

# Trust Report

## Accountant's Report

The Law Society  
of British Columbia



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*Law Society Rule 3-72 requires practising lawyers to complete an annual Trust Report. Per Law Society Rule 3-48(2), one form may be submitted for a multi-lawyer practice provided that all the trust activities of each lawyer in the practice is included within the scope of this report.*

***Before proceeding, please review the Filing Instructions. On a section-by-section basis, it contains the necessary information to complete this form.***

*The report, together with the completed schedules, must be submitted to the Law Society within 3 months of the reporting period end.*

***The law firm is required to complete Sections A and B; Section C must be completed by a qualified external Accountant.***

*The final step is the Undertaking and Certification to be signed by 2 lawyers who are signatories to the trust account(s) maintained by the practice.*

## **SECTION A – DESCRIPTION OF PRACTICE**

*This section must be completed by every practising lawyer or on behalf of all practising lawyers of the law practice. Some of the following questions may contain data currently on file with the Law Society; update as necessary.*

**Reporting period** \_\_\_\_\_ **months, ending:** \_\_\_\_\_

1. Name(s) under which the practice is conducted: \_\_\_\_\_

2. Practice Address: \_\_\_\_\_  
\_\_\_\_\_

3. Practice Arrangement – select all that apply:

- Sole practitioner
- Partnership (including LLP)
- Partnership of Law Corporations
- Apparent Partnership (independent practitioner sharing office space & certain common expenses with other lawyers)
- Law Corporation

4. In addition to its main BC office, is the practice carried on at other locations within the province? If yes, provide address and indicate where the branch office accounting records are located.

Yes     No

Address: \_\_\_\_\_  
\_\_\_\_\_

5. Contact Information:

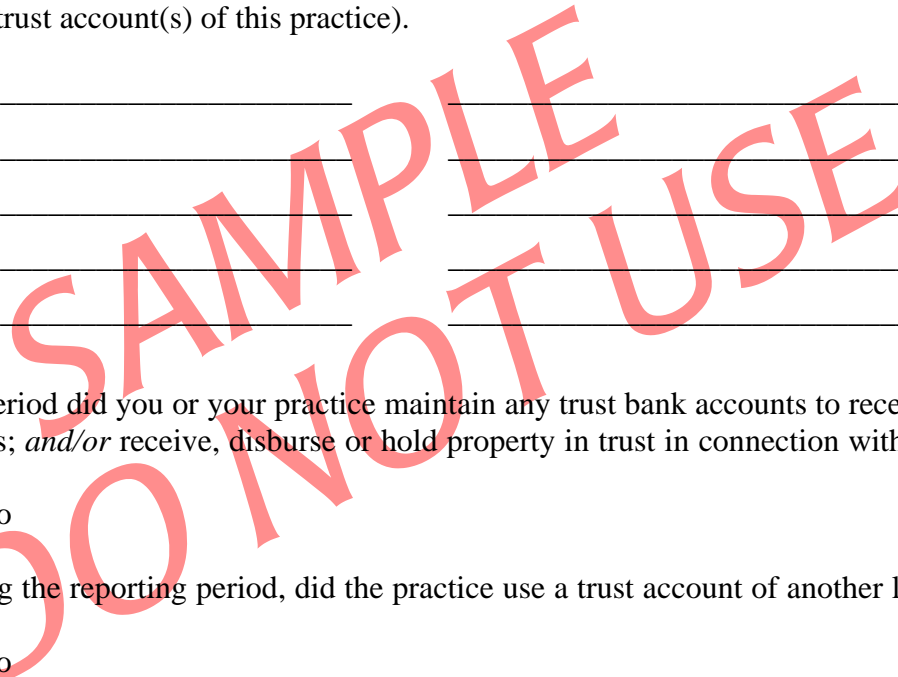
Identify the individual at the practice who can be contacted with regard to the information contained in this report. (lawyer, administrator or support staff)

Name: \_\_\_\_\_ Title: \_\_\_\_\_

Email: \_\_\_\_\_

6. List all lawyers (including employees, contractors, partners and associate counsel) at the practice during the reporting period (exclude contract lawyers who file their own trust reports, unless they are signatories to the trust account(s) of this practice).

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_



7. In the reporting period did you or your practice maintain any trust bank accounts to receive, disburse or hold trust funds; *and/or* receive, disburse or hold property in trust in connection with the practice of law in BC?

Yes     No

8. At any time during the reporting period, did the practice use a trust account of another lawyer for its trust activity?

