

THE
INSTITUTE OF
CHARTERED
ACCOUNTANTS
OF SCOTLAND



Regulations

Public Practice Regulations

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Foreword

Members of ICAS are bound by the Rules and Regulations of ICAS. In addition to this, members are also bound by the Code of Ethics – a set of principles and standards laid down by the International Federation of Accountants and supplemented by additional guidance provided by the Consultative Committee of Accountancy Bodies (CCAB) in the UK.

The ICAS constitutional documents are the Royal Charter and the Rules. The Charter states that the Rules shall be duly kept, observed and obeyed. There are also mandatory Regulations, with further guidance in some areas that set 'good practice' standards to which members are expected to give due consideration.

For members in practice, the key provisions are Rules 16 to 18 and 19C, reproduced here for information and these Public Practice Regulations. Various guides are also available, including:

- CA Handbook: Members in Practice
- Guide: When is a Practising Certificate required?
- Guide: Starting up in practice
- Guide: Regulated non-members

Within the ICAS regulatory framework a member may be in practice, which requires a practising certificate. A member may also be within certain 'regulated areas', so called because there are further externally imposed regulatory requirements attaching to each type of work. ICAS is authorised to license and monitor the following 'regulated areas':

- audit
- insolvency
- investment business, which is often referred to as 'DPB licensing' – the Designated Professional Body regime.

A member wishing to offer services in any of the 'regulated areas' of audit, insolvency or investment business must hold both a practising certificate and also the relevant authorisation. A practising certificate alone does not convey a right to practise in the 'regulated areas'.

Although the ICAS Rules are addressed to each member, some aspects of the regulatory requirements relate to firms. For example:

- it is the responsibility of a member who is in practice to obtain a practising certificate
- an insolvency permit is granted to an individual
- DPB licensing and audit registration apply to the firm.

A member should be aware of who is responsible for adherence to a particular regulation.

The responsibility for overseeing members in practice is delegated by Council to the Practitioner Certification Committee, which is now known as the Public Practice Committee, under Rule 16. This Committee comprises of both ICAS members and public interest members and reports to the Institute's Regulation & Compliance Board.

The advice of the Institute's Professional Services department should be sought if clarification of any aspect of these requirements is needed.

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Extract from the ICAS Rules: Rules 16-18 and 19c

The following is an extract from the ICAS Rules for information; Rules 16 to 18 and 19C are the key rules and Rule 16 (2) below is the authority for Council to prescribe Public Practice Regulations.

Note:

- (i) ICAS is currently reviewing the regulatory framework and it has been recommended that all regulations and bye-laws are referred to as 'regulations'. There is no constitutional difference between the two and this document refers throughout to regulations.
- (ii) Rule 16 refers to the Practitioner Certification Committee, which is to be renamed as the Public Practice Committee. The Practice Regulations refer throughout to the Public Practice Committee.

Public Practice

16. (1) A member of the Institute shall not engage in practice in the European Union, or in the Channel Islands or the Isle of Man, unless he either holds a practising certificate and complies with the Bye-laws made by the Council under paragraph (2) of this Rule or is exempt from the need to hold a practising certificate under those Bye-laws.
- (2) The Council shall from time to time make Bye-laws prescribing, *inter alia*, the conditions for eligibility, issue, renewal, suspension and withdrawal of a practising certificate, exemption from the need to hold a practising certificate and all matters pertaining thereto, the circumstances in which a member is regarded as engaging in practice and otherwise regulating such practice. A member shall not engage in practice in the European Union, or in the Channel Islands or the Isle of Man, otherwise than in accordance with such Bye-laws.
- (3) The Council shall appoint a Practitioner Certification Committee made up of three or more individuals, to give effect to and administer the Bye-laws made under this Rule. Not less than one third of the Committee shall comprise public interest members, that is to say individuals other than accountants appointed as representatives of the public interest.
- (4) The Council may make Bye-laws empowering the Committee appointed under Rule 16(3) above to offer regulatory penalties to members in practice or their firms for agreed breaches of any Bye-laws made under this Rule that are both administered by the Committee and do not, in the Committee's view, call in question the fitness and propriety of the member concerned to hold a practising certificate, and to specify the consequences of such an offer and its acceptance or rejection.
- (5) The Council may issue guidance about the amount of regulatory penalties.

- 16A. (1) A member shall be entitled to engage in practice in association with a non-member only in accordance with these Rules and Bye-laws made by the Council.
- (2) “In association with a non-member” means in association as a member of a partnership, including a limited liability partnership, of which a non-member is also a member, or as a director of a body corporate of which a non-member is also a director.
- (3) A member engaging in practice in association with a non-member shall be responsible for ensuring that the non-member conforms to the ethical and technical standards and legal requirements for the time being governing the provision by members of public accountancy services and complies with any relevant standards or requirements.
- (4) A member engaging in practice in association with a non-member who is a member of a professional body approved by the Council under paragraph (5) of this Rule shall, in relation to services subject to the control and supervision of that professional body, conform to the ethical and technical standards and legal requirements governing the provision of such services to the public.
- (5) The Council may for the purposes of this Rule and any Bye-laws made hereunder approve such professional bodies as it considers appropriate being bodies which, in the opinion of the Council, require and enforce appropriate ethical and technical standards in relation to their members.

Practising Certificates and Permits

17. (1) Practising certificates (which shall be in such form as the Committee appointed under Rule 16(3) above may from time to time prescribe) shall be issued for a period of twelve months ending on 31 December or such other date as the Committee shall direct.
- (2) The fee for the issue of a practising certificate shall be due and payable on the date of the member’s application for it.
- (3) The fee for each issue of a practising certificate subsequent to the initial issue shall be due and payable on 1 January in each year along with the member’s annual subscription.
- (4) Any member who has failed to pay the fee for each issue of a practising certificate subsequent to the initial issue by 1 January in each year to which the certificate relates shall on that date cease to be entitled to a practising certificate.
- (5) Where a member has failed to pay the fee for the issue of a practising certificate subsequent to the initial issue as aforesaid, he shall forthwith return any practising certificate in his possession to the Institute.

Entitlement to a Practising Certificate

18. (1) A member shall, subject to the provisions of Rule 17, be entitled to hold a practising certificate if, but only if, he satisfies the Committee appointed under Rule 16(3) above that he complies with the conditions precedent to the granting of a Practising Certificate set out in the Bye-laws made under Rule 16(2) above as to:
- (a) professional indemnity insurance cover; and
 - (b) approved practical experience; and
 - (c) Continuing Professional Development.
- (2) Any member, and any CA Student eligible to apply for admission to membership, shall be entitled to obtain from the Committee appointed under Rule 16(3) above, on application to the Secretary, a decision as to whether or not any employment in which he is engaged or proposes to engage is approved by the Council for the purpose of establishing approved practical experience.
- 19C Such matters as may be necessary or expedient for the purpose of the Institute carrying out any scheme or schemes designed to provide an assessment of the quality of work carried on by members in practice shall be prescribed in Bye-laws.

