

Sanctions Handbook

*For use by Disciplinary Process Committee
Members and AIA Members*

Valid for use in disciplinary proceedings with effect from 27 June 2023

Sanctions Handbook

1.0	Definitions and Glossary	4
2.0	Introduction	5
2.1	The Purpose of Sanctions.....	5
2.2	AIA Sanctions Policy and General Principles	6
2.2.1	Protecting the Public	6
2.2.2	Maintaining Proper Standards of Conduct within the Profession	6
2.2.3	Correction and Deterrence of Misconduct.....	6
2.2.4	Maintaining the Reputation of the Profession.....	6
3.0	The Disciplinary Legal Framework	7
3.1	AIA Bye-Laws and Regulations	7
3.2	AIA Code of Ethics	7
3.3	Professional Conduct in Relation to Taxation (PCRT)	8
3.4	Money Laundering Regulations.....	8
4.0	The Disciplinary Process.....	10
4.1	Complaints and Non-Compliance Referrals	10
4.2	Publicity.....	11
4.3	Reporting Responsibilities.....	11
5.0	Determining Appropriate Sanctions	12
5.1	Proportionality.....	12
5.2	Pre-Referral Compliance Penalties (Fixed Penalties)	12
5.3	Identifying the Relevant Category of Complaint/Misconduct from within the Handbook.....	14
5.4	Available Sanctions	14
5.4.1	No Further Action	14
5.4.2	Fines.....	14
5.4.2.1	Financial Means.....	15
5.4.2.2	Compensation.....	15
5.4.2.3	Waiver of fees	16
5.4.2.4	Collecting Fines	16
5.4.2.5	Currencies	16

5.4.3	Reprimand.....	16
5.4.4	Severe Reprimand.....	17
5.4.5	Withdrawal or Suspension of a Practising Certificate.....	17
5.4.6	Suspension from Membership.....	17
5.4.7	Exclusion.....	18
5.5	Determining the Nature and Seriousness of the Misconduct	18
5.6	Considering whether there are Aggravating or Mitigating Factors	19
5.6.1	Considering references and testimonials.....	20
5.7	Considering Additional or Alternative Sanctions.....	20
5.7.1	Order to Undertake / Provide Training	20
5.7.2	Requirement to take Advice.....	20
5.7.3	Repaying Commission	21
5.8	Issuing Discounts	21
5.8.1	Investigations Committee	21
5.8.2	Disciplinary Committee.....	21
5.9	Costs.....	21
5.10	Restricting Publicity.....	22
5.11	Reason for Sanctions	22
5.12	Sanctions Imposed by Another Professional Body	22
6.0	Categories of Complaint or Referral.....	23
6.1	Criminal Convictions or Adverse Findings by other Regulatory Bodies.....	23
6.2	Failure to Comply with a Decision of an AIA Disciplinary Committee	23
6.3	Breach of AIA Bye-Laws and/or Regulations	24
6.4	Ethical Issues	25
6.5	General Accountancy Failings and Competence	25
6.6	Anti-Money Laundering Compliance	26
6.7	Students and Exam Malpractice.....	27
7.0	Further Information and Contact.....	28

1.0 Definitions and Glossary

Terms	Definitions
Aggravating factors	Any matter which, in the opinion of a Committee, justifies increasing the suggested level of penalty.
Appeal Committee	Appointed by AIA Council under the AIA Bye-Law 9.
Complainant	A person or body who has made a complaint against a Member, Student or Firm.
Complaint	Any complaint, allegation, expression of concern, matter or event relating to the conduct (whether by act or omission) or performance of any Member, Elected Member, Firm or Student which appears to render them liable to disciplinary action and is brought to the attention of the Secretary.
Consent Order	The sanctions order made by the Investigations Committee with a member's agreement where liability is admitted.
Disciplinary action	An adverse finding, plus a penalty and / or other order.
Disciplinary Committee	Appointed by AIA's Council under the AIA Bye-Law 9
Disciplinary record	In relation to any person or entity, comprises all orders, findings, financial penalties and penalties to which the respondent has at any time been subject, being orders, findings, financial penalties or penalties of any description prescribed for the purposes of this definition by regulations.
Investigations Committee	Appointed by AIA's Council under the AIA Bye-Law 9
Member	A member of AIA.
Mitigating factors	Any matter which, in the opinion of the Committee, justifies reducing the suggested level of penalty.
Practice	Practice as a public accountant in the United Kingdom in accordance with the AIA Constitution and legislation in force at the time.
Practising Certificate	A certificate issued to a Member under the Association's Public Practice Regulations in force from time to time authorising the Member to engage in Public Practice in accordance with the Bye-Laws.
Sanctions order	The order made by the Investigations Committee (by a consent order) or a Disciplinary Committee as allowed by the AIA Constitution.
Starting point	An indication of where a Committee will start when it considers its decision on a penalty.

2.0 Introduction

The Association of International Accountants (AIA) upholds high standards and expects competent work and professional conduct by its members. Accountancy is a trusted and respected profession and AIA aims to always ensure that members:

- behave professionally and ethically
- comply with the AIA Constitution, Code of Ethics and relevant legislation
- keep their skills and competence up to date

This guidance was approved by the AIA Council on 27 June 2023 to apply to all complaints and compliance referrals considered by: the Investigations Committee; the Disciplinary Committee; the Appeals Committee; the Practice Compliance Committee and the Practice Compliance Appeals Committee.

The guidance sets out the methodology which should be followed by the Committees involved in AIA's Complaints, Disciplinary and Appeals process in determining the appropriate sanction to impose on an AIA Member, former Member, Elected Member or Student.

The guidance has been provided to:

- describe general principles that Committees should take into account when considering the appropriate sanction;
- set out the range of sanctions available to the Committees;
- describe relevant factors to be considered and/or decided in relation to the various sanctions;
- suggest criteria to apply when considering the seriousness of a particular case.

