



# Chapter 1 – Governance framework

This Governance Handbook is a reference source for all Active Members. This is any individual acting on behalf of ICAEW and who is not a member of staff carrying out duties for the ICAEW under the agreed Governance Framework. This can include both Active Members that are members of ICAEW and Lay Active Members (ie Active Members who are not members of ICAEW).

The handbook describes and explains the governance framework of ICAEW and sets out the processes and procedures, which underpin how ICAEW operates.

<b>Chapter 1</b>	<b>Governance Framework</b>	This chapter gives our Active Members a general overview of our overall governance structure and reporting arrangements.
<b>Chapter 2</b>	<b>Delegations</b>	This chapter sets out in more detail the powers delegated to the Members at annual and special meetings, Council, the Board and its sub-committees. This includes an index of all ICAEW Committees.
		<i>Terms of reference for each committee are available on request</i>
<b>Chapter 3</b>	<b>The Operation of Council and Committees</b>	This chapter outlines some of the formal administrative procedures of Council outlining how a Council meeting and other Committees operate in practice.

## Appendices

- 2.1 Charter and bye-law delegations**
- 2.2 Role of the Office Holders**
- 3.1 Moving of Amendments**
- 3.2 Procedure for Obtaining Decisions out of Meeting**
- 3.3 Coordination between Boards and Committees**

# *Chapter 1 – Governance framework*

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## KEY FACTS ABOUT ICAEW

<b>Name</b>	ICAEW (The Institute of Chartered Accountants in England and Wales)
<b>Founded</b>	Granted our Royal Charter on 11 May 1880
<b>Headquarters</b>	Chartered Accountants' Hall, London
<b>Offices</b>	Beijing, Brussels, Dubai, Hanoi, Hong Kong, Jakarta, Kuala Lumpur, London, Milton Keynes, Shanghai and Singapore.

## WHO WE ARE

ICAEW is a professional body, supporting ICAEW Chartered Accountants across the world. Through our technical knowledge, skills and expertise, we provide insight and leadership to the global accountancy and finance profession.

Our members provide financial knowledge and guidance based on the highest professional, technical and ethical standards. We develop and support individuals, organisations and communities to help them achieve long-term, sustainable economic value.

## OUR HERITAGE

We are proud of our heritage, which dates back over 130 years. Local societies of accountants were established in the 1870s in London, Liverpool, Manchester and Sheffield. In 1880, a Royal Charter combined them to create ICAEW.

Early ICAEW presidents include names like Arthur Cooper, William Welch Deloitte, Frederick Whinney, Edwin Waterhouse and Sir William Peat. It is a constant reminder that the global accounting profession, as we now know it, was heavily influenced by our members. Our heritage gives us a volume of knowledge, experience and authority to draw on and we are adding to it every day. As we expand into new markets, ICAEW are taking our insight and expertise to businesses and organisations right across the world.

The link between the past and the present is a simple one. The accountancy profession was established because the world of commerce required trust among its participants to operate effectively. This trust is built upon reliable, high quality financial information, which ICAEW Chartered Accountants provide.

While the business landscape is more complex than it was when ICAEW was founded, the basic principles remain the same. At its core, the accounting profession exists to provide reliable information to markets, enabling people to do business effectively. We provide the professional standards, the skills and the training that allow them to conduct business with confidence.

## OUR CHARTER

ICAEW is a chartered body constituted by Royal Charter and its Bye-laws.

The Charter and the Bye-laws together form a fundamental part of the ICAEW governance framework, the purpose of which is to ensure that ICAEW is led and governed effectively in pursuit of its Object.

The principal objects of ICAEW being:

- i. to advance the theory and practice of accountancy, finance, business and commerce in all their aspects, including in particular auditing, financial management and taxation;
- ii. to recruit, educate and train a body of members skilled in these arts;
- iii. to preserve at all times the professional independence of accountants in whatever capacities they may be serving;
- iv. to maintain high standards of practice and professional conduct by all its members; and
- v. to do all such things as may advance the profession of accountancy in relation to public practice, industry, commerce and the public service.

The [Charter and Supplemental Charter, Principal and Disciplinary Bye-Laws](#) are published on [icaew.com](#).

## ICAEW VALUES

As a Professional Body we are dependent on the input of our Active Members.

