

# minutes

**Meeting:** Regulatory Board  
**Location:** Baobab Room, The Adelphi, 1 – 11 John Adam Street,  
London, WC2N 6AU  
**Date:** 12 February 2019, 13.45 – 16.30

---

## **PRESENT:**

The Chairman (Antony Townsend), John Cullen, Ronnie Patton, Geoffrey Podger, David Thomas, Suzy Walton and Lucy Winskell (present for items 1 - 7 only).

## **IN ATTENDANCE:**

Executive Director – Governance (Maggie McGhee), Director – Regulation (Sundeep Takwani), Head of Standards (Ian Waters, present for item 11 only), Head of Monitoring (Andrew Teague, present for item 13 only), and Standards Manager (Laura Murphy)

## **APOLOGIES FOR ABSENCE**

Apologies for absence were received from Nora Nanayakkara.

### **1. MINUTES**

The Board approved the minutes of the meeting held on 13 November 2018.

### **2. CONFLICTS OF INTEREST**

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

### **3. TERMS OF REFERENCE, OTHER BOARD ARRANGEMENTS AND WORK PLAN FOR THE 2018-2019 COUNCIL YEAR**

The Board noted a report on the Board's Terms of Reference, other Board arrangements and the proposed work plan for the 2018-2019 Council year and agreed:

- that no changes were considered necessary to its Terms of Reference
  - to approve the updated work plan, subject to moving the annual review of ACCA's strategic plan from November 2019 to May 2019
- and
- that it did not currently require any additional training and development activities.

#### **4. CHAIRMAN'S REPORT**

The Board noted a presentation from the Chairman of the Board on developments since the last meeting.

#### **5. PRESENTATION FROM THE EXECUTIVE DIRECTOR – GOVERNANCE**

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

- current year performance and key events since the last Board meeting
  - planning for 2019-2020
  - ACCA Strategy to 2025
  - ACCA Governance reforms
- and
- the future of audit.

#### **6. DRAFT 2018 REGULATORY BOARD REPORT TO COUNCIL**

The Board considered the draft 2018 Regulatory Board Report to Council and agreed that:

- if Board members have any comments/amendments on the report then these should be emailed to the Chairman
- and
- ACCA and the Chairmen of the Board and sub-Boards should finalise the draft report.

The Board further considered how it can better monitor the quality of ACCA's regulatory processes and performance as part of its oversight function. The Board agreed that:

- it should be provided with more narrative around the trends in performance
- and
- the 'qualitative' aspects of audit monitoring and audit work should be considered at the May 2019 meeting.

#### **7. ANNUAL REPORT FROM THE QUALIFICATIONS BOARD**

The Board received a report from the Chairman of the Qualifications Board in relation to how the Board is meeting its terms of reference, including strategic issues. The following key points were noted:

- the purpose of the Qualifications Board is to provide general oversight of ACCA's education and learning framework and examination arrangements

- the arrangements for assuring the quality and relevance of ACCA qualifications (including the Ethics and Professional Skills Module) and the integrity of the qualification process include consideration of:
    - predicted versus actual pass rates
    - the content and security of the examinations and operational issues
    - psychometric models used to moderate exam marking
 and
    - a range of data on student performance in the examinations by market.
  - the Qualifications Board continues to review current and future education and learning issues affecting ACCA students and members, for example the examination of data analytics and how accountants are trained in data analytics
- and
- the highlights of the Qualifications Board's activities during 2018 included:
    - the ratification of the results for over 785,000 examinations
    - the continued rollout of CBE and the removal of paper based exams
    - the successful introduction of the Strategic Business Leader and Strategic Business Reporting papers and the improving pass rates for the Strategic Professional examinations
 and
    - a tour of the operational areas of ACCA's Glasgow offices.

The Board thanked the Chairman for her report, and confirmed its view that the Qualifications Board was fulfilling its Terms of Reference and that the arrangements were satisfactory.

## **8. REPORTS FROM THE STANDARDS AND APPOINTMENTS BOARDS**

The Board received reports from the Chairmen of the Standards and Appointments Boards. The following key points were noted:

### Standards Board

There was nothing to report since the last meeting.

### Appointments Board

- the review of Panel member performance is very satisfactory. Performance has improved over the last two years; there are very few cancellations and only one performance issue which is being managed

and

- the first advertisement has been finalised for the recruitment programme to recruit lay members, chairmen and accountant panel members. The recruitment exercise will take place in May/June 2019 and the Board will be kept informed of developments.

