



PROFESSIONAL OVERSIGHT BOARD

REVIEW OF THE MONITORING ARRANGEMENTS BY THE UK PROFESSIONAL ACCOUNTANCY BODIES OF THEIR MEMBERS WHO PRACTISE NON-REGULATED ACCOUNTANCY SERVICES

MAY 2010

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One – Introduction

The Professional Oversight Board (The Oversight Board) provides independent oversight of the regulation of the accountancy profession by the professional accountancy bodies. The Oversight Board is an operating body of the Financial Reporting Council (FRC) and in carrying out its duties it supports the FRC's mission, to promote confidence in corporate reporting and governance.

The Board decided to undertake this review because an increasing proportion of work undertaken by members of the professional bodies is not subject to statutory requirements. Following the rise in the audit threshold, and the tendency for most small companies to file unaudited accounts, the significance of non-regulatory work undertaken by members in practice¹ has increased. The public expects to be able to have a high level of confidence that work conducted by a professional accountant has been undertaken with integrity and competence.

The objective of this review is to consider the procedures that certain UK professional accountancy bodies² have in place to monitor the work of their members undertaking non-regulated work. Such work could include accounts preparation, payroll, tax and bookkeeping but excludes audit and insolvency work, which are subject to specific monitoring arrangements. We have restricted our review to these bodies as the Oversight Board has agreed that it will provide independent oversight in respect of non regulatory work offered by their members. This agreement was entered into voluntarily by the bodies and we would like to thank them for their continued cooperation and support. As a result this review does not include the work of individuals who are practising as accountants but are not members of one of the bodies subject to our oversight.

The monitoring arrangements that the UK professional accountancy bodies have in place were established by the bodies to protect the public interest and provide guidance to members who undertake non-regulated work. In some cases these arrangements have been in place for over ten years.

It is important to note that to provide non-regulated accountancy services in the UK; an individual does not need to be a member of one of the UK professional accountancy bodies. All the work that we have conducted in relation to this review has been restricted

¹ The definition of a member in practice varies between the bodies but is broadly described as an individual who provides professional services to clients other than their employer.

² Association of Chartered Certified Accountants (ACCA), Association of International Accountants (AIA), Chartered Accountants Ireland (CAI), Chartered Institute of Management Accountants (CIMA), Chartered Institute of Public Finance and Accountancy (CIPFA), Institute of Chartered Accountants in England and Wales (ICAEW) and Institute of Chartered Accountants of Scotland (ICAS).

to the procedures of the UK professional accountancy bodies and the work undertaken by their members.

As part of this review we consulted the individuals involved with the monitoring of members in practice undertaking non-regulated work, in order to gain an understanding of the current procedures. When these procedures included monitoring visits to members in practice we shadowed reviewers on a sample of visits with three of the bodies. We attended relevant committee meetings at two of the bodies, reviewed a sample of relevant material, including 60 monitoring visit reports and 30 practising certificate applications (along with accompanying information), and relevant follow up action. In addition, we undertook a survey in conjunction with the UK professional accountancy bodies, carried out by the Open University Business School, in order to understand the factors that are important to the general public in relation to providers of non-regulated accountancy services. The results of this survey are included within Appendix A. The key messages from the questionnaire are:

- the importance that users of external accountants place on the competence, reputation and qualification of their accountant and
- the importance that users place on the work of their accountant being conducted ethically and with integrity and that this is reviewed as part of the external monitoring procedures of the bodies.

This report summarises the generic findings of our review of the procedures that the professional accountancy bodies have in place to monitor their members in practice who undertake non-regulated work. We have reviewed the application of these procedures and where appropriate have made recommendations in order to support public confidence in the profession.

The recommendations are directed to the UK professional accountancy bodies included within this review. Whilst not all matters were identified at all of the UK professional accountancy bodies we have directed all recommendations to all bodies as we consider the points raised as important. However, we understand that the degree to which changes will need to be made will vary between the bodies and we would expect responses to reflect this. Our recommendations are worded to give the bodies flexibility in implementation and we expect formal responses to these recommendations within three months of the publication of this report.

We have undertaken an initial assessment of the cost of implementing our recommendations. This is included in Section 4, although it is for the bodies to fully evaluate the costs and benefits of each recommendation.

Appendix B is a brief summary of the arrangements for monitoring members of other professions. This indicates that, unlike the majority of the professional accountancy bodies, monitoring of other professions tends to be carried out using a desk top approach and focusing on specific elements.

This work was carried out in the period from June 2009 to February 2010.

Two – Summary of recommendations

Recommendation 1: One body should either amend its website or allocate additional resources to ensure that effective monitoring of members in practice can be carried out, as is currently claimed on their website.

Recommendation 2: The UK professional accountancy bodies should ensure that the nature and frequency of their monitoring work is clearly and accurately explained on their websites. In particular it should be made clear where this does not include a review of the technical quality.

Recommendation 3: The determination and assessment of best practice should be consistent across all types of practice.

Recommendation 4: To confirm a member's compliance with the Code of Ethics, the bodies should carry out a comprehensive review of ethical matters during monitoring visits.

Recommendation 5: In order to ensure that a member has an adequate policy in relation to complaints and is handling all complaints he/she receives in line with the member's policy and procedures, the bodies should incorporate into their monitoring a review of the internal complaints policy and a sample of complaints received by the firm.

Recommendation 6: The UK professional bodies should consider the benefits of tailoring their monitoring visits to non-regulated members in practice, in order to address areas of risk inherent to specific members and the work they undertake.

Recommendation 7: The bodies should not only discuss all matters identified during their review with the member, but should require the member to respond to all points and take appropriate action. This will be more likely to ensure that the standards expected of the professional accountant are maintained and where necessary enhanced.

Recommendation 8: The UK professional bodies should review the responses they receive from members in practice in order to confirm that these satisfactorily address the matters raised. Members should be required to provide a timetable and details of when and how the issues will be addressed. In relation to more significant issues further checks should be carried out by the body to confirm and evidence the necessary changes.

Three – Detailed findings and recommendations

Expectation gap

Our review has identified instances where we consider that the professional bodies may have created an expectation gap in relation to their monitoring procedures for members in practice who undertake non statutory work and the picture of the monitoring from the bodies' websites.

Current monitoring arrangements

All of the bodies require members in practice who provide non-regulated accountancy services to hold a practising certificate³ and comply with certain requirements including holding professional indemnity insurance (PII), undertaking relevant continuing professional development (CPD) and having a complaints mechanism whereby a user can make a complaint if they are dissatisfied with the work or conduct of a member. In addition members in practice must complete an annual return to confirm their compliance with the code of ethics and money laundering regulations, and to provide details of their PII including the level of cover and details of their insurer. In addition, members are asked to provide a breakdown of the work they undertake and their turnover etc. The information submitted in the annual return is reviewed and used by some bodies when considering which members in practice should be monitored during the year. The annual return for each firm is compared with that submitted in the prior year to identify if there have been any changes to the business, highlight any risks and to ensure that that the firm is complying with the body's practising regulations.

