



Guide to Insolvency Monitoring Visits

INTRODUCTION

This leaflet explains your forthcoming Insolvency Monitoring visit. If you have any queries or concerns, please do not hesitate to discuss them with the Insolvency Monitor who will telephone you during the week before the visit, or if you prefer to discuss matters earlier, you can contact the Insolvency Manager on 0131 347 0288.

WHY YOU HAVE BEEN SELECTED FOR A VISIT?

There is a statutory requirement to monitor all licensed insolvency practitioners and currently ICAS visit all practitioners who hold insolvency appointments at least every three years.

The timing of your monitoring visit will also depend on our assessment of your risk. We take into account the results of your past monitoring visits and information from the Annual Application for your Insolvency Permit and any other relevant information from other sources. Therefore, you could receive a visit in a shorter time scale than three years.

In a small number of cases, the Insolvency Permit Committee (IPC may have requested a visit, in which case the Committee will already have written to you).

WHO WILL CONDUCT THE VISIT?

All visits are conducted by the ICAS Insolvency Monitoring Team. The monitoring team consists of employees of ICAS who are qualified Chartered Accountants and Insolvency Practitioners who have had significant experience as insolvency professionals. Each Monitor is required to comply with strict independence requirements and is bound by confidentiality rules.

ICAS Insolvency Monitoring reports the results of each monitoring visit to the IPC. It is this Committee, and not the monitoring team, that makes the decision about your competence to hold an insolvency permit.

WHAT INFORMATION HAS BEEN SENT TO YOU?

With this booklet, you should have received the following:

- a visit notification letter;
- a Pre Visit Questionnaire; and
- a visit feedback form.

The visit notification letter

This letter tells you:

- when we plan to carry out the visit ;
- the proposed visit duration; and
- the name of the Monitor.

Pre Visit Questionnaire (PVQ)

The provision of the information requested allows the Monitor to consider your procedures prior to attending your premises. Provision of the case information requested in the PVQ enables the Monitor to make the initial case selection in advance of the visit.

Please note that you have been requested to submit your completed PVQ and supporting documentation, by email or by post to ICAS, **one month** before the start of the visit to allow the Monitor to conduct pre visit planning. Receipt of your completed PVQ will be acknowledged by the Insolvency Manager via email or letter.

Please ensure that the remainder of the information requested is available for the start of the visit. It would be worthwhile starting to prepare the additional information before the Monitor phones, in order that you can raise any questions you may have regarding this information.

The visit feedback form

The visit feedback form asks a series of questions about the visit process. It allows you to comment on the process and to help the ICAS assess how the process is working. Whilst completion is voluntary, it would be appreciated if you would take the time to do so.

WHAT TO DO IF THE VISIT DATE OR MONITOR IS UNSUITABLE?

If the date is unsuitable?

Please try to keep to the proposed visit date. If the date is not convenient due to unavoidable circumstances, you must send us your request in writing to the Insolvency Manager or call 0131 347 0288 within 10 business days of receiving the notification letter.

You will usually be asked to set out your reasons in writing or via email. Requests for postponement will only usually be accepted if a reasonable alternative date can be agreed between you and the Insolvency Monitor. You may be asked to take an alternative date earlier than the original date. You are less likely to be granted a postponement if you contact ICAS shortly before the visit, apart from in exceptional and unforeseen circumstances, given that no alternative visits can be scheduled at short notice.

If the Monitor is unsuitable?

If there is some reason why the Monitor is unsuitable, then please write to or call the Insolvency Manager within 10 business days, explaining your reason. If the reason is considered valid, we will arrange for another Monitor to conduct your visit. If another Monitor is not available, your visit may require to be rescheduled to the next available date.

THE PRE VISIT CALL: WHEN AND WHAT SHOULD YOU EXPECT?

About 7 days before the visit, the Monitor will telephone you to confirm the final arrangements, for the visit. The Monitor will agree a starting time with you, which is usually 9am or 9.30am; although this may be different if the Monitor is travelling a long distance to visit you.

