

# **ICAEW STATEMENT ON MEMBERS ENGAGING IN PUBLIC PRACTICE (effective 1 January 2025)**



## **Your responsibility as an ICAEW member**

1. Regardless of your background, as an ICAEW member it is your responsibility to determine whether you should hold a practising certificate (PC) and your decision will be judged by reference to this statement. Further guidance and support are available from the ICAEW Advisory Services team (+44 (0)1908 248 250).
2. To clarify the scope of public practice, ICAEW has produced this statement to define when you are, and are not, considered to be engaging in public practice and therefore need a PC.
3. The statement is relevant to all ICAEW members. Failure to hold a PC when you would be considered to be engaging in public practice could result in disciplinary action against you. It is therefore important that you consider the contents of the statement and the annexes before concluding whether a PC is needed.
4. You need to hold a PC if you are an ICAEW member engaged in public practice in the UK. For the purposes of this statement, this includes England, Wales, Scotland, Northern Ireland, the Channel Islands, and Isle of Man.
5. For ICAEW members in practice outside the UK, you are not required to hold a PC if you do not have any clients in the UK. You should consider the requirement for a PC in the country where you have your main place of business.
6. ICAEW members who are a responsible individual or a key audit partner in an audit firm must hold a PC under ICAEW audit and local auditor regulations and under audit regulations in the Crown Dependencies.
7. ICAEW members must hold a PC if they are a licensed insolvency practitioner who accepts appointments or an individual responsible for signing ATOL accountants' reports.
8. ICAEW members responsible for signing Independent Examiner's Reports (IERs) must hold a PC unless the following applies:
  - the charity is small (a charity is considered small if its gross income for the financial year is less than, or equal to, £250,000); and
  - no fee is charged for the work, or a token non-monetary reward or benefit is received<sup>1</sup>.

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<sup>1</sup> a 'token non-monetary reward or benefit' is a judgemental area. An ICAEW member should refer to the ICAEW Code of Ethics and consider whether any threats to the fundamental principles are reduced to an acceptable level (i.e., a level at which a professional accountant using the reasonable and informed third party test would likely conclude that the accountant complies with the fundamental principles).

9. Annex 2 lists some example scenarios to help you decide whether a PC is needed.

### Eligibility for a PC

10. All members who wish to engage in public practice must comply with the **Practising Certificate Regulations**.

### When am I engaged in public practice?

11. You are engaged in public practice if you are a principal or are held out as a principal in:

- a public practitioner; or
- the parent entity of a public practitioner; or
- an entity which is a principal of a public practitioner.

12. You are a principal if you are:

- an ICAEW member in sole practice;
- a salaried or equity partner of a partnership, an ICAEW member of a limited liability partnership (whether designated or non-designated), a statutory (de jure) director, a de facto director, or a shadow director of a company; or
- an ICAEW member held out as a principal.

13. A PC is not required for accountancy services if no fee is charged for the work, or a token non-monetary reward or benefit is received for the work.

### When am I held out as a principal?

14. You are considered to be held out as a principal if you are employed in an entity that fulfils the definition of a public practitioner and either:

- there are no other professional accountants in positions of seniority or supervision over you within the organisation; or
- the clients of the entity are otherwise led to believe that you are a principal.

15. If you are employed in practice and have a functional title of director or partner you are not considered to be a principal provided that it is clear on the firm's website or elsewhere that you are not a principal in the practice or acting as a shadow director.

### What is a public practitioner?

16. A public practitioner is an entity (including an individual in sole practice) providing accountancy or reserved services (see paragraph 17) for a fee.

17. For the purpose of this statement, accountancy or reserved services are:

- any of the services listed in annex 1;
- any service that requires a specific licence that ICAEW can provide, even if the licence is obtained elsewhere; or
- any reserved legal services (other than those where you are a member of another qualifying membership body).

18. In addition, if you are carrying the risk in relation to the work you are conducting and require professional indemnity insurance (PII) because you are liable for the services being provided, this also indicates that a PC is required.

## Circumstances in which a PC is not required

19. You do not require a PC if you are a principal in an entity that is authorised by the Financial Conduct Authority (FCA), Prudential Regulation Authority (PRA) or other competent financial services regulator (as defined) and the entity does not provide accountancy services other than incidentally, as defined in paragraph 20 below. A competent financial services regulator includes the Jersey Financial Services Commission, Guernsey Financial Services Commission, and the Isle of Man Financial Services Authority.
20. You do not require a PC if you are a principal in a firm that provides accountancy services that are incidental to core business services, which are not accountancy or related services.
  - The accountancy services are incidental, complimentary to, integral to, and arising out of the core services being provided which are not, themselves, accountancy services; and
  - the accountancy services should not result in a separate income stream nor be charged to clients separately from the non-accountancy core services being provided; and
  - the firm does not market itself or hold itself out as an accountancy practice, and accountancy services are not marketed as a separate service; and
  - the volume and incidence of accountancy services is not substantial.

This can be a complex area and, if in doubt, members should not apply the incidentality test themselves and should consult the ICAEW Technical Advisory Services team for support in reaching a conclusion by calling +44 (0)1908 248 250.

