



CAN I BE A TRUSTEE/DIRECTOR FOR MY NON-AUDIT CLIENT?

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INTRODUCTION

This helpsheet has been issued by ICAEW's Technical Advisory Service to help ICAEW members consider the ethical implications of becoming a Trustee or Director of a non-audit entity client.

Members may also wish to refer to the following related guidance:

- [ICAEW Code of Ethics](#)
- [Acting as a trustee](#)
- [ICAEW's guide to directors' duties and responsibilities](#)
- [Trust or company service providers and AML supervision](#)
- [CPD: trustee of a charity](#)

OVERVIEW

It is possible to act as trustee or director either within a personal capacity or within a professional appointment through an accountancy firm.

It will be necessary to identify what capacity the appointment would take in order to ensure there is appropriate Professional Indemnity Insurance (PII) in place to cover such work.

In either circumstance this would meet the definition of trust and company service provider (TCSP) work and would require AML supervision and for the firm to be added to the HMRC TCSP register. Members may wish to refer to the [Trust or company service providers and AML supervision](#) helpsheet.

LEGAL CONSIDERATIONS

When appointed as a trustee or director, it is important to consider the duties and responsibilities of such a role. These are derived from the applicable law.

A charity trustee is bound by the duties and responsibilities under Charity law. Guidance on the roles, responsibilities and general duties when acting as a trustee can be found within the [Acting as a trustee](#) guidance.

Similarly, a company director has fiduciary duties which are required to be met and are explained in our [Guide to directors' duties and responsibilities](#).

ETHICAL CONSIDERATIONS

When providing **non-assurance related services**, the [ICAEW Code of Ethics](#) (COE) Part 3 requires you to be objective in the services provided.

R112.2 COE requires that “a professional accountant shall not undertake a professional activity if a circumstance or relationship unduly influences the accountant’s professional judgment regarding that activity”.

Acting as a trustee/director of an organisation and providing accountancy services to that same entity client could give rise to threats to that objectivity including, but not limited to, advocacy threat, self-review threat and familiarity threat.

An *advocacy* threat could be created as you are acting as a representative of the client in your role as trustee/director.

As a director you may be responsible for the review and approval of financial information which has been prepared by your firm which would pose a *self-review* threat.

Members would need to consider the facts and circumstances in each case as well as consider events and circumstances that could arise in the future to thoroughly identify threats to objectivity.

Following identification of threats, members would need to consider whether appropriate safeguards were available to reduce the threat to an acceptable level. 300.8 A2 COE provides examples of some safeguards which may be appropriate.

R300.9 and R300.10 COE requires the firm to communicate the threats to objectivity with those charged with governance along with how the firm has implemented safeguards which they consider appropriate to reduce the threat to an acceptable level.

Documentation of all identified threats, assessment of available safeguards and how those safeguards have reduced the threats to objectivity down to an acceptable level would be recommended. This should be revisited regularly and updated for any changes in circumstances to ensure further safeguards are implemented or, where unavailable, appropriate course of action is taken to remove the threat by ceasing to act for the client.

When providing **assurance related services**, the [ICAEW Code of Ethics](#) (COE) Parts 4A and 4B require the firm to be independent in mind and independent in

appearance from the entity. R523.3 COE therefore prohibits a partner or employee of the firm or a network firm from serving as director or officer of an audit or assurance client.

IF IN DOUBT SEEK ADVICE

ICAEW members, affiliates, ICAEW students and staff in eligible firms with **member firm access** can discuss their specific situation with the Technical Advisory Service on +44 (0)1908 248 250 or via **webchat**.

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