

## **Regulation of ACCA members outside UK and Ireland**

### **Introduction**

ACCA regulates its members, wherever they practise in the world, to check that they meet, and adhere to, the high standards which it sets. All members are required to:

- pass rigorous examinations, set globally, and to obtain practical experience to qualify
- maintain their competence through mandatory continuing professional development
- adhere to ACCA Rulebook (<https://www.accaglobal.com/gb/en/about-us/regulation/rulebook.html>) as applicable, and which include its Code of Ethics and Conduct, and to accept that appropriate disciplinary action may follow any breaches.

ACCA promotes compliance through a combination of measures, including: quality assurance of ACCA examinations; direct monitoring of practice in the UK and Ireland; working with other accountancy regulators across the world to identify and respond to poor practice and share good practice; and investigating reports suggesting poor practice.

### **Practising certificate or licence**

In addition, those ACCA members who are in public practice (i.e. principals in firms of accountants providing services to clients) are required to hold practising certificates/licences from either ACCA or, in most instances, a national regulatory authority, and most are subject to varying additional requirements and the monitoring of those requirements, as applicable in each jurisdiction.

ACCA members who carry on public practice in non-designated territories and hold a relevant licence from a national regulatory authority, are not required to hold a practising certificate from ACCA and can, instead, opt to have their names included in its Register of Practitioners.

ACCA does not seek to duplicate regulation of members in public practice outside the UK and Ireland, who are already subject to appropriate regulation by a national professional body or regulatory authority.

### **CPD compliance**

All members are subject to ACCA's rules on CPD compliance. Members may obtain CPD in one of following three ways:

- With an employer who holds approved CPD employer status from ACCA;
- By following ACCA's unit scheme; or
- By following the CPD scheme of another IFAC body of which he/she is also a member, provided that the scheme complies with the CPD requirements of IFAC.

Irrespective of the way members choose to obtain CPD, they are required to confirm to ACCA annually that they have met the requirements and are also subject to its CPD monitoring process.

### **Investigation and discipline**

ACCA members outside UK and Ireland may also be members of another national professional accountancy or regulatory body (dual members). In respect of a complaint against a dual member outside of the UK and Ireland, ACCA's policy is for the investigation into the complaint be undertaken by the body in the jurisdiction where the complaint is alleged to have taken place, unless otherwise agreed.

If the complaint is found to be proved and the dual member is disciplined by the other professional accountancy body or regulator, ACCA will consider what appropriate action it should take. Generally, this entails disciplinary action by ACCA on the basis that the member has been subject to regulatory / disciplinary action by another professional body / regulator.

### **Quality Assurance (monitoring)**

ACCA's global quality assurance initiative is designed to ensure our practising members conform to international standards, with a view to protecting the public interest.

The primary responsibility of regulating and monitoring regulated work, including audit, of members outside the UK and Ireland lies with the national regulator of the countries in which members are based. We have no legal basis for intervening in the regulatory processes of national regulators. Such intervention would be perceived by many national regulators as unwarranted and unwelcome intrusion into the national matters that are their sole responsibility.

ACCA has, therefore, adopted a collaborative approach to regulation and monitoring of our practising members based outside the UK and Ireland.

#### ***A collaborative approach to regulation and monitoring***

In a number of countries, ACCA has provided assistance to the national regulators to set up regulation and monitoring systems, where required. It continues to provide assistance, for instance, through organising conferences and workshops and we also participate in donor-funded projects designed to provide regulatory assistance to national regulators.

In most countries, members who conduct audits are subjected to audit monitoring visits undertaken by the national regulators. Where this is not the case, ACCA offers to undertake monitoring visits under contract on behalf of national regulators, particularly of those countries where there are a significant number of practising members are also ACCA members.

ACCA is appointed by the national professional accounting institutes of Cyprus, Belize, Bahamas, Barbados, Eastern Caribbean, Guyana and Trinidad and Tobago and the statutory audit regulators of Jamaica and Malawi, to undertake audit monitoring visits on their behalf. In Cyprus, it also undertakes anti-money laundering visits, on behalf of its national institute. Apart from enhancing ACCA's reputation as a global body for professional accountants, such collaboration ensures that ACCA members who are also members of these national regulators are subjected to effective monitoring and regulation.

### Monitoring visits

ACCA has adapted the tried and tested audit monitoring methodology it applies in the UK and Ireland for the work it carries out on behalf of national regulators. The monitoring visit is carried out in three phases – opening meeting to discuss and assess the firm's audit quality controls and procedures (ISQC1); followed by audit file reviews to assess compliance with ISAs; and a closing meeting to discuss and agree the findings and to explain and communicate the conclusion, and provide guidance on any improvements required.

When assessing the outcome of an audit file, the concept of 'reasonable assurance' that financial statements are free from material misstatement as defined in the ISAs is applied. This involves considering whether there is a significant risk that the financial statements could contain one or more undetected material misstatement as a result of deficiencies found in the audit work. The outcome on an audit file is assessed as unsatisfactory if a significant deficiency is found in at least one significant risk area.

The overall outcome of a monitoring visit is assessed as satisfactory if the outcomes on half or more audit files reviewed are satisfactory, provided that none of any unsatisfactory audit files are in respect of public interest entities or larger clients; or none of the files reviewed show little evidence that an audit had been performed. The overall outcome is also assessed as unsatisfactory if the firm is found to be in serious breach of the code of ethics, irrespective of the outcomes of audit file reviews.

The findings and the conclusion of a monitoring visit, together with guidance on any improvements required, are set out in a report which is initially issued to the firm. The firm is required to provide its response to the report and an action plan to remedy the deficiencies, within an agreed timeframe.

The report is then submitted to the respective national regulator, together with the firm's response, action plan, and the reviewer's comments and recommendation on any action required.

Guidance on any improvements required in the quality of audit work is initially provided at the closing meeting of the monitoring visit. Even if the overall outcome on the conduct of audit work is satisfactory, the firm is still required to provide details of the action it is taking to rectify any (less significant) deficiencies identified in the report to further improve its standard of audit work.

If the overall outcome is unsatisfactory, the firm is required to provide a detailed action plan in a prescribed form, using a template designed by us. Guidance on how to complete the template is provided at the closing meeting. The template together with written instructions on how to complete it, are also enclosed when the report is issued to the firm.

### Regulatory action

As the national institutes or regulators are the statutory audit regulator, they have the primary responsibility for taking regulatory action. ACCA is nevertheless actively engaged in the provision of assistance to national regulators to set up appropriate regulatory processes to deal with issues identified at monitoring visits and take effective action.