



SUBCONTRACTING ACCOUNTANCY SERVICES

Issued October 2013
Last Reviewed September 2022

INTRODUCTION

This help-sheet covers subcontracting accountancy services to an accountancy firm, whether employing a subcontractor or as a subcontractor firm. In the appendices, there are checklists to help you identify the information needed to clarify your role, responsibilities and liabilities. There is also an outline of considerations to include in an agreement between a subcontracting firm and a subcontractor.

Members may also wish to refer to the following related helpsheet and regulations:

- [ICAEW statement on engaging in public practice](#)
- [ICAEW guidance: Setting up a practice](#)

LAYOUT OF THIS HELPSHEET

- [Acting as a subcontractor](#)
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- [Appendix 5: Outline contract between firm and subcontractor](#)

Both subcontractors and subcontracting firms should consider the full helpsheet to understand both perspectives and there may be some relevant information that is not repeated elsewhere.

ACTING AS A SUBCONTRACTOR

Terminology

In this helpsheet reference to 'subcontractor' and 'subcontractor firm' means the party providing their accountancy services to another accountancy firm and 'the subcontracting firm' means the accountancy firm entering into a contract to obtain professional accountancy services from the 'subcontractor'.

Need for a practising certificate as a self-employed consultant to a practitioner

You are liable to disciplinary action if you do not hold a practising certificate where it is a requirement so to do.

A practising certificate is not required when you are a self-employed consultant (and not held out as a principal) to a public practitioner that takes responsibility for your work (see [ICAEW statement on engaging in public practice](#)).

The following are examples of situations where a practicing certificate is likely to be required. Refer to the statement to see a wider range of examples.

- You provide a specialist service to another firm which then passes that service on to its client
- You agree with the other firm to provide a service directly to their clients.

In both these scenarios you are likely to be acting as a principal, in the first case with the firm as your client and in the second with the firm's client as your client. See 'When am I held out as a principal?' in [ICAEW statement on engaging in public practice](#).

In these cases you will normally be considered as engaging in practice and will need to satisfy all the requirements relating to the [Practising certificate regulations](#), [Practice Assurance Regulations](#), [Professional indemnity insurance regulations](#), compliance with the [Money Laundering Regulations](#) and the [Anti-money laundering guidance for the accountancy sector and the guidance on setting up a practice](#).

Professional indemnity insurance when not engaging in public practice

In circumstances where your subcontracting activity falls outside the scope of engaging in public practice, you should still consider carefully your personal exposure to professional indemnity risks and if necessary take appropriate cover. Where you consider your work is covered by the professional indemnity insurance (PII) of the firm you are subcontracting to, then your name and status as a subcontractor must be advised to that firm's PII insurers. It is recommended that you have this confirmed in writing to you.

A member who provides accountancy services in circumstances where a practising certificate is not needed should inform the recipient of the accountancy services of the absence of their own PII (if this is the case).

Anti-money laundering

In broad terms, there are three different categories that a practitioner may fall into for AML supervision when subcontracting.

1) Acting for clients directly:

If acting for clients directly as a subcontractor you will need to comply with all the requirements of the anti-money laundering (AML) regulations including completing customer due diligence on those ultimate clients.

You will also be responsible for reporting any suspicions that may arise during the course of relevant business directly to your firm's MLRO or to the NCA.

As discussed in section 5.4 of the CCAB guidance, you may be able to place reliance on the customer due diligence work carried out by the accountancy firm on the clients but this will be dependent on the firm's agreement and consent and does not remove your responsibility for complying with your legal requirements.

2) Acting for the firm and outside the scope of AML regulation:

If you provide all of your services to accountancy firms that are supervised accountancy service providers then you will not require separate supervision, as long as you meet all of the following criteria:

- (i) all of the service you provide are to the firm (rather than providing services directly to the firm's clients as your clients),
- (ii) you are included in the firm's anti money laundering procedures, reporting and training programmes and
- (iii) you have a contract with the firm confirming that every aspect of the relationship between you meets all anti money laundering requirements.

This would mean that you only act as a subcontractor to supervised accountancy service providers and do not have any other clients. If this is the case, you may still wish to consider whether client due diligence procedures would be beneficial.

