



Law Society of Scotland Accounts Rules – proposed updates

The proposed changes to the Law Society's current Accounts Rules aim to modernise the rules, address identified weaknesses and where possible, simplify requirements while ensuring that we continue to maintain high professional standards. We also want to ensure we provide our members with clarity on what is expected of them in relation to their regulatory requirements.

We have provided a summary of the proposals below along with definitions and a copy of the current Accounts Rules with the proposed amends indicated by tracked changes.

Summary of Accounts Rules Changes

- B6.1.1 – Definition of accounting records improved and modernised to provide a clearer statement of what is required.
- B6.1.1 – Now provides a definition of the true financial position.
- B6.3.1(a) – Introduces a clear requirement for client accounts to be properly named which ensures that such accounts will be accepted as vesting with the Society on the event of a suspension or sequestration.
- B6.3.1(c) – removes the de-minimus of £50 below which client money did not need to be banked promptly in a client account. The revised rule also sets out the exception on prompt lodging of funds into a client account if they are going to be immediately paid out on behalf of the client or to settle a debt to the practice unit.
- B6.5.2&3 – Explicitly allows the removal of non-client money from a client account (eg: surplus funds).
- B6.5.1(a) & (b) – Two new provisions to limit “acting as a bank” risk (Numbering will be corrected in drafted stages).
- B6.7.1(v) – Clarifies that full accounting records must be kept for funds received into a practice unit bank account on behalf of a client.
- B6.7.2 – Changes set out that a practice unit must keep proper accounting records to show the true financial position and to maintain a monthly accounting discipline for practice unit accounting.
- B6.13.2 – Additional requirement allowing Council to set an assessment for Cashroom Managers with a specific requirement set out for new Cashroom Managers. This proposal reflects the concern of the Client Protection Sub-Committee that some Cashroom Managers including some new Cashroom Managers have little knowledge of the accounts rules leading to significant problems at a later stage. This is considered to be a proportionate response to deliver required protection to the profession and public.
- B6.17.1 – Current rule requiring separate accounts certificates to be submitted where a single practice unit practices from more than one location – to be deleted. This is considered to be outdated.
- New rule requiring Multi-National Practices (MNP) based in England/Wales (or elsewhere) to disclose to the LSS relevant content from their Accountants Report to the SRA (or equivalent report if elsewhere).
- B6.18.1 – New definition of what is included within the term “practice information”

- B6.18.4 – The current definition of when an investigation can be authorised includes where a regulated person “may not comply” with Rule 6. Basing this decision on a regulated person’s future conduct was considered to be unreasonable and does not reflect current practice.
- B6.18.10 – References in the current B6.18.10 to a regulated person paying a reinspection charge “if they agree” and proposed for removal as this is not considered to ever be optional.
- B6.18.11 – Expands the definition of the daily rate used to calculate reinspection charges to ensure that the full cost of reinspection is chargeable and to allow a weekly administrative charge to be applied where practice unit’s fail to comply with deadlines for information provision during a reinspection. This applies the “polluter pays” principle to this area and provides a further incentive for engagement in the reinspection process.

Definitions and Interpretation

6.1.1 In this rule 6, unless the context otherwise requires, terms listed in the first column of rule 6.1.1 shall have the meanings respectively ascribed to them in the second column of that rule:

2001 Rules	the Solicitors (Scotland) Accounts, Accounts Certificate, Professional Practice and Guarantee Fund Rules 2001;
accounting period	<p>a) a period not exceeding six months in duration, or a period not exceeding twelve months in duration in the case of a practice unit which has not at any time during that period held clients’ money, the first such period commencing on the expiry of the immediately preceding accounting period (under the 2001 Rules) after the commencement of this rule 6 and each period thereafter commencing on the expiry of the immediately preceding period; or</p> <p>(b) where there is no such immediately preceding accounting period a period not exceeding six months in duration, or a period not exceeding twelve months in duration in the case of a practice unit which has not at any time during that period held clients’ money, the first such period commencing on the date on which Part II of this rule 6 applies to the practice unit or, having ceased to apply, applies again to that practice unit and each period thereafter commencing on the expiry of the immediately preceding period;</p>
accounting records	all documents or permanent records held in any form on a of durable medium to provide a chronological, contemporaneous, complete and accurate audit trail of all and commonly used for book-keeping systems (whether manual, mechanical or computerised), including, without limitation, books and accounts, cash books, ledgers, loose leaf books and cards,