The Public Practice Regulations

Part 1: General

Introduction

- 1.1 These Regulations amalgamate the Bye-laws governing:
- a) The Practising Certificate Bye-laws;
 - b) The Professional Indemnity Insurance Bye-laws;
 - c) The Quality Review Bye-laws; and
 - d) The use of description 'Chartered Accountants' Bye-laws,
- and supersede any previous versions of these documents.
- 1.2 These Regulations are effective from 1 January 2011.

Definitions

- 1.3 Except where indicated, words and expressions used in these Regulations have the same meaning as in the Rules, as follows:

Appeal Panel	the panel appointed under Rule 60.
Appeal Tribunal	the Tribunal appointed under Rule 74.
Approved Policy	the wording of the Participating Insurer's Professional Indemnity Insurance Policy.
Assigned Risks Pool	the pool from which Firms and Members who are otherwise unable to obtain Professional Indemnity Insurance may do so for a limited period and to which all Participating Insurers will subscribe.
Audit Regulations	the Audit Regulations of any of the three Institutes as amended or re-stated from time to time.
Authorised Firm	<ol style="list-style-type: none">a) a partnership composed in whole or in part of Members of the Institute in public practice;b) a Member in public practice as a sole practitioner; orc) a corporate practice authorised under the DPB Handbook.
Compound Firm	an association of separate Firms, or of Firms and other entities which are not Firms, which seeks to comply with the Regulations in Part 4 of the Public Practice Regulations as though it were a single Firm.
Constructive Declinature	the quotation of terms of insurance, the economic effect of which is similar to the insurer declining to offer cover.
Council	the Council of the Institute of Chartered Accountants of Scotland.
Difference in Conditions Endorsement	the endorsement which must be included in policy wordings, other than Approved Policies, issued by Participating Insurers.
Discipline Panel	the panel appointed under Rule 60.

Discipline Tribunal	the tribunal appointed under Rule 70.
Firm	a body corporate, a partnership, a limited liability partnership or an unincorporated practice of a sole practitioner registered with the Institute.
Institute	The Institute of Chartered Accountants of Scotland.
Institutes	The Institute, The Institute of Chartered Accountants in England and Wales and The Institute of Chartered Accountants in Ireland.
Member	a member of the Institute.
Participating Insurer	an insurer approved under Part 4 of the Public Practice Regulations.
Pool Manager	a person appointed from time to time by the Institutes to manage the Assigned Risks Pool.
Practice	the provision of services by a Member, including accounting and related services, to persons other than the Member's employer for a fee. In any case where a doubt arises as to whether a Member is in practice the decision of the Council shall be final. A Member who, gratuitously or for nominal fees, only provides accountancy services outside the "regulated areas" to charitable, communal or sporting bodies, or to similar bodies of a non-profit making nature, is not to be regarded as engaging in practice.
Practising Certificate	a certificate issued annually by the Institute and for the time being in force.
Principal	a sole practitioner or a partner or member or director of a Firm.
Public Interest Member	an individual other than an accountant appointed as a representative of the public interest.
Quality Review	the scheme operated to uphold and improve standards of those Members who hold a Practising Certificate.
Registered Auditor	a Firm eligible for appointment as company auditor under the Companies Act 2006 including, for the purposes of Regulations 4.17 to 4.28 of the Public Practice Regulations, a former Registered Auditor which ceased to be a Registered Auditor during the twelve months preceding its application to enter the Assigned Risks Pool.
Regulated Non-Member	an individual recognised by the Institute in terms of Chapter XX of the Rules.
Regulations	Regulations made in accordance with the Rules.
Rules	the Rules of the Institute as from time to time modified and amended.

Notices

- 1.4 Any notice or other document to be sent under these Regulations shall be sent by first class post to the latest address notified to the Institute by the Member. Service shall be deemed to take effect two business days after posting.

Part 2: The Public Practice Committee

- 2.1 The Regulations in Part 2 are made by Council under Rule 16.
- 2.2 Except where otherwise indicated, the Public Practice Committee shall be the committee responsible for enforcing all aspects of these Regulations. The Public Practice Committee has discretion over the nature of the matters taken into account and over its sources of information in exercising its powers under these Regulations.

Composition

- 2.3 The Council shall appoint a Public Practice Committee made up of three or more individuals. Not less than one third of the Committee shall comprise Public Interest Members.

Quorum

- 2.4 The quorum for a meeting of the Public Practice Committee shall be three, one of whom must be a Public Interest Member. The majority of those present must not be Public Interest Members.

Responsibilities

- 2.5 The Public Practice Committee shall be responsible and shall have the requisite powers for:
 - a) granting applications for a Practising Certificate with or without restrictions and/or conditions;
 - b) rejecting applications for a Practising Certificate;
 - c) granting exemptions from the need to hold a Practising Certificate, or other specified exemptions in accordance with these Regulations;
 - d) imposing restrictions or conditions on a Practising Certificate;
 - e) accepting or rejecting the surrender of a Practising Certificate;
 - f) suspending or withdrawing a Practising Certificate;
 - g) publishing any of its decisions which it believes to be in the public interest, subject to any further provision of these Regulations;
 - h) reviewing any returns and reports made under these Regulations, or any other Regulations as deemed appropriate by Council;
 - i) considering any matters either referred to it by the Investigation and Professional Conduct Enforcement Committee or coming to its attention in any other manner;
 - j) making appropriate enquiries into the eligibility of an applicant to hold a Practising Certificate, and monitoring the continuing fitness of Practising Certificate holders by instructing Quality Review visits;
 - k) considering and determining the results of Quality Review visits and making appropriate orders in relation to the Practising Certificate holder;
 - l) reviewing the nature and content of these Regulations and the Clients' Money Regulations, and confirm compliance with them;
 - m) offering a regulatory penalty in appropriate cases;
 - n) making a decision as to whether or not a Member is considered to be 'in practice'; and
 - o) ensuring compliance with the DPB Handbook in accordance with the regulations contained therein.

