



The Association of Professional Compliance Consultants

Professional Standards for Member Firms

These Professional Standards were adopted by the Association with effect from 9 March 2010. The purpose of these Standards is to provide guidance to Members Firms on the minimum standards that the Association expects all its members to meet on a continual basis. The Standards should be interpreted taking into account the particular size and complexity of each Member Firm, what is appropriate for a sole practitioner is unlikely to be appropriate for a large consultancy firm operating through a network of offices and teams. The Good and Poor Practice Examples have been provided as examples, they may not necessarily be applicable to all Member Firms given the different client services each firm provides and the different sizes of Member Firms. Where appropriate we have included guidance in the examples to make this clearer to the reader.

A. Standards Related to Firmwide Matters	
A1. Code of Ethics and Professional Conduct	
Member Firms should observe the APCC Code of Ethics and Professional Conduct at all times.	
Good Practice Example	Poor Practice Example
All staff within the firm are required to act in accordance with the APCC Code of Ethics and Professional Conduct. The Member Firm’s governing body reviews the conduct of the Firm annually to ensure that, throughout the period since the last review, the Firm and its staff have complied with the APCC Code of Ethics and Professional Conduct and these Professional Standards.	The Member Firm has not read the APCC Code of Ethics and Professional Conduct and has undisclosed conflicts of interest with its clients.
A2. Solvency	
Member Firms should be solvent and have sufficient liquid resources to meet their debts as they fall due.	
Good Practice Example	Poor Practice Example
The Member Firm maintains timely management accounts including cashflow forecasts and is solvent with sufficient liquid resources to meet its debts as they fall due.	The Member Firm is insolvent. The Member Firm has not maintained timely management accounts and does not prepare cashflow forecasts



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A. Standards Related to Firmwide Matters	
A3. Regulatory Returns and Tax	
All Member Firms should ensure that all the appropriate filings have been made to regulatory, fiscal and other statutory bodies (which in the UK would include Companies House, HMRC and the Information Commissioner) have been made on a timely basis. All Member Firms should ensure that their tax affairs are in order.	
Good Practice Example	Poor Practice Example
<p>The UK corporate UK Member Firm has submitted annual accounts on a timely basis to Companies House.</p> <p>The non-corporate Member Firm has prepared annual accounts on a timely basis.</p> <p>The UK Member Firm has submitted tax returns to HMRC by the required deadline.</p>	<p>The UK corporate Member Firm has not submitted annual accounts to Companies House by the prescribed deadline.</p> <p>The non-corporate Member Firm has not prepared annual accounts on a timely basis.</p> <p>The UK Member Firm has not submitted tax returns to HMRC within the prescribed timescale.</p>
A4. Data Security	
Member Firms should ensure that all personal, customer and Firm data is secure, the Firm has adopted appropriate procedures (taking into account and size and complexity of the firm) to ensure the ongoing security of data held and the Firm has, where relevant, the appropriate licence from the Information Commissioner..	
Good Practice Example	Poor Practice Example
<p>The Member Firm has an appropriate data security policy in place which is monitored and tested at appropriate intervals.</p> <p>Where the Member Firm is likely to hold client data as part of a client engagement then the client engagement letter refers to the Firm’s data security policy.</p>	<p>The Member Firm has no documented data security policy in place and personnel are unaware of or do not adhere to the Firm’s data security procedures.</p>
A5. Business Continuity	
Member Firms should ensure that they have appropriate business continuity procedures in place and these are documented and where relevant these are tested at appropriate intervals.	



