

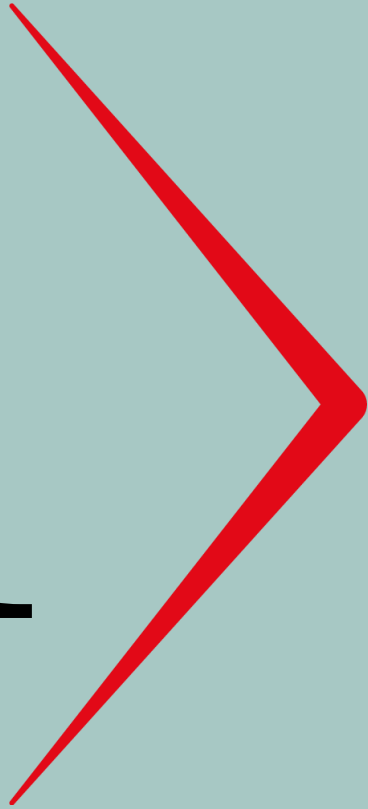


# *Practice Assurance Webinar*

WHAT YOU NEED TO KNOW

*Part 1: Practice Assurance Fundamentals*

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*Introduction*

# *Practice Assurance Webinar: what you need to know*

## *Part 1: Practice Assurance Fundamentals*

1. Introduction
2. Practice Assurance Standard 1 – Laws, Regulations and Professional Standards
  - Professional indemnity insurance
  - Publicising your firm
  - Data protection and security
3. Practice Assurance Standard 2 – Client Acceptance and Disengagement
  - Anti-money laundering
  - Terms of engagement
4. Practice Assurance Standard 3 – Competence
  - CPD
  - Statutory accounts
  - Professional Conduct in Relation to Taxation (PCRT)
5. Practice Assurance Standard 4 – Quality Control
  - Quality control
  - ICAEW Quality Assurance reviews
6. Further ICAEW resources and support

# *ICAEW Code of Ethics*

- Integrity
- Objectivity
- Professional competence and due care
- Confidentiality
- Professional behaviour



# *Practice Assurance Standards*

- Standard 1 – Laws, Regulations and Professional Standards
- Standard 2 – Client Acceptance and Disengagement
- Standard 3 – Competence
- Standard 4 – Quality Control

# *Is your firm an ICAEW member firm?*

Firm type	Further information
Sole practitioner	Yes
Partnership / LLP	Only if >50% of the voting rights are held by ICAEW members.
Limited company	Only if: <ul style="list-style-type: none"><li>• At least half of the directors are ICAEW members; <b>and</b></li><li>• &gt;50% of the nominal value of voting shares are held by ICAEW members; <b>and</b></li><li>• &gt;50% of the aggregate nominal value of voting and non-voting shares are held by ICAEW members.</li></ul>

## *Member firms – other considerations*

- HMRC Trust and Company Services Provider Register
- Using the description 'Chartered Accountants'
- Inform ICAEW of changes within 10 business days

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*Practice Assurance Standard 1 –  
Laws, Regulations and  
Professional Standards*



# *Standard 1 – Laws, Regulations and Professional Standards*

Professional  
Indemnity  
Insurance

Practice  
promotion

Bribery Act

Provision of  
Services  
Regulations  
(2009)

Anti-money  
laundering

Working time  
directive

Health and  
safety

Regulated  
work

General Data  
Protection  
Regulation  
(GDPR)

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# *Professional indemnity insurance (PII) – requirements*

- Minimum cover:
  - Higher of 2.5 x fee income and £100,000
  - Maximum enforceable £1.5m – but consider risks
- Compound policies
- Use approved insurers
- Notify unusual features:
  - Sub-contractors
  - Offshore work
  - Change in principals
- Connected entities
- Notifications
- Provision of Services Regulations 2009

# *Publicising your firm*

- Practice Assurance legend:
  - 'A member firm of the ICAEW Practice Assurance scheme'*
- 'Legal, decent, honest and truthful'
- Ethics approval service
- Outsource marketing?
  - Yes, but you remain responsible
- Referral fees?
  - Yes, but tell your client in writing



# *Data protection and security*

- Securing data
- Business continuity plans
- Transferring sensitive data
- Retention and destruction
- Data Protection Register – ICO website



