



Regulating in the public interest

ICAEW REGULATORY BOARD ANNUAL REPORT 2019

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Chair's report

It gives me great pleasure to present the ICAEW Regulatory Board (IRB) 2019 annual report.

The IRB was set up in 2016 to oversee ICAEW's regulatory and disciplinary functions. We have made tremendous progress in the past three years and I am very proud that we have established ourselves as a continuous improvement regulator – protecting the public interest by reviewing and challenging the work that is carried out by the Professional Standards Department (PSD).

During the past year we have turned our attention to increasing the transparency of our operations. Part of the result of that appraisal is this new-look annual report, in which we explain more about who we are and how we exercise our oversight while looking back on what we have achieved in 2019.

The past year has been a very challenging one for the accounting profession, with issues ranging from the potential impact of various consultations to uncertainty over the impact of Brexit. Where necessary we have met these challenges head-on, whether in receiving and discussing reports of the appropriate action to take or by reviewing and commenting on the PSD's responses to consultations on the future of audit and insolvency regulation.

Internally we continue to keep under constant review all aspects of the PSD's work: the complaints procedure; its monitoring of firms; the disciplinary rules and sanction guidance; and other regulations that are essential to ensure the proper running of ICAEW's regulatory and disciplinary processes.

ICAEW's oversight regulators need to know that the IRB is a competent, independent and active board – one they can trust to carry out its responsibilities effectively. We actively engage with our oversight regulators, maintaining open top-level dialogue and inviting them to meetings so they can feed back any concerns and we can discuss ways in which we can move forward.

The IRB knows there are many challenges ahead, both internally and externally. The future is uncertain. We are determined to concentrate on our stated aim that as a continuous improvement regulator we ensure ICAEW's regulatory and disciplinary processes continue to evolve to meet the public interest at all times.

Finally, I would like to express our gratitude to the PSD's Executive Director, Duncan Wiggetts, and to the IRB's secretary, Tracy Stanhope, for their diligent and generous support. The IRB has full confidence in Duncan's leadership to ensure the department works as it should while providing us with clear, full and candid reports of its operations and meticulous attention to incorporating our decisions, enabling us to move forward to carry out our responsibilities to ICAEW and the wider public with confidence.



Michael Caplan QC
Chair

Introduction to the IRB

The ICAEW Regulatory Board (IRB) is responsible for the regulatory and disciplinary functions of ICAEW. This structure provides separation of these functions from the other activities of ICAEW.

The public interest is at the forefront of everything that the IRB does. It also has regard to the objectives of the profession, as set out in ICAEW's Royal Charter.

The IRB's main role is to initiate and develop strategic priorities relating to the activities of the Professional Standards Department (PSD). It ensures that the processes that underpin the department's licensing and disciplinary functions work effectively and efficiently, that its operational targets support its strategy, and that it reviews progress of the operational plan and targets that are set.

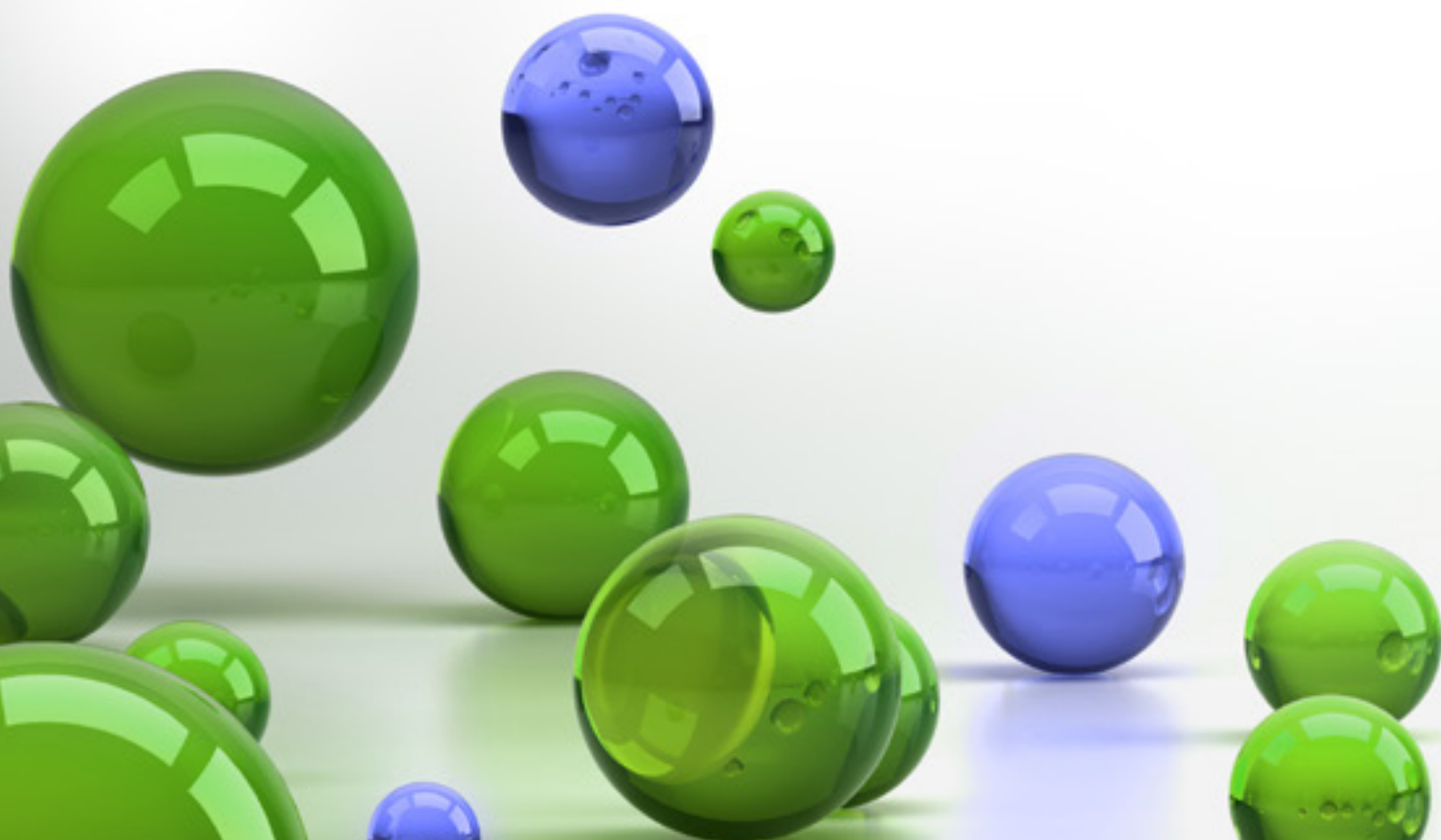
A major part of this role is general oversight of the performance of Professional Standards committees including audit registration, insolvency licensing, investment business, review, legal services, investigations, fitness, disciplinary, appeals, Practice Assurance and professional indemnity insurance. This includes observation of committee meetings.

The IRB has 12 members, including the chair, and is formed of an equal number of lay and non-lay members. (A lay member is someone who is not and never has been a member, affiliate or employee of ICAEW or any accountancy body.) The chair has the casting vote, if required. The accounting members sit on the board to give guidance and not to represent ICAEW members' interests.

