

# *Regulation and Conduct through difficult times*

ICAEW REGULATORY BOARD (IRB) ANNUAL REPORT 2020



# Table of contents

Chair's report	3
The role of the ICAEW Regulatory Board (IRB)	4
The PSD executive director's operational report for 2020	5
Key Area of Focus 1:	9
Implementing the strategy for enhancement of AML supervision	9
Key Area of Focus 2:	10
Improving consistency in the reporting of misconduct	10
Key Area of Focus 3:	11
Project Light - promoting the work of the PSD and the IRB	11
Audit	12
Insolvency	13
Legal services	14
Looking ahead to 2021	15
PSD financials	16
Key facts and trends	18
Appendices	20
Appendix 1: IRB members in 2020	21
Appendix 2: IRB meetings in 2020	23
Appendix 3: Use of delegated powers by the IRB in 2020	24
Appendix 4: IRB active subgroups in 2020	25
Appendix 5: Supervisory bodies	27
Appendix 6: PSD senior management team	28
Appendix 7: PSD governance structure	29
Appendix 8: PSD regulatory and disciplinary committees	30

# Chair's report

In the most unusual of years, I would firstly like to acknowledge the very professional and seamless way in which the Professional Standards Department (the PSD) adapted and responded to the many challenges thrown up by the COVID-19 pandemic and the multiple lockdowns.

All of the functions carried out by the PSD were moved smoothly online, minimising the disruption to regulatory and disciplinary work. On behalf of the IRB, I would like to express our thanks to all of the staff in the PSD who met the challenges head-on, proving their resilience.

I was in regular contact with Duncan Wiggetts, the PSD executive director, and was briefed regularly by him on the adjustments which were being made in order for the PSD to discharge all of its regulatory obligations and disciplinary work. You will see from Duncan's operational report on pages 5 to 8 just how much has been achieved during 2020 in the most difficult circumstances. It is particularly pleasing to see the results of some of the changes which the IRB made in 2018/2019 to bye-laws and regulations coming through in 2020 to alleviate some of the pressure on the Investigation Committee, including the success of the fixed penalty notices and the steady increase in the use of settlement powers.

The IRB was also quick to adapt to the pandemic and I am grateful to all of the IRB members who committed additional time during 2020 to respond to the unique circumstances impacting ICAEW's regulatory and disciplinary work. All our planned board meetings took place as scheduled, albeit on a virtual platform, and we held an extra meeting in August due to the amount of issues referred to us for consideration. Despite the pandemic, 2020 was a busy year in the main areas regulated by ICAEW and you will find a summary of matters considered in anti-money laundering (AML), audit, insolvency and legal services in the regulatory summaries set out on pages 9, 12, 13 and 14.

There have also been a number of key areas of focus for the IRB during 2020, including the supervision of the implementation of our AML strategy and our continuing work on improving communications and awareness of the work of the PSD and the IRB. You can see the progress made in each of these on pages 9 and 11.

It is always a sad time when valued IRB members rotate off the board and December saw the last meetings for long-serving members Christine Fraser, David Chitty and Ian Leigh, who were all appointed as original members when the IRB was first created. I have thanked them all for the wisdom and insight they gave on a number of issues and I wish them well in the future.

Finding worthy replacements was the first task which was handed to the new Regulatory & Conduct Appointments Committee (RACAC), our new independent appointments committee, and I was delighted when we were able to appoint Sara Nathan OBE as the first Chair of the RACAC (see more about the formation of the RACAC on page 14). So the IRB will now welcome three new members in 2021; Jonathan Williams, Parjinder Basra and Anthony Pygram. Having met all three of them, I am sure they will make a very positive contribution to the work of the IRB.

Finally, on behalf of the IRB, I would like to thank Duncan and his PSD senior management team and Tracy Stanhope, the IRB Secretary, for all of their support this year and for the quality of the materials and reports provided to the IRB.



Michael Caplan QC  
Chair

# The role of the ICAEW Regulatory Board (IRB)

The IRB has 12 members, including the chair. For accountancy oversight purposes, it has an equal number of lay and non-lay members where a lay member is someone who is not, and has never been, a member, affiliate or employee of ICAEW or any accountancy body. For legal services oversight purposes, it has a lay majority where a lay member is someone who is not legally qualified.

The accountancy members of the IRB have different backgrounds and specialisms including audit, insolvency and tax and they provide the perspective and insight not only from members in practice but also members in business. Many of the lay members have significant experience in other regulated sectors. The combination of technical experts and lay representatives ensures a broad range of views and insights while keeping the public interest at the centre of the IRB's work.

The IRB's primary objective is to ensure that ICAEW's regulatory and disciplinary work is carried out in the public interest and to provide assurance to government, oversight regulators, media and members of the public that each task is carried out objectively without any bias shown either towards or against the interests of a member or firm.

There is also a wider objective at the heart of its work. This is the quest to promote and maintain the highest professional standards among ICAEW members and firms and for ICAEW to act, and be seen to act, as an improvement regulator. It seeks to ensure that the work of the PSD achieves this by its Regulatory Practice & Policy team (RPP) enabling only appropriately trained and experienced individuals to carry out the highest risk work, and the Quality Assurance team (QAD) pointing out areas for improvement at the end of visits and running webinars for members and firms on problem areas. There is also an important role to be played by Professional Conduct (PCD) in its work by ensuring that there is an effective deterrent against poor conduct or poor-quality work.

***'The IRB's primary objective is to ensure that ICAEW's regulatory and disciplinary work is carried out in the public interest.'***

The IRB's areas of responsibility are set out in its Terms of Reference and this includes the IRB's involvement in the following matters.

- Ensuring that there are adequate resources for the discharge of regulatory functions through the consideration of projected costs and income arising from regulatory fees.
- Reviewing the effectiveness of the regulatory and disciplinary committees: the Investigation Committee, the Disciplinary Committee, the Appeal Committee, the Fitness Committee, the Audit Registration Committee, the Insolvency Licensing Committee, the Investment Business Committee, the Probate Committee, the Practice Assurance Committee, the Professional indemnity insurance (PII) Committee and the Review Committee.
- Considering ways in which the disciplinary scheme can be made more effective and efficient.
- Reviewing the results of annual internal quality reviews carried out by representatives of the regulatory and disciplinary committees and the results and recommendations arising out of inspections by all of ICAEW's oversight regulators.
- Receiving reports on operational performance and issues from the PSD executive director.
- Reviewing the impact and effectiveness of changes introduced in earlier years.
- Reviewing the KPIs for the different areas of operation.

A full list of the IRB members, the dates of the board meetings and members' attendance records in 2020 are set out in Appendices 1 and 2. Details of how and when the IRB used its delegated powers during 2020 are set out in Appendix 3.

# The PSD executive director's operational report for 2020

## IMPACT OF THE PANDEMIC ON OPERATIONS

We did not know it at the time, but the disruption caused to the PSD's operations during the summer of 2019 due to the complete failure of the air conditioning unit at our Milton Keynes office was a blessing in disguise. The inability to work in our main office for several weeks forced us to work with our IT department to ensure that all PSD staff had the right equipment to work from home. So, when the first lockdown was announced in March, we were ready. Most staff and functions were able to transition seamlessly to online working, aided by the earlier investments we had made in developing electronic case management and digital filing systems which can be accessed just as easily from outside of the office environment.

***'88% of the original quality assurance monitoring visit target set before the pandemic (2,639 of 3,000) was achieved in 2020.'***

Our first action was to issue clear statements on our website, and through all normal communication channels, setting out how we intended to work during lockdown, what allowances we would make and what we expected of ICAEW members and firms. We have tried throughout this difficult period, whether it be in relation to a monitoring visit or a request for documentation to assist an investigation, to strike the right balance between being sympathetic to difficulties experienced by members and firms due to the lockdown and making it clear that we would be expecting members and firms to maintain the same high professional standards.

