Local Audit Regulations

Effective from 1 January 2017
These Local Audit Regulations are based on the current (company) Audit Regulations. As far as possible changes have been minimised given the local auditor requirements draw heavily on the auditor requirements in the Companies Act 2006, with which firms should be familiar.

References to registered auditor have been amended to local auditor where relevant. Those parts of the audit regulations that relate only to the Institute of Chartered Accountants of Scotland and Chartered Accountants Ireland have been deleted entirely.
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Abbreviations

The following abbreviations are used in these regulations and accompanying guidance.

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<td>ICAEW</td>
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</tr>
<tr>
<td>ICAI</td>
<td>The Institute of Chartered Accountants in Ireland operating as Chartered Accountants Ireland</td>
</tr>
<tr>
<td>ICAS</td>
<td>The Institute of Chartered Accountants of Scotland</td>
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<tr>
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<td>Association of Chartered Certified Accountants</td>
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<td>CPD</td>
<td>Continuing professional development</td>
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<td>ISQC 1</td>
<td>International Standard on Quality Control (UK and Ireland) 1</td>
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<td>Professional indemnity insurance</td>
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<td>Recognised supervisory body</td>
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<td>RQB</td>
<td>Recognised qualifying body</td>
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Introduction

1. ICAEW is a Recognised Supervisory Body (RSB) for the purposes of regulating company (under the Companies Act 2006) and local auditors (under the Local Audit and Accountability Act 2014). As a RSB, ICAEW must have rules setting out how local auditors are regulated. Guidance is provided on how these should be followed.

2. ICAEW has issued the Local Audit Regulations to ensure:
   - local auditors maintain high standards of audit work;
   - the reputation of local auditors with the public is maintained;
   - the application of the regulations is fair but firm;
   - the regulations are clear; and
   - the regulations apply to all sizes of firm.

3. Local auditors must comply with the regulations, which require them to:
   - carry out audit work with integrity;
   - be and be seen to be independent;
   - comply with auditing standards;
   - make sure that all principals and employees are fit and proper persons; and
   - make sure that all principals and employees are competent and continue to be competent to carry out audit work.

4. Separate guidance is given in a separate document to help firms apply the regulations.

5. As each firm is different, no guidance can be sufficiently comprehensive to cover all firms. Firms may develop other procedures to comply with these regulations but it is compliance with the regulations that is important.

6. The regulations should be read in conjunction with:
   - ICAEW's Code of Ethics (including the fundamental principles);
   - publications issued by the Financial Reporting Council:
     - International Standards on Auditing (UK and Ireland);
     - International Standards on Quality Control (UK and Ireland);
     - Ethical Standards;
     - Guidance to Recognised Supervisory Bodies on the Approval of Key Audit Partners for Local Audit;
   - the Code of Audit Practice issued by the comptroller and auditor general;
   - relevant financial reporting standards issued under section 32 of the Act;
   - relevant parts of local audit legislation; and
   - the Professional Indemnity Insurance (PII) Regulations.

7. ICAEW publishes *economia* magazine which often covers articles on audit related matters. In addition, Audit News, an email update, is issued by ICAEW and contains information for local auditors, including changes to the regulations.

8. Schedule 1 to section 1 contains definitions and interpretation of these regulations which apply to the regulations and the related guidance. A word or phrase which is defined in schedule 1 is printed in *italics* when used in the regulations.
Section 1: General

Scope and status

1.01 These regulations apply to firms seeking registration and to firms registered by ICAEW as eligible for appointment as a local auditor under the Act. The regulations also apply to principals and key audit partners of the firm. In certain instances the regulations continue to apply notwithstanding that registration has ceased.

1.02 These regulations are issued by authority of Council.

Definitions and interpretation

1.03 The definitions of terms used in the regulations and the rules of interpretation are in schedule 1 to this section. Sub-headings are not part of the regulations and are for guidance only.

Commencement

1.04 These regulations come into force on 1 November 2015. These regulations apply to the audits of relevant authorities for accounting periods commencing on or after:

- 1 April 2017 for health audits (in accordance with Department of Health announcements (October 2015); and
- 1 April 2018 for local government audits (in accordance with Department for Communities and Local Government announcements (October 2015).

1.04 A [Not used]
1.05 [Not used]
1.06 [Not used]

Notifications

1.07 Any notice or document may be served on ICAEW by sending it to:

ICAEW
Professional Conduct Department
Metropolitan House
321 Avebury Boulevard
Milton Keynes
MK9 2FZ UK

or as otherwise notified to firms.

1.08 Any notice, decision, order or other document which needs to be served on a firm or other person under these regulations will be delivered by hand, sent by fax or post, or email:

a. if it is delivered by hand to the addressee service will take effect immediately;
b. if sent by fax, it will be sent to the latest fax number given by the addressee and service will take effect immediately;
c. if sent by post, it will be sent to the latest address given by the addressee and service will take effect two business days after posting; or
d. if sent by email it must be sent to the latest email address notified by the addressee and service will take effect immediately.
Schedule 1: Definitions and interpretation

Definitions

In the regulations the following words have the following meanings.

the Act

The Local Audit and Accountability Act 2014 and every other enactment which is made under, or is to be read together with that Act.

(Note: The Act incorporates Part 42 and schedule 10 of the 2006 Act with changes in relation to local audits made by virtue of Schedule 5 to the Act. Therefore references to sections of the Act in these regulations are to the equivalent 2006 Act section as it is applied in relation to local audits by Schedule 5 to the Act.)

the 2006 Act

The Companies Act 2006.

affiliate

A person who holds affiliate status under ICAEW’s Audit Regulations, DPB (investment business) handbook, Insolvency Regulations, Probate Regulations or regulations governing the use of the description ‘Chartered Accountants’ and general affiliates.

Appeal Committee

The committee appointed under ICAEW’s bye-laws with responsibility for hearing appeals against a decision of the Review Committee under these regulations. When a committee discharges these functions its members are to be treated as officers of ICAEW for the purpose of regulation 2.04e.

appropriate qualification

In relation to the audit of relevant authorities, an individual holds an appropriate qualification if the individual:

- holds a qualification awarded by a recognised qualifying body under section 1219(1)a of the Act;
- holds a qualification awarded by a recognised qualifying body under section 1219 of the 2006 Act; or
- was a member of an institute, ACCA or the Chartered Institute of Public Finance and Accountancy before 1 November 2015 or had started a course of study leading to a professional qualification in accountancy with one of those bodies before 1 November 2015 and became a member before 1 November 2021.

audit

Any function in respect of a relevant authority which is required by the Act to be performed by a local auditor.

audit client

Any relevant authority whose accounts are being audited under these regulations by a local auditor.
An individual who holds an appropriate qualification and who is either a principal of the local auditor (or a sole practitioner where the local auditor is a sole practice) or a member of its management board who is responsible for monitoring that the local auditor has complied, and is likely to continue to comply, with these regulations, and whose identity is notified in writing to ICAEW and who is the first point of contact with ICAEW in connection with these regulations.

