



The Insolvency
Service

Association of Chartered Certified Accountants

ACCA Monitoring Report

February 2015

Insolvency Practitioner Regulation Section (IPRS)	
Authorising Body	The Association of Chartered Certified Accountants (ACCA)
Title	ACCA Monitoring Report 2014
Dates of Inspection	2 May, 10 - 12 June, and 30 September - 1 October 2014
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PART 1 – EXECUTIVE SUMMARY

Background

1.1 The ACCA is a Recognised Professional Body which authorises and regulates insolvency practitioners.¹ At 1 January 2014, the ACCA licensed 161 practitioners of which 142 were taking insolvency appointments.

1.2 The monitoring visit was carried out by Insolvency Practitioner Regulation Section (IPRS) in respect of insolvency appointments in Great Britain and the Department of Enterprise Trade and Investment (DETI) in respect of Northern Ireland. A previous monitoring visit was carried out in November 2010.

1.3 The standards expected of the Authorising Bodies are set out in a Memorandum of Understanding (MoU) which covers matters such as the granting and maintenance of practitioner authorisations, handling of complaints, ethics and professional standards, security and caution, and the exchange and disclosure of information. A separate document, the Principles for Monitoring (PfM), sets out the matters to be considered by the Bodies when monitoring their insolvency practitioners. The ACCA has undertaken to abide by the standards and principles set out in the MoU and PfM when exercising its authorisation and regulatory functions.

1.4 This report outlines the findings of the monitoring visit and makes a number of recommendations aimed at improving the effectiveness of regulatory procedures. An overall risk rating is provided for each key area reflecting the findings and significance of the recommendations made. An explanation of the risk ratings is provided in Annex 1.

Summary Findings

1.5 The report highlights several positive findings, such as the investigative process and procedures and templates adopted for monitoring visits. The ACCA has also taken positive steps since our visit to improve the complaints handling process, by doubling the resource for dealing with insolvency complaints. Improvements have also been made to the complaints databases and electronic casework system which should enable them to readily achieve a number of the recommendations in this report.

¹ As defined under Section 391(1) of the Insolvency Act 1986 and Article 350(1) of the Insolvency (Northern Ireland) Order 1989.

1.6 Following concerns identified around the ACCA's complaints handling process, the Insolvency Service believes the ACCA should introduce, within its arrangements, a broader range of sanctions in regard to cases where there is potential misconduct but it is not in the public interest to refer the case to the ACCA's Disciplinary Committee. The ACCA has recently made changes to the process by moving from informal warnings to a formal rest-on-file sanction being available to the investigation officer; the rest-on-file power was already available to a disciplinary assessor. The ACCA is taking steps to introduce a broader range of sanctions for 'low level' breaches to bring its arrangements in line with best practice among the other Authorising Bodies.

1.7 A follow-up monitoring visit is planned within three to six months to assess whether the recommendations summarised in this report have been implemented. We are disappointed to note that the ACCA has rejected two of the recommendations made - one concerning the monitoring of insolvency practitioners and the other on the handling of complaints. These matters will be further considered during the follow-up monitoring visit.

PART 2 – MONITORING PROCESS

2.1 Prior to the visit, the Inspection Team requested detailed information about the insolvency practitioners authorised by the ACCA, as well as details of monitoring activities, complaint handling processes, regulatory outcomes and resourcing of functions.

2.2 The following areas were examined during the monitoring visit to ensure compliance with the MoU and PFM:

- Granting of authorisations;
- Maintenance of authorisations (monitoring);
- Ethics and professional standards;
- Handling of complaints;
- Enabling Bonds and Cover Schedules;
- Disclosures and Exchanges of information;
- Retention of records; and,
- Reporting to the Secretary of State.

