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INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS OF ETHIOPIA

CONSTITUTION

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Commencement: This Constitution shall come into operation as from the date of its approval by the **XXX**

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This Constitution is consistent with the By-laws of the Institute of Certified Public Accountants of Ethiopia and is binding on all its Members, Technicians, Students and Regional Associations.

1. Name

The name of the Institute is the Institute of Certified Public Accountants of Ethiopia.

2. Definitions

- 2.1. "Board" means the Board of the Institute;
- 2.2. "By-laws" means the By-laws of the Institute in force under this Constitution;
- 2.3. "Chief Executive Officer" means the Chief Executive Officer of the Institute;
- 2.4. "Council" means the Council of the Institute;
- 2.5. "Regional Association" means an association of members in a particular region of Ethiopia;
- 2.6. "Interest group" means an interest group identified and recognized as such by the Council. The interest groups identified and recognized by the Council at the date of adoption of this Constitution are defined in the Appendix to the By-laws;
- 2.7. "Foreign Members" means members of the Institute that are based in foreign countries;
- 2.8. "Institute" means the Institute of Certified Public Accountants of Ethiopia
- 2.9. "Member" means a person who has satisfied the requirements for membership pursuant to the By-laws and who has been admitted to membership of the Institute;
- 2.10. "President" means the President of the Institute;
- 2.11. "Region" means a region as determined by the Council from time to time; the regions determined as such by the Council at the date of adoption of this Constitution are more fully defined in the Appendix to the By-laws;
- 2.12. "Registered Address" means a Member's address as defined in the By-laws;
- 2.13. "Student" means a person who is in the permanent employment of an accredited training office recognized by the Council and who is serving under a training contract supervised by a Member of ICPAE in good standing;
- 2.14. "Accounting Technician" means a person who has passed the qualifying accounting technician examination with a syllabus approved by the Institute of Certified Public Accountants of Ethiopia

3. Legal Status

The Institute is a body corporate with perpetual succession capable of suing and being sued in its own name and of performing such activities as are necessary for, or incidental to the achievement of its objectives, the exercise of its powers and the performance of its functions and duties under this Constitution or under any statute of the Federation of Ethiopia.

4. Membership and Designations

Admission to the Institute membership is granted to applicants who have satisfied the admission requirements in terms of Section 26 of the Institute's By-laws and remain in good standing. Only a Certified Public Accountant who is a Member in good standing is entitled to use the designation reserved for Members of the Institute as outlined by the Institute By-laws.

5. Objectives

The Institute aims to ensure high-quality performance by professional accountants. To achieve this, the Institute has an obligation to support the (a) adoption and implementation of international standards and other pronouncements issued by the International Auditing and Assurance Standards Board (IAASB), International Accounting Education Standards Board (IAESB), International Ethics Standards Board for Accountants (IESBA), International Public Sector Accounting Standards Board (IPSASB), and International Accounting Standards Board (IASB), as well as (b) the establishment of quality assurance and investigation and disciplinary systems.

In addition, the Institute aims to support a strong relevant and sustainable accountancy profession in Ethiopia that is dedicated to the promotion of the public interest. The objectives of the Institute include to:

- 5.1. Support Members and promote their interests;
- 5.2. Create a supply chain of students and conduct programs to promote and facilitate the education and training of Certified Public Accountants so that new members reflect the ethnic, regional and gender demographics of Ethiopia.
- 5.3. Support and promote the practice of accounting and auditing;
- 5.4. Support AABE in the conduct of Quality Assurance as appropriate
- 5.5. Support, promote and monitor the professional independence of its Members;
- 5.6. Support, promote and monitor high standards of professional behavior by Members and Students of the Institute;
- 5.7. Perform Investigation and Disciplinary activities by monitoring and undertaking inquiries into the conduct and practices of Members and Students. Taking necessary disciplinary action against Members and Students including the termination of their membership or registration and/ or their expulsion from the Institute as needed;
- 5.8. Preserve and maintain the integrity and status of the profession;
- 5.9. Comment on actual or impending legislation in Ethiopia affecting the accountancy profession or otherwise. Apply for, petition for or promote any Proclamation of Parliament desirable for the improvement or enhancement of the accountancy profession;
- 5.10. Support or undertake research into accounting, auditing, financial management and related matters. Provide Members and Students with information on developments in professional thought and methods both inside and outside Ethiopia;
- 5.11. Provide opportunities for networking and collaboration among Members and students;
- 5.12. Take steps to enable the accountancy profession (as far as is practicable) to speak with one voice on matters of national or international importance affecting the profession;