~~bank passbooks, loose leaf bank statements, deposit receipts, vouchers, documents of joint deposit, building society pass books, local authority deposits, statements of account and statements of bank overdrafts or loans whether in the name of a practice unit or in the name of or for a client or clients; dealings (including all receipts, payments, and transfers, accounting adjustments and corrections) as set out in Rule 6.7.1(a) including client ledgers which identify the client's name and provide an appropriate description of the matter to which they relate.~~

~~—all documents or permanent records necessary to provide a chronological, complete and accurate audit trail for all dealings with ~~of~~ any funds received into a practice unit bank account on behalf of a client.~~

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balance its books	to prepare and bring to a balance a trial balance being a schedule or list of balances both debit and credit extracted from the accounts in both practice unit and client ledgers and including the cash and bank balances from the cash book;
bank	the meaning given in sections 35(2) and (2A) of the 1980 Act;
building society	a building society within the meaning of the Building Societies Act 1986;
Certificate	a certificate in such form as the Council may from time to time prescribe and different forms may be prescribed for different circumstances;
client account	a current, deposit, or savings account or other form of account or a deposit receipt at a branch of a bank in the United Kingdom in the name of the practice unit in the title of which the word "client", "trustee", "trust", or other fiduciary term appears and includes an account or a deposit receipt with a bank, a deposit, share or other account with a building society, a current or general account with a building society operating such an account within the bankers automated clearing system or an account showing sums on loan to a local authority being in such cases in name of the practice unit for a client whose name is specified in the title of the account or receipt;
client's money	money (not belonging to them him) received by a regulated person whether as a regulated person or as a trustee in the course of their his practice;

durable medium	any method by which information is stored in a way accessible for future reference for no less than the required retention period and which allows the unchanged reproduction of the information stored by visual record and by immediately available print-out;
holding ledger	a ledger, within the client ledgers, containing details of funds received which are to be held as undelivered, and specifying to whose order those funds are held and for what purpose;
local authority	a council within the meaning of the Local Government etc. (Scotland) Act 1994;
other financial institution	a financial institution as defined in regulation 10(2) of the Money Laundering Regulations, but not including a bank or building society;
print-out	a printed or typewritten copy of any information stored in a durable medium;
required retention period	in relation to rules 6.7, 6.8 and 6.9, a period equal to the remainder of the financial year of the practice unit and a further six financial years of that practice unit;
<u>true financial position</u>	<u>the accurate net financial position of the practice unit at each month end reflecting complete and accurate figures for all material assets and liabilities of the practice unit.</u>

Application of rules

6.2.1 Parts II and III of rule 6 shall not apply to a regulated person who is in any of the employments mentioned in sub-sections (4)(a), (b) and (c) of section 35 of the 1980 Act so far as regards monies received, held or paid by [themhim](#) in the course of that employment.

6.2.2 Parts IV, V and VI of rule 6 shall not apply to such a regulated person as is referred to in rule 6.2.1 so far as regards anything done or omitted to be done by [themhim](#) in the course of that employment.

6.2.3 Subject to rules 6.2.1 and 6.2.2, where any of the provisions of rule 6 are stated to apply to a practice unit:

- (a) they shall also apply to the managers of the practice unit; and
- (b) no regulated person within the practice unit shall cause or knowingly permit the practice unit not to comply with any such provision.

Part II - Accounts Rules

Clients' money to be paid into client account or holding ledger

6.3.1 Subject to the provisions of rule 6.6 every practice unit shall -

(a) Ensure that all client accounts are named in accordance with the definition of a client account at Rule B6.1.1;

(b) ensure that at all times the sum at the credit of the client account, or where there are more such accounts than one, the total of the sums at the credit of those accounts, shall not be less than the total of the clients' money held by the practice unit;

~~(bc) ensure that client money is paid promptly into a client account~~
~~without delay any sum of money exceeding £50 (or such other amount as the Council may~~
~~from time to time prescribe) held for or received from or on behalf of a client; and~~
pay into a client account without delay any sum held or received for or on behalf of a client, unless that
money will be immediately paid out on behalf of that client or unless that money is required
to settle a debt due by that client to the practice unit;

(ed) pay into a client account, and make an entry in a holding ledger in respect of, any electronic transfer of funds received from or pursuant to instructions of a third party, that is required by that third party or pursuant to instructions received on behalf of that third party to be held as undelivered pending settlement of a transaction.