Each of the seven bodies included in this review has a different way of monitoring members in practice who conduct non-regulated work (a summary of the monitoring arrangements for each body is included in Appendix C).

One of the seven professional accountancy bodies undertakes a desktop review of a number of matters relating to the member in practice, as part of their practising certificate application and annual renewal process. These checks include compliance with CPD regulations, having PII cover, terms of engagement and a complaints policy. This body does not currently undertake a review of the work of the member in practice.

The remaining six professional accountancy bodies state on their websites that their monitoring arrangements for members in practice include a monitoring visit. The nature, scope and frequency of these visits vary between the bodies.

³ One of the UK accountancy bodies [with very few members in practice] is in the process of changing its requirements to ensure that members apply for a practising certificate before going into practice instead of applying within three years of registering as a member in practice.

One of the bodies outsources its monitoring visits of non-regulated members in practice to one of the other UK professional accountancy bodies.

Another body does not currently have sufficient resources available to enable it to carry out visits to non-regulated members in practice, despite stating on its website that all firms will receive a monitoring visit. This is clearly misleading and the body in question should either amend its website or allocate sufficient resources to undertake such visits.

Recommendation 1: One body should either amend its website or allocate additional resources to ensure that effective monitoring of members in practice can be carried out, as is currently claimed on their website.

Recognition awarded to non-regulated member in practice

Some of the bodies encourage non-regulated members in practice to include some form of recognition of the monitoring arrangements to which they are subject, for example incorporating a specific logo on their letterhead. In some cases this recognition is automatic whereas in others the member must meet certain criteria prior to being awarded the recognition. More details of the recognition awarded by each of the accountancy bodies included within our review are explained in Appendix C.

Review of procedures versus a review of technical quality

The UK professional accountancy bodies who undertake monitoring visits focus their reviews on the processes that the member in practice has in place, regarding both practice management and client work. These include (but are not restricted to) engagement procedures for accepting new, and maintaining existing clients, seeking client approval prior to finalising and submitting unaudited accounts and tax returns, the firm's internal review procedures and the record and documenting of work. The bodies have elected to review the processes associated with the work carried out by non-regulated members in practice, rather than carrying out detailed reviews of the technical quality and competence of the work undertaken. The main reason for this decision is that the assignments carried out by professional accountants can be highly complex and specialist in nature and it may not be possible for monitors/reviewers to undertake detailed reviews of such work and provide valuable comments without specialist knowledge.

The monitoring units consider that they are able to address the technical quality of the output by reviewing the procedures that the practice has in place and ensuring that these are applied consistently. In practice they are assessing aspects of the inputs to technical quality rather than the actual technical quality of the work. An exception to this comment is the review that three of the bodies undertake in relation to limited company accounts, two of these bodies introduced this in response to a recommendation made by the

Professional Oversight Board in 2006⁴, regarding the quality of accounts prepared / compiled by members of the UK professional accountancy bodies. In this respect the three bodies carry out a constructive detailed review of limited company accounts to check that they are accurate, complete numerically and meet disclosure requirements. Furthermore, one of the bodies carries out a similar review in relation to unincorporated, partnership, LLP and sole traders' accounts.

Whilst the bodies explicitly state to their members that the monitoring visit does not include an assessment of the technical quality of advice offered or work performed for clients, their websites suggest that the monitoring visits conducted will assist in maintaining and enhancing the quality of services offered by their members. Whilst we accept that a review of the processes associated with carrying out the work are likely to have an effect on the quality of the service offered, we consider that the wording used is misleading and implies a more detailed review of technical quality than is currently carried out. The disparity between the information included on the bodies' websites and the work carried out as part of a monitoring visit creates an expectation gap. If the bodies continue to exclude an assessment of the technical quality of output from their reviews we believe that this should be clearly explained on the bodies' websites.

95% of all respondents of the survey of users of external accountants (see Appendix A) stated that they considered an assessment of the standard of the firm's technical work was quite or very important in terms of the external monitoring process carried out by the professional bodies.

Recommendation 2: The UK professional accountancy bodies should ensure that the nature and frequency of their monitoring work is clearly and accurately explained on their websites. In particular it should be made clear where this does not include a review of the technical quality.

Focus and Scope of reviews

Although the relevant technical work is regarded as unregulated, members in practice are nevertheless required to comply with certain legislation or regulations in the course of undertaking the work, or in order to be regarded as members in practice in good standing. Examples of this include: money laundering regulations, PII requirements, CPD regulations and continuity arrangements for the practice etc. Some of the bodies cover compliance with such matters as part of the monitoring visit process. In contrast, one body treats monitoring visits strictly as non-regulatory and does not include a review of the member's compliance with any of the above mentioned regulations.

⁴ Review of how accountants support the needs of small and medium sized companies and their stakeholders, March 2006.

Best practice⁵

The monitoring arrangements aim to maintain, and where necessary enhance, the standard of work produced by professional accountants, to encourage the adoption of best practice, and to highlight instances where the member falls short.

The degree to which best practice is promoted across the bodies varies. We noted, based on the visits we accompanied and the monitoring files we reviewed, that points of best practice highlighted to a member tended to be raised in terms of best practice in comparison to members undertaking a similar volume of engagements of a similar size and nature, rather than best practice for professional accountants. Some examples where the promotion of best practice varied were: the adoption of disengagement procedures, systems for obtaining material from clients, methods for reviewing this material and returning it to the client, and the expected standard of documentation to support the work done. The degree to which reviewers commented on these points varied between the bodies, between the different size of practices and between the different services they offered. We consider these areas equally relevant to all members providing professional services.

We accept that procedures and the types of services offered by practices of differing sizes vary and that aspects of best practice may therefore be less relevant to certain firms. However, in our view the determination and assessment of best practice should be consistent.

Where this is not the case it is important that the body explain why it considers it appropriate for there to be different interpretations of best practice. Rather than ignoring an element of best practice we consider it to be more appropriate for the body to tailor the matter raised and for the member to customise their response in light of the size of the firm, their available resources and the nature of the work they undertake. This should help to establish consistent standards of best practice across all professional accountants.

Recommendation 3: The determination and assessment of best practice should be consistent across all types of practice.

Additional areas for review

Our review of the bodies' current monitoring arrangements highlighted a number of areas where we consider that further work should be carried out in the future, either in terms of reviewing additional areas or enhancing existing procedures. Some of these

⁵ Best practice standards vary between the bodies but focus on application of quality control procedures such as procedures for accepting work, assigning and reviewing work and issuing the final product, adherence with membership regulations including compliance with CPD policies and the Code of Ethics.

areas were specific to individual bodies and we have made specific recommendations to the bodies in question. However, we have identified two areas which we consider should be reviewed and assessed in further detail by all of the bodies. These are ethics and compliance with the ethical code, and the internal complaints handling procedures of members in practice.

