ICAEW AUDIT & ASSURANCE FACULTY

CONSTITUTION

The following Constitution was approved by the Council of the Institute on 8 June 2005.

NAME

The faculty shall be called the Audit and Assurance Faculty of the Institute of Chartered Accountants in England and Wales.

OBJECTIVES

1. The Objectives of the faculty shall be:

A. To further the study of external audit and assurance in all its forms, including the development of thought leadership and research.

B. To act as the professional and public interest voice of the Institute in the field of external audit and assurance and to maintain and enhance the reputation and status of the Institute and its members in this area; in particular to make representations on external audit and assurance matters to the IAASB, EU Commission, UK Government, APB and to other bodies and authorities, as appropriate, and to develop contacts with relevant bodies in the United Kingdom and overseas.

C. To provide such facilities, services and support as may be appropriate to assist faculty members in carrying out the practice of audit and assurance.

D. To provide a centre of excellence in the field of external audit and assurance so as to enhance the reputation and status of the Institute, members and faculty members, and in so doing promote best practice to enhance Audit Quality.

E. To provide and facilitate the provision of education and training through technical releases, publications, events and other means, and to support, and as considered appropriate, develop specialist qualifications in the field of external audit and assurance.

F. To do all such things as are necessary to advance the achievement of these Objectives.

DEFINITIONS

2. Words in this Constitution, referring to the Royal Charter and Supplemental Charter and the bye-laws of the Institute, have the same meaning as the definitions in those Royal Charters and bye-laws.

Council	means the Council of the Institute;
Faculty	means the Audit and Assurance Faculty of the Institute;
Office-Holders	means, in the singular either the chairman, or, if so appointed, a deputy chairman or vice chairman of the faculty; or in the plural, any two or more of these;
Faculty member	means a person admitted to membership of the faculty in accordance with paragraphs 25 and 28 of this Constitution;
Head of Faculty	means the person appointed to the post of Head of the Audit and Assurance Faculty by the Chief Executive of the Institute;
Institute	means the Institute of Chartered Accountants in England and Wales;
Member	means a person admitted to membership of the Institute.

ACCOUNTABILITY

3. The Audit and Assurance Faculty Committee will undertake technical work and makes representations on audit and assurance matters in accordance with the Objectives of this Constitution on behalf of members. The Audit and Assurance Faculty Committee is accountable to Council for the provision of an agreed level of facilities, services and support to members, and for the proper disbursement of income assigned to the faculty from the Institute's general subscription.

4. The Audit and Assurance Faculty Committee is also accountable to faculty members for the provision of facilities, services and support and for the proper disbursement of revenue from faculty member subscriptions.

5. The Audit and Assurance Faculty Committee, which is a standing committee of Council, will report, via the Technical Strategy Board, to the Council at least annually on the matters in paragraph 22 of this Constitution. The Audit and Assurance Faculty Committee will report to faculty members on the matters in paragraph 23 of this Constitution.

MANAGEMENT OF THE FACULTY

6. The Head of Faculty will be responsible for the day-to-day management of the faculty and will work within the Institute's management framework and the operational policies approved by Council. The Head of Faculty will be responsible to the Audit and Assurance Faculty Committee for the management of the activities of the faculty, in accordance with the strategy set by the Audit and Assurance Faculty Committee and the Annual Operational Plan as approved by Council. The Head of Faculty will work in partnership with the Audit and Assurance Faculty Committee to develop the overall strategy and balance the overall strategy and activities of the faculty with its resources.

7. The Head of Faculty will be an employee of the Institute and the Institute shall consult with the faculty chairman before making an appointment and, in normal circumstances, terminating an appointment to the position.

8. It is the responsibility of the Institute management in conjunction with the faculty chairman to resolve conflicts in priorities.

COMPOSITION OF THE AUDIT AND ASSURANCE FACULTY COMMITTEE

9. The Audit and Assurance Faculty Committee shall consist of a fair balance of representatives from across the audit profession comprising not more than twelve elected members. It shall have the power to co-opt up to six additional committee members from the faculty membership for such period as the committee shall determine, up to a maximum co-opted term of three years. No co-opted member may serve as a co-opted member of the Audit and Assurance Faculty Committee for more than two consecutive terms of three years. A member who stands for election or re-election but is not elected may not be co-opted to the Audit and Assurance Faculty Committee until the committee meeting following the Annual Meeting held in the following calendar year.

ELECTIONS TO THE AUDIT AND ASSURANCE FACULTY COMMITTEE

10. Election to Audit and Assurance Faculty Committee membership shall be for a period of three years commencing at the conclusion of the faculty's Annual Meeting of the year of election and expiring on conclusion of the Annual Meeting three years later.

11. Elections shall be held annually so that one third of the Audit and Assurance Faculty Committee seats shall be vacated for election or re-election each year. Candidates for election must be faculty members. Rules for election, including transitional arrangements as may be necessary, are to be approved and issued by the Audit and Assurance Faculty Committee and made available to faculty members.

