

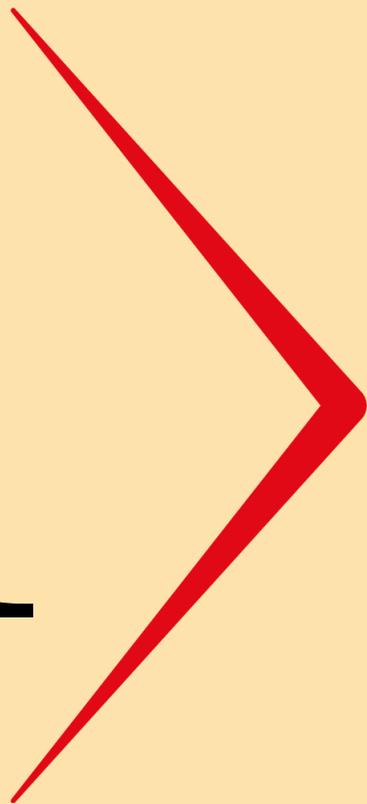


Practice Assurance

WHAT YOU NEED TO KNOW

Chapter

1



Introduction

Practice Assurance (PA) – what you need to know

1. Introduction
2. Practice Assurance Standard 1 – Laws, Regulations and Professional Standards
3. Practice Assurance Standard 2
 - Client Acceptance and disengagement
 - Anti-money laundering
4. Practice Assurance Standards:
 - 3 – Competence
 - 4 – Quality Control
 - And more....
5. Clients' money
6. Designated Professional Body Licence – Investment Business
7. Commissions and fee protection schemes
8. Other regulated areas (probate and consumer credit)
9. In summary
10. More support from ICAEW

Where to find the detail

icaew.com



Support Member Scheme

...ry weigh on your mind. Our team of support members are on hand to provide free, assistance.

The banner features a teal background with a coiled black telephone cord and a bright orange telephone handset. A white circle with a black left-pointing arrow is positioned at the bottom right of the image area.

CFO Conference 2018

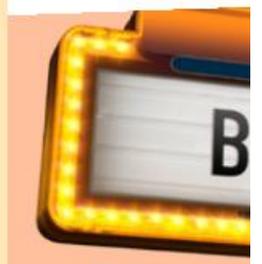
THE TRANSFORMATIONAL LEADER

23 November
ETC.Venues St Paul's, London

CFO Conference

The 11th CFO Conference is all about the transformational leader.

[Find out more](#)

The banner has a yellow background. It features a wireframe illustration of a human head and hand, with a red arrow pointing from the hand towards the head. A white circle with a black right-pointing arrow is located at the bottom right of the image area.

ICAEW design

...nd Finance Professionals (B...
...ny organisation.

The banner shows a close-up of a clipboard with a yellow border and a white sheet of paper. A large black letter 'B' is visible on the paper.

ICAEW Code of Ethics

- Integrity
- Objectivity
- Professional competence and due care
- Confidentiality
- Professional behaviour



Practice Assurance standards

- Standard 1 – Laws, Regulations and Professional Standards
- Standard 2 – Client Acceptance and Disengagement
- Standard 3 – Competence
- Standard 4 – Quality Control

Chapter

2

*Practice Assurance Standard 1 –
Laws, Regulations and
Professional Standards*

Standard 1 – Laws, Regulations and Professional Standards

- Why?
 - Legal and regulatory requirements
 - Reputation
- What?
 - Professional indemnity insurance
 - Anti-money laundering
 - Practice promotion
 - ICAEW eligibility and records
 - Data security
 - Regulated work
 - Provision of Services Regulations
 - Bribery Act

Professional indemnity insurance (PII)

- Required
- Minimum cover:
 - Higher of 2.5 x fee income and £100,000
 - Maximum enforceable £1.5m - but consider risks
- Use approved insurers
- Notify unusual features:
 - Sub-contractors
 - Offshore work
 - Tax planning
- Connected entities
- Notifications

Publicising your firm

- ‘Legal, decent, honest and truthful’
- Ethics approval service
- ICAEW Business Advice Service
- Cold calling?
 - Yes, but not harassment
- Referrals fees?
 - Yes, but tell your client in writing



Being a member firm

- Are you eligible?
- Can you call your firm 'Chartered Accountants'?
- Tell us about any changes within 10 days