Yes     No

If yes, provide the lawyer's name: \_\_\_\_\_

9. Does the practice maintain a system for logging and opening a file for each separate client matter whether trust funds are held or not?

Yes     No

If no, please describe how you track individual client matters:

\_\_\_\_\_  
\_\_\_\_\_

10. Does the practice use computer software for:

- a) Maintenance of books and records?  Yes  No

If yes, enter the name of the accounting software: \_\_\_\_\_

- b) File Management  Yes  No

- c) Reminder Systems  Yes  No

11. Has the practice converted from one accounting software to another during the reporting period?

- Yes  No

12. Does the practice have a computer back-up system for its accounting data that is appropriately and regularly maintained?

- Yes  No

13. Is the practice able to print hard copies on demand of all accounting records for all monthly periods?

- Yes  No

14. Does the practice use off-site and secure storage for its books, records, and/or client files? (Note: Books and records for the current year and the previous two years must be kept on site.)

- Yes  No

If yes, specify the off-site storage location(s): \_\_\_\_\_

15. At any time during the reporting period, was (or is) the practice or lawyer(s) in the practice or law corporation, indebted either directly or indirectly, to a client or person who at the time of borrowing was, is, or had been your client or a client of the practice of which you were a member?

- Yes  No

If yes,

- a) Was the client advised to obtain independent legal advice?  Yes  No

- b) Was a loan repayment schedule maintained?  Yes  No

16. At any time during the reporting period, did the practice or lawyer(s) in the practice or law corporation, either directly or indirectly collect monthly or regular periodic payments on mortgages or other investments on behalf of clients or other persons?

- Yes  No

If yes, were these transactions recorded in your trust accounting records?  Yes  No

17. At any time during the reporting period, did the practice issue a cheque from the General account that was not honoured?

- Yes  No

If yes, provide a listing of such cheques and how each was remedied:

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18. Does the practice have an appropriate procedure to review stale-dated cheques issued from the General Account?

Yes     No

19. During the reporting period, has the practice paid the following in full and on time?

- |   |                              |                             |
|---|------------------------------|-----------------------------|
| a) PST (Excluding funds held pending the Christie decision) | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| b) GST  | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| c) Payroll Remittances                                      | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| d) Employee Payroll   | <input type="checkbox"/> Yes | <input type="checkbox"/> No |

If no, provide an explanation why the necessary remittances have not been made:

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20. At any time during the reporting period, has your practice been audited by the Consumer Taxation Branch for PST?

Yes     No

If yes, advise the date and the outcome of the audit:

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21. At any time during the reporting period, has your practice been audited by Canada Revenue Agency for:

- |                        |                              |                             |
|------------------------|------------------------------|-----------------------------|
| a) GST Remittances     | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| b) Payroll Remittances | <input type="checkbox"/> Yes | <input type="checkbox"/> No |

If yes, please advise the date and the outcome of the audit:

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22. Has a person or practice been designated as a Winding up Caretaker in the event of death or disability?

Yes     No

If yes, have you been in contact with this party in the last three months?     Yes     No

23. Does the practice have professional liability insurance in excess of the mandatory Law Society limits?

Yes     No

***End of Section A***

# SECTION B – FINANCIAL PROFILE

## BANKING INFORMATION

1. Complete Schedule 1 on page 14, (paper version only). List all accounts and any accounts opened or closed by the practice at any time during the reporting period, including but not limited to: general accounts, pooled trust accounts, separate trust accounts, and all trust accounts maintained under a name other than that of the practice. All trust accounts in respect of any appointments described in Question 11 of this Section should also be included.

The following information should be provided in the list:

- Savings institution name and branch street address
- Name on account
- Account number
- Dates of account, if less than the full accounting period
- Type of account

## POOLED & SEPARATE TRUST ACCOUNTS

2. Do all **pooled** trust accounts meet the following requirements?

- a) Kept at a designated savings institution (i.e. bank or credit union)  Yes  No
- b) Readily available to draw on  Yes  No
- c) Designated as “trust” on the records of the lawyer and savings institution  Yes  No
- d) Provide periodic bank statements and cancelled cheques  Yes  No
- e) Kept in the name of the lawyer or practice  Yes  No

If no, provide an explanation to why these requirements are not being followed:

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3. For all **pooled** trust accounts opened, did the practice instruct the savings institution(s) in writing to pay net interest earned on the pooled account to the Law Foundation?

Yes  No

If no, please provide an explanation.

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4. Do all **separate** trust accounts meet the following requirements?