Inevitably, some areas of our work were impacted by the lockdowns. In a normal year, over 60% of our quality assurance visits are carried out onsite at firms. All onsite visits were converted to remote visits from March through to the end of the year except for a couple of visits in September before the second lockdown. It was great to see how the QAD management team adapted quickly and put in place a programme for carrying out all visits remotely by remodelling them as desktop reviews. Firms were asked to allow QAD reviewers remote access to firms' files or to download selected files onto laptops

which were couriered to and from reviewers. Or paper files were couriered if electronic files were not available, and firms were able to access their offices.

Bob Pinder and Trevor Smith, our QAD directors, presented their pandemic response plan to the IRB at their meeting in April and we kept both the IRB and our oversight regulators up to date throughout the year with progress on our plans. By the end of 2020, the QAD had managed to carry out 88% of the original visit target set before the pandemic at the start of 2020 (2,639 out of 3,000). This was an amazing effort given the widespread rearranging of visits and the realisation during the first lockdown that remote visits took on average one day longer than onsite visits. It was also pleasing to see that nearly 100% of reviewed firms stated they were 'very satisfied' or 'satisfied' with the management of the process and the interactions with our QAD reviewers, according to our independent satisfaction surveys.

***'Nearly 100% of firms were 'very satisfied' or 'satisfied' with the management of their quality assurance review and the interactions with the reviewers.'***

Another area of our work to suffer a significant impact was the holding of disciplinary tribunals. While we were able to move almost instantly to virtual meetings for the Investigation Committee and all of the regulatory committees, we had no option at the start of the first lockdown but to cancel all hearings planned to be held at our usual tribunal venue through to July. A decision was then taken by the committee secretary, in conjunction with the chair of the Disciplinary Committee and the Disciplinary tribunal chairs, to arrange virtual case management hearings in August for all outstanding matters so that the tribunal chairs could explore with the members and firms whether it might be possible to hold the disciplinary hearings on a virtual platform. This resulted in nearly all members/firms agreeing to virtual hearings being arranged during the final quarter of the year, having seen for themselves how well the technology worked at the case management hearings.

I attended our first ever contested disciplinary hearing held over three days on a virtual platform during the first week of September and was very impressed at how smoothly the format translated onto a virtual setting and how well the technology worked. This was the first of many hearings as the final quarter saw an attempt to catch up on the backlog created during the first lockdown. By year end, 46 virtual hearings had been held by the Disciplinary, Appeal and Fitness Committees which was an amazing achievement.

It was also a strange year for the PCD. Firstly, the settlement agreement entered into with the administrators of Comet in January avoided the need to hold what would have been the longest tribunal hearing in ICAEW history. The record fines paid by the administrators and their firm also sent a very strong message that the PCD, supported by the IRB, will find the resources necessary to pursue all complaints where there are concerns about the conduct of members and those licensed to carry out regulated work. Secondly, the PCD saw a significant drop in the number of new complaints received per month during the first lockdown from March to July, albeit the total number of new complaints rebounded to 976 by year end which still made it the third highest total in ICAEW's history.

The four months of reduced complaints allowed us to switch the focus of the PCD case managers to writing reports on older complaints. This, in turn, led to a surge in the number of reports being submitted for review by the Investigation Committee. I am indebted to members of the Investigation Committee who responded to this sudden surge by agreeing to hold three extra meetings during 2020 with further 'double meetings' planned for some months in the first half of 2021. In total, 1,122 complaint investigations were concluded during 2020.

**INCREASED FOCUS ON AML SUPERVISION**

In May, the AML team published their monitoring report setting out the PSD's approach to AML supervision and how we seek to ensure that we can monitor firms effectively and take measures to secure compliance with the Money Laundering Regulations 2017. A second report was published highlighting the QAD's most common findings during visits, outlining tips on how to avoid these issues and detailing changes to our approach. The AML team also issued four risk bulletins during 2020, including an early indication of the AML risk specific to COVID-19 associated fraud. Further evidence of our increasing outreach and educational initiatives can be seen in the fact that 75,287 individuals accessed our AML resources on icaew.com and over 1,000 firms are using the ICAEW AML service which provides online access to AML training at icaew.com/aml

There were also impressive statistics regarding our monitoring and enforcement work in this area. Despite the pandemic, 1,512 AML firm reviews were completed during 2020 and 1,185 criminal record checks were reviewed as part of our monitoring and application processes. 61 supervised firms were sanctioned in respect of AML weaknesses and 27 firms were required to undertake follow-up action to improve their processes following a quality assurance review.

Michelle Giddings, our Head of AML, continued during 2020 to build relationships with the National Economic Crime Centre, National Crime Agency, law enforcement and supervisors outside of the accountancy sector and we were all pleased when Michelle was elected as the Chair of the AML Supervisors Forum for 2021 which is a testament to how well-respected she is in this area.



**46**

Virtual hearings had been held by the Disciplinary, Appeal and Fitness Committees



**1,122**

Complaint investigations were concluded during 2020



**75,287**

Individuals accessed our AML resources on icaew.com



**1,512**

AML firm reviews were completed during 2020 and 1,185 criminal record checks were reviewed as part of our monitoring and application processes

## INTERACTION WITH OUR OVERSIGHT REGULATORS

The pandemic has led to much more regular communications with all of our oversight regulators during 2020. It was important for us to keep them informed as to how our work was being impacted and to have the opportunity to discuss with them what to prioritise.

Due to our remote-access systems and virtual platforms, we were able to comply with the inspections carried out during 2020 by the Financial Reporting Council (FRC) and the Office for Professional Body AML Supervisors (OPBAS). We also consulted with the Legal Services Board (LSB) on options for changes which we needed to make to comply with the new Internal Governance Rules introduced by the LSB and spent time responding to the many consultations issued by the LSB during 2020.

We worked particularly closely during the first few weeks of the lockdown with the Insolvency Service and provided support to the Policy team at the Insolvency Service by reviewing drafts of proposed emergency legislation which was introduced to reduce the number of companies going into liquidation because of the financial impact of the pandemic. We also made changes to our processes to expedite a change from non-appointment taking to appointment-taking licences to ensure that more appointment-taking IPs were able to take appointments during the expected increase in insolvent companies.

### 2018/2019 CHANGES TO THE DISCIPLINARY SCHEME ARE NOW BEARING FRUIT

During 2020, we also started to see the fruits of the changes which were made by the IRB to elements of the disciplinary and Practice Assurance (PA) schemes in 2018 and 2019. The overall objectives of the changes were to produce quicker, more effective resolutions to certain types of complaints and to reduce the number of reports which the Investigation Committee must consider; a concern identified by the IRB's review of that committee in 2018.

The Fixed Penalty Notice process, introduced in 2018 to provide a quicker way to deal with minor non-compliance breaches, was used on a further 45 cases in 2020, all of which would previously have been reported to the Investigation Committee.

The changes made in 2019 for the Disciplinary Committee to approve Settlement Orders also led to three Settlement Orders being approved during 2020, including an order in relation to the complaints

brought by the PCD against the administrators of Comet. This order included an agreement by the administrators and their firm to pay a record £1m fine together with the payment of another £900,000 to cover the costs of the PCD's investigation. At the end of 2020, there were also negotiations under way in relation to a number of other matters where members had indicated a willingness to make admissions rather than go to the disciplinary tribunal.

It is already clear that the introduction of the Settlement Orders will speed up the determination of some of the more serious misconduct complaints referred to a disciplinary tribunal and will result in a significant reduction in the time and costs spent in holding disciplinary tribunals. The safeguard imposed by the IRB - that each Settlement Order must be approved by a settlement agreement chair (a disciplinary tribunal chair) - also ensures that settlements are only entered into when it is in the public interest to do so. The publishing of agreed orders ensures the public is kept up to date on the use of these powers.

During 2020, we also saw the first complaints based on serious criminal convictions being allocated into the new fast-track process, which means that they will be presented directly to a disciplinary tribunal rather than having to be considered first by the Investigation Committee. This is a change to the process which has been in place for all disciplinary complaints since the disciplinary scheme started. The introduction of the fast-track process will ensure a far earlier determination as to whether a person should be allowed to remain a member of ICAEW in the light of the conviction.

