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Council, in terms of Rule 8, Rule 11.11.5 and Rule 12.4 of the ICAS Rules, hereby makes the following Regulations.

Arrangement of Regulations

1. General
2. The Committee
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4. Obligations of Registered Firms and Key Audit Partners
5. Decisions of the Committee
1. GENERAL

Citation and commencement

1.1 These Regulations may be cited as the ICAS Local Audit Regulations and shall come into force on 31 August 2018.

Definitions

1.2 In these Regulations words and phrases have the same meaning as in the ICAS Rules and, unless the context requires otherwise:

Act – the Companies Act 2006 as it applies to local audit by virtue of Schedule 5 to the Local Audit and Accountability Act 2014 (as amended from time to time).

Adverse Decisions – a decision of the Committee under Regulation 5.11.

Applicant – a Firm or individual applying for Registration.

Appropriate Qualification – a recognised audit qualification which, in accordance with the Act, is awarded by a Recognised Qualifying Body or is recognised by the Secretary of State.

Aptitude Test – a test of an individual’s knowledge of subjects and rules of professional conduct, in accordance with the Act.

Audit Compliance Principal – a Key Audit Partner who is a Principal of a Registered Firm or a member of its Management Board and who is responsible for monitoring the Registered Firm’s compliance with these Regulations.

Auditor Regulatory Sanctions Procedure – the FRC’s Auditor Sanctions Procedure (as amended from time to time).

Audit Monitoring – the arrangements for enabling the performance of Local Audit Work, other than in respect of Major Local Bodies, by Registered Firms to be monitored by means of inspections.

Committee – the committee established by the Regulation Board under Regulation 2.1.

CPD – continuing professional development.

EEA Auditor – an individual who holds a qualification to audit accounts under the laws of a member state of the European Economic Area other than the UK or Ireland.

EEA Audit Firm – a Firm which is eligible for appointment as an auditor under the law of member state of the European Economic Area other than the UK or Ireland.

Employee – An individual employed by a Firm under a contract of employment.

Engagement – an engagement, or group engagement, to audit a relevant authority in accordance with the provisions of the Act.

Firm – a body corporate, partnership, limited liability partnership or unincorporated practice, which is subject to Rules and Regulations.


Hearing – a hearing in respect of a proposed Adverse Decision or an order of suspension under Regulation 5.3.

Key Audit Partner – a Principal or Employee of a Registered Firm, who is neither a consultant nor a sub-contractor, who is primarily responsible for an Engagement and is authorised to sign an audit opinion on behalf of the Registered Firm, on account of his Registration.
Local Audit – an audit under the Act of the accounts of a relevant authority.

Local Audit Work – work undertaken in connection with a Local Audit.

Major Local Body – a relevant authority which falls within the definition of a ‘major local audit’ as set out in the Local Audit (Professional Qualifications and Major Local Audit) Regulations 2014.

Management Board – a committee, board or other management body which is responsible for determining and implementing the policies of a Registered Firm.

Network – a structure to which a Registered Firm belongs, which satisfies the definition in Regulation 4.14.

Recognised Qualifying Body – a body which is responsible for awarding an Appropriate Qualification. For the purposes of these Regulations, the Recognised Qualifying Bodies include ICAS and the following:
- Association of Chartered Certified Accountants (ACCA);
- Association of International Accountants (AIA);
- Chartered Institute of Public Finance & Accountancy (CIPFA);
- Institute of Chartered Accountants of England & Wales (ICAEW);
- Chartered Accountants Ireland (CAI);
- Any recognised qualifying body for local audit work.

Registered Auditor – a Firm which is registered to conduct audit work as an auditor under the Audit Regulations and/or these Regulations.

Registered Firm – a Firm which may accept an Engagement on account of its Registration.

Register of Local Auditors – a public register of the persons eligible for appointment as a local auditor in accordance with the Local Auditors (Registration) Instrument 2015.

Registration – authorisation as a Registered Firm or a Key Audit Partner in accordance with these Regulations.

Regulatory Penalty – a penalty proposed by the Committee in accordance with Regulation 5.26.

Sub-Committee – means no fewer than three members of the Committee appointed under these Regulations, including not less than one Public Interest Member.