The IRB's terms of reference detail the powers delegated to the IRB. Details of when and how the IRB used its delegated powers during 2019 are included in Appendix 3.

A full list of IRB members is set out in Appendix 1. Dates of IRB meetings in 2019 and board members' attendance at these meetings is in Appendix 2.

The chair and IRB members are all appointed using an independent selection process. This helps ensure that the IRB is able to carry out its role of maintaining the highest professional and ethical standards.



The IRB's operational support

The IRB oversees the regulatory and disciplinary functions carried out by the Professional Standards Department (PSD). A chart showing the PSD governance structure is included in Appendix 7.

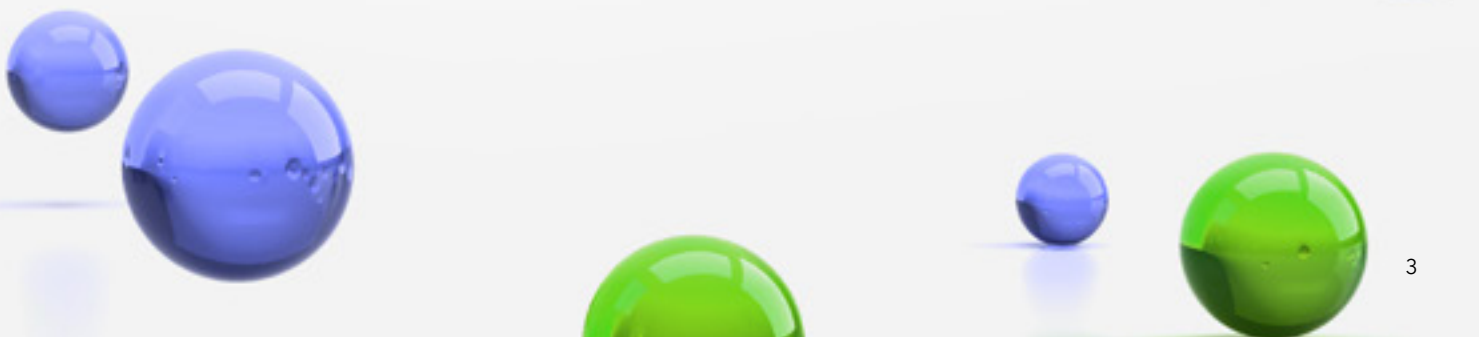
The PSD protects the public interest by making sure ICAEW's firms, members, students and affiliates maintain the highest standards of professional competency and conduct. The PSD's role is to:

- **authorise** members and firms to undertake work regulated by law: audit, local audit, investment business, insolvency and probate;
- **support** the highest professional standards in general accountancy practice through our Practice Assurance scheme;
- **provide** robust anti-money laundering supervision and monitoring;
- **monitor** firms and insolvency practitioners to ensure they operate correctly and to the highest standards;
- **investigate** complaints and hold members and firms to account where they fall short of standards;
- **respond** and comment on proposed changes to the law and regulation; and
- **educate** through guidance and advice to help stakeholders comply with laws, regulations and professional standards.

The PSD carries out functions such as responding to consultations, working with regulatory bodies on strategic change, and reviewing the rules and regulations around ICAEW's compliance and disciplinary functions. Details of these are set out in the relevant sections of this annual report.

All the PSD's regulatory and Practice Assurance functions are self-financing. Income is mainly funded by the fees paid by the firms or individuals regulated and supervised by ICAEW. These fees are set by the IRB. Fees are also generated from outsourcing contracts carried out by the Quality Assurance Department and from award-winning training films. More details of the PSD's financials are set out later in this report.

A chart of the PSD's senior management is included in Appendix 6.



Our focus during 2019

REVIEW OF THE PSD'S ROLE

A great deal of the IRB's role focuses on ensuring the PSD runs the processes that underpin licensing and disciplinary work effectively and efficiently. The department has had a busy and challenging year but has made excellent progress against the objectives set by the IRB. This includes case and application management and, reflecting the IRB's focus on continuous improvement, a range of change projects and initiatives.

We do not always agree with recommendations put forward by the PSD, and we do and are prepared to challenge their approach. One example in 2019 was the proposed revised guidance on ICAEW members' duty to report misconduct; we asked the PSD to further revise and restructure this. Another was with regard to the review of decisions made by the regulatory committees: it was proposed that one layer of appeal should be removed. We took the view that both appeal routes should remain. In both cases our challenge was informed by our public interest remit and our decision was made after careful discussion and consideration. We speak up robustly where we feel the public interest is not best served with the suggested approach and ensure it is changed or amended as appropriate.

Working with oversight regulators in 2019



While the IRB engages with oversight regulators at the top level, PSD staff have more contact with the operational side to ensure the continued smooth functioning of ICAEW's regulatory functions is in accordance with the supervisory bodies' expectations.

The FRC typically carries out an annual inspection of ICAEW in its capacity as a recognised supervisory body (RSB) for UK statutory and local audit, and this inspection includes registration, monitoring and enforcement. Onsite inspections of monitoring and enforcement were carried out in 2019 while the FRC followed up on findings from a substantive inspection of registration carried out during the previous year.

During 2019 the PSD worked with other RSBs to agree common audit quality indicators with the FRC oversight team. It enhanced its monitoring documentation requirements to address FRC recommendations relating to the review of large and complex audits.

It also worked with the oversight bodies of the three Crown Dependencies to update their Audit Regulations; and with the Isle of Man FSA, the Isle of Man Society of Chartered Accountants and the FRC to implement a new voluntary audit regulation scheme.

The PSD provided considerable input to the response to the Insolvency Service's review of voluntary reforms concerning the sale of insolvent businesses, via pre-packaged arrangements, to connected parties (including the existing directors). The decision is now with the government on whether to legislate change forcing these sales to have an independent opinion on the deal or to ban the sales outright.

Changes to the Practice Assurance Regulations published in 2019 gave the Practice Assurance Committee sanctioning powers, including on money-laundering matters. This supports OPBAS's stated aim for an enforcement strategy to include a credible deterrent for firms, as it enables the committee to take direct disciplinary decisions on certain AML breaches.

A list of the organisations with which the IRB has oversight over ICAEW's supervisory relationships is given in Appendix 5.

Shaping the future of regulation



The PSD policy team helps craft and answer questions on regulations under which ICAEW members and firms operate. It works closely with oversight bodies and government in framing legislation, policy and guidance that these bodies issue. The team's focus is on outcomes rather than prescription and it seeks to keep this principle at the fore when dealing with oversight regulators.

The Kingman, Competitions and Markets Authority (CMA) and Brydon reviews dominated audit regulatory policy discussion in 2019. The PSD policy team, alongside colleagues in other ICAEW departments, considered the possible reactions and implications of the Kingman and CMA reports before submitting representations on the regulatory proposals that were put forward. The PSD will also contribute to discussions and consultations in response to the Brydon report in 2020.