It goes without saying that ICAEW cannot achieve its strategy without the active involvement of members working in partnership with staff. To help us achieve this, we have three core values that Active Members and staff are expected to abide by and which provide us with a common sense of purpose and direction.

### Initiative

- Actively collaborating to identify needs and look for innovative solutions.
- Bring together different groups and communities to work together.
- Empowering people to be agile, so they can take ownership and harness the collective efforts of ICAEW in a flexible and responsive way.

### Insight

- Actively gathering insights to develop innovative and considered thought.
- Collaborating with our networks to voice different perspectives and insights internally and externally to stimulate discussion and debate.
- Being agile in finding new and timely ways to provide understanding and insight to our members, organisations and government.

### Integrity

- Acting with transparency, consistency and openness as integrity underpins all activity we undertake.
- Standing by your principles to adhere to the highest professional standards even when facing adversity.
- Doing the right thing, even when no one is looking.

Active Members and staff are in a position to make a difference, not only to create a sense of community for our existing members, but also to attract new ones and help to raise our profile and reputation with employers, regulators, governments and business - ensuring ICAEW is at the centre of the debate on key issues facing the profession.

To continue the success trajectory we are on and deliver our new strategy, Council members are reminded to be:

Collaborative: -

Working effectively and proactively with others to deliver results and achieve our goals. Being open and willing to share information and appreciate the value of input from other people and their points of view.

Agile:-

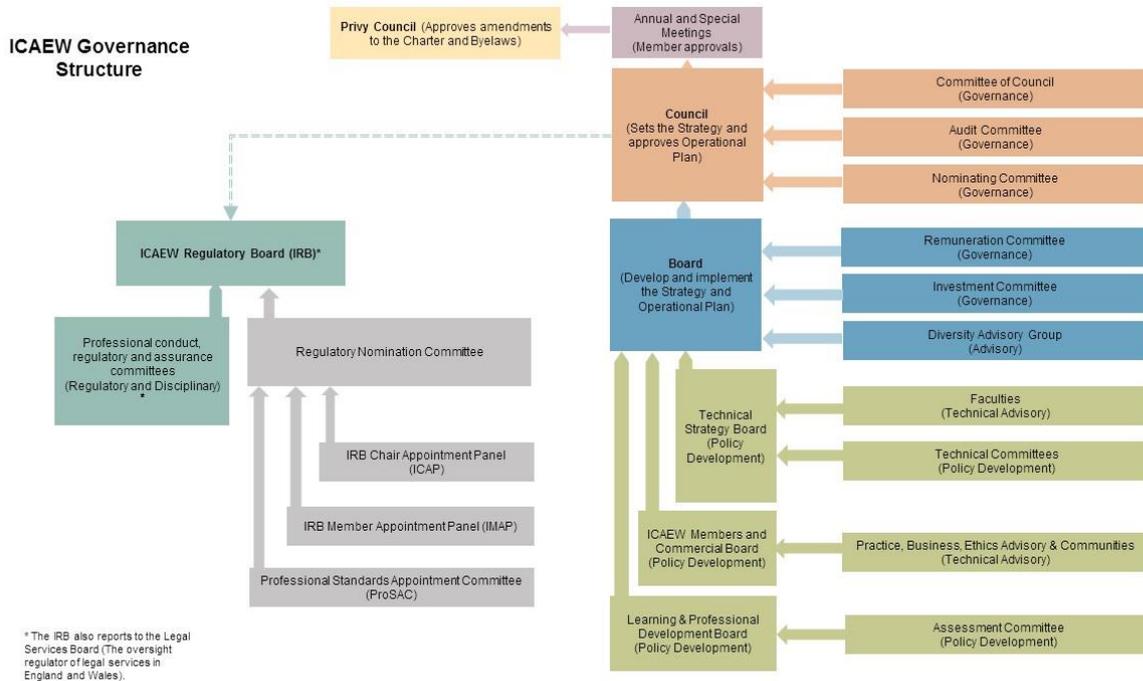
Actively demonstrating being flexible and responsive with a willingness to adapt to changing circumstances and priorities. Lead by example, being positive and open to new ways of working.

Innovative:-

Demonstrate fresh thinking and creative solutions to issues. Lead in encouraging a culture of creativity and empowerment.

