

News from the ICAEW Practice Committee (IPC) meeting

Edinburgh-based member in Practice, Annja Louca, attended the ICAEW Practice Committee's recent open meeting, here she reflects on events and shares updates from the session.

The ICAEW Practice Committee (IPC) meeting was held on 3 September in London; it was well attended with people coming from all over the United Kingdom. The attendees were members of all manner of practices, and it was great to see everyone's involvement and commitment towards the goal of improving standards within the profession.

The meeting covered all relevant and current topics and helped me, as a practice owner, realise that everyone has similar concerns and that there is support out there, from both the ICAEW and fellow members facing the same issues.

Cyber security

The day started with the City of London Police talking to us how vital it is to understand the importance of cyber security in this increasingly digital age. It is essential, as practice owners, that we make sure that our team, employees, friends and family know how to protect themselves against cyber attacks. It was shocking to learn that cyber crime is on the increase and that 1 out of every 10 emails are some form of phishing or cyber attack email.

Ian Brosnan, presenting on behalf of The City of London Police Cyber Crime Unit, highlighted that the most important thing to remember about cyber crime is that it is *people* behind the attack – we should not view it as a random or unintentional act. Criminals know what they are after and they will find a way to achieve their goals if possible. Attackers are often trying to get information about you, or from you, so staying vigilant about data obtained from the internet, emails or unrecognised sources is a vital first step to combatting these attempts.

We were advised to disable location settings on social media applications wherever possible, as this information can be used to trace your exact location or property details through free web browsers, giving criminals all the details that they need to target you or your home.

Ian also asked that we report *all* cyber attacks including unsuccessful attempts, to help the police compile data and prevent future attacks. Attacks can be reported at actionfraud.police.uk.

Simple steps to help you and your company with cyber-attacks include:

Checking the content of emails using anti-virus software and keeping a sceptical and vigilant mind when clicking on links. Ask yourself questions such as “would HMRC *really* send me an email about a refund due to me or my client?” “Does the service provider normally communicate with me in this manner?”

Is the email address and information correct in the email? Attackers usually try and make the email look legitimate but you should check to see if anything is inconsistent. Make sure there aren't any spelling errors or additions to the address. Does the quality of the images look consistent with that of the purported sender?

Don't just click on links or attachments. Make sure emails are legitimate first.

If you have any doubts, Google or check online forums to see if other people have received similar emails and if they were legitimate

Change your mind-set. We are all so busy that we try and respond to emails as quickly as possible. Take 5 seconds longer to read an email properly and make sure it is what it claims to be

Use the correct devices, keep software up-to-date and don't allow unauthorised devices on your network or system

Never share login details

All devices should be encrypted to ensure that even if access is gained, the data on them cannot be read.

Never use USB sticks without scanning them for malicious code first

Use strong passwords that aren't easy to guess.

Practice strategy update

ICAEW Practice Director, Amanda Digne-Malcolm spoke about the platforms available to support and help members in practice.

One of the things that I was most impressed with was the Bloomsbury Online Library, which is a great help as it has a lot of titles on taxation, accounting and corporate law. This invaluable resource is available to those working in eligible firms – you can find out more on the ICAEW website.

Amanda also explained in detail what November's flagship event - *Practice 2019: Igniting Innovation* will be covering – she explained that the conference will focus on innovation and technical matters, and will be very useful for all members in practice.

Other upcoming events designed to help members in practice include: '*Power your digital practice*' and '*Start your own practice*' – these sessions have been designed to help members in practice tackle the critical issues that they face when starting a practice and when they want to use technology and apps in their practice.

Amanda emphasised the sheer variety of resources available for members in practice from Bloomsbury Professional Online, the ICAEW website, Finance in a Digital World, the technical and ethics advisory helpline and the ICAEW Library and encouraged members to use all of these resources as they are designed to help. If members have any suggestions as to how the ICAEW and the Practice Board can improve, they should get in touch.

ICAEW is also working on a spreadsheet analyser that is designed to help members when working with spreadsheets to unhide data, remove pictures, clean formatting and identify linked worksheets that can cause data integrity problems. As an accountant we work with excel workbooks a lot and there are sometimes concerns about the data integrity and quality of the workbook we receive from clients or resources. This tool is designed to highlight cells in the workbook that have, for instance, inconsistent formulas etc. I think this will be a super tool and I can't wait for it to be made available. Watch this space!

Practitioner Business Advisors Community (PBA) is set to launch at the end of November. It will "provide access to tools and resources for Practice Members to give sound advice to their business clients and become the virtual FD". This is free to all members of the ICAEW.