3) Acting for the firm but still requiring your own AML regulation:

Where you conclude that you are providing services to a supervised accountancy firm rather than to the ultimate clients, you can limit customer due diligence to documenting and checking the regulated status of the firm (see [B.3, Appendix C, Anti-money laundering guidance for the accountancy sector](#)).

However, you will still need to consider the nature of the ultimate clients and the services you are providing as this will feed into your risk assessment. Depending on that risk assessment you may feel it is necessary to still complete some client due diligence procedures over the ultimate clients – this will be a matter of judgement.

You must consider how you will fulfil your legal responsibilities to report any suspicious activity. In some cases, your subcontracting contract will require you to report to the MLRO of the subcontracting firm. If there is no such arrangement, you will need to make suspicious activity reports to the MLRO of your own practice, or directly to the [National Crime Agency](#) in order to fulfil your reporting obligations under POCA 2002.

You should also consider if, under the policies and procedures of your own firm, you also need to inform the MLRO of your own firm, as well as to the subcontracting firm's MLRO. Some examples are below:

Status of subcontractor	Reporting obligations
Sole practitioner where no AML supervision (see above for conditions).	Report to subcontracting firm's MLRO if contract requires.

Sole practitioner or other practice which is AML supervised.	Report to subcontracting firm's MLRO if contract requires. Additionally, employee of subcontractor firm to report to the MLRO of your own firm if required by the terms of employment.
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The money laundering regulations require **all firms** with relevant employees to have internal reporting policies and procedures. A subcontractor should consider whether its arrangements increase its exposure to AML risks and manage those AML risks accordingly, which may include formalising reporting arrangements between the subcontracting firm and itself.

Data protection legislation

The Information Commissioner's Office (the regulator for data protection legislation) says that the determination of whether a service is provided as a data controller or as a data processor should be assessed on a case by case basis. See our helpsheet [GDPR – Data processor or data controller?](#) In most situations a subcontractor would be a data controller. However, it may be possible in particular circumstances for you to arrive at the conclusion that the subcontractor is a data processor.

Depending on the wording of the subcontracting arrangement, an individual may be a data processor:

- if an individual provides services to a firm in circumstances where a practising certificate is not required (so the individual is not subject to Practice Assurance) and
- the individual comes under the professional indemnity insurance of the other firm (so no records are retained by the individual to protect themselves from a claim) and
- the firm takes responsibility for the work of the individual (so no personal data is held by the individual) and
- the individual only provides services to other accountancy service providers, and reports any suspicious activities through to MLRO of those firms in accordance with the contract.

If the professional relationship is that of a data processor providing services to a data controller then contractual terms are necessary to reflect this. Where the professional relationship is a data controller providing services to another data controller then, contractual terms are not required but it would be prudent to state in the contract, for the avoidance of doubt, that the subcontractor is a data controller. A data controller will need to send their privacy notice to the recipient of their services. See helpsheet [Engagement letters and privacy notices](#).

Both firms will need to be mindful of protecting personal data. See ICAEW helpsheets [GDPR – Communicating safely with clients](#) and [GDPR – Client files](#).

Employment status

This document does not consider the tax implications of these arrangements but subcontractors and subcontracting firms will need to give careful consideration to any personal tax and national insurance implications. Further guidance is on the [HMRC website](#).

Professional considerations

There may sometimes be potential for confusion over which party to the subcontracting contract, you or the engaging firm, is taking responsibility for the client service. Both parties must remember that they have a duty of care at least to each other and the client.

When accepting work as a subcontractor you should also consider matters such as client confidentiality, the existence of possible conflicts of interest and other factors that might affect your objectivity and/or independence, as well as the technical requirements of the work itself.

Where the work to be undertaken falls within a 'reserved' area of practice (Audit, ATOL Reporting, Investment Business Advice, Insolvency work or Probate), particular attention should be paid to matters such as confirmation of 'fit and proper' status and maintenance of competence, including the achievement of adequate continuing professional development (CPD). In many cases, as a subcontractor providing services in these areas, you will often be expected by the firm to meet the requirements made of employees in areas such as declarations of fit and proper status, independence, confirmation of CPD, etc. (as a member, you will already be complying with ICAEW's own CPD requirements).

