



**PROFESSIONAL
STANDARDS
DEPARTMENT**



ICAEW DISCIPLINARY SANCTIONS GUIDANCE

EFFECTIVE FROM (TBC)

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GLOSSARY

Affiliate	<p>A person, or corporate body, who is not a member or member-firm but who has been granted affiliate status under one (or more) of the following:</p> <ul style="list-style-type: none">general affiliate status under clause 12A of the Supplemental Charter of 21 December 1948;audit affiliate status in accordance with the Audit Regulations and Guidance;insolvency affiliate status in accordance with the Insolvency Licensing Regulations;probate affiliate status in accordance with the Probate Regulations;DPB affiliate status in accordance with the DPB (Investment Business) Handbook;local audit affiliate status in accordance with the Local Audit Regulations;licensed practice affiliate status in accordance with the ICAEW Licensed Practice Handbook.
Allegation	<p>Means an allegation arising out of a conduct matter which is reported to the Conduct Committee in accordance with the Disciplinary Bye-laws and the Investigation and Disciplinary Regulations, and which specified the basis for potential liability to disciplinary action under the Disciplinary Bye-laws. Where alternative bases are specified in respect of the same event or events, each of them constitutes a separate allegation for the purposes of the Disciplinary Bye-laws.</p>
Aggravating factors	<p>Any matter which, in the opinion of the Disciplinary Committee, justifies increasing the suggested level of penalty.</p>
Appeal Committee	<p>Means the Appeal Committee of ICAEW whose members are convened into Appeal Panels to consider appeals of orders made by a Tribunal.</p>
Complaint	<p>Means a matter which is reported to, or comes to the attention of, the Conduct Department concerning the conduct or performance of a member, firm, affiliate or relevant person.</p>
Conduct Committee (CC)	<p>Means the Conduct Committee of ICAEW which considers allegations reported to it by the Conduct Department and which reviews decisions and / or actions taken by the Conduct Department in assessing complaints, and which prosecutes certain formal allegations before Tribunals.</p>
Conduct Department	<p>Means the department within ICAEW's Professional Standards Department (or relevant predecessor or successor body identified as such in the Investigation and Disciplinary Regulations or regulations) which is responsible for assessing complaints, investigating conduct matters, reporting allegations to the Conduct Committee or serious conviction allegations to the Tribunals Committee, prosecuting formal allegations before Tribunals (except those prosecuted by the Conduct Committee)</p>

and for making or responding to appeals to the Appeal Committee.

Consent order

Means an order of the Conduct Committee made with the agreement of the member, firm, affiliate or relevant person in accordance with Disciplinary Bye-law 10.1(b) which specifies:

- a. The sanction or sanctions to be applied in respect of the allegation or allegations against the member, firm, affiliate or relevant person; or
- b. An order for no further action; and any costs order against the member, firm, affiliate or relevant person.

Costs order

Means an order against one party for payment of all or part of the costs incurred by the other party in connection with the disciplinary proceedings (and, in the case of ICAEW, the costs incurred during the investigation as well as the disciplinary proceedings).

Disciplinary action

An adverse finding, plus a penalty and/or other order.

Disciplinary Bye-laws (DBLs)

ICAEW's Disciplinary Bye-laws.

Disciplinary record

Means, in relation to any member, firm, affiliate or relevant person, any previous:

- a. (adverse) disciplinary findings or orders made by a disciplinary committee (or relevant predecessor body);(adverse) disciplinary findings or orders made by a Disciplinary Tribunal or Appeal Tribunal of the Financial Reporting Council (or 7 relevant predecessor or successor body) or by a Joint Disciplinary Tribunal or Appeal Committee of the Joint Disciplinary Scheme;
- b. regulatory penalty for a breach or breaches of the Audit Regulations, the Local Audit Regulations, the Designated Professional Body (Consumer Credit) Handbook, the Insolvency Licensing Regulations, the Legal Services Regulations or the Licensed Practice Handbook of ICAEW;
- c. charge for a breach or breaches of the Designated Professional Body (Investment Business) Handbook of ICAEW; and
- d. Practice Assurance (PA) penalty for a breach or breaches of the Practice Assurance Regulations of ICAEW.

Final hearing

Means the substantive hearing when a Tribunal meets to determine a formal allegation or formal allegations against a member, firm, affiliate or relevant person.

Finding

Means:

- a. In relation to the Conduct Committee, a finding that the test set out in the relevant Disciplinary Bye-laws is, or is not met in relation to an allegation;
- b. In relation to a Tribunal or an Appeal Panel:

- i. A finding that the test for an interim order set out in IDR 30.2 is, or is not, met (including on any review or appeal); or
- ii. A finding that the test set out in the relevant Disciplinary Bye-laws is, or is not, met in relation to a formal allegation;

And, for the purposes of paragraph (b)(ii) above, a 'finding' shall include any factual findings which form the basis of that finding.

Formal allegation

Means an allegation which:

- a. Has been referred by the Conduct Committee for a hearing by a Tribunal;
- b. Has been referred by the Conduct Department for a hearing by a Tribunal (in the case of a serious conviction allegation);
- c. May subsequently be considered on appeal by an appeal panel;
- d. May be remitted by an appeal panel for a re-hearings by a Tribunal and which specified the basis for potential liability to disciplinary action under the Disciplinary Bye-laws. Where alternative bases are specified in respect of the same event or events, each of them constitutes a separate formal allegation for the purposes of the Disciplinary Bye-laws.

ICAEW Regulatory Board

Means the board delegated by ICAEW Council to have responsibility for the supervision of ICAEW's regulatory and disciplinary functions, and which oversees the appointment of members of the disciplinary committees and the regulatory committees by the RACAC.

Investigation and Disciplinary Regulations (IDRs)

ICAEW's Investigation and Disciplinary Regulations.

Legal assessor

Means a barrister or solicitor who is not a member of staff of ICAEW and who is appointed by the Head of Committees and Tribunals to provide advice on legal and procedural matters to:

- a. A Case Management Chair; or
- b. A Tribunal.

Member

Means a member of ICAEW, and 'membership' shall be construed accordingly.

Member firm

Means:

- a. A member engaged in public practice as a sole practitioner; or
- b. a partnership engaged in public practice of which more than 50 per cent of the rights to vote on all, or substantially all, matters of substance at meetings of the partnership are held by members; or
- c. a limited liability partnership engaged in public practice of which more than 50 per cent of the rights to vote on all,

- or substantially all, matters of substance at meetings of the partnership are held by members; or
- d. any body corporate (other than a limited liability partnership) engaged in public practice of which:
 - i. 50 per cent or more of the directors are members; and
 - ii. more than 50 per cent of the nominal value of the voting shares is held by members; and
 - iii. more than 50 per cent of the aggregate in nominal value of the voting and non-voting shares is held by members.

Mitigating factors	Any matter which, in the opinion of the tribunal, justifies reducing the suggested level of penalty.
Panel	Means a panel of the Tribunals Committee or Appeal Committee which is convened in accordance with the IDR's.
Party	Any member, member firm, affiliate or relevant person who is subject is the subject of the allegation(s) or formal allegation(s).
Penalty	An order made in accordance with Disciplinary Bye-law 11.
Public Interest Entity	UK entities with transferable securities (equity/debt) admitted to trading on a regulated market in the EEA. UK incorporated banks not already included in any other category, UK building societies, Other UK credit institutions authorised by the Bank of England. Insurance undertakings: Non-listed insurers - those UK insurers authorised by the Bank of England that are required to comply with the Solvency II Directive. Society of Lloyd's
Professional Standards Committee	Means any of the ICAEW Regulatory and Disciplinary Committees that support the operation of the Professional Standards Department.
Provisional members	A person who has not been admitted to full membership of ICAEW and; is registered with ICAEW as an ACA student; or is registered with ICAEW under a training agreement with an authorised training employer or an authorised training principal; or has attempted an ACA examination and no more than three years have elapsed since the date of the last attempt at an ACA examination; or was registered with ICAEW under a training agreement with an authorised training employer or an authorised training principal and no more than three years have elapsed since the training agreement was completed or cancelled; or has applied for ICAEW membership outside the period allowed under the regulations and the application has not been finally determined.

Regulated firm	A DPB licensed firm, a registered auditor, recognised auditor under the Crown Dependency Audit Rules and Guidance, a registered local auditor, a licensed practitioner, or an accredited probate firm.
Sanctions order	The order made by the CC (by a consent order) or a panel of the Tribunals Committee comprising, as appropriate, any or all of the matters set out in Disciplinary Bye-laws 11 (subject to the provisions of DBL 10.1 in relation to the CC).
Starting point	An indication of where a Disciplinary Committee will start when it considers its decision on a financial penalty
Tribunals Committee	means the Tribunals Committee of ICAEW whose members are convened into Tribunals to consider: <ul style="list-style-type: none"> a. formal allegations referred to it by the Conduct Committee; b. serious conviction allegations referred to it by the Conduct Department; c. formal allegations referred back to it for re-hearing by an Appeal Panel; and d. interim order applications, and whose members (if so authorised by the RACAC) can approve settlement orders in relation to formal allegations in accordance with the processes set out in the IDRs.
Tribunal	Means a Tribunal convened from members of the Tribunals Committee (TC) in accordance with the Investigation and Disciplinary Regulations to consider any matter falling to be determined by the TC.

This guidance was approved by the **ICAEW Regulatory Board** on [xxxxx] to apply to all matters considered by:

- The **Conduct Committee** (CC)
- **Panels** of the Tribunals Committee (TC)
- **Appeal Panels** of the **Appeal** Committee (AC)

(collectively referred to in this guidance as “the Disciplinary Committees”).

[Access further information about the function of the Disciplinary committees](#)

It is effective from [xxxxxx] and will be the relevant guidance to be applied to all decisions relating to sanctions made after this date.

1. INTRODUCTION

ICAEW carries out important public law functions in the exercise of its regulatory powers, some of which originate in statute. One of the principal objectives of ICAEW, as set out in the Supplemental Charter of 1948 is *'to maintain high standards of practice and professional conduct by all its members.'*

In pursuit of this principal objective, ICAEW regulates key areas of practice ensuring that **members** and firms uphold high standards of professionalism, integrity and competence.

The areas of practice regulated by ICAEW are as follows:

AUDIT

- ICAEW is a recognised supervisory body (RSB) under the Companies Act 2006. Registration for audit by ICAEW is governed by the Audit Regulations and Guidance **October 2024** (and as may be amended from time to time)
- ICAEW is the recognised supervisory body (RSB) for local audit in England under the Local Audit and Accountability Act 2014.
- ICAEW conducts monitoring of market traded entities on behalf of the Crown Dependencies under a memorandum of understanding between the FRC, ICAEW and each of the Crown Dependencies. The Crown Dependencies' Rules and Guidance set standards that such auditors must follow. They are a key part of a framework in each Crown Dependency for the oversight of auditors that audit market traded companies.
- ICAEW has been approved by the Civil Aviation Authority as a professional body which can register and designate its members to be ATOL Reporting Accountants through its Licensed Practice scheme.

LEGAL SERVICES

- ICAEW is an approved Regulator and Licensing Authority for probate and the administration of oaths under the Legal Services Act 2007.

INSOLVENCY

- ICAEW is a recognised professional body (RPB) and licences individuals under the Insolvency Act 1986. Licence holders are subject to ICAEW's Insolvency Licensing Regulations.
- The Insolvency Service provides the 'Insolvency Sanctions Guidance' which is included at page 47. ICAEW does not have any control over the content of this section, but ICAEW Committees use this guidance for all relevant insolvency matters.

INVESTMENT BUSINESS

- ICAEW was previously a designated professional body (DPB) under the Financial Services Act 1986 (FSA) and has ongoing responsibilities for the purpose of regulation and supervision of activities that were authorised under the FSA and ICAEW's Investment Business Regulations.
- ICAEW is now a designated professional body (DPB) under the Financial Services and Markets Act 2000 (FSMA) and licences firms to carry out exempt regulated activities.

PRACTICE ASSURANCE

- ICAEW is a professional body supervisor recognised by HM Treasury for the purposes of the Money Laundering Regulations 2017.
- ICAEW's Practice Assurance Scheme provides ICAEW member firms and practice certificate holders with a framework of principles-based quality assurance standards to operate to. It

outlines procedures to follow and how to maintain a high quality of work and ensure compliance with the relevant laws and regulations e.g. anti-money laundering, client money and protection of client data.

ICAEW's role as an improvement regulator is to strengthen confidence and trust in those regulated by ICAEW. We do this by enabling, evaluating and enforcing high standards in the profession, and effective Disciplinary Committees play a crucial role in supporting this objective.

The Disciplinary Committees are tasked with the responsibility of examining and deliberating upon **allegations** of misconduct or breaches of professional standards. Comprising of experienced and independent members, the Disciplinary Committees ensure a fair and impartial evaluation of the evidence presented against individuals and determining the appropriate sanction or **disciplinary action**.

The Guidance aims to promote consistency, fairness and transparency in the decision-making process undertaken by ICAEW Disciplinary Committees.

2. CORE PRINCIPALS OF SANCTIONS DETERMINATION

Disciplinary Committees should have the following principles at the forefront of their minds when reaching any decision in respect of sanction:

- Protecting the public
- Maintaining the reputation of the ICAEW and the profession
- Upholding proper standards of conduct of **ICAEW members**, **member firms**, **affiliates** and students
- Correction and deterrence of misconduct.

2.1 Protecting the public

In applying the principle of protecting the public, the Disciplinary Committees should consider not only any clients or third parties, who may or may not have suffered because of the breaches identified, but also the wider public who may be put at risk of harm by the conduct of the **member/member firm**.

When considering breaches which arise from the competence of the **member**, and/or **member firm**, the Disciplinary Committees should consider the potential future risk posed to the public and whether that risk can be properly guarded against as part of the sanction. Consideration should be given to a requirement for the **member** and/or **member firm** to undergo training or to ensure that a training programme is put in place for some or all its staff. Disciplinary Committees should also consider whether it is appropriate to expand upon the existing requirements under the ICAEW Continuing Professional Development (CPD) regime.

2.2 Maintaining the reputation of the ICAEW and profession

In applying this principle, the Disciplinary Committees should consider the importance of public confidence in the conduct of **members/member firms** and should bear in mind the relevant extracts from the leading judgment of Lord Bingham in *Bolton v The Law Society* (1994):

“To maintain this reputation and sustain public confidence in the integrity of the profession, it is often necessary that those guilty of serious lapses are not only expelled but denied readmission... otherwise, the whole profession, and the public as a whole, is injured. A profession’s most valuable asset is its collective reputation and the confidence which that inspires....The reputation of the profession is more important than the fortunes of any individual member. Membership of a profession brings many benefits but that is a part of the price.”

This case draws attention to the significance of a profession’s collective reputation and the confidence it inspires among the public. Disciplinary Committees should consider the broader implications of the breaches by the **member/member firm** and on the public’s perception of the ICAEW and profession.

2.3 Maintaining proper standards of conduct

Disciplinary Committees play an important role in maintaining high standards of conduct of **members/member firms** through its decisions and sanctions.

Disciplinary Committees should ensure that, when determining what action to take, their decisions reflect the high ethical and professional standards which the profession is required to uphold. Their decisions should emphasise the importance of adhering to proper conduct and behaviour and the overall integrity and credibility of the profession.

Sanctions which require further training can help improve a **member’s** competence and, importantly, prevent the likelihood of similar issues occurring in future. This approach aligns with ICAEW’s role as an improvement regulator and supports the maintenance of high standards.

2.4 Deterrence of misconduct

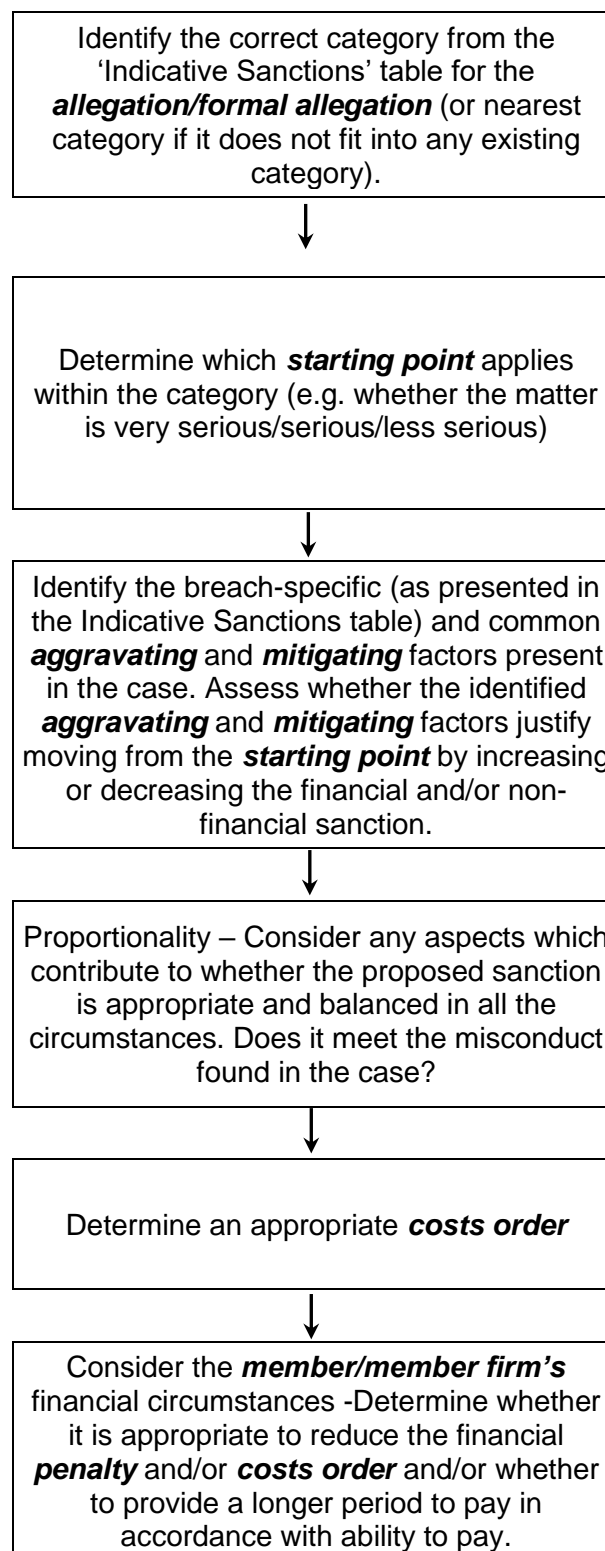
A regulatory financial penalty can act as a deterrent, both in relation to future acts of the relevant **member/member firm**, but also to dissuade others from acting in a similar way. It can help educate other **members/member firms** in respect of how seriously certain conduct is taken, which will inform their future conduct. The Disciplinary Committees should consider whether the penalty applied will act as a credible deterrent.

3 PROCESS FOR DETERMINING APPROPRIATE SANCTIONS

In deciding on an appropriate sanction, the Disciplinary Committees should bear in mind the circumstances of each case and the guidance set out in the sections below.

When determining an appropriate and proportionate sanction, Disciplinary Committees should seek to reach an outcome that aligns with the broader goals of protecting the public, maintaining the reputation of the profession, maintaining proper standards of conduct within the profession, and the deterrence of further breaches. Disciplinary Committees should remember that each case is different and should be decided on its own set of facts. The severity of the breach, the potential harm or risk caused, the history of the matter, the individual’s/firm’s conduct and the overall impact on the profession are typical factors that should be considered during this process.

Adopting a structured approach to sanction ensures consistency, fairness, and transparency in the decision-making process. The Committee/*panel* should determine the appropriate and proportionate sanction using the steps outlined in the flowchart below:



Process steps in more detail:

3.1 Identify the relevant category of allegation from within this guidance.

The list of possible **allegations** and behaviour is not exhaustive and, if there is no category which directly corresponds to the one under consideration, the Disciplinary Committees should find the closest category, or categories, with assistance from the Committee Secretary (for CC) or **Legal Assessor**/Legal Representatives (for TC/AC).

The decision on sanction is strictly a matter for the Disciplinary Committee's own judgement, and it may deviate from a recommended **starting point** and/or select a different category in this Guidance if it is deemed more appropriate to do so. Where a Disciplinary Committee decides to deviate from the Guidance, it should provide clear reasons for doing so.

3.2 Determine the nature and seriousness of the conduct

For many **allegations**, there are different **starting points** for sanctions, which are determined by the nature and seriousness of the conduct being considered. The Disciplinary Committee should determine the seriousness of the breach before going on to consider any **aggravating** or **mitigating** factors which may be present. Disciplinary Committees should not conflate these two stages in the decision-making process and avoid double counting certain factors.

For each category of breach and level of seriousness, this Guidance provides a '**starting point**' for the Disciplinary Committee's consideration. The **starting point** is not an indicator of the likely final sanction for that particular breach. Rather it indicates where the Disciplinary Committee should start its deliberations before taking into account any **aggravating** and **mitigating** factors or any factors regarding proportionality which might reduce or increase the **penalty** from that **starting point**.

This Guidance categorises seriousness in two different ways, depending on the nature of the conduct being considered. Depending upon the matter, seriousness is determined by 'mindset', or on 'quality of work'.

Unless the category of seriousness is based upon the poor quality of the work being undertaken this guidance requires the Disciplinary Committee to determine which of the following categories the conduct falls into:

- **Very serious** – this will generally mean where the conduct was deliberate and knowing.
- **Serious** – this will generally mean where the conduct was reckless or featured unjustified risk taking (a knowing and conscious disregard of the risks, potential risks, risk of harm or harm associated with the actions taken OR taking action inconsistent with responsibilities and expectations of the profession that one should reasonably be aware of leading to a risk of harm or harm associated with the actions taken), OR, if the conduct falls between 'Very Serious' and 'Less Serious'.
- **Less serious** – this will generally mean where the conduct resulted from failures to carry out certain required or expected acts or breaches of strict liability regulations or where there is no evidence of a deliberate act, unjustified risk taking or recklessness.

