

ACCELERATED PROGRAMME FOR ECONOMIC INTEGRATION (APEI)

REPORT OF THE FIRST NEGOTIATING ROUND FOR A MUTUAL RECOGNITION AGREEMENT FOR ACCOUNTANCY SERVICES

October 9 – 11 2017
Port Louis, Mauritius

Introduction

1. The first negotiating round on a Mutual Recognition Agreement for Accountancy Services took place on 9 – 11 October 2017 in Port Louis, Mauritius. This meeting followed the APEI Accountancy Regulators Forum which was held in March 2017. This forum brought together stakeholders involved in the negotiation and implementation of a Mutual Recognition Agreement (MRA) for accountancy in the APEI region in order to: familiarize them with trade in services and experiences across the globe on concluding MRAs for accounting services; share experiences on the regulatory regimes on accountancy education and qualification in the APEI member states; and chart the way forward on MRA accounting.

2. The 1st Negotiating Round was attended by regulators of the accounting profession, RMCE coordinators and officials from Malawi, Mauritius, Mozambique, Seychelles and Zambia. The meeting was also attended by officials from the Regional Multidisciplinary Centre of Excellence (RMCE) and the Commonwealth Secretariat. The list of participants is attached as **Annex I**.

Opening Session

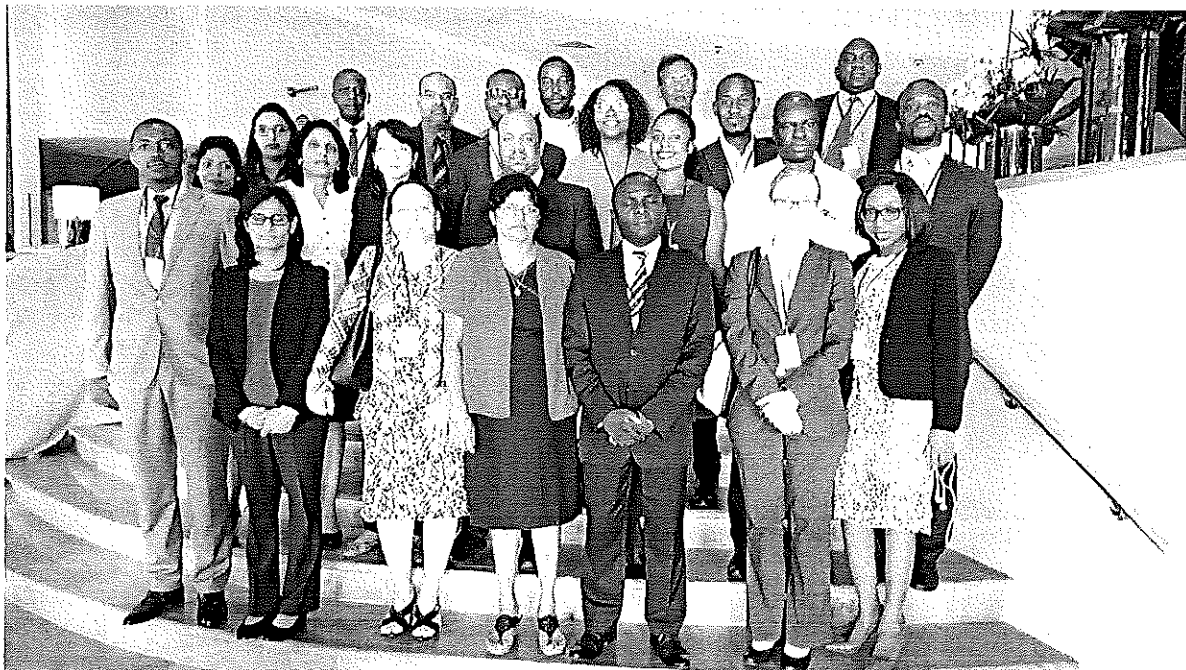
3. Mr Prakash Hurry, RMCE Officer in Charge extended a warm welcome to all delegates to the 1st Negotiating Round on a Mutual Recognition Agreement for Accountancy Services in APEI. He also expressed gratitude to the Government of Mauritius for hosting the meeting. He recalled that a key pillar of the APEI Agenda is the Facilitation of Business Persons and Professionals among APEI Countries. In that regard, he stated that the conclusion of a Mutual Recognition Agreement on Accountancy, which will be the first of the MRAs to be negotiated in other sectors, which, will be a major breakthrough for the Facilitation of Mobilisation of regulated Professionals. The Officer in Charge also expressed gratitude to the Commonwealth Secretariat for the technical and financial support for the negotiation of MRAs in Accountancy. He also informed the meeting that Ministries of Finance and Economic Development will take stock of the progress made by APEI and discuss emerging priorities in the sidelines of the Annual Meeting of the World Bank/ IMF taking place in Washington as for 11-13 October, 2017.

