

Meeting: Regulatory Board

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

Date: 13 February 2020, 9.30am – 12.30pm

PRESENT:

The Chair (Lucy Winskell), Richard Cooper, Sharon Critchlow, Bill Matthews, Nora Nanayakkara, Ronnie Patton, Geoffrey Podger.

IN ATTENDANCE:

Executive Director – Governance (Maggie McGhee), Director – Regulatory Relations (Sundeep Takwani), Head of Adjudication (Adrianna McDonnell, present for items 8 and 9 only) and Regulation Officer (Catriona Calnan).

WELCOME TO NEW BOARD MEMBERS/APOLOGIES FOR ABSENCE

The Board welcomed the new members of the Regulatory Board.

Apologies for absence were received from Suzy Walton.

1. MINUTES

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

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 2019-2020 COUNCIL YEAR

The Board discussed the Board's Terms of Reference, other Board arrangements and the proposed work plan for the 2019-2020 Council year.

Terms of Reference

The Board considered the proposed wording to the Board's and sub-Board's Terms of Reference. The Board considered that it should have a strategic view of regulatory risk and that to support this it required a good understanding of ACCA risk appetite. The Board considered that this should be reflected in the Terms of

Reference and reference should be made to its role in considering ACCA's identification and management of regulatory risk. In respect of the sub-Boards, the Board agreed that an explicit reference to risk should not be included in the sub-Boards' Terms of References and risk identified should be filtered up to the Regulatory Board through its Chairs.

It was agreed that:

- ACCA should update the proposed wording to the Board's Terms of Reference with a view to bringing back to the Board for its consideration
 - for the benefit of the new members of the Board, the Board should receive an overview of risk with a focus on risk appetite
 - that ACCA should run a workshop on regulatory risk and risk appetite with Board members
- and
- the Board should input on horizon scanning at a future meeting.

Regulatory Board's Work Plan for 2019-2020 Council year

The Board noted that the paper exploring the pros and cons of an accountancy sector Ombudsman and whether it is in the public interest has been deferred to the May 2020 meeting. However, there are some substantial reviews taking place and these may need to be dealt with quickly. Therefore, it is possible that this item may be deferred again.

The Board considered that the timing of the Board's Effectiveness Review may not be optimal given that three new Board members had just been appointed to the Board. However, the Board noted that it had agreed to undertake an effectiveness review every two years and that the review had been carried out in its normal cycle. The Board requested that the Board undertakes another review in a year's time once the new Board members have settled in.

The Board approved the Regulatory Board's Work Plan for 2019-2020 Council year, subject to the following inclusions (which had been suggested at various points throughout the meeting):

- a presentation providing an overview of regulatory risk and a workshop on risk appetite
- a session on horizon scanning at a future meeting
- a Regulatory Board effectiveness review exercise at the end of the year (December 2020)
- receive an update on the end-to-end review of the complaint and disciplinary process

- an update on the new process for ACCA staff granting administratively specific applications for a Practising Certificate from members aiming to regularise their position and comply with the Global Practising Regulations
 - a presentation on the Board's GDPR responsibilities
- and
- learning sessions on each regulatory function.

4. CHAIR'S REPORT

The Board noted an update from the Chair on developments since the last meeting. In particular, the Board noted that the Chair received an induction session with ACCA and had a constructive conversation on how she will work with ACCA. The Board also noted that the Chair had worked with ACCA on the draft Board's Report to Council.

5. PRESENTATION FROM THE EXECUTIVE DIRECTOR – GOVERNANCE

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

- Strategy to 2025
- Forthcoming Council and Council Board meetings
- Update on probate, insolvency and Irish investment business activities
- Governance directorate structure
- Publication of Brydon review
- Regulator developments.

The Board agreed that:

- it should receive a detailed outline of each Directorate within Governance, including responsibilities and personnel
 - it should receive a copy of the transcript for the Brydon interview and ACCA's media statement
- and
- any future media statements on the Brydon Review should be circulated to Board when available.

6. DRAFT REGULATORY BOARD REPORT TO COUNCIL.

The Board approved the draft Regulatory Board Report to Council, subject to the following amendments:

- the paragraph on risk should be updated to reflect the discussions at the meeting
 - updating paragraph 20 to say that the Financial Reporting Council (FRC) also held discussions with the Chair of Standards Board as part of its Governance Review
 - updating paragraph 24 to reflect the current situation with regards to the Board's effectiveness review
- and
- narrative be added to the statistics relating to 'outcomes of audit monitoring visits' to explain the numbers on unsatisfactory and significant improvements required.

A query was raised as to whether ACCA undertakes any analysis on the diversity of its members and students who enter the complaints and disciplinary process. ACCA confirmed that it has an obligation to report on diversity of its members and students in general to its regulators, specifically FRC and the Irish Auditing and Accounting Authority (IAASA), but has not undertaken any analysis specifically on those entering the disciplinary and regulatory process.

The Board also asked whether ACCA undertakes any trend analysis on the types of complaints received. ACCA confirmed that ACCA does carry out such analysis and had previously provided this information as part of the Board's performance data before the data streamlining exercise undertaken by the Board. The Board noted that ACCA uses this information to feed into CPD material and to make other improvements. ACCA intends to feed this information into the development of the ACCA Qualification. The Board agreed that the Board should receive the data analysis at a future meeting.