Ethics

The ethical code is particularly important and relevant to professional accountants and work conducted by them. A requirement to comply with the Code of Ethics is an important feature which distinguishes professional accountants from individuals who are not members of a UK professional accountancy body. Such compliance should ensure that professional accountants act with integrity and objectivity and respect the confidentiality of information acquired in a professional capacity. Furthermore, the Code requires that work is conducted with competence and due care, in accordance with relevant laws and regulations. Compliance with the ethical code should help to ensure work is produced to a minimum standard and as a result raise the level of confidence that a user can place in the professional service they are receiving.

Given the importance of the code of ethics and the importance that external users place on their accountant conducting his/her work ethically and with integrity, we consider that all bodies should develop a more detailed and comprehensive review of compliance with this. The responses to questions 6 and 8 of the survey of users of external accountants (Appendix A), show that users consider the Code of Ethics as the most important rule and regulation with which qualified accountants must comply.

Any instances of non compliance with the Code of Ethics should be identified by the professional bodies and appropriate action including where necessary referral to the Committee responsible for members in practice conducting non-regulated work.

Recommendation 4: To confirm a member's compliance with the Code of Ethics, the bodies should carry out a comprehensive review of ethical matters during monitoring visits.

Internal complaints policy

The UK professional accountancy bodies, included within this review, require their members to have an internal complaints mechanism. However, when a complaint cannot be settled by the member in practice the complainant can raise the concerns with the professional body of which the accountant is a member. Whilst the professional accountancy body will be aware of any matters that are brought to its attention, a significant proportion of complaints relating to accountants will not be referred to it. In order to ensure that complaints have been handled appropriately, and to assess the effectiveness of the complaints processes, we would suggest that the body obtain a

summary of complaints that have been received by the member in practice and review of a sample of these.

Recommendation 5: In order to ensure that a member has an adequate policy in relation to complaints and is handling all complaints he/she receives in line with the member's policy and procedures, the bodies should incorporate into their monitoring a review of the internal complaints policy and a sample of complaints received by the firm, where this review is already incorporated into the monitoring programme the professional body should ensure that this is always included and reviewed during the monitoring visit.

Tailoring of visits

We reviewed the current monitoring arrangements of the bodies included in this review, as mentioned; five of these bodies undertake monitoring visits. We noted that the material covered within the reviews varied, as did the degree of emphasis on specific topics. The Oversight Board has always supported the bodies in their decision to tailor their approach to matters regarding students and members. However, we believe more can be achieved in this regard.

The current approach for monitoring visits to firms of non-regulated members in practice is a high level review of all non-regulated work carried out. A considerable amount of material is covered within the time available. As the monitoring regimes become more established we can see advantages of tailoring visits to firms. Tailoring will ensure that areas of risk pertinent to the firms are reviewed in more detail. This will lead to more focused in-depth reviews and a more productive use of the review time available.

Whilst considering a revised approach to target areas of risk relevant to the firm and the work which they undertake, the professional bodies should ensure that any changes in regulations or the member's business are considered as part of the monitoring visit.

We consider that by tailoring the approach, future monitoring visits will result in more useful, effective and efficient reviews.

We would encourage the bodies to use the information they have gained from prior visits to determine which areas should be covered. The areas which are focused on will depend on the size of the practice and the nature of the work carried out by the non-regulated member. Focused reviews will enable monitors/reviewers to undertake more detailed reviews without the need to recruit further resources or to place additional pressure on the existing pool.

Recommendation 6: The UK professional bodies should consider the benefits of tailoring their monitoring visits to non-regulated members in practice, in order to address areas of risk inherent to specific members and the work they undertake.

Feedback to practitioners

Differences in outcomes compared with regulatory visits

The bodies have designed their monitoring approach for non-regulated services in order to encourage members to try and improve and promote standards by offering guidance and support. This differs from their approach to regulatory visits in which a more detailed review against specific regulations is undertaken. The difference in format and scope of these visits may affect the overall visit outcome. A considerably higher proportion of regulatory visits result in unsatisfactory outcomes and referrals to the relevant registration committee. A number of explanations for the differences in outcomes have been provided by the bodies:

- Members who do not undertake statutory work do not need to comply with as many regulations
- The scope of non-regulatory visits is less detailed and complex
- Regulatory reviews include a review of the technical quality of the work produced by the firm

It should be noted that it is not uncommon for a firm to be awarded an unsatisfactory assessment as a result of a regulatory monitoring visit but for the same firm to be awarded a satisfactory assessment from a non-regulatory monitoring visit. In addition to the factors identified above, an explanation for this could be, that a member who undertakes very few audits may have a poor understanding of relevant standards and legislation and weak controls in place as he/she does not carry out this work frequently. In comparison, the member may be willing to invest in order to ensure he or she has adequate controls and procedures in place in respect of the general accounting services which provide the majority of his or her business activity.

Shortcomings identified

As noted above the approach taken to non-regulatory visits affects the way in which matters are reported to the firm. The bodies that include a review of legislative and regulatory matters, either through a monitoring visit or via the practising certificate application/ renewal process, report instances of non compliance with legislation, as matters requiring immediate rectification. Other matters, even those that may be classified as a breach in the bodies' own regulations, tend to be highlighted as less significant matters that are raised simply as suggestions for improvement to the practice. The monitor may determine that a suggestion should be escalated to a matter requiring action, where the point is deemed as significant or has been noted on a number of occasions.

Whilst the professional body discusses all points identified with the firm, via a closing meeting (when there is a monitoring visit) and/or correspondence with the member in practice, an action plan and in some cases, a response is only required for matters requiring action. We acknowledge that the bodies have decided to promote the monitoring of non-regulated members in practice primarily as an educational process. In that way they are able to provide guidance to members and assist them with the development of their practice, encouraging adoption of best practice and an enhancement of standards. However, we consider it important that members should respond to all matters identified during the visit and provide explanations of how the matter will be addressed. We believe that if no action is required by the member in response to the improvements suggested, the process is weakened.

Recommendation 7: The bodies should not only discuss all matters identified during their review with the member, but should require the member to respond to all points and take appropriate action. This will be more likely to ensure that the standards expected of the professional accountant are maintained and where necessary enhanced.

Follow up procedures

We were disappointed by the follow up action currently taken by all the UK professional bodies in relation to matters identified during their reviews. Whilst it was clear that all of the UK professional bodies highlighted useful and helpful points, which if adopted could enhance procedures, there was little, if any, evidence of follow up. We noted that in a number of instances responses were accepted by the body which did not address the matter raised. Furthermore, where an action was suggested there was often no timescale for implementation of the necessary changes. In order to ensure that maximum benefit is obtained for all involved, the professional body should review the responses received. The professional body should seek additional information, clarification and timeframes for adoption where necessary.

