



**Insolvency
Practitioners
Association**

Insolvency Guidance Papers

*Approved by the Joint Insolvency Committee and Issued by the RPBs, The Insolvency Service and
The Insolvency Service Northern Ireland*

Systems for Control of Accounting and Other Business Records

[14 March 2006]

1. Introduction

1.1 The existence and accuracy of an insolvent's accounting and other business records will affect the efficient realisation and distribution of an insolvent's assets; and may also be relevant in other circumstances, for example in disqualification proceedings or the prosecution of criminal offences. An insolvency practitioner will also need to take account of the various statutory requirements for businesses to retain certain categories of records.

1.2 Insolvency practitioners should have satisfactory systems in place to record the receipt of, and to control access to, movement of and eventual disposal of, records. This Guidance looks at the parameters of these systems: each case will need to be considered on its own merit: some cases may need significantly more detail than is suggested here.

1.3 Formal recording systems can also assist an insolvency practitioner in the effective management of storage costs.

2. Control of records

2.1 It is likely that any system implemented by an insolvency practitioner would record:

- the practitioner's initial enquiries to establish the nature and location of records;
- the steps taken to safeguard records;
- requests made of directors and others to deliver up records;
- what records have been taken under the practitioner's control, and when and how this was done;
- the location of the records;
- whether third parties have had access to the records, and for what purpose; and
- the eventual disposal of the records, and when and how this was done.

2.2 It will be particularly important in cases where the insolvent's records are referred to in legal proceedings (whether for the purpose of civil asset recovery or in other circumstances) that a formal recording process has been followed. Accordingly, an insolvency practitioner should be able to show that any system is applied consistently and that staff are trained in its use.

3. Records in Electronic Form

An insolvency practitioner will need to consider how to deal with information held in electronic form. Retrieval and storage of such information may include, as appropriate, securing servers and personal computers (or hard drives), copying information from those sources, or obtaining hard copies. The system of control is likely to follow the principles set out above.

4. Joint Appointments

Where an insolvency practitioner is appointed jointly with a practitioner from a different firm, responsibility for records should be included within the agreed division of duties. Where both practitioners receive records, each should implement a system of control.

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IGPs, planned to be no more than 2-3 pages, are just that – guidance. They are intended to cover matters where it is not seen to be appropriate or necessary for there to be a SIP imposing mandatory standards or methods of work; but where the RPBs and The Insolvency Service consider that there might be some improvements in approach and that IPs could benefit from additional guidance so that greater consistency can be achieved. IPs may already have or may develop different approaches to IGP matters; but IGPs should still provide a useful reminder of and benchmark for dealing with insolvency work and practice administration.

IGPs are not intended to replace SIPs setting out required practice which IPs should follow.