



AMC Institute's

***Standards of Good Practices for the Association
Management Companies Industry***

Published by:
AMC Institute

Copyright 2023 by AMC Institute

Not to be reproduced without specific authorization from AMC Institute

Printed in the USA

Foreword

(This Foreword is not a part of the Standard.)

Members of AMC Institute have developed a Standard of Good Practices for the Association Management Company industry. The purpose of this Standard is two-fold: (1) to collectively enhance management practices across Association Management Companies (AMCs) and (2) to assist AMCs in the establishment of internal quality service systems.

AMCs that conform to the Standard communicate to present and prospective association clients, as well as the marketplace at large, a commitment and ability to deliver the highest quality of services to clients as demonstrated in their performance, policies, and procedures.

Further, AMC Institute offers an AMC Accreditation Program closely linked to this Standard. AMCs that can demonstrate the adoption and good use of internal quality service systems, from policy statements to clearly outlined performance requirements and procedures, are eligible to apply for AMC Institute Accreditation.

AMC Institute will take into consideration the request for appropriate revisions to this Standard. AMC Institute's Accreditation & Standards Committee will also review any requests for interpretations or appeals related to the Standard.

The first two sections (Scope and Definitions) are meant as background information to serve as a guide for sections 3 through 12.

Section 1: Scope of the Standard

- 1.1. This Standard establishes requirements that provide a measurement for practices that are utilized by all sizes and types of Association Management Companies (AMCs) to enhance the performance of the AMC and its staff.
- 1.2. This Standard establishes requirements that each individual AMC is to use to create its own measurable outcomes. An AMC's compliance with this Standard will depend on its adoption and implementation of its own definitions, procedures, and policies as they relate to each element in this Standard.
- 1.3. All policies and practices required in this Standard, as well as all other means of an AMC's compliance with this Standard, shall be documented and made available to the reviewer during the initial accreditation and reaccreditation processes.

Section 2: Definitions

- 2.1. **Association Management Company (AMC):** A for-profit professional service company that manages two or more associations, societies, foundations, or other types of organizations.
- 2.2. **Client Team:** Employees of an AMC who work together with a particular client or clients.
- 2.3. **Performance Policy Statement:** A compilation of documents adopted by an AMC containing the procedures it has in place, which will cause it to be in conformance with this Standard.
- 2.4. **Performance Service Systems** are internal processes (described in sections 3 through 12 of this document) that must be developed, documented, and implemented by an AMC. When these systems are in place, an AMC:
 - 2.4.1 Ensures that a client's needs are identified and the services to be provided by the AMC are agreed upon by the AMC and the client;
 - 2.4.2 Requires regular feedback from clients;
 - 2.4.3 Provides a prompt response to clients' needs and requests;
 - 2.4.4 Establishes a staff personnel training and development program;
 - 2.4.5 Fosters an organizational culture embracing professional performance attributes; and
 - 2.4.6 Controls costs, improves efficiency, and promotes prompt performance of quality services to the client.

Section 3: Client Contracts: Review Procedures and Requirements

- 3.1. AMCs shall maintain written agreements with their clients.
- 3.2. AMCs shall adopt client contract review procedures, which shall ensure that all contractual requirements are acceptable to the client and the AMC before the AMC agrees to provide services to the client.
- 3.3. AMCs shall adopt and document internal procedures to coordinate the periodic review of client contracts and their amendments.
- 3.4. AMCs shall adopt procedures specifying how client contracts are amended and ensuring that changes in the contract are communicated throughout the AMC organization.
- 3.5. AMCs shall establish transition procedures that at a minimum include the following:
 - 3.5.1 A timetable to include the closing or transferring of all documents, shipment of client materials (in an organized manner, with clearly marked files),.
 - 3.5.2 A list of clearly defined responsibilities for current management, volunteer leaders, and new management, including notifications to external stakeholders (e.g. members, vendors, sponsors)
 - 3.5.3 Disclosed fees and charges for agreed upon services that may be rendered during the transition and following termination.
 - 3.5.4 AMCs shall recommend in writing to a transitioning client that an external, independent, qualified third party (CPA or outside the USA equivalent) conduct an asset and liability verification immediately prior to or immediately after the transfer of financial responsibilities to new management. Such a recommendation may take the form of a financial audit or, at a minimum, the third party's verification of the client's bank and investment account balances.
- 3.6. AMCs shall address in writing, whether in contracts or other documentation, the respective intellectual property rights (e.g. copyright, trademark, patents) of the client and the AMC including:
 - 3.6.1. Materials and software systems developed and customized specifically for the client.
 - 3.6.2. Materials and software systems of the AMC adapted for use with the client.