## OUR GOVERNANCE

Our Council, Board and Committee structure governs us. These governance bodies are all formed of representative and lay members through a mixture of elected and appointed positions. Our Active Members drive our strategies and activities at every level, representing the accountancy and financial profession. They provide input into our strategy and at all times ensure ICAEW is there to uphold the public interest and that ICAEW's role as a professional body is maintained.



## ANNUAL GENERAL MEETING (AGM) AND SPECIAL MEETINGS

The governance term runs from June to June, marked by the AGM each year. The AGM is an opportunity for members to question Council, the Board, CEO and executive team on the strategy. The AGM is where the membership approves the membership subscriptions (for the following calendar year ahead), appoint the auditors, and approve the financial statements and any bye-law changes. In addition, on the day of the AGM, there is a Council meeting that includes the announcement of any new members to our governance bodies.

## COUNCIL

The powers of Council are set by the Charter. Council is ultimately responsible for ensuring that ICAEW meets the objects set out in the Charter. Council delegates many of its functions to the ICAEW Board, departmental Boards and Committees, to speed up the administration of our governance processes and ensure that there is an effective balance between the time taken to reach decisions and the depth of scrutiny of those decisions. Many of these Committees have specialist knowledge and skills and ensure much of the detailed operational activity and policy development is managed effectively thus enabling Council to work at a strategic level.

Council members have three distinct roles:

- **The Representative Role**

Ensuring the views across our profession are heard in helping to set the strategy and maintain the role of ICAEW as a professional body: both collectively through contributions to the decisions of Council and individually through the representation Council members provide;

- **The Holding to Account role**

Upholding the public interest and holding the Board to account for the delivery of our strategic priorities;

- **The Approvals role**

Approving annually the Operational Plan and Budget and satisfying itself that our Principal Risks are being addressed by the Board, taking into account the recommendations and advice of the Audit Committee.

## **Composition of Council**

Council consists of up to 125 Members that reflect the depth and breadth of the membership.

At the first meeting of the Council after every annual meeting the members of the Council appoint one of the members of the Council as the chair of Council (Bye-law 45).

Council is made up of the following:

- **Up to 85 elected Members (Bye-law 32)** The majority of our Council members are elected from geographical constituencies. Those Council members outside the UK have been initially appointed by co-option or election from an 'electoral college' ie, a small group of members who are particularly active in the region such as contact members. It is our intention to move to full member elections in due course.
- **Up to 25 Co-opted Members (Bye-law 36)** Council Members can be co-opted to reflect the depth and breadth of the membership, to provide seats for members with specialist skills and to ensure we have the appropriate balance of international representation.
- **Up to 15 Ex-Officio members (Bye-law 36A and 36B)** A selection of Council Members are appointed by virtue of other elected positions they hold. These are the three Office-Holders and two Past Presidents. Seven Faculty Chairs, one Student Council Chair and one Chair each for the Practice and Business Committees.

## **Term of Office**

A term on Council for elected members is four years. Elections for members on Council are held every two years when half of the elected membership retires by rotation. There is no cap on the number of terms that can be served.

For co-opted members the term is two years, renewable up to two times (i.e. up to six years).

Ex-officio appointment terms vary with the position.

## **Quorum**

The Quorum on Council is one third of the members present (Bye-law 42).

## **Removal of a Council and Committee Member**

Council, Board and Committee members may be removed if they miss three consecutive meetings without Council consent to the absence. (Bye-law 37(c)), if an adverse finding is found against them under the Disciplinary Bye-laws (Bye-law 37 (b)), or under Bye-law 39, by a resolution passed by a majority of the members present at a special meeting or under the [Active Member Conciliation and Complaints Process](#).

## ICAEW BOARDS AND COMMITTEES ('THE COMMITTEES')

Council approve the establishment, dissolution and responsibilities of all Committees; and any delegation of powers to them (unless specifically provided otherwise in the bye-laws). All Committees must work within a structure of accountability, reaching ultimately to Council, which is designed to ensure that the interests of the profession as a whole are fully considered, that ICAEW upholds the public interest and that, **except where matters are determined by statutory regulation**, decisions taken by committees are consistent with ICAEW strategy.

All Committees are composed of a selection of Members and where appropriate lay representatives, representing the depth and breadth of the profession and the public interest.

The Committees communicate regularly with each other to ensure matters of interest that are relevant to all are discussed. This is particularly important concerning the ICAEW Regulatory Board to ensure matters are consulted on as appropriate **without the application of undue influence**.

