

PUBLIC ACCOUNTANTS AND AUDITORS BOARD ZIMBABWE

[Incorporated in terms of the Public Accountants and Auditors Act Cap.27.12]

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PRACTISING RIGHTS IN ZIMBABWE

Preamble: When providing professional accounting or auditing services, members of the profession must comply with the rules of their professional body and with the Public Accountants' and Auditors' Act.

Accounting Services:

Persons registered with the Board either as:

- a Registered Public Accountants with an Accounting Practising Certificate, or
- a Registered Public Auditor with an Audit Practising Certificate,

may provide accounting services directly to the public.

It is illegal for a Registered Public Accountant to practise (i.e. provide accounting services directly to the public) unless he or she is also a holder of a practising certificate. (Sections 26 and 38 of the Public Accountants' and Auditors' Act.)

Auditing Services: Only Registered Public Auditors with an Audit Practising Certificates may carry out audits (sections 26 and 38 of the Public Accountants' and Auditors' Act).

- "Audit" is defined in subsection (1) of section 2 of the Act as:
"the verification or certification of financial statements, financial transactions, books, accounts or records."
- Subsection(2) of section 2 of the Act reads:
"a person shall be deemed to practise as a public auditor if he carries out or offers to carry out an audit or auditing services for hire or reward."
- "Honorary audit" is defined in subsection (1)(b) of section 39 which exempts persons who perform them from the provisions of section 38 and permits them to style themselves "honorary auditors". The definition of an honorary audit is:
"without receiving any fee or reward, prepares or reports on the accounts of a club, society institute or other association not established for the acquisition of gain, ..."
- Section 38 deals with offences by unregistered persons.
- For the removal of doubt, a person employed by a Registered Public Accountant or Auditor is not regarded as practising as an accountant or auditor (section39(3)).
- Exemption is also provided for members of the public service required to carry out accounting and auditing services in the course of their duty. (section39(4))

Corporate and Partnership Practices: Subsection (5) of section 39 provides for corporate bodies and partnerships to practice.

"(5) Notwithstanding section thirty eight, a company or partnership whose directors or partner, as the case may be -

- (a) are registered public accountants or registered public auditors; and
- (b) hold practising certificates; and

(c) directly control and manage the provision of accounting or auditing services by the company or partnership; may practise as public accountants or public auditors.”

Subsection (5) requires that the accounting/auditing service is directly controlled and managed by a registered member of the profession and it is important to ensure that the management and control of the service is not diluted in any way. A Registered Public Auditor must manage and control any audit carried out by a corporate or partnership practice and must sign any audit report produced.

In addition, this subsection should always be read in conjunction with the establishing Act of the client. The establishing Act may contain provisions limiting the categories of auditor that may be appointed. The Companies Act for example, does not permit a company to audit a company. In other Acts, the approval of the Minister is necessary for the appointment of an auditor e.g. the Public Accountants and Auditors Act. Other Acts have no restrictions at all e.g. the Chartered Accountants Act.

There are no restriction on the provision of accounting services by companies to companies.

USE OF DESIGNATIONS BY PRACTISING FIRMS

Introduction: Section 37 of the Public Accountants and Auditors Act provides for the use of the designations and initials:

- *Registered Public Accountant (Zimbabwe) or R.P.Acc.(Z)*
- *Registered Public Auditor (Zimbabwe) or R.P.A. (Z).*

Unauthorised Use of Designations: Section 38 of the Act makes it an offence for persons other than registered public accountants and registered public auditors to use those designations or any other name, title, description or letters indicating that he is a registered public accountant or auditor.

The use of plural forms of the designations by sole practitioners is not correct.

Correct Use of Designations: Legislation and legal documents, if they specify accountancy qualifications, usually refer to Registered Public Auditors or Registered Public Accountants. The Companies Act, the establishing Acts of most parastatals, and most tender documents also do this.

All registered public accountants and auditors should therefore use the appropriate designations specified in the Public Accountants and Auditors Act on legal documents and on their letterheads; and, when used with other designations, the Public Accountants and Auditors Board designation should normally appear first.

Companies and Partnerships: Subsection (5) of section 39 of the Act permits partnerships and companies to practise and to designate themselves appropriately provided they meet the prescribed conditions (see above).