

## THE 3Es

Our regulatory and conduct responsibilities can be summarised by the 3Es:

### ENABLE

- members/firms to provide regulated services by maintaining our authorisations
- members/firms to offer new services by vetting applications for new licences/registrations
- members/firms to improve standards through our educational initiatives and CPD support

### ENFORCE

- by taking regulatory action to restrict or remove licences and registrations
- by taking disciplinary action against members and firms for breaches of regulations, rules, standards, the Code of Ethics etc.

### OUR 3Es

Our role as an improvement regulator is to act in the public interest and to strengthen consumer confidence by enabling, evaluating and enforcing the high standards expected of ICAEW Chartered Accountants and those we regulate.

### EVALUATE

- risks within firms to determine monitoring cycles
- members/firms' ongoing eligibility, quality of work and compliance with regulations
- the practical impact of government initiatives by responding to consultations

## ENABLE

## Maintaining our authorisations

During the year, we enabled ICAEW firms, affiliates and ICAEW Chartered Accountants to deliver and expand regulated work to their clients by maintaining our authorisations to regulate audit, insolvency, investment business advice, legal services and to supervise compliance with anti-money laundering regulations. These authorisations were maintained following positive performance assessments of PSD's work during the year by ICAEW's oversight regulators.

**1,111**  
regulatory  
applications  
received

### Assisting firms to build capability in regulated areas

Specialists within our Regulatory Practice & Policy (RPP) team evaluated applications from firms and individuals aiming to gain authorisation to carry out regulated work for clients. All applications were carefully evaluated against eligibility criteria set either by statute or by our oversight regulators. On the occasions when applications did not meet the criteria, we gave advice on what changes were needed or what further work experience or continuing professional development (CPD) would be required before the application could be approved.

During the year, we saw a noticeable increase in the number of private equity funds investing in accountancy firms. As all of these firms provided regulated services, the RPP team needed to be satisfied that their proposed new structures would comply with relevant eligibility criteria. We have also continued to see a steady volume of merger and acquisition activity among our registered firms, particularly those who have benefitted from private equity investment.

### Number of regulatory applications\* received (1 January 2021 - 31 December 2023)

	2021	2022	2023
Audit firms	97	70	75
Responsible individuals	354	442	459
Affiliates**	425	604	457
Probate firms	48	22	36
Insolvency practitioners	52	40	32
DPB (Investment Business) firms	76	62	52
<b>Total</b>	<b>1,052</b>	<b>1,240</b>	<b>1,111</b>

\* Applications received in the calendar year, excluding any that were subsequently cancelled/abandoned by the applicant.

\*\* Includes all regulatory affiliates (i.e., audit, DPB (Investment Business) and probate) but excludes bulk-affiliate applications from European Big-4 audit holding entities.

While we saw a decrease in the volume of regulatory affiliate applications in 2023, 2022 was an exceptional year when there was a surge of applications, particularly from larger firms, to 'catch-up' on promotion decisions that were postponed during the years affected by the COVID lockdowns.

During 2023, specialists within both our RPP and Conduct teams have worked closely with the FRC to embed new processes around information sharing for firms and responsible individuals that hold or apply for Public Interest Entity (PIE) registration following the launch of the FRC's PIE Audit Registration Scheme in December 2022.

### Expanding our educational reach through targeted communications

Throughout the year, our Communications team published a wide range of content including thematic reviews, webinars, videos, helpsheets and infographics to enable ICAEW firms and insolvency practitioners (IPs) maintain the highest professional standards. Multiple communication channels were used to share and disseminate regulatory updates and information.

Our flagship *Regulatory & Conduct News* e-newsletter was distributed monthly to over 16,000 contacts including compliance partners in all of our registered firms. It featured topical news and guidance as well as insights into our role as an improvement regulator. All PSD firms and IPs receive the e-newsletter automatically. In addition, all other ICAEW members and non-members are encouraged to sign up to receive it via [icaew.com/regulatorynews](https://icaew.com/regulatorynews).

In 2023, over 160 articles and pieces of guidance were published, hosted on our dedicated regulation web area [icaew.com/regulation](https://icaew.com/regulation), and shared on the [Regulation and Conduct LinkedIn page](#).

ENABLE continued

## AN INFORMED APPROACH TO ANTI-MONEY LAUNDERING SUPERVISION

Our approach to supervision is constantly evolving. We need to be responsive to changes in the risk and regulatory landscape. An important part of my role is to help our supervised population keep up to date with these changes and maintain regulatory compliance.