21. You may be involved in more than one such role at any time and each role should be considered separately.

## Professional indemnity insurance (PII)

22. As an ICAEW member in public practice in the UK you must also comply with the **PII Regulations**.
23. If you are an ICAEW member in public practice outside the UK you may also be subject to the requirements of that particular country, or any other professional body of which you are also a member, to hold PII.
24. If you are not required to hold PII, you should still consider taking out appropriate insurance to protect you against any potential liabilities arising from your activities.

## Practice Assurance

25. PC holders resident in the UK or with clients in the UK are subject to the **Practice Assurance Regulations**.

## Anti-money laundering (AML) supervision

26. If you conclude that you are not in public practice, you should still consider whether your activities fall within the scope of HM Treasury's **Money Laundering Regulations** and its requirement for AML supervision. Such supervision can be provided by ICAEW or another supervisor.

## Use of designatory letters and firm descriptions

27. Whether or not you use your designatory letters or describe yourself or your firm as chartered accountant(s) does not affect the requirements to hold a PC.
28. As an ICAEW member, you are encouraged to use the designatory letters ACA or FCA to which you are personally entitled. If your firm is eligible to use the description 'chartered accountants,' it is also encouraged to do so. However not using the description or designatory letters does not remove the requirement for a PC.

## Retired and life members

29. You may qualify for a reduced rate subscription as a **retired member** or **life member**. In both cases, all remunerated business and professional activities must have ceased, and your PC must be surrendered. This does not prevent you from undertaking voluntary activities.
30. Life members and members paying the retired member rate who wish to engage in public practice may apply to hold a PC. The life membership or retired rate will be suspended for the period in which the member holds the PC, and they will be subject to normal membership fees, PC fees and regulations, and must also comply with the requirements for CPD. When the PC is subsequently surrendered, the life membership or retired rate will be reinstated with effect from the start of the following membership year, provided all other conditions of eligibility for that rate apply. Further guidance and support is available from ICAEW Advisory Services by calling +44 (0)1908 248 250.

## ANNEX 1 – GUIDANCE ON ACCOUNTANCY AND RESERVED SERVICES

The following is a list of services considered by ICAEW to be accountancy or reserved services for the purpose of this guidance.

1. Bookkeeping work.
2. Maintaining client payroll.
3. Preparation of management or financial accounts.
4. External audit and assurance services.
5. Internal audit of accounting and internal control systems.
6. Advice or consultancy on accounting and financial reporting systems.
7. Dealing with personal or business tax returns.
8. Providing tax advice.
9. Representing a client in a tax situation (eg, a client is having an investigation and needs someone to deal with the tax authorities).
10. Preparation of VAT returns.
11. Estate administration.
12. Investment business advice and other activities undertaken under a licence from a Designated Professional Body (DPB). For further information refer to the [Designated Professional Body \(Investment Business\) Handbook](#).
13. Preparation of cash flows and budgets.
14. Business funding advice, except where the purpose of the advice is to actively seek or negotiate the source of funds.
15. Due diligence (ie, investigations into the accounting or financial aspects of a transaction such as a company takeover).
16. Preparation of business plans.
17. Management consulting on accountancy activities.
18. Accepting insolvency appointments.
19. Credit-related regulated activities undertaken under a licence from a DPB. For further information refer to the [Designated Professional Body \(Consumer Credit\) Handbook](#).
20. Compliance services (including file reviews) supplied to firms of accountants.
21. Valuing incorporated and unincorporated businesses, shares and related instruments, and intangible assets.
22. Forensic accounting.
23. Expert witness services, where these are related to accountancy or reserved services.
24. Reserved legal services, when conducted in a firm authorised by ICAEW for that work.
25. Acting as the executor or administrator of a will.
26. Signing an independent examination report for a charity with gross income for the financial year that exceeds £250,000 or the charity has gross income for the financial year of less than or equal to £250,000 and you charge a fee or receive more than a token non-monetary benefit or reward.

The following is a list of services not considered by ICAEW to be accountancy or reserved services for the purpose of this guidance.

1. Investment business and other activities conducted under authorisation from the FCA or the PRA, or other competent financial services regulator (as defined).
2. Acting as an unpaid trustee, treasurer or similar in a personal capacity.

3. Training services to accountancy firms or students.
4. Business funding advice where this only involves seeking or negotiating the source of funds.
5. Management consulting on non-accounting matters.
6. Company secretarial and other company services, such as company formation or providing a correspondence/registered office address.
7. Computer software installation unless the provision of software includes accounting services.
8. Computer training unless the provision of training includes accountancy services.
9. Advising on corporate governance.
10. Advising on general business strategy where this is not primarily financial advice.

## ANNEX 2 – GUIDANCE ON PUBLIC PRACTICE

The following is a list of common situations to help ICAEW members decide if they need a practising certificate (PC). If you undertake more than one role it is possible that you may require a PC for some roles but not others. You should therefore check the guidance and common situations for each role that you undertake.

