

## PUBLIC PRACTICE FIRM REGISTRATION AND RENEWAL

Do I need to Register my Firm? .....	1
What if my Firm is outside of the Cayman Islands?.....	2
How does registration with CIIPA affect Approval of Audit Firms by CIMA? .....	3
How is Registration relevant to Registration with the AOA? .....	3
What do I need to submit to Register my Firm with CIIPA? .....	3
Is Renewal Annual? .....	3
Are there On Going Obligations? .....	4
Do any Specific Standards Apply? .....	4
Applying Conditions to Firm Registrations .....	4
What are the Penalties if my Firm doesn't register? .....	4

### DO I NEED TO REGISTER MY FIRM?

1. Once a sole practitioner or firm has partners etc. that are licensed under the Accountants Law<sup>1</sup> then the sole practitioners or firms of licensed practitioners must apply to register the firm with CIIPA. If you are seeking to establish a firm prior to appointing a licensed practitioner member then please contact us to discuss.
2. If conducting *Public Practice*, then a licence is required for the engagement partners signing the audit report or opinion. For details on what constitutes *Public Practice* see CIIPA's Statement of Principle and how to obtain a licence, see the *Helpsheet- Applying for a Licence*.

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<sup>1</sup> Section 38(3)

3. Although it is the grant of a licence that triggers the need to register the firm, CIIPA will determine whether it is in the public interest to register the firm, and in particular that the firm will comply with Laws and professional standards. (see Regulation 9(6) of the *Accountants (Application for Membership) Regulations*.)
4. Before submitting an application for registration, ensure you are fully briefed on the following and seek legal advice where necessary:
  - a. Accountants Law and Regulations,
  - b. Immigration Law,
  - c. Trade and Business Licensing Law,
  - d. Auditors Oversight Authority Law,
  - e. Proceeds of Crime Law, or
  - f. Other laws as applicable.
5. We will take account of your firm's:
  - a. Legal form, governance and ownership,
  - b. Business plan,
  - c. System of quality control, and
  - d. History, stability and place of business.
6. If you wish to make an enquiry to CIIPA prior to submission of an application for registration, please feel free to contact us at [admin@ciipa.ky](mailto:admin@ciipa.ky) or 749-3360.

## WHAT IF MY FIRM IS OUTSIDE OF THE CAYMAN ISLANDS?

7. If an engagement partner for any assurance engagement is carrying on public practice in or from within the Cayman Islands, then they must be licensed and the firm will also need to be registered.
8. Thus, the location of the firm and where the audit work is conducted is key. As an example, where a firm outside of Cayman is asked to provide an audit opinion on an entity whose ultimate holding company is a company incorporated in Cayman Islands but:
  - a. the client engagement letter is on the letterhead of firm outside Cayman Islands,
  - b. the report is in the name of firm outside of Cayman Islands, and
  - c. no one from audit team nor partner visit Cayman to conduct any audit work,

then the firm would not need to be licensed nor registered with CIIPA.

9. In certain cases, members of the audit team may visit the Cayman Islands to conduct some of the field work and that may not constitute public practice in or from within the Cayman Islands. The extent of the work conducted from within the Cayman Islands could vary and impact the requirement to be licensed and register. In these cases, we suggest you contact CIIPA in order to confirm if licensing and registration is required.

## HOW DOES REGISTRATION WITH CIIPA AFFECT APPROVAL OF AUDIT FIRMS BY CIMA?

10. If the client to be audited is a CIMA regulated entity, then CIMA approval of the firm is required in addition and subsequent to the Firm's registration with CIIPA.
11. You must first obtain a practitioners' licence from CIIPA and register your Firm with CIIPA.
12. CIMA have a *Policy on the Approval of an Auditor for a Regulated Institution* and whilst CIMA will take account of CIIPA's grant of your licence, firm registration and past Quality Assurance reviews, it also separately considers the risk of the particular client, and your resources and expertise with respect to the client.

## HOW IS REGISTRATION RELEVANT TO REGISTRATION WITH THE AOA?

13. If the clients to be audited are within the scope of the *Auditors Oversight Authority Law*, then the firm must also be registered with the AOA ([www.aoa.ky](http://www.aoa.ky)).
14. CIIPA entered into an MOU with the AOA to facilitate co-operation in relation to Quality Assurance Reviews. The AOA inspection will consider your whole firm procedures as does CIIPA's quality assurance reviews, but the AOA file reviews will be limited to those audit clients within scope of AOA and the relevant licensed practitioners.

