

JOINT INSOLVENCY COMMITTEE

Newsletter – winter 2010

This is the second issue of the Joint Insolvency Committee's newsletter and provides an update on the committee's activities.

About the Joint Insolvency Committee

The Joint Insolvency Committee (JIC) was formed in 1999 and provides a forum for discussion and promotes consistency of approach across bodies which authorise insolvency practitioners in Great Britain. Its mission statement is to:

- *Consider, maintain, improve, develop and promote insolvency standards and guidance of a regulatory, ethical, or best practice nature by means of debate and agreement within the Committee.*
- *Discuss any such matters with any other appropriate bodies.*
- *Facilitate discussion between authorising bodies in order to ensure that, as far as possible, insolvency practitioners are dealt with uniformly by such authorising bodies.*

The JIC has 3 primary regulatory tools by which it can fulfil its mission statement – the insolvency code of ethics, statements of insolvency practice, and insolvency guidance papers.

The JIC meets four times a year but also works through sub-groups between meetings. Each authorising body is represented on the JIC, usually by an insolvency practitioner supported, where appropriate, by staff from the authorising body they represent. The JIC also welcomes a number of observers who play a valuable role in updating JIC on issues from within their remit. Details of the authorising bodies, JIC members and observers are shown later in this newsletter.

Andrew Tate, the representative of the ACCA is the chairman of JIC. Andrew's term as JIC chairman will end this year. The committee is grateful to Andrew for his valuable work as chairman. The chair of JIC from 1 January 2011 will be John Milsom, representative of ICAEW.

The JIC takes a close interest in insolvency issues which have the potential to affect the regulatory framework. The issues discussed have included the new insolvency rules, the interaction between insolvency legislation and employment law, and the OFT market study into corporate insolvency. In 2011, the JIC will start the year by holding a strategy day, so that it can hear from those with an interest in insolvency regulation and set its own regulatory agenda for the year forward.

If you wish to get in touch with the JIC, please contact the Secretary, c/o ICAEW, Metropolitan House, 321 Avebury Boulevard, Milton Keynes, MK9 2FZ. telephone number: +44 (0) 1908 546 220, email: tracy.stanhope@icaew.com

Statements of insolvency practice (SIPs)

Statements of Insolvency Practice (SIPs) are a series of standards issued to licensed insolvency practitioners with a view to maintaining standards by setting out required practice and harmonising practitioners' approach to particular aspects of insolvency. All insolvency practitioners are therefore working to common standards.

SIPs are issued under procedures agreed between the insolvency regulatory authorities acting through the JIC. Where appropriate, when changes are made to SIPs affecting England and Wales, equivalent changes are made to those affecting Scotland and Northern Ireland.

The purpose of SIPs is to set out basic principles and essential procedures with which insolvency practitioners are required to comply. Departure from the standards set out in the SIPs is a matter that may be considered by a practitioner's regulatory authority for the purposes of possible disciplinary or regulatory action.

Review of the SIPs

The JIC's approach to revising SIPs is that a SIP should contain a mix of principles and key compliance standards. Working groups are established to look at each SIP, with the members of the groups being drawn from the JIC attendees but also including those within the profession who have particular expertise in the subject matter of the SIP being reviewed. The JIC is grateful to those within the profession who have volunteered to participate in these groups.

The first SIP to be revised using the new approach was **SIP 2** – a liquidator's investigation into the affairs of an insolvent company. The SIP was issued for consultation and a number of amendments have been made to the consultation draft as a result of the responses received. The JIC is hoping to issue this revised SIP early in 2011.

A working group has been established to look at the responses received to the JIC's consultation on the effectiveness of **SIP 16** - pre-packaged sales in administrations. The group met for the first time in November this year. The JIC had been awaiting the publication of the government's reply to the responses received to the Insolvency Service's consultation "Improving the transparency of, and confidence in, pre-packaged sales in administrations" but has since decided to continue with its own review of the SIP.

The JIC issued an amended version of **SIP 9** - remuneration of insolvency office holders, effective from 6 April 2010 – described as interim SIP 9 to take into account the amendments made to the Insolvency Rules 1986. The working group which produced the amended SIP 9, then moved to a full review of that SIP together with SIP 7 - preparation of insolvency office holders' receipts and payments accounts - Drafts of these SIPs were issued for consultation during the autumn. The responses from that consultation process have now been passed back to the working group for consideration. The working group also took the opportunity to produce a standard introduction for all SIPs, currently being described as "**SIP 1**". The JIC plans to introduce new "**SIP 1**" at the same time as SIP 2.

If you have any comments you wish to make on the review of the SIPs in general or on the content of any particular SIP, or if you wish to participate in any future consultations on the SIPs please contact the secretary of JIC or email jic_sip_consultation@icaew.com .

