



PSD Chief Officer Update

STATUS

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

AUDIT

FRC 2022 inspection – public report

3. The FRC published its overall report on the performance of the RSBs in December. This can be viewed on this link: [The Financial Reporting Council's report on its oversight of the professional bodies during 2022/23 \(frc.org.uk\)](https://www.frc.org.uk) [REDACTED]

FRC 2023 inspection – reporting timetable

4. I was informed by the FRC orally during the quarterly call on 18 January that we will be receiving a spreadsheet with the findings across all areas during the week commencing 29 January for comment. This will be the only paperwork we see prior to the meeting which has been set up on 22 February for oral presentation of findings to the ICAEW CEO, IRB Chair, E&T Chair, me and E&T Managing Director. [REDACTED]
5. We will be provided with the first draft report in early March and will have two weeks to raise any issues on the narrative which they draft around the findings.
6. [REDACTED]
7. [REDACTED]
8. [REDACTED]
9. [REDACTED]
10. [REDACTED]
11. [REDACTED]

Joint Audit Register

12. Following ICAEW taking over as host of the JAR, Elaine's team has been successfully uploading the data from the four RSBs with no issues. The process is working well and we are also able to make mid-week updates (e.g. to correct errors, or where there is any urgency for a

particular individual or firm to appear on the Register), rather than having to wait for the previous once-a-week update process.

13. We are working with the FRC on requirements to expand the data and search function to include the Public Interest Entity (PIE) firm records which are currently reported separately on their website.

FRC Annual Returns and Regulatory Plan

14. Work is in progress in relation to collation of data for the FRC's Annual Returns relating to audit and local audit. Regulatory policy has also been in discussion with the FRC about the content it would like to see within PSD's regulatory plan for 2024.

INSOLVENCY

15. [REDACTED]

Insolvency Service roundtable – 10 January 2024

16. Bob and I attended the first Insolvency Service roundtable on the future of insolvency regulatory framework at the Service's offices in Stratford on 10 January along with representatives of the IPA, ICAS, CAI and the Service's policy and regulatory teams.
[REDACTED]
17. [REDACTED]
18. There is another virtual meeting taking place in February and a second face to face roundtable being organised for April.
19. [REDACTED]

LEGAL SERVICES

Staff changes at the LSB

20. It has been announced in January that Matthew Hill, CEO of the LSB, will be leaving the organisation in March to become the new CEO of the Chartered Insurance Institute. Matthew will replace Alan Vallance, ICAEW's new CEO. We understand that until a new CEO is appointed at the LSB, Richard Orpin, Director of Regulation and Policy will be Acting CEO.

LSB Performance Assessment for 2023

21. As mentioned in the November update, we received the draft summary assessment of ICAEW's performance for 2023 in mid-November. Sophie has provided comments to the LSB on the draft performance assessment and asked for these to be taken into account in finalising the assessment of ICAEW's performance. There has been no further update from the LSB

about the performance assessment, so we await the final assessment in due course.

Regulatory objective for economic crime

22. In light of the forthcoming regulatory objective in the Legal Services Act to promote the prevention and detection of economic crime, the LSB wrote to us asking for our initial thoughts on the key actions PSD would be taking. Given the extensive work that PSD already does in relation to economic crime, our response to the LSB has outlined our ongoing work in this area, and the engagement we have planned with our firms to increase awareness of the practical implications of the Economic Crime and Corporate Transparency Act.

Single register for legal service providers

23. Under the LSB's policy statement on consumer empowerment there is an expectation for all legal service providers to produce a joint register of their regulated populations. The intention is to build upon the existing information provided through the Legal Choices website. The regulatory policy team have met with the SRA who are leading the discovery phase for establishing a single register, referred to as a Regulatory Information Service. PSD staff will be joining a sub-group of the Legal Choices Steering Group to design and implement a single register in due course.

AML

24. No announcement has yet been made by HMT on its policy position post consultation. We understand, however, that such an announcement is still scheduled to be made prior to the end of Q1, 2024.

25. At the AML Project Board on 6 December, Michelle and I updated Project Board members on the content of our quarterly review call with OPBAS on 27 November.

26. [REDACTED]

PSD OPERATIONAL UPDATE

The Conduct Department (TCD)

Final figures for new complaints in 2023

27. [REDACTED]

28. [REDACTED]

29. [REDACTED]

30. During 2023, the Conduct Department completed/closed **843** cases:

- 244 reports were passed to the Committee team for consideration by the Conduct Committee,
- 25 fixed penalties were issued,
- 574 cases were closed by case managers without reference to the Conduct Committee

but this closure rate was outpaced by the receipt of **954** new matters

31. [REDACTED]

32. [REDACTED]

33. [REDACTED]

34. [REDACTED]

Quality Assurance (QAD)

Final figures for QAD statutory work/KPI targets

35. By the end of 2023, QAD had completed 2,304 reviews representing 103.9% of the annual target of 2,218 reviews (significantly greater than statutory minimum numbers).

36. QAD managers/reviewers had also achieved all key KPIs:

- a) visits concluded within 25 days of receipt of the closing record 86.1% (86.2% 2022) against target of 85%
- b) visits concluded within 60 days from visit start date 72.5% (68.5% 2022) against target of 70%.

37. [REDACTED]

38. [REDACTED]

39. [REDACTED]

QAD conference

40. Our first residential conference of 2024 takes place over three days this month at Hinckley Island. This is a great opportunity to get the whole review team together at the start of the year. The programme provides invaluable CPD for the team with whole days covering both audit and insolvency. In addition, the programme includes sessions on Practice Assurance, Probate and artificial intelligence. Colleagues from the Regulatory Practice & Policy team as well as the Conduct team are also attending.

