

Report on regulation 2014



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Introduction

ACCA's mission is to:

- provide opportunity and access to people of ability around the world and support its members throughout their careers in accounting, business and finance
- achieve and promote the highest professional, ethical and governance standards
- advance the public interest
- be a global leader in the profession.

This Report on Regulation demonstrates how ACCA strives to achieve this through a robust regulatory framework.

Accountants and their professional bodies have a central role in promoting the public interest and delivering public value globally. ACCA strives to deliver public value by promoting responsible and ethical business and supporting enhanced global economic performance.

ACCA supports its members in delivering public value not only by satisfying the needs of individual clients or employers, but also by considering the wider impact of their professional activities on society as a whole. The public at large, through access to high quality accountants, are the ultimate beneficiaries of everything ACCA does to promote ethics and professionalism.

Regulation is an essential feature of ACCA's brand promise of global quality. ACCA's reputation, in turn, enhances the value of membership. Public value is, therefore, embedded in ACCA's regulatory system.

REGULATORY FUNCTIONS OF ACCA

This report reflects on ACCA's regulatory activities during 2013, and reports on ACCA's achievements in regulation in the calendar year 2013. ACCA's regulatory activities comprise:

- **licensing** – issuing certificates and licences to members involved in certain types of work, including auditing and insolvency work, so long as they meet ACCA's standards for qualifications and experience
- **complaints and discipline** – conciliating service complaints, and investigating and dealing with alleged misconduct by its members and students
- **monitoring** – monitoring compliance with standards, rules and regulations, providing monitoring services to other regulators (including non-UK regulators), and promoting best practice as part of the ACCA Quality Checked accreditation programme.

ACCA's regulatory systems and activities are under constant review, in order to respond effectively to developments in society and the regulatory environment. ACCA's qualifications, ethical standards, licensing procedures, monitoring and disciplinary processes are key to reassuring the public and regulators that high standards are being encouraged and enforced.

ACCA's regulatory and disciplinary framework is subject to oversight by a robust and independent Regulatory Board ('the Board'). The majority of the Board's members are non-accountants. Full details of the Board's regulatory policies and activities, including minutes of Board meetings, are available at www.accaglobal.com

Regulatory Board chairman's statement

The Regulatory Board has continued to provide proactive oversight of ACCA's disciplinary and regulatory arrangements, which supports ACCA's agenda of ongoing improvement to further develop and strengthen its disciplinary and regulatory processes.

During 2013 major changes were implemented regarding the constitution of ACCA's regulatory and disciplinary committees. The quorum for committees was reduced and the committees themselves were supported by independent legal advisers. In addition procedural changes were instigated, all with a view to creating greater transparency in the process. These changes, however, appear to have led to a reduction in the number of cases heard by the committees on each day. The Board is monitoring the situation on an ongoing basis and will continue to introduce such measures as are appropriate, to ensure that there are no unnecessary delays.

In 2009 the Board set up a Listing Times Working Party and one of its key recommendations was the introduction of a case management system. This finally went live during the summer of 2013 and will lead to a number of time savings and a useful audit trail. The Board will continue to keep an eye on these matters.

An important responsibility of the Board is to monitor ACCA's interactions with its lead regulators and oversight bodies, such as the UK Financial Reporting Council (FRC), including the results of their inspections of ACCA's regulatory and disciplinary processes. The Board noted that the FRC had, at its 2013 inspection, identified a number of errors in ACCA's assessment of applications for the UK audit qualification. The Board is naturally concerned that these errors had occurred but has received reports on the extensive measures that ACCA has taken to rectify the position and avoid a recurrence and is satisfied that robust action has been taken. We will continue to monitor the effectiveness of these measures.



Katrina Wingfield
Chairman, Regulatory Board

Executive director's statement

The ACCA Regulatory Board has now been in place for six years. Its original appointees all completed their terms of office in 2014. ACCA's Council took the opportunity of the Board having reached this six-year milestone to carry out a review of its functioning and responsibilities.

