

Meeting: Regulatory Board

Location: Oak Room, The Adelphi, 1 – 11 John Adam Street, London,
WC2N 6AU

Date: 14 May 2019, 9.45am – 13.00pm

PRESENT:

The Chairman (Antony Townsend), John Cullen, Nora Nanayakkara, Ronnie Patton, Geoffrey Podger, Suzy Walton and Lucy Winskell.

IN ATTENDANCE:

Executive Director – Governance (Maggie McGhee), Director – Regulation (Sundeep Takwani), Director – Strategy (Jasmine Lassen, present for items 1- 5 only), Head of Licensing (Stefan Pegram, present for item 7 only), Head of Monitoring (Andrew Teague, present for items 8 and 12 only), and Regulation Officer (Catriona Calnan).

APOLOGIES FOR ABSENCE

Apologies for absence were received from David Thomas.

1. MINUTES

The Board approved the minutes of the meeting held on 12 February 2019.

The Board agreed that the following should be provided at its next meeting in September 2019:

- the presentation on ACCA's ADR policy and processes for ACCA members and firms
- and
- an update in regards to the transparency standard within the LSB's new regulatory performance assessment framework.

2. CONFLICTS OF INTEREST

The Board noted that there was a potential risk of a perception of a conflict of interest in relation item 12, in that John Cullen is a member of the Insolvency Practitioners Association and the very last section of the appendices of item 12 includes a variation agreement between ACCA and the IPA. As the Board is not being asked to vote on the variation agreement, it was agreed that there was no conflict.

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

3. CHAIRMAN'S REPORT

There was no Chairman's update as all matters were on the agenda. However, the Board noted that a Sub-group of the Board met with ACCA staff to review and streamline the performance data and strategic context information.

4. PRESENTATION FROM THE EXECUTIVE DIRECTOR – GOVERNANCE

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

- an update on continuous improvement activity
- current year performance and key events since the last meeting
- ACCA's Shared Plan for 2019-20
- The Future of audit – Kingman, CMA and BEIS Select Committee
- ACCA research on The Expectation Gap.

The Board agreed that:

- the full balanced scorecard in respect of 2018/19's performance should be provided to the Board at its next meeting in September 2019
- and
- it should receive an update on the activities taking place around 'the Power of Ethics' quarterly theme of the ACCA Shared Plan for 2019-20 at a future meeting.

5. ACCA STRATEGY TO 2025

The Board received a presentation from the Director – Strategy on the future trends that will shape ACCA's strategy to 2025, including the future of Regulation. The Board agreed that a copy of the presentation should be circulated to the Board for information.

[Post-meeting note: a copy of the presentation was circulated to the Board by email on 14 May 2019.]

6. DRAFT 2019 PUBLIC REPORT ON REGULATION

The Board considered the draft 2019 public Report on Regulation and agreed that:

- further amendments should be made to clarify the statement on global regulation

- the updated public Report on Regulation (which includes statements from the Chairman of the Regulatory Board and the Executive Director – Governance) should be circulated to the Board by email for approval
 - ACCA should consider repositioning the published public report on the website to ensure maximum impact
- and
- ACCA should consider issuing a press release – possibly linking into the ‘Trust in the Profession’ research.

7. END-TO-END REVIEW OF LICENSING

The Board received a presentation from the Head of Licensing on enhancements to ACCA’s licensing arrangements including digitalisation. In particular, the Board noted:

- the responsibilities of the Authorisation and Licensing Compliance teams
 - that the team had received an onsite visit from the Financial Reporting Council (FRC) which confirmed that it was satisfied with the current process
 - that ACCA introduced a revised practising certificate experience requirements on 1 January 2019, which included a replaced practising experience recording document for PCs (PCEF) and was launched with a suite of support materials (eg bespoke section of the Licensing area of the website)
 - that since the PCEF was launched, the quality of completed forms received has increased, thereby freeing up the Authorisation Officers’ time to deal with more complex queries
 - that continuous improvement activity is being undertaken across both functions of Licensing which has provided an opportunity for enabling and up-skilling staff
- and
- the Licensing teams are engaging with and supporting digital programmes to ensure licensing processes and customers benefit from the digital transformation.

8. AUDIT QUALITY

The Board received a presentation from the Head of Monitoring on ACCA initiatives to enhance audit quality, including the new Audit Monitoring Committee. In particular the Board noted:

- how ACCA determines audit quality

- a quality audit is awarded a 'satisfactory' file within ACCA's monitoring framework
- ACCA operates a dual approach to ensure and enhance audit quality – providing support (such as CPD resources and Members' Advisory service) and regulation (eg cyclical monitoring and regulatory action)
- ACCA utilises action plans to improve audit quality which enables the firm to demonstrate understanding of the deficiencies and to design appropriate countermeasures - the action plan also provides a document against which the firm can be held to account
- the purpose and role of the new Audit Monitoring Committee, which in effect, acts as a quality check on the monitoring process
- FRC is scheduled to observe a future Audit Monitoring Committee
- it is too early to determine whether the implementation of the new Audit Monitoring Committee will add any value to ACCA's regulatory framework to ensure audit quality.

The Board agreed that it would like to receive a report on how the Audit Monitoring Committee is working at a future meeting (when enough time has passed for the Committee to be fully embedded into ACCA's processes).

9. REPORTS FROM THE STANDARDS AND APPOINTMENTS BOARDS

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

Appointments Board

The Appointments Board has had a good response to its campaign to recruit chairmen, lay and accountant panel members.

Qualifications Board

- Data on examinations is now included in the Regulatory Board performance data and strategic context papers.
- The Qualifications Board ratified the March 2019 examinations results.
- The Qualifications Board received an update on the Shanghai National Accounting Institute pathway initiative at its April 2019 meeting.

Standards Board

- Work on promoting the Rulebook and standards would be kept under review to ensure appropriate prioritisation.

- At its meeting on 13 May 2019, the Standards Board considered and approved proposed changes to the disciplinary and regulatory regulations which seek to enhance the disciplinary and regulatory hearing process and reduce costs.
- The Standards Board were unable to approve proposed changes in respect of Russian language Diploma as it did not have sufficient information to make a decision.

10. APPOINTMENT OF CHAIRMAN TO THE APPOINTMENTS BOARD

The Board approved the appointment of Nora Nanayakkara as Chairman of the Appointments Board, to take effect at a date to be confirmed.

11. PERFORMANCE DATA AND STRATEGIC CONTEXT

The Board considered the new proposed format and contents of the performance data and strategic context papers and confirmed that it was happy with the improvements made.

12. LEAD REGULATOR UPDATE

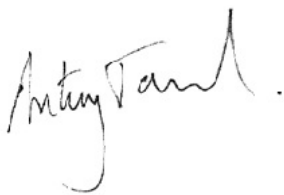
The Board noted an update on ACCA's interactions with its lead regulators.

The Board received an update from the Head of Monitoring on ACCA's response to the Office for Professional Body Anti-Money Laundering Supervision's (OPBAS) report of findings and our revised strategy for anti-money laundering supervision.

A detailed note of the discussions is set out within Appendix 3.

13. DATES OF FUTURE MEETINGS

The Board noted the remaining dates of Regulatory Board meetings in the 2018-19 Council year.



Chair