

PCEF guidance notes

**Area B –  
Stakeholder  
relationship  
management**

## Area B – Stakeholder relationship management

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### Unit PC2 – Maintain confidentiality and develop working relationships

The first element within this unit is about maintaining confidentiality, including meeting the requirements of data protection legislation. The second element is about developing professional relationships both within the organisation and with external contacts.

Element reference	Demonstrated behaviour and examples
<p><b>Element SR1</b> <b>Maintain the confidentiality of internal and external information</b></p> <p>Click <a href="#">here</a> to view examples</p>	<ul style="list-style-type: none"><li>• Follow organisational procedures and legal requirements for the confidentiality of information</li><li>• Keep up to date with the legal requirements regarding data security and storage</li><li>• Only disclose information to those who are entitled to receive it</li><li>• Clearly mark information with its confidentiality rating and store it appropriately</li><li>• Share information in a concise and informative manner</li><li>• Take action where there are breaches of confidentiality</li></ul>
<p><b>Element SR2</b> <b>Establish and maintain effective and ethical business relationships and networks</b></p> <p>Click <a href="#">here</a> to view examples</p>	<ul style="list-style-type: none"><li>• Develop effective business networks and maintain relationships with colleagues, clients and other external contacts and relevant bodies</li><li>• Refer matters outside your own responsibility to senior colleagues or external sources</li><li>• Request assistance in a manner sensitive to the needs and workloads of your colleagues</li><li>• Act as a professional role model to junior colleagues and encourage them to develop their professional network</li><li>• Take effective action to resolve disagreements or disputes with colleagues or business contacts</li><li>• Introduce contacts to clients</li></ul>

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### Unit PC3 – Attract and screen clients

This unit is about promoting the organisation's services to both new and existing clients, agreeing service details and completing letters of engagement. You are expected to conduct any vetting procedures and confirm that the organisation is able to act on behalf of prospective clients.

Element reference	Demonstrated behaviour and examples
<p><b>Element SR3</b> <b>Promote services to existing and potential clients</b></p> <p>Click <a href="#">here</a> to view examples</p>	<ul style="list-style-type: none"><li>• Regularly promote the organisation's services to existing clients</li><li>• Ensure that clients are aware of new services that the organisation is able to offer</li><li>• Identifying cross-selling opportunities</li><li>• Take opportunities to promote the organisation in new markets or to prospective clients</li><li>• Ensure your key contacts are aware of the services the organisation can offer and the value that the organisation can bring to its clients</li><li>• Maintain a network of contacts with client specialisms that are different from your own</li></ul>
<p><b>Element SR4</b> <b>Evaluate potential and existing clients</b></p> <p>Click <a href="#">here</a> to view examples</p>	<ul style="list-style-type: none"><li>• Record details about clients' businesses including the size and type of each business and their accounting function</li><li>• Obtain sufficient information from clients to confirm that their service requirements can be met without prejudicing the organisation's independence and/or objectivity</li><li>• Ensure that the organisation has sufficient resources and technical expertise available to meet clients' service requirements</li><li>• Ensure that professional clearance routines are conducted and satisfactorily concluded before engaging clients</li><li>• Review the existing client portfolio on an on-going basis</li></ul>
<p><b>Element SR5</b> <b>Agree service details and engage clients</b></p> <p>Click <a href="#">here</a> to view examples</p>	<ul style="list-style-type: none"><li>• Discuss and agree all relevant details and an estimate of costs with clients prior to issuing an engagement letter</li><li>• Identify and agree clients' service expectations</li><li>• Follow internal procedures prior to acceptance of a new client</li><li>• Prepare and provide a letter of engagement to clients</li><li>• Preparing revised letters of engagement where services are altered/extended</li><li>• Terminate professional engagements where continuing to act would be prejudicial to the organisation</li></ul>

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## Area B – Stakeholder relationship management

### Element SR1 – Maintain the confidentiality of internal and external information

#### EXAMPLE 1

As part of my job I deal with a huge amount of confidential information. My clients have very high expectations of keeping this information secure and so does the practice I work for. All client information in the office is held in a secure area overnight and I ensure that my computer is locked every time I step away from it.

In order to prepare for the General Data Protection Regulations (GDPR), I took the initiative to develop an internal seminar for my colleagues where I presented the key changes in the regulation and the consequences and penalties of non-compliance. We also discussed actions that need to be taken in order to be fully compliant by the deadline.