Council believes the Board has been a highly successful innovation and noted in particular that the scrutiny the Board brings to bear has enabled ACCA's regulatory and disciplinary arrangements to be refined and improved on an ongoing basis.

Council wishes to build on the successes to date and has agreed that the current structure should be enhanced from September 2014, to encompass additional responsibilities and to bring further transparency to how ACCA discharges its public interest obligations.

Three new boards will sit below the main Regulatory Board. To help ensure the structure remains fully joined-up, each of the new boards will be chaired by a member of the Regulatory Board. The new boards and their responsibilities are as follows:

- **Appointments Board** – independent appointment and appraisal of disciplinary and regulatory committee chairs and members, and assessors
- **Qualifications Board** – oversight of the ACCA examination results process and other matters connected with the integrity of ACCA's qualifications
- **Standards Board** – oversight of the development of the codes, standards and regulations which make up the *ACCA Rulebook*.

At an operational level, the various teams who will work with the new boards – as well as continuing to work with the Regulatory Board – are looking forward to the dialogue that will help shape how we continue to improve the delivery of regulatory and disciplinary activities.

Change is a constant in many walks of life and the pursuit of best practice means that the delivery of regulatory and disciplinary activities is no exception. We embarked this year on a review of the procedures and structures of almost all of the teams which deliver ACCA's regulatory and disciplinary operations to ensure resources were appropriately focused on core activities and obligations. The issue referenced in the chairman's statement has served to underscore the importance of undertaking such work, both to date and for the future.



Peter Large

Executive director – governance

Principles of better regulation – transparency

ACCA adheres to the principles of better regulation, which are enshrined within the Legislative and Regulatory Reform Act 2006 and set out two fundamental principles to be observed, namely that:

- a regulatory activities should be carried out in a way which is transparent, accountable, proportionate and consistent; and
- b regulatory activities should be targeted only at cases in which action is needed.

In conducting its regulatory activities, ACCA recognises the importance of the principles of **transparency, accountability, proportionality, consistency** and **targeting**. The principles of ‘accountability’ and ‘proportionality’ have been considered in previous years’ reports (2011 and 2013 respectively). This 2014 report will continue to illustrate the importance the Board places on the principles of better regulation by focusing on the principle of ‘transparency’.

Transparency implies openness and clarity of communication. It involves both the accessibility and intelligibility of rules and regulations, on the one hand, and the openness and consistency of the processes by which they are made and enforced, on the other¹. Effective consultation is needed before a regulator attempts to bring about significant changes to its policies or procedures. A recent example of this is when the Board consulted with members, via an article in ACCA’s membership publications, regarding proposed changes to the manner in which ACCA publicises forthcoming hearings and the outcomes of committee decisions.

As a principle, ACCA has a duty to act visibly, predictably and understandably – not only in respect of setting standards and developing procedures, but also in respect of the performance of those procedures. In each section of this report, there are examples of how due regard for the principle of transparency is evident in ACCA’s policies and procedures.

¹ See *Assuring Regulatory Transparency: A Critical Overview* Rex Harrison, 2002

The work of the Regulatory Board

The ACCA Regulatory Board ('the Board') supports ACCA in discharging its public interest responsibilities by providing scrutiny of all ACCA's arrangements for regulation. The Board reports to Council, ACCA's governing body, on these functions. It reviews ACCA's regulatory processes, including the regulations within the *ACCA Rulebook*, to ensure that they are fit for purpose, proportionate and in the public interest.

The Board's chairman, Katrina Wingfield, is a solicitor advocate who has acted for a number of professional regulatory bodies in the course of her career. The seven 'lay members' of the Board (non-accountants) have held a variety of senior executive and non-executive roles within professional environments, membership bodies, governing bodies and regulators. Together with three ACCA Council members, they bring a richness of experience that adds considerable value to ACCA's regulatory activities.

