



RESULTS TO REFLECT ON

PRACTICE ASSURANCE MONITORING REPORT 2025



PROFESSIONAL
STANDARDS
DEPARTMENT

Who we are and what we do

ICAEW undertakes a wide-ranging programme of monitoring to assess firms' compliance with our principles-based Practice Assurance framework and relevant laws and regulations.

We aim to review all firms at least once every eight years. We may select firms for monitoring reviews more frequently, depending on factors such as:

- the size and complexity of the firm;
- previous review history; and/or
- factors identified from our risk monitoring activities.

Our approach is to work as an improvement regulator, helping members and firms maintain high professional standards and holding them to those standards.

Independent decision-making

ICAEW's governance structure ensures its regulatory and conduct roles are not influenced by its representative functions. View [Appendix 1](#) for more information about the oversight and governance of ICAEW's regulation and conduct activity. A broader overview of our regulatory work is available in the [ICAEW Regulation and Conduct Annual Report: Protecting the public interest](#)

11,000

Number of firms
on the PA scheme

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Practice Assurance monitoring reviews

This report shares the findings from more than 1,450 Practice Assurance monitoring reviews carried out by ICAEW's Quality Assurance Department during 2024. It reflects on the most common issues identified during these reviews, many of which are recurring themes from previous years. We therefore recommend that firms read this report (and the pitfalls it highlights) carefully to avoid making similar mistakes.

There is also an opportunity to sign up for our free 2025 Practice Assurance Monitoring Results webinar, which takes place on 5 September 2025.

[Register now](#)

We hope these findings help your firm reflect on its policies and procedures, identify areas for improvement and take inspiration from what other firms are doing well.

At 82% of firms we either raised no matters requiring action or the firm addressed the matters we raised with no need for follow up.

82%

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13%

of firms that were LLPs or partnerships did not have a written LLP or partnership agreement

11%

of the firms we spoke to had private equity funding

2024 areas of focus

Each year, we hold detailed discussions with larger firms to explore selected areas of focus in more depth. These conversations include a review of the policies and procedures firms have in place to manage risks in relation to these topics.

Our two key areas of focus for 2024 were:

- eligibility issues (selected as we continue to see developments in the market leading to changes in traditional professional firm structures); and
- the use of artificial intelligence (AI) in accountancy firms.

Eligibility

Structure and control

Firm types	Percentage of respondent firms
Limited companies	48%
Limited liability partnerships	33%
Unincorporated partnerships	19%

11% of the firms we spoke to had private equity funding.

91% of the firms had 50 or fewer principals, and 4% had more than 250 principals.

13% of firms that were LLPs or partnerships did not have a written LLP or partnership agreement. Of those that did, in most cases these ensured rights to vote on all, or substantially all, matters of substance were held by ICAEW members (where applicable to the firm's status as an ICAEW member firm).

Appointment of principals

74% of firms told us they had a procedure to ensure new principals hold a Practising Certificate (where required by their professional body). 60% of firms had procedures in place to:

- ensure new principals obtain affiliate status (if required)

- assess the impact on:
 - eligibility for anti-money laundering (AML) supervision
 - eligibility to use the 'Chartered Accountants' description
 - eligibility for audit registration
 - other licensed/accredited areas (eg, DPB (Investment Business), probate)
 - whether any non-principals are being held out as such

- update Companies House records (where applicable).

Of those firms that were partnerships or LLPs, 69% had procedures to update the partnership/LLP agreement when changes are made.

Member firm status and use of 'Chartered Accountants' description

85% of the firms we spoke to used the description 'Chartered Accountants', although not all firms automatically met the eligibility criteria. Most of those had a dispensation from ICAEW but in 7% of cases the firm had realised they were not eligible whilst preparing for our visit. Some had become ineligible as a result of recent changes in ownership structure. In a small number of cases, firms had already applied for a dispensation to use the description, in others we raised matters requiring action.

4%

of firms using the description were ineligible because non-ICAEW member principals had not obtained affiliate status

9%

At 9% of firms we identified one or more firms or connected entities where an AML contract was required but the firm had not put this in place

2024 areas of focus continued

4% of firms using the description were ineligible because non-ICAEW member principals had not obtained affiliate status.

