



A framework of principles: Practice Assurance webinar

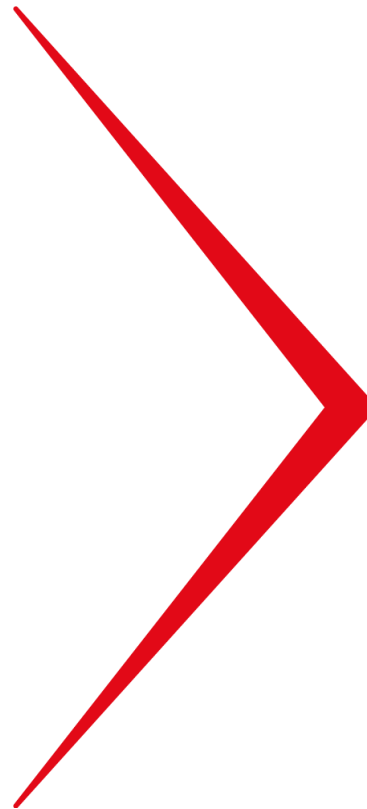
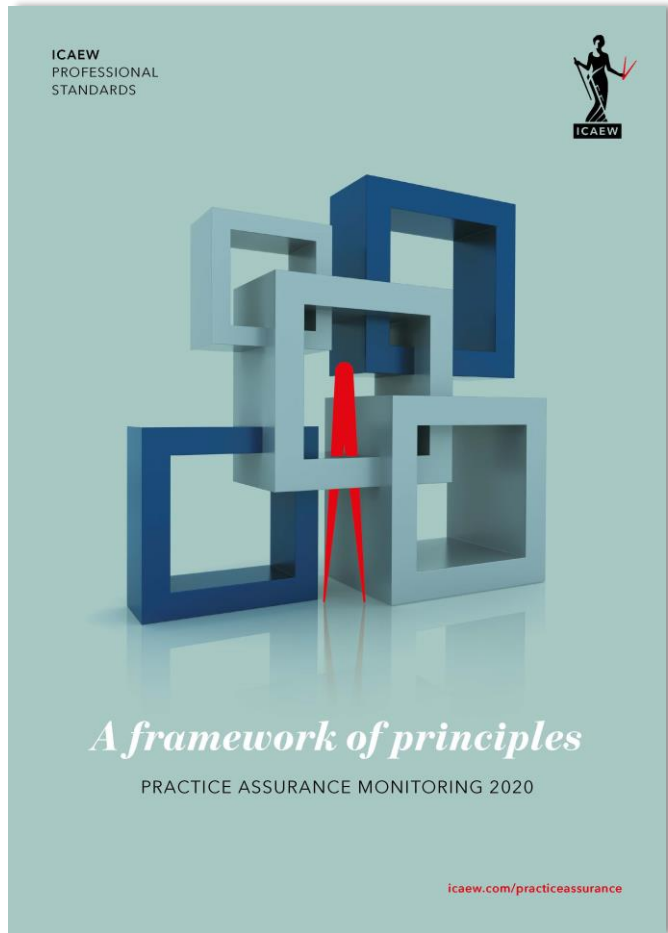
CHRIS GREENHALGH JUNE 2020

Your presenters

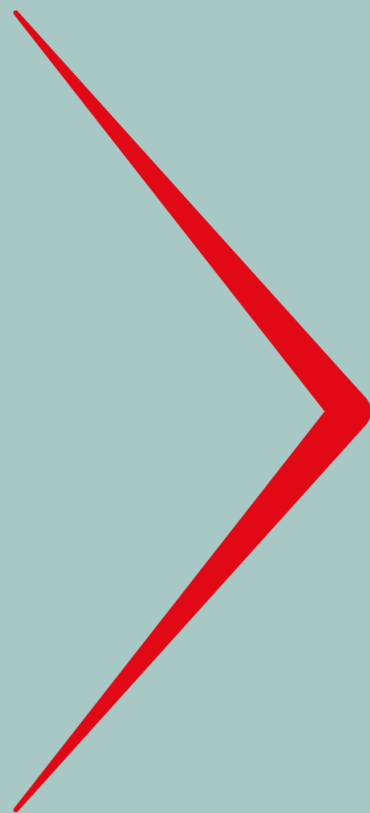
Chris Greenhalgh, Manager, Quality Assurance



Today's webinar



- Feedback on 2019 areas of focus
- Findings from 2019 reviews
- 2020 areas of focus
- Resources



Conflicts of interest

Conflicts of interest

Reviews included:

- discussions with the PA compliance principal and/or ethics partner;
- a review of the firm's written policies and procedures;
- whether conflicts are considered as part of the client take-on process; and
- how firms monitored any identified conflicts.

