

ICAEW



RAISING PROFESSIONAL STANDARDS WORLDWIDE

BUSINESS WITH CONFIDENCE

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WELCOME



ICAEW is committed to raising professional standards worldwide.

The accountancy profession is pivotal to economic growth and business development throughout the world. We therefore need to promote best practice in a range of areas including technical advancement, education and training, and in combatting business and financial crime.

It's also essential to promote and maintain high standards of practice and professional conduct. This booklet outlines the work we undertake in this area and explains how we may be able to strengthen activity in your country.

We monitor professionals in the fields of audit quality, insolvency, investment business and anti-money laundering. ICAEW's Practice Assurance scheme is designed to review and encourage compliance in general practice. We also have a well-established and effective investigation and discipline system.

Please contact us if you'd like more information. We will be happy to help you.

A handwritten signature in black ink that reads "Vernon Soare". The signature is written in a cursive, flowing style.

Vernon Soare

ICAEW Executive Director,
Professional Standards

INTRODUCTION

The accountancy profession plays a key role in economic growth and prosperity, and aims to serve the public interest.

To strengthen the accountancy profession, ICAEW is committed to raising professional standards worldwide. Through international development programmes, we have worked in partnership with governments, regulators, national professional accountancy bodies and clients in Europe, Africa, South Asia and South East Asia. We apply the insight and expertise we have established in the UK to encourage sustainable solutions in areas such as audit, insolvency, financial services regulation, technical standards, general practice, and investigation and discipline.

AN INTERNATIONAL ORGANISATION AT A GLANCE: WHAT IS ICAEW?

Established in 1880 by Royal Charter, ICAEW is a world-leading membership organisation with headquarters in the City of London. Outside the UK, we have offices in Europe, the Middle East, Greater China, and South East Asia, and our expertise and international leadership extend far beyond.

- We educate and train ICAEW Chartered Accountants; our premier qualifications and training programmes are respected internationally by those with the highest aspirations.
- We promote and encourage the highest standards of practice and professional conduct.
- We provide valued services to our members and students.
- We are world leaders in advancing the theory and practice of accountancy.

We take seriously our commitment to the international development of the accountancy profession and offer our insight and expertise, from original technical publications and highly influential work in professional ethics, to formal partnerships with professional accountancy bodies in other countries.

We engage with many accountancy federations and international organisations to promote progress in technical standards and regulation; working closely with the global standard setters for public and private sector financial reporting, auditing, ethics and education. We are represented at board level at the International Federation of Accountants (IFAC) and the Fédération des Experts Comptables Européens (FEE).

We are dedicated to regional-level activity in Africa (Pan African Federation of Accountants), Asia Pacific (Confederation of Asian and Pacific Accountants), and South East Asia (ASEAN Federation of Accountants).

ICAEW is also a founding member of the Global Accounting Alliance (GAA) and Chartered Accountants Worldwide (CAW).

PROFESSIONAL STANDARDS: WHAT DOES ICAEW DO IN THE UK?

A key aim of our Royal Charter is 'to maintain high standards of practice and professional conduct by all our members'.

ICAEW staff review the statutory audits of over 3,800 firms of registered auditors. These range from the Big Four and most of the UK's Top 20 audit firms, to sole practitioners. Our reviewers are independent, objective and supportive; they promote the highest standards, and offer guidance and advice. Audit monitoring visits focus on firms' procedures and controls to ensure compliance with laws, regulations and international standards.

Operating under delegated powers, ICAEW is also a supervisory body for insolvency, investment business and anti-money laundering.

In addition to monitoring accountancy work regulated by UK law, we review all 13,000 ICAEW firms that work in general practice. We make sure they comply with ICAEW's four Practice Assurance standards. Practice Assurance ([icaew.com/practiceassurance](https://www.icaew.com/practiceassurance)) offers practical support and advice. It provides a framework of quality assurance principles to help members assess and develop their general practice.

With 140,000 members, it's inevitable that complaints arise.