6.3.2 Where money is held by the practice unit in a client account in which the name of the client is specified and where no money is due to that client by the practice unit or the amount due is less than the amount in the specified client account, the sum in that account or, as the case may be, the excess, shall not be treated as clients' money for the purposes of rule 6.3.1(a).

6.3.3 Nothing contained in rule 6.3 shall:

(a) empower a practice unit, without the express written authority of the client, to deposit any money held by the practice unit for that client with a bank or on share, deposit or other account with a building Society or on loan account with a local authority in the name of the practice unit for that client, except on such terms as will enable the amount of the share or deposit or loan or any part thereof to be uplifted or withdrawn on notice not exceeding one calendar month;

(b) relieve a practice unit of its responsibilities to the client to ensure that all sums belonging to that client and held in a client account in terms of rule 6 are available when required for that client or for that client's purpose; and

(c) preclude the overdrawing by a practice unit of a client account in which the name of the client for whom it is held is specified where that client has given written authority to overdraw, and an overdraft on such account shall not be taken into account to ensure compliance with rule 6.3.1(a).

Duty to rectify breaches

6.4.1 A practice unit shall remedy any breach of rule 6 promptly upon discovery and shall, without limitation, replace any money improperly withheld or withdrawn from a client account.

Drawings from client account

6.5.1 So long as money belonging to one client is not withdrawn without ~~his~~their written authority for the purpose of meeting a payment to or on behalf of another client, there may be drawn from a client account:

(a) money required for payment to or on behalf of a client;

(b) money required for or to account of payment of a debt due to the practice unit by a client or in or to account of repayment of money expended by the practice unit on behalf of a client;

(c) money drawn on a client's authority (including complying with lender instructions where the lender is a client);

(d) money properly required for or to account of payment of the practice unit's professional account against a client which has been debited to the ledger account of the client in the practice unit books and where a copy of said account has been rendered;

(e) money for transfer to a separate client account kept or to be kept for the client only; and

(f) any fee taken as permitted by rule 6.11₁;

(g) any money which is not client's money.

6.5.21(a) Drawings from a client account on behalf of a client or/on a client's authority must be in respect of, or for the purposes of, the legal services provided by you to the client; payable to a party connected to the legal service provided.

6.5.31(b) A practice unit must not allow any manager or employee of that practice unit, or any person closely connected to any such manager or employee, to utilise, as a personal banking facility, a client account held by the practice unit. A practice unit will not allow any a regulated person, any close connection of a regulated person or any practice unit employee or any employee of such regulated person to utilise a client account held by the practice unit, as a personal banking facility.

6.5.52 Where money drawn from a client account by cheque is payable to a person's account with any bank, building Society or other financial institution, the cash book and ledger entries relating thereto and said cheque shall include the name of the person whose account is to be credited with the payment.

Exceptions from Rule 6.3

6.6.1 Notwithstanding any of the provisions of this Part of rule 6, a practice unit shall not be obliged to pay into a client account, but shall be required to record in its accounting records, client's' money:

- (a) in the form of cash which is without delay paid in cash to the client or a third party on the client's behalf;
- (b) in the form of a cheque or draft or other bill of exchange which is endorsed over to the client or to a third party on the client's behalf and which is not passed by the practice unit through a bank account;
- (c) which it pays without delay into a separate bank, building Society or local authority deposit account opened or to be opened in name of the client or of some person named by the client;
- (d) which the client for theirhis own convenience has requested the practice unit in writing to withhold from such account;
- (e) for or to account of payment of a debt due to the practice unit from the client or in repayment in whole or in part of money expended by the practice unit on behalf of the client;
- (f) expressly on account of a professional account incurred to the practice unit by the client, or as an agreed fee or to account of an agreed fee for business done by the practice unit for the client where a copy of said account has been rendered; or
- (g) in the form of a third-party cheque to be passed on by the practice unit.