The previous definitions of seriousness do not apply to the following sections:

- Fundamental principle of Professional Competence and Due Care
- Defective Audit Work
- Solicitors Accounts Rules or Client Assets Sourcebook (CASS) Rules
- Quality of Investment Advice
- Defective Probate Work
- Failing/errors in Administering the Estate
- Poor Work on Accounts
- Accounts not in correct statutory format
- Poor Tax Work
- Approval of defective accounts or account not in statutory format for;

For these categories, the definitions for the levels of seriousness will be found within the relevant 'Indicative Sanction' table below.

3.3 Financial Penalty

The **starting points** for financial penalties are set out in the relevant categories and will either involve a 'multiplier' or will refer to one of SIX separate financial categories, set out below. These will be subject to adjustment from time to time in line with inflation.

The current financial categories are as follows:

Category A	£25,000
Category B	£20,000
Category C	£15,000
Category D	£10,000
Category E	£5,000
Category F	£2,000

3.4 Aggravating or mitigating factors.

Once the Disciplinary Committee has determined the appropriate **starting point** for sanction it should move on to identify and consider both the **mitigating** and **aggravating** factors. The Disciplinary Committee should attach appropriate weight to these factors and may either reduce or increase the sanction accordingly. Some **aggravating** or **mitigating** factors identified will carry little or no weight depending on the individual circumstances of the case. There will also be circumstances where the Disciplinary Committee determines the **mitigating** and **aggravating** factors balance each other out.

Common **aggravating** and mitigating factors

The Disciplinary Committee should first identify any relevant breach specific aggravating factors, as listed in the 'Indicative Sanctions' table. They should then consider any common **aggravating** factors in the list below to create a full list of **aggravating** factors which are relevant to the matter in front of them. The Disciplinary Committee should then repeat this exercise with any relevant **mitigating** factors.

The two lists, set out below, contain possible **aggravating** and **mitigating** factors which may be present irrespective of the nature of the specific breach. The two lists are not intended to be exhaustive, and they are not ordered with any priority. They are provided to assist the Disciplinary Committees with their consideration and to ensure that these important factors are considered in each case.

Disciplinary Committees should consider these lists in conjunction with the breach specific factors listed in the relevant categories, when they make their assessment. They may also identify other **mitigating** or **aggravating** factors, particular to the circumstances, which are not listed here, or in the breach specific factors.

In considering the common factors, together with the breach specific factors, Disciplinary Committees should be careful to note any factors which describe the same feature to avoid any 'double counting'.

Common *aggravating* factors

- Evidence of a lack of insight; lack of remorse into the gravity of their actions or to the potential or actual consequences of their actions or behaviour; or a failure to see the need for corrective action.
- Evidence that the conduct/breach has caused or had the potential to cause adverse financial or other consequences on the client and / or third parties and/or the general public.
- The **member/member firm** was 'on notice' when the breach occurred, (eg, correct advice was given on what constitutes proper conduct by ICAEW, or knowledge gained from any other appropriate source, but was ignored).
- Repeated failures and / or poor conduct over a lengthy period of time (what may be considered lengthy will depend on the facts of each case).
- Previous sanctions imposed, prior to or during the events of the current breaches, by ICAEW or other regulatory bodies for similar breaches, (i.e. previous experience has failed to encourage future compliance).
- Failure to engage and/or cooperate with ICAEW (this may indicate a blatant disregard for regulatory obligations and/or a lack of respect for the regulatory process and/or an unwillingness to uphold the standards and transparency expected of accountants and/or undermine public confidence in both the regulator and in the profession)
- Lack of acceptable/respectful behaviour/communication with ICAEW staff member(s)
- The matter was reported by a third party and not the **member/member firm**.

Common *mitigating* factors

- Isolated failure and / or over a very short period (what may be considered short will depend on the facts of each case).
- No evidence of actual or potential adverse financial or other consequences on the client or third parties.
- Evidence of meaningful insight and/or remorse into the factors that led to their actions/behaviour, the gravity of their actions and/or the potential/actual consequences on others, the profession or themselves and/or the need for corrective action.
- Evidence of remedial action to address the particular failing and/or wrongdoing (e.g. steps taken to remedy breaches/breaches remedied/situation/compensation/restitution rectified/improvement to systems/relevant training arranged/ undertaken).
- Acted with an honestly held belief regarding the circumstances known to them at the time

- Self-reported conduct (this may not be a **mitigating** factor in certain circumstances such as a criminal conviction or an adverse **finding**).
- Previously unblemished disciplinary and/or regulatory record.

3.5 Personal Mitigation

In some cases, personal mitigation may be considered, particularly if it is relevant to the time of the alleged conduct. This can include periods of ill health, difficult personal or family circumstances, or lack of workplace support at the time of the misconduct that may have influenced the conduct. Such factors may help provide context for the subject's actions. In addition, evidence of otherwise good character, such as character statements/ professional references from third parties, may also be presented as mitigation. However, Disciplinary Committees must carefully balance the weight attached to personal mitigation against the wider public interest.

Disciplinary Committees should always ensure that there is evidence to support any decision it makes in relation to both **mitigating** and **aggravating** factors and must assess the credibility of such evidence. **Aggravating** and **mitigating** factors must be based solely on the evidence presented and cannot be derived from assumptions or inferences drawn from other evidence.

3.6 Insight

Assessing insight into wrongdoing is a critical element in a Disciplinary Committee's decision-making. It involves a careful examination of a **member's** or **member firm's** ability to understand the nature and impact of their actions and goes beyond simple acknowledgment of wrongdoing. This assessment seeks to answer questions such as whether the individual recognises:

- the factors that led to their failings; and
- the harm or potential harm caused to others, themselves or the reputation of the profession; and
- appreciates the necessity for change or corrective action.

Insight is often regarded as an indicator of how a **member** or **member firm** is likely to act in the future and therefore it is an important tool when considering the risk of future harm. A high level of insight, for example, may demonstrate a low likelihood of reoccurrence of the same or similar breaches whereas a low level of insight may demonstrate a high likelihood of reoccurrence of the same or similar breaches.

Insight can play a pivotal role in shaping the decision made by a Disciplinary Committee and can significantly influence what constitutes an appropriate sanction.

3.7 Proportionality

Once a Disciplinary Committee has considered the appropriate category, level of seriousness, **starting point** and **aggravating** and **mitigating** factors, it should then consider whether the sanction reached at that stage is 'proportionate' in all the circumstances.

Proportionality is a key aspect of the European Convention on Human Rights and the Human Rights Act 1998. When making decisions on sanction the Disciplinary Committee must strike a balance between the rights of the **member** or **member firm** and that of the wider public interest. The wider public interest is served when it is appropriately protected by the sanction imposed.

The Disciplinary Committee should therefore remind itself of the purpose of sanction and consider proportionality by looking at the following key factors which lie behind the overall purpose of offering a sanction to ensure that the sanction imposed meets the misconduct in question:

- Public protection;
- Maintaining the reputation of the profession and of ICAEW membership as a whole;
- Upholding proper and high standards of conduct within the profession; and
- Correction and deterrence of misconduct.

3.8 Publicity

Publicity serves a crucial role in maintaining transparency, accountability, and public confidence in regulatory and disciplinary processes. It supports the principle of 'open justice'. Publicity informs the public, ICAEW stakeholders and membership about the outcomes of regulatory actions, fostering trust in the fairness and effectiveness of these processes.

Any decision in relation to publicity, should be made in accordance with ICAEW's Professional Standards Department policy on publicity.

3.9 Costs

The Disciplinary Committees have the power to order that a **member** or **member firm** pay all of the costs incurred by ICAEW in investigating and presenting the **allegation(s)** or a reasonable proportion of those costs. This is based on the principle that the majority of **ICAEW members** should not have to subsidise the costs caused by the minority who, through their failings, find themselves within the disciplinary process, via increased fees.

An order for costs should reflect the costs reasonably incurred and must never be imposed as a sanction. The issue of costs should only be addressed after the Disciplinary Committee has determined the appropriate sanction. The decision to award costs should be guided by fairness, reasonableness, and proportionality. Each case is specific to its individual facts and should be considered on that basis.

3.10 Financial means

Member/member firms should provide some documentary proof of their financial circumstances ahead of the consideration their case. If no proof is provided, the Disciplinary Committees are entitled to assume that the **member** or **member firm** can meet any financial **penalty** imposed or offered and/or costs. However, if there is clear and credible evidence that an individual or firm has limited financial means, the Disciplinary Committees may reduce the financial **penalty** and/or costs accordingly.

4. DISCOUNTS

A discount of 30% will be applied automatically upon a full and unequivocal acceptance of any **Consent Order** offered by the **Conduct Committee** and it will not form part of the **Conduct Committee** decision.

The **Tribunals Committee** should apply a discount of up to 30% on any financial sanction in cases where a full and unequivocal admission has been made at any point after service of the formal **allegation(s)** considered by the **Conduct Committee**. The earlier the admission, the greater this discount should be, with a lower discount applied the closer in time it is to any **Final Hearing**.

However, consideration may be given to the circumstances in which the subject has indicated their intention to make an admission, for example if any amendments are made to the **complaint** wording at any point up to the **Final Hearing**, then this could be taken into consideration.

The discount applied should never exceed 30% but may be lower if deemed appropriate. Earlier or partial admissions may only be considered as **mitigating** factors in the consideration of the appropriate financial and non-financial sanctions.

It should be noted that discounts are not applicable to any non-financial sanction or financial sanctions related to insolvency practitioners.

5. CONVICTIONS OR SANCTIONS IMPOSED BY ANOTHER PROFESSIONAL BODY

Where a Court has made a sentencing order, or where another regulatory body has imposed a sanction, against the subject of the **allegation**, this should be taken into account by the Disciplinary Committee. However, they should not prevent the Disciplinary Committee from imposing further sanctions, particularly non-financial sanctions, if it considers that it is appropriate to do so.

In the criminal justice system, sentencing serves the purpose of administering punishment for offences, taking into account the individual's personal circumstances. Conversely, when determining sanctions in cases involving criminal offences, the Disciplinary Committees are primarily focused on the overarching goal of protecting the public interest. While it is not the decision-making Disciplinary Committee's objective to impose a secondary punishment, Disciplinary Committees should bear in mind that the sentence imposed in a criminal context may not be a reliable indicator of the severity of the conviction in the realm of professional regulation. The personal mitigation considered by the criminal court may carry less weight in the regulatory context due to distinct public interest considerations. Moreover, the gravity of a criminal offence, as determined by the court's sentence, may not accurately reflect its seriousness concerning the maintenance of public confidence in the profession.

Unless the circumstances justify a different course, **members** convicted of criminal offences should generally not resume their professional activities until satisfactorily completing their sentence. Exceptions to this principle may arise in circumstances clearly justifying a different approach. For example, if an individual is subject to a custodial suspended sentence, they may have completed other elements of that order, such as an unpaid work requirement, meaning they have fulfilled the main requirements. The underlying rationale is that any sanction imposed by a Disciplinary Committee must be just, proportionate and only that which is necessary to maintain public confidence.

Similarly, the Disciplinary Committees are equally unfettered by a sanction imposed by another professional body and are free to impose whatever sanction they deem to be appropriate to mark the conduct. Due consideration should be given however where a financial **penalty** has been imposed by another body and the principle of proportionality should be given due weight in the Disciplinary Committee's considerations and decision. However, it should always ensure that the sanction properly marks the conduct.

6. PREVIOUS ICAEW REGULATORY OR DISCIPLINARY FINDINGS

Disciplinary Committees will only be informed of previous ICAEW regulatory or disciplinary **findings** after determining that there is a case to answer in respect of an **allegation** or **allegations** (**Conduct Committee**) or that a **formal allegation** or **formal allegations** are proved (**Tribunals Committee**). This is designed to ensure fairness in the disciplinary process and avoid prejudice to the relevant **member/member firm**. This ensures that the evaluation of the specific circumstances, category of breach and the seriousness of it are considered in isolation, before looking at past regulatory or disciplinary history. By doing so, it guards against any premature assumptions or preconceived notions that may unfairly bias the decision-making process. It allows the Disciplinary Committee to determine first whether a sanction is warranted based on the facts and severity of the immediate case, without undue influence from prior issues.

When assessing past disciplinary or regulatory **findings**, several key factors should be taken into consideration:

- The relevance of the prior **findings** to the current case.
- The date of the prior **finding**: **findings** which are similar and which pre-date the date of the conduct currently in question may be considered to indicate that the **member/firm** was 'on notice' regarding the standards expected; alternatively, if the **findings** post-date the conduct currently in question, the previous history may be afforded less weight, if any, by the Disciplinary Committee.
- The nature and severity of any previous breaches should be weighed, with more serious breaches generally having a more substantial impact on the assessment.
- The actions taken by the **member** in response to previous **findings**, such as remediation or evidence of improved compliance.
- The impact of the previous **findings** on public trust and the reputation of the profession.

A balanced evaluation of these factors ensures a fair and comprehensive assessment of how past disciplinary or regulatory **findings** may influence a decision concerning a current matter.

Indicative sanctions tables

1. DISHONESTY

Allegation	Starting Point	Aggravation	Mitigation
	<p>Exclusion and a category A financial penalty</p> <p><u>(Note: whilst the starting point for this breach is exclusion, if there are <i>exceptional circumstances</i>, the starting point may be reduced to severe reprimand and a category B financial penalty).</u></p>	<p>Pre-planned and/or systematic and/or concealed/covered up.</p> <p>Abuse of a position of trust or authority, particularly in situations involving fiduciary responsibilities or access to sensitive information.</p> <p>Attempts to mislead or deceive regulatory bodies, auditors or other oversight entities, unless otherwise captured in the allegations.</p> <p>Exploitation of vulnerable victims.</p> <p>Personal gain or benefit derived from the dishonest act.</p> <p>High level of public attention and/or high public interest</p> <p>Amount involved substantial</p> <p>Evidence of harmful deep-seated attitudinal issues which are incompatible with being a member of the profession.</p>	<p>Out of character, momentary lapse in judgement or spontaneous conduct.</p> <p>Voluntary admission to the dishonest behaviour before it was discovered by others, demonstrating a willingness to take responsibility.</p> <p>Immediate steps taken to rectify, e.g. correcting false information, reimbursing financial losses.</p> <p>Genuine remorse and insight and acceptance of responsibility, acknowledging the harm caused.</p>

2. ETHICAL BREACHES

Ethical Breaches, when arising in Audit Matters, should include consideration of the following:

The Delegation Agreement between the Financial Reporting Council (FRC) and ICAEW requires that Committees/Tribunals provide effective, proportionate and dissuasive sanctions where there has been a breach of a relevant requirement. This should include at least those sanctions set out in The Statutory Auditors and Third Country Auditors Regulations 2016 (SATCAR), which are duly incorporated in this Guidance. Committees/Tribunals should take into account all relevant circumstances including, where appropriate:

1. The gravity and duration of the breach;
2. The degree of responsibility of the responsible person;
3. The financial strength of the responsible person (for example, in respect of a firm, as indicated by its turnover and, in respect of an individual, the annual income of that individual);
4. The amounts of the profits gained or losses avoided by the responsible person in so far as they can be determined;
5. The level of cooperation of the responsible person with ICAEW and/or other authorities including the FRC; and
6. Previous breaches by the responsible legal or natural person.

This means Committees/Tribunals when imposing a financial sanction can increase or decrease a financial penalty having had regard to a firm's annual turnover or the annual income of an individual, where provided.

Allegation	Starting Point	Aggravation	Mitigation
a. Failure to comply with the Fundamental Principle of Integrity			
i. Very serious	Exclusion and a category B financial penalty and/or order for remedial training (if not excluded)	<p>Pre-planned and/or systematic and/or concealed/covered up.</p> <p>Abuse of a position of trust or authority, particularly in situations involving fiduciary responsibilities or access to sensitive information.</p> <p>Attempts to mislead or deceive regulatory bodies, auditors or other oversight entities, unless otherwise captured in the allegations.</p> <p>High level of public attention and/or high public interest.</p> <p>Amount involved substantial.</p> <p>Member in a position of trust.</p> <p>Deliberate act to gain personal advantage.</p> <p>Conduct relates to a regulated area of practice.</p>	<p>Out of character, momentary lapse in judgement or spontaneous conduct.</p> <p>Voluntary admission to the behaviour before it was discovered by others, demonstrating a willingness to take responsibility.</p> <p>Genuine remorse and insight and acceptance of responsibility, acknowledging the harm caused</p>

Allegation	Starting Point	Aggravation	Mitigation
ii. Serious	Exclusion and a category C financial penalty and/or order for remedial training (if not excluded)	<p>Pre-planned and/or systematic and/or concealed/covered up.</p> <p>Abuse of a position of trust or authority, particularly in situations involving fiduciary responsibilities or access to sensitive information.</p> <p>Attempts to mislead or deceive regulatory bodies, auditors or other oversight entities, unless otherwise captured in the allegations.</p> <p>High level of public attention and/or high public interest.</p> <p>Amount involved substantial.</p> <p>Member in a position of trust.</p> <p>Deliberate act to gain personal advantage.</p> <p>Conduct relates to a regulated area of practice.</p>	<p>Out of character, momentary lapse in judgement or spontaneous conduct.</p> <p>Voluntary admission to the behaviour before it was discovered by others, demonstrating a willingness to take responsibility.</p> <p>Genuine remorse and insight and acceptance of responsibility, acknowledging the harm caused.</p>

Allegation	Starting Point	Aggravation	Mitigation
iii. Less serious	Suspension/Severe reprimand and a category D financial penalty and/or order for remedial training	<p>Systematic and/or concealed/covered up.</p> <p>Abuse of a position of trust or authority, particularly in situations involving fiduciary responsibilities or access to sensitive information.</p> <p>Attempts to mislead or deceive regulatory bodies, auditors or other oversight entities, unless otherwise captured in the allegations.</p> <p>High level of public attention and/or high public interest.</p> <p>Amount involved substantial.</p> <p>Member in a position of trust.</p> <p>Conduct relates to a regulated area of practice.</p>	<p>Out of character, momentary lapse in judgement or spontaneous conduct.</p> <p>Voluntary admission to the behaviour before it was discovered by others, demonstrating a willingness to take responsibility.</p> <p>Genuine remorse and insight and acceptance of responsibility, acknowledging the harm caused.</p>
b. Failure to comply with the Fundamental Principle of Objectivity			

Allegation	Starting Point	Aggravation	Mitigation
i. Very serious	Exclusion and a category B financial penalty and/or order for remedial training (if not excluded)	<p>Pre-planned and/or systematic and/or concealed/covered up</p> <p>High level of public attention and/or high public interest.</p> <p>Amount involved substantial.</p> <p>Member in a position of trust.</p> <p>Deliberate act to gain personal advantage.</p> <p>Conduct relates to a regulated area of practice.</p>	<p>Out of character, momentary lapse in judgement or spontaneous conduct.</p> <p>Voluntary admission to the behaviour before it was discovered by others, demonstrating a willingness to take responsibility.</p> <p>Genuine remorse and insight and acceptance of responsibility, acknowledging the harm caused</p> <p>Reprehensible conduct / correspondence on the part of the client.</p>
ii. Serious	Exclusion and a category C financial penalty and/or order for remedial training (if not excluded)	<p>Pre-planned and/or systematic and/or concealed/covered up</p> <p>High level of public attention and/or high public interest.</p> <p>Amount involved substantial.</p> <p>Member in a position of trust.</p> <p>Deliberate act to gain personal advantage.</p> <p>Conduct relates to a regulated area of practice.</p>	<p>Out of character, momentary lapse in judgement or spontaneous conduct.</p> <p>Voluntary admission to the behaviour before it was discovered by others, demonstrating a willingness to take responsibility.</p> <p>Genuine remorse and insight and acceptance of responsibility, acknowledging the harm caused.</p> <p>Reprehensible conduct / correspondence on the part of the client.</p>

Allegation	Starting Point	Aggravation	Mitigation
iii. Less serious	Suspension/Severe reprimand and a category D financial penalty and/or order for remedial training	Systematic and/or concealed/covered up High level of public attention and/or high public interest. Amount involved substantial. Member in a position of trust. Conduct relates to a regulated area of practice.	Out of character, momentary lapse in judgement or spontaneous conduct. Voluntary admission to the behaviour before it was discovered by others, demonstrating a willingness to take responsibility. Genuine remorse and insight and acceptance of responsibility, acknowledging the harm caused. Reprehensible conduct / correspondence on the part of the client.
c. Lack of independence			
i. Very serious	<p>Firm Severe reprimand and a category A financial penalty or a financial penalty based on an appropriate percentage of the fees earned (whichever is greater) and consideration of withdrawal of firm's licence or registration (if applicable)</p> <p>Individual Exclusion and a category C financial penalty and/or order for remedial training (if not excluded)</p>	Public interest issues are involved or associated with collapse of a company. High level of public attention and/or high public interest. Results in one party suffering to the detriment of another. Amount involved substantial. Member in a position of trust. Deliberate act to gain personal advantage. Conduct relates to a regulated area of practice.	Out of character, momentary lapse in judgement or spontaneous conduct. Voluntary admission to the behaviour before it was discovered by others, demonstrating a willingness to take responsibility. Genuine remorse and insight and acceptance of responsibility, acknowledging the harm caused. Reprehensible conduct / correspondence on the part of the client.