Firms using the description had considered its use in their succession planning, including the potential impact of appointing non-ICAEW member principals. 28% of firms had principals who had become ICAEW members via the [ICAEW pathways to membership scheme](#) (which allows fully qualified members from certain professional bodies to apply for ICAEW membership based on their experience).

19% of firms we spoke to had corporate principals and, in 18% of cases, the interests of corporate principals were represented by individuals who are chartered accountants. In other cases the corporate principals had no voting rights.

The majority of firms used the ICAEW logo, most frequently on their websites. Other uses included email footers and letterheads.

Anti-money laundering (AML) supervision

ICAEW was the AML supervisor for 97% of the firms in our sample.

62% of the firms we spoke to were ICAEW member firms and therefore automatically supervised for AML by ICAEW.

50% of firms (and connected entities) we visited had AML contracts with ICAEW due to not meeting the definition of a member firm and therefore not being automatically supervised for anti-money laundering by ICAEW. This includes some firms in the same group as ICAEW member firms.

At 9% of firms we identified one or more firms or connected entities where an AML contract was required but the firm had not put this in place. We raised matters requiring action.

Changes in your firm record

54% of firms had formal written procedures in place for updating the firm's record. 80% of firms had notified ICAEW of changes to their record since our previous visit. 92% told us they ensured that they notified ICAEW within 10 business days of changes to their firm.

Key reflections

Eligibility issues are one of the most common reasons our firms are referred to the Practice Assurance Committee.

- Changes in structure could mean that you are no longer eligible to use the description 'Chartered Accountants'.
- If your firm is a Partnership or Limited Liability Partnership, you should check that any partnership agreement is up to date to reflect the voting rights of each member.
- If you are planning significant changes in ownership structure, we strongly recommend that you contact us at an early stage to ensure you understand the potential impact on the firm's status.
- Ensure that you notify us of any changes in your firm's structure within 10 business days (in line with the regulations).

[Access more information and resources](#)

29%

of the firms we visited had developed formal policies and procedures relating to operational use of AI by staff

2024 areas of focus continued

Artificial intelligence (AI)

Awareness and expected impact

71% of the firms we discussed AI with felt they had a reasonable awareness, including 9% who felt they were keeping apace and have a good working knowledge of AI.

10% of firms told us they knew nothing at all about AI.

55% of firms saw AI as having a significant or fundamental impact on the future operational practices of their firms, but 5% considered AI would make no difference to them at all.

63% of firms included the use of AI in their long-term strategy.

Firm quotes

"Will still need human interaction/oversight."

"The younger generation are asking to use various AI products."

"Had not fully appreciated the extent of AI in software packages."

"The thing that's worrying is the reliance on it more generally, ie., use of ChatGPT."

"Some benefits could be made but not enough to warrant the cost and time involved with implementation."

"Only as good as the information from which it is selecting, and it cannot overcome bias."

"Think it will enhance the services provided to clients."

"Do not believe this will ever fully replace the accountant."

"This is the biggest revolution since computers became mainstream tools."

Policies and procedures

29% of the firms we visited had developed formal policies and procedures relating to operational use of AI by staff. These policies most frequently included: protection of confidential data; restriction on use of AI tools without approval; guidance on circumstances where staff should not use AI; access controls; and policies relating to critical evaluation of AI output.

17% of firms ask staff to sign a declaration to say they will comply with the firm's AI policy.

Other guidance to staff included an explanation of what AI is, and guidance on ethics, including awareness of bias in AI output, data protection, transparency and intellectual property.

Firm quotes

"Some coverage of bias risk - but nothing formal on ethics."

"Can use for research only."

"Use caution and warns of how client data could be used if uploaded."

"No formally documented detailed policy."

"Pending outcome of pilot."

"Not really considered until now."

"No specific policy except to instruct they should not use ChatGPT for reports."

Monitoring and use

20% of firms monitored access to AI tools amongst staff although slightly more, 22%, restricted access to opensource AI tools such as ChatGPT.

