



Cayman Islands
Institute of
Professional
Accountants

The Accountants Law and Regulations

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Beach Suites, Grand Cayman

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Key Changes in Law

1. Name
2. Residency (practitioner members)
3. Ongoing requirements for regular members
4. Chairmanship Panel of Disciplinary Tribunal
5. Registration and Discipline of Firms
6. Grounds for I&D
7. Rules



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Regulations (with Drafting)

Quality Assurance Regulations

Application, Renewal and Fees Regulations
(to replace Membership and Licensing Regulations)

Accountants Disciplinary Regulations
(to replace Public Accountants Disciplinary Regulations)

Regulating the profession-Obligations

1. Licensing of practitioner members

- a. “Fit and proper” : Competence, experience and capability.
- b. IESBA Code of Ethics.
- c. CPD requirement (IES7&8).
 - *Revised IES8 specifies Learning Outcomes which it is expected would result from “serving for several years on engagement teams”.*

Regulating the profession-Obligations

2. Registration of regular members

- a. Good standing with Overseas Professional Accounting Institute (“OPAI”).
- b. Renewal process.
- c. Comply with OPAI’s CPD requirements, or if none, IES7.
- d. Monitor members in Cayman (OPAI may not).
- e. Comply with IESBA Code of Ethics.

Regulating the profession-Obligations

3. Registration of firms

- a. Quality ISQC1
- b. Accounting and auditing standards
- c. Monitoring visits
- d. Compliance with IESBA Code of Ethics

Regulating the profession-Obligations

4. Associate Members

Quality – Accountants Law -Part 6- Section 38

- Relevant sole practitioner (=licence holder) or
- Relevant firm (=partners, directors etc. holding licence)

(3) Must apply in prescribed manner and with prescribed fee to be registered.

(6) Failure is an offence with fine of \$10,000 + \$100 per day for continuing offence with personal liability on partners etc.

(4)(5) Renew annually



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Quality – Accountants Law

Section 38(8) and (9)

Institute may delegate function



Application, Renewal and Fees Regulations

Reg 9

- Application and renewal of firm

Reg 10

- Continuing obligations of firms

Reg 11

- Notification of Changes by firms

Application, Renewal and Fees Regulations

- Prescribed Fee
- Prescribed Form*
 - Name of Managing Partner and all practitioner members
- Declaration
 - Compliance with Law and Regs, Partners etc. are licensed
 - Employees in assurance must maintain competence and CPD, and comply with standards (ethics, technical and professional conduct)
 - Participate in QARS



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Application, Renewal and Fees Regulations

Renewal

- Confirm notify of changes in application or last renewal
- Updated declaration
- Fee
- December 31st or September 30th

Application, Renewal and Fees Regulations

Satisfy CIIPA that:

- Able to comply with Law, Regs and other laws
- Implement controls re POCL and MLRs
- Not against public interest

Application, Renewal and Fees Regulations

Registration can be unconditional or conditional.

Conditions include-

- Limit nature and scope of services
- Specific the number and type of clients

Application, Renewal and Fees Regulations

Ongoing Obligations of Firms

- PI Insurance
- Comply with ISQC1
- Business Continuity Arrangements

Application, Renewal and Fees Regulations

Notification of Changes

- Resignation or removal of Managing Partner
- Information provided in application or renewal that may adversely affect on-going obligations

Application, Renewal and Fees Regulations

CPD Requirement- Regular Member:

OPAI requirement or if none applies or OPAI not compliant with IESs-

120 hours in each 3 year period ending 31 Dec,
60 must be verifiable and 20 hours each year
ending 31 Dec.

Application, Renewal and Fees Regulations

CPD Requirement- Practitioner Member:

120 hours in each 3 year period ending 31 Dec, 60 must be verifiable and 20 hours each year ending 31 Dec.

Further CPD must:

- Include an appropriate proportion of CPD in chosen specialism,
- Result in maintenance of competence in audit even if no audit work undertaken, and
- Be compliant with IES 8



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Quality Assurance Regulations

Selection

Standards

Process

Review Team

Confidentiality

Methodology

Co-operation

Reporting

Addressing

Findings

Referrals to I&D

Selection

- 3 year cycle starts year firm registers
- Shorter period may be set
- 120 days notice
- Firm to confirm within 10 days and provide information (names of clients and standards used)
- Objection to review team

Standards

- Referred to in Assurance Report
- Comply with own procedures
- *Standards as prescribed by CIIPA*
- IFAC Official translation
- ISQC1
- Internal monitoring process
- IESBA Code of Ethics and OPAI

Process

- Procedures determined by CIIPA
- Extend review with consent of firm

Review Team

Necessary competence:

Appropriate professional
qualification

Relevant professional experience

Specific training

Team Leader Assigned:

Supervise, communicate and report

Code of Ethics applies



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Confidentiality

Not make use of or disclose contents of any final or draft report or files, working papers, books, documents, or other material inspected concerning firm or clients obtained from review... except where permitted or required by Law



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Confidentiality s33

Where Institute is satisfied that a request for information (from relevant person) in connection with a specified purpose should be granted or information should be disclosed in connection with a specified purpose...may disclose...and shall not be treated as breach of [confidentiality]



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Confidentiality s33

Specified purpose:

Exercise of any regulatory oversight, investigative, disciplinary or quality assurance function, the conduct of civil or administrative proceedings to enforce laws, regulations and rules, the investigation or prosecution of any crime or any other purpose where the Council determines it is in the public interest to disclose the information...