During 2019 the PSD policy team continued its work with BEIS and the FRC in reframing statutory instruments associated with accounting and audit in relation to Brexit, helping the government meet its Brexit aims as well as enabling practitioners to continue work they had previously done in the EU. The team collaborated with the FRC and IAASA, the Irish audit regulator, on the impact of Brexit and how this will affect firms regulated by ICAEW; and with IAASA and the other chartered institutes to enable UK practitioners who currently perform audits in Ireland to be able to continue doing so after Brexit.

Work continues with OPBAS, the AML oversight regulator, on enhancing and improving the AML approach. Part of this focused on continuing the collaborative approach of ensuring consistency across the accountancy professional body supervisors via the Accountancy Affinity Group. ICAEW is also a member of the Information Sharing Expert Work Group, chaired by OPBAS, which aims to share information and intelligence between the professional body supervisors and law enforcement to ensure better identification of threats and emerging risks, and focused education of members.

The PSD policy team put together a comprehensive response to the Insolvency Service's call for evidence on proposals that would take regulation away from professional bodies, explaining and justifying why ICAEW (with IRB oversight) performs a valuable and independent role.

OVERSIGHT OF PROFESSIONAL COMMITTEES

A large part of our role is oversight of the professional conduct and regulatory committees which support the operation of the PSD. IRB members carry out our oversight of these committees by observing their meetings and we invite the chair and secretary of these committees to our board meetings. We aim to cultivate open and supportive relationships between the board and these committees and we give feedback on their operations and apply the same ethos of constructive challenge to their work as we do to the work of the PSD.

We feel it is important that the terms of reference, rules, operations and leadership rules of these committees are reviewed on a regular basis. This is necessary to ensure that they remain fit for purpose so they can carry out their role of maintaining the highest professional and ethical standards. They must do so in a proportionate, accountable, consistent, transparent and focussed manner.

All committee members are required to undertake induction training on appointment and subsequent annual training in a structured way.

Details of the PSD committees and their responsibilities are set out in Appendix 8.

DISCIPLINARY RULES AND REGULATIONS

Our oversight of ICAEW's disciplinary process means ensuring safeguards are in place so that procedures operate effectively, efficiently and fairly. We review and discuss proposed changes suggested by legal counsel and approve their incorporation into annual updates. In 2019 we formed a working group which is dedicated to a more systematic review of these changes on an ongoing basis. The working group is also carrying out a holistic review of the current rules to ensure their relevance and completeness, and its proposals will be reviewed by stakeholders in 2020.

Major changes made in 2019 include introducing settlement orders and agreements. A fast-track system now deals with complaints, where appropriate, based on criminal convictions by taking them directly to tribunal rather than having to go to the Investigation Committee first, significantly cutting the average time for these investigations.

The vast majority of complaints are reasonable and require investigation. Unfortunately, a few can properly be categorised as vexatious, and dealing with these has a negative impact on staff morale, blocking processes and resulting in increased costs. After careful deliberation we have approved a Code of Conduct for Complainants ([icaew.com/complainantsconduct](https://www.icaew.com/complainantsconduct)). The Code is a fair and professional framework which explains the rights and obligations of anyone who makes a complaint to ICAEW about a member or firm. This creates an appropriate process for someone to make a complaint which protects both the person making the complaint and staff while not erecting any barriers to the complaint process.

In 2018 we introduced a fixed penalty scheme ([icaew.com/sanctions](https://www.icaew.com/sanctions)) which enables fixed penalties to be applied for various compliance failures: this is possible only when the member makes a full admission of the failure and consents to the fixed penalty. We reviewed the fixed penalty scheme in 2019 to check that it is working as expected. While we were satisfied with the information available, we considered it appropriate to make some minor changes to ensure the scheme is balanced and proportionate.

The sanctions guidance was amended to include more robust anti-money laundering sanctions and penalties, leading to ICAEW becoming a more credible regulator in this area.

Accountants and legal services



Probate is one of several reserved legal activities which, until 2014, could only be conducted by solicitors. In that year ICAEW became the first approved probate regulator and licensing authority outside the legal profession, and since then more than 300 of its firms have become accredited for probate.

ICAEW authorises firms, in which all the principals and owners of the firm are individually authorised to carry out probate work. It also licenses firms, in which not all the principals or owners are authorised for probate, but at least one principal must be.

ICAEW has now been designated as an approved regulator and licensing body for the administration of oaths.

During the year the PSD has also been working with the legal services oversight regulator, the Legal Services Board, on implementation of its Internal Governance Rules.

WORKING GROUPS

Working groups are an important aspect of our agile and responsive approach to considering specific topics. During 2019 we set up an AML Project Board to ensure that we continue to drive oversight of anti-money laundering to ensure ICAEW firms and members are complying with regulations and acting professionally in this area.

Working groups set up in 2019, in addition to those mentioned elsewhere, cover the Insolvency Code of Ethics and conflicts of interest; Review of insolvency regulation; Audit Regulations, annual returns and audit regulatory plan and the IRB terms of reference. All working groups have either a majority or parity of lay members to ensure the right balance between independence and appropriate professional input.

In 2018 we convened a working group (named Project Light) in recognition that increased transparency over what we do and how we do it is vital for effective regulation. We continue to put a great deal of effort into enhancing our communications and transparency to ensure greater clarity in our messaging and positioning as a world-leading improvement regulator. A re-write of our website is ongoing (with the next steps including an increase in the information published online about our board meetings) and has already resulted in a dramatic increase in traffic, with a 170% rise in unique page views to the IRB's landing page - [icaew.com/irb](https://www.icaew.com/irb)

Details of all our various working groups and their members are set out in Appendix 4.

Future focus on anti-money laundering



The 5th Money Laundering Directive came into effect in January 2020. Regulations under the directive require firms to report any discrepancies between the information they are given on a new client with that held on the Persons of Significant Control register at Companies House. From 2020, the Quality Assurance Department (QAD) will assess how firms have incorporated the new requirements in the amended Money Laundering Regulations 2017 in their anti-money laundering procedures and will check that firms are reporting discrepancies.

QAD's general approach will become far more AML-risk based, using data that has been compiled on firms' AML risks to ensure a more focused and targeted review of firms that are seen as high- or medium-risk. The highest risk firms will have their AML procedures monitored separately from the rest of their Practice Assurance review to ensure more time and resource is given to this work.

QAD's monitoring visits will also place more focus on firms' reporting of suspicious activities by their clients. In 2020 the department will conduct a thematic review of Suspicious Activities Reports (SARs) in the highest-risk firms to collect data and look for trends and correlations that allow a greater understanding of vulnerabilities and threats and to identify ways in which firms can train staff in how better to spot potentially suspicious issues. It will also start reviewing SARs during its onsite visits to support the UK Financial Intelligence Unit in improving the quality of SARs submitted by chartered accountants.

MONITORING REVIEWS

We monitor the Quality Assurance Department (QAD) whose reviewers, mainly chartered accountants with senior experience, deliver core audit reviews, Practice Assurance reviews (incorporating checking compliance with anti-money laundering requirements) and designated professional body reviews. There are specialist review teams for insolvency, local public audit, probate and work delivering our various UK and overseas contracts. We receive and assess regular reports on the QAD's work; these reports summarise their activities and issues arising at an appropriate strategic level.