- 2.6 When exercising certain of its powers under Regulation 2.5 the Public Practice Committee shall first serve notice on the Member that it is minded to make the relevant decision and shall provide the Member with reasons in support of its intended decision. The Public Practice Committee shall also inform that Member of his or her right to request a hearing under Regulation 3.41. A hearing under Regulation 3.43 may only be requested where the Public Practice Committee is minded to:
- a) reject an application for a Practising Certificate;
 - b) grant a Practising Certificate which is subject to restrictions or conditions;
 - c) impose restrictions or conditions on a Practising Certificate;
 - d) refuse to grant an exemption from the need to hold a Practising Certificate;
 - e) withdraw a Practising Certificate;
 - f) suspend a Practising Certificate in terms of Regulation 3.33; or
 - g) determine that a Member is considered to be 'in practice'.
- 2.7 In discharging its functions under these Regulations, the Public Practice Committee may take into account any factors which it reasonably believes to be relevant.
- 2.8 The Public Practice Committee may delegate any of its duties to a sub-committee, the Institute staff, or another duly appointed agent except in respect of the following:
- a) the refusal to grant a Practising Certificate, an exemption from the need to hold a Practising Certificate or any other exemption available under these Regulations;
 - b) the imposition of restrictions or conditions on a Practising Certificate;
 - c) the suspension of a Practising Certificate;
 - d) the withdrawal of a Practising Certificate; or
 - e) the offer of a regulatory penalty in appropriate cases.
- 2.9 If the Public Practice Committee has reasonable grounds to doubt the current competence or integrity of an applicant, it may seek – from whatever source – such additional information as it deems necessary including past or present claims history to allow it to reach a decision.

Part 3: Practising Certificates

Requirement to hold a Practising Certificate

- 3.1 The Regulations in Part 3 are made by Council under Rule 16.
- 3.2 A Member must hold, or be specifically exempt from holding, a Practising Certificate in order to engage in Practice in the European Union, or in the Channel Islands or the Isle of Man.
- 3.3 The grant of a Practising Certificate does not of itself convey any right to practise in the United Kingdom in the reserved areas of audit, insolvency or investment business.

Validity of a Practising Certificate

- 3.4 A Practising Certificate is valid for the calendar year, or the balance of the calendar year, for which it is issued. It may, in exceptional circumstances, be extended under Regulation 3.7 below.
- 3.5 A Practising Certificate shall be applied for annually after initial grant. An annual application should be submitted in the form and by the time specified by the Public Practice Committee in each given year.
- 3.6 It shall be the duty of each Practising Certificate holder to inform the Institute of any change in circumstance which relates to the information provided to the Public Practice Committee for the initial grant or annual application of a Practising Certificate within one month of the change in question.

Extension of a Practising Certificate

- 3.7 If the Public Practice Committee deems it to be in the interest of both the public and the Institute it may extend the validity of any Practising Certificate into the year following that for which the certificate was issued. Any such extension may be subject to such other conditions or restrictions as the Public Practice Committee may decide. The Public Practice Committee shall be entitled to make an appropriate charge for such an extension.

Applicant's and Practising Certificate Holder's Duties

- 3.8 A Member who holds a Practising Certificate and those applying for the grant of a Practising Certificate or for any exemptions available under these Regulations must:
 - a) co-operate with the Public Practice Committee and provide it with any information it requests regarding their current competence or integrity;
 - b) submit to Quality Review or inspection visits by the Institute or its agent at such frequency or on such occasions as the Public Practice Committee may decide, and abide by any resulting orders; and
 - c) use their best endeavours to procure the co-operation of the Firm of which the Member is or was a Principal or employee in meeting their obligations or complying with any request made by the Public Practice Committee or its duly appointed agent under these Regulations.

- 3.9 The Public Practice Committee may require an applicant or Practising Certificate holder to pay the reasonable direct or indirect costs incurred in the enquiry into, investigation of and follow-up of any regulatory matters that are pertinent to the application or Practising Certificate in question.

Applications for initial grant of a Practising Certificate

- 3.10 An applicant for the initial grant of a Practising Certificate must satisfy the Public Practice Committee that the applicant:
- a) has obtained at least two year's approved practical experience as defined in Regulation 3.11 below;
 - b) has complied with the Continuing Professional Development Regulations for the two years immediately prior to the application;
 - c) is competent in the areas of work to be undertaken whilst engaging in practice;
 - d) has, or will within the next 12 months, fulfil any additional training requirement as the Committee may deem appropriate;
 - e) undertakes to be bound by all Rules, Regulations, and any other compulsory regulatory authority however named, which the Institute may prescribe from time to time;
 - f) satisfies the Public Practice Committee that he or she is a fit and proper person by signing a declaration to that effect; and
 - g) complies with the Professional Indemnity Insurance requirements under Part 4 of these Regulations at the date the Practising Certificate comes into effect and throughout its currency, and is able to demonstrate that compliance.
- 3.11 'Approved practical experience' means experience obtained by the Member which has been approved by the Public Practice Committee, and may include:
- a) experience gained as an employee of an accountant in public practice;
 - b) experience gained as an employee in accountancy or a related role in business, public service, or teaching;
 - c) experience gained as a Principal in countries where a Practising Certificate is not, or was not previously, required; or
 - d) in the case of a Member admitted as a reciprocal member, any appropriate experience gained as an employee or as a principal after the date of admission to their qualifying Institute.
- 3.12 Any Member or CA Student eligible to apply for admission to membership, shall be entitled to obtain from the Public Practice Committee a decision as to whether or not any employment in which he or she is engaged or proposes to engage is approved for the purpose of establishing approved practical experience.

Annual applications for a Practising Certificate

- 3.13 The Public Practice Committee must be satisfied that any applicant re-applying for a practising certificate fulfils the following eligibility criteria:
- a) the Member is a fit and proper person to hold a Practising Certificate by signing a declaration to that effect;
 - b) the requirements under the Continuing Professional Development Regulations have been met;
 - c) the requirements in Part 4 of these Regulations regarding Professional Indemnity Insurance have been complied with;
 - d) the Member is competent in the areas of work to be undertaken whilst engaging in practice; and
 - e) any additional training requirements that the Public Practice Committee deems appropriate have been, or within the next twelve months will be, fulfilled.
- 3.14 An application for a Practising Certificate must:
- a) be in the form prescribed by the Public Practice Committee;
 - b) be lodged at least eight weeks prior to the required commencement date of the Practising Certificate; and
 - c) be accompanied by the appropriate fee.

Exemptions

- 3.15 A Member in practice in a Member State of the European Union other than the United Kingdom may apply to the Public Practice Committee for an exemption from the need to hold a Practising Certificate. The application shall be in the form prescribed from time to time by the Public Practice Committee.
- 3.16 Upon application, the Public Practice Committee shall grant exemption from the need to hold a Practising Certificate if:
- a) it is satisfied that the Member concerned, or the Firm through which that Member carries on practice, is subject to professional regulation or supervision, either by virtue of membership of a professional body or under a statutory regime in the Member State in question; and
 - b) the Member concerned gives written consent to the Institute to obtain relevant information from the professional body or the administrators of the statutory scheme as appropriate.
- 3.17 Upon application, the Public Practice Committee has the discretion to grant exemption from the need to hold a Practising Certificate if:
- a) it is satisfied that the Member concerned, or the Firm through which that Member carries on practice, is subject to some form of oversight or monitoring in the Member State in question;
 - b) the Member concerned gives written consent to the Institute to obtain relevant information from the provider of that oversight or monitoring as appropriate; and
 - c) it is satisfied that the public interest in the relevant Member State will, in practical terms, be as well served by the arrangements in question as it would be by requiring the Member concerned to hold a Practising Certificate.
- 3.18 Where the Public Practice Committee does not grant an exemption from the need to hold a Practising Certificate, the Public Practice Committee may grant any exemption under these Regulations pertaining to Professional Indemnity Insurance or Quality Review.