Finally, in 2020, we started to see a significant impact of the introduction of powers for the Practice Assurance Committee (PAC) to offer its own PA penalties instead of the previous requirement to refer conduct issues to the PCD for investigation and the Investigation Committee to determine and sanction. In total, the PAC dealt with 29 breaches by way of PA penalties accepted by ICAEW members/firms with only one PA penalty rejected (which transferred to the PCD). This process has not only resolved issues far more quickly than ever before, but it has also resulted in reduced cost orders for ICAEW members/firms and reduced the number of investigations carried out by the PCD by 29 and the number of reports considered by the Investigation Committee by the same number.

## LESSONS LEARNED

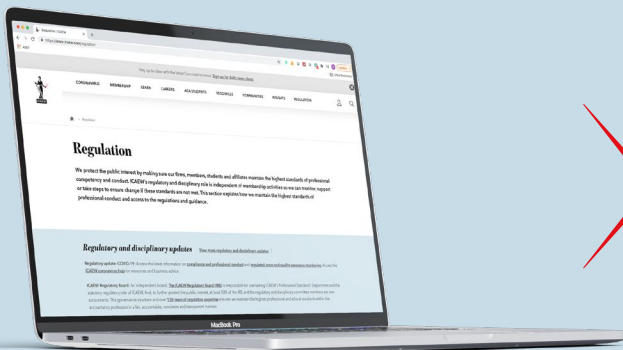
While no-one would choose to go through another year like 2020, we have discovered new ways of working which we are likely to retain as part of the way we conduct our regulatory and disciplinary work in the future. For example, we may continue after the pandemic with many of our disciplinary and regulatory committee meetings and tribunals taking place on virtual platforms. Not only does it save significant costs and time spent by members travelling to meetings, but the use of virtual platforms may enable us to make our committees and tribunals more geographically diverse in the future.

I have also learned during 2020 just how resilient my staff are in the face of adversity and how innovative they are at overcoming obstacles, and I take great pride in the plaudits they have received for our work during this period.

## SUPPORT OF THE IRB

It was good to have the support of the IRB behind all of our efforts to keep as close as we could to 'business as usual' during 2020. IRB members were very keen to understand what was happening and provide support wherever possible. I am particularly indebted to Michael Caplan for his willingness to be on the other end of the telephone at key moments, and to those members who served on the busier IRB subgroups which carried out a lot of work on key areas during 2020.

Duncan Wiggetts  
Executive Director,  
Professional Standards Department



***‘While no-one would choose to go through another year like 2020, we have discovered new ways of working which we are likely to retain as part of the way we conduct our regulatory and disciplinary work in the future.’***



# Key area of focus: 1



## IMPLEMENTING THE STRATEGY FOR ENHANCEMENT OF AML SUPERVISION

After consideration of the results of the first inspection in 2018 by ICAEW's newest oversight regulator, the Office for Professional Body AML Supervision (OPBAS), the IRB decided during 2019 to set up the AML Project Board to oversee the implementation of the initial strategy agreed by the IRB for improving the PSD's AML supervision work and to make further recommendations to the IRB on future strategic objectives. The AML Project Board was also created to provide an information and accountability gateway between the IRB and the work of the PSD. It also reviews the PSD's proposals for investing the operational element of the OPBAS levy.

Philip Nicol-Gent, Vice-Chair of the IRB, was asked to chair the AML Project Board due to his many years of experience in financial services regulation. Philip has been able to bring the perspective of the financial sector to ICAEW's AML supervision, as well as his experience in the AML risks faced by trust or company service providers. Ann Wright is the second IRB member on the AML Project Board which is completed by Michelle Giddings, Trevor Smith, Duncan Wiggetts and Matthew Downton from the PSD.



During 2020, the AML Project Board met regularly to gauge the progress being made on the strategy set in 2019 which focused primarily, as a first stage, on improving the PSD's intelligence-gathering and intelligence-sharing resources and capability. The AML Project Board noted the significant improvements which had been made in this respect including the recruitment of additional specialist resources into the team.

A second area identified by the AML Project Board for improvement was the quality of Suspicious Activity Reports (SARs) being filed by ICAEW firms. A decision was taken to conduct a thematic review into the procedures put in place by firms for the reporting of suspicious activity, their staff training, and the number and nature of internal and external SARs submitted annually. The aim was to collect data and look for trends and correlations that could allow a greater understanding of firms' vulnerabilities and threats which, in turn, could be used to help firms train staff to improve their detection of potentially suspicious activities and enhance the quality of the SARs they submit.

The results of the SARs thematic review 2020 were published in November 2020. The findings indicated a range of areas where firms could improve their procedures, but also identified areas of good practice. To read the full report, please visit [icaew.com/SARsReview](https://icaew.com/SARsReview)

As Chair of the AML Project Board, Philip was interviewed in September as part of the 2020 OPBAS inspection about the supervision by the IRB and the AML Project Board of the improvements being made by the PSD and on the strategy in place to continue to enhance the PSD's AML supervisory work.

For 2021, the AML Project Board proposes to focus on improving the PSD's understanding of AML risk within its supervised population and converting the conclusions on risk into risk alerts for ICAEW firms, so they are better informed on how to identify and report potential risks.

# Key area of focus: 2



## IMPROVING CONSISTENCY IN THE REPORTING OF MISCONDUCT

The IRB issued new Guidance on the Duty to Report Misconduct on 1 October 2020. This was the first new guidance in this area since the ICAEW Council guidance issued in 1993.

The issuing of this guidance was the end of a long project started in 2019 to understand the level of consistency of reports being made to the PCD by ICAEW members, either making self-reports or reporting suspicions about the actions of other members. The PSD executive director and senior PSD staff met with a number of firms to understand their processes for determining whether conduct should be reported and discovered very different views on whether similar conduct fell within the duty to report.

It was identified during this research that the principal problem was the subjective qualifier within the wording of current disciplinary bye-law (DBL) 9 which imposes the duty on a member to report only 'where it is in the public interest to do so', and the different views taken as to what the public interest would require. Some firms were interpreting this requirement narrowly and only reporting matters which were known to the public or which might become known.

During 2020, the IRB debated how to improve consistency in reporting and considered initially whether DBL 9 should be amended to remove the wording around public interest. It was decided that the wording of DBL 9 would instead be amended within the current project to create a new disciplinary framework. Given that the new framework is unlikely to be launched until early 2022, the IRB determined that it should issue new guidance which stated clearly what IRB considered to be in the public interest. The new guidance confirms in the opening paragraphs that the IRB considers that it is in the public interest for all members to report if they have a reasonable belief that either they or another member has acted in such a way that there is a potential liability to disciplinary action under DBL 4 where liability is based principally on acts of misconduct, a gross act or a series of incompetent acts or a breach of any regulations.

The initial draft guidance approved by the IRB was then shared with several firms and with the ICAEW Practice Committee and Members Board for feedback. The IRB considered all of the feedback and made a series of changes to the draft guidance, principally to incorporate more practical examples of what should, and should not, be reported pursuant to the new guidance.

The IRB believes that, with this guidance, firms now have a much clearer understanding of which matters should be reported and when such a report should be made. The IRB will be recommending that the duty to report should be retained in the new disciplinary framework but with a re-draft to remove the qualifier about public interest and to impose the duty on firms as well as individual members.

The IRB will continue to keep this guidance under review and will make changes to reflect wider regulatory and disciplinary developments.

For more information visit  
[icaew.com/misconductguidance](https://icaew.com/misconductguidance)

# Key area of focus: 3



## PROJECT LIGHT - PROMOTING THE WORK OF THE PSD AND THE IRB

The Project Light working group continued to meet regularly during 2020, and this will continue in 2021. Among other projects, the group has oversight of the development of this annual report on behalf of the IRB. This is the third report that has been produced in close collaboration between the PSD marketing and communications team and IRB members. In 2021, the group will play an active part in the production of the quality assurance annual monitoring reports on audit, AML and PA.

The importance of effective communication has been highlighted during the pandemic, and the PSD has developed new channels and new guidance for its regulated and supervised firms and insolvency practitioners in 2020. These additions include a dedicated hub for regulatory information and guidance ([icaew.com/regulation](https://icaew.com/regulation)), a regulatory news hub ([icaew.com/regulatorynews](https://icaew.com/regulatorynews)) and new e-updates, including a risk bulletin for ICAEW AML supervised firms. As a result of these changes, we saw improvements in engagement with email open rates up 5% and engagement levels up 7% from 2019 and an increase in traffic of c.50% to [icaew.com/regulation](https://icaew.com/regulation) during 2020.