Conflicts of interest – reminders

- Draft firm-wide policies and procedures to cover conflicts - include common examples of potential conflicts of interest to watch out for relevant to your practice.
- Include a conflict check in client take-on procedures and documentation.
- Update procedures to include a conflict check when carrying out a new engagement for an existing client or when an existing client undergoes a significant change in ownership or management.
- Include a paragraph in terms of engagement on conflicts.
- Provide regular ethics training to staff on conflicts
- Find out more at [icaew.com/ethics](https://www.icaew.com/ethics)



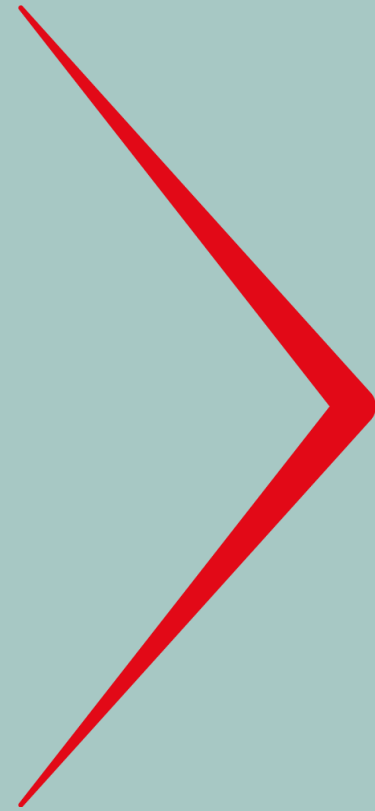
Whistleblowing

Whistleblowing

- Legal obligation to report
- ICAEW Code of Ethics
- Reporting without recrimination
- Policies and procedures for staff
- Training
- Monitoring and investigating incidents

Whistleblowing – hints and tips

- Policies and procedures should be jargon free and easily accessible to staff.
- Get staff to sign an annual declaration confirming they have read, understood and will comply with your whistleblowing policy.
- Provide whistleblowing training to staff on how to raise concerns.
- Provide whistleblowing training to relevant staff on how to deal with whistleblowing reports and other concerns raised to them.
- Document a written investigation procedure.
- Keep and monitor a log of whistleblowing incidents to identify potential themes/recurring incidents.
- Find out more at [icaew.com/whistleblowing](https://www.icaew.com/whistleblowing)



Payroll

PAYROLL

Payroll services form an integral part of many firms' service line offerings. Over 7,000 firms recorded involvement in the provision of payroll services on their 2019 ICAEW annual return, of which 3,500 had one or more payrolls with more than 20 employees. At 177 firms we took a closer look at the provision of payroll services, 77% of which were operating a payroll bureau ie, providing payroll services to payroll only clients.

GOOD



95% of firms said that payroll staff received regular training

99% had schedules and workflows to ensure timely submission of information to HMRC



98% told us that payroll data is regularly backed up



94% provided payroll information to the client in a confidential manner



99% held payroll records for more than six years*

81% told us the same staff process the same payrolls each month

* In accordance with their data protection retention policy

COMMON

74% payroll staff complete quality control checklists to record timely completion of payroll services



79% applied initial and ongoing AML client due diligence (CDD) procedures to payroll clients

34% used their own client account to make payroll payments



62% processed payroll payments for clients

ROOM FOR IMPROVEMENT



66% had a formal payroll procedures manual

21% improvements were required to ensure payroll clients had sufficient AML CDD

19% expected payroll staff to give HR advice



38% include payroll files in the sample of cold file reviews or other annual quality control reviews.