Enterprise Nation is another partnership by the ICAEW "to create a new dynamic Business Adviser platform which will dramatically improve the accessibility of accountants and business advisers to the UK's small business community."

I registered for this when I was writing this article and found it very interactive and supportive. There are even more events and articles to read, but it focusses on selling and marketing and getting work on the back of that for your practice.

You can also stay informed of all the latest practice news from the ICAEW with *Practicewire*; it is free to all members and affiliates.

Ethics and the need for robust professional scepticism

We also had an update from Tony Bromell, ICAEW's Head of Integrity and Markets, about the Code of Ethics and the changes that were put out for comments in May 2019. The responses so far have suggested that it is easier to spot the core of the sections in the new rules and generally the new Code of Ethics has had great feedback.

There have been changes to the non-compliance with laws and regulation section of the new code of ethics.

"New sections on non-compliance with law and regulation (NOCLAR). NOCLAR requires an accountant suspecting a business-related illegal act to consider whether it is likely to be inconsequential: if it is not, they should raise it internally within the client or employer (to the extent reasonable, taking account of the accountant's role). If the accountant does not consider that it has been dealt with properly, the accountant should disclose externally to an appropriate authority if the accountant thinks it is in the public interest to do so. While the IESBA code has been silent on the matter hitherto, the ICAEW code has, for some years, included add-on material giving specific permission to breach confidentiality where the member considers it to be in the public interest. As far as ICAEW is concerned therefore, the [NOCLAR](#) provisions are a matter of changed nuance rather than a fundamentally new requirement."

Tony said that the ICAEW will do a summary version again to help members understand the core principles behind the new code of ethics, but it will just be a summary and should be used that way.

He also encouraged members to inform the ICAEW if there is anything in the code of ethics that still causes confusion or misunderstanding. They will do a help sheet or perhaps point to current help sheets available.

Scepticism is also another area for auditors that causes problems, as it is deemed that auditors do not get enough support to substantiate a matter and support an item with only a management representation letter.

ISA200 talks about why auditors should be encouraged to have a questioning mind, be alert and always do a critical assessment about a matter. FRC wants auditors to demonstrate how they have critically assessed and been sceptical on audit sections and documentation is the most important way to demonstrate this and explain in detail how this was performed. The auditors should not just obtain a representation letter but also consider and document how the matter was analysed and critically assessed.

Hot topics in the profession

We then broke into groups and held discussions about the hot topics in the profession. The five top issues where:

- HMRC and dealing with the tax authorities
- Retention of staff

- Digitisation and cloud apps
- Brexit
- Recruitment of staff

The ICAEW took notes of everyone's findings and will keep providing support to members best they can.

Trust in the profession

We had the privilege of hearing from Michael Izza, the Chief Executive of ICAEW, and it was just amazing. Michael explained what has been done by the ICAEW and parliament and how the discussions have been going.

He highlighted the need for us, as Practitioners, to be adaptable, flexible and ready to embrace change as Brexit approaches, and explained the changes in the FRC (Financial Reporting Council), the conclusions of The King report and ICAEW's role going forward.

Michael also explained about Donald Bryan's research on the future of audits and how technology influences the sampling method, or perhaps that sampling is no longer necessary and that with technology 100% tests can be performed. The report will be delivered before Christmas of 2019 and it will be interesting to see his findings.

Technology is the thing that scares everyone the most and the ICAEW has launched 'Finance and the Digital World' to help members understand technology.

In the technology work we need a framework to guide us and so the "ABCD" was launched that addresses Artificial intelligence, Blockchain, Cyber security and Data, and now E will be added to include Ethics.

There are also various workshops that help practices bring in technology in their firm and Michael encouraged members to use these as there are so many new technologies that we are not even aware of yet.

Understanding the New Sector Deal

Iain Wright, ICAEW's Director of Business and Industrial Strategy, did a presentation on understanding the New Sector Deal and explained that it is an agreement between government and sector to build and grow opportunities for the UK talent and that there is a driving role to keep UK going.

The reason the Sector Deal was put in place is to increase productivity, employment, innovation and skills in the UK.

Iain explained that the things that help drive productivity for all businesses benchmarking themselves against competitors, peer to peer communication and the advice and support from a trusted advisor like a chartered accountant that can help steer businesses. From this Iain made it clear that professional services are an enabler to businesses and can play a significant role in helping businesses succeed.

By doing our best, accountants and other professional services can continue to help businesses be more productive, to embrace technology to continue to move forward to a brighter future.