

GUIDANCE FOR REGULATORY ORDERS

ELIGIBILITY FOR CERTIFICATES OR LICENCES AND
UNSATISFACTORY OUTCOMES TO MONITORING VISITS

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SECTION 1: INTRODUCTION

- 1.1 This section of the Guidance for Regulatory Orders (“Guidance”) concerns:
- matters concerning the eligibility of a firm for an auditing certificate or investment business certificate or an individual for a practising certificate or insolvency licence; or
 - the conduct of audit and regulated work, insolvency work or investment business found at a monitoring visit.
- 1.2 The Guidance has been developed by ACCA’s Regulatory Board, which oversees the regulatory and disciplinary committees and reports to ACCA’s Council on the fairness and impartiality of the arrangements in place. The purpose of the Guidance is to assist the Admissions and Licensing, Interim Orders and Appeal Committees (“the Committee”) and the Regulatory Assessors (“Assessor”) in the exercise of their powers. It is designed to manage regulatory risk, provide transparency of policies and procedures and ensure consistency of approach.
- 1.3 Part B of the Guidance reflects a progressive approach to those firms or individuals that fail to comply with the requirements relating to auditing, investment business and insolvency. It is based on the principles and practice set out in the Regulatory Board’s Policy Statement on ACCA’s approach to non-compliance with auditing standards, issued in July 2009 and updated in May 2014.
- 1.4 The Guidance is for use by:
- ACCA staff when they are considering the appropriate action to take, for example based on the outcome of a monitoring visit
 - the Committee and the Assessor when they are considering what order or decision to make
 - ACCA certificate or licence holders so that they are aware, prior to any decision being made, of what the Committee’s or Assessor’s range of options are and which matters the Committee members or the Assessor may take into account when coming to a decision
- 1.5 The Guidance is a ‘living document’ which will be updated and revised when the need arises.

SECTION 2: THE ROLE AND REGULATORY POWERS OF THE COMMITTEE AND ASSESSOR

2.1 INTRODUCTION

- 2.1.1 The Committee and the Assessors are totally independent of ACCA and are free to exercise their own judgement in making decisions:
- according to the evidence provided and facts found
 - taking account of the relevant regulatory history of the certificate or licence holder
 - in accordance with the standard of proof, which on regulatory matters is generally accepted to be on the balance of probabilities
 - with regard at all times to the regulatory framework set out in ACCA's Rulebook, policy statements issued by the Regulatory Board and any other relevant guidance
 - balancing the need to maintain public confidence in the profession with appropriate proportionality

2.2 THE ROLE OF THE COMMITTEE AND ASSESSOR

- 2.2.1 The Admissions and Licensing Committee is responsible for considering applications and continuing eligibility for a practising certificate, auditing certificate, insolvency licence and investment business certificate (Ireland). Provided an application meets the criteria specified from time to time by the Committee, the power to grant the application is usually delegated to ACCA staff.
- 2.2.2 The Assessor has the delegated power of the Committee to impose conditions on a certificate and/or conditions on a future reapplication for a certificate that the holder has voluntarily relinquished.

2.3 PURPOSE OF AN ORDER

- 2.3.1 It is a settled principle of law that the purpose of orders issued by a professional regulatory body is to:
- protect the public interest
 - maintain public confidence in the profession
 - maintain proper standards of conduct

2.3.2 It is vitally important that the holder of a certificate or licence issued by ACCA meets the high standards expected by the public. The function of the Assessor and Committee is to take appropriate action for the future to ensure that the holder maintains proper standards of conduct, thereby maintaining public confidence in the profession. Their function is not to discipline the firm or individual for any past wrongdoing of which it or he may be culpable.

2.3.3 **It was noted in Bolton v The Law Society [1994] 2 ALL ER 486 that the reputation of a profession as a whole is more important than the fortunes of an individual member of that profession.**

2.4 REGULATORY POWERS

2.4.1 In accordance with Authorisation Regulation 7(3) the Assessor may either:

- consider that no regulatory action is necessary; or
- impose conditions on the holder of a certificate; or
- if he decides that the withdrawal or suspension of a certificate should be considered, refer the case to the Committee for consideration.

2.4.2 In accordance with Authorisation Regulation 6(15)(a) the Committee has the following basic options for an existing certificate:

- to make no order; or
- to order that the certificate be withdrawn; or
- suspend the certificate; or
- impose conditions on the certificate.

2.4.3 In the event that the holder voluntarily relinquishes a certificate before the matter can be considered, in accordance with Authorisation Regulations 6(18) and 7(4) respectively the Committee and the Assessor have the power to specify that no future application for a certificate will be entertained for a specified period or until the occurrence of a specified event.

2.4.4 In accordance with Authorisation Regulation 3(4), where the Committee is considering an application for a certificate it may grant or refuse the application, and where it grants the application may impose such conditions as it believes appropriate.

2.4.5 The Assessor or Committee may impose whatever conditions on a certificate that he or it believes are appropriate. Any conditions must be:

- appropriate;
- proportionate (see below);
- workable; and
- measurable.

2.5 PROPORTIONALITY

2.5.1 In deciding on the appropriate decision and conditions to impose, the Assessor or the Committee needs to weigh the interests of the firm or individual against the need to fulfil the three purposes of a regulatory order set out in paragraph 2.3.1.

2.5.2 Any order and conditions imposed should, taking into account all the circumstances of the case, be proportionate to the level of seriousness in the failure of the firm or individual to:

- carry out work in accordance with the requirements relating to audit, insolvency or investment business
- show eligibility for a certificate

2.5.3 In order to ensure that the decision (including any conditions imposed) is the minimum necessary to achieve the purpose, the Assessor or Committee will need to consider:

- any evidence provided by the firm or individual in attempting to refute the findings of the visit
- any explanation offered for the inadequate performance of the relevant work
- the apparent willingness and ability of the holder to achieve the standard of work expected
- whether or not the firm or individual has been subject to a conditions in the past and the risk that similar or alternative conditions will not be effective in bringing about a sustained improvement in the standard of the work
- if the firm or individual has taken action to remedy the inadequate performance of the relevant work since the most recent monitoring visit, why appropriate action was not taken previously and whether the apparent improvement can be relied on as effective, representative and sustainable
- the action the firm or individual has or intends to take where eligibility for a certificate is in question.

2.6 PUBLICITY

Withdrawal, suspension or conditions on an existing certificate

2.6.1 Authorisation Regulation 6(12)(c)(i) requires that, where the Committee has withdrawn, suspended or imposed conditions on a certificate pursuant to regulation 6(15)(a), the decision **shall** be published as soon as practicable. The regulation stipulates that the decision shall be published as the Committee thinks fit and, unless in exceptional circumstances the Committee otherwise directs, the relevant person shall be named in such publicity.

2.6.2 Authorisation Regulation 7(6)(a) indicates that all conditions imposed by an Assessor relating to an existing certificate pursuant to regulation 7(2) **may** be published as soon as practicable. Regulation 7(6)(b) indicates that the certificate holder **may** be named in such publicity, unless the Assessor otherwise directs.