Notices
1.3 Any notice or other document to be sent under these Regulations shall be delivered electronically, by hand or by post. It must be sent to the address that the Member, CA Student Member, Affiliate, or Firm has given to ICAS for this purpose. Delivery shall be deemed to have occurred:
   1.3.2 for emails, facsimile, and other electronic means, when sent;
   1.3.2 by hand, when delivered;
   1.3.3 by post, 48 hours after posting.

1.4 Any reference to legislation, rules, regulations, schemes or other documents will apply to any re-enactment, re-issue or amendment.

Application
1.5 These Regulations apply to Members, Affiliates, Applicants, Registered Firms, Principals and Key Audit Partners within Registered Firms.
2. THE COMMITTEE

Constitution and composition
2.1 The Regulation Board shall establish a Committee comprised of a Convener and seven or more
other persons. Not less than three members of the Committee shall be Public Interest Members.

2.2 Appointments to the Committee shall be for a term of three years, renewable for one further
term of three years at the discretion of the Regulation Board.

2.3 The length and number of terms referred to in Regulation 2.2 may be extended or varied in
exceptional circumstances at the discretion of the Regulation Board.

Conduct of business
2.4 The Committee shall meet a minimum of four times a year.

2.5 At meetings of the Committee, three members shall constitute a quorum, of who one shall be a
Member and one shall be a Public Interest Member. The majority of those present must not be
Public Interest Members.

2.6 A meeting of the Committee may be conducted in person, by email, telephone or other
electronic or video conferencing.

2.7 The Convener shall, in the case of an equality of votes, have a second or casting vote.

Declaration of interest
2.8 Each member of the Committee must declare any interest in any matter before the Committee.
A member of the Committee who has declared such an interest shall ensure that he withdraws
from any discussion and decision on the matter concerned.

Remuneration
2.9 Members of the Committee are entitled to be reimbursed by ICAS for any expenses reasonably
incurred in connection with their membership of the Committee.

2.10 Public Interest Members of the Committee are entitled to reasonable remuneration in
connection with their membership of the Committee.

Powers
2.11 The Committee shall have the power to:
2.11.1 grant and reject applications for Registration;
2.11.2 impose conditions and/or restrictions on Registration;
2.11.3 suspend or withdraw Registration;
2.11.4 apply to the Discipline Panel for an interim order;
2.11.5 monitor the compliance of Registered Firms and Key Audit Partners with these
Regulations;
2.11.6 offer and impose Regulatory Penalties;
2.11.7 compile and maintain the Register of Local Auditors in accordance with the Local
Auditors (Registration) Instrument 2015;
2.11.8 subject to Regulation 2.12, apply sanctions determined by the FRC in accordance with
the Auditor Regulatory Sanctions Procedure;
2.11.9 make enquiries, directions and determine all other matters incidental to or arising from
the exercise of its powers under Regulations 2.11.1 to 2.11.8.

2.12 Where the FRC has determined a sanction in accordance with the Auditor Regulatory Sanctions
Procedure, the sanction shall be treated for the purposes of enforcement as though it had been
determined by the Committee in accordance with these Regulations.

2.13 The Committee shall ensure that the FRC is given due notice of any material circumstances
which may arise in connection with a sanction applied under Regulation 2.11.8.
2.14 In exercising its powers, the Committee may take into account:

2.14.1 any findings under ICAS Rule 13;
2.14.2 any information provided by the Registered Firm;
2.14.3 any information provided by another Regulatory Committee;
2.14.4 any information provided by the FRC;
2.14.5 any guidance issued in relation to the Act;
2.14.6 any other information which it believes to be relevant.

Delegation of powers

2.15 Subject to Regulation 2.16, the Committee may sub-delegate all or any of its powers under Regulation 2.11 to an individual or Sub-Committee on such terms as it may decide.

2.16 The powers under the following Regulations shall not be delegated:

2.16.1 the power to reject applications for Registration under Regulation 2.11.1;
2.16.2 the power to impose restrictions on Registration under Regulation 2.11.2;
2.16.3 Regulation 2.11.3;
2.16.4 Regulation 2.11.4;
2.16.5 Regulation 2.11.6;
2.16.6 Regulation 2.11.8.

3. APPLICATIONS FOR REGISTRATION

Requirement for Registration

3.1 A Member, Affiliate or Firm shall not accept an Engagement unless:

3.1.1 Registration has been granted by the Committee under Regulation 2.11.1; or
3.1.2 Registration has been granted by another Recognised Supervisory Body in accordance with its regulations.