- 5.13. Collaborate with other professional and regulatory organizations impacting the accountancy profession;
- 5.14. Apply for membership of and/or co-operate with regional and international organizations representing the interests of the accountancy profession;
- 5.15. Publish, distribute and sell publications (books, pamphlets or other publications) to Members, students and members of other professions and interested members of the public, relating to the professional affairs of the Institute or of its members or relating to the accountancy profession;
- 5.16. Support and facilitate lifelong learning and continuous professional development products and services to Members, students, members of other professions and interested members of the public, and to charge reasonable fees to persons attending such courses;
- 5.17. Co-operate with and, if necessary, assist those educational institutions and regional associations which provide education and training for persons wishing to qualify as Certified Public Accountants of Ethiopia
- 5.18. Keep and make available a database of Members and Students to allow for verification of registration;
- 5.19. Collaborate with Accounting and Auditing Board of Ethiopia in the formulation of and assist with implementation of International Financial Reporting Standards (IFRS), International Standards on Auditing (ISA), International Public Sector Accounting Standards (IPSAS), the Code of Ethics for Professional Accountants for Ethiopia, and other international standards as deemed appropriate;
- 5.20. Assist and co-operate with the Accounting and Auditing Board of Ethiopia with regard to the monitoring of the Institute's professional development program, including professional education and training;
- 5.21. Collaborate with other representative bodies of professional organizations regarding the accountancy profession;
- 5.22. Establish, support or administer, or aid in the establishment of or administration of employee/member entities aimed to provide insurance and/or life benefits to employees, Members and Students of the Institute;
- 5.23. Establish and, where appropriate, register approved training schemes and trainers, regulate services provided under such training schemes, prescribe the fees payable in respect of such training schemes, and monitor and oversee adherence to a high standard of training;
- 5.24. Collaborate at all times with the regulator of higher and tertiary education in Ethiopia;
- 5.254. Collaborate with AABE in the areas of accounting education, examination and certification;
- 5.26. Set the education and training assessment requirements to be obtained by any person wishing to become a Member or Student or entitling any person to exemption from the requirements to be complied with by such persons, as well as the fees which shall be payable to the Institute in respect of such exemptions;

- 5.27. Facilitate, conduct or participate in domestic and international projects that enhance the standing of the profession or that promote the profession and its leadership role on matters relating to the accountancy profession;
- 5.28. Lead on all matters which are in the interests of Members, Students and the general public in relation to matters of concern to the accountancy profession;
- 5.29. Establish entities or enter into partnerships as necessary to achieve Institute objectives;
- 5.30. Undertake any other activities or programs which may be incidental or conducive to attaining Institute objectives.

6. Council

The affairs of the Institute shall be governed by a 50 Member Council comprised of:

- 6.1. Forty-eight (48) members: Six (6) members from each of the first five (5) regions listed in Appendix 1 to the By- laws. Three (3) members from each of the other six (6) regions listed in Appendix 1 to the By- laws. The Chairperson of each Regional Association Councils must be selected as one of the members to represent the Regional Association on the Council;
- 6.2. One (1) member representing the Ministry of Finance; and
- 6.3. One (1) member representing the Office of the Auditor General.

The Chief Executive Officer (CEO) and one (1) member from the Institute Secretariat recommended by the CEO shall both be ex-officio members of the Council.

