

# minutes

**Meeting:** Regulatory Board

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

**Date:** 14 September 2016, 09.30 – 12.30

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## **PRESENT:**

The Chairman (Antony Townsend), John Cullen, David Lock, David Thomas, Frances Walker, Suzy Walton and Rosalind Wright.

## **IN ATTENDANCE:**

Executive Director – Governance (Peter Large), Director – Regulation (Sundeep Takwani), Head of Standards (Ian Waters), Qualifications Development Manager (Gareth Owen, present for items 1 – 5 only) and Regulation Officer (Catriona Spedding).

## **APOLOGIES:**

Apologies were received from Ronnie Patton.

### **1. MINUTES**

The Board approved the minutes of the meeting held on 17 May 2016.

### **2. CONFLICTS OF INTEREST**

The Board noted that there were no conflicts of interest had been notified to ACCA following the distribution of the meeting papers. The Board agreed that if any conflicts are identified then the substance of the conflict(s) should be captured in the minutes.

### **3. CHAIRMAN'S REPORT**

The Board noted, subject to Council approval, the appointment of:

- Geoffrey Podger as a lay member of the Regulatory Board to replace David Lock
- James Walker as lay member of the Appointments Board to replace Alan Kershaw

and

- Alistair Cannon as a lay member of the Standards Board to replace the post vacated by Geoffrey Podger.

*[Post meeting note: Council approved the appointments of the above at its meeting on 15 September 2016.]*

#### 4. PRESENTATION OF THE EXECUTIVE DIRECTOR – GOVERNANCE

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

- the EU Audit Directive and Regulation (ADR) legislation has been enacted and the Financial Reporting Council (FRC) is seeking Council approval of a permanent delegation agreement in September 2016
- Council has agreed to fully absorb AAPA members into ACCA
- funding of FRC issue has been resolved but the formula of how costs are shared among the CCAB bodies will need to be looked at
- FRC is planning to consult with the Recognised Supervisory Bodies (RSBs) later this year on its non-statutory activities
- ACCA has raised the idea of collaboration on regulatory matters between the CCAB bodies and reports that the Chief Executives are keen but hesitant while FRC's future role remains unclear – it was agreed that the Chairman of the Board and ACCA should meet to discuss the possibility of proposing informal meetings with the chairmen of the other Regulatory Boards/Committees
- Council approved changes to the ACCA practising certificate arrangements at its June meeting
- ACCA is progressing with applying for other forms of recognition, for example local public audit and probate
- key changes in the delivery of ACCA's qualifications have taken/are taking place such as the changes to the Practical Experience Requirements and changes to papers F5-F9
- ACCA has formed a new alliance with Chartered Accountants Australia and New Zealand (CAANZ), which will bring new opportunities for ACCA

- ACCA has launched a new initiative – Professional Accountants – the Future – which provides an in-depth insight into the future of the profession and professional accountants of the future
  - ACCA is carrying out work on professionalism, for example it is examining ACCA's learning support provision
- and
- Following the 'Professional Accountants – the Future' project, ACCA is re-launching its qualification – to be announced in October.

The Board discussed the new alliance with CAANZ and noted that there are clear differences between the two organisations, and the alliance may develop further. The Board was assured that there were arrangements in place to ensure that mutual recognition of qualifications would be subject to quality assurance.

## **5. ACCA'S FUTURE REGULATORY LANDSCAPE**

The Board noted a paper on work in progress on ACCA's positioning of its future regulatory landscape.

The Board noted a presentation on the role of ethics within the ACCA qualification, in particular that:

- ethics and professionalism are central to ACCA's qualification in the exams, in the ethics modules, in practical experience and continuing professional development (CPD)
- ethics is examinable in 11 of the 16 examinations within the current examination structure where ethical outcomes must be demonstrated by candidates within the context of the technical and business areas as examined in the relevant papers
- students who wish to be awarded any of ACCA's Certificates or Diplomas must take either the Foundations in Professionalism module (to obtain any Foundation Level Certificate or Diploma) or the Professional Ethics Module (to obtain Advanced Diploma in Accounting and Business (Skills module) and for ACCA Membership)
- ACCA is introducing a new and enhanced ethics and professional skills module, which incorporates other soft skills such as scepticism, personal effectiveness, and leadership to make students more employable and give those in work enhanced skills for career advancement and progression

- ACCA is introducing, as part of the new qualification, a new integrated case study examination called 'Strategic Business Leader', which aims to examine key leadership and professional skills  
and
- ACCA is continually reviewing and enhancing its CPD offering - there is a dedicated Ethics section on the website and members also have access to reports by ACCA's Professional Insights team.

The Board observed that it is positive to see professionalism featuring prominently in the qualification and that it is important to instil ethical sensitivity and resilience in ACCA students and members.

The presentation did not go into much detail on how ACCA's CPD offering maintains Ethics and therefore the Board agreed that the Qualifications Board should consider this at a future meeting.

The Board also agreed that it would like to receive an outline of how regulatory issues such as unethical behaviour identified by the Investigations team and/or Monitoring team is fed back into the ACCA Qualification and CPD. ACCA confirmed that this information was not fed into developing the ACCA Qualifications but would consider this, and also confirmed that it does publish articles in its in-house magazines on scenarios identified by the Monitoring department and Technical Advisory.

