



SMALL PRACTITIONERS ASSOCIATION
SURVEY AND REPORT
SEPTEMBER 1996

Whilst the views expressed in the report do not purport to be representative of all small practitioners, they are the views of a large and significant number of practitioners and, in the absence of any measurable negative attitudes to SPA, it may be reasonable to accept that they are representative of the majority.

CONTENTS

Section 1	Commentaries
1.1	SPA – Agenda for 1997
1.2	Considerations for the ICAEW
1.3	Formation of SPA
1.4	The Role of the Small Practitioner
1.5	Trade Association and Regulator – The Dilemma
Section 2	Questionnaire – Commentaries on Findings
2.1	Membership, Services and Networking
2.2	ICAEW Activities
2.3	Professional Indemnity Insurance
2.4	Audit and Reporting Process
2.5	JMU Activity
2.6	Professional Conduct
Section 3	Questionnaire – Analyses of Findings
3.1	Membership, Services and Systems
3.2	ICAEW Activities
3.3	Professional Indemnity Insurance
3.4	Audit and Reporting Process
3.5	JMU Activity
3.6	Professional Conduct
3.7	Practice Support Services
3.8	Questionnaire Analysis Methodology
Steering Committee Members and Acknowledgements	

1.1 SPA – Agenda for 1997

- i Formalise structure of the Association adopted at General Meeting to be held in November 1996, to include geographical organisation and funding.
- ii Develop an appropriate method of discussing current issues with the ICAEW, particularly compliance requirements.
- iii Develop local networks of SPA members and extend membership.
- iv Monitor and report on Group Services taken up by members. Develop and introduce further Group Services.
- v Develop the public profile and image of Small Practitioners.
- vi Develop methods of two-way communication with members.
- vii Liaise with CPE providers to develop better accessibility, content and prices.
- viii Develop the existing informal relationship with the Federation of Small Businesses.

1.2 Considerations for ICAEW

- i Review the Institute's role as a trade association and whether this is compatible with its secondary role of regulator.
- ii Develop independent market research to encourage wider participation in current issues.
- iii Abandon intention to hold all disciplinary meetings in public, and review method of determining whether cases are called on substance rather than form. Only cases concerning criminal activity or actual public loss should be publicised.
- iv Review with the DTI whether all small non-public interest limited companies may opt out of the audit process (as has already been granted to those with turnover under £350,000).
- v Review the current methods and role of the statutory audit to provide public assurance that no major fraud can be perpetrated.
- vi Redefine the role of the General Practitioner Group to provide separate support services for:
 - Small practices of up to 3 partners.
 - Larger firms
- vii Review with the JMU what constitutes a breach, which should be substance rather than form.
- viii Review with the JMU the scope and methods of their supervision, particularly whether this need be provided to small non-public interest limited companies.

- ix Review the Complaints and Disciplinary procedures to establish any underlying causes for the apparent increase in activity, and to ensure that such procedures discern between substance and form.
- x Consider providing free legal support to members for Disciplinary Hearings.

1.3 Formation of SPA

- i The lack of facility or desire of most Small Practitioners to participate in Institute matters is well known. In past years such a *laisse faire* attitude was probably neutral in effect as, until the introduction of Institute compliance plus the JMU with its attendant annual return, no direct ‘intervention’ into a Small Practitioner’s practice would generally take place.
- ii Highly publicised ‘public interest’ company failures are cited as the major reason why compliance and monitoring was introduced in 1991. A sea change has taken place in attitude, with the need to demonstrate publicly that work is being carried out to a high standard, a process involving almost all Small Practitioners – irrespective of whether their work has any ‘public interest’ or not: thus, Small Practitioners must be prepared to be involved to help shape their future.
- iii Forming SPA from a starting position of no members and no funds proved a substantial challenge, but was enabled through the editorial support of Accountancy Age which carried early articles and a version of the questionnaire, with a Steering Committee of ICAEW Small Practitioners providing the considerable development and administrative support on a purely voluntary basis.
- iv Sufficient funds were donated to permit a copy of the questionnaire to be sent to all ICAEW identified Small Practitioners. 818 questionnaires were completed and returned in time for this report, and currently a little over 750 practitioners have taken up membership. This is an encouraging, significant and rapid response from the body of Small Practitioners; only 2 indicated that SPA had no purpose to fulfil.
- v By focusing individual members’ views SPA seeks firstly to bridge the ‘communication gap’ between those formulating the policies and those affected by or having to implement them. SPA seeks to work in parallel with the ICAEW, to respond to initiatives on issues affecting Small Practitioners and to present group views how existing circumstances can be improved.
- vi Secondly, SPA seeks to provide ‘Group’ services on a more economic basis than individual Small Practitioners might be able to obtain.
- vii Respondents had a total of 13,100 years experience in general practice, and just over 20,000 years experience as qualified accountants.

1.4 The Role of the Small Practitioner

- i Given the nature of the majority of clients served by Small Practitioners, the relationship is very personal and tends to be much more of an accounting/financial guidance and taxation role rather than that of auditor. Recent statistics are worth reporting as they portray the

population of clients forming most Small Practices:

- In 1993 there were 3.6 million active businesses representing approximately 30% of gross domestic product, of which 2.6 million were sole traders of partnerships with no employees, and 1 million limited companies of which 91% had less than 10 employees.
 - In 1995, small businesses grew at 9% compared with 2% for GDP.
- ii The Small Practitioner performs a vital role in the nursery of the economy in a professional, affordable manner, and is concerned to see that services are a benefit rather than just a cost to the client. He or she is a trusted confidant of the client, and client relationships tend to be long lasting.
- iii Whilst the range of client activity to be covered is very wide, there is no indication that the standard of assistance given suffers. In many Small Practices there is a direct comparison with the services of a General Practitioner in the field of healthcare – a general level of competence is maintained and a specialist is brought in when matters are more complicated.
- iv The role of the Small Practitioner as auditor in many small companies does not fulfil the statutory function of providing independent assurance to the shareholders because:
- very frequently the shareholders are the directors, who are husband and wife only.
 - outside (the family) shareholders are rarely found.
- v The DTI has recognised these circumstances to the extent that defined ‘very small’ companies are exempt from audit, but all limited companies do obtain a separate legal entity and the role of the reporting accountant in ensuring such responsibility or benefit is properly used, together with necessary guidance on Company Law and Taxation matters, is seen of ongoing importance.
- vi SPA, in its submission on FRSSE, went further by suggesting that all limited companies must appoint a professional qualified accountant once trading, and that this should be recorded at Companies House.
- vii There is some evidence that ‘unfair’ competition is being found from unqualified ‘accountants’, and reinforcing the special values of the qualified Small Practitioner needs to be addressed.
- viii In recent years an overburden of compliance requirements on members (particularly audit) has caused great concern without adding much, if any, benefit to the client. This too needs to be addressed.
- ix The Small Practitioner has a viable and purposeful future. SPA hopes to help nurture the continuing existence of this large and important sector of the profession.

1.5 Trade Association and Regulator – The Dilemma

- i It is clear that many members’ confidence is lacking in the Institute’s ability to deal evenly with both their needs and perceived sins or omissions. This has been translated into a reluctance to participate willingly in Institute initiatives.

- ii 116 responses to the CCAB on FRSSE from over 11,000 practising accountants demonstrate this reluctance – and yet this subject is close to the heart of most Small Practitioners’ work.
- iii The role of the Institute as regulator has for many Small Practitioners created a belief that in some fashion their ‘card is being marked’, and efforts are made to appear as invisible as possible – lying low in an attempt not to attract unwanted attention.
- iv There is a strong feeling that the Institute lacks sympathy for or understanding of Small Practitioners’ way of life – in particular, the close and regular working with small business clients; audit or accounting standards do not feature high on the list of needs to maintain a small business during time of economic decline – it is ‘hands on’ help and commercial guidance often on a day to day basis that is more usually required.
- v The Institute has not helped this deterioration in relationships with seemingly poor management style:
 - High profile reporting of disciplinary hearings – costly in every respect to the defendant and where the subject matter at times appears trivial.
 - Development of policy statements affecting all practitioners, but without a working method of consulting with Small Practitioners to obtain a balanced view. Again, citing FRSSE, can representatives of the Big 6 really understand what will and will not work for clients in a small practice? Why not start with properly structured research and build on that?
- vi The opportunity has been taken by members to show general disapproval of the system as much as the substance, as has been evidenced in recent voting on Special Resolutions.
- vii It appears at such times as if the Institute mimics poor government – don’t ask the people as we might get an answer we don’t want to hear. The issue whether the Institute can manage satisfactorily both ‘gamekeeper and poacher’ roles, and whether its style of management is appropriate, needs to be addressed if self-inflicted wounds are to be avoided in the future.

