

## APPENDIX 2.1

### IGR Compliance Evidence Log

This document provides an explanation of the actions taken by CILEx and CRL to ensure compliance with the IGR.

CILEx and CRL have taken a collaborative approach to ensure successful implementation of the new IGR. A working group comprised of key individuals representing relevant policy and operational areas across the two organisations has been jointly led by the Director of Policy and Governance (CILEx) and the Director of Policy and Enforcement (CRL). This group has benefited from the guidance of a 'needs-basis' telecon with CRL and CILEx NEDs to resolve time-sensitive issues, and the working group ultimately reported in to both CRL's and CILEx's respective Boards.

Hook Tangaza, have provided external objective governance and compliance expertise, project management and strategic input. Kingsley Napley, solicitors, helped to develop the Protocols and Service Level Agreement.

Whilst many of the actions have been taken collectively due to the cross-organisational composition of the working group, the LSB are keen to see the particular actions that relate to, or, have been specifically taken by each organisation. Where possible this has been reflected in the table below.

The rationale for a single document is to ensure that the respective CRL and CILEx Boards see the same compliance evidence before judging whether full IGR compliance has been achieved.

<b>Rule 1 – the overarching duty</b>				
	<b>Requirement</b>	<b>Working group actions</b>	<b>CILEx specific actions</b>	<b>CRL specific actions</b>
1.1	The AR should consider the areas in which there is potential for its regulatory functions to interact with its representative functions and identify reasonably practicable options for separating regulatory functions from the AR's representative functions in these areas.	Key areas of interaction were identified by the Working Group.  Workshops were then held to consider the key areas of complex interaction: education and finance/PCF. These workshops informed the 'Education Standards		

## APPENDIX 2.1

		<p>and Fitness to Practise’ annex in the Protocol and the ‘Finance SLA’.</p> <p>The Scheme of Delegation of the regulatory functions to CRL was reviewed and deemed fit for purpose.</p>		
1.2	<p>The Act does not require full legal and structural separation, however an AR with both representative and regulatory functions should consider whether it may be practicable for its regulatory body to have the ability to enter into contracts (such as employment contracts or contracts for goods and services) without the AR’s participation. This would strongly support the separation of the regulatory functions from representative functions.</p>			<p>Yes, CRL is a separate company and can enter into contracts in its own right without CILEx’s participation</p>
1.3	<p>Periodic review and improvement of separation arrangements</p>	<p>Both organisations commit to reviewing their separation arrangements once a year, as part of the IGR compliance process, with a view to improving these arrangements. This process will include a review of the Scheme of Delegation to ensure it remains relevant as CILEx/CRL continue</p>		

## APPENDIX 2.1

		<p>working towards greater independence.</p> <p>At officer level, the respective Directors of Governance, Stuart Dalton (CRL) and Simon Garrod (CILEx), will continue to liaise on IGR issues with a view to resolving issues and furthering the shared ambition of moving to greater regulatory independence.</p> <p>A NEDs IGR liaison forum, with decision-making powers, and equal numbers from both CRL/CILEx, will provide IGR compliance oversight and guidance and help to drive further improvements and resolve issues.</p>		
<b>Rule 2 – Duty to delegate</b>				
	<b>Requirement</b>	<b>Working group actions</b>	<b>CILEx specific actions</b>	<b>CRL specific actions</b>
2.1	The LSB considers it is highly likely to be simplest and most efficient for the regulatory body to have its own legal personality			Yes – CRL has its own legal personality this is the case
2.2	Is CILEx required by any legislation or laws to retain a role in regulatory functions (beyond the extent that this is necessary to be	Yes – AML. A reference to this has been included in the Protocols	CILEx organised an AML workshop which informed the drafting of the AML annex to the Protocols	

## APPENDIX 2.1

	assured of compliance with Section 28 of the Act?)			
2.3	The AR must communicate with the regulatory body if the AR makes or intends to make a decision, plan, communication, or other arrangement which may undermine the regulatory body's ability to discharge regulatory functions in accordance with Section 28 of the Act.	<p>This provision is captured within the Protocols and further elaborated upon in the Information Sharing Protocol</p> <p>Training has been provided to all staff on the importance of complying with this rule.</p> <p>An 'IGR breach' process and issues resolution process have been designed to capture any instances of non-compliance that may be triggered by the breaking of this rule.</p>		Included in the ISP is that CRL will maintain a log of all such notifications it receives from CILEx to provide an audit trail. This process is outlined and will be documented within the IGR Compliance Log.
<b>Rule 3 – Provision of assurance to approved regulator</b>				
	<b>Requirement</b>	<b>Working group actions</b>	<b>CILEx specific actions</b>	<b>CRL specific actions</b>
3.1	<p>The AR and RB shall cooperate with one another to provide and accept assurance. The RB must provide sufficient information to the AR for the AR to be assured that regulatory functions are being discharged in compliance with Section 28 of the Act.</p> <p>It is not purely for the RB to determine what information is</p>	<p>Provision of assurance information is included in the Information Sharing Protocol.</p> <p>CRL and CILEx have agreed what specific information will be shared and how often and to whom. This information is recorded within the IGR Compliance log.</p>	CILEx Board, CEO and relevant officers suggested which information they would require for assurance.	CRL considered and approved the list of assurance information sources suggested by CILEx.

