

Interaction with the FRC re 2024 inspection

RSB/RQB inspection planning meeting was held on 20 March 2024. FRC has since sent us the pre-inspection information requirements and the team is currently working through this to pull together the material the FRC has requested. A meeting is being set up including the ICAEW CEO in light of the broad requests for information pertaining to ICAEW departments and functions outside of PSD.

The FRC's first quarterly meeting of 2024 on registration and authorisations took place with the Regulatory Practice team on 24 April 2024. This included a discussion on feasibility of a list of proposals from the FRC on enhancements they would like to see made to the JAR. Elaine's team explained that ICAEW's IT resource is not necessarily available to work on JAR enhancements while other priority projects are ongoing. The FRC has since come back with a prioritised list of proposals, but accepting that our IT resource may not be available to work on these straightaway.

PIE audit registration system

Elaine and Helena also had a meeting with the FRC's PIE Registration team on 10 May 2024. A number of firms were discussed, including applications in progress and firms where FRC is in the process of finalising inspection reports to our Audit Registration Committee. The FRC was also pleased to hear that our work to incorporate the PIE registration information into the JAR is progressing well.

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Consultation on notification of movement of audits

Following discussion at the March IRB meeting, work has been progressing to draft a consultation document on the proposal for audit firms to notify ICAEW when they are appointed to certain audits. The criteria for the notification are as set out in the March IRB paper. The planned publication date for the consultation is mid-June and the consultation will run for a period of three months to allow a greater time for responses over the summer. We will aim to produce a paper for the IRB to consider at its September meeting outlining the consultation responses and any amendments needed to the proposed notification criteria.

Progress on changes to the Audit Regulations

As agreed previously with the IRB, work has continued to produce a version of the Audit Regulations incorporating the first tranche of changes planned to cover eligibility requirements for super majorities, recognition of certain overseas professional qualifications, updates for ISQM1, and terminology of committee names. The draft amended regulations have been shared with ICAS, CAI and the FRC for review. Co-ordination of governance processes at all three professional bodies will then be required before bringing the final regulations to the IRB for approval. We are currently expecting to bring this first tranche of changes to the IRB for approval in July 2024, with an effective date of 1 October 2024.

Legal Services

Justice Committee evidence session

On Tuesday 30 April, Sophie Wales gave evidence to the Justice Select Committee's inquiry into delays in the probate system. This oral evidence session focused on possible solutions to the problem, with representatives from STEP, the Law Society and the Council of Licensed Conveyancers also participating. Sophie spoke about the need to increase knowledge and expertise among staff in the Probate Office, improve communication, implement minimum service standards and ensure that people are not financially penalised as a consequence of Probate Office Delays. These suggestions were well received by the Committee Chair, Sir Robert Neill KC MP, and ICAEW will submit a follow-up statement ahead of the Committee's concluding report. Sophie's evidence session received good coverage in the legal press including the Law Society Gazette and Legal Futures.

Introductory meeting with new Legal Services Consumer Panel chair

An introductory meeting has been arranged between Sophie Wales and Tom Hayhoe, the new chair of the Legal Services Consumer Panel on 4 June.

LSB First Tier Complaints requirements guidance and policy statement

Following the consultation held in late 2023, the LSB has published requirements, guidance, and a statement of policy for legal service regulations on how first tier complaints should be dealt with. Regulatory Policy are reviewing the detail of the published documents and considering the changes that may be required to ICAEW's Legal Services Regulations.

LSB Technology guidance

The LSB has also published statutory guidance for regulators on being proactive in encouraging firms' use of technology to address unmet legal need. This guidance follows a consultation in 2023 on the draft guidance. Regulatory Policy are reviewing the published guidance to consider what action is needed by ICAEW given the work we already do as a body across the board.

New CEO for the LSB

And some breaking news (as I am about to sign off this report) the LSB has announced today (Thursday 23 May) that the new CEO of the LSB will be Craig Westwood who is currently the Director of Communications, Policy & Research at the Electoral Commission. He will take up his new role on 19 August 2024.

AML

There has still been no announcement about the outcome of the AML supervision consultation and no such announcement will now be made until after the General Election and a different Minister may be making the final decision.

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In a speech he gave on 21 May to the Institute for Public Policy Research, Shadow Minister David Lammy said that a Labour government would be more robust in relation to money laundering by bringing a *“fresh approach based on action, enforcement and a crackdown down on the enablers”*.

Michelle Giddings and I have been invited to a meeting with Baroness Vere, a HM Treasury Minister, on 10 June so that she can hear from us about ICAEW's work in AML supervision. It has been stressed that this is not connected to the recent AML supervision consultation. We have been asked to present for 10 minutes with 20 minutes available for questions and discussion. [This meeting could not be cancelled because of purdah.]

