

SOLICITORS' ACCOUNTS RULES REPORTING ACCOUNTANT'S CHECKLIST

The following items have been tested to satisfy the examination requirements under the Rules, with the results as indicated. Where the position has been found to be unsatisfactory as a result of these tests, further details have been reported in section 6 of this checklist or reported by separate appendix.

Name of practice

Results of test checks:

1.	For all client money and controlled trust money	Were any breaches discovered? (Tick the appropriate column)		If 'yes', should breaches be noted in the accountant's report?		Cross references to audit file documentation
		Yes	No	Yes	No	
(a) Book-keeping system for every office:		Yes	No	Yes	No	
(i)	The accounting records satisfactorily distinguish client money and controlled trust money from all other money dealt with by the firm.					
(ii)	A separate ledger account is maintained for each client and controlled trust (excepting section (l) below) and the particulars of all client money and controlled trust money received, held or paid on account of each client and controlled trust, including funds held on separate designated deposits, or elsewhere, are recorded.					
(iii)	The client ledgers for clients and controlled trusts show a current balance at all times, or the current balance is readily ascertainable.					
(iv)	A record of all bills of costs and written notifications has been maintained, which distinguishes profit costs from disbursements, either in the form of a central record or a file of copies of such bills.					
(b) Postings to ledger accounts and casts:		Yes	No	Yes	No	
(i)	Postings to ledger accounts for clients and controlled trusts from records of receipts and payments are correct					
(ii)	Casts of ledger accounts for clients and controlled trusts and receipts and payments records are correct.					
(iii)	Postings have been recorded in chronological sequence with the date being that of the initiation of the transaction.					
(c) Receipts and payments of client money and controlled trust money:		Yes	No	Yes	No	
(i)	Sample receipts and payments of client money and controlled trust money as shown in bank and building society statements have been compared with the firm's records of receipts and payments of client money and controlled trust money, and are correct					
(d) System of recording costs and making transfers:		Yes	No	Yes	No	
(i)	The firm's system of recording costs has been ascertained and is suitable.					
(ii)	Costs have been drawn only where required for or towards payment of the firm's costs where there has been sent to the client a bill of costs or other written notification of the amount of the costs.					
(e) Examination of documents for verification of transactions and entries in accounting records:		Yes	No	Yes	No	
(i)	Make a test examination of a number of client and controlled trust files.					

Results of test checks:

1. For all client money and controlled trust money		Were any breaches discovered? (Tick the appropriate column)		If 'yes', should breaches be noted in the accountant's report?		Cross references to audit file documentation
		Yes	No	Yes	No	
(e)	Examination of documents for verification of transactions and entries in accounting records:					
(ii)	All client and controlled trust files requested for examination were made available.					
(iii)	The financial transactions as detailed on client and controlled trust files and other documentation (including transfers from one ledger account to another) were valid and appropriately authorised in accordance with the Solicitors' Accounts Rules (the "Rules").					
(iv)	The financial transactions evidenced by documents on the client and controlled trust files were correctly recorded in the books of account in a manner complying with the Rules.					
(f)	Extraction of client ledger balances for clients and controlled trusts:	Yes	No	Yes	No	
(i)	The extraction of client ledger balances for clients and controlled trusts has been checked for no fewer than two separate dates in the period subject to this report.					
(ii)	The total liabilities to clients and controlled trusts as shown by such ledger accounts has been compared to the cash account balance(s) at each of the separate dates selected in (f)(i) above and agreed.					
(iii)	The cash account balance(s) at each of the dates selected has/have been reconciled to the balance(s) in client bank account and elsewhere as confirmed directly by the relevant banks and building societies.					
(g)	Reconciliations:	Yes	No	Yes	No	
(i)	During the accounting year under review, reconciliations have been carried out at least every five weeks or, in the case of passbook-operated separate designated client accounts for controlled trust money, every fourteen weeks.					
(ii)	Each reconciliation is in the form of a statement set out in a logical format which is likely to reveal any discrepancies.					
(iii)	Reconciliation statements have been retained.					
(iv)	On entries in an appropriate sample of reconciliation statements:	Yes	No	Yes	No	
	(A) All accounts containing client money and controlled trust money have been included.					
	(B) All ledger account balances for clients and controlled trusts as at the reconciliation date have been listed and totaled.					
	(C) No debit balances on ledger accounts for clients and controlled trusts have been included in the total.					
	(D) The cash account balance(s) for clients and controlled trusts is/are correctly calculated by the accurate and up to date recording of transactions					
	(E) The client bank account totals for clients and controlled trusts are complete and correct being calculated by:					
	the closing balance plus an accurate and complete list of outstanding lodgments less an accurate and complete list of unrepresented cheques					