## APPENDIX 2.1

	<p>required – the AR needs to be ‘reasonably assured’.</p> <p>The LSB states that it is reasonable for the AR to be provided with information about the RB’s governance arrangements, arrangements for financial management and control and systems and processes for risk management and internal audit.</p>	<p>The list of information sources will be reviewed at least annually to ensure it remains fit for purpose.</p>		
3.2	<p>The LSB expects that each AR and RB will agree <b>and publish</b> a protocol for the provision of information. This protocol should ensure there is consistency about what information the AR receives, how often and in what form and the methods by which the AR may seek further information, clarification or detail where appropriate.</p> <p>*The LSB expects that this protocol will significantly reduce the likelihood of the AR requiring further information*</p>	<p>The Information Sharing Protocol will be published on CRL/CILEx websites for transparency</p> <p>The ISP will be reviewed annually/or on a needs basis and updated accordingly so it remains fit for purpose.</p> <p>If CILEx does request additional assurance information, this request and the outcome of the request will be captured within the IGR Compliance Log.</p>		
3.3	<p>The LSB expects each AR to be able to evidence the safeguards put in place to prevent the misuse of information received from RB for assurance purposes (relating to provision which prevents information received by the AR for</p>	<p>All staff and NEDs have received training on their obligations to comply with this Rule.</p> <p>Individuals identified as being in a position to influence (see Rule 6)</p>	<p>JDs of influential staff and the appointment terms of Board members have been updated to add the duty and make clear disciplinary can be taken for breaching the IGR</p>	<p>The CRL Board Code of Conduct has been updated to cover this obligation</p>

## APPENDIX 2.1

	its residual role being used for its representative functions). To ensure compliance with this section, the AR should consider carefully who has access to the assurance information, their obligations on its use and how to prevent the dissemination of the information more widely within the AR or outside of it.	<p>will receive additional training on this Rule</p> <p>The Information Sharing Protocol states disciplinary action is a possible outcome if assurance information is misused</p> <p>A Sharepoint area with appropriate access rights has been set-up to share this information and monitor who accesses it</p>	The CILEx Board code of conduct has been updated to cover this obligation	
<b>Rule 4 – Regulatory Autonomy</b>				
	<b>Requirement</b>	<b>Working Group actions</b>	<b>CILEx specific actions</b>	<b>CRL specific actions</b>
4.1	The regulatory body shall decide how to regulate free from inappropriate influence by the AR. The RB must independently determine its: structure, strategy and any amendments to the regulatory arrangements.	The Protocol covers this principle	<p>CILEx reviewed its governance arrangements to remove any inappropriate influence.</p> <p>CRL’s Articles of Association amended removing the CILEx President having attendance rights at the CRL Board</p>	<p>CRL has reviewed its governance arrangements to ensure there are no examples of inappropriate influence from CILEx</p> <p>The CRL Board self-evaluation includes the question: Has CILEx tried to inappropriately influence CRL in the last year?</p> <p>Existing assurance checklist covers CRL Board belief no inappropriate influence</p> <p>Principle in protocols: CRL will from time to time publish Board papers</p>

## APPENDIX 2.1

				<p>and other information with a view to maximising public access to information and increase transparency and perception of regulatory autonomy</p> <p>CRL are responsible for drafting alterations to their regulatory arrangements and this principle is captured in the protocols.</p>
<b>Rule 5 – Prohibition on dual roles</b>				
	<b>Requirement</b>	<b>Working Group actions</b>	<b>CILEx specific actions</b>	<b>CRL specific actions</b>
5.1	<p>No person may be involved in both regulatory decisions and representative functions, unless that person’s role is within a shared service in accordance with rule 11.</p> <p>The LSB states that the starting point for compliance is to identify individuals who are involved in decisions relating to regulatory functions, and then assure that those persons do not become involved in representative functions. In order to assess whether an individual is affected by this provision, the AR should consider each role on a case-by-case basis. The AR should ask</p>	<p>Principle captured in Protocols.</p> <p>The Working Group carried out an exercise to identify anyone with a dual role. There were no individuals (outside of Shared services) with a dual role.</p> <p>This exercise will be repeated annually, as part of the IGR compliance process, or on an as needed basis (i.e. as part of the recruitment process into a newly created role)</p>		