The Board met four times in 2013. During the year, the Board's achievements included:

- integrating legal advisers into ACCA's disciplinary and regulatory arrangements to strengthen the independence and robustness of those procedures
- recruiting and training, by way of its Appointments Sub-committee, new legal advisers and chairmen, in order to support a significant increase in the number of hearings during 2013
- observing committee hearings, and carrying out appraisals of panel members and assessors
- endorsing revisions to the Guidance for Regulatory Orders
- endorsing a revised Guideline Disciplinary Sanctions
- providing scrutiny of the significant changes to the bye-laws and regulations contained in the *ACCA Rulebook*, and which came into effect on 1 January 2014
- undertaking inspections of complaints, monitoring and licensing files to obtain assurance that ACCA's arrangements are operating in line with stated procedures and in the public interest
- undertaking an analysis of the causes of complaints that are most likely to put the public interest at risk and thereby damage public confidence in the accountancy profession.

Full details of the Board, including its individual members, policy statements and minutes of meetings, are published on the ACCA website at www.accaglobal.com, as part of our commitment to transparency.

REGULATION AND TRANSPARENCY

The experience of the Board members makes them well-equipped to serve the Board with a good understanding of the principles of better regulation. The Board provides arms-length oversight and robust challenge to ACCA's activities and proposals.

To a great extent, ACCA's disciplinary and regulatory arrangements flow from its bye-laws and regulations, to be found within the *ACCA Rulebook*, which is publicly available on the ACCA website. The Board provides scrutiny over proposed changes to the *Rulebook*, and so is instrumental in ensuring that any proposed changes will achieve the desired outcome with clarity. Proposed changes to the *ACCA Rulebook* are also shared with ACCA's lead regulators to ensure that the changes are appropriate within each of their individual legislative frameworks.

For the 2014 *Rulebook*, considerable effort was made to improve the transparency of ACCA's rules and regulations by enhancing their intelligibility. As part of this process, extensive changes were made with the objective of:

- simplifying the regulations so that they are easier to navigate, giving them better structure and clarity
- using plain English wherever possible
- enhancing consistency across the regulations.

The *Rulebook* is accessible on the ACCA website, in hard copy and on CD-ROM. Offering the *Rulebook* online enhances transparency – maximising its availability to the wider public. Each year, the main changes to the *Rulebook* are accompanied by guidance on the ACCA website and in ACCA's membership publications.

Significant changes to ACCA's regulatory procedures are discussed with, and approved by, the Board. This consultation process supports the principle of transparency, as the minutes of Board meetings are publicly available on the ACCA website.

A number of ACCA's lead regulators carry out regular inspections of ACCA's regulatory and disciplinary functions. These inspections are designed to test the operation and effectiveness of ACCA's regulatory and disciplinary systems and include the review of various complaints, licensing and monitoring files. During this process, ACCA endeavours to be transparent and accommodating. There is also a system of annual reporting to lead regulators. These lead regulators also strive to comply with the principles of better regulation, and exercise transparency by publishing significant aspects of their findings.

Licensing

ACCA issues practising certificates to eligible members and is also authorised by statute to issue licences to individuals and firms undertaking work in the areas of audit, insolvency and investment business. This process helps to meet several objectives:

- members are adjudged to be suitably qualified and experienced to perform the work in question
- consumers and others are better able to identify those who are competent to provide the services they require to high technical and ethical standards
- the authorisation process provides information to ACCA to enable it to assess risk and adopt a proportionate response to monitoring and regulation.

Members in practice must provide ACCA with information on an annual basis. They are required, among other things, to:

- confirm that they remain fit and proper
- demonstrate that they hold adequate professional indemnity insurance cover
- provide details of the arrangements they have in place for practice continuity so that the professional needs of their clients will be dealt with if the practitioner dies or becomes incapacitated
- agree to comply with their continuing professional development obligations
- agree to provide all necessary information to assist ACCA with its monitoring procedures.