It's interesting to reflect on how dramatically the anti-money laundering (AML) risk landscape has changed over the past 20 years. When I first started carrying out quality assurance reviews 17 years ago, it would have been normal to rely purely on seeing a passport and utility bill for a client. Risk assessments were not yet required. There was little practical awareness on how money laundering manifests in our sector.

There is now a much greater understanding of the risks and red flags which signify a client is involved in illegal activities. In the past year, we have focused our AML guidance on passing on this understanding to our supervised population. I am particularly pleased with our suite of AMLbites videos which have proved to be very popular. I hope

the videos are a quick and easy route to help firms spot potential criminality.

Our [2022/23 thematic review](#) was conducted on the critical role of the money laundering reporting officer (MLRO). The published report summarises the responses of 240 of our MLROs and provides insight and guidance from our perspective as an AML supervisor.

Our current emphasis is on the quality of customer due diligence (CDD). CDD exists to identify money laundering risks and to mitigate them. If a firm cannot mitigate the risks, then the firm should not allow that bad actor access to the sector's services. In our monitoring visits, we check that the firm is acting as this gatekeeper and is protecting itself from the risk of being a "professional enabler".

Failings in the quality of the firm's customer due diligence could lead to the firm taking on a client involved in criminality. That is why our emphasis is on the quality of CDD and why, increasingly,

it is firms with a higher risk client base and poor customer due diligence that will find themselves in front of ICAEW committees. I would encourage all of our supervised population to make use of the guidance and resources we provide to ensure that doesn't happen.

### **Sandy Price**

Anti-money Laundering (AML) Manager, Quality Assurance Department



**"I would encourage all of our supervised population to make use of the guidance and resources we provide."**

## ENABLE continued

Launched in 2021, the Regulation and Conduct LinkedIn account continued to attract new followers, ending the year with over 5,000 followers. The engagement rate (the number of times a post appears in the audience's feeds divided by engagements such as clicks, likes and comments) over the year was 8%, pleasingly above our target of 6%, indicating that our content continues to be relevant and engaging.

Most viewed content during the year included articles focusing on the changes to ICAEW's disciplinary framework, CPD Regulations, and the extension of the duty to report misconduct to ICAEW firms, as well as sanctions guidance and examples of good practice for auditors. Useful third party communications and guidance including those from across ICAEW, oversight bodies and organisations such as HMRC, HM Courts and Tribunals Service and the National Crime Agency were also shared via our channels.

- No. LinkedIn impressions
  - 219 posts
  - 197,669 impressions
- No. unique website views
  - 457,774 (unique visits to [icaew.com/regulation](https://icaew.com/regulation))
- No. webinar attendees
  - 4,258 attendees at 6 webinars
  - 1,958 views of recordings

All resources are available for our firms and IPs at [icaew.com/regulation](https://icaew.com/regulation)

### Preparing for the new CPD regime

On 1 November 2023, ICAEW's revised Continuing Professional Development (CPD) Regulations brought in new CPD requirements including responsibilities for firms to ensure ICAEW Chartered Accountants (and relevant persons) are compliant with the new requirements. It is now a requirement for firms to maintain CPD records of their staff who are in scope of the CPD regulations which can be inspected by PSD's Quality Assurance Department (QAD) on request as part of their monitoring schedule.

By introducing minimum requirements which can be monitored more effectively and adopting a risk-based approach, these changes should provide much stronger assurance to consumers, oversight regulators and government that ICAEW Chartered Accountants are maintaining and enhancing their competence within increasingly complex

professional and regulatory environments. How members choose to comply with the revised requirements is left to their discretion as long as the CPD undertaken is relevant to their role, with one exception: they must complete mandatory annual training aligned to ICAEW's Code of Ethics. ICAEW has created a free ethics CPD course to assist members in achieving this requirement which incorporate clips of our training films. Further information is available at [icaew.com/cpd](https://icaew.com/cpd)

### Showcasing the importance of ethical decision making in film

Our award-winning [educational film dramas](#) continue to be utilised by firms both within the UK and across the globe to support their in-house training programmes. Designed to provoke discussions and challenge mindsets about how to deal with difficult decisions and topical issues in business situations, the films highlight the importance of professional scepticism and successfully navigating ethical dilemmas.

