|  |  |  |  |
| --- | --- | --- | --- |
|  |  |  |  |
|  | **ICAEW** Technical Advisory service | ../ICAEW_Logo_Kit%20part%201/Logo/ICAEW_Main_logo/Main%20logo%20screen/ICAEW_logo_BLK_RGB.png |  |
|  | **subcontracting Accountancy services - appendices** | Issued October 2013Last Reviewed February 2022 |  |
|  |  |  |  |

## Appendix 3: SUBCONTRACTing firm Checklist

|  |  |  |
| --- | --- | --- |
| **1.0** | **IDENTIFYING YOUR NEEDS** | **YES NO** |
| 1.1 | Have specific tasks that could be undertaken by a suitable subcontractor been identified? | [ ]  [ ]  |
| 1.2 | Has the rearranging of individual workloads to avoid the need to use a subcontractor been considered? | [ ]  [ ]  |
| 1.3 | Has the work been assessed in terms of its required: |  |
| a) | Technical content? | [ ]  [ ]  |
| b) | Confidentiality? | [ ]  [ ]  |
| c) | Direct contact with the client? | [ ]  [ ]  |
| d) | Involvement with other members of staff? | [ ]  [ ]  |
| e) | Applicable time constraints | [ ]  [ ]  |
| 1.4 | Has a written summary of the subcontractor’s principal responsibilities and the requirements of the work been prepared? (see below) | [ ]  [ ]  |
| 1.5 | Is it appropriate to use a subcontractor on this work? | [ ]  [ ]  |

|  |  |  |
| --- | --- | --- |
| **2.0** | **SELECTING THE SUBCONTRACTOR** | **YES NO** |
| 2.1 | Based on anticipated requirements of the work has an outline of the technical abilities and other qualities required of the subcontractor been developed? | [ ]  [ ]  |
| 2.2 | Has a written curriculum vitae (CV) been obtained from the prospective subcontractor? | [ ]  [ ]  |
| 2.3 | Does this CV include: |  |
| a) | Personal details? | [ ]  [ ]  |
| b) | Technical qualifications? | [ ]  [ ]  |
| c) | Summaries of recent practical experience? | [ ]  [ ]  |
| 2.4 | Has a personal interview with the candidate been conducted? | [ ]  [ ]  |
| 2.5 | Have records of relevant training (CPD) undertaken by the candidate been reviewed? | [ ]  [ ]  |
| 2.6 | Have suitable references been obtained, in writing, from at least two independent sources (one dealing with personal matters, the other with professional)? | [ ]  [ ]  |
| 2.7 | Do you intend to use the candidate’s services as a subcontractor? | [ ]  [ ]  |

|  |  |  |
| --- | --- | --- |
| **3.0** | **BUSINESS RELATIONSHIPS** | **YES NO** |
| 3.1 | Has the firm considered and satisfied itself about the appropriate treatment to adopt in respect of the subcontractor on: |  |
| a) | Personal taxation? | [ ]  [ ]  |
| b) | National insurance? | [ ]  [ ]  |
| c) | VAT status? | [ ]  [ ]  |
| 3.2 | Have details been agreed with the subcontractor concerning: |  |
| a) | Place of work? | [ ]  [ ]  |
| b) | Hours of work? | [ ]  [ ]  |
| c) | Recording of time worked? | [ ]  [ ]  |
| d) | Rates of pay? | [ ]  [ ]  |
| e) | Payment terms? | [ ]  [ ]  |
| f) | Insurance cover for client’s property held outside the office (eg, consequential loss, etc.)? | [ ]  [ ]  |
| g) | Collection and delivery (if appropriate) of work? | [ ]  [ ]  |
| h) | Use of the firm’s equipment and other resources? | [ ]  [ ]  |
| 3.3 | Have written declarations been obtained confirming the subcontractor’s: |  |
| a) | Fit and proper status? | [ ]  [ ]  |
| b) | Independence of the client? | [ ]  [ ]  |
| c) | Freedom from any conflict of interest with the client and/or the firm? | [ ]  [ ]  |
| d) | Undertaking to preserve confidentiality in respect of: |  |
|  | (i)the client? | [ ]  [ ]  |
|  | (ii)the firm? | [ ]  [ ]  |
| 3.4 | Has the subcontractor agreed to refrain from acting, in any capacity, for the firm’s client for a period of three years without written consent? | [ ]  [ ]  |
| 3.5 | Have all relevant matters between the firm and the subcontractor been documented in a formal and legally binding contract? (see below) | [ ]  [ ]  |
| 3.6 | Has the firm’s professional indemnity insurers been notified of the engagement of a subcontractor and their name? | [ ]  [ ]  |
| 3.7 | Has the subcontractor been made familiar with the ethical guidance issued by ICAEW? | [ ]  [ ]  |
| 3.8 | If the subcontractor is to be engaged in ‘reserved areas of practice’ (Audit, ATOL Reporting, Investment Business Advice, Insolvency Work or Probate), have all the requirements of the relevant regulations been satisfied in respect of the use of a subcontractor. | [ ]  [ ]  |
|  | **NB**: Under the Audit Regulations a subcontractor cannot become a Responsible Individual of the subcontracting firm. Under the ICAEW Licensed Practice Handbook for ATOL Reporting Accountants a sub-contractor cannot be designated as a licensed practitioner of the subcontracting firm. Under the Probate regulations a subcontractor cannot become an authorised individual of the subcontracting firm. |  |

|  |  |  |
| --- | --- | --- |
| **4.0** | **OPERATIONAL CONTROL** | **YES NO** |
| 4.1 | Does the written contract with the subcontractor include suitable provisions governing: |  |
| a) | Contact with the subcontracting firm? | [ ]  [ ]  |
| b) | Contact with the client? | [ ]  [ ]  |
| c) | Use of office facilities? | [ ]  [ ]  |
| d) | Familiarisation and compliance with the firm’s procedures regarding money laundering? | [ ]  [ ]  |
| e) | Arrangements for the review of work? | [ ]  [ ]  |
| f) | Arrangements for supervision? | [ ]  [ ]  |
| g) | Arrangements concerning the periodic appraisal of work? | [ ]  [ ]  |
| h) | The assessment of appropriate relevant continuing professional development and training? | [ ]  [ ]  |
| 4.2 | Has the subcontractor been provided with training in respect of money laundering regulations ? | [ ]  [ ]  |
| 4.3 | Has the subcontractor been provided with training in respect of the firm’s operating methods? | [ ]  [ ]  |
| 4.4 | Has training been provided in respect of any working paper systems operated by the firm? | [ ]  [ ]  |
| 4.5 | Has the subcontractor been made aware of the need to comply with all aspects of ethical guidance published by ICAEW? | [ ]  [ ]  |
| 4.6 | Has a detailed plan covering the professional work to be undertaken been developed? | [ ]  [ ]  |

|  |  |  |
| --- | --- | --- |
| **5.0** | **COMPLYING WITH money laundering regulations**  | **YES NO** |
| 5.1 | Have the following conditions (set out by HMRC) been fully satisfied: |  |
| a) | Have you confirmed to the subcontractor that the firm is properly supervised as an Accountancy Service Provider for money laundering regulation purposes? | [ ]  [ ]  |
| b) | The subcontractor has been contracted to do work for the firm and will not contract directly with the firm’s client? | [ ]  [ ]  |
| c) | Is the subcontractor included within the scope of the Anti-Money Laundering procedures of the firm, including suspicion reporting procedures and appropriate training? | [ ]  [ ]  |
| d) | Can both you and the subcontractor provide evidence in the form of a written contract between yourselves to demonstrate compliance with all the AML requirements in respect of the entire subcontracting arrangement? | [ ]  [ ]  |
|  |  |  |

|  |  |  |
| --- | --- | --- |
| **6.0** | **WRITTEN CONTRACT** | **YES NO** |
| 6.1 | Have all relevant matters between the subcontractor and the firm been documented in a formal and legally binding contract? | [ ]  [ ]  |
| 6.2 | Has this contract been reviewed by the firm’s solicitor? | [ ]  [ ]  |
| 6.3 | Does the written contract with the subcontractor include suitable provisions governing: |  |
| a) | Compliance with AML supervision? | [ ]  [ ]  |
| b) | Compliance with data protection legislation (including status and applicable contractual wording necessary as a data processor, data controller or joint controller)? | [ ]  [ ]  |
| c) | Inclusion of the work under the firm’s professional indemnity insurance policy? | [ ]  [ ]  |
| d) | Cover under other insurance policies that may be appropriate? | [ ]  [ ]  |
| e) | Payment for work of the subcontractor? | [ ]  [ ]  |
| f) | Contact by the subcontractor with the practice? | [ ]  [ ]  |
| g) | Contact by the subcontractor with the client? | [ ]  [ ]  |
| h) | Use of office facilities? | [ ]  [ ]  |
| i) | Arrangements for the review of work? | [ ]  [ ]  |
| j) | Arrangements for supervision? | [ ]  [ ]  |
| k) | Arrangements concerning the periodic appraisal of work? | [ ]  [ ]  |
| l) | Provision by the subcontractor of relevant confirmations dealing with independence, absence of conflicts of interest and fit and proper status? | [ ]  [ ]  |
| m) | Assessment of relevant CPD and training needs (including those relating to money laundering and any regulated areas of work)? | [ ]  [ ]  |
| 6.4 | Has the contract been formally signed and copies provided to both parties? | [ ]  [ ]  |

|  |  |  |
| --- | --- | --- |
| **7.0** | **MAINTENANCE OF RECORDS** | **YES NO** |
| 7.1 | Has a personnel file been established? | [ ]  [ ]  |
| 7.2 | Does this file include: |  |
| a) | Personal details relating to the subcontractor including the assessment of his/her ‘fit and proper’ status? | [ ]  [ ]  |
| b) | A copy of the contract between the firm and the subcontractor? | [ ]  [ ]  |
| c) | Statements and undertakings in respect of independence, conflict of interest, confidentiality, data protection and money laundering? | [ ]  [ ]  |
| d) | CPD records and details of training provided? | [ ]  [ ]  |
| e) | Records of training provided in respect of compliance with MLR 2017 and the operation of the internal procedures that the firm has adopted in respect of this? | [ ]  [ ]  |
| f) | Copies of appraisals of the subcontractor’s work? | [ ]  [ ]  |
| 7.3 | Does the subcontractor maintain time records? | [ ]  [ ]  |
| 7.4 | Are these time records kept as evidence of the basis of fees charged? | [ ]  [ ]  |
| **8.0** | **ANNUAL REVIEW** | **YES NO** |
| 8.1 | Are regular written appraisals of professional work undertaken prepared and discussed with the subcontractor? | [ ]  [ ]  |
| 8.2 | Are arrangements with the subcontractor subject to periodic review? | [ ]  [ ]  |
| 8.3 | Are records relating to the subcontractor periodically (at least annually) updated? | [ ]  [ ]  |
| 8.4 | Has the subcontractor confirmed in writing his awareness of money laundering regulations, operation of relevant internal procedures operated by the firm and receipt of relevant and adequate training? | [ ]  [ ]  |

© ICAEW 2022  All rights reserved.

ICAEW cannot accept responsibility for any person acting or refraining to act as a result of any material contained in this helpsheet. This helpsheet is designed to alert members to an important issue of general application. It is not intended to be a definitive statement covering all aspects but is a brief comment on a specific point.

ICAEW members have permission to use and reproduce this helpsheet on the following conditions:

* This permission is strictly limited to ICAEW members only who are using the helpsheet for guidance only.
* The helpsheet is to be reproduced for personal, non-commercial use only and is not for re-distribution.

For further details members are invited to telephone the Technical Advisory Service **T** +44 (0)1908 248250. The Technical Advisory Service comprises the technical enquiries, ethics advice, anti-money laundering and fraud helplines. For further details visit [icaew.com/tas](http://www.icaew.com/tas)