

News

Accountants' reports spot-checks

18 November 2024

Solicitors hold positions of great trust as they hold client money, often in large amounts. Our [Account Rules \[https://higher-rights.sra.org.uk/solicitors/standards-regulations/accounts-rules/\]](https://higher-rights.sra.org.uk/solicitors/standards-regulations/accounts-rules/) are there to provide a framework to protect client money and make sure it is not put at risk.

Any firm that has an active client account has an [obligation under Rule 12 \[https://higher-rights.sra.org.uk/solicitors/standards-regulations/accounts-rules/#rule-12\]](https://higher-rights.sra.org.uk/solicitors/standards-regulations/accounts-rules/#rule-12) (unless [exempt \[https://higher-rights.sra.org.uk/solicitors/guidance/accountant-report-exemption-obtain-one/\]](https://higher-rights.sra.org.uk/solicitors/guidance/accountant-report-exemption-obtain-one/)) to:

- obtain an accountant's report for that [accounting period \[https://higher-rights.sra.org.uk/solicitors/standards-regulations/glossary/#accounting-period\]](https://higher-rights.sra.org.uk/solicitors/standards-regulations/glossary/#accounting-period) within six months of the end of the period
- deliver it to us within six months of the end of the accounting period if the accountant's report is qualified to show a failure to comply with these rules, such that money belonging to clients or third parties is, or has been, or is likely to be placed, at risk.

As revealed at the Accounts Rules session of our Compliance Officers Conference this month, the number of accountants' reports submitted to us each year is falling. While that might mean that some firms are now more compliant, it could also suggest there are issues to address.

We will therefore be conducting spot-checks on a number of firms in the New Year to make sure that they have obtained a recent accountant's report. Firms being asked to take part in the exercise will receive an email in December advising you of what will be involved. We will then contact you again in January once the window for returning the required information is open.

For those firms contacted, providing a reply to this request will be a regulatory requirement.