Section 4: Servicing the Clients and Service Delivery Procedure

4.1. AMCs shall establish service policies and service delivery systems that include the following characteristics:

- 4.1.1. Quantity and types of services to be provided;
- 4.1.2. Competence and knowledge of staff servicing the client;
- 4.1.3. Service accessibility and availability;
- 4.1.4. Service speed and accuracy;
- 4.1.5. Ability to increase and expand services for the client with appropriate staff;
- 4.1.6. Assurance that the client is the focal point of the policy;
- 4.1.7. Emphasis on the importance of customer satisfaction;
- 4.1.8. Provision of an internal communication policy that emphasizes performance of service;
- 4.1.9. Performance measurement of the service and services delivery processes against established objectives;
- 4.1.10. Methods to improve performance.

4.2. AMCs shall establish responsibilities owed to the client and assign responsibility to staff for implementation.

4.3. AMCs shall establish a system of internal communications including as appropriate, briefings, meetings, memos, email, reports, and telephone conversations with staff on the client team.

4.4. AMCs shall establish a system of communication with clients, including staff communication and interaction, reaction to client expectations and comments, and information about the AMC and the services being provided.

4.5. AMCs shall establish procedures to correct or prevent failures to perform as they are identified by the client or the AMC.

4.6. AMCs shall establish policies and procedures for advising existing clients in the protection of their intellectual property (e.g., copyright, trademark, patents.)

4.7. AMCs shall evaluate and develop an internal policy and client policies for external communications, including but not limited to press releases, newsletters, and social media.

Section 5: Evaluation of Services

- 5.1. AMCs shall adopt methods for clients to use to evaluate the performance of AMC services, including methods for measuring client satisfaction, to be conducted at least annually.
- 5.2. AMCs shall adopt an internal measuring system that evaluates service performance.

Section 6: Financial Management and Internal Controls

- 6.1. AMCs shall establish procedures that ensure that the most recent year-end financial statements for each client present fairly and timely, in all material respects, the financial position and changes in net assets, and that cash flows at year-end are in conformity with the generally accepted accounting principles as determined by the American Institute of Certified Public Accountants or corresponding organization¹ for internationally based AMCs, unless otherwise authorized in writing by the client.
- 6.2. AMCs shall establish adequate internal controls, policies, and procedures which are designed to safeguard client assets and facilitate accurate financial reporting.
- 6.3. AMCs shall adopt a written policy that prohibits co-mingling of any and all client assets with AMC or any other client's assets.
- 6.4. AMCs shall adopt written policies and procedures addressing the acquisition, privacy, integrity, and use of client records and data.
- 6.5. AMCs shall adopt policies to ensure disclosure to clients of all income received from commissions, finder's fees, and other sources directly attributable or related to such clients.
- 6.6. AMCs shall recommend to Client Boards the need for an annual outside independent review or audit of all financial transactions and records by a qualified third party (CPA or outside the USA equivalent.) The recommendation shall be made in writing.

¹ International Financial Reporting Standards (IFRS) as defined by the International Accounting Standards Board (IASB), the Generally Accepted Accounting Practice (new UK GAAP) as defined by the Financial Reporting Council (FRC), etc.)

(6.6, continued)

AMCs shall recommend to Client Boards the need for appropriate insurance coverage for the client association which may include but is not limited to General Liability, Directors & Officers (D&O), Errors & Omissions (E&O, with standard-setting riders as appropriate), Property, Employee Dishonesty, and Cyber insurance coverage [or Association Professional Liability Insurance (APLI) to include those component coverages]; if declined, this fact shall be recorded in writing.

6.7. AMCs shall implement cyber security protocols to sufficiently protect their technology networks and the client data/records that reside on them.

Section 7: Insurance Coverage

7.1. AMCs shall have in place a comprehensive insurance program that provides the following minimum coverage for the AMC, where such coverage is available. For all the policy coverages listed below, reasonable exceptions will be allowed for required coverage minimum amounts that arise from currency conversion issues or any other legitimate business justification.