Conditions on future reapplication for a certificate

- 2.6.3 Authorisation Regulation 6(12)(c)(vi) provides that, in the event that the holder relinquishes the certificate before the hearing takes place, details of that fact and of any consequential orders shall be published as the Committee thinks fit. Similarly, regulation 7(6)(h) provides that, in the event that the holder relinquishes the certificate before the Assessor makes a decision, details of that fact shall be published as the Assessor thinks fit. The Committee and Assessor therefore have discretion, in these circumstances, as to whether to make any publicity order.
- 2.6.4 The normal order for publicity is that a press release be issued to ACCA's website and the local press referring to the individual or firm by name.
- 2.6.5 However, the Committee and Assessor have complete discretion to decide where the press release should be issued.

PART A:
ELIGIBILITY FOR CERTIFICATES OR
LICENCES

SECTION 3: THE APPROACH ADOPTED BY ACCA

3.1 ELIGIBILITY FOR AN AUDITING CERTIFICATE

- 3.1.1 The eligibility requirements for a firm's auditing certificate are set out in Practising Regulation (PR) 6 of both Annex 1, applicable to the UK, and Annex 2, applicable to Ireland, of the Global Practising Regulations.
- 3.1.2 Where a firm applies for, or already holds, an auditing certificate but does not appear to meet one or more of the requirements ACCA refers the application or matter to the Committee for consideration. Firms may apply for waivers of the application of some regulations and this is dealt with in another section of the Guidance.
- 3.1.3 Compliance with certain of the requirements is fairly well defined, for instance on professional indemnity insurance and practice continuity arrangements. However, for certain requirements the facts may be open to different interpretations and these are dealt with separately below.

Control by qualified persons

- 3.1.4 The meaning of 'control by qualified persons' is set out in PR 8 of both Annex 1, applicable to the UK, and Annex 2, applicable to Ireland, of the Global Practising Regulations.
- 3.1.5 ACCA will consider the substance of the arrangements the firm has in place, not just the legal form. Where it identifies that the requirements of PR 8 are not met and the firm appears unable or willing to remedy the situation, ACCA will refer the case to the Committee.

Audit independence and influence by others

- 3.1.6 Firms with an auditing certificate must, under PR 6(g), have arrangements to prevent individuals who do not hold an audit qualification and persons who are not members of the firm from being able to exert any influence over the way in which an audit is conducted in circumstances in which that influence would be likely to affect the independence or integrity of the audit. This influence may occur even where the firm meets the requirements of PR 8. For example, an audit qualified person (principal or employee), in a firm which is not eligible for audit registration, sets up another firm which he legally controls in accordance with PR 8. This firm obtains an auditing certificate in order to accept appointment as auditor to any clients which the ineligible firm has which require an audit. Although the new firm is legally separate from the ineligible firm, it is questionable whether it is effectively separate. If ACCA has concerns that the arrangements do not appear to be adequate to prevent influence, it will refer the matter to the Committee.
- 3.1.7 Auditor independence is the foundation upon which the integrity of the audit is built. In addition, independence is as much a matter of appearance as it is a matter of the auditor's mind. On monitoring visits firms are sometimes found to be in apparent breach of the requirement for an auditor to be seen to be independent of an audit client or of a third party. The requirements on independence are contained in both the Financial Reporting Council's (FRC) Ethical Standards and in the Code of Ethics and Conduct. The former tends to be more prescriptive while the latter is now largely principles-based.
- 3.1.8 Occasionally, concerns are raised where an audit firm obtains a significant proportion of its fee income from a single source. FRC Ethical Standard 4 states that, where it is expected that the total fees for both audit and non-audit services receivable from a non-listed audited entity and its subsidiaries audited by the audit firm will regularly exceed 15% of the annual fee income of the audit firm...the firm shall not act as the auditor of that entity and shall either resign as auditor or not stand for reappointment, as appropriate.

- 3.1.9 However, the situation is less clear-cut where a significant proportion of total fee income is not derived from a single client and its subsidiaries, but from several clients with a common connection. For example, sometimes an audit firm obtains a number of audit clients by referral from another accountancy firm which is itself not eligible for an auditing certificate. Although Sections 290.217 to 290.219 of the Code of Ethics and Conduct do not prohibit such an arrangement, in ACCA's view a self-interest threat arises where 15% or more of a firm's total income is derived from a single source. The presumption is that the ineligible firm will be able to influence its clients, for example in their choice of auditor and on whether to retain the services of a particular auditor. It is this latter point which renders the auditor vulnerable to a threat to his objectivity. In ACCA's view, the 15% threshold in FRC Ethical Standard 4 is an appropriate benchmark to apply in other situations where a number of audit clients are under common control or have a common connection which could result in a significant influence being exerted on the auditor.
- 3.1.10 Section 280 of the Code of Ethics and Conduct contains a note that, where relevant, a professional accountant in public practice shall comply with both the FRC Ethical Standards and Section 290. **Where there is any apparent conflict between requirements, the professional accountant shall comply with the requirement that is more stringent.**
- 3.1.11 Where the firm agrees to put adequate safeguards in place or, where this is not possible and the firm resigns from the audit appointment and gives assurances acceptable to ACCA that it will prevent such a threat arising in future, the matter will not be referred to the Committee.

Fitness and propriety

- 3.1.12 A firm has to be fit and proper to hold an auditing certificate in accordance with PR 6(c). PR 13 states that, in addition to its provisions, all the provisions of GPR 8 which concern individuals apply. If ACCA has significant concerns about a matter which appears to impact fitness and propriety, it will refer the case to the Committee.

3.2 ELIGIBILITY FOR OTHER CERTIFICATES AND LICENCES

3.2.1 ACCA may refer applications for other certificates or licences to the Committee for consideration, for instance:

- where there may be doubts as to the applicant's fitness and propriety to hold a certificate
- because of the applicant's previous disciplinary history with ACCA or another professional body
- where an applicant has previously held a certificate or licence from another body which informs ACCA that its monitoring has found that the applicant has not performed the relevant work to a satisfactory standard.

SECTION 4: GUIDANCE FOR THE COMMITTEE

4.1 ELIGIBILITY FOR AN AUDITING CERTIFICATE

Control by qualified persons (PR 8)

4.1.1 In the following circumstances a firm does not meet the requirements of PR 8:

- the partnership agreement does not give the audit qualified partners control in terms of voting rights
- persons who are not audit qualified control the majority of the shares with voting rights in the company
- the majority of directors are not audit qualified and there is no agreement which gives the audit qualified directors the majority of voting rights at board meetings.

4.1.2 In all cases it is for the Committee to decide if the firm is eligible for audit registration based on information provided by the firm which will ensure the audit qualified principals have effective control of the firm. Authorisation Regulation 5(1)(a) allows the Committee to give the firm time to make arrangements for the control of the firm where it regards the situation as remediable.