Up to 37% of the firms we spoke to had used AI in one capacity or another, most often for assisting in the automation of repetitive, low-level tasks such as account categorisation. 30% of firms used AI to search for information, and around 27% used AI for client communications, drafting documents such as proposals and reports, and document translation and summarisation.

10%

Only 10% of firms were aware of clauses in relation to the use of AI within their supplier contracts

2024 areas of focus continued

Common areas where AI is being used	Percentage of respondent firms
Bookkeeping	34%
Accounts preparation	13%
Auditing	13%
Tax advice and compliance	7%
Payroll	5%

Not all firms that use AI as part of the overall service provision have disclosed this to clients (13% of firms said that they had made this disclosure).

Firm quotes

- "Not used and not allowed to be used."
- "Not actively monitored."
- "Staff have been trained that they should not be using AI for client work."
- "Only allowed Copilot and Bing chat."
- "No formal restriction in place."
- "Data sorting only."

Staff training and guidance

How AI training was delivered	Percentage of respondent firms
Internally presented courses	20%
External training providers	8%
Shared reading material with staff	14%

Firm quotes

- "Copilot only - all individuals involved in testing have received training direct from IT."
- "Mandatory training to all staff on AI."
- "Firm has just booked courses for staff to undertake training."
- "None currently but will rethink following this discussion."
- "Received a grant for training."
- "Sent an email explaining benefits of AI and issues that arise."
- "Planning to do something in the near future."

Use of embedded AI in third-party software

19% of firms ask suppliers whether their applications make use of embedded AI but only 10% of firms were aware of clauses in relation to the use of AI within their supplier contracts.

Firm quotes

- "Asked about embedded AI as part of rolling cycle of procurement checks."
- "Embedded AI is minimal and not high level."
- "Not a separate consideration so far."
- "Do have an understanding of AI aspects of Quickbooks and Xero."

Risk management and future strategy

18% of firms included AI in a risk register, although 45% of firms told us there are teams or individuals tasked with development of AI strategies and policies.

Only 11% of firms had developed an AI risk assessment.

80%

of firms think an advantage of AI is increased speed of routine and complex tasks

2024 areas of focus continued

The AI threats identified by firms as the most significant are shown in the table below.

AI threats identified by firms	Percentage of respondent firms
Data protection and protection of client data	42%
Information manipulation and misinformation	33%
Security risks	18%
Job displacement	16%

12% of the firms we spoke to told us they hadn't thought about AI-related risks.

Firm quotes

- "Use of technology tools, including AI, is part of firm's long-term strategy."
- "Being discussed at board level."
- "Risk if telling the clients the incorrect information."
- "Still needs to be sanity checked."
- "Taken overall decision it is too high risk to be used at present."
- "Highest single perceived risk for the firm."

The benefits of AI

Advantages identified	Percentage of respondent firms
Increased speed of routine and complex tasks	80%
Improved service offerings to clients	46%
Cost savings	33%
Facilitate or assist in decision making	9%
Staff training	6%

Firm quotes

- "Will make jobs more interesting and increase value to clients."
- "Increase capacity rather than job displacement."
- "Increases employee engagement."
- "More time client facing for improved service."
- "Will lead to increased quality in audit service."

2024 areas of focus continued

Key reflections

It is best practice to have documented policies and procedures in place that explain to staff when and how AI may be used within your firm.

These might address matters such as:

- protection of confidential data;
- access controls;
- ethics and risks of bias/discrimination;
- ongoing testing and monitoring;
- transparency of use;
- disclosures;
- use of intellectual property;
- use within the supply chain/how to get comfort over third-party AI systems.

It is important for staff to understand AI, its benefits and its risks.

We recommend that firms provide training to principals and staff that explains:

- what AI is and how it could be used in practice;
- the firm's policies and procedures;
- potential risks, such as accidental sharing of client data, bias, discrimination, and protection of intellectual property.



Further information

→ [Visit ICAEW's AI hub](#)

Monitoring review outcomes

The table below is a summary of the results from Practice Assurance monitoring reviews carried out by ICAEW's Quality Assurance Department in 2024.

