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## SIP 11 ANNUAL REVIEW OF FINANCIAL CONTROLS AND SAFEGUARDS

Updated: May 2024

### 1.0 FOR ALL ACCOUNTS

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  | **Y** | **N** | **N/A** | **Comments** |
| 1.1 | Do you hold separate estate accounts for all insolvency appointments, other than those where you are required to pay funds into the Insolvency Services Account? *See section 2.0* | [ ]  | [ ]  | [ ]  |  |
| 1.2 | Does the firm maintain a separate clients’ money account? *See section 3.0.* | [ ]  | [ ]  | [ ]  |  |
| 1.3 | Is the firm’s own office account held separately to any estate or client account, and does it only contain money belonging to the office holder or an entity for which you are working? *See section 4.0.* |[ ] [ ] [ ]   |

**2.0 ESTATE ACCOUNTS FOR INSOLVENCY APPOINTMENTS**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  | **Y** | **N** | **N/A** | **Comments** |
| 2.1 | Is all money deriving from the realisation of an asset, income or trading receipt of the insolvent estate received by you as office holder paid into an estate account?  | [ ]  | [ ]  | [ ]  |  |
| 2.2 | Is estate money held in an account(s) which meet the following criteria:* All funds standing to the credit of an estate are held as estate money and must be readily identifiable to that estate;
 | [ ] [ ]  | [ ] [ ]  | [ ]  [ ]  |  |
|  | * The account provider must not be entitled to combine estate money with other funds or exercise any right to set off or counterclaim against any individual estate in respect of any money owed to it by any other individual estate, or for any other reason;
 |[ ] [ ] [ ]   |
|  | * Interest payable on estate money must be credited to the estate by which it was earned;
 |[ ] [ ] [ ]   |
|  | * The account provider must describe estate accounts in its records to make it clear that the funds held do not belong to the office holder or an entity in which they are working.
 |[ ] [ ] [ ]   |
| \* although not explicitly covered in SIP 11, we are aware that some IPs use a clients’ money type account for their estate accounts. Where this is the case, you should ensure that there are virtual sub-accounts for each estate so that funds for each individual estate are segregated within the banking system. You should also ensure that there are systems in place to ensure that funds are properly allocated to the relevant estate account on a timely basis and that all aspects of the accounts are regularly reconciled. |

**3.0 CLIENTS’ MONEY ACCOUNTS**

ICAEW’s Client Money Regulations apply to a member firm and a firm with a Practice Assurance contract. If your firm is a non-member firm but you are a principal of the firm and an ICAEW member, then in accordance with Reg 29 you are responsible for any breach of the regulations and so the firm is effectively bound by the Clients’ Money Regulations.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  | **Y** | **N** | **N/A** | **Comments** |
| 3.1 | Have adequate procedures been established to identify and account for all clients’ money received? | [ ]  | [ ]  | [ ]  |  |
| 3.2 | Are the bank accounts in the name of the firm? |[ ] [ ] [ ]   |
| 3.3 | Do they include the word ‘client’ in the title? |[ ] [ ] [ ]   |
| 3.4 | Has the bank acknowledged in writing that:* the money is held as clients’ money?
 | [ ]  | [ ]  | [ ]  |  |
|  | * the bank may not combine, exercise a right of set off or counterclaim against the account?
 |[ ] [ ] [ ]   |
|  | * interest must be credited to the account?
* it is clear that the money does not belong to the firm?
 |[ ] [ ] [ ]   |
| 3.5 | Have you completed an annual clients’ money regulations compliance review? [Helpsheet](https://www.icaew.com/technical/tas-helpsheets/practice/clients-money-regulations-compliance-review-checklist) |[ ] [ ] [ ]   |
| 3.6 | Has any estate money that needed to be cleared through the clients’ money account been paid into the estate to which it relates as soon as reasonably practicable? |[ ] [ ] [ ]   |
| 3.7 | Do you have processes in place to ensure that monies that include a deposit on your fees are not received into your clients’ money account?*Funds received pre-appointment that relate to a deposit on your fees are not client monies and shouldn’t be paid into the clients’ money account (Reg 5).*  |[ ] [ ] [ ]   |