2.3 An insolvency practitioner monitoring visit was observed between 30 September and 1 October.

PART 3 – DETAILED FINDINGS AND RECOMMENDATIONS

Authorisation of insolvency practitioners

Rating:

 **Strong control environment**

Findings	Recommendations	Response
All applications for insolvency licences are dealt with by ACCA's Governance Regulation in accordance with the requirements set out in the UK Annex to its Global Practising Regulations.	N/A	ACCA is pleased to note Insolvency Service's satisfaction with ACCA's arrangements.
Each authorisation file contained an assessment sheet, which included a checklist clearly recording all the information requested and provided. For insolvency appointment-holders, the outcome of the last monitoring visit is checked and appropriately considered.	N/A	ACCA is pleased to note Insolvency Service's satisfaction with ACCA's arrangements.
Thorough checks are carried out during the process for new authorisations. The ACCA ensure that new applicants have obtained at least 600 hours of experience in the three years immediately preceding the application. Verification that they have passed the JIEB is also obtained. For those intending to take insolvency appointments, details of professional indemnity insurance, continuity of practice, and an enabling bond are sought.	N/A	ACCA is pleased to note Insolvency Service's satisfaction with ACCA's arrangements.
Appropriate regulator-to-regulator checks were evidenced.	N/A	ACCA is pleased to note Insolvency Service's satisfaction with ACCA's arrangements.
Timescales for requesting information from insolvency	N/A	ACCA is pleased to note Insolvency

practitioners were followed in all cases sampled. Prompt requests were sent to obtain any additional information required.		Service's satisfaction with ACCA's arrangements.
Comprehensive desktop instructions for the renewal process have been issued to the member of staff responsible for the authorisations process.	N/A	ACCA is pleased to note Insolvency Service's satisfaction with ACCA's arrangements.
The date the licence is issued is not evident on insolvency licence renewals and there is no central record to capture the dates of when applications were received and approved, and when authorisations and renewals were issued.	<ol style="list-style-type: none"> 1. That the date the licence is approved is recorded on the licence renewals. 2. Introduction of a system for centrally recording authorisation decisions for all insolvency practitioners. 	<ol style="list-style-type: none"> 1. The date the licence is renewed is recorded on ACCA's database but not on the assessment sheet. ACCA has amended its procedures to record the 'approved' date on the assessment sheet. 2. ACCA now maintains a spreadsheet which provides an audit trail for applications received and issued.

Monitoring of insolvency practitioners

Rating:



Some weaknesses in control environment

Findings	Recommendations	Response
<p><u>Monitoring cycle</u></p> <ul style="list-style-type: none"> The ACCA's 'Insolvency Monitoring Programme' sets out the practical operation of its insolvency monitoring policy. There is a stated aim to carry out introductory visits to an insolvency practitioner within a year of obtaining a licence, which 	<p>As a matter of best practice, newly authorised insolvency practitioners should have a full monitoring visit within the first 12 months of authorisation, unless a risk assessment suggests this is unnecessary.</p>	<p>ACCA agrees the Principles for Monitoring require the frequency of visits to be determined using a risk-based approach. In summary, they require the authorising body to determine whether or</p>

<p>concentrates on the adequacy of the insolvency practitioner's systems.</p> <ul style="list-style-type: none"> • A routine monitoring visit is undertaken where the outcome of the previous visit was good or satisfactory, or is the first full monitoring visit. ACCA currently has a 3-year rolling cycle of routine monitoring visits. • In 2013, there were monitoring visits to 35 licensed insolvency practitioners who were appointment-takers. • Monitoring visits for new authorisations are not always carried out within the first 12 months. In one instance, the first visit was carried out in the 3rd year of authorisation. There is no evidence of these initial visits being conducted in accordance with the PfM; instead, these appear to be conducted as courtesy visits rather than full monitoring visits and a number of key areas, which may demonstrate the fitness of the insolvency practitioner, are being overlooked. There is therefore a significant risk that insufficient qualitative information may be available to inform the decision to provide reauthorisation after the first year. 	<p>Where a visit is carried out within the first 12 months, it should comply with the PfM.</p>	<p>not a full scope monitoring visit is necessary within the first 12 months of the appointment date. Where an early visit is not considered necessary, a monitoring visit should take place within three years of the appointment date.</p> <p>ACCA conducts a full scope visit that complies with the Principles for Monitoring within three years of a practitioner being authorised. ACCA should therefore be grateful if the Insolvency Service could clarify what is intended by this recommendation. If it is intended that the Authorising Bodies should, as a matter of routine, carry out full scope visits within the first 12 months of the appointment date, the Insolvency Service should amend the Principles for Monitoring to clearly set out its expectations.</p> <p>Insofar as 'introductory' visits to new insolvency practitioners are concerned, ACCA aims to undertake these within one year of their authorisation; the purpose of these visits is to assist insolvency practitioners to ensure they have adequate procedures in place to carry out their work. However, ACCA will consider whether it should discontinue 'introductory' visits in the future, given the Insolvency Service's comments which suggest they are of little value.</p>
<p><u>Pre-visit questionnaires</u></p> <ul style="list-style-type: none"> • A very detailed pre-visit questionnaire is used 	<p>That the pre-visit questionnaire should</p>	<p>From September 2014 the pre-visit</p>