7. Powers of the Council

- 7.1. In discharging its duties, the Council shall exercise and/or delegate any or all powers of the Institute to the CEO, except such powers as are expressly reserved by the provisions of this Constitution to the Members.
- 7.2. Without limiting its powers as generally described in paragraph 7.1 and in addition to powers granted to it elsewhere in this Constitution or the By-laws, the Council shall have powers to:
 - 7.2.1. Propose for approval by the Membership, amendments to the Constitution and By-laws of the Institute;
 - 7.2.2. Issue administrative instructions, by-laws or regulations on but not limited to the implementation of the IFAC's SMOs, the operations of the Institute and its committees;
 - 7.2.3. Interpret the Constitution and By-Laws of the Institute;
 - 7.2.4. Propose any changes to the Membership fee structure payable by Members, Technicians and Students;
 - 7.2.5. Present the Annual Report including Financial Statements to the Membership and the Annual General Meeting;

- 7.2.6. Elect the President, Vice President and Treasurer of the Institute;
- 7.2.7. Appoint the CEO of the Institute;
- 7.2.8. Establish a relevant number of committees in specialized areas of the accounting and auditing profession to advise on, direct, and implement the Objectives of the Institute;
- 7.2.9. Receive and accept donations, grants and other moneys for use in furthering the Institute's objectives;
- 7.2.10. Purchase or otherwise acquire, take on lease or hire, exchange, improve, sell, mortgage, pledge, let, dispose of or otherwise deal in property of any description whatsoever;
- 7.2.11. Raise or borrow or secure any sum of money or secure the performance of any obligation in such manner and upon such terms and conditions as it deems fit and, in particular, by the execution of mortgage or notarial bonds or the issue of debentures or debenture stock charged upon all or any of the property of the Institute;
- 7.2.12. Invest the funds of the Institute or any portion thereof in such securities and in such manner as the Council may from time to time determine;
- 7.2.13. Open and operate banking accounts and savings accounts with registered banking institutions;
- 7.2.14. Apply and use the funds and income of the Institute to promote the objectives of the Institute;
- 7.2.15. Initiate and defend legal proceedings;
- 7.2.16. Appoint any person as the CEO of the Institute and determine his/her duties, remuneration and other terms of employment;
- 7.2.17. Pay reasonable travelling, subsistence and other expenses incurred in connection with the affairs of the Institute by any Members, associates or trainee accountants of the Institute or the Council or any officer or employee of the Institute;
- 7.2.18. Enter into contracts and authorize the settling of the terms of and the signature of any contract or any other document;
- 7.2.19. Interpret any clause of the Constitution or By-laws if any dispute arises as to its meaning, such interpretation being binding on the Members, associates or trainee accountants of the Institute if accepted by not less than fifty percent (50 %) plus one (1) Members of the Council or their alternates;
- 7.2.20. Prescribe the form of the instrument appointing a proxy; and
- 7.2.21. Do whatever the Council deems necessary to enable it to carry out the objectives of the Institute, exercise the powers and perform the functions and discharge the duties given to or imposed upon it in terms of this Constitution

8. President

The Council shall elect from among its members, a President, whose responsibilities shall include:

- 8.1. To convene and chair meetings of the Membership;
- 8.2. To chair meetings of the Council;
- 8.3. Together with the Chief Executive Officer, to represent the Institute nationally and internationally;

- 8.4. To submit the annual report to the Membership at the Annual General meeting;
and
- 8.5. To undertake all other tasks in the fulfilment of the Institute's Objective.

9. Election of Council President, Vice President

- 9.1. The President, and Vice President shall be elected by the Council.
- 9.2. The President's term of service shall be two years with no option for renewal.
- 9.3. The Vice President's term of service shall be two years without the right of re-election.
The Vice -President shall at the end of his or her tenure become President.

10. Committees

10.1 The Council may appoint committees as provided for in the By-laws to assist it in the performance of its functions and duties. In appointing any such committees, the Council shall have regard to the need of the reasonable representation of each region in Ethiopia.

10.2 The composition of each committee shall be determined by the Council and Members to a committee will be appointed by the Council if they meet the requirements of the call for nominations to a committee as published by the Nominations Committee.