3.2 A Member or Affiliate shall not be responsible for and shall not sign any reports in connection with an Engagement unless registered as a Key Audit Partner under Regulation 2.11.1.

Eligibility requirements to be Registered Firm

3.3 A Firm which applies to be Registered Firm must satisfy the Committee that:

3.3.1 each Principal of the Firm satisfies the requirements in Regulation 3.4;
3.3.2 each individual responsible for Local Audit Work on behalf of the Firm is eligible for appointment as a Key Audit Partner;
3.3.3 a majority of the voting rights in the Firm and any Management Board of the Firm are held by Registered Auditors, EEA Auditors and EEA Audit Firms and/or individuals who hold an Appropriate Qualification;
3.3.4 the Principal nominated by the Firm to act as its Audit Compliance Partner has sufficient competence and experience and is otherwise fit and proper;
3.3.5 if the Firm is a corporate entity, it has Articles of Association which comply with the terms of the ICAS model Articles of Association in relations to shareholding;
3.3.6 it is competent in all areas of work to be undertaken and is otherwise fit and proper for Registration;
3.3.7 it can demonstrate compliance with the Rules and Regulations.

3.4 Each Principal of the Firm must be either:

3.4.1 a member of a Recognised Qualifying Body;
3.4.2 a Registered Auditor; or
3.4.3 an EEA Auditor who is an Affiliate; or
3.4.4 an Affiliate.
Eligibility requirements to be a Key Audit Partner

3.5 Subject to Regulations 3.6 to 3.9, an individual who applies to be a Key Audit Partner must satisfy the Committee that he:

3.5.1 holds an Appropriate Qualification, unless he is an EEA Auditor;
3.5.2 has a sufficient level of competence to carry out Local Audit Work and satisfies the minimum experience and competence requirements, as set out in Regulation 3.6;
3.5.3 is an Employee or Principal of a Registered Firm and is nominated by the Audit Compliance Principal to sign reports under the Act in his name or on behalf of the Registered Firm;
3.5.4 has obtained such commitments from the Registered Firm as may be prescribed by the Committee from time to time;
3.5.5 is otherwise fit and proper for Registration;
3.5.6 can demonstrate compliance with the Rules and Regulations.
3.5.7 if not a member of an RQB, is an Affiliate.

3.6 The minimum experience and competence requirements which an individual applying to be a Key Audit Partner must demonstrate in accordance with Regulation 3.5.2, are as follows:

3.6.1 within the six years prior to the date of his application, he has at least two years’ post-qualification experience of Local Audit Work and/or similar audit work in a supervisory role which includes responsibility for significant judgements in the audit of the historical financial information of local public bodies;
3.6.2 during the two years preceding the date of his application, he has undertaken adequate CPD appropriate to maintaining and developing competence for an individual seeking to be a Key Audit Partner.

3.7 If an individual who applies to be a Key Audit Partner is a member of a Recognised Qualifying Body, he must, in addition to the requirements in Regulation 3.5, satisfy the Committee that he is currently authorised to engage in public practice and that he:

3.7.1 satisfies the minimum supervised practical training requirements set out by the FRC from time to time;
3.7.2 has completed, in an Authorised Training Office, a minimum of three years supervised practical training in audit of accountancy, of which not less than six months shall be in local public audit work and at least one year in Local Audit and/or similar audit work; or
3.7.3 has acted as Key Audit Partner in respect of Local Audit Work prior to the commencement of the Act.

3.8 If an individual who applies to be a Key Audit Partner is an EEA Auditor, he must, in addition to the requirements in Regulation 3.5, satisfy the Committee that he has passed an Aptitude Test, unless the Committee determines that this requirement may be waived in accordance with Regulation 3.9.

3.9 The Committee may, at its discretion, determine that an Aptitude Test is not required if the individual who applies to be a Key Audit Partner can demonstrate to the Committee’s satisfaction that he:

3.9.1 already holds a professional qualification which covers the same subjects as an Appropriate Qualification or Aptitude Test; and
3.9.2 will be undertaking Local Audit Work on a temporary or occasional basis.

Cessation of Registration

3.10 The Registration of a Firm as a Registered Firm shall automatically cease if:

3.10.1 the Firm ceases to exist, whether through insolvency, corporate restructure or such other process;
3.10.2 the Committee accepts an application from the Firm to terminate Registration;
3.10.3 the Committee withdraws the Firm’s Registration in accordance with these Regulations.

