



LESOTHO INSTITUTE OF ACCOUNTANTS

Practice Bylaws

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Foreword

Lesotho Institute of Accountants was established by the Accountants Act No.9 of 1977 (*As amended*) among others, to *regulate the practice of the profession of accountancy in Lesotho* (Section 6). It further states that the Institute *may at any general meeting approve and adopt such bylaws submitted to it by the Council or such amendments thereto as the Institute may consider necessary or expedient for giving effect to the provisions of this Act and for the due administration thereof*. Such bylaws may provide for, among others, *the regulation of the practice of the profession of accountancy*¹. The companies Act 2011 section 95 provides that the Institute has the absolute power to develop and distribute standards which must be followed by all companies doing business in Lesotho.

It is against this background that the Institute has developed the by-laws that will help it achieve its mandate of regulating the accounting profession and public practice. There are a number of unregistered accountants holding themselves out as practicing members of LIA in the eyes of the public. This poses greatest risk to the LIA and hinders it to discharge its public protection mandate in a more streamlined manner.

The bylaws are developed and/or initiated by the Secretariat on behalf of the Council and approved by the AGM.

These bylaws were approved by the Annual General Meeting held on 29th September 2024. They shall be effective immediately and they may be reviewed every two years or whenever necessary.

¹ Accountants Act No.9 of 1977 (Section 7)

Introduction

Every profession is defined by the knowledge, skills, attitude, and ethics of those in the profession. Regulation of a profession is a specific response to the need for certain standards to be met by the members of that profession. IFAC's policy position regarding Regulation of the Accountancy Profession is that high quality performance by professional accountants benefits the economy and society by contributing to the efficient allocation and management of resources in both the private and public sectors, and to the operation of financial and capital markets, and through these the production of goods and service. In doing so, accountants help to improve standards of living and overall wealth.²

LIA, as a member of IFAC and PAFA and in line with its obligations under the Accountants Act, is obligated to protect the public interest and therefore must have confidence in the integrity and standards of those who are licensed by the Institute. It is through these bylaws that the LIA will ensure that practitioners and their practices: -

- a) Comply with these bylaws, the laws of Lesotho, the code of ethics of the LIA and other relevant laws, bylaws, and regulations;
- b) Conduct their practices in a manner that protects the Public Interest.
- c) Manage risks of business failure of their practices;
- d) Manage reputational risk of the Accountancy profession, LIA, and own practices;
- e) Ensure delivery of quality services that will promote the accountancy profession and protect the Public Interest;
- f) Protect the practitioners from unfair competition or such competition that could be deemed harmful to the integrity of the profession;
- g) Ensure that practitioners, practices, and clients do not incur unnecessary liabilities or losses and even where such liabilities or losses are incurred, recovery or sufficient compensation is made;
- h) Ensure that issues of conflicts and complaints handling are addressed in a manner that provides transparency and protection of the practice, practitioners, clients, and the public;
- i) Ensure that agreements between the professional firm and/or the practitioner and the clients are transparent and understood by both parties; and
- j) Ensure practitioners are always abreast with the most recent technical and professional developments affecting their practice.

1. Scope

- a. These bylaws shall apply to all professional accountants who intend to practice as public accountants or chartered registered auditors in Lesotho.
- b. Practitioners who were issued practicing certificates before these bylaws were adopted shall update their records with the institute as per the timelines stated at each section of this bylaws after these bylaws come into effect.

² IFAC 0712 regulation paper December 2007 – Regulation of the Accountancy Profession.

2. Normative references

- a. The following documents have been referred to in the text when drafting the bylaws document. Part and/or full assumed material copied therein warranted inclusion as necessary feature of the bylaws document.
- b. For dated references, only the edition cited applies. For undated references, the latest edition of the referenced document (including any amendments) applies.
 - i) Accountants Act No.9 of 1977 as amended in 1984
 - ii) Companies Act of 2011
 - iii) International Code of Ethics for Professional Accountants
 - iv) LIA Complaints and Disciplinary procedures as detailed in LIA Rules
 - v) Money Laundering and Proceeds of Crime Act, 2008
 - vi) The Laws and practices on Rehabilitation

3. Terms and definitions

For the purposes of this document, the following terms and definitions apply.

- a. **'Approved Training Employer' (ATE)** means an organization which is approved to offer training and work experience to accounting graduates in terms of the bylaws of the Institute.
- b. **'Audit Client'** means any person whose accounts are being audited under these bylaws by a Chartered Registered Auditor.
- c. **'Audit Opinion'** means a report by a Chartered Registered Auditor which relates to an audit.
- d. **'Audit Standards'** means International Standards on Auditing and other pronouncements as promulgated by the International Auditing and Assurance Standards Board.
- e. **'Audit'** An engagement in which a practitioner aims to obtain sufficient appropriate evidence in order to express a conclusion designed to enhance the degree of confidence of the intended users other than the responsible party about the subject matter information.
- f. **'Business Continuity Partner Arrangement'** means an arrangement with another firm/partner to ensure client continues to receive the services in the event that the engagement partner is unable to offer such services due to disability, illness, bankruptcy or death.
- g. **'Certified Auditor'** a person who possesses the prescribed Chartered Registered Auditor certificate and is authorized to carry out audit by LIA as per section 23 of the Accountants Act of 1977.
- h. **'Chartered Registered Auditor'** means accountants who are members of the LIA and who are admitted into public practice and hold a Chartered Registered Auditor Certificate as issued by LIA. Chartered Registered Auditor is a member in good standing who offers or provides audit & assurance services, accounting and or advisory services to the public for gain, either in a personal capacity, or as a sole proprietor of a business, or as a director of a company or partner in a registered partnership.

- i. **'Council'** means the Council of the Institute established under section 8 of Accountants Act No.9 of 1977.
- j. **'Firm'** means a sole practice, partnership, Limited Liability Company or body corporate whose partners are issued practicing certificates by the Institute.
- k. **'Fit and Proper person'** means a Person with no criminal record (except for minor traffic offenses) and no pending court cases in relation to professional conduct, money laundering or solvency or fraud or not found guilty during disciplinary process of the Institute or has been rehabilitated.
- l. **'Large business'** means a business which is a legal entity and generates a turnover or has income (donations or otherwise) of **M10,000,000.00** and above in its immediately preceding financial year.
- m. **'Medium business'** means a business which is a legal entity and generates a turnover of has income (donations or otherwise) **M5,000,000.00 to M9,999,999.00** in its immediately preceding financial year.
- n. **'Public Accountant'** An accountant holding a license issued by LIA to offer services to the public at large for own account.
- o. **'Public Interest Entities (PIE)'** For the purpose of these bylaws, an entity shall be considered a public interest Entity when it falls within one or more of the below categories;
 - i. A publicly traded entity;
 - ii. An entity one of whose main functions is to provide insurance to the public or
 - iii. An entity one of whose main functions is to take deposits from the public;
 - iv. An entity specified as such by law, regulation, or professional standards.
 - v. Collective investment vehicles;
 - vi. International Donor funded Not-for-profit organizations;
 - vii. Pension funds;
 - viii. State owned entities and statutory bodies;
- p. **"Practicing Member"** means a public accountant or chartered registered auditor who is registered with the institute and holds a current practicing license issued by the institute.
- q. **"Practicing Member in good standing"** means a public accountant or chartered registered auditor who is registered with the institute and holds a current practicing license issued by the institute and has fulfilled all the obligations of the Institute or is deemed to have done so.
- r. **"Professional Indemnity Insurance"** means cover for professional negligence of the insured in the course of their duties providing professional services. It protects one against legal costs and claims for damages to third parties which may arise out of an act, omission or breach of professional duty in the course of their business.
- s. **"Public interest"** means the welfare or wellbeing of the general public or society.
- t. **"Resident Person"** means an individual, company, partnership, trust or fund resident in Lesotho, as stipulated in the Income Tax act 1993 Section 5 to 8.
- u. **"Small Business"** means a business which is a legal entity and generates a turnover has income (donations or otherwise) less than **M5,000,000** in its immediately preceding financial year.