	ICAEW member role	Is a PC needed?
1.	I provide bookkeeping services to a small number of clients on a part time basis.	Yes – for the purpose of this guidance bookkeeping services fall within the definition of accountancy services and therefore you need a PC.
2.	My only role is as the marketing principal in a public practitioner.	Yes – you are a principal in a public practitioner. Your personal role is irrelevant.
3.	I am an employee/principal of an entity whose primary purpose is to provide financial services (ie, services that would need a licence from the Financial Conduct Authority or the Prudential Regulation Authority), insurance services, computer installation or computer applications.	No – the entity is not a public practitioner and therefore you do not need a PC.
4.	I am a principal in an entity whose only activity is to be a principal in a public practitioner.	Yes – as a principal in an entity that is a principal in a public practitioner you need a PC.
5.	I am a non-executive director in an accountancy practice.	Yes – you are a principal in an entity that is providing accountancy services and therefore you need a PC.
6.	I have been named as executor in my client's will.	<p>The answer could be yes or no, depending on the circumstances:</p> <p>Yes – if you are charging for your services then you are considered to be in practice and need a PC. Do not forget that probate is a reserved activity requiring authorisation or a licence from an approved regulator such as ICAEW.</p> <p>No – if you are acting in a personal capacity and are not discharging your duty as executor through the firm, and you are not charging for the estate administration or probate work.</p>
7.	I am an employee and a responsible individual for audit work.	Yes – it is a requirement of the Audit Regulations that you hold a PC.

8.	I am an employee holding an insolvency licence from ICAEW and I accept insolvency appointments.	Yes – it is a requirement of the Insolvency Regulations that you hold a PC.  Note – there is no similar requirement for licence holders that do not take appointments.
9.	I hold an insolvency licence from another body and accept insolvency appointments.	Yes – although your licence is not obtained from ICAEW you are still in practice, and you need a PC.
10.	I have retired but remain with my former practice as a consultant.	No – you are not a principal. However, if you continue to be held out as a principal you do require a PC.
11.	I act as an expert in tax matters for one or more public practitioners.	Yes – you are providing tax advice to a third party, so you do require a PC.  However, if the firm does not hold you out as a principal to its clients and the firm supervises and controls your work and accepts responsibility for it, then a PC is not required.
12.	I provide audit review services to one or more public practitioners.	Yes – you are providing accountancy services, so you need a PC.
13.	I act as a subcontractor providing accountancy services to one or more public practitioners.	No – you do not need a PC provided that you are not ‘held out’ as a principal and the firm supervises and controls your work and accepts responsibility for it. This also applies if an agency contracts for the work.
14.	I am the finance director of a company that has nothing to do with providing accountancy services.	No – as the company is not providing accountancy services you do not need a PC.
15.	I have been asked to undertake an independent examination of a charity. I will not receive a fee.	It depends on the charity's gross income for the financial year:  If it is £250,000 or lower, you do not require a PC if you undertake this work gratuitously or for a token non-monetary reward or benefit. You should clarify your position by a written statement to your client, clearly stating that you do not have a PC or PII.  If it is more than £250,000, you require a PC (and PII that meets the minimum requirements of the ICAEW's PII regulations), even if you undertake the work gratuitously or receive a token non-monetary reward or benefit.

16.	I give time voluntarily to advise the clients of the local Citizens Advice Bureau (or similar).	No – you do not need a PC if you undertake this role gratuitously or receive no more than a token non-monetary reward or benefit.
17.	I have a voluntary role as trustee (or treasurer) of a charity which involves preparing the entity's accounts.	No – you do not need a PC if you undertake this role gratuitously or receive no more than a token non-monetary reward or benefit.
18.	I prepare accounts for a charity. I receive no fee for this work.	No – you do not require a PC if you undertake this work gratuitously or receive no more than a token non-monetary reward or benefit. You should clarify your position by a written statement to your client, clearly stating that you do not have a PC or PII.
19.	I am an employee and although not a principal my employer wants me to act as a trustee (or administrator or donee of a power of attorney).	No – you are not being held out as a principal and do not need a PC. Your position as trustee, administrator or donee is part of your employed role but given that such roles come with personal responsibilities you should check that your employer will indemnify you should any claim be made against you.
20.	I am a non-executive director and a member of the audit committee of a manufacturing company.	No – as the company does not provide accountancy services you do not need to hold a PC for either of these roles.
21.	I act as an interim manager, either personally or through a corporate entity, to businesses.	<p>No – provided your relationship to the entity that you work for is not a principal/client relationship (i.e., the entity you work for supervises and controls your work and accepts responsibility for it).</p> <p>In such circumstances you should have a written statement in place with your client, clarifying your position and explaining that you do not have a PC or hold PII.</p> <p>Where you have multiple clients that you provide traditional accountancy services for, such as tax compliance work, bookkeeping and/or management accounting, it is likely that you will need a PC.</p>
22.	I have a 'portfolio career' in which I hold a number of different roles.	It depends – the number of roles is irrelevant. Each role should be assessed against the guidance in this statement. You will need a PC if you are acting as a public practitioner in any of your roles.