Chapter

3

*Practice Assurance Standard 2 –
Client Acceptance and
Disengagement*

Standard 2 – Client Acceptance and Disengagement

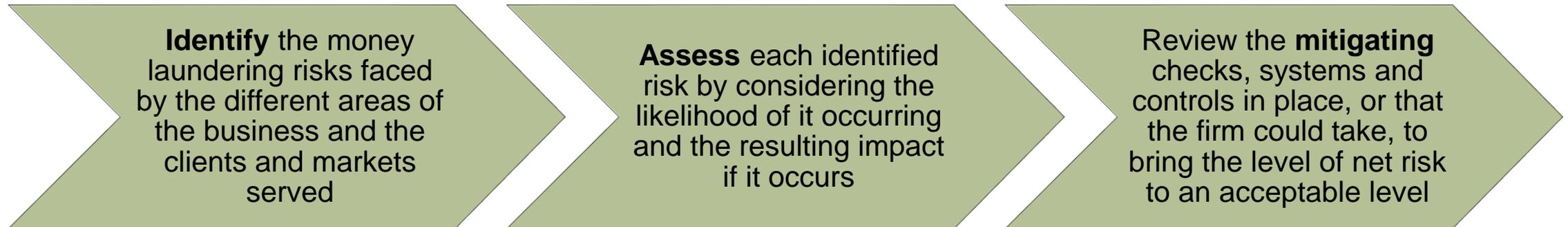
- Why?
 - Risk management
 - Ethical obligations
- What?
 - Ethics – integrity, objectivity, independence
 - Professional enquiries
 - Anti-money laundering risk assessment and due diligence
 - Resources and expertise
 - Terms of engagement
 - Disengagement

Anti-money laundering

- Supervision
- Firm-wide risk assessment
- Client due diligence including risk assessment
- Reporting suspicions
- Procedures
- Training
- Monitoring
- Employee screening
- Beneficial owners, officers and managers (BOOMs)

Firm-wide risk assessment

Three steps involved:



Client take-on and due diligence 1

The purpose of CDD is to know and understand a client's identity and business activities so that the firm can properly manage any ML or TF risk.

Effective CDD is a key part of a firm's AML defence.

Identification means finding out:

- who the client is,
- who owns or controls it,
- what it does; and
- the firm's services.

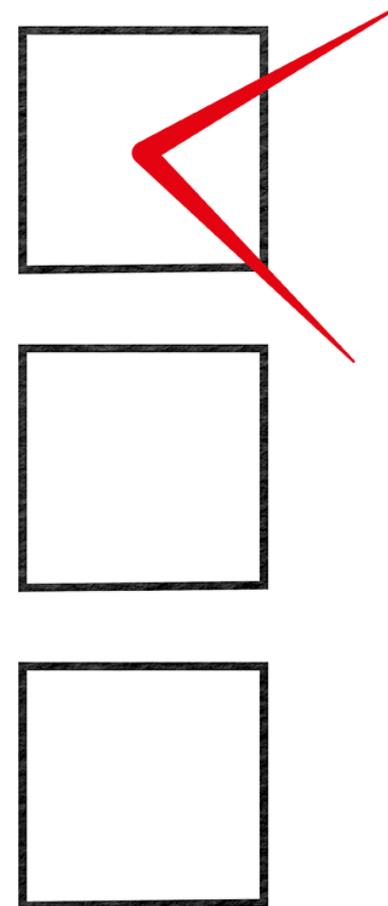
Risk assess the client, using the outcome of the firm-wide risk assessment

Collect evidence to confirm the client is who they say they are (and on a risk basis for the beneficial owner)

Consider all the information and **evidence** collected – does this affect the risk assessment?

Client take-on and due diligence 2

- Verify their identity:
 - documentation
 - electronic systems
 - relying on others
- Write it down!
- Review it regularly



Reporting

- MLRO duties
- Whether and when to make a report
- Can you continue work?
- ICAEW AML hotline **+44 (0)1908 248 250**
- CCAB guidance

Terms of engagement

- Basis of fees
- Complaints procedure
- Scope of work
- Responsibilities
- GDPR
- Provision of services regulations
- Disengagement

Chapter

4

*Practice Assurance Standard 3 –
Competence*

*Practice Assurance Standard 4 –
Quality Control*

And more...