4. Acronym list

- a. ATE : Approved Training Employer
- b. CP : Continuity Partner
- c. CPD : Continuous Professional Development
- d. IESBA : International Ethics Standards Board for Accountants
- e. IFAC : International Federation of Accountants
- f. LIA : Lesotho Institute of Accountants
- g. PAFA : Pan African Federation of Accountants
- h. PCC : Practitioners' Compliance Committee
- i. PII : Professional Indemnity Insurance
- j. SMP : Small and Medium Sized Practices
- k. IFRSs : International Financial Reporting Standards
- l. IAASB : International Auditing and Assurance Standards Board

5. Licensing Certified Auditor or Public Accountant

- a. Any member shall be eligible for practicing license where:-
 - i) He/she has completed an accounting qualification that is recognized by the Institute;
 - ii) He/she satisfies the requirements of LIA as to continuing professional development;
 - iii) He/she has passed an admission examination;
 - iv) He/she has a valid Tax clearance certificate;
 - v) He/she has Lease or Sublease agreement as proof of physical office;
 - vi) He/she produces a valid police clearance certificate;
 - vii) Meets the approved admission criteria into practice for the type of practice applied for;
 - viii) Any other relevant information that may be required from time to time by the Council.
- b. Non Basotho applicants, who have not studied and acquired experience in Lesotho, shall be expected to provide the following additional documents
 - i) Membership letter of good standing from the home country PAO or regulator at a membership level applied for at LIA.
 - ii) Work permit or residence permit.
- c. Aspiring members shall obtain application forms and admission criteria from the LIA website (www.lia.org.ls) or from LIA offices and apply for practice in line with the

requirements for the type and level of practice applied for as detailed in the admission criteria.

- d. A member who will be found to be practicing, as a Public Accountant or Auditor without a license from LIA shall be criminally charged and shall be liable to a fine imposed by the ***Accountants Act of 1977*** (as amended). The conviction and sentence shall not prohibit LIA from taking disciplinary measures against such member and sanctions that will be imposed shall be independent from the criminal proceedings. Such sanctions may include a fine equivalent to 150% of 3 years practice license fee and pay the current year practice fee upon applying for practicing certificate.
- e. Foreign Practitioners who are invited for joint audits by local firms shall:
 - i) Meet the single audit assignment requirements as prescribed by the Council,
 - ii) The local firm shall apply for partnership clearance from LIA signed by the local firm, the foreign practitioner and audit client (which requires skills transfer plan, retention of audit files by local firms and agreement that audit risk remains with the local firm).
 - iii) Audit file shall be subjected to quality assurance review within 90 days of completion of the audit.
 - iv) Payment of a fee to LIA equivalent to 5% of the Audit fees charged to the client immediately upon completion of the audit.

6. Practitioners' Compliance Committee

- a. Compliance matters of all practicing members to the Institute laws, regulatory instruments (which includes these bylaws, practice reviews and registration) and other pronouncements shall be overseen by the Practitioners' Compliance Committee (PCC)
- b. The PCC shall be appointed by the Council for a period of three years and shall serve as an advisory body for the council on compliance matters concerning accountancy practice.
- c. The PCC shall make disciplinary action recommendations to the Disciplinary committee which shall handle all disciplinary matters in accordance with the disciplinary procedures of the Institute.
- d. The composition and terms of reference of the PCC shall be determined by the council from time to time.

7. Practice Designation

- a. Based on qualifications and experience aspiring members can apply for one of the following Practice licenses.
 - i) **Technician Public Accountant** – the holder of the practice license shall undertake all financial accounting and related services (other than assurance services) for small businesses.
 - ii) **General Public Accountant** – the holder of the practice license shall undertake all financial accounting and related services (other than assurance services) for small and medium businesses.

- iii) **Chartered Public Accountant** – the holder of the practice license shall undertake financial accounting and related services (other than assurance services) for small, medium, and large businesses.
- iv) **Chartered Registered Auditor** – the holder of the practice license may undertake financial accounting and related services for small, medium and large organizations as well as undertake audit and assurance engagements.

b. Use of Professional Designation

- i) All practitioners shall after their names show their professional designation, write their practice license name in full and practice number below their name in all media and platforms where the intention is to do business and to show the practice license status.

Sample Designation

Mojalefa Koporo CA (L)

Chartered Public Accountant – Practice Number 223345

- ii) Where the practitioner has several designations/certifications, the LIA designation must be the last designation, if the purpose of showing qualifications / certifications is for attracting or doing business in Lesotho.
- iii) No practitioner shall sign any document or letter or communication without stating the designation of LIA and showing practice number, whether be under reciprocity arrangement, or communicating from other offices than those registered office in Lesotho.

8. Practice License Renewal

- a. Practice licenses shall be renewed annually.
- b. Renewal of practice licenses shall be subject to submission of an annual return form to be promulgated by LIA to which the below documents will be attached:
 - i) Proof of payment of annual practice license fee,
 - ii) Submission of CPD declaration form
 - iii) Proof of valid Professional Indemnity Insurance (PII)
 - iv) Ethics declaration (in a form to be prescribed by LIA)
 - v) Compliance with quality assurance reviews and practice inspections where a practice was selected for review in that financial year.
 - vi) Valid registration with the Financial intelligence Unit
 - vii) Valid tax clearance certificate
 - viii) Valid Police clearance certificate (after every three years)
- c. Non-Resident of Lesotho shall be expected to provide the following additional documents
 - i) Letter of good standing from the home country PAO or regulator.
 - ii) Work permit or Indefinite Residence permit.

- d. An Auditor or Public Accountant member who fails to pay the prescribed annual subscription fee shall, after a lapse of grace period of three months from the due date, be liable to pay, in addition to the fees due:-
 - i) at the lapse of three months from the date the fee was due, a penalty sum equivalent to *twenty five percent (20%)* of the subscription fee due;
 - ii) at the lapse of six months from the date the fee was due, a penalty sum equivalent to fifty percent of the fee due;
 - iii) at the lapse of nine months from the date the fee was due, a penalty sum equivalent to seventy five percent of the fee due; or
 - iv) at the lapse of twelve months and beyond from the date the fee was due, a penalty sum equivalent to one hundred percent of the fee due.
- v) An Auditor or Public Accountant who fails to pay the prescribed subscription fee for two consecutive years from the date the fee is due shall, be deregistered and his name be included on the list of deregistered member to be placed on the LIA website.
- e. Every registered member shall notify the LIA of any changes in ownership structure, name or address within twenty-one days from the date of any such change.
- f. Those who are registered and are not actively involved in daily affairs of the firms shall notify the Institute. Such individuals are not eligible to sign off accounts and their licenses shall be dormant during the period of dormancy. Members to be required to declare their status - active or intend to be in-active/ dormant - for each year of practice license renewal.

9. Practice Restrictions

- a. No person shall practice as a public accountant or Chartered Registered Auditor in Lesotho (serving a resident person) unless he/she holds a practice license and has paid the required annual fees to LIA.
- b. Members in Practice shall lose their certificates if they are found not to be citizens of Lesotho or unable to produce a letter of good standing from home PAO for level of practice applied for as and when required to do so by LIA.
- c. The Practice license shall always remain the property of LIA and LIA shall retain the right to demand its return at any time.
- d. No member shall offer certified training to the public and issue certificates under the designation offered and regulated by LIA. Training shall only be offered as a consultancy service to clients and shall not be certified.
- e. No person shall practice as a public accountant or Chartered Registered Auditor in Lesotho if:-
 - i) is adjudged by a competent court to be of unsound mind
 - ii) is an undischarged bankrupt
 - iii) is convicted of a serious criminal offence or an offence involving fraud or dishonesty by a competent court;
 - iv) has been struck off the LIA accountants' membership register.
- f. An auditor or public accountant shall not:-

- i) Knowingly employ any person who is suspended from public practice under any provisions of the accountants act or these bylaws.
- ii) Employ any individual who is not a member of LIA unless such a person is a trainee with less than one year trainee experience under the ATE scheme of the institute.
- iii) Practice without carrying professional indemnity insurance.