It should be noted that, in the small minority of cases that a non-regulated member in practice is referred to the Committee with responsibility for registration of members in practice, due to the significance of the matters raised and/or the consistent poor performance, the Committee can request a follow up visit to the firm to ensure that standards have improved.

Recommendation 8: The UK professional bodies should review the responses they receive from members in practice in order to confirm that these satisfactorily address the matters raised. Members should be required to provide a timetable and details of when and how the issues will be addressed. In relation to more significant issues further checks should be carried out by the body to confirm and evidence the necessary changes.

Four – Initial assessment of costs of implementing our recommendations

We have considered the additional time that we anticipate would need to be spent planning, undertaking and reviewing a monitoring visit to give effect to our recommendations. In the main we do not consider these costs to be significant, other than for one body, depending on the option they follow.

Recommendation 1 only affects the body that does not currently undertake any monitoring visits due to insufficient resources. If the body decides to undertake monitoring visits, in line with what it says on its website we would expect that implementing this recommendation and our other recommendations would require an additional three staff to undertake the reviews. We have based this on the number of relevant firms and the number of visits a reviewer can undertake in a year. It also includes designing the initial work programme and takes into account the fact that implementing our other recommendations can be incorporated into the initial work programme.

Recommendation 2 would result in some additional costs of making changes to the bodies' websites, to ensure that the information reflects what happens in practice. These costs are expected to be minimal, as this simply needs a change in the current text.

We do not anticipate any rise in the costs for any of the bodies in implementing Recommendations 3 (ensuring best practice is identified consistently across all firms) and 7 (requiring members to respond to all points raised and take appropriate action).

The costs of implementing Recommendations 4, 5, 6 and 8 will vary across the bodies depending on the size of their monitoring population (Appendix C) and whether current arrangements include a visit or are desk top in nature. It should be noted that Recommendation 6 (tailoring of visits to address inherent risks) can only be implemented in the second cycle of visits. Recommendations 4, 5 and 6 apply only to those bodies that currently carry out monitoring visits. We would expect that on average an additional two hours are needed per visit to allow sufficient time to be devoted to the additional areas for review identified in Recommendations 4 (ethics) and 5 (internal complaints policy). This allows for discussions with the practitioner, any follow up corroboration and review.

Implementing Recommendations 6 (tailoring of visits to address inherent risks) and 8 (review of responses and obtaining additional evidence from firms where necessary) are likely to have a more significant impact on the use of resources at each of the bodies and in some cases may result in the need to recruit or dedicate additional resources to monitoring. The additional time needed for planning will depend on the current time that is dedicated to this by each body. At most we would expect an additional three

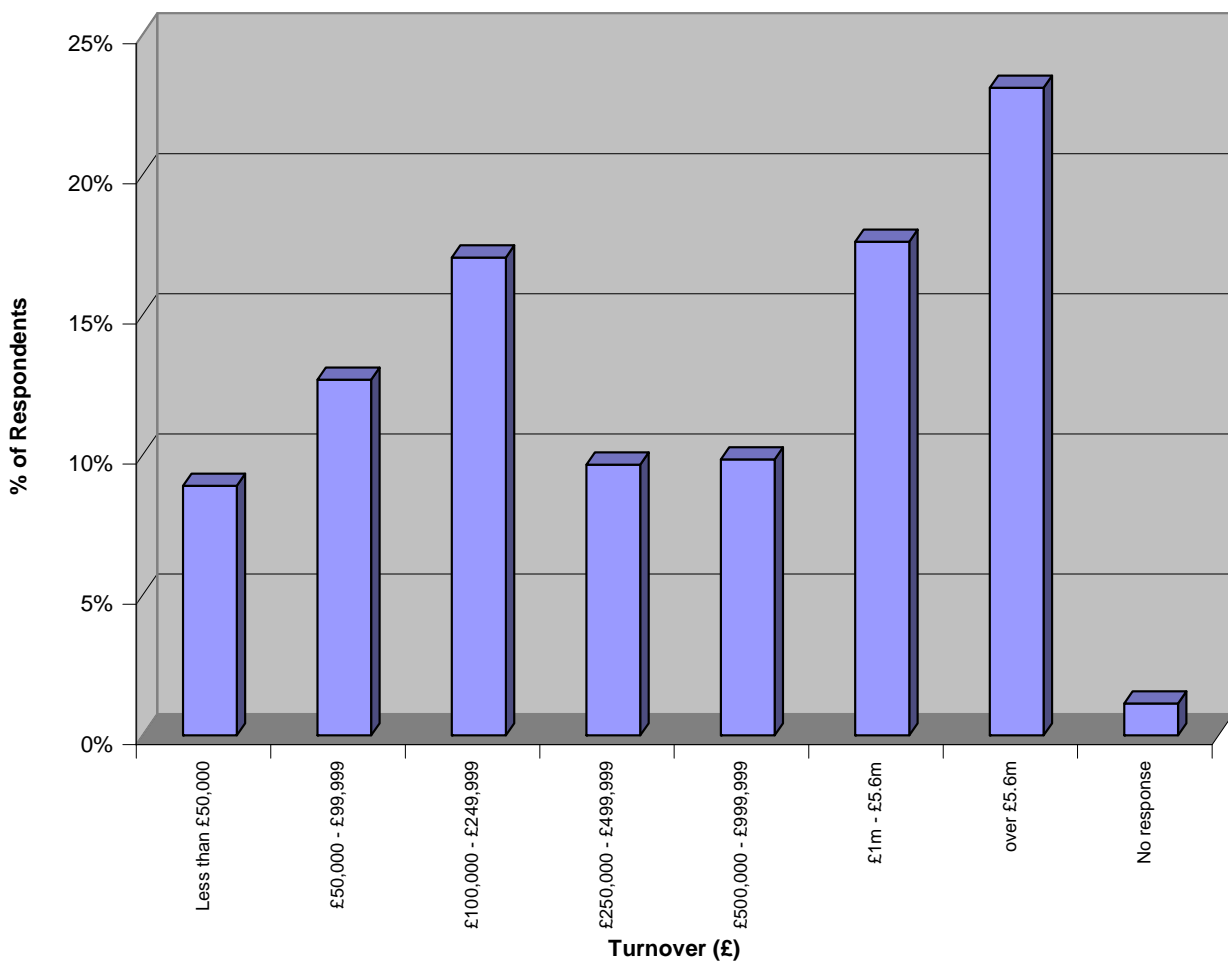
hours per visit are needed to ensure that all risks are identified and that the work programme is tailored accordingly.

The cost of implementing Recommendation 8 would be somewhat greater and in some cases could result in a further half day's work for visits. The additional time needed will be depend on the number of matters identified and the information submitted by the firm to address the points raised. We recognise that implementing this recommendation is therefore likely to require either an extension of the visit cycle some bodies or additional resources to maintain the number of visits.

