

SCALE OF  
PROFESSIONAL  
SERVICE FEES AND  
OTHER ALLIED  
MATTERS

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## SCALE OF PROFESSIONAL FEES

### INTRODUCTION

For uniformity sake, members are expected to adopt the rates recommended by the Council of the Association as the established rule for the scale on fees to be charged by members for the services they render.

It is therefore recommended that those in practice and consultancy field should imbibe the culture of charging uniform rates so as to foreclose possible disparity in fees charged by members.

To this end, the Association is primarily concerned about consistency and feels strongly the need to, therefore, provide a uniform basis for determination of fees.

In view of the fact that the last scale of professional fees was issued in 2009, and judging from the rate of inflation and the increased responsibilities of practitioners, the Council of ANAN considered it imperative to revise the fees chargeable for the services rendered by our members.

It is pertinent to let the stakeholders who engage practitioners to know that cheap fees sometimes connote rushed unreliable and a dustbin material. For good professional products, commensurate good fees should therefore be expected in return for a well deserve articulated job.

The Association encourages arms length negotiations between the clients and practitioners and which to state that the related scale of fees indicated in this booklet, are minimal threshold figures and a basis for the ensuing negotiations.

Usually, in the professional environment, there are two internationally acclaimed parameters; thus time spent on the job or the quantum or enormity of the job which is premised on turnover basis, and this ANAN holds on to very dearly.

## AUDIT SERVICES

### OPTION A - HOURLY RATE BASIS.

<u>Audit Personnel</u>	<u>Recommended Rate Per Hour</u>
Managing/Senior Partner	N40,000.00
Junior Partner	N30,000.00
Audit Manager	N25,000.00
Audit Senior	N20,000.00
Audit Junior	N15,000.00
Semi-Junior (AIT)	N10,000.00
Audit Assistant/Junior Staff	N5,000.00

### DEFINITION

<u>Personnel</u>	<u>Qualification</u>
Managing/Senior Partner	Must possess a practicing certificate a licensed firm and must be in fulltime practice.
Junior Partner	Must possess a practicing certificate and must be in full time practice but may not necessarily own a licensed firm.
Audit Manager	Must be a professionally qualified member with at least 5 years post qualification experience.
Audit Senior	Must be a professionally qualified member with at least 2 years cognate experience in a practice office.
Audit Junior	Must be a professionally qualified member with at least 1 year cognate experience in a practice office.



Semi-Senior (AIT)

Must have passed out of the Nigerian College of Accountancy, and serving as Accountant-In-Training at the time of the assignment.

Audit Assistant/Junior Staff

Graduate of Accountancy who has not gone to Nigerian College of Accountancy.

## HOURLY CHARGE FOR CONSULTANCY AND OTHER SERVICES

<b>STATUS</b>	<b>Equivalent Status in Audit Firms</b>	<b>Charge Per Hour</b>
Director	Managing Partner	N65,000.00
Lead Consultant	Partner	N50,000.00
Associate Consultant	Manager	N45,000.00
Manager	Audit Senior	N30,000.00

### DEFINITION

#### Director

The usual nomenclature for Directors at this level is "Managing Director" This position as in the Audit set up is for members with a valid Practice License and a licenced Firm.

#### Lead Consultant

The lead Consultant must also possess a valid Practice License; need not have a licensed firm of his /her own but must have up to 5 years cognate practice experience.

#### Associate Consultant

An Associate Consultant by our rating should also possess a valid practice License with at least 3 years cognate practice experience.

### **Manager.**

The manager need not have either a practice license or a licensed firm but should be a member with experience in management consultancy services.

### **OPTION B - TURNOVER BASIS**

As earlier mentioned, this basis would serve as an alternative to the time rate basis, thus leaving the client with the option of choice as to which of the two basis would be applicable.

<b>Turnover</b>	<b>% Charge Rate</b>	<b>Cumulative Turnover</b>	<b>Fees(N)</b>
First 1m	5%	1m	50,000.00
Next 4m	4%	5m	210,000.00
Next 5m	3%	10m	360,000.00
Next 10m	2.5%	20m	610,000.00
Next 30m	2%	50m	1,210,000.00
Next 50m	1.5%	100m	1,960,000.00
Next 100m	1%	200m	2,960,000.00
Next 300m	0.75%	500m	5,210,000.00
Next 500m	0.50%	1Billion	7,710,000.00
Above 1B Negotiable			

**NB: No fee charged shall be less than N50,000.00**

### **2. TAXATION SERVICES**

Taxation services shall be provided based on the same classification of personnel and rate of charges as applicable to audit assignments.

