



**ACCELERATED PROGRAMME FOR ECONOMIC  
INTEGRATION**

**MUTUAL RECOGNITION AGREEMENT**

**AMONG**

**THE REPUBLIC OF MALAWI, THE REPUBLIC OF  
MAURITIUS, THE REPUBLIC OF MOZAMBIQUE THE  
REPUBLIC OF SEYCHELLES AND THE REPUBLIC OF  
ZAMBIA**

**FOR**

**THE MUTUAL RECOGNITION OF PROFESSIONAL  
ACCOUNTANTS AND AUDITORS**

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## **Agreement among the Republic of Malawi, Republic of Mauritius, Republic of Mozambique, Republic of Seychelles and Republic of Zambia:**

### **PREAMBLE**

*WHEREAS* the Republic of Malawi, the Republic of Mauritius, the Republic of Mozambique, the Republic of Seychelles and the Republic of Zambia have entered the Memorandum of Understanding for Facilitation of Movement of Business Persons and Professionals Between APEI Countries;

*AND WHEREAS* under Article 14 Memorandum of Understanding on the Movement of Business Persons and Professionals, APEI countries will encourage competent authorities to enter into cooperation agreements on the recognition of qualification requirements, qualification procedures and licensing, certification or registration requirements and procedures;

[...]

*HAVE AGREED* to enter into this Mutual Recognition Agreement Among The Republic Of Malawi, The Republic Of Mauritius, The Republic Of Seychelles And The Republic Of Zambia For The Mutual Recognition Of Professional Accountants And Auditors:

### **ARTICLE 1**

#### **DEFINITIONS**

In this Agreement:

“**APEI**” means Accelerated Programme for Economic Integration;

“**Accountancy**” means the theory and practice of the science of accounting, or the profession or business of an professional accountant and/or auditor. The field of accountancy includes the study and practice of accounting, auditing, finance, financial management and/or tax.

“**Assessment or Evaluation**” means a particular process for reporting or comparison of achievement against criteria, standards, or benchmarks;

“**Audit**” means the independent examination of financial statements in accordance with international standards on auditing, whose purpose is to express an opinion of whether financial statements are

prepared in all material respects in accordance with the financial reporting framework prescribed in the Party State in which the entity is based, and “auditing” shall be construed accordingly;

“**Auditor**” means the person or persons conducting the audit, usually the engagement partner or other members of the engagement team, or, as applicable, the firm. Where an International Standard on Auditing expressly intends that a requirement or responsibility be fulfilled by the engagement partner, the term “engagement partner” rather than “auditor” is used. “Engagement partner” and “firm” are to be read as referring to their public sector equivalents where relevant.

“**Benchmark**” means an agreed standard by which others can be measured;

“**Certification**” means the issuance of a certificate or license to those who have met specified requirements for practice;

“**Code of ethics**” means the Code of Ethics for Professional Accountants issued by IFAC, as may be amended from time to time;

“**Competent Authority**” means a statutorily established, or designated regulatory body or, in absence of which, any institution designated by a Party State to carry out the functions required by this agreement;

“**Criteria or Standards**” means a specification of qualifications required to be met;

“**IFAC**” means International Federation of Accountants;

“**Qualification**” means the formal recognition that an individual has attained a professional designation or has been admitted to an IFAC member body;

“**License**” means an authorization issued by the Competent Authority in a Party State enabling an individual to practice as a professional accountant and/or auditor;

“**Professional Accountancy Organization**” means membership body comprised of individual professional accountant or auditors, auditors, and/or accounting technicians who perform a variety of roles in the accountancy field and adhere to high-quality standards of practice;

“**Professional Accountant**” means a person who has expertise in the field of accountancy, achieved through formal education and practical experience and maintained through continuous learning and development; is held to high professional standards equivalent to the International Ethics Standard Board for Professional Accountants Code of Ethics for Professional Accountant or auditors and International Accounting Education Standards Board, and whose compliance with such standards is subject to enforcement by a professional accountancy organization or regulatory mechanism.

“**Professional misconduct**” means either conduct which contravenes the provision of the relevant statute governing the profession in the Receiving State; the unlawful disclosure or use to an Professional Accountant’s or Auditor’s advantage of any information acquired in the course of

professional work on behalf of a client; dishonest, fraudulent or deceitful conduct; the commission of an offence under any other law; conduct that is prejudicial to the accountancy profession or is likely to bring it into disrepute; or the breach or encouragement to breach by another member of the relevant code of ethics or accounting or auditing pronouncements.