PRACTISING CERTIFICATES

ACCA members in any part of the world performing work meeting ACCA's definition of public practice are required to hold ACCA practising certificates. This includes members who already hold licences from local or national bodies in accordance with local practising requirements. The ACCA practising certificate confers the right to undertake all practice work, unless local laws or regulations require an additional qualification or licence for a specific type of work (eg audit work).

ACCA AS A STATUTORY REGULATOR

- **Audit** – An ACCA member wishing to carry out work reserved for statutory auditors in the UK or the Republic of Ireland must hold a practising certificate and audit qualification. Only members who have passed the relevant examination papers and gained the necessary practical experience are eligible for a practising certificate and audit qualification.

Firms who hold, or intend to hold, audit appointments in the UK or Ireland require audit registration from a Recognised Supervisory Body such as ACCA. A firm registered with ACCA for audit purposes must hold a firm's auditing certificate.

The FRC, at its 2013 inspection, identified a number of errors in ACCA's assessment of applications for the audit qualification. ACCA was disappointed that processing errors occurred and has an absolute determination to eliminate errors in the processing of audit qualification applications. ACCA has put in place extensive measures to rectify the position and to avoid any repetition of this issue.

- **Insolvency** – Any person in the UK who wishes to hold appointments regulated by the Insolvency Act 1986 (as amended) or Insolvency (Northern Ireland) Order 1989 (as amended) must first obtain an insolvency licence from a Recognised Professional Body or competent authority. ACCA is a Recognised Professional Body, and issues insolvency licences to members and non-members who are eligible to undertake this work.
- **Investment business** – ACCA is an Approved Professional Body in the Republic of Ireland under the Investment Intermediaries Act 1995. This permits ACCA to authorise eligible practising firms to conduct specific restricted investment activities. Firms wishing to undertake these activities must obtain an investment business certificate (Ireland).

In the UK, ACCA is a Designated Professional Body (DPB) under the Financial Services and Markets Act 2000. This enables ACCA to regulate firms undertaking a limited range of exempt regulated activities, including insurance mediation. The provision of such services to a client must be incidental to the provision of accountancy services to that client.

All applications for certificates and licences, including applications for renewals, are subject to approval by the Admissions and Licensing Committee, although the routine scrutiny of application forms is delegated to ACCA staff.

LICENSING WITH REGARD FOR TRANSPARENCY

In addition to the widespread availability of the *ACCA Rulebook*, ACCA ensures that members (and others) are aware of their rights and obligations through a number of factsheets and handbooks, including the Practising Information Handbook. These publications explain in more detail the various requirements with which ACCA members must comply (eg professional indemnity insurance and continuity of practice arrangements). Further assistance in complying with the practising regulations may be obtained from the Technical Advisory service available to ACCA members in their region.

Applications for certificates that are to be heard by an Admissions and Licensing Committee are heard in public. Decisions reached are published, and written reasons for decisions are usually provided on the day of the hearing. Similar transparency exists in cases where an Admissions and Licensing Committee is being asked to remove a certificate. (See the later section on monitoring.)

OUTPUTS

	DEC 2013	DEC 2012
Practising certificate holders	12,486	11,849
Practising certificate and audit qualification holders	4,094	4,135
Audit firms in the UK and Ireland	2,434	2,523
Licensed insolvency practitioners in the UK	161	161
Investment business certificates (Ireland) in issue	108	110
Firms holding DPB registration in the UK	1,207	1,209

In 2013 the number of members holding a practising certificate increased in line with expectations, whereas the number of members holding the practising certificate and audit qualification fell. At the end of 2013, 41 fewer members held the practising certificate and audit qualification, in part due to members relinquishing their audit qualification as they no longer had any audit clients.

The number of firms holding audit registration fell accordingly, with 89 fewer firms holding audit registration by the end of 2013. Authorisations by ACCA to conduct investment business and insolvency work have remained stable.

