



The Institute of
Legal Finance
& Management

Code of Practice

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If there is conflict between the Code of Practice and the Articles of Association, the terms of the Articles shall prevail.

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Introduction

The purpose of these regulations is to provide members with a set of principles necessary to carry out a high standard of quality accounting standards through the legal accounting profession. These regulations apply to all Members and are to be actively applied whilst performing your professional services. All of the regulations are fundamental to accomplishing this.

The code must be applied in its entirety and read in conjunction with each principle. Headings and sub-headings are for convenience only and shall not affect the interpretation of these regulations. Words importing the masculine gender shall include the feminine and words in the singular shall include the plural and vice versa. These regulations apply to any practising member (as defined in regulation 2.01(j)) within England, Wales and Ireland.

Members are advised if in doubt over the interpretation of these regulations then they should immediately refer to the Executive Council's Strategy Committee for advice, as failure to follow the guidance given may be considered to constitute misconduct and as such will require to be justified to the Institute's Disciplinary Committee.

One – Core Values

Each of the following seven characteristics is fundamental to the success of the ILFM principles-based Code of Practice.

1.01 Integrity

1.02 Impartiality

1.03 Professionalism

1.04 Fidelity

1.05 Confidentiality

1.06 Acting in the best interest of the client

1.07 Not acting in a way to bring the Institute into disrepute.

Two - Interpretation

2.01 In these regulations, unless otherwise indicated the following meanings apply:

- a. *affiliated* is a member of a relevant professional body.
- b. *associate member* means a registered member who has undertaken and passed the Institute's associate course.
- c. *bankruptcy event* means a bankruptcy order, a bankruptcy restriction order, a bankruptcy restriction undertaking.
- d. *client money* has the meaning as defined in the SRA Accounts Rules 2011, Rule 12 or subsequent updates.
- e. *Council* means the Executive Council of the Institute as defined in the Articles of Association.
- f. *diploma member* means a registered member who has undertaken and passed the Institute's diploma course.
- g. *Disciplinary Committee* as defined within the Rules and Guidance of Council 2016.
- h. *disqualified* is a member who has been found guilty of an offence by the Disciplinary Committee.
- i. *fellow member* means a registered member who has passed the Institute's fellowship course.
- j. *firm* means a sole practice, partnership, or body corporate including a limited liability partnership.
- k. *fully qualified* means a Fellow of the Institute.
- l. *Institute* means the Institute of Legal Finance and Management Limited.

- m. *Notified* means data released to members via the ILFM website. Where appropriate other means may be used; such as the Legal Abacus, e-mail, a letter posted to the last known address and social media sites.
- n. *Ordinary member* means a person who has paid up membership with the Institute.
- o. *Part-Associate member* means a registered member who is undertaking the Institute's associate course.
- p. *qualified* means of a standard of at least diploma membership.
- q. *registered member* is defined as a person who has current paid up membership.
- r. *retired* means having concluded employment with no intention of returning to work at a later date.

Three – Membership

3.01 In addition to complying with the Institute's Code of Practice 2016 and all statutory duties, to include:

- a. Money Laundering Regulations 2007
- b. Bribery Act 2010
- c. Proceeds of Crime Act 2002
- d. VAT Act 1994
- e. Data Protection Rules

members also have a requirement to comply with:

- a. SRA Handbook 2011 which includes:
 - a. Accounts Rules 2011
 - b. SRA Code of Conduct 2011
 - c. SRA Authorisation Rules 2011
- b. Other Rules as required by the firm's Regulator

3.02 Notwithstanding any provision in these Regulations to the contrary the Council shall have the right in its absolute discretion to refuse to admit any person to membership of the Institute without disclosing reasons for such decision as permitted under Article 17.2 of the ILFM's Articles of Association.

3.03 Members must be sixteen years in age or over.

3.04 There shall be five classes of members, namely:

(1) **Fellows** No person (except as otherwise provided) shall be eligible for admission as a Fellow of the Institute unless such person satisfies the Council in the following respects;

(a) shall have completed a research and analysis project or other such tests as may from time to time be in force or otherwise be prescribed by the Council.