**4.0 REVIEW OF OFFICE, ESTATE, CLIENT AND ANY OTHER ACCOUNTS**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  | **Y** | **N** | **N** | **Comments** |
| 4.1 | Have all accounts been reviewed to ensure that: | [ ]  | [ ]  | [ ]  |  |
| a) | Estate and clients’ money have at no time been banked in non-estate or non-client accounts? |[ ] [ ] [ ]   |
| b) | Estate and clients’ money is deposited in interest-bearing bank accounts where necessary? |[ ] [ ] [ ]   |
| c) | Estate and clients’ money accounts have only been handled for their proper purpose? |[ ] [ ] [ ]   |

**5.0 FINANCIAL CONTROLS AND SAFEGUARDS**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  | **Y** | **N** | **N/A** | **Comments** |
| 5.1 | Have you fully documented and reviewed your financial controls and safeguards, to include consideration of levels of insurance cover, at least annually if not more frequently? | [ ]  | [ ]  | [ ]  |  |
| 5.2 | As a minimum, do your financial controls and safeguards include procedures to ensure that:* transactional processing is conducted in a timely manner;
 | [ ]  | [ ]  | [ ]  |  |
|  | * solicitors and agents holding estate money account for those funds in a timely manner;
 |[ ] [ ] [ ]   |
|  | * only appropriate persons within the entity are allowed to conduct transactions;
 |[ ] [ ] [ ]   |
|  | * there is adequate supervision of personnel with access to funds;
 |[ ] [ ] [ ]   |
|  | * the size of transactions that can be processed by different grade of staff is limited, if appropriate;
 |[ ] [ ] [ ]   |
|  | * there are secure and robust authorisation procedures within the entity;
 |[ ] [ ] [ ]   |
|  | * regular reconciliations of estate and client accounts are conducted;
 |[ ] [ ] [ ]   |
|  | * you are conducting periodic risk assessments of transactional processes within the entity; and
 |[ ] [ ] [ ]   |
|  | * joint signatories or joint authorisation is required, if appropriate.
 |[ ] [ ] [ ]   |
| 5.3 | Do your financial controls and safeguards continue to be relevant and proportionate giving consideration to:* the number of estates being administered;
 | [ ]  | [ ]  | [ ]  |  |
|  | * the quantum of funds held (individually or cumulatively);
 |[ ] [ ] [ ]   |
|  | * the number of transactions processed; and
 |[ ] [ ] [ ]   |
|  | * the structure and ownership of the firm

You should consider any changes to the number and types of appointments, the total value of funds held and any changes to staff during the review process. |[ ] [ ] [ ]   |
| 5.4 | If your answer to any part of 5.3 is no, have you updated your documented financial controls and safeguards, and your processes, accordingly? |[ ] [ ] [ ]   |

**6.0 SOLE PRACTITIONERS AND OTHER PRACTICES WHOLLY OWNED OR CONTROLLED BY A SINGLE MEMBER**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  | **Y** | **N** | **N/A** | **Comments** |
| 6.1 | Has the firm made alternate arrangements to ensure that estate and clients’ money can be dealt with in the event of the sole practitioner’s incapacity or death? |[ ] [ ] [ ]   |
| 6.2 | Have the alternate arrangements been confirmed as up to date? |[ ] [ ] [ ]   |
| 6.3 | Has ICAEW been advised of the alternate’s details? |[ ] [ ] [ ]   |

**7.0 COLD FILE TESTING**

Paragraph 9(h) of SIP 11 requires a periodic risk assessment of transactional processes within the entity. You should therefore select a sample of case files to test that your financial controls and safeguards are working. This is to ensure the creditors and other interested parties can be confident that funds are held appropriately and securely, and that their interests are adequately protected.

You may want to use the following helpsheets to assist you with conducting your cold file testing, and to document your cold file review strategy:

* [Financial controls for an insolvency practice helpsheet](https://www.icaew.com/-/media/corporate/files/technical/insolvency/regulations-and-standards/annual-return-and-monitoring/financial-controls-for-an-insolvency-practice-helpsheet.ashx)
* [Eligibility and cold file review strategy helpsheet](https://www.icaew.com/regulation/insolvency/support-for-insolvency-practitioners/insolvency-compliance-review-helpsheets)

**8.0 DOCUMENT YOUR COLD FILE REVIEWS BELOW *(ADD OR DELETE LINE(S) AS REQUIRED)***

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Case name** | **Case type** | **Appointee**  | **Date of appointment – Date of closure (if applicable)** | **Outcome of review** |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |

**9.0 ACTIONS TAKEN**

|  |  |  |
| --- | --- | --- |
| Matter arising | Action required | Taken by Initials/date |
|  |  |  |

**Review completed and appropriate action taken**

Signed Reviewer

Date Click or tap to enter a date.