Standard 3 – Competence

- Why?
 - Ethical obligations
 - Risk management
- What?
 - Training
 - Continuing professional development
 - Recruitment
 - Appropriate staff
 - Supervision and review
 - Resources – software, technical materials, consultation

Statutory accounts

- Software – up to date?
- Staff – trained?
- Clients – how does it affect them?

Standard 4 – Quality Control

- Why?
 - Theory v practice
 - Assurance
- What?
 - Organisation and control – standard documentation and manuals
 - Supervision and review – how effective is it?
 - Recording the work
 - IT – risks and obligations
 - Complaints
 - Practice Assurance compliance review – and others
 - Alternate

Data protection and security

- Data Protection Act
- Data protection register – ICO website
- Backups and disaster recovery
- Transferring sensitive data
- Mobile devices
- Retention and destruction



For all firms

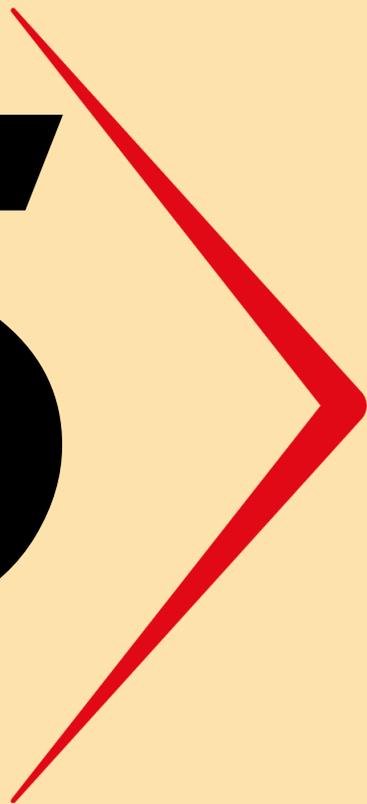
- How does your firm measure up?
- Compliance reviews
- Annual return
- Monitoring visits
- It's your practice!

More...

- Clients' money
- Investment business
- Commissions
- Fee protection schemes
- Probate
- Consumer credit
- Support from ICAEW

Chapter

5



Clients' money

Clients' money

- Good reasons for holding it?
- Anti-money laundering
- ICAEW Clients' Money Regulations

Opening the account

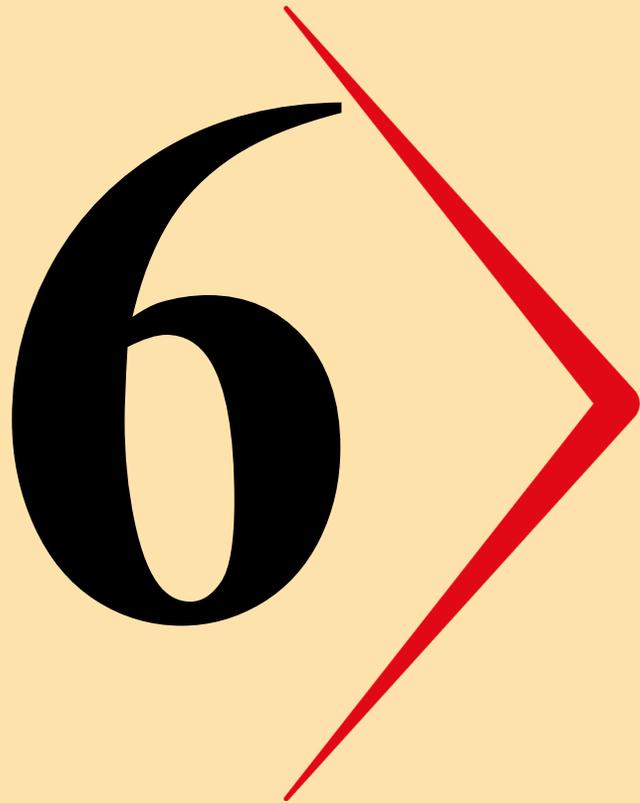
- Separate account
- Bank confirmation letter:
 - 'Client' in the title
 - No right of offset
 - Interest credited to same account
- Designated accounts