By the end of 2023, our most recent film *All Too Familiar* had been streamed 37,000 times since being distributed free in the UK to all ICAEW firms. Often watched by groups and teams, the total number of accountants who have viewed the film is many times that figure. During 2023, we continued to see strong interest among international accountancy networks for taking licences to use the film across their networks, with the film now subtitled in both French, Spanish and Arabic with other subtitled versions in production. In addition to firms, we have seen great interest from universities wishing to use the film to teach their accountancy students.

In March, the film was screened to 300 attendees at a joint event with the International Federation of Accountants (IFAC) on AML policy developments in the EU. Caritas Cyprus, a UN-supported organisation working with victims of trafficking and slavery, screened the film at an event for its members in August. In September, a screening took place in Sarajevo at the Organisation for Security and Co-operation in Europe's (OSCE) Human Trafficking Conference. The audience included political and business leaders from the Balkans. The film was also screened throughout the year at a wide range of other events including the Economic Crime Symposium at Cambridge University and the AFA ASEAN Federation of Accountants Annual Conference in Bangkok.

**37,000**  
streams of  
our *All Too  
Familiar* film  
by the end  
of 2023

ENABLE continued

## SUPPORTING FIRMS FOLLOWING PRIVATE EQUITY INVESTMENT

During 2023 we saw more of our regulated firms obtain private equity (PE) investment, with a slew of new PE-backed consolidator firms entering the market. As firms look to grow their businesses and develop their current offerings, PE investment has provided them with a particular opportunity to take advantage of advancements in technology.

Specialists within the Regulatory Practice and Policy (RPP) team have been involved in discussions with PE-backed firms from early stages of transactions, while they navigate the complexities of the regulations governing regulated activities, so as to ensure that the firms understand the complex eligibility criteria of the audit, probate and use of description regulations.

Firms looking to take on PE, or other external investment, often go through an organisational restructure which leads to changes in control of their business. Over the year, we have worked constructively with many firms who have received PE funding to gain the confirmation we need to ensure the firms remain compliant with the regulations. This has often involved members of my team scrutinising complex legal agreements and interacting with the firm, the investor and legal advisers from both sides.

Also, during 2023, we saw a significant increase in merger and acquisition activity. We

have been actively involved in explaining to firms both pre and post transaction what will be required to ensure the business continues to meet all regulatory requirements and to enable those firms being acquired to continue to provide services to their clients with the least amount of disruption. For both the initial funding transaction and subsequent acquisitions, we have found that early interaction with the RPP team is beneficial for both sides to ensure that time is not wasted in developing new structures which will not comply with all relevant regulations.

If there was one piece of advice I would give to a firm embarking on a future transaction, it would be to get in touch with RPP as early as possible. All of us in RPP know that we can play an important role in helping and supporting firms that are on a journey of growth and investment during this period of change within the accountancy sector as firms move away from more traditional structures.

### **Helena Murray**

Head of Regulatory Practice, Regulatory Practice and Policy (RPP) team



**“Over the year, we have worked constructively with many firms who have received PE funding to gain the confirmation we need to ensure the firms remain compliant.”**

## EVALUATE

### Quality assurance

In 2023, we continued to evaluate the quality of work and compliance undertaken by those we regulate through our monitoring programme. All ICAEW-supervised and regulated firms and insolvency practitioners (IPs) are monitored by the Quality Assurance Department (QAD) to ensure they operate in accordance with laws, regulations and expected professional standards, the ICAEW Code of Ethics and the requirements of ICAEW's Practice Assurance scheme, in a timescale planned according to the requirements of the regulations.

**2,743**  
total number  
of reviews

Using their specialist knowledge and experience, our QAD reviewers carried out 2,304 monitoring reviews in 2023, fulfilling all ICAEW's statutory responsibilities and commitments to oversight regulators.

In addition, reviewers completed a further 439 quality assurance reviews for third parties which included support for other professional bodies (eg, the Association of Accounting Technicians, the Institute of Chartered Accountants of Scotland and the Institute and Faculty of Actuaries) to meet their regulatory obligations.

#### Total number of reviews by year (1 January 2021 - 31 December 2023)

	2021	2022	2023
ICAEW reviews	2,285	2,520	2,304
Third party reviews	284	413	439
<b>Total</b>	<b>2,569</b>	<b>2,933</b>	<b>2,743</b>

#### Reviews by regulated area by year (1 January 2021 - 31 December 2023)

	2021	2022	2023
Audit	553	484	478
Practice Assurance	1,243	1,509	1,313
DPB (Investment Business)	189	216	240
Probate	43	66	64
Licensed Practice Scheme	50	31	46
Local Public Audit	6	9	5
Insolvency	201	205	158
<b>Total</b>	<b>2,285</b>	<b>2,520</b>	<b>2,304</b>

#### Audit

As the largest recognised supervisory body in the UK, we continued to conduct monitoring visits to ICAEW firms registered for audit to check that firms are compliant with regulatory requirements.