Insolvency guidance papers

Insolvency Guidance Papers (IGPs) are issued to insolvency practitioners to provide guidance on matters that may require consideration in the conduct of insolvency work or in an insolvency practitioner's practice. Unlike Statements of Insolvency Practice, which set out required practice, IGPs are purely guidance and practitioners may develop different approaches to the areas covered by the IGPs.

No new guidance papers were developed during 2010. If you believe that there is a need for an IGP on a particular subject please contact the secretary of JIC.

Code of ethics for insolvency practitioners

A new code of ethics for insolvency practitioners was introduced on 1 January 2009. Since the introduction of that new code, the IFAC code on which the insolvency code is based has been amended, in particular, the word 'shall' has generally replaced 'should' throughout the majority of the code. The JIC will consider whether equivalent changes should be made to the insolvency code of ethics during 2011.

Working with the Insolvency Practices Council

The Insolvency Practices Council (IPC) is a public interest body established to influence the professional and ethical standards of insolvency practitioners. The JIC meets with the IPC and the minutes of JIC meetings are shared with the IPC. The chairs of JIC and IPC have met during 2010, and discussed current issues and concerns. The IPC are also to be invited to present at the JIC strategy day.

The IPC produces an annual report, available on its website www.insolvencypractices.co.uk in which it makes recommendations to the insolvency profession, its regulators and government. The JIC generally responds to recommendations in the IPC's annual report which are within the committee's remit. The IPC's annual report for 2009 (published this year) was mainly a review of its work in the ten years since its creation, so the chairmen of the JIC and IPC agreed that the JIC would not respond formally to this report.

THE BODIES WHICH REGULATE INSOLVENCY LICENCE HOLDERS IN GREAT BRITAIN AND/OR IN NORTHERN IRELAND

Recognised professional bodies

<u>Name and address</u>	<u>Website</u>
The Association of Chartered Certified Accountants (ACCA) 29 Lincoln's Inn Fields, London WC2A 3EE	www.accaglobal.com
Insolvency Practitioners Association (IPA) Valiant House 4-10 Heneage Lane London EC3A 5DQ	www.insolvency-practitioners.org.uk
The Institute of Chartered Accountants in England & Wales (ICAEW) Metropolitan House 321 Avebury Boulevard Milton Keynes MK9 2FZ	www.icaew.com/insolvency
Chartered Accountants, Ireland (CAI) 47-49 Pearse Street Dublin 2	www.charteredaccountants.ie
The Institute of Chartered Accountants of Scotland (ICAS) CA House 21 Haymarket Yards Edinburgh EH12 5BH	www.icas.org.uk
The Law Society of Scotland 26 Drumsheugh Gardens Edinburgh EH3 7YR	www.lawscot.org.uk
Solicitors Regulation Authority For the Law Society (SRA) Ipsley Court Berrington Close Redditch Worcestershire B98 0TD	www.lawsociety.org.uk www.sra.org.uk

Other regulators

The Insolvency Service www.insolvency.gov.uk
PO Box 203
21 Bloomsbury Street
London WC1B 3QW

The Insolvency Service Northern Ireland² www.insolvency.detini.gov.uk
Fermanagh House
Ormeau Avenue
Belfast
BT2 8NS

The Law Society of Northern Ireland² www.lawsoc-ni.org
40 Linenhall Street
Belfast
BT2 8BA

¹The Chartered Accountants Ireland, under the provisions of its Bye-Laws, established the Chartered Accountants Regulatory Board (www.carb.ie) in April 2007 and has delegated regulatory functions to this Board.

²These bodies have observer status on JIC

MEMBERS OF THE JIC

Andrew Tate Chairman	The Association of Chartered Certified Accountants
Roger Smith	Insolvency Practitioners Association
John Milsom	The Institute of Chartered Accountants in England & Wales
Joan Houston	Chartered Accountants Regulatory Board (Chartered Accountants, Ireland)
Brian Milne	The Institute of Chartered Accountants of Scotland
Roy Roxburgh	The Law Society of Scotland
Paul Caldicott	Solicitors Regulation Authority
Mike Chapman Joe Clogan	The Insolvency Service

OBSERVERS OF JIC

Representatives of	The monitors of the authorising bodies, R3, the Accountant in Bankruptcy, The IS Northern Ireland, Law Society, Northern Ireland
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OTHER BODIES

Association of Business Recovery Professionals (R3) 8th Floor, 120 Aldersgate Street London EC1A 4QJ	www.r3.org.uk
Insolvency Practices Council PO Box 698 Godalming GU7 9AR	www.insolvencypractices.co.uk
The Accountant in Bankruptcy 1 Pennyburn Road Kilwinning Ayrshire KA13 6SA	www.aib.gov.uk