OBTAINING THE SERVICES OF A SUBCONTRACTOR

Clarity of relationship

Common relationship scenarios include:

- the subcontracting firm retains responsibility for the client, services are passed on to the client by the firm
- services are provided directly by the subcontractor to the client,

In situations where you retain responsibility for the work of the subcontractor and services are passed on to the client by your firm, you are the client of the subcontractor.

Where you agree with the subcontractor that they provide the service directly to your clients, you are not necessarily involved in the service and your client becomes their client for the purposes of the service. This may have implications for the goodwill of your firm and you may wish to have clauses in place in the subcontracting agreement to protect your client relationship.

Always be clear about the respective responsibilities of the subcontractor and subcontracting firm. As the subcontracting firm you may be responsible for all aspects of the client service, but both of you must remember you have a duty of care to each other and potentially others, notably the client. When employing a subcontractor you should consider matters such as client confidentiality, handling confidential data, the existence of possible conflicts of interest, and other factors that might affect independence as well as the technical requirements of the work itself.

Anti-money laundering

From the perspective of the subcontracting firm, the subcontractor will be acting as a quasi-employee of the practice that is itself supervised for the purposes of money laundering regulations. All the responsibilities for complying with money laundering regulations in respect of the subcontracted work remain with the subcontracting firm. Therefore you would want to ensure that the subcontractor is contractually responsible for complying with the subcontracting firm's own procedures and for reporting any relevant suspicious activity to the MLRO.

The firm must ensure that it provides AML training to the subcontractor. In some cases, the subcontractor may already have undertaken relevant training. Businesses may rely on evidence of this training provided by the agent.

The firm should also include the sub-contractor in any employee screening procedures the firm has designed to comply with money laundering regulations.

Data protection legislation

If the subcontractor has assessed their status as a data processor then you will need to have clauses in your contract that reflect this. See helpsheet [Engagement letters and privacy notices](#).

Your documentation on data mapping will need to be revised and consider whether there are any training needs.

Specialist services

Where the work to be undertaken falls within a 'reserved' area of practice (Audit, ATOL Reporting, Investment Business Advice, Insolvency work or Probate), the firm should pay particular attention to matters such as confirmation of 'fit and proper' status and maintenance of competence, including the achievement of adequate continuing professional development (CPD). In many cases, the simple approach may be to consider the subcontractor to be like an employee and expect them to meet the requirements made of employees in areas such as declarations of fit and proper status, independence, confirmation of CPD, etc. The subcontractor should also have access to the firm's key policies and procedures.

Professional indemnity insurance

The subcontracting firm should expect the subcontractor's work to be covered by their professional indemnity insurance (PII). However, in order for the anti-subrogation clause of the policy to be extended to the subcontractor, their name and status as a subcontractor must be advised to the PII insurers.

Other considerations

The subcontracting firm should satisfy itself as to the skill set of the subcontractor and address practical issues of location and availability.

Obtain and document your understanding of the likely employment status of the subcontractor with regard to legal rights and taxation and consider any likely implications for your subcontracting firm.

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 Ethics Advisory Service on +44 (0)1908 248 250 or via **webchat**.

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APPENDIX 1: SUBCONTRACTOR CHECKLIST

The checklist will help you to clarify the terms of your engagement as a subcontractor and address potentially difficult issues.

1.0	ACCEPTING APPOINTMENT	YES NO
1.1	Has the subcontracting firm provided you with information about the work it requires you to perform?	<input type="checkbox"/> <input type="checkbox"/>
1.2	Does this information include details of: a) The likely technical requirements of the work? b) The time budget for the work? c) The timeframe within which the service is required?	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
1.3	Are you confident that you have the necessary competence and available time to complete the required work?	<input type="checkbox"/> <input type="checkbox"/>
1.4	Have you confirmed in writing that you will be providing services to the subcontracting firm and not to the ultimate client?	<input type="checkbox"/> <input type="checkbox"/>
1.5	Has the subcontracting firm agreed to provide you with cover under its own professional liability insurance policy and advised its insurers of that fact and your name?	<input type="checkbox"/> <input type="checkbox"/>
1.6	Have you discussed and agreed with the subcontracting firm details 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 any client property held outside your office (eg, consequential loss, etc.)? g) Collection and delivery (if appropriate) of work? h) Use of the firm's equipment and other resources?	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
1.7	Have you researched the subcontracting firm and recorded appropriate information about: a) The nature of the practice vehicle (limited company, LLP, unincorporated sole practitioner or partnership)? b) The names and professional qualifications of its principals (or if numerous those for whom you will be working)? c) The name and contact details of the subcontracting firm's MLRO?	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>

d)	The address of the subcontracting firm's principal office and, if different, the address(es) of office(s) that you will be working with?	<input type="checkbox"/> <input type="checkbox"/>
e)	The identity (professional body or HMRC) with whom the subcontractor is registered for the purposes of money laundering regulations?	<input type="checkbox"/> <input type="checkbox"/>