Complaints and discipline

ACCA deals with complaints in respect of its members and students, including allegations of conduct unbecoming professional accountants. Complaints are received from a variety of sources including dissatisfied clients and employers of members, other practitioners, members of the public and referrals from other departments within ACCA, in particular Practice Monitoring.

Complainants are able to lodge a complaint by completing a complaint form, which is easily accessible on the ACCA website, although use of the form is not essential. ACCA's responsibilities encompass conciliation, investigation and discipline. In all of these areas, ACCA acts in the public interest and in accordance with the principles of better regulation. It strives to take effective and proportionate disciplinary action where appropriate, with due regard for transparency.

ACCA is a global regulator and applies the same standards to all its members and students worldwide. ACCA is concerned to act, and be seen to act, appropriately and robustly when its members or students fail to meet those standards.

ACCA's Conciliation Service provides conciliation, mediation and arbitration, where disagreements involving ACCA members are appropriate for such resolution. This is achieved by finding a solution that is acceptable to both parties, while ensuring that any need for disciplinary action is also further investigated. The conciliation exercise helps reduce the burden on the investigations team, so that its work may be targeted towards the cases where thorough investigation is justified.

DISCIPLINARY COMMITTEE

If an investigation suggests that there may be a case to answer, a report will usually be prepared for consideration by an independent assessor. Conversely, if ACCA's investigation suggests that a matter should be closed or should rest on the relevant person's file, the complainant may request that the decision be reviewed by an assessor. This ensures that the process of determining which matters should be brought before the Disciplinary Committee is seen to be objective.

The Disciplinary Committee itself is independent of ACCA – chosen from a panel of committee members appointed by the Board in accordance with ACCA's Regulatory Board and Committee Regulations. The procedures to be followed at disciplinary hearings are set out in the Complaints and Disciplinary Regulations.

INVESTIGATION AND DISCIPLINE WITH REGARD FOR TRANSPARENCY

ACCA encourages complainants to bring to it matters that are appropriate for ACCA to investigate, and information is available on the website to advise interested parties how to complain and what to expect of the investigation and disciplinary process.

Hearings of the Disciplinary Committee are open to the public. Guideline Disciplinary Sanctions are used by the Committee, and these are publicly available on the ACCA website. The Guideline Disciplinary Sanctions clearly set out the framework for decision-making and the wide range of sanctions available to the Disciplinary Committee. They therefore promote the consistency of the disciplinary process as well as its transparency.

OUTPUTS – COMPLAINTS

	2013	2012
Complaints in hand at the start of the year ²	570	561
Complaints received during the year	697	742
Complaints closed after initial review	98	46
Complaints deleted for Data Protection reasons	0	54
Complaints closed following conciliation	108	127
Complaints closed following an investigation	323	403
Complaints closed following a disciplinary hearing	74	92
Complaints in hand at the end of the year	664	581
Average months to complete disciplinary investigations	15.1	12.5
Average months to complete disciplinary investigations, excluding delays beyond ACCA's control ³	11.2	12.1
Average months to complete investigations which did not lead to disciplinary action	8.8	9.1

2 There is a discrepancy of 11 between the number of cases open at the end of 2012 and the number open at the start of 2013. On occasions, a complaint must be transferred to another member or firm's name, because the same complaint has been opened under more than one name. Cases may also be deleted because a complaint is withdrawn, or because the complainant insists on anonymity, which makes a meaningful and fair investigation impossible.

3 Excludes periods in which investigations could not be progressed due, for example, to the need to await the outcome of court proceedings.

Complaints and discipline

Pre-hearing news releases are published on the ACCA website, notifying the general public of the cases that are to be heard. Following a hearing, the Committee's written reasons for its decision are provided to the member or student. If there has been a finding against that person, publicity of the decision by way of a press release is automatic. The Committee has discretion to limit the circulation of the press release and, in exceptional circumstances, to anonymise it. Publicity will usually be on ACCA's website and also sent to a newspaper local to the member's area of practice or the student's town of residence.

