

# minutes

**Meeting:** Regulatory Board  
**Location:** Baobab Room, The Adelphi, 1 – 11 John Adam Street,  
London, WC2N 6AU  
**Date:** 16 September 2019, 13.30-16.30

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## **PRESENT:**

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

## **IN ATTENDANCE:**

Executive Director – Governance (Maggie McGhee), Head of Adjudication (Adrianna McDonnell), Head of Monitoring (Andrew Teague, present for items 6 to 13 only), Senior Investigations Officer (Philippa Larbi, present for item 5 only) and Regulation Officer (Catriona Calnan).

## **OBSERVERS:**

Nicolae Vleju, Project Manager with the Financial Reporting Council.

## **APOLOGIES FOR ABSENCE**

No apologies for absence were received.

## **1. MINUTES**

The Board approved the minutes of the meeting held on 14 May 2019.

The Board approved proposed changes to the Appointments Board's Terms of Reference.

## **2. CONFLICTS OF INTEREST**

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

## **3. CHAIR'S REPORT**

The Board noted a presentation from the Chair on developments since the last meeting. The Board noted that the Financial Reporting Council (FRC) is currently undertaking a review of ACCA's Governance of its Recognised Qualifying Body (RQB) activities. As part of this review, FRC will be observing Regulatory Board and

sub-Board meetings and carrying out interviews with the Chairs of the Regulatory Board, Qualifications Board and Standards Board.

#### **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 in Governance
- current year performance and key events since the last meeting
- the work being undertaken on the Brand quarterly theme focusing on Ethics
- an update on the future of audit
- and
- ACCA research – Audit quality and multidisciplinary firms.

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

The Board received a presentation from the Senior Investigating Officer on ACCA's ADR policy and processes for ACCA members and firms, informed by data analysis of conciliated complaints and outcomes. In particular, the Board noted:

- that the ACCA's conciliation service is a collaboration between regulation and ADR
- the types of cases that are suitable for conciliation and those that are not, for example all audit cases and all complaints that may amount to misconduct are automatically sent for investigation
- if there is an allegation of negligence, ACCA considers that it is outside the scope of the conciliation scheme
- that the conciliation service is impartial, voluntary and telephone-based
- that the conciliation process facilitates dialogue and creates a safe environment which allows for the emotional drivers to a dispute to be heard and addressed<sup>8i</sup>
- the varied outcomes in successfully conciliated cases
- and
- the statistics relating to cases completed by conciliation.

The Board agreed that, at its next meeting, it should receive an analysis of ACCA's approach to ADR. This should include:

- clarity as to how ACCA is meeting the requirements of the EU ADR Directive

- an analysis of the regulatory environment that ACCA is operating in - ie the scope of ACCA's ability to provide ADR within its current regulatory obligations
- suggested content for a policy statement on ACCA's approach to ADR  
and
- a consideration, more broadly, on the need for an ombudsman in the accountancy sector, bearing in mind that other broadly similar sectors have well established ombudsman schemes.

## **6. REGULATORY BOARD'S STATEMENT OF NON-COMPLIANCE WITH AUDITING STANDARDS AND THE GUIDANCE FOR REGULATORY ORDERS (GRO)**

The Board considered updates to the Board's statement on non-compliance with auditing standards and the GRO. The Board discussed whether there was some merit in combining the two documents to ensure that committees have sight of the policy statement and not just the GROs. The Board noted that mixing guidance with a policy statement can be problematic, for example when making updates to the guidance. However, it concluded that one document would be better than two, as long as the policy document was prominently set out and separate from the guidance, such as having the guidance as an appendix to the policy statement.

The Board confirmed that it was happy with the proposed content of the two documents and agreed that:

- the two documents should be combined but in a slightly rationalised format to remove any duplicated material  
and
- the final draft should be presented to the Board for formal approval at its next meeting in November 2019.

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

### **i. Report from the Chair of the Standards Board**

The Board received a report from the Chair of the Standards Boards in relation to how the Standards Board is meeting its terms of reference. In particular, the Board noted the following.

- The Standards Board is meeting its Terms of Reference
- The Standards Board is of the opinion that, although it is not an owner of risks, it should still have sight of the risks affecting its work and therefore requests that its Terms of Reference be amended to include monitoring of risk.