ELECTION OF CHAIRMAN, DEPUTY CHAIRMAN AND VICE CHAIRMAN

12. The Audit and Assurance Faculty Committee shall by simple vote elect a chairman, who shall hold office for a term of three years. No one shall serve as chairman for more than one term of office. The chairmanship shall be restricted to members of the Institute. The chairman shall take *ex officio* membership of Council and shall join the Technical Strategy Board for this term of office.

13. The Audit and Assurance Faculty Committee may by simple vote elect a deputy chairman, also a member of the Institute, who shall hold this office for a single term of three years. The Audit and Assurance Faculty Committee shall by simple vote elect one or more vice chairmen, also a member of the Institute, who shall hold this office for a term of three years. Deputy and vice chairmen may be elected for two terms in such office.

14. A faculty office-holder who is an elected member of the Audit and Assurance Faculty Committee whose period of election expires during his term of office may either:

- be co-opted by the Audit and Assurance Faculty Committee as one of its co-opted members from the date that person's elected period expires, or;
- continue as an elected member until the conclusion of the Annual Meeting of the faculty next following the date on which the member ceases to hold such office, when the member shall retire but shall be eligible for re-election to the Audit and Assurance Faculty Committee. The elected term of office of the person elected to fill the vacancy then created shall be computed as if it had commenced immediately after the Annual Meeting at which, but for this provision, the retiring office holder would have ceased to have been an Audit and Assurance Faculty Committee member.

INCAPACITY OF FACULTY OFFICE-HOLDER

15. In the event of the resignation or incapacity of an office-holder between planned elections, the Audit and Assurance Faculty Committee shall hold an election to fill the vacant office at its next convenient meeting, and the elected office-holder shall then serve until the date the office-holder who vacated the office would have retired from office.

COMMITTEES AND SUB COMMITTEES

16. The Audit and Assurance Faculty Committee may appoint the Technical and Practical Auditing Committee and such other committees, sub-committees, panels and working groups as it considers necessary to enable it to meet its Objectives, issuing terms of reference, and delegating such authority as it considers appropriate. The working procedures adopted by committees, and the arrangements for Audit and Assurance Faculty Committee members' expenses, shall follow the guidelines set out for Council and committee members in the bye-laws of the Institute and associated regulations.

AUDIT AND ASSURANCE FACULTY COMMITTEE MEETINGS

17. The Audit and Assurance Faculty Committee shall meet at least four times in each calendar year on such occasions as it considers necessary, but no interval between meetings shall exceed four calendar months.

18. A minimum of one half of the committee membership for the time being shall form a quorum. At least five working days' notice must be given of meetings. Voting at meetings will be by simple vote, and in the event of equal voting the chairman shall have a casting vote in addition to the chairman's original vote. Minutes shall be kept of the proceedings of all committee and sub-committee meetings, and when approved by committee members shall be sufficient evidence of the facts recorded.

CESSATION OF COMMITTEE MEMBERSHIP

19. A member of the Audit and Assurance Faculty Committee will cease to be a member of the committee:

- on termination of his or her period of election if he or she does not stand for re-election, or if he or she stands and is not re-elected;
- on termination of a period of co-option if not re-co-opted;
- if he or she ceases to be a faculty member;
- if his or her resignation from the committee, which may be submitted at any time, is accepted by the Audit and Assurance Faculty Committee;
- if he or she is absent from committee meetings for three or more consecutive meetings without the committee's approval;
- if an adverse finding, other than a finding of a prima facie case with an order that no further action be taken, is made against him or her under the Investigation and Discipline Scheme of the Disciplinary Bye-laws.

20. If a vacancy arises for an elected seat, it is for the Audit and Assurance Faculty Committee to decide whether it should hold a special bye-election to fill the vacant seat, or wait until the next planned election.

REMOVAL OF A COMMITTEE MEMBER FROM OFFICE

21. The faculty may by a resolution passed by a majority of its faculty members voting (in person or by proxy) at a meeting specially convened for the purpose, remove any member of the Audit and Assurance Faculty Committee from office. Notice of a proposal to remove a committee member from office must be sent to the Head of the Faculty, supported in writing by at least 50 faculty members. The Head of the Faculty shall, within one calendar month of receipt of such notice, convene a meeting on a suitable date, giving at least one month's notice. The notice of the meeting shall include the motion proposing the removal of the member concerned from office, and may, if he so wishes, include that member's response in not more than 300 words; he shall also have the right to speak at the meeting. Such a meeting shall, if convenient, be held on the same day as and immediately following the Annual Meeting.

ANNUAL OPERATIONAL PLAN

22. The Audit and Assurance Faculty Committee will approve an Annual Operational Plan, including the proposed annual faculty subscription for the year concerned, for consideration and approval by the Board and Council as part of its strategic planning process. The Plan will identify the element of planned income and expenditure arising from faculty members' subscriptions, and that which is to fund work undertaken by the faculty on behalf of the Institute and its members which is funded by the Institute's general subscription. The accounts of the faculty will form a part of the accounts of the Institute and will be audited accordingly.