Audit independence and influence by others (PR 6(g))

4.1.3 ACCA will set out the factors that give rise to its concerns about the firm's arrangements to comply with PR 6(g) in the written report to the Committee and orally when presenting the case at the hearing. The Committee considers each case on its individual facts and takes into account the following (this list is not exhaustive):

- the income of the firm and whether this provides the audit qualified individual(s) with sufficient income to assert their independence from the ineligible firm
- the clients of the firm and whether it has any clients which are not also clients of the ineligible firm
- the name of the firm and what association, if any, this implies with the ineligible firm
- the firm's office and staffing arrangements and whether these are common with the ineligible firm
- the status of the audit qualified individuals in the ineligible firm, whether employees, sub-contractors or principals
- the professional qualifications, if any, of the other principals in the ineligible firm and whether or not they are required to comply with ethical principles which would prohibit them from attempting to exert influence over the way in which an audit is conducted
- any safeguards put in place by the audit-registered firm, such as independent external reviews of the audit appointment and the arrangements for the direction, supervision, conduct and review of the audit work.

4.1.4 In cases concerning auditor independence, the Committee will be required to consider the matter where either the firm does not agree that there is a problem or fails to reduce to an acceptable level the threat to its objectivity. The Committee will decide the case on the individual facts, having regard to the relevant requirements of the FRC Ethical Standards and ACCA's Code of Ethics and Conduct. It is usually possible for a solution to be found in which case an order with appropriate conditions to ensure the firm takes the necessary action is appropriate. Nevertheless, where the Committee finds that there is a continuing breach of the audit independence requirements, which the firm either will not or cannot remedy, the Committee has the power to withdraw the firm's auditing certificate.

Fitness and propriety

- 4.1.5 Under GPR 8 and PR 13 there are various matters the Committee may consider concerning fitness and propriety and the eligibility of a firm for a certificate. The Committee may also be required take into account any relevant matters relating to any individual associated with, or employed by, the firm.

4.2 ELIGIBILITY FOR OTHER CERTIFICATES AND LICENCES

- 4.2.1 The Committee considers whether to grant the application and, if so, whether to place any conditions on the certificate. The Committee decides each case based on the individual facts and will take into account the approach taken for individuals and firms which have held certificates continuously from ACCA.

SECTION 5: DESCRIPTION OF THE AVAILABLE ORDERS AND APPLICATION GUIDELINES

5.1 INTRODUCTION

5.1.1 Before reaching a decision, the Committee will consider whether the order, including any conditions, it is imposing is the minimum necessary to achieve the purpose, in accordance with the principle of proportionality outlined in Section 2 of this publication. As part of this the Committee will need to consider:

- the firm's or individual's visit history and the effectiveness of any previous order;
- the explanations provided for past failures to comply with the requirements;
- the actions already taken by the individual or firm to render him or it eligible for the relevant certificate; and
- the likelihood that the firm's or individual's remedy will be effective and sustained in the longer term.

5.1.2 The Committee may depart from ACCA's recommendation and the guideline orders and conditions; however, the Committee should have regard to the guidance in this document and ensure that the written reasons for decision clearly explain the exceptional circumstances which resulted in any such departure.

5.2 AVAILABLE ORDERS

No order

See **Order A1**.

5.2.1 In all cases the Committee may decide not to make an order.

5.2.2 Relevant factors to take into consideration (this list is not exhaustive):

- the firm or individual has remedied the matter in question and has provided evidence to support this to the satisfaction of the Committee
- it appears that the breach of the eligibility requirements had not happened before, was inadvertent and will not recur
- the public is not at risk
- there would be no purpose served by placing conditions on the firm's or individual's certificate or licence.

Order placing conditions on the firm's or individual's certificates

See **Order A2**.

5.2.3 An order placing conditions on a firm's or individual's certificate is effectively the alternative to withdrawal or suspension where the firm or individual currently appears to be ineligible. The imposition of conditions allows the firm or individual to remedy the situation while at the same time protecting clients and the public. Orders imposing conditions on a certificate must be publicised, as set out in section 2.6 of this document.

5.2.4 Relevant factors to take into consideration (this list is not exhaustive):

- the firm or individual does not currently appear to be eligible for a certificate
- it appears that the situation is remediable and in the meantime adequate safeguards can be put in place to protect the interests of the public
- the firm or individual has made proposals which it appears will remedy the problem but which have not yet been implemented
- it does not appear that the problem will recur or, if it may, the firm or individual has put procedures in place which will ensure that it is appropriately dealt with.

5.2.5 The Committee may impose whatever conditions it wishes but they must be appropriate, proportionate, workable and measurable. The conditions usually imposed include:

- for a firm which does not meet the eligibility requirements for an auditing or investment business certificate, allowing the firm to retain its certificate subject to the firm taking certain action within a set timescale failing which, at the Committee's discretion, the certificate should either be suspended or withdrawn or the matter should be referred back to the Committee
- for a firm or individual, placing ongoing conditions on it either permanently or until a specific date
- an early follow up visit by ACCA to ensure that the firm or individual is effectively operating any procedures it or he proposed putting in place or has kept to the conditions imposed; the firm or individual is usually ordered to contribute to the cost of the ordered early visit so that this cost does not fall on firms or individuals which have visits only on the routine cycle.

Order to withdraw or suspend the firm's or individual's certificate or licence

See **Order A3**.

- 5.2.6 Suspension of a certificate or licence until the occurrence of a specified event, or withdrawal of a certificate or licence, is appropriate where a firm or individual cannot show to the Committee's satisfaction that it will be able to meet the eligibility requirements in future or until some time in the future. Where the Committee does suspend or withdraw a certificate on eligibility grounds it may or may not be appropriate to place conditions on any re-application for the certificate. Orders to suspend or withdraw a certificate must be publicised, as set out in section 2.6 of this document.
- 5.2.7 Suspension or withdrawal of a firm's auditing certificate or an individual's practising certificate and audit qualification or insolvency licence prevents a firm or individual only from conducting audit or insolvency work. In most cases the individual will retain a practising certificate allowing him or her to conduct all other areas of public practice work, including accountancy and tax.
- 5.2.8 Relevant factors to take into consideration (this list is not exhaustive):
- the firm or individual has made no or wholly inadequate proposals for rectifying the situation
 - the situation has occurred before and the firm or individual has failed to carry out the proposals it made and/or has failed to ensure the situation did not occur again or failed again to deal with the matter appropriately.

Applications for certificates or licences

- 5.2.9 The Committee considers applications on the same basis as cases where a firm's or individual's eligibility for an existing certificate is in question. The Committee either grants or refuses the application. If it grants the application then it can impose whatever conditions it believes appropriate.

5.3 GUIDELINE ORDERS FOR THE COMMITTEE

- 5.3.1 The guideline orders are for **guidance only**. Each case will be judged on its own facts and the guideline orders will therefore not be appropriate in all cases.

Order A1: no regulatory action

The Committee decided to make no order.

Order A2: firm permitted to retain an auditing certificate subject to it taking appropriate remedial action by a specified date

The Committee ordered that M XX provide to ACCA, within 60 days of today's hearing, proof of his control of XX Limited. He must provide evidence that he has a majority of the voting rights and, as the qualified person on the board, the casting vote.

In the event that M XX does not provide the necessary evidence that he is in control of XX Limited by the specified date, then the firm's auditing certificate is to be withdrawn.