An AMC that does not carry at least the minimum coverage amount noted for any policy must submit a written explanation to justify an exception that details the reasonable business or practical need for the exception ("Exception Request"). The reviewer must submit the Exception Request with its report.

Policy Coverage Type	Minimum Coverage Amount (\$US Dollars)
7.1.1 Commercial General Liability	\$1,000,000
7.1.2 Property (including property in	Full value of property
7.1.3 Valuable Papers	Full value to reconstruct
7.1.4 Employee Dishonesty	For both AMC and client property and funds under the control of the AMC
7.1.5 Money and Securities	If applicable based on client activities, for both the AMC and client funds under the control of the AMC (including convention receipts, if applicable)
7.1.6 Computer Equipment and Data	Full value of equipment and reconstruction of data
7.1.7 Non-Owned and Hired Auto	\$1,000,000
7.1.8 Worker's Compensation	Minimum based on local regulations
7.1.9 Errors and Omissions	\$1,000,000
7.1.10 Cyber Liability	\$1,000,000

Section 8: Employee Recruitment and Selection

- 8.1. AMC's shall adopt a procedure for creating, reviewing, and updating employee job descriptions.
- 8.2. AMC's shall adopt procedures for interviewing and assessing candidates for positions within the AMC.
- 8.3. AMC's shall adopt a procedure for exit interviews with departing employees.

Section 9: Employee Training and Professional Development Procedures

- 9.1 AMC's shall provide sufficient onboarding to new employees that orients them to both the company and their job roles.
- 9.2 AMC's shall provide and document periodic internal/external professional development on association management functions and other business activities so that the AMC's employees are appropriately trained to perform such functions/activities professionally and in accordance with current best practices.

An AMC's professional development program may include, but not be limited to, the following functions/activities: (a) governance, (b) financial planning and management; (c) legal compliance and risk management; (d) meetings and event planning; (e) professional development (education and credentialing) (e) marketing and communications; (f) the roles and responsibilities of staff and volunteer leaders; (g) diversity, equity and inclusion; (h) ethics; (i) communication skills; and (j) service quality.

- 9.3 AMC's shall adopt an evaluation procedure for all employees covering competencies, performance assessment, and professional development.
- 9.4 AMC shall conduct cybersecurity awareness training for its employees, at least annually.

Section 10: Subcontracting and Purchasing Requirements

10.1. AMCs shall adopt procedures to ensure that due diligence is exercised when purchasing products or services for clients and that they meet all service requirements.

10.2. AMCs shall adopt procedures to ensure that due diligence is exercised when preparing purchase or service orders and bid/quote documents for clients.

10.3. AMCs shall adopt procedures that permit the AMC or clients to verify acceptability of products or services purchased.

10.4. AMCs shall adopt procedures for evaluating the hiring of subcontractors, including the following:

10.4.1. The subcontractor's service procedures and facilities;

10.4.2. Samples of the subcontractor's products or services;

10.4.3. Customer reference, if available.

10.5. AMCs shall adopt procedures to track and record the use of products and services provided by subcontractors and used by the AMC to service clients.

10.6. AMCs shall disclose actual and/or potential conflicts of interest when contracting or making a purchase for the benefit of the client from related entities (e.g. partnerships, subsidiaries, family members, etc.).

Section 11: Record Keeping Requirements/Continuity of Operations

11.1. AMCs shall adopt a records retention policy that identifies and defines the information and records that are to be retained (electronic or hard copy). AMCs should recommend clients have a policy.

11.2. AMCs shall adopt record-keeping procedures for client records designed to:

11.2.1. Collect and record information (create records);

11.2.2. File, index, store, and maintain records, both hardcopy and electronic;

11.2.3. Remove, archive, or destroy old records on a predetermined time basis;

11.2.4. Prevent records from being altered without approval of a designated authority;

11.2.5. Safeguard records from damage or deterioration;

11.2.6. Protect records from unauthorized access.

- 11.3. AMCs shall adopt a business continuity plan that will include, at a minimum:
 - 11.3.1. Procedures for the management of electronic back-up of software and electronic records;
 - 11.3.2. Communications to inform staff, members, vendors, etc. about the recovery plan;
 - 11.3.3. A building evacuation plan, when applicable due to an AMC maintaining a physical workspace,
 - 11.3.4. Options for temporary workplaces in the event that the AMC's usual workplaces are not available.