- a) Kept at a designated savings institution  Yes  No
- b) Designated as “trust” on the records of the lawyer and savings institution  Yes  No

c) Kept in the name of the lawyer, practice, the trust or identified by a number that identifies the client  Yes  No

If no, provide an explanation to why these requirements are not being followed.

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5. Please enter the total funds deposited to all trust accounts for the reporting period:

\$ \_\_\_\_\_

### **TRUST ACCOUNT WITHDRAWALS**

6. At any time during the reporting period, did the practice issue a cheque from a trust account that was returned due to insufficient or held funds in that trust account?

Yes  No

If yes, provide details of each incident including cheque #, date of issue, date returned, payee, amount, and how each was remedied.

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7. At any time during the reporting period, did the practice have outstanding stale-dated cheques issued from the Trust account?

Yes  No

If yes, advise the number of cheques issued and outstanding for periods that exceed one year and total dollar value only of such stale-dated cheques at the end of the reporting period.

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### **SIGNATORIES**

8. Did the practice have a signatory to a trust account(s) who was an insolvent lawyer as defined by Law Society Rules? If yes, please refer to Rule 3-45. Download and complete Schedule 3 - Declaration of Insolvent Lawyer, and attach the completed form to this Trust Report.

Yes  No

9. List all lawyers of the practice who are signatories to the trust account(s) of the practice. Include all lawyers who are not members of your practice, who are authorized signatories to any trust accounts operated by your practice.

_____	_____
_____	_____
_____	_____

10. Has the practice granted co-signing authority to any other individual not disclosed in question 9 of this section?

Yes  No

If yes, provide the name of the individual(s) and position.

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11. Did any lawyers of the practice, in addition to acting in the capacity of a barrister or solicitor, act as a custodian, or act **solely or jointly** in any of the following capacities where the appointment was derived from a solicitor-client relationship: executor or administrator of a will; administrator of an estate; a Committee; a representative authorized under a Representation Agreement to make financial or legal decisions; an attorney under any power of attorney, or a trustee?

Yes  No

If yes, identify the lawyers of the practice with appointments and their role(s).

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12. Does the practice have any estate files that have been open for more than 3 years as at the reporting period year-end? (NB – include estates for minors, dependent adults, etc. as well as deceased persons.)

Yes  No

For each estate older than 3 years with a trust balance at the reporting period year-end, provide status, reference number, amount in trust, and expectations for finalization.

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13. Did the practice maintain all books and records in accordance with Part 3, Division 7 for all trust bank accounts in respect to the appointments identified in Question 11?

Yes  No

N/A

If no, provide a detailed explanation why your practice did not maintain trust account records with respect to all appointments disclosed in Question 11.

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**CASH TRANSACTIONS**

14. Did the practice receive, into trust or general, in respect of one client matter or transaction, an aggregate amount of cash of \$7,500 or more?

- Yes     No

If yes, provide full particulars of each incident.

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15. Does the practice maintain a cash receipt book that provides the practice with a receipt for any cash received and a duplicate receipt to be given to the party remitting trust funds in cash?

- Yes     No

16. Did the practice pay any refunds related to cash receipts, in excess of \$1,000?

- Yes     No

If yes, were all such refunds done by way of a cash payment (not by trust cheque) as required by Rule 3-51.1(3.1)?

- Yes     No

**INTERNAL CONTROLS FOR TRUST AND GENERAL FUNDS**

17. Does the practice have procedures in place to restrict access to general and trust funds and accounting records?

- Yes     No

18. Indicate which of the following additional procedures are carried out to confirm the accuracy of your trust and general accounting records and provide information about the financial state of your practice:

- |   |                              |                             |
|---|------------------------------|-----------------------------|
| a) On-line banking (view only for trust accounts) | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| b) Aged Accounts Receivable reports               | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| c) Aged Accounts Payable reports                  | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| d) Work in Progress summaries                     | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| e) General Account Bank reconciliations           | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| f) Pre Billing Reports                            | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| g) Monthly Financial Statements                   | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| h) Fiscal year-end Financial Statements           | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| i) Budgets  | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| j) Fee analysis                                   | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| k) Complete general ledger for the practice       | <input type="checkbox"/> Yes | <input type="checkbox"/> No |



19. Trust and general account records are maintained by: (Select all that apply)

- In-house bookkeeper/accountant                       Lawyer in practice  
 External bookkeeper/accountant                       Accounting firm  
 Secretary

20. Are the following procedures completed at your chief place of practice?

- a) Day to day transactions entered in your books and records:                       Yes                       No  
 b) Month end procedures, including monthly trust reconciliations:                       Yes                       No