Firms complete feedback questionnaires on QAD visits, which are analysed by a third party. Satisfaction levels are consistently high: during 2019 firms rated reviewers at 90% or more across all six feedback categories.

International market for monitoring services



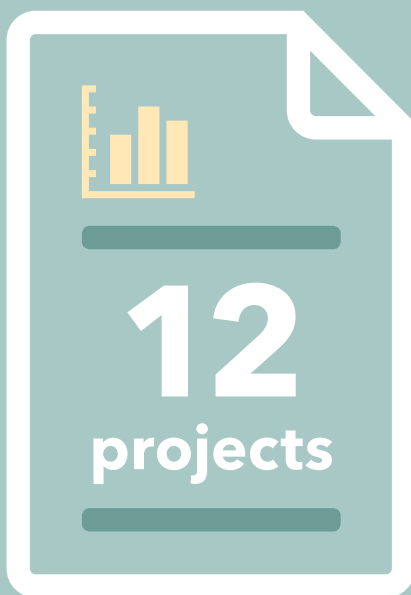
The Quality Assurance Department (QAD) has built a strong reputation over the years for the rigour and excellence of its work and the educational approach it takes in dealings with firms being monitored to help them improve their systems and processes.

This first-rate reputation has created demand for QAD to deliver a number of monitoring contracts for other organisations both within the UK and overseas. These include contracts relating to audit, Practice Assurance and insolvency monitoring. This aspect of QAD's work continues to go from strength to strength with positive feedback being received from all those it works with.

Following a competitive tender process, in 2019 QAD renewed its audit monitoring contract with the Cayman Islands Institute of Professional Accountants. It started a new contract with the Dubai Financial Services Authority, renewing a monitoring relationship established some 10 years ago. On audit it continues to support ICAEW's European Office in delivering the APSF Quality Assurance Network and supports international capacity building colleagues in delivering any audit monitoring element of their contracts - in 2019 this included Nepal and Cambodia.

During 2019 QAD signed a contract to provide insolvency monitoring services to the Institute of Chartered Accountants of Scotland (ICAS) and extended its work for the Institute and Faculty of Actuaries (IFoA). In addition to continuing to support the IFoA with its Quality Assurance Scheme of accrediting firms of actuaries around the world, QAD undertook a pilot project as part of the IFoA's move from an inputs- to an outputs-based CPD system. Work for the IFoA in 2019 included visits to Malaysia and Kenya.

PSD activity in 2019



QAD visit feedback:
83% very satisfied with process management
88% very satisfied with interaction



(Figures accurate to 31 December 2019)

Looking ahead

One of the most important challenges in the year ahead will be considering the potential outcomes and the impact of recommendations made in the Kingman report and the Brydon review. We will continue our dialogue with the Legal Services Board on implementation of its new Internal Governance Rules for legal service regulators, and consider the impact of the outcome of the Insolvency Service's consultation on whether to introduce a single insolvency regulator in the UK. We do consider that our role has evolved and is changing given the many challenges that have happened and are likely to take place in the future.

The project to amend the Disciplinary Bye-laws ([icaew.com/dbls](https://www.icaew.com/dbls)) to ensure that all the rules and regulations are up to date and appropriate for today's working environment will continue in 2020. Our proposals will be put to stakeholders and we will work with them to ensure that the final drafts reflect a fair and efficient set of rules that protect the public.

We are continuing our own quality assurance review of the PSD committees. Times, processes and views change, and it is important that these committees continue to be fit for purpose. This review is ongoing and in 2020, for example, we will be looking at the rules for the complaints process and considering general governance processes such as cooling-off periods for PSD committees and IRB membership.

Working in the public interest is, and will continue to be, central to everything we do. While we acknowledge that a natural tension can occasionally arise between the interests of the public and those of ICAEW members and firms, there is always a full and frank discussion when such tensions become apparent and our decisions are always taken with the public in mind. This has been our ethos since the IRB came into being, and will continue to drive our operations in the years ahead.

PSD financials

The IRB continues to work hard to find the best balance between the regulatory cost burden placed on those registered with ICAEW, value received, and ensuring that the PSD has the right resources in place (including recruiting and training new staff and developing its existing teams).

THE PSD'S BUDGET

The PSD's budget represents its range of activities ie, self-financing regulatory and Practice Assurance (PA), the net cost of member-related discipline, margin generating products and services and, from time to time, investment in new areas.

The self-financing principle (sometimes called 'user pays') is in operation in the regulatory and PA area, whereby income is targeted to match expected cost.

The budget and longer-term operational plan and associated financial strategy address the challenge of income and cost opportunity and threats, increased expectations and required funding from oversight bodies and fellow regulators, investment and change funding and, crucially, provide sufficient resources in order to:

- work in the public interest;
- carry out statutory and regulatory functions;
- deliver a range of services and initiatives as an improvement regulator; and
- explore new practice and educational opportunities.

Levies we collect on behalf of other organisations

FOCUS

The organisations that oversee the regulatory work of ICAEW, such as the Insolvency Service and the FRC, require funding. As required, we collect levies on behalf of these bodies.

To note, there is no budget subsidy to the regulatory and PA activities from ICAEW membership subscriptions which only contribute to the cost of ICAEW member discipline (non-statutory regulatory complaints). Costs relating to complaints have been growing at a rate ahead of inflation in recent years reflecting the higher number of complaints and a generally more litigious and societal blame culture.

The PSD regulatory budget also includes levies. These are used to source funding for the operation of the bodies including the FRC, OPBAS, Insolvency Service, the insolvency complaints gateway, FRC Conduct Committee and conduct case funding and the operation of the investment business and reserved legal services compensation schemes.

The budget is sub-divided into functions and reported in this way for management control purposes: Regulatory, Member Discipline, Products, and Pension and Investment Funding.

There are four main income and cost areas:

- Income generated from regulatory registration fees and product charges.
- Levies on firms and individuals largely to fund oversight organisations and compensation scheme arrangements.
- Operating costs.
- Overheads including property, utilities, systems.

We also receive fines and associated recovery of costs incurred.

The following year's draft budget is produced for the June IRB meeting. The budget underpins the fee and levy increase proposals for the IRB to review, change where applicable, and approve.

The department operates with a strong sense and commitment to financial stewardship, the self-financing model and budget targets. We know that we operate in a competitive environment and that regulatory fees are a cost of operation for registered firms, individuals and therefore for their customers.