Accounts required to be kept in books of practice unit

6.7.1 A practice unit shall at all times keep properly written up such accounting records as are necessary:

- (a) to show all its dealings -with -
 - (i) clients' money;
 - (ii) any other money dealt with by it through a client account;
 - (iii) any bank overdrafts or loans procured by it in its own name for behoof of a client or clients; and
 - (iv) any other money held by the practice unit in a separate account in the title of which the client's name is specified;
- (v) any funds received into a practice unit bank account on behalf of a client;

and

(b)

- (i) to show separately in respect of each client all money of the categories specified in subparagraph (a) which is received, held or paid by it on account of that client; and
- (ii) to distinguish all money of the said categories received, held or paid by it from any other money received, held or paid by it.

~~6.7.2 All dealings referred to in rule 6.7.1 shall be recorded: (a) in a clients' cash book, or a clients' column of a cash book, or~~

~~(b) in a record of sums transferred from the ledger account of one client to that of another, as may be appropriate, and in addition in a clients' ledger or a clients' column of a ledger.~~

~~6.7.23 Every practice unit shall (a) 6.7.3 Every practice unit shall:~~

~~(a) at all times keep properly written up such accounting records as are necessary to show the true financial position of the practice unit; and (b) keep properly written up such accounting records as are necessary to show the true financial position of the practice unit; and~~

~~(b) balance its books monthly and on the last day of each accounting period (a) balance its books monthly and on the last day of each accounting period.~~

6.7.34 A practice unit shall retain, for at least the required retention period from the date of the last entry therein, all accounting records required to be kept by it under rule 6.7.

6.7.45 A practice unit shall:

- (a) retain paid cheques;
- (b) retain a digital image of the front and back of each cheque supplied by the relevant bank or building Society; or
- (c) have in place an arrangement with the relevant bank or building Society for the production, promptly upon request, of a digital image of the front and back of each cheque so requested;

in each case for at least the required retention period from the date of the cheque.

Client bank statements to be regularly reconciled

6.8.1 Every practice unit shall within one month of the coming into force of rule 6 or of its commencing practice, and thereafter at intervals not exceeding one month, cause the balance between the client bank lodged and drawn columns of its cash book or the balance of its client bank ledger account as the case may be to be agreed with its client bank statements and shall retain such reconciliation statements showing this agreement for at least the required retention period from the dates they were respectively carried out.

6.8.2 On the same date or dates specified in rule 6.8.1 every practice unit shall extract from its clients' ledger a list of balances due by it to clients and prepare a statement comparing the total of the said balances with the reconciled balance in the client bank account and retain such lists of balances and statements for at least the required retention period from the dates they were respectively carried out.

Client funds invested in specified accounts

6.9.1 Every practice unit shall within three months of the coming into force of rule 6 or of its commencing practice, and thereafter at intervals not exceeding three months and coinciding with the date of a reconciliation in terms of rule 6.8, cause the balance between the client deposited and withdrawn columns of its cash book or the balance on its client invested funds ledger account as the case may be to be agreed with its client passbooks, building Society printouts, special deposit accounts, local authority deposits, joint deposits or other statements or certificates and shall retain such reconciliation statements showing this agreement for at least the required retention period from the dates they were respectively carried out.

6.9.2 On the same date or dates specified in rule 6.9.1 every practice unit shall extract from its client ledger a list of funds invested by it in its name for specified clients and prepare a statement comparing the total of the said balances with the reconciled investment funds and retain such lists of balances and statements for at least the required retention period from the dates they were respectively carried out.

Interest to be earned for a client

6.10.1 Where a practice unit holds money for or on account of a client and, having regard to the amount of such money and the length of time for which it or any part of it is likely to be held, it is reasonable that interest should be earned for the client, the practice unit shall as soon as practicable place such money or, as the case may be, such part thereof, in a separate interest bearing client account in the title of which the client's name is specified and shall account to the client for any interest earned thereon, failing which the practice unit shall pay to the client out of its own money a sum equivalent to the interest which would have accrued for the benefit of the client if the sum it ought to have placed in such an interest bearing client account under rule 6.10 had been so placed.

6.10.2 Notwithstanding rule 6.10.1, interest shall not require to be earned for a client where the amount of interest which could be earned would be likely to be less than such amount as the Council may from time to time prescribe.

6.10.3 Nothing in rule 6.10 shall affect any arrangement in writing, whenever made, between a practice unit and its client as to the application of a client's money or interest thereon provided such arrangement was made prior to the said application.