10.3 The Council may at the request of a committee chair co-opt onto a committee persons who are not members of the Institute but who possess such qualifications and experience that are deemed necessary for the effective discharge of the tasks of the committees. Members shall always comprise the majority on any committee.

10.4 The terms of reference of non-members to be co-opted onto committee will be determined by the chair of the committee in consultation with the Nominations Committee who will publish a call for nominations.

10.5 Council will prescribe by regulation or other administrative order the constitution and quorum of each committee established and may prescribe the proceedings to be followed at each Committee.

10.6 The Council may at any time discharge any Committee in whole or in part.

11. The Board

The Council members shall select by voting, 8 members from among themselves to serve on the Board of the Institute. To qualify for selection to the Board, Council members must have served on Council for not less than 2 years. Of the 8 members, 5 seats shall be reserved for the 5 regions in accordance with Section 6.1 of this Constitution, and 3 seats shall be reserved for the other 6 regional associations as per Section 6.1 of this Constitution. The CEO shall attend Board meetings as an *ex-officio* member.

12. Board Functions

The Board's functions are to:

- 12.1 Ensure the strategic objectives of the Institute are set and achieved;
- 12.2 Establish policy framework within which the Institute operates;
- 12.3 Ensure the Council and its committees discharge their functions appropriately;
- 12.4 Appoint and evaluate the performance of the CEO;
- 12.5 Ensure the Institute maintains a robust process of risk management; and
- 12.6 Ensure the Institute adheres to high standards of ethics.

13. Assets of the Institute

- 13.1. Assets of the Institute consist of cash, movable property, real estate, as well as any form of property right that the Institute has gained in accordance with applicable law, this Constitution or By-laws.
- 13.2 The Institute acquires its assets from: (i) government funding; (ii) membership fees; (iii) donations (including funding from international donor organization); or (iv) other economics activities the organization is able to engage in based upon applicable law, this Constitution and Institute By-laws.
- 13.2 The Institute shall, subject to the provisions of this Constitution, apply its funds and income exclusively in promoting the objectives of the Institute or for investment purposes.
- 13.3 The Institute shall not distribute any surpluses or gains by way of dividend or otherwise to its Members, Students or to any other person.
- 13.4 The Council is responsible for the management of Institute assets. The President of the Council is required to file an annual report as to any dealings with these assets throughout the reporting year.

14. Business Relations with Members

- 14.1. The Institute may not have an interest in any business which is carried on by its Members.
- 14.2. No Member of the Institute may directly or indirectly have any interest in the Institute.

15. Annual General Meeting and Members' Eligibility to Vote

- 15.1. The annual general meeting of the Institute shall be held at the head office of the Institute, or such other place as determined by the Council, for the purposes of transacting the following business:
 - 15.1.1. To consider the annual financial statements;
 - 15.1.2. To consider the reports by the Council President and the CEO;
 - 15.1.3. To consider the report of the auditors;
 - 15.1.4. To appointment auditors for the coming year.
- 15.2. The annual general meeting shall be held on a date and at a time determined by the Council, but no later than 6 months after the end of the financial year of the Institute.

- 15.3. Thirty (30) days' notice of an annual general meeting, specifying the place, date and time of the meeting, the agenda of the issues to be dealt with, voting papers and proxy voting papers in the event a Member cannot attend, shall be sent to each member at his or her registered address or to his or her email address.
- 15.4. The quorum at an annual general meeting shall be 50% + 1 of the total Members personally present who are entitled to vote. Unless there is a quorum within 1 hour of the time set for the meeting to start, the meeting shall be adjourned for the same time, at the same place and on the same day of the next week, and if such day be a public holiday, to the next business day thereafter. At an adjourned meeting the Members present shall form a quorum and shall have full power to transact the business of the meeting which could have been transacted had the meeting been held on the date for which it was originally set.
- 15.5. Every Member of the Institute who is not in arrears in the payment of his or her annual subscription or any contribution or charge payable by him or her to the Institute shall be entitled to be present in person or by proxy at an annual general meeting and is entitled to vote. Each such Member shall have one vote. Subscription fees for all Members are due on the first day of the financial year of the Institute and are payable within that month. All voting shall be by poll by those Members present in person or by proxy. Proxies in the form laid down by the Council shall be lodged at the head office of the Institute not less than 48 hours before the time of the meeting.
- 15.6. Every motion proposed and seconded at an annual general meeting of the Institute shall be decided by way of a poll. A poll demanded on any issue other than the meeting of the business as reflected in the agenda, shall be taken at such time as the Institute President or any person chairing the meeting directs. A poll shall be taken in such manner as the Institute President or any person chairing the meeting directs and the result of the poll shall be deemed to be the resolution of the meeting.