The audit compliance principal for these regulations and under ICAEW’s audit regulations can be the same individual.

A report by a local auditor which relates to an audit.

ICAEW’s regulations dealing with the registration and regulation of company auditors under the 2006 Act.

The basic principles and essential procedures (shown in bold type) in the International Standards on Auditing (UK and Ireland) which are to be construed and applied having regard to the explanatory text and other material in those standards; issued by, or with the authority of, the Financial Reporting Council.

Any work done by or on behalf of the local auditor in respect of an audit.

Material (whether in the form of data stored on paper, film, electronic media or other media or otherwise) prepared by or for, or obtained by the local auditor in connection with the performance of the audit concerned and includes:

a the record of audit procedures performed;
b relevant audit evidence obtained; and
c conclusions reached.

The rules and practices of the FRC (the Auditors Regulatory Sanctions Procedure) provide for a sanction determined by it arising from independent monitoring of major local audits under UK law to be treated as if it were a sanction which ICAEW, acting as a recognised supervisory body (RSB), had itself determined.

An entity that has a legal personality (including a limited liability partnership) and a similar body constituted under the laws of a country or territory outside the United Kingdom.

A day excluding weekends and public holidays.

The bye-laws of ICAEW.

The code (or codes) prepared by the comptroller and auditor general under schedule 6 of the Act prescribe the way in which local auditors are to carry out their functions under the Act.

A body corporate, excluding a limited liability partnership.

director Any person occupying the position of director (called by whatever name) in a corporate practice. Also any person under whose directions or instructions the directors of the corporate practice are used to acting.

Disciplinary Committee The committee appointed under ICAEW’s bye-laws with responsibility for disciplining members, firms and others in accordance with the bye-laws. When a committee discharges these functions its members are to be treated as officers of ICAEW for the purpose of regulation 2.04e.

employee Anyone who carries out audit work for a local auditor, including a subcontractor or a consultant.

ethical standards The basic principles and essential procedures (shown in bold type) in the Ethical Standards issued by the Financial Reporting Council which are to be construed and applied having regard to the explanatory text and other material in those standards.

EEA auditor An individual who holds a qualification to audit accounts under the law of an EEA member state other than the UK.

EEA audit firm A firm eligible for appointment as an auditor under the law of an EEA member state. An EEA member state is any country that is a signatory to the European Union and European Community Treaties (ie EU member states) and Iceland, Liechtenstein, Norway. Gibraltar is also treated as an EEA member state by the 2006 Act.

Financial Reporting Council (FRC) The Financial Reporting Council Limited, a company limited by guarantee incorporated in England and Wales, number 2486368 and any other body which takes over its functions under the auditor sanctions procedure and which, pursuant to the Act, is responsible for the supervision of recognised supervisory bodies.

firm a an individual who engages in the profession of accountancy as a sole practitioner;
b a partnership which engages in the profession of accountancy;
c a limited liability partnership which engages in the profession of accountancy; or
d a corporate practice which engages in the profession of accountancy.

ICAEW The Institute of Chartered Accountants in England and Wales.

institute(s) a the Institute of Chartered Accountants in England and Wales (ICAEW);
b the Institute of Chartered Accountants of Scotland (ICAS); or
c the Institute of Chartered Accountants in Ireland (ICAI) operating as Chartered Accountants Ireland.
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<th>Term</th>
<th>Definition</th>
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<td>The committee appointed under ICAEW bye-laws, with responsibility for considering complaints against members, firms and others as specified in the bye-laws. When a committee discharges these functions its members are to be treated as officers of ICAEW for the purpose of regulation 2.04 e.</td>
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<td>key audit partner</td>
<td>A principal or employee responsible for audit work and designated as such under regulation 4.01.</td>
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<td>local auditor</td>
<td>A firm entered on the register as eligible for appointment as a local auditor under section 1239 of the Act.</td>
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<td>local audit affiliate</td>
<td>A person granted local audit affiliate status by ICAEW for the purposes of these regulations.</td>
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<td>major local audit</td>
<td>An audit conducted in respect of a relevant authority is defined as a major local audit in the Local Audit (Professional Qualifications and Major Local Audit) Regulations 2014.</td>
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<td>management board</td>
<td>Any committee, board or other management body that is responsible for setting and directing the implementation of the firm’s policies.</td>
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<td>monitoring unit</td>
<td>ICAEW or any body undertaking monitoring in accordance with paragraph 12 or paragraph 23 of schedule 10 of the Act</td>
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<td>PII regulations</td>
<td>the Professional Indemnity Insurance Regulations of ICAEW.</td>
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<td>practice notes</td>
<td>Practice notes and bulletins issued by, or with the authority of, the Financial Reporting Council.</td>
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<td>principal</td>
<td>An individual in sole practice, (where the firm is a sole practice), a person who is a partner (including both salaried and equity partners) (where the firm is a partnership), a member of a limited liability partnership (where the firm is a limited liability partnership) a director (where the firm is a company) or any individual who is held out as being a company director, partner or member.</td>
</tr>
<tr>
<td>quality control standards</td>
<td>The basic principles and essential procedures (shown in bold type) in the International Standards on Quality Control (UK and Ireland) which are to be construed and applied having regard to the explanatory text and other material in those standards, as issued by the Financial Reporting Council.</td>
</tr>
<tr>
<td>recognised supervisory body</td>
<td>A body recognised under the Act for the purposes of the registration and supervision of local auditors.</td>
</tr>
<tr>
<td>register</td>
<td>The register of local auditors compiled under section 1239 of the Act.</td>
</tr>
<tr>
<td>registered auditor</td>
<td>A firm entered on the register as eligible for appointment as a statutory auditor under section 1239 of the 2006 Act.</td>
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Registration Committee

The committee appointed under ICAEW’s bye-laws with responsibility for discharging the functions set out in section 6 or any sub-committee of that committee. When a committee discharges these functions its members are to be treated as officers of ICAEW for the purpose of regulation 2.04e.

regulations

These regulations as modified or amended.

regulatory penalty

An amount imposed with the consent of a local auditor as a penalty for breaches of these regulations which the local auditor agrees have been committed.

relevant authority

A person or body listed in schedule 2 of the Act.

