



# ***PSD Chief Officer Update***

## **STATUS**

1. Some parts of report and all attachments confidential (marked in blue) / some parts open
2. For information

## **AUDIT**

### Audit Monitoring Report 2022/2023

3. The Audit Monitoring Report was published on Thursday, 16 November and was included in the Regulatory & Conduct newsletter going out that day. The press release was picked up by several media outlets including a brief factual article in The Times on Friday 17 November. The headlines were:
  - a) Best ever performance by the biggest audit firms with 95% of all audits carried out by them being graded either 'good' or 'satisfactory'
  - b) Improved performance by the 'challenger firms'
  - c) Drop in overall numbers of good and satisfactory grades from 75% to 71% although the population of firms reviewed (outside of the largest firms) is very different from year to year.
4. [REDACTED]
5. [REDACTED]

### Joint Audit Register

6. I am pleased to be able to confirm that the Joint Audit Register hosted by ICAEW went live for the first time on Monday, 13 November and can be viewed on the following link: [Audit Register](#)  
This fulfilled our commitment to the FRC to take over the JAR from ICAS and to re-launch it during Q4, 2023. This was the result of a lot of hard work by Matthew and his project management team working with our IT department.
7. [REDACTED]
8. [REDACTED]
9. [REDACTED]

10. [REDACTED]

## **INSOLVENCY**

11. REDACTED]

### Meetings with the Insolvency Service policy team

12. Bob and I met with the Policy team in CAH on 8 October to discuss the way forward following the announcement by the Secretary of State. The discussions revolved around the transformational change which the Minister had said would be required of the RPBs. The policy team have met individually with all of the RPBs.

13. Bob and I took part in a virtual meeting with the policy team and representatives of the other RPBs on 8 November to agree the terms of reference for the all party roundtables which are due to commence on 10 January at the Insolvency Service's offices in Stratford. [REDACTED]

14. [REDACTED]

15. [REDACTED]

16. [REDACTED]

17. [REDACTED]

18. [REDACTED]

19. [REDACTED]

20. [REDACTED]

## **LEGAL SERVICES**

21. [REDACTED]

22. [REDACTED]

### Application for approval of change of regulatory arrangements relating to CPD

23. We were informed in October that the LSB had approved in full our application for change in regulatory arrangements relating to the new CPD regulations ahead of their introduction on 1 November so we did not have to caveat the application of the new regulations to members in probate-accredited firms.

### Approval of increase in licence fees

24. Matthew also received approval to his application for increase in probate fees by 5% as agreed by the IRB [REDACTED]
25. [REDACTED]

### First tier complaints consultation

26. The LSB is consulting on draft revised requirements, guidance and a policy statement in relation to First Tier Complaints (complaints which are received by firms from clients relating to poor advice/bad service etc.). The changes are intended to ensure complaints procedures and effective, efficient and fair. The LSB want a culture where legal professionals are receptive to and learn from complaints. Sophie has drafted a response which I have reviewed and it has now been submitted to the Legal Service sub-group.

### Other matters

27. Further discussions have also taken place about ICAEW's participation in a research project with other legal service regulators, to explore the issue of digital exclusion in the provision of legal services.
28. The Regulatory Policy team have participated in a number of LSB events and initiatives including a forum for legal regulators in Wales, and a Professional Ethics and Rule of Law event.

### **AML**

29. On 16 October, Michelle (Giddings) and I participated on the first day of IFAC's 3 day Summit on Integrity. I introduced and then showed the All Too Familiar film and answered questions from the IFAC CFO and Michelle then participated in a panel discussion regarding the combating of illicit finance.
30. Michelle and Sandy (Price) ran our latest AML webinar on 8 November which had another large audience and was a great success.
31. On 27 November, Michelle and I will participate in the next quarterly review with the OPBAS which is part of their new process to keep in regular contact with the supervisors between visits.
32. There is an AML Project Board meeting set up for 6 December.

## PSD OPERATIONAL UPDATE

### The Conduct Department (TCD)

33. [REDACTED]

34. [REDACTED]

35. [REDACTED]

36. [REDACTED]

37. [REDACTED]

38. [REDACTED]

39. [REDACTED]

40. [REDACTED]

### Quality Assurance (QAD)

#### Update on regulatory visits

41. At the end of October, QAD had undertaken 2,005 reviews across all regulatory areas representing 90.4% of the internal target of 2,219 reviews (the internal target is considerably in excess of our regulatory obligations). Looking forward to the end of 2023, if all scheduled/proposed reviews take place as planned, this will take the team to around 2,300 reviews (103.6% of our internal target) and surpassing by a significant margin our regulatory targets.
42. Both the visit completion KPI metrics (85% of reviews completed within 25 days of receipt of a firm's response and 70% of reviews completed within 60 days from start to finish) are being met at 86.3% and 73.2% respectively.
43. The QAD team continue to receive very positive feedback on the reviews that they undertake. Highlights from the Q3 feedback were:
- 93% of firms were satisfied with the management of the process with 82% being very satisfied (Q2 82%); and
  - 95% of firms were satisfied with the interaction with QAD staff with 83% being very satisfied (Q2 85%).

Quarter on quarter reviewers continue to be rated extremely positively by firms. Swiss Peaks who compile the independent feedback reported in Q3 that the satisfaction scores confirm that reviewers are providing a consistently exceptional level of service. A particular highlight this quarter is that there has been a notable appreciation of reviewers' skill-based performance.

