

# Chartered Accountants Regulatory Board

## CORPORATE GOVERNANCE FRAMEWORK

October 2011

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## Chapter 1

### Introduction

#### 1.1 Preamble

The Chartered Accountants Regulatory Board (CARB) is a body established by the Chartered Accountants Ireland (the Institute) to regulate its members, in accordance with the provisions of the Institute's Principal Bye-Laws, independently, openly and in the public interest.

The functions of CARB include developing and approving the Standards of Professional Conduct for adoption by the Council of the Institute and supervising the compliance of members, member firms, affiliates and students of the Institute with these Standards. The Board of CARB has a majority of members who are not accountants and has full operational autonomy in delivering its mandate.

CARB is subject to independent oversight from the Irish and UK oversight bodies established by statute.

#### 1.2 CARB and Corporate Governance

In the interests of transparency and accountability, it is important that corporate governance of an independent body such as CARB, responsible for the regulation of Chartered Accountants, should operate to the highest standards applicable in the business world generally.

Although there is no statutory requirement for CARB to comply with the principles of the Combined Code on Corporate Governance (the Combined Code), the Board of CARB has agreed to adhere to those principles of the Combined Code which can be applied to the affairs of CARB. In addition to those relevant elements of the Combined Code, this Corporate Governance Framework sets out the key principles of good governance which the Board has sought to implement. These procedures relate to both internal practices and external relations with stakeholders.

There has been much research and debate as to what constitutes good corporate governance. It is generally accepted that good corporate governance combines robust systems and processes, with a culture of good leadership, openness and honesty. This Corporate Governance Framework shall be reviewed and further developed through time.

#### 1.3 The Legal Framework establishing CARB

CARB was established in accordance with the provisions of the Institute's Principal Bye-Laws, specifically Principal Bye-law 41 which sets out the functions to be carried out by CARB on behalf of the Institute. CARB is mandated by the members of the Institute. The Council of the Institute is charged on behalf of the members with ensuring CARB achieves its objectives by a number of checks and balances which are included in the CARB Regulations.

A copy of Principal Bye-Law 41 is attached at Appendix 1. The CARB Regulations, made by the Council of the Institute under Principal Bye-Law 41.5 include regulations relating to the composition of the Board of CARB, the appointment and removal of its members, its functions, its powers, its proceedings, its funding and its work programme.

A copy of these Regulations relating to the Chartered Accountants Regulatory Board is attached at Appendix 2.

#### 1.4 Glossary of Terms

Accountancy Board	A body that is for the time being a prescribed accountancy body under the Companies (Auditing and Accounting) Act 2003 of the Republic of Ireland
Board	The Board of the Chartered Accountants Regulatory Board appointed in accordance with the CARB Regulations
CARB	The Chartered Accountants Regulatory Board established in accordance with the provisions of the Institute's Bye-Law 41, to regulate the Institute's members, in accordance with the provisions of the Bye-Laws, independently, openly and in the public interest. CARB comprises the Board, the committees and the executive.
Compliance Committees	The Regulatory Committees and the Disciplinary Committees
Director	The Director of the Chartered Accountants Regulatory Board
Disciplinary Bye-Laws	The Disciplinary Bye-Laws of the Institute
Disciplinary Committees	The Complaints Committee, Disciplinary Committee and Appeal Panel
Governance Committees	The Nominations Committee, the Governance and Risk Assessment Committee and the Planning, Budget and Performance Committee
The Institute	The Institute of Chartered Accountants in Ireland, operating at Chartered Accountants Ireland
Management / Senior Management Team / Senior Managers/Management	The Head of Professional Authorisations, Head of Professional Conduct, Head of Quality Review, Head of Professional Standards and Head of Governance and Risk Assessment.
Members	The members of the Chartered Accountants Ireland in Ireland
Policy Committees	The Professional Standards Committee and the Ethics Committee
Principal Bye-Laws	The Principal Bye-Laws of the Institute
Regulatory Committees	The Quality Assurance Committee, the Quality Assurance Review Committee, the Quality Assurance Appeal Committee and the Insolvency Licensing Committee
Standards of Professional Conduct	Rules of Professional Conduct- Introduction  Audit Regulations & Guidance Clients Money Regulations & Guidance Continuing Professional Development Regulations Designated Professional Body Regulations & Guidance (UK) Insolvency Licensing Regulations &

	<p>Guidance (NI/GB) Investment Business Regulations &amp; Guidance Practising Certificate Regulations &amp; Guidance Professional Indemnity Insurance Regulations &amp; Guidance Quality Review Regulations &amp; Guidance</p> <p>Code of Ethics</p> <p>Disciplinary Bye-Laws</p>
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## Chapter 2

### Board

#### 2.1 The Role and Composition of the Board of CARB

The Board of CARB is led by a Chairperson initially appointed by the Council of the Institute but who will subsequently be appointed by the Board.

There are 12 members of the Board (including the Chairperson), seven of whom are not members of any recognised accountancy body. In the event of a tie, the Chairperson has a casting vote.

The Board is served by a full time executive headed by a Director.

The Board is responsible for ensuring that CARB's objectives are achieved and that the Board, committees and executive are operating efficiently and effectively.

The Board is responsible for establishing its committees' strategy and general policies and for monitoring their activities. It is also responsible for reviewing the governance, management and committee systems.

The Board shall have at least four meetings each year.

The Chairperson will provide leadership to the Board. This responsibility is to:

- The Board;
- The committees of the Board;
- The members; and
- The executive.

Leadership involves:

- Guiding the policies of the Board;
- Chairing Board meetings;
- Ensuring the Board maintains a strong progressive identity, and acts in the public interest; and
- Liaising with the Institute, regulators, government, oversight bodies, members and any other body or organisation relevant to the function of CARB.

The Chairperson and Vice-Chairperson shall be appointed in accordance with the provisions of the CARB Regulations as set out in Appendix 2.

#### 2.2 Matters reserved for the Board of CARB

Principal Bye-Law 41 lists the functions of the Board of CARB as follows:

- the setting of standards of professional conduct for members, member firms, affiliates and students; such standards having effect when adopted by the Council and receiving all other necessary approvals;
- the monitoring of compliance with standards of professional conduct for members, member firms, affiliates and students;
- the authorisation and regulation of members, member firms and affiliates engaged in public practice;

- the authorisation and regulation of members, member firms and affiliates acting as auditors, investment intermediaries and insolvency practitioners;
- the authorisation and/or regulation of members, member firms, affiliates and students engaged in any other activity in respect of which authority to authorise and/or regulate has been conferred on the Institute by any applicable legislation or regulation in any jurisdiction and which function the Council has resolved shall be carried on by the Institute;
- the disciplining of members, member firms, affiliates and students;
- ensuring compliance by the Institute with its regulatory obligations;
- appointing members to, and liaising with, bodies outside the Institute which are relevant to the functions which are the responsibility of the Board; and
- such other matters as the Council may from time to time specify.

The main functions of the Board of CARB include:

- approving CARB's strategy;
- approving policy in major areas;
- approving the strategic and operational plans, the budgets and the annual report;
- approving changes to the regulatory rules;
- fulfilling any functions specifically set out in the Principal Bye-Laws, Disciplinary Bye-Laws and Regulations; and
- overseeing the effectiveness of the management of CARB.