2.1 Membership, Services and Networking

2.1.1 Membership

- i Although the Accountancy Age version of the questionnaire invited comment widely, very few responses were received other than from those SPA regards as Small Practitioners – firms with up to 3 partners.
- ii A dozen or so ACCA members – and even the odd ICAS – wrote enquiring whether SPA might extend to them, but clearly this would be inappropriate given that SPA is intended for ICAEW members.
- iii SPA represents possibly the largest independent group within the ICAEW – quite an achievement in a few short months.

- iv To the future, membership should be simpler to obtain for those wishing to join their 750 plus colleagues – no more lengthy questionnaires! The process should be confirmed at the first General Meeting proposed for November 1996.
- v It is evident that we have a deep sense of pride in both our qualifications and our work for clients, but this can be dented easily by Institute ‘interference’, which occasionally has led to resentment and lack of response to what is perceived as heavy handed and unwarranted enquiry.

2.1.2 Services

- i It is disheartening that although most members are registered auditors, others have statedly ‘given up’ auditing because of compliance requirements, and also that investment advice has similarly been frequently ‘given away’ to less suitable and unqualified individuals.
- ii Compliance should not be so onerous that it dissuades good accountants from giving service to clients – the apparent ‘U-turn’ recently by the Institute in encouraging practitioners to offer investment advice suggests a belated response to the poorer service provided to clients in recent years by the Insurance industry.
- iii The Small Practitioner is probably the best placed and informed person to provide clients with investment advice, which is unfortunately deemed ‘high risk’ in terms of JMU supervision – although current insurance claims do not support this position.
- iv Members’ readership suggests that tax matters most. Certainly insurance claims suggest this is our weakest area.
- v The lower membership of Institute faculties is possibly a reflection of the relatively high additional costs of these services.

2.1.3 Networking

- i On occasion members may feel isolated – and the need for a trusted colleague with whom to share your concern is paramount; to do nothing and let matters fester can only be damaging to your practice and even your health.
- ii The benefits of members networking with their local colleagues or other ‘user’ groups has been confirmed by respondents, and this is seen as a key task for SPA to pursue within its 1997 agenda – to eliminate ‘isolation’, improve technical support and enhance the public image of the Small Practitioner.
- iii 13% of members belong to another Trade Association – the Federation of Small Businesses. SPA believes there is considerable mutual interest with the FSB – their members are our clients – and seeks to develop an ongoing relationship with its policy makers.

2.2 ICAEW Activity

2.2.1 Concern about existing procedures

- i What is not surprising is the concern reiterated by respondents about the unhelpful attitude

- unintentional no doubt – that the Institute is seen to exhibit towards Small Practitioners, plus the strain caused by the JMU and compliance requirements – after all that was the view held by SPA when starting its activities.
- ii To a lesser extent, members are concerned about CPE – expensive, time consuming and not always focused on small practice/clients’ profiles; no real concern about staff training – almost non-existent among Small Practitioners, and neutral about PII – not a problem, just a cost.
 - iii Improving communication with Small Practitioners is known to be high on the Institute agenda. Less than 4% of all respondents have been invited to take part in independent research on any of five principal subjects in the last five years. A vastly experienced source of information has been neglected.
 - iv Within an overall income of £41 million plus, which must place the Institute as one of the biggest ‘businesses’ in the UK, room should be found for properly conducted market research non-attributable to the respondent, to enable the population of Small Practitioners and others to participate in the development of their future. SPA was impressed by the quality and fervour of responses given by members knowing their confidentiality would be maintained.
 - v The ICAEW 1995 Annual Report speaks of ‘the Research Board concentrating on core areas of members’ activities’ – let us see this in practice involving rather than dictating to Small Practitioners, and in a manner that encourages participation – why not make this part of CPE?

2.2.2 Concern about proposed procedures

- i The Council has issued a paper recommending that all disciplinary hearings be held in public. Unless great sensitivity and care is taken – qualities hitherto seemingly absent, to undertake such an activity against an existing background of poor relations should seem to be heaping trouble upon trouble, and further disenfranchise the membership. It would also parade more members in a potentially ‘sensational’ fashion as evidenced in cases reported in recent months in Accountancy – private lives being mercilessly exposed over matters where no public loss has been occasioned.
- ii No further highly publicised examples of form over substance are desirable; the Institute must take great care only to expose villains and cowboys – not the occasional frailties of long standing servants with otherwise unblemished records.

2.3 Professional Indemnity Insurance

- i Small Practitioners are obliged to carry minimum cover of £50,000, then 2.5 times fees to a ceiling of £1,000,000, negotiable thereafter, on an ‘any one claim’ basis.
- ii The reality of members’ claims history suggests that, even if desirable, such cover is grossly excessive:
 - nearly 70% have never had the need to notify a potential claim.

- of the very small number of paid claims, all fell below the minimum cover of £50,000.
- iii Despite the stated absence of insurance claims arising from audit matters, not having complied with PII regulations is an extensively used reason for withdrawing the Audit Registration Certificate.
- iv The decision to provide a Group Scheme for members, to which over 70% have initially responded, will allow a more economic solution for most members to this compliance requirement besides providing additional services within the price of such cover. Already a free taxline and legal helpline have been established.
- v The Group Scheme will benefit from the separate underwriting pool created solely for SPA's members – both from the known low claims history and economy of scale.
- vi Monitoring the Group Scheme will take place over the coming years and, if members' performance mirrors their stated history, should allow further 'cost free' enhancements to be added.
- vii Secondly, the issue of what level of cover ought to be provide can be addressed, as clearly the present levels appear superfluous to needs – and thus are unnecessarily expensive.

2.4 Audit and Reporting Process

- i The disillusionment expressed about the low level of perceived benefit of audits generally – either to clients or to shareholders – should be very worrying for the Institute – after all the statutory audit underpins much of the Big 6 activity, and with it public opinion on the safe handling of their moneys.
- ii For larger concerns, particularly PLCs, it begs the question whether the process of statutory audit, presently carried out, is truly independent, meaningful or beneficial.
- iii It appears that here is a fruitful area for research involving both the Institute and PLCs to take auditing into the next millennium – how can the function of audit best be carried out to provide public assurance that no major fraud can be perpetrated?
- iv In the case of small limited companies, a jaundiced view of audit might be expected as this is not high on the list of client/shareholder priorities.
- v In similar vein to SPA's response to FRSSE regarding Accounting Standards, perhaps for all small limited companies with no public interest (using the DTI criteria of 'small'), it would be reasonable that the appointed professionally qualified accountant could act in a reporting role where an audit is not requested. In this way the audit process may be restricted to those companies where it is appropriate and meaningful, and the overburden of audit compliance plus reporting standards may be minimised.

2.5 The JMU Process

- i Undoubtedly the JMU has a role to play in the quality and effectiveness of the audit process of public entities; what their role should be for private entities is of great concern to all Small Practitioners where, given the extremely low levels of ‘public interest’ audits, it should be helpful rather than hostile in terms of maintaining quality of work.
- ii It is evident that the present regime engenders unreasonable stress both in terms of the visit, and where ‘breaches’ are identified, the subsequent drawn out reporting process period – sometimes running into many months – surely unacceptable.
- iii Despite the fact that the ICA report on Audit Regulation to the DTI for 1995 speaks of compliments made to the JMU at the end of visits, it does not register any of the disquiet raised by those monitored. The negative remarks made by SPA members outnumbered positive by three to one, suggesting there is considerable scope for improvement in the process.
- iv The JMU process should not be concerned with procedure rather than substance; the fact that a box is not ticked or a sheet not initialled is not fatal. The ‘essential’ checklists may now add more paper to the audit file than the audit schedules themselves!
- v The JMU should take its lead from the government’s initiatives concerning deregulation; small limited companies are invariably privately owned, and the audit forms a small and less meaningful part of the pack of services provided, and where accountancy work is already performed to a standard that satisfies the client, Companies House and the Inland Revenue.
- vi The JMU thus should consider the benefit to and effect of their supervision on such clients, and whether such supervision should be provided at all to small non-public interest limited companies.
- vii Secondly, there is strong evidence that the levels of compliance required have added time and real cost to the Small Practitioner, to the point where he or she is unable to pass them on to the client; such negative economic action is harming the effectiveness of Small Practitioners’ services – quite the reverse of what is intended.

