



ARLA

Association of
Residential Letting Agents

**The Accountants Report Required by NFOPP Regulation
To be supplied annually by Members of ARLA**



SCHEDULE 1

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's Firm. The purpose of this Schedule is to set out the basis and parameters upon which the Accountant's Report required by the Federation 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's 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 Federation's Accounting Rule of which this Schedule forms part.

S1.3 Descriptor / Test		ARLA Accounting Bye-Law 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's 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			

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: - <ol style="list-style-type: none"> 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 and if so, being dealt with appropriately.	3.37 & 3.38 & 3.39			
p	Ascertain by enquiry or investigation whether the requirements of The Accounting Rule are both readily available to and, understood by, the relevant persons within the Member's 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's 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 The Accounting Rule, the reporting accountant should promptly complete the Report form as annexed in Schedule 2 and deliver the original direct to the Member's Firm who is responsible for onward transmission to the Federation.

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's Firm.

Schedule 2

*Please insert
Member's Firm's Name
& Head Office Address*

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Accounting period covered by this Report: - [maximum 12 months]

Beginning

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Ending

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I / We have examined the books, accounts and documents produced, relating to the above-named Member Firm to the extent required by the Federation 's Accounting Rule as evidenced by the check-list (Schedule 1) which forms part of this Report.

I / We understand that the National Federation of Property Professionals will rely on this Report.

1. In so far as an opinion can be based on this limited examination,

A. I am / We are **satisfied** that during the above-mentioned accounting period, the Member's Firm listed above has complied with the provisions of the Federation's, Accounting Rule other than in respect of certain trivial breaches due to clerical errors or mistakes in book-keeping^z (see page 6 Part 2), all of which were rectified on discovery and none of which, I am/we are satisfied, resulted in any loss to any client;

Or,

B. I am / We are **not satisfied** that during the above-mentioned accounting period the Member Firm listed above has complied with the provisions or requirements of the NFOPP's Accounting Rule, because of:

(i) The matters set out in Part 1, page 6 of this Report schedule in respect of which, I/we have been unable to satisfy myself/ourselves for the reasons stated therein;

(ii) The matters set out in Part 2, page 6 of this Report schedule in respect of which it appears that the Member Firm has not complied for the reasons stated therein;

2.

I / We confirm that the original of this Accountant's Report (including a copy of the Schedule 1 check-list suitably annotated) has been sent by me/us to the following person: -

Insert the name here, in capital letters

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as a principal, partner or director of the relevant Member's Firm, (on behalf of all the partners or directors etc.)

3.

The results of the two comparisons required under section S1.3 (n) of the accountant’s check-list (Schedule 1) at the dates selected by me/us (which are at least three months apart and one of which is the last day of the Firm’s accounting year) were as follows: -

Reconciliation date (1) As at

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Please insert relevant figures

Total liability to clients as shown by clients’ ledger accounts £ _____ (a)

Cash held in client bank account(s) after allowance for outstanding cheques and lodgements cleared after date £ _____ (b)

[Difference = (a) minus (b)] £

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The reason for any difference is stated in Part 2, page 6 of this Report schedule

Reconciliation date (2) As at

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Please insert relevant figures

Total liability to clients as shown by clients’ ledger accounts £ _____ (a)

Cash held in client bank account(s) after allowance for outstanding cheques and lodgements cleared after date £ _____ (b)

[Difference = (a) minus (b)] £

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The reason for any difference is stated in Part 2, page 6 of this Report schedule

I / We certify that all tenancy deposits held by the company are included in these reconciliation figures.

If any deposits are held by a third party, it is named below:

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4.

Particulars of the Accountant	Full Name		
	Qualifications		
	Name of Firm		
Note: Please complete in Block Capitals	Address 1		
	Address 2		
	Address 3	Post Code	

I / We confirm that I am/we are eligible and qualified in accordance with the Federation’s Accounting Rule clause 3.23. I / We understand that NFoPP will rely on this report.

Signature: -

Date:

This Report may be signed in the name of the firm of accountants of which the accountant is a Partner or employee provided that the particulars of the accountant who prepared the Report are also specified.

DETAILS OF NON-COMPLIANCE

5.

Part 1

Matters on which the accountant has been unable to satisfy him/herself for the reasons stated: -

Part 2

Matters in respect of which it appears to the accountant that the Member's Firm has not complied with The Accounting Rule for the reasons stated: -

In the case of trivial breaches due to clerical errors or mistakes in bookkeeping, if a difference is noted in section 3 of this Report an explanation still needs to be given for the reason for the difference.