Order A3: withdrawal of firm's auditing certificate

The Committee found that the firm did not satisfy the eligibility requirements contained in Practising Regulation 6(*insert as appropriate*) and made an order pursuant to Authorisation Regulation 5(1)(a) that the firm's auditing certificate be withdrawn.

The Committee further ordered that any future re-application for audit registration by M XX, or by a firm in which he/she is a principal, must be referred to the Admissions and Licensing Committee.

PART B:

UNSATISFACTORY OUTCOMES TO
MONITORING VISITS

SECTION 6: THE APPROACH ADOPTED BY ACCA

6.1 FIRST VISIT

- 6.1.1 Where a firm's or individual's first visit has an unsatisfactory outcome resulting from significant and widespread deficiencies in compliance with the requirements relating to auditing, insolvency or investment business, the compliance officer informs the firm or individual at the end of the visit of all the deficiencies found and advises the firm on how to improve compliance and the standard of work.
- 6.1.2 The monitoring visit report that is prepared subsequently also identifies the deficiencies found and lists the action that the firm or individual should take to improve its/his work. The report warns the firm or individual that failure to make the necessary improvements will jeopardise its/his continuing eligibility to hold the certificate in question.
- 6.1.3 In most such cases ACCA will not refer the findings of a first unsatisfactory outcome to a visit to the Assessor or Committee but will usually conduct an accelerated second visit according to the perceived risk.
- 6.1.4 An exception to the approach described above is where:
- a firm or individual has failed to control its/his work properly or has made little or no attempt to comply with auditing standards or the requirements relating to insolvency or investment business;
 - there is a possibility of loss to clients; or
 - there is a public interest in the financial statements of the entity being audited.
- 6.1.5 Notwithstanding that it is the firm's or individual's first visit with an unsatisfactory outcome, in such cases ACCA will refer the firm or individual to the Assessor or Committee to consider what regulatory action is appropriate.

6.2 SECOND AND SUBSEQUENT VISITS

Second visit

- 6.2.1 At the second visit a firm or individual, which has had a previous unsatisfactory visit outcome, is expected to have made significant improvements in its work so that it is largely complying with the relevant requirements. Perfection is not expected and ACCA accepts that some deficiencies may remain. A firm or individual which had a satisfactory outcome at its first visit is expected to have maintained that standard.
- 6.2.2 Therefore, where ACCA finds that a firm or individual has made little or no improvement at the second visit and there remain significant and widespread deficiencies in the work, it refers the findings to the Assessor or Committee for him or it to consider taking regulatory action. In addition, ACCA may refer a visit's findings to the Assessor or Committee where a firm's or individual's standard of work has deteriorated significantly after a satisfactory first visit.
- 6.2.3 However, this does not mean that ACCA automatically refers the findings of an unsatisfactory outcome to a second monitoring visit to the Assessor or Committee. If a firm or individual has made a significant improvement but not yet achieved a satisfactory overall outcome, as long as it appears that significant deficiencies are few in number and the firm or individual should be able to achieve a satisfactory overall outcome within a short period of time then ACCA may decide not to refer the findings. Similarly, where a firm had a satisfactory first visit but an unsatisfactory outcome to its second visit ACCA's decision will depend on the degree of deterioration and whether it appears the firm will be able to achieve a satisfactory standard again by the next visit. Where ACCA decides not to refer the findings to the Assessor or Committee it will usually carry out an accelerated monitoring visit.

Third or subsequent visit

- 6.2.4 At a third or subsequent visit ACCA expects that a firm's or individual's work will be largely compliant with the relevant requirements and the outcome of the visit to be satisfactory. If it is not then ACCA will consider referring the findings to the Assessor or Committee. Such a referral is not automatic and ACCA may decide to carry out an accelerated monitoring visit instead, but expects the firm or individual to inform it of the action taken to ensure no further significant deficiencies occur.
- 6.2.5 ACCA considers the circumstances of each case and takes into account the following (this list is not exhaustive):
- the firm's or individual's visit history
 - the nature of the significant deficiencies and how widespread they are
 - whether the individual's or firm's more recent work is of a better standard
 - whether the significant deficiencies arise on the work of one individual
 - the firm's or individual's response to the visit findings.

6.3 LIKELY SCENARIOS

- 6.3.1 At a second, third or subsequent visit, there are four likely scenarios:

Previously satisfactory visit history

- 6.3.2 If the deterioration in the standard of the work is marginal and the firm or individual has produced an action plan to rectify the serious deficiencies which ACCA considers to be satisfactory, ACCA may decide to accelerate the next visit but take no further action. If the deterioration is significant, notwithstanding that this is the first visit with an unsatisfactory outcome, ACCA is likely to make a referral to the Assessor with the recommendation that he imposes conditions on the certificate.

One or more previous unsatisfactory visits but no previous regulatory order or decision

- 6.3.3 ACCA operates a rule of thumb that a second unsatisfactory outcome at any time in a firm's or individual's monitoring visit history is likely to result in a referral to the Assessor with the recommendation that he imposes conditions on the certificate. However, ACCA considers the facts of each case and may decide to accelerate the next visit but take no further action, provided that the serious deficiencies are isolated and the firm or individual has produced an action plan to rectify the serious deficiencies which ACCA considers to be satisfactory. Conversely, in some circumstances, ACCA may consider that the deterioration is so significant and the circumstances are such that there appears little prospect of the firm or individual achieving and sustaining a satisfactory standard of work in future. In such cases, ACCA is likely to refer the matter to the Committee with the recommendation that it withdraws the certificate.

Current visit was required by the Assessor or Committee

- 6.3.4 If the firm or individual is subject to existing conditions previously placed on it by the Assessor or Committee and the current visit has a satisfactory outcome then the firm or individual is released from those conditions.
- 6.3.5 However, if the firm or individual has still not achieved a satisfactory overall outcome, ACCA refers the findings to either the Assessor or Committee depending on the regulatory action that ACCA is recommending. If it appears that the firm or individual is not willing or able to achieve a satisfactory standard of work, ACCA's recommendation to the Committee will be that it withdraws the certificate. If ACCA considers that the firm or individual has made significant improvements under the existing order, is close to the required standard of work and is capable of achieving it within a short period of time, ACCA will refer the case to the Assessor with the recommendation that the individual or firm be permitted to retain the certificate subject to conditions, which are either similar to those already in place or which are more stringent.

Deterioration after being released from previous conditions

- 6.3.6 In this scenario (which will only occur at a third or subsequent visit) the firm or individual has previously been subject to conditions imposed by the Assessor or Committee and subsequently achieved a satisfactory standard of work but has then deteriorated. In most such cases it will appear that the previous conditions were not effective in the longer term and the individual or firm does not appear capable of sustaining a satisfactory standard of work. ACCA will refer these cases to the Committee with the recommendation that it withdraws the certificate. In exceptional cases, however, ACCA may consider that the deterioration is marginal and easily remedied, and will refer the findings to the Assessor with the recommendation that he imposes conditions for a second time.