2.6 Complaints and Disciplinary Process

2.6.1 Complaints Process

- i The Institute procedures for dealing with complaints against members perhaps not surprisingly finds a high degree of dissatisfaction. After all, this is a potentially adversarial activity. But for a ‘product’ of the Institute to have such a high level of dissatisfaction would surely suggest that the process should be reviewed to see how it might be improved.
- ii Although complaints against SPA members are running at a low level (2% p.a.), it is noticeable that in the last five years this rate has increased.

2.6.2 The Disciplinary Process

- i As with Complaints, the low level of SPA members involved in a Disciplinary Hearing (0.5% p.a.) has an underlying trend of far more Hearings in the last five years – probably the impact of JMU reports and compliance.
- ii The process is immensely time consuming and costly for the member to defend, particularly if a solicitor is retained – often not the case as statedly uneconomic because of minimum charges of around £500.
- iii There have been reported cases which in SPA’s view should never have been heard, let alone published in gory detail, and the Institute should take care not to disenfranchise further such members by heavy handedness over trivial matters – intent and substance must be more important than process, especially where no loss to the public or client is occasioned.
- iv A Council Paper has also been circulated in recent months on the opening of all disciplinary hearings to the public. This, in SPA’s view, would be disastrous as tabloid coverage would inevitably abound which would tarnish the innocent as well as the guilty.
- V Disciplinary Hearings involve legal as well as technical issues, and members should ensure that they are able to defend their position adequately. As a Trade Association, the Institute should consider providing free legal support for practising members (of note the ICAEW 1995 Annual Report quotes 2.5 hours of free legal support to members in business on ethical problems).

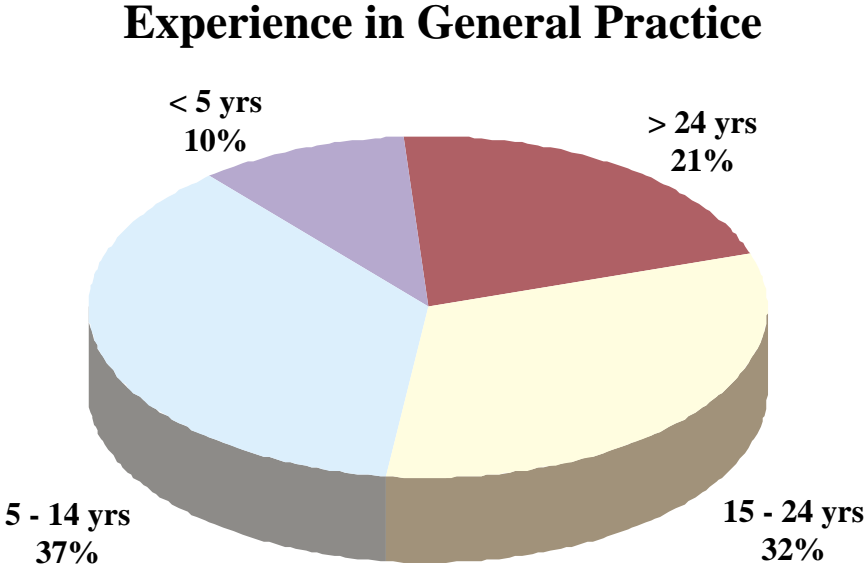
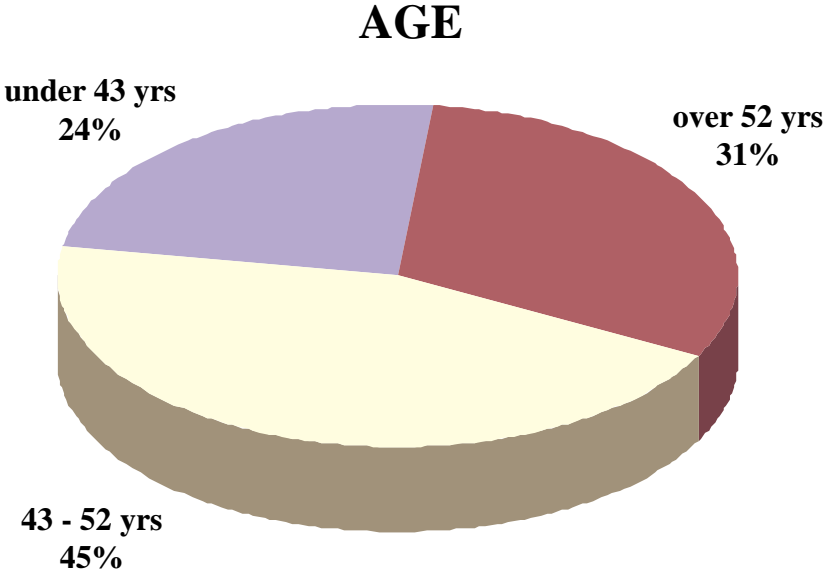
3.1 Membership, Services and Systems

3.1.1 Profile of SPA membership

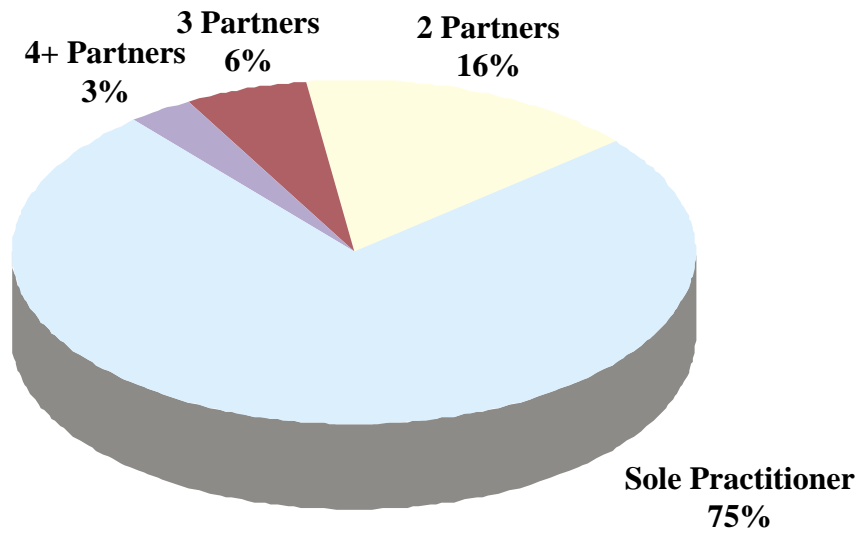
The average age of practitioners who have joined SPA is 49 years. 45% of members are aged between 43 and 52 years.

Over 90% of members are either sole practitioners (75%) or in a two partner practice (16%). This is the core group that SPA aims to represent, however there may be individuals in larger practices that feel they can benefit from becoming members. At this stage no limit on practice size have been set.

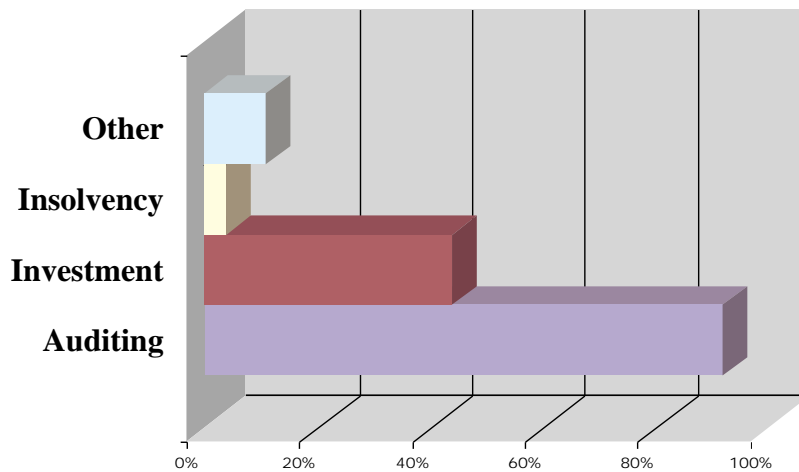
Between them, SPA members can offer 11,890 years of experience in general practice. Over 50% of the membership have been in general practice for more than 15 years.