Review Committee

Any committee appointed under ICAEW’s bye-laws with responsibility for reviewing decisions made by the Registration Committee as specified in these regulations. When a committee discharges these functions its members are to be treated as officers of ICAEW for the purpose of regulation 2.04e.

sanction

Any regulatory action including the imposition of conditions or restrictions, suspension or withdrawal of registration, and imposition of a regulatory penalty.

voting rights

The rights to vote on all or substantially all matters at meetings of principals or shareholders of the body in question. In deciding what voting rights are to be taken into account, paragraphs 5 to 11 of schedule 7 to the 2006 Act apply to corporate practices and limited liability partnerships, and paragraphs 5 to 7 and 11 of that schedule apply to partnerships.

Interpretation

Words and expressions have the meanings given by the Act and the Interpretation Act 1978 unless defined in these regulations. The definitions in these regulations take precedence.

In these regulations words importing the singular number include the plural number and vice versa. Words importing the masculine gender include the feminine. Headings do not affect the interpretation of these regulations. These regulations will be governed by, and interpreted according to, English law.

Any references to legislation, regulations, bye-laws, rules, standards or other documents, will apply to any re-enactment, re-issue or amendment.
Section 2: Eligibility, application for registration, continuing obligations and cessation of registration

2.01 No ICAEW member or firm may accept an audit appointment unless registered by a recognised supervisory body.

Eligibility

2.02 The Registration Committee may register a firm only if the committee is satisfied that:

a. the firm is fit and proper to be appointed as a local auditor;

b. the firm has professional indemnity insurance or other appropriate arrangements as required by the PII regulations;

c. the firm has appointed an audit compliance principal whose name has been given to ICAEW;

d. each key audit partner has been designated in accordance with regulation 4.01;

e. if the firm is a sole practice, the sole practitioner is a key audit partner and the audit compliance principal (and if not a member of an institute or a member of the Association of Chartered Certified Accountants is a local audit affiliate); and

f. if the firm is not a sole practice, the firm meets the additional requirements of regulation 2.03.

2.03 The additional requirements for a firm which is not a sole practice are:

a. each principal is either:
   1) a member of an institute;
   2) a member of ACCA;
   3) an affiliate or a local audit affiliate;
   4) a registered auditor or a local auditor;
   5) an EEA auditor who is also an affiliate or local audit affiliate; or
   6) an EEA audit firm which is also an affiliate or local audit affiliate.

b. individuals who have an appropriate qualification, registered auditors, local auditors, EEA auditors, EEA audit firms or a combination of these hold at least a majority of the voting rights or hold such rights under the firm’s constitution as enable them to direct its overall policy or alter its constitution;

c. individuals who have an appropriate qualification, registered auditors, local auditors, EEA auditors, EEA audit firms or a combination of these hold at least a majority of the voting rights in the management board or hold such rights under the firm's constitution as enable them to direct its overall policy or alter its constitution; and

d. where the firm is a corporate practice the Articles of Association:
   1) require its shareholders to notify it of any changes in the number of shares held in the corporate practice, whether the shares are held directly or indirectly;
   2) enable the board of directors to require shareholders to supply information about their shareholdings in the corporate practice over the previous three years;
   3) enable the board of directors to require any non-shareholder whom the directors know or have reasonable cause to believe has or had an interest in the shares of the corporate practice to supply information about their interests in the previous three years;
   4) enable the board of directors to deprive any shareholder of the right to vote if the information asked for in regulation 2.03d.2 or 2.03d.3 is not given in the time specified in the request;
   5) enable the board of directors to deprive any shareholder of the right to vote if the corporate practice's application for registration is rejected under regulation 2.05, or registration has been withdrawn under regulation...
7.03, and the corporate practice has been told that the refusal or withdrawal relates to the ownership of any shareholding; and

6) require the board of directors to approve any transfer of shares which would result in a shareholder having an interest representing more than 3% of the aggregate nominal value of the issued share capital.

Note: A firm that is a registered auditor would meet the requirements of regulations 2.02 and 2.03 other than in relation to key audit partners (regulation 2.02d). However it would have to apply for registration as a local auditor.

Application for registration

2.04 A firm that wishes to register must apply in the manner that the Registration Committee decides. The application must include the following:

a any information that the Registration Committee may require to assess the ability of the firm to carry out audit work;
b a declaration made with the authority of the firm that it agrees to be bound by these regulations and will make sure that it complies with these regulations at all times;
c a declaration made with the authority of the firm that it will deal with ICAEW in an open and cooperative manner and inform ICAEW promptly about anything concerning the firm that these regulations require;
d the name and address of the audit compliance principal; and
e an acknowledgement by the firm that none of ICAEW, its officers or staff, members of its Council or a monitoring unit or the Committees or staff of the Financial Reporting Council, can be held liable in damages for anything done or not done in dealing with any of the functions connected with registration under the Act or under these regulations or enforcing the terms of either or the monitoring of compliance with these regulations in any respect, unless the act or omission is shown to have been in bad faith.

2.05 The Registration Committee may:

a grant the application;
b reject the application;
c grant the application subject to restrictions or conditions; or
d postpone consideration of the application.

Continuing obligations

2.06 A local auditor must continue to meet the requirements of these regulations.

2.07 Subject to regulations 2.17 to 2.20, a local auditor must not continue as an auditor if it ceases to meet one or more of the eligibility requirements of regulation 2.02 or 2.03.

2.08 A local auditor must cooperate with ICAEW, its staff, committees, a monitoring unit or a disciplinary scheme.

2.09 A local auditor or former local auditor on whom ICAEW serves a notice requesting information or notice of a visit under regulation 2.23 or 6.02k (or upon whom a notice is served requesting information under the Act) must comply with such notice within such period as ICAEW may allow (or in the case of a notice served under the Act, as the notice provides).

2.10 Where a registered auditor, local auditor or an EEA audit firm is a principal or shareholder in another local auditor, then its interests at meetings of principals, the management board or shareholders must be represented by an individual who is either the holder of an appropriate qualification or is an EEA auditor.

2.10a A local auditor must provide such returns, statements or other information as considered necessary and in a form decided by the Registration Committee.
Changes in circumstances

2.11 A local auditor must inform ICAEW in writing as soon as practicable, but not later than ten business days after the event:

a) of any matter, whether relating to the firm or to any of its principals or employees, which could mean that the firm is no longer fit and proper to be appointed as a local auditor;

b) if the firm is no longer complying with the PII regulations;

c) of any other changes which might affect a firm’s eligibility to be registered or its ability to conduct audit work;

d) of any change in:
   1) the name or trading names of the firm;
   2) the addresses of the firm’s offices;
   3) the names or principal business address of any of the firm’s principals or key audit partners including new principals or key audit partners; or
   4) the name or address of the audit compliance principal;

e) if a key audit partner leaves the firm or ceases to be a key audit partner;

f) in the case of a corporate practice, of any change in:
   1) the name or address of a shareholder or anyone with any interest in the shares; and
   2) any change in the number of shares held by a shareholder or in the number of shares in which anyone has an interest;

g) of any change in the website address of the firm; or

h) of any change in the name or business address of any member of the management board.

