

minutes

Meeting: Regulatory Board

Location: Beech and Magnolia rooms, The Adelphi, 1-11 John Adam Street, London, WC2N 6AU

Date: 19 September 2017, 09.30 – 13.25

PRESENT:

The Chairman (Antony Townsend), John Cullen, Ronnie Patton, Geoffrey Podger, David Thomas, Suzy Walton and Ros Wright.

IN ATTENDANCE:

Director – Regulation (Sundeep Takwani), Head of Adjudication (Adrianna McDonnell, present for items 5 and 7i only), Head of Assessment (Jo Vlahos, present for item 5 only), Head of Investigations (Michelle Lawton, present for item 5 only), Head of Monitoring (Andrew Teague, present for items 10 and 11 only) and Regulation Officer (Catriona Spedding).

APOLOGIES:

Apologies for absence were received from Frances Walker.

1. MINUTES

The Board approved the minutes of the meeting held on 16 May 2017, subject to the incorporation of amended wording in item 2 noting David Thomas had declared a potential conflict of interest and that no actual conflict arose.

2. CONFLICTS OF INTEREST

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

3. CHAIRMAN'S REPORT

The Board noted a presentation from the Chairman of the Board on developments since the last meeting. In particular, the Board noted that:

- the Chairman presented the Board's Report to Council at the June 2017 Council meeting, which was well received
- the Chairman presented at the Governance Design Committee meeting in May 2017 on the Board's work

- the Council's Nominating Committee will be asked at its next meeting to review its procedures for appointing and re-appointing lay members of ACCA's public interest oversight board, which would seek to include input from the Chairmen of the Boards as part of the process

and

- a meeting of Consultative Committee of Accountancy Bodies (CCAB) Regulatory Board chairmen has been scheduled for 3 November 2017.

4. PRESENTATION FROM THE DIRECTOR – REGULATION

The Board noted a presentation from the Director – Regulation. The following key points were noted:

Bye-law changes

- proposed changes to Council governance and decision making arrangements will see a potentially larger Council with reserved positions in geographical and sectorial grouping and the creation of a Council Board, which would provide oversight and hold the Executive to account on the execution of ACCA Strategy
- the proposed changes will have no impact on the ACCA's public interest oversight board arrangements
- the proposed changes are enabling bye-laws, which allow the Governance Design Committee to undertake further work to fully scope out ACCA's future governance model

and

- Privy Council has informally approved the proposed bye-law changes and will formally approve them on their approval by members at the November AGM.

Future regulatory landscape update

- Audit regulatory framework in Ireland is moving away from a delegation model to a recognition model
- FRC is proposing to scope out its future role in the overseeing non-audit activities

- the impact of the new anti-money laundering arrangements will mean a differential in the regulatory burdens and costs on members of bodies regulated by OPBAS (Office for Professional Anti-Money Laundering Supervision) and those placed on individuals supervised by HMRC (the default regulator who will not be overseen by OPBAS) – ACCA has submitted a critical response to a recent consultation on the proposed supervisory arrangements
- and
- the new *register of practitioners* for non-UK/Irish practitioners is in operation and working well.

Brexit

- ACCA has set up a Brexit Oversight group led by the Executive Director – Governance to keep a watching brief on Brexit-related developments
- and
- ACCA has drawn together a collection of Brexit-related risks – the Board agreed that these should be circulated for its information.

[Post meeting note: the Brexit risks were circulated to the Board by email on 21 September 2017.]

5. LEARNING SESSION – ACCA'S DISCIPLINARY ARRANGEMENTS

The Board received its first learning session on the end-to-end process of ACCA's disciplinary arrangements. The Board noted:

- that in regard to ACCA's Alternative Dispute Resolution (ADR) scheme – the Conciliation Service:
 - ACCA is complying with the requirements of the regulator for ADR activities – the Chartered Trading Standards Institute
 - the collaborative approach between regulation and ADR is unique and works well
 - ACCA staff decide whether a complaint is suitable for ADR or is of regulatory nature
 - ACCA has a policy for vulnerable complainants and this is captured in the complaints notification form

- the majority of complaints that lead to disciplinary action arise from members of the public/clients
 - there is information on the ACCA website that sets out the process and expected timeframes for investigating complaints and going through the disciplinary process; ACCA staff will also always ensure that when they are in communication with a member or complainant that they explain the process and expected timeframes and follow up with a letter/email
- and
- to ensure that the departments recruit and retain appropriately trained staff, there is a lot of work on staff engagement.

The Board also noted that its oversight role in this area has historically concentrated on tracking the throughput of complaints at each stage of the process and believes it needs to turn its attention to the quality of the process and whether the procedures/initiatives put in place are working successfully. The Board agreed that:

- it should receive qualitative information on processes and outcomes on a periodic basis
 - it should be notified of significant adverse outcomes at disciplinary and regulatory hearings
- and
- the Chairman, together with another member of the Board and ACCA staff, should devise a proportionate reporting mechanism on qualitative data.

6. REPORTS FROM APPOINTMENTS, QUALIFICATIONS AND STANDARDS BOARDS

i. Regulation changes for the 2018 Rulebook

The Board approved the proposed regulation changes for the 2018 Rulebook, recommended by the Standards Board, subject to the Chairman's comments on the regulations relating to private hearings being addressed.