44. [REDACTED]

45. [REDACTED]

46. [REDACTED]

47. [REDACTED]

48. [REDACTED]

49. [REDACTED]

50. [REDACTED]

### **Regulatory Practice & Policy (RPP)**

51. The application stats (for applications received to 31 October) are:

52. [REDACTED]

### **Committees and Tribunals**

53. There have been the following developments in respect of committees:

- a) Recruitment for the AC Vice Chair [REDACTED] is ongoing [REDACTED] Interviews are scheduled to take place on 11 or 15 December 2023. We currently have 7 applications with 4 of which will be progressed to interview.
- b) Recruitment for LSC lay members is ongoing. Interviews took place on 17 November 2023 and a further interview scheduled for 23 November before a decision is reached.
- c) We will be recruiting for an additional lay chair of the Tribunals Committee and a lay chair of the Insolvency Licensing Committee as the terms of the current Chairs are due to expire in June 2024.

54. The following arrangements have been put in place for Committee Training:

- a) The first of two committee training days took place on 15 November 2023. It was held at CAH and was in person. Positive feedback was received on the days and the sessions. The next training day is scheduled for 30 November 2023.
- b) The Annual meeting for the Disciplinary and Appeal Committee members set for 13 December 2023. This is an opportunity to address any matters relating to these specific committees.

## Communications & Marketing

55. Lucy Cook, PSD's new Head of Communications, joined us on 6 November to replace Sarah Gammon and will join the next board meeting at some point to introduce herself. Lucy attended to the first of the Committee Training Days at my suggestion to meet with committee members and she met a number of IRB members who attended that day. Lucy has joined us from a similar role at the much smaller Institute of Chemical Engineers.

## Reports

56. The following reports have been published since the last IRB meeting:

- **2022/23 AML supervision report** was published on 30 October.
- **2023 AML Thematic Review: The Role of the Money Laundering Reporting Officer** was published on 13 November.
- **2022/23 Audit Monitoring report** was published on 16 November.

All reports are promoted via the website, relevant e-newsletters, emails and LinkedIn, with some reports also attracting press releases and web articles.

## CPD

57. Firms were reminded by **email on 26/10** that CPD Regulations were being updated on 1 November, sharing links to resources to support them in their responsibilities. Next stage in the communications will be to update web pages to reflect the fact that the regulations are now in place, refresh FAQs and create dedicated guidance for sole practitioners.

## Newsletters

58. Monthly e-newsletters '**Regulatory & Conduct News**' published **14 September and 12 October**:

- a) In September, we announced proposed changes to UK Audit Regulations and recent updates to the duty to report misconduct mean in practice. We also shared latest disciplinary cases, promoted upcoming webinars and explained that PSD-related communications will now have its own identifier, making it easier to spot regulatory assets and communications.
- b) In October, we shared articles on avoiding common mistakes seen in Practice Assurance reviews, preparing for fee renewals, listening to the recording of our webinar 'CPD for firms', disciplinary cases and applying for current committee vacancies.

59. Other regulatory newsletters/emails were also published on the following topics: PII consultation, QAD monitoring survey, AML webinar for MLROs + reminder, Audit Regulations consultation reminder, CPD for firms' reminder and insolvency licence renewals.

Regulation and Conduct LinkedIn page

60. We had 5,264 followers as of 21 November and the monthly engagement rate in October was 8.21% (which favourably compares to the ICAEW LinkedIn site which was at 7.51%). We are still tracking well against our objective to maintain a 6% average.

## OTHER UPDATES

### Senior personnel changes at ICAEW

61. It has been confirmed since the last IRB that the new CEO of ICAEW will be Alan Vallance. Alan is currently the CEO of the Chartered Insurance Institute and is an ICAEW member. Prior to his role at the CII, Alan was the CEO of RIBA and the Chief Operating Officer at the Law Society [REDACTED]
62. [REDACTED]
63. [REDACTED]
64. [REDACTED]

### CPD

65. Significant work continues in relation to the revised CPD regulations. Following concerns raised by some members, some concessions have been introduced for members who hold certain personal trustee appointments, and those who undertake a de minimis level of accountancy and finance work (less than £1,000 per annum).
66. Regulatory Policy staff continue to work closely with the Belonging & Supporting Department on member support and resources, providing answers to detailed policy queries received by the technical advisory helpline. PSD staff presented a webinar for firms in September that outlined their main responsibilities and covered hot topics such as what would constitute verifiable CPD. More than 1,000 firms attended this webinar.

### Professional behaviour

67. The consultation on proposed changes to the Code of Ethics requirements for professional behaviour will launch on 1 December 2023 and run for a ten-week period to 9 February 2024. The consultation proposes some new material for the Code of Ethics to require individuals to behave in accordance with the standards that society expects in all professional and business relationships and sets out examples of what that behaviour would be. Feedback on responses to the consultation will be shared with the IRB at the March 2024 meeting.

### PII Consultation

68. This consultation remains open and will run until 14 December but we have received a number of responses so far and Sophie Wales/Sarah-Jane Owen will give an oral update on emerging themes at the board meeting.
69. [REDACTED]



70. [REDACTED]

71. [REDACTED]

72. [REDACTED]

73. [REDACTED]

Film updates

*All Too Familiar*

74. I presented the film (remotely) at the Accounting Summit being organised by IFAC on 16-18 October where the theme is 'Integrity' to an audience of over 1,000 with very positive feedback from the IFAC CFO after the event. Michelle took part in a subsequent panel discussion on economic crime.

75. I will also be presenting the film at the AFA Conference being held in Thailand on Sunday 26 November (at 7.45am).

76. [REDACTED]

77. [REDACTED]

<b>Author</b>	Duncan Wiggetts, PSD Chief Officer
<b>Date of report</b>	24 November 2023