*Practice Assurance Standard 2 –  
Client Acceptance and  
Disengagement*

# *Standard 2 – Client Acceptance and Disengagement*

- Risk management
- Ethical considerations: integrity, objectivity, independence
- Professional enquiries
- Anti-money laundering risk assessment and due diligence
- Resources and expertise
- Terms of engagement
- Disengagement

# *Anti-money laundering regulations & guidance*

- Anti-Money Laundering Regulations 2017
- 2020 Anti-Money Laundering Legislation
- CCAB Anti-Money Laundering Guidance for the Accountancy Sector



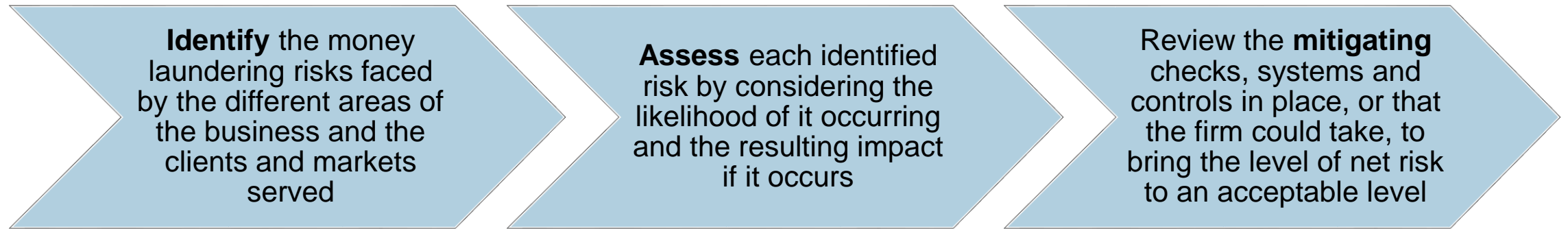
# *Anti-money laundering*

- Supervision
- Firm-wide risk assessment
- Client due diligence including risk assessment
- Reporting suspicions
- Training: test awareness of money laundering risks and firm's procedures
- Employee screening
- Monitoring
- Beneficial owners, officers and managers (BOOMs)

# *Anti-money laundering – documented procedures*

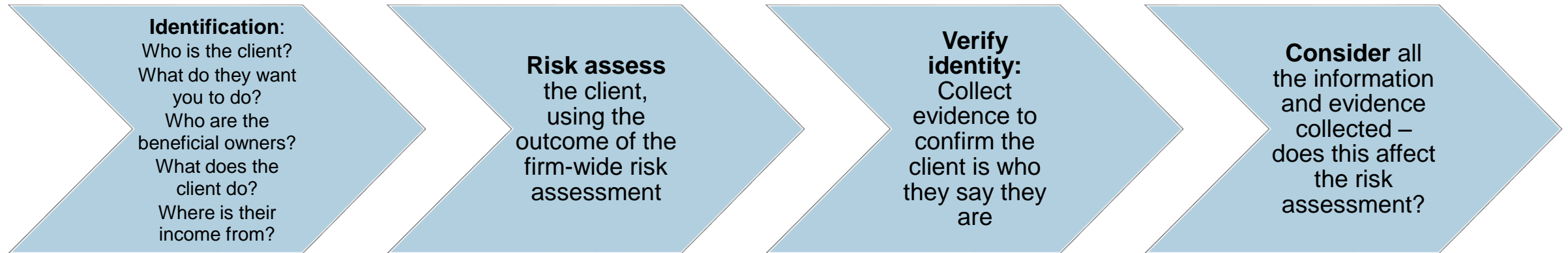
- Risk based approach, risk assessment and management
- Client due diligence
- Record keeping
- Internal control
- Ongoing monitoring
- Reporting procedures
- Compliance management
- Communication

# *Firm-wide risk assessment – three steps*



Review regularly and update as required

# *Client take-on and due diligence – four steps*



Review regularly and update as required

# *Verifying client identity*

- Documentation
- Electronic systems
- Relying on others
- **Write it down**
- Review it regularly

# *Ongoing client due diligence*

- Regular review
- Frequency
- Document
- Scrutiny

# *Reporting*

- MLRO duties
- Making a report
- Staff training
- ICAEW AML helpline: +44 (0)1908 248 250
- CCAB guidance

# *Terms of engagement*

- Basis of fees
- Complaints procedure
- Scope of work
- Responsibilities
- GDPR
- Provision of Services Regulations
- Engagement letter help-sheet
- Disengagement