**“Receiving State”** means the State where the professional accountant or auditor seeks to acquire a license;

**“Recognition”** means acceptance of a license by the Competent Authority of a Receiving State and the issuance of a practicing certificate;

**“Register”** means the record of professional accountants and/or auditors kept by the Competent Authority in a Party State according to the law of that Party State;

**“Registrar”** means the Council, Board or Secretary of the Competent Authority in a Party State responsible for the register;

**“Registration”** means the process of recording in a Register and issuance of a registration certificate to those applicants that meet the specified requirements within a Party State

**“Sending State”** means the state where the professional accountant or auditor acquired their latest license.

## ARTICLE 2

### FULFILLMENT OF OBLIGATIONS

The Parties shall implement their obligations under this Agreement by acting through:

- (i) Malawi Accounting Board and Institute of Chartered Professional Accountants of Malawi in their capacity as the Competent Authorities of the Republic of Malawi,
- (ii) The Mauritius Institute of Professional Accountants and The Financial Reporting Council in its capacity as the Competent Authorities of the Republic of Mauritius,
- (iii) Ordem Dos Contabilistas E Auditores De Moçambique in its capacity as the Competent Authority of the Republic of Mozambique,
- (iv) The Competent Authority designated by the Republic of Seychelles,
- (v) Zambia Institute of Chartered Professional Accountants in its capacity as the Competent Authority of the Republic of Zambia, and

- (vi) Any competent authority designated by a State acceding to this agreement under Article {Accession}

### **ARTICLE 3**

#### **PURPOSE**

The purpose of this Agreement is:

- (i) To facilitate the movement of professional accountants and auditors within the APEI Member States to provide services as agreed in this Agreement; and
- (ii) establish mutual recognition of professional accountants' and auditors' qualifications and encourage the adoption of high standards of practice and commitment to professional development in the accountancy profession in the Party States

### **ARTICLE 4**

#### **SCOPE OF AGREEMENT**

This Agreement shall apply to professional accountants and auditors who are nationals or permanent residents of a Party State.

### **ARTICLE 5**

#### **OBJECTIVES**

The objectives of this Agreement are:

- i) To facilitate mobility of professional accountants and portability of qualifications to enable the realization of commitments made by Party States for the movement of business persons and professionals;
- ii) To encourage and support the improvement of standards of education and training, and provide advice on professional development in the accountancy profession in the Party States; and
- iii) To facilitate the exchange of information in order to promote adoption of best practices on standards of accountancy education, professional qualifications and professional practice and ethics.

**ARTICLE 6****RECOGNITION**

## 1. “Professional Accountant”

A Professional Accountant who:

- a. Is a national or a permanent resident<sup>1</sup> of an APEI Party State;
- b. Possesses a current and valid registration as a professional accountant issued by an IFAC member body in the Sending State;
- c. Is member in good standing of the professional accountancy organization in the Sending State;
- d. Until such time as the development of Common Frameworks under Article {Common Frameworks}, passes examinations in company law and taxation as may be required by the Receiving State;
- e. Pays the required fee and meets the language requirement as may be required by the authorities in the Receiving State; and
- f. Has no record of conviction for any criminal offence of an economic, financial or fiscal nature in the Sending State;

shall be recognized and registered as a professional accountant by the Competent Authority of a Receiving State.

## 2. “Auditor”

A Professional Accountant who:

- a. Is a national or permanent resident<sup>2</sup> of an APEI Party State;
- b. Possesses a current and valid professional licence as an auditor issued by a Competent Authority in the Sending State;

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<sup>1</sup> Permanent residents must have been resident in the APEI Party State for at least 10 years in the period immediately prior to submitting an application under this provision.

<sup>2</sup> Permanent residents must have been resident in the APEI Party State for at least 10 years in the period immediately prior to submitting an application under this provision.

