

Law Firm Self-Report Guidelines to Complete the Self-Report

These guidelines are designed for the Law Firm Self-Report. A separate FAQ document has been prepared for the accountants to assist in the completion of the Accountant's Report. A user guide has also been developed for assisting law firms who choose to upload their data to the Law Society in lieu of the Accountant's Report.

Important: Please go to the link [Self Report Submission Instructions](#) for information on how to best get your Self-Report to us

I. INTRODUCTION

Rule 119.30(3) A law firm shall annually, by the due date, provide to the Executive Director a completed Law Firm Self-Report using the prescribed filing method,

The mandatory designated filing date ("year-end") for all law firms is December 31 and is due three months after the designated filing date. The completed report must be submitted by March 31 ("due date"). In the majority of instances, one Self- Report will be completed for the practice and this will satisfy the filing requirements of all the lawyers (associates and partners) of the practice. If a lawyer is uncertain as to whether or not all lawyers will be covered with one filing, contact the Law Society's Trust Safety Department for clarification.

II. THE LAW FIRM SELF-REPORT AND FILING REQUIREMENTS

The Law Firm Self-Report is comprehensive and divided into the four sections. The sections that need to be completed will depend on whether the law firm operates a trust bank account and whether the law firm uploads accounting data in lieu of the Accountant's Report.

Section A General Information

Section B General Bank Account

Section C Trust Bank Account

Section D No Upload to the Law Society

| Law firm situation | Section A | Section B | Section C | Section D |
|--|-----------|-----------|-----------|-----------|
| Law firm operates only a general bank account (does not receive or disburse or handle trust) | ✓ | ✓ | | |
| Law firm operates a trust bank account and uploads their data to the | ✓ | ✓ | ✓ | |
| Law firm operates a trust bank account and DOES NOT upload their data to the Law Society | ✓ | ✓ | ✓ | ✓ |
| ✓ = indicates section of the Law Firm Self-Report that must be completed | | | | |

III. FILING DEADLINE

A law firm shall annually, by the Due Date, provide to the Executive Director a completed Law Firm Self-Report using the prescribed filing method,

The mandatory designated filing date (year-end) for all law firms is December 31 and is due three months after the designated filing date. The completed report must be submitted by March 31 (due date).

IV. LATE FILINGS

Law firms that do not comply and file by the March 31 due date will be subject to the following late fees and administrative suspension:

| Date | Event | Fees | Cumulative Fees |
|--|--|-------|-----------------|
| December 31 | Designated Filing Date (Year-End) | \$0 | \$0 |
| March 31 | Annual Report due date | \$0 | \$0 |
| April 1 | 1 month late | \$250 | \$250 |
| May 1 | 2 months late | \$500 | \$750 |
| June 1 | 3 months late | \$750 | \$1,500 |
| July 1 Responsible Lawyer is administratively suspended | | | |
| Post-July 1 | Firm files Annual Report. Responsible Lawyer must then pay fees, including a reinstatement fee of \$225 at which time the administrative suspension is terminated immediately. | \$225 | \$1,725 |
| Total cost of Late Filing - \$250 (Minimum) - \$1,725 (Maximum) | | | |

COMPLETION OF THE LAW FIRM SELF-REPORT

1. Type of Report

Mark the reason for submitting this report.

2. Designated Year End and Reporting Period

The mandatory designated filing date (year-end) for all law firms is December 31 and is due three months after the designated filing date. The completed report must be submitted by March 31 (due date).

The reporting period will usually be a 12-month period but in cases of new law firms or changes to the designated filing date, the reporting period may be less than 12 months. It is not permissible for a reporting period to exceed 12 months.

For example, a law firm commencing operations on June 1 with the designated year end of December 31 and a reporting period of June 1 to December 31. The law firm Self-Report will be due by March 31.

3. Name of Law Firm

If the name of the law firm has changed during the reporting period please use the new name of the law firm

4. Name of Responsible Lawyer

It is recommended, though not mandatory, that the Responsible Lawyer sign this report.

SECTION A – GENERAL INFORMATION

1. Government remittances and payroll

Government remittances for GST and payroll source deductions are required to be paid when due. It is recommended that you establish a system to ensure that these requirements are met. As you receive these funds in a fiduciary role, the Law Society wants to ensure you are complying with the conditions under which these funds were received.

Please note: if the nature of your practice does not require you to make these remittances answer no and provide an explanation. You must also identify whether your employee payroll payments are currently being made.

Your payments are considered to be current if you have not made the final monthly or quarterly payment prior to the end of your designated filing date.

2. Client ID

Law Society Rules 118.1 to 118.10 cover the Client Identification and Verification Rules. It is required that a system be implemented and the relevant information be kept in the client file itself. If you are unsure of the rule requirements or of the adequacy of your collection/verification system, please contact a Law Society Practice Advisor.

3. Accounting software

If your law firm uses accounting software for recording trust and general transactions identify the software and related version. The version you have can be determined from the drop down “Help” menu under “About.”

4. Accounting software conversion

If you converted from a manual accounting system to computer accounting software, or even changed accounting software during the reported period, please answer “yes.” This question applies to the recording of trust and general transactions.

5. Area(s) of practice

Please complete to the best of your ability the areas of law practiced by the law firm.

Typically this would be done using the number of client files handled by the law firm and please round to the nearest whole number. If completing this section using the online form, the total should be automatically calculated.

6. Personal representatives

Rule 119.26(1) defines the situations where a lawyer is acting in a representative capacity. This also includes family trusts where the funds are held outside of the law firm trust bank accounts. There is a de minimis rule in those situations where the total amount received and disbursed in one year or the total trust amount does not exceed \$20,000 there is no need to report to the Law Society.