Some of our reviews cover more than one firm, where there are several entities connected by virtue of direct or indirect common principals, ownership, control or management. In 2024 we carried out

1,185 separate Practice Assurance reviews covering 1,489 firms (2023: 1,058 reviews covering 1,313 firms).

Delivery method	No matters requiring action (MRA)		Firm addressed MRA with no need for follow-up		Some follow-up needed		Reported to Practice Assurance Committee		Number of firms	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Onsite	13%	10%	58%	65%	21%	19%	8%	6%	691	702
Desktop reviews of information provided by firms	-	32%	-	55%	-	12%	-	1%	-	86
Other desk-based reviews, including new firm reviews	99%	99%	1%	-	-	-	-	1%	345	151
Telephone reviews	23%	23%	63%	67%	10%	9%	4%	1%	453	374

In 2024, the Practice Assurance Committee considered 45 reports (2023: 56 reports). Some of the reasons for these reports are listed below.

- 30 firms had significant weaknesses in complying with the Money Laundering Regulations, with some failing to fulfil assurances provided at the previous review to improve their procedures. In some cases, they also failed to fully comply with Clients' Money Regulations.

- 16 firms were using the description 'Chartered Accountants' when they were not eligible to do so.
- 9 firms had significant gaps in their professional indemnity insurance (PII).
- 3 firms had not notified clients of commission received, or obtained consent to retain it.

The Practice Assurance Committee issued penalties of between £225 and £3,908 to 25 firms (2023: 36 firms), and 23 were referred to ICAEW's Conduct Department for further investigation.

Monitoring review outcomes continued

Hints and tips

Review the points raised at your last Practice Assurance review and ensure you have taken action to address all the issues. **Failure to address issues raised at the previous review is a common reason for firms being reported to the Practice Assurance Committee.**

Check whether you or anyone in your firm needs a Practising Certificate by reviewing the updated [Statement on members engaging in public practice](#)

Use the wide range of [useful resources](#) available for AML supervised firms on the ICAEW website to help ensure that you are fully compliant with the Money Laundering Regulations.

If you hold clients' money, ensure that you are familiar with the [Clients' Money Regulations](#) and have robust procedures to comply with them.

View our [Practice Assurance compliance review helpsheet](#)

Monitoring review outcomes continued

Analysis of findings

The table below shows instances of reviews with firms that have at least one finding that relates to non-compliance with regulations. The list is similar to last year and we therefore recommend firms review it carefully, alongside the relevant regulations and the resources identified below to ensure they are not making similar mistakes.

Finding	No. of breaches	% reviews/ visits	2024 ranking	2023 ranking
Money Laundering Regulations	677	55%	1	1
Clients' Money Regulations	217	18%	2	2
Basis of fees and complaints, and engagement letters	179	15%	3	4
ICAEW records and annual return	174	14%	4	3
Referrals and commissions	100	8%	5	5
Eligibility	82	7%	6	7
Professional indemnity insurance	74	6%	7	9
Data protection	48	4%	8	6
DPB (Investment Business) boundary issues	44	4%	9	8
Objectivity	9	1%	10	10
Other isolated findings	40	3%		

Please note that more than one area of non-compliance may apply to a single firm, so the numbers overlap.

Monitoring review outcomes continued

Most common findings

Alongside each finding, we have listed examples of ICAEW resources or other guidance that we recommend firms use to improve compliance in these areas.

Money Laundering Regulations

We publish an annual report on anti-money laundering (AML) which explains the findings from our monitoring reviews together with information on our regulatory role and how we fulfil it. We recommend reading the report for a breakdown of AML compliance issues and relevant available resources.

Relevant resources

[AML supervision report](#)

[AMLbites](#)

[AML resources](#)

Clients' Money Regulations

Non-compliance with the Clients' Money Regulations remains one of the top areas of concern. We identified that:

- 90 firms did not have a bank trust letter to acknowledge the status of clients' money bank accounts;
- 56 firms had not carried out and documented an annual clients' money compliance review;

- 35 firms were not using designated clients' money accounts when holding £10,000+ for more than 30 days;
- 35 firms were handling or holding clients' money which was not related to accountancy services being provided;
- 29 firms had not obtained their clients' consent, or waited for at least 30 days after issuing an invoice, before taking their fee from a client money balance; and
- 29 firms had not reconciled their clients' money accounts at least once every five weeks.