Section 12 Internal Quality Control Requirements

- 12.1. AMCs shall adopt a schedule of internal quality control verification procedures to:
 - 12.1.1. Determine whether performance complies with the AMCs written plans, procedures, and programs;
 - 12.1.2. Validate the effectiveness of the AMC's corrective actions;
 - 12.1.3. Confirm that activities are appropriately planned;
 - 12.1.4. Ensure internal reviewers are independent of the procedures, client, and people being reviewed and external reviewers are recognized independent entities;
 - 12.1.5. Demonstrate that quality control results, corrective actions, and corrective action results and consequences are appropriately recorded;
 - 12.1.6. Verify that quality control conclusions are discussed with the people whose activities and results are being reviewed, and that deficiencies are corrected;
 - 12.1.7. Affirm that copies of quality control reports are kept on file for future reference in accordance with the records retention policy, but for not less than four years.

Appendices

Note: *The appendices to this document are intended to provide additional information and support to AMCs looking to better understand the Standard. The appendices are not reviewed nor approved as part of the Standard. The appendices are “living” resources and are subject to updates without prior notice.*

Appendix A – Standards Update

This appendix will document the updates to the Standard between the 2018 and 2023 versions.

- Section 1.3 – Added as a new requirement to ensure that AMCs maintain documentation that explains and verifies their compliance with each component of the Standard.
- Section 3.2 – Removed a sentence on written service commitments, as being unnecessary with the nature of service commitments.
- Section 3.5.1 – Deleted the end clause “and notification to members”, as the responsibility to inform members is up to the new AMC transitioning into services, and not the AMC transitioning away from services.
- Section 3.5.2 – Added a clause at the end of the sentence, to specify the responsibility of the new management company to notify appropriate external stakeholders.
- Section 3.5.4 – The section from the 2018 Standard was deleted, in relation to updates made in section 3.2
- Section 3.5.5 – The section from the 2018 Standard was updated and is now section 3.5.4 in the 2023 new Standard. Edits to this section are to clarify that AMCs are obligated to recommend verification by a qualified third party, instead of requiring it. Additionally, the edits give clarity on what the recommendation should specify, including a financial audit, or verification of the client’s bank and investment account balances.
- Section 4.2 – Minor edit to change the word authority to responsibility.
- Section 6.1 – Added the words “and timely” as an additional reasonable requirement for the preparation of year end financial statements,
- Section 6.4 – The word “proceedings” was removed, as it was deemed vague and unnecessary.
- Section 6.6 – The changes to this section were in the 2019 limited revision that was approved by the AMCI Board of Directors. It was added as part of the 2023 update. This section includes language about insurance requirements. Additionally, the word propose was changed to recommend twice in the section which is a stronger word choice based on professional experience. Finally, the word annual was added to qualify how often the recommended reviews should take place.

- Section 6.7 – This section was added to the standard to make it a requirement for AMCs to implement protocols to protect client data from cyber security threats.
- Section 7.1 - The changes to this section and the insurance requirement table were in the 2019 limited revision that was approved by the AMCI Board of Directors. It was added as part of the 2023 update.
- Section 9.1 – The requirement found in the 2018 Standard was moved to section 9.3. Instead, 9.1 now speaks of the requirement of AMCs to properly onboard new employees.
- Section 9.2 – This section was completely overhauled to align employee training with the most relevant aspects of the AMC industry's service quality. The section also aligns with components of the CAE Credential, and professional advancement programs developed by AMCI for AMC professionals.
- Section 9.3 – This new section was the former section 9.1.
- Section 9.4 – This section was added to specify the requirement for annual cyber security training for employees of the AMC.
- Section 10.6 – Added the clause “actual and/or potential” to clarify the conflicts of interest.
- Section 11.1 – Clarified that AMCs should have a policy for records retention and recommend a policy for their clients.
- Section 11.2 – Minor edits to reword the sentence.
- Section 11.3.3 – Added a clause to specify that a plan is needed only in AMCs with a physical workspace and does not apply to AMCs that work remotely.