### 2.3 **Board Processes and Good Governance**

The Board has developed a Code of Conduct for members of the Board and intends to develop a similar Code for the committees of CARB. The executive of CARB has a separate Staff Handbook. The following principles of good governance shall apply in the performance of Board activities and shall (where appropriate) be incorporated into the Code of Conduct:

- The Board shall meet regularly, retain full and effective control and monitor the executive management and performance.
- The Board shall have a formal schedule of matters specifically reserved to it for decision to ensure that the direction and control of the body is firmly in its hands.
- The collective responsibility and authority of the Board shall be safeguarded. Excessive influence on Board decision-making by individual members shall be avoided, while allowing the members of the Board the opportunity to fully contribute to Board deliberations.
- Notwithstanding the role of the Secretary of the Board (see Appendix 3), all members of the Board shall have access to the advice of the Director of the Board who is responsible to the Board for ensuring that the Board's policy is implemented and procedures are developed and followed and that applicable rules and regulations are complied with.
- The members of the Board shall bring an independent judgement to bear on issues of strategy, performance, resources and standards of conduct.

- The members of the Board shall treat all information brought to their attention as members of the Board as confidential.
- It is the Board's duty to ensure that a balanced and understandable assessment of the Board's position is made in presenting its annual report and accounts.
- The members of the Board shall ensure that the Chairperson and the Director keep the Council of the Institute informed of its activities in accordance with the provisions of the Regulations and Memorandum of Understanding between the Board and the Institute (the MOU); a copy of the current MOU is attached at Appendix 4.
- The Board shall be supplied, in a timely fashion, with information which is of a suitable quality to enable members of the Board to satisfactorily discharge their duties.
- The members of the Board shall have access to independent professional advice (subject to financial approval) where they judge it necessary to discharge their responsibilities.
- The Board is responsible for compliance with all the obligations imposed upon them under the terms of the Principal Bye-laws and the Disciplinary Bye-Laws of the Institute. Where individual members of the Board become aware of non-compliance with any such obligation, they shall immediately bring this to the attention of the Board with a view to having the matter rectified.
- The Board has a responsibility to establish procedures for maintaining an appropriate relationship with the Institute and the relevant committee within CARB charged with governance.
- The Board has set out the roles and functions of the committees, executive and other staff in written terms of reference and shall monitor their performance.

#### **2.4 Appointment of new Members of the Board**

There is a formal, rigorous and transparent procedure for the appointment of new directors to the Board. The Board has established a Nominations Committee to lead the process for Board appointments and make recommendations to the Board. The Nominations Committee is made up of members of the Board and appointed by the Board. The Chairperson of this Committee shall not be a member of an accountancy body. The CARB Regulations prescribe the procedure to be followed on the appointment and re-appointment of members of the Board. A copy of the CARB Regulations is attached at Appendix 2.

#### **2.5 Induction of Board / Ongoing Training**

CARB should provide an induction programme for new members of the Board. This should cover the functions of CARB and the organisational structure showing delegation to the Governance Committees, the Policy Committees and the Compliance Committees. Each new member of the Board shall receive a document called "Briefing for new Members of the Board" (see Appendix 5).

Training is provided to the members of the Board on an ongoing and timely basis to provide the necessary resources for developing and updating members' knowledge and capabilities.

#### **2.6 Periodic Review of Board's Performance**

The members of the Board shall secure a review annually of the effectiveness of the Board's system of internal controls, including financial, operational and compliance controls and risk management. The Vice-Chairperson and members of the Nominations Committee shall meet without the Chairperson present at least annually to appraise the Chairperson's performance.

## 2.7 Confidentiality / Disclosure of Interests

### Confidentiality

Each member of the Board, the committees and the executive and other persons to whom the Board, the committees or the executive delegate functions (designated person) shall unless there is specific authority to disclose information, respect the confidentiality of information provided to them.

Each designated person shall sign a declaration of confidentiality at the time of becoming so designated or on the introduction of these provisions and for the executive this will form part of their contract of employment.

Circumstances in which there is authority to disclose are as follows:

- there is the permission of the Board to disclose information;
- legal advice is to be sought;
- there is a requirement in the Principal Bye-laws or the Disciplinary Bye-Laws, or other approved procedures to disclose;
- there is an obligation to disclose information to make a report to another regulatory, oversight or statutory authority; or
- the Director determines that it is necessary as part of her ongoing functions to share the information with other specific third parties.

A draft Declaration of Confidentiality is attached at Appendix 6.

### Conflict of Interest

All members of the Board, the committees and the executive are required to perform their duties impartially and in order to do so there should be no conflicts of interest.

It is the responsibility of each member of the Board, the committees and the executive to consider if any conflicts (or perceived conflicts) of interest arise when dealing with particular situations. If there is a conflict or perceived conflict the individual involved should:

- If he/she is a member of the Board, declare the conflict and excuse himself/herself from the business or if he/she becomes aware of a possible perceived conflict, discuss the matter with the chairperson for guidance before making a decision;
- If he/she is a member of a committee, declare the conflict and excuse himself/herself from the business or if he/she becomes aware of a possible perceived conflict, discuss the matter with the chairperson for guidance before making a decision. It should be noted that the committee chairperson must determine if this has any impact on the quorum of the committee; or
- If he/she is a member of the executive it should be discussed with the Director. The quality review team, due to the special nature of their functions, will be required to declare annually the member firms in which they cannot participate on visits, due to personal or other relationships, which could give rise to a conflict or a perceived conflict.

## 2.8 Communications and Information

The Board shall ensure that it communicates effectively with the Institute, the members of the Institute and the oversight bodies with the channel of communication via the Chairperson. The Board shall produce an Annual Report. This Report shall include a statement of how the Board operates and how performance evaluation of the Board and its committees has been conducted. The Board has appointed an independent CARB Communications Executive to advise on public relations matters.

## 2.9 Matters Delegated by the Board

In order to work efficiently and effectively many of the functions of CARB are delegated to committees which report to the Board of CARB. The Board has established clear Terms of Reference for these committees setting out the authority, overall responsibilities, specific functions and reporting obligations.

The overall function of each Committee is summarised below. The Terms of Reference for the governance, policy, regulatory and disciplinary committees are detailed in chapters 3, 4, 5, 6 and 7 of this document.

Nominations Committee	Leading the process for Board appointments and make recommendations to the Board.
Governance and Risk Assessment	Monitoring the Board's Corporate Governance Framework, the internal and external audit function and the risk management policy.
Planning, Budget and Performance	Developing strategic plans, annual objectives and the necessary operating budget objectives on behalf of the Board.
Professional Standards	Developing and amending Professional Standards on behalf of the Board.
Ethics	Developing and amending the Code of Ethics for Members of the Institute on behalf of the Board.
Quality Assurance	Granting/removing/restricting licences and authorisations, supervising periodic returns and inspection visits to firms.
Quality Assurance Review Committee	Reviewing a decision of the Quality Assurance Committee on the grounds set out in the Regulations.
Quality Assurance Appeal Committee	Reviewing a decision of the Quality Assurance Review Committee on the grounds set out in the Regulations.
Insolvency Licensing Committee	Granting/removing/restricting licences and authorisations, supervising periodic returns and inspection visits for insolvency licence holders.
Complaints Committee	Investigating complaints against members, member firms, affiliates and students and determining if there is a prima facie case of misconduct.
Disciplinary Tribunal	Determining cases referred to it by the Complaints Committee.
Appeal Panel	Hearing cases where a member or member firm wishes to

appeal a decision of a Disciplinary Tribunal.

