

Trust Report

Self 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.

If the practice had no trust accounts in this reporting period, complete only Section A.

The final step is the Undertaking and Certification to be signed by 2 of the lawyer(s) who are signatories to the trust account(s) maintained by the practice. If there is only one signatory, or no trust accounts, only one lawyer is required to sign.

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: _____

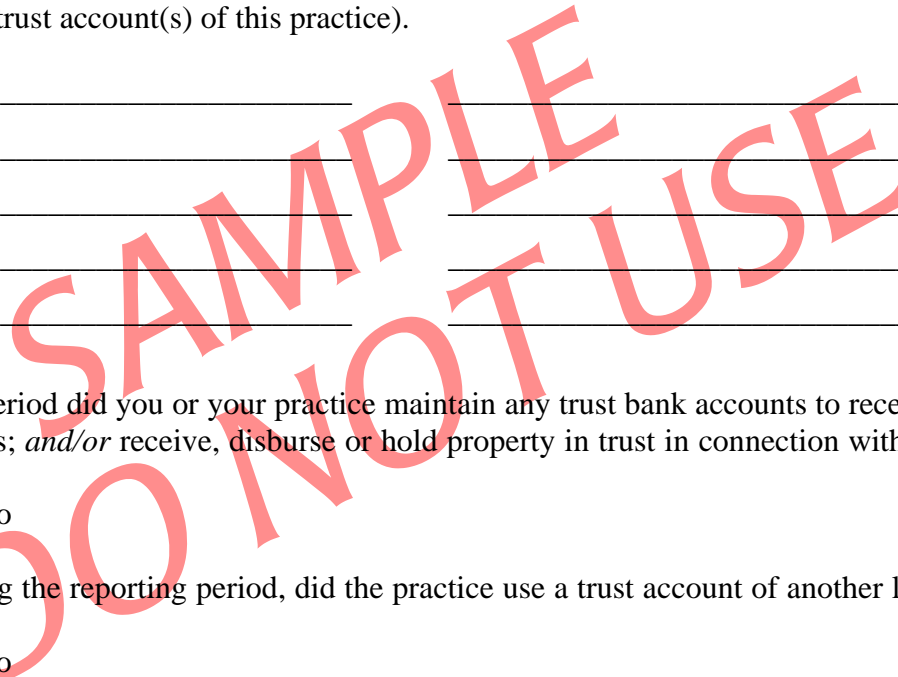
5. Contact Information:

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:

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:

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:

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:

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

If the practice had no trust accounts during the reporting period, go directly to Page 18, Undertaking and Certification to sign the report.

SECTION B – FINANCIAL PROFILE

BANKING INFORMATION

1. Complete Schedule 1, on page 19 (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) | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| b) Readily available to draw on | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| c) Designated as “trust” on the records of the lawyer and savings institution | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| d) Provide periodic bank statements and cancelled cheques | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| e) Kept in the name of the lawyer or practice | <input type="checkbox"/> Yes | <input type="checkbox"/> No |

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

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.

4. Do all **separate** trust accounts meet the following requirements?
- | | | |
|---|------------------------------|-----------------------------|
| a) Kept at a designated savings institution | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| b) Designated as “trust” on the records of the lawyer and savings institution | <input type="checkbox"/> Yes | <input type="checkbox"/> 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.

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.

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.

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.

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).

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.

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.

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.

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 – ACCOUNTING PROCEDURES

Before completing this Section, please read the excerpts from the Legal Profession Act, the Professional Conduct Handbook and the Law Society Rules including:

- Part 3, Division 6, Rule 3-45
- Part 3, Divisions 7 and 8
- Chapter 7.1 of the Professional Conduct Handbook
- Sections, 11, 32, 33, 62 and 88 of the Legal Profession Act

BOOKS & RECORDS

1. Do books and records of your practice record all trust and general transactions as required by the Law Society of BC Rules?

Yes No

If no, provide an explanation.

2. Are books and records maintained in a permanent, easily traceable form together with all supporting documents?

Yes No

If no, provide an explanation.

3. Are the current years and previous two years of books and records kept at your chief place of practice?

Yes No

If no, provide details of the modification granted to the practice by the Executive Director under Rule 3-69.

4. Have you retained books and records for the past ten years or since the inception of the practice if less than 10 years?

Yes No

If no, provide an explanation.

5. Have you lost custody or control of any records required by Part 3, Division 7?

Yes No

If yes, provide details and advise if you have made the necessary report to the Executive Director in writing.

