

## Annual Meeting

### Items 1 and 2 – reception of annual report and accounts; appointment of auditors, and determination or provision for the determination of their remuneration

#### *Why is this business on the annual meeting agenda?*

The bye-laws of the Institute require these items to be dealt with as the ordinary annual business of the Institute. This is in line with usual corporate practice and is standard AGM business.

#### *Why didn't I get a copy of the annual report and accounts?*

Research suggests that only a minority of members read any part of the documentation sent to them. Members have also said to us that we should reduce the amount of information we send to them.

Unless you requested the full accounts, the documentation you received for the annual meeting included the Annual Review, which includes the annual report and the summary financial statement. This sets out the most important headline information from the accounts. Members voted in favour of this change at the Special Meeting in June 1999.

To obtain a copy of the full accounts, please visit the web site ([www.icaew.co.uk/accounts](http://www.icaew.co.uk/accounts)), contact the helpline on 020 7920 8457 or email [comms@icaew.co.uk](mailto:comms@icaew.co.uk)

To read the Annual Review online, go to [www.icaew.co.uk/review](http://www.icaew.co.uk/review)

[If you have queries on the Annual Review, contact Sarah Alder (Assistant Director, Communications) on 020 7920 8514, email [salder@icaew.co.uk](mailto:salder@icaew.co.uk)]

#### *Why are the Institute's auditors nominated for re-appointment?*

RSM Robson Rhodes was successful in a competitive tender for the position of Institute auditors in 1995. Your Council believes that RSM Robson Rhodes continues to provide an effective, value-for-money service.

[If you have queries on the Institute Accounts or auditors, contact Janis Hill (Director, Finance) on 01908 248231, email [jhill@icaew.co.uk](mailto:jhill@icaew.co.uk)]

### Items A and B – reports of co-option and election

#### *Why does the Council have co-options?*

Co-options help preserve a balance between the various interests requiring representation on Council. They also provide places for members with specialist skills and experience.

#### *How many members are co-opted to Council?*

The bye-laws allow Council to co-opt up to 20 members. The number of co-options has been reduced over recent years and, from June 2000, there are likely to be 11 co-options.

#### *Why didn't I get a vote in the elections?*

Council elections are held biennially. The year 2000 is a bye-election year, and there is a need only to fill vacancies caused by resignations. There were vacancies in four constituencies and members whose address is in one of these could participate in their local election. In the event, only the London constituency was contested. All members in that area received ballot papers.

In 2001, there will be elections in all constituencies.

[If you have queries on co-options or elections, contact Les Smith (Head of Executive Office) on 020 7920 8584, email [lrsmith@icaew.co.uk](mailto:lrsmith@icaew.co.uk)]

## Special Meeting

### Resolution No. 1 – Regulatory Framework and the Investigation and Discipline Scheme

#### *Why is the Institute proposing this resolution?*

In 1996 the Institute took bye-law powers to participate in a scheme of independent regulation of the accountancy profession. Since then there has been widespread consultation with the accountancy profession and the public, culminating in DTI endorsement in spring 1999.

The original proposals did not change the arrangements for the Joint Disciplinary Scheme (JDS), but it is now intended that all such cases will be within the remit of a new Investigation and Discipline Board (IDB).

Accordingly, Charter and bye-law changes are required. Also changes to the powers obtained in 1996 are required to reflect more precisely the agreed regulatory arrangements, e.g. by including reference to standard-setting.

#### *How are cases giving rise to ‘public concern’ currently handled?*

The JDS was established in 1979 for cases giving rise to ‘public concern’ that were referred to it by participating bodies. There is an Executive Committee that consists of two members appointed by each of the participants and three lay members appointed jointly by the participants.

Responsibility for investigative work rests with an Executive Counsel, appointed by the Executive Committee. The Executive Counsel also has responsibility for deciding whether a complaint should be considered by a disciplinary tribunal.

#### *How will ‘public concern’ cases be handled in future?*

The Investigation and Discipline Board (IDB) will exercise similar functions to those currently discharged by the Executive Committee of the JDS. The IDB will be constituted as a separate legal entity and its members will be appointed by the Accountancy Foundation.

The IDB will engage an Executive Counsel with similar responsibilities to those currently discharged by the JDS Executive Counsel. The IDB will have formal responsibility for ‘making’ the Scheme but will require the agreement of the Councils of the participating professional bodies.

#### *What main differences are there between the current and the proposed Scheme?*

A copy of the current draft IDB Scheme is available on application to Matthew Ives (see below). The current Joint Disciplinary Scheme is set out in the Members’ Handbook.

The principal changes in addition to those identified above are:

- a power to require referrals of cases to the IDB from the professional bodies (or to reject them), depending upon the IDB’s assessment of the nature and gravity of the allegations and the degree of public concern or public criticism
- a change in the formula for cost sharing between the participants involved
- the allocation of investigation and tribunal costs between participants to reflect the time spent and costs incurred in dealing with their members and members firms
- amendment to the test for adverse findings to include consideration of whether work by a member or member firm has fallen significantly below professional standards. If the proposed test is found to operate successfully, it could be incorporated into the disciplinary bye-laws of the participants to establish a common test across the profession
- the making of alterations to the Scheme. With the exceptions of minor amendments, the JDS can only be altered with the consent of the Council, members and the Privy Council. The proposed IDB Scheme would be made with the agreement of the participants. Any subsequent amendments would require the assent of Council. If a participant did not agree an amendment, it would have to withdraw from the Scheme.

[Enquiries to Matthew Ives (Director of Operations, Professional Standards Office) on 01908 546305, email [gmives@icaew.co.uk](mailto:gmives@icaew.co.uk)]

### Resolution No. 2 – use of digital technology

#### *Why is the Institute proposing this Resolution?*

Digital technology underpins our *Strategy for the Start of the 21st Century*. We have already introduced a number of solutions to improve the way your Institute interacts with members. These include a members-only area of the new website and free Internet Service provision. The Charter and bye-laws are written on the presumption of paper-based communication. We now want to move to the next stage.