16. Special General Meetings

- 16.1. The Council shall, whenever it deems fit, on the receipt of a written requisition expressing the objects of the proposed meeting and signed by not less than 15% of the Members in good standing specifying the business required to be dealt with at that meeting (which business shall be expressed in the form of a resolution which shall be voted on at that meeting without amendment), call a special general meeting.
- 16.2. The notice calling such special general meeting shall be issued by the Council within 2 weeks of the receipt of the request, and the provisions relating to the annual general meeting, shall apply to such a special general meeting.

17. By-laws

- 17.1. The By-laws of the Institute shall be those supporting this Constitution.
- 17.2. The Council may from time to time amend these By-laws and/or make new By-laws.
- 17.3. The Council, in amending and making new By-laws, may cover any matter which the Council considers necessary or expedient to prescribe for the better execution of this Constitution and the furtherance of the objects of the Institute.

18. Indemnities

18.1. Every member of the Council or of any committee appointed by it and every officer and employee of the Institute shall be indemnified by the Institute against claims made against him or her and any losses and expenses incurred by him or her in or about the execution of his or her duties, except claims, losses or expenses arising from his or her own fraud or willful default.

18.2. No Member, Technician or Student of the Institute shall have any claim against the Institute, or against a Member of the Council or of any committee appointed by it, or against any officer or employee of the Institute, in respect of anything done *bona fide* by it or them or any of them in the execution of their duties.

19. Professional Indemnity

Members of the Institute in public practice shall hold personal professional indemnity insurance to cover them for any liability arising from their professional services in auditing. Council shall set the indemnity cover and limits applicable to the Members.

20. Limitations of Liability

20.1. A Member, Technician or Student of the Institute shall not have any liability for any commitments undertaken by the Institute. All persons shall be deemed to contract or deal with the Institute on this basis.

20.2. The liability of a Member, Technician or Student is limited to the payment to the Institute of any outstanding fees, subscriptions and contributions and settlement of any other debts to the Institute which he or she may have incurred.

21. Amendment of the Constitution

The Constitution may be amended from time to time subject to approval of such amendments by not less than 75% of the Members of the Institute who are present in person or by proxy at a General Meeting of which the requisite notice has been given with full particulars of the proposed amendments.

22. Dissolution of the Institute and Distribution of Its Assets

22.1. The Institute may be dissolved in terms of the provisions of the By-laws by a resolution of not less than 75% of the Members who are present in person or by proxy at a General Meeting duly convened and constituted for that purpose.

22.2. Members, Technicians and Students shall not have any claim in respect of any surplus there may be upon dissolution of the Institute, which shall be dealt with in terms of the By-laws.

22.3. Upon dissolution of the Institute, no person who ceased to be a Member or Student of the Institute or the executors, administrators, heirs or assigns of such person, shall have any claim to or against the Institute by reason only of such previous membership or registration.

22.4. Upon dissolution of the Institute, its funds shall be dealt with in accordance with the provisions of this Constitution and the By-laws.

22.5. Upon dissolution of the Institute, any of its funds or assets remaining after the payment of the debts and expenses of the Institute and the costs of dissolution shall be distributed to or amongst organizations with objectives similar to those of the Institute, including

educational institutions (but excluding individual Members, Technicians and Students or organizations controlled by such Members, Technicians and Students) as the Council shall decide.

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