



**Meeting:** Regulatory Board  
**Location:** Baobab Room, The Adelphi, 1 – 11 John Adam Street,  
London, WC2N 6AU  
**Date:** 12 November 2019, 13:00 – 16:45

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**PRESENT:**

The Chair (Antony Townsend), Nora Nanayakkara, Ronnie Patton, Geoffrey Podger, David Thomas, Suzy Walton and Lucy Winskell.

**IN ATTENDANCE:**

Executive Director – Governance (Maggie McGhee), Director – Regulation (Sundeep Takwani), Head of Adjudication (Adrianna McDonnell), Risk Manager (Rob Pullen, present for item 5 only), and Regulation Officer (Catriona Calnan).

**APOLOGIES FOR ABSENCE**

Apologies for absence were received from John Cullen.

**1. MINUTES**

The Board approved the minutes of the meeting held on 16 September 2019.

**2. CONFLICTS OF INTEREST**

There were no potential conflicts of interest and/or duty notified to ACCA following the distribution of the meeting papers.

**3. CHAIR'S REPORT**

The Board noted the update from the Chair on developments since the last meeting, and in particular, the Financial Reporting Council's (FRC's) Governance Review.

**4. PRESENTATION FROM THE EXECUTIVE DIRECTOR – GOVERNANCE**

The Board noted a presentation from the Executive Director – Governance, which covered the following areas:

- ACCA's current year performance and key events since the last meeting
- update from the September 2019 Council meeting

- forthcoming Governance changes
- an update on continuous improvement activity  
and
- regulator developments.

## 5. ACCA'S RISK MANAGEMENT FRAMEWORK

The Board received a presentation from the Risk Manager on ACCA's Risk Management Framework. In particular, the Board noted the following.

### ACCA's approach to Risk Management Framework

- The framework provides a holistic and well communicated view of risks facing ACCA, encompassing all areas of risk exposure (financial, operational, reporting, compliance, governance, strategic, reputational etc).
- ACCA's approach endeavours to maintain the balance between adherence to standards and regulations while embracing and exploiting innovation and opportunities.
- The framework also facilitates taking well managed risk in pursuit of significant opportunity.
- By identifying and proactively addressing risk and opportunities, ACCA protects and creates value for our stakeholders including employees, members, students, regulators and society overall.

### The Enterprise Risk Management Process

- How the Enterprise Risk Management (ERM) Process works.
- The Executive Team (ET) sets the risk appetite, i.e. the level of risk ACCA is willing to take in pursuit of ACCA's strategy and vision, and Council feeds into this.
- The Audit Committee provides assurance on the risk process and policy and offers challenge and strategic steer.
- The Regulatory Board currently sits as an external partner within the process, ensuring the balance between risk to the public interest and commercial opportunities is maintained.
- The risk framework is augmented with research and horizon scanning.

### Different types of risk

- Examples of external/strategic risk include changes in regulation, Brexit and Geopolitical tensions.
- Internal/operations risks are more within ACCA's ability to control, for example reducing regulatory burden.
- Reputational risk is arguably the most important type of risk to any organisation.

#### Risk Appetite

- ACCA is currently looking at its risk appetite statement to make sure it easily translateable throughout the organisation.

The Board agreed that:

- it should be explicitly featured in the ERM process, sitting between ET and risk appetite  
  
and
- it should have sight of the risk appetite due to its important public interest remit.

#### **6. ACCA'S ALTERNATIVE DISPUTE RESOLUTION (ADR) POLICY AND PROCESSES**

The Board discussed an analysis of ACCA's approach to ADR and the regulatory environment in which it operates.

The Board agreed that it should receive a paper setting out the pros and cons of an Ombudsman for the accountancy profession. The paper should include consideration of whether there is a public interest element, and if so, what is it and is there a gap?

#### **7. REGULATORY BOARD'S POLICY STATEMENT AND REGULATORY GUIDANCE**

The Board approved the Regulatory Board's Policy Statement and Regulatory Guidance, subject to the correction of two typos identified at the meeting and to amending paragraph 9.6 by replacing 'ACCA's recommendation' with 'the policy's recommendation'.

**[Post meeting note:** *The actions agreed by the Board were fed back to the Head of Monitoring to implement. He confirmed that the following suggested typo was not a typo and so the current wording has been retained:*

*'a missing 'not' in the sentence 'were found to be of a satisfactory standard'*

*In respect of the request that paragraph 9.6 be amended by replacing 'ACCA's recommendation with 'the policy's recommendation', the Head of Monitoring is reluctant to to alter the wording as the reference to 'ACCA's recommendation' follows on from the reference in paragraph 9.5 (ACCA does recommend that the Committee takes specific action in accordance with the policy and/or guidance). He has proposed to insert the words 'this policy and' in front of 'ACCA's*

*recommendation' which he believes addresses the Board's point. The updated policy statement and guidance was circulated to the Board for information.]*

## **8. ANTI-MONEY LAUNDERING SANCTIONS GUIDANCE**

The Board noted that:

- much of the content for the anti-money laundering sanctions guidance has been directly lifted from the OPBAS guidance and that ACCA has edited the content to ensure consistency with ACCA's own principles and language
  - ACCA compared its guidance with those of other professional bodies, for example in respect of the timelines recommended for firms to regularise themselves
- and
- the importance of communicating the new sanctions guidance to ACCA members, firms and the Panel.

The Board approved the anti-money laundering sanctions guidance, subject to the incorporation of the following minor amendments:

- replacing the word 'dissuasive' with 'deterrent'
- and
- amending the sentence in Part 2 to: '~~Members of the~~ **The** Disciplinary Committee should use its own judgement 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'.