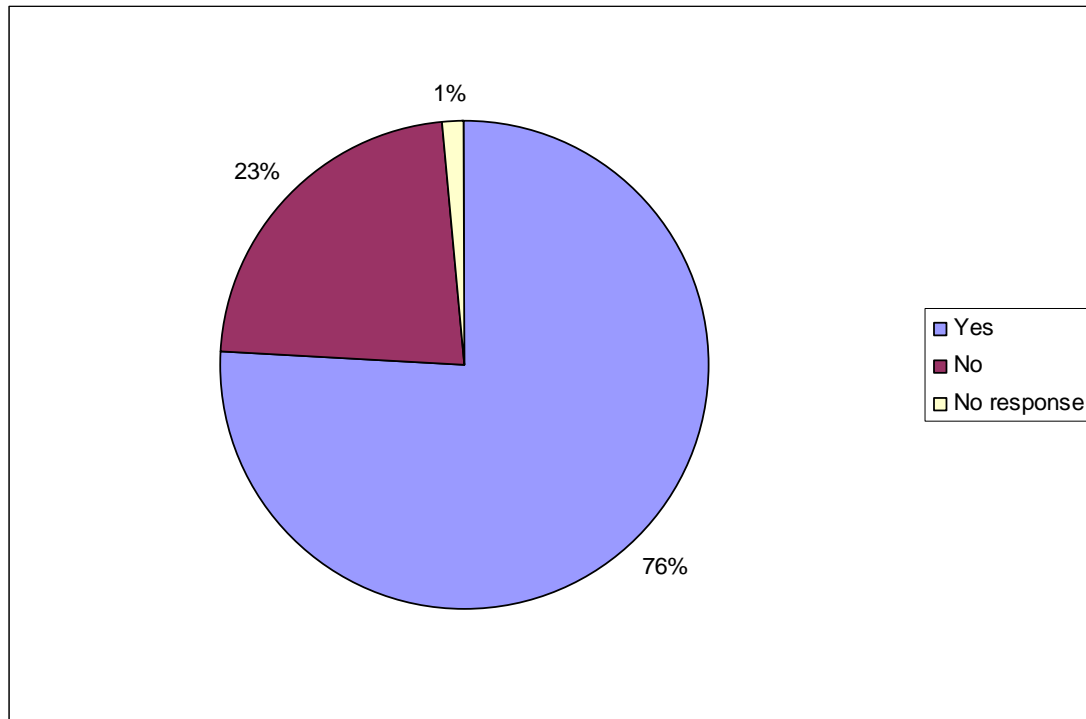
Appendix A – Summary of responses of questionnaire to users of external accountants

A survey of users of external accountancy services was conducted on behalf of the Professional Oversight Board and the UK Professional Accountancy bodies by the Open University. The results of the questionnaire are highlighted below and have been considered in respect of the recommendations made.

1) In which of the following range is your firm's annual turnover (excluding VAT)



2) Do you use an external accountant or firm of accountants to provide, support or assist your accounting and business needs (excluding audit)?