- 3.19 If the Public Practice Committee is minded to refuse an exemption from the need to hold a Practising Certificate, or not to grant any exemptions available under these Regulations, the Public Practice Committee must state its intention and give its reasons in writing to the Member concerned. Regulations 2.6, 3.41 to 3.47, 3.55 and 3.56 shall apply.
- 3.20 Where an exemption under Regulations 3.15 to 3.19 has been granted the Public Practice Committee may still require the Member concerned to submit to an investigation into the conduct of that Member's practice.
- 3.21 A Practising Certificate holder who intends to move from one relevant territory to a different relevant territory shall give notice of this intention to the Public Practice Committee as soon as possible. Such notice shall specify the areas of practise that the Practising Certificate holder intends to engage in when taking up practice in the new relevant territory and must indicate how any necessary new skills or knowledge have been, or will be, acquired.
- 3.22 The Public Practice Committee shall consider each such notice and shall decide in terms of Regulations 3.15 to 3.17 whether a Practising Certificate is required in the new relevant territory and, if so, whether any restrictions or conditions should be applied to the Practising Certificate or whether any exemptions should be granted.

Waiver

- 3.23 The Public Practice Committee may alter the requirements of these Regulations in order to adapt them to the particular circumstances of a Member or Members for the particular kinds of business carried on and the procedures used, if the Public Practice Committee considers that:
- a) complying with the relevant requirements is too burdensome for the Member or Members compared to any benefit which compliance might give to clients; and
 - b) altering the requirements of these regulations will not result in any undue risk to clients.
- 3.24 Without prejudice to the generality of Regulation 3.23 above, the Public Practice Committee shall, in considering any applications, reports or other matters relevant to Members engaging in practice in Member States of the European Union other than the United Kingdom and before deciding whether or not a waiver is appropriate in any particular case, have regard to waivers, or other equivalent provisions, available under Part 4 of these Regulations.

Consideration of applications

- 3.25 On receipt of an application for the grant of a Practising Certificate, the Public Practice Committee may;
- a) grant the Practising Certificate;
 - b) grant the Practising Certificate with restrictions and/or conditions as it deems appropriate;
 - c) refuse to grant the Practising Certificate; or
 - d) request further information from the applicant before taking a decision.
- 3.26 In the event that the Public Practice Committee is minded to refuse an application, or to grant an application with conditions and/or restrictions, the Public Practice Committee shall state its intention and give reasons for the decision in writing to the Member concerned within a reasonable period of time. Regulation 2.6 shall apply.

- 3.27 If the Public Practice Committee grants a Practising Certificate with restrictions and/ or conditions the certificate will not be valid until the applicant has notified the Public Practice Committee in writing that he or she has accepted the restrictions.
- 3.28 In taking a decision under Regulation 3.25 the Public Practice Committee may take into account any information held by the Investigation and Professional Conduct Enforcement Committee which may have a bearing on the suitability of a candidate to be granted a Practising Certificate.

Restriction of, or imposition of conditions on, a Practising Certificate

- 3.29 The Public Practice Committee shall have the power to make any of the following orders in respect of a new or existing Practising Certificate holder:
- a) that the grant of a Practising Certificate may be conditional upon the outcome of any disciplinary procedure under the Rules to which the applicant or Practising Certificate holder may be subject at the time of the Public Practice Committee's consideration of the application for an initial grant or annual application;
 - b) that the Practising Certificate shall not come into force until a specified date;
 - c) that the Practising Certificate shall not come into force until certain required steps are taken; and
 - d) any other order of a similar nature which the Public Practice Committee deems appropriate.

Surrender of a Practising Certificate

- 3.30 The Public Practice Committee may accept or reject the surrender of a Practising Certificate subject to such terms and conditions as it may determine. It shall not accept such surrender if it believes that the public interest would be better served by suspending or withdrawing the Practising Certificate concerned.

Suspension of a Practising Certificate

- 3.31 The Public Practice Committee shall have the power to suspend a Practising Certificate immediately for a period of not more than thirty days if there are grounds which in its view justify the belief that the continuation of the Practising Certificate could be materially prejudicial to clients or to the public interest.
- 3.32 A Practising Certificate holder who is the subject of an order of suspension under Regulation 3.31 shall not:
- a) be entitled to seek a hearing of, or to appeal against, such notice of suspension under this Regulation; or
 - b) engage in practice until the suspension order is cancelled or expires and no further order is made or the Public Practice Committee determines otherwise.
- 3.33 The Public Practice Committee may, by unanimous resolution, suspend a Practising Certificate for a second period of thirty days but thereafter must:
- a) lift the suspension;
 - b) seek to withdraw the Practising Certificate; or
 - c) impose restrictions and/or conditions on that Practising Certificate.

- 3.34 A Practising Certificate holder subject to an order made under Regulation 3.33 above may request a hearing before a panel of the Public Practice Committee, and may appeal against a decision reached at such a hearing. Regulations 2.6, 3.41 to 3.47, 3.55 and 3.56 below shall apply, modified as necessary. The suspension order shall come into effect when it is made or immediately following the expiry of any period of suspension under Regulation 3.31. above, whichever is the later and shall remain in force for 30 days unless it is stayed or lifted on hearing or appeal.

Interim Order

- 3.35 Under Rule 68 an interim order may be granted to suspend a Member's Practising Certificate.
- 3.36 Where it is justified in all the circumstances and having regard to the public interest, the Public Practice Committee may prepare a summary of the evidence available concerning the Practising Certificate holder and present an application for an interim order before the Discipline Tribunal.

Withdrawal of a Practising Certificate

- 3.37 The Public Practice Committee may withdraw a Practising Certificate at any time if:
- a) it considers that the Practising Certificate holder no longer meets one of the eligibility requirements pertaining to Practising Certificates contained within Regulation 3.13;
 - b) it considers that the Practising Certificate holder is not complying with the Professional Indemnity Insurance requirements contained within Part 4 of these Regulations;
 - c) it considers that the Practising Certificate holder has persistently or repeatedly failed to comply with any restrictions and/or conditions placed on that Practising Certificate;
 - d) the Practising Certificate holder has repeatedly failed to comply with any order or other formal intimation or document issued by the Public Practice Committee as the result of a Quality Review visit;
 - e) it considers that the Practising Certificate holder has not complied with any other Rule or Regulation of the Institute; or
 - f) it considers that the Practising Certificate holder has materially misled or failed to disclose to the Public Practice Committee any information or declaration which should have been given in an application for a Practising Certificate, or has otherwise provided false, inaccurate or misleading information to the Public Practice Committee or its duly appointed agent.

