

Honorary work

This factsheet examines when a member of ACCA is undertaking activities which constitute honorary work. The factsheet provides examples, but does not address all possible circumstances, and students and members should contact ACCA if they are unsure about the requirements in a given situation.

This document has no regulatory status. It is issued for guidance purposes only. Nothing contained in this document should be taken as constituting the amendment or adaptation of the ACCA Rulebook. In the event of any conflict between the content of this document and the content of the ACCA Rulebook, the latter shall at all times take precedence.

Introduction

It is common for members to be asked to help out friends, family or local charities, sporting associations and other non-profit making entities by preparing accounts. Members are free to help out in this way providing all of the conditions for what constitutes honorary work are met.

Definition of public practice

The definition of public practice in ACCA's Global Practising Regulations 2003 (GPRs) is reproduced below.

4. Meaning of public practice

(1) Activities

Subject to regulations 4(2), 4(3) and 4(5), public practice, which may be carried on by an individual or a firm (the 'practitioner'), means:

- (a) accepting an appointment as an auditor; and/or
- (b) signing or producing any accounts or report or certificate or tax return concerning any person's financial affairs, whether an individual sole-trader, an unincorporated body or a firm, in circumstances where reliance is likely to be placed on such accounts or report or certificate or tax return by any other person (the 'third party'), or doing any other thing which may lead the third party to believe that the accounts or report or certificate or tax return concerning the financial affairs of such a person have been prepared, approved or reviewed by the practitioner; and/or
- (c) holding oneself or itself out, or allowing oneself or itself to be held out, as being available to undertake the activities referred to in (a) and (b) above (and allowing oneself to be known as a, or a firm of 'Chartered Certified Accountant(s)', 'Certified Accountant(s)', 'Chartered Accountant(s)', 'Accountant(s)' or 'Auditor(s)' or any similar description or designation standing for any such description in the context of the practitioner's business shall be regarded as an example of such a holding out); and/or
- (d) holding oneself out, or allowing oneself to be held out, as a sole proprietor, partner or director of a firm, or designated member or member of a limited liability partnership, where public practice is carried on.

Honorary work

ACCA's regulations relating to honorary work have been revised. The changes apply to work performed on or after 1 January 2019.

The revised definition of honorary work in ACCA's GPRs is reproduced below.

4. Meaning of public practice

(5) Honorary work

The activities set out in regulation 4(1)(b) shall not constitute public practice where all of the following conditions are satisfied:

- (a) no fee or other benefit is receivable in consideration for the work performed; and
- (b) the gross income of the entity for the year prior to the year in question does not exceed £250,000; and
- (c) the member does not hold himself out, or allow himself to be held out, as being in public practice.

Examples of honorary work include providing accountancy services to assist:

- friends or family
- a small charitable, community, religious, sporting or similar non-profit making entity
- members of the public via an organisation such as a voluntary advice bureau.

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

Do I need to hold an ACCA practising certificate?

An ACCA member undertaking only honorary work is not engaging in public practice and does **not** need to hold an ACCA practising certificate (or to register with ACCA as being in public practice).

It is important to bear in mind that the exemption for honorary work exists purely to allow members to use their skills to make a contribution to their local communities or to assist family, friends and local charities as a favour. It should not be viewed as an entry route into public practice.

Charities

Members do **not** need to hold an ACCA practising certificate in the UK order to undertake honorary work for a charity provided that they undertake this work gratuitously.

Members should be aware of all relevant guidance and requirements for charity reporting and accounting, in particular in relation to conducting an external scrutiny of charity accounts¹. The type of external scrutiny required for charity accounts is determined by statutory thresholds and any specific provision in the charity's governing document.

In certain circumstances, members without public practice authorisation may conduct an external scrutiny of charity accounts, such as an independent examination². However,

¹ Detailed guidance on charity reporting and accounting is available on the Charity Commission for England and Wales website at www.gov.uk/government/organisations/charity-commission

² Members without a practising certificate may conduct an independent examination of an unincorporated charity in England and Wales with a gross income of over £25,000 but not exceeding £250,000 in the relevant financial year.

members must hold an ACCA practising certificate and audit qualification in order to conduct a statutory audit of a charity in the UK.

Members should bear in mind the responsibilities of assurance reporting on a charity and ensure they have the relevant skills and experience to undertake a competent examination. Members are reminded of the need to maintain their competence and objectivity by undertaking relevant continuing professional development and complying with the ACCA Code of Ethics and Conduct.

Voluntary advice

Members are permitted to provide advice to clients of local voluntary organisations (eg Citizens Advice Bureau) provided that they are competent to do so and undertake this work on a voluntary basis.

Professional indemnity insurance

If a member only undertakes honorary work and avoids the requirement for public practice authorisation, they will also avoid the obligation to hold professional indemnity insurance. Nevertheless, it is advisable to consider taking out appropriate insurance to protect against any liabilities arising from honorary work.

Continuing professional development

The public interest is served by having access to voluntary services which are undertaken by competent and ethical professionals. Members are reminded that they must obtain continuing professional development in accordance with Membership Regulation 4(4) and they should only undertake honorary work that they are competent to perform.

Written agreement

Members are recommended to clarify their position as an honorary accountant in a written agreement with the beneficiary of that work.

Recoverable expenses

Members must not charge a fee or receive any other benefit in consideration for honorary work they undertake. However, they may recover reasonable costs and expenses in respect of the work performed.

Holding out as being in public practice

In all cases, members without public practice authorisation must not hold themselves out as being in public practice. This principle should be applied with integrity, and if there is any possibility that a particular course of action may be misconstrued, the member must take steps to clarify the position.

Members are not permitted to advertise their honorary services as this would give the impression that they are in public practice.

Members may communicate in writing in relation to their honorary services. However, it is not acceptable to produce business stationery in connection with honorary work which purports to be that of a practising firm.

A member may describe himself or herself as a 'Chartered Certified Accountant', and may use his or her designatory letters in the context of their honorary work. However, members should ensure they do not give the impression that they are authorised and able to carry on public practice activities, nor allow others to make that mistake.

Supervision for anti-money laundering in the UK and Ireland

Members in the UK who undertake honorary work are not providing accounting services within the terms of the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (the Regulations). Therefore, they are not subject to supervision regarding compliance with the Regulations.

Similarly, members in the Republic of Ireland who undertake honorary work are not subject to the anti-money laundering provisions under the Criminal Justice (Money Laundering and Terrorist Financing) Acts 2010 to 2018.

Further information

It is in members' interests to familiarise themselves with the GPRs to ensure that they comply with them. The GPRs are contained in the *ACCA Rulebook* which can be viewed at www.accaglobal.com/rulebook

Members are also advised to refer to ACCA's factsheet *Am I in public practice?* which provides information on when a member of ACCA is engaging in public practice. The factsheet is available on ACCA's website at www.accaglobal.com/gb/en/member/regulation/factsheets

If you are a member without public practice authorisation, you must assess carefully whether your honorary work falls within the definition of public practice. You are encouraged to contact ACCA's Technical Advisory Service in your region if you have any doubts, and having discussed the circumstances frankly, you must act with integrity to take the appropriate action. In some cases, members may wish to hold an ACCA practising certificate (or register as being in public practice) as a 'protective' measure. Others may wish to do so despite the fact that the work they undertake falls outside the definition of public practice because they wish to describe themselves (or their firms) as 'Chartered Certified Accountants' or use a similar description.