2.12 A local auditor which is a member of a network must:

a) maintain a list of the names and addresses of all:
   1) other firms in the network and their affiliates; and
   2) its own affiliates;

b) make that list available to members of the public;

c) update the list with any changes no later than ten business days after the change; and

d) inform ICAEW of the location of the list and of any change to the location no later than ten business days after the change.

Note: For the purposes of this regulation a network is a larger structure aimed at cooperation which a local auditor belongs to and which is:

- controlled by the local auditor;
- clearly aimed at profit or cost sharing;
- under common ownership, control or management; or
- affiliated or associated with the local auditor through common quality control policies and procedures, a common business strategy, the use of a common brand-name or through the sharing of significant common resources.

For the purposes of this regulation an affiliate means any entity, regardless of legal form, which is connected to a firm by means of common ownership, control or management.

Fees

2.13 A local auditor must pay such registration fees (to include any costs that ICAEW has required or has agreed to pay to any other person or body exercising a regulatory or supervisory role in relation to it) as ICAEW determines, at the times and at the rates set by it.

2.14 The first registration fee is due when a firm applies for registration. An application fee is also payable with this first fee.
2.15 ICAEW may charge a local auditor to which its representatives have made a second or subsequent visit as a result of an earlier visit. The Registration Committee will decide how much the fee will be.

2.16 If a local auditor has not paid any fees under regulation 2.13 or regulation 2.15, within 60 days of the invoice date, ICAEW may withdraw its registration.

Dispensation

2.17 If a local auditor ceases to meet one or more of the eligibility requirements of regulation 2.02 or 2.03 (where appropriate), or if it considers that it is impossible or impractical to comply with any other regulation, it must notify the Registration Committee in writing. The notification must be within ten business days of the situation arising and must say what has happened and the action which the local auditor proposes to take.

2.18 The Registration Committee will review the information provided under regulation 2.17. If the committee considers the local auditor is taking all practical steps and that these will remedy the position, it may grant the local auditor a dispensation from the requirement to comply with any regulation.

2.19 In the case of a matter relating to the additional eligibility requirements for a local auditor (set out in regulation 2.03) the dispensation will not last for more than 90 days, starting from the date that the situation first arose. In any other case the period will be set by the Registration Committee.

2.20 The Registration Committee will not grant a dispensation under regulation 2.18 unless the local auditor can satisfy the committee that its continued registration during the dispensation period would not adversely affect an audit client or any other person.

Cessation of registration

2.21 A firm will cease to be a local auditor if:
   a. the Registration Committee accepts an application from the firm to cancel its registration;
   b. the firm ceases to exist; or
   c. the Registration Committee withdraws registration under regulation 7.03.

2.22 The Registration Committee may require a firm which has ceased to be registered to provide evidence that it has resigned from all audit appointments.

2.23 If a firm is no longer a local auditor:
   a. it must still respond to enquiries (made in writing or by visiting a firm's office or offices) from the Registration Committee in connection with any circumstance that relates to these regulations during the time the firm was registered;
   b. it must still respond to enquiries made by another local auditor in accordance with regulation 3.09;
   c. disciplinary action (including the imposition of a regulatory penalty) may still be taken for:
      1) any failure to comply with these regulations during the time it was registered;
      2) any failure to comply with any regulation continuing to have effect notwithstanding that registration has ceased;
      3) any failure to keep confidential any information received in the course of audit work.

2.24 ICAEW's right to recover any unpaid fees or other amounts due from a firm under these regulations does not end when a firm is no longer registered.
Section 3: Conduct of audit work

Independence and integrity

3.01 **A local auditor** must not accept an appointment or continue as an auditor if the **firm** has any interest likely to conflict with the proper conduct of the **audit**.

3.02 **A local auditor** must act in accordance with the fundamental principles set out in the Code of Ethics, issued by Council, and the **ethical standards**.

3.03 **A local auditor** must consider its independence and ability to perform the audit properly and record this before it accepts appointment or reappointment as auditor.

3.04 **A local auditor** must not accept or continue an **audit** appointment of an entity where:
   a. there exists between the **local auditor** and the entity a relationship where the law prohibits the **local auditor** auditing that entity;
   b. the entity is a shareholder in the **local auditor**;
   c. the entity can be influenced by a shareholder in the **local auditor**;
   d. the entity is a principal in the **local auditor**;
   e. the entity, being neither a shareholder or principal in the **local auditor** has the ability to influence the affairs of the **local auditor**;
   f. the **local auditor** is in a position to exercise influence over the entity.

3.05 **A local auditor** must always conduct **audit work** properly and with integrity.

3.06 **A local auditor** must make arrangements so that each **principal** and anyone the **firm** employs to do **audit work** or permits to be involved in its **audit work** is, and continues to be, a fit and proper person.

3.07 **A local auditor** must make arrangements to prevent anyone who is not a **key audit partner** in the **firm** from having any influence which would be likely to affect the independence or integrity of the **audit**.

Technical standards

3.08 **A local auditor** must comply with the requirements of the **Act** and other relevant legislation.

3.09 When a **local auditor** (the predecessor) ceases to hold a local audit appointment and another **local auditor** (the successor) is appointed, the predecessor must, if requested in writing by the successor, allow the successor access to all relevant information held by the predecessor in respect of its **audit work**. If relevant information is to be sought by the successor, it should be sought and provided in accordance with the guidance for this regulation. Any information obtained by the successor is for the purposes of its **audit** and must not be disclosed to a third party unless the successor is required to do so by a legal or professional obligation.

3.10 **A local auditor** must comply with the auditing standards, the quality control standards and the **Code of Audit Practice**.

3.11 **A local auditor** must keep all **audit working papers**, which **auditing standards** require for an **audit**, for a period of at least six years. The period starts with the end of the accounting period to which the papers relate.

3.12 **A local auditor** must make arrangements so that if any of its **audit work** is carried out by another **firm**, then:
   a. all the **audit working papers** created by that **firm** are returned to the **local auditor**; or
   b. the other **firm** agrees to keep those papers as required by **regulation** 3.11 and allows the **local auditor** unrestricted access to the papers for whatever reason.

3.13 [Not used]

3.14 [Not used]
3.15 If a local auditor is appointed to a major local audit client (or a local auditor becomes aware that an existing audit client is now a major local audit client) it must inform the Registration Committee in writing as soon as practicable, but not later than 21 business days after the event, of the name of the audit client, unless the Registration Committee has given the local auditor a waiver from compliance with this regulation.