21. Identify the individuals/firm who is responsible for the monthly trust reconciliations.

Name(s) \_\_\_\_\_

Capacity/Title \_\_\_\_\_ Phone# \_\_\_\_\_

**MISCELLANEOUS**

22. Did the practice handle trust funds on behalf of another lawyer(s)?

- Yes     No

If yes, provide the lawyer(s) name(s): \_\_\_\_\_

23. Are more than 20% of practice billings attributable to one client/related group?

- Yes     No

24. Has the practice paid all Trust Administration Fee (TAF) remittances to the Law Society of BC when due?

- Yes     No

25. Has the practice filed annual CDIC report(s) with designated savings institution(s) in accordance with Rule 3-70?

- Yes     No

26. During the reporting period, the following percentages best describe the practice by area of law. The entries must total 100%.

	Administrative (including labour, immigration, regulatory bodies)		Civil litigation (excluding motor vehicle)
	Commercial lending transactions		Corporate
	Creditors' remedies		Criminal
	Family (excluding incidental real estate, wills and estates)		Intellectual Property
	Motor Vehicle		Property Management (residential or commercial)
	Real Estate		Securities (reporting companies)

***End of Section B***

# SECTION C – SUMMARY OF ACCOUNTANT’S

## SPECIFIED PROCEDURES

*This section must be completed by a qualified Accountant for a practice that has been selected to file an Accountant’s Report.*

I/we \_\_\_\_\_, CA  CGA ,  
performed

(“The Name of the CA/CGA Accountant or Firm completing the Report”)

the following procedures in connection with the requirement for the practice known as

\_\_\_\_\_ for the reporting period ending  
\_\_\_\_\_ (“Name of the Practice”)

\_\_\_\_\_ on all its books, records and accounts:

1. I/We have read the information provided by the practice in Sections A and B, and the Filing Instructions and related materials:  Yes  No
2. I/We have read Part 3, Divisions 7 and 8 of the Law Society Rules, Chapter 7.1 of the Law Society Professional Conduct Handbook, and Sections 11, 33, 62 and 88 of the Legal Professional Act:  Yes  No
3. I/We have scanned the following books and records of the practice for compliance with Law Society requirements, and any exceptions have been noted:  
Rule 3-59 Accounting records  Yes  No  
Rule 3-60 Trust account records  Yes  No  
Rule 3-61 General account records  Yes  No  
Rule 3-62 Billing Records  Yes  No
4. Does the practice maintain its records in accordance with Rule 3-68: (Books and records for the current year and the previous two years must be kept on site.)  Yes  No
5. I/We have scanned the monthly listings of unexpended balances of client trust funds and overdrawn individual balances have been noted as exceptions:  Yes  No
6. I/We have scanned the monthly trust reconciliations up to field work completion date, irregularities have been reviewed and un-reconciled differences noted as exceptions: (See Rule 3-65 for requirements of trust reconciliation)  Yes  No
7. I/We have scanned the monthly trust bank reconciliations, and compared the balances to the monthly trust reconciliation. Any trust irregularities or shortages have been reviewed to confirm that the practice has complied with Rules 3-55 and 3-66 and exceptions noted: (See Rule 3-65 requirements)  Yes  No
8. I/We have checked that all:
  - a) Trust accounts have been reconciled to the date field work was completed  Yes  No

- b) Pooled/separate trust accounts in use during the period have been identified  Yes  No
9. I/We have checked in detail one month's trust bank reconciliations (not period end):  Yes  No
10. I/We have checked in detail one monthly trust reconciliations (not period end):  Yes  No
11. I/We have scanned the monthly reconciled listing of "Other Client Valuable Property" held by the practice:  
(See Rule 3-65(2)(e) and Chapter 7.1 of the Professional Conduct Handbook.)  
 Yes  No  N/A
12. I/We have test checked the trust and non-trust transactions for prompt recording and any exceptions identified have been noted (Rule 3-63):  Yes  No
13. Date books recorded to: Trust: \_\_\_\_\_ General: \_\_\_\_\_
14. I/We have test checked transactions involving all bank accounts used by the practice during the reporting period for:
- a) Posting and allocation of receipts and payments (Rules 3-51, 3-56, and 3-58):  Yes  No
- b) Fee transfers from trust to non-trust accounts (Rule 3-57):  Yes  No
15. I/We have checked the trust liability and accounts receivable subledgers for:
- a) Entries arising from other than banking transactions that are not done in accordance with Law Society Rules (Rule 3-60(c))  Yes  No
- b) Trust balances that have been inactive and meet criteria of unclaimed trust funds (Rule 3-82)  Yes  No
- c) Credit balances on accounts receivable  Yes  No
- d) Debit balances on trust ledgers  Yes  No
16. I/We have scanned each pooled and separate trust account for assurance that:
- a) The account was in a designated savings institution (Rule 3-49) or that client authorizations were in place for deposit into non-insured accounts (Rule 3-51(4)):  Yes  No
- b) Instructions were given to the bank to remit the interest on pooled funds to the Law Foundation:  Yes  No
- c) Annual CDIC reports were filed (Rule 3-70):  Yes  No  N/A
- d) Each account (including bank statements & cheques) was designated trust:  Yes  No
- e) Other provisions of Rule 3-52 and Rule 3-53 have been adhered to:  Yes  No
17. I/We have randomly selected eight files, with trust activity, and test checked that trust funds:
- a) were deposited promptly and handled appropriately (Rule 3-51, 3-56, 3-58):  Yes  No
- b) withdrawals for fees were made in accordance with Rule 3-57:  Yes  No
18. State the Trust Assets and Trust Liabilities at the end of the reporting period. These figures can be taken directly from the lawyer's General Ledger. The Law Society of BC has no expectation that the accounting firm will audit the figures or express an opinion thereon.  
Trust Assets: \_\_\_\_\_ Trust Liabilities: \_\_\_\_\_

