



Regulatory committee delegated powers reviews

STATUS

1. This report is open.
2. However, the appendices are confidential and should not be published as they refer to specific application cases and decisions made by the regulatory committees.

EXECUTIVE SUMMARY

3. Once a year, representatives from the regulatory committees review a sample of casework completed by the Regulatory Practice and Policy (RPP) team and a sample of monitoring visit outcomes from the Quality Assurance Department (QAD).
4. These reviews are an important independent check of the work carried out by PSD and the outputs of the reviews give reassurance to both the regulatory committees, oversight bodies and the IRB that staff are properly carrying out tasks delegated to them by the committees.
5. The reviews also give the committee members an opportunity to improve their understanding of our licensing, registration and monitoring processes which assists with their role on their respective committees.
6. The purpose of this paper is to:
 - Provide the IRB with a brief background to these annual reviews;
 - To share the results of the reviews recently completed by the Investment Business Committee and the Practice Assurance Committee; and
 - To set out the timetable for completion of the remaining reviews in 2022/23.

BACKGROUND

7. The Regulations / Handbooks in each of the following areas set out tasks that the appropriate Regulatory Committee is responsible for, as well as tasks that can be delegated to staff:

Area	Regulations	Regulatory Committee with responsibility
Audit	Audit Regulations and Guidance	Audit Registration Committee (ARC)
Local Audit	Local Audit Regulations	ARC

Area	Regulations	Regulatory Committee with responsibility
Recognised Auditors (Crown Dependencies)	Crown Dependencies' Audit Rules and Guidance	ARC
Licensed Practice (ATOL)	ICAEW Licensed Practice Handbook	ARC
Investment Business	DPB (Investment Business) Handbook	Investment Business Committee (IBC)
Probate	Probate Regulations	Probate Committee (PC)
Insolvency	Insolvency Licensing Regulations and Guidance Notes	Insolvency Licensing Committee (ILC)
Practice Assurance	Practice Assurance Regulations	Practice Assurance Committee (PAC)

8. Regulatory tasks that are capable of delegation to staff cover most of the licensing/registration activities, the carrying out of monitoring visits, determining visit outcomes and carrying out of post-visit monitoring and follow-up actions.
9. Regulatory tasks that are generally reserved for the regulatory committees include the refusal of licence/registration applications, suspensions and removals or licence/registration, imposing and lifting restrictions and dealing with monitoring visit outcomes where regulatory action is required. Additionally, applications where fit and proper concerns are raised, or with unusual features (eg, significant external investment) will be referred to the committee for a decision.
10. At each regulatory committee meeting, a list of all cases where staff have exercised their delegated authority are included on the agendas for the committees to review and note.

DELEGATED POWERS REVIEWS

11. Once a year, members from each regulatory committee will carry out an exercise to review a sample of cases where delegated authority has been exercised by staff. The broad purpose of these reviews is to ensure correct procedures have been followed and that staff are correctly operating within their delegated authority. The committee members carrying out these 'delegated powers reviews' prepare a written report for their respective committees, summarising the cases reviewed and any findings and recommendations arising.
12. The relevant staff from RPP and QAD will facilitate the on-site visit and will be on hand to answer queries and to provide demonstrations of how the various IT systems operate. Staff will also provide written answers to any findings and recommendations. Once this process is complete, the committee members then present their report to the relevant regulatory committee at the next available meeting.

13. In previous years, the delegated powers' review reports have been shared with the IRB via the Reading Room as and when they were completed. From December 2022, the reports are being included on the main IRB agenda. The timetable for the current cycle of visits is as follows:

Committee	On site work	Status
IBC	26 September 2022	Complete Reported to IBC on 20 October 2022
PAC	1 November 2022	Complete Reported to PAC on 17 November 2022
PAC	2 February 2023	This additional visit is to bring the PAC up to date following the pandemic when on-site delegated powers reviews were not possible
ARC	2 November 2022 - covering QAD	Review in progress
ARC	16 November 2022 and 2 December 2022 - covering RPP	Review in progress
ILC	Scheduled for 9 December 2022	Yet to start
PC	Scheduled for 13 December 2022	Yet to start

IBC and PAC reviews

14. The report from the IBC reviewers was considered by the committee on 20 October 2022, and the report from the PAC reviewers was considered on 17 November 2022. No significant matters were raised during either review and the reports are attached as Appendices A and B for the IRB to note.

15. The remaining reviews are scheduled to take place during 2022 and will be reported to the IRB once they have been considered by the respective committee.

Future developments

16. The IRB may note that the reports from the IBC and PAC are different in terms of layout and style. The IBC reviewers also queried the file selection process and their Terms of Reference. During 2023 we will be looking to formalise the approach to the delegated powers reviews before the next cycle of visits take place. We will be bringing a paper to the IRB on this in 2023 which we expect will include:

- Standard reporting style;
- Guidance over the file selection process (including sample sizes); and
- Responsibilities for committee members and ICAEW (in terms of the time commitment and expectation from committee members and accessibility to and training on ICAEW's IT systems)

APPENDICES	Appendix Name
Appendix A	IBC delegated powers report (confidential)
Appendix B	PAC delegated powers report (confidential)

Executive Director	Duncan Wiggetts, Chief Officer Professional Standards
Author	Elaine Griffiths, Director Regulatory Practice & Policy
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