4. In his opening remarks, Mr Kenneth Matupa, Director, Revenue Policy in the Ministry of Finance, Economic Planning and Development and Technical Chair, APEI, thanked the Government of Mauritius for hosting the meeting and the hospitality accorded to the Delegates. He thanked the RMCE for the excellent arrangements and logistics that have ensured full participation of all APEI member countries, and the Commonwealth Secretariat for the financial and technical support that they continue to offer to the APEI. Recalling that there are five pillars under the APEI: improved regulatory framework, elimination of barriers, trade in services, trade facilitation, capacity building and peer to

peer learning; he noted the good progress made so far in general under the APEI. These included the signing of the MOU for the Facilitation of Business Persons and Professionals in September 2016, and the Accountancy Regulators' Forum in March 2017 whose key output was the Draft APEI MRA for Accounting services. He invited members to note the agenda for the first round of negotiation for the MRA on Accounting Services which focuses mainly on; discussion and validation of outcomes of the regulatory audit for the accounting sector and review and updating of the Draft Accountancy services MRA. In closing he wished all delegates fruitful deliberation and thanked again the host country, the RMCE, and the Commonwealth Secretariat.

5. In his introductory remarks, Mr. Kirk Haywood, Trade Adviser at the Commonwealth Secretariat noted that the purpose of the meeting was to (i) review the regulatory stocktake that had been conducted for the accountancy sector in APEI countries (ii) review and update the draft APEI Accountancy MRA and (iii) devise a work plan leading up to the signature and operationalisation of the MRA. He noted that following the Accountancy Regulators Forum, there were outstanding issues on which this meeting is expected to give guidance and direction. These were: (1) Seychelles was to provide information on the law and practice of accounting in their jurisdiction (2) members were to further reflect on the definition of accounting (3) members were to reflect on the post-qualification experience required by auditors (4) Mauritius was to develop a proposal for regional licensing and (5) member states were to consult on the draft MRA to gather the view of stakeholders.

6. Mrs Seela Devi Jeelall, Principal Trade Policy Analyst in the International Trade Division of the Ministry of Foreign Affairs, Regional Integration and International Trade welcomed all participants for the First Round of Negotiation of a Mutual Recognition Agreement between the competent authorities for Accountants and expressed thanks to the Commonwealth Secretariat for sponsoring negotiations and allowing APEI to make progress on the APEI agenda. She gave a detailed overview of the program achieved in each of the pillars during the past five years. She also indicated the notable progress being made with regard to trade facilitation and elimination of non-trade barriers and trade in services. In conclusion, she wished the meeting fruitful discussion on the Mutual Recognition Agreement.



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Adoption of the Agenda (*Agenda Item 2*)

7. The Meeting considered and adopted the following agenda and organization of work:

- 1) Opening Session
- 2) Adoption of the Agenda
- 3) Outcomes of the Regulatory Audit of the Accounting Sector in APEI Countries
- 4) Reviewing and Updating the Draft APEI Accountancy MRA
- 5) Road Map for Negotiating the APEI MRA for Accountancy Professionals
- 6) Adoption of the Report

8. The adopted annotated agenda hereto attached as **Annex II**.

OUTCOMES OF THE REGULATORY AUDIT OF THE ACCOUNTING SECTOR IN APEI COUNTRIES (*Agenda item 3*)

9. The Meeting reviewed the regulatory audit matrix, while using it as an opportunity to explore areas of convergence and divergence among the various regulatory frameworks in the APEI Member States.

10. Members provided the following clarifications:

- Mauritius clarified that the Companies Act also provides for the appointment and qualification of auditors;
- Mozambique clarified the proper title of its Act;
- Malawi clarified the role of the Malawi Accounting Board;
- Mozambique, Malawi, Mauritius and Zambia clarified the categories of members, and the education and practical experience of each category;
- Mozambique, Malawi, Mauritius and Zambia clarified the CPD requirements; and
- Seychelles informed the meeting that Seychelles had an Accountants' Bill that has been developed. The Bill is still undergoing internal review. In reviewing the matrix, the Republic of Seychelles informed the meeting of the provisions as proposed in its Bill on various issues.

