



# *ICAEW Regulatory Board Nomination Committee*

## **TERMS OF REFERENCE: DRAFT 030420**

### **Accountability**

1. The ICAEW Regulatory Board Nomination Committee reports to the ICAEW Regulatory Board (IRB)

### **Composition**

2. The Committee comprises four members as follows:
  - The Chair
  - Chair of ICAEW Regulatory Board
  - Alternate Chair<sup>i</sup> of ICAEW Regulatory Board
  - President of ICAEW, or an office-holder nominated by the President
3. The Committee will have a majority of non-ICAEW members.
4. Panels of the Committee will be formed for specific purposes, as set out below.
5. The Chair of the Regulatory Board Nomination Committee will be independent of ICAEW and lay<sup>ii</sup> for all matters including legal services. The Chair will be selected through an independent process and the appointment approved by the Chair of the ICAEW Regulatory Board, the Alternate Chair of the ICAEW Regulatory Board and the ICAEW President.

### **Purpose**

6. The Committee is responsible, under powers delegated to it by the IRB, and other than as set out below, for dealing with all matters relating to the appointment and performance evaluations of chairs and members of the ICAEW Regulatory Board and Professional Standards Committees.

### **Duties**

#### **Appointments to the ICAEW Regulatory Board (IRB)**

7. In relation to the IRB, the Committee shall:
  - 7.1. Regularly review the structure, size and composition (including the skills, knowledge, experience and diversity) of the IRB and make recommendations to the IRB for any changes.
  - 7.2. Ensure plans are in place for orderly succession to IRB positions.
  - 7.3. Be responsible for appointing candidates to fill IRB vacancies as and when they arise:

7.3.1. The Chair and Alternate Chair of the IRB will be identified and appointed by the IRB Chair Appointment Panel (ICAP);

- The ICAP panel will be chaired by the Chair of the Regulatory Board Nomination Committee
- The ICAEW President, or their nominee, will be a member of the panel
- Unless conflicted the IRB Chair
- The decision of the Panel to appoint must be unanimous.
- Where the Chair of the IRB is conflicted, the alternative chair will sit in their place. Where both are conflicted the decision will be made by the other two members.

7.3.2. Members of the IRB will be appointed by the IRB Members Appointment Panel (IMAP);

- The IMAP panel will be chaired by the Chair of the Regulatory Board Nomination Committee
- The other two members of the IMAP panel are:
  - Chair of the ICAEW Regulatory Board
  - ICAEW President.
- The decision of the Panel to appoint must be unanimous.

7.4. Before any appointment is made, the Committee will evaluate the balance of skills, knowledge, experience and diversity of the IRB and, in the light of this evaluation, prepare a description of the role and capabilities required for a particular appointment. In identifying suitable candidates, the panel shall:

7.4.1. Use open advertising or the services of external advisers to facilitate the search.

7.4.2. Consider candidates from a wide range of backgrounds.

7.4.3. Consider candidates on merit and against objective criteria, having due regard to the benefits of diversity on the IRB and taking care that the appointees have enough time available to devote to the position.

7.4.4. Take account of the Regulatory Appointments Policy.

7.5. Prior to the appointment to the IRB, the proposed appointee shall be required to disclose any business or similar interests that may result in a conflict of interest. These must be authorised by the IRB prior to appointment, and any future interests that could result in a conflict must not be undertaken without prior authorisation of the IRB.

7.6. The Committee shall ensure that, on appointment, a formal letter of appointment is provided setting out clearly what is expected of the successful candidate.

7.7. The Committee, ICAP and IMAP shall review the results of the IRB performance evaluation process, which will include individual performance appraisals, and take account of this when approving the renewal of individual appointments.

## **Performance evaluation of the Chair and members of the ICAEW Regulatory Board**

8. The evaluation of the performance of the IRB Chair will be performed by a panel comprising the Chair of the Regulatory Board Nomination Committee, the ICAEW President and the Alternate Chair of the IRB.
9. The evaluation of the performance of the members of the IRB will be performed by a panel comprising the Chair of the Regulatory Board Nomination Committee, the ICAEW President and the IRB Chair.

### **Appointments to Professional Standards Committees**

10. The Committee shall appoint a committee to appoint members and chairs of the Professional Standards Committees (see Annex), namely the Professional Standards Appointments Committee.
11. The Professional Standards Appointments Committee shall report on its decisions to the Regulatory Board Nomination Committee.

### **Remuneration**

12. The Committee is responsible for determining the policy for remuneration and setting remuneration for the chairs and members of the IRB and Professional Standards committees, having regard to:
  - 12.1. When determining remuneration policy and practices, consider the need for clarity, simplicity, risk mitigation, predictability, proportionality and alignment to culture.
  - 12.2. When determining remuneration policy, take into account all other factors it deems necessary, including relevant legal and regulatory requirements.
  - 12.3. No person shall be involved in any decisions as to their own remuneration.
13. The Committee is responsible for review of the ongoing appropriateness of the remuneration policy.

### **Staff appointments**

14. The Committee is not responsible for the appointment, objective setting, appraisal, and remuneration of the Executive Director, Professional Standards or of any Professional Standards staff. The Executive Director, Professional Standards is appointed by the Senior Staff Appointments Committee.

### **Operation of the Committee and its sub-committees and panels**

15. The Committee, its sub-committees and panels will operate in accordance with the Regulatory Appointments Policy.
16. All appointments must be governed by the overriding principle of selection based on merit, by the well-informed choice of individuals who, through their abilities, experience and qualities, match the needs of the committee in question. The Committee, its sub-committees and panels shall not make any appointment without first scrutinising the proposal.
17. All appointments will be made in accordance with the policy on Equality, diversity and inclusion and Active Members.
18. All appointees must be committed to the principles and values of service in the public interest and perform their duties with integrity.
19. The process of appointment must be transparent by making information about the process and appointments publicly available.

20. No person shall be involved in any decisions as to their own appointment.

## **Annex: Professional Standards committees**

### **Regulatory committees**

- Audit Registration
- Insolvency Licensing
- Investment Business
- Practice Assurance
- Probate (and its successor, the Legal Services Committee)

### **Disciplinary committees**

- Investigation
- Disciplinary
- Fitness
- Appeal
- Review

### **Other committees**

- Chartered Accountants Compensation Scheme
- Legal Services Compensation Scheme
- Professional Indemnity Insurance

Committees that are within the remit of the Regulatory Board Nomination Committee also include the joint committees (The Joint Audit Committee and the Joint Professional Indemnity Insurance Committee).

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<sup>i</sup> This is the Chair of IRB for legal services related matters, or if this is the same person as the Chair of the IRB, the Vice-Chair of IRB.

<sup>ii</sup> 'Lay' means someone who is not and never has been a member, affiliate or employee of the ICAEW or any other accountancy body and such further relevant restrictions as may be appropriate to enhance public confidence in the regulatory process. In making lay appointments, the focus will normally be on consumers of accountancy services and stakeholder organisations rather than those who have more general experience of regulation of other professional services. For matters involving legal services, 'lay' means someone who is not and never has been -

- (a) an authorised person in relation to an activity which is a reserved legal activity under the Legal Services Act 2007, for example, a solicitor or barrister
- (b) a person authorised to provide services which are regulated claims management services under the Compensation Act 2006
- (c) an advocate in Scotland;
- (d) a solicitor in Scotland;
- (e) a member of the Bar of Northern Ireland;
- (f) a solicitor of the Court of Judicature of Northern Ireland.