<p>which comprehensively covers the required areas. This includes the consideration of ethical matters; for example, conflict of interest checks and sources of work, including consideration of the office account(s) as well as case-related bank accounts.</p> <ul style="list-style-type: none"> • There is no explicit mention of Statement of Insolvency Practice 16 (SIP16) or relevant case numbers. The Inspection Team was advised that this is covered separately in the letter sent out to the insolvency practitioner when arranging the monitoring visit. • Thorough and detailed checklists are used, which are appropriate to each type of insolvency procedure. 	<p>specifically address pre-pack cases and SIP16 compliance.</p>	<p>questionnaire includes a request for information concerning pre-pack administrations. Previously, the compliance officer may have requested the information in the visit confirmation email but inclusion on the pre-visit questionnaire should ensure consistency.</p>
<p><u>Monitoring process</u></p> <ul style="list-style-type: none"> • Desktop instructions provided to the compliance officers provide a structured and detailed approach to monitoring visits. • There was evidence that relevant ethical issues had been tested, including sources of work. • There was no evidence of website checks being carried out as part of the monitoring process. • Whilst monitoring reports do cover the main areas of concern, more detail is required to summarise all areas covered on visits and a record of all findings. The ACCA does keep a detailed and structured log of the full monitoring process although not all of this information is included in the monitoring report itself. • This additional information contained in the Insolvency Monitoring Programme is only for internal review purposes at the ACCA and is not 	<ol style="list-style-type: none"> 1. That appropriate website checks are carried out in all cases with the results of these checks recorded in monitoring reports. 2. That the ACCA consider expanding their monitoring reports to include all information obtained during the monitoring process, including areas of no concern to provide a clear audit trail. 	<p>ACCA believes that its compliance officers review the website as part of the visit planning process, but accepts that this is not necessarily recorded.</p> <p>ACCA will amend the Insolvency Monitoring Programme document to include a section for recording this information.</p> <p>ACCA believes that including in the monitoring report areas where there are no concerns risks:</p> <ul style="list-style-type: none"> • expanding the report unnecessarily with no perceived benefit • diluting the overall outcome and reducing focus on the significant weaknesses in the insolvency

<p>shared with either the Insolvency Practitioner or the Admissions and Licensing Committee.</p>		<p>practitioner's procedures and the need to make appropriate improvements. Nevertheless, ACCA has amended its standard report template and believes they satisfy the Insolvency Service's concerns while, importantly, not diluting the significance of the breaches found.</p>
<p><u>Monitoring Outcomes</u></p> <ul style="list-style-type: none"> • The ACCA takes a robust approach on monitoring visits and areas of misconduct are clearly identified and drawn to the attention of the insolvency practitioner. • However, the process for dealing with less serious matters of misconduct identified on monitoring visits is lacking in independence. Generally, the outcome of these visits is for a follow up visit to be scheduled. • Under the ACCA's procedures, not all monitoring reports are passed to the Admissions and Licensing Committee. The outcome of the visit (satisfactory or unsatisfactory) is recommended by the compliance officer who undertook the visit and this decision is reviewed internally by the ACCA. • Currently only very serious areas of misconduct are referred to either the Investigations Department or the Admissions and Licensing Committee. • In one case, the monitoring report identified widespread breaches of insolvency legislation and SIPs with the practitioner also failing to remedy all breaches from the previous visit. However, no regulatory action was taken. Similar findings were recorded on a number of cases viewed, where there were a number of breaches of SIPs or incidences of drawing unauthorised remuneration 	<p>That any monitoring report with unsatisfactory findings be considered independently, for example by the Admissions and Licensing Committee, to assess what regulatory action may be necessary and assess changes in the monitoring cycle.</p>	<p>ACCA regrets that it must reject this recommendation as it believes it is an impractical and disproportionate response to the vast majority of visit outcomes. In the cases identified by the Insolvency Service, ACCA considers the action taken was appropriate to the extent and seriousness of the breaches identified; ACCA's actions are in line with its Guidance for Regulatory Orders. A summary of the respective cases is set out below.</p> <p><u>Drawing unauthorised remuneration</u></p> <p>The overall outcome of the visit was <u>satisfactory</u>; the unauthorised remuneration related to an isolated and unusual circumstance. The insolvency practitioner had originally been approached by the directors of a company to liquidate it and its associates. A sum of £5,000 was paid as a deposit for costs. The company was actually placed into administration and, with the directors' agreement; the funds were used to cover the pre-appointment administration costs.</p>