The Monitor will also confirm other administrative matters, such as travel directions and parking details. The pre visit call is an opportunity for you to raise any questions or concerns that you have about the visit.

WHAT YOU SHOULD EXPECT ON THE VISIT?

The on-site visit usually has three distinct steps:

- the opening meeting;
- the fieldwork; and
- the closing meeting.

THE OPENING MEETING: WHAT CAN I EXPECT?

The visit will usually start between 9.00am and 9.30am, or another time mutually agreed between the Monitor and yourself at the pre visit call. The visit usually begins with an opening meeting.

This meeting helps the Monitor obtain an understanding of your practice and any issues or risks that you face, and also helps to ensure that the visit proceeds efficiently. The meeting is usually held with the insolvency practitioner, but you may invite others to attend, such as those involved in internal compliance work, but bear in mind that matters such as your gross insolvency fee income will be discussed, if you are inviting non-principals.

THE VISIT FIELDWORK: WHAT CAN I EXPECT?

Shortly after the opening meeting, the Monitor will select a number of cases to examine. The visit fieldwork usually focuses on particular matters or risks identified from the Pre Visit Questionnaire and/or the opening meeting.

Insolvency files: how many files will be reviewed?

- The number and extent of the insolvency files reviewed will vary from visit to visit, and will normally depend on factors, such as the extent of risks/matters to be addressed, the number and type of appointments taken and the number of insolvency practitioners being monitored.
- The file reviews will be the lengthiest part of the visit and the time taken by the Monitor to review the files will depend on factors such as the size, nature and complexity of the case, the quality of the documentation and the size of the files.

Insolvency file reviews: what is the insolvency practitioner's involvement?

- As each case review is completed, the Monitor will pass the findings to the relevant insolvency practitioner to respond in writing to the points raised.
- Insolvency practitioners should ensure that sufficient time is kept aside to respond in writing to these queries and then discuss the file with the Monitor.
- This is a very important part of the monitoring visit, and conducted to ensure that both the Monitor and each insolvency practitioner come to an agreement on the main file findings and clear up any queries or minor matters.

The remainder of the fieldwork: what can be expected?

- In addition to the review of the case files, the Monitor will review the systems and procedures used in administering your insolvency cases and other matters (for example: your CPD records).
- If your practice is small, the discussion of the systems and procedures etc. may be deferred until the closing meeting, to speed up the visit process. In the larger practice, it is more likely that the Monitor will spend time discussing your policies and procedures with the relevant personnel.

WHAT TO EXPECT IN THE CLOSING MEETING?

When the fieldwork has been completed, the Monitor will then draw together the findings.

The purpose of the closing meeting is to:

- discuss any issues that have arisen; and
- discuss any initial thoughts on any action that the Monitor may suggest to help you.

If issues or shortcomings are identified, the Monitor will assess how you have dealt with the problems, or if they have not yet been dealt with, will try to find the underlying causes, and then seek your solution.

The Monitor will then obtain initial responses from you regarding your proposed follow up action. The Monitor will seek to be helpful and may make suggestions on the action you may take, but you must decide your own responses, appropriate to your own circumstances.

The Monitor cannot give you a "score". Much depends on the outcome of the closing meeting and the Insolvency Monitoring team's own procedures which ensure that all insolvency practitioners are treated equally. Both affect the outcome.

WHAT TO EXPECT AFTER THE VISIT?

The Monitor completes the visit file and makes a final conclusion about your visit.

Occasionally, the Monitor may need to discuss certain matters with you over the phone or ask you for additional information.

Once the Monitor completes this work, the file will be processed through ICAS's internal review procedure to ensure that all insolvency practitioners are treated correctly, in accordance with our monitoring procedures. This must be done before the process can be closed.

Overall, Insolvency Monitoring has a target of 20 business days from your closing meeting in which to submit the report on your visit to you.