10. Quality Assurance Reviews and Practice inspections

- a. The Institute shall conduct practice review within such period as the Institute may determine, for practitioners and the firm of practitioners.
- b. The Institute may recover the costs of the review or inspection of a practitioner or a firm of practitioners under this section.
- c. A practitioner or a firm of practitioners shall, at the request of the Institute, produce a book, document, record or thing and shall not, subject to the provisions of any other written law, refuse to produce the book, document, record or thing, even though a practitioner or a firm of practitioners is of the opinion that the book, document, record or thing contains confidential information of a client to a person authorized by the Institute and who of necessity,
 - i) Requires the information for the performance of functions under the accountants act and these bylaws.
 - ii) where required to do so by order of a court of law; or
 - iii) at the written request of, and to, a competent authority established by law which requires the information for the institution, or an investigation with a view to the institution, of any criminal prosecution

11. Cancellation of Quality Assurance Review Appointment:

- a. Should the firm or any party connected with the firm, cancel an appointment for an audit practice review after the engagement letter has been sent, the regulator shall charge a cancellation fee, payable upon cancellation, at a rate equivalent to the Annual Practice Fee approved from time to time through Regulations/bylaws.
- b. The proposed rescheduled date must be within 30 calendar days following the originally scheduled date.
- c. In the event of further postponement requests, the practitioner will incur a penalty equal to twice the Annual Practice Fee, as approved periodically. This penalty represents the final opportunity for postponement.
- d. If the practitioner fails to cooperate during the final appointment, the matter will be referred to the disciplinary committee.

12. Professional Indemnity Insurance (PII)

- a. Public Accountants and Chartered Registered Auditors in their individual capacity or collectively in partnership shall hold Professional Indemnity Insurance (PII).
- b. Professional Indemnity insurance coverage as prescribed shall be maintained, and satisfactory proof thereof shall be provided to the Institute, by:
 - i) Every firm or professional corporation in Lesotho engaged in the practice of public accountancy and
 - ii) Every member engaged in the practice of public accountancy in Lesotho as a sole proprietor.
- c. A member, firm or professional corporation engaged in the practice of public accountancy shall provide the Institute with satisfactory proof of the maintenance of professional liability insurance coverage within six months of the date of commencement of the practice of public accounting in Lesotho, and

13. Terms of engagement

- a) Immediately upon client engagement, members in practice are required to provide written terms of engagement for all clients they have a direct business relationship with, and therefore are paid directly by that client. This is a formal agreement between them and their client, detailing the responsibilities of each party and the nature of the work required.
- b) It is mandatory to have template of terms of engagement in place.
- c) For practitioners in operation before these bylaws come to force, the template terms of reference should be in place within six months and all existing clients who do not have terms of engagement with the firm should be provided with the terms of engagement after these bylaws are effected.
- d) Before drawing up terms of engagement, there should be a discussion covering the service(s) the client wants the practitioner to provide and their responsibilities as the client and the minutes of such a meeting to be documented and properly filed.
- e) At any point once work has commenced for the client, the terms of engagement may lose their currency because the client may require some additional work to be undertaken that is not reflected in the terms of engagement or it may be recognized that the practitioner cannot meet an agreed deadline for the completion of work, for reasons that the client needs to know and understand, the terms of agreement must be revisited and adjusted accordingly.

14. Business Continuity Partner (BCP)

- a. Public Accountants and Chartered Registered Auditors must ensure, , that services to clients are maintained, in the event of their illness, disability or death, either through internal arrangements within the practice or through a written agreement with another practitioner who holds the same or higher practice license.
- b. A holder of a practicing certificate must enter into and keep in force, for all of the period during which a certificate is held a written agreement with another accountant, a firm of accountants or a limited company (the "nominee"), providing for the nominee, or nominees if there is more than one, to be responsible for the individual's practice in the event of his death or incapacity.
- c. The nominee or nominees must hold a valid practicing certificate.
- d. It is mandatory that a BCP is in place within twelve (12) months of admission into public practice.
- e. For practices in operation before these bylaws come to force, the BCP should be in place within twelve (12) months after these bylaws' are effected.
- f. The practitioner shall notify all the interested parties about the BCP. Other than the practitioner with whom the BCP agreement is held with, this means:
 - i. Practitioner's dependents.
 - ii. Anyone else who provides the practitioner with professional services (e.g., banks, solicitors, professional indemnity insurance or general insurance providers).
 - iii. Any client(s) whom the agreement may concern, these clients must be advised of their right to choose whether or not the alternative is to act on their behalf in the event of the continuity arrangement becoming operational.
- g. Practitioners shall submit a copy of their Business Continuity Partner agreement to LIA upon request.

15. Complaints Handling Procedure

- a. All Public Accountants and Chartered Registered Auditors shall have complaints handling procedures for their clients within three (3) months of admission into practice.
- b. For practices in operation before these bylaws come to force, the Complaints handling procedure should be in place within six (6) months after these bylaws are effected.
- c. A copy of this must be submitted to LIA upon request as part of its quality checking procedures.
- d. Clients must be informed that an internal complaints procedure is in place.

- e. A clause pertaining to complaints handling procedure shall be included in the letter of engagement.
- f. When an issue arises that may prompt a complaint, or there may be a reason to believe the client is dissatisfied, inform the client of the lodged case and the progress thereto. Also create room for client's engagement and /or views of the same.
- g. A complaints procedure shall consist of:
 - i) A policy statement (for public display and/or inclusion in practice literature, especially within the terms of engagement).
 - ii) A complaint record form.
 - iii) Appropriate training for all staff and partners.

16. Money Laundering and Proceeds of Crimes Act, 2008

- a. Practitioners must comply with the Money Laundering and Proceeds of Crime Act, 2008 and its amendments.
- b. The institute shall assess the practitioner's compliance with the provisions of the above Act and related regulations during the Quality Assurance Review and or practice inspections.

17. Comply with LIA's Code of Ethics

- a. The practitioners shall:
 - i) Include the fact that they are bound to LIA Code of ethics in their engagement letter and any of their business proposals.
 - ii) Provide the contacts of the LIA designated office for which the complaints or whistleblowing can be directed in line with the whistleblowing policy of the institute.
- b. The practitioner shall develop a client acceptance procedure that should check the following: The following list is not exhaustive:
 - i) Politically exposed persons
 - ii) Whether the practitioner cannot accept the client from another practitioner on professional grounds
 - iii) Tool to assess or evaluate whether to accept a client based on ethical conduct. The Institute may require an assessment tool.
- c. Where a practitioner belongs to a different professional body or is also registered under other industry/sector regulators, the LIA code of ethics and practice bylaws will be considered as primary code or bylaws for matters relating to the accountancy profession.
- d. The practitioner will be required to complete and submit the code of ethics declaration form as a condition for practice license renewal.

18. Continuing Professional Development (CPD)

- a. A practitioner shall undertake continuing professional development in accordance with the requirements of the Institute as stipulated in the CPD policy;
- b. Members shall submit their records to LIA annually as a requirement for renewal of practice license.
- c. As a condition for issuing annual practice license, the practitioner must file CPD return:
 - i. in accordance with the LIA CPD policy.
 - ii. Undertaken with the LIA or approved service provider or another IFAC accountancy body or with another body providing additional regulation for other certifications.
 - iii. LIA may inspect the CPD certificates and credibility of the service providers, and upon discussions, the LIA has authority to reject a particular training or adjust hours allocated to each of the CPD events.

19. Quality Manual and policies

Accounting Practitioners

- a. Accounting Practitioners shall document quality management procedures that shall be comparable to the quality standards as issued by IAASB.
- b. The practitioner shall have systems and policies covering human resources, technology, risk management and cyber security at a minimum.
- c. The quality manual must also include the following:
 - i) Technical capabilities of the practitioners on the practice areas undertaken or that the practitioner proclaims that they are able to undertake;
 - ii) The screening process for acceptance of new clients, assessing client's risks and churning unethical clients should be put in place;
 - iii) Compliance with IFRSs and IAASB engagement performance standards or any other standards as adopted by LIA.
 - iv) Compliance with the Training requirements for LIA trainees for Approved Training Employers;
 - v) Screening process for new employees for checking the ethical position of the new staff member;
- d. Risk management framework to reduce revenue concentration, reputational, operational, and cyber risks. As a result, LIA will ensure that the practitioner puts in place measures to ensure that:
 - i) A practitioner actively manages and reduces concentration risk (concentration risk defined as having more than 20% of total revenue within a period of twelve months which comes from one client.)
 - ii) A practitioner has declared the directorships, partnerships and shareholdings he or she holds.