2.0	COMPLYING WITH money laundering regulations	YES NO
2.1	Have the following conditions (set out in guidance issued by HMRC) been fully satisfied:	
a)	If you meet the conditions and are taking the exemption not to be AML supervised (see above), have you confirmed that the subcontracting firm is properly registered as an Accountancy Service Provider for AML purposes either with its professional body or with HMRC?	<input type="checkbox"/> <input type="checkbox"/>
b)	Are you contracting to do work for the subcontracting firm and rather than contracting directly with clients of that firm?	<input type="checkbox"/> <input type="checkbox"/>
c)	Are you included within the scope of the Anti-Money Laundering procedures of the supervised firm, including suspicion reporting procedures and appropriate training?	<input type="checkbox"/> <input type="checkbox"/>
d)	Can both you and the firm 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 arrangements?	<input type="checkbox"/> <input type="checkbox"/>

3.0	PRACTICAL CONSIDERATIONS	YES NO
3.1	Have you considered and satisfied yourself about the appropriate treatment to adopt in respect of:	
a)	Personal taxation?	<input type="checkbox"/> <input type="checkbox"/>
b)	National Insurance?	<input type="checkbox"/> <input type="checkbox"/>
c)	VAT status?	<input type="checkbox"/> <input type="checkbox"/>
3.2	If you do not have your own PII, have you informed the firm the you do not carry PII and obtained written confirmation that you are included in the subcontracting firm's PII policy by name?	<input type="checkbox"/> <input type="checkbox"/>
3.3	Have you been provided with adequate training in respect of any operating procedures and working paper systems operated by the firm?	<input type="checkbox"/> <input type="checkbox"/>
3.4	If you have been engaged to provide services in the 'regulated areas of practice' (Audit, ATOL Reporting, Investment Business Advice, Insolvency work or Probate) are you confident that you satisfy all the requirements of the relevant regulations (eg, independence, fit and proper status, adequacy of relevant CPD)?	<input type="checkbox"/> <input type="checkbox"/>

APPENDIX 2: PROFORMA SUMMARY ABOUT THE SUBCONTRACTING FIRM

1.0	ABOUT THE FIRM
1.1	Practice name:
1.2	Principal office address (also note address of office at which you will be working - if different):
1.3	Telephone number: Website:
1.4	AML supervision with:
1.5	Number of principals:
1.6	Principal(s) for whom you will be working: Name: Telephone: Mobile: Email:
1.7	Name of firm's MLRO:

2.0	ANTI-MONEY LAUNDERING PROCEDURES
2.1	Information provided about firm's policies and procedures:
2.2	Date training provided:

3.0	ABOUT THE WORK
3.1	Description of work to be performed:
3.2	Name of engagement principal:
3.3	Location where work is to be conducted: Office: Client's premises: Elsewhere (please specify):

3.4	Other staff engaged on the client's affairs: Name: Contact details:
3.5	Time constraints applicable to the work:
3.6	Special requirements of the assignment (eg, confidentiality, specific technical demands, other risk factors):
3.7	Matters covered by principal's briefing: Technical issues: Other issues:
3.2	Prepared by: Date: / /

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?	<input type="checkbox"/> <input type="checkbox"/>
1.2	Has the rearranging of individual workloads to avoid the need to use a subcontractor been considered?	<input type="checkbox"/> <input type="checkbox"/>
1.3	Has the work been assessed in terms of its required:	
a)	Technical content?	<input type="checkbox"/> <input type="checkbox"/>
b)	Confidentiality?	<input type="checkbox"/> <input type="checkbox"/>
c)	Direct contact with the client?	<input type="checkbox"/> <input type="checkbox"/>
d)	Involvement with other members of staff?	<input type="checkbox"/> <input type="checkbox"/>
e)	Applicable time constraints	<input type="checkbox"/> <input type="checkbox"/>
1.4	Has a written summary of the subcontractor's principal responsibilities and the requirements of the work been prepared? (see below)	<input type="checkbox"/> <input type="checkbox"/>
1.5	Is it appropriate to use a subcontractor on this work?	<input type="checkbox"/> <input type="checkbox"/>

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?	<input type="checkbox"/> <input type="checkbox"/>
2.2	Has a written curriculum vitae (CV) been obtained from the prospective subcontractor?	<input type="checkbox"/> <input type="checkbox"/>
2.3	Does this CV include:	
a)	Personal details?	<input type="checkbox"/> <input type="checkbox"/>
b)	Technical qualifications?	<input type="checkbox"/> <input type="checkbox"/>
c)	Summaries of recent practical experience?	<input type="checkbox"/> <input type="checkbox"/>
2.4	Has a personal interview with the candidate been conducted?	<input type="checkbox"/> <input type="checkbox"/>
2.5	Have records of relevant training (CPD) undertaken by the candidate been reviewed?	<input type="checkbox"/> <input type="checkbox"/>
2.6	Have suitable references been obtained, in writing, from at least two independent sources (one dealing with personal matters, the other with professional)?	<input type="checkbox"/> <input type="checkbox"/>
2.7	Do you intend to use the candidate's services as a subcontractor?	<input type="checkbox"/> <input type="checkbox"/>

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?	<input type="checkbox"/> <input type="checkbox"/>
b)	National insurance?	<input type="checkbox"/> <input type="checkbox"/>
c)	VAT status?	<input type="checkbox"/> <input type="checkbox"/>

3.2	Have details been agreed with the subcontractor concerning:	
a)	Place of work?	<input type="checkbox"/> <input type="checkbox"/>
b)	Hours of work?	<input type="checkbox"/> <input type="checkbox"/>
c)	Recording of time worked?	<input type="checkbox"/> <input type="checkbox"/>
d)	Rates of pay?	<input type="checkbox"/> <input type="checkbox"/>
e)	Payment terms?	<input type="checkbox"/> <input type="checkbox"/>
f)	Insurance cover for client's property held outside the office (eg, consequential loss, etc.)?	<input type="checkbox"/> <input type="checkbox"/>
g)	Collection and delivery (if appropriate) of work?	<input type="checkbox"/> <input type="checkbox"/>
h)	Use of the firm's equipment and other resources?	<input type="checkbox"/> <input type="checkbox"/>
3.3	Have written declarations been obtained confirming the subcontractor's:	
a)	Fit and proper status?	<input type="checkbox"/> <input type="checkbox"/>
b)	Independence of the client?	<input type="checkbox"/> <input type="checkbox"/>
c)	Freedom from any conflict of interest with the client and/or the firm?	<input type="checkbox"/> <input type="checkbox"/>
d)	Undertaking to preserve confidentiality in respect of:	
	(i)the client?	<input type="checkbox"/> <input type="checkbox"/>
	(ii)the firm?	<input type="checkbox"/> <input type="checkbox"/>
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?	<input type="checkbox"/> <input type="checkbox"/>
3.5	Have all relevant matters between the firm and the subcontractor been documented in a formal and legally binding contract? (see below)	<input type="checkbox"/> <input type="checkbox"/>
3.6	Has the firm's professional indemnity insurers been notified of the engagement of a subcontractor and their name?	<input type="checkbox"/> <input type="checkbox"/>
3.7	Has the subcontractor been made familiar with the ethical guidance issued by ICAEW?	<input type="checkbox"/> <input type="checkbox"/>
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.	<input type="checkbox"/> <input type="checkbox"/>
	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 subcontractor 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?	<input type="checkbox"/> <input type="checkbox"/>

b)	Contact with the client?	<input type="checkbox"/> <input type="checkbox"/>
c)	Use of office facilities?	<input type="checkbox"/> <input type="checkbox"/>
d)	Familiarisation and compliance with the firm's procedures regarding money laundering?	<input type="checkbox"/> <input type="checkbox"/>
e)	Arrangements for the review of work?	<input type="checkbox"/> <input type="checkbox"/>
f)	Arrangements for supervision?	<input type="checkbox"/> <input type="checkbox"/>
g)	Arrangements concerning the periodic appraisal of work?	<input type="checkbox"/> <input type="checkbox"/>
h)	The assessment of appropriate relevant continuing professional development and training?	<input type="checkbox"/> <input type="checkbox"/>
4.2	Has the subcontractor been provided with training in respect of AML?	<input type="checkbox"/> <input type="checkbox"/>
4.3	Has the subcontractor been provided with training in respect of the firm's operating methods?	<input type="checkbox"/> <input type="checkbox"/>
4.4	Has training been provided in respect of any working paper systems operated by the firm?	<input type="checkbox"/> <input type="checkbox"/>
4.5	Has the subcontractor been made aware of the need to comply with all aspects of ethical guidance published by ICAEW?	<input type="checkbox"/> <input type="checkbox"/>
4.6	Has a detailed plan covering the professional work to be undertaken been developed?	<input type="checkbox"/> <input type="checkbox"/>

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 AML purposes?	<input type="checkbox"/> <input type="checkbox"/>
b)	The subcontractor has been contracted to do work for the firm and will not contract directly with the firm's client?	<input type="checkbox"/> <input type="checkbox"/>
c)	Is the subcontractor included within the scope of the Anti-Money Laundering procedures of the firm, including suspicion reporting procedures and appropriate training?	<input type="checkbox"/> <input type="checkbox"/>
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?	<input type="checkbox"/> <input type="checkbox"/>

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?	<input type="checkbox"/> <input type="checkbox"/>
6.2	Has this contract been reviewed by the firm's solicitor?	<input type="checkbox"/> <input type="checkbox"/>
6.3	Does the written contract with the subcontractor include suitable provisions governing:	
a)	Compliance with AML supervision?	<input type="checkbox"/> <input type="checkbox"/>

b)	Compliance with data protection legislation (including status and applicable contractual wording necessary as a data processor, data controller or joint controller)?	<input type="checkbox"/> <input type="checkbox"/>
c)	Inclusion of the work under the firm's professional indemnity insurance policy?	<input type="checkbox"/> <input type="checkbox"/>
d)	Cover under other insurance policies that may be appropriate?	<input type="checkbox"/> <input type="checkbox"/>
e)	Payment for work of the subcontractor?	<input type="checkbox"/> <input type="checkbox"/>
f)	Contact by the subcontractor with the practice?	<input type="checkbox"/> <input type="checkbox"/>
g)	Contact by the subcontractor with the client?	<input type="checkbox"/> <input type="checkbox"/>
h)	Use of office facilities?	<input type="checkbox"/> <input type="checkbox"/>
i)	Arrangements for the review of work?	<input type="checkbox"/> <input type="checkbox"/>
j)	Arrangements for supervision?	<input type="checkbox"/> <input type="checkbox"/>
k)	Arrangements concerning the periodic appraisal of work?	<input type="checkbox"/> <input type="checkbox"/>
l)	Provision by the subcontractor of relevant confirmations dealing with independence, absence of conflicts of interest and fit and proper status?	<input type="checkbox"/> <input type="checkbox"/>
m)	Assessment of relevant CPD and training needs (including those relating to money laundering and any regulated areas of work)?	<input type="checkbox"/> <input type="checkbox"/>
6.4	Has the contract been formally signed and copies provided to both parties?	<input type="checkbox"/> <input type="checkbox"/>

7.0	MAINTENANCE OF RECORDS	YES NO
7.1	Has a personnel file been established?	<input type="checkbox"/> <input type="checkbox"/>
7.2	Does this file include:	
a)	Personal details relating to the subcontractor including the assessment of his/her 'fit and proper' status?	<input type="checkbox"/> <input type="checkbox"/>
b)	A copy of the contract between the firm and the subcontractor?	<input type="checkbox"/> <input type="checkbox"/>
c)	Statements and undertakings in respect of independence, conflict of interest, confidentiality, data protection and money laundering?	<input type="checkbox"/> <input type="checkbox"/>
d)	CPD records and details of training provided?	<input type="checkbox"/> <input type="checkbox"/>
e)	Records of training provided in respect of compliance with money laundering regulations and the operation of the internal procedures that the firm has adopted in respect of this?	<input type="checkbox"/> <input type="checkbox"/>
f)	Copies of appraisals of the subcontractor's work?	<input type="checkbox"/> <input type="checkbox"/>
7.3	Does the subcontractor maintain time records?	<input type="checkbox"/> <input type="checkbox"/>
7.4	Are these time records kept as evidence of the basis of fees charged?	<input type="checkbox"/> <input type="checkbox"/>