Size of Practice



3.1.2 Services



The majority of SPA members are authorised to undertake auditing whilst approaching half (44%) are also authorised to undertake investment work. Only a very small proportion carry out insolvency work.

Members' Readership and Membership

The main titles and associations are listed in order of occurrence.

<u>Readership</u>	<u>% of members</u>
Accountancy	90
Accountancy Age	77
True and Fair	37
Tax Digests	16
Taxation	9
Taxfile	8

<u>Membership</u>	<u>% of members</u>
Tax faculty	42
Audit faculty	36
FSB	10
IT faculty	9

Computer Software

A large number of software packages were mentioned, those receiving most mentions are listed below in order of occurrence:

Sage
Word for Windows
Lotus
Word Perfect
Iris

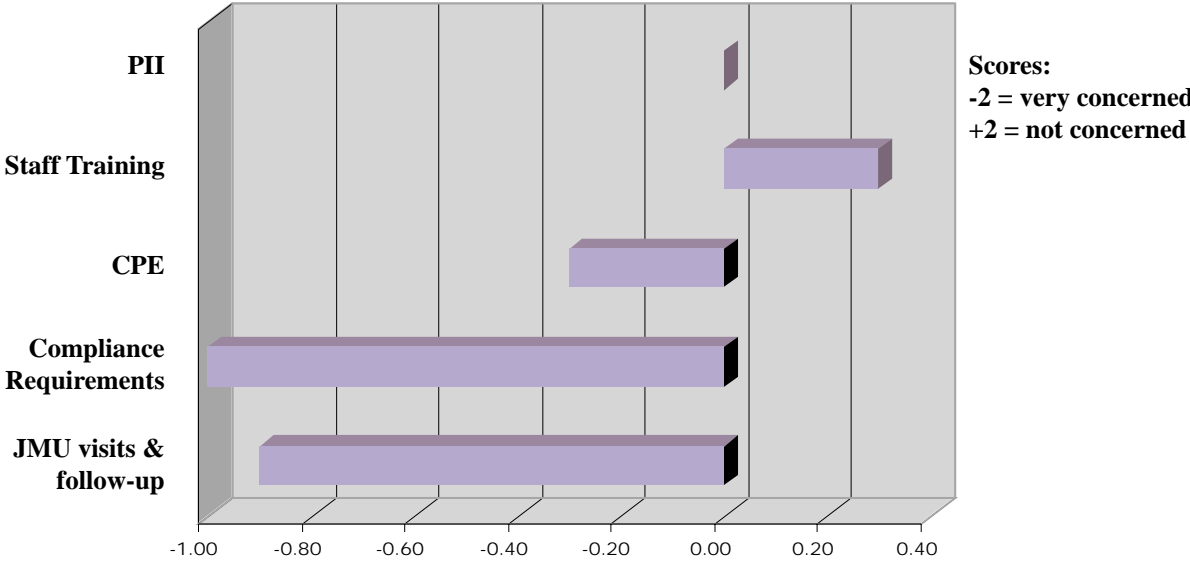
3.2 ICAEW Activities

3.2.1 Concern about existing procedures

SPA members have indicated a high degree of concern regarding JMU visits and Compliance Requirements. Other areas of ICAEW activity received, overall, significantly lower levels of concern.

The causes for concern are highlighted in later sections.

ICAEW Activity - Level of Concern



INDEPENDENT RESEARCH

Within this section of the questionnaire, respondents were asked whether they had taken part in independent research carried out for the Institute into any of the five activities within the last 5 years. Less than 4% of all respondents to the survey claimed that they had taken part in research with approximately 1% answering 'YES' to any one of the areas of activity.

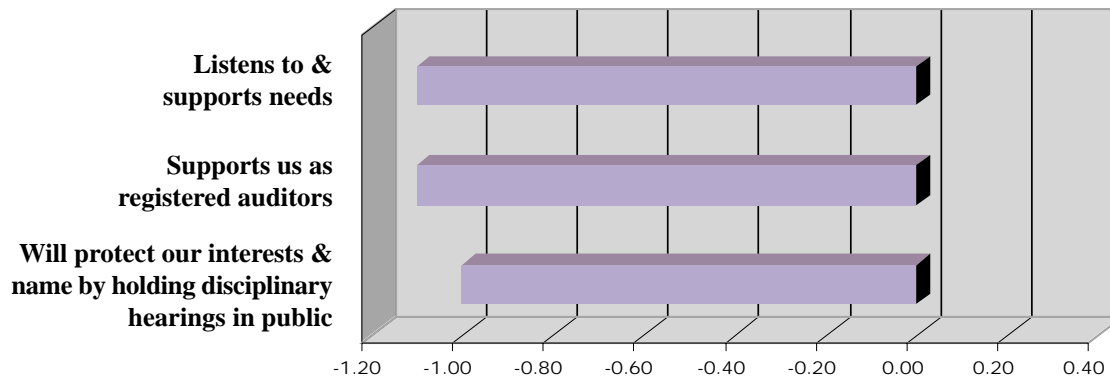
Small Practitioners in general feel that the Institute does not support them well, either generally or as registered auditors. They do not feel that the Institute will help protect their interests by holding disciplinary hearings in public.

There are those respondents who disagree with the conclusions drawn above, however they are a negligible proportion of the sample.

Spontaneous comments indicate a general feeling that the Institute is too bureaucratic, is overbearing and unsupportive. A number of respondents feel that the large firms have too much influence, which is resented all the more as it is the adverse publicity gained by these firms that has reduced the public's confidence in the profession.

ICAEW Performance - Attitudes

Scores:
-2 = very badly
+2 = very well



At the end of the questionnaire space was left for any unsolicited comments. The comments most frequently mentioned are given below in order of occurrence.

Views on Procedures
Audit regulations are not sensible/practicable/unnecessary for small companies
Compliance is arduous/costly
CPE is costly/time consuming/hard to justify
JMU is overbearing/of no benefit
Too much complicated paperwork
Extra form filling costly and of no benefit to the client

ATTITUDES TO THE INSTITUTE
Too much bureaucracy
Big brother approach/authoritarian/overbearing/hostile
Too many extra costs imposed
Doesn't give necessary support to Small Practitioners
Doesn't give support on disciplinary matters to handle complaints well
Doesn't understand Small Practitioners' business
Run for large firms/by large firms
Shouldn't try to monitor & represent members/can't be a regulator and guardian
Alienated/disillusioned by ICAEW
In need of reforms

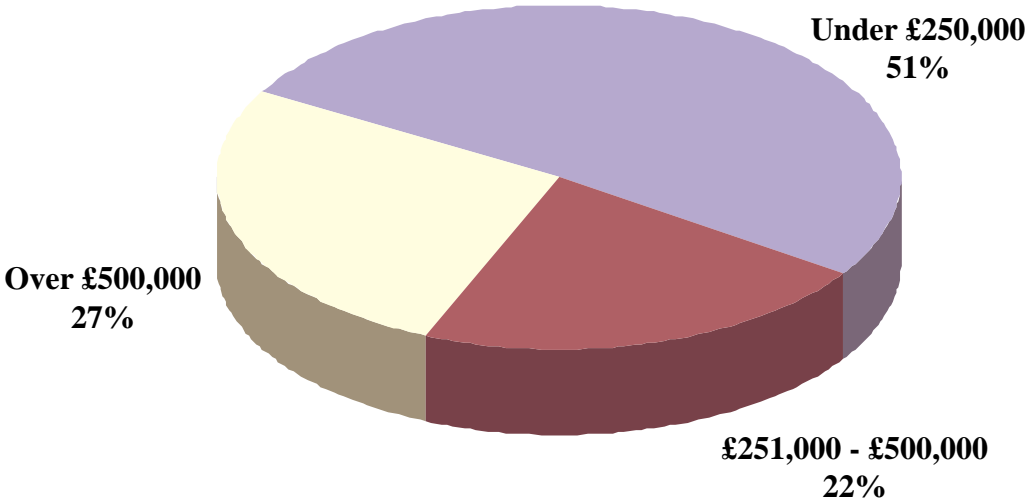
SUGGESTIONS FOR THE INSTITUTE
Big firms given profession bad name/need emphasis on monitoring/disciplining big firms
ICAEW should pay SPA sub
Institute should run SPA initiative
Split Institute into two factions – large/small firms
Get back to grass roots

These spontaneously written comments clearly demonstrate a high degree of dissatisfaction with the Institute amongst those practitioners who returned a questionnaire, and tend to re-emphasise the findings of this report.