<p>which resulted in no regulatory action or referral to the Admissions and Licensing Committee.</p>		<p>While this was disclosed in the proposals, the insolvency practitioner had not fully complied with the requirements of rule 2.67A and the remuneration was therefore deemed unauthorised. Due to the unusual circumstances of this case, ACCA did not consider that the matter warranted regulatory action.</p> <p><u>Breaches of insolvency legislation and SIPs with the insolvency practitioner also failing to remedy all breaches from the previous visit</u></p> <p>The three previous visits all had satisfactory outcomes with few breaches identified and the most recent visit was carried out on the routine cycle. Insofar as the breaches at the current visit are concerned, five related to a single case, while one breach was identified on four separate cases. However, the compliance officer and the reviewer agreed that the breaches were not sufficiently serious to warrant a referral to the Admissions and Licensing Committee. This outcome is consistent with the Guidance for Regulatory Orders where a first unsatisfactory visit does not necessarily result in regulatory action.</p> <p>In respect of the repeat breaches identified in the report to the insolvency practitioner, there was no actual harm to the debtor in one case or to the creditors</p>
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		<p>in the other such that, given the function of the Admissions and Licensing Committee, a referral to it would not have been justified.</p> <p><u>Breaches of SIP 7 and SIP 3</u></p> <p>The SIP 7 breach referred to fixed and floating charge realisations not being shown separately in the receipts and payments account; however, all realisations were shown so this was considered to be a minor breach.</p> <p>On SIP 3, the insolvency practitioner had not included a revised estimate of his fees as supervisor (originally estimated to be £8,000 but increased to approximately £11,000). However, as fees had been authorised on a time cost basis and a full breakdown had been provided, this was not considered to be significant.</p> <p>Some repeat breaches had arisen but the compliance officer and reviewer agreed that regulatory action was not warranted based on the assessment of the visit overall.</p> <p><u>Breaches of code of ethics</u></p> <p>The breach identified was referred to the Investigations Department to examine the extent that creditors had been harmed historically and therefore whether the</p>
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		<p>insolvency practitioner was liable to disciplinary action in respect of this past breach.</p> <p>The insolvency practitioner had already rectified the breach on 28 April 2014; it is therefore unclear what purpose a referral to the Admissions and Licensing Committee would serve given its powers and the purposes of an order. Withdrawal or suspension of the licence would be disproportionate and it is not clear what conditions would be appropriate to protect the public, particularly as the breach had already been rectified.</p> <p><u>Minor breaches of the Global Practising Regulations, Code of Ethics and Conduct and Designated Professional Body Regulations</u></p> <p>The report notes only one breach which was failing to advertise a final meeting in the Gazette at least one month before (the insolvency practitioner actually advertised it 28 days before). To recommend that such cases should routinely be referred to the Admissions and Licensing Committee to decide on any regulatory action and timing of the next visit is a poor use of Committee resources, clearly disproportionate to the findings and, in ACCA's view, contrary to the guidance contained in the Insolvency Service Regulators' Code.</p>
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		<p><u>Breach of IP Regulations - failure to pay money forthwith into ISA account</u></p> <p>The only breach had occurred during 2010. Again, given the function of the Admissions and Licensing Committee and the purposes of an order, a referral was not considered appropriate because no further breaches of this nature were identified and there was no harm to creditors.</p>
<p><u>Observed monitoring visit</u></p> <ul style="list-style-type: none"> • The visit was carried out professionally and in accordance with the ACCA's own procedures. All aspects of the visit complied fully with the PfM. • High profile areas such as the IP's sources of work were tested. • A range of cases were sampled, with some cases specifically selected to review the IP's closing procedures and distributions. • Where queries were identified, these were sent to the IP and a response was requested before the end of the visit. Completed query sheets are filed electronically. • The report and outcome of the visit was sent to the insolvency practitioner on 21 October, which is within the ACCA's own timescale. 	<p>N/A</p>	<p>ACCA is pleased to note Insolvency Service's satisfaction with ACCA's arrangements.</p>