The work of the committees is diverse and falls into three main groups, as illustrated in the diagram in Appendix 7.

## Chapter 3

### Nominations Committee

#### 3.1 The Terms of Reference of the Nominations Committee

CARB has three governance committees, the Nominations Committee, the Planning, Budget and Performance Committee and the Governance and Risk Assessment Committee. The Nominations Committee operates under the following Terms of Reference.

#### Terms of Reference – Nominations Committee (the Committee)

##### Duties and Responsibilities of the Committee

This Committee has delegated authority from the Board to carry out the following duties and responsibilities:

- To ensure that there is a formal, rigorous and transparent procedure for the appointment of new members to the Board.
- To review the composition of the Board and consider and advise the Board as to any changes, which may be required to achieve a balanced and appropriately experienced and qualified Board.
- To lead the process for Board appointments by identifying potential candidates for Board membership.
- To make recommendations to the Board in relation to the appointment of new Board members.
- To approach and liaise with the prospective new members at the request of the Board.
- To make recommendations to the Board in relation to the appointment of the Chairmen of the Compliance and Disciplinary Committees of CARB. This includes the Quality Assurance Committee, the Insolvency Licensing Committee, the Quality Assurance Review Committee, the Quality Assurance Appeal Committee, the Complaints Committee, the Disciplinary Committee and the Appeal Panel.

##### Constitution and Membership

- The Committee reports to the Board under the Terms of Reference set out in this document, and shall comply with the provisions and standards, where relevant, outlined in the Combined Code on Corporate Governance.
- The Committee shall consist of at least three members of the Board, appointed by the Board, for a term of office of 3 years, extendable by no more than one additional three year period.
- The majority of the members of the Committee shall not be members of an accountancy body.
- The Chairperson of CARB may be a member of the Committee. He may also be the Chairperson of the Committee.
- The Chairperson of CARB may appoint a person, who is a member of the Board, to be an alternate member of the Committee.

## **Attendance at meetings of the Committee**

- The quorum for a meeting of the Committee shall be three with at least two members present who are not members of an accountancy body. Provision may be made for meetings via such means as telephone and video link. Any member attending via telephone or video link shall be included in the quorum.
- The Director of CARB shall attend meetings of the Committee. However this shall not preclude the members of the Committee from meeting without the Director or Secretary of the Committee present.
- The Director of the Board will act as Secretary to the Committee.

## **Frequency of Meetings**

- Meetings shall be held as required to ensure that plans are in place for orderly succession for appointments to the Board.

## **Scope & Authority of the Committee**

- The Committee shall concern itself with the affairs of the Chartered Accountants Regulatory Board in the context of the duties and responsibilities as set out in these Terms of Reference.
- The Committee is authorised by the Board to investigate any activity within these Terms of Reference. It is authorised to seek any information it requires from the Director and/or any employee who reports to the Director of CARB; and the Director and those employees are required to co-operate with any request made by the Committee. In this regard the Committee will, in the first instance, consult with the Director.
- The Committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.
- The Board shall review the Committee's effectiveness annually.

## **Reporting Procedures**

Following each meeting of the Committee, a report shall be made to the next meeting of the Board summarising significant matters.

## Chapter 4

### Planning, Budget and Performance Committee

#### 4.1 The Terms of Reference of the Planning, Budget and Performance Committee

CARB has three governance committees, the Nominations Committee, the Planning, Budget and Performance Committee and the Governance and Risk Assessment Committee. The Planning, Budget and Performance Committee operates under the following Terms of Reference.

#### Terms of Reference – Planning, Budget & Performance Committee (the Committee)

##### Duties and Responsibilities of the Committee

This Committee has delegated authority from the Board to carry out the following duties and responsibilities:

- To advise and, where appropriate, make recommendations to the Board on the financial and human resource objectives and priorities of CARB.
- To advise and, where appropriate, make recommendations on the strategies and policies needed to achieve the agreed objectives.
- To determine the plans for the implementation of agreed strategies and policies.
- To prepare the annual budget for the approval of the Board.
- To monitor and review the performance of CARB in satisfying the annual strategic plan.
- To monitor and review the performance of CARB in achieving its operational goals.
- To supervise all accounting and control aspects of the financial management of CARB.
- To oversee the implementation of the annual staff appraisal scheme; the annual appraisals being conducted by the Director.
- To report and account to the Board on the above duties and responsibilities.
- To consult with the Financial Director of the Institute on the appointment and terms of engagement of the internal and external auditors, including providing comments and/or observations following any meetings with the internal and external auditors.

##### Constitution and Membership

- The Committee reports to the Board under the Terms of Reference set out in this document, and shall comply with the provisions and standards, where relevant, outlined in the Combined Code on Corporate Governance.
- The Committee shall consist of at least three members of the Board, appointed by the Board, for a term of office of 3 years, extendable by no more than one additional three year period.
- The majority of the members of the Committee shall not be members of an accountancy body.

- The Chairperson of CARB may be a member of the Committee. He may also be the Chairperson of the Committee.
- The Chairperson of CARB may appoint a person, who is a member of the Board, to be an alternate member of the Committee.

### **Attendance at meetings of the Committee**

- The quorum for a meeting of the Committee shall be three with at least two members present who are not members of an accountancy body. Provision may be made for meetings via such means as telephone and video link. Any member attending via telephone or video link shall be included in the quorum.
- At least once a year, the Committee shall meet with the external auditor and the internal auditor. The Committee will also meet the external auditor and/or the internal auditor without the Director or Secretary present.
- The Director of CARB shall attend meetings of the Committee. However this shall not preclude the members of the Committee from meeting without the Director or Secretary of the Committee present.
- The Director of the Board will act as Secretary to the Committee.

### **Frequency of Meetings**

- Meetings shall be held at least three times each year.

### **Scope & Authority of the Committee**

- The Committee shall concern itself with the affairs of the Chartered Accountants Regulatory Board in the context of the duties and responsibilities as set out in these Terms of Reference.
- The Committee is authorised by the Board to investigate any activity within these Terms of Reference. It is authorised to seek any information it requires from the Director and/or any employee who reports to the Director of CARB; and the Director and those employees are required to co-operate with any request made by the Committee. In this regard the Committee will, in the first instance, consult with the Director.
- The Committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.
- The Board shall review the Committee's effectiveness annually.

### **Reporting Procedures**

Following each meeting of the Committee, a report shall be made to the next meeting of the Board summarising significant matters.

## Chapter 5

### Governance and Risk Assessment Committee

#### 5.1 The Terms of Reference of the Governance and Risk Assessment Committee

CARB has three governance committees, the Nominations Committee, the Planning, Budget and Performance Committee and the Governance and Risk Assessment Committee. The Governance and Risk Assessment Committee operates under the following Terms of Reference.

