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Compliance • Qualifications • CPD

A Brief for Compliance Managers

Introduction

To help dealer groups prepare for the more rigorous business environment ahead of us, Adviserlink has recently introduced a **Best Practice Review Service.**

This service is mainly intended for dealer groups who wish to review their advisers for adherence to industry best practice, as well as the additional requirements particular to each group to ensure their brand retains its integrity and value.

Adviserlink approach

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 for the dealer group with conclusions and recommendations for change should this be appropriate.

We recommend that the dealer group manage the communication of the report content to the adviser in order to maintain control of the process.

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 additional facility for the dealer group to include a number of questions that relate specifically to any unique requirements that they may have.

Process integrity

To ensure integrity of the process, random files are selected by the Adviserlink reviewer, with the inclusion of any files the dealer group may want to nominate for inspection. It is important that the adviser being reviewed does not select "model" client files as this gives no indication of standard practice.

Adviserlink is not linked with any product providers or adviser networks, and 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 recommendations. Where the dealer group has a preferred or required process we will review against that process.

The benefit for dealer groups

Many dealer groups are looking ahead to the new environment knowing they need to be more rigorous. The greatest potential damage is not the cost of compensation for a client if something does go wrong, it is the damage to the brand reputation and value.

An **Adviserlink Best Practice Review** will demonstrate whether the brand has robust processes and is focused on ensuring compliance with them. This can be used to reduce "contamination" from the actions of one individual and allocate responsibility where it belongs.

Some key check points included in the review . . .

- **Have you recommended any investments that are not on your dealer group approved list?**

  Under what circumstances? Did you follow the dealer group "non approved product" process?

- **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 current procedures manual that documents your responsibilities in terms of processes?**

  Can you put your hand on it right now? How do you make sure you and your staff comply with it?

- **Do you have any promotional material that has not been supplied by the dealer group?**

  Has it been vetted by the dealer group? Does it comply with any branding rules? Does it promote services that are outside your agency agreement with the dealer group, but still shows the dealer group brand?

- **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 completed, comprehensive fact find and risk profiling document in dealer group approved format?**
  Has the fact find been fully completed? Is it signed by the client? Where questions are no relevant are they just left blank or actually marked off with "n/a" or similar?

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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