Handling of complaints

Some weaknesses in control environment

Findings	Recommendations	Response
There is a well-established procedure for considering complaints which is supplemented by appropriate guidance and instructions. All complaints are reviewed by the Investigation Manager who determines whether to either reject the matter(s) raised or refer on to an investigation officer for an investigation to be commenced. Where a complaint is rejected, the complainant is given an opportunity to make further representations upon which either the initial determination will be confirmed or an investigation undertaken.	N/A	ACCA is pleased to note Insolvency Service's satisfaction with ACCA's arrangements.
In all the cases reviewed an acknowledgement letter was sent to the complainant, with only one instance noted where this was sent outside the 10 working days timescale as specified in the MoU.	N/A	ACCA is pleased to note Insolvency Service's satisfaction with ACCA's arrangements.
In one case sampled, a complaint was referred by the Practice Monitoring Department and was still outstanding more than one year later and was not recorded on the Icasework system.	That any complaint referred by the Practice Monitoring Department is recorded on the Icasework system to ensure the timely progression of complaints	The complaint in question pre-dates the implementation of the case management system (June 2013). Only complaints opened since June 2013 are recorded on the system. This includes all referrals, including those from Practice Monitoring.
While there are targets at both ends of the complaints process, there are no interim targets to assist with timely case progression. This was exacerbated in some cases by a lack of documented evidence of quarterly reviews being	Interim review targets, for example on a quarterly basis, could promote case progression. Any reviews should be recorded on the Icasework system as an audit trail.	The case management system automatically generates quarterly reviews as a task for managers to carry out a review of a complaint. All reviews are

<p>undertaken. The ACCA has developed its database since the visit by introducing targets at each stage of the complaints process. The database is monitored on a weekly basis by a senior manager, and the ACCA uses a RAG system for identifying complaints where progress is not being made.</p>		<p>documented on the case management system.</p> <p>The centralised database also includes interim targets for investigators to set out at what stage they are at in an investigation. This operates on a RAG system so managers can identify whether a delay is occurring on a complaint.</p>
<p>When information is requested from an insolvency practitioner, there is no standard deadline given for the provision of information; for example, in one case it took some five months to obtain the required evidence from the practitioner. There was a lack of robustness in enforcing cooperation by the ACCA.</p>	<p>A standard deadline is introduced for reply, such as 21 days, which would encourage responses and case progression.</p>	<p>ACCA's procedures require members to respond within 21 days to an initial request for evidence and within 14 days to respond to any subsequent requests for information.</p> <p>The due dates for the receipt of those responses are automatically generated in the workflow in the case management system and chaser correspondence is automatically generated when a response is not received by the due date.</p> <p>Similarly, ACCA has in place procedures to deal with an insolvency practitioner's failure to cooperate with the investigation process. A workflow for such instances is also generated by the case management system.</p> <p>In regard to the case in question, which pre-dates the implementation of the case management system, the insolvency practitioner was required to contact his previous firm for the relevant information,</p>

