

# Continuity of Practice Policy



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## Document properties

Version	V.1
Owner/author	Professional Regulation Standards and Compliance Board (PRSC)
Supersedes when issued	01 July 2022
Date of approval	17 June 2025
Date of issue	01 July 2025
Review date	36-months
Circulation	<a href="http://www.aat.org.uk">www.aat.org.uk</a> is the definitive guide to all policies currently in force
Format for circulation	Electronic (PDF); print as required
<b>Classification</b>	<b>UNRESTRICTED</b>

## Change control

Version no.	Page	Changes made	Date

## Associated regulations and policies

<i>Code of Professional Ethics</i>
<i>Disciplinary Regulations</i>
<i>Licensing Regulations</i>
<i>Professional Indemnity Insurance (PII) policy</i>
<i>Clients' Money policy</i>
<i>Investigation of Complaints policy</i>
<i>Licence Exemption policy</i>
<i>Practice Assurance Standards</i>

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# 1. Introduction

- 1.1 It is a compulsory requirement of AAT *Licensing Regulations* for all *members* with seven or more clients to have continuity of practice cover in place. This ensures the practice can continue in the event of any absence, death, being mentally or physically incapacitated through illness, or the cessation of the firm. A *member* has a duty of care to clients and without these alternate arrangements, serious complications and delays may arise.

# 2. Scope and applicability

- 2.1 All *members* who are engaged in *public practice* and hold an AAT *licence* must meet the requirements of this *Continuity of Practice policy*.
- 2.2 A failure to follow the requirements of the policy may result in investigation of *misconduct* and action being taken as considered appropriate. This may include formal action in line with [AAT's Disciplinary Regulations](#).

# 3. Purpose and objectives

- 3.1 It is in the public interest that AAT ensures *licence* holders have continuity of practice cover to ensure services are uninterrupted to protect the interests of clients at all times. This policy sets out the requirement for those holding a licence to have adequate continuity of practice cover in place.

# 4. Terms and definitions

- 4.1 The words and phrases set out in the following table only have the meanings set opposite them for the purpose of our regulations and policies as published by AAT from time to time in force.

Words	Meaning
<i>continuity</i>	Arrangements with an alternate professional accountant to cover all work in the event of long-term absence.
<i>firm</i>	A sole practitioner who is a member, or a partnership, or a body corporate or a limited liability partnership comprised in whole or in part of members, the business of whom or of which includes the provision of <i>accountancy services</i> .

<i>licence</i>	A practising <i>licence</i> granted to members to allow them to provide accountancy services and/or bookkeeping services to the public under the <i>Licensing Regulations</i> .
<i>member</i>	A person admitted to the membership of AAT in accordance with the provisions of the <i>AAT Regulations</i> (where the context so permits), this term includes <i>associate members</i> , <i>full members</i> , and <i>fellow members</i> , whether past or present.
<i>misconduct</i>	A <i>member</i> committing any act or omission that falls short of the standards reasonably expected of them, including but not limited to those matters listed in the <i>Code of Professional Ethics</i> , which brings, or is likely to bring, discredit to the member, the accountancy profession, or AAT.
<i>practice assurance monitoring</i>	AAT's quality assurance arrangements to assess if <i>members</i> holding a <i>licence</i> are meeting the expected requirements of the practice assurance standards, Money Laundering Regulations, and the <i>Code of Professional Ethics</i> .
<i>Principal</i>	A <i>member</i> who is a sole practitioner or who is a partner in a <i>firm</i> which is a partnership or who is a director of a <i>firm</i> which is a body corporate or who is a member in a limited liability partnership.
<i>public practice</i>	A <i>member</i> is engaged in <i>public practice</i> when they provide, or are holding themselves out to provide accountancy services, including bookkeeping services, to the public for remuneration, whether in the capacity of sole practitioner, a partner in a partnership, a member in a limited liability partnership, or a director of a body corporate.

## 5. Policy detail

### Terms of continuity

- 5.1 All *members* must make adequate continuity of practice arrangements to ensure the professional needs of their clients will be dealt with in the event of any absence or becoming incapacitated through circumstances such as ill health or death, or the cessation of the firm.
- 5.2 The nominated continuity should be another sole practitioner or firm of accountants located in the UK, Channel Islands or Isle of Man with similar competencies, procedures, compatible practices, and the services provided should be of a comparable nature. For example, a sole practitioner approved to offer bookkeeping services only would not be an appropriate alternate for a large accountancy firm offering a range of tax or other high-risk services.
- 5.3 Where a *member* is a principal in a firm where there are multiple directors or partners, the nomination of the other principals to act as the continuity in the licensed members absence is considered acceptable.
- 5.4 Any continuity of practice arrangement must be agreed in writing and signed by both parties. AAT has a template to assist members with drafting their own continuity agreement and this can be tailored to meet a firm's needs.
- 5.5 Clients should be made aware there is a continuity arrangement in place in the letter of engagement, and of the data sharing requirements within the continuity of practice arrangement.
- 5.6 *Licence* holders should ensure that such arrangements and privacy notices are in line with the *General Data Protection Regulation (GDPR)* or any other current data protection legislation.
- 5.7 It is not mandatory for licence holders with six or fewer clients to have continuity cover provided:
  - a) clients are made aware and agree to this
  - b) the matter is documented within the signed letter of engagement. Monitoring and compliance.
- 5.8 A *member* must submit an annual licence renewal each year, in the format and by the means prescribed by AAT, confirming they have a *continuity* arrangement in place in accordance with the provisions of this policy.
- 5.9 A *member*, must, on request, make available to AAT full details of the continuity arrangement and a copy of the written agreement in place. Any failure by a member to cooperate with AAT's *practice assurance monitoring* arrangements in respect of their continuity of practice may result in action in accordance with the *Disciplinary Regulations* and/or *Licensing Regulations*.

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