In 2021, communication enhancements will continue with the launch of a new regulatory and conduct LinkedIn page and monthly e-newsletter, *Regulatory & Conduct News* that will provide additional guidance and news for regulated firms.



***‘The importance of effective communication has been highlighted during the pandemic. The PSD has developed new guidance and new channels of communication for its regulated and supervised firms and insolvency practitioners.’***

# Audit

## ICAEW'S WORK AS A STATUTORY AUDIT REGULATOR IN THE UK

ICAEW remains the largest recognised supervisory body (RSB) for audit regulation. Audit regulatory work is still the largest area of regulatory work for the PSD, with over 2,500 firms registered by ICAEW for audit work, and is an important area for the IRB to keep under review. The IRB is focused on ensuring that audit regulatory work is carried out to the highest standard and that, in addition, every effort is made by PSD staff to help improve the quality of audit work being carried out. The IRB has also been following and discussing all of the recent developments regarding the future of audit and of the audit regulatory framework.



***'Over 2,500 firms are registered by ICAEW for audit work.'***

The IRB was pleased to note during 2020 the positive report from the Financial Reporting Council's oversight team on its inspection of the PSD's work in 2019, confirming that ICAEW was in compliance with all of the conditions in the Delegation Agreement. The IRB considered the improvement recommendations made by the FRC Oversight team and discussed with the PSD senior management team the steps which would be taken to respond to those recommendations.

The IRB also considered and approved the request received early in 2020 for QAD's audit quality results at the larger firms to be included for the very first time in the FRC's annual quality review report. The results of the QAD's reviews were ultimately included in an appendix to the report. The IRB has asked QAD Director Trevor Smith to work with the FRC to see whether it might be possible to align further the work of the QAD and the FRC's AQR inspection team so that the public can be provided with a broader view of audit quality in the 2021 reports.

***'The FRC's oversight team confirmed ICAEW was in compliance with all the conditions in the Delegation Agreement.'***

A decision was also taken in 2020 for the annual Audit Monitoring Report to be issued by the IRB rather than by QAD management and for the IRB, through Michael Caplan's foreword, to comment for the first time on the results of audit quality reviews contained within the report. The change in approach significantly raised the profile of this report with Michael's comments being quoted in various media articles and this, in turn, helped to raise ICAEW's profile as an audit regulator. The IRB sees this as an important first step in voicing its views on important regulatory issues and developments.

The IRB recognises that the Audit Monitoring Report is an important resource for firms regulated by ICAEW for audit services because it helps firms to understand:

- how to improve the quality of their audit work based on the findings of QAD monitoring reviews during 2019;
- the changes firms are required to make, including the introduction of root cause analysis; and
- the importance of audit quality, the future of audit and ICAEW's approach to monitoring.

For more information, please visit [icaew.com/monitoringreports](https://www.icaew.com/monitoringreports)

## ICAEW'S WORK AS A RECOGNISED ACCOUNTANCY BODY IN THE REPUBLIC OF IRELAND

The IRB was briefed regularly during 2020 by Peter James, Head of Regulatory Policy, PSD on the implications of Brexit on ICAEW's continuing role as a recognised accountancy body (RAB) in the Republic of Ireland (RoI). A decision had already been taken in 2019 by the IRB to change the process of registering individuals for audit in the RoI from 1 January 2020 whereby firms and individuals wishing to perform audit work in the RoI were required to opt in for registration rather than the traditional registration of all firms on the UK audit register for work in the RoI. This reduced the number of registered firms from 2,600 to 38.

During 2020, ICAEW's oversight regulator for Irish audit regulatory work, the Irish Auditing and Accountancy Supervisory Authority (IAASA), issued further requirements ahead of the end of the transition period post-Brexit for professional competence which requires additional evidence of

# Insolvency

the competency of auditors on Irish tax, company law and standards. The IRB was briefed on the likely further diminution in the number of firms and auditors requiring registration due to these rules and also on discussions between the PSD senior management and IAASA senior representatives about the possibility of ICAEW revoking its RAB status during 2021.

During 2020 the IRB reviewed proposed changes to the Audit Regulations in the light of new eligibility requirements following the end of the Brexit transition period. As the divergence in requirements between the UK and Ireland was widened by the act of Brexit, the regulations were split into UK only which were approved by the IRB and issued on 1 January 2021. Irish regulations remain contained in joint regulations issued in 2019, but are to be issued separately in later 2021.

## ICAEW'S ROLE AS A REGULATOR OF LOCAL PUBLIC AUDIT

ICAEW is the only RSB with firms registered to carry out local public audit work. This year, the results of the QAD's latest monitoring reviews were included in the FRC's Major Local Audits Audit Quality Inspection report.

The IRB has had an opportunity in 2020 to consider and review the response provided by ICAEW to the review carried out by Sir Tony Redmond into local authority audit which published its findings before the end of the year.

The IRB has also supported the participation of Duncan Wiggetts as a member of the FLARE group which has been put together to consider how improvements might be made to the current local public audit regime.

ICAEW is the largest insolvency regulator in the UK. By the end of 2020, ICAEW licensed 840 insolvency practitioners out of a total population of 1,550. This is the highest number ICAEW has ever licensed.

In addition to oversight from the IRB, the insolvency regulatory work carried out by the PSD as a recognised professional body (RPB) is subject to external oversight by the Insolvency Service.

The IRB was pleased to note the report published by the Insolvency Service on the PSD's performance in July 2020 after its monitoring visit between February and May. The focus of this visit was on the work of the PSD Regulatory Practice Group (RPG) and QAD teams. The inspection report found that the QAD had effective processes in place when carrying out onsite monitoring visits and that the QAD reviewers were thorough, with commendations for their challenging and reporting of poor conduct by insolvency practitioners.



***'ICAEW is the largest insolvency regulator in the UK. By the end of 2020, ICAEW licensed 840 insolvency practitioners out of a total population of 1,550.'***

# Legal services

ICAEW has been authorised to regulate firms to carry out probate work since 2014. At the end of 2020, 339 firms were accredited to offer probate services by ICAEW. In April 2020 parliament also approved ICAEW as a regulator of the Administration of Oaths, although ICAEW has yet to commence its licensing of this activity.

In addition to the oversight of the IRB, the PSD's work as a legal services regulator is overseen by the LSB and is subject to review and assessment against the LSB's regulatory standards.

The IRB spent a lot of time in early 2020 considering how to make the changes which were required so that ICAEW could comply with the revised Internal Governance Rules (IGRs) introduced by the LSB in July 2019 with a transitional period for changes until July 2020. The final changes made included the following.

- The IRB became the 'regulatory board' under the IGRs and took on responsibility for legal services regulation strategy and policy from the Probate Committee.
- The appointment of Steve Barrow as the IRB's first Alternate Chair to lead the discussions in respect of the oversight of ICAEW's legal services regulatory work and discussions on policy and strategy issues.
- The creation of a new appointments committee, the RACAC under the auspices of the IRB which will evaluate the performance of IRB members, determine re-appointments and select new IRB members. The RACAC will also take over a similar function for all regulatory and disciplinary committees. Sara Nathan OBE was appointed as the first Chair of RACAC and chaired the discussions around the appointment of the three new members joining the IRB in 2021 (Sara's biography can be found in Appendix 1 of this report).
- The resignation of Duncan Wiggetts, the PSD executive director, from being a member of the ICAEW Board.
- The creation of a Shared Services Committee to consider risks and fairness of cost allocation arising out of any service shared by the PSD with the rest of ICAEW.

***'At the end of 2020, 339 firms were accredited to offer probate services by ICAEW.'***

In addition to the consideration of these changes, the IRB was also involved during 2020 with the following matters.