Fewer complaints were received in 2013 (697) than in 2012, although this figure is higher than in 2011 (660 complaints). An increase in complaints is to be expected in view of the increases seen in the number of members and students year on year. It is disappointing that the number of disciplinary investigations concluded decreased in 2013. The statistics reflect an increase in the average time taken to complete a disciplinary investigation from 2012 to 2013. This was largely due to delays beyond ACCA's control, but also due to staff members spending time on the development, testing and implementation of a new case management system. The investment in staff members' time has been worthwhile as case closures have increased since the system went live in June 2013.

OUTPUTS – HEARINGS

	2013	2012	2011
Number of Disciplinary Committee hearings	123	56	52
Number of Admissions and Licensing Committee hearings	66	36	32
Number of Appeal Committee hearings	22	13	11
Total number of hearings	211	105	95
Number of cases concluded by Disciplinary Committee	93	88	100
Number of cases concluded by Admissions and Licensing Committee	77	79	77
Number of cases concluded by Appeal Committee	16	20	17
Total number of cases concluded	186	187	194

Other measures have also been introduced to improve the speed of concluding cases. These include the recruitment of additional staff members, making timely and appropriate use of outsourcing and the creation of a new Case Review and Resolution Unit. This Unit provides seamless oversight of the complaints opening and allocation process, to ensure efficiencies are maximised and that no case proceeds to the next stage of the process unless it is in the public interest to do so. Following the introduction of these additional resources and efficiencies, together with the new case management system, ACCA is now in a good position to achieve improved performance.

Independent legal advisers were introduced into ACCA's disciplinary and regulatory framework from 1 January 2013 to provide legal and procedural advice to the disciplinary and regulatory committees. Also, with transparency in mind, written reasons for decisions are now being produced on the day of the hearing. This has led to fewer cases being heard in a day, which in turn has impacted on listing times. Other factors have also contributed to this, including the requirement for the Disciplinary Committee to announce the basis for its findings before proceeding to mitigation, the increased number of adjournments and interim orders and the increase in the provision of evidence. A significant increase in hearing days has been needed to deal expeditiously with the number of cases waiting to be heard. This increase is anticipated to continue in 2014. Additional chairmen and legal advisers were recruited in 2013, and ACCA will continue to address these issues in 2014 as one of its top priorities.

Monitoring

A key mechanism in any system of regulation of practising accountants is a programme of monitoring visits designed to examine compliance with relevant rules, regulations, standards and best practice.

UK AND IRELAND

ACCA's statutory recognition in the UK and Ireland as a licensing and supervisory authority for auditors, insolvency practitioners and investment advisers requires it to undertake a comprehensive programme of monitoring visits to licensed firms, audit training firms and individuals on a defined cyclical basis. This work is undertaken by ACCA's Compliance Unit. During 2013, ACCA was inspected by the Financial Reporting Council – Professional Oversight Team for audit work in the UK. ACCA's monitoring methodology was examined for continued effectiveness, and a sample of monitoring files was subjected to rigorous review to assess adherence to that methodology. The Financial Reporting Council – Professional Oversight Team was broadly satisfied with ACCA's monitoring arrangements.

The Board also inspects a sample of completed monitoring files on an annual basis. The selection of files covers UK and Ireland statutory monitoring, global monitoring and ACCA Quality Checked. The Board also approves any changes to ACCA's policies concerning monitoring arising out of inspections by lead regulators or other drivers for improvement.

GLOBAL MONITORING ACTIVITIES

ACCA ensures that its members and firms that practise outside the UK and Ireland are subject to monitoring. In many countries, ACCA members and firms are required by local legislation to register with a national professional body or regulator. Where that body or regulator has a monitoring programme in place, ACCA aims to avoid duplication.