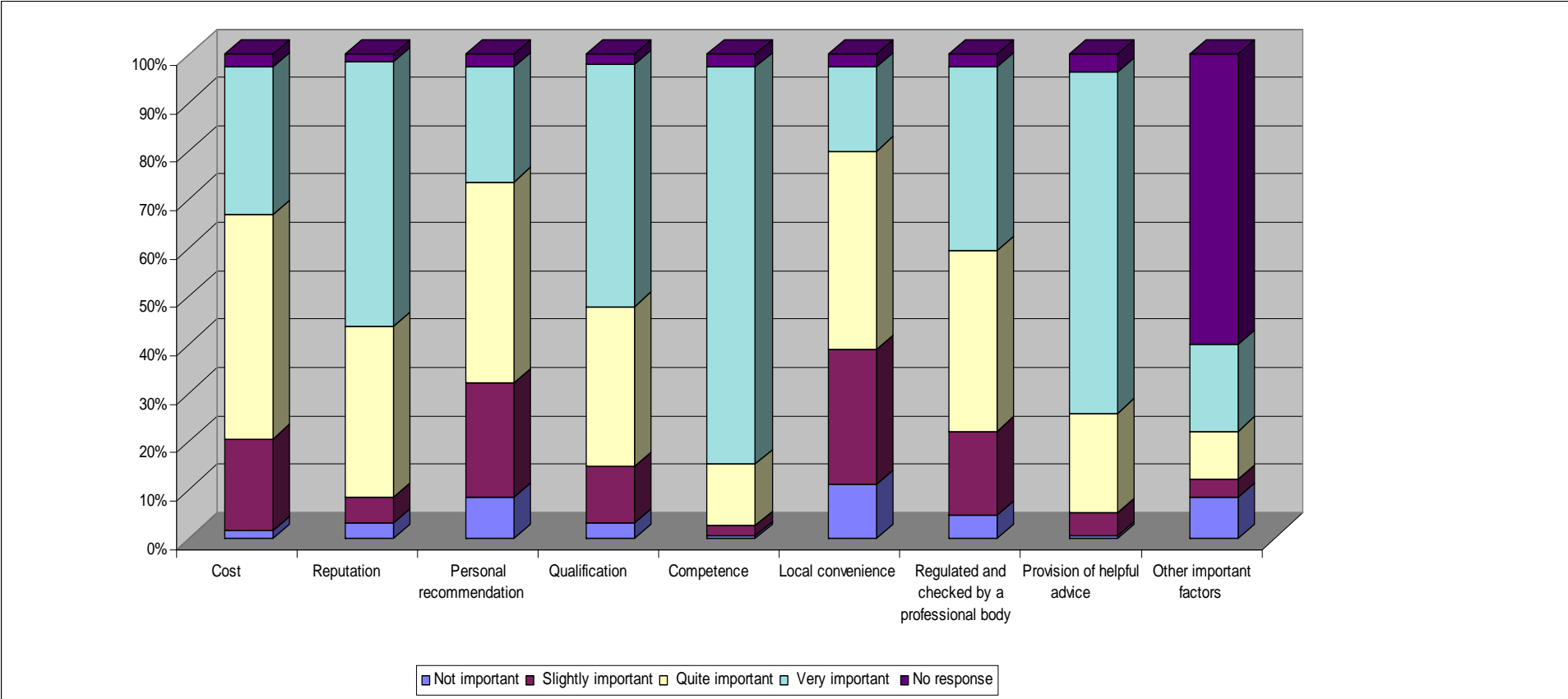


3) Is your external accountant a member of any of the following bodies?⁶

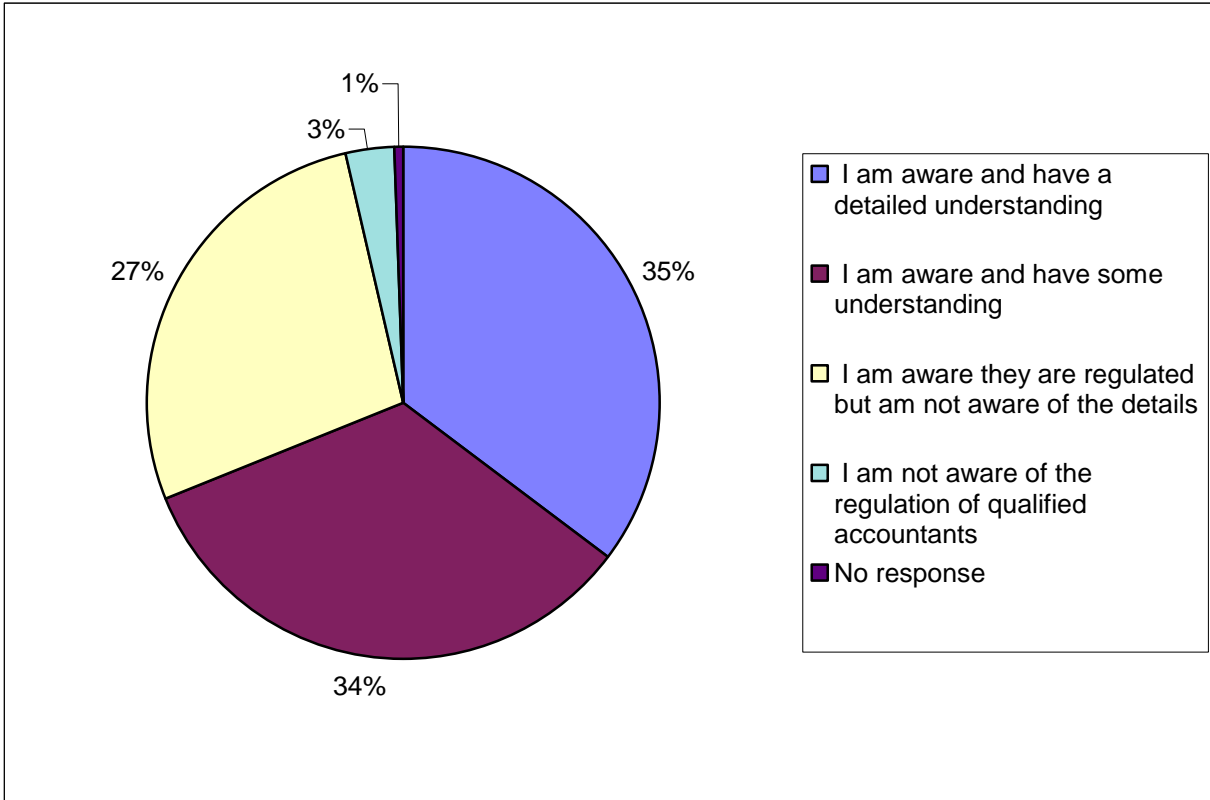
Body	% of respondents
Association of Chartered Certified Accountants (ACCA/FCCA)	34
Association of International Accountants (AAIA/FAIA)	2
Chartered Accountants Ireland (ACA/FCA)	4
Chartered Institute of Management Accountants (ACMA.FCMA)	5
Chartered Institute of Public Finance and Accountancy (CPFA)	3
Institute of Chartered Accountants in England and Wales (ACA/FCA)	44
Institute of Chartered Accountants of Scotland (CA)	6
Don't know	13
Not a member of any of the above bodies	4
No response	1

⁶ The total exceeds 100% as a number of individuals are members of more than one professional body.

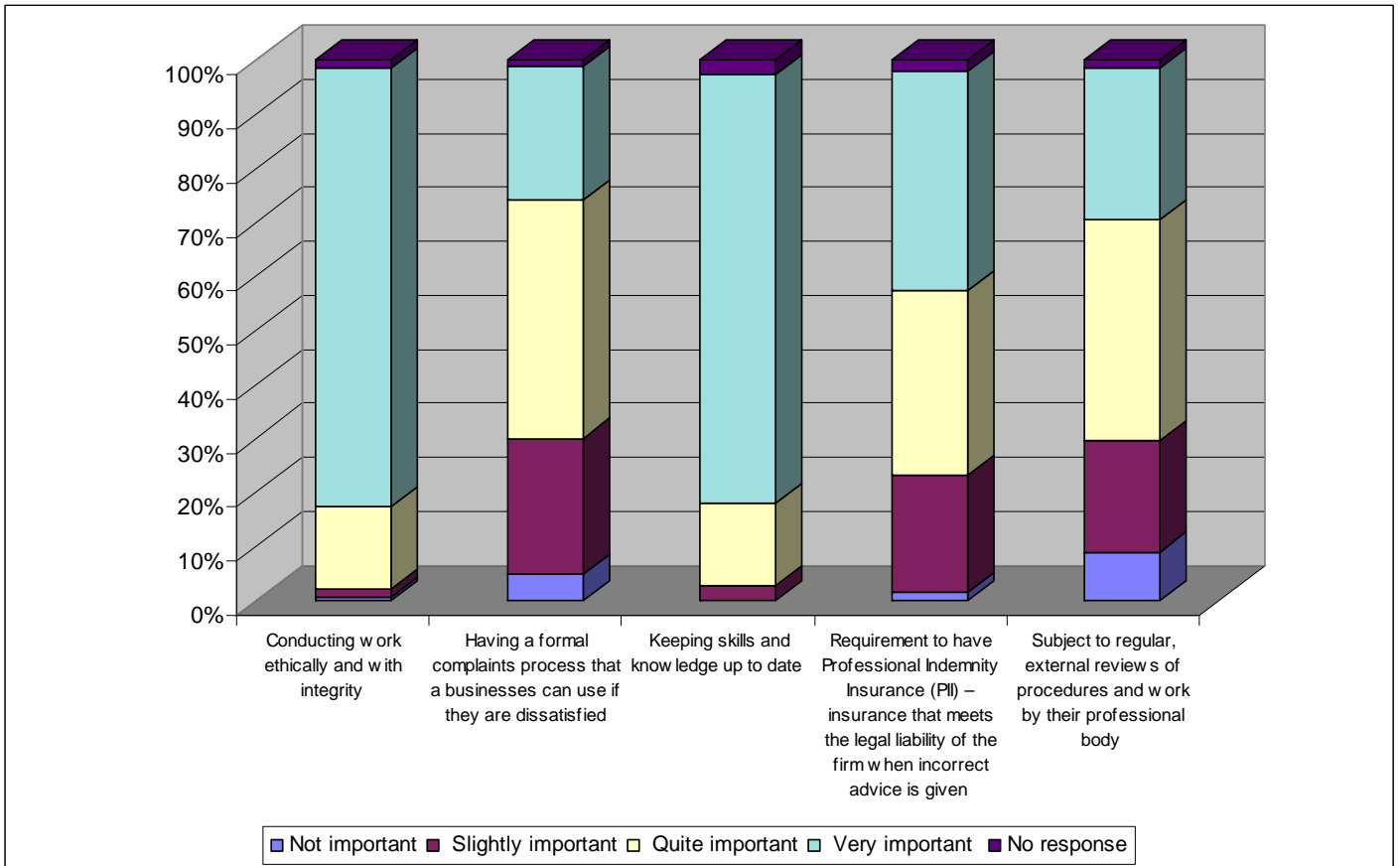
4) How important are each of the following factors in selecting your accountant?



