

minutes

Meeting: Regulatory Board

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

Date: 23 November 2016, 13.30 – 15.45

PRESENT:

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

IN ATTENDANCE:

Executive Director – Governance (Peter Large), Director – Regulation (Sundeep Takwani), Director of Learning (Mary Bishop, present for item 7 only) and Regulation Officer (Catriona Spedding).

APOLOGIES:

No apologies for absence were received.

1. MINUTES

The Board approved the minutes of the meeting held on 14 September 2016.

2. CONFLICTS OF INTEREST

The Board noted that no conflicts of interest had been notified to ACCA following the distribution of the meeting papers.

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
- 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 appointment 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. CHAIRMAN'S REPORT

The Board noted that there was no Chairman's report as all recent matters had been included on the agenda.

6. PRESENTATION FROM ACCA ON DEVELOPMENTS

Recent developments

The Board noted a presentation from the Executive Director – Governance on recent developments. In particular, the Board noted that:

- the permanent delegation agreement between the Recognised Supervisory Bodies (RSBs) and the Financial Reporting Council (FRC) is now in place from 1 October 2016
- the relationship between FRC and ACCA is more positive and there is expected to be higher levels of contact and engagement between the two going forward
- the FRC is moving towards objective-led oversight, which should bring better focus to the inspection process
- FRC is planning to consult with the bodies later this year or early next year on its non-statutory accountancy regulatory activities
- the directors of regulation of the Consultative Committee of Accountancy Bodies (CCAB) are due to discuss possible collaboration between respective Regulatory Boards at their meeting on 8 December 2016
- the collaboration with the Insolvency Practitioners Association (IPA) is now in place, however ACCA is still subject to oversight by the Insolvency Service as ACCA continues to be a Recognised Professional Body for insolvency

- HM Treasury has endorsed the 'Professional Conduct in Relation to Taxation' (PCRT) guidance produced by the PCRT bodies, which includes ACCA

and
- the anti-money laundering regulatory landscape remains uncertain but the supervision of members will intensify. Therefore, ACCA has carried out scenario planning and commenced the internal bid process for resources.

Future direction of the ACCA qualification

The Board noted a presentation from the Director of Learning on the future direction of the ACCA qualification. In particular, the Board noted that:

- ACCA carried out an innovative and important piece of research 'Professional accountants – the future', which has helped to inform the changes that are being made to the ACCA qualification
- the research revealed that there are four overarching themes of change:
 - increased regulation and stronger governance
 - digital technologies
 - expectation on the profession
 - globalisation
- to meet these themes of change, the research suggests that the professional accountant of the future will need a collection of technical knowledge, skills and abilities, combined with interpersonal behaviours and qualities (professional quotients for success)
- the innovations to the ACCA qualifications are the new Strategic Professional exams (Strategic Business leader and Strategic Business Reporting), which will be introduced in September 2018 and a new Ethics and Professional Skills Module, which will be introduced in October 2017
- the redesign enhances the breadth and depth of the qualification, with greater focus on employability and the practical application of core skills in the contemporary workplace whilst maintaining technical excellence
- the option exams at the professional level will still be available but will be refreshed

and

- the ACCA Qualification includes the Master's Degree in Professional Accountancy in partnership with University of London.

The Board was supportive of the changes to the ACCA Qualification but was concerned that, with this broader qualification, professional and technical excellence may decline. ACCA staff reassured the Board that the core of the new qualification was still the technical and ethical competences but other success quotients had been integrated to prepare students for the business world and that the fundamental principles still applied.

Regulatory Board's future workplan

The Board discussed the Chairman's proposal on taking forward aspects of the Board's future workplan and ACCA's initial response that a "blue skies" session be held involving the Regulatory Board members only to clarify areas for development prior to the possible involvement of other parties.

The Board agreed that, at its next meeting in February 2017, it should discuss what it considers as the key regulatory challenges and that the Chairman and ACCA should carry out some preparatory work in advance of this meeting.

7. REPORTS FROM THE APPOINTMENTS, QUALIFICATIONS AND STANDARDS BOARDS

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

Appointments Board

- the Appointments Board is addressing recent performance issues with two disciplinary assessors
 - the new consent orders regime is working well
- and
- three training sessions for panel members, chairmen and legal advisers were taking place during November and December 2016 and that ACCA had received positive feedback following the first training day

Qualifications Board

- the Qualifications Board ratified the September 2016 examination results
- the Chairman of the Qualifications Board was notified that a total of six exam answer scripts from two separate exam centres were identified as missing

and that all affected students had been contacted and their accounts credited with the appropriate exam fee

- an assurance issue had transpired where, due to the crossover between the outgoing and incoming Chief Examiners, the September examination session had not had its usual review by the Chief Examiner. However, given that there are a number of quality assurance activities associated with ensuring ACCA exams are fit for purpose including internal and external reviews, the Qualifications Board had been able to ratify the results. The incoming Chief Examiner carried out her review subsequent to the meeting and was satisfied with the standards of the exams
- a small pilot of computer-based exams for F5-F9 was conducted at the September session (with full roll-out due in March 2017) and were generally well received by students

and

- there are four live issues with The Office of Qualifications and Examinations Regulation (Ofqual) but no fines have been issued to ACCA

Standards Board

- no meetings of the Standards Board have taken place since the last Board meeting
- and
- late regulation changes requested by the Irish Auditing and Accounting Supervisory Authority (IAASA) were approved by the Chairman of the Standards Board and Chairman of the Regulatory Board in line with standard procedure.

8. REGULATORY BOARD WORK PROGRAMME FOR LONGER-TERM MATTERS

The Board noted the Regulatory Board's work programme for longer-term matters in light of the discussions under agenda item 6.

9. PERFORMANCE DATA

The Board noted the performance data and staff report. In particular, the Board noted that:

- the Monitoring department has recruited two replacement members of staff and a third is currently being recruited, therefore it is anticipated that the backlog of monitoring visits will be substantially eliminated in 2017

- FRC and IAASA have been kept informed of the situation
 - there is regular data cleansing of the complaints and discipline performance data to ensure the integrity of the data
- and
- the allocation of complaints is actively managed to ensure not only their swift allocation but also to identify possible backlogs.

The Board agreed that, for comparison purposes, the regulatory risk register set out in the Strategic Context paper should include an additional column indicating the risk score that had been reported at the last meeting.

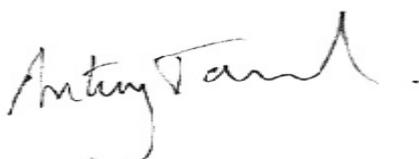
10. LEAD REGULATOR UPDATE

The Board noted an update on ACCA's interactions with its lead regulators, in particular that:

- the formal report following FRC's and IAASA's joint inspection of ACCA's arrangements for complaints and discipline in June 2016 has not yet been received
 - a full delegation agreement to allow FRC to delegate regulatory tasks to ACCA (and the other RSBs) is now in place
- and
- IAASA has issued a consultation on the future audit regulatory framework in Ireland, which set out the options for setting the standards for auditors in Ireland.

11. DATES OF FUTURE MEETINGS

The Board noted the dates of remaining Regulatory Board meetings in the 2016-17 Council Year.

A handwritten signature in black ink, appearing to read 'Anthony Tamm', with a horizontal line extending to the right.

Chairman