3.11 The Registration of a Key Audit Partner shall automatically cease if:

3.11.1 the Firm of which he is an Employee or Principal ceases to be a Registered Firm under Regulation 3.10;
3.11.2 he no longer satisfies one or more of the applicable eligibility requirements in Regulations 3.5 to 3.9;
3.11.3 the Committee accepts an application from the Audit Compliance Principal or Key Audit Partner to terminate Registration;
3.11.4 the Committee withdraws the Key Audit Partner’s Registration in accordance with these Regulations.

Applying for Registration
3.12 An application for a Registration under Regulation 2.11.1 shall be:
3.12.1 in the form prescribed by the Committee, including such supporting information as may be requested;
3.12.2 submitted on or before any date which may be prescribed by the Committee;
3.12.3 accompanied by payment of the applicable fee.

Consideration of applications
3.13 Upon receipt of an application for Registration under Regulation 3.12, the Committee may:
3.13.1 grant the application, with Registration to be effective from such date as may be stated by the Committee;
3.13.2 be minded to reject the application;
3.13.3 be minded to grant the application subject to conditions and/or restrictions; or
3.13.4 request further information from the applicant before taking a decision.

Waiver
3.14 Subject to Regulation 3.15, the Committee may waive the requirements of these Regulations to adapt to the particular circumstances of a Registered Firm or Key Audit Partner, if it considers that:
3.14.1 complying with the relevant requirements would be unnecessarily burdensome for the Registered Firm or Key Audit Partner compared to any benefit which compliance might give to clients, third parties or the public interest; and
3.14.2 waiving the requirements of these regulations will not constitute a material breach of the Act and is unlikely to result in any undue risk to clients, third parties or the public interest.

3.15 A waiver granted by the Committee under Regulation 3.14 may be limited in terms of scope and timing, as the Committee deems appropriate.

4. OBLIGATIONS OF REGISTERED FIRMS AND KEY AUDIT PARTNERS

Cooperation and compliance
4.1 Registered Firms and Key Audit Partners shall, at all times:
4.1.1 comply with these Regulations;
4.1.2 cooperate fully and promptly with the Committee and individuals acting on its behalf or otherwise employed by ICAS;
4.1.3 use best endeavours to accommodate Audit Monitoring;
4.1.4 cooperate fully and promptly with enquiries in connection with the Public Disciplinary Scheme or inspection arrangements relating to Local Audit Work undertaken for a Major Public Body.

4.2 A Registered Firm shall pay to ICAS such fees and other monies as are required to be paid to ICAS in connection with Registration, within such timescales as are prescribed by ICAS.

4.3 Upon receipt of a request from the Committee or an individual acting on its behalf, a Registered Firm, Audit Compliance Principal or Key Audit Partner shall:
4.3.1 provide such information or explanation as requested, whether by way of annual return or otherwise;
4.3.2 permit the examination of or deliver up such internal systems or processes, books, papers or records as the Committee considers necessary.

4.4 The Committee may require an Audit Compliance Principal, a Key Audit Partner or any other representative of a Registered Firm or to attend a meeting with the Committee on provision of reasonable notice.

4.5 All duties and obligations arising under these Regulations shall equally apply to a Firm which ceases to be a Registered Firm and a person who ceases to be a Member, Affiliate, Audit Compliance Principal or Key Audit Partner.

4.6 Upon cessation of Registration under Regulation 3.10, a Firm shall provide to the Committee such information as it may request to show that the Firm has resigned from all Engagements.

Audit Monitoring

4.7 Subject to Regulation 4.8, Audit Monitoring shall cover:

4.7.1 the Local Audit Work undertaken by the Registered Firm and its Key Audit Partners;
4.7.2 the resources allocated to Local Audit Work by the Registered Firm;
4.7.3 the remuneration received by the Registered Firm in respect of Local Audit Work;
4.7.4 the level of compliance with the Rules and Regulations of the Registered Firm and its Key Audit Partners;
4.7.5 the performance of the Audit Compliance Principal;
4.7.6 the regulatory and compliance processes of the Registered Firm.

4.8 Where deemed appropriate by the individuals undertaking an Audit Monitoring Visit, Audit Monitoring shall also cover such other audit and assurance work as may be undertaken by the Registered Firm.

