



## **PRACTICE ASSURANCE - A CERTAIN UNCERTAINTY**

It is eleven months since the clock on ICAEW's scheme of Practice Assurance started ticking – whether there will be an explosion or fizzle when time runs out remains to be seen as, like so many aspects of this evolving process, this is uncertain. Council discussed PA in October and, despite strong reservations, agreed the consultation process should continue.

General reaction to the initial survey and road-shows seems consistent in condemning an ineffective regulatory process, plus the uncertain threat of JMU style inspections – the stuff of nightmares to many small practitioners experiencing the tyranny of Jo Holden's regime.

Practitioners feel their very core – professionalism, integrity and ethics – is being challenged, but that the real problem is elsewhere within big business where major failings damage thousands of individuals and tarnish all our reputations; our Institute appears to be shutting the wrong stable door long after the horse has bolted. Surely accountancy institutes collectively should take a stance to root out 'aggressive' accounting practices, complicity and greed, to ensure that highest standards are applied throughout the plc sector.

Many small practitioners have avoided regulation by shunning investment work and giving up audits, however there appears to be no escape from proposed whole practice review short of leaving the profession and joining the ranks of our fellow travellers – the unqualifieds - something many members have written saying they may do.

But, as SPA's legal Counsel Raymond Ashton says, whether we like it or not, some form of PA is certain – we have to get on with it as our Institute is the only arm of the profession without a scheme, however the breakneck pace of development may not permit adequate testing time or a proper pilot scheme.

Several major arguments remain unresolved:

- Should this process start with or include business members?
- Should all ICAEW members vote on a scheme directed only at practitioners?
- Does our Institute have the legal right to access clients' accountancy or taxation files?
- Can we be sure the JMU style approach to audit regulation will not be repeated for PA?

So, what to do? Firstly make sense out of the current proposals that must be economically attainable by the smallest unit – the sole practitioner. SPA and GPP will be attempting to fashion an acceptable scheme through - discussions that are set to continue after an unexplained break between last January and October - with the designers at the Professional Standards Directorate

Please participate in remaining areas of research – and make sure your views are known by your Council Member, who will vote in February 2003 whether the scheme is ready for presentation to the June AGM. If we don't get involved we will suffer an imposed system but, between us all, we have an opportunity of making a proverbial silk purse from a sow's ear! Let's take it.