Diagram 1: Firms authorised to undertake areas of work

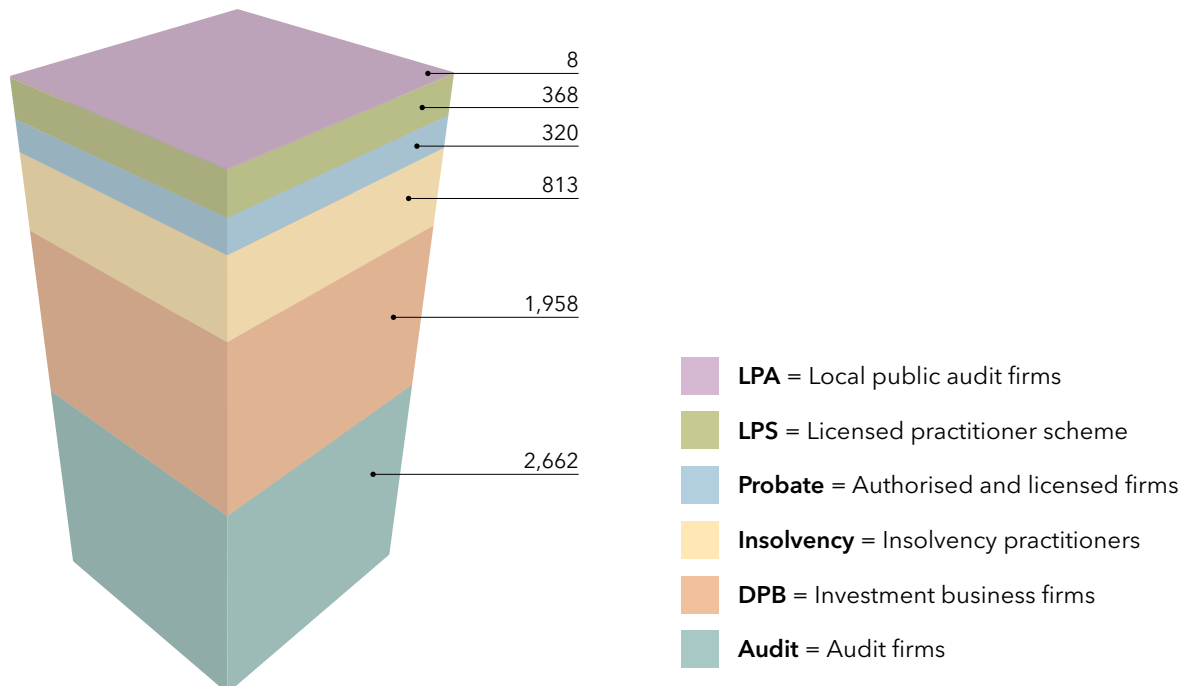


Diagram 2: Income analysis 2019 (all figures are £,000)

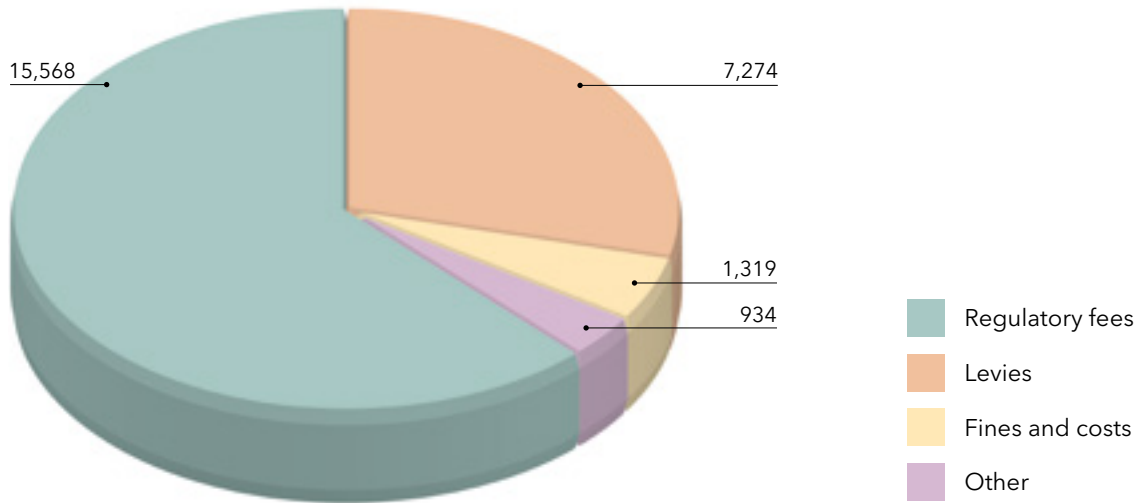
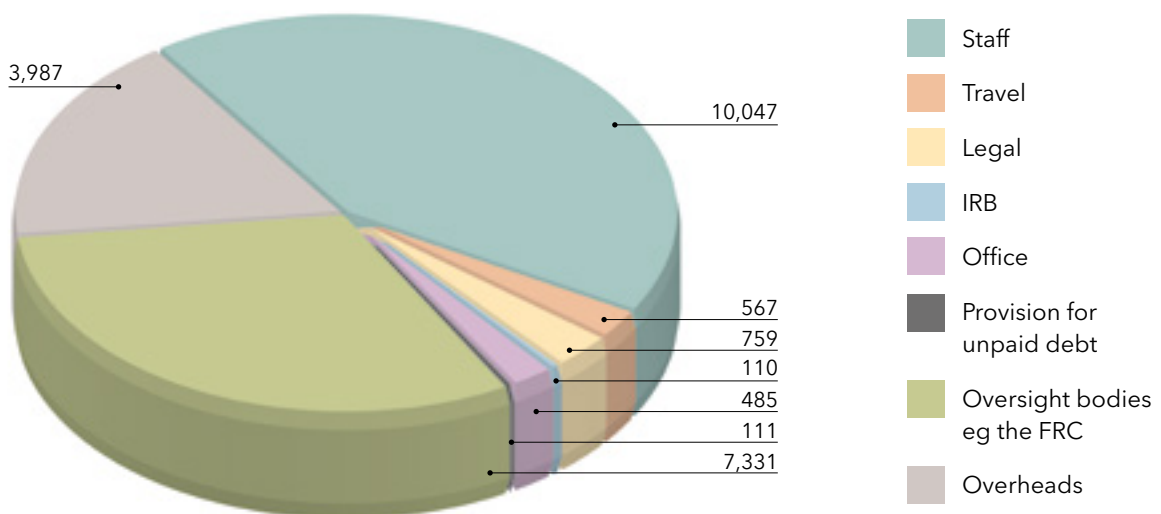
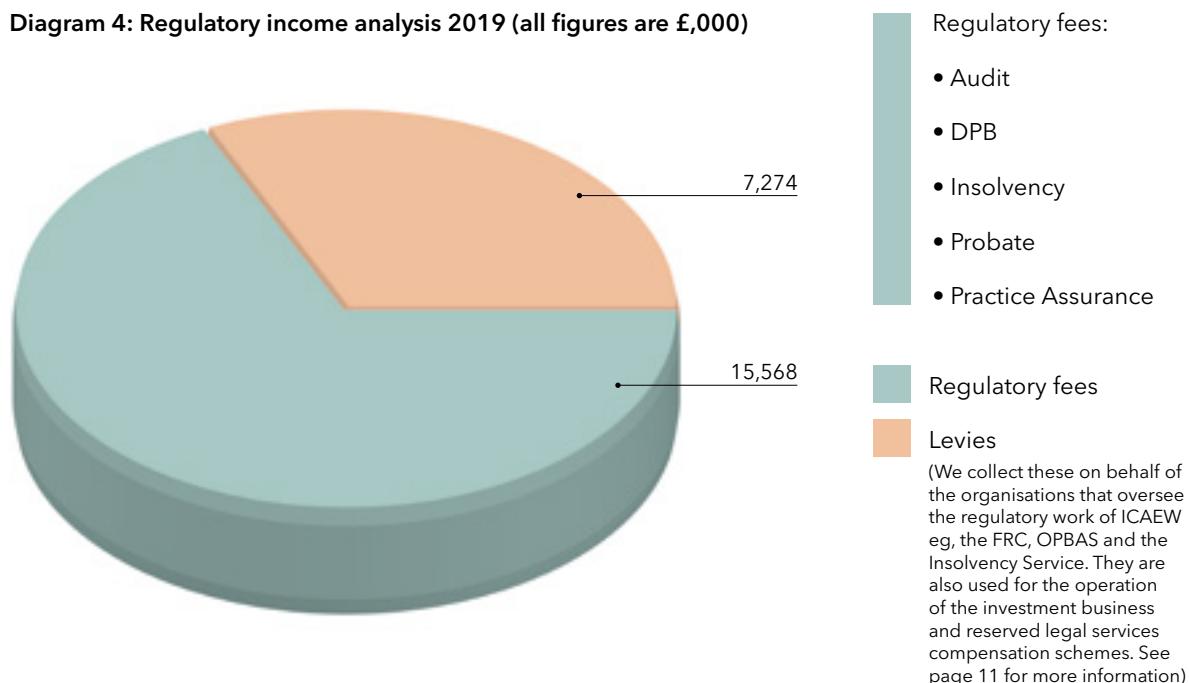


