

BUSINESS LINK and the ACCOUNTANCY PROFESSION Voluntary Code of Practice



Produced by:
Business Link
The Institute of Chartered Accountants
in England and Wales
The Association of Chartered Certified Accountants
Chartered Institute of Management Accountants

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Introduction

The ICAEW, ACCA and CIMA are now working with Business Link Chief Executives and the DTI under the auspices of the Business Link Network Company to help develop good practice to support the working relationship between Business Link Partnerships and professionally qualified accountants, so as to maximise benefits for the small and medium-sized enterprises (SMEs) that use their services.

This Voluntary Code of Practice has been produced with the object of encouraging closer and more effective working relationships between the accountancy profession and Business Link Partnerships in the provision of advice and other services to SMEs.

The Voluntary Code of Practice

This voluntary code of practice is designed to encourage closer working relations between the Accountancy Profession and Business Link Partnerships.

The code states the following basic principles, which should be adapted to and developed in varying local circumstances:

Communication - Effective communication between Business Links and accountants should be established and maintained and initiatives to create closer working relationships should be created.

Confidentiality and courtesy - Simple mechanisms should be created to ensure exchange of information between Business Links and accountants when either are dealing with clients already working with the other body.

Quality and accreditation - A clear and acceptable policy should be established for maintaining the quality of accountancy and business support or consultancy services provided, based on client feedback, together with a similarly clear and acceptable policy for the accreditation of suppliers of these services.

Databases and listings - Business Links and accountants should create a database of appropriate listings to allow client enterprises to be referred quickly and effectively to the best provider(s) of services for their needs.

Interfaces and referrals - Mechanisms should be put in place to allow Business Links and accountants to relate to one another effectively and to pass referrals to each other where necessary.

Grievances and disputes - A line of recourse should be established for the resolution of any grievances or disputes that may arise.

While these points are not necessarily considered exhaustive, they are expected to provide a suitable framework for adoption of the code at local or regional levels.

Communication

Formal mechanisms should be installed, to ensure timely and frequent communication between accountants and Business Links, both in relation to work done for specific clients, and also in terms of maintaining up-to-date knowledge of each other's abilities.

The scope and range of Business Link services can change. Schemes can stop at short notice. Annual budgeting constraints can make it difficult to keep track of current availability of funding and scheme eligibility criteria. Equally, budgetary and tax changes can make keeping up to date on the various disciplines of accountancy a formidable task.

Although it is clearly not necessary for either party to have intimate knowledge of the technical complexities of the service development or delivery that the other provides it should be the case that both parties are kept informed of major changes in their respective spheres of operation.

Business Links and accountants should recognise that, as with all businesses, people, information and locations all change with the passage of time.

It is the joint responsibility, both of accountants and of Business Links, to make every effort to maintain regular contact with one another's recognised bodies and individual practitioners, whether that be through local district societies or any other groupings within the accountancy bodies. This will enable two-way communication of ideas, knowledge, concerns and joint endeavours and initiatives for the benefit of all parties and SMEs.

Regular meetings, involvement with each other's groups and committees, joint initiatives, participation in other events, development of suitable schemes, case studies, etc. are all ideal ways to improve involvement and develop a true partnership between accountants and Business Links.

Confidentiality and courtesy

Clients have an absolute right to confidentiality in their relationships with all of their professional advisers. Business Links and accountants should, with the consent of their clients, operate simple procedures to extend the courtesy of keeping each other informed of the different aspects of their involvement in the client's affairs.

The accountancy profession and Business Links are both bound by client confidentiality. Neither party should expect the other to fail in their obligation to honour the client's entitlement to confidentiality, particularly where the client expresses a desire that this should be preserved. This applies to deliberations, conversations and documentation. Accountants are also obliged to ensure that no conflict of interest arises (e.g. in personal relationships, types of work, etc.) and Business Links must recognise this when dealing with accountants, their clients, or other business and personal contacts involved in a case.

Quality and accreditation

Consistency in the delivery of services at an agreed and acceptable level by both parties to this code is vital for its success. Agreement should be reached at a local level on what performance indicators are expected and what quality accreditation is required of one another.

The accountancy profession and Business Links both have clearly defined quality standards to which they operate. Both have centralised machinery for monitoring performance against these standards and both are in a position to take corrective and, if necessary, punitive action if they feel that the bodies for which they are responsible are failing in any respect.

Whenever a Business Link introduces a qualified accountant (or vice versa) to a business client the terms of engagement should include provision for feedback from the client on the perceived quality of the work undertaken under these terms. Such feedback should be regularly monitored and used to guide accountants and Business Links in future referrals.