Decisions of the Public Practice Committee

- 3.38 Before making a decision the Public Practice Committee shall have regard to the criteria to be satisfied by applicants for Practising Certificates set out in Regulation 3.13.
- 3.39 Where the Public Practice Committee has decided to withdraw, suspend or accept the surrender of a Practising Certificate, it may nevertheless grant permission for the Member concerned to continue servicing existing clients whilst alternative arrangements are put in place. This permission may be subject to any such restrictions or conditions as the Public Practice Committee may deem appropriate.

- 3.40 Where the Public Practice Committee has served notice on a Member that it is minded to make a decision in terms of Regulation 2.6, the intended decision shall, unless varied or rescinded following a hearing of appeal, become an order and shall come into effect:
- a) in the absence of an application for a hearing, on the expiry of 10 business days from service of notice of the intended decision on the individual to whom the decision applies;
 - b) on the expiry of 10 business days from service of notice on the Member that the Public Practice Committee has decided to affirm its intended decision following a hearing;
 - c) immediately after a decision by the Appeal Tribunal affirming the proposed decision of the Public Practice Committee; or
 - d) such later date as may be reasonably specified by the Public Practice Committee.

Hearings

- 3.41 A Member may request a hearing of an intended decision of the Public Practice Committee under Regulation 2.6. If a hearing is requested the Member must inform the Institute of the request in writing within ten business days of notice of the intended decision being served.
- 3.42 On receipt of a written request under Regulation 3.41, the Public Practice Committee shall set a date for the hearing and shall inform the Member accordingly.
- 3.43 A hearing set under Regulation 3.42 shall be held on the relevant date before a panel that may consist of the Public Practice Committee or a sub-committee appointed for that purpose. At least one Public Interest Member of the Public Practice Committee must be present, but Public Interest Members must not be in the majority.
- 3.44 Before the commencement of the hearing under Regulation 3.43, the panel shall make clear to the Member concerned in writing any factors which are likely to be taken into account and shall afford the Member reasonable time to make representations.
- 3.45 A Member has a right to attend the hearing under Regulation 3.43 and to be represented legally or otherwise at the hearing. If this right is to be exercised the Member must notify the panel of the intention and nature of the representation as soon as possible.
- 3.46 Where a hearing is held under Regulation 3.43, the Public Practice Committee shall thereafter decide whether to:
- a) affirm its intended decision;
 - b) vary its intended decision; or
 - c) rescind its intended decision
- and shall write to the Member to confirm its decision.
- 3.47 The Public Practice Committee may order the Member to contribute to the costs of the hearing under Regulation 3.43.

Regulatory Penalties

- 3.48 The Public Practice Committee may propose a regulatory penalty under Rule 16(4) to the Member concerned if it is satisfied that the following conditions are met:
- a) the Member is in breach of any Part of these Regulations or the Clients' Money Regulations;
 - b) the Public Practice Committee determines that the breach concerned does not of itself involve conduct calling in question the fitness and propriety of the Member concerned to hold a Practising Certificate; and
 - c) the Member concerned accepts the fact of the breach.

- 3.49 The Public Practice Committee shall determine the amount of the proposed regulatory penalty. The proposal and the amount shall be notified to the Member concerned.
- 3.50 The Member concerned shall respond to the Public Practice Committee in writing within ten business days of its service by the Public Practice Committee to confirm whether or not the regulatory penalty is accepted.
- 3.51 A Member may make representations to the Public Practice Committee concerning the amount of a proposed regulatory penalty. The Public Practice Committee shall take account of these representations and may vary the amount accordingly.
- 3.52 If a Member accepts a proposed regulatory penalty, then the penalty shall be payable within ten business days of that acceptance, or within such longer period as the Public Practice Committee may specify or agree to.
- 3.53 If a Member to whom a proposal for a regulatory penalty has been made:
- a) does not accept that a relevant breach has occurred;
 - b) does not accept the proposal for a regulatory penalty;
 - c) does not respond to the proposal for a regulatory penalty within the stated timescale; or
 - d) does not meet the terms of the regulatory penalty,
- then the Public Practice Committee may impose an alternative sanction.
- 3.54 A decision to impose a regulatory penalty shall not be published.

Appeal

- 3.55 A Member may appeal a decision of the Public Practice Committee to an Appeal Panel, constituted under Rule 60 of the Institute. Such an appeal shall be made to the Institute in writing, within ten business days of the Public Practice Committee serving notice under Regulation 3.46 of its decision to affirm or vary an intended decision following a hearing. An appeal may only be made on one of the following grounds:
- a) that the Public Practice Committee;
 - i) made a decision which was wrong in law; or
 - ii) wrongly interpreted any relevant Regulation or Rule; or
 - iii) did not comply with these Regulations; or
 - b) that the Public Practice Committee made a decision which no tribunal, correctly applying the Institute's Rules or Regulations to the facts of the case before it and acting reasonably, would have made; or
 - c) that there was evidence;
 - i) which was in the hands of the Public Practice Committee at the time it made its decision but which the Public Practice Committee had not considered; or
 - ii) which could not have been put before the Public Practice Committee at the time it made its decision even if those concerned had done their best to produce it; and
 - iii) which could reasonably have led the Public Practice Committee to make a different decision.

- 3.56 As soon as practical after notice of the appeal has been received the Appeal Panel shall consider the appeal and may:
- a) allow the appeal;
 - b) vary the decision of the Public Practice Committee;
 - c) remit the matter to the Public Practice Committee and direct that Committee how to proceed; or
 - d) dismiss the appeal.

Publication of Decisions

- 3.57 The Public Practice Committee shall publish the following decisions:
- a) a decision to withdraw a Practising Certificate that has not been reversed or modified at a hearing or on appeal; or
 - b) a decision to suspend a Practising Certificate unless, in exceptional circumstances, the Public Practice Committee is satisfied that the interests of clients and the public would be better served by not publishing a particular decision.
- 3.58 If the Public Practice Committee believes that the public interest would be best served by publication, it may publish the following decisions:
- a) a decision to impose restrictions or conditions on a Practising Certificate. A decision to publish such a decision shall be communicated to the Member concerned at the same time as the decision itself, and shall be subject to hearing and appeal; or
 - b) a decision to accept the surrender of a Practising Certificate.