6.10.4 For the purposes of rule 6.10 only, money held by a practice unit for or on account of a client:

- (a) for the purpose of paying stamp duty, recording dues or other outlays on behalf of the client; or
 - (b) for or to account of the practice unit professional account where said account has been rendered,
- shall not be regarded as clients' money.

Client balances held after the conclusion of a matter

6.11.1 Subject to the provisions of rule 6.11, a practice unit shall:

- (a) return money held for or on account of a client promptly as soon as there is no longer any reason to retain that money; and
- (b) promptly pay to a client any money received for or on account of that client after a practice unit has already accounted to that client.

6.11.2 Rule 6.11.1 shall not apply to any matter in respect of which a practice unit acted for a client, which concluded or substantially concluded prior to the coming into operation of this rule 6, until 31 October 2013.

6.11.3 Notwithstanding rule 6.11.1, if a practice unit no longer has an up-to-date address or other contact details for a client and the balance held for or on account of that client is equal to or more than £10 (or such other amount as the Council may from time to time prescribe) ("the prescribed minimum") and less than £50 (or such other amount as the Council may from time to time prescribe) ("the prescribed maximum"), the practice unit may either remit the balance to the Office of the Queen's and Lord Treasurer's Remembrancer or to a registered charity of the practice unit choice. A practice unit may not take any fee from the balance.

6.11.4 If the balance held for or on account of a client is equal to or more than the prescribed maximum, a practice unit shall use reasonable endeavours, having regard to the actual amount of money held, to trace the client. A practice unit may charge a reasonable fee for work undertaken to trace the client.

6.11.5 Notwithstanding rule 6.11.1, if, having used reasonable endeavours in terms of rule 6.11.4, a practice unit cannot trace the client, the practice unit shall remit the balance held for or on account of that client (after deducting any fee as permitted by paragraph (4)) to the Office of the Queen's and Lord Treasurer's Remembrancer.

~~The QLTR form required by practice units dealing with cash balances held after the conclusion of a matter where the client or owner can no longer be traced or the balance is now considered to be abandoned can be downloaded here~~

6.11.6 A practice unit who remits a balance in terms of rule 6.11.5 shall maintain a record of the action taken by or on behalf of the practice unit to trace the client.

6.11.7 Notwithstanding rule 6.11.1, whether or not a practice unit has an up-to-date address or other contact details for a client, and where the balance held for or on account of that client is less than the prescribed minimum, the practice unit may take that balance to a fee and may aggregate that balance with other balances which are less than the prescribed minimum in a single fee, provided that such single fee includes a list of each of the balances and related clients which are included.

Duty not to act dishonestly

6.12.1 A regulated person shall not act, or omit to act, in a manner which is dishonest, reckless or intentionally misleading in respect of:

- (a) the writing up of accounting records in respect of clients' money or of [their](#) practice;
- (b) balancing [their](#) books; or
- (c) the financial affairs of [their](#) clients or of [their](#) practice.

Cashroom Manager

6.13.1 Within one month of the coming into force of rule 6 or of its commencing practice on its own account every practice unit shall designate one or more of its managers as Cashroom Manager. A Cashroom Manager will be responsible for the supervision of the staff and systems employed by the practice unit to implement the provisions of rule 6 and for securing compliance by the practice unit with the provisions of rule 6. In the case of a sole practitioner, the sole practitioner shall be the Cashroom Manager.

~~6.13.2 A Cashroom Manager shall use reasonable endeavours to acquire and maintain the skills necessary to discharge his responsibilities throughout the period during which he is so designated.~~

6.13.2 – A Cashroom Manager shall:

- (a) use reasonable endeavours to acquire and maintain the skills necessary to discharge their responsibilities throughout the period during which they are so designated;
- (b) as required by the Council, complete an assessment approved by the Council of their knowledge of Rule B6. The results of such assessments will be utilised by the Council to assess risk of non-compliance and to prioritise inspection and other regulatory activity;
- (c) within 12 months of appointment as Cashroom Manager of a new or existing practice unit, complete the assessment of their knowledge of the accounts rules as required by the Council in terms of rule B6.13.2 (b).