Managing the account

- Identifying clients' money
- Regular reconciliations
- Making payments out
- Compliance review

Chapter

6



Designated Professional Body (Investment Business) licence

DPB (Investment Business)

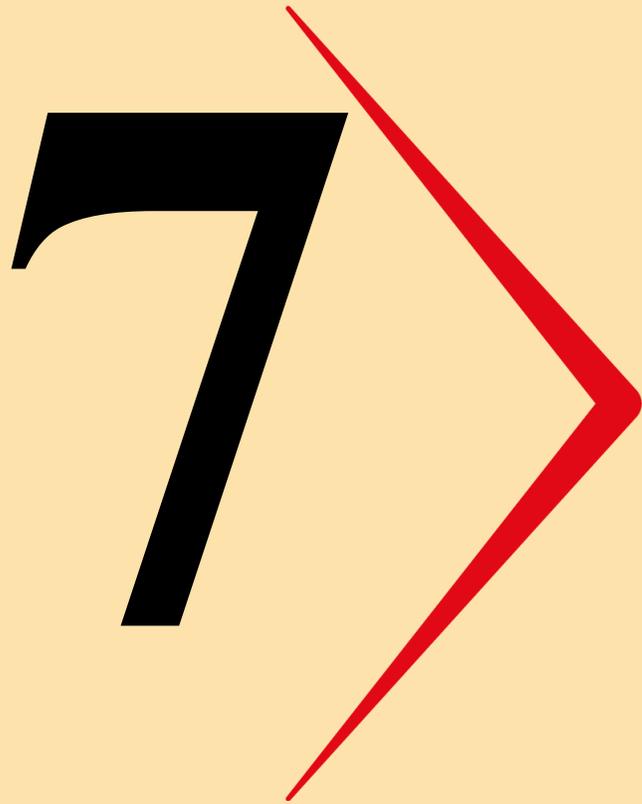
- Exempt regulated activities
- Explain, evaluate, endorse
- Identify unsuitable advice
- Corporate finance
- Insurance distribution – fee protection, negotiation
- Licence helps you develop services for personal clients
 - Personal Financial Planning Community
 - ‘Personal financial planning – traffic light guide to regulation’

Be aware of...

- Eligibility
- Incidental and complementary
- Disclosures
- Referrals and commissions
- Annual compliance review

Visit [icaew.com/dpb](https://www.icaew.com/dpb) for more information or to apply for a licence

Chapter



*Commissions and fee protection
schemes*

Commissions and fee protection schemes

- Unregulated
 - Code of Ethics sections 240.5 – 240.8
- Regulated
 - DPB (Investment Business) Handbook paragraph 4.15
- Fee protection
- Unregulated or regulated?

Unregulated commission

- Code of Ethics sections 240.5 – 240.8
- Consent to retain
- Clients' money

Regulated commission

- DPB (Investment Business) Handbook paragraph 4.15
- Clients' right to request the commission
- Specific written permission
- Clients' money

Fee protection schemes

- Unregulated:
 - Firm is insured
 - Administration fee
- Regulated:
 - Client has rights
 - Administration fee or commission
 - Clients' money?
 - Disclosures
 - Professional indemnity insurance
- Covering the costs yourself:
 - Routine enquiry?
 - Investigation?
- Annual return

Chapter

8

Other regulated areas:

- *Probate*
- *Consumer credit*

Probate

- Reserved area
- ‘When to seek a licence for probate’
- Probate Regulations

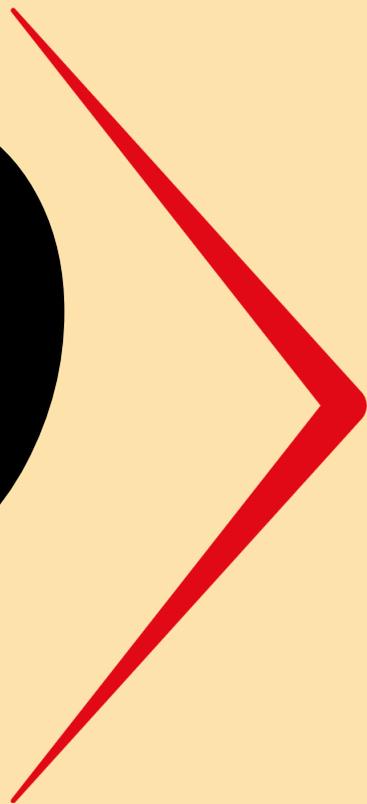


Consumer credit

- What is a consumer?
- Eligibility
- DPB (Consumer Credit) Handbook
- Incidental to other activities of firm
- Complementary to other services for client
- ‘A guide to credit-related activity’
- Types of activity
 - Client creditworthiness
 - Fees by instalments

Chapter

9



In summary

In summary...