The guidance provides a structured approach for committee members who make decisions on sentencing and to provide Members, who may be the subject of complaints or disciplinary referrals, with a transparent range of penalties and orders likely to be imposed.

Committee members should refer to this guidance in every case when considering what sanction, or combination of sanctions, to impose.

The guidance is an evolving document that uses recent cases to define its future direction whilst maintaining a consistent approach to disciplinary sentencing.

Nothing in this guidance should be treated as a source of legal advice to any user of the guidance. Members are recommended to obtain their own legal advice.

2.1 The Purpose of Sanctions

AIA operates a range of sanctions that can be imposed on Members depending on the seriousness of the situation, the level and history of the Member's non-compliance and the risk posed to the interests of the public and the integrity of AIA's reputation and the reputation of the profession as a whole.

The purpose of imposing sanctions is to:

- protect the public interest
- correct and deter misconduct by Members
- uphold proper standards of conduct in the profession

- maintain the reputation of the profession in general and AIA more specifically

2.2 AIA Sanctions Policy and General Principles

AIA views imposing sanctions as a last resort, but an important deterrent to ensure members are aware of the serious repercussions of acting unethically or unprofessionally.

AIA actively supports Members to prevent situations arising that would warrant a sanction being imposed. When sanctions are required, the level and duration of the sanction will correspond to the seriousness of the incident.

When any Committee finds a *prima facie* case or a breach of regulations or upholds a complaint and considers what sanction to impose, it determines the appropriate sanction in relation to the following principles:

- protecting the public
- upholding proper standards of conduct within the profession
- correction and deterrence of misconduct
- maintaining the reputation of the Association and the profession

A Committee should consider each case on its own merit referring to the evidence available.

2.2.1 Protecting the Public

In applying the principle of 'protecting the public', AIA's Disciplinary committees should consider any clients or third parties affected and whether or not the wider public may be put at risk by the future conduct of the respondent.

In complaints which are based on the competence of the member the Disciplinary committees should consider whether the public can be properly protected and whether, instead of or alternatively to a financial sanction, the order should include a requirement for a respondent to undergo training.

2.2.2 Maintaining Proper Standards of Conduct within the Profession

In applying this principle, the Disciplinary committees should consider whether the respondent can meet the standards of conduct expected of someone within the profession and, if the issue is competence, whether further training should be considered as part of a sanction in order to improve competence and eliminate the chance of reoccurrence.

2.2.3 Correction and Deterrence of Misconduct

Although a sanction will not itself improve a respondent's conduct in the future or prevent others committing the same types of misconduct, a proportionate punishment can act as a deterrent both in relation to future acts of the respondent but also dissuading others from acting in the same way through fear of financial or reputational consequence.

2.2.4 Maintaining the Reputation of the Profession

To maintain the reputation of the profession Members guilty of serious lapses of conduct are not only expelled but also denied readmission; the most valuable asset of the profession is the confidence inspired by its collective reputation.

3.0 The Disciplinary Legal Framework

AIA members are required and expected to act in line with the requirements set out in the AIA Constitution (incorporating the Code of Ethics).

Members who act outside of these requirements or bring the AIA into disrepute are liable for disciplinary action under the rules and regulations of the Association.

AIA's Disciplinary Process is made up of a system of committees which receive and investigate complaints, take disciplinary action and issue sanctions where appropriate.

3.1 AIA Bye-Laws and Regulations

AIA Disciplinary Proceedings are detailed in:

- Bye-Law 6, Ethics and Conduct
- Bye-Law 7, Disciplinary Proceedings
- Bye-Law 8, Liability to Disciplinary Action
- AIA Complaints, Disciplinary & Appeals Regulations

The framework of the Constitution sets out the following:

- Liability to disciplinary action
- Disciplinary process
- Investigations Committee
- Disciplinary Committee
- Appeal Committee
- Disciplinary Costs
- Publications of decisions and orders

The above should be referred to as the primary document when reviewing complaints and referrals, and when establishing if a defined category or type of behaviour warrants disciplinary action.

The powers and duties of the following committees are detailed in AIA Bye-Law 10:

- Practice Compliance Committee
- Practice Compliance Appeal Committee

The above Bye-Laws should be referred to as the primary document when reviewing complaints and referrals, and when establishing if a defined category or type of behaviour warrants disciplinary action.

3.2 AIA Code of Ethics

AIA has adopted the International Ethics Standards Board for Accountants (IESBA) Code of Ethics for Professional Accountants ("the Code"). All AIA members are bound by the AIA Constitution to observe this code.

Specifically, the Code relates to the following:

- General Application – Part A

- Fundamental Principles
- Integrity
- Objectivity
- Professional Competence and Due Care
- Confidentiality
- Professional Behaviour
- Professional Accountant in Public Practice – Part B
 - Professional Appointment
 - Conflicts of Interest
 - Second Opinion
 - Fees and Other Remuneration
 - Marketing Professional Services
 - Gifts and Hospitality
 - Custody of Client Assets
 - Objectivity
 - Independence
- Professional Accountants in Business
 - Conflicts of Interest
 - Preparation and Reporting of Information
 - Acting with Sufficient Expertise
 - Financial Interests
 - Inducements

3.3 Professional Conduct in Relation to Taxation (PCRT)

AIA has adopted the Professional Conduct in Relation to Taxation (PCRT). This guidance, written by professional bodies for members working in tax, sets out the hallmarks of a good tax adviser, and the fundamental principles of behaviour that members are expected to follow.

The guidance has been recognised in the courts as ‘setting the standard’ for use by all tax advisers in the UK and, where appropriate, will be used as guidance by the disciplinary committees.