Allegation	Starting Point	Aggravation	Mitigation
ii. Serious	<p>Firm Severe reprimand and a category B financial penalty or a financial penalty based on an appropriate percentage of the fees earned (whichever is greater) and/or an order for remedial training</p> <p>Individual Suspension/Severe reprimand and a category D financial penalty and/or order for remedial training</p>	<p>Public interest issues are involved or associated with collapse of a company.</p> <p>High level of public attention and/or high public interest.</p> <p>Results in one party suffering to the detriment of another.</p> <p>Amount involved substantial.</p> <p>Member in a position of trust.</p> <p>Deliberate act to gain personal advantage.</p> <p>Conduct relates to a regulated area of practice.</p>	<p>Out of character, momentary lapse in judgement or spontaneous conduct.</p> <p>Voluntary admission to the behaviour before it was discovered by others, demonstrating a willingness to take responsibility.</p> <p>Genuine remorse and insight and acceptance of responsibility, acknowledging the harm caused.</p> <p>Reprehensible conduct / correspondence on the part of the client.</p>
iii. Less serious	<p>Firm Reprimand and a category C financial penalty or a financial penalty based on an appropriate percentage of the fees earned (whichever is greater)</p> <p>Individual Reprimand and a category E financial penalty and/or order for remedial training</p>	<p>Public interest issues are involved or associated with collapse of a company.</p> <p>High level of public attention and/or high public interest.</p> <p>Results in one party suffering to the detriment of another.</p> <p>Amount involved substantial.</p> <p>Member in a position of trust.</p> <p>Conduct relates to a regulated area of practice.</p>	<p>Out of character, momentary lapse in judgement or spontaneous conduct.</p> <p>Voluntary admission to the behaviour before it was discovered by others, demonstrating a willingness to take responsibility.</p> <p>Genuine remorse and insight and acceptance of responsibility, acknowledging the harm caused.</p> <p>Reprehensible conduct / correspondence on the part of the client.</p>

Allegation	Starting Point	Aggravation	Mitigation
d. Conflict of interest/treating one party favourably to the detriment of another			
i. Very serious	<p>Firm Severe reprimand and a category A financial penalty or a financial penalty based on an appropriate percentage of the fees earned (whichever is greater) and consideration of withdrawal of firm's licence or registration (if applicable)</p> <p>Individual Exclusion and a category C financial penalty and/or order for remedial training (if not excluded)</p>	<p>Public interest issues are involved and/or associated with collapse of company.</p> <p>High level of public attention and/or high public interest.</p> <p>Amount involved substantial.</p> <p>Member in a position of trust,</p> <p>Deliberate act to gain personal advantage.</p> <p>Conduct relates to a regulated area of practice.</p>	<p>Out of character, momentary lapse in judgement or spontaneous conduct.</p> <p>Voluntary admission to the behaviour before it was discovered by others, demonstrating a willingness to take responsibility.</p> <p>Genuine remorse and insight and acceptance of responsibility, acknowledging the harm caused.</p> <p>Reprehensible conduct / correspondence on the part of the client.</p>
ii. Serious	<p>Firm Severe reprimand and a category B financial penalty or a financial penalty based on an appropriate percentage of the fees earned (whichever is greater)</p> <p>Individual Suspension/Severe reprimand and a category D financial penalty and/or order for remedial training</p>	<p>Public interest issues are involved and/or associated with collapse of company.</p> <p>High level of public attention and/or high public interest.</p> <p>Amount involved substantial.</p> <p>Member in a position of trust,</p> <p>Deliberate act to gain personal advantage.</p> <p>Conduct relates to a regulated area of practice.</p>	<p>Out of character, momentary lapse in judgement or spontaneous conduct.</p> <p>Voluntary admission to the behaviour before it was discovered by others, demonstrating a willingness to take responsibility.</p> <p>Genuine remorse and insight and acceptance of responsibility, acknowledging the harm caused.</p> <p>Reprehensible conduct / correspondence on the part of the client.</p>

Allegation	Starting Point	Aggravation	Mitigation
iii. Less serious	<p>Firm Reprimand and a category C financial penalty or a financial penalty based on an appropriate percentage of the fees earned (whichever is greater)</p> <p>Individual Reprimand and a category E financial penalty and/or order for remedial training</p>	<p>Public interest issues are involved and/or associated with collapse of company.</p> <p>High level of public attention and/or high public interest.</p> <p>Amount involved substantial.</p> <p>Member in a position of trust.</p> <p>Conduct relates to a regulated area of practice.</p>	<p>Out of character, momentary lapse in judgement or spontaneous conduct.</p> <p>Voluntary admission to the behaviour before it was discovered by others, demonstrating a willingness to take responsibility.</p> <p>Genuine remorse and insight and acceptance of responsibility, acknowledging the harm caused.</p> <p>Reprehensible conduct / correspondence on the part of the client.</p>
e. Failure to comply with the Fundamental Principle of Professional Competence and Due Care			
<p>i. Poor work of a very serious nature</p> <p><i>This will generally mean where little or no work was performed and/or the accountant work related to a fundamental or highly significant area or where there were errors that were either significant in number or magnitude</i></p>	<p>Firm Severe reprimand and a category B financial penalty or a financial penalty equal to 2 x relevant fee income (whichever is greater) and/or order for remedial training</p> <p>Individual Severe reprimand and a category C financial penalty and/or order for remedial training</p>	<p>High level of public attention and/or high public interest.</p> <p>Amount involved substantial.</p> <p>Member in a position of trust.</p> <p>Conduct relates to a regulated area of practice.</p> <p>Acting without required expertise.</p> <p>Additional costs incurred by client as a result of the poor work.</p>	<p>Out of character, momentary lapse in judgement or spontaneous conduct.</p> <p>Genuine remorse and insight and acceptance of responsibility, acknowledging the harm caused.</p> <p>Costs paid for remediation by member / firm.</p>

Allegation	Starting Point	Aggravation	Mitigation
<p>ii. Poor work of a serious nature</p> <p><i>This will generally mean where some or limited accountancy work was performed and/or the accountancy work related to significant areas and /or the accountancy work falls between Seriously poor and Lesser Forms of poor work.</i></p>	<p>Firm Severe reprimand and a category C financial penalty or a financial penalty equal to 1.5 x relevant fee income (whichever is greater) and/or order for remedial training</p> <p>Individual Severe reprimand and a category C financial penalty and/or order for remedial training</p>	<p>High level of public attention and/or high public interest.</p> <p>Amount involved substantial.</p> <p>Member in a position of trust.</p> <p>Conduct relates to a regulated area of practice.</p> <p>Acting without required expertise.</p> <p>Additional costs incurred by client as a result of the poor work.</p>	<p>Out of character, momentary lapse in judgement or spontaneous conduct.</p> <p>Genuine remorse and insight and acceptance of responsibility, acknowledging the harm caused.</p> <p>Costs paid for remediation by member / firm.</p>
<p>iii. Poor work of a less serious nature</p> <p><i>This will generally mean where the defectiveness of the accountancy work was of a more technical nature and/or related to less significant areas.</i></p>	<p>Firm Reprimand and a category D financial penalty or a financial penalty equal to half of the relevant fee income (whichever is greater) and/or order for remedial training</p> <p>Individual - Reprimand and a category E financial penalty and/or order for remedial training</p>	<p>High level of public attention and/or high public interest.</p> <p>Amount involved substantial.</p> <p>Member in a position of trust.</p> <p>Conduct relates to a regulated area of practice.</p> <p>Acting without required expertise.</p> <p>Additional costs incurred by client as a result of the poor work.</p>	<p>Out of character, momentary lapse in judgement or spontaneous conduct.</p> <p>Genuine remorse and insight and acceptance of responsibility, acknowledging the harm caused.</p> <p>Costs paid for remediation by member / firm.</p>
f. Failure to comply with the Fundamental Principle of Confidentiality			

Allegation	Starting Point	Aggravation	Mitigation
i. Very serious	Exclusion and a category B financial penalty and/or order for remedial training (if not excluded)	High level of public attention and/or high public interest. Amount involved substantial Conduct relates to a regulated area of practice. Member in a position of trust. Deliberate act to gain personal advantage.	Out of character, momentary lapse in judgement or spontaneous conduct. Voluntary admission to the behaviour before it was discovered by others, demonstrating a willingness to take responsibility. Genuine remorse and insight and acceptance of responsibility, acknowledging the harm caused. Costs paid for remediation by member / firm.
ii. Serious	Exclusion and a category C financial penalty and/or order for remedial training (if not excluded)	High level of public attention and/or high public interest. Amount involved substantial Conduct relates to a regulated area of practice. Member in a position of trust, Deliberate act to gain personal advantage.	Out of character, momentary lapse in judgement or spontaneous conduct. Voluntary admission to the behaviour before it was discovered by others, demonstrating a willingness to take responsibility. Genuine remorse and insight and acceptance of responsibility, acknowledging the harm caused. Costs paid for remediation by member / firm.

Allegation	Starting Point	Aggravation	Mitigation
iii. Less serious	Suspension/Severe reprimand and a category D financial penalty and/or order for remedial training	High level of public attention and/or high public interest. Amount involved substantial Conduct relates to a regulated area of practise. Member in a position of trust.	Out of character, momentary lapse in judgement or spontaneous conduct. Voluntary admission to the behaviour before it was discovered by others, demonstrating a willingness to take responsibility. Genuine remorse and insight and acceptance of responsibility, acknowledging the harm caused. Costs paid for remediation by member / firm.
g. Failure to comply with the Fundamental Principle of Professional Behaviour			

Allegation	Starting Point	Aggravation	Mitigation
i. Very serious	Exclusion and a category B financial penalty and/or order for remedial training (if not excluded)	<p>High level of public attention and/or high public interest.</p> <p>Amount involved substantial.</p> <p>Member in a position of trust.</p> <p>Deliberate act to gain personal advantage.</p> <p>Aggressive course of conduct.</p> <p>Use of obscene / grossly offensive language or similar.</p> <p>Continued behaviour when it was highlighted it was unacceptable.</p>	<p>Out of character/momentary lapse in judgement.</p> <p>Voluntary admission to the behaviour before it was discovered by others, demonstrating a willingness to take responsibility.</p> <p>Genuine remorse and insight and acceptance of responsibility, acknowledging the harm caused.</p> <p>Reprehensible conduct / correspondence on the part of another party involved in the incident/incidences.</p>
ii. Serious	Exclusion and a category C financial penalty and/or order for remedial training (if not excluded)	<p>High level of public attention and/or high public interest.</p> <p>Amount involved substantial.</p> <p>Member in a position of trust,</p> <p>Deliberate act to gain personal advantage.</p> <p>Aggressive course of conduct.</p> <p>Use of obscene / grossly offensive language or similar.</p> <p>Continued behaviour when it was highlighted it was unacceptable.</p>	<p>Out of character/momentary lapse in judgement.</p> <p>Voluntary admission to the behaviour before it was discovered by others, demonstrating a willingness to take responsibility.</p> <p>Genuine remorse and insight and acceptance of responsibility, acknowledging the harm caused.</p> <p>Reprehensible conduct / correspondence on the part of another party involved in the incident/incidences.</p>

Allegation	Starting Point	Aggravation	Mitigation
iii. Less serious	Suspension/Severe reprimand and a category D financial penalty and/or order for remedial training	High level of public attention and/or high public interest. Amount involved substantial. Member in a position of trust, Aggressive course of conduct. Use of obscene / grossly offensive language or similar.	Out of character/momentary lapse in judgement Voluntary admission to the behaviour before it was discovered by others, demonstrating a willingness to take responsibility. Genuine remorse and insight and acceptance of responsibility, acknowledging the harm caused. Reprehensible conduct / correspondence on the part of another party involved in the incident/incidences.
h. Discrimination/Harassment/Bullying			
i. Very serious	Exclusion and a category C financial penalty and/or order for remedial training (if not excluded)	High level of public attention and/or high public interest. Abuse of position of power or authority. Failure to show remorse or acknowledge wrongdoing to the victim(s) Continued behaviour when it was highlighted it was unacceptable.	Evidence of attendance at counselling, training or coaching which addresses the underlying cause of conduct.

Allegation	Starting Point	Aggravation	Mitigation
ii. Serious	Suspension/Severe reprimand and a category D financial penalty and/or order for remedial training	High level of public attention and/or high public interest. Abuse of position of power or authority. Failure to show remorse or acknowledge wrongdoing to the victim(s). Continued behaviour when it was highlighted that it was unacceptable.	Evidence of attendance at counselling, training or coaching which addresses the underlying cause of conduct.
iii. Less serious	Reprimand and a category E financial penalty and/or order for remedial training	High level of public attention and/or high public interest. Abuse of position of power or authority. Failure to show remorse or acknowledge wrongdoing to the victim(s).	Evidence of attendance at counselling, training or coaching which addresses the underlying cause of conduct.
a. Sexual Misconduct			

Allegation	Starting Point	Aggravation	Mitigation
i. Very serious	Exclusion and a category B financial penalty and consideration to be given for an order for remedial training (if not excluded)	High level of public attention and/or high public interest. Abuse of position of power or authority. Failure to show remorse or acknowledge wrongdoing to the victim(s). Continued behaviour when it was highlighted that it was unacceptable.	Immediate steps taken to remedy the situation and mitigate harm to the victim(s). Acceptance of wrongdoing and willingness to accept consequences. Evidence of remediation such as attendance at counselling, training or coaching which addresses the underlying cause of conduct.
ii. Serious	Suspension/Severe reprimand and a category C financial penalty and/or order for remedial training A suspension can be considered where appropriate in addition to the sanctions outlined above	High level of public attention and/or high public interest. Abuse of position of power or authority. Failure to show remorse or acknowledge wrongdoing to the victim(s). Continued behaviour when it was highlighted that it was unacceptable.	Immediate steps taken to remedy the situation and mitigate harm to the victim(s). Acceptance of wrongdoing and willingness to accept consequences. Evidence of remediation such as attendance at counselling, training or coaching which addresses the underlying cause of conduct.

Allegation	Starting Point	Aggravation	Mitigation
iii. Less serious	Reprimand and a category C financial penalty and/or order for remedial training.	High level of public attention and/or high public interest. Abuse of position of power or authority. Failure to show remorse or acknowledge wrongdoing to the victim(s).	Immediate steps taken to remedy the situation and mitigate harm to the victim(s). Acceptance of wrongdoing and willingness to accept consequences. Evidence of remediation such as attendance at counselling, training or coaching which addresses the underlying cause of conduct.
b. Providing False or misleading information			
i. Very serious	Exclusion and a category B financial penalty and/or order for remedial training (if not excluded)	High level of public attention and/or high public interest. Amount involved substantial. Member in a position of trust. Deliberate act to gain personal advantage. Conduct relates to a regulated area of practice.	Genuine remorse and insight and acceptance of responsibility, acknowledging the harm caused.
ii. Serious	Suspension/Severe reprimand and a category C financial penalty and/or order for remedial training	High level of public attention and/or high public interest. Amount involved substantial. Member in a position of trust. Deliberate act to gain personal advantage. Conduct relates to a regulated area of practice.	Genuine remorse and insight and acceptance of responsibility, acknowledging the harm caused.

Allegation	Starting Point	Aggravation	Mitigation
iii. Less serious	Reprimand and a category D financial penalty and/or order for remedial training	High level of public attention and/or high public interest. Amount involved substantial. Member in a position of trust. Conduct relates to a regulated area of practice.	Genuine remorse and insight and acceptance of responsibility, acknowledging the harm caused.
k. Breach of fiduciary duty (not otherwise covered)			
i. Very serious	Exclusion and a category B financial penalty and/or order for remedial training (if not excluded)	High level of public attention and/or high public interest. Amount involved substantial. Member in a position of trust. Deliberate act to gain personal advantage. Conduct relates to a regulated area of practice.	Genuine remorse and insight and acceptance of responsibility, acknowledging the harm caused.
ii. Serious	Severe reprimand and a category C financial penalty and/or order for remedial training	High level of public attention and/or high public interest. Amount involved substantial. Member in a position of trust. Deliberate act to gain personal advantage. Conduct relates to a regulated area of practice.	Genuine remorse and insight and acceptance of responsibility, acknowledging the harm caused.

Allegation	Starting Point	Aggravation	Mitigation
iii. Less serious	Reprimand and a category D financial penalty and/or order for remedial training	High level of public attention and/or high public interest. Amount involved substantial. Member in a position of trust. Conduct relates to a regulated area of practice.	Genuine remorse and insight and acceptance of responsibility, acknowledging the harm caused
I. Failure to communicate/cooperate with existing appointment holder/failure to handover information/lien wrongly exercised			
i. Very serious	Severe reprimand and a category D financial penalty and/or order for remedial training. Consider reimbursement of any late filing penalties.	Information is still outstanding. Significant time or opportunities to resolve.	Member is frustrated in complying by matters beyond their control.
ii. Serious	Reprimand and a category E financial penalty and/or order for remedial training. Consider reimbursement of any late filing penalties.	Information is still outstanding Significant time or opportunities to resolve.	Member is frustrated in complying by matters beyond their control.
iii. Less serious	Reprimand and a category F financial penalty and/or order for remedial training. Consider reimbursement of any late filing penalties.	Information is still outstanding. Significant time or opportunities to resolve	Member is frustrated in complying by matters beyond their control.
m. Unethical promotional practices/exaggerated claims for the services offered/disparaging or unsubstantiated references to the work of others			

Allegation	Starting Point	Aggravation	Mitigation
i. Very serious	Severe reprimand and a category C financial penalty and/or order for remedial training	Failure to correct the breach when it was brought to attention.	Actions taken by a third party. Prompt acknowledgment of the wrongdoing.
ii. Serious	Severe reprimand and a category D financial penalty and/or order for remedial training	Failure to correct the breach when it was brought to attention.	Actions taken by a third party. Prompt acknowledgment of the wrongdoing.
iii. Less serious	Reprimand and a category E financial penalty and/or order for remedial training	Failure to correct the breach when it was brought to attention.	Actions taken by a third party. Prompt acknowledgment of the wrongdoing.
n. Failure to obtain consent to retain commission			
i. Very serious	Severe reprimand and a category D financial penalty and/or order for remedial training. Consider the return of the commission to the client.	Deliberate act to gain personal advantage. Non-compliance has been previously highlighted to member/firm and not adequately resolved.	Actions taken by a third party.

Allegation	Starting Point	Aggravation	Mitigation
ii. Serious	Severe reprimand and a category E financial penalty and/or order for remedial training. Consider the return of the commission to the client.	Deliberate act to gain personal advantage. Non-compliance has been previously highlighted to member/firm and not adequately resolved.	Actions taken by a third party
iii. Less serious	Reprimand and a category F financial penalty and/or order for remedial training. Consider the return of the commission to the client.	Non-compliance has been previously highlighted to member/firm and not adequately resolved.	Actions taken by a third party
o. Other departures from the Code of Ethics			
i. Very serious	Severe reprimand and a category C financial penalty and/or order for remedial training	High level of public attention and/or high public interest. Amount involved substantial. Member in a position of trust. Deliberate act to gain personal advantage.	
ii. Serious	Suspension/Severe reprimand and a category D financial penalty and/or order for remedial training	High level of public attention and/or high public interest. Amount involved substantial. Member in a position of trust. Deliberate act to gain personal advantage.	

Allegation	Starting Point	Aggravation	Mitigation
iii. Less serious	Reprimand and a category E financial penalty and/or order for remedial training	High level of public attention and/or high public interest. Amount involved substantial. Member in a position of trust.	

3. AUDIT

The Delegation Agreement between the Financial Reporting Council (FRC) and ICAEW requires that Committees/Tribunals provide effective, proportionate and dissuasive sanctions where there has been a breach of a relevant requirement. This should include at least those sanctions set out in The Statutory Auditors and Third Country Auditors Regulations 2016 (SATCAR), which are duly incorporated in this Guidance.

Committees/Tribunals should take into account all relevant circumstances including, where appropriate:

1. The gravity and duration of the breach
2. The degree of responsibility of the responsible person
3. The financial strength of the responsible person (for example, in respect of a firm, as indicated by its turnover and, in respect of an individual, the annual income of that individual);
4. The amounts of the profits gained or losses avoided by the responsible person in so far as they can be determined
5. The level of cooperation of the responsible person with ICAEW and/or other authorities including the FRC; and
6. Previous breaches by the responsible legal or natural person.

This means Committees/Tribunals when imposing a financial sanction can increase or decrease a financial penalty having had regard to a firm's annual turnover or the annual income of an individual, where provided.