*Practice Assurance Standard 3 –  
Competence*

# *Standard 3 – Competence*

- Why?
  - Ethical obligations
  - Risk management
- What?
  - Continuing professional development
  - 'Reflect / Act / Impact'
  - Recruitment
  - Appropriate staff
  - Supervision and review
  - Resources: software, technical materials, consultation
  - Bloomsbury Professional

# *Statutory accounts and Professional Conduct in Relation to Taxation (PCRT)*

- Statutory accounts
  - Software – up to date?
  - Disclosure checklists / model accounts
- Is an audit required?
- Professional Conduct in Relation to Taxation (PCRT)
  - Skills and ability
  - Tax evasion / tax avoidance
  - Guidance

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*Practice Assurance Standard 4 –  
Quality Control*

# *Standard 4 – Quality Control*

- Organisation and control – standard documentation and manuals
- Supervision and review – how effective is it?
- Using subcontractors
- Record keeping
- IT – risks and obligations
- Complaints
- Practice Assurance compliance review – and others
- Alternate

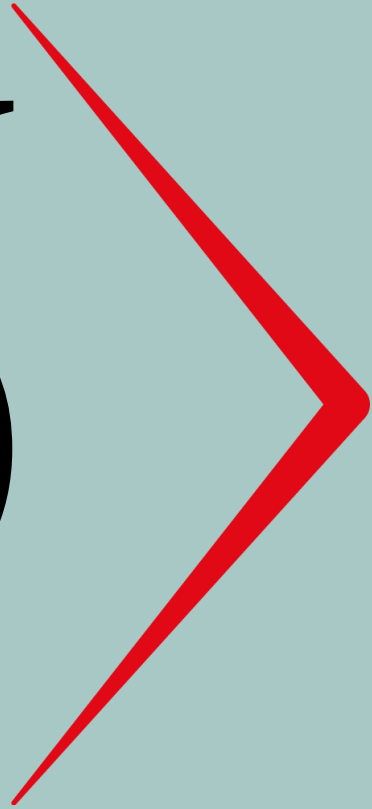
# *Quality Assurance Reviews*

- Efficiency
- Sharing ideas
- Advice
- Frequency

# *Summary*

- Four Practice Assurance Standards
- Compliance reviews
- Annual return
- Monitoring visits
- **It's your practice**

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*Further ICAEW resources and support*



# *Further ICAEW resources*

Visit [icaew.com](http://icaew.com) to access a wide range of resources.

- **[icaew.com/practiceassurance](http://icaew.com/practiceassurance)** – the Practice Assurance hub.
- **[icaew.com/practiceresources](http://icaew.com/practiceresources)** – guidance for ICAEW members working in practice.
  - Key sections include ‘setting up in practice’ and ‘running your practice and supporting your clients’.
- **[icaew.com/firmrecord](http://icaew.com/firmrecord)**
  - How to keep us up to date with any changes to the structure of your firm.
- **[icaew.com/regulation](http://icaew.com/regulation)**
  - A comprehensive guide to regulation: access the regulations, regulatory resources, the ICAEW Code of Ethics and regulatory governance.
- **[icaew.com/helpsheets](http://icaew.com/helpsheets)** – technical helpsheets, ethical guidance and practice resources.
- e-updates: *AML – the essentials* (**[icaew.com/amlessentials](http://icaew.com/amlessentials)**) and *Practicewire* (**[icaew.com/practicewire](http://icaew.com/practicewire)**).

# *Further ICAEW support*

- Support is also available from:
  - The ICAEW technical and ethical advisory helpline +44 (0)1908 248 250
  - ICAEW support members ([icaew.com/support](https://www.icaew.com/support))
  - CABA; the charity supporting chartered accountants' wellbeing – [caba.org.uk](https://www.caba.org.uk)
- Groups and networks include:
  - [icaew.com/faculties](https://www.icaew.com/faculties)
  - [icaew.com/communities](https://www.icaew.com/communities)
  - Local groups and societies

*Practice Assurance Webinar: what you need to know*  
*Part 2: The application of Practice Assurance principles*  
*to specific services*

- Clients' money
- DPB (Investment Business) licence
- Referrals
- Commissions
- Fee protection scheme
- Probate
- Consumer credit



**ICAEW**