This guidance aims to make clear a tax adviser’s obligation to advise their clients or businesses accurately and thoroughly of the implications of their actions, including reputational and practical aspects and includes expert commentary on more complex and difficult issues.

3.4 Money Laundering Regulations

Money laundering includes all forms of using or possessing criminal property (as well as facilitating the use or possession) regardless of how it was obtained.

Accountants are key gatekeepers for the financial system, facilitating vital transactions that underpin the UK economy. As such, they have a significant role to play in ensuring their services are not used to further a criminal purpose. As professionals, accountants must act with integrity and uphold the law, and they must not engage in criminal activity.

The law which comprises the UK AML regime is contained in the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (MLR2017) (as amended).

The law which comprises the ROI AML regime is contained in the Criminal Justice (Money Laundering and Terrorist Financing) Act 2010 (as amended).

Anti-Money Laundering Guidance for the Accountancy Sector (AMLGAS) is guidance based on the law and regulations applicable within the United Kingdom or Republic of Ireland. It covers the prevention of money laundering and the countering of terrorist financing. It is intended to be read by anyone who provides audit, accountancy, tax advisory, insolvency, or trust and company services in the United Kingdom and has been approved and adopted by the UK and ROI accountancy AML supervisory bodies¹ and HM Treasury in the UK. This means the UK courts must take account of its contents when deciding whether a business subject to it has committed an offence under MLR2017 or Section 330-331 of the Proceeds of Crime Act 2002.

Where AIA is required to judge whether a supervised firm has complied with its general ethical or regulatory requirements, it is likely to be influenced by whether or not the firm has applied the provisions of AMLGAS.

¹ Reference to AMLGAS and Money Laundering Regulations refers to regulations in force at the time in the United Kingdom and Republic of Ireland jurisdictions as appropriate.

4.0 The Disciplinary Process

4.1 Complaints and Non-Compliance Referrals



The following summarises the sequence of events for non-compliance leading up to and through the various committees:

- Non-compliant issues relating to members engaged in public practice are initially referred to the Compliance Officer to review and work with members to resolve any outstanding issues. Where non-compliant issues are raised from a Monitoring Review an Action Plan is prepared for completion by the member. Where actions are not completed a Fixed Penalty may be applied to the member's account with additional requirements for compliance. Failure to meet these requirements will lead to referral to the Practice Compliance Committee.
- Unresolved non-compliant issues relating to members engaged in public practice are forwarded to the Practice Compliance Committee. The Practice Compliance Committee has the power to issue fines and suspend practising certificates for a period of up to six months pending the outcome of disciplinary proceedings.
- Members receiving a fine or suspension from the Practice Compliance Committee have the right to appeal against the decision. Appeals are reviewed by the Practice Compliance Appeal Committee and if rejected the case is referred to the Disciplinary Committee.
- The member has the right to be present in person and/or represented by another appointed person during the course of a Disciplinary Committee meeting.
- The member or their representative provides details of any mitigating or personal issues relating to the facts of the complaint or referral.
- The Disciplinary Committee considers any request that the defendant's name is not included in any publicity and considers its decision in private.
- The Disciplinary Committee announces its decision during the course of the Committee meeting

and any Disciplinary Order is issued by the Secretary to the Disciplinary Process.

- A member receiving a Disciplinary Order from the Disciplinary Committee has the right to appeal against the decision. Appeals are reviewed by the Appeal Committee.

For complaints received by the Association the process is set out in AIA's Complaints, Disciplinary and Appeals Regulations and Complaints Guidelines.

4.2 Publicity

Sanctions concern both punishment and deterrence. AIA demonstrates its commitment to high standards and to maintaining those standards through the disciplinary process and by publishing details of orders made by Disciplinary Committees.

When an order has been agreed by the Committee, other than an order to dismiss a case or where no further action is required, the Committee will instruct AIA to publish the findings in relevant newspapers, journals, and websites.

AIA's website includes notices of disciplinary meetings as well as published disciplinary orders as standard.² These include outcomes from the Practice Compliance Committee.

4.3 Reporting Responsibilities

Reports may be made to other regulatory bodies containing details of case findings and disciplinary orders issued.

In cases of members holding practising certificates with other professional bodies AIA will share details of case findings and disciplinary orders issued if appropriate.

Disciplinary findings against members are notified to other professional bodies, regulators or law enforcement agencies as appropriate.

AIA will inform HMRC of any instances resulting in AIA no longer providing AML supervision because of a disciplinary order.

² www.aiaworldwide.com/disciplinary-outcomes/

5.0 Determining Appropriate Sanctions

When any of the AIA's Disciplinary Process committees finds a *prima facie* case or a breach of regulations or upholds a complaint and considers what sanction to impose, it should determine the appropriate sanction(s) in relation to the following principles:

- protecting the public
- upholding proper standards of conduct within the profession
- correction and deterrence of misconduct
- maintaining the reputation of the Association and the profession

5.1 Proportionality

The sanction applied in each case must demonstrate a considered and proportionate balance between:

- The public interest (which is not necessarily the same as the interests of the public);
- The interests of the AIA membership as a whole;
- The interests of the particular member in the case;
- The seriousness of the case; and
- The mitigating and aggravating factors in the case.

Any interference in a member's professional standing and ability to practise must be no more than the minimum necessary to uphold the public interest. The Committee must strike a fair balance between the rights of the relevant person and the public interest.

Acting proportionately requires that any Committee consider all sanctions available to them in ascending order of seriousness.

Before finalising its decision on sanction, a Committee should always satisfy itself that the sanction, or combination of sanctions, it has decided to impose is both sufficient and no more than is necessary to achieve the purpose of sanctions.

It is also good practice for the Committee to explain why it is not necessary to impose a more serious sanction than the one they have chosen, and to refer to the next most severe sanction to satisfy themselves that the sanction they have chosen is proportionate and correct.