SECTION 7: GUIDANCE FOR THE COMMITTEE AND ASSESSOR

7.1 INTRODUCTION

- 7.1.1 In all cases where it makes a referral, ACCA indicates in its report whether the firm or individual has improved or deteriorated and how significant and widespread are the deficiencies in the firm's or individual's work. ACCA also makes a recommendation based on the circumstances of the case and it is then for the Assessor or Committee to consider what action to take.

7.2 FIRST REFERRAL OF THE FINDINGS OF A MONITORING VISIT

- 7.2.1 As described ACCA does not normally refer the findings of a first visit to the Assessor or Committee unless the firm or individual has made little or no attempt to comply with the relevant requirements. Therefore it will usually not be until a second unsatisfactory outcome to a visit that the Assessor or Committee has the opportunity to consider the findings on a firm's or individual's work.
- 7.2.2 Therefore in almost all cases which the Assessor or Committee considers, a firm or individual will have had one or more previous monitoring visit and received advice both orally and in writing on how to improve the standard of its work and its compliance with the relevant requirements. In addition, it or he will have had a further period since the previous visit to improve its/his work, and, in spite of this, the firm or individual appears not to have achieved a satisfactory standard of work.
- 7.2.3 The Assessor or Committee does not usually consider withdrawing a firm's or individual's certificate at this stage but has adopted an approach which allows a firm or individual to continue to undertake the work to which the certificate relates while taking appropriate alternative regulatory action.
- 7.2.4 In cases concerning **audit work**, this usually involves making a decision on the lines of **Decision B2** (Assessor) and **Order B8** (Committee).

- 7.2.5 In **insolvency** cases, this usually involves making a decision on the lines of **Decision B3** (Assessor) and **Order B9** (Committee). In extreme cases where the interests of creditors could be jeopardised, it may be necessary to consider withdrawing the insolvency licence (see **Order B12**) or ordering the practitioner to transfer some types of case to another practitioner.
- 7.2.6 In **investment business** cases, this usually involves making an order on the lines of **Order B10**. In addition, given the possibility of loss to clients from poor investment advice, it may be necessary to consider the withdrawal of a firm's investment business authorisation (see **Order B13**) or preventing it from conducting advisory investment business.
- 7.2.7 The Assessor or Committee, however, takes account of the differing facts of each case, including the written representations from the firm or individual. They may, for instance, vary **Decision B2** and **Order B8** in the case of unsatisfactory audit work. For example, the Assessor or Committee may decide:
- to impose external 'hot' reviews if the firm has Public Interest Entity audits or accepts such appointments in future; or
 - to specify or restrict the number of such clients whose audit files are to be subject to 'hot' review.
- 7.2.8 The Assessor or Committee may decide that the withdrawal of a certificate should be considered even though the holder has not been subject to regulatory action previously. This is most likely where the work is of a poor standard and the holder has failed to act following the previous visit (where applicable) or to respond appropriately or at all to the report on the current visit. The referral to the Committee to consider certificate withdrawal may be made by ACCA or by the Assessor (see **Decision B4**). Whether the Committee will withdraw a certificate at this stage will then depend on the holder's action following the referral to the Committee and his or its representations at the hearing. Where the Committee decides not to withdraw the certificate it usually imposes conditions appropriate to the circumstances and the type of certificate held.

- 7.2.9 In some cases ACCA will refer the findings of a certificate holder's first monitoring visit to the Assessor or the Committee. This will usually be because of concerns over the holder's compliance with ACCA's regulations relating to its eligibility for a certificate or licence, in which case the referral will be direct to the Committee. Nevertheless there will be cases where the referral results solely from the firm's or individual's poor standard of work. In such cases the Assessor or Committee considers whether it is appropriate to treat the firm or individual differently from most other first visits with an unsatisfactory outcome. The decision will be based on the reasons given by ACCA for the referral, which are likely to concern the very poor standard of work and the lack of effort the firm or individual has made to comply with relevant requirements, and the representations from the firm or individual. The Assessor or Committee may decide to take no action (Decision B1 and Order B7), just warn the firm or individual or impose conditions (Decisions B2 and B3 and Orders B8, B9 and B10). The Committee could consider, as in any case, withdrawing the certificate (Orders B11, B12 and B13) but this would be unlikely following a first visit.

7.3 SECOND REFERRAL OF THE FINDINGS OF A MONITORING VISIT

- 7.3.1 A second referral may result from a certificate holder's failure to improve sufficiently at a visit required by the Assessor or the Committee or from the standard of work deteriorating after the holder being released from previous conditions imposed by the Assessor or Committee.
- 7.3.2 ACCA makes an initial decision on the appropriate action to take according to the facts of each case and, in most cases, will conclude that the appropriate action is to refer the firm or individual to the Committee with the recommendation that it withdraws the certificate. In cases involving audit work, in accordance with the Regulatory Board's Policy Statement on ACCA's approach to non-compliance with auditing standards, the Committee will normally order that the firm's audit registration be withdrawn (Order B11).

7.4 THIRD REFERRAL OF THE FINDINGS OF A MONITORING VISIT

- 7.4.1 Such referrals will be rare because in most cases the firm or individual will have had to convince the Committee that there were exceptional reasons not to withdraw the certificate at the second referral (see below). By this time a firm or individual will probably have had at least four visits and two warnings from the Assessor or the Committee. Therefore, if a firm or individual has not attained a satisfactory standard of work at this stage, its audit registration or other certificate is in serious jeopardy and the Committee should withdraw the certificate (Orders B11, B12 and B13).

7.5 EXCEPTIONAL REASONS FOR NOT WITHDRAWING A CERTIFICATE

- 7.5.1 In exceptional cases, despite ACCA's recommendation and the guidance contained in this document, the Committee may decide that the firm or individual should be given a further chance to achieve a satisfactory standard of work and imposes conditions similar to those which are currently, or were previously, in place (Orders B8, B9 and B10). Before taking such an exceptional course of action, however, the Committee will need to take account of the following:

- the reputation of a profession as a whole is more important than the fortunes of an individual member
- the number of previous opportunities the certificate holder has failed to take in order to show that it/he is willing and able to achieve and sustain a satisfactory standard of work
- the high probability (given the regulatory history) that conditions imposed for a second time are unlikely to ensure that the certificate holder will sustain any improvements indicated by an action plan.

- 7.5.2 The following should **not** be considered as exceptional reasons for allowing a firm or individual to retain a certificate:

- a) the firm or individual had not taken appropriate action following the previous unsatisfactory visit outcomes but now indicates that it is committed to making the necessary improvements

- b) the firm or individual wishes the Committee to take into account work completed since the most recent monitoring visit and reported on by a training company or other third party, which appears to show that the standard of the firm's or individual's work has improved; this should not be accepted as exceptional because:
- ACCA should not rely on the results of external reviews performed by a third party training company, for future licensing decisions
 - although usually reliable, the training company is not impartial and is being paid by the firm for the report
 - the post-visit audit work was not the firm's work at the time of the visit and, being done in the knowledge that it may affect its continuing registration, it is not representative of its "normal" work
 - taking into account reports on post-visit work undermines the Regulatory Board's Policy Statement because it gives the firm a further opportunity to continue auditing
 - the Admissions and Licensing Committee (and the Appeal Committee) has a responsibility to protect the public interest and so should not take the chance that recent work reviewed by a non-independent training company gives a better indication of future performance than the past few monitoring visits conducted by an ACCA compliance officer

7.6 RE-APPLICATION FOR A CERTIFICATE FOLLOWING ITS WITHDRAWAL BY THE COMMITTEE OR WHERE THE COMMITTEE OR ASSESSOR HAS PLACED CONDITIONS ON A FUTURE RE-APPLICATION

- 7.6.1 Where a firm re-applies for a certificate where the Committee or Assessor decided that any future application should be considered by the Committee, the applicant first has to meet any condition(s) placed on the re-application.