[Post meeting note: amended wording for the proposed regulations was approved by both the Chairman of the Regulatory Board and Chairman of Standards Board on 20 September 2017.]

ii. Reports from the Chairmen of the Appointments, Qualifications and Standards Boards

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

Appointments Board

- Nigel Bremner will be leaving the Appointments Board at the end of September 2017 and will be replaced by Karen Carlton
 - it is expected that the Appraisal Policy and the new Competency Framework will be approved by the Appointments Board at its October 2017 meeting
 - the performance by committee members and legal advisers continues to be of a high standard
 - the performance by disciplinary assessors (with one exception) continues to be of a high standard
- and
- one committee member's contract has been terminated.

Qualifications Board

- the Qualifications Board ratified the June examination results
- and
- the Qualifications Board considered proposals for addressing the outcomes from its effectiveness review.

Standards Board

- the Standards Board agreed the proposed changes for the 2018 Rulebook
- the Standards Board agreed ACCA's approach for promoting the Rulebook and standards, which includes a focus on internal communication initially.

The Board also noted the minutes of the meetings held in July 2017 and that the minutes of the Standards Board meeting held on 6 September will be circulated by email.

7. REGULATORY BOARD REPORT TO THE GOVERNANCE DESIGN COMMITTEE

The Board agreed that a report on the performance of the Board in 2016 – 17 for submission to the Governance Design Committee should be circulated by email following the meeting for approval.

8. REGULATORY BOARD WORK PLAN FOR THE 2016-17 COUNCIL YEAR

The Board considered the work plan for the 2016 – 17 Council year and agreed that the following items should be added for the November 2017 meeting:

- a paper on ACCA's plans to address overdue monitoring visits
 - the learning session on Global Regulation should cover how ACCA ensures standards are maintained under recognition arrangements
- and
- an explanation of ACCA risk management arrangements, in particular how ACCA reconciles its ambition for 'bold innovation' and 'the risk to the brand' (potentially as part of the Executive Director – Governance's presentation).

9. EVALUATION OF REGULATORY BOARD'S EFFECTIVENESS

The Board agreed the framework for the Board's effectiveness review and that an additional question should be included in the questionnaire in respect of whether the balance of reporting between the Board and sub-Boards (in both directions) is adequate.

The Board also received summary feedback from the Chairmen of the Appointments, Qualification and Standards Boards of their respective board's effectiveness reviews. The following key points were noted.

Appointments Board

The Appointments Board requires more understanding of the context in which it operates and therefore agreed that it should receive:

- the quarterly bulletin that goes out to the panel members
- copies of the recent Regulatory Plan and Report on Regulation

and

- an overview of the ACCA Risk Register at a future meeting.

Qualifications Board

- there were three key outcomes from the Qualifications Board effectiveness review:

- more awareness of the context in which it operates
- more understanding of how the Qualification's Board's work relates to that of the Regulatory Board

and

- it would like to have more influence as to what goes on the Qualifications Board agenda.
- the Qualifications Board will receive briefing sessions to address the first two outcomes

and

- Qualifications Board members are invited to propose agenda items for meetings.

Standards Board

- the manner in which Standard Board members are recruited should be reviewed, and the criteria for recruitment and selection of lay members should include the ability to critique regulations in detail
- the strategic remit of the Standards Board is important, although there is less emphasis in this area
- the public interest role should be reflected in the remit of the Standards Board
- more awareness of the context in which it operates

and

- the phone numbers of the authors who produce papers for meetings should be included to enable Board members to discuss the matters contained within the papers if more understanding is required.

10. PERFORMANCE DATA

The Board noted the performance data and staff report.

The Board received an update from the Head of Monitoring on ACCA's compliance with its monitoring cycles and in particular the contributing factors that have led to a number of overdue visits, namely the change in the due date in 2016 and resourcing issues during 2016 and 2017.

The Board agreed that ACCA's plans to address overdue monitoring visits should be an area of focus at its next meeting and that it should receive information providing an historical account detailing how the overdue visits arose as well as the projections for the future.

The Board also agreed that it should receive a presentation on ACCA's risk management arrangements, in particular on how ACCA reconciles its ambition for 'bold innovation' and 'the risk to the brand', at its next meeting in November 2017.

11. LEAD REGULATOR UPDATE

The Board noted an update on ACCA's interactions with its lead regulators. In addition to the updates provided in the Director – Regulation's presentation the Board noted that:

- ACCA continues to receive intense scrutiny from the Insolvency Service but it is expected that once the legacy cases have been through the process this should abate as ACCA's arrangements are consolidated with those of the Insolvency Practitioners Association
- the Financial Reporting Council (FRC) has been designated as a Non-Departmental Public Body (NDPB) by the Department for Business, Energy & Industrial Strategy (BEIS), but discussions are ongoing on the operational implications for FRC
- the Irish Auditing and Accounting Supervisory Authority (IAASA) completed an inspection visit in July 2017, which focused on ACCA's audit monitoring arrangements – a report of findings is yet to be issued
- IAASA, in conjunction with FRC, is undertaking a review of the accountancy bodies' CPD arrangements

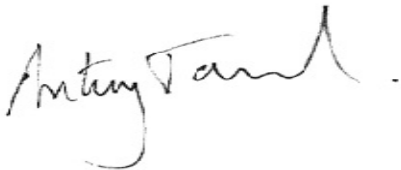
and

- ACCA is due to receive RSB and RQB inspection visits by FRC in October 2017.

The Board also noted a paper on the future role of regulatory assessors in ACCA's audit monitoring arrangements and agreed with the proposal set out in the paper.

12. DATES OF FUTURE MEETINGS

The Board noted the date of the remaining Regulatory Board meeting in the 2016-17 Council Year.

A handwritten signature in black ink, appearing to read 'Antony Tarrant', with a long horizontal stroke extending to the right.

Chairman