



- Legal only advice retainers – put simply, where a firm’s engagement with a client is purely to give advice to a client, there is little justification for the firm to be asked to handle client money. The SRA example is based on a firm providing specialist SDLT advice and then being asked to deal with the physical payment of the tax.

- Divorce matters – another common area of confusion for law firm finance teams arises on divorce cases and, specifically, what to do with funds when things grind to a halt. The SRA makes it clear that, where there is client money held but it can only be distributed with joint instructions, then holding onto that money – even for a long period of time – is not a breach of the rules while the matter is still technically ongoing. Furthermore, if some of those retained funds need to be paid out to a third party, in this case settling a backlog of school fees for a child, then there’s no problem, even when that could be considered ancillary to the legal matter.
- Conveyancing matters – the final point we want to highlight is the common issue where firms end up holding on to money at the end of a conveyancing matter, subject to a developer dealing with a snagging list, or the local authority adopting a road.

Readers will be happy to note that these scenarios will not be viewed as a breach of the rules, hopefully bringing to an end a lot of debate between COFAs and Reporting Accountants.

The updated list of case studies can be found at: <https://www.sra.org.uk/sra/news/press/banking-facilities-ban-case-studies>

Finally, we have had a number of queries into the ILFM with regards to receiving cash from clients (as opposed to cheques or bank transfers). The first thing to understand is that cash is not automatically bad, although can potentially carry higher risk from an anti-money laundering perspective. It is perfectly fine for firms to accept a little cash. That said, it is important that the firm has a policy about whether it will accept cash; and if so, up to what amount. This should feature in a firm’s office manual and terms of business, and firms should ensure all staff are aware.

The importance of accounts induction training in law firms

ILFM member Subha Sabeshan shares her tips on ensuring new members of staff receive a solid understanding of the firm’s policies and procedures

Anyone working in a law firm must have a good knowledge and understanding of the SRA Accounts Rules. I have been training new employees in my firm for many years and I want to share why induction training in accounts is important to law firms. The purpose of induction training in accounts is to ensure new employees have a solid foundation knowledge of the SRA Accounts Rules, which will help them understand their firm’s procedures and regulations.

The new SRA Accounts Rules were introduced in 2019 and obliged firms to maintain an account handbook. It is the firms’ responsibility to introduce newcomers to the that handbook, which induction training in accounts will achieve.

Being responsible for providing this training in my firm has proved to be an excellent opportunity for me to meet new faces and for the newcomers to become familiar with the company and its finance team. It also gives us an opportunity to show how our accounting system and our finance team work before the new employees start work.

Every firm uses a different accounting system and newcomers tend to feel uneasy about starting work if they are unfamiliar with it. It is also a challenge for new employees to learn the new approach to performing their job. The induction will alleviate the fear and make them feel welcome, so they are comfortable in the new environment. It will also help them become familiar with the new office and their work colleagues.

The finance team plays a significant role within a firm, so it is good to present an overview of the finance team and its accounting procedures. The finance department has deadlines and cut-off times at the bank, so it is important to mention them when staff start their employment to ensure the office runs smoothly.

It is essential to be clear with newcomers right at the start about breaches and to explain how to follow internal procedures. It is also a good idea to have a confidential follow-up session a month later to ensure they are settling in.



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