- 7.6.2 The Committee considers re-applications in the same way as other applications and, in addition, takes into account the circumstances in which the applicant previously ceased to hold the certificate. For instance, where the circumstances involved the unsatisfactory standard of work which the certificate enabled the holder to carry out, the Committee will consider the applicant's proposals on how he will ensure he carries out this work satisfactorily in future. Where the Committee decides to grant the application it considers whether to place any conditions on the certificate, bearing in mind that these must be the minimum required to achieve the purpose. The Committee also considers the need to order an early monitoring visit and whether this is to be at the applicant's cost.

SECTION 8: DESCRIPTION OF THE AVAILABLE DECISIONS/ ORDERS AND APPLICATION GUIDELINES

8.1 INTRODUCTION

8.1.1 In this section, references to 'work' include audit and regulated work, insolvency work and investment business; regulated work includes assignments where a firm or individual makes a report to a regulator. References to an 'individual' include ACCA members and others who are qualified to carry out audit work or investment business under a certificate issued by ACCA or who hold an insolvency licence from ACCA. Although ACCA's reports on audit work are usually concerned with the failings in a firm's work and the decisions made by the Assessor or the Committee may be imposed on the firm, they are usually imposed only on the relevant audit principals of the firm, including both ACCA members and members of other professional bodies. The order then follows the individual if he moves to another firm which holds an ACCA auditing certificate.

8.1.2 **Before imposing a decision, the Assessor or Committee will consider whether it, including any conditions, is the minimum necessary to achieve the purpose, in accordance with the principle of proportionality outlined in Section 2 of this publication. As part of this the Assessor or Committee will need to consider:**

- whether the firm's or individual's explanations and intentions for the future have been taken into account;
- whether those intentions are likely to result in a sustained satisfactory standard of work in future taking into account the firm's or individual's visit history and the effectiveness of any previous conditions.

8.1.3 **The Assessor and Committee may depart from ACCA's recommendation and the guideline decisions/orders and conditions; however, the Assessor or Committee should have regard to the guidance in this document and ensure that the written reasons for decision clearly explain the exceptional circumstances which resulted in any such departure.**

8.2 AVAILABLE DECISIONS/ORDERS

No action

See [Decision B1 and Order B7](#).

8.2.1 The Assessor or Committee may decide to take no action. However, bearing in mind ACCA's decision-making process before making the referral, and the availability of safeguards to protect the public interest and maintain confidence in the profession, this option is usually only appropriate in a small minority of cases:

- where the firm or individual has refuted the findings of ACCA's report to the Assessor's or Committee's satisfaction; or
- the significant failings occurred for exceptional reasons, the firm or individual has acknowledged the weaknesses and taken appropriate action to prevent a recurrence.

For example, the significant deficiencies may have been limited to the work of one individual who has subsequently left the firm or been reassigned to other duties.

Decision placing conditions on the firm's or individuals' certificates

See [Decisions B2 and B3 and Orders B8, B9 and B10](#).

8.2.2 A decision placing conditions on a certificate is effectively the alternative to withdrawing a certificate or licence where the work is unsatisfactory but the holder appears to be willing and able to achieve and then maintain a satisfactory standard in future. The imposition of conditions allows the firm or individual to remedy any deficiencies in the work whilst at the same time putting in place safeguards to protect clients and the public. Orders by the Committee imposing conditions on a certificate **must** be publicised, as set out in section 2.6 of this document. Decisions by an Assessor imposing conditions **may** be publicised.

8.2.3 Where the individual or firm is subject to existing conditions, or has been subject to conditions in the past but has been released after achieving a satisfactory standard of work, the Assessor or Committee should be wary of imposing similar conditions for a second time. This is because the conditions were not effective in bringing about a

significant or sustained improvement in the standard of the work, and therefore the likelihood of similar conditions being effective in the future is reduced.

8.2.4 Relevant factors to take into consideration (this list is not exhaustive):

- the firm's or individual's work is generally of a poor standard
- the firm or individual has usually had two monitoring visits with unsatisfactory outcomes
- the existence and number of any monitoring visits with a satisfactory outcome in the firm's or individual's visit history
- the firm or individual appears willing and able to achieve a satisfactory standard of work
- appropriate safeguards are available to protect the interests of the public to allow the firm or individual time to improve
- the firm or individual has not been subject to previous conditions imposed by the Assessor or Committee.

8.2.5 The Assessor or Committee may impose whatever conditions he or it wishes but they should be the minimum necessary to protect the public and must be appropriate, proportionate, workable and measurable. The conditions usually imposed include:

- for audit and regulated work, restrictions on the number or type of audit appointments the firm is permitted to accept, attendance at relevant courses on auditing or (where the firm holds Public Interest Entity audit appointments or accepts such appointments in future) the requirement to notify ACCA and to have the audit files reviewed by an approved training company before the audit reports are signed ('hot' review) or a combination of these and other conditions
- for insolvency work, the requirement that the individual provides reports on the progress of cases periodically either by the individual or an appropriate third party, or that he does not take on further cases or limits the number of appointments held at any time, or a combination of these and other conditions
- for investment business, the requirement for the relevant principals and staff of the firm to attend appropriate courses to improve their knowledge, or to provide information on how procedures will be improved to ensure compliance with the regulations or a review and report back from an appropriate third party after a short period of time, or a combination of these and other conditions. Where there is a risk that non-compliance may result in financial loss to clients it may be appropriate to prevent a firm advising clients on specific investments for a period or until specific conditions are met
- in all cases an early follow up visit by ACCA compared with the routine cycles of six years for audit monitoring visits, three years for insolvency monitoring visits and five years for investment business monitoring visits; the firm or individual is usually required to pay a contribution towards the cost of the ordered early visit so that this cost does not fall on firms or individuals which have satisfactory outcomes to their visits
- in all cases warning the firm or individual that failure to improve the conduct of the relevant work will jeopardise the holding of the relevant certificate.