## 6. REPORTS FROM APPOINTMENTS, QUALIFICATIONS AND STANDARDS BOARDS

### i. Regulation changes for the 2017 Rulebook

The Board approved the regulation changes for the 2017 Rulebook, recommended by the Standards Board.

### ii. Reports from the Chairmen of 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:

#### Appointments Board

- the on-going performance related issue with a Chairman has been resolved following the resignation of the Chairman in question
- the Appointments Board will be carrying out a 'lessons learnt' exercise following the investigation of a Chairman

- guidance will be issued to the Panel on the importance of panels being quorate

#### Qualifications Board

- the Qualifications Board received an update on the new recording tool 'My Experience' to record practical experience and challenged ACCA on how it would ensure that public confidence is maintained when pursuing the academic accreditation route
- the Qualification Board received an update on the computer-based examination issues and noted that the first issue had been closed but ACCA was awaiting final outcomes and any further action from Ofqual on the other issues.

#### Standards Board

- the Standards Board has considered and approved both interim regulations for the 2016 Rulebook and regulation changes for the 2017 Rulebook
- the Standards Board will push forward with promoting the Rulebook and standards  
and
- both Geoffrey Podger and Tom Murray will be leaving the sub-Board and will be replaced by Alistair Cannon and Orla Collins respectively.

## **7. REGULATORY BOARD WORK PLAN FOR 2016-2017 COUNCIL YEAR**

### **i. Regulatory Board work plan for 2016-2017 Council year**

The Board agreed the work plan for the 2016-2017 Council year, subject to the incorporation of the amendments below:

- moving the appraisal of the performance of the sub-Boards to the May 2017 meeting  
  
and
- including a review of the Hearings Project at the May 2017 meeting.

**ii. Regulatory Board's work programme for longer-term matters**

The Board noted the Regulatory Board's work programme for longer-term matters and agreed that the Chairman should carry out work with ACCA and the Chairmen of the sub-Boards to rationalise and prioritise projects. The outcome of this work will be presented to the Board at its next meeting in November 2016.

**8. APPRAISAL OF THE PERFORMANCE OF THE REGULATORY BOARD AND SUB-BOARDS**

The Board noted a proposal to undertake an appraisal exercise on the sub-Boards' effectiveness, which would be much like the exercise undertaken for the Regulatory Board in December 2015, and that due to the changes in the membership of the sub-Boards, exiting members of the sub-Board will also be asked for feedback. The Board also noted that following this evaluation exercise, the Board will carry out a more sophisticated exercise on its own performance, which will involve a mediated session to discuss feedback.

The Board agreed the proposal and that arrangements should be made to circulate the updated forms to sub-Board members.

**9. PERFORMANCE DATA**

The Board noted the performance data and staff report. In particular, the Board noted that there has been an increase in the number of overdue visits due to the change in due date (from the end of the quarter in which the previous visit took place to the anniversary of the previous visit) and the departure of three senior members of the monitoring staff. The Board noted that both the FRC and the Irish Auditing and Accounting Supervisory Authority (IAASA) are being kept informed of the situation.

**10. LEAD REGULATOR UPDATE**

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

- FRC has revised its recommendation in its draft report following the 2015 RSB inspection concerning how ACCA verifies that audit qualification holders are completing sufficient audit-related CPD to maintain competence
- to address FRC's concerns, ACCA will enhance its verification procedures to require members to justify that the audit-related CPD undertaken is sufficient to maintain their audit competence
- planning is underway for FRC's 2016 inspections

- in respect of implementation of the EU ADR in the UK, FRC has put in place a temporary delegation order (valid until 30 September 2016) and discussions on the full delegation order (to be in place by 1 October 2016) between the RSBs and FRC are on-going and centre on the definition of retained matters, data protection, intellectual property rights, transfer of staff and exit arrangements
  - in Ireland, the implementation of the EU ADR, in substance, mirrors the framework in the UK, save that Ireland has adopted a co-regulator model, initially at least, but IAASA's preference is for a 'delegation' model similar to the UK
- and
- the red rating, previously given following the Insolvency Service's (IS) review of insolvency licence awards, has been changed to an amber rating but ACCA remains concerned about the general tone of the report.

The Board also noted that the initial findings report of the FRC and IAASA joint inspection in 2016 of ACCA's arrangements for complaints and discipline contained a suggestion that the Regulatory Board is provided with two pieces of information - an aged analysis of open complaints and outcomes of Disciplinary Committees. The Board was asked whether it felt that it should receive this information and agreed that:

- it should receive an aged analysis of open complaints
  - it does not feel it is necessary to receive information relating to the outcomes of Disciplinary Committees as it feels that these matters are sufficiently reported to the Appointments Board
- and
- the Chairman should produce a response to FRC and IAASA.

The Board was concerned that ACCA continues to reject the IS recommendation regarding the naming of assessors and discussed ACCA's reasons for why the assessors should not be named. ACCA suggested that, as a compromise, it may consider publishing the names of assessors as a panel and not on individual cases. The Board agreed that this matter should be considered by the Appointments Board.

**11. DATES OF FUTURE MEETINGS**

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

A handwritten signature in black ink, appearing to read 'Antony Tamm', with a horizontal line extending from the end of the signature.

Chairman