



ICAEW's Regulatory Governance

In order to ensure that its regulatory governance remains in line with current best practice and expectations in terms of how it, as a statutory and professional standards regulator, structures its regulatory framework internally, ICAEW decided in 2013 that it needed an independent review of its regulatory governance process. Sir Christopher Kelly was appointed to chair a Regulatory Governance Review Group to undertake this independent review and reported to ICAEW Council in December 2013.

ICAEW has now implemented the Regulatory Governance Review Group's recommendations by making the following changes which took effect on 1 January 2016:

- (a) The Professional Standards Board (PSB) has been reconstituted in a way which gives it a greater degree of independence from the rest of ICAEW in both substance and appearance. It has been replaced by the ICAEW Regulatory Board (IRB) which has the same numbers of lay and ICAEW members.
- (b) An independent panel was set up to appoint the chair of the IRB. The panel selected Michael Caplan QC, and this selection was made on a 'best-person-for-the-job basis.
- (c) Following the appointment of the IRB chair, a new Regulatory Appointments Panel was set up consisting of six members: three ICAEW members and three lay members including the lay chair of the IRB.
- (d) The Regulatory Appointments Panel is responsible for appointing the members of; the IRB; the independent Reviewers of Complaints; and the chairs and members of the regulatory and quasi-judicial committees.
- (e) The issues that come before the IRB are broadly the same as those that were discussed by the PSB, save that it will have greater oversight of the judicial committees and the sanctioning protocols. The significant change is in the balance of members on the new board. There is parity in numbers between accountant and lay members (including the chair), and members of council and the main Board are no longer eligible to sit on it. The first meeting of the IRB took place on 3 February 2016.
- (f) The IRB is charged with ensuring the Professional Standards Department runs the processes that underpin the licensing and disciplinary work effectively and efficiently.
- (g) Guidance on Sanctions will now be dealt with by the IRB which is able to take a view over the Investigation Committee, the Disciplinary Committee and the Appeal Committee – not challenging individual decisions but providing an overview on the quality of the processes underpinning the decisions taken. It is therefore able to give an informed view on whether ICAEW's disciplinary tribunals and regulatory committees are fulfilling their roles appropriately.
- (h) The Audit Registration Committee, the Insolvency Licensing Committee, and the Investment Business Committee now have equal numbers of lay and Chartered Accountant members. Their chairs were chosen on the basis of who is considered by the Regulatory Appointments Panel to be best fitted for the job, whether lay or

technical.

- (i) There is also parity in numbers between lay and accountant members of the Investigation Committee, with the chair chosen from among the lay members.
- (j) Disciplinary tribunals now have a lay majority and a lay chair (as opposed to the former composition of two chartered accountants and one lay member). This therefore gives no reason for doubt on the transparency and objectivity of the process.
- (k) There are also lay majorities on the panels for both the Review Committee and the Appeal Committee. Review Committee panels consist of – either - two lay members (one of whom should be chair) and one technical member – or - a legally qualified chair, one lay member and one technical member. Appeal panels should consist of two chartered accountants, two lay members and a legally qualified chair of the stature, as now, of a QC or retired High Court Judge.