Order to withdraw or suspend the firm's or individual's certificate or licence

See Decisions B4 and B5 and Orders B11, B12 and B13

- 8.2.6 Suspension of a certificate or licence until the occurrence of a specified event, or withdrawal of a certificate or licence, is appropriate where a firm or individual is unable to satisfy the Committee that the work will improve to a satisfactory standard within an acceptable period of time and that the improvements will be sustained in future. Where the Committee does suspend or withdraw a certificate or licence it is usually appropriate to place conditions on any re-application for the certificate. For example, on **audit work** the audit principals are expected to show that they have improved their knowledge of auditing before reapplying by attending an appropriate course and passing an examination on auditing. Orders by the Committee suspending or withdrawing a certificate **must** be publicised, as set out in section 2.6 of this document.
- 8.2.7 The suspension or withdrawal of a certificate or licence prevents the holder only from conducting the relevant work. The individual will retain a practising certificate allowing him or her to conduct all other areas of public practice work, including accountancy and tax. It is unlikely that it would be appropriate to withdraw a member's practising certificate solely as a result of poor audit or insolvency work or investment business.

8.2.8 Relevant factors to take into consideration (this list is not exhaustive):

- the firm's or individual's work is generally of a poor standard
- the firm or individual has improved but has still not achieved a satisfactory standard of work in spite of previous advice
- the firm or individual has not shown over time that it is able or willing to achieve and sustain a satisfactory standard of work
- the firm or individual has previously been subject to conditions imposed as a result of unsatisfactory work but has either not improved sufficiently while subject to those conditions, or has not sustained the improvement following release
- the individual or firm has taken or proposed action designed to improve the work and maintain it at a satisfactory standard only after being advised that its certificate is at risk of being withdrawn following the unsatisfactory outcome to the most recent monitoring visit
- there is a risk of financial loss to clients (investment business) or creditors (insolvency) and there are no appropriate safeguards available which would reduce the risk to an acceptable level, such as restricting what the certificate holder may do.

8.2.9 In some cases the withdrawal of a certificate is considered a last resort for the following reasons:

- in **investment business** cases, the firm loses the protective cover the certificate provides in the event that the firm becomes incidentally involved in investment business in the course of providing tax and accountancy services; as an alternative the Committee can order that the firm in future provides no advice on specific investment products if it appears this will be effective in preventing potential loss to clients
- in **insolvency** cases, it will prevent the individual earning his living as an insolvency practitioner in future and will require that he or ACCA arranges for the transfer of all his appointments to another insolvency practitioner.

Conditions on future re-application following voluntary surrender of certificate

See Decision B6 and Orders B14, B15 and B16

- 8.2.10 Sometimes a holder relinquishes a certificate before the Assessor or the Committee can make a decision. This may happen following a first referral of a firm to the Assessor or the Committee or a second or subsequent referral. The Assessor or Committee always takes into account the particular facts of each case, but the decision tends to differ depending on whether the holder has previously been subject to conditions:
- on a **first referral**, because this is the stage where conditions would normally be imposed if the firm was continuing to carry out the work, the Assessor or Committee usually decides that any future re-application must be referred to the Committee, but does not normally impose any pre-condition such as passing a test of competence
 - on a **second referral**, because this is normally the stage where ACCA has referred the case to the Committee with the recommendation that it withdraws the certificate, the Committee usually imposes the same condition on re-application as it would if it had withdrawn the certificate i.e. an appropriate test of competence.
- 8.2.11 Orders by the Committee or decisions by an Assessor imposing conditions on a future reapplication for a certificate **may** be publicised, as set out in section 2.6 of this document.

8.3 GUIDELINE DECISIONS AND ORDERS

- 8.3.1 The guideline decisions and orders are for **guidance only** and relate to the most common situations where the Assessor or Committee is considering the action necessary following the unsatisfactory outcome to a monitoring visit. Each case will be judged on its own facts and the guideline decision/order will therefore not be appropriate in all cases.

Index to Guideline decisions and orders

Decision	Type of work	Authority	
		Regulatory Assessor	Admissions and Licensing Committee
No regulatory action	All	Decision B1	Order B7
Conditions on certificate	Audit	Decision B2	Order B8
	Insolvency	Decision B3	Order B9
	Investment business	N/A	Order B10
Certificate withdrawal is appropriate	Audit	Decision B4	Order B11
	Insolvency	Decision B5	Order B12
	Investment business	N/A	Order B13
Conditions on future reapplication	Audit	Decision B6	Order B14
	Insolvency	N/A	Order B15
	Investment business	N/A	Order B16

8.3.2 Guideline decisions for the Regulatory Assessor

Decision B1: no regulatory action

On the basis of the above I have decided pursuant to Authorisation Regulation 7(3)(a) that no regulatory action is necessary in this case.

Decision B2: conditions in audit cases where firm retains an auditing certificate

On the basis of the above I have decided pursuant to Authorisation Regulations 7(2)(f) and 7(3)(b) that M XX and M XX should be required to:

- i provide Governance - Practice Monitoring within 30 days of the date of written notification of this decision with a list of current audit clients, identifying any Public Interest Entity (PIE) audits;
- ii promptly notify Governance – Practice Monitoring if the firm accepts any new PIE audit appointments or if any of the PIE audits identified in i above ceases to be an audit client at any time in the future while this decision remains in effect;
- iii have all future audit work on all PIE audit clients identified in i and ii above and confirmed by Governance – Practice Monitoring reviewed by a training company before audit reports are signed, such training company being subject to ACCA approval;
- iv notify ACCA of the identity of the training company referred to in iii above within 14 days of the date of Governance - Practice Monitoring confirming the PIE audit clients to be subject to review in accordance with i and/or ii above;
- v submit all reports prepared by the nominated training company (including details of how the firm has addressed the points raised by the reviewer) pursuant to iii above to Governance – Practice Monitoring within seven days of signing the audit report;
- vi be subject to an accelerated monitoring visit before (*between 1-2 year's time*) at a cost to the firm of £1,000 and £400 for each additional audit qualified principal; and
- vii note that failure to make the necessary improvements in the level of compliance with auditing standards and with the requirements of any regulators by that time will jeopardise *his/her/their* and *his/her/their* firm's continuing audit registration.

Decision B3: conditions in insolvency cases where an individual retains an insolvency licence

On the basis of the above I have decided pursuant to Authorisation Regulations 7(2)(f) and 7(3)(b) that M XX should be required to:

- i have *all insolvency cases/one (or more) of each insolvency case type (or specify the type of cases), selected by Governance - Practice Monitoring*, reviewed by *a training company or an insolvency practitioner* between *(month and month, year)* and a written report on the conduct of each case submitted to ACCA by *(date)*, such training company or insolvency practitioner being subject to ACCA approval;
- ii notify ACCA within six weeks of the date of written notification of this decision of the *training company or insolvency practitioner* referred to in i above;
- iii prepare a report on the progress of *all insolvency cases/one (or more) of each insolvency case type (or specify the type of cases), selected by Governance - Practice Monitoring*, between *(month and month, year)* and submit this to ACCA by *(date)*;
- iv be subject to an accelerated monitoring visit before *(date in approximately 1 to 2 years' time)* at a cost to M XX of £1,000 per compliance officer per day; and
- v note that failure to make the necessary improvements in the level of compliance with the Insolvency Act 1986 and the subordinate legislation and the SIPs by that time will jeopardise *his/her* insolvency licence.

Decision B4: where it is appropriate for withdrawal of auditing certificate or audit qualification to be considered

On the basis of the above I have decided pursuant to Authorisation Regulation 7(3)(c) to refer this case to the Admissions and Licensing Committee so that it can consider whether to exercise its powers under Authorisation Regulation 5(2) to withdraw M XX's and M XX's and *his/her/their* firm's audit certificates.