#### Terms of Reference - Governance and Risk Assessment Committee (the Committee)

##### Duties and Responsibilities of the Committee

This Committee has delegated authority from the Board to carry out the following duties and responsibilities:

- To develop, keep under review, and assure the Board of the effectiveness of the Corporate Governance of CARB.
- To develop and monitor the Board's Risk Management Plan in conjunction with a review of the Risk Register as set out in Appendix 9.
- To secure an annual review of the effectiveness of the internal control systems including any operational and compliance controls not reviewed by any other Committee reporting to the Board.
- To monitor the effectiveness and independence of the Board's internal audit system in the overall context of the Board's risk management system; in this context, to review, in relation to the functions of CARB, the internal auditors' audit risk assessment, strategy and programme; to consider major findings of internal audit investigations, and management's response to them; and to promote co-ordination between the internal and external auditors.
- To approve and agree a work calendar for this Committee's operations and a work programme with the internal auditors in relation to the functions of CARB and to monitor annually the performance and effectiveness of the internal auditors.
- To assist the Finance Director/the Audit Committee of the Institute on any audit matters either of relevance to CARB, or on which CARB can render assistance to the Institute.
- To arrange a meeting with the external and internal auditors as required and at the discretion of the Committee.
- To consult with the Financial Director of the Institute on the appointment and terms of engagement of the internal and external auditors, including providing comments and/or observations following any meetings with the internal and external auditors.
- To review arrangements by which the executive of CARB may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters which can be subject to independent investigation.
- To conduct an annual review of its remit and its own effectiveness and to recommend any necessary changes to the Board.
- To consider such topics as the Committee may be requested by the Board to consider.

- To report and account to the Board on the above duties and responsibilities.

### **Constitution and Membership**

- The Committee reports to the Board under the Terms of Reference set out in this document, and shall comply with the provisions and standards, where relevant, outlined in the Combined Code on Corporate Governance.
- The Committee shall consist of at least five members of the Board, appointed by the Board, for a term of office of 4 years, extendable by no more than one additional 4 year period. At least one member of this Committee shall be a member of an accountancy body.
- The majority of the members of the Committee shall not be members of an accountancy body.
- The Chairperson of CARB may not be a member of the Committee. The Chairperson of CARB may attend any meeting at the request of the Committee. The Vice Chairperson may be a member of this Committee.
- The Chairperson of CARB may appoint another person, who is a member of the Board, as an alternate member of the Committee.

### **Attendance at Meetings of the Committee**

- The Finance Director of the Chartered Accountants Ireland (the Finance Director), and a representative of the external auditor and the internal auditor shall be invited, as appropriate, to meetings of the Committee, together with any other executives of the Institute or CARB which the Committee may invite to attend. Subject to this, no person other than the Committee's chairperson and members are entitled to attend.
- The quorum for a meeting of the Committee shall be three with at least two members present who are not members of an accountancy body. Provision may be made for meetings via such means as telephone and video link. Any member attending via telephone or video link shall be included in the quorum.
- The Director of CARB shall attend meetings of the Committee. However this shall not preclude the members of the Committee from meeting without the Director or Secretary of the Committee present. The Director of CARB shall not be a member of the Committee.
- The Secretary to the Board will act as Secretary to the Committee and shall be responsible for the executive action on behalf of the Committee. Further detail on the role of the Secretary is included at Appendix 3.

### **Frequency of Meetings**

- Meetings shall be held at least three times each year. The Finance Director of the Institute may also request such a meeting, if he/she feels that some matter of sufficient importance or urgency requires it.

### **Scope and Authority of the Committee**

- The Committee shall concern itself with the affairs of The Chartered Accountants Regulatory Board in the context of the duties and responsibilities as set out in these Terms of Reference.
- The Committee is authorised by the Board to investigate any activity within these Terms of Reference. It is authorised to seek any information it requires from the Director and/or any employee who reports to the Director of CARB; and the Director and those employees are

required to co-operate with any request made by the Committee. In this regard the Committee will in the first instance consult with the Director.

- The Committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.
- The Committee shall, where appropriate, confirm with the internal and external auditors that the effectiveness of the internal control system has been reviewed, and comment on this in its annual report.
- The Board shall review the Committee's effectiveness annually.

## **Reporting Procedures**

Following each meeting of the Committee, a report shall be made to the next meeting of the Board summarising significant matters. The Committee shall also issue an Annual Report to the Board providing assurances to the Board on the effectiveness of the internal control system.

## **5.2 Risk Management**

### **Purpose**

This section, together with its related Appendix 8, describes the Board's approach to risk management and key aspects of the management process. In particular, Appendix 8:

- highlights the Board's commitment to improve its capability to manage risks;
- documents the roles and responsibilities of the Board, the Director, Senior Management and other relevant parties such as the Board's Governance and Risk Assessment Committee;
- shows the link between risk management and the corporate and business planning process;
- identifies the main reporting procedures and,
- includes the Board's Risk Register format and associated guidance.

### **Review Arrangements**

The Board's policy on risk management will be subject to annual review by the Board and will be updated to reflect the changing environment as required.

## Chapter 6

### Policy Committees

#### 6.1 The Role and Composition of the Policy Committees

There are currently two policy committees, the Professional Standards Committee and the Ethics Committee. These committees are responsible for the initial development of Standards of Professional Conduct for the approval of the Board and adoption by Council. The term “Standards of Professional Conduct” is defined in paragraph 1.4 Glossary of Terms.

The Policy Committees are appointed by the Board and comprise persons with the detailed technical knowledge and expertise necessary to perform this exacting function.

It is essential when developing policy relating to professional standards and the regulation of the accountants that the Board and its committees keep themselves informed of wider regulatory developments through liaising with other standard setters, governments, and professional bodies of accountants.

In developing regulatory policy the Board will continue to work closely with the other professional bodies, in particular, the sister chartered bodies, the Institute of Chartered Accountants in England & Wales and the Institute of Chartered Accountants of Scotland, through a number of established co-ordinating committees. These include joint committees on Audit, Investment Business, Insolvency and Professional Indemnity Insurance.

#### 6.2 The Terms of Reference of the Professional Standards Committee

##### Authority

The authority of the Professional Standards Committee derives from the Board.

##### Members

Appointed by the Board.

##### Secretary

Head of Professional Standards: who is responsible for executive action on behalf of the Professional Standards Committee.

##### Mission and Values Statement

The Professional Standards Committee shall operate within a regulatory system of the highest standards of integrity and objectivity in all actions and decisions.

The Professional Standards Committee shall:

- Act in the public interest
- Apply the highest standards of integrity and objectivity in all actions and decisions
- Act in an open and transparent manner
- Respect the rights of all stakeholders
- Operate in an efficient and effective manner
- Respect and value each other as colleagues.

##### Overall Responsibilities

- (i) To approve on behalf of the Board, amendments to the Standards of Professional Conduct (the Standards (as defined within the Appendix to this document)) where the amendments do not result in substantive changes;
- (ii) To recommend for the consideration and approval of the Board, substantive changes to the existing Standards or the development of new Standards.

