



MEMORANDUM OF UNDERSTANDING

20 October 2014



ICAEW AND CACR- MEMBERSHIP AND AUDIT RIGHTS

This Memorandum of Understanding (MoU) is made on 20 October 2014 between:

A. The Institute of Chartered Accountants in England and Wales, Chartered Accountants' Hall, Moorgate Place, London, EC2R 6EA, UK (hereinafter referred to as **ICAEW**); and

B. The Chamber of Auditors of the Czech Republic, Opletalova 55, 110 00 Praha 1, Czech Republic, (hereinafter referred to as **CACR**).

1.0 Objective

- 1.1 To confirm the process by which members of either body may become a member of the other, including the conferring of audit rights where applicable. Specifically:
- 1.1.1 The process by which the Czech Chamber of Auditors (CACR) will recognise and award registered ICAEW students and individual members, where they are eligible, of the Institute of Chartered Accountants in England and Wales (ICAEW) membership of CACR in order to be included in the Register of Auditors of the Czech Republic.
- 1.1.2 The process by which ICAEW will recognise and approve individual members of CACR as members of ICAEW and, where required, award statutory auditor status in the United Kingdom.

2.0 CACR membership and Czech Republic audit rights for eligible ICAEW students and members

- 2.1 ICAEW registered students who are in the process of completing their ACA qualification and training process in the Czech Republic, and ICAEW members who have completed the ACA qualification and training process either in the Czech Republic or another jurisdiction and who wish to obtain CACR membership and to be placed on the Register of Auditors in the Czech Republic, need to address their application to:

KOMORA AUDITORU CESKE REPUBLIKY
Opletalova 55
110 00 Praha 1
Czech Republic

- 2.2 For the purposes of this MoU:
- 2.2.1 It is recognised that an ICAEW student registered in the Czech Republic can sit the relevant examination CACR papers identified by CACR as a requirement for an ICAEW member trained and qualified in the Czech Republic in order to apply for entrance to the CACR.
- 2.2.2 In cases where ICAEW students successfully complete the identified papers, membership of CACR and inclusion in the Register of Auditors of the Czech Republic will only be granted on completion by the registered student of the remaining parts of the ACA qualification process and attainment of ICAEW membership and where all other relevant provisions for eligible ICAEW members set out in Clause 2 of this MoU are met.
- 2.3 An eligible ICAEW member is one holding the ACA qualification and who may use the designatory letters ACA (Associate Chartered Accountant) or FCA (Fellow Chartered Accountant) and who:

- 2.3.1 has appropriate professional experience in audit work in the Czech Republic while qualifying as an ACA in the Czech Republic meeting the requirement set out in the applicable Czech legislation; or
 - 2.3.2 is authorised to audit the annual or consolidated accounts in an EEA jurisdiction; or
 - 2.3.3 is authorised to audit the annual or consolidated accounts in a non-EEA jurisdiction.
- 2.4 For the avoidance of doubt, an individual who became an ICAEW member through an advanced credit MoU or reciprocal membership MoU with a third party will not be eligible for membership of CACR unless specifically approved by CACR.
- 2.5 Eligible ICAEW members applying for membership of CACR will be required in the first instance to submit an application to sit the examinations listed in clause 2.6, to CACR with the original or notarised copies of the following documents:
 - 2.5.1 the completed application form to sit the test as outlined in clause 2.6;
 - 2.5.2 the member's ICAEW Membership Certificate;
 - 2.5.3 a letter from ICAEW including:
 - 2.5.3.1 the date of admission to ICAEW membership;
 - 2.5.3.2 confirmation of no disciplinary history; and
 - 2.5.3.3 confirmation that there are no ethical or other matters that would render the member unfit to join CACR.
 - 2.5.4 The member's CV, outlining professional experience.
 - 2.5.5 A document confirming either existing status as per the following sub-paragraphs:
 - 2.5.5.1 For ICAEW members who have obtained their ACA qualification in the Czech Republic, a document attesting professional experience as set out in the applicable Czech legislation.
 - 2.5.5.2 For ICAEW members who are authorised to audit annual or consolidated accounts in another EEA, or non-EEA country, satisfactory evidence of that status in the jurisdiction in question.
- 2.6 On satisfactory receipt of the application and documents referred to in clause 2.5, above, the ICAEW member will be invited to take relevant examinations to fulfil the relevant provisions of Czech legislation implementing relevant EU Legislation.
 - 2.6.1 In relation to eligible members as defined in clause 2.3.1 and 2.3.2, the examinations will be organised by CACR and conducted in Czech and will cover the following areas: Law; Taxation; Financial Accounting II; Auditing II.
 - 2.6.2 In relation to eligible members as defined in paragraph 2.3.3, CACR will consider which examinations are relevant to fulfil the Czech legislation implementing relevant EU legislation.
 - 2.6.3 The results of the examinations will be available at the CACR headquarters.
- 2.7 The decision of CACR to award the ICAEW member CACR membership status and to place the member on the Register of Auditors of the Czech Republic will be based alone on the application with supporting documents and test referred to in clauses 2.5 and 2.6 above.
- 2.8 ICAEW members who are to be admitted to CACR membership in the Czech Republic and placed on the Register of Auditors of the Czech Republic will be required to:
 - 2.8.1 Complete a CACR membership application form.
 - 2.8.2 Fulfil requirements set out by the applicable Czech legislation.