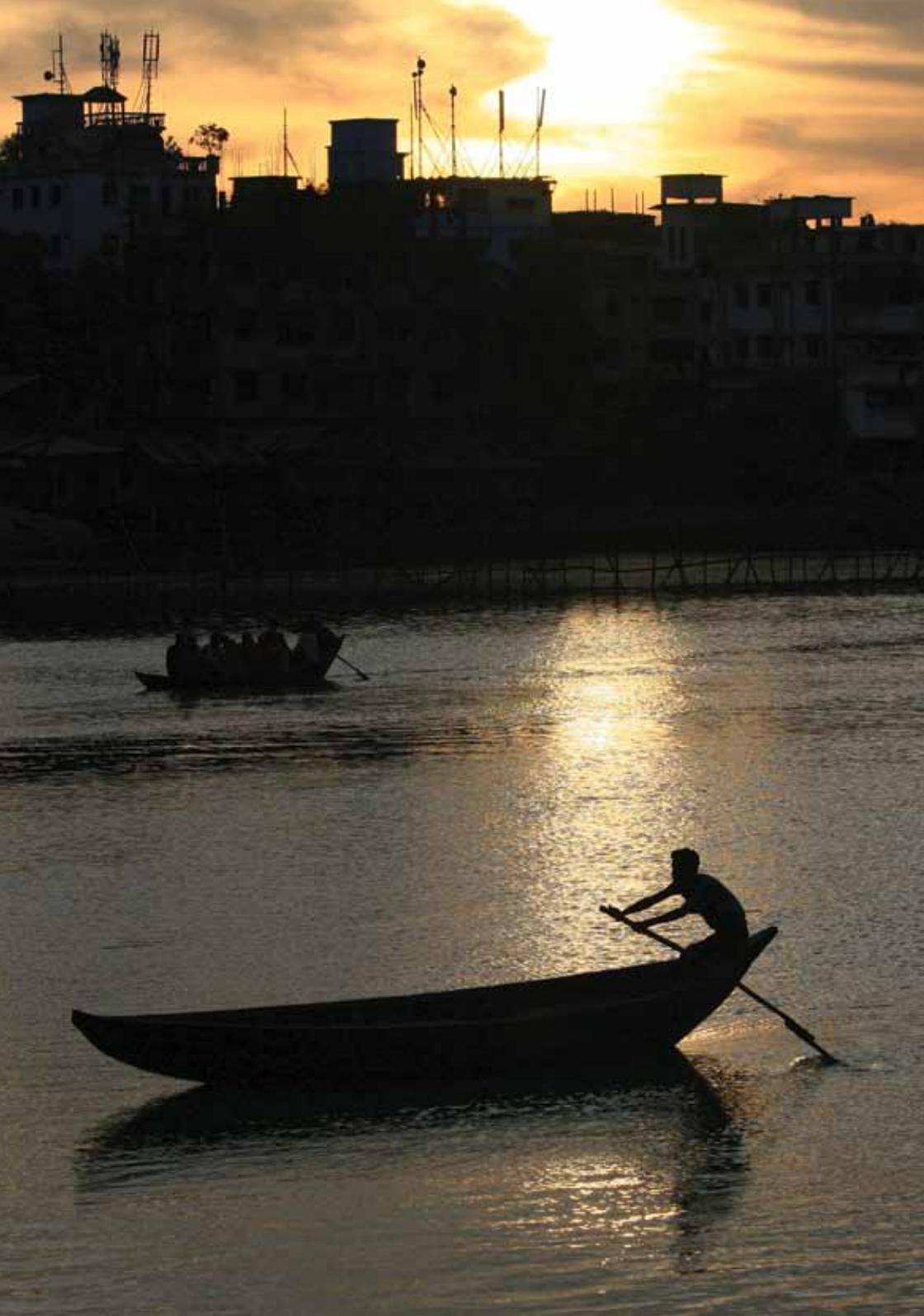
Complaints against members and member firms come from clients, members of the public, qualified accountants and other regulators. ICAEW can also initiate complaints if it appears that a member or firm may be in breach of our regulations or bye-laws.

As you would expect from a major professional body, our systems and processes in the areas of investigation and discipline are robust, proportionate and transparent. Moreover, they are subject to review by oversight bodies such as the Financial Reporting Council and the Insolvency Service.

ICAEW's activity in the area of professional standards has broadened to include international work.

ICAEW has registered and monitored auditors in the UK since 1989.

We safeguard the integrity and reputation of the profession in the public interest.



CASE STUDY: SUPPORTING GROWTH IN BANGLADESH

The Government of Bangladesh invited ICAEW to enter a twinning arrangement with the Institute of Chartered Accountants of Bangladesh (ICAB), a project funded by the World Bank. Bangladesh is an emerging market, and the accountancy profession in Bangladesh and ICAB's leadership are essential to its growth.



An important element of the project has been to align ICAB's standards with those set by IFAC.

Shawkat Ali Waresi at the Bangladesh Ministry of Commerce explains, 'ICAEW continues to work closely with ICAB to improve the quality of audit practice and introduce a regime for audit quality monitoring (AQM). This is by no means an instant process and ICAEW understands that change will take time to settle in. Their team is committed to follow-up, evaluation and driving improvements.'