These are all breaches of the **Clients' Money Regulations** – firms should regularly review their procedures to ensure full compliance.

Relevant resources

[Clients' Money Regulations helpsheet](#)

[Clients' money FAQs](#)

[Clients' Money Regulations compliance review checklist](#)

Basis of fees and complaints, and engagement letters

In 2024, 179 firms had not informed their clients of:

- the basis on which fees are charged; and/or
- the firm's complaints procedure, including the client's right to complain to ICAEW.

You do not have to issue engagement letters to clients, but the above two matters must be communicated to all clients in writing.

If you don't want to issue an engagement letter, you could communicate these matters to clients in any of the following ways:

- a standard "terms of business" letter;
- a brochure given to the client; or
- a paragraph in the body of initial correspondence.

We also found issues where firms were not keeping their engagement letters up to date, did not cover specialist services and/or were incorrectly informing clients that they were able to carry out work requiring a DPB (Investment Business) licence when this was not the case.

Relevant resources

[Engagement letters and privacy notices](#)



ICAEW Quality Assurance Department

"You must notify us of any changes to the structure of your firm within 10 business days. Do not rely on the annual return for this purpose."

Monitoring review outcomes continued

Eligibility issues, ICAEW records, notifying ICAEW of changes and annual return

Finding errors in firms' annual return data and/or ICAEW records is the fourth highest area of concern.

When completing your firm's annual return to ICAEW, please be careful and check all standing data. If you find an error, let us know what we need to do to correct it.

You should take care to ensure you complete your annual return form correctly. If you are unsure about how to answer any question, you should consult the guidance notes and/or phone our helpline +44 (0)1908 546 372.

Importantly, you must notify us of any changes to the structure of your firm within 10 business days. Don't use the annual return for this purpose as you will be in breach of the Practice Assurance Regulations.

How to notify us

1) For firms working in the specialist areas of audit, ATOL reporting, DPB (Investment Business) and probate – we have a series of forms you should use to tell us about changes to principals, offices, trading names, ownership

structure and regulatory contacts. Please complete the relevant form(s) and email them to regulatory.support@icaew.com

2) For firms not working in these specialist areas -- please tell our members information team about any changes to your firm structure in writing, by post or email firms. admin@icaew.com

[Access full details of how to notify us of changes, including forms and contact details, when visiting our web page on maintaining your firm's record.](#)

Check carefully whether any changes to your firm's structure have impacted on your firm's eligibility, and whether your firm:

- can use the term 'Chartered Accountant';
- is a member firm under the Practice Assurance Regulations and therefore automatically supervised by ICAEW for money laundering; or
- needs to check other eligibility matters.

Relevant resources

[Your guide to maintaining your firm's record](#)

[Use of the description 'Chartered Accountants'](#)

[Eligibility considerations](#)

[Annual return to ICAEW guidance notes and FAQs](#)

Code of Ethics; referral fees and commissions

We identified gaps in accounting for unregulated commission and/or referral fees at 47 firms. Typically, this is where firms have not told their clients in writing how much they received and/or obtained their consent to retain it.

The ICAEW Code of Ethics, section 330, sets out your requirements to:

- notify all relevant clients in writing of the amounts you have received;
- obtain their written consent to retain it; and
- treat the amounts received as clients' money and bank them in a client account until you have permission to retain the money.



ICAEW Quality Assurance Department

"Clients rely on you for objective advice, so you should only refer to financial advisers who are able to give sufficiently objective advice."

Monitoring review outcomes continued

For unregulated activities, you can obtain advanced informed consent by including an appropriate paragraph in your engagement letter that includes examples of likely commissions and amounts. However, you will still need to tell the client the amount once received.

