

## Funding the Future

# Is the Institute of Chartered Accountants in England an...

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In June I wrote this blog post:

**The ICAEW has now earned more than £10 million in fines paid by audit firms in a few weeks – with no explanation as to what it will do with it**

Posted on June 7 2022

A couple of weeks ago I highlighted the fact that the Institute of Chartered Accountants in England and Wales (of which I am a fellow) had made more than £55 million from audit fines, largely over very recent years, because they are, quite bizarrely, the beneficiary of the penalties charged on Big 4 audit firms (PwC, EY, Deloitte and KPMG) who seem unable to undertake their audits correctly any more.

I asked them what they were going to do with these funds and was told, via Twitter:



ICAEW  @ICAEW · 1d  
Replies to @RichardJMurphy

Thanks for this question, Richard. Money received from fines is not used to offset ICAEW's operational expenditure but is allocated to our strategic reserves and it supports our wider commitment to serve the public interest, as required by the terms of our Royal Charter. (cont)

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ICAEW  @ICAEW · 1d  
That said, we would welcome a rationalisation of existing schemes to pay for this aspect of the FRC's regulatory work. We do not believe that any professional body would object to being removed entirely from the funding process, with all fines in future going to HM Treasury.

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Today I was looking at my Institute of Chartered Accountants in England and Wales renewal notification for next year and noted this comment on the invoice suggesting how much I will pay:

 **How you pay for communities and faculties has changed**  
As part of a wider initiative to support members with their lifelong learning, there will no longer be additional subscription fees for any of the ICAEW Communities and the Audit and Assurance Faculty, Financial Reporting Faculty and Tax Faculty.

In other words, I am to get free things I previously paid for. My personal saving compared to last year is £259.

In all seriousness, should chartered accounts really be the beneficiaries of the fines paid by those chartered accountants who do not properly comply with regulation and are fined for not doing so? I think not, but that is very obviously what is happening.

The Institute of Chartered Accountants in England and Wales has a duty to be professionally ethical. I rather strongly suspect that the ICEAW's failure to mention the reason why it can be so bountiful to its membership at this time is unethical, and I do not think the use of these funds in this way is ethical either. The ICAEW is a very long way from putting all its explanations for what is happening face up on the table for all to see, and that is unethical as far as I am concerned.

If the ICEAW wish to reply I will publish their response.