5.2 Pre-Referral Compliance Penalties (Fixed Penalties)

AIA can impose fixed compliance fines on Members in Practice which may be imposed prior to referral to the Practice Compliance Committee. They are applicable in the following areas:

- Late Practising Certificate renewal fines
- Late AML registration fines for applicants³

³ Considered under separate AML: Late Registration Fees (UK) policy.

- Compliance penalties, e.g. where an action plan for compliance has not been met within the specified deadline or insufficient evidence of compliance submitted

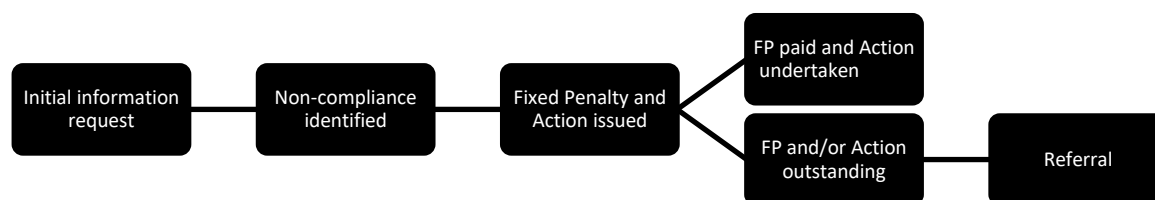
The fixed penalty process enables limited lower level, non-compliance to be dealt with by way of fixed penalty and is a proportionate and reasonable tool to encourage compliance with regulatory requirements.

This process only applies to compliance findings which are determined suitable for the process. The Fixed Penalty process provides for the efficient dealing with straightforward matters of non-compliance where there is no third-party complainant.

All fixed penalties are reported to the Practice Compliance Committee, which may subsequently determine that a penalty should remain in force, be increased, or be removed.

Fixed penalties in this Sanctions Handbook reflect the fact that the process is intended to apply only in the case of minor non-compliance where there are no significant aggravating features present and usually result from monitoring work undertaken by AIA's Compliance Team.

Typically, the process is as follows:



N.B. Information requests are generally made during Monitoring and Supervision intervention, e.g. Desktop Monitoring Reviews, Onsite Visits or AML Compliance reviews. They could also result from Thematic Reviews or ad hoc information requests.

Indicative Penalties

Category	Fixed Penalty Amount	Example of Non-Compliance
A	£50	Late submission of Practising Certificate renewal application applied on 1st of each month commencing 1 October. Late return of Monitoring Review Findings Report.
B	£100	Failure to meet the requirements of post-review Action Plan by the dates specified in the Findings report, levied per area of outstanding non-compliance.
C	£250	Non-compliance with CPD requirements including non-submission of 1 unit of AML CPD

D	£500	Non-compliance with overall monitoring process / refusing to agree to monitoring / unauthorised delay in document submission. To be levied on the date of referral to the Practice Compliance Committee.
D	£500	Failure to complete the annual Practising Certificate renewal. To be levied on the date of referral to the Practice Compliance Committee.

Where members remain non-compliant or fail to complete compliance actions / make a payment of a fixed penalty AIA will refer the member to the Practice Compliance Committee. Members will be informed in writing.

5.3 Identifying the Relevant Category of Complaint/Misconduct from within the Handbook

The list of possible complaints and behaviour is not exhaustive and, if there is no category which directly corresponds to the present complaint, the Committees should find the closest category with assistance from the Secretary to the Disciplinary Process.

Guidance on appropriate sanctions for specific issues of misconduct is provided within this handbook.

5.4 Available Sanctions

If a Committee believes a complaint or referral has been proven in whole or in part, it shall find to that effect and impose a Disciplinary Order(s) on the member or firm that incorporates one or more of the available sanctions below.

A Disciplinary Order containing details of the sanction imposed will be published within 28 days from the date of conclusion of the proceedings unless there are extenuating circumstances which will be considered by the Committee presiding over the case.

5.4.1 No Further Action

AIA Complaints, Disciplinary & Appeals Regulations do not require that a Committee impose a sanction in every case. It is open to the Committee to conclude a case without taking further action and this should be the starting point.

However, if the Committee decides to take no further action it must be satisfied that it is in the public interest to impose no sanction and must make it clear in its reasons how it came to that decision.

5.4.2 Fines

When a Committee decides the most appropriate sanction to impose on a Member or Firm is a fine it must first consider the seriousness of the misconduct along with any aggravating and mitigating factors.

A fine of up to £50,000 may be imposed. The level of fine will primarily reflect the gravity of the misconduct in question, but should also reflect any financial benefit obtained by the member.

Factors which should be considered in order to determine whether a fine is an appropriate sanction include:

- if deterrence cannot be effectively achieved by issuing another sanction such as a reprimand or severe reprimand alone
- if the individual has derived any financial gain or benefit (including avoidance of loss) as a result of the misconduct
- if the misconduct involved caused or put at risk the loss of significant sums of money
- the value of the engagement, the size of the fee and any commission or any other reward
- the amount of any costs or fees which the individual has avoided incurring or paying through non-compliance
- whether the individual caused or encouraged other individuals to commit misconduct

A fine is a sanction which can be imposed as a standalone sanction or made in conjunction with all other available and appropriate sanctions.

The Practice Compliance Committee has the power to impose a fine and the Disciplinary Committee also has the power to impose an appropriate fine. The Investigations Committee can impose a fine up to a maximum of £3,000 if the dispute is resolved through mediation.

5.4.2.1 Financial Means

The means of the member should be a relevant consideration in calculating the appropriate level of fine.

The Committees may consider any information about a respondent's financial means and circumstances which, they believe, may have a bearing on the sanctions to be imposed.