'ICAEW has contributed significantly to developing ICAB's understanding of IFAC's standards on investigation and discipline. ICAEW conducted an analysis of ICAB bye-laws. They produced a report to benchmark existing standards and provided a full set of recommendations for development. Vernon Soare, ICAEW's executive director of professional standards gave a lecture in Dhaka to address this subject.'

Vernon adds, 'A well organised professional body, which offers support, regulation and guidance to chartered accountants in Bangladesh, will help form the basis of a sound financial foundation for a thriving business economy. ICAEW will continue to work with ICAB to deliver an organisation that has the capacity to take the profession in Bangladesh forward.'

RAISING PROFESSIONAL STANDARDS: CAPACITY BUILDING FOR A SUSTAINABLE ACCOUNTANCY PROFESSION

We apply the insight and expertise we have established in the UK to help raise professional standards around the world.

A strong national accountancy profession plays a key role in a country's business development and economic architecture. Accountants inspire business confidence and improve the conditions for inward investment. ICAEW works outside the UK to strengthen the reputation of national accountancy professions, both locally and internationally. Our goal is for national accountancy professions to become sustainable for the long term, so that they can grow and evolve independently.

How can ICAEW help you?

ICAEW will work with you to meet your organisation's development needs and support you to achieve international standards, apply best practice and raise your profile in relation to all aspects of accountancy practice.

Audit quality monitoring (AQM)

We have worked internationally with governments and regulatory authorities to develop their AQM regimes so that they can conduct effective audit monitoring reviews. We also work with firms to increase their awareness of what to expect from a review and what needs to be in place. We provide ongoing support and access to ICAEW's extensive technical resource to make sure each country's system works effectively and continues to evolve.

Designing an effective AQM framework

The regulation of audit covers both how professional accountants must comply with regulatory practices and standards; and the organisational policies, structures, systems and procedures that they must follow. We can help compile a single set of rules that reflect local circumstances and bring together all requirements relating to international best practice.

Developing a local AQM team

We are able to help appoint, train and coach teams of reviewers who are appropriately qualified and who have audit experience, and knowledge of the national audit environment.

Practice Assurance

ICAEW has designed a quality assurance scheme for members who provide accountancy services to the public. This scheme promotes and monitors good practice, and is called Practice Assurance. It establishes frameworks so that ICAEW members in general practice comply with four Practice Assurance standards:

- compliance with relevant laws, regulations and professional standards;
- acting with integrity, objectivity and independence towards client acceptance and disengagement;
- professional competence; and
- internal quality control.

National professional accountancy bodies are becoming increasingly interested in our Practice Assurance scheme as a means of maintaining and improving standards in non-regulated areas of accountancy business. We are also able to offer guidance on developing systems for general practice reviews. For more information, please visit [icaew.com/practiceassurance](https://www.icaew.com/practiceassurance)

Insolvency regulation

In the 1880s, there was increasing demand for accountants to help businesses in financial difficulty. When ICAEW was established in 1880, a motivating factor was the need to develop standards, improve professional support and bring forward legislation in this area. Today, ICAEW is the largest insolvency regulator in the UK. We have licensed, monitored, and issued guidance to insolvency practitioners since the inception of the Insolvency Act 1986. We review the work of over 700 insolvency professionals ranging from sole practitioners to those in the Big Four firms.

ICAEW-licensed insolvency practitioners advise on, and undertake appointments in, all formal personal and corporate insolvency procedures. They have a duty to comply with the law, statements of insolvency practice, and ICAEW's Code of Ethics and insolvency regulations.

Approaches to insolvency and business recovery across different jurisdictions vary considerably.

Our wealth of experience enables us to offer support and guidance to develop similar regulatory systems. For more information, please visit [icaew.com/insolvency](https://www.icaew.com/insolvency)

Anti-money laundering

ICAEW is a designated supervisory authority under the UK's Money Laundering Regulations (2007). Also, as the result of an agreement with UK Government, ICAEW offers anti-money laundering supervision to GAA members working in the UK. We are at the forefront of technical, regulatory and legal progress in this area, and assume a strong leadership position in the UK's anti-money laundering arena. We can offer practical and technical guidance to firms and regulators, as well as insight into how we carry out our leading supervisory role in the UK. For more information, please visit [icaew.com/amlr](https://www.icaew.com/amlr)

Complaints-handling and disciplinary procedures

An effective regulator needs disciplinary systems and processes that manage failures in compliance and enforce remedial action. This applies to all activities that are regulated by law. We combine ICAEW's experience of the disciplinary process with your country's specific legal, regulatory and organisational requirements.