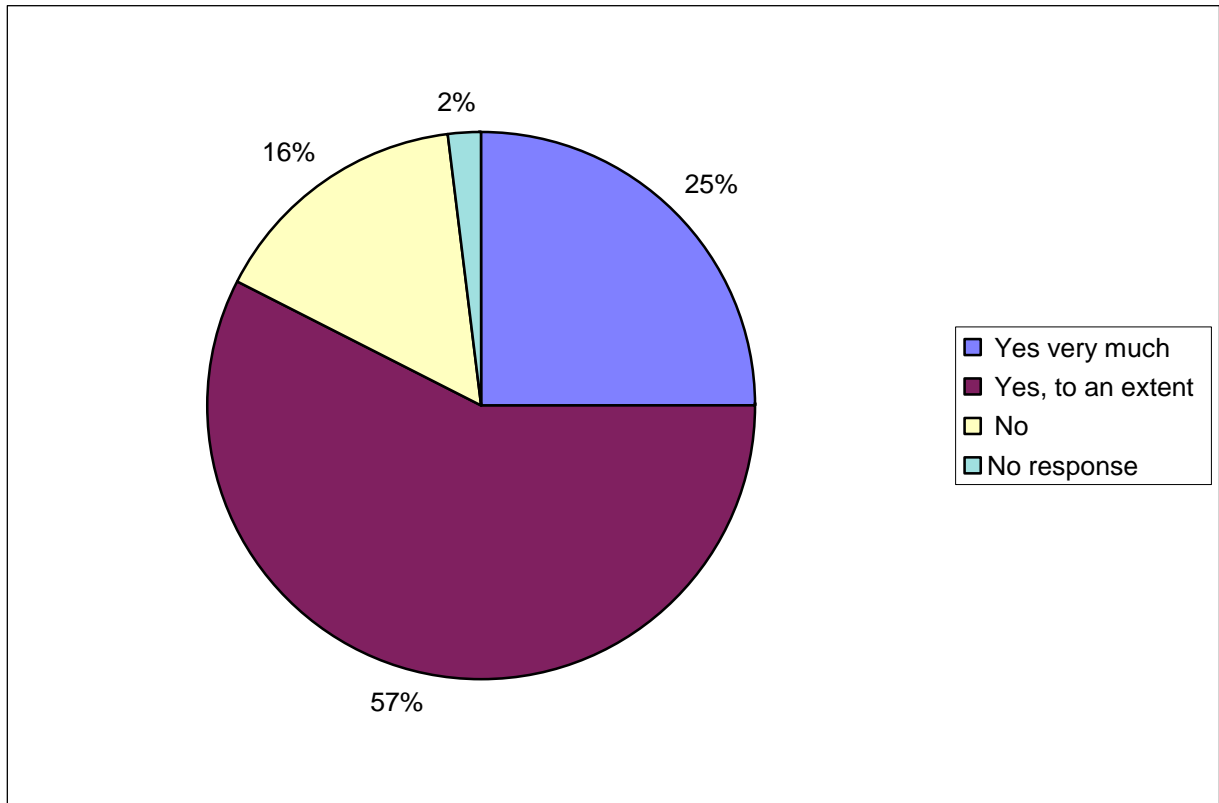
5) To what extent are you aware that qualified accountants are regulated?



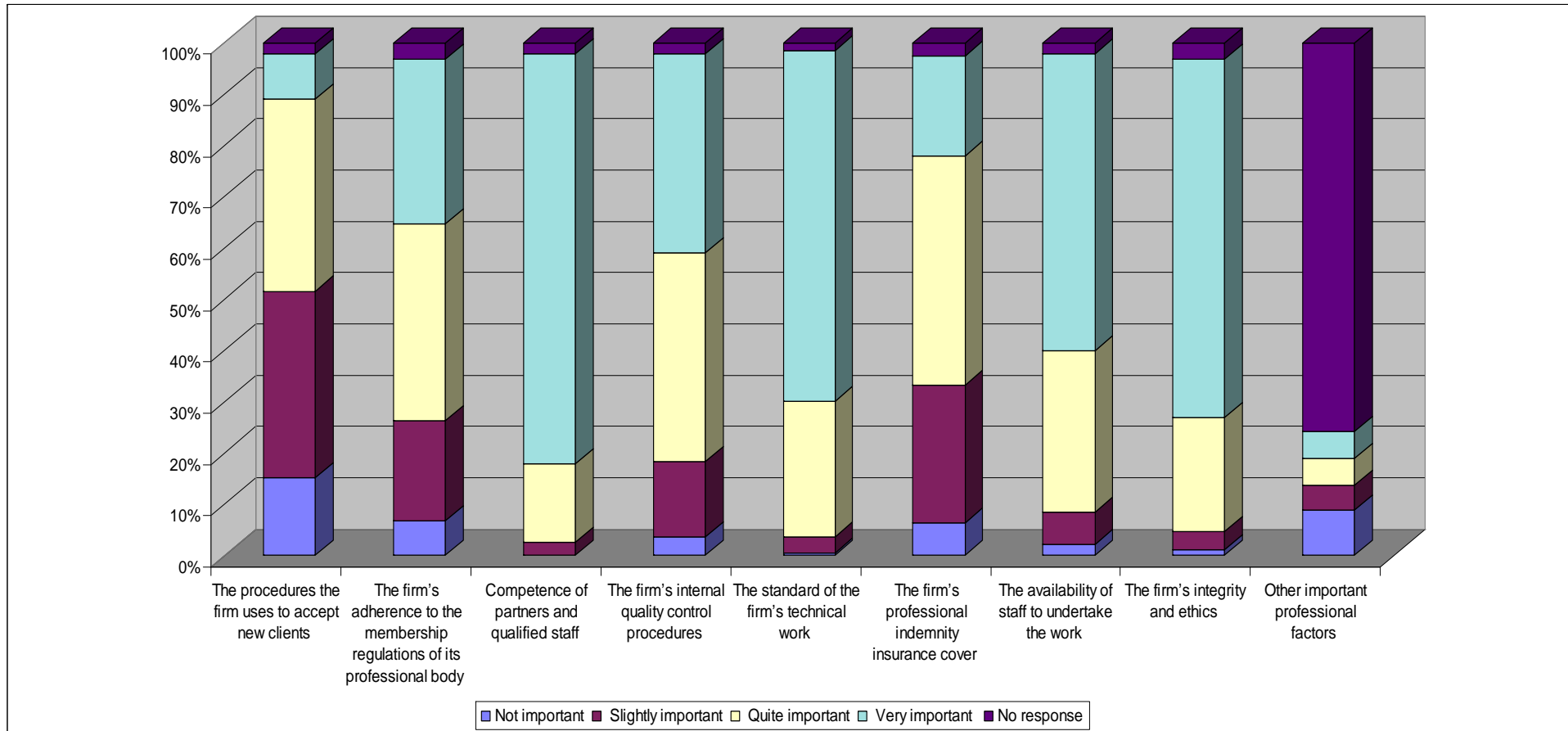
6) Qualified accountants must comply with certain rules and regulations and meet a number of requirements, some of which are listed below. Please indicate the importance of each to you as a user of professional accountancy services



7) If your accountants are qualified does knowing that they are subject to external review by their profession provide you with additional confidence in the quality of work that will be produced?