The Board noted that the guidance will be kept under review.

## **9. REVIEW OF REGULATORY BOARD'S AND SUB-BOARD'S RESPONSIBILITIES**

The Board reviewed its and the sub-Board's responsibilities and agreed:

- that there should be an explicit reference to risk in the Board's and sub-Board's Terms of Reference
  - ACCA should propose some wording to be presented to the Board for approval
- and
- relevant regulatory risks should be identified in future Board papers, as appropriate.

## **10. REGULATORY BOARD EFFECTIVENESS REVIEW**

The Board approved the proposal for its Effectiveness Review, subject to the following amendments:

- an additional question on whether the Board is meeting its responsibilities in relation to GDPR
- and
- the inclusion of an additional rating of 'I don't feel able to comment'.

## **11. ANNUAL REPORT FROM THE APPOINTMENTS BOARD**

The Board received a report from the Chair of the Appointments Boards in relation to how the Appointments Board is meeting its Terms of Reference. In particular, the Board noted the following.

- The Appointment Board undertook a comprehensive recruitment campaign to recruit chairs, lay and accountant panel members and that contracts have been sent out and training will commence shortly.
- Recruiting good quality accountant panel members has been more of a challenge and the Appointments Board will look into how it can attract good quality accountant panel members.
- The Appointments Board monitors resourcing at every meeting to ensure there is the right coverage for ACCA's disciplinary and regulatory committees. A number of panel members' contracts will expire at the end of the year but having undertaken this recruitment campaign, the Appointments Board is confident that there is enough coverage.
- The Appointments Board undertakes an observation programme as part of its quality assurance remit and has updated its policy in relation to this so that it is more proportionate and less burdensome on those involved. The Appointments Board has reviewed the competency framework and a number of forms for its assessment remit. As part of continuous improvement, the Appointments Board has rationalised the number of forms used and moved them online.
- There have been no investigations during the Council year.
- The Appointments Board considered the flow of information between the Appointments Board and Regulatory Board and has agreed that the Chair of the Appointments Board will provide a verbal update at Appointments Board meetings on any relevant Regulatory Board activities, as appropriate. The Chair of the Appointments Board is already providing a verbal report on Appointments Board highlights and issues at every Regulatory Board meeting.

In respect of the diversity of the applicants for the panel, the Board noted that applicants are asked to complete a diversity monitoring form and at all sifting stages

the applications are anonymised. However, the Board noted that there is a gap in respect of the diversity of the applicants and of successful candidates. The make-up of the panel does not reflect a global organisation. The Appointments Board will consider how it can improve the diversity of the panel.

The Board agreed that the Appointments Board was meeting its Terms of Reference.

## **12. REPORTS FROM THE QUALIFICATIONS AND STANDARDS BOARDS**

The Board received a report from the Chair of the Qualifications Board. The following key points were noted.

- The Qualifications Board ratified the June 2019 examinations results at its meeting in July 2019.
- The FRC was in attendance to observe the meeting as part of its Governance review.
- The Qualifications Board received a session on CPD and an update on the Russian Language Diploma.

The Board noted that there is nothing to report for the Standards Board as Standards Board had not met since the last meeting.

## **13. APPOINTMENT OF CHAIRS TO THE APPOINTMENTS, QUALIFICATIONS AND STANDARDS BOARD**

The Board approved the following appointments:

- Nora Nanayakkara as Chair of the Appointments Board
- Suzy Walton as Chair of the Qualifications Board
- Ronnie Patton as Chair of the Standards Board.

## **14. REGULATORY BOARD'S WORK PLAN FOR THE 2019-20 COUNCIL YEAR**

The Board discussed the draft work plan and agreed that the following items should be added:

- receive a report on how the Audit Monitoring Committee is working – for second half of 2019-20 Council year
- receive a paper exploring the pros and cons of an accountancy sector Ombudsman and whether it is in the public interest (February 2020 meeting)
- review of any emerging issues in respect of the new Audit, Reporting and Governance Authority (ARGA) for second half of 2019-20 Council year

and

- receive a report on the regulation of ACCA's international members – this may include reciprocal relationships with other bodies.

The Board also agreed that a sense-check should be carried out on both the work plans of the Regulatory Board and Appointments Board to ensure there is no duplication or overlap in the matters being discussed in relation to complaints and discipline.

## 15. PERFORMANCE DATA AND STRATEGIC CONTEXT

The Board noted the performance data and strategic context papers.

The Board noted that:

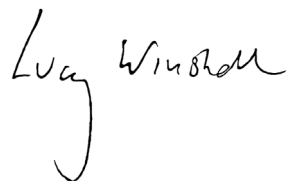
- the performance data included some detailed information on the monitoring visit back-log, which had been removed following the streamlining exercise in April 2019
- the information was included to provide the Board with a complete picture of the situation and that once the back-log has stabilised, the performance data will revert to the agreed parameters.
- the AML dashboard information will be included as an appendix for the time being and that the Board will be invited to choose what information it would like to include at the performance data review meeting in April 2020.

The Board also noted that FRC is currently carrying out an inspection of ACCA's enforcement arrangements for audit.

## 16. DATES OF FUTURE MEETINGS

The Board noted the dates of Regulatory Board meetings in the 2019-20 Council year.

The Board and ACCA thanked Antony Townsend for his leadership and contribution to the work of the Board. The Board and ACCA also thanked David Thomas for his contribution to the work of the Board.



Chair