Diagram 3: Cost analysis 2019 (all figures are £,000)



Costs for the IRB do not include PSD staff time, travel and subsistence expenses or room hire charges. These costs are incorporated in the relevant slices of this chart.

Diagram 4: Regulatory income analysis 2019 (all figures are £,000)

2019 FINANCIAL RESULTS

The regulatory areas met the self-financing target. As anticipated, volumes of firms registered for audit and investment business, and individuals in the Practice Assurance scheme, fell. The financial strategy and operating model take these market pressures and changes into account. The cost base (largely staff) is considered to be well managed.

The PSD team grew during the year, reflecting the increased demand on Professional Conduct staff in relation to member discipline. While poorly behaving ICAEW members remain a small minority, the number of complaints has increased and, in some instances, involve cases more complex to investigate and take through the committee and tribunal process.

Activity has also increased in relation to our role as an anti-money laundering supervisor. Working closely with OPBAS, this will continue and is included in the levy charged to UK practising certificate holders.

2020-2022

Financial planning reflects a busy and ambitious department. There are risks, such as those related to Brexit and the cost of conduct investigations, but also opportunities, including the potential for new areas of regulation, contract work with fellow regulators.

The 2020 budget and income and cost projections for 2021 and 2022 are considered pragmatic. Risk and mitigating actions to secure appropriate income in order to be able to discharge our regulatory duties have been considered and will be monitored regularly.

Financial plans, including project proposals and business cases, will be reviewed with the IRB. A 2021 budget and fee proposal will be presented for review and approval mid-2020.

Appendices

Appendix 1: IRB members 2019/2020

The IRB has 12 members including the chair and is formed of an equal number of lay members (someone who is not and never has been a member, affiliate or employee of ICAEW or any other accountancy body) and non-lay members (ICAEW Chartered Accountants).

At the end of 2019, Pauline Wallace (non-lay member) and John Milsom (non-lay member) retired from the board. Asif Patel (non-lay member) and Thomas Palm (non-lay member) have replaced Pauline Wallace and John Milson on the IRB in 2020.

The current IRB board members are listed below:



Michael Caplan QC (Chair)
Lay member
Term ends Nov 2021



Philip Nicol-Gent (Vice-Chair)
Lay member
Term ends Dec 2021



Steve Barrow
Lay member
Term ends Dec 2021



David Chitty
Non-lay member
Term ends Dec 2020



Christine Fraser
Lay member
Term ends Dec 2020



Andrew Goldsworthy
Non-lay member
Term ends Dec 2021



Ian Leigh
Lay member
Term ends Dec 2020



Thomas Palm*
Non-lay member
Term ends Dec 2022



Asif Patel*
Non-lay member
Term ends Dec 2022



Michael Sufrin
Non-lay member
Term ends Dec 2021



Jane Titley
Non-lay member
Term ends Dec 2021



Ann Wright
Lay member
Term ends Dec 2020²

Members of the ICAEW Board or Council may not be members of IRB. There is a cooling off period of at least one year between ceasing to be a member of Council and ICAEW Board and taking up membership of the IRB. In addition, members of the IRB cannot also be members of other ICAEW regulatory committees.

Further information about the IRB including our terms of reference and biographies of IRB members is available at [icaew.com/irb](https://www.icaew.com/irb)

* First term

Appendix 2: IRB meetings in 2019

IRB MEETING DATES 2019
5 February
9 April
18 June
2 October
10 December

All meetings were quorate.

IRB members' attendance at IRB meetings is set out below.

IRB ATTENDANCE AT MEETINGS	POSITION	ATTENDANCE
Steve Barrow	Lay	5/5
Michael Caplan (Chair)	Lay	5/5
David Chitty	Non-lay	3/5
Christine Fraser	Lay	2/5
Andrew Goldsworthy	Non-lay	5/5
Ian Leigh	Lay	5/5
John Milsom	Non-lay	5/5
Philip Nicol-Gent (Vice Chair)	Lay	5/5
Michael Sufrin	Non-lay	5/5
Jane Tittley	Non-lay	5/5
Pauline Wallace	Non-lay	4/5
Ann Wright	Lay	5/5

In addition, members of the IRB held and attended an IRB strategy away day and annual training day.

Appendix 3: Use of delegated powers by the IRB in 2019

DATE OF IRB MEETING	DECISION	PARAGRAPH IN THE IRB'S TERMS OF REFERENCE
5 February 2019	Approval of amendments to the legal services memorandum of understanding	11(s)
5 February 2019	Approval of various amendments to the Disciplinary Bye-laws for recommendation to ICAEW Board	11(g)
5 February 2019	Approval of the guidance on public statements under Disciplinary Bye-law 36.1	11(l)
9 April 2019	Approval of changes to the Guidance on Sanctions	11(b)
9 April 2019	Agreement of PSD's approach for responding to OPBAS	11(t)
18 June 2019	Approval of the regulatory and Practice Assurance fees for 2020.	11(h)
18 June 2019	Approval of a complainants' code of conduct	11(b)
18 June 2019	Introduction of sanctioning powers for the Practice Assurance Committee	11(j)
18 June 2019	Approval of a process for serious criminal conviction complaints	11(b)
18 June 2019	Approval of amendments to the disciplinary processes	11(b), 11(l)
2 October 2019	Agreement to proposed changes to the disciplinary framework	11(g)
2 October 2019	Agreement of the governance strategy	11(g)
2 October 2019	Approval of Project Light - phase 2	11(a)
2 October 2019	Approval of changes to the Audit Regulations	11(j)
2 October 2019	Approval of an increase in the costs of disciplinary hearings	11(b)
10 December 2019	Approval of changes to the scheme rules of the Chartered Accountants Compensation Scheme - updating the scheme rules	11(f)
10 December 2019	Approval of changes to the PII Regulations	11(j)
10 December 2019	Approval of changes to the Insurers' Agreement	11(f)
10 December 2019	Agreement to consult on changes to the Duty to Report Misconduct	11 (l)