Our 2022-2023 Audit Monitoring Report showed that 95% of non-Public Interest Entity audits reviewed at the largest seven firms during the year were rated as 'good' or 'generally acceptable'. This is the highest figure ever gained for this set of firms. However, disappointingly, there was a slight dip in the quality of audits reviewed across all firms, with 71% of audits being rated 'good' or

'generally acceptable' compared to 76% in 2021/22. It is important to put this in context as audit-registered firms are only required to be monitored at least every six years with only the big firms being monitored annually. It is, therefore, difficult to compare like for like figures for this set of firms as 95% of the firms vary year on year.

In addition to publishing the results of our visits, the report highlighted overall trends with many of the audits that required improvement relating to four broad areas:

- group accounts and related audit work
- stock and long-term contracts
- valuation, and
- revenue.

#### Insolvency

ICAEW is the largest recognised professional body for insolvency regulation, licensing over 800 IPs as at 31 December. During the year, we undertook 158 insolvency reviews and provided a range of guidance and advice to IPs, with over 13,000 people accessing insolvency resources on our website.

#### Investment business

1,672 accountancy firms held a licence to provide investment business advice as at 31 December. Over the year, 240 firms were visited with over 95% being either rated A (no instances of non-compliance) or B (some non-compliance but the firm's response addressed the matter(s) raised). Nearly 10,000 people accessed support materials held on our website including the popular document *ICAEW Personal Financial Planning: Traffic light guide to regulation*.

#### Probate

We continued to conduct monitoring visits to the 357 ICAEW firms who held accreditation to provide probate services as at 31 December, with 64 reviews carried out in 2023. To raise awareness amongst consumers of the ability to use accountants for probate services, promotional activity was undertaken during the year which included a search engine advertising campaign which gained over 5,000 impressions.

## EVALUATE continued

## FOCUSING ON AI AND ELIGIBILITY

All of our Practice Assurance monitoring visits include a review of a firm's compliance with the framework of quality assurance standards as well as the relevant laws and regulations. Each year we also select areas of focus based on hot topics and/or areas of heightened risk.

In 2023, we continued to see developments in the market leading to changes in traditional professional firm structures. We also saw the emergence of Artificial Intelligence (AI), in particular Generative AI, with firms seeking to harness this evolving technology. We have therefore chosen AI and eligibility as our focus areas in 2024.

Accountants have been making increasing use of technology for many years, but the emergence of generative AI is a potential game changer. Tools such as Chat GPT and AI driven 'co-pilots' can be powerful tools, but also come with additional risks. Our reviewers will be discussing the procedures that our firms have in place, including how they are protecting confidential client data and what kind of processes they have established to check

the accuracy of output from AI models. Many firms may not be actively using AI, but that doesn't mean it won't have an impact. Our team of reviewers are keen to help firms navigate this evolving area by sharing best practice and signposting to relevant ICAEW resources.

Consolidation in the accountancy sector, some of it fuelled by private equity investment, is leading to more complex firm structures. When firms are restructuring, it's important that they continue to meet ICAEW's eligibility criteria and that they consider the implications for Anti-money Laundering supervision as well as the use of the chartered accountants description. That's why we are also focusing on this area in 2024. We want to understand how our firms keep on top of this area and who in the organisation takes overall responsibility. We still see firms of all sizes falling foul of the rules, so important that

firms take the time to consult with us to ensure they stay within the eligibility rules before they restructure or reorganise.

We look forward to summarising our findings from these two important areas in our 2025 Practice Assurance monitoring report.

### Dean Neaves

Senior Manager (DPB and Practice Assurance), Quality Assurance Department



**"We have chosen AI and eligibility as our focus areas in 2024 as firms are seeking to harness this evolving technology."**

EVALUATE continued

**Anti-money laundering (AML) supervision**

During the year, our AML supervisory approach combined proactive monitoring reviews of accountancy firms supervised by ICAEW, thematic reviews and reactive investigations. We started 1,161 monitoring reviews during the year, with 35% of these being to our high and high-medium risk firms. Our AML guidance and education material continues to be well-received receiving high engagement rates with our firms. We produced three editions of our *AML the essentials* e-newsletter and published three *AML risk bulletins* sent to all money laundering reporting officers in our supervised firms. Our video series, *AMLbites*, continued to attract high viewing figures with over 10,000 views in 2023.