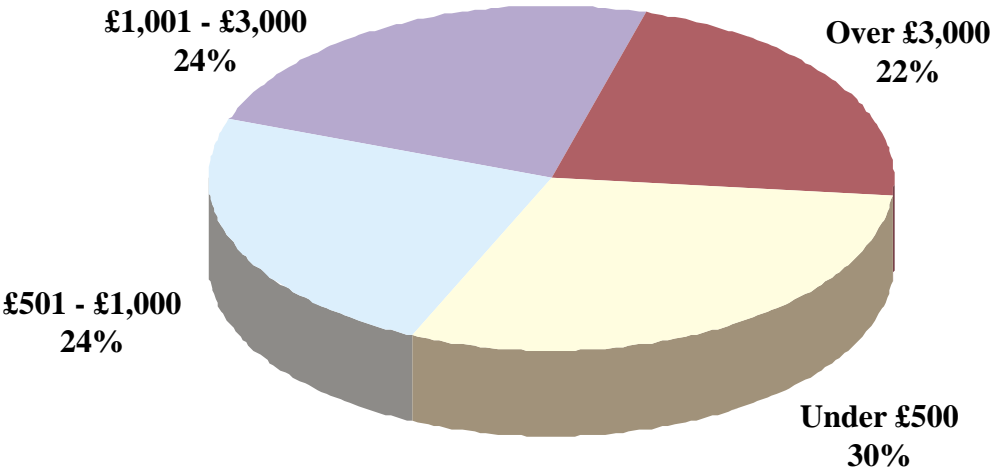
3.3 Professional Indemnity Insurance

Nearly a quarter of respondents declined to give details about their PII. The information has been repercentaged excluding these.

Limit of Cover

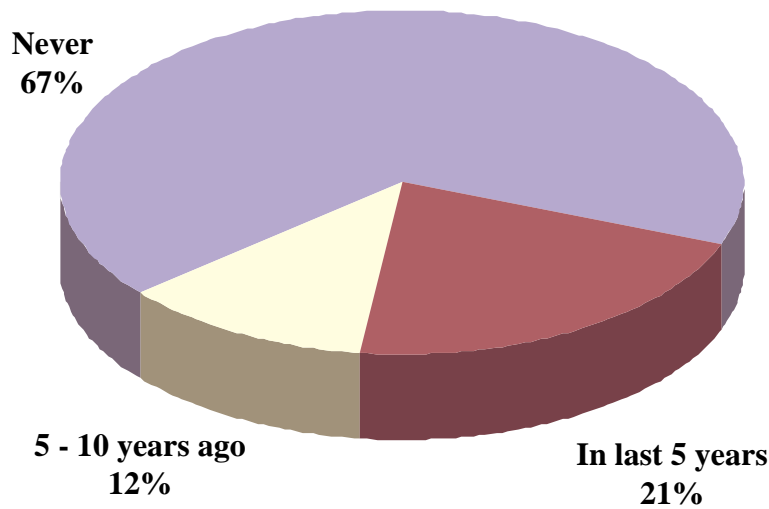


Last Annual Premium



Over half the SPA membership have never notified a claim. The annual rate of notifications has almost doubled from an average of 2.5%, 5-10 years ago to 4.2%, over the last 5 years.

Notified Potential Claims



CLAIMS PAID

A very small minority of practices have had a claim paid. 4% in the last five years and 2% in the previous five years. These percentages equate to 0.8% per annum and 0.4% per annum respectively.

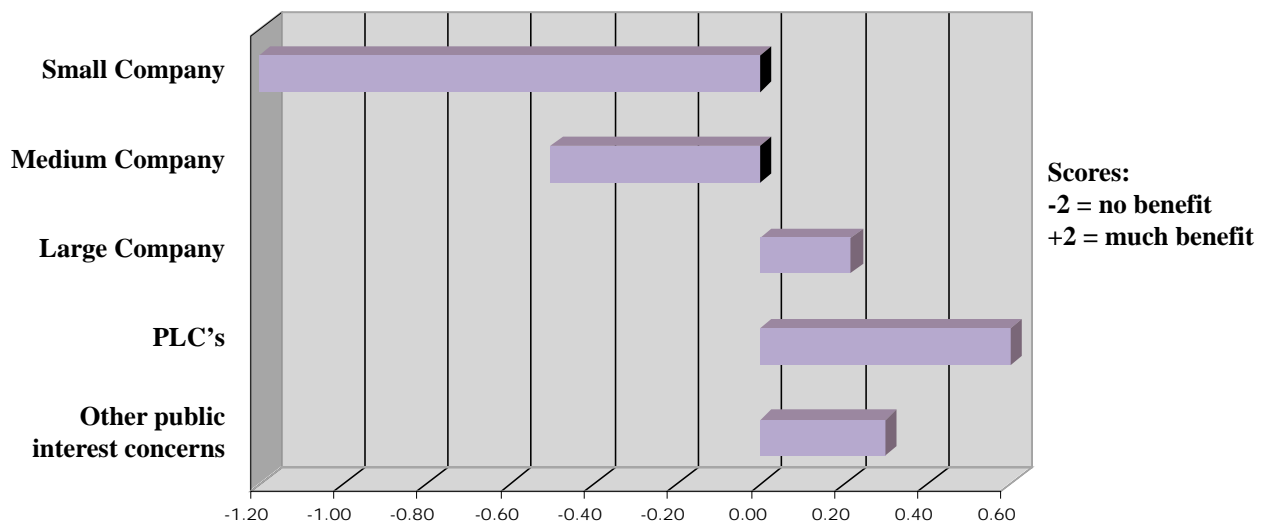
Of the claims paid, 59% were for an amount of less than £6,000, and none were for over £50,000.

3.4 Audit and Reporting Process

The responses clearly illustrate the lack of perceived benefit to small and medium-sized companies of the process.

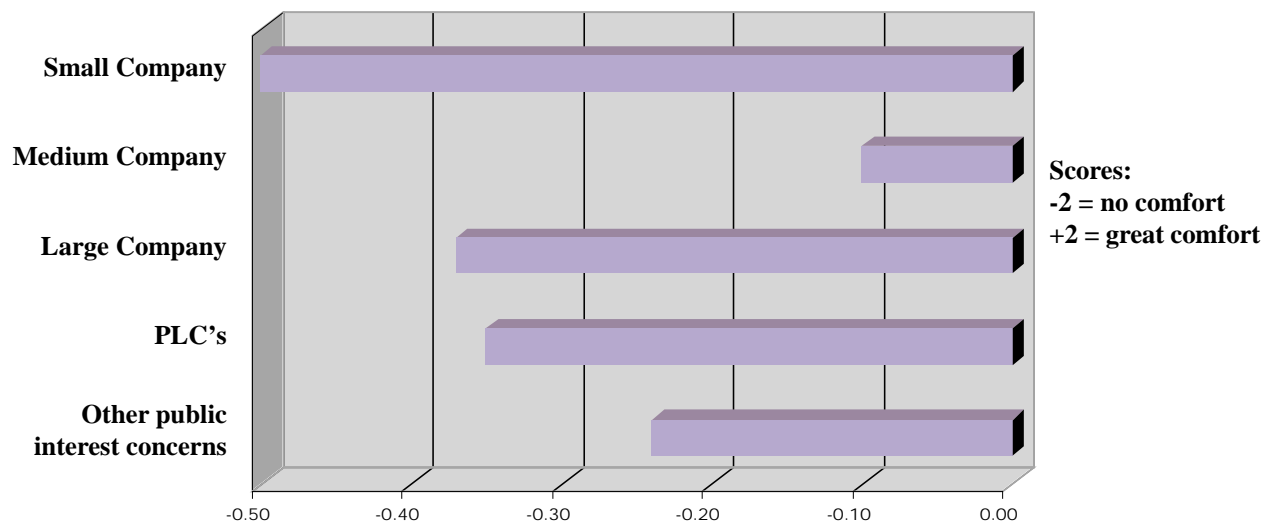
Averaging across the sample there is a small perceived benefit of the process to large companies and public interest concerns.