Appendix 4: IRB sub groups

SUBJECT	MEMBERS	DATE CREATED
AML project board	Philip Nicol-Gent (Chair)	28 June 2019
	Ann Wright	

SUBJECT	MEMBERS	DATE CREATED
Insolvency Code of Ethics and conflicts of interest	Ian Leigh	18 June 2019
	John Milsom	
	Michael Sufrin	

SUBJECT	MEMBERS	DATE CREATED
Review of the Disciplinary Bye-laws	Jane Titley	18 June 2019
	Philip Nicol-Gent	
	Steve Barrow	

SUBJECT	MEMBERS	DATE CREATED
Review of insolvency regulation (single regulator)	Ann Wright	18 June 2019
	John Milsom	

SUBJECT	MEMBERS	DATE CREATED
Disciplinary Bye-law changes (detail/wording)	Ann Wright	9 April 2019
	Michael Caplan	
	Philip Nicol-Gent	

SUBJECT	MEMBERS	DATE CREATED
IRB terms of reference	Chris Fraser	9 April 2019
	John Milsom	
	Michael Sufrin	
	Steve Barrow	

SUBJECT	MEMBERS	DATE CREATED
Audit Regulations, ¹ annual returns and audit regulatory plan	Ann Wright	5 February 2019
	John Milsom	
	Michael Caplan	
	Pauline Wallace	

¹ Added to scope of sub group 18 June 2019

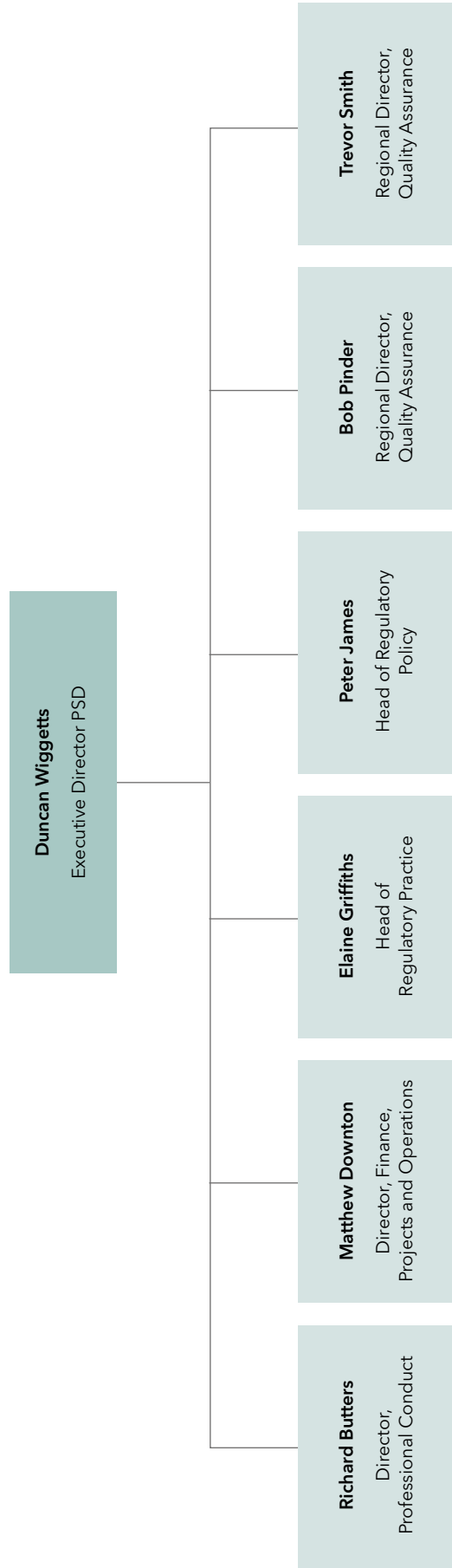
SUBJECT	MEMBERS	DATE CREATED
Project Light	Ann Wright	17 April 2018
	Michael Sufrin	
	Philip Nicol-Gent	

Appendix 5: Supervisory bodies

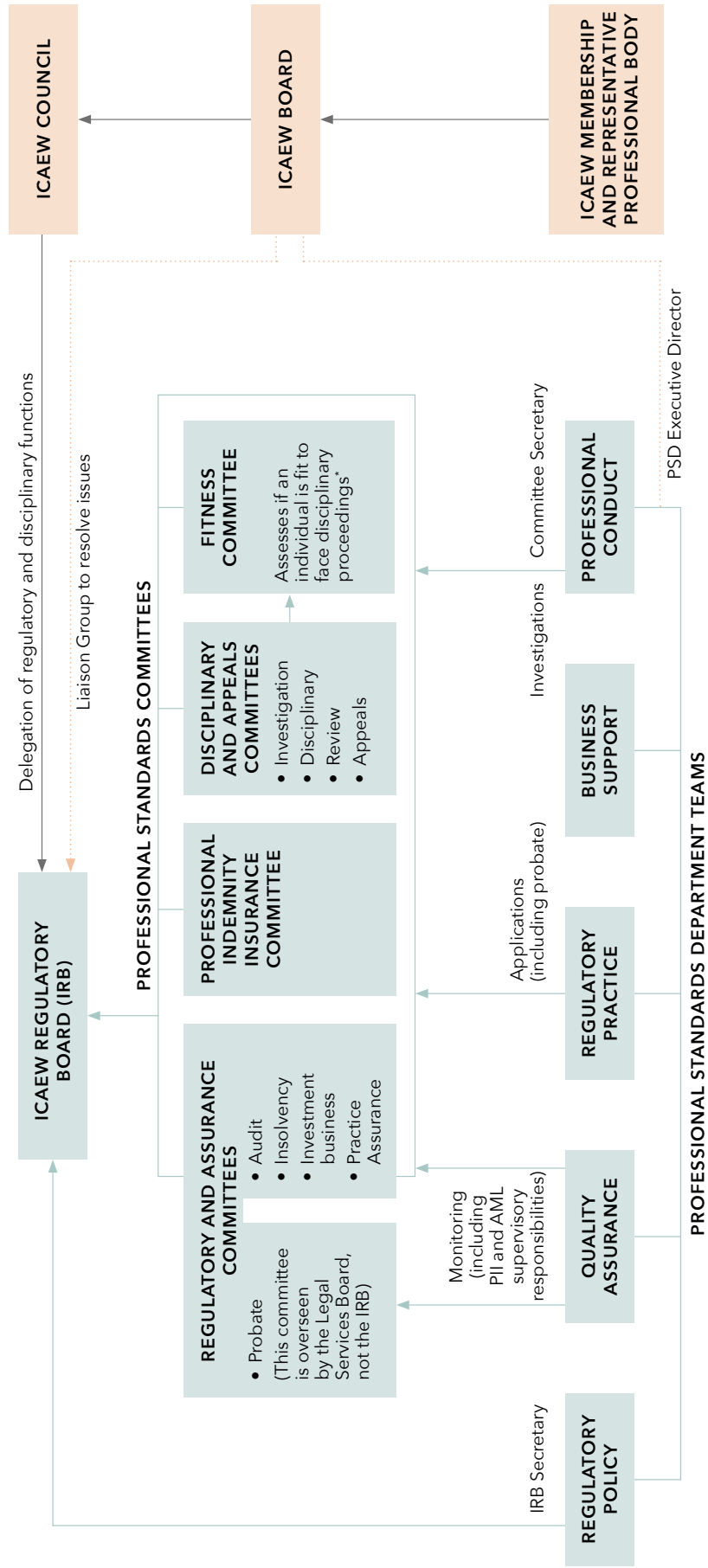
The IRB has oversight over ICAEW's supervisory relationships with the following organisations:

