ICAS operates a robust monitoring regime for audit, insolvency and DPB.

We also conduct practice monitoring visits to all Members who are Practising Certificate holders offering general accountancy services to the public. This regime has been in place since 2000 and covers general accountancy practice monitoring, including a number of public interest issues such as anti-money laundering, clients’ money financial accounts disclosures and compliance with the financial services DPB regime.

The results of the various monitoring areas are set out below:

**AUDIT**

In 2013, Audit Monitoring conducted 41 visits. The majority of firms received no recommended follow up action, or follow up action was restricted to a particular area. Where the issues were more serious, robust and prompt action was taken by the Audit Registration Committee. Regulatory action was taken in relation to 12% of reports considered by the Audit Registration Committee.

Where regulatory sanctions involve the suspension or withdrawal of a firm’s audit registration a public notice is placed on the ICAS website and extensive follow up made to ensure that clients are made aware of the decision.

**Audit initiatives**

We believe that it is important to educate and support our firms to raise professional standards. In recent years, we have provided a number of important audit quality initiatives. One of the most important initiatives is our mandatory audit course for the Audit Compliance Partners of each firm. Attendance is required at least once every 5 years and we monitor attendance. The course is now entering its 4th year and at the end of 2013, 75% of our Audit Compliance Partners have now attended the course along with many of their staff.

We also issue helpsheets and guidance and a quarterly publication to our members called Audit News to ensure that they keep up to date with the ever changing technical audit requirements.
QUALITY REVIEW
In 2013, we visited our Practising Certificate holders within 127 firms. 83% were found to be complying with the Regulations and Rules in force, with 17% requiring follow up action on one or more aspects of the visit.

In 2014 we intend to launch a new approach called Practice Monitoring which will continue to focus on regulatory and public interest aspects.

INSOLVENCY
In 2013, we conducted 24 insolvency monitoring visits (equivalent to 27% of our IPs). The majority of firms received no recommended follow up action, or follow up action was restricted to a particular area. In 8% of cases, the Insolvency Permit Committee directed that a follow-up visit be scheduled but no cases required regulatory action by the Insolvency Permit Committee.
PROFESSIONAL CONDUCT

Professional behaviour and competency are fundamentals principles of the ICAS Code of Ethics.

ICAS will take disciplinary action where there is sufficient evidence of a failure to observe the standards expected of our Members, CA Student Members, or Affiliates. We will take regulatory or disciplinary action against our Firms where there is evidence that they have failed to comply with the legislative requirements of the audit and DPB authorisations.

In 2013, ICAS received 79 new complaints.

### Categories of Complaints Received 2013
- **Audit** - 4%
- **Ethics** - 14%
- **Fees** - 3%
- **Incompetence** - 10%
- **Insolvency** - 40%
- **Misconduct** - 23%
- **Regulatory** - 6%

### Outcome of Complaints Closed in 2013
- **Closed Through Review Panel** - 73%
- **Closed by Head of Investigations** - 2%
- **Rejected by Committee** - 5%
- **Conciliation** - 1%
- **Upheld by Committee** - 19%
- **Regulatory** - 6%

### Timing of Complaints as at 31 December 2013
- **Less than 3 Months Old** - 70%
- **3 – 6 Months Old** - 17%
- **6 – 9 Months Old** - 7%
- **9 – 12 Months Old** - 3%
- **12+ Months Old** - 3%

### Summary of Sanctions Applied in 2013
- **Loss of Membership** - 5
- **Formal Written Warning** - 3
- **Reprimand or Severe Reprimand** - 6
Continuing Professional Development (CPD) is a fundamental part of being a professional. Every year, ICAS Members provide a Professional Declaration to maintain their professional standards through personal development.

ICAS operates a four-step output based CPD approach which requires Members to consider the training requirements of their specific role at the beginning of the year, to plan their annual earning and development to address any development needs and to reflect upon the improvements made at the end of the year.

In addition to the Professional Declaration, we sample a percentage of CPD records annually.

In 2013, the focus of the CPD selection was not made on a sample basis, which has been the practice to date. For 2013 only, the CPD Regulatory Committee required sight of the CPD Plan for every Member who appeared to be working and had failed to submit their CPD self-declaration. 200 CPD Plans were considered. 67% of Members were Compliant or semi compliant. 27% of Members were found to be exempt (e.g. retired or on career break) and only 8% of Members selected failed to submit a CPD Plan. Regulatory action was taken in relation to several Members.

The CPD Regulatory Committee intend to select a larger sample during 2014, representative of the full membership population, but also addressing a number of public interest risks, as well as continuing to re-select those with a poor compliance history.