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Good Practice Example	Poor Practice Example
<p>The Member Firm has adopted appropriate business continuity procedures which are documented, effectively communicated to personnel and regularly tested and updated.</p> <p>The Member Firm is a sole consultancy and has effective locum arrangements in place appropriate to the nature of the firm’s business, the particular nature of each client engagement and where required under the terms of any service agreement.</p> <p>The Member Firm is a sole consultancy and does not have formal locum arrangements in place. All clients are informed of this fact and if requested by the client a list of appropriate alternative firms is provided.</p>	<p>The Member Firm has no business continuity procedures in place.</p> <p>The Member Firm is a sole consultancy and has not considered whether locum arrangements are required and has not put any such locum arrangements in place.</p>
A6. PI Insurance	
<p>Member Firms should consider whether PI insurance is appropriate for their business. Where the Member Firm is required by client engagements to have PI in place the Member Firm ensures that PI is in place and is in accordance with contractual commitments to clients. Member Firms who do not have PI insurance in place covering a particular client engagement should ensure this is stated in the letter of engagement with each client. Member Firms who have PI insurance in place for a particular client engagement should state, where not prohibited by their insurer, that details of the cover in place are available on request.</p>	
Good Practice Example	Poor Practice Example
<p>The Member Firm has considered whether PI is appropriate for their business and has documented the reasons for their decision. Where PI is taken out the Member Firm can demonstrate the appropriateness of the level of cover taken out.</p>	<p>The Member Firm has no PI in place and has not considered the impact of this.</p> <p>The Member Firm has contractual commitments to ensure PI is in place but the governing body is unaware of this.</p>



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A. Standards Related to Firmwide Matters	
A7. Member Firm Website	
Member Firms should ensure that their websites contain information appropriate to the business services they provide, and that the content meets generally accepted criteria in respect of legal and regulatory obligations.	
Good Practice Example	Poor Practice Example
The Member Firm has ensured that its website is updated as soon as there are any significant developments within the firm. The website content is reviewed by a senior individual to ensure it remains appropriate, up to date, accurate every six months.	The Member Firm has a website but the content has not been reviewed for two years and is, as a result, unrepresentative of the firm, its services and personnel.
A8. Marketing	
Member Firms should ensure that any marketing activity undertaken reflects the professional nature of the firm and is appropriate to the recipients of the marketing activity. No marketing material should be issued which contains derogatory, inaccurate or otherwise inappropriate statements about either competitors or regulators.	
Good Practice Example	Poor Practice Example
The Member Firm issues a limited number of targeted personalised emails to potential clients about its services.	<p>The Member Firm sends emails to potential clients claiming that the FCA is likely to make unannounced TCF visits to firms in their area.</p> <p>The Member Firm issues a mass mailing to other Members of the APCC about its services.</p>
A9. Member Firms to Keep the APCC Informed	
<p>Any significant event impacting on a Member Firm and any material change to the Member Firm’s business or senior management should be notified to the APCC. Any matter affecting the reputation of the Member Firm or the APCC should be notified to the APCC.</p> <p>These notifications should be made without delay.</p> <p>Examples of when the APCC would expect to be notified include:</p> <ul style="list-style-type: none"> • Changes to the Member Firm’s senior management • The Member Firm is regulated by the FCA/any other professional body and is 	



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subject to enforcement action by the FCA/other professional body. <ul style="list-style-type: none">• The Member Firm is in a legal dispute with a competitor firm	
Good Practice Example	Poor Practice Example
A senior individual of the Member Firm leaves the Firm. The Member Firm notifies the APCC within one week of the leaving date.	The Member Firm is subject to legal proceedings and does not notify the APCC.



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B. Standards Relating to Client Matters	
B1. Terms of Engagement	
<p>Member Firms should ensure all clients have an engagement letter or agreement in place which clearly sets out the services to be provided, the frequency with which the services will be provided, where appropriate, what services will not be provided, the responsibilities of each party under the regulatory regime, and details the basis of the fees to be charged. If appropriate the renewal terms and notice required to terminate the services should also be included in the engagement letter or agreement. The level and methods of reporting should also be documented.</p> <p>Where a Member Firm is also regulated by the FCA then this fact should be notified to each client and stated in the terms of engagement.</p>	
Good Practice Examples	Poor Practice Example
<p>The Member Firm has produced a Schedule of Services and Fees which is reviewed for clarity and ease of comprehension by an independent, non-expert third party. The client engagement letter sent out by the Member Firm sets out the specific services to be provided and how the fees to be charged for those services will be calculated. This client engagement letter refers to the firm’s standard terms of business (covering payment terms, confidentiality, copyright, limit of liability etc) which are attached to the letter.</p>	<p>The Member Firm has not documented the terms of engagement fully and the services currently being provided are not in accordance with the original client engagement letter.</p>
B2. Member Firm Client Administration Procedures	
<p>Member Firms should be able to demonstrate that their client administration procedures, such as those relating to the establishment of a new client relationship, are documented, are routinely followed, are fit for purpose and are subject to review on an on-going basis by senior management.</p>	
Good Practice Examples	Poor Practice Example
<p>The Member Firm has four consultants and an administrative assistant and has a full set of client administrative procedures which staff is trained to carry out and which are routinely reviewed to ensure that they are appropriate for the business.</p> <p>The Member Firm is a sole practitioner</p>	<p>The Member Firm relies upon staff to understand what client administrative tasks that they are required to do and deals with any issues as they arise on an ad-hoc basis.</p>