## APPENDIX 2.1

	<p>whether a reasonable person would consider that their representative role may prejudice their judgment in regulatory decisions in any way. This only applies to those who have an impact upon decision-making with regards to regulatory functions. This would include substantive decisions, for example whether to impose sanctions on a practitioner or firm, policy decisions, for example decisions about how to act in a way which is compatible with the regulatory objectives, and decisions about the process for carrying out the regulatory functions.</p>			
5.2	<p>The RB should also review their recruitment and appointment procedures (both for employees and voluntary positions) and include consideration of any conflict which may arise as a result of a current or former representative role of candidates</p>		<p>Updated HR policies and the HR software has been updated to flag moves between CRL/CILEx which would trigger an IGR risk assessment.</p> <p>The authority to recruit form has been amended to address this point.</p>	
<b>Rule 6 – Individual conduct</b>				
	<b>Requirement</b>	<b>Working Group actions</b>	<b>CILEx specific actions</b>	<b>CRL specific actions</b>



## APPENDIX 2.1

6.1	The AR is responsible for the knowledge and compliance of each individual with a role within regulation or which may affect regulatory functions.	<p>Principle captured in Protocol with an individual obligation imposed on each of the parties for their employees, contractors and NEDs.</p> <p>The Working Group undertook an exercise to identify the people caught by this rule. This list is saved within the IGR Compliance Log and will be reviewed annually or when necessary.</p>		
6.2	Provide appropriate and comprehensive training for identified roles: initial training for persons entering the organisation or moving within the organisation, refresher training at regular intervals and when there is change to IGR or arrangements, training and supportive materials to be available to relevant individuals at all times, a clear route for assistance when required.	<p>All CRL and CILEx staff and NEDs have received online IGR compliance training (designed jointly by CRL/CILEx) – this has been recorded in the training system</p> <p>When Covid-19 social distancing rules allow, the individuals identified as influencers will receive additional training, in person which will allow for greater detail, group discussion and specific examples. This will be delivered jointly by CRL/CILEx</p>	<p>The individuals identified in this exercise will be flagged within the HR system (including NEDs) so their training can be monitored</p> <p>Induction materials have been updated for new staff to make them aware of IGR, and direct them to the online training module</p> <p>Support materials are available on the intranet as well as sign posting to further assistance</p>	
6.3	The LSB expects knowledge of the IGR and arrangements to form part of the role description and the individuals' objectives. With respect to Board members or		NED appointment letters and staff JDs have been updated to include duty and disciplinary references.	The disciplinary process has been updated to include IGR breaches for staff

## APPENDIX 2.1

	office-holders, the AR must give careful consideration to how it can enforce compliance. The LSB expects this will involve either inclusion of appropriate and enforceable provisions in the organisation or Boards' constitutions or terms of appointment for the individuals, or an equivalent enforceable procedure which applies to these positions.		IGR will be included as a training objective for those caught by this rule.  The disciplinary process has been updated to include IGR breaches	The Board Code of Conduct has been updated to include IGR breaches by Board members
<b>Rule 7 – Governance: lay composition</b>				
	<b>Requirement</b>	<b>Working Group actions</b>	<b>CILEx specific actions</b>	<b>CRL specific actions</b>
7.1	Regulation must be predominantly governed by lay persons  It is recognised that not all members of the board may be required or available for every meeting. If a decision on regulatory functions is taken at a meeting where there is either not a lay majority or a lay chair (or both), this decision must be ratified at the next meeting where there is a lay majority/chair.			This is already the case
<b>Rule 8 – The regulatory board: appointments and terminations</b>				
	<b>Requirement</b>	<b>Working Group actions</b>	<b>CILEx specific actions</b>	<b>CRL specific actions</b>