The Resolution provides for voting at annual and special meetings, and at Council elections, by electronic means. We will also be able to hold 'virtual' Institute meetings when the technology allows.

#### *Isn't this premature?*

There is little precedent in this area. But some companies, particularly those operating in ecommerce, have amended their Articles of Association to allow the use of digital technology in Board and General Meetings. The enactment of the Electronic Communications Bill later this year should help to clarify some uncertainties in this area.

We endeavour to mirror best practice in the corporate field and to draw on appropriate precedents. These changes will position the Institute to do just that. It will be able to lead where previously it would have followed.

#### *What will it mean in practice?*

For those members who want to, it means the ability to vote by telephone, fax or email. And, subject to cost-benefit and practicability tests, the ability to participate in Institute meetings by means of videoconferencing etc.

For those who want it and when and where it is feasible, it enables the transmission of documents electronically and/or the posting of documentation on our website.

#### *What about security arrangements?*

We will need to be sure of the security protocols surrounding the lodging of forms of proxy before we introduce such a process. Equally, we need to have methods to check the bona fides of those attending meetings 'virtually'. But these amendments will put us in a position to be able to take advantage of emerging developments in this area very quickly.

#### *Will the use of digital technology be compulsory for members?*

No. For those who prefer traditional methods, hard copy will still be available. And we expect the annual and special meetings will still actually be held at Chartered Accountants' Hall for those who want to attend at headquarters in person. The presumption will be, at least for the time being, that members want hard copy unless they notify us otherwise.

#### *What is the timetable for this work?*

Subject to approval by members and Privy Council Allowance to the changes, the earliest we could introduce new meeting and voting arrangements would be for the annual and special meetings in June 2001.

[Enquiries to Les Smith (Head of Executive Office) on 020 7920 8584, email [lrsmith@icaew.co.uk](mailto:lrsmith@icaew.co.uk)]

### Resolution No. 3 – Fees and Subscriptions

#### *What effect do the proposals have on subscriptions?*

Most members will see an increase in subscriptions in line with inflation of approximately 2.5% rounded to the nearest £. For example, the annual subscription for UK/EC members with more than five years' membership will be £161.

#### *What effect do the proposals have on new members?*

The admission fee will increase by 2.5%, maintaining it at twice the level of the annual subscription paid by a member residing/practising in the UK/EC.

#### *What are the arrangements for members of less than five years' standing?*

Members voted last year to phase out the special subscription relating to members of less than 5 years' standing. Those UK/EC members admitted on or after 1 January 2000 will pay the full subscription in 2001 of £161. Those UK/EC members admitted prior to 1 January 2000 and with less than 5 years' membership will pay £130 in 2001.

#### *What effect do the proposals have on retired members?*

There will be no increase in the annual subscription for retired members in 2001 (£15). The Life Membership fee will increase by 2.5% to £161, maintaining it at the level of annual subscription paid by a member residing/practising in the UK/EC.

#### *What effect do the proposals have on practising certificates?*

The Resolution proposes a 2.5% increase in the practising certificate fee for 2000; if agreed, the fees will be £71 for members in the UK/EC and £32 for members in practice elsewhere.

#### *Why is an increase in fees and subscriptions needed?*

Whilst we are in a relatively strong position financially, we must support our present level of activity and keep pace with inflation. We are also facing great change with the implementation of the Institute's *Strategy for the Start of the 21st Century*, for example:

- in the Members' Directorate, the development of four new 'Focuses' for practice, business, international and younger members respectively, a new infrastructure for District Societies and an increased emphasis on research to help us better understand members' needs and deliver the services that they want
- in the Professional Standards Office, we face change in the regulatory areas of Investment Business, where authorisation is expected to pass to the Financial Services Authority late in 2000, and of Audit Regulation, where a DTI decision on audit exemption limits has now been announced
- in Education and Training, investment will be needed during the coming months to support the new ACA qualification, which will be fully operational from September 2000.

#### *Has Council been prudent in setting these increases?*

The Council has kept the level of increase low, whilst safeguarding the Institute's financial position and its ability to cope with the many changes ahead. Your Council believes that the level of fees and subscriptions for 2001 which this resolution proposes is necessary to fulfil its objectives.

[Enquiries to Janis Hill (Director, Finance) on 01908 248231, email [jlhill@icaew.co.uk](mailto:jlhill@icaew.co.uk)]

### Resolution No. 4 – Privy Council Allowance

#### *Why is the Council proposing this Resolution?*

It allows Council to accept any changes of detail to the Resolutions on this agenda which the Privy Council might require. Without it we would have to put changes required by the Privy Council, however minor, to a further special meeting of members. This Resolution avoids that.

#### *Why do the Resolutions need to go to the Privy Council for approval?*

Charters are in the gift of the Crown. The Privy Council Office must be satisfied that changes to the Charter and bye-laws are consistent with our Charter and are in the public interest. Amendments agreed by members do not take effect until we get its approval. In the past the Privy Council has required small drafting amendments and other minor corrections.

#### *What will the changes be?*

Possibly none. In the unlikely event that the Privy Council required changes of policy or principle, we would almost certainly refer these back for further consideration within the Institute and, where appropriate, by members.

#### *When will the Institute receive the allowance?*

This is uncertain. On past experience, we can expect to receive it between October and December this year. We will publicise receipt in Accountancy.

[Enquiries to Les Smith (Head of Executive Office) on 020 7920 8584, email [lrsmith@icaew.co.uk](mailto:lrsmith@icaew.co.uk)]



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