- c. A member in good standing of the professional accountancy organization in the Sending State;
- d. Audit experience obtained either under the supervision of a licensed auditor, or in an audit environment, for a period no less than 7 years;
- e. Until such time as the development of Common Frameworks under Article {Common Frameworks}, passes examinations in company law, taxation and/or a competence practice examination, as may be required by the Receiving State;
- f. Pays the required fee and meets the language requirement as may be required by the authorities in the Receiving State; and
- g. Has no record of conviction for any criminal offence of an economic, financial or fiscal nature in the Sending State

shall be recognized and issued a practicing licence an auditor by the Competent Authority of a Receiving State.

## **ARTICLE 7**

### **NATIONAL TREATMENT**

Fees, charges and examination requirements shall be transparent and shall not discriminate on the basis of nationality.

## **ARTICLE 8**

### **SCOPE OF PRACTICE**

1. A Professional Accountant or Auditor, who has been recognized under Article {Recognition}, shall practice in accordance with the domestic laws and regulations of the Receiving State.
2. A Professional Accountant or Auditor, who has been recognized under Article {Recognition}, enjoy the same rights, duties and obligations as a Professional Accountant or Auditor as appropriate in the Receiving State.



## **ARTICLE 9**

### **PROCESSING TIMES**

1. Upon receipt of an application, a Competent Authority shall, at the time of application, determine whether the application is complete. If an application is incomplete, the applicant shall be notified immediately. The applicant shall be given the opportunity to submit another application.
2. A Competent Authority shall verify, if it deems necessary, from the Competent Authority of the applicant's Sending State that the applicant is in good standing with the Competent Authority.
3. A Competent Authority where such information is requested shall provide such verification within 5 working days from receipt of the request.
4. Upon receipt of a complete application, the Competent Authority shall make a decision within 20 working days.
5. When a decision is made by the Competent Authority, the applicant shall be notified of the decision within 5 working days of the decision.
6. The Competent Authority shall register an applicant and issue the license within 5 working days from the date of the decision to register the applicant.
7. Where an application for a license is rejected, the Competent Authority shall notify the applicant in writing within 5 working day of the reasons for the rejection.

## **ARTICLE 10**

### **TRANSPARENCY**

1. Competent Authorities shall make available on a website a list of all the documentation required to be submitted with an application to be considered complete.
2. The Competent Authorities shall develop a common website for the sharing of information and the submission of applications for recognition under this Agreement.

## **ARTICLE 11**

### **IMPROVING STANDARDS**

1. Competent Authorities shall ensure that accounting and auditing instruction within their jurisdiction meets the International Education Standard issued by IFAC.
2. Competent Authorities shall oversee the quality and competence of professional accountants and auditors through appropriate licensing or registering them, and providing minimum standards for initial and continuing education and professional conduct.

## **ARTICLE 12**

### **COMMON FRAMEWORKS**

1. Competent Authorities shall develop, within 5 years after the entry into force of this Agreement, common examinations for the admission of professional accountants and auditors in the APEI Region.
2. Common examinations may be subject to a uniform fee.
3. Competent Authorities shall develop, within 5 years after the entry into force of this Agreement, procedures for undertaking joint audit quality reviews.

## **ARTICLE 13**

### **CODE OF CONDUCT AND DISCIPLINARY PROCESSES**

1. Competent Authorities shall comply with the Code of Ethics for Professional Accountants issued by IFAC.
2. In the event of alleged professional misconduct arising out of a professional accountant's or auditor's work in a Receiving State, the receiving Competent Authority shall assume responsibility for the conduct of disciplinary proceedings against the Professional Accountant or Auditor.

3. Where a receiving Competent Authority investigates the conduct of, or takes disciplinary proceedings against, a Professional Accountant or Auditor, any Competent Authority of a Party State where the Professional Accountant is licensed shall cooperate with the investigation or disciplinary proceedings by providing all relevant information and documentation.
4. Where a receiving Competent Authority initiates disciplinary proceedings against an Professional Accountant or Auditor under this article, it shall assume full responsibility for conduct of the proceedings and, subject to any agreement between or among the Competent Authorities, for the cost of the proceedings.
5. The Competent Authority of a Receiving State shall take appropriate disciplinary action involving suspension, expulsion and/or payment of fines, or any other sanction, against an Professional Accountant or Auditor from another Party State who violates its code of ethics or regulations of professional practice within its territory.
6. In any proceeding under this Article, a duly certified copy of the disciplinary decision rendered by a receiving Competent Authority against a member found guilty of misconduct is proof of that member's guilt.
7. The receiving Competent Authority that takes disciplinary action against an professional accountant or auditor shall within 5 working days of taking of action notify the Competent Authorities of other Party States of the action taken.
8. The Competent Authorities notified of the action taken shall within 5 working days from receipt of the notification take steps to enforce the disciplinary sanction, where applicable.
9. A Competent Authority of a Receiving State shall provide for a procedure for appeal of any disciplinary action in its procedures.