#### EXAMPLE 2

The firm has very clear procedures in relation to confidentiality of information. Following the introduction of General Data Protection Regulation (GDPR) I was required to review the firm's procedures and review the information held on file for all of my clients to ensure that they were compliant.

An audit client was considering selling one of its subsidiaries and therefore it was essential that this information was kept confidential and the information was kept within the audit team. It was critical that any information of the potential sale was only discussed at the client premises or in meeting rooms to ensure that this potential sale did not become public knowledge.

#### EXAMPLE 3

The organisation produces policies and procedure manuals to ensure all the internal and external systems are documented, this includes IT confidentiality and how to keep information confidential. All our PCs are password protected and most of the systems I work on are encrypted as we have very sensitive data relating to the organisation. All our files are stored on a shared drive that is backed up daily. The firm distinguishes three types of information within the finance department: non-sensitive, sensitive and business critical information. The more sensitive the information, the smaller the group of people you can share the information with and the greater the need to protect the information. I attend the firm's annual training to ensure that I know the difference between the information classifications. Internal confidentiality includes maintaining secrets related to inter-department communication as well as communication between managers and employees. Sometimes I work on projects that are secretive and the company doesn't want more people than necessary to know about the work. Many discussions held at the executive level in companies require managers to keep quiet on financial decisions and other matters that employees and outsiders are not supposed to know about.

## Area B – Stakeholder relationship management

### Element SR2 – Establish and maintain effective and ethical business relationships and networks

#### EXAMPLE 1

Every month I collate a spreadsheet with information about business networking events in the area and any industry specific events. Last month I attended a networking event that was organised by our accounting software provider. I thought that it would be a good opportunity for two of the trainee accountants in the office to come with me, so they could expand their network and meet new professionals in the area.

During the event I met with one of my existing property development clients and also a property valuation specialist who our firm works with on a regular basis. I introduced my client to the valuation specialist, which led to a detailed discussion between them about the issues that the local area is facing and also expectations for the foreseeable future. A couple of days later I received an email from my client who was very appreciative of the introduction during the event as he got a different viewpoint on a specific project his company was engaged with.

#### EXAMPLE 2

Since becoming an audit manager I have joined a local business networking group. The group meets monthly and it provides an opportunity for me to promote the firm and make new contacts.

The firm has an annual away day for each department. The morning provides an opportunity for the partners to set out the firm's strategy and update staff on key developments. The afternoon includes team building activities and in the last few years we have done mini-sports days, crystal maze and treasure hunts. This has provided an opportunity to develop professional relationships with colleagues.

#### EXAMPLE 3

During the period I attended a conference in our head office. At this I got the opportunity to liaise with finance functions from branches throughout Europe. It was good to meet with colleagues and be able to speak about different issues affecting different countries. Also I was able to develop effective business networks and maintain relationships with colleagues. Within my role of finance manager I also have a team of staff working for me and I act as a professional role model for my colleagues. In the past couple of months I have had to take action to resolve disagreements between two members of staff on the team, I had to liaise with HR to ensure effective relationships were maintained and the issues were resolved as quickly as possible, so as not to affect the morale or working of the team as a whole.

## Area B – Stakeholder relationship management

### Element SR3 – Promote services to existing and potential clients

#### EXAMPLE 1

One of my manufacturing clients contacted me with regards to a new business opportunity. She was interested in acquiring a small business specialising in the production of spare machine components that my client was currently importing from abroad. Recent volatility of the exchange rates has made the imports expensive and uncertain for the client and the acquisition of the small business would also have been beneficial for reducing the lead times. However, she was not sure whether the business she was planning to acquire was appropriately valued and also what other factors she needed to consider. I explained to her that we have a partner within the firm that specialises in business acquisitions and I went through the different types of services he can provide. The client agreed for the partner to contact her. This subsequently resulted in a new engagement for the firm.

#### EXAMPLE 2

I have recently been assigned my own portfolio of clients and for all clients I was responsible for reviewing the current services we provide and ensuring that they are aware of any new services. I have met with each of the clients to undertake a review of the services we provide.

As part of my local business networking group I built up a professional relationship with another ACCA member who is the finance director for a company in the property sector. She advised that they were looking for new auditors and asked if I would like to put a tender together. I then liaised with the lead audit partner in generating the tender documents, which included specific references to relevant issues in the property sector. During the presentation to the company, we also answered questions which included our capability in meeting tight deadlines, our resources available and how we could avoid mistakes made by the previous auditors.