(b) hold a valid and paid up Associate membership.

(c) satisfies all other requirements as may from time to time be deemed fit to be imposed and laid down by the Council.

(d) in addition to all the above requirements he or she shall satisfy the Council as to his or her general character, experience and suitability for admission.

(2) **Associates** No person (except as otherwise provided) shall be eligible for admission as an Associate of the Institute unless such person satisfies the Council in the following respects;

(a) that he or she shall have passed such examination or examinations as may from time to time by Bye-Laws or otherwise be prescribed by the Council.

(b) holds a valid and paid up Diploma membership.

(c) that he or she satisfies all other requirements as may from time to time be deemed fit to be imposed and laid down by the Council.

(d) in addition to all the above requirements he or she shall satisfy the Council as to his or her general character, experience and suitability for admission.

(3) **Diploma Members** No person (except as otherwise provided) shall be eligible for admission as a Diploma Member of the Institute unless such person satisfies the Council in the following respects

(a) is registered as a Ordinary Member of the Institute

(b) shall have passed such examinations as may be prescribed by the Council

(c) satisfies all other requirements as may from time to time be deemed fit to be imposed and laid down by the Council and

(d) in addition to all the above requirements he or she shall satisfy the Council as to his or her general character, experience and suitability for admission.

(4) **Ordinary Member** The qualifications for admission as an Ordinary Member shall be:

(a) the intention to pursue and study the profession and learn the basic principles of legal cashiering and/or administration within a legal practice.

(b) in addition to all the above requirements he or she shall satisfy the Council as to his or her general character, experience and suitability for admission.

Ordinary members have no voting rights at the Institute's general meetings.

(5) **Affiliated Professional Member**- this category is for members of relevant professional bodies – examples may be chartered or certified accountants. Affiliated Professional Members may enjoy the full range of ILFM benefits but, as with Ordinary Members, they are not permitted to vote at general meetings.

3.05 Subject to the following provisions Fellows of the Institute may use the designatory letters FILFM. Associate Members may use the designatory letters AILFM and Diploma members may use the designatory letters ILFM (Dip).

(1) Any member who resigns shall forthwith be no longer entitled to use the designatory letters attributable to his or her particular class of membership after his or her name.

(2) Any member disqualified shall forthwith be no longer entitled to use the designatory letters attributable to his or her particular class of membership after his or her name.

3.06 Membership shall be evidenced by a paid up Membership Certificate issued to each member upon enrolment and which remains valid whilst their annual subscription is paid up.

3.07 The annual subscription shall be payable in advance of joining the Institute and thereafter on the annual date that the member joined without demand.

3.08 A member whose subscription is more than one month in arrears shall be deemed to have resigned and should no longer purport to be a member of the Institute.

3.09 A member who is disqualified shall not be entitled to any refund (whether in whole or in part) of the annual subscription which he or she has paid.

3.10 A member who has been made redundant may continue with his or her particular class of membership on an annual flat rate payment and terms published annually by the Institute.

3.11 A member who takes maternity, paternity or adoption leave may continue with his or her particular class of membership on an annual flat rate payment and as per the terms published annually by the Institute.

3.12 A member who has retired from or ceased to practice or engage in the profession as defined in regulation 2.01(r) by reason of age or ill health shall be entitled to

continue as a member of the Institute in his or her particular class of membership on an annual flat rate published annually by the Institute.

- 3.13** A member shall cease to be a member if he or she gives written notice of a minimum period of 14 days to the Executive Council of their resignation on the expiry of such period of notice. Members resigning are not entitled to any refund of their subscription.
- 3.14** Honorary Membership may be granted by the Council to individuals who have contributed over and above what may be expected of a member or third parties who may have contributed and/or assisted the Institute in providing a service or facility over and above their expectations.

