

August 2022



ICAS

Regulation Board

Policy Positions



ICAS

The Institute of Chartered Accountants of Scotland ('ICAS') is the world's oldest professional body of accountants. We represent over 23,000 members working across the UK and internationally. Our members work in the public and not for profit sectors, business and private practice.

ICAS' Royal Charter requires that we act in the public interest. Our regulatory functions are therefore designed and exercised to place the public interest first. Our Charter also requires ICAS to represent its members' views and protect their interests. On the rare occasion that these are at odds with the public interest, it is the public interest that must be paramount.

The ICAS Regulation Board is the body appointed by Council to be responsible for regulatory policy at ICAS and for maintaining professional standards amongst members, student, affiliates and firms. The Regulation Board is also a strategic body, discussing developments in regulation and closely monitoring ICAS' relationships with its oversight regulators. Its role is set out in more detail in the final section of this document.

The Regulation Board's objectives in establishing its policy positions are to:

- Act in the public interest
- Provide constructive input to Government and oversight bodies
- Represent the best interests of our regulated community

Introduction

Regulating members and firms is one of ICAS' core functions, enshrined in the [Royal Charter](#) which imposes the duty to:

"Uphold and enforce among its members a high standard of efficiency and professional conduct in the interests of the profession and the public generally".

ICAS' Regulatory Teams include highly skilled and experienced individuals with a dedication to ensuring this dual protection of the public interest and the reputation of the CA qualification. Their work is overseen and supported by the Regulation Board and the Authorisation and Investigation Committees. Together, this puts ICAS in the best possible position to achieve its regulatory vision.

Full information on how regulatory functions are discharged can be found on the [ICAS website](#), along with the relevant [Regulations](#). ICAS is a relatively small regulator, with a clearly defined remit, which enables us to be fleet of foot with the ability to respond with agility to changing events, and to have regular and direct engagement with its regulated community.

Regulation is a positive good

The Regulation Board strongly believes that regulation is not a 'necessary evil' but represents instead a positive good for all stakeholders:

- For the public – including clients of Chartered Accountants and other users of accounts – because regulation creates trust and ensures protections that may not be found when engaging unregulated accountants.
- For ICAS members and firms, regulation supports the strong reputation of the CA qualification, providing a commercial advantage, as well as professional pride.
- For ICAS, a strong regulatory function ensures respect, adding weight and credibility to its contributions and opinions on the key issues impacting the profession.

As such, the Regulation Board expects that ICAS will always seek to promote the benefits of regulation, and the positive outcomes it continues to generate for all parties.

Professional body regulation secures strong outcomes

In recent years, some people have questioned whether professional bodies such as ICAS are best placed to regulate their members. In some professions, regulatory functions have been forcibly removed and transferred to other bodies (with variable degrees of success).

The Regulation Board firmly believes that ICAS is best placed to regulate its members and firms and expects that ICAS will proactively seek to defend its ability to continue to do so in the future (for example, in responding to Government consultations). In doing so, reference will be made to the strong outcomes achieved through ICAS regulation, and the lack of evidence to suggest that different models would lead to better outcomes.

It should be emphasised that references to ‘self-regulation’ are misleading, and no longer appropriate. ICAS’ governance processes provide for several layers of oversight, with lay members sitting alongside Chartered Accountants to scrutinise staff decisions. Processes and decisions are also overseen by a number of different state bodies, including the FRC, OPBAS and the Insolvency Service, each of which has the power to issue directions which ICAS must follow.

While ICAS believes that regulation by professional bodies secures strong outcomes for all stakeholders, it also understands that this right is a privilege which is dependent on continuing to discharge robust regulatory functions in an effective manner.

Prioritising regulation in ICAS

Stakeholders place trust in ICAS to ensure its members and firms provide professional services which meet the standards reasonably expected of Chartered Accountants. This is achieved through a widely respected education programme, as well as through strong regulatory processes.

ICAS applies robust processes to ensure that:

- Licences are only issued where applicants satisfy knowledge, skills, and experience criteria.
- Compliance and performance are subject to rigorous monitoring relying on risk-based visit selections.
- All members (except those who have retired) are asked to confirm CPD compliance on an annual basis, with appropriate sampling undertaken.
- Any failure to meet the conduct or competence requirements is thoroughly investigated, with regulatory or disciplinary measures taken where appropriate.

The strong reputation of ICAS and the CA ‘badge’ is only protected where regulatory functions are effective in maintaining and raising standards. This is to the benefit of all stakeholders.

Whilst there must always be a reasonable separation of regulatory and support functions within ICAS, there is an expectation that an appropriate level of support will be available to members and firms to allow assist them in meeting the required standards.

ICAS is as transparent as possible in discharging its regulatory functions – not only to raise public and professional trust, but also to ensure that members and firms can learn from the areas of improvement identified from their peers.

The Regulation Board

The Regulation Board is one of ICAS' operational Boards, constituted under the ICAS Rules and General Regulations, and reports into Council and the Oversight Board.

The Board is responsible for setting ICAS' regulatory policy and strategy, upholding professional standards, and overseeing the discharge of regulatory functions. Its full powers are listed in Regulation 10 of the General Regulations, and include:

- Granting, suspending and withdrawing various regulatory licences and authorisations.
- Setting requirements for continuing professional development (CPD).
- Monitoring the competence and conduct of members and firms (through inspection visits and other processes).
- Investigating complaints.
- Proposing Regulations for Council to make.

These powers are exercised in relation to various regulatory schemes, including anti-money laundering, audit, insolvency, and practice.

Many of the Regulation Board's powers are delegated to the Regulatory Committees, which are the Authorisation Committee and the Investigation Committee. The Authorisation Committee deals with licensing, monitoring and CPD, whilst the Investigation Committee determines complaints, to identify where there might be a liability to disciplinary action under ICAS' Rules and Regulation.



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