Currently, ACCA has contracts with 12 other professional bodies and regulators to undertake audit monitoring on their behalf, using the audit monitoring methodology it applies in the UK and Ireland, adapted as necessary. During 2013 it undertook monitoring visits for 11 of these clients. This work is also subject to scrutiny by the Board.

In addition to those practising members that are covered by the arrangements described above, there is a small number of ACCA members that practise in countries that do not have, and are unlikely to implement, a programme of monitoring. These members and their firms are subject to direct monitoring by ACCA, which involves targeting members and firms that may carry a higher level of risk.

OTHER ACTIVITIES

ACCA undertakes a number of consulting assignments, usually funded by the World Bank or the Inter-American Development Bank, to strengthen systems of regulation for accountants in other jurisdictions.

In recent years, consulting assignments have been undertaken for:

- the Ministry of Finance, Poland
- the Eastern, Central and Southern African Federation of Accountants
- the Institute of Chartered Accountants of Jamaica
- the Institute of Chartered Accountants of Trinidad and Tobago.

MONITORING METHODOLOGY

Key features of ACCA's monitoring methodology are set out below:

- the recruitment of specialist staff with extensive experience in their specialism, who undergo practical training in the application of ACCA's monitoring methodology before being authorised to undertake monitoring visits
- a holistic approach to monitoring, taking into account the characteristics of the member, the firm, their clients and the nature of the professional services they provide to the public
- a risk-based approach which enables ACCA to target certificate holders identified as posing high risks for more frequent monitoring visits
- an examination of the licence holder's procedures, processes and quality controls. This is supplemented by an inspection of audits, cases and transactions to ensure that they are applied effectively
- a highly developed assessment process to consider the seriousness of any instances of non-compliance identified, prior to concluding whether the monitoring visit has a satisfactory or unsatisfactory outcome overall
- a focus on assisting firms or individuals to improve the quality of their work, using regulatory processes only where they are required in the interests of the clients and the public
- forms of reporting, appropriate to the professional services provided by the firm or individual, that communicate clearly the results of the monitoring visit, and assist in rectifying any breaches or deficiencies for the future
- an internal quality control system to ensure that all monitoring visits are conducted in accordance with ACCA's requirements. This is to ensure that ACCA may be confident that the overall outcome of a monitoring visit has been determined in accordance with ACCA's basis of assessment, and that the report issued is clear and will assist the licence holder.

Monitoring visits are generally undertaken on a cyclical basis which varies in length, depending upon the type of visit. However, firms previously found to be non-compliant or considered high risk are scheduled for an early revisit. For this reason, and because some firms hold licences but do not undertake any regulated activities, the number of visits undertaken as a proportion of the number of firms licensed can vary from year to year.

Monitoring

ACCA QUALITY CHECKED

ACCA Quality Checked is a scheme developed by ACCA to encourage firms to adopt quality controls and procedures that represent best practice in the accountancy profession, thereby enhancing the quality of professional services provided to clients. Where a practising firm is controlled by ACCA members, an *ACCA Quality Checked* review is generally conducted alongside the monitoring visit. Practical guidance is offered to encourage the firm to implement effective quality controls and procedures that represent best practice. Firms that meet these best practice standards are awarded the *ACCA Quality Checked* kite mark. A list of firms that have been awarded the *ACCA Quality Checked* kite mark is published on the ACCA website.

ADMISSIONS AND LICENSING COMMITTEE

The monitoring of ACCA practitioners and firms is performed with the objective of protecting the public. Where work performed fails to reach the required standard, the measures available to ACCA include referral to a regulatory assessor or to the Admissions and Licensing Committee. Although an assessor may impose conditions on a certificate, only the Committee may remove a member's certificate or licence. The Admissions and Licensing Committee is independent of ACCA, and is chosen from the same panel of committee members as the Disciplinary Committee. The procedures followed by the Admissions and Licensing Committee are set out in ACCA's Authorisation Regulations.