Four – Disciplinary

- 4.01** The Council sitting as the Disciplinary Committee shall have power to disqualify or discipline a member whose conduct is such as shall in its opinion be injurious to the character of the Institute or the interests of the members thereof or who in the opinion of the Council in any respect fails or ceases to meet the qualifications and the requirements of the membership for his or her particular class of membership as defined in Regulation Two hereof and as outlined in the Articles of Association (19.1).
- 4.02** A member is liable to disciplinary action, if he or she was a registered member at the time of the offence, if he or she falls within any of the circumstances listed below and/or any actions and/or behaviour deemed inappropriate by the Disciplinary Committee. These include being guilty of misconduct in the course of carrying out his or her professional duties or otherwise, or breaching any regulation, in particular, the regulations set out here. Misconduct includes (but is not limited to) any act likely to bring discredit upon the membership of the ILFM or the accountancy and legal profession.
- 4.03** Where complaints or allegations of breach of conduct are lodged against a Member, the Member concerned will be notified as soon as is practicable and in any event within 3 weeks be invited to respond in writing or by personal attendance at a meeting of the Disciplinary Committee to consider the matter at a date not less than three weeks after the date of notification. The Committee's decision will be notified to the Member concerned not more than three weeks after the meeting.
- 4.04** A member shall not be disqualified or disciplined unless he or she is given at least twenty-one days written notice to attend a meeting of the Disciplinary Committee such written notice to include details of the complaint made against him or her are made available to him or her at least twenty-one days before such meeting. If a member shall request a period in excess of twenty-one days in order to prepare his or her case and the Council is satisfied that in all the circumstances a twenty-one day

period would not be adequate for such purposes the Council may at its discretion allow the member such period of preparation as it deems sufficient.

- 4.05** A Member may not commit or participate (directly or indirectly) in any illegality or fraud of whatever degree in connection with his/her professional duties or in any private capacity. Any Member who is charged with a criminal offence (excluding speeding/parking offences) of whatever nature may be automatically suspended from Membership of the Institute by decision of the Institute's Disciplinary Committee until notice of his/her conviction or acquittal is received by them. A Member who has been convicted of a criminal offence may be removed from membership until the final result of Appeal is advised.
- 4.06** Applications for reinstatement as a member upon satisfaction of a sentence for a criminal act (which resulted in disqualification) will be considered by the Council sitting as the Disciplinary Committee upon individual merit.
- 4.07** Disciplinary procedures are laid down under a separate document. A copy is available upon request, in writing to the Institute's main office or downloaded from its website.
- 4.08** Ignorance of the ILFM Code of Practice will not be tolerated as a form of defence.
- 4.09** All eligible voting members must be free from influence in casting votes on matters pertaining to the Institute.

Five - Ethical Responsibility

- 5.01** To protect the general public from fraud and misappropriation of client money.
- 5.02** To act in the best interest of the client.
- 5.03** To assist the Institute and any other government or professional regulating authority with any investigations.
- 5.04** To maintain confidentiality:

(1) Where Members are engaged in more than one employment, conflicts of interest can occur. Members should therefore avoid accepting any appointment or assignment where such conflict might arise but if they find themselves in such a situation they should immediately supply each party involved with a full and frank statement of their commitment to the other.

(2) To ensure any 'data', as defined by the Data Protection Rules, is destroyed in accordance with the firm's Regulator's Code of Conduct.

- 5.05** Members must exercise a level of competence which meets the minimum requirements as laid down in these regulations.
- 5.06** You must maintain complete freedom from influences or considerations which might be seen to prejudice your observance of such legislation, regulations or Rules with impartiality and objectivity in order to preserve your professional independence and integrity.
- 5.07** Members must not discriminate either for or against anyone on grounds of gender, marital status, race, ethnic origin, colour, nationality, national origin, disability, sexual orientation, religion or age. The Institute opposes all forms of unlawful and unfair discrimination. Members should appreciate that diversity is about recognising, respecting and valuing the differences each person has to offer.
- 5.08** Members should familiarise themselves and keep up to date with all various relevant pieces of legislation appropriate to their Rules.
- 5.09** Members are to conduct themselves in a manner conforming to the aims and objectives of the Institute which are in principle the maintenance of publicly recognisable standards of professional integrity, reliability and high standards of performance;
- 5.10** Members should not discredit the services offered by others whether by claiming superiority for the ILFM services or otherwise.

