

Frequently Asked Questions – Reporting Accountant’s Reports

Who must file a reporting accountant’s report?

Any solicitors’ practice in Ireland that holds clients’ monies must submit an annual reporting accountant’s report to the Law Society.

When should my reporting accountant’s report be submitted (reporting deadline)?

Your reporting accountant’s report should be submitted to the Society, not later than 6 months after the practice’s accounting date. This is the date chosen by the practice and notified to the Society to signify the last day of the practice’s accounting period, the year end date.

Who submits the reporting accountant’s report to the Society?

It is your obligation to ensure that the report is submitted by the reporting deadline. However, your reporting accountant must submit the report to the Society with a covering letter attached.

Can I email/fax you a copy of my reporting accountant’s report to meet the reporting deadline?

You may email a copy to k.groarke@lawsociety.ie but the original version must also be submitted by post. A report will not be processed until the original has been received. Fax copies will not be accepted.

I don’t hold any clients monies, do I need to file a reporting accountant’s report?

No, if you do not hold any clients monies you do not need to file an annual reporting accountant’s report. You must inform the Society that you do not hold any client’s monies and file a Statutory Declaration confirming this. If you start holding client’s monies at any stage you must immediately inform the Society. For further information please contact the Society.

I have just commenced in practice, how often do I need to file a report and when is my first report due?

You must file an annual report with the Society. Your first report should be submitted six months after your first accounting date. This would normally mean that your first report will be submitted before you complete 18 months in practice.

I commenced in practice on 1 January and my accounting date is 31 December. I didn’t start holding client’s monies until 1 April so I would like to change my accounting date to March and submit a 15 month reporting accountant’s report. Can I do this?

You should contact the Society and a decision will be made based on the facts in your case.

Can I apply for an extension to the six month reporting deadline?

No, the Society does not permit extensions to the six month period under any circumstances.

What happens if I fail to submit my annual reporting accountant’s report before the deadline?

You will receive an arrears letter from the Society informing you that you are late in filing your annual reporting accountant’s report. If your report is still outstanding, you will receive a further letter from the Society calling you up to the next Law Society Regulation of Practice Committee meeting. If your report is received before the meeting, there is no need to attend before the Committee.

Can I change my accounting date?

Yes, but you must notify the Society not later than 1 month prior to the current accounting date or in the case of a shorter accounting period, one month prior to the new accounting date. If the change would extend the accounting period to longer than 1 year the prior written consent of the Society is required.

What is an interim balancing statement and does it need to be submitted to the Society?

A solicitor is required to prepare two balancing statements during the accounting year. One statement is prepared 6 months after the commencement of the accounting period (interim balancing date) and the other at the end of the practice's accounting period. Each statement must be completed no later than two months after the balancing date and both sets of figures are submitted to the Society at appendix 3 of the annual reporting accountant's report.

I received a cheque from a client on the balancing date, the client ledger card was updated to show receipt of the money but the cheque was not lodged to the bank until two weeks later, why can't my reporting accountant report this as an outstanding lodgement in my reporting accountant's report?

The Society requires that only funds lodged to the client account on or before the balancing date, which have not yet cleared the bank, should be reported to the Society as an outstanding lodgement. Where it is necessary to lodge monies to the client account after the balancing date or to correct a bookkeeping error, the existence of a deficit should be reported to the Society.

Can I change my reporting accountant?

Yes, but you must notify the Society within 14 days of any change taking place.

What requirements must my accountant fulfil to become a reporting accountant?

A reporting accountant must be a member in practice of a Law Society approved body as per Regulation 26(4) of the Solicitors Account's Regulations 2014. They should send a copy of their current practicing certificate, copy confirmation of their current professional indemnity insurance details and a copy of their firms headed notepaper to the Society.

What is the minimum level of professional indemnity insurance that a reporting accountant must have?

The level of professional indemnity insurance held by a reporting accountant must not be less than €500,000.

Can a relative act as a reporting accountant?

No, nor can a partner, consultant, clerk or servant of the solicitor act as a reporting accountant. It is the Society's policy that, in the interest of objectivity, reporting accountants should be independent of the solicitor for whom they conduct the annual accountants report.

I have informed the Society that I am ceasing in practice, what are my obligations regarding a closing reporting accountant's report.

A closing reporting accountant's report is required to be submitted covering the period from the date of your last annual reporting accountant's report to the date at which the practice ceased to hold, control, receive or pay client monies (i.e. – the date at which the balances on the client bank account, as per the bank statements, went to zero). This report should be submitted within **2 months** of the date of closure of the practice.

What format should the closing reporting accountant's report take?

The closing reporting accountants report should be in the exact same format as the annual report (and include interim balancing figures if it covers a period greater than 6 months). The only difference is that the closing report should have zero balances as per the bank statements at the accounting date. A report which shows client monies still held in the client bank account will not be accepted by the Society as a closing report.

It is not possible for me to close my client account within the prescribed 2 month period, what do I do?

You can keep your client account open pending resolution of outstanding matters e.g. matters before the taxing master. You should write to the Society explaining why the client account has

not been closed, the timeframe within which you expect that all matters to be resolved and confirm that you will submit a closing report as soon as practicable. You must continue to submit annual reports until a closing report is furnished.

I have changed from a sole practitioner to a partnership or a partnership to a sole practitioner and have been told that I need to file a zero balance reporting accountant's report. The bank accounts were never closed so this is not possible, what do I do?

Your reporting accountant should submit a closing report as normal within 2 months and explain in the covering letter why the report will not have zero balances i.e. that the bank accounts were never closed but the bank mandate was changed. In addition, a letter from your bankers needs to be submitted confirming that they are aware of the change in ownership of the practice. The Law Society recommends that when there is a change in the structure of a practice the old bank accounts are closed and new bank accounts are opened for the new practice.

Can I get an extension of the 2 month deadline for submitting my closing reporting accountant's report?

Please contact the Society and each case will be looked at individually.

My closing reporting accountant's report is due 3 months after my annual reporting accountant's report, can I submit one report covering a 15 month period?

No, an annual report and a separate closing report must be submitted.

Does the closing reporting accountant's report have to be dated the same as the date of closure of the practice?

No, the closing report should be dated the date on which the balances in the client account go to zero as per the bank statements; this does not have to be the date of closure of the practice.

Where can I find the reporting accountant's report?

www.lawsociety.ie/regulation-updates

There is more than one Report Template there, which do I use?

For accounting periods starting on or after 1 December 2014, use Reporting Accountants Report 2014, for accounting periods starting in November 2014 or earlier, use Reporting Accountants Report 2013

Where do I send the annual/closing reporting accountant's report?

The annual reporting accountant's report should be sent to Law Society of Ireland, Financial Regulation Department, George's Court, George's Lane, Dublin 7.

Who do I contact in the Society?

You should email Kara Groarke, Executive Officer at k.groarke@lawsociety.ie