Part 4: Professional Indemnity Insurance

4.1 The Regulations in Part 4 are made by Council under Rule 16.

Prescribed Professional Indemnity Insurance Cover

- 4.2 A Member holding a Practising Certificate and resident in the United Kingdom or the Republic of Ireland shall ensure that his or her Firm meets the requirements of these Regulations.
- 4.3 The Public Practice Committee may, in relation to a particular Member holding a Practising Certificate, waive or relax any of the requirements of these Regulations, if the Public Practice Committee is satisfied that the Member is not engaging in Practice. Authorised Firms and Registered Auditors are not eligible for a waiver under Regulation 4.3.
- 4.4 The Public Practice Committee may exempt a Member from the requirements of these Regulations if it is satisfied that the Member concerned is a Principal in a Firm:
- a) which has in place the level of professional indemnity insurance required by another professional body by which the Firm is regulated;
 - b) that has professional indemnity insurance that extends to the Member's practice as an accountant; and
 - c) that has professional indemnity insurance that provides cover at least equivalent to that required by these Regulations.

Ability to make claims

- 4.5 A Firm must:
- a) take such steps as may reasonably be expected of it to ensure that it is able to meet claims against it arising out of its professional business; and
 - b) arrange professional indemnity insurance which meets the limits specified in Regulations 4.6 to 4.13.

Qualifying Insurance

- 4.6 The Insurance prescribed in Regulations 4.6 to 4.13 must be effected through a policy or policies which meet the criteria for Qualifying Insurance. The Public Practice Committee may:
- a) in relation to any Firm or Compound Firm, waive or relax the requirements of Regulation 4.6 to 4.13, provided that the Firm or Compound Firm demonstrates compliance with Regulation 4.5(a); and/or
 - b) where it is satisfied that a Compound Firm has demonstrated compliance with Regulation 4.5, allow that Compound Firm to be treated as a single Firm for the purposes of these Regulations.

- 4.7 Qualifying Insurance is insurance which:
- a) is underwritten by Participating Insurers;
 - b) is underwritten in the terms of the Approved Policy as approved by the Institutes save that the Approved Policy may be amended in an individual policy to endorse extensions of cover beyond the requirements of the Approved Policy. A policy wording which is not identical to the Approved Policy must contain the Difference in Conditions Endorsement;
 - c) is underwritten to meet the minimum limit of indemnity specified in the Regulations in Part 4 of the Public Practice Regulations; and
 - d) includes retroactive cover for liabilities arising from work carried out in the previous five years except as regards circumstances known at the time when the insurance was first taken out.

Minimum limit of indemnity

- 4.8 Subject to Regulations 4.9 to 4.13 the annual minimum limit of indemnity shall be £1.5 million for any one claim and in all.
- 4.9 Where the Firm's Gross Fee Income is less than £600,000, the annual minimum limit of indemnity shall be a sum equal to two and a half times its Gross Fee Income subject to a minimum level of £100,000.
- 4.10 Gross Fee Income is all income of the Firm which is either:
- a) billed, including fees for personal appointments in respect of work covered by indemnity insurance; or
 - b) received from third parties as commissions or brokerage (whether or not offset by the Firm against its charges to the client); and which has been included in the profit and loss account of the Firm, but excludes the recovery of disbursements and expenses which do not form part of the chargeable fees for professional services rendered and, in either case, VAT.
- 4.11 Firms licensed by the Institute under the Designated Professional Body arrangements and those authorised by the Financial Services Authority must consider the insurance requirements specified in the EU's Insurance Mediation Directive. This applies only if such Firms undertake regulated activities relating to those contracts of insurance covered by the Directive. (Further information can be accessed in the Designated Professional Body Handbook.)
- 4.12 The annual minimum limit of indemnity required under Regulations 4.8 to 4.9 may be met in whole or in part through the self-insured excess permitted under Regulation 4.13.
- 4.13 The self-insured excess applicable in the annual aggregate to Qualifying Insurance shall not exceed £30,000 in the case of a sole practitioner or £30,000 multiplied by the number of Principals in any other case, save that the self-insured excess of a Corporate Practice shall not exceed the higher of:
- a) £30,000; and
 - b) the sum of such amounts, not exceeding £30,000 for any one Principal, as are accepted by the Principals or any of them as legally binding personal obligations.
- The Principals of each of the constituent Firms of a Compound Firm shall, for the purpose of this Regulation, be treated as the Principals of a single Firm.

Practice mergers, divisions, etc

- 4.14 Upon the amalgamation, merger, division or re-organisation of a Firm or Firms, it shall be the duty of the Principals in the affected Firm or Firms to ensure that the new Firm or Firms continue to comply with these Regulations. The terms and extent of any cover must be equivalent to that provided by the affected Firms' previous Qualifying Insurance.

Cessation of practice

- 4.15 A Member who ceases to engage in public practice shall use his best endeavours to ensure that he is covered by arrangements which meet the requirements of Regulation 4.5 for a period of at least twenty-four months after he ceases to practise. The terms and extent of any cover must be equivalent to that provided by his Firm's previous Qualifying Insurance.
- 4.16 When a Firm ceases to exist the Members in practice in that Firm at the date of cessation shall ensure that there is in place appropriate cover to meet requirements of Regulation 4.15 for a period of at least 24 months following the date of the cessation of the practice. Thereafter the Members that were in practice in that Firm shall use their best endeavours to ensure that cover is in place to meet the requirements of Regulation 4.15 for a further four years. The terms and extent of the cover must be equivalent to that provided by the Firm's previous Qualifying Insurance.

Practices which cannot obtain cover

The Assigned risks pool

- 4.17 Where a Firm establishes to the satisfaction of the Professional Indemnity Joint Advisory Panel, as constituted in Regulation 4.29, that it cannot obtain the professional indemnity insurance cover prescribed in these Regulations then the Firm concerned shall be eligible for admission to the Assigned Risks Pool. The cover to be provided in the Pool shall not extend to claims made or circumstances reported or known by the Firm prior to entry into the Pool.
- 4.18 The Professional Indemnity Joint Advisory Panel shall permit a Firm to be insured in the Assigned Risks Pool only in the following circumstances:
- a) where the Firm is able to demonstrate evidence of declinature from all Participating Insurers whether individually or collectively by scheme or lineslip; or
 - b) where the Firm is able to demonstrate evidence of Constructive Declinature as defined in Regulation 4.19; or
 - c) where the Firm is able to demonstrate that cover for run-off liability (maximum two years) is not available from any Participating Insurer.

Constructive declinature

- 4.19 A Firm which is unable to obtain a quotation from any Participating Insurers for a premium for the cover required under these Regulations other than a quotation which, in the opinion of the Firm, amounts to Constructive Declinature may apply for admission to the Assigned Risks Pool. The following shall be prima facie evidence of Constructive Declinature:
- a) The quotation of a premium which:
 - i) exceeds the Firm's ability to pay within six months of the inception of the risk; and/or
 - ii) so affects the Firm's financial security as to jeopardise its ability to carry on its business; or
 - b) the imposition of a self-insured excess which the Firm would be unable to pay.
- 4.20 Application for admission to the Assigned Risks Pool on the grounds of Constructive Declinature shall be made to the Pool Manager in the form of a declaration by the Firm of the circumstances, including but not confined to those specified in Regulation 4.19, which lead it to form the opinion that the terms quoted to it by all possible Participating Insurers constitutes Constructive Declinature.
- 4.21 The Firm shall send a copy of the declaration to the Institute which shall refer the matter to the Professional Indemnity Joint Advisory Panel. The Panel shall determine in its absolute discretion whether particular cases constitute Constructive Declinature.
- 4.22 A Firm which has applied for admission to the Assigned Risks Pool under Regulations 4.19 to 4.20 shall be admitted to the Pool pending determination of its claim that Constructive Declinature has occurred.