Decision B5: where it is appropriate for withdrawal of an insolvency licence to be considered

On the basis of the above I have decided pursuant to Authorisation Regulation 7(3)(c) to refer this case to the Admissions and Licensing Committee so that it can consider whether to exercise its powers under Authorisation Regulation 5(2) to withdraw M XX's insolvency licence.

Decision B6: where the firm has already relinquished audit registration

I note that M XX has *relinquished/not renewed his/her* practising certificate with audit qualification and *his/her* firm's auditing certificate.

On the basis of the above I have decided pursuant to Authorisation Regulation 7(4) that any future re-application for audit registration by M XX, or by a firm in which *he/she* is a principal, must be referred to the Admissions and Licensing Committee, *which will not consider the application until he/she has attended a practical audit course, approved by ACCA and, following the date of this decision, passed paper P7, Advanced Audit and Assurance, of ACCA's professional examinations.*

8.3.3 Guideline orders for the Admissions and Licensing Committee

Order B7: no regulatory action

The Committee decided to make no order.

Order B8: conditions in audit cases where firm retains an auditing certificate

The Committee made an order pursuant to Authorisation Regulation 5(2)(f) that M XX and M XX be required to:

- i provide Governance - Practice Monitoring within 30 days of the date of written notification of this decision with a list of current audit clients, identifying any Public Interest Entity (PIE) audits;
- ii promptly notify Governance – Practice Monitoring if the firm accepts any new PIE audit appointments or if any of the PIE audits identified in i above ceases to be an audit client at any time in the future while this decision remains in effect;
- iii have all future audit work on all PIE audit clients identified in i and ii above and confirmed by Governance – Practice Monitoring reviewed by a training company before audit reports are signed, such training company being subject to ACCA approval;
- iv notify ACCA of the identity of the training company referred to in iii above within 14 days of the date of Governance – Practice Monitoring confirming the PIE audit clients to be subject to review in accordance with i and/or ii above;
- v submit all reports prepared by the nominated training company (including details of how the firm has addressed the points raised by the reviewer) pursuant to iii above to Governance – Practice Monitoring within seven days of signing the audit report;
- vi be subject to an accelerated monitoring visit before *(between 1-2 years' time)* at a cost to the firm of £1,000 and £400 for each additional audit qualified principal; and
- vii note that failure to make the necessary improvements in the level of compliance with auditing standards and with the requirements of any regulators by that time will jeopardise *his/her/their* and *his/her/their* firm's continuing audit registration.

Order B9: conditions in insolvency cases where an individual retains an insolvency licence

The Committee made an order pursuant to Authorisation Regulation 5(2)(f) that M XX be required to:

- i have *all insolvency cases/one (or more) of each insolvency case type (or specify the type of cases), selected by Governance - Practice Monitoring*, reviewed by *a training company or an insolvency practitioner* between *(month and month, year)* and a written report on the conduct of each case submitted to ACCA by *(date)*, such training company or insolvency practitioner being subject to ACCA approval;
- ii notify ACCA within six weeks of the date of written notification of this decision of the *training company or insolvency practitioner* referred to in i above;
- iii prepare a report on the progress of all insolvency cases/one (or more) of each insolvency case type (or specify the type of cases), selected by Governance - Practice Monitoring, between (month and month, year) and submit this to ACCA by (date
- iv be subject to an accelerated monitoring visit before *(date in approximately 1 to 2 years' time)* at a cost to M XX of £1,000 per compliance officer per day; and
- v note that failure to make the necessary improvements in the level of compliance with the Insolvency Act 1986 and the subordinate legislation and the SIPs by that time will jeopardise *his/her* insolvency licence.

Order B10: conditions in investment business cases where firm retains an investment business certificate

The Committee made an order pursuant to Authorisation Regulation 5(2)(f) that *(name of firm)* be required to:

- i cease to advise on *all investments/certain investments* until it has produced written procedures to ensure future compliance with the Irish Investment Business Regulations which are satisfactory to ACCA *and/or* M XX and M XX have attended appropriate courses on investment products which are satisfactory to ACCA;
- ii produce the information requested in i within three months, failing which the case should be referred back to the Committee;
- iii be subject to an accelerated monitoring visit before *(approximately one year)* at a cost to the firm of £1,000 and £400 for each additional principal; and
- iv note that a failure to make the necessary improvements in the level of compliance with the Irish Investment Business Regulations by that time will jeopardise the firm's continuing investment business authorisation.

Order B11: withdrawal of auditing certificates

The Committee made an order pursuant to Authorisation Regulation 5(2)(f) that:

- i M XX's practising certificate with audit qualification and the firm's auditing certificate be withdrawn and he be issued with a practising certificate; and
- ii any future re-application for audit registration by M XX, or by a firm in which he is a principal, must be referred to the Admissions and Licensing Committee, which will not consider the application until he has attended a practical audit course, approved by ACCA and, following the date of this order, passed paper P7, Advanced Audit and Assurance, of ACCA's professional examinations.

Order B12: withdrawal of insolvency licence

The Committee made an order pursuant to Authorisation Regulation 5(2)(f) that M XX's insolvency licence be withdrawn, and that any future re-application for an insolvency licence by M XX must be referred to the Admissions and Licensing Committee *which will not consider the application until he/she has (insert condition).*

Order B13: withdrawal of investment business authorisation

The Committee made an order pursuant to Authorisation Regulation 5(2)(f) that the firm's investment business certificate be withdrawn, and that any future re-application for investment business authorisation by M XX and M XX, or by a firm in which *he/she/any of them* is a principal, must be referred to the Admissions and Licensing Committee, which will not consider the application until *he/she/they (insert condition).*

Order B14: where the firm has already relinquished audit registration

The Committee noted that M XX had *relinquished/not renewed his/her* practising certificate with audit qualification and *his/her* firm's auditing certificate.

The Committee made an order pursuant to Authorisation Regulation 6(18) that any future re-application for audit registration by M XX, or by a firm in which *he/she* is a principal, must be referred to the Admissions and Licensing Committee, *which will not consider the application until he/she has attended a practical audit course, approved by ACCA and, following the date of this order, passed paper P7, Advanced Audit and Assurance, of ACCA's professional examinations.*

Order B15: where the where the individual has already relinquished his insolvency licence

The Committee noted that M XX had *relinquished/not renewed his/her* insolvency licence.

The Committee made an order pursuant to Authorisation Regulation 6(18) that any future re-application for an insolvency licence by M XX must be referred to the Admissions and Licensing Committee *which will not consider the application until he/she has (insert condition)*.

Order B16: where the firm has already relinquished investment business authorisation

The Committee noted that the firm had *relinquished/not renewed* its investment business authorisation.

The Committee made an order pursuant to Authorisation Regulation 6(18) that any future re-application for investment business authorisation by M XX *and M XX*, or by a firm in which *he/she/any of them* is a principal, must be referred to the Admissions and Licensing Committee, which will not consider the application until *he/she/they (insert condition)*.