Audit Report

3.16 An audit report must:
   a state the name of the firm as it appears in the Register;
   b include the words ‘local auditor’ or ‘local auditors’ after the name of the firm; and
   c state the name of the key audit partner who was in charge of the audit, be signed by this person in his own name and in the name of the firm and include the words ‘key audit partner’ after the name of the key audit partner.

3.16 A [Not used]

Maintaining competence

3.17 A local auditor must make arrangements so that all principals and employees doing audit work are, and continue to be, competent to carry out the audits for which they are responsible or employed.

3.18 A local auditor must maintain an appropriate level of competence in the conduct of audits.

3.19 A local auditor must make sure all principals and employees involved in audit work are aware of and comply with these regulations, the Act, any relevant rules and regulations issued under the Act and any procedures established by the firm.

Monitoring

3.20 A local auditor must monitor, at least once a year, how effectively it is complying with these regulations and take action to deal with any issues found and communicate any changes in procedures to principals and employees on a prompt basis.

3.21 Each local auditor (other than a sole practice) must appoint an audit compliance principal. A sole practitioner will be the audit compliance principal.
Section 4: Appropriate qualifications and key audit partners

Key audit partner

4.01 Subject to regulation 4.02 and regulation 4.05 the audit compliance principal may designate as a key audit partner any of the local auditor’s principals or employees who:

a. has an appropriate qualification; or
   • is authorised to act as a local auditor pursuant to the European Communities (Recognition of Professional Qualifications) Regulations 2007;
   • holds an EEA qualification and has passed an aptitude test, if required, in accordance with paragraph 6 of schedule 10 to the 2006 Act; or
   • holds an approved non-EEA qualification and has passed an aptitude test, if required, in accordance with sections 1219 and 1221 of the 2006 Act;

b. is competent to conduct audit work; and

c. is allowed to sign audit reports in their name on behalf of the firm.

4.02 Before a principal or employee can be designated as a key audit partner, the individual must be:

a. a member of an institute and hold a practising certificate;

b. a member of ACCA and hold its equivalent of a practising certificate; or

c. satisfy the Registration Committee of similar experience of audit work as would be required of a member of ICAEW and have been granted either affiliate status or local audit affiliate status under section 5 of these regulations.

Note: for the purposes of this regulation, a practising certificate is a certificate issued to a member by an Institute authorising the member to engage in public practice.

4.03 Consultants and sub-contractors cannot be designated as key audit partners.

4.04 Only key audit partners can be responsible for an audit and sign an audit report.

4.05 Any designation in accordance with regulation 4.01 shall not be effective until application has been made to the Registration Committee in a form specified by it and the application has been approved and the Registration Committee may approve the application with conditions or restrictions.

4.06 [Not used]

4.07 The disciplinary arrangements of ICAEW will apply to breaches of these regulations by a key audit partner in the same way as they apply to breaches by a member.

Cessation of key audit partner status

4.08 Key audit partner status will cease if:

a. the firm in which the individual is a key audit partner ceases to be a local auditor;

b. the individual ceases to be a principal or employee in the local auditor to which the grant of key audit partner status related;

c. an event occurs which under the Royal Charters, bye-laws or other regulations of ICAEW the individual would cease to be a member, an affiliate or a local audit affiliate;

d. the audit compliance principal notifies ICAEW the individual is no longer a key audit partner; or

e. the Registration Committee withdraws key audit partner status.

4.09 If an individual is no longer a key audit partner disciplinary action (including the imposition of a regulatory penalty) may still be taken for any failure to keep confidential any information received in the course of audit work.
Section 5: Local audit affiliates

General

For the purposes of regulation 2.03, if a principal is not:

- a member of an institute or the ACCA;
- a local auditor or a registered auditor; or
- an affiliate under:
  - the Audit Regulations, DPB Handbook, Insolvency Regulations, the regulations governing the use of the description ‘Chartered Accountants’ and general affiliates, or the probate regulations of ICAEW.

the person must be a local audit affiliate under these regulations.

If a principal or employee, who is to be designated as a key audit partner, is not a member of an institute or the ACCA the person must be either an affiliate or a local audit affiliate under these regulations.

5.01 A local audit affiliate can only be responsible for an audit and sign an audit report if designated as a key audit partner under regulation 4.01.

Granting of local audit affiliate status

5.02 Local audit affiliate status does not give the local audit affiliate any rights other than those contained in these regulations. A local audit affiliate must not make any public statement that they have any such rights.

5.03 Persons applying for local audit affiliate status must do so in the manner that the Registration Committee decides.

5.04 The Registration Committee may grant local audit affiliate status if the committee is satisfied that the applicant:

- is a fit and proper person to be granted local audit affiliate status;
- has agreed to comply with these regulations;
- has agreed to observe and uphold the ICAEW Code of Ethics; and
- has agreed to provide the ICAEW with all the information it requires.

5.05 The Registration Committee may:

- grant the application;
- reject the application;
- grant the application subject to restrictions or conditions; or
- postpone consideration of the application.

Withdrawal of local audit affiliate status

5.06 The Registration Committee may withdraw a person’s local audit affiliate status if, in the opinion of the committee, the local audit affiliate:

- is no longer a fit and proper person;
- has failed to pay on time any fines or costs ordered by the Registration Committee, Review Committee, Disciplinary Committee, Appeal Committee or by any committee appointed under the Disciplinary Scheme;
- becomes subject to a decision by the Disciplinary Committee that they should no longer be a local audit affiliate;
- fails to pay the annual fee within 30 days of the date of a notice to renew local audit affiliate status; or
- fails or ceases to comply with any of these regulations and, in the circumstances, withdrawal is justified.
Cessation of local audit affiliate status

5.07  *Local audit affiliate* status will end if:

a  the *firm* in which the *local audit affiliate* is a *principal* ceases to be a *local auditor*, except where *regulation 5.08* applies;

b  the *local audit affiliate* ceases to be a *principal* in the *local auditor* to which the grant of *local audit affiliate* status related, except where *regulation 5.08* applies;

c  the *local audit affiliate* is an individual and an event occurs which under the Royal Charters, *bye-laws* or other regulations of ICAEW would cause the membership of a member to cease; or

d  the *local audit affiliate* is a body corporate which:

1)  has been the subject of an effective resolution passed by the shareholders (or in the case of a limited liability partnership, by its members) for it to be wound up or has had a winding-up order made against it on grounds of insolvency; or

2)  has had an administration order made against it on grounds of insolvency; or

3)  has had a receiver appointed by a creditor or by a court on the application of a creditor.