4.9 Subject to the requirement that a Registered Firm shall receive an Audit Monitoring Visit not less than every six years, the Committee shall determine the timing and frequency of Audit Monitoring visits.

4.10 At the conclusion of an Audit Monitoring visit, the Registered Firm shall receive a report in summary of the visit.

4.11 The report referred to in Regulation 4.10 shall be intimated to the Committee which shall consider whether it requires to take any action in response. The Registered Firm shall be notified of the decision of the Committee accordingly.

Change of circumstances

4.12 A Registered Firm shall notify the Committee of any change in circumstances which affects its Registration, its ability to undertake Local Audit Work, or the information required in the Register of Local Audits, including, but not limited to:

4.12.1 any matter affecting its compliance with the eligibility requirements in Regulations 3.3 and 3.4;
4.12.2 any matter affecting the compliance of a Key Audit Partner with the eligibility requirements in Regulations 3.5 to 3.9;
4.12.3 any breach of Rules or Regulations which has been committed, or is likely to be committed, by a Registered Firm or a Key Audit Partner;
4.12.4 any change in its name or trading name;
4.12.5 any change in its principal address or the addresses of any of its offices;
4.12.6 any change in relation to the Principals of the Registered Firm, Audit Compliance Principal or the Key Audit Partners of the Registered Firm.

4.13 Notification under Regulation 4.12 shall be provided by the Registered Firm not less than 10 business days after the matter or change in question.
Networks

4.14 A Network is a co-operative structure of entities which satisfies one or more of the following conditions:

4.14.1 profit or costs-sharing;
4.14.2 commonality of ownership, control and/or management;
4.14.3 commonality of quality control policies and procedures;
4.14.4 a shared business strategy;
4.14.5 the use of a common name; and/or
4.14.6 sharing of significant professional resources.

4.15 A Registered Firm which is a member of a Network shall maintain a public list including the names and addresses of the firms in the Network and all affiliated entities.

4.16 A Registered Firm shall notify the Committee of the location of the list referred to in Regulation 4.15 and shall ensure that it notifies the Committee of any changes to the list or its location within 10 business days.

4.17 A Registered Firm shall demonstrate its compliance with Regulations 4.15 and 4.16 upon request from the Committee.

Compliance with standards

4.18 Registered Firms and Key Audit Partners shall ensure that Engagements are undertaken in compliance with:

4.18.1 all relevant UK legislation, including the Act, the Accounts and Audit (England) Regulations 2015, the Local Auditors (Transparency) Instrument, and other applicable primary and secondary legislation;
4.18.2 all relevant EU legislation, including regulations and directives;
4.18.3 any standards, regulations or guidance issued by the FRC;
4.18.4 ICAS Code of Ethics;
4.18.5 FRC Ethical Standards;
4.18.6 International Standards on Quality Control;
4.18.7 International Education Standards;
4.18.8 International Standards on Auditing;
4.18.9 The National Audit Office Code of Practice;
4.18.10 any other applicable standard, code of practice or guidance, whether ethical or technical.

4.19 A Registered Firm shall undertake, not less than annually, a review of its compliance with Regulation 4.18 and shall ensure that:

4.19.1 appropriate action is taken to remove or minimise any threats to compliance;
4.19.2 the outcome of the review is adequately communicated to all Principals and Key Audit Partners;
4.19.3 Any changes in procedures are communicated to Employees of the Registered Firm.

4.20 A Registered Firm shall ensure that it retains audit working papers for not less than six years and that it complies with all applicable regulations and standards for the retention of audit working papers.

4.21 A Registered Firm shall ensure that the Audit Compliance Principal, the Key Audit Partners and other Employees are performing their roles with sufficient competence and expertise to comply with these Regulations and any CPD, experience and competence requirements set out by the FRC from time to time.

4.22 If a Registered Firm engages another Firm to undertake any Local Audit Work on its behalf, it shall ensure that the other Firm provides all the working papers to the Registered Firm or provides unrestricted access to those working papers.

4.23 If a Registered Auditor or an EEA Audit Firm is a Principal or a shareholder in a Registered Firm, this interest should be represented by an individual who is an EEA Auditor, or who holds an Appropriate Qualification, at any meeting where voting is conducted.
Major Local Bodies

4.24 If a Registered Firm is appointed to undertake an Engagement for a Major Local Body, it shall notify the Committee in writing within 21 business days of the date of appointment.