8) How important is it that each of the following factors are part of regular external monitoring of accountants and their firms by the professional body?



Appendix B– Summary of monitoring arrangements for other professions

Actuaries

Actuaries are regulated as individuals rather than firms. Practising certificates are not currently required for actuaries unless they perform a role which is reserved to actuaries by regulation such as pension scheme actuaries and senior actuaries employed by life insurers and at Lloyd's. Practising certificate holders are subject to desk top monitoring on renewal, which focuses on completion of at least 30 hours of relevant CPD.

Individuals are required to record their CPD on the Profession's website and a sample are selected to provide supporting documentation. Other practising actuaries are also required to maintain their competence through completion of relevant CPD, with a minimum of 15 hours required in most cases.

In response to recommendations from the Oversight Board, the UK Actuarial Profession is considering the scope of its practising certificate arrangements and the degree of reliance which it places on quality assurance arrangements in firms.

Dentists

Currently registered dentists and dental care professionals have to keep their knowledge and skills up to date to stay on the General Dental Council's register; this is demonstrated through completion of 150 hours of CPD every five years. The General Dental Council (GDC) are currently undertaking a consultation to determine what dentists will be required to do in the future to show that they continue to meet the standards established by the GDC. A review of the online consultation indicates that verification of continued compliance will be obtained through individual appraisals and development plans, CPD evidence, patient feedback and being a member of an externally verified scheme such as the British Dental Association - Good Practice Scheme and Investors in People.

Doctors

The General Medical Council (GMC) requires all doctors to be registered and hold a licence to practise to enable them to treat patients. The GMC are currently reviewing their revalidation process and in the future anticipate that licences will be reviewed periodically. It is proposed that the revalidation process will require doctors to demonstrate to the GMC that they are practising in accordance with the generic standards of practice, are up to date and fit to practice. A framework has been developed which is to form a part of an appraisal and assessment process and can be corroborated through various sources including CPD, anonymous records and practice leaflets etc.

Solicitors

The Solicitors Regulatory Authority (SRA) is in the process of reviewing the way in which they supervise firms and have been consulting on their proposed approach. The current regime has been focused on detailed rule breaches as an end in itself rather than assessing the outcome for clients and the public interest. As a result of insufficient management information they have been constrained in determining and targeting high risk issues. It is hoped that the new arrangements will result in greater information being obtained from firms. Visits to firms will focus on the public interest including whether clients are in a position to make informed decisions. The visit could include a review of the firm's internal monitoring procedures and risk assessment, the results of client satisfaction surveys, summary of client complaints and training.

Currently solicitors who meet certain requirements in respect of customer care and management are accredited by the Law Society as Lexcel accredited practices. Such practices undergo annual independent assessments to ensure they meet the required standards of excellence in areas such as client care and case and risk management. Accredited practices are entitled to use a logo on their marketing and letterhead.

Appendix C – Summary of current monitoring arrangements by body

	ACCA	AIA	CAI	CIMA	CIPFA	ICAEW	ICAS
Members in Practice	6,500 ⁷	249 ⁸	2,320 ⁹	1,569 ¹⁰	376 ¹¹	18,300 ¹²	1,751 ¹³
Scheme name	Quality Checked	Quality Assurance	Quality Review	-	Practice Assurance	Practice Assurance	Quality Review
Monitoring of firms and/or individuals	All ACCA member firms ¹⁴	All members who hold a Practising Certificate	All members who hold a Practising Certificate and their firms	All members who hold a Practising Certificate	All members who hold a Practising Certificate	All members who hold a Practising Certificate and their firms	All members who hold a Practising Certificate and their firms

⁷ Figures as at 18 March 2010. The figure of 6,500 represents those practising certificate holders subject to a Quality checked visit ie: part of a firm with at least 50% ACCA partners. The 6,500 practising certificate holders are registered in 5,500 firms; 2,000 of these firms are audit registered.

⁸ As at 1 March 2010.

⁹ As at 31 December 2009.

¹⁰ Projected number as at 1 September 2010.

¹¹ As at 1 March 2010.

¹² As at 1 March 2010. The 18,300 practising certificate holders are registered in 11,500 firms. Of the 11,500 firms 4,100 are audit registered and of the 23,000 practising certificate holders 700 are licensed insolvency practitioners.

¹³ As at 17 March 2010 there were 1,751 practising certificate holders registered in 1,065 firms. Of the 1,065 firms 242 are registered auditors and 101 are insolvency practitioners.

¹⁴ An ACCA member firm is a firm that has at least 50% of its principals who are ACCA members.

	ACCA	AIA	CAI	CIMA	CIPFA	ICAEW	ICAS
Summary of mandatory monitoring procedures ¹⁵	A Quality Checked visit to ACCA member firms.	Review of annual return and monitoring visits	Assessment of annual return and a quality review visit	Desk top review of practising certificate application	Assessment of annual return and practice assurance visit.	Assessment of annual return and practice assurance visit.	Assessment of annual return and a quality review visit.
Frequency of monitoring visits	Six year cycle	Five year cycle	N/a	N/a	Six year cycle	Six year cycle	Five year cycle
Recognition	The Quality Checked kite mark and certificate is only awarded to firms that demonstrate that they adhere to the principles and standards of the scheme and apply suitable quality control procedures to all areas of their business.	Members who hold a practising certificate can use the "AIA Member in Practice" logo on their letterhead.	None granted	Practising certificate holders can use CIMA's practising certificate holder logo on their letterhead, online/website, business cards and marketing material.	Members subject to the Practice Assurance scheme can add a CIPFA Practice Assurance logo to their letterheads.	Firms subject to the Practice Assurance scheme can add this legend with the Institute's logo to their letterhead.	None granted.

¹⁵ Please note that one of the bodies outsources its monitoring visits to one of the other UK professional accountancy bodies and another body does not currently have sufficient resources to enable it to carry out the monitoring visits as described under its monitoring procedures.



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