Respondents are advised to provide, in advance of the review / hearing of the complaint, some documentary proof of their financial circumstances. If no proof is provided, then the Committees are entitled to assume that the respondent can meet any financial penalty and costs order that it includes as part of the sanction.

As well as, or in addition to, reducing the amount of any financial sanction and reducing the amount of costs to pay, the Committees can also extend the time scale within which the respondent can pay the financial element of a sanction as long as the period does not normally extend beyond one year.

It should be noted that the amount of a fine should not be so punitive as to characterise the proceedings as 'criminal' rather than a determination of civil rights and obligations.

5.4.2.2 Compensation

The purpose of an order for compensation is to reflect any inconvenience suffered by the complainant as a result of the members' or firms' failure to observe proper standards. The maximum sum payable is £1,000.

Disciplinary proceedings are not designed to compensate those who may have suffered financial loss or damage as a result of the acts or omissions of an individual, nor to punish the individual, but to compel the observance of prescribed professional conduct.

Complainants should pursue financial claims not through AIA's disciplinary process but through the appropriate legal channels.

Committees should exercise care to ensure that an order for compensation is not made in relation to amounts already claimed through other channels such as the Courts.

5.4.2.3 Waiver of fees

A Committee may order the member or firm to waive or reduce their fees to the complainant where appropriate.

Similar considerations apply in relation to amounts already claimed through other channels and the means of the member.

5.4.2.4 Collecting Fines

When joining AIA, and renewing a Practising Certificate, Members confirm they will be bound by the rules and regulations set out within the AIA Constitution and Code of Ethics. This includes acknowledgement that AIA has the right to impose monetary sanctions in cases of non-compliance with rules and regulatory requirements in force at the time.

Where Members have had a monetary sanction imposed and not made payment in full, or agreed an instalment plan, by an agreed date AIA will initially propose mediation to reach agreement over the dispute. This mediation does not prejudice the validity of the monetary sanction and Members are ultimately liable for any unpaid fine.

AIA at all times reserves the right to seek collection of unpaid monetary sanctions imposed by its Disciplinary Process through appropriate means, including seeking County Court Judgements or engaging regulated third parties (debt recovery agency).

5.4.2.5 Currencies

All fines issued by AIA's Disciplinary Process will be issued and payable in Great British Pounds Sterling (GBP).

5.4.3 Reprimand

When a Committee decides that the most appropriate sanction to impose on a member or firm is a reprimand it must first consider the seriousness of the misconduct along with any aggravating and mitigating factors.

A Reprimand would usually be applied in situations where the conduct is of a minor nature and there appears to be no continuing risk to the public. It would also be expected that there is sufficient evidence of an individual's understanding and genuine insight into the conduct found proved. This sanction may be appropriate where most of the following factors are present. It should be remembered that this list is not exhaustive:

- willingness to comply with directions and advice provided by AIA
- failure or conduct in question is the result of misfortune
- conduct was not in deliberate disregard of professional obligations
- period over which misconduct took place was short and it was stopped as soon as possible
- there has been early and genuine acceptance that misconduct has been committed
- there has been no or very little adverse consequence – it has not caused material distress, inconvenience or loss

- early admission.

A Reprimand could also be described as a warning.

5.4.4 Severe Reprimand

When a Committee decides that the most appropriate sanction to impose on a member or firm is a severe reprimand it must first consider the seriousness of the misconduct along with any aggravating and mitigating factors.

A Severe Reprimand would usually be applied in situations where the conduct is of a serious nature but there are particular circumstances of the case or mitigation provided which satisfy a Committee that there is no continuing risk to the public, and there is evidence of the Member's understanding and appreciation of the conduct found to be proved. This sanction may be appropriate where most of the following factors are present. It should be remembered that this list is not exhaustive:

- the misconduct was not intentional and is no longer continuing, though the member may have acted recklessly
- evidence that the conduct would not have caused direct or indirect harm
- insight into failings
- genuine expression of regret/apologies
- previous good record
- no repetition of failure/conduct – an isolated incident
- corrective steps taken to cure the conduct and ensure future errors do not occur
- relevant and appropriate references
- co-operation during the investigations stage

A Severe Reprimand could be described as a final warning.

5.4.5 Withdrawal or Suspension of a Practising Certificate

If a Committee decides the most appropriate sanction would be to suspend or withdraw a practising certificate, then it should also consider the following points:

- at what point does the suspension or withdrawal commence? This may have AML reporting implications.
- are there other practising certificates within the firm and if so how effective will this sanction be on the member or firm?
- is the member also a member of another professional body? If so are there reporting implications?

5.4.6 Suspension from Membership

If a Committee decides the most appropriate sanction would be to suspend membership, then it should also consider the following points:

- the length of the suspension and potential impact
- whether the member is engaged in public practice
- if the member is also a member of another professional body and associated reporting implications

5.4.7 Exclusion

This sanction is likely to be appropriate when the behaviour of the individual is fundamentally incompatible with being a Member. This is the most serious sanction that can be imposed on a member. The Committee is also entitled to consider whether to impose a fine alongside this sanction and any other order available under the rules. Exclusion may be appropriate when the conduct involves any or all of the following circumstances from this inexhaustive list:

- serious departure from relevant professional standards, such as repeated defective work
- actual loss or adverse impact on client and / or members of the public
- abuse of trust / position
- dishonesty
- lack of understanding and insight into the seriousness of the act / omissions and the consequences thereof
- conduct continued over a period of time
- affected or had the potential to affect substantial number of clients / members of the public
- attempted to cover up the misconduct
- persistent denial of misconduct
- convictions or cautions involving any of the conduct set out above
- collusion to cover up misconduct

If a Committee decides the most appropriate sanction would be to exclude from membership, then it should also consider the following points:

- at what point does the exclusion commence? This may have AML reporting implications.
- whether the member is engaged in public practice
- if there are other practising certificates within the firm and if so how effective the sanction would be on the member or firm
- if the member is also a member of another professional body and any resulting reporting implications

5.5 Determining the Nature and Seriousness of the Misconduct

For many complaints there are different starting points for sanctions depending on the nature and seriousness of the misconduct.