## APPENDIX 2.1

8.1	The regulatory body shall independently appoint, appraise, remunerate and terminate the members of its board. The RB may choose to involve the AR, as long as this is done in a way which does not undermine, or reasonably appear to undermine its independence	Protocol covers this principle		CRL already sets out its governance procedures for appointments and terminations on its website for additional transparency. These processes were reviewed and judged as fit for purpose for IGR compliance by the CRL Board in May 2020
<b>Rule 9 – Regulatory resources</b>				
	<b>Requirement</b>	<b>Working Group actions</b>	<b>CILEx specific actions</b>	<b>CRL specific actions</b>
9.1	Regulation shall have the resources it requires to be effective. It is for the RB to determine what resources are sufficient for the efficient and effective discharge of regulatory functions.	Principle covered in Protocols		CRL will prepare a 3-year income/expenditure budget and maintain its own reserves
<b>Rule 10 – Regulatory body budget</b>				
	<b>Requirement</b>	<b>Working Group actions</b>	<b>CILEx specific actions</b>	<b>CRL specific actions</b>
10.1	To comply with this rule, the regulatory body should independently carry out its own budget process in accordance with its priorities and strategy. The AR cannot approve or reject the proposed budget from the RB, though it may seek further information where it has reasonable grounds to do so.	<p>- This is currently the case and the principles are captured within the Protocol and ISP</p> <p>Other compliance mechanisms relevant to this rule:</p> <ul style="list-style-type: none"> <li>• Dispute and issue resolution processes</li> <li>• JDs/disciplinary policy changed to cover IGR duty/breach</li> </ul>	CILEx’s Finance Committee terms of reference amended to remove this role in relation to CRL.	<p>CRL Board reviewed its budgetary process and oversight arrangements in May 2020.</p> <p>The ISP stipulates that CRL will share its 3-year budget with CILEx, who are free to request further information if they have reasonable grounds to do so</p>

## APPENDIX 2.1

		<ul style="list-style-type: none"> <li>• Training for staff</li> <li>• Added reference in finance service catalogue regarding 'timely data provision from CILEx for the PCF setting/submission process'</li> </ul>		CRL will give CILEx notice where it appears there will be a significant change in income and expenditure from the budgets agreed
<b>Rule 11 – Shared services</b>				
	<b>Requirement</b>	<b>Working group actions</b>	<b>CILEx specific actions</b>	<b>CRL specific actions</b>
11.1	<p>The AR and its regulatory body must not share services unless specific requirements are met. In order to comply with this Rule, the LSB would expect an assessment of the 3 tests set out in Rule 11(1)(a-c) to be undertaken regularly:</p> <ul style="list-style-type: none"> <li>• sharing services will not undermine, and could not reasonably be seen to undermine, the separation or regulatory and representative functions.</li> <li>• sharing services is effective and appropriate for the regulatory body to discharge its regulatory functions.</li> <li>• sharing services is necessary to be efficient</li> </ul>	<p>Principle captured in Protocol</p> <p>A contract for Shared services, underpinned by an SLA and service catalogues developed for all shared services, will establish a formal contractual footing to manage service arrangements and help manage service standards/expectations. It also includes reverse SLA obligations.</p> <p>A risk assessment process relating to IGR has been developed and approved by CRL and CILEx</p> <p>Processes to evaluate an existing shared service and new shared service have been developed and approved by CRL and CILEx</p>		<p>Monthly meetings between CRL and the Director of Business Transformation to discuss service issues</p>

## APPENDIX 2.1

	and reasonably cost-effective	Shared Services review meetings will be held at regular intervals between CILEx and CRL to ensure satisfaction		
11.2	Sharing a service is necessary to be efficient and reasonably cost-effective. The LSB would expect both the AR and the regulatory body to demonstrate that quotes for comparable services have informed the assessment of whether this provision is met	Protocols stipulate that both parties need to obtain quotes and demonstrate the benefits of sharing the service.		CRL have obtained quotes from alternative service providers to demonstrate the cost-effectiveness of existing shared services, across all the different support services currently provided by CILEx to the regulator
11.3	Services must be provided on (at least) an equal footing	<p>The Protocols cover this principle</p> <p>A 'shared services evaluation process' has been developed which demonstrates how this principle can be applied in different circumstances</p> <p>An assessment sheet and evaluation flowchart have been developed to assist with compliance here</p>		
<b>Rule 12 – Communication by persons involved in regulation</b>				
	<b>Requirement</b>	<b>Working Group actions</b>	<b>CILEx specific actions</b>	<b>CRL specific actions</b>
12.1	There should be a direct line of communication between the regulator and key statutory bodies including the LSB. In order to	This is currently observed and was compliant prior to the revised IGRs and is expressly captured in the Protocols		