HM Treasury carried out a consultation on AML Supervisory Reform in June 2023 with ICAEW submitting a response which incorporated feedback from firms. We believe that professional bodies have an important role to play in the AML supervision of the accountancy sector and are best placed to supervise due to our knowledge of how our firms operate, built up through our experience over the years. As we await the outcome of the consultation, ICAEW has continued to work closely with HM Treasury, law enforcement and other professional body supervisors to deliver a coordinated response to the threat of money laundering and terrorist financing in the UK.

**Practice Assurance**

In 2023, over 11,000 firms were monitored under our Practice Assurance scheme, with 1,313 quality assurance reviews carried out

to ensure compliance with relevant laws and regulations, including those relating to anti-money laundering and protection of client data. During the year, our areas of focus covered more detailed aspects of anti-money laundering including sanctions, suspicious activity reports and the role of the money laundering reporting officer.

**Third party contracts**

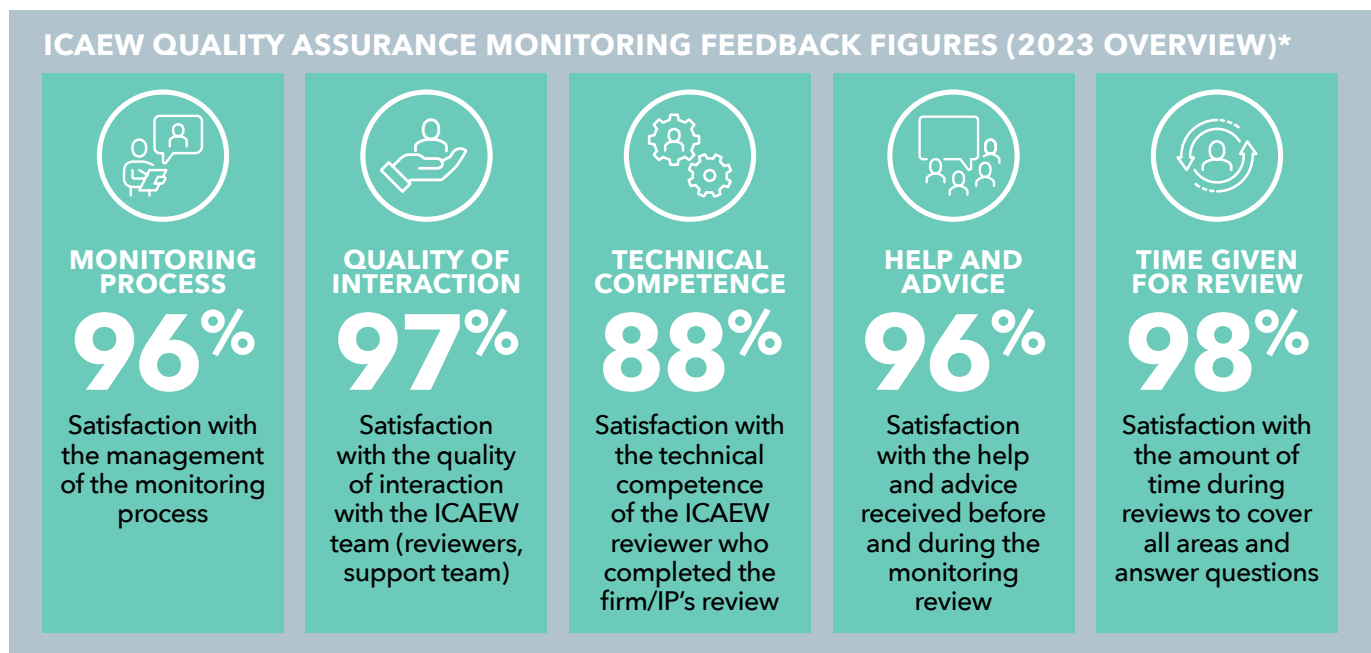
We carry out third party monitoring work because we remain committed to raising professional standards both in the UK and worldwide, and because we see this work as helping to broaden the skills and experience of our reviewers. During the year, we have assisted other professional bodies, oversight regulators, public bodies and firms in the following countries:

- England
- Wales
- Scotland
- Northern Ireland
- Gibraltar
- Jersey
- Isle of Man
- Cayman Islands
- Bermuda
- Abu Dhabi
- Mauritius.

