

Institute of Chartered Accountants of England and Wales response to the consultation on the revised regulatory performance approach
17 October 2017

- We agree with the proportionate and risk based approach
- We agree that splitting the review into approach, authorisation, supervision, enforcement and governance and leadership appears to be sensible groupings and consistent with those applied with our oversight bodies
- We wonder whether the LSB should be regimenting some of their data capture requirements into an annual request by way of annual return so firms and regulators can plan and collate this data on a timely and efficient basis, and the LSB build its own data bank with which to assess trends and risks.
- We wonder whether the LSB should be asking for an annual regulatory plan so they can understand the commitments of, and influence the direction of, the frontline regulators. This would be more pro-active than reactive.
- The grading scale proposed (met, 1,2 not met) merely sets “meets minimum standards” as the top grading. As we have previously indicated this does not incentivise the bodies and their firms to outperform and drive up quality.
- The transitional arrangements to a risk based format over the next 3 years offer three options; (a) full review + focus on gaps; (b) review only only gaps; (c) review on a single functional basis each year. In the interests of proportionality we would align with option (c). We would also suggest that consideration be given to drawing on the reports of other regulators to arrive at assurance on certain elements of the regulatory processes, for example FRC inspection reports.