



Practice Resource

How to review a trust bank reconciliation

The Trust Assets (trust bank balance), Trust Liabilities (client ledger listing) and Control Account (receipts and disbursements journal) **must all be the same**. If there is a discrepancy, it must be identified and fully explained on the reconciliation. When all numbers are in agreement, sign and date the reconciliation. The trust reconciliation must be prepared within 30 days of the effective date of the reconciliation, as required by **Rule 3-73 (5)**.

Trust Assets (trust bank account)	
1A	Are there any outstanding deposits noted? If so, is it a timing difference (i.e., where the funds are deposited on the last day of the month but posted by the bank to the following day). Outstanding deposits not due to timing differences merit your immediate attention.
1B	Are there any stale-dated cheques listed under the outstanding cheque list? If so, consider re-issuing the cheque(s) to your client(s) or consider submitting the funds to the Law Society under the provisions of Rule 3-89.
1C	Are there any bank service charges, bank errors or posting errors? If so, ensure that they have been corrected.
1D	Ensure that all Separate Interest Bearing Trust accounts are included on the trust reconciliation.
Trust Liabilities (client ledger listing)	
2A	Are there any client files that have been inactive for more than 2 years? If so, consider returning the funds to the client or remitting the funds to the Law Society under the provisions of Rule 3-89.
2B	Are there any files with large balances in trust? If so, consider whether it would be appropriate to open a Separate Interest Bearing Trust account. Please obtain written client authorization prior to opening a Separate Interest Bearing Trust account.
2C	Are there any unidentified funds? Is a “suspense account” utilized? If so, the deposit should be immediately tracked in order to identify the ownership of the funds.
2D	Is the member’s “float” within the allowable limit of \$300? If not, please issue a trust cheque payable to the general account for the excess amount over \$300, as required by Rule 3-60 (5).
2E	Are there any overdrawn trust accounts (i.e., any overdrawn client ledger card balances)? If so, the trust shortage must be resolved immediately. If the trust shortage is greater than \$2,500, please provide a written explanation to the Executive Director, as required under Rule 3-74 (2) (a). *Please note that a trust shortage and a physical bank overdraft are two separate things.* Just because you don’t have a physical overdraft, doesn’t mean you don’t have a trust shortage.
	Are there any funds in trust which should be in the general account (i.e., an invoice recently rendered yet the fees have not been withdrawn from trust)?
Control Account (general ledger)	
3A	Ensure the ending balance of the Control Account agrees with the Trust Asset & Trust Liability balances.