Regulatory and supervisory support

ICAEW's team of reviewers is able to provide monitoring services in jurisdictions outside the UK. Some jurisdictions find this form of outsourced regulation useful and sustainable where the levels and complexity of audit work, and the relatively small number of firms, make establishing a local team unjustifiable on economic or logistical grounds. Our approach is to consider how a country's regime could be strengthened. For example, we could provide AQM for a country's largest firms on an outsourced basis. At the same time, we would plan and implement a capacity-building programme so that the national monitoring system could assume responsibility in the future.

The partnership model

ICAEW delivers worldwide capacity-building projects in partnership with governments, regulators, professional accountancy bodies and firms. These often involve a twinning arrangement; a close working partnership between ICAEW and another national body, where we share the experiences that have shaped ICAEW. A number of capacity-building projects are funded under international development programmes; through, for example, the World Bank, Asian Development Bank and African Development Bank.

Contracts are flexible, and their size and scope vary according to needs and budget. Relatively small and specific projects tend to focus on developing regulation and monitoring regimes. Projects that are larger, and therefore broader in scope, can cover most aspects of regulatory activity and infrastructure. In addition to the areas mentioned above, we often work with partner organisations to create or strengthen:

- technical expertise;
- leadership, governance and strategy;
- national professional qualifications and training, aligned to international benchmarks; and
- a culture of continuing professional development.



CASE STUDY: DIRECTION IN BOTSWANA

ICAEW won a World Bank tender bid to enter a twinning arrangement with Botswana's Ministry of Finance and Development Planning. ICAEW worked in partnership with the national professional body, the Botswana Institute of Accountants (renamed the Botswana Institute of Chartered Accountants [BICA] in 2011).



One core area was to provide a programme aimed at improving the quality and consistency of audit practice. ICAEW helped to deliver an audit practice manual for small and medium-sized practices (SMPs) in Botswana, which involved selecting the manual and making it accessible.

ICAEW ran three one-day workshops for SMPs that both demonstrated how they should use the audit practice manual framework, and provided technical training on International Standards on Auditing (ISAs) and ISQC 1.

The audit practice manual was made available online to all SMPs, who were given a one-year subscription as part of the contract.

This is a strong example of how twinning arrangements and capacity-building projects together provide a better way to strengthen a national accountancy profession by identifying practical issues and delivering effective solutions. Another milestone was the creation of BICA's first independent, national professional accountancy qualification in 2011.

Duncan Majinda, CEO of BICA, says that, at the time of the World Bank's 2006 Report on the Observance of Standards and Codes on Botswana, the country's accountancy profession was 'in a bad state'.

'ICAEW', Majinda continues, 'stressed the importance of having a clear development strategy. Having made their own observations and understood concerns identified by the World Bank, they got on with the job. ICAEW has really taken us by the hand into difficult areas. They know exactly what they are doing. It's not an experiment.'

As the project neared its conclusion, it became evident that the partnership would continue. ICAEW is committed to nurturing BICA until it can manage and grow the country's accountancy profession independently.



CASE STUDY: OUTSOURCED REGULATION IN DUBAI

In 2009, the Dubai Financial Services Authority (DFSA) appointed ICAEW to provide audit monitoring services. ICAEW's primary role has been to review the audit work of the largest firms registered with the DFSA. ICAEW reviewers have since visited Dubai to perform AQM reviews. Typically, the team conducts reviews at two large firms each year.



Matt Gamble (Director, Head of Anti-Money Laundering, Supervision) at the DFSA explains: 'ICAEW provides assistance to the DFSA with the on-site risk assessments of audit firms operating in the Dubai International Financial Centre. ICAEW's significant experience of performing audit quality monitoring in the UK contributes to the DFSA's AQM reviews by providing a sustainable and robust solution to our needs. This collaboration provides valuable assistance to our audit review staff and ICAEW is always available to help resolve technical issues with the firms as they arise.'

DFSA monitoring staff have an open invitation to attend ICAEW's twice-yearly training conferences which are dedicated to discussing monitoring issues. ICAEW has also provided checklists and guidance to support DFSA staff when they assess compliance with ISAs on their own visits.



CASE STUDY: STRENGTHENING CAPACITY IN CROATIA

As part of a World Bank-funded initiative, the Ministry of Finance of Croatia invited ICAEW to help the national audit profession strengthen its capacity in anticipation of the country's accession to the European Union. In particular, the profession needed to bring its regime for overseeing auditors into line with the EU Eighth Company Law Directive.



'Prior to our partnership with ICAEW, the Chamber of Auditors did not have any experience in audit oversight or in audit oversight procedure', says Chamber president, Ana Krivičić. 'Nor were there any AQM reviews of practices in Croatia.