Audit and Reporting Process - Perceived Benefit



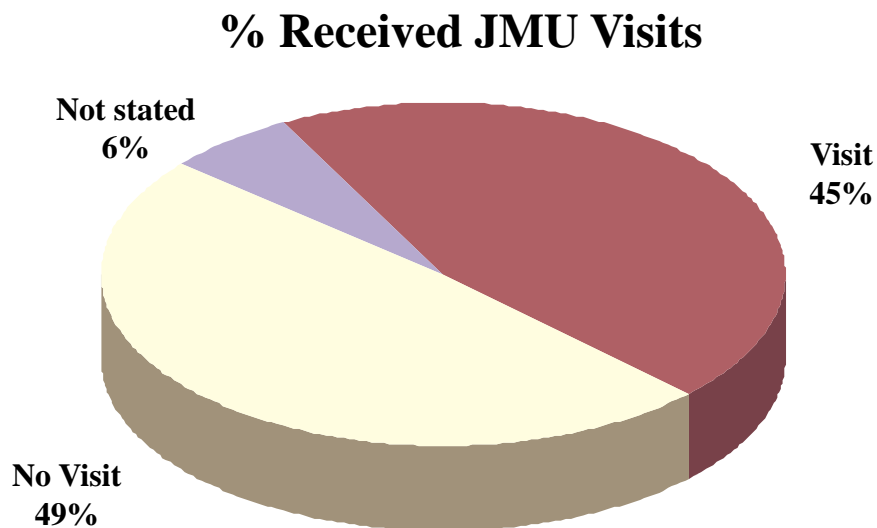
The majority of respondents do not feel that the process affords the public comfort, regardless of the size of the Company being audited.

Audit and Reporting Process - Degree of Comfort

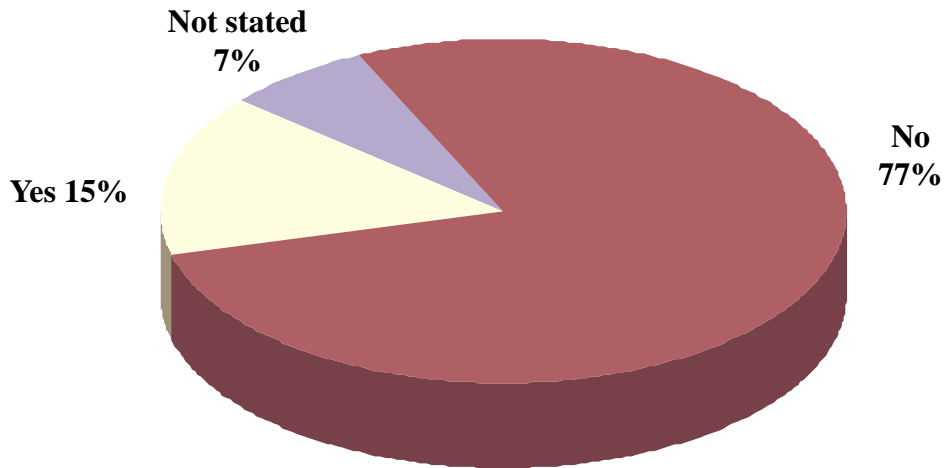


3.5 The JMU Process

Approaching half the SPA membership (45%) have received a JMU visit. Of these, only a very small proportion (15%) sought any support either from a colleague or a specialist.

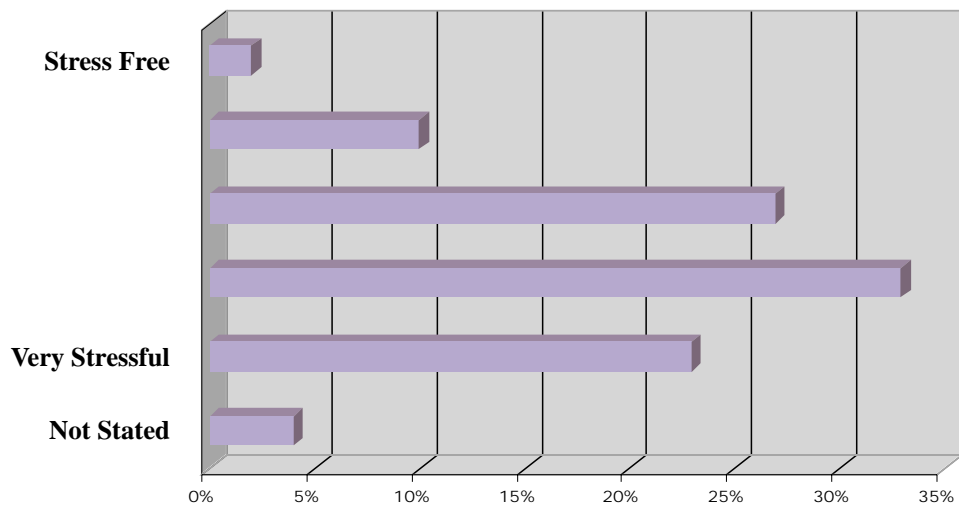


Support



The majority of those who have undergone a JMU visit indicated that they found it stressful, indeed 23% found it very stressful.

JMU Visits

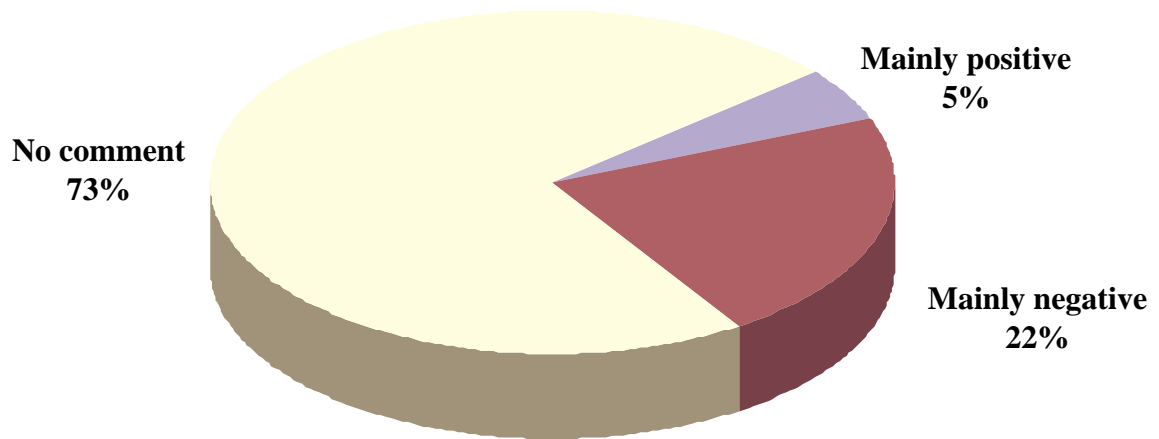


Respondents who had received a JMU visit were asked to write down, in outline, any issues arising that they wished to discuss with the Small Practitioners Association.

A number of respondents have raised specific issues which will be treated in confidence.

In addition, over a quarter of respondents used the space available for unsolicited comments. Of the 102 individuals who made comments, 83 made mainly negative comments.

Comments about JMU visit



Negative comments include the disproportionate attention given to what the practitioners saw as 'trivial matters', the stress, the time taken and specific criticism regarding the inspector.

In a number of cases the inspector was found to be unhelpful or hostile while some respondents felt the inspector had inadequate understanding of the Small Practitioner's business. On the positive side there were a few mentions of how pleasant the inspector was and about the helpful or useful nature of the visit.