ANNUAL REPORT AND MEETING

23. The Audit and Assurance Faculty Committee will approve for distribution to faculty members, or posting on the faculty's website, an Annual Report including financial statements. The financial statements will show how income from faculty members' subscriptions has been applied. The Head of Faculty will convene an Annual Meeting of faculty members to receive the Annual Report of the faculty, and to consider such other business as is appropriate and relevant to the faculty's affairs. One month's notice of the proposed business of the meeting shall be given. Any faculty member may put a motion to the Annual Meeting. Written notice of the date of the Annual Meeting shall be sent to faculty members at least three months before it is held, and a motion, supported by at least 25 faculty members, must reach the Head of the Faculty not less than two months before the date of the meeting. Voting at the meeting shall be by personal vote or by proxy. 10 faculty members present within 30 minutes of the promulgated time for starting the meeting shall form a quorum for the Annual and any other General Meeting convened in accordance with this Constitution.

VALIDITY OF APPLICATIONS, POLLS, BALLOTS AND ELECTIONS

24. Documents for faculty members shall be sent by post or by other proven delivery system and shall be deemed to have been received two days after posting or despatch. The accidental omission to send notices or other documents to a faculty member entitled to receive them, or the non-receipt of such notice or documents, will not invalidate a meeting, poll, ballot or election. The effective date of receipt by the faculty of any document or other communication required in accordance with this Constitution is the date of its receipt by the Head of the Faculty (or other nominated addressee) in the Head of the Faculty's office. The Head of the Faculty shall arrange any ballot, poll or election required by this Constitution.

FACULTY MEMBERSHIP

25. **Admission** Any member of the Institute of Chartered Accountants in England & Wales may be admitted as a faculty member on payment of the current subscription. Holders of other memberships and/or qualifications may also be admitted to Faculty membership subject to the approval of those memberships or qualifications by the Institute's Board on behalf of Council following representations from the faculty.

26. The Audit and Assurance Faculty Committee may allow individuals that are not entitled to be faculty members to subscribe to the faculty's services. Subscribers will not be faculty members. Subscribers will be entitled to receive such facilities, services and support of the faculty as shall be determined by the Audit and Assurance Faculty Committee in exchange for payment of a subscription which shall be determined by the Audit and Assurance Faculty Committee.

27. The Audit and Assurance Faculty Committee may establish group subscription arrangements whereby companies/firms/employers, etc nominate individuals to the group subscription arrangement identifying nominated individuals as either faculty members or subscribers to the faculty's services depending on the circumstances of each individual. Nominated individuals shall enjoy the same rights and have access to the same benefits as other faculty members or subscribers, as the case may be.

28. The Audit and Assurance Faculty Committee may establish life membership arrangements. In recognition of long and distinguished service to the faculty, any faculty member may be admitted as a life member by the Audit and Assurance Faculty Committee. Life members shall be admitted without payment of the subscription from the next renewal date.

29. The Audit and Assurance Faculty Committee may from time to time, at its discretion, allow certain individuals or classes of individuals to pay a reduced or zero subscription rate and/or receive faculty services in such form and on such conditions as the Audit and Assurance Faculty Committee determines.

30. **Exclusion from Membership** A faculty member will be excluded from faculty membership if he or she:

- is excluded from membership of the Institute or, if a member of another body included under paragraph 25 of this Constitution, is excluded from such membership;
- fails to pay the subscription due to the faculty within 90 days of the due date unless the Audit and Assurance Faculty Committee in its absolute discretion is satisfied that there was a reasonable excuse.

31. A faculty member may resign from the faculty at any time.

FACILITIES, SERVICES AND SUPPORT

32. In meeting the faculty objectives, the faculty may produce such publications, courses, conferences and other products and services as it considers necessary, within budgetary constraints. The faculty may also endorse such courses, conferences, publications and other products and services as it considers suitable to meet the professional and technical needs of faculty members.

CONSULTATION

33. The faculty shall from time to time consult faculty members in relation to the provision of facilities, services and support to faculty members.

34. The faculty shall consult other Institute committees on audit and assurance matters including other Institute technical committees, boards, faculties, district societies, special interest groups, etc where the faculty considers this would be appropriate to achieve the faculty objectives.

EDUCATION AND TRAINING

35. The Audit and Assurance Faculty Committee may, in conjunction with the Learning & Professional Development Department develop an education and training programme in relevant subjects. Such programmes may include Continuing Professional Development and specialist qualifications, making proposals jointly with the Learning & Professional Development Department to Council.

AMENDMENT OF THE CONSTITUTION

36. The Audit and Assurance Faculty Committee may propose amendments to this Constitution for the consideration of the Council. In the event of the Council wishing to amend the Constitution other than on the recommendation of the Audit and Assurance Faculty Committee, the Audit and Assurance Faculty Committee shall be given the opportunity to discuss such changes and to represent its views to the Council before any changes are approved. Any faculty member, with the support in writing of at least 50 other faculty members, may submit a motion seeking a change to the Constitution to the Annual Meeting described in paragraph 23. If approved by the meeting, the change will be submitted to Council for consideration and, if agreed, approval.