6. Did the practice maintain the following trust records for the entire reporting period and are they current?

a) Trust cashbook – book of original entry that records all trust funds received showing receipt date, source and form of funds, client reference and amount; and trust funds disbursed showing date, cheque number, payee, client reference and amount:

Yes No

b) Trust ledger – that shows separately for each client all trust funds received and disbursed and the unexpended balance in the client account:

Yes No

c) Trust transfer journal – that shows all file-to-file transfer of trust funds between clients' trust ledgers:

Yes No

d) Monthly trust reconciliations - consisting of: monthly bank reconciliations; client trust listings by bank; listings of separate interest bearing trust accounts if any, comparison of total balances of trust funds held in trust bank account(s) to the total of all client trust liabilities, together with explanations for any differences or adjustments:

Yes No

e) Valuable Property Record - that records the receipt, disbursement of anything of value, other than trust funds, that can be negotiated or transferred by a member of the practice:

Yes No

f) Cash Receipt Book of Duplicate Receipts - that records all trust funds received or withdrawn in cash:

Yes No

If you answered no to any part of this question, please explain any deficiencies:

7. Did the practice maintain the following general records for the entire reporting period and to the date of certifying this Report?

a) General Cashbook – book of original entry that records general receipts showing receipt date, source of funds, and amount; and general disbursements showing date, cheque number, payee and amount

Yes No

b) Accounts Receivable Subledger – that shows all transfers from trust, other receipts from clients and the balance owed by the client

Yes No

- c) Billings Records – that contains file copies of all manual or system generated statements of account rendered to clients in chronological, alphabetical or numerical order
 Yes No
- d) Cash Receipt Book – a current book of duplicate receipts that records the date, person from whom cash is received, the amount, the client name and file number.
 Yes No

If you answered no, to any part of this question, please explain any deficiencies:

8. Does the practice retain all supporting documents for both trust and general accounts including:

(Select all that apply)

- validated and detailed deposit receipts
- periodic bank statements, including GIC, term deposit or other bank confirmations
- passbooks
- cancelled and voided cheques, including certified cheques and copies of cheques received in electronic form (printable on demand and legible, both front and back)
- Property transfer tax returns
- Electronic funds transfer confirmations
- Any other bank vouchers and similar documents and invoices

9. Are cancelled cheques received in electronic form?

- Yes No

10. Has the practice endorsed any cheques received in trust over to a third party?

- Yes No

If yes, have you kept the required written record of this type of trust transaction and retained a copy of the relevant cheque, front and back?

- Yes No

TRANSACTIONS

11. Are trust transactions recorded within 7 days of occurrence?

- Yes No

If no, please provide an explanation:

12. Are general transactions recorded within 30 days of occurrence?
 Yes No

If no, please provide an explanation:

13. Is the receipt of interest on a separate trust account recorded within 30 days of notification that funds have been credited to the account?
 Yes No

If no, please provide an explanation:

TRANSACTIONS – DEPOSITS

14. Does the practice have more than \$300 of the lawyer's own funds in any pooled trust bank account?
 Yes No

If yes, please provide an explanation:

15. Were all trust funds deposited as soon as practicable to a pooled trust account in a designated savings institution **or** in accordance with appropriate client instructions? (e.g. deposit to separate trust account, foreign exchange trust account).
 Yes No

If no, please provide an explanation:

16. Does the practice have any monies in a trust account that are not trust funds?
 Yes No

If yes, please provide details of any such funds in your trust account(s):

17. Does the practice obtain client authorizations when placing funds in other than designated savings institutions trust bank accounts?
 Yes No

TRANSACTIONS – WITHDRAWALS

18. Were all withdrawals of trust funds from a pooled trust account made by a trust cheque signed by a practising lawyer who is an authorized signatory to the trust accounts of your practice?

Yes No

If no, please provide an explanation:

19. Were trust funds transferred to the pooled account for withdrawals from separate trust accounts if the practice did not receive bank statements or cancelled cheques for the separate trust account?

Yes No

If no, please provide an explanation:

20. Were all trust cheques marked “Trust”?

Yes No

If no, please provide an explanation:

21. Were any trust cheques made payable to Cash or Bearer?

Yes No

If yes, please provide details of the transaction:

22. Were withdrawals from trust only made when sufficient funds were held to the credit of the client?

Yes No

If no, please provide an explanation:

23. Has the practice used electronic funds transfers to withdraw funds from trust for other than those transactions permitted under Rule 3-56(3.1) & (3.2)?

