

8.03 SOLICITORS – REPORTS UNDER THE SRA ACCOUNTS RULES 2011

The purpose of this schedule and the Standard Terms of Business is to set out the basis on which we are to act as your reporting accountants and advisors with regard to reports under the Solicitors Regulation Authority (SRA) Accounts Rules 2011 and to clarify our respective responsibilities in respect of that work.

1 Your responsibilities

- 1.1 You have determined that you are required to obtain an accountant's report under rule 32A.1 of the SRA Accounts Rules 2011.
- 1.2 You are responsible for keeping the accounting records required by the SRA Accounts Rules 2011 and for ensuring that all transactions in client money or trust money are in accordance with those rules.
- 1.3 You have a duty to provide documentation to us, as required to enable us to complete our accountant's report.
- 1.4 You are responsible for submitting the report to the SRA within six months of the end of the accounting period to which the report relates.
- 1.5 To the extent necessary to enable us to comply with paragraph 2.6 below, you waive your/the firm's/the company's/the limited liability partnerships right of confidentiality. This waiver extends to any report made, document produced or information disclosed to the SRA in good faith pursuant to these instructions, even though it may subsequently transpire that we were mistaken in our belief that there was cause for concern.

2 Our responsibilities as reporting accountants

- 2.1 We are required, in compliance with the *Solicitors Act* 1974, s. 34, and Part 6 of the SRA Accounts Rules 2011 to provide you with that accountant's report. We will send a copy of the report to the COFA on behalf of all individuals covered by the report.
- 2.2 Such a report will be qualified by us where, in our judgement, the relevant SRA accounts rules have not been complied with such that the safety of client money is at risk. The form of our report is as required by Rule 44 and we will follow the guidance set out in the SRA's 'Guidance to Reporting Accountants and firms on planning and completion of the annual Accountants' Reports, under Rule 32A.1 of the SRA Accounts Rules 2011'.
- 2.3 In order to meet the reporting requirements, we will undertake whatever work is necessary, in our professional judgement, in deciding whether a report needs to be qualified. We will have regard to the 'Guidance to Reporting Accountants and firms on planning and completion of the annual Accountants' Reports, under Rule 32A.1 of the SRA Accounts Rules 2011' in considering the nature and extent of work required. Factors considered in deciding on the work required may include the size and complexity of the firm, the nature of the work undertaken, the number of transactions and amount of client funds held.
- 2.4 We will comment in our report on any material breaches of the Accounts Rules required to be considered as part of the report (Rules 1, 7, 13, 14, 17, 18, 20, 21, 27, 29 and Rules 8, 9, 10, 15, 16 and 19 where applicable) and/or significant weaknesses in the firm's systems and controls for compliance with the Accounts Rules, as listed above, which we find during the course of our work. Where such breaches or weaknesses exist our report will be qualified.
- 2.5 We do not undertake to discover any shortcomings in your systems or any irregularities on the part of your employees, beyond the work required under the SRA Accounts Rules 2011. However, we will advise you of any such circumstances that we encounter during our work.

In accordance with rule 35 of the SRA Accounts Rules 2011, we are instructed as follows:

- (a) you/your firm/your company/your limited liability partnership recognise(s) that, if during the course of preparing an accountant's report:
 - (i) we discover evidence of fraud or theft in relation to money:
 - held by a solicitor (or registered European lawyer, or registered foreign lawyer, or recognised body, or licensed body, or employee of a solicitor or registered European lawyer, or manager or employee of a recognised body or licensed body) for a client, or an account of another person (including money held on trust); or
 - held in an account of a client, or an account of another person, which is operated by a solicitor (or registered European lawyer, or registered foreign lawyer, or recognised body, or licensed body, or employee of a solicitor or registered European lawyer, or manager or employee of a recognised body or licensed body); or
 - (ii) we obtain information which we have reasonable cause to believe is likely to be of material significance in determining whether a solicitor (or registered European lawyer, or registered foreign lawyer, or recognised body, or licensed body, employee of a solicitor or registered European lawyer, or manager or employee of a recognised body or licensed body) is a fit and proper person:
 - to hold money for clients or other persons (including money held on trust); or
 - to operate an account of a client or an account of another person, or
 - (iii) we discover a failure by you to submit a qualified accountant's report to the SRA, as required by these rules, we must immediately give a report of the matter to the SRA in accordance with the *Solicitors Act 1974*, s. 34(9) or article 3(1) of the *Legal Services Act 2007* (Designation as a Licensing Authority) (No. 2) Order 2011 as appropriate;
- (b) we may, and are encouraged to, make that report without prior reference to you/your firm/your company/your limited liability partnership;
- (c) we are to report directly to the SRA should our appointment be terminated following the issue of, or indication of intention to issue, a qualified accountant's report, or following the raising of concerns prior to the preparation of an accountant's report;
- (d) we are to deliver to you/your firm/your company/your limited liability partnership our report which you should also retain for at least six years from the date of its signature and to produce the copy to the SRA on request;
- (e) we are to retain these terms of engagement for at least six years after termination of the retainer and to produce them to the SRA on request; and
- (f) following any direct report made to the SRA under (a) or (c) above, to provide to the SRA on request any further relevant information in our possession or in the possession of our firm.