5.08  *Local audit affiliate* status will not end under *regulation 5.07a* or *5.07b* if:

a  the *firm* in which the *local audit affiliate* is a *principal* merges with or is acquired by another *local auditor* registered by ICAEW; or

b  the *local audit affiliate* leaves the *local auditor* in which he is a principal and immediately becomes a principal in another *local auditor* registered by ICAEW.

This regulation will only apply if ICAEW is notified in writing within ten business days of the change occurring.

Changes in circumstances

5.09  A *local audit affiliate* or the *audit compliance principal* must notify ICAEW in writing within ten *business days* of any changes that are relevant to the matters considered by the *Registration Committee* under *regulation 5.04*, including details of any voluntary insolvency arrangement that the *local audit affiliate* has entered into.

Review of regulatory decisions

5.10  A *local audit affiliate* may apply for a review of a decision made under *regulation 5.05* or *5.06* using the same procedures as a *firm* in section 8.

Implementation of decisions

5.11  A decision made under *regulation 5.05* will come into effect as soon as notice of it is served on the *local audit affiliate*. A decision made under *regulation 5.06* will come into effect ten *business days* after notice of it is served on the *local audit affiliate*, except that:

a  if the *local audit affiliate* has applied for a review under *regulation 8.05*, or a hearing under *regulation 8.15*, the decision will not take effect until a decision under *regulation 8.06* or 8.16 has been put into effect; or

b  if the *local audit affiliate* appealed under *regulation 8.08* or 8.19, the decision will not take effect until an *Appeal Committee* decision under *regulation 8.09* or 8.20 has been put into effect.

Fees

5.12  A *local audit affiliate* must pay an annual fee at the time and at the rate set by *ICAEW*. 
5.13 The first annual fee is due when an application is made for local audit affiliate status. An application fee is also due with this first annual fee.

Disciplinary arrangements

5.14 The disciplinary arrangements of ICAEW will apply to breaches of these regulations by a local audit affiliate in the same way as they apply to breaches by a member.

5.15 A local audit affiliate will be liable to disciplinary action under these regulations for any failure to observe and uphold the fundamental principles set out in the Code of Ethics issued by Council.

5.16 A local audit affiliate will remain liable to disciplinary action under these regulations for any acts or omissions during the period in which local audit affiliate status was held, even if no longer a local audit affiliate.
Section 6: The committees

Registration Committee

6.01 The Registration Committee must:
   a. comprise at least eight people;
   b. have non-accountants forming at least half of its membership; and
   c. have a quorum of four members of which two must be accountants and two non-accountants.

6.02 Subject to the auditor sanctions procedure, the Registration Committee is responsible for:
   a. granting registration;
   b. granting registration subject to restrictions or conditions;
   c. rejecting applications for registration;
   d. withdrawing registration;
   e. suspending registration;
   f. imposing restrictions or conditions it considers appropriate on how a local auditor carries out audit work;
   g. proposing a regulatory penalty it considers appropriate to a local auditor;
   h. granting or refusing dispensation from the requirements of regulation 2.02 or regulation 2.03;
   i. reviewing the returns and reports made under these regulations, and investigating failure to make returns or reports;
   j. making appropriate enquiries into the eligibility of applicants for: registration; key audit partner status; or local audit affiliate status (by writing, visiting the office or offices of a firm, or in any other way);
   k. making appropriate enquiries to confirm that a local auditor, key audit partner; an affiliate or a local audit affiliate is complying with these regulations (by writing, visiting a firm's office or offices, using a periodic return, or in any other way);
   l. publishing, in any manner it decides, its orders or decisions if it considers this appropriate;
   m. compiling and maintaining the Register;
   n. granting applications for key audit partner status, with or without restrictions or conditions or rejecting such applications;
   o. withdrawing key audit partner status; and
   p. implementing decisions in accordance with sanctions issued against a firm or an individual determined under the auditor sanctions procedure.

6.03 Except where regulation 6.04 applies, the Registration Committee may delegate its duties to sub-committees, ICAEW staff, a monitoring unit, or another duly appointed agent.

6.04 If the matters to be considered by the Registration Committee include:
   - rejecting applications for registration under regulation 2.05b;
   - granting applications for registration subject to restrictions under regulation 2.05c;
   - rejecting applications for key audit partner status under regulation 4.05;
   - granting applications for key audit partner status subject to restrictions under regulation 4.05;
   - withdrawing key audit partner status under regulation 4.08e;
   - rejecting applications for local audit affiliate status under regulation 5.05b;
   - granting applications for local audit affiliate status subject to restrictions under regulation 5.05c;
   - withdrawing local audit affiliate status under regulation 5.06a or 5.06e;
   - imposing restrictions on registration under regulation 7.01;
   - withdrawing registration under regulations 7.03a, 7.03g, 7.03h, or 7.03i;
   - suspending a firm's registration under regulation 7.04; or
- proposing a regulatory penalty under regulation 7.11 or 9.02;

then:

a the committee cannot delegate the decision;
b at least one half of the committee members present must be accountants; and
c at least one member of the committee present must not be an accountant.

6.05 When the Registration Committee has to decide if a local auditor has complied with a regulation, auditing standard, a quality control standard or Code of Audit Practice it must consider any relevant guidance in the regulations, standards, practice notes and any guidance that accompanies the Code of Audit Practice or any issued by Council.

6.06 In carrying out its responsibilities under regulation 6.02, the Registration Committee, any sub-committee, ICAEW staff, or a monitoring unit may, to the extent necessary for the review of a firm’s audit work or how it is complying or intends to comply with these regulations, require a local auditor or an applicant for registration to provide any information, held in whatever form (including electronic), about the firm or its clients and to allow access to the firm’s systems and personnel.

6.07 The Registration Committee may, for the purposes of these regulations, treat as audit work any work carried out by a local auditor if such status is a requirement for that work.

6.08 All information obtained under regulation 6.06 will be confidential but may be disclosed by ICAEW or a monitoring unit (directly or indirectly) to any person or body undertaking regulatory, disciplinary or law enforcement responsibilities for the purpose of assisting that person or body to undertake those responsibilities or as otherwise required or allowed by law.

6.09 A firm which is no longer a local auditor will continue to be subject to regulations 6.02j, 6.02k and 6.06 if the enquiries or information relate to any period in which the firm was registered.

6.10 In carrying out its responsibilities under regulation 6.02, the Registration Committee may consider any disciplinary findings, orders, on-going investigations or any other information concerning or affecting the fit and proper status of any key audit partner, local audit affiliate or applicant for local audit affiliate status, the firm or its principals.