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schemes
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and consumer credit)

Chapter

10



*More support from ICAEW and
where to find the detail*

Practice resources

For ICAEW's members in practice, this area brings together the most up-to-date thought leadership, technical resources and professional guidance to help you in your professional life.



Tomorrow's Practice

Understanding the forces that are shaping accountancy practices now and in the future.

[More info](#)



Alternative revenue streams

Resources for practitioners working on probate, cyber, personal financial planning.

[Expand](#)



Personal Financial Planning

Resources covering regulation, pensions, investments and practice development.

[More info](#)



Practitioners' Essentials Roadshow

CPD courses on tax, audit and assurance, financial reporting & practice development.

[More info](#)



Practice management

Risk management, debtors, WIP, credit control, time recording, data protection and more.



Practice regulation

Guidance on compliance with the Practice Assurance, clients' money, PII, PC and more.



Client management services

Client acquisition, engagement / disengagement letters, client disputes and more.



Setting up a practice

How to run your own accountancy business and make it profitable.

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[Expand](#)



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Setting up a practice

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Expand ▼

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Collapse X

Client management services

Client acquisition, engagement / disengagement letters, client disputes and more.

Expand ▼

Setting up a practice

How to run your own accountancy business and make it profitable.

More info 

Regulated services

Resources for individuals working in the areas of audit, insolvency and investment business.

 [Regulated services](#)

Online annual return

Get the most up-to-date information on the online annual return, links and FAQs.

 [Online annual return](#)

Consumer credit

Find out more about consumer credit regulation.

 [Consumer credit](#)

PA - standards and regulations

PA is a scheme of practice review applicable to all members in the UK.

 [PA - standards and guidance](#)

Clients' money regulations

Support and advice on the revised clients' money regulations.

 [Clients' money regulation](#)

PII

PII is compulsory for all members who have a PC and are engaged in public practice.

 [PII](#)

Definition of public practice

What constitutes engaging in public practice.

 [Definition of public practice](#)

Practising certificates

You need a PC to engage in public practice in the UK or the EEA.

 [Practising certificates](#)

Maintaining your firm's record

Learn the importance of maintaining your ICAEW firm record.

 [Maintaining your firm's record](#)

Regulated services

Application forms, regulations and publications for individuals working in the regulated areas of audit, insolvency, investment business and probate.



Audit registration

Members working in audit must comply with the audit regulations.

[More info](#) 



DPB and FSA

How firms apply for FSA authorisation or a DPB Licence.

[More info](#) 



Insolvency licence

Becoming an ICAEW insolvency licence holder.

[More info](#) 