## Specific Functions

In the achievement of its overall responsibilities the Professional Standards Committee shall:

- Review and comment on statements issued by relevant standard setting bodies, national and international, in order to influence the standard setting process.
- Monitor and comment on relevant government and EU pronouncements and make such submissions as it deems appropriate.
- To consult with government agencies and third party organisations as required.
- Liaise with government and other regulatory authorities in relation to the Board's regulatory role.
- Liaise with other professional bodies and participate in any external committee relevant to the overall role of the Board.
- Liaise and provide the necessary support to the Board and its sub committee members on the working parties of Federation des Experts Comptables Europeens (FEE), International Federation of Accountants (IFAC) and other international committees and working parties.
- Participate in Consultative Committee of Accountancy Bodies (CCAB) and Consultative Committee of Accountancy Bodies – Ireland (CCAB-I) (and chairperson where appropriate) in the development of a common approach on regulatory matters.
- Develop guidance and support mechanisms for members in the application of standards.
- Engage in any other activity at the request of the Board or where it is deemed necessary for the furtherance of the Board's goals.

## Delegations

The Professional Standards Committee may delegate any or all of its specific functions to the executive, in particular liaising with other bodies and organisations, participating in meetings and the development of guidance.

In addition the Professional Standards Committee may delegate the drafting of policy papers and the review and proposal of amendments to existing or new Regulations or Bye-laws for the consideration of the committee.

## Reporting

The Professional Standards Committee shall report to the Board as follows:

- The Secretary of the Professional Standards Committee shall prepare a summary report after each meeting of the Professional Standards Committee.
- The report shall be presented to the Chairperson of the Professional Standards Committee for approval prior to it being presented to the Board.
- The report shall include details of projects being undertaken by the Professional Standards Committee on behalf of the Board, progress on these projects and timing of any substantive decisions required by the Board.
- The Chairperson of the Professional Standards Committee shall attend at least one meeting of the Board each year.

- The Board may request a member of the Professional Standards Committee to attend the relevant meeting of the Board at which any major policy decisions are being made based on a recommendation of the Professional Standards Committee.

## **Appendix to the Terms of Reference of the Professional Standards Committee**

**The term “Standards” shall be defined to include the following documentation as amended, varied or supplemented from time to time and any additional rules or regulations as deemed necessary:**

- Rules of Professional Conduct – Introduction
- Audit Regulations & Guidance
- Clients Money Regulations & Guidance
- Continuing Professional Development Regulations
- Designated Professional Body Regulations & Guidance (UK)
- General Affiliate Regulations
- Insolvency Licensing Regulations & Guidance (NI/GB)
- Investment Business Regulations & Guidance
- Practising Certificate Regulations & Guidance
- Professional Indemnity Insurance Regulations & Guidance
- Quality Review Regulations & Guidance
  
- Code of Ethics
- Disciplinary Bye-Laws

## 6.3 The Terms of Reference of the Ethics Committee

### Authority

The authority of the Ethics Committee derives from the Board.

### Members

Appointed by the Board.

### Secretary

The Director of the Board: who is responsible for executive action on behalf of the Ethics Committee.

### Mission and Values Statement

The Ethics Committee shall operate within a regulatory system of the highest standards of integrity and objectivity in all actions and decisions.

The Ethics Committee shall:

- Act in the public interest
- Apply the highest standards of integrity and objectivity in all actions and decisions
- Act in an open and transparent manner
- Respect the rights of all stakeholders
- Operate in an efficient and effective manner
- Respect and value each other as colleagues

### Overall Responsibilities

The Ethics Committee is responsible for developing and amending the Institute's Code of Ethics for the approval of the Board.

### Specific Functions

In the achievement of its overall responsibilities the Ethics Committee shall:

- Participate in the Consultative Committee of the Accountancy Bodies Ethics Group (and chairperson where appropriate) in the development of a common policy on ethics;
- Engage internationally through the FEE Working Party and the International Ethics Standards Board;
- Engage with the UK Auditing Practices Board in relation to the development of Ethical Standards for Auditors;
- Monitor and comment on government and EU pronouncements relating to ethical matters, and make such submissions as it deems appropriate;
- Respond to relevant consultation papers issued by FEE, the International Ethics Standards Board and any other relevant body.
- Liaise with other professional bodies and participate in any external committee relevant to the development of ethical policy; and
- Develop guidance and support mechanisms for members in the application of ethical standards.

### Delegations

The Ethics Committee may delegate any or all of its specific functions to the executive, in particular liaising with other bodies and organisations, participating in meetings and the development of guidance.

In addition the Ethics Committee may delegate the drafting of policy papers and the review and the proposal of amendments to existing or new Regulations or Bye-laws for the consideration of the Ethics Committee.

### Reporting

The Ethics Committee shall report to the Professional Standards Committee.

- The Secretary of the Committee shall prepare a summary report after each meeting of the Committee.
- The report shall be presented to the Chairperson for approval prior to its being presented to the Professional Standards Committee. The report shall include details of projects being undertaken by the Committee on behalf of the Professional Standards Committee, progress on these projects and timing of any substantive decisions required by the Professional Standards Committee and/or the Board.
- The Board may request that the Chairperson of the Committee attend the relevant meeting of the Board at which any major policy decisions are being made based on a recommendation of the Committee.
- The Chairperson of the Ethics Committee shall be a member of the Professional Standards Committee.
- The Chairperson of the Ethics Committee shall attend at least one meeting of the Board each year.

## Chapter 7

### Compliance Committees

#### 7.1 The Role and Composition of the Compliance Committees

As discussed in Chapter 2, in order to work efficiently and effectively many of the functions of CARB are delegated to committees. The Compliance Committees are further divided into Regulatory and Disciplinary Committees.

The Regulatory Committees include the following:

- Quality Assurance Committee;
- Quality Assurance Review Committee;
- Quality Assurance Appeal Committee; and
- Insolvency Licensing Committee.

The Disciplinary Committees include the following:

- Complaints Committee;
- Disciplinary Committee; and
- Appeal Panel.

The Terms of Reference for each of the Regulatory and Disciplinary Committees are set below.

#### 7.2 The Terms of Reference of the Quality Assurance Committee

##### Authority

The Authority of the Quality Assurance Committee is derived from the Quality Review Regulations, Practising Certificate Regulations, Professional Indemnity Insurance Regulations, Audit Regulations and Investment Business Regulations.

The role, responsibilities and powers of the Quality Assurance Committee are included in the above listed Regulations.

##### Members

Appointed by the Board - a minimum of 25% to be non accountants. No member of the Board or Council of the Institute or any other compliance committee can be a member of the Quality Assurance Committee.

##### Secretary

The Quality Assurance Manager: who is responsible for executive action on behalf of the Quality Assurance Committee.

##### Mission and Values Statement

The Quality Assurance Committee shall operate within a regulatory system of the highest standards of integrity and objectivity in all actions and decisions.

The Quality Assurance Committee shall:

- Act in the public interest
- Apply the highest standards of integrity and objectivity in all actions and decisions
- Act in an open and transparent manner

- Respect the rights of all stakeholders
- Operate in an efficient and effective manner
- Respect and value each other as colleagues

### Overall Responsibilities

The role, responsibilities and powers of the Quality Assurance Committee are set out in full in the Quality Review Regulations and the other Regulations governing specific areas of practice and activity.

The Quality Assurance Committee is responsible for ensuring compliance of members, member firms and affiliates with the various Standards of Professional Conduct.

This includes the granting/removing/restricting licences and authorisations, the supervision of periodic return and inspection visits to firms.