There should be a clear distinction between referral and accreditation. Accreditation relates to consultancy services provided

by accountants and others who have undergone a formal procedure to enable them to access Government subsidies in connection with the provision of services to clients (see Business Link Service Guide, Section 52). All accountants on the approved listing or database are subject to the quality and education standards required by the professional accountancy bodies and recognised by Business Links.

Databases and listings

A Business Link should hold or have access to a database of suitably qualified accountants that can be searched against accountancy and accountancy-related disciplines. The database should include sectoral specialisations and ideally a quality benchmark. The referral of clients to firms or individuals listed should be strictly impartial and such referrals should be properly documented.

A constant difficulty for Business Links and accountants lies in identifying a specific accountancy practice or Business Link service to satisfy a client's requirements and referring the client to such services in a demonstrably even-handed and impartial fashion. Therefore Business Links and accountants should establish a mechanism to create approved listings from which to refer practitioners, business advisors and services on an equitable basis. These should be updated regularly.

Directories, databases and on-line systems are available from the professional accountancy bodies who may be able to provide them in formats for the approved listings held by the Business Links. It is important that the participating individuals and firms be encouraged to update the database regularly with details of their competencies and the services they offer.

Business Links should use these listings and databases to access the type of accountant required by clients, bearing in mind the size of the client enterprise, industry sector, or any other agreed special factors.

Business Links and accountants should establish mechanisms to ascertain clients' perceptions of delivery of services against the entries made in databases and listings.

Interfaces and referrals

Standard protocols should be established, enabling Business Link personnel to know when to refer clients to their accountants for assistance and conversely for accountancy practices to know when to refer clients to Business Links. Both parties should reach an understanding as to the limitations of their respective areas of competency, i.e. on which work should be undertaken by a Business Link and which should be performed by a local accountancy practice.

In the cases both of business start-ups and of well established enterprises there should be clearly defined protocols for ensuring that clients are properly aware of the relevant functions of accountants and Business Links. These protocols should allow for the referral of clients in both directions and necessarily imply recognition by each party of the strengths and abilities, as well as the limitations, of the other. Existing relationships between clients and service providers should, wherever appropriate, be reinforced.

Qualified accountants and Business Links should seek from the outset to establish formal continuing relationships with new clients. This will hopefully lead to long-term mutual benefits and extend to eventual broadening of the range of services offered.

In the case of SMEs, Business Links are intended to be the first port of call for advice, particularly where the market for services is not functioning effectively.

Whenever a Business Link is approached by an established smaller business for advice, there may be an existing qualified accountant advising the client. In these cases the accountant should be able, with the owner's consent (*see Confidentiality and Courtesy, above*) to provide a business profile to Business Link to assist the Business Adviser's assessment.

Following initial assessment Business Link staff should offer existing advisers the opportunity to participate in discussions and deliberations, subject to the client's consent. Qualified accountants should recognise that there may be circumstances when clients do not wish to have their professional advisers present and in these cases the client's wishes must be respected.

Where the existing accountancy service provider does not offer all the services a client might require, additional sources may be recommended from the listings and databases outlined above. Ideally, this should not be to the detriment of the existing service provider.

Accountants should recognise that where there is a gap in their expertise, Business Links offer a range of assistance that covers all the disciplines of running a business.

Grievances and disputes

Both parties to the code should have recourse to communication and resolving disputes involving the other party. Although the accountancy profession and Business Links both have rigorous quality control procedures it is desirable that, where they are working together or are referring clients to each other, there is an equitable and formal means of resolving a dispute or dealing with a complaint.

It is important that professional accountants and Business Link personnel should all know when work has not been up to the accepted standard. It is not acceptable to ignore such cases or generalise to the detriment of other members of the profession or the Business Link system as a whole. The accountancy profession has its own recognised means of investigation of members but these do not permit third party reporting of unacceptable work. The use of 'regional co-ordinators' as a focal point in this role should be considered.

It is inevitable that complaints will arise in the course of work undertaken by qualified accountants and Business Links. They should therefore jointly adopt a mechanism whereby complaints can be made, registered, and dealt with in an orderly manner. This system should be seen by both sides to be fair, effective and impartial in mediating and suggesting solutions.

Any proposal to either convene a joint body or formulate policies should take fully into account existing mechanisms and complaint procedures.

Where the client of an adviser is seriously dissatisfied with the quality of the work undertaken by either the Business Link or the accountant, it

may become necessary for the client to terminate the engagement and/or for the adviser to recommend termination to the client. In this event a suitable alternative should be sourced from the database listings.

This Voluntary Code of Practice will be regularly reviewed, with the first review due early in 2000. Any suggestions on additions or amendments to the code, and any other comments should be directed to:-

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