6.13.3 A Cashroom Manager shall:

- (a) use reasonable endeavours to advance and maintain the competence of all officers and employees of the practice unit;
- (b) adequately supervise or arrange for the adequate supervision of all such officers and employees; and
- (c) adequately train or arrange for the adequate training of all such officers and employees; in each case so far as the duties of such officers and employees involve compliance with rule

6. Savings of right of regulated person against client

6.14.1 Nothing in rule 6 shall deprive a regulated person of or prejudice ~~them~~ with reference to any recourse or right in law, whether by way of lien, set-off, counter-claim, charge or otherwise, against monies standing to the credit of a client account or against monies due to a client by a third party.

Part III - Accounts Certificate

Obligation to deliver a Certificate

6.15.1 A practice unit shall deliver to the Council within one calendar month (or within such other period as the Council may prescribe) of the completion of each accounting period a Certificate in respect of that accounting period.

6.15.2 The Council shall be entitled to use the information contained in the Certificate to monitor compliance by the practice unit with rule 6, and to assess levels of risk in order to allow the Society effectively to target its regulatory activity. The Council may request a practice unit to provide a Certificate on a more frequent basis than provided for in terms of rule 6.15.1, and/or a Certificate containing more or less detailed information, according to its assessment of that practice unit's risk profile.

6.15.3 The Council may, in any case on cause satisfactory to it being shown, extend the period within which a Certificate is required to be delivered, but such extension shall in no case exceed three months from the date on which the Certificate should have been delivered.

6.15.4 If a practice unit fails to deliver a Certificate by the expiry of any extension period under rule 6.15.3 the Council will determine whether further action is to be taken against the practice unit or its managers in respect of such failure.

Who may sign a Certificate

6.16.1 Subject to rule 6.16.2 all sections of a Certificate required under rule 6 must be signed by two managers, one of whom must be a current Cashroom Manager.

6.16.2 A sole practitioner must sign all sections of the Certificate.

~~Where a practice unit practises in two or more places~~

~~6.17.1 In the case of a practice unit which has two or more places of business and where separate books and accounts are maintained for each such place of business a separate Certificate shall be submitted in respect of each such place of business. In any such case the client account balance shall be struck on the same date in respect of each place of~~

~~business.~~

~~Multi-National Practices [registered in England & Wales]~~

~~6.17 The Cashroom Manager of a multi-national practice which is registered in England & Wales will be responsible for ensuring that any matters raised in a Qualified Accountant's Report submitted to the Solicitors Regulation Authority (SRA) (or any such equivalent report as may be required by any alternative approved regulator which regulates that multi-national practice) are reported to the Council where matters raised in that report concern:~~

~~(a) systemic or significant breaches of the SRA Accounts Rules (or, where applicable, the rules of any alternative approved regulator which regulates that multi-national practice) within the multi-national practice;~~

~~(b) the conduct of Solicitors regarding failures to comply with the SRA Accounts Rules (or, where applicable, the rules of any alternative approved regulator which regulates that multi-national practice));~~

~~(c) failures to comply with the SRA Accounts Rules (or, where applicable, the rules of any alternative approved regulator which regulates that multi-national practice) which are specific to the Scottish offices of the multi-national practice.~~

~~6.— The Cashroom Manager of a mMulti-nNational pPractice unit [registered in England & Wales] will be responsible for ensuring that any matters raised in a Qualified Accountant's Report submitted to the Solicitors Regulation Authority (SRA) are reported to the Council where matters raised in that report concern:~~

~~—systemic or significant breaches of the SRA Accounts Rules within the Mmulti-nNational pPractice~~

~~—the conduct of members of the Law Society of Scotland [regulated persons/solicitors (as per definitions in the rules solicitors would be those on the roll in Scotland — 'regulated persons' would be wider than that as would catch RFLs etc)] regarding failures to comply with the SRA Accounts Rules~~

~~—failures to comply with the SRA Accounts Rules which are specific to the Scottish offices of the mMulti-nNational pPractice.~~

Part IV - Inspections and Investigations

Inspections and investigations on behalf of Council

6.18.1 In rule 6.18, unless the context otherwise requires, "practice information" means accounting records and any other documents, records, correspondence and any information required by Council to enable the assessment of compliance with these rules, risk to client's money, the completion of an investigation concerning the conduct of a regulated person's practice, and information demonstrating the true financial position of the practice unit.