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Confidentiality s33

Relevant person:

CIMA, FRA, AOA, any overseas regulatory authority, approved Institutes, OPAs, any [body] that conducts QA reviews of public accountants, IFAC, AG, SG, Auditor general, constable of rank Inspector or above, Financial Secretary, Immigration Boards, T&B Licensing Board and other prescribed persons.

Confidentiality s33

MOU – AOA

Protocol – CIMA

International Bodies Committee



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Methodology

Assess system of quality control

Review controls, policies and procedures, internal monitoring reports

Review assurance working papers* to evaluate

Functioning of system and internal compliance

Compliance with standards, regulation and laws.

Assess compliance with accounting and auditing frameworks

CIIPA determines scope and may exclude working papers* where no audits undertaken during period in review.



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Methodology (continued)

May determine to rely on other oversight body's review provided:

- Same or subset of clients practitioner members and designated professionals
- Oversight has equivalent or higher authority than CIIPA
- Report is substantially equivalent in detail and is provided to CIIPA

Co-operation

Firm shall co-operate and reasonably require practitioner members, partners directors and equivalent whether engaged in public practice and designated professionals to co-operate.

- Access
- Oral interview and written responses unless results in breach of law.



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Co-operation (cont)

Additional review where

- Unable to complete review but circumstances are beyond control of firm
- Firm liable to indemnify CIIPA



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Reporting

Draft report includes any findings, conditions and explanation of consequences

Within at least 15 days firm to respond.

CIIPA then adopts report or issues revised report



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Reporting

- Firm may not provide final report to third party without consent of CIIPA
- CIIPA may not provide final report to any third party without consent of firm
- CIIPA will report annually on system



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Addressing Findings

requiring revisions or additions to quality control policies and procedures or assurance methodologies;

requiring additional CPD for some or all practitioner members and designated professionals;

requiring additional quality assurance reviews (plus monetary assessments intended to indemnify the Institute's cost arising from imposing condition)

prescribing a shorter quality assurance review cycle for the ...firm (plus monetary assessments intended to indemnify the Institute's cost arising from imposing condition)



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Addressing Findings

a remedial plan with respect to quality controls for completion within a period of time;

assignment of a reviewer to oversee the work of one or more practitioner member or designated professionals of the public practice firm;

appointment of a person independent of the firm to observe and report to the Institute on the public practice firm's compliance with the Regulations, the Law and any related Regulations, or professional standards (plus monetary assessments intended to indemnify the Institute's cost arising from imposing condition)



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Addressing Findings

address specific quality-related matters on one or more assurance engagements including to address such matters prior to the issuance of the assurance report ...;

restrictions on (i) the type of assurance services a firm can provide and/or (ii) the types of clients a firm can provide assurance services to;

prohibition of the firm from accepting new clients for a period of time;

prohibition of the firm from assigning one or more practitioner member or designated professional to assurance engagements, for a period of time or permanently;

Referrals to I&D

Reg 14 Refer to investigation where:

- Immediate threat to quality of engagements
- Quality of engagements impaired
- Not complied with conditions which presents a threat to quality or
- Conditions are not adequate



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Referrals to I&D

Reg 14

Notice to firm of referral and within 10 days firm may

Admit to grounds for referral or

Notify that wishes to make representation

Reg 15- Disciplinary Regulations apply

Referrals to I&D

Section 18 grounds for investigation

- a. Misconduct dishonesty
incompetence
- b. Breach professional standards (CIIPA
and OPAI)
- c. Not met continuing obligations
- d. Breached law or rules

Referrals to I&D

Disciplinary Regulations

9(2) It shall be the duty of any member on whom a notice is served under this regulation to comply with it within the period of fourteen days beginning with the date of service or such longer period as the notice may allow and failure to do so may constitute misconduct.



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Disciplinary Orders

In addition to suspension or revocation of licence;

(a) suspension of membership;

(b) a reprimand;

(c) a fine;

(d) undertake activities to comply or ensure designated staff comply with CPD requirement;

Disciplinary Orders

(e) firm (at its own expense) implement a remedial plan, assign a reviewer to oversee work, or appoint an independent person to report to the Institute on the relevant firm's compliance.; and



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Referrals to I&D

- (f) an order that the member shall
 - (i)(ii) waive or repay the whole or part of any **[client] fee**;
 - (iii) pay to a client the whole or part of any sum of money that has been retained by the defendant in or towards payment of a fee;
 - (iv) **terminate** one or more assurance engagements;
 - (v) **limit the types of assurance services** it may provide;
 - (vi) not provide assurance services **to new clients** for a prescribed period of time; or
 - (vii) **not assign named practitioner members** or designated professionals to assurance engagements for a period of time.

Next Steps

- ✓ Read Law, Regulations and Cycle 1 reports.
- ✓ Ensure prepared for Cycle 2 (May 2017)
- ✓ Submit questions to CIIPA
(Schedule meeting 17-20 May)
- ✓ Apply to register firm on commencement date