

### Introduction

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The working environment for advisers is going to become more focused on having business and advice processes that are beyond reproach. It is widely anticipated that the Approved Professional Body regime will involve some requirement for a quality check to ensure that members are conforming to the rules.

Adviserlink has developed a **Best Practice Review Service** to help advisers prepare for this more rigorous business environment. This service is aimed at advisers who wish to obtain an independent review and report on their compliance with industry “best practice”.

### Adviserlink approach

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The review is based on a questionnaire approach that takes around 3 hours on site at the adviser’s practice.

At the conclusion of this we discuss our findings briefly with the adviser, and then prepare a comprehensive report with conclusions and recommendations for change should this be appropriate.

Our review covers practice issues such as disclosure, business relationships with providers and promotional material, and then moves to a review of client files (usually 4 are selected). Depending on circumstances these are reviewed against a check list of up to 130 items, the relevance of which is determined by the situation of the particular client.

The base questionnaire is very comprehensive, with the facility for an adviser to include questions that relate specifically to any unique requirements that pertain to their industry sector or area of specialisation.

### Process integrity

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It is important that the adviser being reviewed does not select “model” client files as this gives no indication of standard practice. To ensure integrity of the process, files are selected by the Adviserlink reviewer.

Adviserlink is not linked with any product providers or adviser networks which means we have no pre conceived view of whether any particular products or processes are “best”. The key is that there is a reasonable basis for a recommendation, which is more important than the actual process, as there are a number of ways to produce the same end result.

### The benefit for the adviser

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The review will allow you to start early with making any business adjustments. This means you are not under time pressure, and can manage the process of change without impacting your ability to run your day to day business and generate revenue.

It gives you the benefit of an independent, objective opinion on the extent you meet best practice standards, and should be viewed as a practice review, not a compliance audit.

The review is entirely voluntary and it is up to you whether you accept or reject the results and wish to refine your business processes. .

## Some key check points included in the review . . .

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- **Are there any loans on a non commercial basis from any product provider?**  
*These represent a potential conflict of interest and must be disclosed.*
- **Do you have arrangements in place whereby clients are referred?**  
*If you pay a fee it must be disclosed, there are privacy issues if you have been given information by someone else without permission.*
- **Do you have a procedures manual that documents your key business processes?**  
*How do you make sure your staff comply with it? When was it last updated and checked against changes in legislation etc?*
- **Where clients have been given advice, is it in written form?**  
*Advice must be in writing. It should be client specific (not generic “boiler plate” text) and based on their identified objectives.*
- **Do all clients sign a contract of service or letter of appointment before you do work for them?**  
*If not, how will you enforce any fees you charge? What if there is a disagreement over whether you have done what you said you would?*
- **Does every file contain a comprehensive fact find of some kind?**  
*Without information you can not demonstrate that you had a reasonable basis for the advice you gave. How will you know the client can afford the recommendations if there is no cash flow statement? Ownership of investments may need to consider the impact of the Will or a Family Trust.*
- **Is there a recommendation to replace one product with another similar product?**  
*Have you determined any cost involved in exiting the old product? Have you pointed out any detriment to changing - not just the advantages? Do you properly understand the old product, or is the change from something you are unfamiliar with to something you know?*

This is just a small sample of the content of the **Adviserlink Best Practice Review programme**. I hope this gives you some food for thought, and welcome further discussion or questions you may have.

Regards,

*Colin James*

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