		which impacted on response times.
<p>While complaints are thoroughly investigated, delays were prevalent, particularly toward the end of the process; most commonly, there were lengthy gaps between the receipt of all the evidence and the drafting and submission of reports to the assessor. Gaps were also found in responding to queries raised by the assessor. More generally, the closure process, particularly agreeing a closure note, caused delays.</p>	<ol style="list-style-type: none"> 1. It would be helpful to introduce a set timescale in finalising and concluding a case, so that complainants can be informed in advance. 2. Where a delay does occur, the complainant should be informed of the reason and the likely timescale before a substantive reply can be given. 	<p>The delays identified by the Insolvency Service were due to a resourcing issue, which has now been resolved.</p> <p>On receiving all evidence on a complaint, the workflow in the case management system generates a task to draft the outcome of the complaint.</p> <p>The centralised database also has interim targets including the date for when the last evidence was requested. There is a target generated of 21 days for the drafting of the outcome and a further target of 14 days for the manager to approve the outcome and four days for the outcome to be communicated to the parties.</p> <p>The database had not been created at the time of the Insolvency Service visit in May 2014 but it is now in place to ensure delays do not occur on communicating the outcome of the complaint to the parties. The database was demonstrated to the Insolvency Service in November 2014.</p>
<p>Prior to the visit the ACCA only had one staff member assigned with dealing with insolvency complaints. Whilst the initial stages of the investigation are progressed promptly, which is encouraging, this limited resource does appear to have impacted on the latter stages of the</p>	<p>Whilst pleased to note that an additional member of staff will be available, it would be helpful in future for the Insolvency Service to be kept informed of any significant changes in staffing and resources.</p>	<p>ACCA will inform the Insolvency Service of any significant changes in staff and resources.</p>

<p>complaints process.</p> <p>During the visit the ACCA advised that an additional member of staff would be starting imminently and would be assigned to dealing with complaints.</p>		
<p>Independent of the visit, the ACCA had identified concerns on the progression of complaints. The ACCA identified that its targets for closing cases (75% within 6 months and 95% within 12 months) were not being achieved. During the visit, the ACCA advised that the following steps were being taken in order to address the progress of complaints:</p> <ul style="list-style-type: none"> • Engaging an external consultant to examine the entire complaints process, identify pinch points, and make recommendations on how it could operate more quickly. • The employment of an additional investigations officer. • The outsourcing of 15 complaints to both a legal and accountancy firm. 	<p>N/A</p>	<p>ACCA has in place a centralised database and reporting tool.</p> <p>The database, which was demonstrated to the Insolvency Service as part of its inspection, captures all open cases at the implementation date (1 June 2013) and all new complaints received thereafter. The reporting tool provides a clear view of the performance of individual investigators as well as the department as a whole. In addition, the reporting functionality allows bottlenecks to be identified as well as determining capacity levels so that resources can be applied to cases without undue delay.</p>
<p>The name of the independent assessor of complaints is anonymous, which undermines the transparency of the complaints process.</p>	<p>It is recommended that the independent assessor of complaints be identified to both the complainant and to the insolvency practitioner; to ensure transparency and openness throughout the process.</p>	<p>ACCA regrets it must reject this recommendation as ACCA does not believe naming assessors will add any real value to the process. ACCA does not provide the name of the independent assessor to parties in regard to all complaints handled including insolvency complaints.</p> <p>The role of the independent assessors is to carry out an assessment, on paper, of the evidence to determine whether the</p>

		<p>matter should be referred for a hearing. If assessors are named, there is a danger that they may be passed extraneous material, which risks delays in progressing complaints. There is also the risk of assessors being harassed by members and complainants where their decision is not favourable to them.</p> <p>The independent assessor's responsibilities, scope and powers are set out in ACCA's Rulebook and notified to both the member and complainant in the Guide to ACCA's Complaints and Disciplinary Procedures.</p> <p>The independent assessors are appointed, and their performance appraised, by the Appointments Board, which is at arm's length from Council and from ACCA's other professional body activities.</p>
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Disciplinary outcomes

 **Some weaknesses in control environment**

Findings	Recommendations	Response
There were 58 outstanding complaints at the start of 2013, 70 new complaints were received during the year and 62 complaints were concluded.	N/A	This information is factually correct.