**Encouraging feedback to deliver optimum service**

To ensure the continuous improvement of our monitoring processes and procedures, firms and IPs are asked to complete an anonymous survey after each monitoring review. Responses are collated and analysed by an independent research agency who provide detailed quarterly and annual reports which are reviewed to identify if any improvements in the process are required.

**MONITORING SURVEY RESULTS FOR 2023**



\* Sample size: 471 respondents 2,027 visits 23% response rate



## EVALUATE continued

## OUR GROWING OUTSOURCING WORK IN THE UK AND INTERNATIONALLY

Our reputation as an improvement regulator in the UK has not gone unnoticed. Over the years, we have been approached by many regulators and other organisations, both in the UK and overseas, keen to utilise our expertise. Recognising our capabilities, these bodies have requested our support with their own monitoring requirements and, as a result, the Quality Assurance Department (QAD) has developed a growing portfolio of outsourcing work.

In the UK, we perform outsourced monitoring services on behalf of several other professional accountancy bodies. Our reviewers carry out visits to their members, covering general accountancy practice, audit and insolvency regulation, as well as more bespoke consultancy assignments. We also deliver monitoring services on behalf of a number of UK bodies responsible for performing and overseeing public sector audits.

Our skills are also required much further afield than the UK as we also partner with a variety of overseas independent regulators and professional bodies. During the year we have performed in-country monitoring visits to firms in Europe, the Caribbean and the Middle East, and as far away as Mauritius!

My role is to lead teams of expert reviewers on many of these visits. We match reviewers' skills, experience and specialisms with the requirements of each assignment

to deliver the highest quality support to our partners. Our work is not just limited to pure outsourced monitoring. Where we can, we work alongside local reviewers, transferring knowledge, providing on-the-job training and generally supporting local staff.

It's a win-win situation for all involved. Our overseas partners really value our expertise and support, while our reviewers get to experience global methodologies in different jurisdictions and the work brings in valuable additional income which is re-invested in our regulatory work. This work can be challenging at times, with differing industries, cultural and language differences, time pressures, different time zones and working away from home for extended periods of time. However, the experience and insight gained is invaluable, broadens reviewers' skillsets and helps us to continue to recruit high quality people.

### Will Strickland

Senior Manager (Licensed Practices, including ATOL), Quality Assurance Department

**"We are approached by many regulators and other organisations, both in the UK and overseas, keen to utilise our expertise to help support their own monitoring requirements."**



**ENFORCE**

Throughout the year, we continued to enforce through taking regulatory and disciplinary actions when the standards of work and/or behaviour we expect of ICAEW firms, IPs, members, affiliates or students were not met.

**953**

complaints received in 2023

**Disciplinary framework**

ICAEW's new disciplinary framework came into effect on 1 June 2023 with changes introduced to make it more effective, efficient and more accessible for users, with increased clarity and simplified language.

The Conduct Department continued to investigate complaints referred to them from a number of sources; members of the public, clients/former clients, media, other regulators and ICAEW's regulatory committees.

Where investigations identified a potential liability to disciplinary action, findings were reported to the Conduct Committee which decided whether the ICAEW member or member firm had a case to answer. If so, either consent orders were offered or more serious matters were referred to the Tribunals Committee to convene a Disciplinary Tribunal to determine liability.

During 2023, 953 new complaints were received and 1,089 cases were completed. 337 cases were reported to the Conduct Committee while 712 cases were closed without requiring reference to Committee.

**Work of the disciplinary committees**

During 2023, 377 cases were considered by the Conduct Committee which led to 98 consent orders being offered by the Committee (115 in 2022).

29 of the 377 cases were challenges to the investigation officer's conclusion that there was no potential liability to disciplinary action with all officers' decisions being upheld by the committee.

In addition, 35 Disciplinary Tribunals were held in 2023 (41 in 2022) and 4 Appeal Panels (6 in 2022).

**Disciplinary outcomes**

Reports submitted to the Conduct Committee and disciplinary tribunal hearings led to the following outcomes during 2023:

- 9 members were excluded from ICAEW membership (10 in 2022).
- 66 members and firms received severe reprimands (96 in 2022).
- 49 members and firms received reprimands (40 in 2022).
- 5 cautions were given (3 in 2022).