#### EXAMPLE 3

Working within the banking industry I regularly attend different corporate events to promote the organisation's services to new and existing customers and also to ensure clients are aware of any new services the organisation is able to offer. We have a sales team and a business relationship team that manage certain personal and business customers. In the past couple of weeks I have attended a national banking conference to ensure our key contacts are aware of the services the organisation can offer and the value that the organisation can bring to customers. At this conference I was also able to identify opportunities and feed this back to the relevant teams. At our monthly staff meeting after the conference the team discussed different advertising services we could construct to combat any of the issues or challenges identified by speaking to new and existing customers.

## Area B – Stakeholder relationship management

### Element SR4 – Evaluate potential and existing clients

#### EXAMPLE 1

Last month I attended a breakfast networking event where I met a number of local entrepreneurs. I managed to speak to couple of them. One of them was running a small cleaning business and was looking for a new accountant. The other one had set up his own mortgage advisory firm and was looking for some professional tax advice. I took their details and informed them that I will be in touch again with further information. Once I got back to the office, I reviewed the current availability of the teams specialising in small businesses and the tax team and discussed the potential clients' needs with those teams. I also performed detailed research of the businesses in order to ensure that all company procedures have been followed, and after that I contacted the firms with relevant quotes.

#### EXAMPLE 2

The firm was successful in winning the tender for a property company and I subsequently met with the finance director and his team to conduct a full review of their business and the accounting function. I am also responsible for carrying out the professional clearance by writing to the company's previous auditor and obtaining all the relevant information that we need.

I then carried out an audit file review of the previous working papers at the previous auditor's offices as part of the audit process. I was only allowed to copy or take away specific documents so I had to make very detailed notes. This was a particularly difficult part of the assignment as time was very limited but it was important that I obtained all the relevant information that I needed.

#### EXAMPLE 3

Working in the banking sector I am responsible for ensuring we obtain sufficient information from customers to confirm their service requirement can be met without prejudicing the organisation's independence or objectivity. Working in the corporate sector in aircraft leasing I am responsible for conducting due diligence on new clients. This involves following strict due diligence guidelines for assessing investors. Most of these investors are from different countries so I am frequently liaising with different bodies in different countries to ensure the correct information is gathered when evaluating potential clients. Yearly due diligence checks are done on existing clients to ensure the banks information systems remain up to date. I manage a portfolio of clients/ investors and as part of this I have to ensure that my team has sufficient resources and technical expertise available to meet the due diligence needs. I frequently travel to meet new clients and record their details in meetings.

## Area B – Stakeholder relationship management

### Element SR5 – Agree service details and engage clients

#### EXAMPLE 1

I was approached by two different clients last month, both of which wanted the firm to act as their accountants. I held separate meetings with them and discussed the types of services we offer, their expectations and the relevant prices of our services. Both companies agreed to two different service packages and I performed a number of checks prior to issuing engagement letters and formally accepting the clients. There were no problems with the first client; an engagement letter was issued following a successful pre-acceptance review. However, during the screening procedure of the second client, I found out that the director of the company was disqualified by the Insolvency Service and is not allowed to act as a director any more. I shared the results of my investigation with one of the partners and drafted a letter to be sent to the client explaining the reasons why we could not act as accountants for his company.

#### EXAMPLE 2

For all new clients I calculate the estimated costs, which are then agreed by the lead audit partner prior to me meeting with the client to discuss. Once the fees have been agreed I am required to draft the letter of engagement and issue to the client after the lead partner has reviewed it.

One of my audit clients in the leisure industry approached me as they were considering a potential acquisition of another company and they wanted our firm to undertake the due diligence work. I therefore liaised with our mergers and acquisitions department and issued a new letter of engagement to the firm. It outlined what we were responsible for doing and what the client had to do as well as the exact details of what work we were going to carry out and how and to whom we were going to report to. I was responsible for drafting all the engagement letters and conducting the work.

#### EXAMPLE 3

Due diligence is the rigorous process that determines whether or not the bank will invest in a particular project. The decision team need to feel 100% confident in the investment decision which is why all the pre decision checks we as a team conduct are what the decision team use to make a decision. Part of my job is to de-risk the project; this involves significant judgement. Once a decision is made I am involved in identifying the scope and cost of the lending and services we offer clients. I am involved in client meetings to agree all the relevant details and we construct lending contracts in line with the bank's policies. These contracts then go to our legal department to be finalised.