11. The draft report and regulatory audit matrix are hereto attached as **Annex III**.

12. ***The Meeting recommends that:***

- (i) ***Members will update the regulatory matrix intersessionally, with a view to having a finalized matrix by November 30, 2017.***

REVIEWING AND UPDATING THE DRAFT APEI ACCOUNTANCY MRA (*Agenda Item 4*)

13. The Meeting reviewed and updated the draft APEI MRA for Accountancy Services, focussing primarily on areas of divergence in the comments that were submitted prior to the meeting. The meeting was able to arrive at consensus on the following issues:

- Title: The meeting agreed that the MRA applies to accountants and auditors, and that this change should be reflected throughout the text;
- Signatories/Parties: With a view to implementation and operationalization, the meeting agreed that the MRA will be signed by States, and that the Regulators will be witnesses to the Agreement. Regulators will be designated in the Agreement to carry out the functions under the MRA as applicable;

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- That the Registrar would be a Council, Board or Secretary responsible for the functions so designated under the Agreement;
 - Preamble: The meeting agreed to defer consideration of this issue to the meeting of legal experts at the conclusion of negotiations;
 - The definition of Accountant as contained in Article 1 of the Draft MRA.
 - Code of Ethics, as contained in Article 1 of the Draft MRA, should be based on the IFAC standard;
 - The definition of professional misconduct as contained in Article 1 of the Draft MRA;
 - In the case of an accountant or auditor who has multiple licenses, it is the latest licence which should be submitted for an application for recognition;
 - The scope of the MRA;
 - The objectives of the MRA;
 - National treatment obligation;
 - Four of the five requirements of the recognition mechanism for accountants as contained in Article 6 of the Draft MRA; and
 - Four of the six requirements of the recognition mechanism for auditors as contained in Article 6 of the Draft MRA.
14. Member states were to engage in further domestic consultation, with a view to forging consensus during the 2nd Negotiating Round, on the following issues:
- Mozambique and Mauritius are to consult on whether they can accept a time period on the requirement of no previous convictions for accountants and auditors;
 - Mozambique is to consult on whether they can accept including a time period for the auditors;
 - Mauritius and Zambia to consult on the requirement for interviews/competence practice examinations for auditors coming from another APEI Member;
 - All APEI Members: Ensuring that the recognition mechanism for both accountants and auditors provides added value for applicants beyond the current status quo; and
 - All APEI Members: Scope for inclusion of obligations on temporary practice or cross-border practice. Members requested the Secretariat to provide further information on the benefits of allowing such practice at the next round.
15. The updated draft APEI MRA for Accountancy is hereto attached as **Annex IV**.
16. ***The Meeting recommends that:***
- ***APEI Member States are to undertake further domestic consultations on (i) outstanding issues and (ii) issues where Member States are yet to provide comments;***
 - ***The APEI Technical Working Group take note of the concerns of the Meeting that the definitions of business persons, business visitors, professionals and intra-corporate transferees includes non-citizens and non-permanent residents, and that the meeting was of the view that these individuals should be outside the scope of the MRA; and***
 - ***The auditing regulator of Malawi be also invited to the next meeting.***
17. The Meeting noted that the Republic of Mozambique is yet to sign the Memorandum of Understanding for the Facilitation of Movement of Business Persons and Professionals among APEI countries, and encouraged the Republic of Mozambique to expedite the process in the spirit of APEI integration.

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18. The Meeting adopted the roadmap for negotiating the APEI MRA for Accountancy services and agreed as below:

Date	Activity	Milestone(s)
22 – 24 March 2017	Accounting Regulators Forum	<ul style="list-style-type: none"> Regulatory Exchange Develop Draft MRA
9 – 11 October 2017	1st Negotiating Round	<ul style="list-style-type: none"> Updated Regulatory Matrix Updated Draft MRA
12 – 14 December 2017	2 nd Negotiating Round	<ul style="list-style-type: none"> Updated Draft MRA
February 2018	3 rd Negotiating Round	<ul style="list-style-type: none"> Legal Scrubbing Concluded MRA
May 2018	Signing Ceremony	<ul style="list-style-type: none"> Signature

ADOPTION OF REPORT AND CLOSING OF THE MEETING *(Agenda Item 6)*

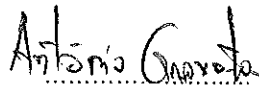
19. The meeting adopted its Report with amendments and thereafter signed on 11 October 2017 as reflected hereunder:



Mr Kenneth Matupa,
Director, Revenue Policy
Ministry of Finance,
Economic Planning and
Development
Malawi



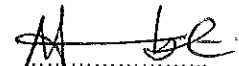
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