Allegation	Starting Point	Aggravation	Mitigation
a. Lack of Independence (Breach of FRC Ethical Standard)			
i. Very serious	<p>Firm Severe reprimand and a financial penalty equal to 2 x audit fee, or a category A financial penalty (whichever is greater) and/or training order (Consider withdrawal of audit registration). Financial penalty to be adjusted upwards if the audit fee was inadequate or if the company subsequently collapsed.</p> <p>RI/second review partner Severe reprimand and a category C financial penalty and/or order for remedial training</p>	<p>Public interest issues are involved or associated with collapse of a company.</p> <p>High level of public attention and/or high public interest.</p> <p>Results in one party suffering to the detriment of another.</p> <p>Amount involved substantial.</p> <p>Member in a position of trust.</p> <p>Deliberate act to gain personal advantage.</p> <p>Conduct relates to a regulated area of practice.</p>	<p>Out of character, momentary lapse in judgement or spontaneous conduct.</p> <p>Voluntary admission to the behaviour before it was discovered by others, demonstrating a willingness to take responsibility.</p> <p>Genuine remorse and insight and acceptance of responsibility, acknowledging the harm caused.</p> <p>Reprehensible conduct / correspondence on the part of the client.</p>

Allegation	Starting Point	Aggravation	Mitigation
ii. Serious	<p>Firm Severe reprimand and a financial penalty equal to 1.5 x audit fee, or a category B financial penalty (whichever is greater). Financial penalty to be adjusted upwards if the audit fee was inadequate or if the company subsequently collapsed.</p> <p>RI/second review partner Severe reprimand and a category D financial penalty and/or training order</p>	<p>Public interest issues are involved or associated with collapse of a company.</p> <p>High level of public attention and/or high public interest.</p> <p>Results in one party suffering to the detriment of another.</p> <p>Amount involved substantial.</p> <p>Member in a position of trust.</p> <p>Deliberate act to gain personal advantage.</p> <p>Conduct relates to a regulated area of practice.</p>	<p>Out of character, momentary lapse in judgement or spontaneous conduct.</p> <p>Voluntary admission to the behaviour before it was discovered by others, demonstrating a willingness to take responsibility.</p> <p>Genuine remorse and insight and acceptance of responsibility, acknowledging the harm caused.</p> <p>Reprehensible conduct / correspondence on the part of the client.</p>
iii. Less serious	<p>Firm Reprimand and a financial penalty equal to half of the audit fee, or a category C financial penalty (whichever is greater). Financial penalty to be adjusted upwards if the audit fee was inadequate or if the company subsequently collapsed.</p> <p>RI/second review partner Reprimand and a category E financial penalty and/or training order</p>	<p>Public interest issues are involved or associated with collapse of a company.</p> <p>High level of public attention and/or high public interest.</p> <p>Results in one party suffering to the detriment of another.</p> <p>Amount involved substantial.</p> <p>Member in a position of trust.</p> <p>Conduct relates to a regulated area of practice.</p>	<p>Out of character, momentary lapse in judgement or spontaneous conduct.</p> <p>Voluntary admission to the behaviour before it was discovered by others, demonstrating a willingness to take responsibility.</p> <p>Genuine remorse and insight and acceptance of responsibility, acknowledging the harm caused.</p> <p>Reprehensible conduct / correspondence on the part of the client.</p>

Allegation	Starting Point	Aggravation	Mitigation
b. Defective Audit Work			
<p>i. Audit work of a seriously defective nature</p> <p><i>This will generally mean where little or no assurance work was performed and/or the assurance work related to a fundamental or highly significant area</i></p>	<p>Firm Severe reprimand and a financial penalty equal to 2 x audit fee, or a category A financial penalty (whichever is greater) and/or training order (Consider withdrawal of audit registration). Financial penalty to be adjusted upwards if the audit fee was inadequate or if the company subsequently collapsed.</p> <p>RI/Second Review Partner Severe reprimand and a category B financial penalty and/or training order (Consider withdrawal of RI status)</p>	<p>Audit of a listed or a public interest entity.</p> <p>On notice of the requirement but continued to act.</p> <p>Indication of systemic weaknesses.</p> <p>Intention to mislead.</p>	<p>Subsequent periods of the relevant audit found to comply with the relevant requirements.</p> <p>Faults attributable to the client or third parties.</p> <p>Implementation of enhanced controls and training to prevent recurrence.</p>
<p>ii. Audit work of a defective nature</p> <p><i>This will generally mean where some or limited assurance work was performed and/or the assurance work related to significant areas and /or the assurance work falls between Seriously Defective and Lesser Forms of defective work.</i></p>	<p>Firm Severe reprimand and a financial penalty equal to 1.5 x audit fee, or a category C financial penalty (whichever is greater). Financial penalty to be adjusted upwards if the audit fee was inadequate or if the company subsequently collapsed.</p> <p>RI/second review partner Severe reprimand and a category D financial penalty and/or training order</p>	<p>Audit of a listed or public interest entity.</p> <p>On notice of the requirement but continued to act.</p> <p>Indication of systemic weaknesses.</p>	<p>Subsequent periods of the relevant audit found to comply with the relevant requirements.</p> <p>Faults attributable to the client or third parties.</p> <p>Implementation of enhanced controls and training to prevent recurrence.</p>

Allegation	Starting Point	Aggravation	Mitigation
<p>iii. Less serious forms of defective audit work</p> <p><i>This will generally mean where the defectiveness of the assurance work was of a more technical nature and/or related to less significant areas.</i></p>	<p>Firm Reprimand and a financial penalty equal to half of the audit fee, or a category E financial penalty (whichever is greater). Financial penalty to be adjusted upwards if the audit fee was inadequate or if the company subsequently collapsed.</p> <p>RI/second review partner Reprimand and a category E financial penalty and/or training order</p>	<p>Audit of a listed or public interest entity.</p> <p>On notice of the requirement but continued to act.</p> <p>Indication of systemic weaknesses.</p>	<p>Subsequent periods of the relevant audit found to comply with the relevant requirements.</p> <p>Faults attributable to the client or third parties.</p> <p>Implementation of enhanced controls and training to prevent recurrence.</p>
<p>c. Audit reports signed by non-registered individual</p>			

Allegation	Starting Point	Aggravation	Mitigation
i. Very Serious	Exclusion and a category B financial penalty and/or a training order (if not excluded)	<p>Complex audit assignment.</p> <p>Audit of listed or public interest entity.</p> <p>Misrepresentation of the position to client.</p> <p>Took advice and chose not to apply it.</p> <p>Firm had appropriate procedures in place which have been ignored by the individual.</p> <p>Multiple number of reports signed.</p>	<p>Steps taken to rectify the issue.</p> <p>Administrative error caused by external third party.</p> <p>Transparency about the breach.</p>

Allegation	Starting Point	Aggravation	Mitigation
ii. Serious	Severe reprimand and a category C financial penalty	<p>Complex audit assignment.</p> <p>Audit of listed or public interest entity.</p> <p>Misrepresentation of the position to client.</p> <p>Took advice and chose not to apply it.</p> <p>Firm had appropriate procedures in place which have been ignored by the individual.</p> <p>Multiple number of reports signed.</p>	<p>Steps taken to rectify the issue.</p> <p>Administrative error caused by external third party.</p> <p>Transparency about the breach.</p>
iii. Less serious	Reprimand and a category D financial penalty	<p>Complex audit assignment.</p> <p>Audit of listed or public interest entity.</p> <p>Misrepresentation of the position to client.</p> <p>Took advice and chose not to apply it.</p> <p>Firm had appropriate procedures in place which have been ignored by the individual.</p> <p>Multiple number of reports signed.</p>	<p>Steps taken to rectify the issue.</p> <p>Administrative error caused by external third party.</p> <p>Transparency about the breach.</p>

Allegation	Starting Point	Aggravation	Mitigation
d. Acting as auditor when not registered/ineligible (firm)			
i. Very serious	Severe reprimand and a financial penalty equal to 2 x audit fee or a category A financial penalty (whichever is greater)	<p>Complex audit assignment.</p> <p>Audit of listed entity or an entity of public interest.</p> <p>Indication of systemic weaknesses.</p> <p>Misrepresentation of the position to clients.</p> <p>Failure to act appropriately on the knowledge of the breach in a timely manner.</p> <p>On notice of the requirement but continued to act.</p>	<p>Implementation of enhanced controls and procedures post-breach to prevent recurrence.</p> <p>Faults attributable to the client or third parties.</p>

Allegation	Starting Point	Aggravation	Mitigation
ii. Serious	Severe reprimand and financial penalty equal to 1.5 x audit fee or a category B financial penalty (whichever is greater)	<p>Complex audit assignment.</p> <p>Audit of listed entity or an entity of public interest.</p> <p>Indication of systemic weaknesses.</p> <p>Misrepresentation of the position to clients.</p> <p>Failure to act appropriately on the knowledge of the breach in a timely manner.</p> <p>On notice of the requirement but continued to act.</p>	<p>Implementation of enhanced controls and procedures post-breach to prevent recurrence.</p> <p>Faults attributable to the client or third parties.</p>
iii. Less serious	Reprimand and a financial penalty equal to half the audit fee or a category C financial penalty	<p>Complex audit assignment.</p> <p>Audit of listed entity or an entity of public interest.</p> <p>Indication of systemic weaknesses.</p> <p>Misrepresentation of the position to clients.</p> <p>Failure to act appropriately on the knowledge of the breach in a timely manner.</p>	<p>Implementation of enhanced controls and procedures post-breach to prevent recurrence.</p> <p>Faults attributable to the client or third parties.</p>

Allegation	Starting Point	Aggravation	Mitigation
e. Issuing an incorrect auditor's opinion			
	<p>Firm Severe reprimand and a financial penalty equal to 2 x audit fee, or a category A financial penalty (whichever is greater). Financial penalty to be adjusted upwards if the audit fee was inadequate or if the company subsequently collapsed.</p> <p>RI/second review partner Severe reprimand and a category B financial penalty and/or order for remedial training</p>	<p>Audit of listed entity or an entity of public interest.</p> <p>Indication of systemic weaknesses.</p> <p>Refusal to take action or correct.</p> <p>Deliberate act to gain personal advantage.</p>	<p>Subsequent periods of the relevant audit found to comply with the relevant requirements.</p> <p>Faults attributable to the client or third parties.</p>
f. Issuing an audit report in the incorrect format or name			
i. Serious	<p>Firm Reprimand and a financial penalty equal to the audit fee or a category E financial penalty (whichever is greater) and/or order for remedial training</p> <p>Individual Reprimand and a category E financial penalty (whichever is greater) and/or order for remedial training</p>	<p>Audit of listed entity or public interest.</p> <p>Indication of systemic weaknesses.</p> <p>On notice of the requirement but failed to take action</p>	<p>Steps taken to rectify the issue.</p> <p>Administrative error caused by external third party.</p> <p>Prompt acknowledgement of the wrongdoing.</p> <p>Transparency about the breach.</p>

Allegation	Starting Point	Aggravation	Mitigation
ii. Less Serious	<p>Firm Reprimand and a financial penalty equal to half the audit fee or a category F financial penalty (whichever is greater) and/or order for remedial training</p> <p>Individual Reprimand and a category F financial penalty (whichever is greater) and/or order for remedial training</p>	<p>Audit of listed or public interest entity.</p> <p>Indication of systemic weaknesses.</p> <p>On notice of the requirement but continued to act.</p>	<p>Steps taken to rectify the issue.</p> <p>Administrative error caused by external third party.</p> <p>Prompt acknowledgement of the wrongdoing.</p> <p>Transparency about the breach.</p>
g. Failure to retain audit working papers (Audit Regulation 3.11 (Firm))			
i. Very Serious	Severe reprimand and a category B financial penalty	<p>Number of clients and audit files affected.</p> <p>Indication of systemic weaknesses.</p>	Circumstances outside the firm's control.
ii. Serious	Reprimand and a category D financial penalty	<p>Number of clients and audit files affected.</p> <p>Indication of systemic weaknesses.</p>	Circumstances outside the firm's control.
iii. Less Serious	Reprimand and a category F financial penalty	<p>Number of clients and audit files affected.</p> <p>Indication of systemic weaknesses.</p>	Circumstances outside the firm's control.

Allegation	Starting Point	Aggravation	Mitigation
h. Other Work Carried Out by a Registered Auditor including wrongly signed report/inaccurate report/accounts do not comply with Solicitor's Accounts Rules or Client Assets Sourcebook (CASS) Rules			
<p>i. Work that is seriously defective (if the required expertise was absent the allegation should be considered under section 2(e) Failure to comply with the Fundamental Principle of Professional Competence and Due Care)</p> <p><i>This will generally mean where little or no assurance work was performed and/or the assurance work related to a fundamental or highly significant area</i></p>	<p>Firm Severe reprimand and a fine equal to 2 x fee or a category B financial penalty (whichever is greater) and/or order for remedial training. Financial fee to be adjusted upwards if the fee was inadequate.</p> <p>Individual Severe reprimand and a category C financial penalty and/or order for remedial training. Consider return of fees.</p>	<p>Nature of inefficient or incompetent work.</p> <p>Collusion to cover up failings.</p> <p>Member responsible for bookkeeping.</p> <p>Indication of systemic weaknesses.</p>	<p>Subsequent periods of the relevant audit found to comply with the relevant requirements.</p> <p>Frustrated in correcting the breach.</p> <p>Client unhelpful in providing records or information; gave misleading information.</p> <p>Implementation of enhanced controls and training to prevent recurrence.</p>
<p>ii. Work that is defective</p> <p><i>This will generally mean where some or limited assurance work was performed and/or the assurance work related to significant areas and /or the assurance work falls between Seriously Defective and Lesser Forms of defective work.</i></p>	<p>Firm Severe reprimand and a financial penalty equal to 1.5 x fee or a category C financial penalty (whichever is greater) and/or order for remedial training. Financial fee to be adjusted upwards if the fee was inadequate.</p> <p>Individual Severe reprimand and a category D financial penalty and/or order for remedial training. Consider return of fees.</p>	<p>Nature of inefficient or incompetent work.</p> <p>Collusion to cover up failings.</p> <p>Member responsible for bookkeeping.</p> <p>Indication of systemic weaknesses.</p>	<p>Subsequent periods of the relevant audit found to comply with the relevant requirements.</p> <p>Frustrated in correcting the breach.</p> <p>Client unhelpful in providing records or information; gave misleading information.</p> <p>Implementation of enhanced controls and training to prevent recurrence.</p>

Allegation	Starting Point	Aggravation	Mitigation
<p>iii. Lesser forms of defective work</p> <p><i>This will generally mean where the defectiveness of the assurance work was of a more technical nature and/or related to less significant areas</i></p>	<p>Firm Reprimand and a financial penalty equal to fees or category D financial penalty and/or order for remedial training. Financial fee to be adjusted upwards if the fee was inadequate.</p> <p>Individual Reprimand and a category E financial penalty and/or order for remedial training. Consider return of fees.</p>	<p>Nature of inefficient or incompetent work.</p> <p>Collusion to cover up failings.</p> <p>Member responsible for bookkeeping.</p> <p>Indication of systemic weaknesses.</p>	<p>Subsequent periods of the relevant audit found to comply with the relevant requirements.</p> <p>Frustrated in correcting the breach.</p> <p>Client unhelpful in providing records or information; gave misleading information.</p> <p>Implementation of enhanced controls and training to prevent recurrence.</p>
i. Other breach of the Audit regulations			
<p>i. Very serious</p>	<p>Firm Severe reprimand and a category B financial penalty and/or order for remedial training</p> <p>Individual Severe reprimand and a category D financial penalty and/or order for remedial training</p>	<p>Number of clients affected.</p> <p>Indication of systemic weaknesses.</p> <p>On notice of the requirement but continued to act.</p>	<p>Immediate corrective action taken once aware.</p> <p>Circumstances outside the firm's control.</p> <p>Took professional advice.</p> <p>Implementation of enhanced controls and training to prevent recurrence.</p>

Allegation	Starting Point	Aggravation	Mitigation
ii. Serious	<p>Firm Severe reprimand and a category C financial penalty and/or order for remedial training</p> <p>Individual Reprimand and a category E financial penalty and/or order for remedial training</p>	<p>Number of clients affected.</p> <p>Indication of systemic weaknesses.</p> <p>On notice of the requirement but continued to act.</p>	<p>Immediate corrective action taken once aware.</p> <p>Circumstances outside the firm's control.</p> <p>Took professional advice.</p> <p>Implementation of enhanced controls and training to prevent recurrence.</p>
iii. Less serious	<p>Firm Reprimand and a category E financial penalty and/or order for remedial training</p> <p>Individual Reprimand and a category F financial penalty and/or order for remedial training</p>	<p>Number of clients affected.</p> <p>Indication of systemic weaknesses.</p> <p>On notice of the requirement but continued to act.</p>	<p>Immediate corrective action taken once aware</p> <p>Circumstances outside the firm's control.</p> <p>Took professional advice.</p> <p>Implementation of enhanced controls and training to prevent recurrence.</p>

4. INSOLVENCY COMMON SANCTIONS GUIDANCE

Part 1

1. Background

There are five recognised professional bodies (RPBs) that license insolvency practitioners. Once an RPB has investigated the conduct of any insolvency practitioner it licenses, it can (under its own disciplinary processes) impose sanctions on that licence holder. Such sanctions can follow an investigation of a complaint or as a result of a finding on a monitoring visit carried out by the RPB or following the receipt of any other intelligence.

The regulatory objectives introduced in 2015 provide the RPBs with a clearer, enhanced structure within which to carry out their functions of authorising and regulating insolvency practitioners. A RPB will, when discharging regulatory functions, be required to act in a way which is compatible with the regulatory objectives.

Regulatory objectives means the objectives of -

- a. having a system of regulating persons acting as insolvency practitioners that:
 - i. secures fair treatment for persons affected by their acts and omissions,
 - ii. reflects the regulatory principles, and
 - iii. ensures consistent outcomes,
-
- b. encouraging an independent and competitive insolvency-practitioner profession whose members
 - i. provide high quality services at a cost to the recipient which is fair and reasonable,
 - ii. act transparently and with integrity, and
 - iii. consider the interests of all creditors in any particular case,
-
- c. promoting the maximisation of the value of returns to creditors and promptness in making those returns, and
- d. protecting and promoting the public interest.

The Common Sanctions Guidance aims to ensure consistency with the regulatory objectives so that it enables RPBs to have a system in place which secures fair treatment for people affected by the acts of insolvency practitioners, is transparent, accountable, proportionate, and ensures consistent outcomes.

The circumstances that lead to an allegation and the issues that arise as part of the allegation will vary, possibly significantly, on a case-by-case basis. Not all allegations about an insolvency practitioner lead to them being disciplined. For example, errors of judgment and innocent mistakes are not generally considered to be misconduct. If, however, an insolvency practitioner has made a serious error or a repeated number of less serious errors, this may mean they have performed their work inefficiently or incompetently to such an extent or on such a number of occasions as to have brought discredit to themselves, their regulator, or the insolvency profession.

The Common Sanctions Guidance is not intended to be a tariff and does not bind each RPB's processes to a fixed sanctions regime. Although it gives an indication of the level of sanction to be

imposed, each committee or panel will use its own judgment to set a sanction appropriate to the circumstances of the individual case.

When a committee or panel considers what would be an appropriate sanction, it will refer to this guidance and may, within its discretion, vary the sanction depending on aggravating and mitigating factors. Where a decision varies from the guidance the reasons for this should be clearly documented and explained by the RPB.

2. Sanctions

When a committee or panel considers:

- whether to impose a sanction; and
- what sanction to impose,

it should consider the following factors:

- protecting and promoting the public interest;
- maintaining the reputation of the profession;
- upholding the proper standards of conduct in the profession; and
- correcting and deterring breaches of those standards.
-

When a committee or panel decides that an allegation has been proved or where it is admitted, the committee or tribunal will decide the appropriate sanction. In doing so, the committee or tribunal will form its view based on the particular facts of the case. If the committee or tribunal decides a penalty (for example, exclusion, reprimand or a financial penalty) is necessary it will identify the relevant category of allegation and the relevant behaviour.

There are two types of sanction available to the disciplinary committees: non-financial sanctions and financial penalties. The indicative sanctions (an indication of the sanction an insolvency practitioner might be given for a particular type of wrong doing) are set out in the table in Part 2. The actual sanction will be determined by the RPB's own rules and regulations and considering any aggravating and mitigating factors (see below).

Non-financial sanctions

These can range from a reprimand; severe reprimand; suspension of a licence or membership; withdrawal of a licence; to exclusion from membership, as set out in the RPB's bye laws.

The disciplinary committees can use non-financial sanctions to indicate to the insolvency practitioner that their conduct falls short of the standards required. A non-financial disciplinary sanction will form part of that insolvency practitioner's disciplinary record. In some circumstances, a non-financial sanction (such as exclusion from membership or removal of the insolvency practitioner's licence) will affect an individual's ability to practise as an insolvency practitioner.

Financial sanctions

For each type of allegation there is a suggested starting point for a financial sanction. This is not a tariff or a "going rate" for the allegation but it simply indicates where the committee or tribunal might start when it looks at all the factors relevant to deciding the penalty. Once the committee or tribunal has agreed the most appropriate starting point, it takes into account any aggravating and mitigating factors before deciding whether it is appropriate to reduce or increase the penalty. The committee or tribunal may decide on a more or less severe penalty than the starting point depending on all the circumstances of the case.

3. Aggravating and mitigating factors

The indicative sanction may need to be adjusted depending on the facts of particular cases. A committee or panel will normally consider the aggravating and mitigating factors summarised below before it decides on the appropriate level of sanction. The list is not exhaustive and not all the factors will apply to a particular case.

Once the committee or panel has identified the factors it considers relevant, it should decide what weight to give to each of them.

4. Costs

Disciplinary committees have the power to order the insolvency practitioner to pay the costs incurred during an investigation into an allegation. Orders for costs may reflect the costs reasonably incurred in investigating the allegation and are not imposed as a sanction. A disciplinary committee will only consider the 'costs' element after it has decided the appropriate sanction for the allegation.

5. Publicity

When a disciplinary committee makes an adverse finding and order, the RPB will publish the record of decision in the manner it thinks fit. The insolvency practitioner should be named in that publicity unless a committee or panel orders no publicity or publicity on an anonymous basis, in which case reasons for not doing so will be provided by the committee or panel. Disciplinary committees will rarely order that there should be no publicity associated with an adverse finding.

From 1 November 2014, all published disciplinary sanctions are included on the [Insolvency Service's website](#) in an agreed format. The publication includes details of the IP, the nature of the allegation, the finding and any sanction together with reasons for the decision including aggravating and mitigating factors considered as part of that decision.