4.25 An individual shall not accept appointment to a key management position in a Major Local Body if, at any time in the two years preceding the date of the proposed appointment, he acted in the capacity of Key Audit Partner for the Major Local Body, or any material subsidiary of a Major Local Body.

Referrals for investigation

4.26 The Committee may refer a Registered Firm, Member or Affiliate to the Investigation Committee if it considers that the Registered Firm, Member or Affiliate:

4.26.1 has failed to comply with the Regulations;
4.26.2 may be liable to disciplinary action in accordance with Rule 13.

4.27 If a Key Audit Partner is not a Member or Affiliate, the Committee may write by way of a complaint to the appropriate Recognised Qualifying Body, if it considers that the Key Audit Partner:

4.27.1 has failed to comply with the Regulations;
4.27.2 may be liable to disciplinary action in accordance with rule, regulations or bye-laws of the Recognised Qualifying Body.

5. DECISIONS OF THE COMMITTEE

Conditions, restrictions, and withdrawal

5.1 The Committee may seek to take the following actions in respect of Registration if it is satisfied that one or more of the conditions in Regulation 5.2 applies:

5.1.1 application of restrictions and/or conditions; or
5.1.2 withdrawal.

5.2 The conditions referred to in Regulation 5.1 are as follows:

5.2.1 the Registered Firm or Key Audit Partner no longer meets one or more of the eligibility requirements in Regulations 3.3 to 3.9;
5.2.2 the Registered Firm or Key Audit Partner has not complied with the Rules or Regulations;
5.2.3 the Registered Firm or Key Audit Partner has not complied with any applicable statutory requirements, standards, code of practice, or guidance, whether ethical or technical, including those set out in 4.18;
5.2.4 the quality of work undertaken by the Registered Firm or Key Audit Partner has fallen significantly short of the standards expected of a Registered Firm or Key Audit Partner;
5.2.5 the Registered Firm or Key Audit Partner has not complied with an existing condition and/or restriction placed on Registration or any written undertaking provided to the Committee;
5.2.6 the action is required to prevent risk or potential risk to clients, third parties or the public interest.

Suspension

5.3 The Committee may immediately suspend Registration for a period of not more than sixty days if it considers that:

5.3.1 one of more of the conditions listed in Regulation 5.2 applies; and
5.3.2 the order of suspension is required to address an undue risk to clients, third parties or the public interest.

5.4 A Registered Firm or Key Audit Partner subject to a suspension order under Regulation 5.3 may apply for a Hearing in accordance with Regulation 5.14.2. The suspension shall remain in place pending the outcome of the Hearing.
If it is satisfied that the considerations in Regulation 5.3 no longer apply, the Committee may recall a suspension order prior to the intended date of its expiry.

On expiry of an order of suspension, the Committee may:

1. take no further action;
2. take action under Regulation 5.1;
3. refer the Registered Firm, Member or Affiliate to the Investigation Committee; and/or
4. apply for an Interim Order in accordance with Regulation 5.9.

If the Registration of a Registered Firm is suspended under Regulation 5.3, the Registered Firm need not resign from existing Engagements and may be re-appointed, but shall not accept any new Engagements and an audit opinion shall only be signed if the Registered Firm receives written permission from the Committee.

If the Registration of a Key Audit Partner is suspended under Regulation 5.3, the Key Audit Partner shall not sign an audit opinion without the written permission of the Committee.

**Interim Order**

The Committee may apply to the Discipline Panel for an Interim Order to suspend or apply specified conditions to Registration, under Rule 13.18, if it considers that such an order would be justified in all the circumstances, having regard to the public interest.

Subject to Regulation 5.11, a decision of the Committee shall come into force immediately, or on such date as may be specified by the Committee.

Subject to Regulation 5.12, the Committee shall make an Adverse Decision if it exercises its powers under Regulation 2.11 by:

1. rejecting an application for Registration;
2. imposing conditions or restrictions on Registration;
3. withdrawing Registration.

The application of a sanction determined by the FRC in accordance with the Auditor Regulatory Sanctions Procedure under Regulation 2.11.8 shall not be an Adverse Decision and shall immediately come into force on such date as may be stated by the FRC or the Committee.

If the Committee proposes to make an Adverse Decision, it shall first serve notice on the Applicant, Registered Firm or Key Audit Partner, which notice shall include a note of the reasons in support of the proposed Adverse Decision.