MONITORING WITH REGARD FOR TRANSPARENCY

ACCA adopts a constructive approach with regard to any deficiencies found at monitoring visits. Whatever the outcome of the visit, the findings are discussed with the firm at a closing meeting during the visit. A final report, clearly setting out ACCA's findings and recommendations, is issued to the firm following the visit. The principle of transparency requires that the member and firm are fully aware of their obligations, any failings, and what steps should be taken to rectify them.

Where regulatory action is appropriate, in order to protect the public, hearings of the Admissions and Licensing Committee are held in public. In addition to the availability of the Authorisation Regulations (available online within the ACCA Rulebook), ACCA publishes information concerning its regulatory and disciplinary committees, including its Guide to ACCA's Committee Unit and the Disciplinary and Regulatory Committees and its Guidance for Regulatory Orders. These are also available online on the ACCA website.

The Guidance for Regulatory Orders provides guidance on the range of options available to the Admissions and Licensing Committee when considering what orders to impose upon an individual or firm. It also provides transparency, so that members and others are aware of the range of orders available to the Committee. ACCA's Committee Unit is available to provide further information to those participating in regulatory or disciplinary procedures. The Guidance for Regulatory Orders also helps to ensure that orders made are consistent and proportionate.

Notices of hearings of the Admissions and Licensing Committee are published on the ACCA website. The decisions of the Committee are also published on the website and issued to a newspaper local to the member's area of practice. As in the disciplinary process, the member is named, except in exceptional circumstances.

Following a hearing, the Committee's written reasons for its decision are provided to the member, who may then apply for permission to appeal.

OUTPUTS – NUMBER OF VISITS

VISIT TYPE	2013	2012
Audit – UK and Ireland	392	390
Audit – UK and Ireland – training auditors	584	481
Audit – Global	229	189
Investment business – Ireland	29	45
Insolvency	33	41
ACCA Quality Checked – UK and Ireland	226	198
ACCA Quality Checked – Global	96	85

The number of audit monitoring visits carried out remained relatively stable between 2012 and 2013. There were fewer insolvency monitoring visits and Irish investment business visits in 2013. However, the population of firms visited each year will be different and therefore it is difficult to compare one year to another or to draw any reliable conclusions. A further 126 (2012: 233) firms, which held audit registration but had no audit clients, were also monitored in 2013. The majority of these were monitored using a desk-top questionnaire.

During 2012, in response to a call for enhanced audit quality in the UK and Ireland, ACCA started to demand action plans from those firms in respect of which audit work was found to be unsatisfactory. During 2013, this practice became well-established, and resources have been applied to reviewing the action plans received, to ensure that firms have addressed shortcomings appropriately. In future years, follow-up visits to those firms will measure compliance with agreed action plans.

ACCA publishes statistics on its monitoring activities which can be viewed at www.accaglobal.com/uk/en/member/professional-standards/regulatory-board.html.

About ACCA

ACCA (the Association of Chartered Certified Accountants) is the global body for professional accountants. We aim to offer business-relevant, first-choice qualifications to people of application, ability and ambition around the world who seek a rewarding career in accountancy, finance and management.

Founded in 1904, ACCA has consistently held unique core values: **opportunity, diversity, innovation, integrity** and **accountability**. We believe that accountants bring value to economies in all stages of development. We aim to develop capacity in the profession and encourage the adoption of consistent global standards. Our values are aligned to the needs of employers in all sectors and we ensure that, through our qualifications, we prepare accountants for business. We work to open up the profession to people of all backgrounds and remove artificial barriers to entry, ensuring that our qualifications and their delivery meet the diverse needs of trainee professionals and their employers.

We support our 170,000 members and 436,000 students in 180 countries, helping them to develop successful careers in accounting and business, with the skills needed by employers. We work through a network of over 91 offices and centres and more than 8,500 Approved Employers worldwide, who provide high standards of employee learning and development.

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