The seriousness of the misconduct in relation to some complaints depends on the quality of the work whereas, for other complaints, the seriousness depends on the mindset at the time of the conduct which is the subject of the complaint.

For these complaints the Committees will need to determine to which of the following categories the misconduct relates:

- **Very serious** where the conduct was deliberate, knowing and / or dishonest.
- **Serious** where the conduct was reckless or the result of wilful blindness.
- **Less serious** where the conduct resulted from failures to carry out certain required or expected acts or breaches of strict liability regulations where there is no evidence of a deliberate act or

recklessness.

The starting points for financial sanctions are set in separate categories which will be subject to adjustment from time to time.

These sanctions may be imposed instead of, or as well as, a penalty based on fee income or return or waiver of fees or commission.

Where a Court has made a sentencing order, or where another regulatory body has imposed a sanction against a respondent, this should be considered by the Disciplinary committees. Prior orders by the Court or another regulatory body should not, however, prevent the Investigations Committee or Disciplinary Committee from imposing further sanctions, particularly non-financial sanctions, if it considers that it is appropriate to do so.

5.6 Considering whether there are Aggravating or Mitigating Factors

As part of a proportionate decision-making process, the Committee will need to pay due regard to the mitigating and aggravating circumstances in a case, and any evidence presented. They should be considered against the fundamental purpose of sanctions as set out above.

For each category of complaint, the guidance provides a 'starting point' sanction. The starting point indicates only where the Committees might start before they consider any aggravating and mitigating factors before deciding, if appropriate, to increase or reduce the penalty. Some aggravating and mitigating factors may be common to most complaints while others may be particular to the complaint in question.

There are two types of mitigating and aggravating factors which will affect the sanction imposed in a particular case:

- Factors relevant at the time of the misconduct, which should be taken into account when forming a view of the seriousness of the case;
- Factors pertaining to current circumstances, which become relevant when a Committee considers which sanction or combination of sanctions is appropriate.

Common aggravating and mitigating factors are set out below:

Common Aggravating Factors	Common Mitigating Factors
<ul style="list-style-type: none"> • adverse financial or other consequences on the client and / or third parties 	<ul style="list-style-type: none"> • full cooperation with AIA during the investigation of the complaint
<ul style="list-style-type: none"> • correct advice given on proper conduct by AIA or another but was ignored 	<ul style="list-style-type: none"> • isolated failure and / or over a very short period
<ul style="list-style-type: none"> • repeated failures and / or poor conduct over a lengthy period 	<ul style="list-style-type: none"> • no adverse financial or other consequences on the client or third parties
<ul style="list-style-type: none"> • previous sanctions imposed by AIA or other regulatory bodies for similar breaches 	<ul style="list-style-type: none"> • following incorrect advice given by AIA or another party
	<ul style="list-style-type: none"> • self-reported conduct

	<ul style="list-style-type: none"> • breaches remedied / situation rectified
	<ul style="list-style-type: none"> • payment of compensation or restitution made to client and / or third parties

The common mitigating and aggravating factors and those that are more complaint specific and listed at the relevant section of the guidance are inexhaustive. The Committees may find others which are relevant to a case.

Mitigation can be presented by way of personal evidence, references and testimonials.

5.6.1 Considering references and testimonials

Committees must consider whether references or testimonials presented as supporting evidence of mitigation are genuine and can be relied upon. Factors relevant to this consideration may include:

- Has AIA had an opportunity to verify the reference and/or testimonial, if considered appropriate?
- Is it signed by the author?
- Is it different in style and language from other references and testimonials produced?
- Is the author aware of the allegations under consideration and that the reference/testimonial is to be provided to the Committee?
- Is the author appropriately qualified to comment on the matters that have formed the basis of the allegations?
- To what extent does the author actually address the matters that inform the factual allegations and concerns that flow from those allegations?
- Where appropriate, is the reference on headed paper?

A Committee should give such weight to references/testimonials as is appropriate in the circumstances of the case.

5.7 Considering Additional or Alternative Sanctions

The Committees should consider whether the sanctions order should include, instead of or in addition to, any non-financial sanction such as Exclusion / Suspension / Severe Reprimand / Reprimand or financial sanction or any or all of the following orders:

5.7.1 Order to Undertake / Provide Training

Order that a respondent undertake specified training or that a firm should provide training for some or all of its employees.

The Committees should consider whether the requirement to undertake or provide training might be more appropriate to a financial sanction in achieving the objectives of maintaining professional standards and protecting the public. A requirement for training will only be appropriate in certain circumstances and will be dependent on the availability of the training prescribed.

The Committees should also consider whether the respondent has already undertaken remedial training and take this into account as a mitigating factor.

5.7.2 Requirement to take Advice

In appropriate cases a Committee may consider making an order that the respondent seek advice from a specified source at his own cost and implement the advice obtained.

5.7.3 Repaying Commission

The Committees may also consider making an order that the respondent pay the complainant or the client a sum related to any commission the respondent has received or will receive. Such an order is likely to be appropriate in cases where the respondent has been paid commission by agencies for work referred to them or for investment business advice or services that have been provided.

5.8 Issuing Discounts

The Committees should apply a discount to reduce any financial sanction (determined by adjusting the appropriate sanction starting point for aggravating and mitigating factors) where there has been a full and unequivocal admission by the respondent at the relevant time. Discounts are not applicable to any recommended non-financial sanction.