Chartered Registered Auditors

- e. Shall document quality management procedures compliant with the International Standards on Quality Management (ISQM) 1 and ensure engagement quality control within the practice is as per International Standards on Quality Management (ISQM) 2
- f. Shall document Risk management framework to reduce revenue concentration, reputational, operational, and cyber risks. As a result, practitioner shall put in place measures to ensure that:
 - i) A practitioner actively manages and reduces concentration risk (concentration risk defined as having more than 20% of total revenue within a period of twelve months which comes from one client.)
 - ii) A practitioner has declared the directorships, partnerships and shareholdings he or she holds.
- g. The chartered registered auditor shall also document the policies that cover the following;-
 - i) Technical capabilities of the practitioners on the practice areas undertaken or that the practitioner proclaims that they are able to undertake;
 - ii) The screening process for acceptance of new clients, assessing client's risks and churning unethical clients to the satisfaction of LIA should be put in place;
 - iii) Compliance with International Financial reporting Standards (IFRSs), International Standards on Auditing (ISAs) and other pronouncements made by IAASB.
 - iv) Compliance with the Training requirements for LIA trainees for Approved Training Employers;
 - v) Screening process for new employees for checking the ethical position of the new staff member;

20. Mandatory Audit Practices/ Partners Rotation of PIE

- a. In respect of an audit of a public interest entity, an individual shall not act in any of the following roles, or a combination of such roles, for a period of more than seven (7) cumulative years
 - i. The engagement Partner,
 - ii. The individual appointed as responsible for performing the engagement quality review,
 - iii. Any other key audit partner role,
- b. If the individual acted as the engagement partner for seven (7) cumulative years, the cooling-off period shall be three (3) consecutive years.
- c. Where the individual has been appointed as responsible for the engagement quality review and has acted in that capacity for seven (7) cumulative years, the cooling-off period shall be three (3) consecutive years.
- d. If the individual has acted as a key audit partner other than in the capacities set out above for seven (7) cumulative years, the cooling-off period shall be two (2) consecutive years.

- e. Where there are industry specific requirements to partner rotation and or cooling off period, the practitioner shall follow the industry specific bylaws or regulation if the latter proves to be more stringent.

21. Documents Retention

- a. Chartered Registered Auditors and practitioners shall ensure that all working papers and relevant material that support their practice conclusions and opinions are retained for a minimum period of 7 years.
- b. Audit Firm/Auditor shall retain records relevant to the audit or review. Such records include-
 - i) working papers and other documents that form basis of the audit; or
 - ii) review of an entity's financial statements, memoranda, correspondence, communications; and
 - iii) other documents, and records, including electronic records.

22. Practice File Archive

- a. Each client's file shall be closed, signed off and archived within sixty (60) days of an opinion or the report issuance.

23. Complaints

- a. Practitioners shall cooperate with investigators in a case where a complaint is laid against them.
- b. Complaints shall be addressed in accordance with the LIA's Complaints and Disciplinary procedures.

24. Disciplinary

- a. Any practitioner found in contravention of these bylaws shall be disciplined in accordance with the LIA complaints and disciplinary procedures.

25. Penalties and Sanctions

- a. LIA shall impose, depending on the severity of the matter, the following sanctions for infringement of any of the sections in these bylaws.
 - i. Reprimands/warnings
 - ii. Fine/payments of costs;
 - iii. Loss or restriction of practice rights;
 - iv. Suspension from membership;
 - v. Withdrawal of practice license
 - vi. Loss of both ordinary membership and practice rights;
 - vii. Naming and shaming

26. Cessation of membership

a. Voluntary Cessation

- i) A practicing member may choose to discontinue membership of LIA by rendering his resignation or giving notice of retirement.
- ii) Practitioner shall terminate practice rights in writing.
- iii) Such practitioners shall remain personally liable for their previous engagements' liability even after resigning from membership.

b. Reasons the Institute may order the exclusion of a member:

- i) Exclusion upon a conviction.
- ii) Members excluded upon conviction will not be readmitted until they have become a rehabilitated person within the meaning of the Lesotho Correctional Services Act 2016.
- iii) Exclusion upon a finding of incompetence:
- iv) Members who have been excluded from membership because they failed to perform their professional work competently must supply two independent references from members of LIA who are able to testify from recent experience to the member's professional and technical ability and attach proof of CPD record showing additional hours spent on the areas where the member lacked competence. A member shall also be subjected to a board examination prior to re-admission into practice.
- v) Such practitioners shall remain personally liable for their previous engagements' liability even after exclusion from membership.

c. Cessation of membership due to bankruptcy

- i) Membership ceases immediately when the member is declared bankrupt or insolvent.
- ii) The member may apply for readmission after three years of the date of discharge to proof that they are fit and proper to be readmitted to membership.
- iii) An applicant whose membership has ceased as a result of bankruptcy, or has become bankrupt since the cessation of membership, must provide evidence of discharge from bankruptcy for readmission.

d. Non-payment of fines or costs

e. Cancellation of membership

LIA may cancel the membership of any Member who subsequent to his or her admission to membership:

- i. is removed from an office of trust on account of professional misconduct; or
- ii. is convicted anywhere in the world of theft, fraud, forgery or uttering a forged document or perjury, or
- iii. commits an offence of which dishonesty is an element, or
- iv. commits an offence which reflects adversely on the fitness of the Member to remain a Member, and

- v. sentenced in respect of II to IV above to imprisonment without the option of a fine, or to a fine of an amount to be determined by the LIA from time to time.
 - vi. is convicted anywhere in the world of a criminal offense in which violence is an element, including but not limited to public violence; murder; rape; sexual assault; robbery; assault and/or torture and is sentenced in respect thereof to imprisonment without the option of a fine.
 - vii. where any such conviction has led to a sanction of imprisonment with an option of a fine or to a fine being imposed, the LIA shall have the discretion to decide whether or not to cancel membership.
 - viii. LIA shall be entitled to accept the finding of any court of law in any jurisdiction (in respect of which no further appeal lies) as a ground for disqualification of the applicant from admission to membership or ground for dismissal cancellation of membership.
- f. Non-payment of the annual subscription
 - i) The annual subscription is due and payable from the 31st of March of the preceding year to 30 June.
 - ii) Failure to pay the subscription within three months of the due dates results in the automatic cessation of membership.
 - iii) The Council has the power in certain circumstances to defer payment.
 - iv) If there is an outstanding complaint against a member and the member fails to pay an annual subscription by the due date, they are held in membership but shall not offer practice services until such time as the complaint has been determined.
 - v) If the member has still failed to pay the subscription at the time the complaint is determined, their membership will cease on that date.
 - g. For foreign registered firms practice rights will lapse upon completion of the assignment for which the firm was engaged.
 - h. Contravention of these bylaws and /or members' bylaws may lead the Institute to take a decision to terminate the practice rights of the practitioner. Depending on the contravention, the Institute may:
 - i) Charge a penalty and demand correction of the infringement or contravention.
 - ii) Charge a penalty and suspend or terminate practice rights.
 - iii) Terminate ordinary membership, thus consequently the practice rights.

27. Publication of active and sanctioned members

- a. LIA shall publish all active members on their website or any other media that the Institute may deem appropriate.
 - i. The institute shall regularly publish a list of members whose disciplinary proceedings have been finalized either practice licenses withdrawn or both ordinary membership and practice rights withdrawn;
 - ii. The Institute shall publish the details of any member whose ordinary membership rights and/or practice license have been revoked, provided that 30 calendar days

have elapsed since the revocation decision and the member has not filed an appeal within 21 days from the date of issuance of the verdict.

- b. The information to be published includes the nature of the violation, the identity of a member of the practice firm including the membership number.

28. Rehabilitation

- a. Practitioners whose membership has been terminated and wish to re-apply will undergo rehabilitation as per the rehabilitation procedures of the Institute.