In particular the Registration Committee may take into account the following:

a any matter relating to any individual who is or will be employed by or associated with the firm in connection with audit work;
b in the case of a firm that is a partnership, any matter relating to any:
   1) partner;
   2) director or controller of any of the partners;
   3) body corporate in the same group as of any of the partners; or
   4) any controller of any such body;
c if a principal in the firm is a body corporate, any matter relating to any:
   1) principal or controller of that body corporate;
   2) body corporate in the same group as the body corporate; or
   3) principal or controller of any body corporate in that group; and

d in the case of a firm that is a body corporate, any matter relating to any:
   1) principal or controller of that firm;
   2) person having any interest in shares of the firm;
   3) body corporate in the same group as the firm; or
   4) directors or controllers of any body corporate in that group.

Note; for the purposes of this regulation:

a controller is a person who, alone or with any associate or associates, is entitled to exercise or control 15% or more of the rights to vote on all or substantially all matters at general meetings of a body corporate, or of another body corporate of which it is a subsidiary undertaking.
- an associate is, in relation to an entity, another entity in which it holds an interest on a long-term basis for the purpose of securing a contribution to its own activities by the exercise of control or influence arising from or related to that interest, or which holds such an interest in it. A holding of 20% or more is presumed to create an associate relationship.
- a group is a corporate practice, any parent or subsidiary undertakings and any parent or subsidiary undertakings of any of them.

Notification to committees

6.11 The Registration Committee must notify the Investigation Committee about any fact or matter which:
   a  suggests that a local auditor, member, affiliate or local audit affiliate may be liable to disciplinary action under these regulations, the bye-laws or any other regulations of ICAEW; and
   b  in the opinion of the Registration Committee needs to be investigated.

6.12 The Investigation Committee must inform the Registration Committee about any fact or matter which appears to it to be relevant to the powers and duties of the Registration Committee under these regulations.

Review Committee

6.13 Certain matters decided by the Registration Committee may be considered afresh by the Review Committee (as described in regulation 8.06). It may then carry out any of the responsibilities of the Registration Committee under regulation 6.02 and may make any order that the Registration Committee may make. In carrying out these duties, regulation 6.06 applies to the Review Committee as it applies to the Registration Committee.

Appeal Committee

6.14 Appeals against decisions of the Review Committee will be decided by the Appeal Committee.

Procedures of the committees

6.15 When considering any matter before it, the Registration Committee, the Review Committee or the Appeal Committee shall, for the purposes of these regulations, accept any previous disciplinary finding, conviction, decision, sentence or judgement (including criminal and civil court decisions) as conclusive evidence of that prior matter.

6.16 Subject to the Act, the bye-Laws or these regulations, the Registration Committee, the Review Committee or the Appeal Committee may, in carrying out their duties under these regulations, decide on their own procedures.
Section 7: Regulatory action

Sanctions under the auditor sanctions procedure

7.00 Where, pursuant to an inspection by its monitoring unit of a firm which performs statutory audit functions in respect of major local audits, the FRC has determined a sanction in accordance with the auditor sanctions procedure, any such sanction shall take effect in accordance with the said procedure but shall be treated for the purposes of enforcement as though it had been determined by ICAEW.

7.00A The auditor sanctions procedure shall apply in respect of any firm which performs local audit functions in respect of major local audits and is subject to monitoring by the FRC.

Restrictions and conditions

7.01 The Registration Committee may impose restrictions or conditions on a local auditor if it considers that:

a any of the circumstances mentioned in regulation 7.03a to 7.03f exist, or may exist, and the restrictions or conditions are justified;
b the firm has not or may not have complied with these regulations in the past, and the restrictions or conditions are justified;
c the firm may not comply with these regulations and the restrictions or conditions are justified;
d being registered or continuing audit work without restrictions or conditions could adversely affect an audit client or any other person; or
e it is appropriate to do so to ensure that audit work is undertaken, supervised and managed effectively.

7.02 The Registration Committee may at any time vary or end a restriction or condition made under regulation 7.01. Where a restriction or condition was made under the auditor sanctions procedure and the firm has subsequently ceased to perform major local audits, the Registration Committee may at any time vary or end that restriction or condition after consulting with the FRC.

Withdrawal of registration

7.03 The Registration Committee may withdraw a firm’s registration if:

a it considers that the firm no longer meets one or more of the eligibility requirements of regulations 2.02 or 2.03 (additional criteria for firms that are not sole practices);
b it considers that the firm is not complying with the PII regulations;
c the firm is over 30 days late submitting the required returns or reports;
d the firm has not paid the registration fees due under regulation 2.13 or a charge due under regulation 2.15 (charge for a monitoring visit) within 60 days of the date of an invoice under regulation 2.16;
e the firm has not paid the costs in the time set by the Review Committee under regulation 8.07;
f the firm has not paid in the time set any fines or costs ordered by the Investigation Committee, the Disciplinary Committee, or the Appeal Committee or under the auditor sanctions procedure, or under the FRC’s enforcement procedure;
g it considers that the firm has not complied with any restriction or condition under regulation 7.01 or any written undertaking that the firm has given to ICAEW;
h it considers that the firm has not complied with any other regulation and, in the circumstances, withdrawal is justified;
i it considers that the continued registration of the firm may adversely affect an audit client or any other person; or
j it considers that the **firm** has not complied with any restriction, condition or obligation imposed under the **auditor sanctions procedure**.

### Suspension

7.04 The **Registration Committee** may suspend a **local auditor**'s registration for a period if it considers that:

- **a** any of the circumstances mentioned in **regulation 7.03a** to **7.03g** exists or may exist;
- **b** the **firm** is, or may, no longer be complying with these **regulations**; or
- **c** the continuation of the firm's audit activities could adversely affect an audit client or any other person.

7.05 During a period of suspension a **local auditor**:

- **a** need not resign from any appointment as auditor under the **Act**;
- **b** may accept re-appointment as auditor;
- **c** must not accept any new appointments; and
- **d** may only sign audit reports with the permission of the **Registration Committee**.

7.06 The **Registration Committee** may vary or end a suspension made under **regulation 7.04**. Where a suspension was made under the **auditor sanctions procedure** and the **firm** has subsequently ceased to perform major local audits, the **Registration Committee** may at any time vary or end that suspension after consulting with the **FRC**.

### Urgent orders

7.07 The **Registration Committee** may impose restrictions or conditions or suspend a **firm**'s registration in the terms permitted by **regulation 7.01** or **7.04** by means of an urgent order if it considers that there is a need to do so.

7.08 **Regulation 7.07** is subject to the **Registration Committee** allowing the **firm** an opportunity to make oral or written representations within ten business days of the urgent order being made. Having considered any representations the committee may:

- **a** end the order; or
- **b** continue the order.

### Implementation of committee decisions and orders

7.09 A decision made under **regulations 2.05, 2.18, 4.05, 7.04, 7.07** or **8.09** will come into effect as soon as notice of it is served on the **firm**.