#### **MUS- : ARTICLE 14**

##### **MEMBERSHIP OF PROFESSIONAL ACCOUNTANCY ORGANIZATIONS**

A professional accountant or auditor who has been recognized under Article {Recognition} shall be eligible for membership in the professional accountancy organization in the Receiving State.

## **ARTICLE 15**

### **IMPLEMENTATION MECHANISMS**

1. The APEI Professional Accountants and Auditors Committee (hereinafter referred to as the APAAC) is hereby established.
2. Membership of the APAAC shall comprise of three members from each jurisdiction; being two representatives from the Competent Authorities and a representative from the policy Ministry.
3. The APAAC shall be led by a Chairperson, who shall be appointed by the Chairperson of the APEI Committee.
4. The APAAC shall determine its own procedure including that of appointing sub-committees, convening its meetings and the conduct of business.
5. The APAAC shall have power to co-opt from time to time any person as a member of the committee as it may deem necessary.
6. The function of the APAAC shall be to oversee the implementation of this Agreement including through:
  - i. monitoring the implementation of this Agreement;
  - ii. reviewing the implementation of this Agreement and recommending action where necessary;
  - iii. cooperation on training, practice standards and ethics; and
  - iv. coordinating the mutual exchange of information relating to the accountancy profession and the adoption of best practices.

## **ARTICLE 16**

### **DISPUTE SETTLEMENT MECHANISM**

Any disagreement between two or more Party States with the respect to the interpretation or application of any clause of this agreement shall be settled in accordance with the procedures for the

settlement of disputes established in the Memorandum of Understanding for Facilitation of Movement of Business Persons and Professionals Between APEI Countries.

**ARTICLE 17**  
**AMENDMENTS**

1. A Party State may request in writing, to the Chairperson of the APAAC, an amendment to this Agreement.
2. The APAAC shall consider such amendments at the sitting immediately following the receipt of such written request.
3. A decision on the adoption of any such amendment shall be made within 12 months, unless the APAAC decides otherwise.

**ARTICLE 18**

**ACCESSION**

1. Any country that has acceded to the Memorandum of Understanding for Facilitation of Movement of Business Persons and Professionals Between APEI Countries may apply in writing through the Minister of Foreign Affairs of the Party State that is the Chairperson of the APEI Committee to become a Party to this Agreement.
2. The Minister of Foreign Affairs of the Party State that is the Chairperson of the APEI Committee shall instruct the APAAC to meet as soon as possible, but no later than 3 months after receipt of the communication, to begin the process of accepting the applicant.

**ARTICLE 19**

**WITHDRAWAL**

Any Party may withdraw from this Agreement upon written notice delivered to the other Parties at least 180 days prior to the intended date of withdrawal. By such withdrawal, no Party may nullify obligations already incurred for performance or failure to perform prior to the date of withdrawal.

**ARTICLE 20**

**ENTRY INTO FORCE**

1. This Agreement shall enter into force on the date of signature by at least three (3) Party States.
2. This Agreement shall be deposited with the Minister of Foreign Affairs of the Party State that is the Chairperson of the APEI Committee who shall promptly furnish a certified copy thereof to each Party State.

In witness whereof the undersigned, being duly authorised thereto by their respective Governments, have signed and sealed this agreement in five (copies), each text being equally authentic.

Done at ..... on this ..... day of ..... 2018

.....

[Minister of Finance, Economic Planning and Development]

Republic of Malawi

.....

[To be advised]

Republic of Mauritius

.....

[Ministry of Economy and Finance]

Republic of Mozambique

.....

[To be advised]

Republic of Seychelles

.....

[To be advised ]

Republic of Zambia

Witnessed By:

.....

Chairperson, Malawi Accounting Board

.....

Chairperson, Mauritius Institute of Professional Accountants

.....

President, Ordem Dos Contabilistas E Auditores De Moçambique

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[Republic of Seychelles- to be advised]

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President, Zambia Institute of Chartered Accountants