Six – Standards of Performance

- 6.01** Members must at all times during their employment maintain, and ensure that their subordinates also maintain, proper accounting records avoiding misrepresentation or deception and must practice a proper regard of the technical and professional standards expected of them as Members.
- 6.02** Where Members have reason to believe that a significant breach of relevant legislation, regulations or Rules has occurred, whether accidentally or intentionally, this should immediately be advised to the Principals at the earliest opportunity. If this is impracticable the matter should be reported to the Institute.
- 6.03** If a member has knowledge of a serious breach of the SRA Accounts Rules 2011 and/or a loss has been incurred directly or indirectly by a client, members have an obligation to contact the Solicitors Regulation Authority immediately upon discovery.

- 6.04** Members should not undertake nor continue to undertake professional work which they themselves are not competent to perform until they have obtained such advice and assistance as will enable them to competently carry out their allotted tasks.
- 6.05** Members are responsible for ensuring that they have sufficient skills and knowledge to adequately perform their current role and any role that they aspire to. Members that fail to do this and so bring the ILFM into disrepute may be subject to disciplinary action.
- 6.06** The Institute will from time to time issue guidance and/or practice notes and/or statements although these do not form part of the regulations, deviation from any such guidance must be justified.
- 6.07** Members should not purport themselves to be 'qualified' or 'fully qualified' unless they have met the criteria as defined in 2.01(p).
- 6.08** It is recommended that any accountancy services, other than basic book-keeping services, should only be provided for reward by a non qualified member (with no alternative accounting qualification) working for, and under the supervision of, a person who, in the opinion of Council, is suitably qualified and/or suitably experienced.
- 6.09** Members are only to accept gifts which are proportional to the service provided.
- 6.10** Members must provide clarity and transparency at all times.
- 6.11** The Council have the right to audit a member's accounting work where deemed appropriate by the Council, having contacted any employer and/or stakeholders for prior agreement. It is at the discretion of the Council to employ a third party to carry this out.

Seven – Continued Professional Development

- 7.01** Members who have been authorised as the Head of Finance and Administration (HOFA) under the Legal Services Act 2007 must notify the ILFM in writing, within a reasonable period of time following authorisation being granted by a regulating authority.

This includes the Solicitor's Regulation Authority Compliance Officer for Finance and Administration (COFA).

- 7.02** Members who are self-employed (as defined by HM Revenue and Customs) and providing legal financial and/or accounting advice or services to a legal entity must

notify the ILFM in writing, within a reasonable period following the advice or services initially been given to the legal entity.

Eight – Use of ILFM Internet Forum

- 8.01** The forums are not to be used to advertise any goods and/or services.
- 8.02** Postings considered to be offensive, harassment, threatening or in breach of the ILFM Code of Practice may result in disciplinary action.
- 8.03** Forum members are not to be approached directly unless prior consent has been given by all parties.
- 8.04** The forum moderator and/or Council have the right to restrict or prevent access immediately upon discovery of any breaches. Any decisions made by the moderator and/or Council will be final.

Nine – Amendments

- 9.01** Voting members will be notified at least 21 days prior to an Annual General Meeting if amendments are proposed. Any such amendments will then be available to view on the ILFM website at least 7 days before the AGM.
- 9.02** Amendments will be proposed and if subsequently carried will then be ratified at the Annual General Meeting.
- 9.03** The Executive Committee may call a General Meeting to propose any emergency amendments e.g. as a result of professional and/or legislative changes.
- 9.04** Voting members will be notified at least 14 days prior to any General Meeting where a proposed change to the rules and/or regulations of membership are to be ratified.

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Reference to whole regulation takes the form "r. 1"

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