We adhere to the Corporate Governance Code on a 'comply or explain' basis, where applicable.

### **Committee of Council**

The Committee of Council acts under delegated authority from Council. The Committee is responsible for reviewing and approving major strategic proposals within ICAEW's financial limits, or which, on the recommendation of the Board, are considered 'high risk' or commercially sensitive. The Committee meets on an ad-hoc basis, when a major strategic project within its financial limits needs approval, reporting to Council following that approval.

### **Audit Committee**

The Audit Committee acts under delegated authority from Council. The Audit Committee is responsible, on behalf of Council, for oversight, assessment and review of external audit, financial reporting, internal controls and risk management and internal audit. The Board receives the minutes of the Audit Committee quarterly. The Audit Committee reports to Council on how it has discharged its responsibilities annually including;

- providing an opinion to Council as to whether the systems of internal controls and risk management are adequate;
- the significant issues that it considered in relation to the financial statements and how these issues were addressed; and
- its assessment of the effectiveness of the external audit process and its recommendation on the appointment or reappointment of the external auditor.

## Nominating Committee

The Nominating Committee acts under delegated authority from Council dealing with all matters relating to Committee and other appointments (**except those relating to regulatory matters**) to ensure the composition of our governance bodies reflect the diversity, knowledge and skillset of the profession. The Nominating Committee has delegated to the Committee Review sub-Committee to manage the annual review of committee memberships. The Nominating Committee provides a report to Council at each meeting outlining any recommendations for appointments and also provides an update on the Committee review process.

**Those matters relating to regulatory matters are delegated by Council to the ICAEW Regulatory Board and Regulatory Nominations Committee.**

## ICAEW Board

The Board acts under delegated authority from Council dealing with all matters relating to the development and implementation of ICAEW strategy, policy and operational plans, and all matters relating to ICAEW resources, reporting to Council with recommendations as required. It is responsible for approving strategic projects between £500k-£1.5m. Full details of the Board's powers and responsibilities can be found in its Terms of Reference.

To summarise, the Board has four distinct roles:

- **Develop, Supervise and Implement Strategy.**  
Responsible for supervising the delivery of the strategy and all matters relating to its implementation;
- **Holding to account**  
Holding the Executive to account in the performance of the Executive's duties, taking into account the views of Council;
- **Monitoring Risk at a strategic level**  
Overseeing a risk framework designed to provide adequate assurance as to the protection of ICAEW's assets including the maintenance of the reputation of ICAEW: taking into account the recommendations and advice of the Audit Committee.
- **The Approvals role**  
Recommending the strategy for approval by Council and responsibility for all matters (other than those reserved for the ICAEW Regulatory Board) relating to policy in support of ICAEW Strategy.

The Board is chaired by the President and has the following members:

President (Chair of the Board)  
Deputy-President (Deputy-Chair)  
Vice-President  
Three members elected from and by Council  
Two Co-opted positions reserved for Independent Non-Chartered Accountants  
Chair, Learning and Professional Development Board (ex-officio)  
Chair, Members and Commercial Board (ex-officio)  
Chair, Technical Strategy Board (ex-officio)

Chief Executive  
Executive Director, Members, Commercial and Shared Services  
Executive Director, Chief Operating Officer  
Executive Director, Learning & Professional Development  
Executive Director, Technical Strategy

The Board reports to Council following each Board meeting. This is through the Board minutes and Elected Member of the Board reports. The Elected Members of the Board and the Chair of the Board also provide an oral update on how the Board has discharged its duties. The CEO also reports to Council at each meeting reporting on progress against the operational plan.

Overall Board effectiveness reviews take place annually with an independent review carried out every three years. At least twice a year, the Non-Executive Board members meet without the Executive present.

### **Remuneration Committee**

The Remuneration Committee reports to the Board and is responsible for all matters relating to staff remuneration and volunteer expenses, reporting to the Board with recommendations as required. **This Committee consults with the Regulatory Nominations Committee on relevant matters.**

### **Diversity Advisory Group**

The Diversity Advisory Group reports to the Board and identifies emerging diversity and equality issues and draws them to the attention of the appropriate part of ICAEW for consideration and action.

## **DEPARTMENTAL BOARDS**

ICAEW has three departmental Boards that report to the ICAEW Board.