The Quality Assurance Committee shall also make recommendations to the Professional Standards Committee for amendments to the various Standards of Professional Conduct.

### Delegations

The Quality Assurance Committee is empowered by the above listed Regulations to delegate many of its functions to the executive. The delegations are summarised below.

Function	Reserved to Committee	Delegated to Executive	Board Role (if any)
1. <b>Regulations</b> Amend  Relax/waive provisions of the Regulations	Can advise the Professional Standards Committee  Yes – but discretion to executive in line with Admin Procedures manual	Can advise-drafts proposals  Only if specific delegation granted	Must approve-delegated to PSC in certain circumstances  Must approve if relaxing for a complete class of persons- e.g. ICAEW and ICAS
2. <b>Practising Certificates, Auditing, IB authorisation</b>  Approvals Rejections Withdrawals	Yes Yes– unless previously agreed timescale set by the Committee	Yes	
3. <b>Annual Return</b> Content and Timing  Issue and Receipt  Conditions/restrictions for failure to submit	Yes – unless previously agreed timescale set by the Committee	Yes  Yes  Only within timescale set by the Committee	Must approve
4. <b>Monitoring</b> Form & Frequency  Activities to be covered in visit  Selection of firms		Yes  Yes  Yes	Must decide this.

Function		Reserved to Committee	Delegated to Executive	Board Role (if any)
	Consideration of reports: ABC Reports D Report	Yes	Yes	
5	<b><u>Regulatory penalties</u></b>	Yes		
6	<b><u>Publication of decisions</u></b>	Yes		
7.	<b><u>Annual Reports</u></b> POB/IAASA		Yes	
8.	<b><u>General Administration</u></b>		<ul style="list-style-type: none"> <li>* Implementing decisions of Committee</li> <li>* Corresponding with members, firms and all other relevant parties as appropriate</li> <li>* Form and Content of correspondence following committee meetings and decisions</li> <li>* Seeking legal advice as deemed appropriate.</li> </ul>	

## Reporting

The Quality Assurance Committee shall report to the Board as follows:

- The Secretary of the Quality Assurance Committee shall prepare a summary report after each meeting of the Quality Assurance Committee.
- The Quality Assurance Committee's report shall be presented to the Chairperson for approval prior to its being presented to the Board.
- The report shall include information on the visits undertaken, the category of reports and the numbers of licences granted, revoked etc.
- The report shall be included within the Director's Report presented to the Board.
- The Chairperson of the Quality Assurance Committee shall attend at least one meeting of the Board each year.

### 7.3 The Terms of Reference of the Quality Assurance Review Committee

#### Authority

The Authority of the Quality Assurance Review Committee is derived from the Quality Review Regulations, Practising Certificate Regulations, Professional Indemnity Insurance Regulations, Audit Regulations, Investment Business Regulations and the Insolvency Licensing Regulations.

The role, responsibilities and powers of the Quality Assurance Review Committee are included in the above listed Regulations.

## Members

Appointed by the Board - a panel must comprise at least three people one of whom must be a lay member.

## Secretary

The Quality Assurance Manager: who is responsible for executive action on behalf of the Quality Assurance Review Committee.

## Mission and Values Statement

The Quality Assurance Review Committee shall operate within a regulatory system of the highest standards of integrity and objectivity in all actions and decisions.

The Quality Assurance Review Committee shall:

- Act in the public interest
- Apply the highest standards of integrity and objectivity in all actions and decisions
- Act in an open and transparent manner
- Respect the rights of all stakeholders
- Operate in an efficient and effective manner
- Respect and value each other as colleagues

## Overall Responsibilities

The role, responsibilities and powers of the Quality Assurance Review Committee are set out in full in the Quality Review Regulations, the Insolvency Licensing Regulations and the other Regulations governing specific areas of practice and activity. The Quality Assurance Review Committee has the authority under the above listed Regulations to set its own procedures, and these are included in the Administration Procedures Manual.

A member or member firm may request a review of any decision of the Quality Assurance Committee. An Insolvency Practitioner may request a review of decisions of the Insolvency Licensing Committee as permitted. The Quality Assurance Review Committee will conduct this review.

The Quality Assurance Review Committee has the same powers as the Quality Assurance Committee and the Insolvency Licensing Committee when making orders against a member. It can impose orders which are equivalent, or less or more severe. It can also award costs.

## Delegations

The Quality Assurance Review Committee does not delegate any of its functions other than general administration which includes the circulation of documentation and the drafting and issuing of correspondence to the member or member firm on behalf of the Quality Assurance Review Committee.

## Reporting

The Regulations require the Quality Assurance Review Committee to report to the Quality Assurance Committee or the Insolvency Licensing Committee (as appropriate), not to the Board.

The report of the Quality Assurance Committee or the Insolvency Licensing Committee (as appropriate) to the Board shall include a summary of the decisions of any hearings of the Quality Assurance Review Committee.

## 7.4 The Terms of Reference of the Quality Assurance Appeal Committee

### Authority

The Authority of the Quality Assurance Appeal Committee is derived from the Quality Review Regulations, Practising Certificate Regulations, Professional Indemnity Insurance Regulations, Audit Regulations, Investment Business Regulations and the Insolvency Licensing Regulations.

The role, responsibilities and powers of the Quality Assurance Appeal Committee are included in the above listed Regulations.

### Members

Appointed by the Board – The case will be heard by a Tribunal selected from the Quality Assurance Appeal Committee. A Tribunal must comprise at least three people of whom two, including the chairperson must be lay members.

### Secretary

The Quality Assurance Appeal Committee does not have a secretary and administrative support is provided by the Clerk to the Quality Assurance Appeal Committee.

### Mission and Values Statement

The Quality Assurance Appeal Committee shall operate within a regulatory system of the highest standards of integrity and objectivity in all actions and decisions.

The Quality Assurance Appeal Committee shall:

- Act in the public interest
- Apply the highest standards of integrity and objectivity in all actions and decisions
- Act in an open and transparent manner
- Respect the rights of all stakeholders
- Operate in an efficient and effective manner
- Respect and value each other as colleagues

### Overall Responsibilities

The role, responsibilities and powers of the Quality Assurance Appeal Committee are set out in full in the Quality Review Regulations, the Insolvency Licensing Regulations and the other Regulations governing specific areas of practice and activity.

A member or member firm may appeal a decision of the Quality Assurance Review Committee on the grounds set out in the above listed Regulations. An Insolvency Practitioner may appeal a decision of the Quality Assurance Review Committee on the grounds set out in the Insolvency Licensing Regulations. The Quality Assurance Appeal Committee will conduct this review.

The Quality Assurance Appeal Committee may:

- Allow the appeal;
- Impose a less severe restriction;
- Send the matter back to the Quality Review Committee or the Insolvency Licensing Committee (as appropriate);
- Dismiss the appeal;
- Direct the member or firm to pay costs.

### Delegations

The Quality Assurance Appeal Committee does not delegate any of its functions other than general administration undertaken by the Clerk to the Quality Assurance Appeal Committee, which includes the circulation of documentation and the drafting and issuing of correspondence to the member or member firm on behalf of the Quality Assurance Appeal Committee.