An Applicant, Registered Firm or Key Audit Partner which does not accept the proposed Adverse Decision may:

1. submit written representations in opposition; or
2. request a Hearing.

If the Applicant, Registered Firm or Key Audit Partner does not submit written representations and does not request a hearing in accordance with Regulation 5.14, the proposed Adverse Decision shall come into force upon expiry of ten business days from the date of service of the notice under Regulation 5.13.

If the Applicant, Registered Firm or Key Audit Partner submits written representations in accordance with Regulation 5.14.1, the Committee shall consider the written representations and decide whether to withdraw, vary or affirm the proposed Adverse Decision.
Hearings

5.17 If the Applicant, Registered Firm or Key Audit Partner requests a Hearing in accordance with Regulation 5.14.2, a Hearing shall be held before a quorum of the Committee, the members of which shall not have not have participated in the proposed Adverse Decision or the decision to suspend Registration.

5.18 The quorum of the Committee shall consider the representations made by the Applicant, Registered Firm or Key Audit Partner and decide whether to withdraw, vary or affirm the proposed Adverse Decision or suspension.

5.19 A Hearing shall be held in accordance with any guidance on regulatory hearings which may be issued by ICAS from time to time.

5.20 The Committee may at its discretion order the Applicant, Registered Firm or Key Audit Partner to contribute to the costs of a Hearing.

Notification of outcome

5.21 The Applicant, Registered Firm or Key Audit Partner shall be notified of the outcome of the Committee’s decision following its consideration of representations made in writing or at a Hearing.

5.22 If the Committee decides not to withdraw the proposed Adverse Decision, the notice under Regulation 5.21 shall confirm the date upon which the Adverse Decision shall come into effect, subject to Regulation 5.23.

Appeals

5.23 If the Committee decides not to withdraw its proposed Adverse Decision following its consideration of representations made in writing or at a Hearing, the Applicant, Registered Firm or Key Audit Partner has the right to appeal the Adverse Decision.

5.24 An appeal must be made to the Tribunal Clerk within 21 days of the date on which notice of the Adverse Decision is communicated to the Applicant, Registered Firm or Key Audit Partner in accordance with Regulation 5.21 and shall be considered in accordance with the Discipline and Appeal Tribunal Regulations.

5.25 If the Registered Firm or Key Audit Partner submits an appeal under Regulation 5.23, the Adverse Decision shall not come into force until such date as may be prescribed by the Appeal Tribunal.

Regulatory Penalties

5.26 The Committee may propose a Regulatory Penalty under Rule 13.16.10 to a Registered Firm or Key Audit Partner if it is satisfied that the following conditions are met:

5.26.1 the Registered Firm or Key Audit Partner has not complied with the Regulations; and

5.26.2 the circumstances do not involve conduct or competence which calls into question the fitness of the Registered Firm or Key Audit Partner to undertake work in connection with an Engagement.

5.27 The Committee shall determine the amount of the proposed Regulatory Penalty and shall notify the Registered Firm or Key Audit Partner accordingly.

5.28 The Registered Firm or Key Audit Partner shall respond to the Committee in writing within ten business days of service under Regulation 5.27 to confirm whether or not the proposed Regulatory Penalty is accepted.

5.29 A Registered Firm or Key Audit Partner may make representations to the Committee in respect of the proposed Regulatory Penalty. Upon consideration of any such representations, the Committee shall notify the Registered Firm or Key Audit Partner that the proposed Regulatory Penalty has been affirmed, varied or withdrawn.
5.30 If a proposed Regulatory Penalty has been affirmed or varied under Regulation 5.29, the Registered Firm or Key Audit Partner shall have an additional period of 10 business days to confirm whether or not the proposed Regulatory Penalty is accepted. The Committee shall not be obliged to consider any additional representations from the Registered Firm or Key Audit Partner.

5.31 If a Registered Firm or Key Audit Partner accepts a proposed Regulatory Penalty, the sum referred to shall be payable within ten business days of the Registered Firm or Key Audit Partner’s acceptance, or within such longer period of time as the Committee may specify or agree.

5.32 If a Registered Firm or Key Audit Partner does not accept the proposed Regulatory Penalty, or does not respond within the applicable timescale, the Committee may proceed in accordance with Regulations 4.26 or 4.27.

Publicity

5.33 The Committee may publish its decisions and the course of any action taken under these Regulations in such manner as it thinks fit.