or certified auditor set forth in this regulation;

b) was providing accounting or audit services to a reporting entity, whether on his own account or in partnership with other persons under a firm name, may continue to provide such services for a period not exceeding five years beginning from the closing date for submitting of application for registration, if he applies for registration of the firm within six months of the entry into force of this regulation notwithstanding that he does not meet the requirements to operate under a firm name set forth in this regulation.
2/ The application of a person or a firm allowed under this Article to continue providing accounting or audit services without registering in accordance with this regulation shall be rejected after five years, if such person or firm fails to meet the requirements for registration set forth in this regulation within five years from the closing date for submitting of application for registration.

32. Power to Issue Directives
The Board may issue directives necessary for the proper implementation of this regulation.

33. Repealed and Inapplicable Laws
1/ Sub-article (3) of Article 5 of the Ethiopian Civil Service College Re-establishment Council of Ministers Regulation No.121/2006 is hereby repealed.

2/ No regulation or directive shall, in so far as it is inconsistent with the provisions of this regulation, be applicable with respect to matters provided for by this regulation.

34. Effective Date
This Regulation shall enter into force on the date of publication in the Federal Negarit Gazzette.

Done at Addis Ababa, this 14th day of January, 2014.

HAILEMARIAM DESSALEGN
PRIME MINISTER OF THE FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA