

Policy document

aat

Client Care

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Client Care

Purpose

1. This policy sets out the requirements for *client care* placed on members providing *self-employed accountancy and/or bookkeeping services*.

Policy statement

2. Good *client care* is central to the provision of a high quality professional service. AAT requires every *member* providing *self-employed accountancy and/or bookkeeping services* to do so in a manner which treats clients fairly and safeguards their interests. All such *members* must comply with the Provision of Services Regulations 2009.

Terminology

3. All terms in italics, save titles of publications, are defined in the *AAT Glossary* which supports the entire policy framework.

Policy detail

Client acceptance

4. Before taking on a new client, a *member* must take reasonable steps to understand whether any reasons exist as to why they should not take them on. Such reasons may include the existence of a conflict of interest, or insufficient technical competence to meet the client's needs. If such a reason is identified, unless steps can be taken to manage the issue, the engagement should be declined. Further guidance on this can be found in the AAT's *Code of Professional Ethics*.

Letters of engagement

5. A *member* must provide a letter of engagement to all clients upon commencing an engagement. That letter must include the following information as a minimum.
 - a) The nature of the assignment, the scope of the work to be undertaken and, the format and nature of any report which is to be delivered.
 - b) The timing of the engagement, that is the date the work is expected to start (and whether any such date is contingent on the provision by the client or others of information), the duration of the work and the dates on which reports are to be made.
 - c) Whether the assignment is monthly, annual or not recurring and whether the engagement will continue unless specifically terminated by the client.
 - d) The client's responsibilities, for example, as to the production of information such as records and books and their format and timing. The client should be advised that, for example, in relation to tax compliance work the *member* will be acting only as an agent for the client and that the client is responsible for providing accurate information.
 - e) A statement that the responsibility for the detection of irregularities and fraud rests with the client's management and that this would normally be outside the scope of the engagement. Nevertheless, the engagement letter should make it clear that the client is obliged to provide full information to the *member*.

- f) Any liability disclaimers in relation to acting on information supplied by the client or complying with legislation.
 - g) The basis, frequency and rate of charge for services rendered together with the treatment of expenses incurred in connection with the assignment. Where possible, the *member* should provide an estimate of their fees including details of hourly charging rates in the absence of a fixed fee being agreed. Any taxes payable in addition to the agreed fee or hourly charging rate should also be specified.
 - h) The ownership of books and records created in the engagement and whether the *member* will exercise a lien over such items if fees remain unpaid or are disputed. The *member's* policy on retention, destruction and return of records should, if appropriate, be specified.
 - i) The action that will be taken should a fee remain unpaid after presentation of the invoice, including the charging of interest and at what rate, the cessation of work and details of any other actions that will be taken to recover unpaid fees, for example, debt collection agencies, small claims court.
 - j) The usage of the *member's* work by the client for a third party with suitable liability disclaimers.
 - k) The fact that the *member's* AAT *licence* does not authorise them to conduct any aspect of investment work.
 - l) The *member's* obligations under the *Money Laundering Regulations* including due diligence, record keeping and reporting obligations.
 - m) Whether the *member* is registered with the Information Commissioner under the *Data Protection Act 2018* and details of the responsibilities and legal obligations the member has in respect of processing their data in accordance with the General Data Protection Regulations (GDPR).
 - n) How the *member* will deal with *clients' money* and how they will account to the client for any commission or other benefits received for introductions to other professionals or suppliers, including whether fees will be reduced by amounts received in this connection and/or whether the *member* will retain the commission or benefit in accordance with the *Code of Professional Ethics*.
 - o) How the *member* will deal with complaints about any aspect of the engagement including details of the *Principal* within the practice responsible for complaints management, and the fact that unresolved complaints can be referred to AAT.
 - p) Confirmation of arrangements for *continuity of practice*.
6. A *member* who is authorised by the Financial Conduct Authority (FCA) to conduct investment work should refer to the *FCA Handbook* for appropriate wording to include in the letter of engagement.

Guidance

7. AAT has template letters of engagement which meet these requirements and can be tailored to meet a firm's needs.

Professional indemnity insurance (PII)

8. A *member* must at all times hold valid *professional indemnity insurance* in accordance with the AAT *Professional indemnity insurance* policy, and must make details of that policy available to clients when asked.

Complaints

9. A *member* must ensure their *firm* has a *complaint* process, advise clients how to make a *complaint* and ensure that clients are aware that a *complaint* may be escalated to AAT if the matter is not resolved locally.

Client disengagement

10. When either a *member* or a client chooses to end an engagement, the *member* must confirm this with a client disengagement letter, unless there is good reason not to do so. The letter should confirm the terms of the disengagement, including:
 - a) any outstanding work that will be undertaken before conclusion of the engagement including details of any impending deadlines and the action required;
 - b) any outstanding work that will not be undertaken before conclusion of the engagement.
11. As a matter of good professional practice, and to reinforce public confidence in the profession, a *member* who has disengaged from a client matter should, with the consent of the client, correspond on request with any new accountant the client has instructed. AAT has a checklist available which meets the minimum disengagement requirements to include, but any client disengagement letter can be tailored to meet the client or firm's needs.

Lien

12. A *member* may exercise a right of lien provided that as a minimum:
 - a) the documents over which a lien is held belong to the client and not a third party
 - b) the *member* has acquired the documents as a result of the engagement
 - c) the *member* has undertaken work in respect of those documents
 - d) an invoice has been raised in respect of work undertaken on those documents
 - e) those fees have not been paid in full and the client is aware of the outstanding fees.
13. A *member* must not exercise a right of lien unless they have made reference to the fact that they may do so in their letter of engagement, and this is supported by a document retention policy.
14. A *member* choosing to exercise a right of lien should seek legal advice prior to doing so to ensure that such a right exists and is not superseded by statutory or other obligations.

Associated regulations and policies

- *Code of Professional Ethics*
- *Licensing Regulations*
- *Practice Assurance Standards*

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