

Professional Oversight Board: Review of the Monitoring Arrangements by the UK Professional Accountancy bodies of their Members who Practice Non-Regulated Accountancy Services: (May 2010)

Response from the Chartered Institute of Management Accountants

Introduction:

- CIMA welcomes POB's oversight role in the regulation of the accountancy profession and was very happy to work with the Board in respect of the Institute's recent review of the licensing and monitoring arrangements for its Members in Practice (MiPs). We share the Board's commitment to upholding confidence in the profession and protecting the public interest; the key messages in the report are noted and endorsed. The comments and recommendations, will assist us in our endeavours to update and improve our processes and we look forward to ongoing engagement with POB as these are taken on board.
- The review was very timely for CIMA in that it coincided with our plans to embark on a wide ranging review of our Practising Certificate application and mandatory monitoring arrangements; which has since resulted in significant regulatory and process changes being made. Valuable input to our own review was received from POB officers and we would wish to record our thanks and appreciation for that.

Summary of Recommendations:

- The recommendations are, from CIMA's standpoint, clear and reasonable; they stipulate specific change requirements in respect of some aspects of our monitoring regime but also provide flexibility to permit other changes in practice to be incorporated in our onward planning

Detailed Findings and Recommendations:

- The expectation gap highlighted in the report is noted; we will take appropriate steps to ensure that the information made available to the public via the cimaglobal website makes clear those elements of MiP practising arrangements which are monitored and which are not.
- Our monitoring arrangements have been reviewed and revised in order to reduce risk to our members and to the public as well as to facilitate heightened quality assurance. POB identified new entrants to practice as being one of the higher risk groups from a monitoring standpoint, and in response self assessment and reference support materials have been prepared to assist members considering moving into practice, and our online Members' Handbook will continue to be updated to encourage the adoption of best practice by individual MiPs.
- We acknowledge the need for consistency in the application of best practice; any issues arising from our quality assurance checks will be addressed as part of our process monitoring and review.



- The CIMA Code of Ethics – based on the code issued by IFAC – is currently being updated to reflect the latest IFAC modifications; in addition, guidance is being developed specifically for MiPs to highlight the importance of ethical compliance and a confidential ethics helpline is available as a further source of support. Any non-compliance with the CIMA Code of Ethics is regarded as a serious omission on the part of members; any wilful non-compliance would normally be addressed via the Institute's conduct process.
- We would concur with the point made in the report regarding the importance of utilising and acting on feedback as a means of enhancing standards, and acknowledge our responsibility in requiring members to comply with any matters raised with them as a result of monitoring in a timely manner, and to ensure their ongoing compliance.
- CIMA welcomes the feedback provided following the survey of users of external accountants and will be disseminating this to our MiPs as well as using it to inform our monitoring and process planning.

Initial Assessment of Costs:

- We have noted the Board's initial assessment of costs and resources required to give effect to its recommendations. CIMA has also addressed resource issues as part of the review of MiP licensing and monitoring arrangements, and the consequential shift from a desktop approach to an online facility should enable more of our available resources and expertise to be focused on quality assurance and support rather than on the manual processing of documentation.

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