### **3. CHARGES FOR OTHER SERVICES**

The under listed fees shall be applicable to the relevant services provided by practicing members of the Association.

i. **Feasibility Report Writing for Projects as graded below:**

<u>Project Worth</u>	<u>% Charge Rate</u>
5m	10%
5m-20m	7.5%
20m-50m	5%
50m -Above	3.5%

ii. **Management Consultancy:**

Minimum charge of N50,000.00 per proposal (as per terms of engagement)

iii. **Receivership:** 20% of the total amount realised.

iv. **Debt Recovery:** 20% of the total amount recovered plus negotiated engagement fee.

v. **Liquidation:** 20% of the total amount recovered plus negotiated engagement fee.

vi. **Loan Sourcing:** 5% of the negotiated loan subject to a minimum of N25,000.00.

vii. **Debt Reduction:** 20% of the saving achieved plus negotiated engagement fee.

viii. **Restructuring of Corporate Organization:** 5% of the turnover before reorganization.

ix. **Reporting Accountant:** 1.20% of the total value of the offer.

x. **Reporting Auditor:** 0.65% of the total value of the offer.



#### **4. MINIMUM SCALE FOR OTHER SERVICES**

Other services may include investigations, preparation of Business Plans, Accounting Services, Company Secretarial Functions, Insolvency Management, Funds Sourcing, Corporate Management/Restructuring, Personnel Recruitment, Reporting Accountants' Services, Public Sector Services, Information & Communication Technology Consulting.

The recommended basis of charge for the services is hourly rates. However, the hourly rates should not be the same as those for Audit & Assurance services, as the required resources are expected to be different. Special processes and expert personnel may be required for the assignments.

Accordingly, the hourly rates should reflect a premium for these additional complex features. Again a risk assessment is required. The premium should be a minimum of 10% of the level of rate suggested in paragraph 1.1 above.

The fees discussed above are exclusive of incidental and reimbursable expenses. The auditee is expected to settle all the incidental and reimbursable expenses arising from the assignment when duly presented by the firm.

#### **5. OFFICE ACCOMMODATION AND QUALITY CONTROL ASSURANCE MECHANISM**

- i. The office accommodation should be enough for seclusion of the Managing Partner. The Managing Partner should have an exclusive office distinct from the general office.
- ii. The office should be located in a commercial or business area and if it has to be located in a residential



or dwelling house, the office of the practitioner should occupy a conspicuous place that will be easily noticeable to people.

- iii. The sign post of the firm should be conspicuous but moderate. A separate sign board should be made for the audit firm distinct from the one for consultancy or other services
- iv. The Practitioner should have a minimum number of personnel as follows:
  - a. One Audit Assistance not below BSc/HND Accounting
  - b. One Computer Literate Secretary
  - c. One Messenger/Cleaner
  - v. The Practitioner's office should have moderate furniture comprising of tables and chairs for the Managing Partner and his staff.
  - vi. At least, there should be one set of computer.
  - vii. There should be one lockable filing cabinet.
  - viii. The Practitioner is advised to take up Professional Indemnity Insurance.
  - ix. The Practitioner while in full practice should not carry out other business incompatible with normal Accounting Practice.
  - x. Members must imbibe the practice of training their staff consistently in order to enhance their capacity and keep them abreast with developments in the current financial information requirements.
  - xi. Practitioners must as of necessity maintain a reasonable moderate library for books and the various standards issued by IFAC and adopted

by the Association in addition to stock of various Financial Reports of blue chip companies for referencing and as a work tool.

- xii. Practitioners should endeavour to maintain separate and distinct working papers for their Taxation, Audit, Consultancy, and Other Assurance Services.

## 6. GENERAL QUALITY CONTROL REQUIREMENTS

### **Value-Added-Tax**

Fees are exclusive of Value-Added-Tax. An engagement letter should clearly state this term.

### **With-Holding-Tax**

Practitioners' fees would suffer a deduction of With-Holding-Tax. This is in accordance with the Nigeria Tax Laws. To ensure that Practitioners benefit from the deduction, it is tax efficient to request from their clients that the financial instrument for the with-holding-tax be made payable to the State or Federal Tax Authority. Therefore, the Practitioner would obtain the instrument from the client and process the payment. On obtaining the receipt for the payment, the receipt is the property of the practitioner (it is the Practitioner's tax credit). For completeness, a copy of the receipt should be forwarded to the client.

**Sunday A. Ekune**, FCNA  
*Registrar/Chief Executive*  
**March 2014.**