7. PERFORMANCE DATA AND STRATEGIC CONTEXT

The Board noted the performance data and strategic context papers and noted that ACCA is broadly on track.

8. PROPOSAL TO DELEGATE POWERS OF THE ADMISSIONS AND LICENSING COMMITTEE TO ACCA STAFF IN RELATION TO THE GRANTING OF SPECIFIC APPLICATIONS FOR A PRACTISING CERTIFICATE

The Board approved a proposal for the Admissions and Licensing Committee to delegate authority to ACCA to allow ACCA to grant administratively specific applications for a Practising Certificate from members aiming to regularise their position and comply with the Global Practising Regulations.

The Board noted that appropriate Standard Operating Procedures (SOPs) and guidance will be developed to support the new process.

The Board agreed that it should receive an update on how the new process is working in 12 months time, specifically data on how many practising certificates (PCs) have been granted using the delegated powers and consideration of whether any other types of cases can go down this route.

9. REVIEW OF THE DISCIPLINARY PROCESS

The Board received an update on ACCA's review of the end-to-end disciplinary process. In particular, the Board noted:

- a project team comprising of representatives across the complaints and discipline process has been created to lead on the Lean Six Sigma (L6) review of the end-to-end process complaints and discipline cycle
- this is supported by ACCA's Business Improvement Team and L6 methodology has been employed: Define, Measure, Analyse, Improve, Control (DMAIC)
- the key aims of the project is to streamline the process by removing waste and making it as efficient as possible with minimal handover and re-work, create clear accountabilities, improved lead times, increase staff engagement and a reduction in costs associated with the process
- alongside the L6 review, a pipeline of operational excellence projects have been developed to implement some quick-wins – several projects have already been delivered, for example improvements to Case Management templates and consent order reports
- the teams involved in the L6 review and operational excellence projects have presented updates and outcomes to the Governance Leadership Group
- next steps include implementing and monitoring pilots, quantifying the benefits/savings and progressing solutions.

The Board were interested to know if ACCA had any plans for team members to obtain Lean Six Sigma accreditation. ACCA confirmed that it is exploring the possibility should any individuals wish to, and it was noted that having the staff members with the qualifications could support other areas of the business.

The Board agreed that it should receive an update on the review at a future meeting.

10. ANNUAL REPORT FROM THE QUALIFICATIONS BOARD

The Board received a report from the Director – Regulatory Relations on behalf of the Chair of the Qualifications Board describing how the Qualifications Board is meeting its Terms of Reference. In particular, the Board noted the following:

- The Qualifications Board oversees the qualifications system providing assurance (or otherwise) on its global operation to various stakeholders such as Council and the Regulatory Board.
- The Qualifications Board carries out the necessary due diligence and challenge before it ratifies the examinations results. This includes a 'deep dive' into any results by particular exam or markets where performance is 5% lower or higher than historic data.
- The Qualifications Board continues to assure the quality of the examinations by looking at the processes that underpin the system.
- The Qualifications Board has responsibility to oversee the quality and relevance of ACCA's CPD framework.
- The Qualifications Board keeps under review current and future education and learning issues affecting ACCA students and members and the integrity of the qualifications process. An example is the new qualifications pathway with the Shanghai National Accounting Institute where the Qualifications Board was assured that the programme had been designed with appropriate rigour and was of a suitable standard to be a route to ACCA membership.
- The Qualifications Board receives lead regulator updates (for example on OfQual and FRC) and recently noted the findings of the FRC's governance review, particularly that FRC's draft report suggests its general satisfaction with the governance arrangements.
- The Chair of the Qualifications Board is informed of any significant events and will stay involved as the events are investigated and mitigated against further problems.
- The Chair of the Qualifications Board reports back to the Regulatory Board on matters that the Board has considered.

11. REPORTS FROM THE APPOINTMENTS AND STANDARDS BOARDS

The Board received a report from the Chair of the Appointments Board. The following key points were noted:

- the Appointments Board has met once in the Council year 2019-2020
 - the Appointments Board discussed the results of the recent Effectiveness Review and a number of agreed actions will be taken forward as part of the Appointments Board's work programme
- and
- the Appointments Board will carry out a review of the panel recruitment campaign undertaken in 2019 and, in particular, look at ways to ensure there is a wide range of applicants for future recruitment campaigns that reflect the diversity of ACCA's membership.

The Board noted that the Standards Board had not met since the last meeting so no substantive matters to report. However, the Chair suggested that ACCA considers the communication on ACCA's disciplinary and regulatory process available to ACCA members and students so that they understand the process.

12. REGULATORY BOARD EFFECTIVENESS REVIEW

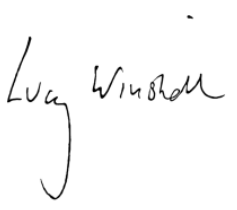
The Board discussed the results of the Regulatory Board Effectiveness Review.

The Board agreed that:

- it should receive an overview on the Board's GDPR responsibilities
 - ACCA should review the paperwork that the Board receives to further streamline the information provided and focus the Board's attention to the key regulatory issues
- and
- learning sessions on each regulatory function should be factored into the work plan.

13. DATES OF FUTURE MEETINGS

The Board noted the remaining dates of Regulatory Board meetings in the 2019-20 Council year.



Chair