Regulatory Practice & Policy (RPP)

Application stats

41. [REDACTED]

42. [REDACTED]

43. Recent successful interviews for Regulatory Support Advisor roles means Elaine's team currently has no vacancies for the first time in several years! We also had approval from HR for an 'extra' advisor having seen two very strong candidates when interviewing for one vacancy.

Committees and Tribunals

Committee recruitment

44. [REDACTED]

Training Days/Annual Meeting

45. Two in-person committee training days took place on 15 and 30 November 2023. Positive feedback was received on the days and the sessions.

46. The Annual meeting for the Disciplinary and Appeal Committee members was held on 13 December 2023. This was meant to be held in person but was converted to virtual at the last-minute owing to sickness within the Committees and Tribunals team. We received positive feedback.

Committees Development Process (CDP)

47. The first round of documentation in relation to the CDP has been received (deadline was 15 December and is in the process of analysis by the team and Chairs. A report will be drafted for consideration by RACAC in due course. RACAC will review progress and ensure the CDP is achieving what it set out to achieve and is not unduly burdensome. The report will include:

- **quantitative analysis** - number of appraisals expected versus achieved, adherence to timetable, development versus no development needs
- **qualitative feedback** - themes emerging, feedback from participants, emerging development needs, time and resource needed versus expected
- **summary of current position**, a summary of results versus objectives, key learning, any suggested changes and a look forward

48. On the staff front, Sumbul Phillips has been promoted to Senior Lawyer within the CTT.

Communications & Marketing

49. The following articles were published:

- **PII consultation: we want to hear from you** – published 10 Nov
- **One year on from ISQM 1** – published 29 Nov

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

50. Monthly e-newsletters '**Regulatory & Conduct News**' were published on 14 November and 7 December:

- a) In November we shared our guide for witnesses who may be asked to give evidence at a disciplinary hearing, results of our audit and anti-money laundering monitoring reviews along with our 2023 thematic review on the role of the money laundering reporting officer. We also shared the opportunity to join a drop-in session to understand more about proposed changes to professional indemnity insurance and new guidance for probate firms on complex restructures.
- b) In December we shared the consultation on changes to the professional behaviour provisions in the ICAEW Code of Ethics, gave a final opportunity to respond to our PII consultation and invited readers to watch the recording of the PII drop-in session which summarised the key changes. We also launched access for non-probate firms to use the free diversity survey tool if they wish to do so.

51. Other regulatory emails were also issued on the following topics: renewal notices, MLRO webinar follow-up, AML reports, AML risk bulletin e-newsletter, insolvency bond reminder, QAD monitoring visit survey request and survey on Government probate services.

52. The planned regulatory microsite designed to host content on governance and oversight of ICAEW's role as a regulator is now live. The comms team is now reviewing content on the [icaew.com/regulation](https://www.icaew.com/regulation) website to ensure all required content and links are mapped correctly between the two sites.

53. CPD webpages have been updated to add more detail to the FAQs for firms and to include links to recent digital tool developments such as the CPD recording tool and the ability to log webpage views as CPD.

Regulation and Conduct LinkedIn page

54. We had 5,502 followers as of 31 December. The average engagement rate in December was 7.2% which remains above our target of maintaining a 6% average.

OTHER UPDATES

New ICAEW Chief Executive starts on 1 February

55. It was announced shortly before Christmas that Alan Vallance would leave the Chartered Insurance Institute at the end of December (rather than being held to the end of his notice period in March) and he will now join ICAEW on 1 February [REDACTED]

Changes in the PSD SMT

56. [REDACTED]

57. [REDACTED]

58. [REDACTED]

59. [REDACTED]

60. [REDACTED]

61. [REDACTED]

Pro decommissioning project

62. Good news for once regarding an ICAEW IT project. The Pro decommissioning project is tracking to plan

- a) Joint Audit Register (JAR) data extract work is largely complete: Awaiting final development related to D365 fixes (7). And then a release to live i.e., the extract using D365 data as its source, this expected end February.
- b) VisualFiles, excellent progress and decommissioning signed off by PSD on 16 January with development for release to live later this month. There are a small number of associated fixes and workarounds required, these to be addressed by end March.
- c) Annual Return, preparatory data mapping and test plan work by the team is well underway. This application is by far the most complex so far for PSD and extra development and test time has been added to the 2024 plan.
- d) Pro data archive viewer i.e., the historic data held as we move to D365 for our core records. This viewer to go live late February; a gradual rollout alongside staff training and phasing out of user access to Pro.
- e) Data extracts for regulatory registers and databases, such as related to probate, insolvency, investment business and the disciplinary database. These are now part of a separate reporting project and change, from Pro to D365, is scheduled for June and July.

63. None of the fantastic progress could have been made without a lot of work from Matthew, his project team and assistance in testing from PSD staff.

64. [REDACTED]

65. [REDACTED]

66. [REDACTED]

67. [REDACTED]

68. [REDACTED]

69. [REDACTED]

Professional behaviour

70. The consultation on proposed changes to the Code of Ethics requirements for professional behaviour launched on 1 December 2023 and is running 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. Around 40 responses have been received so far, and feedback on the overall responses to the consultation will be shared with the IRB at the March 2024 meeting.

71. [REDACTED]

72. [REDACTED]

73. [REDACTED]

74. [REDACTED]

75. [REDACTED]

76. [REDACTED]

Author	Duncan Wiggetts, PSD Chief Officer
Date of report	19 January 2024