- Provided input into the response submitted by the PSD to the Call for Evidence issued by the Competition & Markets Authority (CMA) on its review of progress on the recommendations the CMA made in 2016 on competition in legal services. Subsequently, reviewed the CMA update report and considered whether changes should be made to the strategy of encouraging ICAEW probate-accredited firms to comply voluntarily with the CMA recommendations regarding the transparency of pricing.

The IRB asked for a further concerted campaign to be launched by the PSD to significantly increase the number of firms complying with the transparency recommendations. As part of this campaign, firms were put on notice that, absent a significant rise, the IRB will have no option but to introduce regulations requiring compliance.

- Provided input into the response to the consultation launched by the LSB on the new regulations to be put in place for the approval of practising certificate fees.
- Provided input into the response to the consultation launched by the LSB on its budget and strategy for 2021-2022.
- Provided input into the response to the consultation launched by the LSB in respect of continuing professional development and quality assurance.
- Received updates on the PSD's continued involvement in the development of the Legal Choices website, a joint venture involving seven of the nine legal services regulators which provides the public with independent, factual information about legal issues, lawyers and legal advisers.
- Reviewed the LSB's annual assessment report for the PSD, which showed that the PSD was compliant with most of the performance assessment criteria. They also discussed ways in which the performance assessment could be improved.

The IRB will continue to keep under review whether a further application should be made to the LSB to extend the PSD's remit as a legal services regulator and further research may be undertaken during 2021 to ascertain which of the other reserved legal services firms would wish to provide.

# Looking ahead to 2021

In 2020, ICAEW launched its strategy for the period through to its 150<sup>th</sup> anniversary in 2030. One of the five Strategic Foundations is to strengthen trust in ICAEW Chartered Accountants and the wider profession. The IRB is determined that it and the PSD will play an important part in achieving this.

In addition to continuing to oversee the work of the PSD and the regulatory and disciplinary committees, the IRB has a number of key projects for 2021.

## **DEVELOPMENT OF A NEW DISCIPLINARY FRAMEWORK**

The IRB started a project in 2020 to modernise ICAEW's disciplinary framework, with the objectives of making it more consistent, efficient and easier to understand. The IRB has provided direction and input into the project at several of its meetings in 2020 and this has resulted in proposals being recommended by the IRB to ICAEW Board, Council and members to reduce the number of Disciplinary Bye-laws (DBLs), to create new comprehensive Investigation & Disciplinary Regulations (IDRs) and to change the governance around future changes to both the DBLs and the IDRs.

The IRB, and the IRB DBLs subgroup, will continue during 2021 to review and make strategic decisions in respect of the content of the IDRs and will take all decisions necessary to implement the new framework as early as possible in 2022.

## **INPUT INTO IMPORTANT CONSULTATIONS WHICH WILL SHAPE THE FUTURE OF AUDIT AND INSOLVENCY**

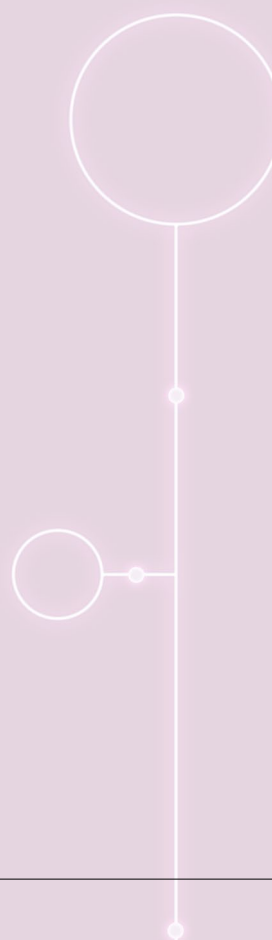
The IRB is expecting to play an important role in considering the consultations which will be launched by BEIS and the Insolvency Service in early 2021, and in providing its input into the responses being submitted by ICAEW to these consultations.

## **REVISED QUALITY ASSURANCE PROGRAMME FOR THE REGULATORY AND DISCIPLINARY COMMITTEES**

The IRB took a decision in late 2020 to change the way in which it carries out quality assurance reviews of the regulatory and disciplinary committees. In 2021, it will start to review several committees in parallel, selecting committees for review over a three-year cycle and holding meetings with committee chairs to provide feedback. The review programme will dovetail with the work of the RACAC which has a responsibility to evaluate the performance of the committee chairs and whose members include the IRB chair and alternate chair.

## **REVIEW OF THE CURRENT GUIDANCE ON THE DEFINITION OF ACCOUNTANCY SERVICES WHICH FORMS THE BASIS OF THE NEED TO HOLD A PRACTISING CERTIFICATE**

The IRB intends to start the process in 2021 to consider whether the current definition of accountancy services should be revised in order to make clearer the circumstances where ICAEW members need to hold a practising certificate.



# PSD financials

The PSD's budget represents its wide range of activities ie, self-financing regulatory and PA scheme, 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') remains in operation in the regulatory and PA area, whereby income is targeted to match expected cost.

The operational plan, with the associated budget and financial strategy, addresses the challenge of income and cost opportunity and threats, change and increased expectations and the required funding of oversight bodies and fellow regulators, investment and, crucially, to 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

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

## COMPLAINTS

To note, there is no budget subsidy to the regulatory and PA activities from ICAEW membership subscriptions.

The cost of member discipline (non-statutory complaints) is included in the budget and results of PSD. At an ICAEW level, membership subscriptions contribute to the funding of this cost.

Costs relating to conduct have been growing at a rate ahead of inflation in recent years, reflecting a higher and sustained number of complaints and a generally more litigious and societal blame culture.

## THE PSD BUDGET CATEGORIES

The budget is described by income and cost type and also by functions and reported in this way for management control purposes:

- regulatory (sub-divided into registration areas such as audit and insolvency).
- member discipline.
- contracts and products.

## THE PSD FINANCIALS

There are four main income and cost areas:

- income generated from regulatory registration and application fees and contract product charges;
- levies on firms and individuals, largely to fund oversight organisations and compensation scheme arrangements;
- operating costs; and
- 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 any fee and/or levy increase proposals for the IRB to review, change where applicable, and approve.

The department operates with a strong sense of, and commitment to, financial stewardship, the self-financing model and budget targets. We understand 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.



**2020 FINANCIAL RESULTS**

The regulatory areas met the self-financing target and, along with exceptional regulatory fines and cost reductions, generated a surplus. COVID-19 limited the PSD’s operations and cost savings were seen as a result of a recruitment freeze, reduced travel and greater use of virtual meetings.

As anticipated, volumes of firms registered for audit and investment business, and individuals in the PA 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 as the PSD team was static during the year, reflecting the pressures and concerns related to COVID-19.

Oversight body activity, and therefore operating costs, has increased at the FRC and OPBAS, and levies on firms and individuals are rising accordingly.

While poorly behaving ICAEW members remain a small minority, the number of new matters remains high, close to 1,000, slightly lower than 2019.

**2021-2023**

Financial planning reflects a busy and ambitious department. There are risks, such as those related to COVID-19 and Brexit and the cost of conduct investigations, but also opportunities, including the potential for new areas of regulation and contract work with fellow regulators and other bodies.

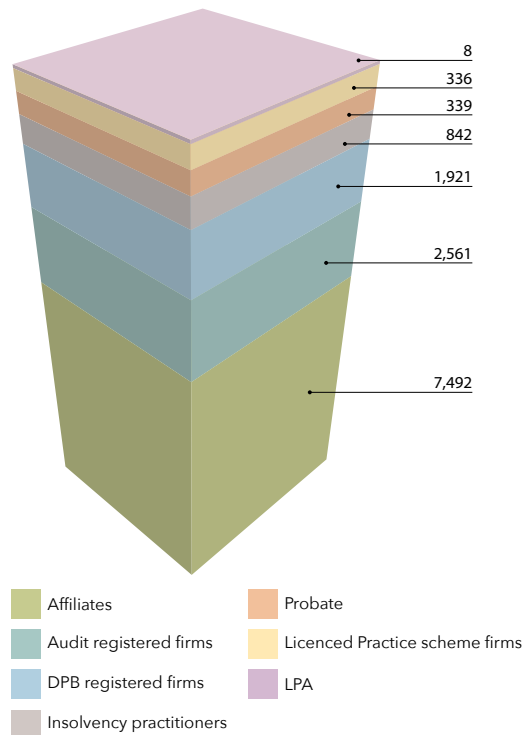
2021 regulatory fee increases have been kept to a minimum to help smaller firms, reflecting the unexpected 2020 cost savings (such as reduced travel) and a greater commitment to virtual working in future.