- The Standards Board has carried out the necessary due diligence when considering and approving proposed changes to the ACCA Rulebook.
- Following concern about resource to promote the ACCA Rulebook and standards, the Standards Board received a presentation from the Global Head of Marketing in order to better understand the role that ethics and regulation play in promoting the ACCA brand. The Standards Board was encouraged to learn that promoting standards and ethics was a priority with marketing and that ethics and standards (including the ACCA Rulebook) were being effectively promoted (and so no longer had concerns on this matter).
- ACCA has made some changes to the way it delivers the ACCA Rulebook by bringing delivery of the Rulebook in-house and redesigning the online Rulebook. The changes will lead to a better experience for ACCA's customers online and provide ACCA with the agility to make updates more frequently. The Standards Board is delighted by these changes and will monitor engagement with the redesigned Rulebook at future meetings.
- As a result of the change in the process to update the Rulebook, the Board is likely to receive more frequent requests to approve proposed changes (although this is unlikely to be more than twice a year).

The Board considered whether all sub-Boards' Terms of Reference should include a reference to risk and agreed that ACCA and the Chair of the Board should reflect on this. The Board noted that any amendments to sub-Boards' Terms of Reference would need be approved by Nominating Committee and Council.

It was agreed that a presentation on ACCA's approach to risk should be provided at the next meeting.

## ii. Regulation changes for the ACCA Rulebook

The Board approved the proposed regulation changes to the ACCA Rulebook, as recommended by the Standards Board.

## 8. REPORTS FROM THE APPOINTMENTS AND QUALIFICATIONS BOARDS

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

### Appointments Board

- The Appointments Board received a demonstration of the paperless hearings process.
- ACCA has introduced a new online feedback process for panel members at hearings and are planning to create an internal staff form in the same format, which will give a more rounded view of how the hearing has taken place.

- The Appointments Board approved contract renewals at its meeting in July 2019.
- At its meeting in July 2019, the Appointments Board received an update on planned changes to the provision of training in that ACCA is aiming to provide a high level of training through webinars.
- The 2019 panel member recruitment project had been a success and ACCA is undertaking a review of the recruitment process upon its completion in order to ensure all learnings are captured.

#### Qualifications Board

- The Qualifications Board ratified the June 2019 examinations results at its meeting in July 2019.
- ACCA submitted its Annual Statement of Compliance to the UK framework regulators, in which ACCA confirmed full compliance.
- The Qualifications Board received an update on ACCA Apprenticeships in respect of the quality assurance arrangements for the ACCA end-point assessments at its July 2019 meeting.
- At its July 2019 meeting, the Qualifications Board received an update on Working With Universities, which included university strategy successes, university audiences and roles, strategy challenges and a case study in Nigeria.

#### **9. REGULATORY BOARD'S ANNUAL REPORT TO THE GOVERNANCE DESIGN COMMITTEE**

The Board agreed that a report on the performance of the Board in 2018 -19 for submission to the Governance Design Committee should be circulated by email following the meeting for approval.

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

The Board agreed that the Board should make preparations for a complete proposal to be presented at its November meeting for approval. The Board noted that it is initially proposed that the Board do a light-touch review this year, having undertaken a facilitated indepth review last time. The Board agreed that any suggestions on the content or format of the effectiveness review should be sent to the Chair for consideration.

#### **11. REGULATORY BOARD'S WORK PLAN FOR THE 2018-19 COUNCIL YEAR**

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

- a presentation from the Risk Manager providing an overview of the Risk Management process should be included on the agenda for the November 2019 meeting - this should start high-level with the Corporate Risk Register and then focus on the Regulatory Risks

- consideration of the potential risks involved with the arrival of the new Audit, Reporting and Governance Authority (ARGA), the overhaul of audit and the proliferation of oversight regulators at the November 2019 meeting
  - approval of the revised policy statement on non-compliance with auditing standards and GROs should be included on the agenda for the November 2019 meeting
- and
- an analysis of ACCA approach to ADR and the regulatory environment in which it operates in at the November 2019 meeting.

## 12. PERFORMANCE DATA AND STRATEGIC CONTEXT

The Board noted the performance data and strategic context papers.

The Board discussed some potential changes that could be made to the performance data but agreed that it should allow time for the new format to embed before making any changes. Accordingly, it was agreed that a review of the information should be scheduled in April 2020.

## 13. DATES OF FUTURE MEETINGS

The Board noted the date of the remaining Regulatory Board meeting in the 2018-19 Council year.



Chair