19. I/We have performed these procedures at the premises of the practice:  Yes  No  
If no, please provide a separate explanation.

As a result of applying the specified auditing procedures, I/we found no exceptions to the sections of the Legal Profession Act and Law Society Rules as referenced in the Trust Report Filing Instructions, except as stated below. **(If more space is required, attach signed pages on your letterhead. If no exceptions, so state).** However, no audit has been performed on the financial information and I/we express no audit opinion thereon.

\_\_\_\_\_  
Date fieldwork completed \_\_\_\_\_ Date this report signed \_\_\_\_\_

\_\_\_\_\_  
Signature of CA/CGA Accountant

\_\_\_\_\_  
Contact

Mailing Address: \_\_\_\_\_

Telephone/Facsimile/E-mail: \_\_\_\_\_

SAMPLE  
DO NOT USE

# LAWYER'S UNDERTAKING & CERTIFICATION

I/we undertake to the Executive Director of the Law Society of British Columbia to provide, on demand:

- a) Particulars relating to all members of the practice who act in a representative capacity;
- b) A list of the beneficiaries of the estate or trust, together with their last known address;
- c) To the extent of my/our lawful ability, the books, records, accounts and documents of the estate or trust, in a form sufficient to accommodate an examination, review, audit or investigation ordered by the Executive Director; and
- d) To co-operate with the Society's auditor or investigator in the conduct of any examination, review, audit or investigation so ordered.

I/we certify that I/we have disclosed, to the Accountant named in Section C, all account records of this law practice, including all funds, securities and other investments received on behalf of clients, and that I/we permit the Law Society to directly contact the Accountant for clarification on procedures performed and exceptions noted.

Pursuant to Rule 3-77(1), if your accountant has noted exceptions in Section C, you are required to provide an explanation of these exceptions to satisfy the conditions of a satisfactory and complete report under Rule 3-72. Please review the exceptions and provide your comments below (attach a signed, separate letter if more space is required):

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

SAMPLE  
DO NOT USE

*If only one lawyer is a signatory to the trust account(s) of the practice, that lawyer must sign the Trust Report. If more than one lawyer is a signatory to the trust account(s) of the practice, **at least two** of these lawyers must sign the Trust Report.*

Lawyer Name \_\_\_\_\_

Signature \_\_\_\_\_

Date \_\_\_\_\_

Lawyer Name \_\_\_\_\_

Signature \_\_\_\_\_

Date \_\_\_\_\_

**Schedule 1 – Savings Institution Account Listing**

	<b><u>Savings Institution Name and Address</u></b>	<b><u>Name on Account</u></b>	<b><u>Account Number</u></b>	<b><u>Dates Account Opened/Closed If Not Full Reporting Period</u></b>	<b><u>Account Type</u></b>
<b>1</b>					
<b>2</b>					
<b>3</b>					
<b>4</b>					
<b>5</b>					

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DO NOT USE

Information in this form is collected under section 33 of the *Legal Profession Act* and Law Society Rule 3-72. The information is used for regulatory purposes. Should you have any questions about the use of this information, please contact the Trust Assurance Department at the Law Society of British Columbia, 845 Cambie Street, Vancouver, B.C. V6B 4Z9, Telephone (604) 697-5810 (Toll Free in BC 1-800-903-5300).