## **9. REVIEW OF THE EFFICIENCY OF THE COMPLAINTS HANDLING PROCESS**

The Board received an update from the Executive Director – Governance in relation to the review of the efficiency of the complaints handling process to ensure it remains proportionate, consistent and targeted. The Board noted that improvements identified during the review were now being implemented in the following areas:

- process at the hearing, including bundles, communications and the use of legal advisers

and

- case segmentation, in particular internal processes relating to student cases.

The Board considered specific issues in relation to drafting written reasons, the independent legal advice function, and achieving consistency in assessor decisions and was supportive of ACCA's plans in these areas.

The Board expressed satisfaction with the progress made in the review. The Board agreed that it would like to receive an update on the implementation of further changes to the complaints handling process at the November meeting.

## **10. PROBATE – COMPLAINTS HANDLING REGIMES**

The Board received a presentation from the Head of Standards in relation to the complaints handling regimes (both internal for firms and ACCA's processes) for probate and non-probate registered firms. The Board noted that:

- there are a number of inconsistencies between ACCA's guidance on internal complaints handling procedures for non-probate and probate registered firms which have the potential to create confusion
- further instances of divergence arise within ACCA's complaints and investigation procedures and there are different processes for service complaints and alternative dispute resolution (ADR) for non-probate registered firms which may not be justifiable or desirable
- service complaints within the jurisdiction of the Legal Ombudsman (LeO) are not limited to the probate activities of probate registered firms and may cover some mainstream accountancy activities

and

- non-probate registered firms can refuse to participate in ACCA's conciliation process and are not required to implement the settlement agreed.

The Board agreed that:

- the guidance on internal complaints handling procedures for non-probate and probate registered firms should be principles-based, harmonised and consolidated into one set of guidance
- ACCA should clarify with the LeO and Legal Services Board (LSB) where the boundary lies in relation to the type of service complaint that the LeO will conciliate and amend the guidance accordingly

and

- it would like to receive a presentation on ACCA's ADR policy and processes for ACCA members and firms, informed by data analysis of conciliated complaints and outcomes, at the next or subsequent meeting.

The Board also noted ACCA's response to the LSB's consultation on its proposed internal governance rules (IGR).

## **11. PERFORMANCE DATA AND STRATEGIC CONTEXT**

The Board discussed and noted the performance data and strategic context paper.

The Board also considered a paper on the review of reporting performance data and strategic context. The Board agreed that:

- ACCA and the Chairmen of the Board and sub-Boards should work together to produce a rationalised performance data and strategic context report, with the aim of reducing the overall number of datasets while strengthening strategic context, narrative and exception reporting

and

- it would like to receive a revised performance data and strategic context report at the May meeting for consideration and approval.

The Board noted a paper on regulatory transparency issued by the LSB to Regulatory Chairs on 18 January 2019. The Board agreed that it would like to receive an update in regard to the transparency standard within the LSB's new regulatory performance assessment framework at the May meeting.

## **12. LEAD REGULATOR UPDATE**

The Board noted an update on ACCA's interactions with its lead regulators. In particular the Board noted that:

- an update regarding the various consultations on the future of audit regulation – Kingman Review, Competition and Markets Authority (CMA) Market Study, Department for Business, Energy and Industrial Strategy (BEIS) Select Committee Inquiry – had already been provided earlier in the meeting. The Board was directed to these reviews and ACCA's responses to them which were included within the papers.

- the Financial Reporting Council (FRC) has published its draft Recognised Supervisory Body (RSB) report for 2018

and

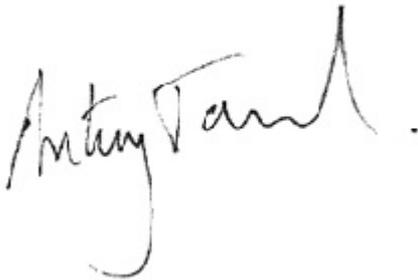
- the Office for Professional Body Anti-Money Laundering Supervision (OPBAS) issued its final report of supervisory visit findings on 23 January 2019. ACCA is required to respond to OPBAS's report of findings by 29 March 2019.

The Board received a presentation from ACCA's Head of Monitoring on the OPBAS supervisory visit to review ACCA's supervisory approach to anti-money laundering and counter terrorist financing (AML) and its report of findings

The Board agreed that it would like to receive an update on ACCA's response to the OPBAS report of findings and our revised strategy for AML supervision at the May meeting, in the light of the issues which OPBAS had raised.

### **13. DATES OF FUTURE MEETINGS**

The Board noted the dates of Regulatory Board meetings in the 2018-2019 Council year.

A handwritten signature in black ink, appearing to read 'Antony Tarrant'.

Chairman