29. Application for Readmission to membership

- a. Practitioners who have ceased for any reason to be a member may be readmitted to membership on such terms and conditions as the Council may consider appropriate.
- b. An application for readmission will be referred to a specialized task force established to investigate and confirm that a member is indeed fit and proper in the following cases:
 - i. A person whose membership ceased by operation of an order made pursuant to the disciplinary regulations.
 - ii. A person whose membership ceased by virtue of bankruptcy.
 - iii. A person against whom the Members' Registrar has been notified that there is an unresolved complaint.
 - iv. A person whose membership ceased by virtue of his or her failure to pay fines and/or costs imposed pursuant to the Disciplinary regulations,
 - v. Any other person whose application for readmission to membership is considered for any reason should be dealt with by the specialized task force.
 - vi. A member who has an outstanding complaint
 - vii. Mis-representation as a practitioner while out of membership
- c. In respect of every application for readmission, a panel specialized task force shall determine whether the applicant is a fit and proper person to be accorded membership. An applicant will only be readmitted to membership if this is consistent with the protection of the public and the safeguarding of the good name of the profession. In reaching its decision, the panel must consider all relevant matters including (but not limited to)
 - i) the reason for cessation of membership,
 - ii) the conduct of the applicant while a member,
 - iii) conduct since membership cessation and
 - iv) proposed plans should they regain membership.
 - v) The panel may consider the cumulative effect of matters which, if taken individually, could be regarded as insufficient to decline the application.
- d. The decision whether an applicant is a fit and proper person to be readmitted to membership will be taken on the balance of probabilities with the burden of proof falling on the applicant.

- e. The panel may request such further information as it considers necessary to enable it to reach a decision.
- f. The panel can readmit an individual to membership on such terms and conditions as it considers appropriate.
- g. In cases where a hearing is convened to determine the application for readmission, the applicant will be expected to attend the hearing and, if required, answer questions from the panel, even if the applicant has instructed a third party to attend and make representations on his or her behalf.
- h. If the panel refuses an application for re-admission, it must give written reasons for the refusal. The reasons may be brief but should be sufficiently cogent to enable an applicant to understand why the panel refused the application.
- i. The applicant has a right to appeal to the council against a decision of a panel specialized task force to refuse readmission.
- j. In considering an application for readmission from a discharged bankrupt member, the panel will consider any or all the following:
 - a) The reasons for financial failure.
 - b) The size and nature of the applicant's liabilities.
 - c) Information from the trustee in bankruptcy on whether the applicant cooperated during the bankruptcy.
 - d) Whether the applicant made (or is making) his or her assets available to his/her trustee.
 - e) The extent to which the applicant has made payment to his or her creditors; the applicant will be expected to have made all best possible efforts to repay his/her creditors albeit not necessarily in full; in considering an applicant's ability to make repayments to his or her creditors, the panel will take into account the applicant's financial circumstances both during and after discharge of the bankruptcy;
 - f) Any other circumstance of the bankruptcy that might be reasonable to be viewed as poor conduct, include but are not limited to:
 - i) Entering into a transaction at an undervalue.
 - ii) Failing to maintain business accounting records.
 - iii) Failing to produce business accounting records on demand by the trustee.
 - iv) Failing to supply any goods or services that have been paid for in whole or in part which gave rise to a claim provable in the bankruptcy.
 - v) Trading at a time before the commencement of bankruptcy when the applicant knew, or ought to have known, that they were unable to pay their debts.
 - vi) Incurring, before the commencement of the bankruptcy, a debt the applicant had no reasonable expectation of being able to pay.
 - vii) Failing to account satisfactorily to the trustee for a loss of property.

- viii) Carrying on any gambling, reckless speculation or unreasonable extravagance that may have materiality contributed to or have increased the extent of the bankruptcy.

30. Appeal

- a. Any person who is the subject of the finding or order made by the specialized task force may lodge a notice to appeal stating the grounds of the appeal within 21 days after the service of the written statement of the reasons for the decision of such Committee with the Council.
- b. As soon as practicable after receipt by the Council of an effective notice of appeal as per 29(1), the President of the council shall appoint a panel to hear the appeal.
- c. The Appeal Regulations shall apply to the hearing of the appeal.
- d. No appeal shall lie solely on the question of costs unless the order was perverse or unreasonable, or compliance with it would result in severe financial hardship for the relevant person.
- e. No appeal shall lie against any condition imposed upon the grant of an adjournment.
- f. No appeal shall lie against orders and/or directions made by the Interim Orders.
- g. The applicant who is not satisfied with the decision of the Council may within 14 days after such decision has been communicated to him/her lodge an appeal to a court/body of a competent jurisdiction.

31. Training Partner of LIA

- a. The Practitioners and or their practice shall be Approved Training Employers (ATE) of the LIA trainees, and the said practices must comply with Training Regulations for the trainees (articles);
- b. Where the practice wishes to use other frameworks, it must prove to the LIA that such frameworks are more relevant and are no lower in quality than those of LIA, and such should be filed with LIA;
- c. A practitioner shall only train accountants registered for the level at or below which they are practice licensed.
- d. All accountants training under ATE shall be registered as members of LIA Immediately after attaining adequate experience for each ordinary membership level.
- e. It is mandatory that a Practitioner becomes an ATE within three (3) months of admission into public practice.
- f. For practices in operation before these bylaws come to force, the Practitioner should become an ATE within six (6) months after these bylaws are effected.
- g. The duties of the authorized training employer shall include to —

- i) issue a student with a training agreement;
- ii) provide to a student, at least 12 months of technical work experience;
- iii) plan and implement training programmes to allow sufficient range and depth of work experience;
- iv) ensure that students are adequately supervised;
- v) ensure that students complete the initial professional development requirements;
- vi) provide structured training in professional ethics within the organization; and
- vii) submit annually, at the end of each financial year, list of trainees that are eligible for membership at each membership level to the Institute.

32. Marketing & Advertising

- a. The IESBA's International Code of Ethics for Professional Accountants, Section R115.2 (Professional Behavior) states that 'when undertaking marketing or promotional activities, a professional accountant shall not bring the profession into disrepute. A professional accountant shall be honest and truthful and shall not make:
 - i) Exaggerated claims for the services offered by, or the qualifications or experience of, the accountant; or
 - ii) Disparaging reference or unsubstantiated comparisons to the work of others.
 - iii) Section 115.2 A1 further states that 'If a professional accountant is in doubt about whether a form of advertising or marketing is appropriate, the accountant is encouraged to consult with the relevant professional body³.'
 - iv) It is against this background that LIA has permitted practitioners to advertise both on printed and digital media in line with the following guidelines:
- b. A member of LIA:
 - i) Shall not portray himself or herself as having expertise or experience that he or she does not possess.
 - ii) Shall not perform any work that may only be performed by a practitioner in a different membership level.
 - iii) Shall only undertake such services that they cannot complete with competence.
- c. The advertising should be aimed at informing the public in an objective manner.
- d. The content and presentation should not impair or adversely reflect on the dignity of the Institute or the profession.

³ IESBA – Handbook of the International Code of Ethics for Professional Accountants

- e. Registered members of the Institute should only advertise services normally associated with their membership of the Institute.
- f. Advertising must be decent, honest, truthful, and in good taste.
- g. Use the correct designation
- h. Must not use the Institute's logo.
- i. Members shall refrain from:
 - i) Making competitive statements (e.g., that it is leading/best/No.1) but may display its specialization.
 - ii) Advertising that creates false, deceptive, or unjustified expectations of favorable results.
 - iii) Advertising that compares members with other professional persons.
 - iv) Advertising containing testimonials or endorsements.
 - v) Advertisements that make unjustified claims about the expertise or specialized skills of a member in a particular field.
 - vi) Advertising that contains inaccuracies.
 - vii) Advertising with reference to statutory functions which the member is not allowed to perform.
 - viii) Advertisements that imply that a member can influence any court, tribunal, regulatory agency, or similar body or official.
 - ix) Advertisement that brings the Institute or profession into disrepute.
 - x) Advertisements that denigrate the work of other accountants.
 - xi) Stating hourly rates or other costs.⁴

33. Annual Practice Management Survey and analysis

The institute may conduct annual practice management survey and analysis of practices. All firms are required to provide information that will enable this exercise to be conducted successfully. Firms' information will be kept confidential.