Yes No

If yes, please provide an explanation:

BILLING

24. In all instances, has the practice prepared a bill for fees showing the amounts and the dates charges are made, and delivered the bill to the client prior to withdrawing funds from trust?

Yes No

If no, please provide an explanation:

25. Has the practice had any fees in trust that are in dispute?

Yes No

If yes, has the practice met the requirements set out in Rule 3-57(5)?

Yes No

26. Does the practice review the accounts receivable balances on a regular basis?

Yes No

27. Were all trust withdrawals for fees that include billed fees, disbursements and applicable taxes, deposited into a general account designated in the name of the practice?

Yes No

If no, please provide an explanation:

RECONCILIATIONS

28. Does the practice reconcile the general account monthly?

Yes No

29. Has the practice prepared and retained hard copy printouts (or in electronic form that can be printed on demand) of all monthly trust reconciliations, filed in an organized fashion, that form part of your permanent records?

Yes No

If no, please provide an explanation:

30. Has the practice retained for each monthly trust reconciliation the following documentation?

a) Original bank statements/cancelled cheques, guaranteed investment certificates, passbooks and any other originating documents (or approved electronic forms)

Yes No

b) Detailed duplicate deposit slips

Yes No

- c) Detailed monthly listings showing the unexpended balance of trust funds held for each client, and identifying each client for whom trust funds are held.
 Yes No
- d) Detailed monthly trust bank reconciliation for each pooled trust account
 Yes No
- e) Listing of balances of each separate trust account or savings, deposit, investment or similar form of account, identifying the client for whom each is held
 Yes No
- f) Listing of all outstanding items including outstanding cheques, outstanding deposits, errors by financial institutions
 Yes No
- g) Differences between total of reconciled bank balances, client trust liability listings and balances per general cashbook or ledger are clearly identified, explained and documented
 Yes No

If you answered no to any of the above, please provide an explanation:

- 31. At each month-end in the reporting period, has the practice compared:
 Month-end balance of total trust funds owed to clients
 To
 Month-end balance of total trust funds on deposit at financial institution
 Yes No
- 32. Does the practice hold "Other Client Valuables"?
 Yes No
 If yes, does the practice maintain a detailed written record for each client of all valuables?
 Yes No
- 33. Does the practice have a lawyer or person designated by the lawyer responsible for trust that reviews, signs and dates the completed monthly trust reconciliations to verify the timeliness and accuracy of the trust records?
 Yes No
- 34. During the reporting period, did your client trust ledger disclose overdrawn clients' trust ledger accounts that remained uncorrected for more than one month?
 Yes No
 If yes, please provide an explanation:
- 35. During the reporting period, at any month end, did you have outstanding trust deposits noted as a reconciling item on a trust bank reconciliation that were not deposited as soon as practicable?
 Yes No

If yes, please provide an explanation.

36. Has the practice immediately provided a written report to the Law Society for all trust shortages (if any) in excess of \$2,500?

Yes No

If no, please provide details of such shortages together with your explanation why these shortages were not reported immediately.

37. Was the practice ever unable or unwilling to deliver up, when due, any trust funds held?

Yes No

If yes, were all necessary reports made to the Executive Director?

Yes No

38. Did the practice review all monthly trust bank statements for any overdrawn bank balances, unauthorized debit memos, bank service charges, and unrecorded credit advices?

Yes No

OTHER TRUST MATTERS

39. Does the practice regularly review trust listings to identify client trust ledger balances that have no trust activity for a period greater than one year to ensure that appropriate action is taken on the file. (e.g. Returning client holdbacks if the matter is closed, registration of outstanding mortgage discharges)

Yes No

40. Did the practice have monies in a trust account that have been **unclaimed** for a period in excess of two years? If yes, use the note function to advise why these funds are still being held or that you will be remitting unclaimed trust funds to the Law Society.

Yes No

41. Is the practice involved in arranging private mortgages where the lender is not a bank, trust company, insurance company, credit union or finance company that lends money in the ordinary course of business?

Yes No

End of Section C

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 all information contained in this report is true and correct and, if applicable, I/we confirm that I/we have disclosed all account records of this practice, including all funds, securities and other investments received and/or deposited on behalf of clients.

*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 _____

Additional Notes:



Schedule 1 – Savings Institution Account Listing

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

SAMPLE
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).