7.10 A decision made under **regulations 7.01, 7.03** or **4.08e** will come into effect ten business days after notice of it is served on the **firm** or **key audit partner** or any later time that the committee specifies, except:

- **a** if a **firm** or **key audit partner** has applied for a review or hearing under **regulation 8.05**, the order will be postponed until an order under **regulation 8.06** has been put into effect; or
- **b** if a **firm** or **key audit partner** has appealed under **regulation 8.08** or **8.19**, the order will be postponed until an Appeal Committee order under **regulation 8.09** has been put into effect.
Section 8: Representation before committees, review and appeal

The regulations in this section are not applicable in respect of any sanction determined under the auditor sanctions procedure. The review and appeal process for those sanctions is set out in the FRC’s Auditor Regulatory Sanctions Procedure, a copy of which is available on the FRC website at www.frc.org.uk.

8.01 In regulations 8.02 to 8.10, “affected party” means a firm, an applicant for key audit partner status, a key audit partner, an applicant for local audit affiliate status or a local audit affiliate.

Representation before committees

8.02 Only the following may attend a meeting of the Registration Committee:
   a members of the Registration Committee;
   b the secretary to the committee;
   c any member of ICAEW staff whose role is to advise or inform the committee on its responsibilities, duties, powers or procedures, including the bye-laws, regulations or the law; and
   d anyone else the committee permits.

8.03 At meetings of the Review Committee and the Appeal Committee, the affected party, a representative or agent of ICAEW, or a monitoring unit may attend and be represented. Witnesses may be present at the Review Committee and the Appeal Committee in accordance with the committees' procedures or regulations.

8.04 The Registration Committee, the Review Committee and the Appeal Committee may ask the affected party, ICAEW, a monitoring unit, any employee or agent of ICAEW to clarify relevant points. The affected party must be given the opportunity to comment on any clarification made by others.

Review of regulatory decisions

8.05 Within ten business days of the Registration Committee serving a decision or order on the affected party, it can apply to the Review Committee for a review of that decision or order. The affected party must apply in writing to ICAEW. This applies to the following regulations:

- Regulation 2.05b refusing to grant registration;
- Regulation 2.05c granting of registration subject to conditions or restrictions;
- Regulation 2.18 granting or refusing to grant a dispensation from the regulations;
- Regulation 4.05 refusing to grant key audit partner status or granting such status subject to conditions or restrictions;
- Regulation 4.08e withdrawing key audit partner status;
- Regulation 5.05b refusing to grant local audit affiliate status;
- Regulation 5.05c granting local audit affiliate status subject to conditions or restrictions;
- Regulation 5.06 withdrawing local audit affiliate status;
- Regulation 7.01 imposing restrictions or conditions;
- Regulation 7.03 withdrawing registration;
- Regulation 7.04 suspending registration; or
- Regulation 7.07 an urgent order.

8.06 A meeting of the Review Committee will be arranged as soon as is practical after an affected party has applied under regulation 8.05. The Review Committee will consider
the matter afresh and will hear new material put forward by the affected party. The Review Committee may make any decision which the Registration Committee could have made.

8.07 The Review Committee may order an affected party to contribute to the costs of the review.

Appeal

8.08 Within ten business days of the Review Committee serving its decision on an affected party under regulation 8.06 the affected party can appeal to the Appeal Committee by writing to ICAEW. An appeal can only be made on one or more of the following grounds:

a that the Review Committee:
   1) was wrong in law;
   2) wrongly interpreted any relevant regulation, bye-law, auditing standard, quality control standard, Code of Audit Practice or associated guidance; or
   3) did not comply with these regulations, or procedures decided by the Review Committee under regulation 6.16;

b that the Review Committee made an order which no tribunal, correctly applying the law to the facts before it and acting reasonably, would have made; or

c that there was evidence which the Review Committee had not considered and which:
   1) could reasonably have led the Review Committee to make a different order; and
   2) could not have been put before the Review Committee even if those concerned had done their best to produce it.

8.09 As soon as is practical after notice of appeal has been received under regulation 8.08, the Appeal Committee will consider the appeal and may:

a allow the appeal;

b make a different decision;

c send the matter back to the Review Committee to be considered again; or

d dismiss the appeal.

8.10 If the Appeal Committee sends a matter back to the Review Committee under regulation 8.09 then regulation 8.06 will apply when the Review Committee reconvenes. The meeting of the Review Committee to reconsider the matter will be arranged as soon as is practical.
Section 9: Disciplinary arrangements

Application of disciplinary arrangements

9.01  [Not used]

9.01a  Save as provided below, the Disciplinary Bye-laws apply to breaches of these regulations:

a  as if references in those bye-laws to a Registered Auditor are construed as references to a local auditor; and
b  as if references in those bye-laws to a member are construed as references to a key audit partner.

9.01b  In addition to the powers of a tribunal set out in the Disciplinary Bye-laws, if the Disciplinary Committee considers a complaint brought by the Investigation Committee under this section is proved, it will make a finding to that effect. The Disciplinary Committee will take the seriousness, the type of complaint and any other relevant circumstances into account and may make any of the following orders:

a  that the local auditor or key audit partner be reprimanded or severely reprimanded;
b  that the local auditor or key audit partner be fined; or
c  that status as a local auditor or key audit partner be withdrawn.

Regulatory penalties

9.02  The Registration Committee may propose a regulatory penalty to a local auditor subject to the following:

a  the local auditor must have agreed that the breach of these regulations has been committed;
b  the Registration Committee will decide the amount of the penalty and when it is to be paid. ICAEW will set this out in the letter to the local auditor proposing the penalty; and
c  if the local auditor wishes to accept the terms on which the penalty is proposed, it must notify ICAEW within ten business days of the date of service of the letter from ICAEW containing the proposal.

9.03  There are no rights of review or appeal under regulations 8.05 to 8.10 against a regulatory penalty.

9.04  The Registration Committee will take account of any comments a local auditor makes about the terms of the regulatory penalty. It may then reduce the amount of the penalty.

9.05  If the local auditor accepts the penalty under regulation 9.02c, the Registration Committee, as soon as is practical:

a  will make an order; and
b  may publish the order in any way it decides.

9.06  Details of any penalty accepted, and the order made, will be kept by ICAEW and the Registration Committee may, if it wishes, use that information in the future.

9.07  Where the Registration Committee has proposed a regulatory penalty in accordance with 9.02, but the local auditor does not agree the breach has been committed, or does not agree to the terms of the penalty proposed or fails to comply with the terms of the penalty, the matter may be dealt with under the Disciplinary Bye-laws.

9.08  If a local auditor fails to comply with the terms of a regulatory penalty made under the auditor sanctions procedure, the matter may be dealt with under the Disciplinary Bye-laws.