Learning and Professional Development, Members and Technical Boards are represented on the ICAEW Board through their Chair and Executive Directors.

The departmental Boards are responsible for overseeing the departmental operational plans, monitoring KPIs and approving specific projects. The three departmental Boards are:

### **Learning and Professional Development Board (LPDB)**

Responsible for overseeing the development of ICAEW's learning and professional development strategy and policies in relation to: provisional members and other students, Authorised Training Employers and Authorised Training Principals, practising certificate requirements and Continuing Professional Development (CPD) requirements. The Assessment Committee is accountable to the LPDB.

## **ICAEW Members and Commercial Board (IMCB)**

Responsible for overseeing the development and implementation of policies, actions and the operational plan in the area of ICAEW member services and ICAEW commercial services.

Member services are broadly those services provided to members within the annual subscription.

Commercial services are broadly those offered to members outside of the annual subscription and to non-members on a commercial basis and which generate income.

The Business Committee, Practice Committee, Ethics Advisory Committee and Support Members Steering Group are accountable to the Members Board.

There are also 14 Special Interest Groups (SIGs) accountable to the IMCB.

## **Technical Strategy Board (TSB)**

Responsible for overseeing the development of policies, actions and the operational plan in the area of ICAEW technical strategy.

The seven faculties that provide technical information and services to members report to the Technical Strategy Board.

There are also seven Committees that report to TSB, each of which has a particular focus on an area of ICAEW technical expertise.

## **REGULATORY GOVERNANCE**

### **The ICAEW Regulatory Board (IRB)**

The IRB derives its powers from Council, however to ensure a greater degree of independence, both in substance and appearance, Council has delegated the regulatory, **regulatory appointments** and disciplinary functions of ICAEW to the IRB, to separate them from the other activities of ICAEW. In discharging its role and responsibilities, the IRB will discuss significant matters with the ICAEW Board and relevant departmental Boards **but may not be placed under undue influence.**

A liaison group coordinates activity on any contentious issues that may arise between the ICAEW Board and the ICAEW Regulatory Board.

The IRB has regard to the objectives of the profession, as set out in ICAEW's Royal Charter, subject to a primary consideration of the public interest.

If you wish to review in more detail the delegations from Council together with the Index of Committees and a diagram of our governance structure. Please see Chapter 2.

## **MEMBER GROUPS**

The groups below sit outside our formal governance structure and have no formal powers delegated by Council but help develop policy and provide member activities.

### **ICAEW Student Council**

ICAEW has a Student Council to actively represent the views of provisional members on all matters relating to training agreements, conditions of employment, learning and professional development, professional issues, services and any other matters relevant to their provisional membership of ICAEW. The Chair of the Student Council is a member of Council ex-officio. This helps ensure the views of our student members are taken into account when setting the strategy and acts as a conduit between Council and Student Council.

The Regions, Learning and Professional Development and Members department provide staff support to the Student Council. The Student Council liaises with other departmental Boards as necessary.

### **Contact members and member groups**

Our network of contact members and member groups provides a local point of contact in most of the countries where we have members and help us to meet our objectives internationally. They also provide a conduit through which our international Council members can receive representations to help set the strategy.

Additionally, our international member groups support the local membership and help to increase awareness of the ICAEW brand.

The international affairs team, the Executive Director responsible for the relevant geographical region and our committees support these groups as appropriate.

### **Chartered Accountants Benevolent Association (CABA)**

CABA was founded in 1886 by many of the founders of the Institute of Chartered Accountants England and Wales (ICAEW).

The charity is independent from ICAEW, although we work closely together where appropriate to support the needs of ICAEW members and provide support, information and resources to promote our members wellbeing.

### **The District Societies**

The District Societies (DSs) organise events for members, ranging from CPD courses and soft skill seminars to annual dinners, social events and discussion groups through different geographical regions.

They do not form part of the ICAEW governance structure as they are separately constituted and have a separate governance structure and elected Office Holders.

Each DS should regularly liaise with ICAEW and in particular, the Members and Commercial Board to ensure the interests of ICAEW Chartered Accountants in the district are represented in the wider member community.

## FURTHER INFORMATION

For further information, please see the Active Member Community site

<http://www.icaew.com/en/members/active-members>

The current Council composition, election procedures and terms of reference of all our Committees are available on request.

Alternatively contact **James Schirn – Head of Governance on 0207 920 8560** or

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