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B. Standards Relating to Client Matters	
<p>and uses a mixture of checklists, standard forms and written client administrative procedures to ensure its procedures are appropriate for the client services provided.</p>	
B3. Procedures for Dealing with Failing Clients	
<p>Where Member Firms have clients who do not follow good practice as advised by the Member Firm and the Member Firm considers that this either is or may lead to a serious regulatory breach then the Member Firm should have procedures in place for dealing with such clients. These procedures should set out the escalation process within the Member Firm (for those firms that are not sole practitioners), the risk assessment and the decision making process for dealing with such clients.</p>	
Good Practice Example	Poor Practice Example
<p>The Member Firm has procedures in place to ensure that where clients do not follow the advice of the Member Firm that this is escalated within the Member Firm (where the Firm is not a sole practitioner firm) and a risk assessment is carried out. The Member Firm’s decision making process to deal with these clients takes into account the interests of all the appropriate stakeholders (which will normally include the Member Firm, the Member Firm’s client, the clients of that client and the regulatory authorities). The outcome of this decision making process could include ceasing to act for the client and, where criminal activity is suspected, whistleblowing to either the police or the FSA.</p> <p>The Member firm has ensured the client’s governing body is aware of the serious compliance breaches and their own responsibilities in respect of these breaches under the regulatory regime in respect</p>	<p>The Member Firm is aware of clients who are not following its advice but has not carried out a risk assessment of the impact of this or considered whistleblowing or terminating the client contract.</p> <p>The Member firm has not ensured the client’s governing body is aware of key deficiencies in its procedures.</p>

B. Standards Relating to Client Matters	
B4. Conflicts of Interest	
<p>Member Firms should have procedures in place for dealing with conflicts of interest. These procedures should ensure the Firm identifies actual or potential conflicts of interest at an early stage, set out the escalation process within the Member Firm (where appropriate for the Firm’s size), how the Firm will deal with the conflict of interest and how it will report the conflict to the relevant clients.</p> <p>If the Firm is not able to deal with a conflict of interest in an appropriate manner then the Member Firm should take steps so that the particular conflict of interest no longer continues to exist.</p>	
Good Practice Example	Poor Practice Example
<p>The Member Firm has procedures in place to identify potential conflicts of interest, to document the risks arising from each conflict and how the Firm will manage each conflict. The procedures ensure that relevant clients are notified of the actual or potential conflict of interest on a timely basis.</p> <p>The Member Firm is a sole practitioner, its procedure for dealing with a conflict of interest is in checklist form which includes documenting the conflict, documenting how it will be dealt with and notifying each of the relevant clients.</p>	<p>The Member Firm does not recognise or ignores conflicts of interest when they arise and does not notify clients when the Member Firm becomes aware of a conflict of interest.</p>
B5. Procedures for Dealing with Complaints from Clients	
<p>Member Firms should have procedures in place for dealing with client complaints to ensure they are dealt with fairly, openly and quickly. All complaints from clients should be acknowledged on a timely basis and this acknowledgement should include a statement that if the client is not satisfied with the handling of the complaint by the Member Firm then the client may notify the APCC. Member Firms should have a central record of all complaints received and how they have been dealt with.</p>	
Good Practice Examples	Poor Practice Examples
<p>The Member Firm maintains a central record of all complaints received summarising how the complaint has been dealt with.</p> <p>The Member Firm (which has three</p>	<p>The Member Firm ignores complaints when they are received.</p> <p>The Member Firm’s response to complaints about the quality of service provided is to threaten to report the</p>



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consultants) has a complaints handling procedure in place which ensures that all complaints received are reviewed by a consultant independent of those that provided the service. The Member Firm aims to send a substantive response to any complaint received within two weeks of receipt and in any event will acknowledge receipt of a complaint within three days of receipt.