Part 2 – Indicative sanctions for various breaches of the Insolvency Act 1986, other relevant legislation and Statements of Insolvency Practice

The table below gives an indication of the level of sanction which may be imposed but should not be regarded as a tariff. Each or panel committee will use its own judgment to set a sanction appropriate to the circumstance of the individual case, depending on the seriousness of the breach and the aggravating and mitigating factors.

Each sanction is split into three categories depending on the seriousness of the misconduct:

- **Very serious (a):** This will generally mean that the insolvency practitioner's conduct was deliberate and/or dishonest.
- **Serious (b):** This will generally mean that the insolvency practitioner's conduct was reckless.
- **Less serious (c):** This will generally mean the conduct by the insolvency practitioner amounts to an inadvertent breach. Where breaches are adjudged to be inadvertent, a financial or published sanction may not always be appropriate depending on the facts of the case and the aggravating and mitigating factors considered.
-

Where the conduct has resulted in a likely profit to the insolvency practitioner or their firm or any other connected party, the conduct committee or tribunals committee may issue a financial penalty equivalent to the likely profit gained. The starting point for determining the likely profit will be 30% of the total fees charged by the insolvency practitioner or their firm or any other connected party for the engagement in question. A financial penalty of this nature will only be adjusted (downwards) if the

firm can produce cogent and reliable evidence that the financial benefit (profit) gained is less than the financial penalty proposed.

Where a conduct committee or tribunal committee panel proposes to issue a financial penalty for a breach that has led to a profit for the insolvency practitioner or their firm or any other connected party, the conduct committee or tribunals committee will issue a single financial sanction which will include both the financial penalty for the estimated profit gained explained above as well as a variable financial penalty listed in Part 3 below which will depend on seriousness of the misconduct, the facts of the case and be tiered alongside the appropriate non-financial sanction.

When considering allegations relating to unauthorised or excess remuneration, the conduct committee or tribunals committee will in the first instance have regard to whether the unauthorised or excess remuneration has been repaid to the estate before deciding on an appropriate financial sanction.

4.1 DISHONESTY

	Allegation	Non-financial sanction	Starting point for financial sanction
1	Acts of dishonesty resulting in criminal convictions and/or adverse findings by regulatory and other bodies.	Exclusion and licence withdrawal	A financial penalty may not be appropriate in every case. Where a financial penalty is considered appropriate, the starting point should be £15,000
2	Misappropriation of funds into own account, other estates or third parties	a Exclusion and licence withdrawal	a Financial penalty of £20,000
3	Acting as an insolvency practitioner without a licence	a Exclusion b Severe reprimand c Reprimand	a Financial penalty of £10,000 b Financial penalty of £5,000 c Financial penalty of £1,500
4	Drawing unauthorised remuneration	a Severe reprimand b Severe reprimand c Reprimand	a Financial penalty equivalent to the level of the unauthorised fee drawn, or £10,000, whichever is greater b Financial penalty of £5,000 c Financial penalty of £2,000
5	Drawing of excess remuneration that has been deemed unfair or unreasonable	a Severe reprimand b Severe reprimand c Reprimand	a Financial penalty of £7,500 b Financial penalty of £5,000 c Financial penalty of £1,500
6	Failure to submit returns (eg, CDDA returns) or a delay in submitting returns where the delay is likely to impact on the conduct of the insolvency appointment	a Severe reprimand b Reprimand c Reprimand	a Financial penalty of £5,000 b Financial penalty of £2,000 c Financial penalty of £1,000
7	Failure to convene a creditor's meeting or a delay in convening a creditor's meeting where	a Severe reprimand b Reprimand c Reprimand	a Financial penalty of £5,000 b Financial penalty of £2,000 c Financial penalty of £1,000

	Allegation	Non-financial sanction		Starting point for financial sanction	
	the delay is likely to impact on the conduct of the insolvency appointment				
8	Accepted an appointment as administrator when no statutory purpose achievable	a	Severe reprimand	a	Financial penalty of £7,500
		b	Reprimand	b	Financial penalty of £2,000
9	Failure to comply with the principles of a SIP, the Insolvency Act and rules and regulations thereunder	a	Severe reprimand	a	Financial penalty of £7,500
		b	Severe reprimand	b	Financial penalty of £5,000
		c	Reprimand	c	Financial penalty of £1,500
10	Failure to take adequate steps to realise assets	a	Severe reprimand	a	Financial penalty of £7,500
		b	Reprimand	b	Financial penalty of £2,000
		c	Reprimand	c	Financial penalty of £1,500
11	Delay in progressing administration of an insolvency estate	a	Severe reprimand	a	Financial penalty of £5,000
		b	Reprimand	b	Financial penalty of £2,000
		c	Reprimand	c	Financial penalty of £1,500
12	Failure to respond at all, or a delay in responding to letters, telephone calls or emails	a	Severe reprimand	a	Financial penalty of £2,500
		b	Reprimand	b	Financial penalty of £1,500
		c	Reprimand	c	Financial penalty of £500

Part 3 – Indicative sanctions for various breaches of the Insolvency Code of Ethics

	Allegation	Non-financial sanction	Starting point for financial sanction
1	Failure to comply with the fundamental principle of integrity	a Exclusion and consideration of licence withdrawal	a Financial penalty of £10,000
		b Severe reprimand	b Financial penalty of £5,000
2	Failure to comply with the fundamental principle of objectivity	a Exclusion	a Financial penalty of £10,000
		b Severe reprimand	b Financial penalty of £5,000
		c Reprimand	c Financial penalty of £2,000
3	Failure to comply with the fundamental principle of professional competence and due care	a Exclusion	a Financial penalty of £7,500
		b Severe reprimand	b Financial penalty of £5,000
		c Reprimand	c Financial penalty of £2,000
4	Failure to comply with the fundamental principle of confidentiality	a Exclusion	a Financial penalty of £5,000
		b Severe reprimand	b Financial penalty of £3,000
		c Reprimand	c Financial penalty of £1,500
5	Failure to comply with the fundamental principle of professional behaviour	a Exclusion	a Financial penalty of £5,000
		b Severe reprimand	b Financial penalty of £3,000
		c Reprimand	c Financial penalty of £1,500

Aggravating factors	
1	Concealment of wrongdoing
2	Lack of cooperation with regulator
3	Repeated course of conduct
4	Re-occurrence of conduct previously subject of reminder, warning or other sanction
5	The conduct has caused or is likely to cause the loss of significant sums of money to the insolvency estate and/or any third party
6	Poor disciplinary or regulatory history
7	Lack of understanding or acceptance of charge
Mitigating factors	
1	Self-reporting, acceptance of conduct issues and prompt voluntary and immediate rectification
2	Self-reporting and prompt voluntary and immediate repayment of (unauthorised) fees
3	Personal mitigation: financial circumstances (when considering the financial part of the sanction only) Where the insolvency practitioner has difficulties in repaying a financial sanction, consideration should be given to offering payment in instalments
4	Personal mitigation; ill health
5	Age of issues under consideration in respect of less serious matters where there are no aggravating behaviours
6	Generally, minimal risk of re-occurrence or repetition where new procedures have been implemented and verified by the RPB
7	Absence of any loss of monies to the insolvency estate and/or any third parties

5. INVESTMENT BUSINESS/LICENSED FIRMS UNDER DPB ARRANGEMENTS (INCLUDING CONSUMER CREDIT)

Allegation	Starting Point	Aggravation	Mitigation
a. Carrying on investment business without authorisation or without a DPB licence or providing credit related activities when ineligible to do so			
Very serious	Exclusion and a category B financial penalty and/or order for remedial training (if not excluded)	<p>Significant volume of transactions.</p> <p>Multi-partner practice.</p> <p>Concealment of wrongdoing.</p> <p>Vulnerable client/abuse of position.</p> <p>Post-dates issuance of ICAEW regulatory guidance.</p> <p>Failure to make client aware of the risks.</p> <p>Failure to pass on risk warnings in product literature.</p> <p>Failure to document/record justification for advice/recommendation.</p> <p>High value of commission earned.</p>	<p>Immediate action taken once became aware of the breach.</p> <p>Up to date regulatory or monitoring information suggesting issues have been addressed.</p> <p>Pre-dates issuance of ICAEW regulatory guidance.</p>

Allegation	Starting Point	Aggravation	Mitigation
i. Serious	Severe Reprimand and a category C financial penalty and/or order for remedial training	<p>Significant volume of transactions.</p> <p>Multi-partner practice.</p> <p>Concealment of wrongdoing.</p> <p>Vulnerable client/abuse of position.</p> <p>Post-dates issuance of ICAEW regulatory guidance.</p> <p>Failure to make client aware of the risks.</p> <p>Failure to pass on risk warnings in product literature.</p> <p>Failure to document/record justification for advice/recommendation.</p> <p>High value of commission earned.</p>	<p>Immediate action taken once became aware of the breach.</p> <p>Up to date regulatory or monitoring information suggesting issues have been addressed.</p> <p>Pre-dates issuance of ICAEW regulatory guidance.</p>

Allegation	Starting Point	Aggravation	Mitigation
ii. Less serious	Reprimand and a category D financial penalty and/or order for remedial training	<p>Significant volume of transactions.</p> <p>Multi-partner practice.</p> <p>Concealment of wrongdoing.</p> <p>Vulnerable client/abuse of position.</p> <p>Post-dates issuance of ICAEW regulatory guidance.</p> <p>Failure to make client aware of the risks.</p> <p>Failure to pass on risk warnings in product literature.</p> <p>Failure to document/record justification for advice/recommendation.</p>	<p>Immediate action taken once became aware of the breach.</p> <p>Up to date regulatory or monitoring information suggesting issues have been addressed.</p> <p>Pre-dates issuance of ICAEW regulatory guidance.</p>
b. Breach or breaches of Investment Business Regulations or Designated Professional Body (Investment Business or Consumer Credit) Handbooks			

Allegation	Starting Point	Aggravation	Mitigation
Very serious	Severe reprimand and a category D financial penalty and/or order for remedial training. Consider order of waiver or return of related remuneration or commission	<p>Multiple partner practice. Breach not corrected.</p> <p>Significant work completed while in breach.</p> <p>Risk of harm.</p> <p>Vulnerable client/abuse of position.</p> <p>Failure to make client aware of the risks.</p> <p>Failure to pass on risk warnings in product literature.</p> <p>Failure to document/record justification for advice/recommendation.</p>	<p>Immediate action taken once became aware of the breach.</p> <p>Steps taken to improve office procedures.</p> <p>Up to date regulatory or monitoring information suggesting issues have been addressed.</p>

Allegation	Starting Point	Aggravation	Mitigation
i. Serious	Severe reprimand and a Category E financial penalty and/or order for remedial training. Consider order of waiver or return of related remuneration or commission	<p>Multiple partner practice.</p> <p>Breach not corrected</p> <p>Significant work completed while in breach.</p> <p>Risk of harm.</p> <p>Vulnerable client/abuse of position.</p> <p>Failure to make client aware of the risks.</p> <p>Failure to pass on risk warnings in product literature.</p> <p>Failure to document/record justification for advice/recommendation.</p>	<p>Immediate action taken once became aware of the breach.</p> <p>Steps taken to improve office procedures.</p> <p>Up to date regulatory or monitoring information suggesting issues have been addressed.</p>

Allegation	Starting Point	Aggravation	Mitigation
ii. Less serious	Reprimand and a category F financial penalty and/or order for remedial training	<p>Multiple partner practice.</p> <p>Breach not corrected.</p> <p>Significant work completed while in breach.</p> <p>Risk of harm.</p> <p>Vulnerable client/abuse of position.</p> <p>Failure to make client aware of the risks.</p> <p>Failure to pass on risk warnings in product literature.</p> <p>Failure to document/record justification for advice/recommendation.</p>	<p>Immediate action taken once became aware of the breach.</p> <p>Steps taken to improve office procedures.</p> <p>Up to date regulatory or monitoring information suggesting issues have been addressed.</p>
c. Charging excessive fees or commission			
. Very serious	Severe reprimand and a category D financial penalty and/or order for remedial training. Consider order of waiver or return of related remuneration or commission	<p>Multiple partner practice.</p> <p>Vulnerable client/abuse of position.</p> <p>Significant volume of transactions.</p>	<p>Return of commission.</p> <p>Steps taken to improve office procedures.</p>
i. Serious	Severe reprimand and a category E financial penalty and/or order for remedial training. Consider order of waiver or return of related remuneration or commission	<p>Multiple partner practice.</p> <p>Vulnerable client/abuse of position.</p> <p>Significant volume of transactions.</p>	<p>Return of commission.</p> <p>Steps taken to improve office procedures</p>

Allegation	Starting Point	Aggravation	Mitigation
ii. Less serious	Reprimand and a category F financial penalty and/or order for remedial training. Consider order of waiver or return of related remuneration or commission	Multiple partner practice. Vulnerable client/abuse of position. Significant volume of transactions.	Return of commission. Steps taken to improve office procedures.
d. Failing to properly account for commission received			
. Very Serious	Severe reprimand and a category C financial penalty and/or order for remedial training. Consider order of waiver or return of related remuneration or commission.	Multiple partner practice. Vulnerable client/abuse of position. Significant volume of transactions.	Return of commission. Steps taken to improve office procedures
i. Serious	Severe reprimand and a category D financial penalty and/or order for remedial training. Consider order of waiver or return of related remuneration or commission.	Multiple partner practice. Vulnerable client/abuse of position. Significant volume of transactions.	Return of commission. Steps taken to improve office procedures
ii. Less serious	Reprimand and a category E financial penalty and/or order for remedial training. Consider order of waiver or return of related remuneration or commission.	Multiple partner practice. Vulnerable client/abuse of position. Significant volume of transactions.	Return of commission. Steps taken to improve office procedures
e. Quality of Investment Advice			

Allegation	Starting Point	Aggravation	Mitigation
<p>. Advice that is seriously defective (if the required expertise was absent the allegation should be considered under section 9mcompetence)</p> <p><i>This will generally mean where little or no assurance work was performed and/or the assurance work related to a fundamental or highly significant area and / or where insufficient enquiries were completed</i></p>	<p>Severe reprimand and a category D financial penalty and/or order for remedial training. Consider order of waiver or return of related remuneration or commission</p>	<p>Multiple partner practice.</p> <p>Failure to make clients aware of the risks.</p> <p>Failure to pass on risk warnings in product literature.</p> <p>Failure to document/record justification for advice/recommendation.</p> <p>High value of commission earned.</p> <p>Significant volume of transactions.</p>	<p>Steps taken to correct the advice / impact of the advice.</p> <p>Steps taken to tighten up/improve office procedures.</p>
<p>. Less seriously defective advice</p> <p><i>This will generally mean where the defectiveness of the assurance work was of a more technical nature and/or related to less significant areas.</i></p>	<p>Reprimand and a category E financial penalty and/or order for remedial training Consider order of waiver or return of related remuneration or commission</p>	<p>Multiple partner practice.</p> <p>Failure to make clients aware of the risks.</p> <p>Failure to pass on risk warnings in product literature.</p> <p>Failure to document/record justification for advice/recommendation.</p> <p>High value of commission earned.</p>	<p>Steps taken to correct the advice/impact of the advice.</p> <p>Steps taken to tighten up/improve office procedures.</p>
f .Delay in providing advice			
<p>. Very serious</p>	<p>Severe reprimand and a category D financial penalty and/or order for remedial training. Consider return of fees and/or cost of rectification.</p>	<p>Multiple instances or client.</p>	<p>Immediate action taken once became aware of the breach.</p>

Allegation	Starting Point	Aggravation	Mitigation
i. Less serious	Reprimand and a category E financial penalty and/or order for remedial training. Consider return of fees and/or cost of rectification.	Multiple instances or client.	Immediate action taken once became aware of the breach.
g. Failure by firm to investigate allegation concerning investment business or credit related activities			
	Severe reprimand and a category D financial penalty. Consider order of waiver or return of related remuneration or commission	Multiple partner practice. Number of clients affected.	

6. LEGAL SERVICES

Allegation	Starting Point	Aggravation	Mitigation
a. Carrying out probate work without authorisation under the Probate Regulations			
	Exclusion and a category C financial penalty	Multiple instances. Breach of more than a year. Conduct was dishonest, reckless or intentional. Multiple partner practice. Concealment of wrongdoing. Vulnerable client/abuse of position. Post-dates issuance of ICAEW regulatory guidance.	Immediate action taken once became aware of the breach. Up to date regulatory or monitoring information suggesting issues have been addressed. Pre-dates issuance of ICAEW regulatory guidance.
b. Failure by the accredited probate firm to ensure that individuals conducting or controlling the conduct of probate work are Authorised Individuals under the Probate Regulations			

Allegation	Starting Point	Aggravation	Mitigation
	Severe reprimand and a category D financial penalty per non-authorized individual or 1.5x probate fee (whichever is greater). Consider withdrawal of accreditation	Multiple instances. Breach of more than a year. Conduct was dishonest, reckless or intentional. Multiple partner practice. Concealment of wrongdoing. Vulnerable client/abuse of position. Post-dates issuance of ICAEW regulatory guidance.	Immediate action taken once became aware of the breach. Up to date regulatory or monitoring information suggesting issues have been addressed. Pre-dates issuance of ICAEW regulatory guidance.
c. Failure by a licensed probate firm to ensure that it has at all times a Head of Legal Practice and a Head of Finance and Administration who are approved in that capacity by ICAEW			
	Severe reprimand and a category D financial penalty (consider withdrawal of accreditation)	Breach of more than a year. Wilful failure. Significant work completed while in breach. Multiple partner practice.	Immediate action taken once became aware of the breach. Short period of breach. Minimal work completed while in breach.
d. Failure by a licensed probate firm to ensure that at all times any non-authorized persons holding material interests in the firm are approved in that capacity by ICAEW			
	Severe reprimand and a category D financial penalty (consider withdrawal of accreditation)	Breach of more than a year. Wilful failure. Significant work completed while in breach. Multiple partner practice.	Immediate action taken once became aware of the breach. Short period of breach. Minimal work completed while in breach.

Allegation	Starting Point	Aggravation	Mitigation
e. Breach by the Head of Legal Practice or Head of Finance and Administration of their duties under the Probate Regulations and the Legal Services Act 2007			
ii. Very serious non-compliance with the requirements	Disqualification and a category D financial penalty and/or order for remedial training (if not disqualified)	Breach of more than a year. Wilful failure. Significant work completed while in breach. Multiple partner practice.	Immediate action taken once became aware of the breach. Short period of breach. Minimal work completed while in breach.
i. Serious non-compliance with the requirements	Severe reprimand and a category E financial penalty and/or order for remedial training	Breach of more than a year. Wilful failure. Significant work completed while in breach. Multiple partner practice	Immediate action taken once became aware of the breach. Short period of breach. Minimal work completed while in breach.
iii. Less serious non-compliance with the requirements	Reprimand and a category F financial penalty and/or order for remedial training	Breach of more than a year. Wilful failure. Significant work completed while in breach. Multiple partner practice	Immediate action taken once became aware of the breach. Short period of breach. Minimal work completed while in breach.
f. Failure by the Accredited Probate firm to comply with the requirements of the Probate Regulations			
ii. Very serious non-compliance with the requirements	Severe reprimand and a category D financial penalty and/or order for remedial training . Consider order of waiver or return of related remuneration or commission.	Breach of more than a year. Wilful failure. Significant work completed while in breach. Multiple partner practice.	Immediate action taken once became aware of the breach. Short period of breach. Minimal work completed while in breach.

Allegation	Starting Point	Aggravation	Mitigation
ii. Serious non-compliance with the requirements	Severe reprimand and a category D financial penalty and/or order for remedial training. Consider order of waiver or return of related remuneration or commission.	Breach of more than a year. Wilful failure. Significant work completed while in breach. Multiple partner practice.	Immediate action taken once became aware of the breach. Short period of breach. Minimal work completed while in breach.
iii. Less serious non-compliance with the requirements	Reprimand and a category E financial penalty and/or order for remedial training. Consider order of waiver or return of related remuneration or commission.	Breach of more than a year. Wilful failure. Significant work completed while in breach. Multiple partner practice.	Immediate action taken once became aware of the breach. Short period of breach. Minimal work completed while in breach.
g. Probate work of a defective nature			
. Work of a seriously defective nature <i>This will generally mean where little or no probate work was performed and/or the probate work related to a fundamental or highly significant area or where there were errors that were either significant in number or magnitude.</i>	Severe reprimand and a category D financial penalty and/or order for remedial training Consider order of return of fees.	Nature of inefficient or incompetent work. Effect on client, e.g., subject to penalties. Acted to cover up failings. Extended period of failure. Vulnerable client/abuse of position.	Immediate corrective action taken once aware. Frustrated in correcting the breach.

Allegation	Starting Point	Aggravation	Mitigation
ii. Work of a less seriously defective nature <i>This will generally mean where the defectiveness of the probate work was of a more technical nature and/or related to less significant areas.</i>	Reprimand and a category F financial penalty and/or order for remedial training	Nature of inefficient or incompetent work. Effect on client, e.g., subject to penalties. Acted to cover up failings. Extended period of failure. Vulnerable client/abuse of position.	Immediate corrective action taken once aware. Frustrated in correcting the breach.
n. Breach of an undertaking			
. Very serious	Firm Severe reprimand and a category C financial penalty Individual Exclusion and a category C financial penalty	Multiple partner practice. Concealment of wrongdoing.	Action now taken to ensure that the firm is no longer in breach. Up to date regulatory or monitoring information suggesting issues have been addressed.
i. Serious	Firm Severe reprimand and a category C financial penalty Individual Severe reprimand and a category D financial penalty	Multiple partner practice. Concealment of wrongdoing.	Action now taken to ensure that the firm is no longer in breach. Up to date regulatory or monitoring information suggesting issues have been addressed.

