

Legal Profession (Accountant's Report) Rules

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THE SCHEDULE Legal Profession Act (Chapter 161)

Legislative History

LEGAL PROFESSION ACT

(CHAPTER 161, SECTION 73(4))

LEGAL PROFESSION (ACCOUNTANT'S REPORT) RULES

R 10

REVISED EDITION 2010

(31st May 2010)

[8th August 1985]

Citation

1. These Rules may be cited as the Legal Profession (Accountant's Report) Rules.

Definitions

2. In these Rules —

“approved finance company” means any finance company registered under the Finance Companies Act (Cap. 108) which is approved by the Minister to accept deposits of client's money for the purposes of these Rules;

“bank” has the same meaning as in the Banking Act (Cap. 19);

“bank statement” means a statement issued by a bank in respect of any client account maintained at such bank, and includes a statement issued by an approved finance company in respect of a client account maintained at such finance company;

“client”, “client account”, “client's money” and “trust money” have the meanings respectively assigned to them by the Legal Profession (Solicitors' Accounts) Rules (R 8);

“Public Accountants Oversight Committee” means the Public Accountants Oversight Committee appointed under section 4 of the Accountants Act (Cap. 2);

“trust account” has the meaning assigned to it by the Legal Profession (Solicitors' Trust Accounts) Rules (R 9).

Qualified accountant

- 3.—(1) An accountant shall be qualified to give an accountant's report on behalf of a solicitor if —

- (a) he is practising in Singapore and is authorised to practise as a public accountant under the Accountants Act;

- (b) he has neither been at any time during the accounting period, nor subsequently, before giving the report, become —
 - (i) a partner or an employee of the solicitor or of any partner of his; or
 - (ii) a partner, a director, a member or an employee of a limited liability law partnership, a law corporation, a Joint Law Venture, a constituent foreign law practice (of a Joint Law Venture), a Qualifying Foreign Law Practice or a licensed foreign law practice in which the solicitor is a partner or director; and
- (c) he is not subject to a notice of disqualification under paragraph (2) or under rule 11A(4) of the Legal Profession (Solicitors' Accounts) Rules.

(2) Where —

- (a) the Public Accountants Oversight Committee has made a disciplinary order against a public accountant under section 52(2) of the Accountants Act (Cap. 2) or an equivalent provision under the repealed Accountants Act (Cap. 2, 2001 Ed.); or
- (b) the Council is satisfied that a solicitor has not complied with the provisions of the Legal Profession (Solicitors' Accounts) Rules (R 8) in respect of matters not specified in an accountant's report and that the accountant who gave the report was negligent in giving the report, whether or not an application be made for a grant out of the Compensation Fund,

the Council may, in its discretion, at any time notify the accountant that he is not qualified to give an accountant's report.

(3) The Council may give notice, of the fact that an accountant is not qualified to give an accountant's report, to any solicitor who appears to the Council to be likely to engage or employ that accountant for the purpose of giving an accountant's report or to be a book-keeper for the purposes of rule 11(8) of the Legal Profession (Solicitors' Accounts) Rules.

(4) After the accountant has been notified by the Council that he is not qualified to give an accountant's report and until such notice of disqualification has been withdrawn by the Council, he shall not —

- (a) be qualified to give an accountant's report; and
- (b) be engaged or employed as a book-keeper for the purposes of rule 11(8) of the Legal Profession (Solicitors' Accounts) Rules.

(5) In coming to its decision, the Council shall (if the decision is based on a matter

referred to in paragraph (2)(a)) take into consideration any observation or explanation made or given by the accountant or on his behalf by the Public Accountants Oversight Committee.

Duties of accountant

4.—(1) For the purpose of giving an accountant's report, an accountant shall ascertain from the solicitor particulars of all accounts (excluding trust accounts) maintained by the solicitor at any bank or with any approved finance company kept, maintained or operated by the solicitor in connection with his practice at any time during the accounting period to which his report relates and, subject to paragraph (2), make the following examinations of the books, accounts and other relevant documents of the solicitor:

- (a) examine the book-keeping system in every office of the solicitor so as to enable the accountant to verify that such system complies with rule 11 of the Legal Profession (Solicitors' Accounts) Rules (R 8), and is so designed that —
 - (i) an appropriate ledger account is kept for each client;
 - (ii) such ledger accounts show separately from other information particulars of all clients' money received, held or paid on account of each client;
 - (iii) transactions relating to clients' money and any other money dealt with through a client account are recorded in the solicitor's books so as to distinguish such transactions from transactions relating to any other money received, held or paid by the solicitor;
- (b) make test checks of postings to clients' ledger accounts from records of receipts and payments of clients' money and make test checks of the costs of such accounts and records;
- (c) compare a sample of lodgments into and payments from the client account as shown in bank statements with the solicitor's records of receipts and payments of clients' money;
- (d) enquire into and test check the system of recording costs and of making transfers in respect of costs from the client account;
- (e) make a test examination of such documents as he shall request the solicitor to produce to him with the object of ascertaining and confirming —
 - (i) that the financial transactions, (including those giving rise to

transfers from one ledger account to another) evidenced by such documents, are in accordance with the Legal Profession (Solicitors' Accounts) Rules; and

- (ii) that the entries in clients' ledger accounts reflect those transactions in a manner complying with the Legal Profession (Solicitors' Accounts) Rules;
 - (f) extract (or check extractions of) balances on the clients' ledger accounts during the accounting period under review at not fewer than 2 dates selected by the accountant (one of which may be the last day of the accounting period), and at each such date —
 - (i) compare the total as shown by such ledger accounts of the liabilities to the clients including those for whom trust money is held in the client account, with the cash book balances on client account, clients' fixed deposit accounts with banks and approved finance companies including those for whom trust money is held and other fixed deposit accounts; and
 - (ii) reconcile such cash book balances and fixed deposit with confirmations obtained by the accountant direct from the bank or approved finance company;
 - (g) satisfy himself that reconciliation statements have been kept in accordance with rule 11(4) of the Legal Profession (Solicitors' Accounts) Rules (R 8);
 - (h) make a test examination of the clients' ledger accounts in order to ascertain whether payments from the client account have been made on any individual account in excess of money held on behalf of that client;
 - (i) peruse such office ledger and cash accounts and bank statements as the solicitor maintains with a view to ascertaining whether any client's money has not been paid into a client account; and
 - (j) ask for such information and explanations as he may require arising out of sub-paragraphs (a) to (i).
- (2) Nothing in paragraph (1) shall require the accountant —
- (a) to extend his enquiries beyond the information contained in the relevant documents relating to any client's matter produced to him supplemented by such information and explanations as he may obtain from the solicitor;
 - (b) to enquire into the stocks, shares, other securities or documents of title held by the solicitor on behalf of his clients; or