

minutes

Meeting: Regulatory Board

Location: Baobab room, The Adelphi, 1-11 John Adam Street, London,
WC2N 6AU

Date: 6 February 2018, 14.50 – 17.15

PRESENT:

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

IN ATTENDANCE:

Executive Director – Governance (Peter Large), Director – Regulation (Sundeep Takwani), Director – Regulatory Development (Sha Ali Khan, present for item 8 only), and Regulation Officer (Catriona Calnan).

APOLOGIES:

No apologies for absence were received.

1. MINUTES

The Board approved the minutes of the meeting held on 22 November 2017.

2. CONFLICTS OF INTEREST

The Board noted that one potential conflict of interest had been notified by John Cullen to ACCA following the distribution of the meeting papers in relation to insolvency matters. The Board agreed that there was no actual conflict on this occasion.

3. TERMS OF REFERENCE AND OTHER BOARD ARRANGEMENTS

The Board noted a report on the Board's Terms of References and other Board arrangements and agreed:

- that no changes were considered necessary to its Terms of Reference
- to approve its work plan, subject to the incorporation of the additional items suggested at the meeting

and

- that it did not have any identified training and development needs.

4. APPOINTMENT OF CHAIRMEN TO APPOINTMENTS, QUALIFICATIONS AND STANDARDS BOARD

The Board agreed the re-appointment, on an annual basis, of:

- Ros Wright as Chairman of the Appointments Board
- Suzy Walton as Chairman of the Qualifications Board
and
- John Cullen as Chairman of the Standards Board.

5. PRESENTATION FROM THE EXECUTIVE DIRECTOR – GOVERNANCE

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

- managing lead regulator relationships
- Carillion and its impact on the profession
- ACCA's compliance with General data protection regulation (GDPR)
and
- risk and opportunity at ACCA.

6. CHAIRMAN'S REPORT

The Board noted that there was no Chairman's report as all recent matters had been included on the agenda. However, the Board did note that further meetings of regulatory board chairmen are being scheduled to progress possible areas of collaboration.

7. DRAFT 2017 REGULATORY BOARD REPORT TO COUNCIL

The Board considered the draft 2017 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 Chairman should finalise the draft report and recirculate to the Board by email for final approval.

8. GLOBAL REGULATION

The Board received a further update on the regulation of members globally. In particular, the Board noted that:

- all ACCA members are subject to ACCA's rules and code of ethics contained within the *ACCA Rulebook*, mandatory CPD and to ACCA's investigation and disciplinary process, wherever they practise
 - principal responsibility for regulation usually rests with the host country body or regulator (who are usually members of the International Federation of Accountants - IFAC), which is usually designated in statute
 - in countries where ACCA members are not regulated by the national body or regulator, those members are subject to investigation and discipline by ACCA, in the same way as members in the UK and Ireland
 - the quality and effectiveness of audit monitoring regimes and of investigation in other jurisdictions may vary and can be often difficult to access
 - high profile economically developed jurisdictions will have effective regulation
 - ACCA provides regulatory support to other regulators/professional bodies to help improve standards and meet IFAC's compliance programme, for example ACCA provides audit monitoring on a contract basis
- and
- ignoring national regulators will be duplication, costly and perceived as unwarranted and unwelcome intrusion in national matters.

The Board agreed that:

- the analysis it received was excellent and that it is satisfied that ACCA is doing all it reasonably can to regulate its members around the world and support other regulators. However, it is important that ACCA acknowledges publicly that there are differences in the application of its regulatory framework to members across the world

and

- ACCA should produce a draft narrative on the application of its regulatory framework to members globally and present it to the Board for its consideration at a future meeting.

9. REPORTS FROM 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

- the Appointments Board approved the competency framework, which is one component of a new suite of documents for performance management of panel members
 - panel member contracts and related documents were subject to a legal review to provide clarity on the status of panel members
 - ACCA's expectation that panel members should have the necessary competence to undertake their respective roles on appointment and those who do not demonstrate the necessary competence should be removed from the panel; the panel members themselves were responsible for ensuring that they had the necessary competence (though ACCA might choose to provide some training)
 - a review of the regulations should be undertaken to ensure the Appointments Board has the necessary powers for the appointment and removal of panel members
 - a training day for assessors is scheduled to take place in March 2018
 - there may be a potential change in role for Regulatory Assessors in order to meet the new requirements from regulators following of a review of ACCA's audit monitoring arrangements
- and
- the Appointments Board will be launching a recruitment drive for lay accountant committee members and chairmen in early 2019.

Qualifications Board

- following the necessary due diligence, the Qualifications Board ratified the December examination results
- and
- received a demonstration of the new Ethics and Professional Skills module

Standards Board

- held an additional meeting by Lync in January 2018 to consider interim changes to the Rulebook
- approved interim changes to the Designated Professional Body Regulations to implement the requirements of the Insurance Distribution Directive in early 2018
- and
- approved interim changes to Annex 1 to the Global Practising Regulations, which incorporate the new legal activities regulations following the Legal Services Board's approval for ACCA to introduce regulatory arrangements for probate activities.

The Board also noted that the minutes of the meetings held in January 2018 will be circulated by email.

10. PERFORMANCE DATA

The Board noted the performance data and strategic context paper. In particular, the Board noted that the Monitoring department has recently recruited a Senior Compliance Officer, who will commence in March 2018 and has received promising CVs for the other Senior Compliance Officer position. Therefore, it is hoped that the backlog of monitoring visits will steadily decrease during the year.

11. LEAD REGULATOR UPDATE

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

- ACCA's ongoing discussions with the Insolvency Service regarding insolvency regulatory matters

- that ACCA has received the Financial Reporting Council's (FRC) draft report of findings following its 2017 Recognised Supervisory Body (RSB) inspection visits – while on the whole, FRC appears to be generally satisfied with ACCA's audit firm monitoring arrangements and ACCA's actions in implementing prior-year recommendations, it has noted two requirements in relation to the Delegation Conditions that need to be met
 - that ACCA has received FRC's final report of findings following its 2017 Recognised Qualifying Body (RQB) inspection visit, which states that FRC is generally satisfied with ACCA's arrangements for the audit qualification awards and ACCA's actions to implement prior-year recommendations – as a result FRC has made no new recommendations and closed all prior-year recommendations
- and
- ACCA's reservations regarding the Irish Auditing and Accounting Supervisory Authority's (IAASA) report of findings following its inspection visit in 2017 and that ACCA is meeting with IAASA on 23 February 2018 to discuss them.

12. DATES OF FUTURE MEETINGS

The Board noted the dates of Regulatory Board meetings in the 2017-18 Council Year. In particular, the Board noted that the meeting scheduled to take place in November 2018 has moved to 13 November 2018.

A handwritten signature in black ink, appearing to read 'Antony Tarr', with a stylized flourish at the end.

Chairman