Tax

We have continued since the last IRB meeting to work closely with the Tax Faculty to produce a response to the HMRC consultation on raising standards in the tax advice market. Sophie has participated in drafting the introduction and answers to detailed questions and worked with staff in the R&I department to collate comments from many sources including valuable contributions from the IRB (thanks to Caroline and Angela). I helped with the drafting of the Introduction but have also taken two papers to the ICAEW Board seeking guidance from the Board on areas of disagreement among contributors with the Board broadly comfortable with the near-final version of the response it considered at its meeting on 21 May subject to some minor amendments and tidying up. The consultation response will be submitted ahead of the deadline on 29 May.

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Promotions

I am pleased to confirm that Vicky Bailey has been promoted to Senior Manager in the Insolvency Investigation team and that Hannah Morgan has been promoted to Senior Manager in the CS team, taking over management of that team from Sarah Brook. Discussions are continuing regarding the future structure of, and appointments in, the GCAT team.

Technology

As a result of ideas generated at the PSD management away day in March, we will shortly be starting a project to see if we can identify an AI tool which could be deployed to create a first draft of an investigation report with a view to seeing whether this could be value for money and improve productivity. It would clearly need to be a closed AI tool so that confidential information was not allowed to pass out of ICAEW systems

Conduct Department Management Committee

The first meeting of the new CDMC, chaired by Sarah Brook (new Director of Investigations) and Emily Healy-Howell, will take place on 28 May and will bring together in regular, formal meetings for the first time all of those who lead teams contributing to the Conduct Department's operations (investigations, legal and committees & tribunals).

Committees & Tribunals

CTT have conducted 24 interviews for 20 vacancies across all regulatory and conduct committees so far during May. They are pausing to consider if those that have been unsuccessful from this round are appropriate to interview for a different committee which still requires new members. More interviews will take place to fill remaining vacancies.

The team still needs to find 2 lay members for the ILC, and 1 lay member for the CC from this campaign and there are ongoing deficits (which don't threaten quoracy) to address in certain committees.

The good news is that, contrary to the usual trend, there has been great success at recruiting accountant members this time round.

QAD

QAD review/KPI targets

At the end of April QAD had undertaken 964 reviews (814 April 2023) together with 136 reviews for our 3rd party clients of which 109 were for AAT. KPI achievement – visits concluded within 25 days of receipt of the closing record 86.1% (85.3% April 2023) against a target of 85%. Visits concluded within 60 days from visit start date 74.6% (74.4% April 2023) against a target of 70%.

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QAD conference

Our second residential training course takes place next month and runs on from the whole of department away day scheduled for 18 June. The conference will feature technical sessions covering audit and insolvency together with some soft skills training. Several colleagues from across PSD are also attending and the FRC are attending for part of the conference.

Regulatory Practice

The number of regulatory applications received by Regulatory Practice in Q1 2024 compared to 2023, was as follows:

	2024	2023
Audit	23	15
RI	125	117
DPB	13	12
Probate	8	5
Insolvency	14	5
Affiliates	105	123
Totals	288	277

Finance and Projects

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Projects

Decommissioning of Pro

The Joint Audit Register (JAR) and VisualFiles (PSD's electronic application and case management system) data feeds are now connected to D365. Excellent progress being made with the decommissioning work related to the annual return.

The Pro data archive is now live. QAD applications are planned for decommissioning later in 2024. The overall ICAEW project is on target for completion by the end of the calendar year.

Joint Audit Register

Good progress is being made to assimilate the FRC's public interest entity data and provide a search function. Expected live online by end July. FRC are discussing next development steps with us.

VisualFiles

Now that the decommissioning is complete, workflow development is underway to improve the assessment process. A review of the system – 'can LexisNexis offer us more functionality?' is scheduled for Q3. The system software will need to be upgraded in 2025.

Annual Return

Priority updates to the questions template are planned for Q3 relating to audit and PII. The system software will need to be upgraded in 2025.