⁴ www.saipa.co.za

ANNEX 1 SAMPLE AUDIT ENGAGEMENT LETTER

"The following is an example of an audit engagement letter for an audit of general-purpose financial statements prepared in accordance with International Financial Reporting Standards. This letter is not authoritative but is intended only to be a guide that may be used in conjunction with the considerations outlined in the International Standards on Auditing (ISAs) and these bylaws. It will need to be varied according to individual requirements and circumstances. It may be appropriate to seek legal advice that any proposed letter is suitable."

To the appropriate representative of management or those charged with governance of ABC Company:

1. The objective and scope of the audit

You have requested that we audit the financial statements of ABC Company, which comprise the statement of financial position as at December 31, 20X1, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information. We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter.

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISAs) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Our services will be provided by [name(s)] and we will advise you of any proposed change. The services to be provided, timescales and fees are listed in **Annex 1**

In this letter, "we" and "us" and "our" relate to this accountancy practice and "you" and "your" relate to you, the client.

2. The responsibilities of the auditor

We will conduct our audit in accordance with ISAs. Those standards require that we comply with ethical requirements. As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. However, we will communicate to you in writing concerning any significant deficiencies in internal control relevant to the audit of the financial statements that we have identified during the audit.
- c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- e) Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with ISAs.

3. The responsibilities of management

Our audit will be conducted on the basis that [management and, where appropriate, those charged with governance] acknowledge and understand that they have responsibility:

- a) For the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards;
- b) For such internal control as [management] determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; and
- c) To provide us with:
 - i. Access to all information of which [management] is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
 - ii. Additional information that we may request from [management] for the purpose of the audit; and

- iii. Unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence.

As part of our audit process, we will request from [management and, where appropriate, those charged with governance], written confirmation concerning representations made to us in connection with the audit.

We look forward to full cooperation from your staff during our audit.

4. Ethical conduct

- a) All LIA members work within the framework of the LIA Code of Ethics. The code requires accountants to comply with the principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behaviour.
- b) As LIA Chartered Registered Auditors, [I/we] have a duty to observe the highest standards of conduct and integrity, and to uphold the good standing and reputation of the profession.
- c) The duty of an Auditor is not exclusively to satisfy the needs of an individual client or employer. In complying with the ethical requirements of the LIA Code of Ethics the professional accountant is obliged to act primarily within the public interest.

5. Fees

- a) Our fees are based on a [time / complexity / employee skill level / regular fixed monthly] basis. Annex 1 lists the services we agree to supply on a [fixed / variable] basis. Any additional work required which is not covered by these terms will be agreed with you and will result in a new Annex 1 being issued.
- b) Payment of fees rendered by invoice are due within [X] working days from the bill date. Interest may be applied to any overdue accounts at a rate of [X%]. Where payment has not been received, we reserve the right to withhold services, documents, and information, and have the right to cease to work on your account and to terminate the engagement if payments are unduly delayed.
- c) Any expenses incurred whilst working on your behalf will be charged and appropriate records will be kept and will be available for inspection. Such expenses may include the use of meeting rooms and other facilities, internal printing, courier charges, and international but not national telephone calls.

6. Confidentiality and conflicts

- a) We agree never to share information relating to your business with any third party without prior consent, unless required to do so by law or to comply with regulations or quality

control reviews. Likewise, you agree not to use or copy or allow use of the output of the work we do for you with a third party without our prior permission.

- b) You recognize that we may have to stop providing services to you in the event that a conflict arises between our duties to you and to another client. You will notify us if you have any reason to believe that such a conflict has arisen or may arise.
- c) We may communicate with you electronically and you accept the risks associated with such communications, except anything arising through our negligence or willful default.

7. Complaints and disputes

- a) We want you to be entirely satisfied with the services provided to you. If, however, you are not, please refer to the Complaints Handling Procedure in Annex 2 of this letter. Any disputes arising from our engagement by you will, subject to the procedure in Annex 2, be governed by the laws of Lesotho.
- b) If a complaint cannot be resolved through our internal complaints handling procedure, we are required to point you towards alternative dispute resolution (ADR) providers and in the case of a Public Accountant we will direct you to LIA.

8. Continuity Arrangement

In the event that we become unable to provide the services agreed upon through incapacity or death, a Continuity Arrangement has been made with [**name of practitioner, practice name and address**]. The purpose of this agreement is to look after your interests by providing continuity of services. You will be contacted in the event of such circumstances arising and you will have the option to decline to be covered by these arrangements.

Yours sincerely

Signed on behalf of [practice name]

Mojalefa Koporo CA (L)
Chartered Registered Auditor – Practice Number 223345

[Date]

Before any work can be undertaken on your behalf, you are required to confirm acceptance of these terms of engagement by signing and returning the original copy of this letter to us at the address provided. Please retain a copy for your own records.

I confirm I have read, understand, and agree to the terms and conditions set out above and in the annexes to this letter. By signing and returning this engagement letter, I am consenting

to my personal data being used as set out above. [I confirm I have the authority to act on behalf of the company].

Signed on behalf of [Company name]

[Name & Title]

[Date]

ANNEX 2 - SAMPLE ENGAGEMENT LETTER- NON-AUDIT ENGAGEMENTS

"The following is an example of an engagement letter for accountancy services. This letter is not authoritative but is intended only to be a guide that may be used in conjunction with the considerations outlined in the international standards relevant to the nature of the service being offered. It will need to be varied according to individual requirements and circumstances. It may be appropriate to seek legal advice that any proposed letter is suitable."

To the appropriate representative of management or those charged with governance of ABC Company:

Thank you for your instructions to provide you with [X] services [in connection with] [details].

Accounting and Tax Practitioners of the Lesotho Institute of Accountants ("LIA" or "the Institute") subscribe to the promotion of high standards, ethical awareness, and best practice. As part of those standards, engagement terms are issued and agreed prior to any work being undertaken.

This letter has been prepared following discussions with you on [date] and, together with **Annex 1**, sets out the terms on which our services will be provided. Please read all the information carefully and contact us if you have any concerns or require clarification.

In this letter, "we" and "us" and "our" relate to this accountancy practice and "you" and "your" relate to you, the client.

1. Scope of Services

Our services will be provided by [name(s)] and we will advise you of any proposed change. The services to be provided, timescales, and fees are listed in **Annex 1**

2. Responsibilities

Our responsibilities are to:

- a) observe the Regulations of LIA, the laws of Lesotho and the regulations of the Network (if the firm is subscribing with a network).
- b) keep and maintain records of work completed and make them available to you upon request.
- c) provide regular reports on the progress of any work being completed on your behalf.
- d) raise any issues or concerns that may be found during the term of the engagement.

- e) return any information owned by you within [X] working days] upon termination of the engagement and once payment for work carried out by the practice has been made.
- f) keep records in compliance with Data Protection and Money Laundering legislation. In particular, we make you aware that the data controller is [Practice Name] and that in order to carry out the services of this engagement and for related purposes such as updating and enhancing our client records, analysis for management purposes and statutory returns, legal and regulatory compliance and crime prevention [add any further purposes specific to your circumstances] we may obtain, process, use and disclose personal data about you. We may also retain personal data about you for longer than is required under Money Laundering legislation. [Add any further information which you consider necessary to enable the data to be processed fairly, having regard to the specific circumstances in which your practice will be processing the data].

3. Your responsibilities as the client are to:

- a) provide proof of identity information and business details as requested by us to comply with anti-money laundering regulations.
- b) ensure that records of your business activities are correct and maintained to meet the requirements of regulatory authorities.
- c) disclose all relevant information to enable us to complete the work within the agreed timescales as set in Annex 1.
- d) allow full and free access to financial and other records held by yourselves or third parties.