## APPENDIX 2.1

	comply with this rule, ARs may not inhibit direct contact and communication between the LSB, Consumer Panel, OLC or other ARs and any person involved in the discharge of the regulatory functions.			
<b>Rule 13 – Candour about compliance</b>				
	<b>Requirement</b>	<b>Working Group actions</b>	<b>CILEx specific actions</b>	<b>CRL specific actions</b>
13.1	Each AR shall be honest and open with the LSB about compliance issues. It must ensure that individuals are raising every issue of non-compliance.	<p>Through the ‘all staff’ training programme and signposting to IGR compliance policy (‘robust procedures understood by all individuals covered by rule 6’) we are confident that awareness of non-compliance will be raised and therefore more likely to be reported.</p> <p>The IGR Compliance Log includes details of all IGR breaches, their treatment and resulting outcomes. These can be sent to the LSB upon request.</p> <p>An IGR breach flowchart outlining what to do if a breach is discovered has been developed</p>		
13.2	The AR must respond fully to requests for information from the LSB	We have an IGR Compliance Log system in place so that compliance		

## APPENDIX 2.1

		<p>information is accessible and can be provided when required.</p> <p>This includes:</p> <ul style="list-style-type: none"><li>a. Protocols – reviews and amendments</li><li>b. SLA and service catalogues reviews and amendments</li><li>c. A list of documents published externally</li><li>d. Review of separation arrangements/Scheme of delegation reviews and amendments (Rule 1)</li><li>e. Log of notifications (Rule 2)</li><li>f. List of assurance documents (Rule 3)</li><li>g. Details of additional information requests (Rule 3)</li><li>h. Review of dual roles (Rule 5)</li><li>i. List of influential individuals (Rule 6)</li><li>j. Record of contract decisions made in Shared Services Review meeting (Rule 11)</li><li>k. Record of notifications of non-compliance (Rule 13)</li><li>l. Record of issues and whether they were referred to LSB</li></ul>		
--	--	---	--	--

## APPENDIX 2.1

		And contained within HR records, we also have logs of IGR training provided to individuals.		
13.3	Notifying the LSB of non-compliance. If issues cannot be resolved internally/within a reasonable time they need to be referred to LSB	<p>Provided for in the Protocols and referred to in the ISP where the requirements for information sharing are captured.</p> <p>We have also developed an easy to follow issues resolution process (agreed by CRL and CILEx) which will form part of the training going forwards.</p>		
<b>Rule 14 – Disputes and referrals for clarification</b>				
	<b>Requirement</b>	<b>Working Group actions</b>	<b>CILEx specific actions</b>	<b>CRL specific actions</b>
14.1	It is for each AR and RB to determine how to comply with the IGR. The LSB will not intervene unless there is a genuine difficulty which cannot be resolved without the assistance of the LSB. Before a matter is referred to the LSB, the AR/RB must first make a reasonable effort to resolve the matter itself. On referral, the LSB will review the steps taken and if it is of the view that the effort made was insufficient, it is likely to	<p>Protocols cover this point at a high-level</p> <p>The working group have developed an issue resolution process which has been approved by CRL and CILEx. This process will be published on the intranet and form part of the influencers training.</p>		



## APPENDIX 2.1

	<p>require the AR to take further steps before providing the clarification requested.</p> <p>A disagreement is not a dispute until all reasonable efforts at resolution have been exhausted. Each AR and RB should therefore agree a system for resolving issues as and when they arise.</p>			
<b>Rule 15 – Guidance</b>				
	<b>Requirement</b>	<b>Working Group actions</b>	<b>CILEx specific actions</b>	<b>CRL specific actions</b>
15.1	<p>This rule requires ARs to have regard to the LSB’s guidance published alongside the IGR.</p>	<p>The Protocols and all other IGR project documentation have been developed in light of the guidance issued. The IGR guidance has been drawn upon by the IGR Working Group to evidence compliance and also to facilitate implementation.</p>	<p>Working Group</p>	<p>On going</p>
<b>Rule 16 – Saving provisions</b>				
	<b>Requirement</b>	<b>Working Group actions</b>	<b>CILEx specific actions</b>	<b>CRL specific actions</b>
16.1	<p>No AR will breach the IGR if its action or omission is necessary to comply with its legal obligations or authorised by the LSB.</p> <p>There may be exceptional circumstances in which an AR must intervene to ensure compliance with Section 28 of the Act, i.e. When the RB has ceased</p>	<p>Protocol has identified that both CILEx and CRL acknowledge that CILEx may intervene where reasonably necessary to ensure compliance with the LSA.</p>		

## APPENDIX 2.1

	to operate within the ambit of the Act or the IGR. This saving provision enables that intervention when it is reasonably necessary.			
<b>Rule 17 – Exemptions</b>				
	<b>Requirement</b>	<b>Working Group actions</b>	<b>CILEx specific actions</b>	<b>CRL specific actions</b>
17.1	All of the IGR apply to ARs with both regulatory and representative functions.	NA	NA	NA