Upon receipt of the report you will have 14 days in which to respond with your comments. The report and your comments will be placed before the next IPC meeting for their consideration. Now is the time to complete the visit feedback form and return it to the Insolvency Monitoring Department. This is your chance to comment. Completion is voluntary but your views are valued and could influence how the process operates in the future. If you have any serious concerns about the visit process that cannot wait until the completion of the visit, please either call the Director of Quality Assurance on 0131 347 0284 or the Insolvency Manager on 0131 347 0288.

WHAT IS THE INSOLVENCY PERMIT COMMITTEE (IPC)?

The IPC is a Committee of the Institute which is made up of accountants and non-accountant members. The accountant members are all insolvency practitioners and are drawn from all sizes of firms.

The IPC is responsible for granting, continuing, and on some occasions, withdrawing or suspending the insolvency permits of ICAS licensed practitioners and/or imposing conditions or restrictions on permits or imposing regulatory penalties. The IPC is, therefore, responsible for deciding the outcome of all Insolvency Monitoring visits and will consider both the Insolvency Monitoring visit report and any other comments you have provided.

The Committee members fully appreciate the practical problems faced by practitioners on a day-to-day basis and do not make decisions lightly.

As well as its regulatory responsibilities, the Committee aims, when considering Insolvency Monitoring visit reports, to ensure that the process is as efficient as possible. However, as the IPC meets five times a year, there may be a period of waiting before you hear its decision. If you are concerned that you have not heard from the IPC, please call the Insolvency Manager on 0131 347 0288, who can give you an indication of when you should hear an outcome.

THE OUTCOME OF THE VISIT: HOW THE IPC WILL COMMUNICATE WITH YOU?

Where no follow up is required

- Insolvency Monitoring may have no areas of non-compliance to report and, in such cases; you will be advised in writing of a satisfactory outcome.
- If the visit reveals some areas of non-compliance, but you have already dealt with them, or the IPC is satisfied with the actions proposed in your correspondence, then you will receive a letter from the IPC, which will confirm that your insolvency permit will continue, subject to the undertakings provided.

Both these situations put trust in your undertakings. If a future visit shows that you failed to put your undertakings into effect, then the IPC is likely to take a very serious view.

Where you are requested to provide further submissions/information

Some visits require further information from you, and you may be asked for some further submissions to evidence improvements made e.g. CPD records, in which case the IPC writes to you requesting that such information is submitted by a specified deadline.

On submission of this information, you will then be informed whether your visit has then been completed or whether further information or submissions are still required. Once the IPC is satisfied with all the information submitted, you will be notified that your visit is completed.

Where follow-up action is required

The IPC may decide because there are serious matters or areas that give cause for concern in the report that further action is required by you. In these circumstances you will be advised in writing of the Committee's decision.

Further action imposed by the IPC could include, for example:

- instructing the Monitor to carry out a follow-up visit at the insolvency practitioner's own expense;
- asking you to attend a Sub Committee meeting to explain the findings and your action plan directly to the IPC;
- asking you to supply further information to show that your proposed actions were successful;
- restrictions being imposed e.g. the you may be restricted from accepting new insolvency appointments; or
- in very serious cases, your insolvency permit could be suspended or even withdrawn.

The IPC has the power to withdraw an insolvency permit and consequently, as a Recognised Professional Body, is required to notify The Insolvency Service of its actions.

If it believes that the public interest would be best served by publication, the IPC may publish, in such manner as it sees fit, decisions to withdraw Insolvency Permits as per the Insolvency Permit Bye-laws.

If you are not happy with the decision taken, there is a hearing and appeal procedure. If appropriate, details will be sent with the IPC's decision letter. You have the opportunity to appear before the IPC and be legally represented.

ANY QUESTIONS?

If you have any queries, please ask. The Insolvency Manager can be contacted on 0131 347 0288 and will try to help you as much as possible.

FURTHER MEMBER SUPPORT?

The Institute provides a number of services to support members in practice:

- For guidance on independence and other ethical matters telephone 0131 347 0274 for guidance on the Institute's Code of Ethics.
- The Insolvency Helpline may be contacted via the Insolvency Department on 0131 347 0288