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UPDATE ON SRA ACCOUNTS RULES

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About Lesley...



- A Chartered Accountant who became a fellow of the Institute in 1997.
- First female partner at DTE in 1995
- Extensive experience in providing audit and advisory services to owner managed businesses in a wide range of sectors.
- Also specialises in advising professional practices, pension scheme accounts and audit

Specialisms: audit & accounts, solicitor clients & pension scheme accounts and audit, business advisory

Outline

- Current position
- Implementation
- 2019 v 2011 differences
- Accounts Manual

Current

- SRA Accounts Rules 2011
 - very detailed – 52 rules
 - very prescriptive
 - guidance incorporated into Rules
 - one size fits all
- New Rules 2019
 - principles based
 - shorter – 13 rules
 - allows for differences between firms
 - no guidance within the Rules

Implementation

- 2019 Rules apply from 25/11/2019
- To 25/11/2019 – 2011 Rules apply
- Practicalities?

2019 v 2011 Rules

- Part 1 – No real changes
- Part 2
 - refers to ‘regulated services’
 - ‘office money’ term no longer used
 - no distinction between professional and non-professional disbursements
 - use of ‘promptly’ instead of ‘without delay’

Rule 2.2

- Unbilled fees and disbursements only
- Client must be notified
- No authority required
- Must keep record of billing/excess funds
- No Accountants Report required
- No need to comply with:
 - 2.3 pay promptly
 - 2.4 on demand account
 - 4.1 keeping money separate
 - 7 interest
 - 8.1 (b) and (c) running total of balances/transactions

Rule 3.3

- Same sentiment as rule 14.5
- Banking facilities
- Must be underlying service relating to funds held

Rule 4

- Separation of client and non-client money
- Mixed payments – allocated ‘promptly’
- Bill of costs or other written notification to be issued prior to transfer of client money
- No timescales specified

Rule 5 - withdrawals

- 5.1 “You can only withdraw client money from a client account:
- (a) for the purpose for which it is being held;
 - (b) following receipt of instructions from the client or third party for whom the money is held; or
 - (c) on the SRA’s prior written authorisation or in prescribed circumstances”

Rule 8

- Requirement for 5 weekly reconciliations
- Must be signed off by COFA or Manager of firm

Part 3 – other money belonging to clients

- Joint Accounts – no changes
- Operation of clients' own account
 - not client money
 - high risk
 - 5 weekly reconciliation required
 - separate guidance issued by SRA
- TPMAs
 - not holding client money
 - must be FCA regulated
 - client must be aware
 - must obtain regular statements
 - details unclear

Part 4 – Accountants Report and Retention of Records

- Accountants Report and retention of records
- No change
- 25/11/2019
 - split testing
 - probably only 1 report

Accounts Manual

- Written policies and procedures including timeframes for:
 - banking client money promptly
 - mixed receipts
 - transfer of monies after bill raised to client
 - authorisation of payments from client account, repayment of balances at conclusion and donating sums to charity
 - dealing with balances firms are unable to return and records to be kept
 - interest policy
 - timely preparation of client reconciliations
 - method and time period relating to storage and retention of records



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