## Reporting

The Regulations require the Quality Assurance Appeal Committee to report to the Quality Assurance Committee or the Insolvency Licensing Committee (as appropriate) not to the Board.

The report of the Quality Assurance Committee to the Board shall include a summary of the decisions of any hearings of the Quality Assurance Appeal Committee.

## 7.5 The Terms of Reference of the Insolvency Licensing Committee

### Authority

The Authority of the Insolvency Licensing Committee is derived from the Insolvency Licensing Regulations.

### Members

Appointed by the Board - at least 8 members - 25% of whom must not be members of the Institute. No member of the Board or the Council of the Institute or any other compliance committee can be a member of the Insolvency Licensing Committee.

### Secretary

The Head of Governance and Risk Assessment: who is responsible for executive action on behalf of the Insolvency Licensing Committee.

### Mission and Values Statement

The Insolvency Licensing Committee shall operate within a regulatory system of the highest standards of integrity and objectivity in all actions and decisions.

The Insolvency Licensing Committee shall:

- Act in the public interest
- Apply the highest standards of integrity and objectivity in all actions and decisions
- Act in an open and transparent manner
- Respect the rights of all stakeholders
- Operate in an efficient and effective manner
- Respect and value each other as colleagues

### Functions

The Insolvency Licensing Committee has the same responsibilities as the Quality Assurance Committee but for Insolvency Licence holders. Insolvency licence holders are individuals who are licensed to carry out insolvency work in accordance with the relevant legislation in Great Britain and Northern Ireland.

### Delegations

Function	Reserved to Committee	Delegated to Executive	Board Role (if any)
1. <u>Regulations</u> Amend  Relax/waive provisions	Can advise  Yes – but discretion to executive in line with Procedures manual	Can advise- drafts proposals	Must approve- delegated to Professional Standards Committee  Must approve if relaxing for a complete class of persons- e.g. ICAEW and ICAS
2. <u>Insolvency Licensing Authorisation</u>			

Function		Reserved to Committee	Delegated to Executive	Board Role (if any)
	Approvals Renewals Rejections	Yes – unless previously agreed with the Committee	Yes Yes	
	Withdrawals	Yes – unless previously agreed timescale set by the Committee		
3.	<b><u>Annual Return</u></b> Content and Timescale  Issue and Receipt  Conditions/restrictions if failure to submit	Yes – unless when previously agreed timescale set by the Committee	Yes  Yes	
4.	<b><u>Monitoring</u></b> Form & Content of Visit Selection Completion: ABC & D Reports	Yes – Always to Committee	Yes Yes	
5	<b><u>Regulatory Penalties</u></b>	Yes		
6	<b><u>Publication of decisions</u></b>	Yes		
7	<b><u>Annual Reports</u></b> DBIS / DETI (NI)		Yes	
8	<b><u>General Administration</u></b>		<ul style="list-style-type: none"> <li>• Implementing decisions of Committee</li> <li>• Corresponding with members, firms and all relevant parties as appropriate</li> <li>• Form and content of correspondence following committee meetings and decisions</li> <li>• Seeking legal advice as deemed appropriate</li> </ul>	

### Reporting

The Insolvency Licensing Committee is not required to report in the same manner as the Quality Assurance Committee but has traditionally done so.

The Insolvency Licensing Committee shall report to the Board as follows:

- The Secretary of the Insolvency Licensing Committee shall prepare a summary report after each meeting of the Insolvency Licensing Committee.

- The Insolvency Licensing Committee's report shall be presented to the Chairperson for approval prior to its being presented to the Board.
- The report shall include information on the visits undertaken, the category of reports and the numbers of licences granted, revoked etc.
- The report shall be included within the Director's Report presented to the Board.
- The Chairperson of the Insolvency Licensing Committee shall attend at least one meeting of the Board each year.

### Appeal Process

An Insolvency Licence Holder may request a review of certain decisions of the Insolvency Licensing Committee as detailed in the Insolvency Licensing Regulations. The Quality Assurance Review Committee will conduct this review, in accordance with the Terms of Reference of this Committee detailed above and the Insolvency Licensing Regulations.

An Insolvency Licence Holder may appeal a decision of the Quality Assurance Review Committee as detailed in the Insolvency Licensing Regulations. The Quality Assurance Appeal Committee will conduct this appeal in accordance with the Terms of Reference of this Committee detailed above and the Insolvency Licensing Regulations.

## 7.6 The Terms of Reference of the Complaints Committee

### Authority

The Authority of the Complaints Committee derives from the Disciplinary Bye-Laws. Amendments to the Disciplinary Bye-laws must be approved by members in SGM and then by UK and Irish Government bodies before becoming effective.

### Members

Appointed by the Board – not less than nine persons with the majority being persons who are not members of the Institute.

### Secretary

The Head of Professional Conduct: who will be responsible for executive action on behalf of the Complaints Committee.

### Mission and Values Statement

The Complaints Committee shall operate within a regulatory system of the highest standards of integrity and objectivity in all actions and decisions.

The Complaints Committee shall:

- Act in the public interest
- Apply the highest standards of integrity and objectivity in all actions and decisions
- Act in an open and transparent manner
- Respect the rights of all stakeholders
- Operate in an efficient and effective manner
- Respect and value each other as colleagues

### Functions

The Complaints Committee investigates complaints against members, member firms, affiliates and students and determines if there is a prima facie case of misconduct.

## Delegations

Functions		Reserved to Committee	Delegated to Executive	Board Role
1.	<b><u>Bye-laws and Regulations</u></b> Disciplinary Bye-laws  Regulations	Yes	Yes to draft through Professional Standards Committee	To approve for Council
2.	Receipt of Complaints		Yes	
3.	Investigating Complaints	Yes – following completion of Preliminary Investigation by the Executive		
4.	Referring Cases to Complaints Committee		Yes	
5.	Closing Cases	No – can be closed by Head of Professional Conduct following preliminary investigation		
6.	Determining if a matter of public concern  Referring cases to the AADB/IAASA	Yes  Yes		
7.	Determining if Prima Facie Case	Yes		
8.	Determining form and Content of Consent Order	Yes		
9.	Deciding on publication	Yes		
10.	Referral to Disciplinary Tribunal	Yes		
11.	Prosecuting a complaint before the Disciplinary Tribunal	Not a function of the Committee	Yes- function of the Secretary or other appointed lawyer	
12.	Selection of an independent reviewer from the panel		Yes	
13.	General Administration		<ul style="list-style-type: none"> <li>* Implementing decisions of Committee</li> <li>* Corresponding with members, firms and all other relevant parties as appropriate</li> <li>* Form and Content of correspondence following committee</li> </ul>	

Functions		Reserved to Committee	Delegated to Executive	Board Role
			meetings and decisions * Seeking legal advice as deemed appropriate	

### Reporting

The Complaints Committee operates a clearly defined framework established by the Board as set out in the relevant Disciplinary Bye-laws, Regulations and these Terms of Reference. Within this framework, and in order to comply with the principles of natural justice, the Complaints Committee operates and reaches its decision independently in relation to individual cases. Information, in this regard, received by the Complaints Committee and any of its appointed officers is strictly confidential.

The Head of Professional Conduct, as Secretary to the Committee, shall prepare a written summary report on the activities of the Complaints Committee, and the Disciplinary and Appeal Committees which is submitted to the Board.