- Financial Reporting Council (statutory audit and local public audit)
- Irish Auditing and Accountancy Supervisory Authority (audit and accountancy)
- Financial Conduct Authority (designated professional body)
- Insolvency Service (GB and NI) (insolvency)
- Legal Services Board (legal services)
- OPBAS (anti-money laundering)
- Civil Aviation Authority (ATOL returns)
- Isle of Man Financial Services Authority (audit)
- Jersey Financial Services Commission (audit)
- The Commerce and Employment Department of The States of Guernsey (audit)

Appendix 6: The Professional Standards Department senior management team structure

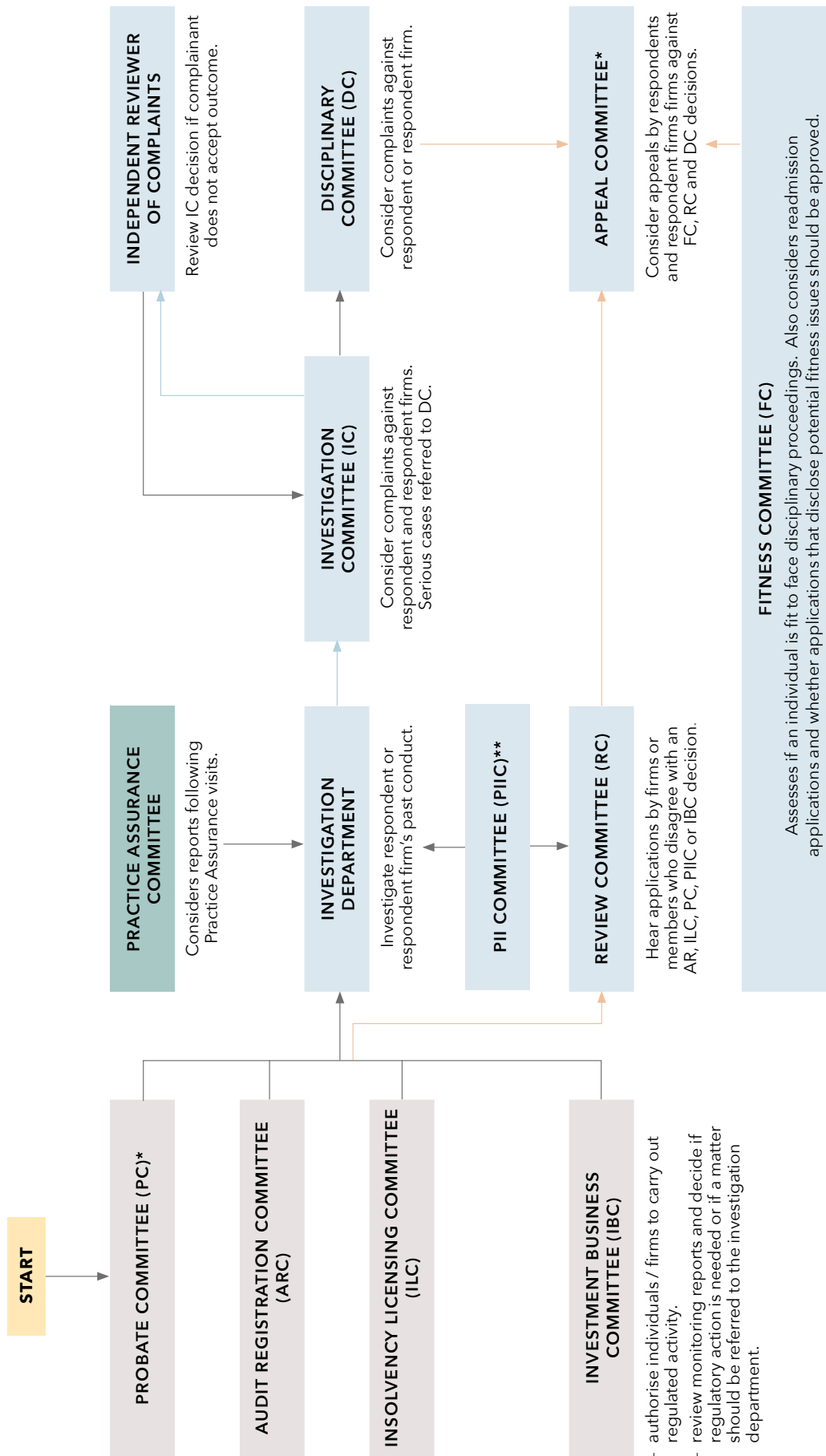


Appendix 7: The Professional Standards Department governance structure



*Also considers readmission applications and whether applications that disclose potential fitness issues should be approved.

Appendix 8: The Professional Standards Department committees structure



↑ Professional Standards committees process
 ↑ Respondent or respondent firm
 ↑ Complainant does not accept outcome

* Appeals relating to probate will be referred to the General Regulatory Council of the First Tier Tribunal and not to the Appeal Committee.

** Decisions relating to referrals from the PII Committee can be reviewed by the RC but not by the Appeal Committee.

Our role as a world-leading improvement regulator

We protect the public interest by making sure ICAEW's firms, members, students and affiliates maintain the highest standards of professional competency and conduct.

ICAEW's regulatory and disciplinary roles are separated from ICAEW's other activities so that we can monitor, support or take steps to ensure change if standards are not met. These roles are carried out by the Professional Standards Department and overseen by the independent ICAEW Regulatory Board (IRB).

Our role is to:

- **authorise** ICAEW firms and members to undertake work regulated by law: audit, local audit, investment business, insolvency and probate;
- **support** the highest professional standards in general accountancy practice through our Practice Assurance scheme;
- **provide** robust anti-money laundering supervision and monitoring;
- **monitor** ICAEW firms and insolvency practitioners to ensure they operate correctly and to the highest standards;
- **investigate** complaints and hold ICAEW firms and members to account where they fall short of standards;
- **respond** and comment on proposed changes to the law and regulation; and
- **educate** through guidance and advice to help stakeholders comply with laws, regulations and professional standards.

There are over 1.8m chartered accountants and students around the world – talented, ethical and committed professionals who use their expertise to ensure we have a successful and sustainable future.

Over 181,500 of these are ICAEW Chartered Accountants and students. We train, develop and support each one of them so that they have the knowledge and values to help build local and global economies that are sustainable, accountable and fair.

We've been at the heart of the accountancy profession since we were founded in 1880 to ensure trust in business. We share our knowledge and insight with governments, regulators and business leaders worldwide as we believe accountancy is a force for positive economic change across the world.

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