A discount of up to 30% should be applied in cases where a full admission has been made after the respondent has received the final complaint wording and the draft report prepared for the Investigations Committee. The discount cannot be more than 30%. Earlier admissions and / or full cooperation may be considered as additional mitigating factors in the consideration of the appropriate financial and non-financial sanctions.

5.8.1 Investigations Committee

Admissions should not alter the Investigations Committee's decision to offer a consent order or to refer a complaint to the Disciplinary Committee if that is warranted. If there has been a qualifying admission, the discount will be applied to any financial sanction offered by the Investigations Committee in a consent order. If there is more than one complaint, and only one complaint has been fully admitted, the discount will be applied only to the sanction determined for that complaint only.

5.8.2 Disciplinary Committee

A discount should still be applied by the Disciplinary Committee to the financial sanction relating to any complaint where an admission was made at the relevant time when the Committee determines whether to uphold the complaint which has been referred to it.

5.9 Costs

The Committees have the power, in addition to imposing a non-financial sanction and / or a financial sanction, to order that the respondent pay some or all of the costs incurred by AIA in investigating and presenting the complaint(s) or a reasonable proportion of those costs. This is based on the principle that AIA members should not have to subsidise the costs caused by the minority who, through their failings, find themselves liable to disciplinary action. AIA can apply to a Committee to recover costs from a member if a complaint or referral is proved in whole or in part.

A summary of the costs incurred will be sent to the respondent before the Investigations Committee meeting or the Disciplinary Committee hearing the complaint. This is sent with a covering letter which explains that, if the Investigations Committee finds a prima facie case and decides to offer a consent order, the Investigations Committee will determine whether to make a costs order as part of any consent order. Similarly, the letter will explain ahead of a hearing that the Committees may consider making a costs order if it finds the complaint proved.

An order for costs should reflect the costs reasonably incurred and must never be imposed as a penalty.

The Committees should only consider the question of costs after it has reached its decision on the appropriate penalty for the complaint.

All costs ordered by the Committee should be paid within 21 days and no appeal can be considered solely on the question of costs.

AIA will not be liable for any costs incurred by a member during the disciplinary process, for example independent legal advice obtained by a respondent.

5.10 Restricting Publicity

Respondents may request that their names not be included in the published record of a decision.

Given the expectation that AIA will be acting transparently and in the public interest in discharging its disciplinary and regulatory functions, the Committees should only accede to requests not to publish names in exceptional circumstances and only where publication is likely to involve the risk of harm to the individual or unfair impact on innocent third parties.

5.11 Reason for Sanctions

AIA Committees must give reasons for their decisions on sanctions. The reasons should clearly explain:

- the interests and factors the Committee took into consideration in arriving at its decision;
- the weight it attached to those interests and factors
- how the balancing of those interests and factors led the Committee to its decision

It is important that the Committee's determination on a sanction makes clear that it has considered all the options and provides clear reasons (including mitigating and aggravating factors that influenced its decision).

5.12 Sanctions Imposed by Another Professional Body

It is not the purpose of a sanction to punish a Member for the second time in relation to a conviction or sanction imposed by another professional body.

Similarly, a Committee is not limited by the sanctions imposed by another professional body and is free to impose whatever sanction it deems appropriate.

6.0 Categories of Complaint or Referral

6.1 Criminal Convictions or Adverse Findings by other Regulatory Bodies

Complaint	Suggested starting sanction
Conviction involving dishonesty, breach of trust or money laundering.	Expulsion and a fine of £5000
Conviction not involving dishonesty, breach of trust or money laundering where the member receives a custodial sentence (whether suspended or not).	Expulsion and a fine of £3000
Conviction not involving dishonesty, breach of trust or money laundering where the member does not receive a custodial sentence.	Severe reprimand and a fine of £1000
Disqualification as a company director, trustee or misappropriation of funds from another position of trust.	Expulsion and a fine of £3000
Other misconduct as a company director, trustee or other position of trust.	Severe reprimand and a fine of £1000
Failure to comply with the Money Laundering Regulations 2017.	Severe reprimand and a fine of £2000 See relevant section in this guidance.
Adverse finding by another regulatory body involving dishonesty.	Expulsion and a fine of £3000
Adverse finding by another regulatory body not involving dishonesty.	Reprimand and a fine of £1500

6.2 Failure to Comply with a Decision of an AIA Disciplinary Committee

Failure to comply with an order from the Disciplinary Committees	Suggested starting sanction
Failure to comply with the order and/or failure to take advice.	Severe reprimand and a fine of £1000
Other cases where a member failed to act or acted belatedly on an order.	Reprimand and a fine of £750

6.3 Breach of AIA Bye-Laws and/or Regulations

Breach of AIA Bye-Laws and/or Regulations	Suggested starting sanction
Practising without a practising certificate.	Severe reprimand and a fine of £1500
Practising without carrying adequate professional indemnity insurance.	Severe reprimand and a fine of £1500
Failure to cooperate with arranging or following a monitoring visit.	Severe reprimand and a fine of £1000
Failure to cooperate with the disciplinary process.	Reprimand and a fine of £1000
Failure to complete an annual membership/and/or firm practice return within the period specified.	Reprimand and a fine of £1000
Failure to notify of change of address.	Reprimand and a fine of £500
Holding out to be in practice or using the AIA's designatory letters when not authorised to do so.	Reprimand and a fine of £1000
Failure to certify CPD compliance or provide evidence of such compliance.	Reprimand and a fine of £500
Failure to make adequate arrangements for absence, incapacity or death.	Reprimand and a fine of £500
Failure to comply with the Public Practice Regulations in respect of Clients Money.	Reprimand and a fine of £1000
Failure to provide engagement letter to client.	Reprimand and a fine of £1000
Failure to respond properly to professional enquiry or handover.	Reprimand and a fine of £1000