## WHAT DO I NEED TO SUBMIT TO REGISTER MY FIRM WITH CIIPA?

15. Go to [www.ciipa.ky](http://www.ciipa.ky) for an application form for both first registration and renewal.
16. We will ask for:
  - a. Details of your firm's Managing Partner (but less is needed if they are a CIIPA member),
  - b. Details of the person assigned responsibility for Quality Control or Risk,
  - c. Information and evidence regarding your firm's legal status and an organisational/group structure chart to show ownership interests and ultimate ownership,
  - d. The status of any affiliated or parent firms (regulated or authorised),
  - e. A copy of your trade and business licence (only if your firm is not already listed on the trade and business licensing register),
  - f. A copy of your business plan,
  - g. A copy of your firm's employment staffing plan,
  - h. Information on most recent and upcoming reviews  
and some evidence of the controls implemented which may be in the form of:
    - i. your Internal Quality Controls policies and procedures, or
    - ii. a recent quality review report for your firm or affiliate.

A key reason for requiring firms to register is to ensure quality in assurance work conducted and to facilitate Quality Assurance Reviews by CIIPA. For further information on this process see the *Helpsheet- Guide to Monitoring Visits*.

## IS RENEWAL ANNUAL?

17. Yes, each year you will need to renew your firm's registration to confirm any changes, provide an updated declaration, and submit a fee.
18. We require submission by September 30<sup>th</sup> and renewals are effective on 31<sup>st</sup> December.
19. On renewal we will reconsider the initial decision to register the firm and information provided and may request updated documentation.

## ARE THERE ON GOING OBLIGATIONS?

20. Yes, your firm is required to-
  - (1) Maintain in force and comply with the conditions of cover of professional indemnity insurance.
  - (2) Comply with the International Standard of Quality Control issued by the IAASB.
  - (3) Implement and maintain adequate business continuity arrangements.
21. You must notify CIIPA within thirty days when there is any change to information provided in the firm's application or renewal application that may adversely affect the obligations of the firm above.

## DO ANY SPECIFIC STANDARDS APPLY?

22. You must conduct audits using either International Standards of Auditing ("ISAs") or United States Generally Accepted Auditing Standards ("GAAS") as per the *Accountants (Quality Assurance) Regulations* or equivalent standards (see *Statement of Principle-Equivalent Auditing Standards*).
23. Your firm must also comply with ISQC1.

## APPLYING CONDITIONS TO FIRM REGISTRATIONS

24. CIIPA may register your firm unconditionally or subject to such conditions, including -
  - (a) limiting the nature and scope of the public practice services which may be carried on by your firm; and
  - (b) specifying the number and type of clients that your firm may service.
25. In the event of imposing conditions, CIIPA may consider informing the Cayman Islands Monetary Authority ("CIMA") or other equivalent bodies that may have an interest in the firm, according to the *Accountants Law* and the information sharing and cooperation agreement with CIMA.

## WHAT ARE THE PENALTIES IF MY FIRM DOESN'T REGISTER?

26. Under the *Accountants Law*, breach of the Law or Regulations constitutes a ground for investigation, so a failure to register could lead to a referral of the licensed practitioner or Managing Partner (if a member of CIIPA) to the Investigation Committee.

27. Depending upon the circumstances, a failure by a firm to register/renew or comply with conditions could lead to one or more individual practitioner members of that firm being investigated and disciplined under Part 4 of the Law.
28. The most likely grounds for investigation/disciplinary action would be sections 18 (d) and (h).
29. If the person responsible is not a member of CIIPA, CIIPA may refer the failure to register to criminal authorities.
  - a. Section 38(6) states that if contravene s38(3) it is an offence and penalty on conviction is \$10,000 and \$100 per day.
  - b. There is also possible prosecution for individual partners, directors and other personnel under section 38(7).
  - c. In the case of a sole practitioner, he or she is the firm and therefore liable to prosecution under section 38(6).
  - d. The Proceeds of Crime Law applies if criminal property or pecuniary gain is acquired when failing to register (i.e. charging fees).