Further conditions for entry into the Assigned Risks Pool

- 4.23 On admission to the Assigned Risks Pool a Firm shall:
- a) supply the Pool Manager with a proposal in the form prescribed by the Pool Manager from time to time;
 - b) supply the Pool Manager with evidence of declinature or the declaration referred to in Regulation 4.20;
 - c) supply the Pool Manager with such other information as the Pool Manager may reasonably require;
 - d) pay within thirty days to the Pool Manager such immediate deposit as may be required and undertake to pay within twelve months any adjustment necessary to meet the full premium as eventually assessed; and
 - e) undertake to submit, at its own expense, to an investigation as required by Regulation 4.24.
- 4.24 On admission to the Assigned Risks Pool a Firm shall submit at its own expense to an investigation by the Institute or its appointed agent. The investigation shall determine the reasons why the Firm has been unable to obtain cover, to ascertain what steps, if any, should be taken to enable the Firm to obtain cover outside the Pool, and the Institute shall notify the Firm accordingly.

- 4.25 If, in the course of, or, as a result of, an investigation under Regulation 4.24, it appears to the Institute that the interests of the Firm's clients or the public may be prejudiced, the Institute shall initiate such action as appears necessary to prevent the Firm from carrying on public practice, or to limit the extent to which the Firm may carry on public practice.

Maximum time allowed in the pool

- 4.26 No Firm shall, without the express written consent of the Professional Indemnity Joint Advisory Panel, remain in the Assigned Risks Pool for a period exceeding twenty-four consecutive months.
- 4.27 Any claim for additional time in the Assigned Risks Pools shall be made to and determined by the Professional Indemnity Joint Advisory Panel which shall have absolute discretion in its determination. The decision of the Professional Indemnity Joint Advisory Panel in this respect shall be final.

Expiry of maximum term in the pool

- 4.28 A Member in practice whose Firm has been unable to obtain professional indemnity insurance outside the Assigned Risks Pool on or before the expiration of the maximum time allowed in the Pool, including any extension allowed under Regulation 4.27, shall thereupon cease to be eligible to engage in public practice.

Professional Indemnity Joint Advisory Panel

- 4.29 The Professional Indemnity Joint Advisory Panel shall consist of two representatives from each of the Institutes, one of whom shall be nominated as Chairman by joint agreement of the Presidents of the Institutes, and four representatives from the Participating Insurers. The quorum for meetings of the Professional Indemnity Joint Advisory Panel shall be four members; comprising two representatives of the Institutes and two Participating Insurers.
- 4.30 The Professional Indemnity Joint Advisory Panel shall meet at least twice a year in order to:
- a) review the progress, effectiveness and viability of the Participating Insurers scheme, including the Assigned Risks Pool;
 - b) review matters referred to the Institutes by Firms;
 - c) determine applications for admission to the Assigned Risks Pool;
 - d) determine applications for extensions in particular cases to the maximum of two years in the Assigned Risks Pool; and
 - e) deal with any other matters referred to the Professional Indemnity Joint Advisory Panel which require urgent response.

Reporting

- 4.31 Every Firm and Member with a Practising Certificate shall annually confirm their compliance with the requirements of this Part at a time and in such a manner as may be prescribed by the Public Practice Committee.

Approval of Insurers

- 4.32 The Institutes shall from time to time designate as Participating Insurers those insurers who meet and who continue to meet the qualifications for approval set out in Regulation 4.33.

Participating Insurers – Qualifications for Approval

- 4.33 An insurer may be accepted as a Participating Insurer if that insurer:
- a) is authorised by the Financial Services Authority in the United Kingdom or by the Department of Enterprise, Trade and Employment in the Republic of Ireland to carry on general insurance business in the United Kingdom or the Republic of Ireland respectively; or
 - b) is an insurance company, the head office of which is in a Member State of the European Community other than the United Kingdom and which is entitled to carry on there insurance business corresponding to that mentioned in the definition of “authorised insurers” in the Insurance Brokers (Registration) Act 1977; or is an insurance company which has a branch or agency in such a Member State and is entitled under the law of that state to carry on there insurance business corresponding to that mentioned in that definition; and
 - c) agrees to underwrite professional indemnity risks in accordance with Regulations 4.6 to 4.13; and
 - d) agrees to subscribe to the Assigned Risks Pool specified in Regulation 4.17 for a calendar year under an Assigned Risks Pool contract running from 1 January of the relevant year; and
 - e) agrees to supply to the Institute or its appointed agent such information as it may reasonably require; and
 - f) agrees to refer to arbitration all disputes with insured Firms involving disagreement as to which of two or more Participating Insurers should indemnify a Firm, or as to the manner or extent to which two or more Participating Insurers should indemnify a Firm; and
 - g) is otherwise acceptable to the Institutes.

Part 5: Quality Review

5.1 The Regulations in Part 5 are made by Council under Rule 19C.

Application

5.2 The work carried on by all Members in Practice will be reviewed by the Institute with a view to upholding and improving standards. The review of each Member's work will be achieved in a review of the Firm in which that work is carried out. This will be referred to as a Quality Review visit.

5.3 The Quality Review scheme applies to:

- a) each Member who holds a Practising Certificate;
- b) each person who is a Regulated Non-Member; and
- c) any member of another body with which there is a reciprocity agreement with the Institute to be within the Quality Review scheme.

Anyone to whom the Quality Review scheme applies must be compliant with the requirements for Members as set out in Part 5 of these Regulations.

Scope and responsibilities

5.4 The work of each Member within the Quality Review scheme will be reviewed at least once every cycle. A cycle represents a period of six years.

5.5 Each Member and Firm is required to:

- a) co-operate with the Public Practice Committee, the Institute's Quality Review department and any agent of the Institute carrying out functions under the Quality Review scheme;
- b) provide any information reasonably requested in advance of the Quality Review visit;
- c) provide reasonable access to client files;
- d) provide reasonable access to documents and records; and
- e) give relevant information and explanations to any enquiries in a Quality Review visit.

5.6 The senior Principal of the Firm shall be assumed to be the main point of contact for the purposes of the Quality Review visit unless the Institute is informed otherwise.

5.7 Quality Review visits and all operational matters will be carried out by the Institute's Quality Review department or by any other agent the Institute may appoint.