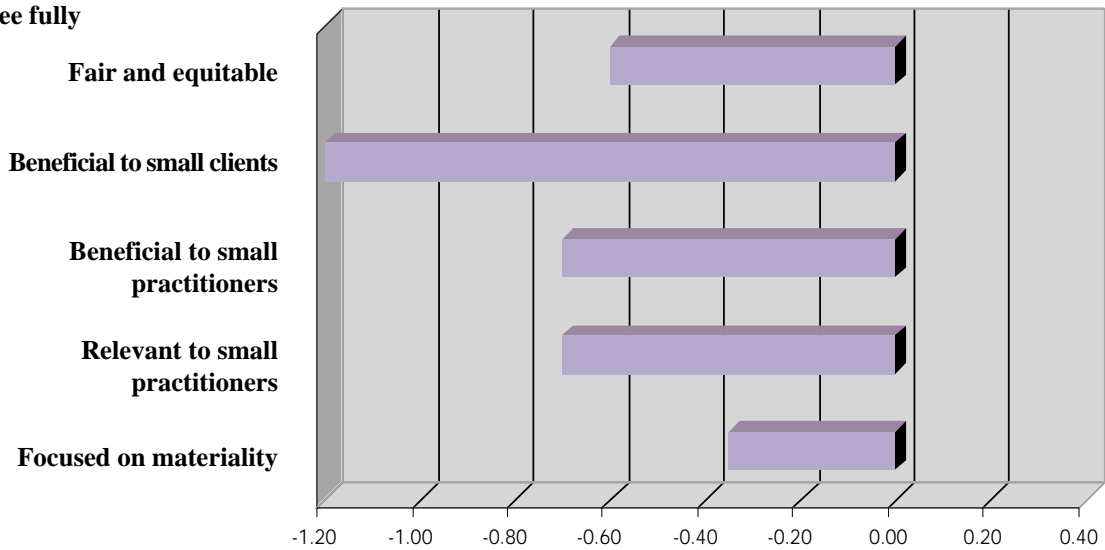
We may infer from this that a practitioner's attitude towards a JMU visit is clearly influenced by the behaviour and attitude of the inspector.

JMU VISIT – COMMENTS MADE IN ORDER OF OCCURRENCE

Positive	Negative
Visit was helpful/useful/instructive	Concentrated on trivia/minor issues/pedantic
Attitude of inspector was courteous/friendly/pleasant	Attitude of inspector unacceptable/unhelpful/abrasive/hostile
Visit was positive	Inadequate understanding of SP business/real world
No problem/issue focused on appropriate matters	Excessive delay in follow-up (2 month – 2 year) causing stress
	Time consuming/took too long
	Waste of time/overkill/unnecessary (all investment visits)
	Worry and stress/anxiety of preparation
	Inflexible attitude to process
	Nothing to benefit clients/general public
	Follow-up crude/clumsy
	Very costly/time consuming to prepare

Scores:
 -2 = Totally disagree
 +2 = Agree fully

JMU Process - General Attitudes



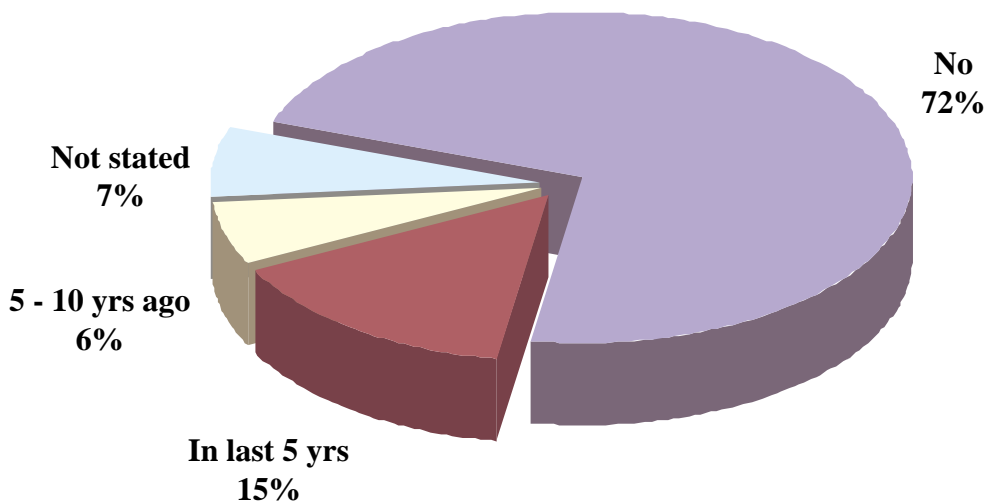
From the responses to specific attitudes sought it would appear that, in general, Small Practitioners feel that the JMU process is of little benefit or relevance to themselves, and of little benefit to the majority of their clients.

3.6 Complaints and Disciplinary Process

3.6.1 Complaints Process

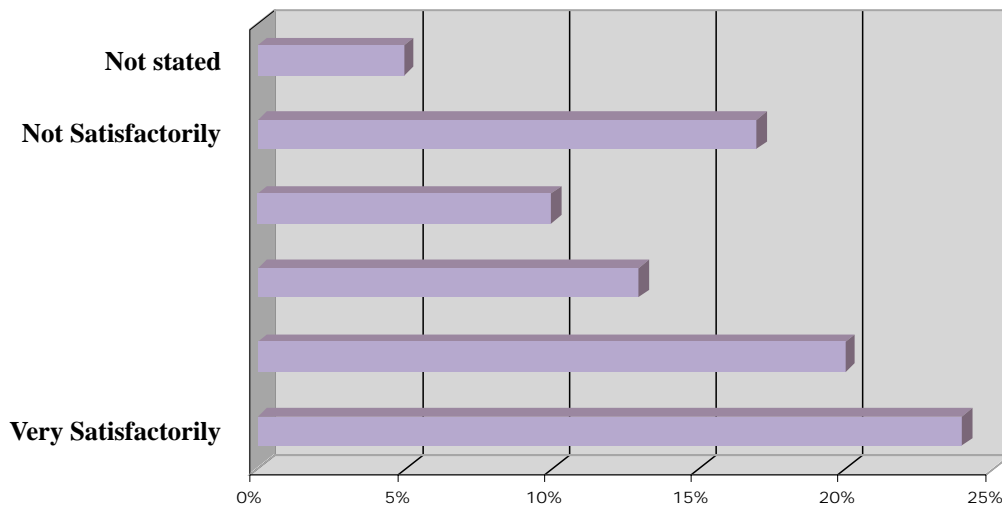
On average over the last 10 years, 2% of SPA members have been subject to a complaint to the Institute within any one year. The rate has increased from 1% 5-10 years ago, to 3% in the last 5 years.

Professional Conduct - subject of complaint



Of those who have been subject to a complaint a significant proportion do not feel that the complaint was dealt with satisfactorily.

Subject of Complaint - Level of satisfaction with the process

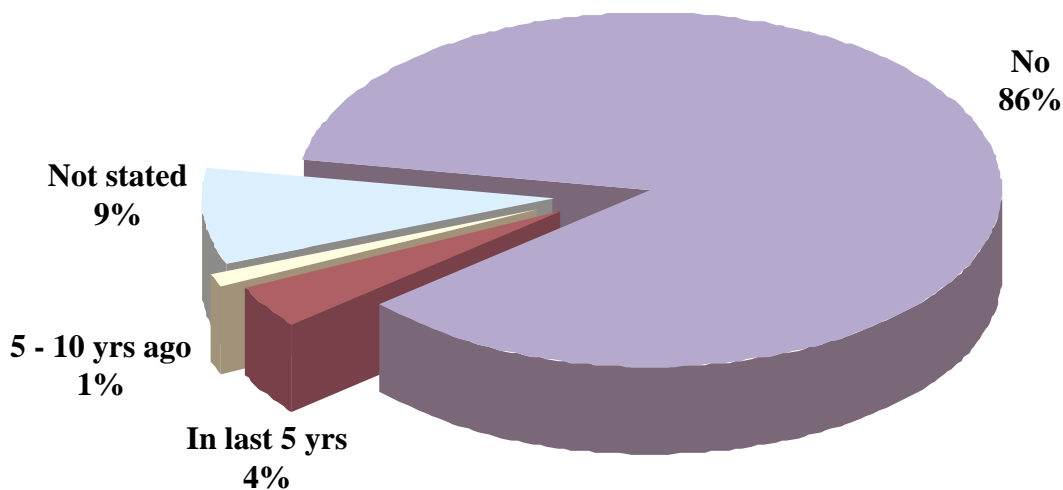


3.6.2 The Disciplinary Process

A small proportion (5%) of all respondents have been called before a disciplinary hearing in the last 10 years. This has moved from a rate of 0.2% per year 5-10 years ago, to a rate of almost 1% per year in the last 5 years.