<p>During 2013, five informal warnings were issued to insolvency practitioners and one case was considered by the Disciplinary Committee, which resulted in the withdrawal of the proceedings due to the ill-health of the practitioner concerned. A further case, initially heard in October 2012 by the Disciplinary Committee but not closed until January 2013, was determined as not being proven.</p>	<p>N/A</p>	<p>This information is factually correct.</p>
<p>An investigation committee does not form part of the ACCA's process for considering potential misconduct. Instead cases taken forward through investigation are either referred to independent assessors or to the Disciplinary Committee. Assessors have three options:</p> <ul style="list-style-type: none"> • Decide no further action is required. • Issue a warning (rest-on-file). With effect from 1 January 2014, this is a formal warning (which is not published and does not follow reference to the Common Sanctions Guidance). However, the matter will remain on the practitioner's file for a period of five years, during which time it can be considered in relation to any subsequent findings. • Referral to the Disciplinary Committee, which has the power to consider a wide range of sanctions and orders in respect of more serious conduct. <p>A number of cases were identified where a warning had been issued for breaches of Statements of Insolvency Practice without any documented consideration of, or application of, the Common Sanctions Guidance.</p> <p>Whilst it is encouraging to note that matters of potential misconduct were being identified, there are currently weaknesses in the formal independent mechanism in place to consider potential misconduct that is not in the</p>	<p>We strongly recommend that the ACCA introduce a mechanism to ensure the Common Sanctions Guidance is applied to those cases involving potential misconduct that they decide is not in the public interest to take forward to its Disciplinary Committee. This could for example be achieved through the creation of an additional committee to consider misconduct of a less serious nature, that might not meet the public interest test required by the Disciplinary Committee, and which could issue intermediate sanctions in line with the Common Sanctions Guidance.</p>	<p>ACCA has in place a mechanism by which allegations are independently considered. Once a report of disciplinary allegations is drafted, it is referred to an independent assessor to consider whether there is a case to answer and if so, whether the case should be referred to the Disciplinary Committee and in doing so, which allegations should be proceeded with or whether some or all allegations should rest on the member's file.</p> <p>ACCA no longer issues informal warnings. The introduction of the rest on file powers in January 2014 has addressed this point. ACCA staff can now rest on file some or all allegations in respect of a member's conduct.</p> <p>Under ACCA's current arrangements Common Sanctions Guidance only applies to findings by the Disciplinary Committee; it does not apply at the assessor stage. The independent assessor, whose functions are different to</p>

<p>public interest to take forward to its Disciplinary Committee. This is because the independent assessor's powers are limited in range and, as a result, on these types of cases, the ACCA is not well positioned to effectively apply the Common Sanctions Guidance.</p>		<p>say an investigations committee at other Authorising Bodies, therefore does not have the power to apply the Common Sanctions Guidance to complaints.</p> <p>ACCA is however considering the introducing a broader range of sanctions (in addition to the rest on file sanction) in regard to cases where the breach is not sufficiently serious or in the public interest to refer the case to the Disciplinary Committee. The introduction of a 'regulatory penalty' regime, expected to be in place in January 2016, should address the point raised by the Insolvency Service.</p>
<p><u>Complaints' Gateway</u>² The Inspection Team found that ACCA exchanges the required information with the Gateway with outcomes being reported in a timely manner.</p>	<p>N/A</p>	<p>ACCA is pleased to note Insolvency Service's satisfaction with ACCA's arrangements.</p>

Enabling bonds and cover schedules

Strong control environment

<p>There is an efficient system in place for chasing the late submission of enabling bonds.</p>	<p>N/A</p>	<p>ACCA is pleased to note Insolvency Service's satisfaction with ACCA's arrangements.</p>
<p>It was evident from all the cases sampled that an effective</p>	<p>N/A</p>	<p>ACCA is pleased to note Insolvency</p>

² Details about the Gateway and how to complain about an insolvency practitioner are available at: www.gov.uk/complain-about-insolvency-practitioner

process is in place for monitoring the submission of both enabling bonds and monthly bordereau returns, with chasers being sent out in a timely manner where appropriate.		Service's satisfaction with ACCA's arrangements.
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ANNEX 1: RISK RATINGS

Serious weaknesses in control environment

There are serious weaknesses in the risk and control environment that pose a high residual risk to effective and efficient delivery unless urgent corrective action is taken.

Some weaknesses in control environment

There are some weaknesses in the risk and control environment that pose a residual risk to effective and efficient delivery unless corrective action is taken.

Strong control environment

A strong risk and control environment is in place with low residual risk to effective and efficient delivery.