Relevant resources

[Engagement letters and privacy notices](#)

[ICAEW Code of Ethics](#)

[Introductions to financial advisers](#)

Professional indemnity insurance (PII)

The main findings in this area related to firms being inadequately insured and/or having a policy that did not comply with the ICAEW PII Regulations. You need to make sure your firm's PII meets ICAEW's minimum requirements.

There were also a number of findings relating to notifications not being made to the insurers and errors on proposal forms. Both could result in problems should a claim arise.

ICAEW issued revised PII Regulations last year, which took effect from 1 September 2024. Check you are up to date with these requirements, which state the following.

- The policy needs to be with a [participating insurer](#) who has agreed to meet the requirements of ICAEW's minimum policy wording.
- The minimum limit of indemnity is £2m for any single claim and in the aggregate.
- For firms with a gross fee income which is below £800,000, the minimum requirement is two-and-a-half times the firm's gross fee income, subject to a minimum of £250,000 per claim and in the aggregate.
- Larger firms with gross fee income over £50m are not required to put in place 'qualifying insurance' but must have in place appropriate arrangements which will be monitored.
- For firms that are required to put qualifying insurance in place, the maximum aggregate excess should not exceed the higher of £3,000 or 3% of a firm's gross fee income.

Relevant resources

[PII information and ICAEW's list of participating insurers](#)

[PII requirements: What changed on 1 September 2024?](#)

[What to do if you have any issues obtaining PII](#)

Data protection

The main finding in this area related to 34 firms that had not registered with the Information Commissioner's Office (ICO). We also found 14 firms that had still not put adequate procedures in place to meet the requirements of the General Data Protection Regulation (GDPR).

Relevant resources

[Information Commissioner's Office registration](#)

[UK GDPR guidance and resources](#)

[ICAEW data protection and privacy guidance](#)

DPB (Investment Business) boundary issues and referrals to financial advisers

It's important to review the requirements outlined in the ICAEW Code of Ethics, section R331.17 when considering making referrals to financial advisers. We identified issues relating to referrals to restricted advisers, or where the adviser status was not known, at 58 firms.

Clients rely on you for objective advice, so you should only refer to financial advisers who are able to give sufficiently objective advice.

This means you need to know whether your chosen financial adviser is independent or restricted by the Financial Conduct Authority (FCA).



ICAEW Quality Assurance Department

"Key changes to the 2025 Code of Ethics relate to

- the role and mindset expected of professional accountants;**
- the impact of technology; and**
- professional and personal conduct."**

Monitoring review outcomes continued

To make a referral to a restricted adviser you need to ensure that your client's needs will be addressed appropriately by making an assessment of whether the restricted adviser places business with product providers who account for a large majority of the relevant market, or offer the sector of the market which is most suitable for your client's needs.

If you are not confident that you have the knowledge to make this assessment, you should only refer to independent financial advisers.

You should also be aware that some types of referral to financial advisers may require a DPB (Investment Business) licence.

Relevant resources

[ICAEW Traffic Light Guide to Investment Business Activity](#)

[Introductions to financial advisers](#)

[DPB \(Investment Business\) webinars](#)

[Referrals to financial advisers: staying compliant article](#)

[ICAEW Code of Ethics, section R331.17](#)

Objectivity

We don't identify too many issues in this area. The findings tend to be specific to individual clients so it is difficult to highlight particular themes.

Threats to objectivity may result from having interests in, or relationships with, a client or its directors, officers or employees. It is best to consider these matters before undertaking any new work and during the course of an appointment, as threats can arise at any time.

Threats to objectivity may be:

- actual – are there relationships that are so significant that they could tilt the firm's judgement away from that which would be the professionally objective, right thing to do? or
- perceived – are the relationships such that a reasonable and informed third party would consider that objectivity would be impaired?

When evaluating the significance of the threats, firms should consider both the nature of the service provided and the nature of the relationship.

Where safeguards are considered necessary, examples might include:

- where the firm has staff, changing the personnel on the engagement team (for example using staff who do not have significant personal relationships with the client);
- discussing the matter with the board or other affected parties;
- disclosure of the relationship to affected parties; and
- undertaking reviews (internal or external) of the work performed.

