



CAREER CHOICES: THE PRACTICE OPTION

What is practice?

Practice is defined in the ICAS Bye Laws as “...the provision of services, including accounting and related services, the necessary skills for which have been acquired by a member through his training and qualification, to persons other than his employer for a fee”. This definition does not cover working for someone as a sub-contractor where the firm for whom you work accepts all the risks associated with the work as it would for its employees.

It is not intended that carrying out accountancy or tax work for family or friends, *for which no charge is made*, should require a practising certificate. Similarly, if work outside the regulated areas of audit, insolvency and investment business is done free or for a nominal (not more than £50) fee for charitable, communal or sporting bodies or similar non-profit making bodies, then no practising certificate will be required.

Where work is being done free for family or friends, the member should ensure that the ‘client’ understands that it is not being carried out by way of business and is not covered by professional indemnity insurance. A letter of engagement with and a waiver or limitation of liability for negligence from the ‘client’ are advisable. When undertaking any work for charitable, communal, sporting or any other non-profit making body, whether for a fee or not, members are strongly recommended to hold professional indemnity insurance.

Some members take the view that they are not ‘in practice’ as they do not call themselves or the business ‘Chartered Accountants’ or have a business office. This does not matter. The requirement for a practising certificate flows from the fact that you are a CA performing work as described above and not from what you do or do not call the business or whether you have premises.

Consultants/Specialist services

Members who have previously worked in industry/commerce perhaps wish to utilise skills gained there and do not consider the services provided as being ‘practice’. Unless the nature of the work is so removed from the definition in the first paragraph of this information sheet, it is likely that a practising certificate will be required. The need can, however, only be determined by the Practitioner Certification Committee and in cases of doubt, members are always recommended to submit to that Committee for a ruling.

Such specialist skills can be offered in a variety of ways eg. as a pseudo financial director in businesses or as a consultant to practising accountants who have occasional needs in an

industry sector. Both of these routes offer a way of avoiding the need for a practising certificate. In the former, the option would be to become an employee of the company. In the latter the work should be carried out under a formal sub-contract agreement (i.e the firm contracts directly with the client and has the professional responsibility to the client) with the public practice firm.

Marketing of specialist skills also requires a different approach. The quasi FD route often needs an extensive contact list to network, although it may be possible to offer such services by approaching the local Business Gateway or local enterprise company who may be looking for people with such skills. Additionally, marketing direct to the public practice firms can often prove rewarding through either sub-contract work or even placement with clients. A good place to start is always those professional firms with whom you have previously worked.

Applying for a Practising Certificate

Application forms are available from the Professional Authorisation department (0131 347 0286). The completed five page form will be placed before the Practitioner Certification Committee, which has the power to grant, refuse or restrict a certificate. Note that the Committee meets only 5 times a year and therefore you should apply in plenty of time.

You will have to establish that you are qualified for a practising certificate i.e. that you have completed at least 2 years post-qualification experience in a practising office. If not, then you will have to gain that experience to be eligible to apply.

You will be asked in the application to describe your experience and outline the type of practice you intend developing. The Committee will be trying to establish that you have sufficient experience for the type of practice you have outlined and may require you to undertake some training to bring yourself up to date. One common area would be where a member does not have recent experience of tax generally or some area of tax e.g. personal tax. You may be asked to attend a tax refresher course organised by Professional Authorisation pending which a restricted certificate may be granted.

Particularly for those returning to practice from industry, the Committee needs to ensure that members are familiar with current ethical and regulatory requirements as well as modern practice management methods. It will therefore require you to give an undertaking to attend a course on practice management. Suitable courses are run by CA Business Courses in conjunction with Members Services. Normally such an undertaking is to be fulfilled within 12 months of the grant of a practising certificate but can be satisfied if the course is attended in the 12 months prior to the issue of a certificate.

Other requirements

As part of the application process, a member will also have to evidence compliance with Professional Indemnity Insurance (PII) Bye-laws and Continuing Professional Development (CPD) Bye-laws. The Professional Authorisation department will issue details of the PII requirements along with the practising certificate application form. They will provide details

of recommended insurers who provide policies whose wording complies with ICAS requirements. Information on the current CPD requirements can be found at www.icas.org.uk

These and all other requirements together with advice on marketing and acquiring a practice or block of fees can be found in the booklet 'A Basic Guide to Starting in Practice' obtainable from kmcmanus@icas.org.uk