The Complaints Committee shall report to the Board as follows:

- The Secretary of the Complaints Committee shall prepare a summary report after each meeting of the Complaints Committee.
- The Complaints Committee's report shall be presented to the Chairperson for approval prior to its being presented to the Board.
- The report shall include information on the cases considered by the Complaints Committee and a summary of the decisions taken.
- The reports shall be included within the Director's Report presented to the Board.
- The Head of Professional Conduct shall, on behalf of the Committee, inform the Director of the Board of any matter likely to result in a public concern case, a judicial review or any other major issue. The Director shall communicate this information to the Chairperson of the Board and seek direction from him.
- The Chairperson of the Complaints Committee shall attend at least one meeting of the Board each year.

## 7.7 The Terms of Reference of the Disciplinary and Appeal Committees

### Authority

The authority of the Disciplinary Committee and Appeal Committee is derived from the Disciplinary Bye-Laws. Amendments to the Disciplinary Bye-laws must be approved by members in SGM and then by UK and Irish Government bodies before becoming effective.

### Members Committee

**Disciplinary:** Appointed by the Board – Not less than nine persons including not less than six persons who are not members of the Institute and at least two of whom shall be lawyers.

**Appeal:** Appointed by the Board - not less than nine persons including not less than six persons who are not members of the Institute and at least two of whom shall be lawyers.

### Tribunal / Panel

Disciplinary Tribunal and Appeal Panel: The Tribunal / Panel shall consist of a lawyer, who is not a member of the Institute, a chairperson and one person who is a member of the Institute and one person who is not a member of the Institute.

### Secretary

None - a registrar is appointed.

### Mission and Values Statement

The Tribunal / Panel shall operate within a regulatory system of the highest standards of integrity and objectivity in all actions and decisions.

The Tribunal / Panel shall:

- Act in the public interest
- Apply the highest standards of integrity and objectivity in all actions and decisions
- Act in an open and transparent manner
- Respect the rights of all stakeholders
- Operate in an efficient and effective manner
- Respect and value each other as colleagues

### Functions

A Disciplinary Tribunal shall hear cases referred to it by the Complaints Committee. The Appeal Panel will hear cases where a member or member firm wishes to appeal a decision of a Disciplinary Tribunal.

### Delegations

Functions		Reserved to Committee	Delegated to Executive
1.	Selection of the Tribunal	Yes- to the chairperson	
2.	Notification to the parties concerned		Yes
3	Conduct of the hearing and the decision	Yes	
4.	General Administration		Yes

### Reporting

The Committees / Tribunals/ Panels operate a clearly defined framework established by the Board as set out in the relevant Disciplinary Bye-laws, Regulations and these Terms of Reference. Within this framework, and in order to comply with the principles of natural justice, the Committees / Tribunals / Panels operate and reach their decisions independently in relation to individual cases. Information received by the Committees / Tribunals/ Panels and any of its appointed officers is strictly confidential.

The Head of Professional Conduct shall prepare a written summary report on the activities of the Disciplinary Tribunal and Appeal Panel for submission to the Board.

The Committees / Tribunals /Panels shall report to the Board as follows:

- The Head of Professional Conduct shall prepare a summary report after each meeting of the Tribunal / Panel.
- The report shall include summary information of cases heard by either the Disciplinary Tribunal or Appeal Panel.
- The reports shall be included within the Director's Report presented to the Board.
- The Chairperson of the Committees /Tribunals / Panels shall attend at least one meeting of the Board each year.

## Chapter 8

### Director and Management Team

#### 8.1 Director and Management Team

The Director fulfils a leadership role for the Board in the implementation of its objectives and is responsible for the conduct of the affairs of the Board.

The Director is the primary strategic adviser to the Board, attending all Board meetings at which he will report on policy and strategic issues, operations and performance against strategic objectives. The Director is responsible for recruitment, performance management and ultimately ensuring the policies agreed to by the Board and its committees are carried out effectively and efficiently.

The Director together with the Chairperson or other appointed member of the Board or its committees will be required to act as a representative of the Board and will represent the Board at meetings with the Institute, the Council of the Institute and its committees, members of the Institute, the Irish and UK governments, other regulators, other professions and the oversight bodies.

The Director will consult with the Chairperson of the Board and the committees within CARB to determine who from the Board or committees should also attend those meetings.

#### 8.2 Matters delegated to the Director and Management Team

The Board has delegated the following functions to the Director:

- Implementing the Board's strategic plan
- Managing the resources (human and financial) available to the Board
- Representing the Board with stakeholders
- Representing the Board at the Institute's Senior Management meetings and Council meetings
- Preparing and making submissions on behalf of the Board
- Preparation of budgets for the Board and liaising with the CEO of the Institute
- Acting as an adviser to the Board.

The Director in performing the above functions, delegates where appropriate, to the Management within CARB. The roles, responsibilities and objectives of each member of Management is discussed and noted at their annual appraisal conducted by the Director. An organisation chart showing the executive structure within CARB is attached at Appendix 10.

#### 8.3 Internal Financial Management

There are detailed rules, established by the Institute, governing internal financial management. These procedures specify who has authority to sign and approve payments and the monetary values involved. These are updated on a regular basis.

#### 8.4 Performance Appraisal Framework

As part of a system of performance review, each member of the executive within CARB has the opportunity to discuss, in a formal way, performance of duties in relation to agreed job goals. This review also provides an opportunity to discuss any training and personal development proposals. This is conducted at least once a year and a confidential record of this review is kept on file in the Institute's Human Resources Department. Each year, in advance of the Annual Review, each employee is given details of the process and format.

## 8.5 Risk Management

The Director, through his/her management team, is responsible for ensuring an effective risk management process is embedded throughout all areas of CARB's business. The outline of the Risk Management Process is set out in paragraph 5.2 of this Corporate Governance Framework. The full details of the Board's Risk Management Process is set out in Appendix 9.

This involves:

- implementing Board policies and procedures on internal control;
- implementing the risk assessment process;
- encouraging all employees to actively consider and manage risk;
- undertaking risk reviews and carry out appropriate risk management actions;
- communicating significant risks and control weaknesses for their area of responsibility to relevant members of the executive;
- developing and maintaining risk registers within pre-defined timescales; and
- the completion of a statement of assurance (stewardship statement).

All members of the executive have an important role to play in the identification, assessment, addressing and reporting of risks within their work areas and for identifying the need for the escalation of risks and reporting to their line management.

The Director will meet regularly with the management team and will carry out a review of the Risk Register and decide on the appropriate risk management actions in the circumstances.

## 8.6 Data Protection

The Data Protection Act and other related legislation places responsibilities on an organisation to process personal information it holds in a fair and proper way. Data protection compliance should be seen as an integral part of employment practice. It is important to promote an environment where data protection, security and confidentiality of personal information is seen as the norm. In order to achieve this CARB has in place a training programme to ensure all employees are made aware of the requirements of the Data Protection legislation. CARB also intends to create a "Data Protection Policy".

## 8.7 Relationship with the Institute – managerial services

The Memorandum of Understanding between the Board and the Institute (see Appendix 4) states that the Institute will provide the Board with all the necessary resources including personnel, systems, facilities and funding for operating expenditure in order to enable the Board to fulfill its mandate.