8.0	ANNUAL REVIEW	YES NO
8.1	Are regular written appraisals of professional work undertaken prepared and discussed with the subcontractor?	<input type="checkbox"/> <input type="checkbox"/>
8.2	Are arrangements with the subcontractor subject to periodic review?	<input type="checkbox"/> <input type="checkbox"/>

8.3	Are records relating to the subcontractor periodically (at least annually) updated?	<input type="checkbox"/>	<input type="checkbox"/>
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?	<input type="checkbox"/>	<input type="checkbox"/>

APPENDIX 4: PROFORMA SUMMARY ABOUT THE SUBCONTRACTOR

1.0 About the subcontractor

1.1	Subcontractor's name:
1.2	Contact address:
1.3	Telephone number Website:
1.4	Professional qualifications:
1.5	References: Name: Telephone number Mobile: Email:
1.6	Confirmations / declarations received: CPD record: Fit and proper status: Client confidentiality: Independence:

2.0 Anti-Money Laundering Procedures

2.1	Subcontractors name:
2.2	Contact address:

3.0 About the work

3.1	Description of work to be performed:
3.2	Name of engagement principal:
3.3	Location where work is to be conducted: Office: Client's premises:

	Elsewhere (please specify):
3.4	Other staff engaged on the client's affairs: Name: Contact details:
3.5	Time constraints applicable to the work:
3.6	Special requirements of the assignment (eg, confidentiality, specific technical demands, other risk factors):
3.7	Matters covered by principal's briefing: Technical issues: Other issues:
3.8	Prepared by: Date: __ / __ / ____

APPENDIX 5: OUTLINE CONTRACT BETWEEN A FIRM AND A SUBCONTRACTOR

1. Names and addresses of the parties.
 2. Purpose of contract.
 3. Confirmation of compliance with anti-money laundering requirements.

The subcontracting firm is appropriately registered for the purposes of money laundering regulations and will provide relevant and appropriate anti-money laundering training; and that the subcontractor will not contract directly with the underlying client and will comply fully with the firm's anti-money laundering policies and procedures.
 4. Confirmation of compliance with data protection legislation (including confirmation of data controller, joint controller or inclusion of data processor contractual clauses as appropriate)
 5. Statement of responsibilities and duties of the subcontractor, including:
 - a) Agreement to uphold all relevant aspects of ICAEW's Code of Ethics.
 - b) Agreement to provide regular written declarations covering confidentiality undertaking, independence declaration, 'fit and proper' declaration, record of CPD (continuing professional development) data protection, etc.
 - c) Agreement (if appropriate) restricting direct contact with client.
 - d) Use of office facilities (including private usage of the subcontracting firm's equipment, library, internet connection, email, telephone system, etc.).
 - e) Undertakings in respect of compliance with the subcontracting firm's internal operating procedures and professional standards regarding working papers, review and supervision and the safekeeping and security of books and records taken out of the firm's offices.
 - f) Agreement concerning collection and delivery of work.
 - g) Agreement to refrain from accepting professional work from clients of the subcontracting firm.
 6. Statement of undertakings by the subcontracting firm including:
 - a) Confirmation that the subcontractor's work is covered by the professional indemnity insurance of the subcontracting firm who have been notified of the subcontractors name and status (include as appropriate other insurances).
 - b) Notification of available work.
 - c) Review and supervision of work provisions.
 7. Agreement by the subcontractor in respect of personal responsibilities to meet personal tax and National Insurance liabilities with an undertaking to notify practice immediately of any changes in circumstances.
 8. Statement of the basis of calculation of subcontractor's fees and applicable rates. Mention should be made of any necessary records or evidence that will be required to support the fee.
 9. Confirmation that the subcontracting firm will reimburse necessary out-of-pocket expenses, supported by appropriate evidence to support the expenditure.
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10. Payment terms and conditions.
11. Disciplinary procedures and consequences.
12. Signatures of both parties and dating of the contract.