6.4 Ethical Issues

Ethical Issues	Suggested starting sanction
Serious breach of fundamental principles of AIA Code of Ethics.	Severe reprimand and a fine of £3000
Less serious breach of fundamental principles of AIA Code of Ethics.	Reprimand and a fine of £1000
Failure to communicate with successor or transfer information.	Reprimand and a fine of £1000
Deceiving / misleading AIA / statutory regulatory	Severe reprimand and a fine of £2000
Failing to act with integrity	Reprimand and a fine of £500
Conflict of interest	Reprimand and a fine of £500
Breach of confidentiality	Reprimand and a fine of £500

6.5 General Accountancy Failings and Competence

Complaint	Suggested starting sanction
Lack of attention, poor service or delay on client's affairs.	Reprimand and a fine of £1000
Bad advice.	Reprimand and a fine of £1000
Errors in client's accounts, financial statements, payroll, assurance tax returns or other client service.	Reprimand and a fine of £1000

6.6 Anti-Money Laundering Compliance

In the United Kingdom AIA is a Professional Body anti-money laundering (AML) Supervisor overseen by the Office for Professional Body Anti-Money Laundering Supervision (OPBAS), which ensures that professional bodies such as AIA provide consistently high standards of AML supervision in respect of their members and firms.

In the Republic of Ireland AIA is a designated body responsible for supervising its members under the Criminal Justice Act (as amended) for the purposes of anti-money laundering.

AIA adopts a risk-based approach when exercising its supervisory functions. A monitoring team conduct visits to member firms, including those identified as being at the greatest risk of being used by criminals to launder the proceeds of crime.

Under the MLRs AIA must effectively monitor its firms to ensure they comply with the requirements of the regulations by taking appropriate measures where irregularities have been uncovered. This includes AIA taking effective, proportionate and deterrent disciplinary action, which may be punitive in effect.

This section of the Sanctions Handbook assists members of the Committees in considering what sanction or combination of sanctions may be appropriate taking into account not only the general principles set out elsewhere in this guidance but AIA's obligations under the MLRs as set out above.

Reference to Money Laundering Regulations (MLRs) means:

- In the United Kingdom the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (as amended and in force at the time)
- In the Republic of Ireland the Criminal Justice (Money Laundering and Terrorist Financing) Act 2010 (as amended and in force at the time)

It should be noted that when dealing with more than one breach, where the breach which of itself does not amount to a serious or very serious breach, the Committee should always have regard to the cumulative impact of any such breaches and whether such breaches when taken together may amount to a serious or very serious breach.

Complaint	Suggested starting sanction
Failure to have appropriate policies, controls and procedures in place	Severe reprimand and a fine of £2000
Failure to follow firm's policies, controls and procedures.	Severe reprimand and a fine of £2000
Failure to have appropriate training for staff	Severe reprimand and a fine of £2000
Failure to implement the firm's policies and procedures and / or have appropriate internal controls to monitor compliance with policies, controls and procedures	Severe reprimand and a fine of £2000
Failure to take reasonable care to ensure no-one is appointed to act, or continues to act, as an officer or manager of the firm without approval by AIA	Severe reprimand and a fine of £2000

Failure by firm to report an approved person with a relevant criminal conviction to AIA within 30 days of the date on which the firm became aware of the approved person's conviction	Severe reprimand and a fine of £2000
Failure by firm to ensure appropriate AML supervision is in place or firm acting as a TCSP when not included on HMRC's TCSP register	Severe reprimand and a fine of £2000
Failure to report	Severe reprimand and a fine of £2000
Deliberate tipping off	Severe reprimand and a fine of £2000
Any other significant breach.	Severe reprimand and a fine of £2000

6.7 Students and Exam Malpractice

Reference: AIA Malpractice and Maladministration Policy: Table of Offences and Range of Penalties Applied to Exam Candidates

In cases of Student malpractice, the Qualifications Committee will determine the application of a sanction or penalty according to the evidence presented, the nature and circumstances of the malpractice and the type of qualification involved.

The Committee can impose sanctions and penalties on candidates responsible for malpractice to:

- minimise the risk to the integrity of exams and assessments both in the present and in the future;
- maintain the confidence of the public in the delivery and awarding of qualifications;
- ensure as a minimum that there is nothing to gain from breaking the regulations; and
- deter others from doing likewise.

The Committee will normally impose sanctions and penalties to individuals found guilty of malpractice. When considering the action to be taken, the Committee will balance responsibilities towards the rest of the cohort and the students/candidates caught up in the malpractice incident.

7.0 Further Information and Contact

About AIA

The Association of International Accountants (AIA) was founded in the UK in 1928 as a professional accountancy body and promotes the concept of 'international accounting' to create a global network of accountants.

AIA is recognised by the UK government as a recognised qualifying body for statutory auditors under the Companies Act 2006, across the European Union under the mutual recognition of professional qualifications directive and as a prescribed body under the Companies (Auditing and Accounting) Act 2014 in the Republic of Ireland. AIA also has supervisory status for its members in the UK under the Money Laundering Regulations 2017. AIA is a Commonwealth Accredited Organisation.

AIA believes in creating a global accountancy profession and supports the International Federation of Accountants (IFAC) in their vision of a global accountancy profession recognised as a valued leader in the development of strong and sustainable organisations, financial markets, and economies. AIA has adopted IFAC's Code of Ethics for professional accountants, and also incorporates IFAC's International Education Standards (IES) into its qualifications and policies.

AIA has members working throughout the whole spectrum of the accountancy profession. Many of our members are at the top of the accountancy industry, from senior management to director level. Conversely, significant numbers of our members work in small and medium sized businesses (SMEs) and we strive to champion the importance of SMEs and their needs.

Further Information

If you require any further information, please contact:

Secretary to the Disciplinary Process

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