4. Ethical conduct

- a) All LIA members work within the framework of the LIA Code of Ethics. The code requires accountants to comply with the principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior.
- b) As LIA Chartered Registered Auditors, [I/we] have a duty to observe the highest standards of conduct and integrity, and to uphold the good standing and reputation of the profession.
- c) The duty of an Auditor is not exclusively to satisfy the needs of an individual client or employer. In complying with the ethical requirements of the LIA Code of Ethics the professional accountant is obliged to act primarily within the public interest.

5. Fees

- a) Our fees are based on a [time / complexity / employee skill level / regular fixed monthly] basis. Annex 1 lists the services we agree to supply on a [fixed / variable] basis. Any additional work required which is not covered by these terms will be agreed with you and will result in a new Annex 1 being issued.

- b) Payment of fees rendered by invoice are due within [X] working days from the bill date. Interest may be applied to any overdue accounts at a rate of [X%]. Where payment has not been received, we reserve the right to withhold services, documents, and information, and have the right to cease to work on your account and to terminate the engagement if payments are unduly delayed.
- c) Any expenses incurred whilst working on your behalf will be charged and appropriate records will be kept and will be available for inspection. Such expenses may include the use of meeting rooms and other facilities, internal printing, courier charges, and international but not national telephone calls.

6. Holding Client Monies

Client money is held in an account separate from the practice. Interest will only be paid once it exceeds [MX.00] to avoid disproportionate administration costs.

7. Retaining and Accessing Records

- a) Any information produced or relating to the work we undertake for you will be returned to you and should be kept for a period of no less than 6 years from the end of the tax year in question.
- b) You agree that any work completed and work in progress for which payment is outstanding will be held by us until all fees relating to it have been paid.

8. Confidentiality and conflicts

- a) We agree never to share information relating to your business with any third party without prior consent, unless required to do so by law or to comply with regulations or quality control reviews. Likewise, you agree not to use or copy or allow use of the output of the work we do for you with a third party without our prior permission.
- b) You recognize that we may have to stop providing services to you in the event that a conflict arises between our duties to you and to another client. You will notify us if you have any reason to believe that such a conflict has arisen or may arise.
- c) We may communicate with you electronically and you accept the risks associated with such communications, except anything arising through our negligence or willful default.

9. Legislation and compliance

- a) We are obliged by law and by LIA to undertake checks to ensure that you and your business are operating lawfully. By agreeing to our terms of engagement you accept that we are authorized to complete such checks as necessary.

- b) Under Money Laundering Regulations it is a criminal offence if we do not report suspicious transactions or if we inform a client that a report has been made against them.
- c) LIA Public Accountants are committed to fighting economic crime. If you have any suspicions that your accountant or anyone else associated with this accountancy practice is involved in, or associated with, money laundering there may be reasons why you do not wish to raise this with us [me] directly. In such cases, you may make a confidential disclosure to LIA.

10. Liability

- a) As Public Accountants, we have a duty of care to you, and we must observe the highest standards of conduct and integrity. Our services to you will only be completed by an accountant fully competent to perform such work and who holds current Professional Indemnity Insurance.
- b) Where any loss or damage occurs as the result of you providing misleading, incomplete, or false information no liability will be accepted.
- c) The advice we give you is not to be used by a third party without written consent. The practice also accepts no legal responsibility from third party use of the financial information provided by us.

11. Complaints and disputes

- d) We want you to be entirely satisfied with the services provided to you. If, however, you are not, please refer to the Complaints Handling Procedure at Annex 2 of this letter. Any disputes arising from our engagement by you will, subject to the procedure at Annex 2, be governed by the laws of Lesotho.
- e) If a complaint cannot be resolved through our internal complaints handling procedure, we are required to point you towards alternative dispute resolution (ADR) providers and in the case of a Public Accountant we will direct you to LIA.

12. Continuity Arrangement

In the event that we become unable to provide the services agreed upon through incapacity or death, a Continuity Arrangement has been made with [name of accountant, practice name and address]. The purpose of this agreement is to look after your interests by providing continuity of services. You will be contacted in the event of such circumstances arising and you will have the option to decline to be covered by these arrangements.

13. Termination

You or we may terminate our engagement by giving [X days / X months] written notice. All documents and information provided by you will be returned to you within [X] working days of receipt of the notice provided that all outstanding fees have been paid.

Yours sincerely

Signed on behalf of [*practice name*]

Mojalefa Koporo CA (L)

Chartered Public Accountant – Practice Number 223345

[Date]

Before any work can be undertaken on your behalf, you are required to confirm acceptance of these terms of engagement by signing and returning the original copy of this letter to us at the address provided. Please retain a copy for your own records.

I confirm I have read, understand, and agree to the terms and conditions set out above and in the annexes to this letter. By signing and returning this engagement letter, I am consenting to my personal data being used as set out above. [I confirm I have the authority to act on behalf of the company].

Signed on behalf of [*company name*]

[Name & Title]

[Date]

ANNEX 3- SCHEDULE OF SERVICES

"The following is an example of an audit Schedule of fees form to be signed alongside the engagement letter by all practitioners. This letter is not authoritative but is intended only to be a guide that may be used in conjunction with the considerations outlined in this International Auditing Standards (ISAs) and other laws and regulations. It will need to be varied according to individual requirements and circumstances. It may be appropriate to seek legal advice that any proposed template is suitable."

This Annex is effective from the date of signature of the copy of the covering engagement letter. It gives details of your advised service requirements. Fees are listed below as variable or fixed. If service requirements change, this Annex must be replaced with an updated version agreed with you.

Services Offered

Service and description	Variable Fee	Timescale
[Name of service e.g., VAT Reporting] [include specifics of service to the client or practice]	[hourly rate MXX. complexity MXXX.00]	[start completion d
[Name of service] [include specifics of service to the client or practice]	[hourly rate MXX. complexity MXXX.00]	[start completion d
[Name of service] [include specifics of service to the client or practice]	[hourly rate MXX. complexity MXXX.00]	[start completion d

Payment by Direct Debit / Standing Order	Fixed Fee	Timescale
Total regular fixed monthly fee (if applicable)	MXXX.00	Minimum of months

Services not offered.

Service
[Name of Service and brief description]
[Name of Service and brief description]
[Name of Service and brief description]

Signed on behalf of [*practice name*]

[*Public Accountant*] ^[obj] [Date]

Signed on behalf of [*client*]

[*Name & Title*] ^[obj] [Date]

ANNEX 4 - BUSINESS CONTINUITY PARTNER AGREEMENT

"The following is an example of an business continuity partner agreement. This agreement is not authoritative but is intended only to be a guide that may be used in conjunction with the considerations outlined in this International Auditing Standards (ISAs) and other laws and regulations. It will need to be varied according to individual requirements and circumstances. It may be appropriate to seek legal advice that any proposed template is suitable."

THIS AGREEMENT is made on the [*1st*] day of [*Month*] [*Year*]

BETWEEN:

[*PRACTICE / COMPANY / NAME*]
of
[*address*] (the **Appointer**)

and

[*PRACTICE / COMPANY / NAME*]

of
[address] (the **Alternate**)

(the **Parties**)

WHEREAS the Appointer wishes to appoint the Alternate for the purposes of providing services to clients in the event of the Appointer's death or incapacity (or where the Appointer is a firm or company that firm or company's dissolution) and the Alternate is willing to accept the appointment, all subject to the terms of this Agreement:

IT IS HEREBY AGREED that:

1. Definitions

In this Agreement headings do not affect construction, the singular includes the plural, and the masculine includes the feminine and, unless stated otherwise:

- a) **Appointer** means the practice for whose client's continuity cover is to be provided under this Agreement.
- b) **The appointer's representative** includes an executor or attorney if the Appointer is a sole practitioner and a liquidator where the practice is a partnership or company.
- c) **Alternate** means the practice appointed to provide the services to the Client after the Event
- d) **LIA** means the Lesotho Institute of Accountants
- e) **Client** means any or all clients of the Appointer.
- f) **the Event** means the incapacity or death or dissolution of the Appointer.
- g) **services** mean the services being supplied to the Client on the date of the Event.

2. Purpose and scope of Agreement

- a) Public accountants must abide by the laws of the Institute. They must in particular 'ensure continuity of the work of their practice in the event of illness, disability, or death'. This Agreement is designed to ensure the continuity of services to, and protection of interests of, clients of the Appointer.