On this basis, ICAEW members are entitled to practise as a Registered Auditor in the Czech Republic, in their capacity as CACR members.

- 2.9 In the event of CACR failing to grant an eligible ICAEW member the title of *Registered Auditor* and failing to place that ICAEW member on the Register of Auditors of the Czech Republic, the ICAEW member concerned may appeal in writing to the Audit Public Oversight Council. Any appeal must be communicated to CACR within 30 days of the receipt by the ICAEW member concerned of CACR's original decision.
- 2.10 ICAEW members who obtain CACR membership and Registered Auditor status in the Czech Republic and who are entered into the Register of Auditors of the Czech Republic are subject to the relevant laws of the Czech Republic and to the relevant regulations of CACR and other competent bodies pursuant to the accounting and auditing professions in the Czech Republic.
- 2.11 The obligations of ICAEW members to respect and to work in accordance with the laws and regulations in force in the Czech Republic in no way reduce or remove their obligations as ICAEW members to respect and obey ICAEW rules, regulations and bye-laws that may exist and that may be issued from time to time.

3.0 ICAEW membership and UK audit rights for eligible CACR members

- 3.1 CACR members who have completed the CACR qualification and training process and have Registered Auditor status in the Czech Republic and who wish to join ICAEW or obtain statutory auditor status in the UK through ICAEW need to address their application to:

Applications (LPD)
The Institute of Chartered Accountants in England and Wales
Metropolitan House
321 Avebury Boulevard
Central Milton Keynes
MK9 2FZ

- 3.2 This MoU covers procedures for eligible CACR members to obtain ICAEW membership, or affiliateship, and obtain statutory auditor status in the UK in three ways:
- 3.2.1 By registering as a full member of ICAEW with no statutory auditor status;
 - 3.2.2 by registering as a statutory auditor by becoming an affiliate of ICAEW; and
 - 3.2.3 by registering as a statutory auditor by becoming a full member of ICAEW.
- 3.3 For the avoidance of doubt, an individual who became a CACR member through an advanced credit MoU or reciprocal membership MoU with a third party will not be eligible for membership of ICAEW unless specifically approved by ICAEW.
- 3.4 CACR members wishing to become members of ICAEW with no UK statutory auditor status will be required to pass the ACA modules: Business Strategy; Financial Management; Business Planning: Taxation; Corporate Reporting; Strategic Business Management and Case Study.
- 3.5 To facilitate Clause 3.4 credit for prior learning will be awarded to appropriately qualified CACR members for the following ACA modules: Accounting; Business and Finance; Assurance; Law; Management Information; Principles of Taxation; Financial Accounting and Reporting; Audit and Assurance and Tax Compliance.
- 3.6 A CACR member seeking UK statutory auditor status by becoming an affiliate of ICAEW will be required to sit the examinations for the Law and Principles of Taxation ACA modules in order to examine the applicant's knowledge of the laws and regulations only in so far as relevant to statutory audit.
- 3.7 A CACR member seeking UK statutory auditor status by becoming a full member of ICAEW will be required to sit the Law and Principles of Taxation examinations for the ACA modules in addition to the modules listed in 3.4, namely: Business Strategy; Financial Management; Business Planning: Taxation; Corporate Reporting; Strategic Business Management and Case Study.

- 3.7.1 The relevant examinations will be organised by ICAEW and conducted in English.
- 3.7.2 The results of the examinations will be made available via the ICAEW website.