Results of test checks:

1. For all client money and controlled trust money		Were any breaches discovered? (Tick the appropriate column)		If 'yes', should breaches be noted in the accountant's report?		Cross references to audit file documentation
		Yes	No	Yes	No	
(g) Reconciliations:		Yes	No	Yes	No	
(v)	Each reconciliation selected under paragraph (iv) above has been achieved by the comparison and agreement without adjusting or balancing entries of: <ul style="list-style-type: none"> total of ledger balances for clients and controlled trusts; total of cash account balances for clients and controlled trusts; total of client bank accounts. 					
(vi)	In the event of debit balances existing on ledger accounts for clients and controlled trusts, the firm has investigated promptly and corrected the position satisfactorily.					
(vii)	In the event of the reconciliations selected under paragraph (iv) above not being in agreement, the differences have been investigated and corrected promptly.					
(h) Payments of client money and controlled trust money:		Yes	No	Yes	No	
	Make a test examination of the ledger accounts for clients and controlled trusts in order to ascertain whether payments have been made on any individual account in excess of money held on behalf of that client or controlled trust.					
(i) Office accounts - client money and controlled trust money:		Yes	No	Yes	No	
(i)	Check such office ledger and cash account and bank and building society statements as the firm maintains with a view to ascertaining whether any client money or controlled trust money has not been paid into a client account.					
(ii)	Investigate office ledger credit balances and ensure that such balances do not include client money or controlled trust money incorrectly held in office account.					
(j) Client money and controlled trust money not held in client account:		Yes	No	Yes	No	
(i)	Have sums not held on client account been identified?					
(ii)	Has the reason for holding such sums outside client account been established?					
(iii)	Has a written client agreement been made if appropriate?					
(iv)	Are central records or a central register kept for client money held outside client account on the client's instructions?					
(k) Inter-client transfers		Yes	No	Yes	No	
	Make test checks of inter-client transfers to ensure that the sum withdrawn is made in accordance with Rule 7 and the sum paid in is made in accordance with Rule 4.					
(l) Acting for borrower and lender		Yes	No	Yes	No	
	Make a test examination of the client ledger accounts in order to ascertain that where the firm acts for both borrower and lender in a conveyancing transaction a separate ledger account is opened for both the borrow and lender.					
(m) Recognised bodies - executor, trustee or nominee company		Yes	No	Yes	No	
	Where a firm operates through a recognised body and receives a dividend cheque made payable to the recognised body and forwards the cheque, endorsed, to the client the firm will have received and paid controlled trust money. Where the firm does not record the receipt and payment of the dividend cheque in its ledgers, is a central book of dividend instruction letters kept?					
(n) Information and explanations:		Yes	No	Yes	No	
	All information and explanations required have been received and satisfactorily cleared.					

Results of test checks:

		Were any breaches discovered? (Tick the appropriate column.)		If 'yes' should breaches be noted in the accountant's report?		Cross references to audit file documentation
		Yes	No	Yes	No	
2.	Liquidators, trustees in bankruptcy, Court of Protection receivers and trustees of occupational pension schemes					
(a)	A record of all bills of costs and written notifications has been maintained which distinguishes profit costs from disbursements, either in the form of a central record or a file of copies of such bills or notifications.					
(b)	Records kept under the Rules including any statements, passbooks and other accounting records originating outside the firm's office have been retained.					
(c)	Records kept under the Rules are kept together centrally, or a central register is kept of the appointments.					
3.	Joint accounts – where a solicitor holds monies jointly with a client, another solicitors practice or a third party					
(a)	A record of all bills of costs and written notifications has been maintained which distinguishes profit costs from disbursements, either in the form of a central record or a file of copies of such bills or notifications.					
(b)	Statements and passbooks and/or duplicate statements or copies of passbook entries have been retained.					
(c)	Statements, passbooks, duplicate statements and copies of passbook entries are kept together centrally, or a central register of all joint accounts is kept.					
4.	Clients' own accounts					
(a)	Statements and passbooks and/or duplicate statements, copies of passbook entries and cheque details have been retained					
(b)	Statements and passbooks and/or duplicate statements, copies of passbook entries and cheque details are kept together centrally, or a central register of clients' own accounts is kept.					
5.	Law society guidelines - accounting procedures and systems					
	Discovery of substantial departures from the guidelines?			<i>If "yes" please give details below.</i>		

6. Please give further details of unsatisfactory items below. (please attach additional schedules as required)

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Name
Reporting Accountant

Date