Many of the above non-financial penalties were accompanied with financial penalties and costs orders.

2023 also saw the increased use of processes introduced in recent years to improve efficiency in the disposal of complaints:

- 25 fixed penalty notices issued (25 in 2022).
- 5 cases under the fast-track process for serious conviction complaints (3 in 2022).
- 13 settlement orders being approved (5 in 2022).

**NUMBER OF NEW COMPLAINTS RECEIVED**

2021	2022	2023
948	887	953

## ENFORCE continued

## SUPPORTING OUR INDEPENDENT COMMITTEES

Our regulatory and conduct work simply could not be achieved without our committees. It is, therefore, vital that we recruit the right mix of people with appropriate skills and experience to discharge their important responsibilities, that we have an effective process in place for their ongoing evaluation by the Regulatory and Conduct Appointments Committee (RACAC) and that we provide support and ongoing training.

We have made significant improvements ranging from how we advertise vacancies to the way we grade applications, and we have changed our interviewing techniques to ensure a process that is fair, transparent and perfectly aligned with ICAEW values. To attract the right calibre of candidates, we use a range of digital and traditional routes as we are keen to encourage interest from the widest pool of applicants. To minimise bias in selection, we have introduced the 'blind-sifting' of applications, we seek fresh perspectives by valuing different experiences, plus we have implemented competency-based interviews. Independence in the appointment process is maintained by the chair of the relevant committee taking

the lead in interviews and final decisions on all appointments being made by RACAC (which is a lay member majority panel).

With a focus on committee member development, we have worked together with the ICAEW Regulatory Board and RACAC to launch the new Committees' Development Process, a reciprocal feedback system by which all committee and board members can receive feedback and reflect on their own performance. By adopting this evaluation process across all of our committees, we aim to empower our members and foster a culture of growth and support at all levels.

We have continued to support our committees with appropriate training on new developments both at committee meetings and in our annual committee training days. The sessions in November 2023 featured legal updates, an introduction to the new CPD regulations and how they will impact the committees, and skills-based training in unconscious bias. These knowledge-sharing sessions and interactive workshops support not only continuous learning and development but also enhance

fairness and consistency in the committees' decision-making processes.

A personal highlight for me has been to witness the tangible impact of our team's efforts in creating more representative committees, and watching our new recruits not only learn from their peers, but also teach them (and us!) new ways to approach difficult matters.

**Sumbul Phillips**

Senior Lawyer, Committees and Tribunals team



**"We have made significant improvements in how we advertise vacancies and grade applications, to create a process that is fair, transparent and aligned with ICAEW values."**

## ENFORCE continued

**Regulatory**

Where concerns were identified during quality assurance reviews with either the quality of work being carried out or non-compliance with relevant regulations, copies of the visit reports were considered by our independent regulatory committees. Decisions were then taken by those committees as to whether any regulatory action was required including the imposing of conditions or restrictions on licences/registrations, or to withdraw them completely.

The Committees and Tribunals team also organised Review Committee and Appeal Committee hearings where licensees/registrants sought to review and appeal decisions made by the regulatory committees. The work of the independent committees and regulatory enforcement actions taken by them against firms/members are summarised in the table below:

**Fitness to practise**

Our legal team conducted 5 Fitness to Practise Committee hearings (6 in 2022) which considered readmission and health cases.

**Overseeing CIPFA disciplinary cases**

Towards the end of 2023, ICAEW signed a contract with the Chartered Institute of Public Finance and Accountancy (CIPFA) to act as the Investigations Unit for CIPFA under its bye-laws. This will mean, in practice, assessing, investigating and, if need be, starting disciplinary proceedings against CIPFA members. This arrangement follows the signing of a joint declaration between ICAEW and CIPFA in 2023 indicating a closer strategic alignment.

5

licences  
were  
withdrawn by  
committees  
in 2023

	Audit Registration Committee	Insolvency Licensing Committee	Practice Assurance Committee	Investment Business Committee	Legal Services Committee
Number of meetings	12	7	6	4	3
Licences withdrawn	2	0	n/a	3	0
Licences restricted	35	2	n/a	0	0
Conditions imposed	51	7	n/a	3	1
Regulatory penalties/charges offered	34	6	n/a	6	10
Practice Assurance penalties offered	n/a	n/a	35	n/a	n/a

## ENFORCE continued

## ENSURING ACCOUNTANTS PLAY BY THE BOOK: THE CONDUCT COMMITTEE IN ACTION

Chairing ICAEW's Conduct Committee for the past eight years has given Paul Brooks a unique insight into ICAEW's disciplinary and enforcement activity.