- 3.8 In order to meet specific UK legal requirements as implemented through ICAEW's Audit Regulations managed by the Audit Registration Committee, CACR members having completed the examinations referred in clauses 3.4, 3.6 and 3.7, will have to apply for audit registration as a firm as defined by UK legislation. If joining an existing firm, then responsible individual status would need to be applied for. In this procedure, the applicant would stipulate whether affiliate or full member status is being sought.
 - 3.9 CACR members applying through ICAEW for membership and/or statutory auditor status will be required in the first instance to submit an application to ICAEW, with the following documents:
 - 3.9.1 a completed application form confirming which of the three options in clause 3.2 is being applied for;
 - 3.9.2 a notarised copy of the member's CACR membership certificate; and
 - 3.9.3 proof of nationality.
 - 3.10 The application form will include mandatory declarations relating to criminal offences and professional standards. This will require a letter from CACR including the following:
 - 3.10.1 date of admission of membership to CACR;
 - 3.10.2 confirmation of no disciplinary history;
 - 3.10.3 confirmation that there are no ethical or other matters that would render the member unfit to join the ICAEW.
 - 3.11 On satisfactory receipt of the application and documents referred to in clause 3.9 and 3.10, above, the CACR member will be invited to take the examinations for ACA modules as appropriate to the status being applied for.
 - 3.12 For CACR members who have passed the test identified in clause 3.6 and completed the procedure with the Audit Registration Committee, they will be approved as a statutory auditor on the basis of affiliate membership of the ICAEW. They will be entitled to act as a principal or employee in a firm registered for audit with the ICAEW but given their affiliate status they will not be entitled to use the ACA/FCA designatory letters or use of the title of Chartered Accountant.
 - 3.13 For CACR members who have passed the test identified in clause 3.7 and completed the procedure with the Audit Registration Committee, they will be approved as a statutory auditor on the basis of full membership of the ICAEW. They will be entitled to use the designatory letters ACA/FCA and the title of Chartered Accountant in addition to acting as a principal or employee in a firm registered for audit with the ICAEW.
 - 3.14 CACR members who are affiliates or full members of ICAEW are subject to the relevant laws of the United Kingdom and to the relevant regulations of ICAEW and other competent bodies pursuant to the accounting and auditing professions in the UK.
 - 3.15 CACR members joining ICAEW through this MoU and wishing to engage in public practice in the UK or Republic of Ireland will be required to hold an ICAEW practising certificate. For the avoidance of doubt, CACR affiliates will not be eligible for a practising certificate.
 - 3.16 The obligations of CACR members to respect and to work in accordance with the laws and regulations in force in the UK in no way reduce or remove their obligations as CACR members to respect and obey CACR rules, regulations and bye-laws that may exist and that may be issued from time to time.
- 4.0 Legal Scope**
- 4.1 This MoU is not intended to create a legal relationship and its provisions are not intended to give rise to legal rights, obligations or liabilities.

- 4.2 Nothing in this MoU shall oblige a party to incur expense or to undertake any activity unless it agrees to do so. Any such MoU will be recorded in writing separate to this MoU.
- 4.3 ICAEW and CACR agree not to make reference to one another and in particular not to use the other's name or logos in advertising or other form of publicity without prior written consent. However, ICAEW and CACR agree in advance that each may use the name or logo of the other in announcing this MoU.

5.0 Duration and Termination

- 5.1 The term of this MoU will be three years from the date the MoU is signed by both ICAEW and CACR.
- 5.2 This MoU may be terminated by either party giving six months written notice to the other party.

6.0 Amendment and Extension

- 6.1 This MoU is based upon the syllabus in use during the academic year 2013/14.
- 6.2 ICAEW and CACR will promptly advise each other of any significant changes to their syllabus, qualification or authorisation procedures and provide relevant supporting documentation as soon as practically possible; any necessary change to the credit for prior learning confirmed within this MoU will then be decided.
- 6.3 This MoU may be amended or extended upon the written MoU of both ICAEW and CACR.

7.0 Commencement

- 7.1 This MoU will take effect from the date the MoU is signed by ICAEW and CACR.

Michael Izza

Mr Michael Izza
Chief Executive
The Institute of Chartered Accountants in England and Wales
Date: 20 October 2014



Mr. Petr Šobotník
President
The Chamber of Auditors of the Czech Republic
Date: 20 October 2014