ICAEW members, affiliates, ICAEW students and staff in firms with member firm access can discuss their specific situation with the Ethics Advisory Service on +44 (0)1908 248 250.

The 2025 edition of the ICAEW Code of Ethics came into effect on 1 July 2025. Key changes relate to:

- the role and mindset expected of professional accountants;
- the impact of technology; and
- professional and personal conduct.

Relevant resources

[ICAEW Code of Ethics](#)

[The role and mindset expected of professional accountants](#)



ICAEW Quality Assurance Department

"Our team of reviewers are keen to help firms consider how they identify and manage cyber security risks, share best practice and sign-post to relevant ICAEW and UK government resources."

**Read more**

→ [Access ICAEW's cyber security hub](#)

2025 area of focus

The UK government's National Cyber Security Centre (NCSC) identified in its Annual Review 2024 that every year the cyber threat landscape grows more complex. The number of cyber incidents is increasing, as is the impact of those incidents. Ransomware attacks, network intrusions and theft of personal data has significant consequences as well as personal and professional costs. The NCSC believes that the severity of the threat is underestimated by organisations from all sectors and basic cyber security practices are often ignored.

Accountants have been making increasing use of technology for many years. Use of software tools for data processing and storage, including adoption of cloud-based software is now commonplace. Communications and exchange of sensitive and confidential data is most frequently conducted through electronic means.

The use of generative AI is likely to continue to grow and more employees are experimenting with different AI tools, opening organisations up to data leakage and confidentiality risks. AI has the potential to create more advanced cyber attacks and will make it easier and quicker for attackers to identify and exploit vulnerabilities. Ransomware is one of the most pervasive cyber threats to UK organisations and the threat is only expected to grow. This includes encryption of both systems and data as well as cases where there are threats to publish sensitive information.

In 2024, we continued to see cyber-crime and threats to computer systems becoming a major concern for businesses around the world. Businesses in the financial and professional services industry are increasingly digitising and becoming reliant on technology. Should such

businesses experience a cyber-attack and be unable to recover, the impact could be catastrophic. In 2025 we have therefore chosen to focus on **cyber security**.

Our team of reviewers are keen to help firms consider how they identify and manage cyber security risks, share best practice and sign post to relevant ICAEW and UK government resources.

We look forward to summarising our findings from this important area in our 2026 Practice Assurance Monitoring Report.



ICAEW firm

"Whole thing start to finish was well handled, challenging in the right places and yet supportive/ understanding of our client work."

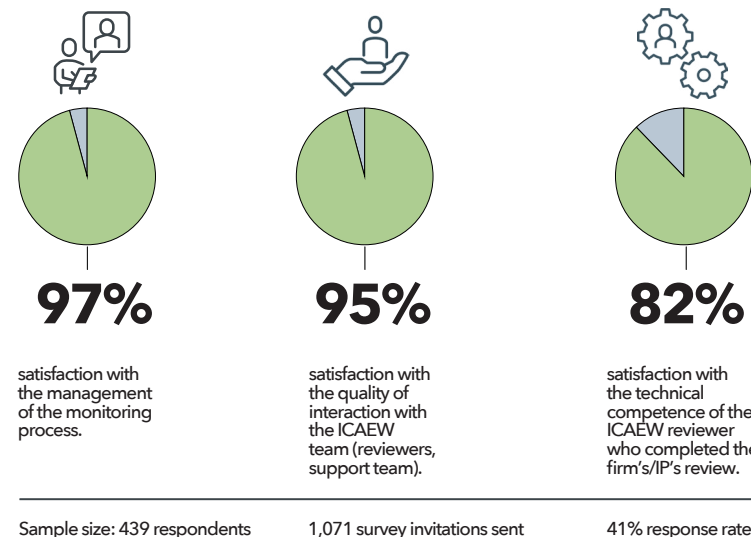
Feedback from firms

After each quality assurance monitoring review, firms are asked to complete an anonymous survey, providing feedback on the review process, the quality of interaction and the support provided.