The 2021 budget and income and cost projections for 2022 and 2023 are considered pragmatic, particularly in light of the economic damage due to COVID-19.

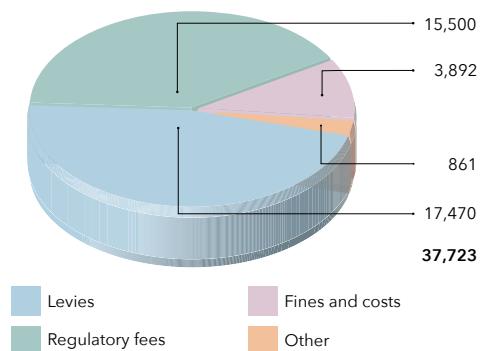
Risk and mitigating actions to secure appropriate income in order to be able to discharge the PSD’s regulatory duties have been considered, put in place and will be monitored regularly.

Financial plans, including project proposals and business cases, will be reviewed by the IRB. A 2022 budget and fee proposal will be presented for review and approval mid-2021.

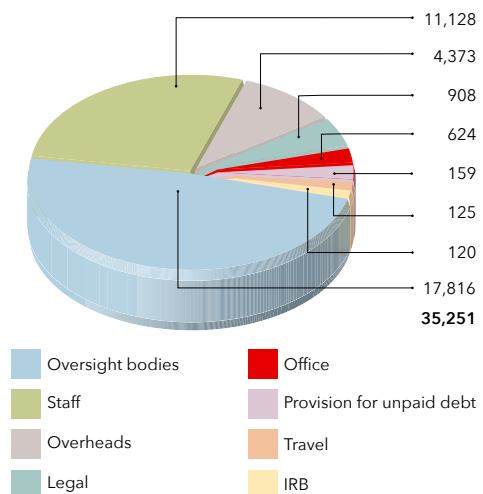
**REGISTERED FIRM FIGURES**



**INCOME ANALYSIS (ALL FIGURES ARE £,000)**



**COST ANALYSIS (ALL FIGURES ARE £,000)**



# Key facts and trends

For a review of the information contained in this page, please see the PSD executive director's operational report on pages 5 to 8.

## REGISTRANTS

FIRM SIZE	AUDIT	INSOLVENCY	DESIGNATED PROFESSIONAL BODY (DPB) INVESTMENT BUSINESS	PROBATE	ANTI-MONEY LAUNDERING (AML)	PRACTICE ASSURANCE (PA)
Sole practitioner	929	137	568	103	8,028	8,024
2-5 principals	1,326	76	1,074	168	3,676	3,671
6-10 principals	209	13	189	41	334	334
11-20 principals	56	17	54	15	95	95
21-50 principals	26	15	27	8	38	38
51 + principals	15	12	9	1	20	20
					Based on AML & PA	
Total firms registered at 31 December 2020	2,561	270	1,921	336	12,191	12,182
					AML only	
Authorised individuals	6,599	842	5,547	546	74	11,957
Of which non-ICAEW members	818	444	2,198	91	43	369
New individual registrations	273	142	162	68	17	857
New firm registrations	80	58	27	35	96	666
Registrations fees and levies (£'000)						
	18,616 *	2,361	1,706 **	680	n/a	3,600

Note: Insolvency is licensed by individual, so the number of firms is incidental to the licence. DPB Investment Business is licensed by firm so the number of authorised individuals is nominally the total number of principals within the firms.

\*this figure does not include affiliate related income or the FRC AQR levy. \*\*this figure does not include affiliate related income

## QUALITY ASSURANCE ASSESSMENTS

GRADINGS	AUDIT	INSOLVENCY	DESIGNATED PROFESSIONAL BODY (DPB) INVESTMENT BUSINESS	PROBATE	LICENSED PRACTICE SCHEME	PRACTICE ASSURANCE (PA)
A	20	9	156	10	7	256
B	229	101	46	28	28	534
C/R	73	36	6	4	5	154
D	33	21	11	1	1	47
N/NR	78	47	-	7	14	765
<b>Total</b>	<b>433</b>	<b>214</b>	<b>219</b>	<b>50</b>	<b>55</b>	<b>1,756</b>

## INVESTIGATION AND DISCIPLINARY

REGULATORY ACTION	AUDIT	INSOLVENCY	DESIGNATED PROFESSIONAL BODY (DPB) INVESTMENT BUSINESS	PROBATE	ANTI-MONEY LAUNDERING (AML)	PRACTICE ASSURANCE (PA)
Complaints registered of 1,367 total new matters	166	174	6	1	38	34
Cases resulting in disciplinary action	41	15	0	0	5	17

Note: Firms and individuals may have more than one registration so the data should be considered in aggregate.

REGULATORY COMMITTEES	AUDIT REGISTRATION COMMITTEE	INSOLVENCY LICENSING COMMITTEE	INVESTMENT BUSINESS COMMITTEE	PROBATE COMMITTEE	PRACTICE ASSURANCE COMMITTEE
Number of committee meetings in 2020	11*	6**	3	4	6

ARC - Audit Registration Committee \* plus two additional meetings to consider one case at each meeting.

ILC - Insolvency Licensing Committee \*\* plus two additional meetings were held. One meeting to consider one case and the second meeting to consider two cases.

In addition to the above, the PSD is registrant for statutory audit in Ireland (38 firms), local audit in the UK (8 firms), has approved individuals for Australian Tax Practitioners, and firms for Consumer Credit. It also acts as audit quality assurance and enforcement agent for firms in the Crown Dependencies of Guernsey, Jersey and the Isle of Man. More than 330 firms are accredited to perform ATOL return work under the ICAEW Licensed Practice scheme for ATOL Reporting.

# *Appendices*

# Appendix 1 – IRB members in 2020

The IRB has 12 members, including the chair. For accountancy oversight purposes, it has an equal number of lay and non-lay members where a lay member is someone who is not and has never been a member, affiliate or employee of ICAEW or any accountancy body. For legal services oversight purposes, it has a lay majority where a lay member is someone who is not legally qualified.

At the end of 2020, Christine Fraser, Ian Leigh and David Chitty retired from the board. Parjinder Basra, Anthony Pygram and Jonathan Williams joined the IRB as members in 2021.



**Michael Caplan QC - Chair**  
lay member for accountancy  
non-lay for legal services



**Philip Nicol-Gent - Vice-Chair**  
lay member for accountancy  
non-lay for legal services



**Steve Barrow - Alternate Chair**  
lay member for both accountancy  
and legal services



**Andrew Goldsworthy**  
non-lay member for accountancy  
lay for legal services



**Thomas Palm**  
non-lay member for accountancy  
lay for legal services



**Asif Patel**  
non-lay member for accountancy  
lay for legal services



**Michael Sufrin**  
non-lay member for accountancy  
lay for legal services



**Jane Tittley**  
non-lay member for accountancy  
lay for legal services



**Ann Wright**  
lay member for accountancy  
non-lay for legal services



**Christine Fraser**  
lay member for accountancy  
non-lay for legal services



**Ian Leigh**  
lay member for both accountancy  
and legal services



**David Chitty**  
non-lay member for accountancy  
lay for legal services

---

## New members of the IRB from 2021



**Parjinder Basra**  
lay member for both accountancy  
and legal services



**Anthony Pygram**  
lay member for both accountancy  
and legal services



**Jonathan Williams**  
non-lay member for both  
accountancy and legal services

Members of ICAEW Council or Board may not be members of IRB. There is a cooling off period of at least one year between ceasing to be a member of ICAEW Council or 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](http://icaew.com/irb)

**Chair of the Regulatory & Conduct Appointments Committee (RACAC) - Sara Nathan OBE**

Sara was appointed as the first chair during 2020. She was a broadcast journalist, first at the BBC and then as Editor of *Channel 4 News* - the first woman to edit a network news programme in the UK. Since 1998, Sara has combined interests in journalism, regulation and public policy, serving on the Ofcom board and the Human Fertilisation & Embryology Authority, as well as serving as a Judicial Appointments Commissioner, as a member of the Queens Counsel Appointments Panel, as a Public Appointments Assessor at the Cabinet Office and chairing a Home Office statutory scientific advisory committee, among others.