- a. This Agreement contains the entire agreement between the Parties, who confirm that they have not entered into it based on any representation that is not expressly included in the Agreement. Nothing in this Agreement limits or excludes liability for fraud.
- b. This Agreement shall not constitute or create a partnership, joint venture or employer and employee relationship between the Parties.
- c. This Agreement may be issued in any number of counterparts.

3. Responsibilities of Alternate

- a. The Alternate, on notification of the Event, shall as soon as practicable:
 - i) notify the Client of the Event and advise the Client of the Client's right to refuse the Alternate's services.
 - ii) provide services to the Client on the terms of engagement issued to them by the Appointer; and, if updated or added terms of engagement are to be issued, explain any differences to the Client.
 - iii) provide services to the Client in accordance with the Laws of LIA.
- b. In the event of ceasing to be able to provide the services to the Client, the Alternate shall take all necessary steps to ensure that the Client's needs and interests are met, without loss of continuity, by another provider acceptable to the Client.

4. Responsibilities of Appointer

- a. The responsibilities of the Appointer are to:
 - i. appoint a Representative who will notify the Alternate if an Event occurs and will facilitate the Alternate's access to client information and records, subject to any legal restrictions.
 - ii. allow the Alternate access to Client information as stated in clause 6.1.
 - iii. notify LIA of this Agreement and the names of the Parties.
- b. The Appointer recognises and accepts that the Alternate will not be responsible for or liable in respect of any services provided to the Client prior to the Event.

5. Specific details

This section should cover any specific requirements, such as:

- a. the professional competencies required to be held and maintained by the Alternate.
- b. the qualifications of the Alternate to be held or maintained.
- c. details regarding fees and expenses, including specification of any income from the Client to be paid over to the Appointer's estate.
- d. authority if any of the Alternate over the Appointer's business including the engagement and dismissal of staff.

6. Confidentiality and Client Records

- a. In pursuance of clauses 4.1.1 and 4.1.2, the Alternate shall be granted access to Client lists and records of the Appointer's practice.
- b. Any information about the Client shall be kept confidential from third parties and in accordance with Data Protection law.
- c. If the Appointer recovers from incapacity, the Alternate shall cease to provide services to the Client and shall return all Client records to the Appointer.

7. Insurance

- a. Each Party is responsible for its own Professional Indemnity Insurance.
- b. The Alternate shall maintain such insurance as is appropriate for the purposes of acquiring obligations in relation to the Client in pursuance of this Agreement.

8. Applicable Law and disputes

- a. This agreement shall be governed and construed in accordance with the laws of Lesotho. If a dispute or claim arises it shall be resolved by negotiation between the Parties or by an arbitrator appointed by the Parties.
- b. If any clause of this agreement becomes illegal or obsolete it shall not have likewise effect on any other clause.

9. No transfer of duties and no Third-Party rights

- a. The duties and powers of a Party under this Agreement shall not be transferred to a third party without the prior written consent of the other Party.
- b. The terms of this Agreement shall not be enforceable by a third party.

10. Termination

- a. This Agreement shall terminate on a date to be agreed in writing between the Parties.
- b. Either Party may terminate this Agreement with [specify notice period] notice to the other (such period to run from the date the notice would be delivered in the ordinary course of the post).

SIGNED by [or on behalf of]
[Name of Appointer]

[Date]

IN THE PRESENCE of
[Name of witness]

SIGNED by [or on behalf of]
[Name of Alternate]

[Date]

IN THE PRESENCE of
[Name of witness]

ANNEX 5– COMPLAINTS PROCEDURE

"The following is an example of complaints procedure that can be adopted by practitioners in their practices. These procedures are not authoritative but are intended only to be a guide that may be used in conjunction with the considerations outlined in the International Auditing Standards (ISAs) and other laws and regulations. It may be appropriate to seek legal advice that any proposed template is suitable."

1. Purpose

We [*Practice Name*] are committed to upholding best practice through a high-quality service to all our clients. This Annex sets out the procedure we will operate in dealing with complaints arising from the provision of services under our letter of engagement.

2. Raising an Issue

In the first instance please contact [*name, number, and email*] to discuss any concerns you have, so that the matter can be investigated immediately.

3. Making an Informal Complaint

An informal complaint can be made by telephone, or by speaking, face to face or in writing to [*name, number, address, and email*]. If the matter is not resolved at this stage, and you have not already issued a complaint in writing, you should do so. Please include specific details so that the matter can be thoroughly investigated.

4. Making a Formal Complaint

- a. Upon receipt of your written formal complaint an acknowledgment will be sent to you within [X] working days. The name and contact details of the person who will be dealing with your case will be supplied to you at this point.
- b. Within [X] working days from receipt of your written complaint you will receive in writing a summary of our understanding of your complaint. You will be asked at this time to provide any further evidence or information regarding the complaint and to confirm that we have understood all your concerns.
- c. Following such confirmation, we will investigate the matter and write to you in reply within [X] working days unless it becomes apparent to us that the investigation may not be completed within this timescale. In these circumstances, a written explanation will be sent to you including a progress report. When a substantive reply is sent to you, a summary of the findings will be included along with details of any further action to be taken.

5. If you are not satisfied

- 5.1** If in the context of your dealings with us or the handling of your complaint, you believe that I am or [we are} guilty of misconduct, you may lodge a complaint with the Lesotho Institute of Accountants at www.lia.org.ls or call 22312115.

ANNEX 6--PRACTITIONER'S ANNUAL RETURN FORM

This form must be submitted to LIA on or before 31 July each year

Financial year Ended _____ June 202_____

PERSONAL INFORMATION:

Full Name: _____

Ordinary Membership Number: _____

Email Address: _____

Phone Number: _____

FIRM INFORMATION

Name of The Firm _____

Physical Address:

Email Address: _____

Phone: _____

Postal Address _____

DETAILS OF PROFESSIONAL INDEMNITY INSURANCE:

Policy Number _____

Insurance Provider _____

Coverage Amount _____

PRACTICE INFORMATION:

Business Structure: (Choose the appropriate structure)

Sole Practitioner

Partnership

Corporation

Number of Employees executing accounting and or auditing assignments: _____

Employees who are members of the institute

Employee Name	Position Held at Firm	Highest Accounting Qualification	Membership Level	Years of Experience

Employees Under the Accredited Training Employer's Scheme

Employee Name	Highest Accounting Qualification	IA Membership Level	Years of Experience

Revenue Generated from Practice

No.	Revenue	Amount (M)
1	Accounting	
2	Auditing	
3	Other	
	Total	

DECLARATION:

I hereby declare that the information provided in this Annual Return is true and accurate to the best of my knowledge. I understand that any false statements may result in disciplinary action by the Lesotho Institute of Accountants.

Signature: _____

Date: _____

ANNEX 7—NOTIFICATION OF A COMPLAINT FORM

NOTIFICATION OF COMPLAINTS FORM

Your details (person making the complaint)	
Title:	
Surname:	
First name(s):	

Address:		
Telephone:	home:	
	business:	
	mobile:	
Email:		

Accountant's details (LIA member)	
Name:	
Address:	
Company/ Organisation:	

Company's address:	
LIA Practice License Number (If known):	
Relationship to LIA member (e.g., client, employer, employee):	

Summary of the complaint
Please provide a clear and concise note of your complaint; indicate pertinent dates & list & attach relevant supporting documentation)

--

Status of the complaint

--

**Please indicate whether you have used their internal member's complaints procedure
If so, what was the outcome?**

--

Legal proceedings

--

**Please advise whether you are aware that any proceedings or other related complaints are intended,
or have already commenced by you or anyone else:**

--

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Consent	
<p>I understand and agree that a copy of this form, enclosures and all communications and documents I submit may be disclosed to the other party to the complaint, to LIA's conduct committees and to other relevant third parties which may include other regulators.</p> <p>I understand that if my complaint is heard by the disciplinary committee, the hearing will be in public, open to the press and the public, and that I may be asked to appear as a witness.</p>	
Signed:	
Date:	

When you have completed this form, please send it by email to