Allegation	Starting Point	Aggravation	Mitigation
ii. Less serious	<p>Firm Reprimand and a category E financial penalty</p> <p>Individual Reprimand and a category E financial penalty</p>	<p>Multiple partner practice.</p> <p>Concealment of wrongdoing.</p>	<p>Action now taken to ensure that the firm is no longer in breach.</p> <p>Up to date regulatory or monitoring information suggesting issues have been addressed.</p>
i. Drawing unauthorised remuneration			
.Not subsequently authorised	Exclusion and a category C financial penalty	<p>Breach of more than a year.</p> <p>Multiple partner practice.</p>	<p>Action now taken to ensure that the firm is no longer in breach.</p> <p>Loss reimbursed.</p>
j. Engaging in the administration of Oaths without authorisation			
	Reprimand and a category E financial penalty and/or order for remedial training	<p>Deliberate act for personal gain.</p> <p>Has been on notice and failed to rectify.</p> <p>Multiple clients or instances.</p> <p>Wilful failure.</p> <p>Misrepresenting position to clients</p>	<p>Sought professional advice or clarification.</p> <p>Inadvertent Breach.</p>
k. Conducting the administration of Oaths incorrectly/incompetently			

Allegation	Starting Point	Aggravation	Mitigation
	Severe reprimand and a category D financial penalty	Deliberate act for personal gain. Has been on notice and failed to rectify. Multiple clients or instances. Wilful failure. Misrepresenting position to clients.	Sought professional advice or clarification. Inadvertent Breach.
I. Offering or advertising the administration of Oaths without authorisation			
	Severe reprimand and a category D financial penalty	Deliberate act for personal gain. Has been on notice and failed to rectify. Multiple clients or instances. Wilful failure. Misrepresenting position to clients.	Sought professional advice or clarification. Inadvertent Breach.
m. Failure to meet conditions of exemption (Schedule 3 Legal Services Act 2007)			
	Severe reprimand and a category D financial penalty	Deliberate act for personal gain. Has been on notice and failed to rectify. Multiple clients or instances. Wilful failure. Misrepresenting position to clients.	Sought professional advice or clarification. Inadvertent Breach.
Estate administration (Not a reserved legal activity under the Legal Services Act)			
a. Failings/errors in administering the estate			

Allegation	Starting Point	Aggravation	Mitigation
<p>h. Work of a seriously defective nature</p> <p><i>This will generally mean where little or no probate work was performed and/or the probate work related to a fundamental or highly significant area or where there were errors that were either significant in number or magnitude.</i></p>	<p>Severe reprimand and a category D financial penalty and/or order for remedial training. Consider order of waiver or return of related remuneration or commission or rectification costs</p>	<p>Multiple instances of failing.</p> <p>Nature of inefficient or incompetent work.</p> <p>Effect on client, e.g., subject to penalties, loss of business opportunity.</p> <p>Acted to cover up failings.</p> <p>Extended period of failure.</p> <p>Vulnerable client/abuse of position.</p>	<p>Immediate corrective action taken once aware.</p> <p>Frustrated in correcting the breach.</p> <p>Files lost through natural catastrophe, e.g., fire, flood.</p>
<p>i. Work of a less seriously defective nature</p> <p><i>This will generally mean where the defectiveness of the probate work was of a more technical nature and/or related to less significant areas.</i></p>	<p>Reprimand and a category E financial penalty and/or order for remedial training. Consider order of waiver or return of related remuneration or commission or rectification costs</p>	<p>Multiple instances of failing.</p> <p>Nature of inefficient or incompetent work.</p> <p>Effect on client, e.g., subject to penalties, loss of business opportunity.</p> <p>Acted to cover up failings.</p> <p>Extended period of failure.</p> <p>Vulnerable client/abuse of position.</p>	<p>Immediate corrective action taken once aware.</p> <p>Frustrated in correcting the breach.</p> <p>Files lost through natural catastrophe, e.g., fire, flood.</p>
<p>b. Delays in progressing the administration of the estate</p>			

Allegation	Starting Point	Aggravation	Mitigation
i. Serious	Severe reprimand and a category D financial penalty and/or order for remedial training. Consider order of waiver or return of related remuneration or commission.	Multiple partner practice. Delays are as a result of attempts to conceal wrongdoing. Vulnerable client/abuse of position.	Immediate action taken once became aware of the breach. Up to date regulatory or monitoring information suggesting issues have been addressed.
ii. Less serious	Reprimand and a category E financial penalty and/or order for remedial training Consider order of waiver or return of related remuneration or commission.	Multiple partner practice. Delays are as a result of attempts to conceal wrongdoing. Vulnerable client/abuse of position.	Immediate action taken once became aware of the breach. Up to date regulatory or monitoring information suggesting issues have been addressed.

6. GENERAL ACCOUNTANCY FAILINGS

Allegation	Starting Point	Aggravation	Mitigation
a. Poor work on accounts			
<p>. Work that is seriously poor (if the required expertise was absent the allegation should be considered under section 2(e) Failure to comply with the Fundamental Principle of Professional Competence and Due Care)</p> <p><i>This will generally mean where little or no accountancy work was performed and/or where insufficient enquiries were completed or where there were errors that were either significant in number or magnitude.</i></p>	<p>Severe reprimand and a category D financial penalty and/or order for remedial training. Consider return of fees and/or cost of rectification.</p>	<p>High level of public attention and/or high public interest.</p> <p>Acted to cover up failings.</p> <p>Member responsible for bookkeeping.</p>	<p>Immediate corrective action taken once aware.</p> <p>Frustrated in correcting the breach.</p> <p>Client unhelpful in providing records or information; gave misleading information.</p>
<p>i. Less poor work</p> <p><i>This will generally mean where the defectiveness of the accountancy work was of a more technical nature and/or related to less significant areas.</i></p>	<p>Reprimand and a category E financial penalty and/or order for remedial training. Consider return of fees and/or cost of rectification</p>	<p>High level of public attention and/or high public interest.</p> <p>Acted to cover up failing.</p> <p>Member responsible for bookkeeping.</p>	<p>Immediate corrective action taken once aware.</p> <p>Frustrated in correcting the breach.</p> <p>Client unhelpful in providing records or information; gave misleading information.</p>
b. Accounts not in correct statutory format			
<p>. Work that is seriously defective (if the required expertise was absent the allegation should be considered under section 2(e) Failure to comply with the</p>	<p>Severe reprimand and a category D financial penalty and/or order for remedial training. Consider return of fees and/or cost of rectification</p>	<p>High level of public attention and/or high public interest.</p> <p>Acted to cover up failing.</p>	<p>Immediate corrective action taken once aware.</p> <p>Frustrated in correcting the breach.</p>

Allegation	Starting Point	Aggravation	Mitigation
<p>Fundamental Principle of Professional Competence and Due Care</p> <p><i>This will generally mean where little or no consideration was given to format of the accounts and/or where insufficient enquiries were completed or where there were errors that were either significant in number or magnitude.</i></p>		Member responsible for bookkeeping.	Client unhelpful in providing records or information; gave misleading information.
<p>i. Less defective work</p> <p><i>This will generally mean where the errors in the format of the accounts was of a more technical nature or where incorrect information was provided to the member / firm.</i></p>	Reprimand and a category E financial penalty and/or order for remedial training. Consider return of fees and/or cost of rectification	<p>High level of public attention and/or high public interest.</p> <p>Acted to cover up failing.</p> <p>Member responsible for bookkeeping.</p>	<p>Immediate corrective action taken once aware.</p> <p>Frustrated in correcting the breach.</p> <p>Client unhelpful in providing records or information; gave misleading information.</p>
c. General neglect of client affairs			
<p>ii. Very serious</p>	Severe reprimand and a category D financial penalty per client or instance. Consider return of fees and/or cost of rectification.	<p>Acted to cover up failings.</p> <p>Information still outstanding.</p> <p>Multiple instances/clients.</p> <p>Multiple partner practice.</p>	Immediate corrective action taken once aware.
<p>i. Serious</p>	Severe reprimand and a category E financial penalty per client or instance. Consider return of fees and/or cost of rectification.	<p>Acted to cover up failing.</p> <p>Information still outstanding.</p> <p>Multiple instances/clients.</p> <p>Multiple partner practice.</p>	Immediate corrective action taken once aware.

Allegation	Starting Point	Aggravation	Mitigation
ii. Less serious	Reprimand and a category F financial penalty per client or instance. Consider return of fees and/or cost of rectification.	Acted to cover up failing. Information still outstanding. Multiple instances/clients. Multiple partner practice.	Immediate corrective action taken once aware.
d. Lack of attention or delays in dealing with client affairs			
i. Long delays or serious lack of attention	Severe reprimand and a category D financial penalty and/or order for remedial training. Consider return of fees	Multiple instances/clients. Multiple partner practice.	Immediate action taken once became aware of the breach.
ii. Shorter delays or less serious lack of attention	Reprimand and a category E financial penalty and/or order for remedial training. Consider return of fees	Multiple instances/clients. Multiple partner practice.	Immediate corrective action taken once aware.
e. Poor Tax work (compliance or advice)			
i. Work that is seriously poor (if the required expertise was absent the allegation should be considered under section 2(e) Failure to comply with the Fundamental Principle of Professional Competence and Due Care) <i>This will generally mean where little or no tax work was performed and/or the tax work related to a fundamental or highly significant area and / or where insufficient enquiries were completed or</i>	Severe reprimand and a category D financial penalty and/or order for remedial training. Consider return of fees	High level of public attention and/or high public interest. Collusion to cover up failings. Impact on client's compliance obligations.	Immediate corrective action taken once aware. Frustrated in correcting the breach. Client unhelpful in providing records or information; gave misleading information.

Allegation	Starting Point	Aggravation	Mitigation
<i>where there were errors that were either significant in number or magnitude.</i>			
ii. Less poor work <i>This will generally mean where the defectiveness of the tax work was of a more technical nature and/or related to less significant areas.</i>	Reprimand and a category E financial penalty and/or order for remedial training. Consider return of fees	High level of public attention and/or high public interest. Collusion to cover up failings. Impact on client's compliance obligations.	Immediate corrective action taken once aware. Frustrated in correcting the breach. Client unhelpful in providing records or information; gave misleading information.
Professional Conduct in Relation to Taxation			
f. Breach of Standard on 'Advising on Tax Planning Arrangements'			
	Exclusion and a category A financial penalty for each standard breached and/or order for remedial training	Deliberate or reckless disregard for tax planning standards. Misrepresentation of tax planning strategies to clients. Took advice and chose not to apply it. Number of clients affected. Member is on the promoters of tax avoidance schemes list. Non-compliance resulted in legal or regulatory action against the firm or member.	Immediate corrective actions taken upon discovery. Evidence of efforts to improve compliance and understanding of the standards, e.g. training or new systems to mitigate future recurrence.

Allegation	Starting Point	Aggravation	Mitigation
		<p>Non-cooperation with HMRC.</p> <p>Related to members own tax arrangements.</p>	
g. Breach of Standard on ‘Lawful’, and ‘Disclosure and Transparency’			
	<p>Severe reprimand and a category C financial penalty for each standard breached and/or order for remedial training</p>	<p>Deliberate or reckless disregard for tax planning standards.</p> <p>Misrepresentation of tax planning strategies to clients.</p> <p>Took advice and chose not to apply it.</p> <p>Number of clients affected.</p> <p>Member is on the promoters of tax avoidance schemes list.</p> <p>Non-compliance resulted in legal or regulatory action against the firm or member.</p> <p>Non-cooperation with HMRC.</p> <p>Related to members own tax arrangements.</p>	<p>Immediate corrective actions taken upon discovery.</p> <p>Evidence of efforts to improve compliance and understanding of the standards, e.g. training or new systems to mitigate future recurrence.</p>
h. Breach of Standard on ‘Client Specific’ and ‘Professional judgement and appropriate documentation’			
	<p>Reprimand and a category E financial penalty and/or order for remedial training</p>	<p>Deliberate or reckless disregard for tax planning standards.</p> <p>Misrepresentation of tax planning strategies to clients.</p> <p>Took advice and chose not to apply it.</p> <p>Number of clients affected.</p>	<p>Immediate corrective actions taken upon discovery.</p> <p>Evidence of efforts to improve compliance and understanding of the standards, e.g. training or new systems to mitigate future recurrence.</p>

Allegation	Starting Point	Aggravation	Mitigation
		<p>Member is on the promoters of tax avoidance schemes list.</p> <p>Non-compliance resulted in legal or regulatory action against the firm or member.</p> <p>Non-cooperation with HMRC.</p> <p>Related to members own tax arrangements.</p>	
i. Failure by member to maintain own personal tax affairs			
i. Very serious	Severe reprimand and a category C financial penalty and/or order for remedial training.	<p>Large amounts of tax unpaid or incorrect tax filings significantly affecting the member's financial position.</p> <p>Intentional misreporting or concealment of tax liabilities.</p> <p>Failure to respond to tax authority inquiries or notices.</p>	Immediate steps taken to rectify the tax affairs upon discovery.
ii. Serious	Severe reprimand and a category D financial penalty and/or order for remedial training.	<p>Large amounts of tax unpaid or incorrect tax filings significantly affecting the member's financial position.</p> <p>Intentional misreporting or concealment of tax liabilities.</p> <p>Failure to respond to tax authority inquiries or notices.</p>	Immediate steps taken to rectify the tax affairs upon discovery.

Allegation	Starting Point	Aggravation	Mitigation
iii. Less serious	Reprimand and a category E financial penalty and/or order for remedial training.	Large amounts of tax unpaid or incorrect tax filings significantly affecting the member's financial position. Failure to respond to tax authority inquiries or notices.	Immediate steps taken to rectify the tax affairs upon discovery.
j. Failure to File Own Tax Returns			
i. Very serious	Severe reprimand and a category C financial penalty	Large amounts of tax unpaid or incorrect tax filings significantly affecting the member's financial position. Intentional misreporting or concealment of tax liabilities. Failure to respond to tax authority inquiries or notices.	Immediate steps taken to rectify the tax affairs upon discovery.
ii. Serious	Severe reprimand and a category D financial penalty	Large amounts of tax unpaid or incorrect tax filings significantly affecting the member's financial position. Intentional misreporting or concealment of tax liabilities. Failure to respond to tax authority inquiries or notices.	Immediate steps taken to rectify the tax affairs upon discovery.

Allegation	Starting Point	Aggravation	Mitigation
iii. Less serious	Reprimand and a category E financial penalty	Large amounts of tax unpaid or incorrect tax filings significantly affecting the member's financial position. Failure to respond to tax authority inquiries or notices.	Immediate steps taken to rectify the tax affairs upon discovery.
k. . Incorrect filing of Own Tax Returns			
i. Very Serious	Severe reprimand and a category D financial penalty and/or order for remedial training.	Large amounts of tax unpaid or incorrect tax filings significantly affecting the member's financial position. Intentional misreporting or concealment of tax liabilities. Failure to respond to tax authority inquiries or notices.	Immediate steps taken to rectify the tax affairs upon discovery.
ii. Serious	Severe reprimand and a category E financial penalty and/or order for remedial training	Large amounts of tax unpaid or incorrect tax filings significantly affecting the member's financial position. Intentional misreporting or concealment of tax liabilities. Failure to respond to tax authority inquiries or notices.	Immediate steps taken to rectify the tax affairs upon discovery.

7. OTHER REGULATORY AND COMPLIANCE ISSUES

Allegation	Starting Point	Aggravation	Mitigation
a. Failure to notify ICAEW of a change as required by regulations			
	Reprimand and a category F financial penalty for each failing	<p>Wilful failure.</p> <p>Multiple partner practice.</p> <p>On notice of the requirement but failed to take action.</p> <p>Breach not corrected or slow to correct breach.</p>	<p>Immediate action taken once became aware of the breach.</p> <p>Genuine oversight or administrative error rather than intentional non-compliance.</p> <p>Relied on someone else to notify of changes and/or deal with compliance matters¹</p>
b. Failure to obtain affiliate status when required by regulations			
	Reprimand and a category E financial penalty and fees saved and/or order for remedial training	<p>Wilful failure.</p> <p>Multiple partner practice.</p> <p>On notice of the requirement but failed to take action.</p> <p>Breach not corrected or slow to correct breach.</p>	<p>Immediate action taken once became aware of the breach.</p> <p>Genuine oversight or administrative error rather than intentional non-compliance.</p> <p>Relied on someone else to notify of changes and/or deal with compliance matters.</p>
c. Use of the description 'Chartered Accountants' when not eligible to do so			

¹ It will be a matter for the committee as to whether the reliance was appropriate in the particular circumstances of the case

Allegation	Starting Point	Aggravation	Mitigation
	Reprimand and a category F financial penalty and fees saved	Wilful failure. Multiple partner practice. On notice of the requirement but failed to take action. Breach not corrected or slow to correct breach.	Immediate action taken once became aware of the breach. Genuine oversight or administrative error rather than intentional non-compliance. Relied on someone else to notify of changes and/or deal with compliance matters.
d. Breach of the eligibility requirements for registration			
	Reprimand and a category E financial penalty and fees saved	Wilful failure. Multiple partner practice. On notice of the requirement but failed to take action Breach not corrected or slow to correct breach.	Immediate action taken once became aware of the breach. Genuine oversight or administrative error rather than intentional non-compliance. Relied on someone else to notify of changes and/or deal with compliance matters.
e. Failure to submit or significant delay in submitting an annual return to ICAEW			
	Severe reprimand and a category E financial penalty per annual return	Wilful failure. On notice of the requirement but failed to take action. Breach not corrected or slow to correct the breach.	Immediate action taken once became aware of the breach. Genuine oversight or administrative error rather than intentional non-compliance. Relied on someone else to deal with compliance matters.
f. Inaccurate annual return submitted to ICAEW (significant error or multiple errors)			

Allegation	Starting Point	Aggravation	Mitigation
	Reprimand and a category E financial penalty	<p>Wilful failure.</p> <p>On notice of the requirement but failed to take action.</p> <p>Breach not corrected or slow to correct the breach.</p>	<p>Immediate action taken once became aware of the breach.</p> <p>Genuine oversight or administrative error rather than intentional non-compliance.</p> <p>Relied on someone else to deal with compliance matters.</p>
g. Failure to carry out and/or complete a compliance review			
	Severe reprimand and a category E financial penalty and/or order for remedial training	<p>Prolonged or repeated failure to conduct the compliance review.</p> <p>Wilful disregard of the compliance review requirement.</p> <p>Significant risk or harm caused to clients, third parties, or the public due to the failure.</p> <p>Multiple compliance areas left unchecked, especially in larger organisations.</p> <p>Previous history of regulatory non-compliance or breaches. Refusal to engage with the ICAEW or take corrective action when notified.</p>	<p>Immediate action taken to complete the compliance review once the failure was identified.</p> <p>Failure due to unforeseen circumstances (e.g., illness, staff shortages, or external factors).</p> <p>Demonstrated intent to implement corrective measures for future compliance.</p> <p>Delay as a result of the compliance reviewer.</p>
h. Refusing to accept a visit from QAD			

Allegation	Starting Point	Aggravation	Mitigation
	<p>Firm Severe Reprimand and a category A financial penalty</p> <p>Individual Exclusion and a category B financial penalty</p>	Behaviour which has frustrated the regulatory oversight process.	
i. Failure to cooperate following a QAD visit, including failure to respond to correspondence			
	<p>Firm Severe Reprimand and a category B financial penalty</p> <p>Individual Exclusion and a category C financial penalty</p>	<p>Deliberate or wilful refusal to cooperate or respond.</p> <p>Prolonged or repeated failure to engage with the QAD or the Conduct Department.</p> <p>Behaviour which has frustrated the regulatory oversight process.</p> <p>Attempts to obstruct or evade further regulatory scrutiny.</p>	Relied on someone else to deal with compliance matters.

8. BREACH OF ICAEW BYE-LAWS AND/OR REGULATIONS

Allegation	Starting Point	Aggravation	Mitigation
a. Engaging in public practice without a practising certificate (Principal Bye-law 51a)			
. Very serious	Exclusion and a category D financial penalty and fees saved	On notice of the requirement but failed to take action. Period of time in excess of a year. Breach not corrected or slow to correct the breach. High risk work, e.g. client profile, type of work or volume of work undertaken. Misrepresentation to client.	Breach rectified as soon as the allegation was brought to their attention. Low risk work, e.g. client profile, type of work or volume of work undertaken. Sole practitioner.
i. Serious	Severe reprimand and a category E financial penalty and fees saved	On notice of the requirement but failed to take action. Period of time in excess of a year. Breach not corrected or slow to correct the breach. High risk work, e.g. client profile, type of work or volume of work undertaken. Misrepresentation to client.	Breach rectified as soon as the allegation was brought to their attention. Low risk work, e.g. client profile, type of work or volume of work undertaken. Sole practitioner.