Communications

Dashboard as per end of April:

	Feb	Mar	Apr	3-month avg	% change on same period last year
Website views – icaew.com/regulation	46,598	40,554	38,951	42,034	+7.54%
Website views –	9,335	8,976	7,941	8,751	+37.50%

icaew.com/regulatorynews					
LinkedIn – engagement rate	6.06%	6.99%	5.35%	6.13%	-26.50%
LinkedIn – no. impressions	17,253	17,585	12,730	15,856	+29.80%
LinkedIn – no. followers	5,812	6,123	6,347	N/A	+63.67%
Email – click to deliver rate	19.98%	25.78%	12.70%	19.49	+3.00%

Observations on dashboard

- April’s engagement rate below 6% but average is still tracking to 6% target - will monitor.
- Recent guidance on building successful social posts suggests thought leaders are attracting the most views and followers. Comms team to begin reaching out to colleagues to post socials on personal accounts to build on this trend.
- Outreach campaign to top accountancy social influencers achieved four new influential connections: Michael Izza, Alan Vallance, Laura Hinton and Michelle Butler – campaign to repeat in Q3/Q4.

Articles

The following key articles were published:

- [ISQM1: early findings from quality assurance monitoring](#)
- [Clients’ money requirements: avoid these common mistakes](#)
- [Griffin Stone Moscrop & Co: finding synergy](#)
- [Bishop Fleming: listening to clients](#)
- [PII requirements: What is changing on 1 September 2024?](#)
- [Stepping up to the challenge](#)
- [Disciplinary Update: April 2024](#)
- [Disciplinary update: May 2024](#)
- [Government consultation on the tax advice market](#)
- [Disciplinary case study: insolvency practitioner fees](#)
- [Quality Assurance monitoring feedback results](#)
- [ICAEW in partnership to research the impact of digital exclusion](#)

All articles are promoted via the website, R&C News and other relevant e-newsletters across ICAEW and LinkedIn.

Webinars

AML webinar on suspicious activity held on 13 Mar with 1,168 attendees.

PII webinar on upcoming changes held on 21 May with 264 attendees.

Consultation comms

Comms launched to promote [Legal Services Compensation Scheme review and consultation](#)

Committee recruitment comms

Campaign was launched to encourage applications for the vacant RACAC Chair position. Promotions included adverts on the ICAEW website home page, items in R&C News and other relevant member newsletters including PracticeWire, posting on the ICAEW jobs board, and LinkedIn posts.

Emails

Monthly e-newsletter '[Regulatory & Conduct News](#)' published on 11 April and 20 May:

- a. In April, key items included promotion of the PII webinar on the upcoming changes, an article to help firms avoid common clients' money-related mistakes and the free survey tool available for firms to measure their staff diversity.
- b. In May, key items included the government's open consultation on the tax advice market, the latest disciplinary cases, an article on a recent disciplinary case relating to IP fees and a case study on an ICAEW firm about their experience in the regulated area of probate.

Other regulatory emails were also issued on the following topics: All Too Familiar reminder to firms, AML The Essentials newsletter, QAD reminder to action items from last PA reviews, QAD survey reminder and JIEB graduation invitation.

Other

Professional Indemnity Insurance Regulations

Elaine and Sarah-Jane have been working with our Communications team to alert firms to the upcoming changes to the PII Regulations. In particular, a webinar was held on 21 May 2024 where Elaine and Sarah-Jane were joined by two PII Committee members (James Roberts and David Gooding) to go through the changes and answer any questions the attendees had on the impact and implementation. Sarah-Jane has also been attending various internal team meetings to provide training to ICAEW staff on the new regulations. This has included teams in PSD and also those who deal with helpline queries in the Technical Advisory department.

Since the last IRB meeting, both the Joint Advisory Panel (which includes the lead insurers) and the Joint PII Committee (comprising representatives from the three Institutes) have met and both were very supportive of the final set of changes to the PII Regulations. Both ICAS and CAI are now progressing the regulations through their governance processes for implementation, with ICAEW, on 1 September 2024.

An application to the LSB to approval the changes to our regulatory arrangements in relation to the PII changes is currently being drafted and is at an advanced stage. We will need the LSB's approval before 1 September 2024.

Fundamental principle of professional behaviour

Following the update provided to the IRB at the March meeting, work has continued to refine the proposed wording in the Code of Ethics relating to professional behaviour. The Ethics Standards Committee has now approved final draft wording for 115.1 A2 in the Code to say that "A reasonable and

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PSD Away Day

This will be held for all PSD staff at Whittlebury Hall, Towcester on Tuesday 18 June and will lead directly into the second QAD conference of the year which will take place at the same venue over the following two days.

We will be welcoming Peter Wyman, ICAEW Board Chair and, hopefully also, (if his diary allows) Parjinder to join staff. The morning will consist of work-focused challenges within teams with the afternoon given over to a team-building challenge based on the successful TV show The Crystal Maze with a barbecue and drinks. The afternoon will see staff mixed into teams with people they would not normally work with to increase familiarity across the department. Here's hoping for some good weather! I'm grateful to Bob Pinder who has taken the lead in organising this event where we hope to see most of our 180 staff.