5.8 A Firm will be selected for a Quality Review visit on the basis of the following criteria:

- a) a Quality Review visit is to be conducted at least once in every cycle;
- b) an analysis of perceived risk based on information supplied by the Firm and other sources;
- c) the outcome of a previous Quality Review visit(s); and/or
- d) a referral from an ICAS committee and/or external regulatory bodies.

5.9 The legend '*this firm is Quality Reviewed by ICAS*' may be used by a firm that:

- a) is quality reviewed by ICAS; and
- b) is entitled to use the designation "Chartered Accountants" under Part 6 of these Regulations.

The Quality Review visit

- 5.10 A Firm will be given at least six weeks written notice of a proposed Quality Review visit unless there is a perceived risk to the public interest and the Public Practice Committee has requested a visit as a matter of urgency.
- 5.11 Should a Firm wish to request a postponement of a Quality Review visit then it must do so in writing within ten business days of receiving the Quality Review visit notice, setting out the reasons for a postponement. The Firm shall agree to an alternative date within a reasonable period of time.
- 5.12 Any decision to re-arrange the date of a visit is at the discretion of the Quality Review department. If the Quality Review department is unable to agree a visit date with the Firm then the Quality Review department and/or the Firm may make representations to the Public Practice Committee within a reasonable period of time. The Public Practice Committee will:
- a) make a decision within a reasonable period of time; and
 - b) write to the Firm confirming its decision.

Reports

- 5.13 At the conclusion of the Quality Review visit, a draft report will be prepared and will be discussed with the Firm before being finalised.
- 5.14 Within 21 business days of receiving the final report, the Firm must either:
- a) agree in writing to the terms of the report; or
 - b) set out in writing reasons for objecting to its content.
- 5.15 Where a written notice of disagreement with the findings, recommendations and/or follow up actions in the report is given by the Firm under 5.14 (b), the Firm shall be entitled to discuss their disagreements with the Head of Quality Review with a view to their resolution, within 15 business days of receipt of the objections.
- 5.16 If any disagreement remains following a discussion with the Head of Quality Review under Regulation 5.15, the Quality Review department will submit the report to the Public Practice Committee and the Firm will be entitled to make representations to the Public Practice Committee concerning the disagreements.
- 5.17 Where the Firm has agreed to the terms of the report, there are no significant findings, and:
- a) no improvements are required;
 - b) the Quality Review department is satisfied that the Firm has both the commitment and the resource to implement the required improvements in the agreed time scale; or
 - c) improvements are required and the Firm has provided a written undertaking to submit evidence of the follow up action taken,
- the final report of the Quality Review visit shall not require to be submitted to the Public Practice Committee.
- 5.18 Where there has been agreement to follow-up action, satisfactory evidence of this must be provided to the Quality Review department within the agreed timescale.

- 5.19 Where a Quality Review report has been submitted to the Public Practice Committee, the Committee may decide to:
- take no further action;
 - vary the terms of a report and/or follow up action and re-submit it to the Firm for agreement;
 - obtain written undertakings or assurances from the Firm; or
 - order a further Quality Review visit after a specified period of time within the cycle, with the reasonable costs of the further visit to be paid by the Firm.
- 5.20 The Firm will be given written notice of the decision(s) of the Public Practice Committee within a reasonable period of time.
- 5.21 If a Firm fails to:
- agree to or implement a decision of the Public Practice Committee made under Regulation 5.19 within a reasonable period of time;
 - submit evidence of agreed follow up action; or
 - demonstrate appropriate improvement following a Quality Review visit, then the Public Practice Committee may impose conditions or restrictions on a Member's Practising Certificate under Regulation 3.29; or withdraw a Member's Practising Certificate under Regulation 3.37.
- 5.22 Where a visit uncovers breaches of the Rules, Regulations or any other form of binding authority prescribed by the Institute, the Public Practice Committee shall determine whether or not the breach shall be reported directly to the Institute's Investigations department. In the event of a referral, the Investigations department shall then determine what additional investigations, if any, should be carried out and shall make arrangements for such investigations to take place.

Exemptions

- 5.23 If a Firm satisfies the Public Practice Committee that:
- it is monitored by another quality assurance programme with similar requirements conducted by another accountancy body with which ICAS has a reciprocal arrangement; and
 - it has submitted a Firm's Annual Return and a copy of the assurance report to the Quality Review department,
- it may be granted an exemption from Quality Review following discussion between the Quality Review department and the Firm.

Confidentiality

- 5.24 The Institute shall keep confidential all material and information provided by Members and Firms in connection with a Quality Review visit, whether oral or in writing, except where this information requires to be disclosed under a legal or regulatory requirement, or with the consent of the Member or the Firm.

Part 6: Use of Designation ‘Chartered Accountants’

- 6.1 The Regulations in Part 6 are made by Council under Rule 5.
- 6.2 The Regulations in Part 6 have application only in the United Kingdom and the European Union. Members outwith these areas shall have regard to local law in determining whether they are able to use the designation of ‘Chartered Accountants’.
- 6.3 In this Part of the Regulations the term ‘Chartered Accountant’ means a Member of the Institute or a member of one of the following bodies:
- a) The Institute of Chartered Accountants in England & Wales;
 - b) The Institute of Chartered Accountants in Ireland.
- 6.4 A Member who is a sole practitioner may describe his or her practice as ‘Chartered Accountants’.
- 6.5 A Firm in which at least 50% of the Principals are each a Chartered Accountant may describe that Firm as ‘Chartered Accountants’ if:
- a) any partner, member or director who is not a Chartered Accountant is recognised as a Regulated Non-Member by the Institute; or
 - b) the Firm has furnished to the Secretary a written undertaking signed by every partner, member or director who is not a Chartered Accountant and is not a Regulated Non-Member that he will comply with the obligations and liabilities of a member of the Institute and be bound by the Royal Charter, the Rules and Regulations of the Institute as from time to time in force and that he will observe and uphold the ethical standards of the Institute.
- 6.6 An entity within a group structure may be described as ‘Chartered Accountants’ if:
- a) at least 50% of the Principals of that entity are Chartered Accountants; and
 - b) the entity has furnished to the Secretary a written undertaking signed by all others who are not Chartered Accountants and exercise direct or indirect control that they are either Regulated Non Members or that they shall comply with the obligations and liabilities of a member of the Institute and be bound by the Royal Charter, the Rules and Regulations of the Institute as from time to time in force and observe and uphold the ethical standards of the Institute; and
 - c) there is at least 50% ownership and control of the ultimate parent entity by Chartered Accountants.
- 6.7 If the requirements of Regulation 6.5 or 6.6 are not met during a period of three months a Firm or entity shall be entitled to continue to use the designation ‘Chartered Accountants’ during that period if it can demonstrate its intentions to meet the requirements.



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