Allegation	Starting Point	Aggravation	Mitigation
ii. Less serious	Reprimand and a category F financial penalty and fees saved	<p>Period of time in excess of a year.</p> <p>Breach not corrected or slow to correct the breach.</p> <p>High risk work, e.g. client profile, type of work or volume of work undertaken.</p> <p>Misrepresentation to client.</p>	<p>Breach rectified as soon as the allegation was brought to their attention.</p> <p>Low risk work, e.g. client profile, type of work or volume of work undertaken.</p> <p>Sole practitioner.</p>
b. Engaging in public practice in the UK without holding qualifying PII (3.1 of the PII regulations)			
. Very serious	Exclusion and a category D financial penalty	<p>On notice of the requirement but failed to take action.</p> <p>Multi-partner practice.</p> <p>Breach not corrected or slow to correct the breach.</p> <p>High risk work, e.g. client profile, type of work or volume of work undertaken.</p>	<p>Breach rectified as soon as it was brought to their attention.</p> <p>Low risk work, e.g. client profile, type of work or volume of work undertaken.</p>
i. Serious	Severe reprimand and a category E financial penalty	<p>On notice of the requirement but failed to take action.</p> <p>Multi-partner practice.</p> <p>Breach not corrected or slow to correct the breach.</p> <p>High risk work, e.g. client profile, type of work or volume of work undertaken.</p>	<p>Breach rectified as soon as it was brought to their attention.</p> <p>Low risk work, e.g. client profile, type of work or volume of work undertaken.</p>

Allegation	Starting Point	Aggravation	Mitigation
ii. Less serious	Reprimand and a category F financial penalty	Multi-partner practice. Breach not corrected or slow to correct the breach. High risk work, e.g. client profile, type of work or volume of work undertaken.	Breach rectified as soon as it was brought to their attention. Low risk work, e.g. client profile, type of work or volume of work undertaken.
c. Engaging in public practice in the UK without sufficient PII			
. Very serious	Severe reprimand and a category D financial penalty	On notice of the requirement but failed to take action. Multi-partner practice. Breach not corrected or slow to correct the breach. High risk work, e.g. client profile, type of work or volume of work undertaken.	Period of time less than a year. Breach rectified as soon as it was brought to their attention. Low risk work, e.g. client profile, type of work or volume of work undertaken.
i. Serious	Reprimand and a category E financial penalty	On notice of the requirement but failed to take action. Multi-partner practice. Breach not corrected or slow to correct the breach. High risk work, e.g. client profile, type of work or volume of work undertaken.	Period of time less than a year. Breach rectified as soon as it was brought to their attention. Low risk work, e.g. client profile, type of work or volume of work undertaken.

Allegation	Starting Point	Aggravation	Mitigation
ii. Less serious	Reprimand and a category F financial penalty	Multi-partner practice Breach not corrected or slow to correct the breach. High risk work, e.g. client profile, type of work or volume of work undertaken.	Period of time less than a year. Breach rectified as soon as it was brought to their attention. Low risk work, e.g. client profile, type of work or volume of work undertaken.
d. Failure to notify new clients of the name of the principal to whom a complaint should be made and of their right to complain to ICAEW (ICAEW (IDR 8.1))			
	Reprimand and a category F financial penalty	Member informed of requirement by ICAEW and continued to fail to comply. Wilful refusal to follow professional obligations. Evidence of multiple clients being affected by the failure to notify.	All clients have now been notified of the complaint's procedure. Genuine oversight or administrative error rather than intentional non-compliance. No client complaints or harm caused as a result of the breach.
Continuing Professional Development (CPD)			
e. Failure by firm to provide an undertaking pursuant to CPD Regulation 21 (c)			

Allegation	Starting Point	Aggravation	Mitigation
	Severe Reprimand and a category B fine	Deliberate refusal to provide an undertaking. Extended delays or repeated non-compliance. Evidence of none or limited CPD activity being undertaken at all. Disregard for the importance of CPD in maintaining professional standards. Multiple partner practice or multi principal firm. Second breach within five CPD years.	Steps taken to put matters right. Firm had appropriate procedures in place which have been ignored. Evidence of CPD completion but delay in submission.
f. Failure by firm to make available to QAD on request their records for CPD carried out by their members and/or relevant persons – CPD Regulation 24			
	Severe reprimand and a category B financial penalty	No evidence that the firm has made efforts to monitor or encourage staff to complete CPD. Extended delays or repeated non-compliance. Wilful failure. Disregard for the importance of CPD in maintaining professional standards.	Evidence to suggest firm has encouraged staff to complete CPD. Partial records provided. Steps taken to put matters right. Firm had appropriate procedures in place which have been ignored.
g. Failure by member to provide an undertaking to PAC within 14 days of it being requested – CPD Regulation 15 (c)			
	Severe Reprimand and a category E financial penalty	Previously failed to comply with an undertaking.	
h. Failure to comply with undertaking previously provided to either QAD or PAC in relation to the CPD requirements			

Allegation	Starting Point	Aggravation	Mitigation
	<p>Firm Severe reprimand and a category B financial penalty</p> <p>Individual Severe reprimand and a category E financial penalty</p>	Previously failed to comply with an undertaking.	
i. Repeat non-compliance with CPD requirements within five years			
	<p>Firm Severe Reprimand and a category B financial penalty</p> <p>Individual Severe reprimand and a category D financial penalty</p>	<p>Evidence of none or limited CPD activity being undertaken at all.</p> <p>Disregard for the importance of CPD in maintaining professional standards.</p> <p>Wilful failure.</p>	<p>Evidence of partial compliance with CPD requirements.</p> <p>Member has encountered a genuine difficulty in completing their CPD.</p>

9. FAILURE TO COMPLY WITH A DECISION OR ORDER OF AN ICAEW PROFESSIONAL STANDARDS COMMITTEE

Allegation	Starting Point	Aggravation	Mitigation
a. Failure to take advice or complete required training			
i. Complete failure to comply	Exclusion and a category C financial penalty <u>(Note: If compliance happens once a Tribunal Hearing/Conduct Committee Meeting has been scheduled, then the starting point can be reduced to a severe reprimand)</u>	Breach is still unresolved. Significant time or opportunities to resolve.	Member is frustrated in complying by matters beyond their control.
i. Partial compliance	Severe reprimand and a category D financial penalty and an order for full compliance within a set period	Breach is still unresolved. Significant time or opportunities to resolve.	Member is frustrated in complying by matters beyond their control.
ii. Full compliance but not within the time frame	Reprimand and a category E financial penalty	Significant time or opportunities to resolve within the relevant time frame.	Member is frustrated in complying by matters beyond their control.
b. Failure to comply with an order made for waiver or repayment of fees			
i. Complete failure to comply	Exclusion and a category C financial penalty <u>(Note: If compliance happens once a Tribunal Hearing/Conduct Committee Meeting has been scheduled, then the starting point can be reduced to a severe reprimand)</u>	Breach is still unresolved. Significant time or opportunities to resolve.	Member is frustrated in complying by matters beyond their control.

Allegation	Starting Point	Aggravation	Mitigation
i. Partial compliance	Severe reprimand and a category D financial penalty and an order for full compliance within a set period	Breach is still unresolved. Significant time or opportunities to resolve.	Member is frustrated in complying by matters beyond their control.
ii. Full compliance but not within the time frame	Reprimand and a category E financial penalty	Significant time or opportunities to resolve.	Member is frustrated in complying by matters beyond their control.
c. Failure to comply with a remedial order			
. Complete failure to comply	Exclusion and a category C financial penalty <u>(Note: If compliance happens once a Tribunal Hearing/Conduct Committee Meeting has been scheduled, then the starting point can be reduced to a severe reprimand)</u>	Breach is still unresolved. Significant time or opportunities to resolve.	Member is frustrated in complying by matters beyond their control.
i. Partial compliance	Severe reprimand and a category D financial penalty and an order for full compliance within a set period	Breach is still unresolved. Significant time or opportunities to resolve.	Member is frustrated in complying by matters beyond their control.
ii. Full compliance but not within the time frame	Reprimand and a category E financial penalty	Significant time or opportunities to resolve.	Member is frustrated in complying by matters beyond their control.
d. Failure to comply with a condition and/or restriction and/or requirement imposed by a PSD Professional Standards Committee			

Allegation	Starting Point	Aggravation	Mitigation
. Complete failure to comply	Exclusion and a category C financial penalty <u>(Note: If compliance happens once a Tribunal Hearing/Conduct Committee Meeting has been scheduled, then the starting point can be reduced to a severe reprimand)</u>	Still not complied with condition and/or restriction and/or requirement imposed by a PSD Professional Standards Committee. Significant time or opportunities to resolve.	Member is frustrated in complying by matters beyond their control.
i. Partial failure to comply	Severe reprimand and a category D financial penalty	Still not complied with condition and/or restriction and/or requirement imposed by a PSD Professional Standards Committee. Significant time or opportunities to resolve.	Member is frustrated in complying by matters beyond their control.
ii. Full compliance but not within the time frame	Reprimand and a category E financial penalty	Significant time or opportunities to resolve.	Member is frustrated in complying by matters beyond their control.
e. Breach of an undertaking given to an ICAEW PSD Committee and/or ICAEW staff			
	Exclusion and a category C financial penalty <u>(Note: If compliance happens once a Tribunal Hearing/Conduct Committee Meeting has been scheduled, then the starting point can be reduced to a severe reprimand)</u>		Member is frustrated in complying by matters beyond their control.
f. Other cases where a member/member firm has failed to act or acted belatedly to obligations placed upon them by a Professional Standards Committee			

Allegation	Starting Point	Aggravation	Mitigation
. Complete failure to comply	Exclusion and a category C financial penalty <u>(Note: If compliance happens once a Tribunal Hearing/Conduct Committee Meeting has been scheduled, then the starting point can be reduced to a severe reprimand)</u>	Still not complied with obligation placed upon them by a PSD Professional Standards Committee. Significant time or opportunities to resolve.	Member is frustrated in complying by matters beyond their control.
i. Partial compliance	Severe reprimand and a category D financial penalty	Still not complied with obligation placed upon them by a PSD Professional Standards Committee. Significant time or opportunities to resolve.	Member is frustrated in complying by matters beyond their control.
ii. Full compliance but not within the time frame	Reprimand and a category E financial penalty	Significant time or opportunities to resolve.	Member is frustrated in complying by matters beyond their control.
g. Failure to comply with an assurance given to ICAEW Professional Standards Committee and/or ICAEW staff following a QAD visit			
	Severe reprimand and a category F financial penalty per breach	Blatant disregard / absence of effort made to comply.	Action now taken to ensure that the firm is no longer in breach.

10. FAILURE TO COMPLY WITH DBL 8/IDR 16.1 REQUIREMENT

Allegation	Starting Point	Aggravation	Mitigation
a. Failure to respond to a letter sent in accordance with DBL 8/IDR 16.1			
	<p>Exclusion and a category C financial penalty and an order to provide the information and explanations required <u>(Note: If information provided once a Tribunal Hearing has been scheduled, then the starting point can be reduced to a severe reprimand)</u></p>	<p>Deliberate actions to delay process, obstruct investigation. Pattern of behaviour.</p>	<p>Member is frustrated in complying by matters beyond their control.</p>

11. MISCONDUCT AS A COMPANY DIRECTOR

Allegation	Starting Point	Aggravation	Mitigation
a. Disqualification, including by undertaking, as company director in three bands to reflect the categorisation by the Courts			
i. Disqualification 11-15 years (this is reserved for particularly serious cases)	Exclusion and a category B financial penalty	Carrying on business with intent to defraud creditors. Amount of deficiency is company is insolvent. Treating some creditors with preference. Underlying conduct related to accountancy activities.	Acting on directions from dominant other party.
ii. Disqualification 6-10 years (this is applied to serious cases which do not merit more than 10 years)	Exclusion and a category C financial penalty	Carrying on business with intent to defraud creditors. Amount of deficiency is company is insolvent. Treating some creditors with preference. Underlying conduct related to accountancy activities.	Acting on directions from dominant other party.
iii. Disqualification 2-5 years (if the case is not very serious)	Severe reprimand and a category D financial penalty	Carrying on business with intent to defraud creditors. Amount of deficiency is company is insolvent. Treating some creditors with preference. Underlying conduct related to accountancy activities.	Acting on directions from dominant other party.

Allegation	Starting Point	Aggravation	Mitigation
b. Misuse of company funds			
	Exclusion and a category B financial penalty	Carrying on business with intent to defraud creditors. Amount of deficiency is company is insolvent. Treating some creditors with preference. Underlying conduct related to accountancy activities.	Acting on directions from dominant other party.
c. Approval of defective accounts or account not in statutory format			
. Seriously defective accounts	Severe reprimand and a category D financial penalty and/or order for remedial training	Acted to hide deficiencies.	Relied on another to prepare the accounts.
i. Less seriously defective accounts but material errors	Reprimand and a category E financial penalty and/or order for remedial training	Acted to hide deficiencies.	Relied on another to prepare the accounts.

12. MISCONDUCT AS A TRUSTEE AND OTHER POSITIONS OF TRUST

Allegation	Starting Point	Aggravation	Mitigation
a. Misappropriation of funds from trust or employer			
	Exclusion and a category A financial penalty	Premeditated and/or systematic and/or covered up. Multi-partner practice. Vulnerable client.	Out of character, momentary lapse in judgement or spontaneous conduct. Voluntary admission to the behaviour before it was discovered. Immediate steps taken to rectify. Genuine remorse and insight.
b. Trustee acts contrary to beneficiaries' interests			
	Severe reprimand and a category D financial penalty and/or remedial training. Consider return of fees charged and/or rectification costs	Premeditated and/or systematic and/or covered up. Vulnerable client.	Out of character, momentary lapse in judgement or spontaneous conduct. Voluntary admission to the behaviour before it was discovered. Immediate steps taken to rectify. Genuine remorse and insight. Up to date information suggesting issues have been addressed.

Allegation	Starting Point	Aggravation	Mitigation
c. Serious failings/errors in administration of a trust			
	Severe reprimand and a category D financial penalty and/or order for remedial training. Consider return of fees charged and/or rectification costs.	Acted to cover up failings. Information still outstanding. Multiple instances/clients.	Immediate action taken once aware. Up to date information suggesting issues have been addressed.
d. Delay/lack of attention as executor or trustee			
	Severe reprimand and a category D financial penalty and/or remedial training. Consider return of fees charged and/or rectification charges.	Acted to cover up failings. Information still outstanding. Multiple instances/clients.	Immediate action taken once aware. Up to date information suggesting issues have been addressed. Contribution to delay by others.

13. MONEY LAUNDERING REGULATIONS (NO CRIMINAL CONVICTION)

Allegation	Starting Point	Aggravation	Mitigation
<p>a. The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (AML/CTF)</p> <p>Failure by firm to:</p> <ul style="list-style-type: none"> • take steps to identify and assess the ML, TF and PF risks (Regulation 18 and 18A); or • establish and maintain policies, controls and procedures (Regulations 19, 19A and 20); or • examine and evaluate the adequacy and effectiveness of the policies, controls and procedures (Regulation 21); or • consider internal disclosures and determine whether the disclosure gives risk to knowledge or suspicion of ML (Regulation 21); or • take appropriate measures to ensure staff are appropriately trained (Regulation 24); or • apply customer due diligence measures (Regulation 27- 38); or • apply the reliance provisions (Regulation 39); or • keep records (Regulation 40). 			
<p>i. Very serious</p>	<p>Severe Reprimand and financial penalty of the greater of £3,000 per principal capped at *£150,000 / £75,000 or a category B financial penalty</p> <p>* £150,000 for firms with turnover in last financial year of more than £100m; £75,000 for firms with turnover in the last financial year of up to £100m</p>	<p>The failure resulted in clients being taken on and/or money/assets being received/handled in breach of the money laundering regulations.</p> <p>Breach and failure to take suitable remedial steps for more than 6 months.</p> <p>Multiple partner practice.</p> <p>Multiple procedures involved.</p> <p>Failure exposed the firm to significant risk or actual enabling of money laundering.</p>	<p>Immediate action taken once firm became aware of the breach.</p> <p>Lack of procedure not exposing the firm to any significant risk of enabling money laundering.</p> <p>No evidence of actual enabling of money laundering.</p> <p>No evidence of lack of due care or prior identification that the procedure was inadequate.</p>

Allegation	Starting Point	Aggravation	Mitigation
ii. Serious	<p>Severe Reprimand and financial penalty of the greater of £2,000 per principal capped at **£100,000 / £50,000 or a category C financial penalty</p> <p>** £100,000 for firms with turnover in last financial year of more than £100m; £50,000 for firms with turnover in the last financial year of up to £100m</p>	<p>The failure resulted in clients being taken on and/or money/assets being received/handled in breach of the money laundering regulations.</p> <p>Breach and failure to take suitable remedial steps for more than 6 months.</p> <p>Multiple partner practice.</p> <p>Multiple procedures involved.</p> <p>Failure exposed the firm to significant risk or actual enabling of money laundering.</p>	<p>Immediate action taken once firm became aware of the breach.</p> <p>Lack of procedure not exposing the firm to any significant risk of enabling money laundering.</p> <p>No evidence of actual enabling of money laundering.</p> <p>No evidence of lack of due care or prior identification that the procedure was inadequate.</p>
iii. Less serious	<p>Severe Reprimand and financial penalty of the greater of £1,000 per principal capped at ***£75,000 / £37,500 or a category D financial penalty</p> <p>*** £75,000 for firms with turnover in last financial year of more than £100m; £37,500 for firms with turnover in the last financial year of up to £100m</p>	<p>The failure resulted in clients being taken on and/or money/assets being received/handled in breach of the money laundering regulations.</p> <p>Breach and failure to take suitable remedial steps for more than 6 months.</p> <p>Multiple partner practice.</p> <p>Multiple procedures involved.</p>	<p>Immediate action taken once firm became aware of the breach.</p> <p>Lack of procedure not exposing the firm to any significant risk of enabling money laundering.</p> <p>No evidence of actual enabling of money laundering.</p> <p>No evidence of lack of due care or prior identification that the procedure was inadequate.</p>

Allegation	Starting Point	Aggravation	Mitigation
b. The Money Laundering Regulations 2007 (MLR) Failure by firm to: <ul style="list-style-type: none"> • establish and maintain appropriate risk sensitive policies and procedures (Regulation 20); or • consider internal disclosures and determine whether the disclosure gives risk to knowledge or suspicion of ML (Regulation 20); or • take appropriate measures to ensure staff are appropriately trained (Regulation 21); or • apply customer due diligence measures (Regulation 5-14); or • apply the reliance provisions (Regulation 17); or • keep records (Regulation 19). 			
i. Very serious	Severe Reprimand and financial penalty of the greater of £3,000 per principal capped at *£150,000 / £75,000 or a category B financial penalty * £150,000 for firms with turnover in last financial year of more than £100m; £75,000 for firms with turnover in the last financial year of up to £100m	The failure resulted in clients being taken on and/or money/assets being received/handled in breach of the money laundering regulations. Breach and failure to take suitable remedial steps for more than 6 months. Multiple partner practice. Multiple procedures involved. Failure exposed the firm to significant risk or actual enabling of money laundering.	Immediate action taken once firm became aware of the breach. Lack of procedure not exposing the firm to any significant risk of enabling money laundering. No evidence of actual enabling of money laundering. No evidence of lack of due care or prior identification that the procedure was inadequate.

Allegation	Starting Point	Aggravation	Mitigation
ii. Serious	<p>Severe Reprimand and financial penalty of the greater of £2,000 per principal capped at **£100,000 / £50,000 or a category B financial penalty</p> <p>** £100,000 for firms with turnover in last financial year of more than £100m; £50,000 for firms with turnover in the last financial year of up to £100m</p>	<p>The failure resulted in clients being taken on and/or money/assets being received/handled in breach of the money laundering regulations.</p> <p>Breach and failure to take suitable remedial steps for more than 6 months.</p> <p>Multiple partner practice.</p> <p>Multiple procedures involved.</p> <p>Failure exposed the firm to significant risk or actual enabling of money laundering.</p>	<p>Immediate action taken once firm became aware of the breach.</p> <p>Lack of procedure not exposing the firm to any significant risk of enabling money laundering.</p> <p>No evidence of actual enabling of money laundering.</p> <p>No evidence of lack of due care or prior identification that the procedure was inadequate.</p>
iii. Less serious	<p>Severe Reprimand and financial penalty of the greater of £1,000 per principal capped at ***£75,000 / £37,500 or a category B financial penalty</p> <p>*** £75,000 for firms with turnover in last financial year of more than £100m; £37,500 for firms with turnover in the last financial year of up to £100m</p>	<p>The failure resulted in clients being taken on and/or money/assets being received/handled in breach of the money laundering regulations.</p> <p>Breach and failure to take suitable remedial steps for more than 6 months.</p> <p>Multiple partner practice.</p> <p>Multiple procedures involved.</p>	<p>Immediate action taken once firm became aware of the breach.</p> <p>Lack of procedure not exposing the firm to any significant risk of enabling money laundering.</p> <p>No evidence of actual enabling of money laundering.</p> <p>No evidence of lack of due care or prior identification that the procedure was inadequate.</p>

Allegation	Starting Point	Aggravation	Mitigation
c. Firm has failed to take reasonable care to ensure no-one is appointed to act, or continues to act, as an officer or manager of the firm without approval by ICAEW (MLR17 Regulation 26(4))			
	Severe reprimand and a category D financial penalty	Period of time acted without approval. Indication of systematic weakness.	
d. Failure by firm to report an approved person with a relevant criminal conviction to ICAEW within 30 days of the date on which the firm became aware of the approved person's conviction (MLR17 Regulation 26(10))			
	Severe reprimand and a category D financial penalty	Period of time acted without notification to ICAEW. Indication of systematic weakness.	
e. Failure by firm to ensure appropriate AML supervision is in place (MLR17 Regulation 7; MLR07 Regulation 3) or Firm acting as a TCSP when not included on HMRC's TCSP register (MLR17 Regulation 56)			
	Reprimand and a category D financial penalty	Period of time acted without supervision. Knowingly acted without supervision. Firm hadn't identified lack of supervision.	Mistakenly believed to be a member firm.
INDIVIDUAL			
f. Failure to report			
i. Very serious	Exclusion and a category B financial penalty	Multiple clients involved.	Single client. Co-operated with authorities.