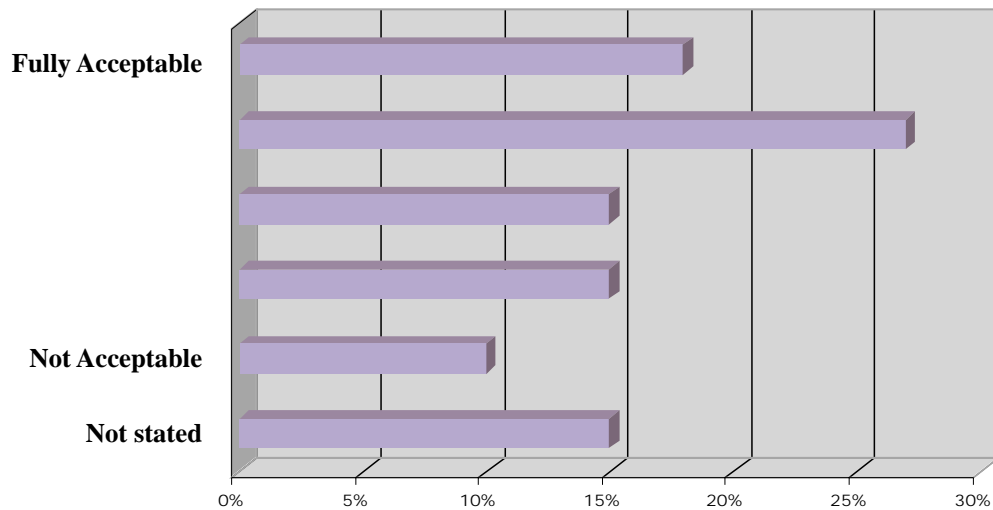
Of these individuals, 30% were legally represented. Written comments suggest that the cost of legal representation may outweigh the probable benefits and it is not, therefore, sought.

Called Before Disciplinary Committee

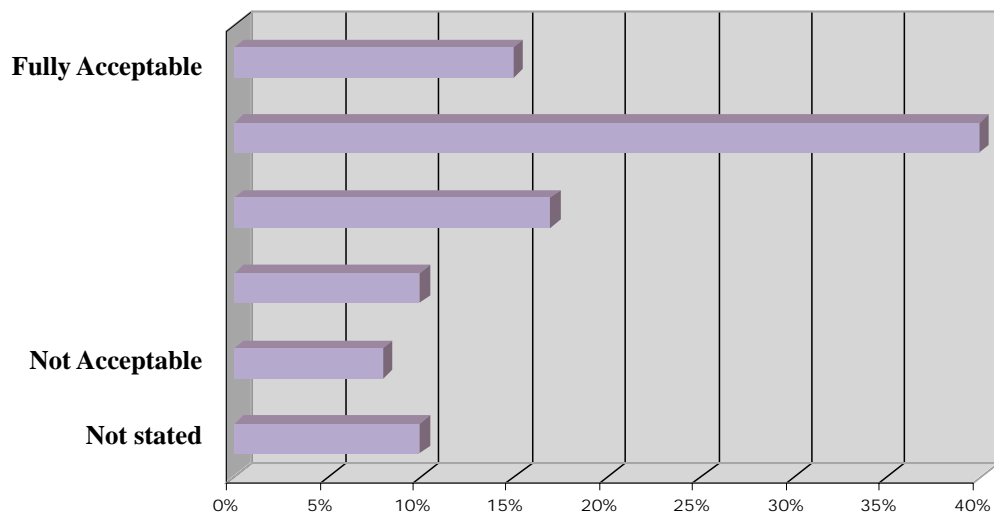


Around 25% of respondents stated that the findings and the process were unacceptable.

Disciplinary Committee - Acceptability of findings



Acceptability of Process



Spontaneous comments from respondents indicate a view that the Institute acts in an overbearing and unhelpful manner in these situations. The following is a sample of such views.

“the Institute acts as prosecuting counsel, judge and jury. I was treated as guilty before any evidence was given.”

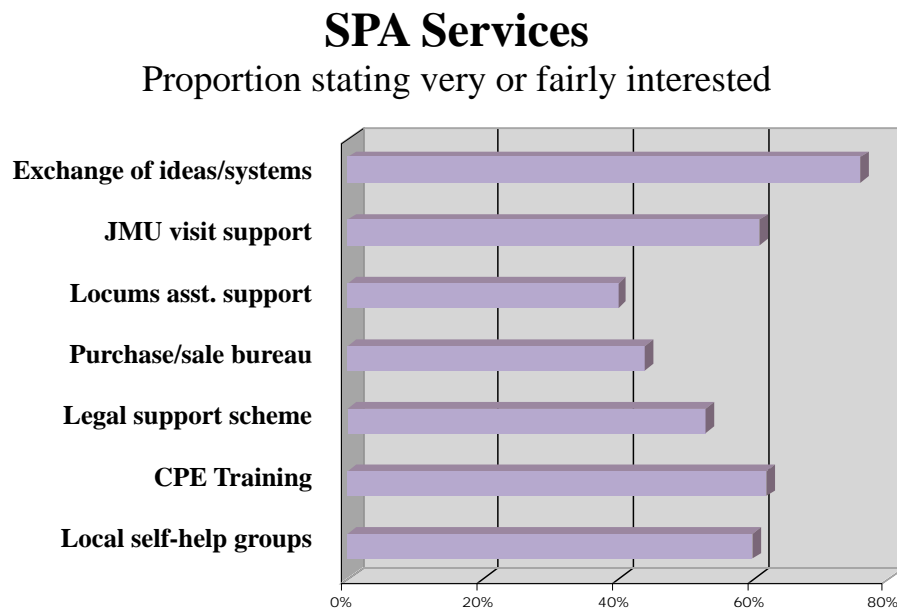
“I had to insist on an appeal to get justice. This was costly, stressful and unnecessary.”

“The ICAEW was arrogant. It acted as an adversary... was no help.”

There were other spontaneously given comments which were in the same vein. There were no positive comments regarding the Institute’s handling of disciplinary matters.

3.7 Practice Support Services

Seven possible areas of interest were suggested on the questionnaire. Each of these received a high level of support from the membership.



UNSOLICITED COMMENTS ABOUT SPA

A number of unsolicited comments were received reinforcing the need for SPA.

PERCEIVED NEED FOR SPA IN ORDER OF OCCURRENCE
Need representation within ICAEW for Small Practitioner concerns
Need a pressure group for Small Practitioners
Need to address concerns of competition from unqualified accountants and raise public awareness.
Need a voice to focus the Institute's attention on the needs of Small Practitioners.
Need an independent voice outside the ICAEW

Only two respondents did not agree that there is a need for the SPA.

3.8 Questionnaire Analysis Methodology

3.8.1 Questionnaire

The questionnaire was designed primarily with a view to collect necessary information for membership details for the Small Practitioners Association. It was also felt appropriate to gather limited data on members' experiences and views, in particular with regard to the JMU, the Institute and the Audit and Reporting Process.

The information gathered will aid in setting an agenda for SPA designed to meet key requirements as identified by the membership.

Any individual receiving a copy of this report should have received, if not completed, a questionnaire. Whilst it has not been reproduced here, further copies may be obtained on request from the SPA office.

3.8.2 Sample

Initially the questionnaire was reproduced in an issue of Accountancy Age during April 1996. Following this, during May and June, copies were despatched to all individuals held on the ICAEW address file as potential Small Practitioners, being firms having up to three partners.

3.8.3 Respondents

The majority of practitioners responding to the questionnaire have joined the SPA, 742 out of 818 as at 30 June 1996.

Total	818
Total Members	742
Total Non-Members	76

The resultant analysis does not purport to be representative of all Small Practitioners, it does however illustrate the views of a significant proportion.

SMALL PRACTITIONERS ASSOCIATION

MEMBERS OF THE STEERING COMMITTEE

Peter Mitchell FCA

Raymond Ashton FCA, Barrister

Michael Hoy FCA

Simon Ripper ACA

Terry Gower FCA

The Steering Committee wish to thank the 'outer circle' of FCA's and all members for their encouragement and patience in the formation of SPA.

Thanks are also due to those who helped process the questionnaire – university undergraduates led by Sarah Mitchell, and Julia Rogers MRS who designed the questionnaire and provided the analyses.

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