Sara has also chaired disciplinary tribunals for the Nursing & Midwifery Council until March 2020 and now does the same for Social Work England.

Sara co-founded Refugees At Home in 2015: a charity that matches generous hosts with asylum-seekers and refugees. It has now hosted over 180,000 individual person nights.

# Appendix 2 – IRB meetings in 2020

IRB MEETING DATES 2020
12 February
23 April
17 June
4 August
6 October
8 December

All meetings were quorate.

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

NAME	ATTENDANCE
Steve Barrow	6/6
Michael Caplan (Chair)	6/6
David Chitty	6/6
Christine Fraser	5/6
Andrew Goldsworthy	5/6
Ian Leigh	6/6
Philip Nicol Gent	5/6
Thomas Palm	6/6
Asif Patel	6/6
Michael Sufrin	6/6
Jane Titley	6/6
Ann Wright	6/6

The only meeting held face to face was in February, all other meetings were via video conference.

# Appendix 3 – Use of delegated powers by the IRB in 2020

DATE OF MEETING 2020	DECISION	PARAGRAPH IN THE IRB'S TERMS OF REFERENCE
12 February	Disciplinary database policy	11(l)
12 February	Quality assurance of the PSD regulatory and disciplinary committees	11(e)
12 February	Approval of proposed amendments to the Supplemental Charter	11(g)
12 February	Approval of the Insolvency Code of Ethics	11(p)
23 April	Disciplinary database: administrative consequences of right to remove	11(l)
23 April	Amendments to the PII Regulations	11(j)
17 June	Disciplinary database policy	12(l) <sup>1</sup>
17 June	Additions to Fixed Penalty Regime	12(b)
17 June	Approval of a Memorandum of Understanding for Audit Regulators in UK and Ireland	12(m)
17 June	Approval of changes to the Insolvency Licensing Regulations	12(j)
4 August	Approval of changes to the Professional Indemnity Insurance (PII) Regulations	12(j)
4 August	Approval of amendments to the Guidance on the Duty to Report Misconduct	12(l)
4 August	Approval of changes to the Fitness Committee Regulations	12(u)
4 August	Approval of changes to the Appeal Committee Regulations	12(u)
4 August	Endorsement of the certification by the chair, of ICAEW's compliance with the Legal Services Board's Internal Governance Rules	12(t)
4 August	Agreement of a commencement date for certain non-AML fixed penalties	12(b)
6 October	Delegating the power to determine dispensation applications from the Professional Indemnity Insurance (PII) Committee to staff	12(j)
6 October	Agreeing the level of regulatory fees for 2021	12(h)
6 October	Agreement of an outline plan for the quality assurance of the regulatory and disciplinary committees for 2021	12(e)
6 October	Agreement of revised terms of reference for the AML Project Board	12(s)
6 October	Changing the definition of bank in the Clients' Money Regulations	12(j)
8 December	Agreement in principle to changes to the Disciplinary Bye-laws	12(g)
8 December	Approval of the draft UK Audit Regulations to apply from 1 January 2021 and the continuance of the Irish Audit Regulations	12(j)
8 December	Approval of governance changes to the process for appointments to the IRB, the regulatory and disciplinary committees and other regulatory appointments	12(w)
8 December	Approval of Statements of Insolvency Practice (SIP) 3.2, 7 and 9	12(o)
8 December	Approval of updates to the Memorandum of Understanding for the insolvency complaints gateway	12(r)

<sup>1</sup>The IRB's terms of reference were amended effective 3 June 2020, changing the paragraph numbering.



# Appendix 4 – IRB active subgroups in 2020

SUBJECT	MEMBERS	DATE CREATED
Diversity subgroup	Philip Nicol Gent	4 August 2020
	Thomas Palm	
	Jane Titley	

SUBJECT	MEMBERS	DATE CREATED
Budget subgroup	Michael Caplan	12 February 2020
	David Chitty	
	Mike Sufrin	

SUBJECT	MEMBERS	DATE CREATED
AML/OPBAS project board	Philip Nicol Gent	28 June 2019
	Ann Wright	

SUBJECT	MEMBERS	DATE CREATED
Insolvency code of ethics and conflicts of interest	Ian Leigh	18 June 2019
	Mike Sufrin	

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

SUBJECT	MEMBERS	DATE CREATED
Terms of reference	Steve Barrow	9 April 2019
	Christine Fraser	
	Mike Sufrin	

SUBJECT	MEMBERS	DATE CREATED
Audit regulations <sup>3</sup> , annual returns and audit regulatory plan	Michael Caplan	5 February 2019
	Andrew Goldsworthy	
	Thomas Palm	
	Ann Wright	

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

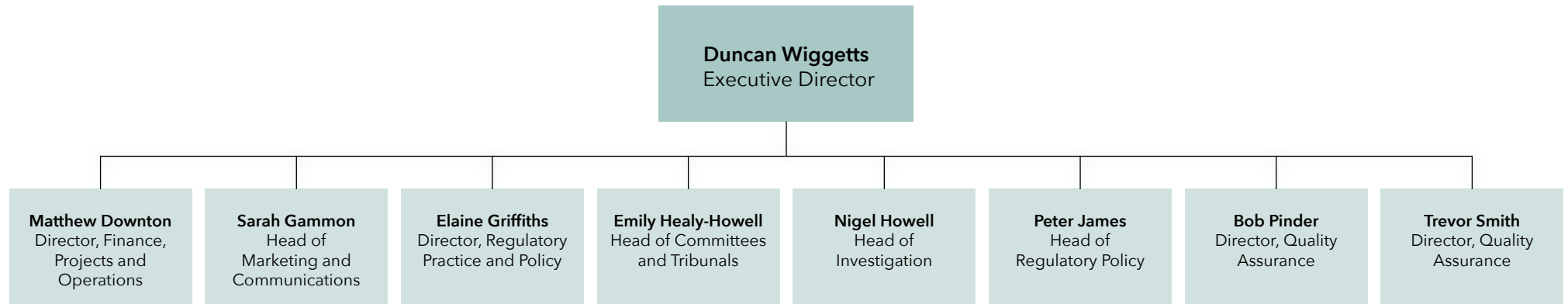
SUBJECT	MEMBERS	DATE CREATED
Quality assurance audit monitoring report	Andrew Goldsworthy	December 2018
	Ian Leigh	
	Ann Wright	