Allegation	Starting Point	Aggravation	Mitigation
ii. Serious	Exclusion and a category B financial penalty	Multiple clients involved.	Single client. Co-operated with authorities.
iii. Less serious	Severe reprimand and a category C financial penalty	Multiple clients involved.	Single client. Co-operated with authorities.
g. Tipping off			
i. Deliberate tipping off	Exclusion and a category B financial penalty	Multiple clients involved.	Single client. Co-operated with authorities.
ii. Tipping off without intent	Severe reprimand and a category D financial penalty and/or order for remedial training	Multiple clients involved.	Single client. Co-operated with authorities.
h. Failure to follow firm's policies, controls and procedures			
i. Very serious	Severe reprimand and a category B financial penalty and/or order for remedial training	The failure resulted in clients being taken on and/or money/assets being received/handled in breach of the money laundering regulations. Failure exposed the firm to significant risk or actual enabling of money laundering. Multiple procedures involved. Attended training courses provided by firm.	No evidence of actual enabling of money laundering. Failure not exposing the firm to any significant risk of enabling money laundering. Poor training provided by firm.

Allegation	Starting Point	Aggravation	Mitigation
ii. Serious	Severe reprimand and a category C financial penalty and/or order for remedial training	<p>The failure resulted in clients being taken on and/or money/assets being received/handled in breach of the money laundering regulations.</p> <p>Failure exposed the firm to significant risk or actual enabling of money laundering.</p> <p>Multiple procedures involved.</p> <p>Attended training courses provided by firm.</p>	<p>No evidence of actual enabling of money laundering.</p> <p>Failure not exposing the firm to any significant risk of enabling money laundering.</p> <p>Poor training provided by firm.</p>
iii. Less Serious	Severe reprimand and a category D financial penalty and/or order for remedial training	<p>The failure resulted in clients being taken on and/or money/assets being received/handled in breach of the money laundering regulations.</p> <p>Multiple procedures involved.</p> <p>Attended training courses provided by firm.</p>	<p>No evidence of actual enabling of money laundering.</p> <p>Failure not exposing the firm to any significant risk of enabling money laundering.</p> <p>Poor training provided by firm.</p>

Allegation	Starting Point	Aggravation	Mitigation
i. Any other significant breach			
	Severe reprimand and a category D financial penalty and/or order for remedial training	<p>The failure resulted in clients being taken on and/or money/assets being received/handled in breach of the money laundering regulations.</p> <p>Failure exposed the firm to significant risk or actual enabling of money laundering.</p> <p>Multiple procedures involved.</p> <p>Attended training courses provided by firm.</p>	<p>No evidence of actual enabling of money laundering.</p> <p>Failure not exposing the firm to any significant risk of enabling money laundering.</p> <p>Poor training provided by firm.</p>

14. CLIENTS' MONEY OFFENCE WHERE THERE IS NO ALLEGATION OF DISHONESTY (SECTION 1) OR MISAPPROPRIATION (SECTION 13 A)

Allegation	Starting Point	Aggravation	Mitigation
a. Clients' money paid into a firm's office bank account where the office bank account is in credit			
i. More than £500,000 held for more than seven days:	Severe reprimand and category B financial penalty and/or order for remedial training.	Large number of clients involved or repeated failures over a long period of time. Significant financial benefit.	Breaches corrected immediately following the breach being identified. Procedures introduced to avoid recurrence.
ii. More than £500,000 held for less than seven days:	Severe reprimand and a Category C financial penalty and/or order for remedial training	Large number of clients involved or repeated failures over a long period of time. Significant financial benefit.	Breaches corrected immediately following the breach being identified. Procedures introduced to avoid recurrence.
iii. Between £100,000 and £500,000 held for more than seven days:	Severe reprimand and a category C financial penalty and/or order for remedial training.	Large number of clients involved or repeated failures over a long period of time. Significant financial benefit.	Breaches corrected immediately following the breach being identified. Procedures introduced to avoid recurrence.
iv. Between £100,000 and £500,000 held for less than seven days	Severe reprimand and a category D financial penalty and/or order for remedial training.	Large number of clients involved or repeated failures over a long period of time. Significant financial benefit.	Breaches corrected immediately following the breach being identified. Procedures introduced to avoid recurrence.

Allegation	Starting Point	Aggravation	Mitigation
v. Between £20,000 and £100,000 held for more than seven days	Reprimand and a category D financial penalty and/or order for remedial training.	Large number of clients involved or repeated failures over a long period of time. Significant financial benefit.	Breaches corrected immediately following the breach being identified. Procedures introduced to avoid recurrence.
vi. Between £20,000 and £100,000 held for less than seven days	Reprimand and a category E financial penalty and/or order for remedial training.	Large number of clients involved or repeated failures over a long period of time. Significant financial benefit.	Breaches corrected immediately following the breach being identified. Procedures introduced to avoid recurrence.
vii. Less than £20,000 held for more than seven days or repeated holding of sums less than £20,000	Reprimand and a category E financial penalty and/or order for remedial training.	Large number of clients involved or repeated failures over a long period of time. Significant financial benefit.	Breaches corrected immediately following the breach being identified. Procedures introduced to avoid recurrence.
viii. Less than £20,000 held for less than seven days	Reprimand and a category F financial penalty and/or order for remedial training	Large number of clients involved or repeated failures over a long period of time. Significant financial benefit.	Breaches corrected immediately following the breach being identified. Procedures introduced to avoid recurrence.
b. Clients' money paid into a firm's office bank account where the office bank account is overdrawn			
i. More than £500,000 held for more than seven days:	Exclusion and a category A financial penalty.	Large number of clients involved or repeated failures over a long period of time. Significant financial benefit.	Breaches corrected immediately following the breach being identified. Procedures introduced to avoid recurrence.

Allegation	Starting Point	Aggravation	Mitigation
ii. More than £500,000 held for less than seven days	Severe reprimand and a category A financial penalty and/or order for remedial training	Large number of clients involved or repeated failures over a long period of time. Significant financial benefit.	Breaches corrected immediately following the breach being identified. Procedures introduced to avoid recurrence.
iii. Between £100,000 and £500,000 held for more than seven days:	Severe reprimand and a category B financial penalty and/or order for remedial training.	Large number of clients involved or repeated failures over a long period of time. Significant financial benefit.	Breaches corrected immediately following the breach being identified. Procedures introduced to avoid recurrence.
iv. Between £100,000 and £500,000 held for less than seven days	Severe reprimand and a category C financial penalty and/or order for remedial training.	Large number of clients involved or repeated failures over a long period of time. Significant financial benefit.	Breaches corrected immediately following the breach being identified. Procedures introduced to avoid recurrence.
v. Between £20,000 and £100,000 held for more than seven days:	Severe reprimand and a category C financial penalty and/or order for remedial training.	Large number of clients involved or repeated failures over a long period of time. Significant financial benefit.	Breaches corrected immediately following the breach being identified. Procedures introduced to avoid recurrence.
vi. Between £20,000 and £100,000 held for less than seven days:	Severe reprimand and a category D financial penalty and/or order for remedial training.	Large number of clients involved or repeated failures over a long period of time. Significant financial benefit.	Breaches corrected immediately following the breach being identified. Procedures introduced to avoid recurrence.

Allegation	Starting Point	Aggravation	Mitigation
vii. Less than £20,000 held for more than seven days or repeated holding of sums less than £20,000:	Severe reprimand and a category D financial penalty and/or order for remedial training.	Large number of clients involved or repeated failures over a long period of time. Significant financial benefit.	Breaches corrected immediately following the breach being identified. Procedures introduced to avoid recurrence.
viii. Less than £20,000 held for less than seven days:	Severe reprimand and a category E financial penalty and/or order for remedial training	Large number of clients involved or repeated failures over a long period of time. Significant financial benefit.	Breaches corrected immediately following the breach being identified. Procedures introduced to avoid recurrence.
c. Failure to ensure that the client bank account is only used for lawful and legitimate purpose and for bona fide transactions			
	Exclusion and a category B financial penalty	Significant financial benefit. Repeated course of conduct.	Procedures introduced to avoid recurrence.
d. Failure to maintain appropriate records, including reconciliations and documenting the annual compliance review			
	Severe Reprimand and a category E financial penalty and/or order for remedial training	Breach remains uncorrected. Long period of time before the breach was corrected after being notified of the allegation.	Breach corrected immediately following identification of the breach. Procedures introduced to avoid recurrence.
e. Withdrawal from a client bank account for or towards payments of fees without either an agreement in writing to the precise amount by the client or 30 days have elapsed since the delivery of the fee note			

Allegation	Starting Point	Aggravation	Mitigation
	Severe reprimand and a category C financial penalty and/or order for remedial training	Repeated failings. Large number of clients involved. Significant financial benefit.	Breach corrected immediately following identification of the breach. Procedures introduced to avoid recurrence.
f. Withdrawal from a client bank account without the client's written authority or in accordance with a written contract between the firm and the client			
	Severe reprimand and a category C financial penalty and/or order for remedial training	Large number of clients involved. Significant financial benefit.	Breach corrected immediately following the allegation. Procedures introduced to avoid recurrence. Verbal authority obtained from client which is later confirmed in writing.
g. Failure to ensure that the total credit balances held for all clients is at least equal to the total balance held in the client bank account			
	Severe reprimand and a category D financial penalty and/or order for remedial training	Large number of clients involved. Significant financial benefit.	Breach corrected immediately following identification of the breach. Procedures introduced to avoid recurrence. Clients compensated for loss of interest.
h. Use of the client account for non-client transactions such as holding monies for non-clients or allowing the account to be used as a banking facility for the firm's or personal expenses			

Allegation	Starting Point	Aggravation	Mitigation
	Severe reprimand and a category C financial penalty and/or order for remedial training	Large sums of monies involved. Repeated failings. Indication of systemic weaknesses.	Breach corrected immediately following identification of the breach. Procedures introduced to avoid recurrence. Isolated incident. No evidence of systemic issues.
i. More than £10,000 held for more than 30 days in the general client bank account without being transferred to a designated client bank account			
	Reprimand and a category E financial penalty and/or order for remedial training	Significant financial benefit. Long period of time before the breach was corrected after notification of allegation.	Breach corrected immediately following identification of the breach. Procedures introduced to avoid recurrence. Clients compensated for loss of interest.
j. Failure to return clients' money promptly			
	Reprimand and a category E financial penalty and/or order for remedial training	Deliberate act for gain e.g. to manage cashflow or other financial gain. Delay follows requests or reminders from client and/or third parties.	

Allegation	Starting Point	Aggravation	Mitigation
k. Failure to obtain notification from the bank confirmation of the trust status of the client bank accounts			
	Reprimand and a category F financial penalty	Long period of time before the breach was corrected after notified of allegation.	Breach corrected immediately following the identification of the breach. Procedures introduced to avoid recurrence.

15. FINANCIAL MISMANAGEMENT ([INDIVIDUALS ACTING AS PRINCIPAL OF A FIRM/ CORPORATE ENTITIES][DBL 4.1I I-V])

Financial mismanagement is management that, either deliberately or not, is handled in a way that can be characterised as wrong, bad, careless, inefficient or incompetent and that will or could reflect negatively upon the financial standing of a business.

Allegation	Starting Point	Aggravation	Mitigation
a. Member, Affiliate or Relevant Person where any of the Circumstances Listed in DBL 4.1 (i)(i), (ii), (iii) or (iv) Apply – Individual			
i. As a result of member's gross financial mismanagement	Severe reprimand	<p>Failure to disclose/or to disclose accurately assets to Insolvency Practitioner.</p> <p>Failure to cooperate with Insolvency Practitioner.</p> <p>Failing to account to HMRC for VAT / Income Tax / corporation tax and the length of period of failing.</p> <p>Preferring of one or more creditors prior to the appointment of the Insolvency Practitioner.</p> <p>Warning signs ignored.</p> <p>Failure to identify and mitigate key risks.</p> <p>Personal gain.</p>	<p>External and/or market conditions.</p> <p>Problem resulted from deliberate act by properly supervised/trusted member of staff.</p> <p>Small practice made insolvent by acts of another principal.</p>

Allegation	Starting Point	Aggravation	Mitigation
ii. As a result of less serious financial mismanagement	Reprimand	Failure to disclose/or to disclose accurately assets to Insolvency Practitioner. Failure to cooperate with Insolvency Practitioner. Failing to account to HMRC for VAT/Income Tax/Corporation tax and the length of period of failing. Preferring of one or more creditors prior to the appointment of the Insolvency Practitioner. Warning signs ignored. Failure to identify and mitigate key risks. Personal gain.	External and/or market conditions. Problem resulted from deliberate act by properly supervised/trusted member of staff. Small practice made insolvent by acts of another principal.
iii. As a result of misfortune	Caution	Failure to disclose/or to disclose accurately assets to Insolvency Practitioner. Failure to cooperate with Insolvency Practitioner. Failing to account to HMRC for VAT/Income Tax/Corporation tax and the length of period of failing. Preferring of one or more creditors prior to the appointment of the Insolvency Practitioner. Warning signs ignored. Failure to identify and mitigate key risks.	External and/or market conditions. Problem resulted from deliberate act by properly supervised/trusted member of staff. Small practice made insolvent by acts of another principal.

Allegation	Starting Point	Aggravation	Mitigation
b. A Member, Affiliate or Relevant Person is a Principal in a Firm where any of the Circumstances Listed in DBL 4.1 (v) (1), (2), (3), (4) or (5) Apply – Corporate			
i. As a result of member's gross financial mismanagement	Severe Reprimand	<p>Failure to disclose/or to disclose accurately assets to Insolvency Practitioner.</p> <p>Failure to cooperate with Insolvency Practitioner.</p> <p>Failing to account to HMRC for VAT / Income Tax / corporation tax and the length of period of failing.</p> <p>Preferring of one or more creditors prior to the appointment of the Insolvency Practitioner.</p> <p>Warning signs ignored.</p> <p>Failure to identify and mitigate key risks.</p> <p>Personal gain.</p>	<p>External and/or market conditions.</p> <p>Problem resulted from deliberate act by properly supervised/trusted member of staff.</p> <p>Small practice made insolvent by acts of another principal.</p>

Allegation		Starting Point	Aggravation	Mitigation
ii.	As a result of less serious financial mismanagement	Reprimand and a category D financial penalty	<p>Failure to disclose/or to disclose accurately assets to Insolvency Practitioner.</p> <p>Failure to cooperate with Insolvency Practitioner.</p> <p>Failing to account to HMRC for VAT/Income Tax/Corporation tax and the length of period of failing.</p> <p>Preferring of one or more creditors prior to the appointment of the Insolvency Practitioner.</p> <p>Warning signs ignored.</p> <p>Failure to identify and mitigate key risks.</p> <p>Personal gain.</p>	<p>External and/or market conditions.</p> <p>Problem resulted from deliberate act by properly supervised/trusted member of staff.</p> <p>Small practice made insolvent by acts of another principal.</p>
iii.	As a result of misfortune	Caution and a category E financial penalty	<p>Failure to disclose/or to disclose accurately assets to Insolvency Practitioner.</p> <p>Failure to cooperate with Insolvency Practitioner.</p> <p>Failing to account to HMRC for VAT/Income Tax/Corporation tax and the length of period of failing.</p> <p>Preferring of one or more creditors prior to the appointment of the Insolvency Practitioner.</p> <p>Warning signs ignored.</p> <p>Failure to identify and mitigate key risks.</p>	<p>External and/or market conditions.</p> <p>Problem resulted from deliberate act by properly supervised/trusted member of staff.</p> <p>Small practice made insolvent by acts of another principal.</p>

Allegation	Starting Point	Aggravation	Mitigation
c. Failing to maintain tax affairs			
	Exclusion and a category C financial penalty	Percentage of value owed to HMRC material to the business. Preferring personal creditors to business creditors. Utilization of crown monies for business purposes.	Effective arrangements to make good deficiency.
d. Acts of financial mismanagement			
	Exclusion and a category C financial penalty	Dishonoured payments. Second financial mismanagement allegation in five years.	Effective arrangements to make good deficiency.
e. Failing to comply with terms of voluntary arrangements with creditors			
	Exclusion and a category C financial penalty	Dishonoured payments. Second financial mismanagement allegation in five years.	Effective arrangements to make good deficiency.
f. Non-payment of judgement debt			
	Severe reprimand and a category E financial penalty	Dishonoured payments. Second financial mismanagement allegation in five years.	Effective arrangements to make good deficiency.

16. CRIMINAL CONVICTIONS AND CAUTIONS

Committees should have regard to the Common **Aggravating** and **Mitigating** Factors in addition to those listed below. They may consider, if available, the Sentencing Remarks of the relevant Criminal Court, which determined the criminal matter, or any other document or evidence pertaining to the case, when considering any **aggravating** and **mitigating** factors. As a general principle, decision makers are not restricted to those factors listed within this guidance, and may consider any other factors which are relevant to the events giving rise to the criminal conviction or police caution and which affect the key principles of protecting the public, maintaining the reputation of the profession, upholding proper standards of conduct within the profession and correction and deterrence of misconduct.

A financial penalty is not deemed appropriate for criminal conviction and police caution matters. It is not the purpose of sanction to punish a member for a second time in relation to a conviction or caution and therefore ICAEW has deemed it appropriate for such matters to be marked by an order, together with the payment of costs as appropriate.

Allegation	Starting Point	Aggravation	Mitigation
a. Any offence under 'Designated Criminal Convictions' with custodial sentence (whether suspended or not)			
	Exclusion	<p>The offence was facilitated by, or took place within the context of, the individual's professional role or position.</p> <p>The offence caused significant loss and/or harm, involved multiple victims, or targeted vulnerable individuals (<i>not applicable if these factors are inherent to the criminal offence</i>).</p> <p>The victims were clients, or individuals and/or entities to whom the offender held a professional responsibility towards.</p> <p>Evidence of premeditation and/or planning or prior intent.</p> <p>No evidence of remorse, remediation and/or evidence that the individual failed to co-operate with the police or criminal justice system.</p> <p>Failure to report and/or delay in reporting the fact of the conviction to ICAEW and/or not co-operating with ICAEW during the disciplinary process.</p>	<p>The individual demonstrated insight to the offence and/or entered a guilty plea during the criminal proceedings (<i>a guilty plea without any demonstration of insight should be given less weight</i>).</p> <p>No, or very limited, loss and/or harm caused.</p> <p>Isolated incident.</p> <p>Evidence of remorse and/or remediation.</p>

Allegation	Starting Point	Aggravation	Mitigation
b. Any indictable offence with a non-custodial sentence (not 'Designated Criminal Convictions')			
	Severe reprimand	<p>The offence was facilitated by, or took place within the context of, the individual's professional role or position.</p> <p>The offence caused significant loss and/or harm, involved multiple victims, or targeted vulnerable individuals (<i>not applicable if these factors are inherent to the criminal offence</i>).</p> <p>The victims were clients, or individuals and/or entities to whom the offender held a professional responsibility towards.</p> <p>Evidence of premeditation and/or planning or prior intent.</p> <p>No evidence of remorse, remediation and/or evidence that the individual failed to co-operate with the police or criminal justice system.</p> <p>Failure to report and/or delay in reporting the fact of the conviction to ICAEW and/or not co-operating with ICAEW during the disciplinary process.</p>	<p>The individual demonstrated insight to the offence and/or entered a guilty plea during the criminal proceedings (<i>a guilty plea without any demonstration of insight should be given less weight</i>).</p> <p>No, or very limited, loss and/or harm caused.</p> <p>Isolated incident.</p> <p>Evidence of remorse and/or remediation.</p>

Allegation	Starting Point	Aggravation	Mitigation
c. Any summary offence with a non-custodial sentence (not 'Designated Criminal Convictions')			
	Reprimand	<p>The offence was facilitated by, or took place within the context of, the individual's professional role or position.</p> <p>The offence caused significant loss and/or harm, involved multiple victims, or targeted vulnerable individuals (<i>not applicable if these factors are inherent to the criminal offence</i>).</p> <p>The victims were clients, or individuals and/or entities to whom the offender held a professional responsibility towards.</p> <p>Evidence of premeditation and/or planning or prior intent.</p> <p>No evidence of remorse, remediation and/or evidence that the individual failed to co-operate with the police or criminal justice system.</p> <p>Failure to report and/or delay in reporting the fact of the conviction to ICAEW and/or not co-operating with ICAEW during the disciplinary process.</p>	<p>The individual demonstrated insight to the offence and/or entered a guilty plea during the criminal proceedings (<i>a guilty plea without any demonstration of insight should be given less weight</i>).</p> <p>No, or very limited, loss and/or harm caused.</p> <p>Isolated incident.</p> <p>Evidence of remorse and/or remediation.</p>

Allegation	Starting Point	Aggravation	Mitigation
d. Any Police Caution or offence with conditional/absolute discharge (not 'Designated Criminal Convictions')			
	Caution	<p>The offence was facilitated by, or took place within the context of, the individual's professional role or position.</p> <p>The offence caused significant loss and/or harm, involved multiple victims, or targeted vulnerable individuals (<i>not applicable if these factors are inherent to the criminal offence</i>).</p> <p>The victims were clients, or individuals and/or entities to whom the offender held a professional responsibility towards.</p> <p>Evidence of premeditation and/or planning or prior intent.</p> <p>No evidence of remorse, remediation and/or evidence that the individual failed to co-operate with the police or criminal justice system.</p> <p>Failure to report and/or delay in reporting the fact of the conviction to ICAEW and/or not co-operating with ICAEW during the disciplinary process.</p>	<p>No, or very limited, loss and/or harm caused.</p> <p>Isolated incident.</p> <p>Evidence of remorse and/or insight and/or remediation.</p>