

Byelaws of



Schedule 1 to Byelaw 3 – (Checklist of enquiries by Accountant)

S1.1 The establishment and maintenance of adequate accounting and other records and internal control systems are the responsibility of the partners, directors and principals of a Member Firm. The purpose of this Schedule is to set out the basis and parameters upon which the Accountant's Report required by the Association is prepared and provided.

S1.2 The accountants are required to form an opinion as to whether the records and controls have been suitably maintained by the Member Firm's management, having regard to the size of the Member Firm and its scale of operations, during the period examined in accordance with the provisions and limits of the Association's Byelaw 3 of which this Schedule forms part.

[The Association recognises that these procedures do not constitute an examination made in accordance with generally accepted auditing standards, the objective of which would result in the expression of an opinion on the truth and fairness of the records and supporting systems.]

S1.3	Description of Test	Byelaw 3 relevant clause(s)	Complies?		
			YES	NO	N/A
a	The accountant should check that he/she is eligible to complete and submit the Accountant's Report Form as set out in Schedule 2.	3.22 & 3.23			
b	Having ascertained from the Member Firm details of all relevant bank or building society accounts operating in connection with his residential letting and management activities – Establish that the banks/building societies used, fall within the relevant definition.	3.1(f) and/or (g)			
c	Establish that the client (bank) accounts fulfil the requirements to be correctly designated and acknowledged.	3.7			
d	Where interest is accruing on client money, confirm that this is being dealt with appropriately.	3.10			
e	Take such random samples as to be satisfied that only appropriate payments have been made into client (bank) accounts and in a timely manner.	3.11 & 3.12			
f	Take such random samples as to be satisfied that only appropriate payments have been made out of client (bank) accounts, including test-checks of the system for calculating and recording fees and disbursement by sampling transactions against supporting documentation.	3.13			
g	Make such test examinations of a sample of client ledger accounts as thought necessary to ascertain whether any such account has gone into debit.	3.13(i)			
h	Obtain a copy of the schedule of signatories and through sampling and/or enquiry be satisfied that only suitably appropriate people have made or authorised, payments.	3.15			
i	Compare a random selection of lodgements into and payments out of client bank accounts (as evidenced by reference to bank and/or building society statements) with entries in the cash book records of receipts and payments.	3.16 & 3.17			
j	Make test-checks of postings to clients' ledger accounts from cash book records of receipts and payments of clients' money and make test-checks on the casts (additions) of such accounts and records.	3.16 & 3.17			

Continued overleaf

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S1.3	Descriptor/Test	Byelaw 3 relevant clause(s)	Complies ?		
			YES	NO	N/A
k	Examine the bookkeeping system to be satisfied that appropriate ledger accounts are kept and are sufficiently detailed.	3.16(d) & (e)			
l	Enquire into, test-check the reasons for, and examine documents in support of any transfers found to have been made from one client ledger account to another – ascertaining that entries and transactions are adequately described or explained.	3.17(II)			
m	Confirm that reconciliations have been carried out within the relevant timeframes and suitable documentation has been both produced and retained.	3.21			
n	Select two reconciliations which shall be at least three months apart, one of which must be the last day of the Firm's accounting year, and at each date test-check their integrity by: - 1. Comparing the sum total of the individual balances due to clients, as shown by the ledger accounts, with the cash book balance on the client (bank) account. 2. Reconciling the sum total of client balances with the balance of funds held according to the client account cash book. 3. Checking the additions of the lists of individual client balances, on both (or more) of the dates selected. 4. Obtain direct confirmation from the bank or building society of the balance on the client (bank) accounts by requesting bank certificates or appropriate confirmation letters in respect of at least one of the dates selected.	3.21			
o	Ascertain by enquiry or investigation whether any unidentified or dormant client funds are held (if none tick N/A) and if so, being dealt with appropriately.	3.37 & 3.38 & 3.39			
p	Ascertain by enquiry or investigation whether the requirements of Byelaw 3 are both readily available to and, understood by, the relevant persons within the Member Firm.	3.3			

S1.4 Where the reporting accountant is not satisfied with any aspects of these tests or enquiries he/she should ask for further information and clarification from the Member Firm arising out of such concerns as is considered necessary in order to complete the Report (Schedule 2), with or without appropriate qualification or explanation.

S1.5 After making his/her examination in accordance with Schedule 1 of Byelaw 3, the reporting accountant should promptly complete the Report form as annexed in Schedule 2 and deliver the original direct to the Member Firm who is responsible for onward transmission to the Association.

PLEASE NOTE

This checklist (Schedule 1), suitably annotated by the accountant, forms part of the documents, which should be provided as part of the Accountant's Report and thus be attached to Schedule 2 upon submission to the Member Firm.