These survey responses are collated and analysed by an independent research agency and we receive a quarterly and annual overview report which we use to support the continuous improvement of our monitoring processes and procedures.

In Q4 2024 we had our highest ever response rate of 50%. Over the year, 97% of firms were satisfied with how we managed the review process, and 95% were satisfied with the interaction with our reviewers and the wider quality assurance team.

Quality Assurance Monitoring Feedback Figures 2024



Firm quotes

"I thought the reviewer was excellent. This was the first time I had been involved with this process and was nervous as I was not sure exactly what to expect. The reviewer was friendly, kind and patient which put me more at ease."

"The reviewer was excellent - informed, constructive approach to the review."

"The reviewer was very competent and knowledgeable - was useful to discuss all points thoroughly and to absorb their advice."

"The reviewer was very supportive and understanding. They were able to explain the matter and how there were specific things we needed to address in our business."

Help and support from ICAEW

- [Practice Assurance Monitoring Results webinar 5 September 2025](#)
- [Practice Assurance standards and regulations](#)
- [Practice Assurance top tips and guidance](#)
- [Practice Assurance resources](#)
- [Anti-money laundering resources](#)
- [Raise a money laundering concern](#)
- [Technical Advisory Services helpsheets](#)
- [CPD learning and resources](#)
- [ICAEW library service](#)
- [Core Accounting and Tax Service with Bloomsbury](#)
- [ICAEW pathways to membership scheme](#)

Helplines and support

Technical Advisory Services - for help with your technical questions +44 (0)1908 248 250

Regulatory Support - for help with maintaining your firm record +44 (0)1908 546 302

Appendix

APPENDIX 1: OVERSIGHT OF ICAEW'S REGULATORY AND CONDUCT ROLES

ICAEW's regulatory and conduct work is monitored by oversight regulators including the Financial Reporting Council

(FRC), the Office for Professional Body Anti-Money Laundering Supervision (OPBAS), the Insolvency Service, the

Financial Conduct Authority (FCA) and the Legal Services Board (LSB).

ICAEW regulatory and conduct oversight structure



ICAEW's regulatory and conduct roles

Our role as an improvement regulator is to strengthen confidence and trust in those regulated by ICAEW. We do this by enabling, evaluating and enforcing the standards expected by the profession, oversight regulators and government.

ICAEW's regulation and conduct roles are separated from ICAEW's other activities through internal governance so that we can monitor, support and take steps to ensure change if standards are not met. These roles are carried out by the Professional Standards Department and overseen by the ICAEW Regulatory Board and oversight regulators including the Financial Reporting Council, Office for Professional Body Anti-Money Laundering Supervision, The Insolvency Service and the Legal Services Board.

We:

- **authorise** firms and individuals to undertake work regulated by law: audit, local audit, investment business, insolvency and probate;
- **support** professional standards in general accountancy practice through our Practice Assurance scheme;
- **provide** robust anti-money laundering supervision and monitoring;
- **monitor** registered firms and individuals to ensure they operate in accordance with laws, regulations and expected professional standards;
- **investigate** complaints and hold ICAEW Chartered Accountants and students, ICAEW-supervised firms and regulated and affiliated individuals to account where they fall short of the required standards;
- **respond** and comment on proposed changes to the law and regulation; and
- **educate** through guidance and advice to help ICAEW's regulated community comply with laws, regulations and expected professional standards.

Chartered accountants are talented, ethical and committed professionals. ICAEW represents more than 210,000 members and students around the world. 98 of the top 100 global brands employ ICAEW 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 around 11,000 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 working towards becoming net zero, demonstrating our commitment to tackle climate change and supporting the UN Sustainable Development Goal 13.

ICAEW is a founding member of Chartered Accountants Worldwide (CAW), a global family that connects over 1.8m chartered accountants and students in more than 190 countries. Together, we support, develop and promote the role of chartered accountants as trusted business leaders, difference makers and advisers.

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.

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

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ICAEW is working
towards becoming net
zero

* includes parent companies. Source: ICAEW member data March 2025, Interbrand, Best Global Brands 2024