# Appendix 5 – Supervisory bodies

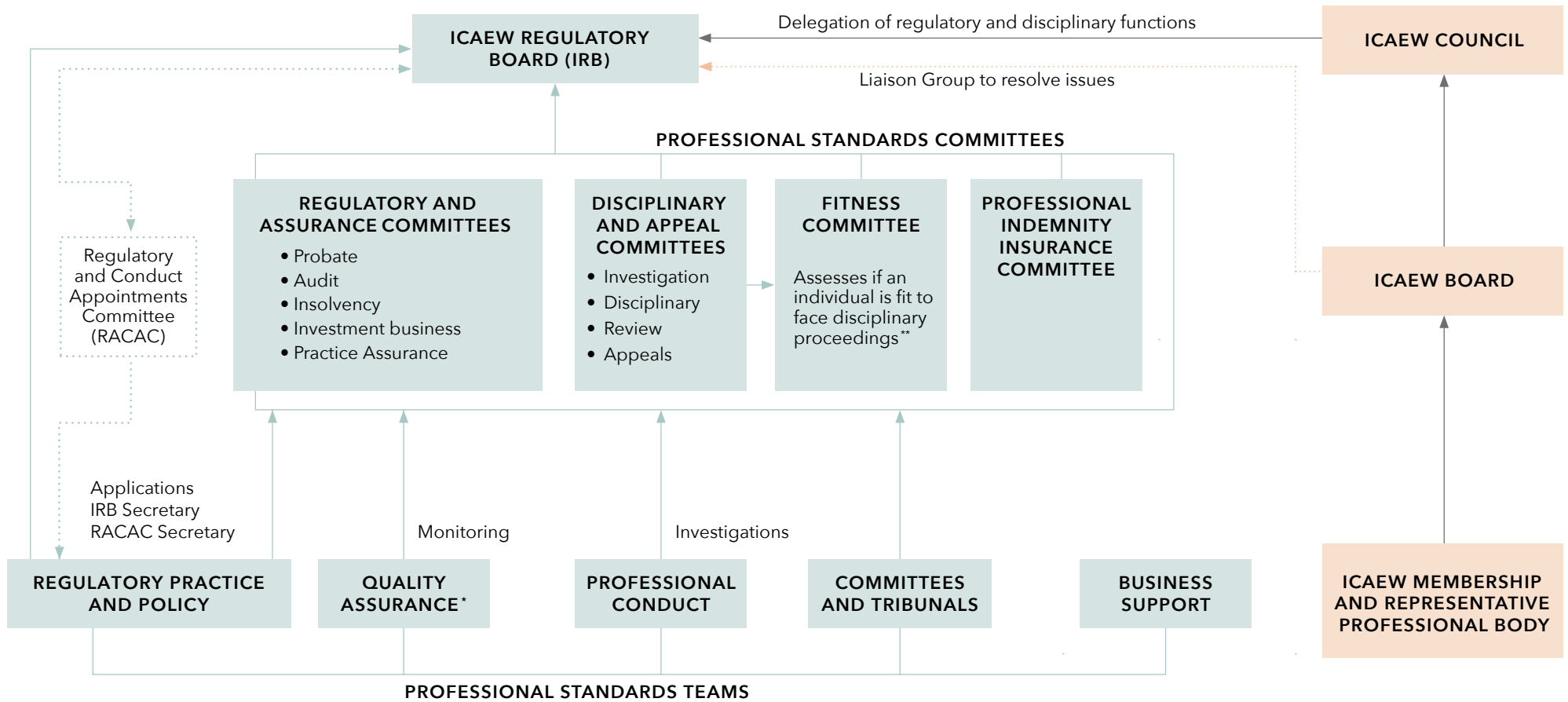
The IRB has oversight over ICAEW's supervisory relationships with the following organisations.

- 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 – PSD senior management team



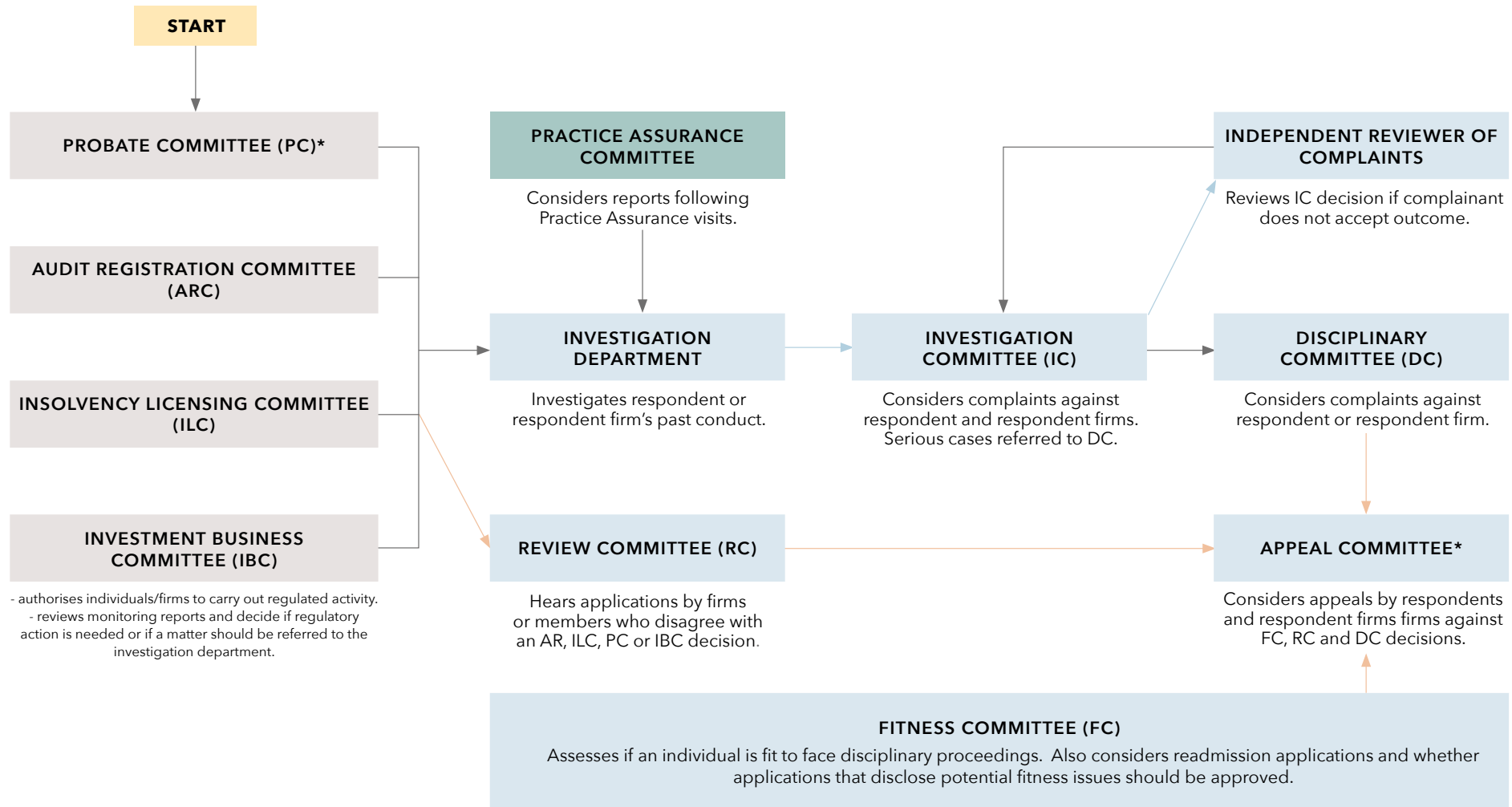
# Appendix 7 – PSD governance structure



\*Including AML supervisory responsibilities

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

# Appendix 8 – Regulatory and disciplinary committees



- Professional Standards committees process
- Respondent or respondent firm does not accept outcome
- 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.

## 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, members and affiliates 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.

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).

---

Chartered accountants are talented, ethical and committed professionals. There are more than 1.8m chartered accountants and students in the world, and more than 187,800 of them are members and students of ICAEW. All of the top 100 global brands employ chartered accountants.\*

Founded in 1880, ICAEW has a long history of serving the public interest and we continue to work with governments, regulators and business leaders globally. And, as a world-leading improvement regulator, we supervise and monitor over 12,000 firms, holding them, and all ICAEW members and students, to the highest standards of professional competency and conduct.

We promote inclusivity, diversity and fairness and we give talented professionals the skills and values they need to build resilient businesses, economies and societies, while ensuring our planet's resources are managed sustainably.

ICAEW is the first major professional body to be carbon neutral, demonstrating our commitment to tackle climate change and supporting UN Sustainable Development Goal 13.

We are proud to be a founding member of Chartered Accountants Worldwide, a network of 750,000 members across 190 countries which promotes the expertise and skills of chartered accountants around the world.

We believe that chartered accountancy can be a force for positive change. By sharing our insight, expertise and understanding we can help to create sustainable economies and a better future for all.

[www.charteredaccountantsworldwide.com](http://www.charteredaccountantsworldwide.com)  
[www.globalaccountingalliance.com](http://www.globalaccountingalliance.com)

### ICAEW

Chartered Accountants' Hall  
Moorgate Place  
London  
EC2R 6EA  
UK

T +44 (0)1908 248 250  
E [contactus@icaew.com](mailto:contactus@icaew.com)  
[icaew.com/irb](http://icaew.com/irb)

\* Source: CAW, 2020 - Interbrand, Best Global Brands 2019