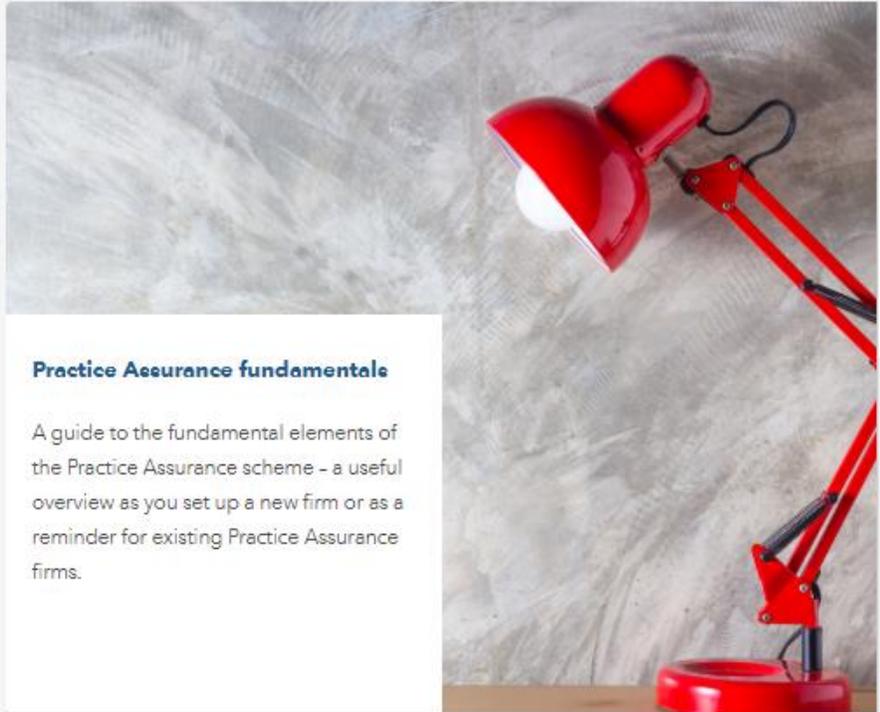
Probate authorisation and licensing

Firms offering probate services need to be authorised or licensed.

[More info](#) 

Practice Assurance

Our Practice Assurance scheme provides ICAEW members working in practice with a framework of principles-based quality assurance standards. These resources will help firms develop appropriate procedures and guidance to enable them to comply with the standards. These Practice Assurance resources are grouped according to the size of your firm and therefore to the complexity of the procedures your firm is likely to put in place to comply with the Practice Assurance standards.



Practice Assurance fundamentals

A guide to the fundamental elements of the Practice Assurance scheme - a useful overview as you set up a new firm or as a reminder for existing Practice Assurance firms.

Practice Assurance standards, guidance and regulations

Access guidance on the four principle-based Practice Assurance standards to assess and improve your practice and the Practice Assurance Regulations.



Practice Assurance resources

Learn from the experts: best practice guidance and advice from Practice Assurance monitoring reviews



Practice Assurance fundamentals

A guide to the fundamental elements of the Practice Assurance scheme – a useful overview as you set up a new firm or as a reminder for existing Practice Assurance firms.

Most of the content on this Practice Assurance page relates to firms of every size, but where a section relates only to a specific size, you will find one of these icons:

 **New firms**

 **Sole practitioners and smaller firms**

 **Larger firms**

What you need to know webinar

If you are setting up in practice, preparing for an ICAEW monitoring visit or would like to update your knowledge on the regulations, this webinar sets out the fundamentals of Practice Assurance. The webinar is split into chapters so you can select which sections you watch when it's convenient to you. In addition to watching the webinar, you can download the webinar slides for reference.

[▶ Practice Assurance basics webinar](#)

Common pitfalls for new firms

You'll find this guidance useful if you have recently registered a new firm. We review the common areas on which



Helpsheets and guidance by title

Access technical helpsheets, ethical guidance and practice resources by title.

Looking for a list of helpsheets and FAQs by topic? We still have separate lists of helpsheets on [new UK GAAP](#), [ethics](#), [practice](#) and [technical](#) topics.

Try using the find option or Ctrl+F keyboard shortcut on your internet browser to navigate the A-Z more quickly.

A

[A retired director is selling his trading company shares, can he claim entrepreneurs' investment relief?](#)

[ATOL whole firm compliance review checklist](#)

[Abbreviated accounts](#)

[Abridged accounts for small companies](#)

[Accelerated Payment Notices](#)

[Acceptance of gifts and hospitality from a client](#)

- A
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- U
- V-Z
- #

Practice support

- Helpsheets [icaew.com/helpsheets](https://www.icaew.com/helpsheets)
- Practice assurance [icaew.com/practiceassurance](https://www.icaew.com/practiceassurance)
- Technical and ethics support **+44 (0)1908 248 250**
- Practicewire [icaew.com/practicewire](https://www.icaew.com/practicewire)
- Support Members [icaew.com/supportmembers](https://www.icaew.com/supportmembers)
- CABA [caba.org.uk](https://www.caba.org.uk)

Groups and networks

- Faculties **[icaew.com/faculties](https://www.icaew.com/faculties)**
- Communities **[icaew.com/communities](https://www.icaew.com/communities)**
- Local Groups and Societies
- Training employers

Quality Assurance Department reviews

- Efficiency?
- Effectiveness?
- Sharing ideas
- Advice