In the year he steps down as chair, Paul reflects on the critical role of the committee in ensuring that accountants 'play by the book', and reassuring the public that those who don't are dealt with properly and fairly.

"This committee is where it all comes together in terms of complaints against members and firms," Paul explains. "As a consequence, we see absolutely everything from complaints against sole practitioners to the Big Four firms.

"We deal with relatively low-level compliance issues through to very complex ethical issues, from reports consisting of a few pages to those running to hundreds of pages with hundreds of attachments. The most challenging matter we dealt with during my time on the committee involved the committee convening for three days just to work through a report on one case in addition to our usual monthly meeting. This was an insolvency case where, not only were two insolvency practitioners ultimately sanctioned, the case concluded with the largest ever fine against a member firm.

"We're a large committee, currently composed of 19 members," he says. "And, by its nature, our workload is very varied. The size of the committee is important because its accountant members need to represent the various specialisations, as well as a breadth of firms."

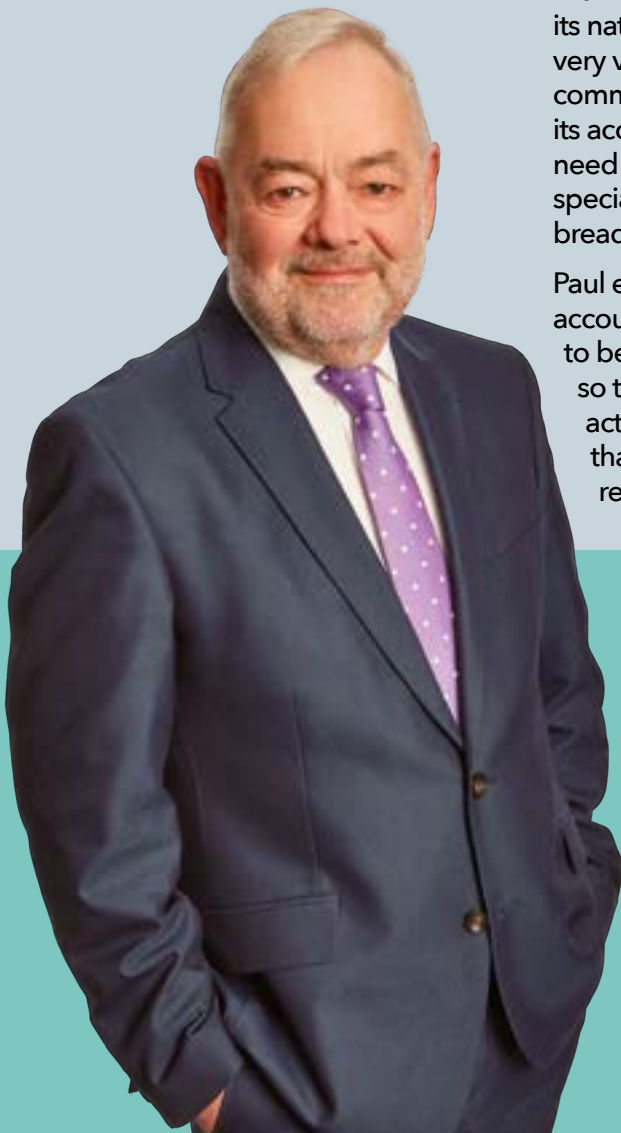
Paul explains: "And for each accountant member, there needs to be at least one lay member so that we can demonstrate we act in the public interest, and that it's not just accountants regulating accountants."

Paul himself is a lay member and has a background in venture capital and private equity investment, so he has dealt extensively with chartered accountants both as advisers and colleagues.

This experience fits well with the work the committee carries out. "I've always had to deal with a lot of complex information and be able to distil that and understand the real issues, whether making an investment or taking a decision on the Conduct Committee," he explains.

"During my time as chair, the committee has become increasingly professional and disciplined in the way it considers cases," he says. "We take a structured approach to decision making, which allows the committee to show it is dealing with members in a consistent and transparent way, while still considering individual circumstances.

"We're now a pretty well-oiled machine in terms of running that process," he says. "And I see that as a significant improvement in the time I've been on the committee."



**"The ICAEW Conduct Committee takes a structured approach to decision making, dealing with members in a consistent and transparent way."**