'The Chamber recruited two AQM reviewers: one from a Big Four firm and the other from a government body. They devised a questionnaire for Croatia's 276 audit firms.

Originally, the information they sought was similar to that on an annual return. However, additional sections were added following ICAEW's guidance, which would form part of an initial assessment programme of local audit firms.

'In April, the Chamber agreed to visit all its member firms by the end of the year. This presented the reviewers with their next challenge. What would be the best way to go about establishing an audit quality review process? This is where ICAEW's insight proved so valuable.

'Once the initial assessment visits started, we encountered the challenge of positioning the Chamber as a useful body to our members. Not to mention the need to define audit practice and to set goals that reflected where we wanted to get to.

'ICAEW has been particularly helpful in setting oversight procedures, sharing the experience of oversight in the UK, and providing the Chamber with examples of related materials that we can offer our members in Croatia. ICAEW has also coached reviewers by allowing them to observe AQM visits in the UK.

'ICAEW helped to establish a sustainable approach for setting up and improving audit regulation.'

HOW DO WE DELIVER?

To agree the best way to work together, we consider your organisation's objectives, the size of the groups we will work with and participants' existing levels of knowledge and experience. It's also very important to spend time getting to know one another so that we can agree the contract objectives.

Roundtables

Work usually begins at roundtable meetings and we start to learn from each other. We explain the UK's regulatory landscape and ICAEW's role. We also strongly encourage discussion about your approach and the issues you and your national accountancy profession face. This allows us to explore how we can add value.

Gap analysis and initial assessments

Using established regulatory frameworks, we perform a gap analysis. This exercise helps us identify the elements of the national regime that are missing or underdeveloped, for example:

- approach to registration and monitoring;
- visit cycles;
- the appropriate combination of technical standards and principles; and
- visit methodology, if the regime is at a more advanced stage of development.

Where appropriate, we can conduct or advise on an initial assessment programme of local firms to provide a picture of quality across the firm population.

Workshops and classroom-based learning

Workshops allow us to address subjects and development objectives in detail, and to understand your needs. We can address what an audit quality review should cover, for example, and bring together stakeholder groups, such as firms, national oversight and professional bodies, and governments. Workshops can also be stand-alone training sessions.

International standards are constantly changing and it's becoming increasingly challenging to keep up to date with developments. We can also address your technical training needs in areas such as ISAs and International Financial Reporting Standards.

Coaching and mentoring

We can provide initial quality monitoring training and coaching for reviewers. For example, many of our technical assistance programmes in audit monitoring combine classroom-based methodology training on the approach chosen by the supervisory body with on-the-job mentoring.

We accompany reviewers on visits and they have time to consider our comments. Then we offer them the opportunity to observe how ICAEW performs reviews in the UK. This two-way process provides valuable and practical insights into the challenges of monitoring and how the visit process works from start to finish. Opportunities for discussion arise throughout.

Manuals, documented procedures and guidance

We can share our documentation, for example, ICAEW's *Audit Visit Manual*, to help illustrate our review methodology.

HOW CAN I FIND OUT MORE?

If you would like to make enquiries and receive further information, please contact Paul Simkins, Director, Quality Assurance Department.

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USEFUL LINKS

Anti-money laundering supervision	icaew.com/amlr icaew.com/lawandregulation icaew.com/moneylaundering icaew.com/bribery
Audit quality monitoring	icaew.com/auditnews
Insolvency	icaew.com/insolvency
Practice Assurance	icaew.com/practiceassurance
Practice Assurance standards	icaew.com/regulations
Regulations, standards and guidance	icaew.com/regulations

ABBREVIATIONS

AQM Audit quality monitoring	GAA Global Accounting Alliance
BICA Botswana Institute of Chartered Accountants	ICAB Institute of Chartered Accountants in Bangladesh
DFSA Dubai Financial Services Authority	IFAC International Federation of Accountants
FEE Fédération des Experts Comptables Européens	ISAs International Standards on Auditing
	SMP Small and medium-sized practice

ICAEW is a world leading professional membership organisation that promotes, develops and supports over 140,000 chartered accountants worldwide. We provide qualifications and professional development, share our knowledge, insight and technical expertise, and protect the quality and integrity of the accountancy and finance profession.

As leaders in accountancy, finance and business our members have the knowledge, skills and commitment to maintain the highest professional standards and integrity. Together we contribute to the success of individuals, organisations, communities and economies around the world.

Because of us, people can do business with confidence.

ICAEW is a founder member of Chartered Accountants Worldwide and the Global Accounting Alliance.
www.charteredaccountantsworldwide.com
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