The Member Firm is a sole practitioner and has a complaints handling procedure in place which ensures that all complaints received are acknowledged within three days of receipt and a substantive response is issued within four weeks of receipt.

client to the FCA.

C. Standards Relating to Consultants	
C1. Experience and Qualifications	
<p>Member Firms should be able to demonstrate that their consultants have the requisite qualifications and/or experience to support the business services that provide and are appropriately supervised.</p>	
Good Practice Example	Poor Practice Example
<p>The Member Firm has established an 'Experience and Qualification Matrix' which records the experience gained and qualifications held by all client-facing staff. The Matrix is reviewed on a periodic basis to ensure that it is up date and that the business services that the Firm offers can be adequately supported and delivered.</p>	<p>The Member Firm assumes that its client-facing staff has all of the necessary qualifications and experience necessary to support all of the business services that it states that it is capable of delivering.</p> <p>The Member Firm does not document the experience and qualifications of its consultants.</p>
C2. Staff Checking	
<p>Member Firms should be able to demonstrate that they have sought and obtained references and that other appropriate checks have been sought and obtained for all staff and associates. Staff and associates should provide a ten-year employment history with any gaps in employment clearly documented. All staff and associates should be required to demonstrate their fitness and propriety and that they have the competence and capability for the position to which they are appointed.</p>	
Good Practice Example	Poor Practice Example
<p>The Member Firm has a robust pre-appoint procedure in place for all staff it either employs or which it uses on a contract basis. The procedure ensures that all employment references are received and other checks are obtained before staff are deployed.</p>	<p>The Member Firm does not wait for the receipt of references it has sought before deploying staff.</p>

C. Standards Relating to Consultants	
C3. Use of External Consultants	
<p>If a Member Firm uses external, third-party personnel or contractors to fulfil contractual obligations, the firm should have appropriate due diligence procedures in place to ensure that these persons have the appropriate skills and experience and that they maintain their continuing professional development. The use of all external, third-party personnel or contractors should be under a written contract of engagement.</p>	
Good Practice Example	Poor Practice Example
<p>The Member Firm can demonstrate that it has a comprehensive and documented account of the experience and qualifications attained by the contractors that it deploys.</p>	<p>The Member Firm uses contractors on an ad-hoc basis and does not verify their capability for the tasks it uses them for, prior to deployment.</p>
C4. Continuing Professional Development	
<p>Member Firms should be able to confirm that their staff and any external, third party personnel or contractors undertake the appropriate level of documented professional development relevant to the business services provided by the individual.</p>	
Good Practice Example	Poor Practice Example
<p>The Member Firm ensures, through a documented training and development programme, that all staff, regardless of their employment status, undertake appropriate professional development and training.</p>	<p>The Member Firm has asked all of its staff to ensure they 'keep up to speed' with regulatory developments but does not verify what activity each individual has undertaken in this regard.</p>
C5. Market Abuse Policy	
<p>For Member Firms that deal with clients who in turn deal in market securities there should be a Market Abuse policy in place to which all appropriate personnel employed or used by the Member Firm adhere</p>	
Good Practice Example	Poor Practice Example
<p>The Member Firm has a Market Abuse policy in place and all personnel used by the Firm sign a declaration confirming that they have read, understood and will abide by this policy. The Member Firm ensures that these declarations are</p>	<p>The Member Firm has no Market Abuse policy in place.</p>



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C. Standards Relating to Consultants	
renewed annually.	
C6. Client Confidentiality	
All Member Firms should have policies and procedures in place dealing with client confidentiality.	
Good Practice Examples	Poor Practice Example
<p>The Member Firm has a Client Confidentiality policy in place and all personnel used by the Firm sign a declaration confirming that they have read, understood and will abide by this policy. The Member Firm ensures that these declarations are renewed annually.</p> <p>The Member Firm is a sole practitioner and has documented client administration procedures which include a short statement on its confidentiality policy and the measures taken to implement it. The Member Firm reviews its client administration procedures every six months to ensure they remain complete and update to date.</p>	<p>The Member Firm has no policy in place dealing with client confidentiality</p>