21% were advised to use a designated client account

Hints and tips

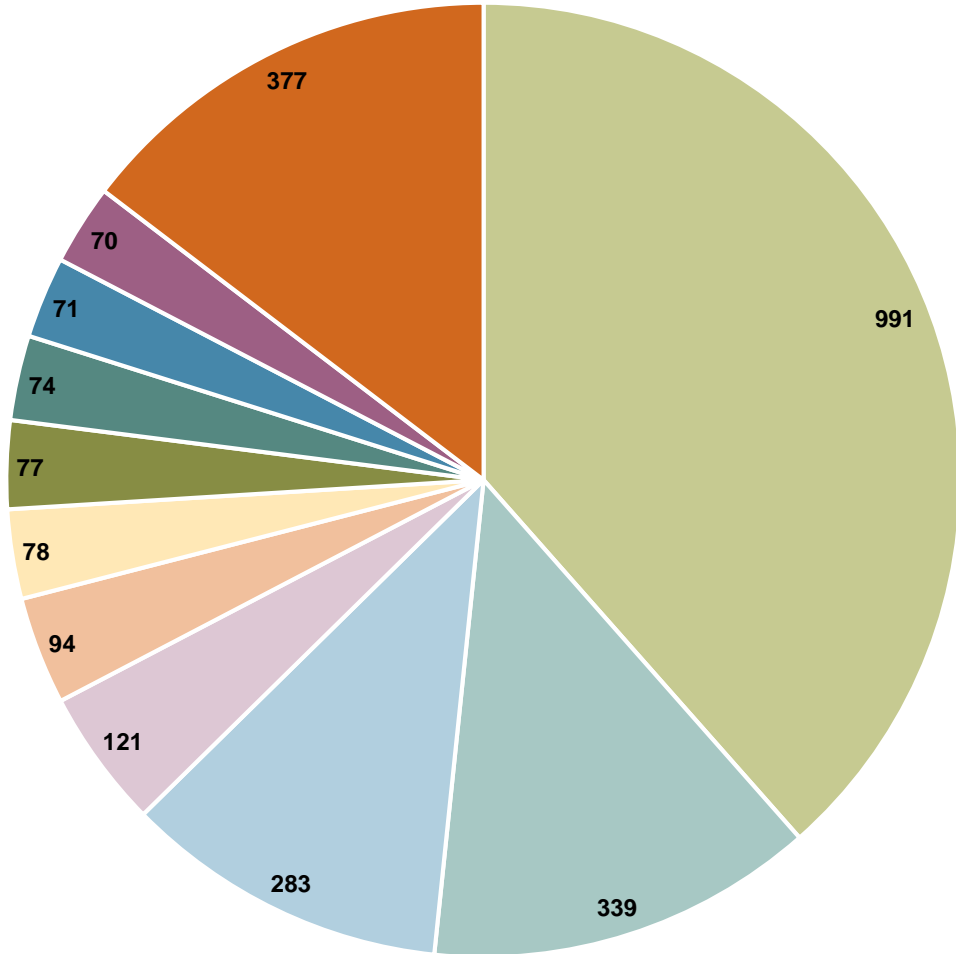
You can find further guidance and ICAEW's updated letter of engagement templates, covering payroll services, here [icaew.com/engagementletters](https://www.icaew.com/engagementletters)



2019 the year in figures - common findings

2019 Top PA findings

- AML
- Data Protection Act
- Client Money Regulations
- Annual Return
- Notifying ICAEW of changes
- Ethics
- Commission received
- PII
- Basis of fees and complaints
- Eligibility
- Other isolated findings



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

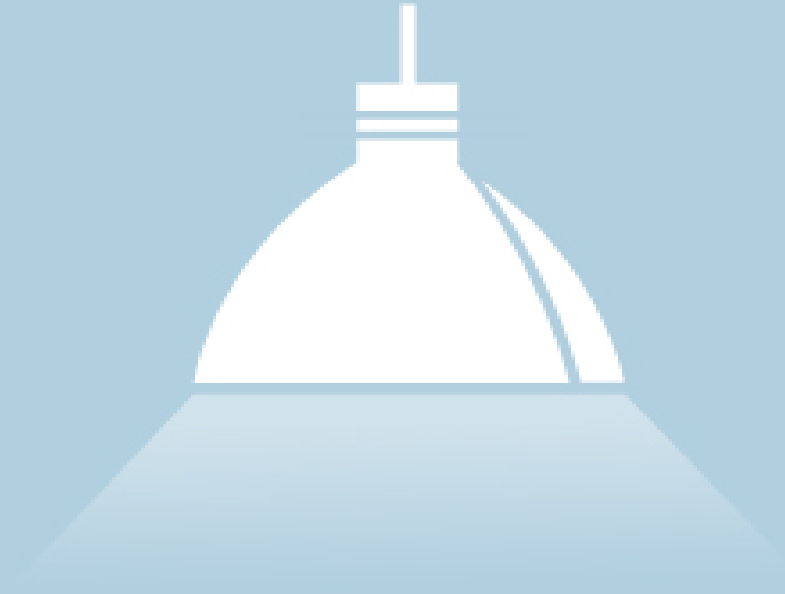
Top findings within each key area

- MLR17:
 - whole-firm risk assessment
 - document your client risk assessments
 - keep client due diligence up to date – and document it
- Data protection:
 - not or incorrectly registered with the ICO
- Clients' money:
 - obtain a trust letter
 - do your annual compliance review
 - use designated accounts when you expect to hold more than £10,000 for longer than 30 days

Top findings within each key area

- Annual return and notifying ICAEW of changes
- Code of Ethics; referral fees and commission:
 - identify them
 - tell your clients how much and get permission to retain
 - watch out for referrals to restricted advisers
- Letters of engagement/terms of business:
 - fees and complaints
- Do your compliance reviews:
 - Practice Assurance
 - clients' money
 - anti-money laundering
 - DPB

2020 area of focus



Professional Conduct in Relation to Taxation (PCRT)

icaew.com/pcrt

Resources available to help you

- icaew.com/practiceassurance
- icaew.com/practiceresources
- icaew.com/practicehelpsheets
- icaew.com/regulation
- icaew.com/technical
- icaew.com/helplines
- icaew.com/moneylaundering
- icaew.com/firmrecord



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