6.18.2 The Council may carry out two types of investigation in terms of rule 6.18, namely:

- (a) a routine investigation, referred to in rule 6.18.3 as an inspection; and
- (b) a non-routine investigation, referred to in rule 6.18.4 as an investigation.

6.18.3 For the purposes of enabling:

- (a) the Council to ascertain whether or not rule 6 is being complied with;
- (b) Not used
- (c) the Council to protect the Guarantee Fund;
- (d) the Council to promote high standards of financial compliance by the profession; and
- (e) the Society to assist the profession,

the Council may, by giving notice, require any regulated person to produce practice information for the inspection of a person authorised by the Council and at a date, time and

place to be fixed by the Council. If the place fixed by the Council for the inspection requires the transfer to that place of practice information in physical form, the Council shall, on such conditions as to the cost and distance of such transfer as it may from time to time prescribe, pay the reasonable expenses incurred by the regulated person in respect of such transfer.

6.18.4 If at any time there is a reasonable apprehension on the part of the Council:

(a) that a regulated person has not complied with or, is not complying with ~~or may not comply with~~ rule 6, ~~or~~

(b) that the practice of the regulated person has been, is being or may be being carried on in such a manner as may put at risk the interests of the public or the interests of the profession, the Council may authorise a person to conduct such investigation of the regulated person and their practice as the Council may consider appropriate. The Council shall give notice of its authorisation of such a person to conduct such investigation and of the date, time and place of such investigation.

6.18.5 The Council may, in any case on cause satisfactory to it being shown, extend the period within which a regulated person may produce practice information as required by a person authorised by the Council under rule 6.18.3 or 6.18.4, but such extension shall in no case exceed three months from the date on which practice information should have been produced.

6.18.6 If a regulated person fails to produce practice information prior to the expiry of any extension period under rule 6.18.5, the Council will determine whether further action is to be taken against the regulated person in respect of such failure.

6.18.7 A regulated person shall provide a person authorised by the Council under rule 6.18.3 or 6.18.4 reasonable co-operation in the conduct of that person's inspection or investigation (as the case may be) including, without prejudice to the foregoing generality, the production of practice information as such person may reasonably require and, in the case of an investigation, the granting of authorisation (including by way of mandate) to contact clients or third parties for the production by such clients or third parties of documents, records and other information as such person may reasonably require.

6.18.8 Any person authorised by the Council under rule 6.18.3 shall report to the Council on the result of their inspection to the extent they considers it necessary to do so. Any person authorised by the Council under rule 6.18.4 shall report to the Council on the result of their investigation.

6.18.9 Where, following an inspection of practice information in terms of rule 6.18.3 or an investigation in terms of paragraph 6.18.4, or following any further inspection or investigation in terms of this paragraph, it appears to the Council that the regulated person has not complied with rule 6 or that the practice of the regulated person has been or is being carried on in such a manner as may put at risk the interests of the public or the interests of the profession, the Council may by giving notice instruct a further inspection of the practice information of the regulated person or a further investigation.

6.18.10 If the Council instructs a further inspection of the practice information of the regulated person or a further investigation under rule 6.18.9, the Council may by giving notice, require the regulated person to pay, ~~or may agree with the regulated person that he will pay,~~ the reasonable costs of any such further inspection or investigation, provided always that such notice is given to the regulated person, ~~or such agreement is reached with the regulated person, not more than twelve months after the date of the immediately preceding inspection or investigation.~~

6.18.11 The costs referred to in rule 6.18.10 shall be determined by reference to a daily rate which shall be prescribed by the Council from time to time (to be applied to every day of staff time and part thereof utilised on all aspects of an inspection or investigation to the point of completion) and a weekly administrative charge to be applied for every complete week beyond the date set by Council for provision of practice information or beyond an authorised extension deadline. The daily rate and the weekly administrative charge will be prescribed by Council from time to time. - The amount of any such costs shall be intimated by the Secretary to the regulated person following such further inspection or investigation.

6.18.12 It shall be the duty of a regulated person upon whom a notice in terms of rule 6.18.10 has been served, or with whom an agreement in terms of rule 6.18.10 has been reached, to make payment of the amount of costs intimated in terms of rule 6.18.11. The regulated person shall make such payment in accordance with the payment terms stated in the invoice issued by the Society in respect of such costs.

6.18.13 Any sum paid by a regulated person in terms of rule 6.18.12 shall accrue to the Society.

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July 2022