7. Loans from clients

The Code of Professional Conduct permits lawyers to enter into business transactions with clients, which includes lending or borrowing money. Also include loans made to companies controlled by lawyers in the firm. Control can be defined as voting control or de facto control over the decisions made by the company.

Note: The Code does not intend to prevent lawyers from acting as a regular customer of the client when the client is a lending institution.

8. Loans to clients

The Code of Professional Conduct permits lawyers to enter into business transactions with clients, which includes lending or borrowing money. Also include loans made by companies controlled by lawyers in the firm. Control can be defined as voting control or de facto control over the decisions made by the company.

9. Mortgage or investment collections

Please answer “yes” if the law firm collects recurring or regular amounts on behalf of a client such as monthly rental, interest or mortgage receipts. Do not include collections on mortgage arrears as they are not typically recurring collections over an extended period of time.

SECTION B – GENERAL BANK ACCOUNT

1. Listing of general bank accounts

List all of the general bank accounts including the details such as Financial Institution, account number, transit number, location and name on account that were used by the law firm during the reporting period. This would also include any separate payroll, GST or other accounts that may not be specifically in the name of the law firm. For example, a law firm may establish a management company that holds the lease and pays the staffing costs. Please list these on the schedule as this account and the related expenses pertain to the law firm.

2. Receive trust money in general

Please answer “yes” if the law firm general bank account received and disbursed any trust money during the reporting period. An example might be if the law firm had not yet established a trust bank account and the first few trust transactions of the law firm were processed through the general bank account or if trust funds received via credit/debit card are firstly deposited into the general account. This is not permitted under the Rules so please identify if this occurred. Please include any bank errors even where the trust funds were immediately returned to the trust bank account.

3. Use another law firm’s trust bank account

In some situations, a law firm practicing without a trust bank account may receive trust funds. These funds must only be deposited into a trust bank account and it is acceptable to use the trust bank account of another law firm provided the transactions are fully recorded by the law firm that is handling the trust money and the client is aware of the arrangement.

4. General accounting records

This question is comprised of four subsections and refers to the specific requirements within the Part 5 Rules. Some of the more detailed requirements include:

a) General Journal Rule 119.36(4)(e)

This journal requires the recording of every transaction that is processed through the general bank account(s) with the exception of bank clearing errors that are corrected by the bank. As part of the recording process you need to identify the source of the funds and the form the money was received in such as cash, cheque, direct deposit, etc. When recording the payee, you need to record the full and proper name. On receipts and withdrawals relating to client files, the client and/or file number must be recorded.

If funds are receipted such as for cash, please record that receipt number or if by electronic transfer, bank confirmation number, which is usually 14 to 18 digits. Lastly, a continual running balance must be maintained, not just at month end.

b) Billing Journal Rule 119.36(4)(f)

The objective of this journal is to record, in chronological order all of the fees and charges made to the clients and must include the client name, date of the statement of account and the amount billed.

c) Fees and Disbursements Receivable Ledger Rule 119.36(4)(g)

Commonly called accounts receivable ledgers.

This ledger is required to record the billings rendered to the client, the payments on those billings and the balance owing to the law firm.

There should never be instances where the law firm owes money to the client on these ledgers. If yes, the funds should be repaid to the client and/or transferred to the law firm trust bank account.

d) Currently maintained

The general journal, billing journal and receivables ledgers must be posted as the transactions occur as opposed to only at the end of the month.

5. Maintain source documents

In addition to recording the general transactions in the required journals and ledgers, the law firm must retain the source documents that support the transactions. Examples include the bank statements, deposits books and/or slips and negotiated cheques. Typically the negotiated cheques are in the form of cheque images – both front and back of the cheque images must be printed and maintained.

6. Endorsing general cheques

It is not permissible to “sign over” to a third party a cheque that the law firm receives that should have been deposited into the law firm general bank account. If a mistake is made on the payee, either return the cheque or deposit the cheque into the general bank account and then issue a general cheque to the proper payee.

7. Reconcile general monthly

It is now a requirement under Rule 119.40 that all general bank accounts of the law firm be reconciled each and every month by the following month-end.

This entails reconciling the bank balance of the general account(s) to the running balance at month end of the general journal.

8. General cheques not honoured

Please answer “yes” to any instances in the reporting period where the law firm issued a general cheque or other type of payment that could not be negotiated by the recipient due to insufficient funds in the general bank account. Also include details on how the issue was resolved such as a deposit was made using a personal loan/contribution, etc.

9. Receive cash (trust or general)

It is permissible for law firms to receive cash for deposit into the general or trust accounts. However, if the cumulative amount of cash received is \$7,500 or more for any matter or transaction the cash can only be accepted by the law firm if it relates to one of the “exempted” purposes.

The exempted purposes are listed under Rule 119.38(5)(a) to (d) and receiving cash for fees and disbursement is one of the permitted “exceptions.”

Please identify, if any, the number of instances where cash of \$7,500 or more in aggregate was received for any file or matter. Additionally, provide full details on all instances where cash of \$7,500 or more in aggregate was received for any file or matter which did not meet one of the exemption categories.

If in doubt about receiving cash that is \$7,500 or more, please contact a Practice Advisor.

10. Separate receipt book for cash

As per Rule 119.39(1) a separate duplicate receipt book is required for recording all cash transactions received. This receipt book must not contain any non-cash receipts and you need not maintain separate receipt books for trust and general cash receipts. However, if trust and general cash receipts are combined, then you must ensure that there is a clear distinction as to which account the cash receipt was deposited into.

The receipt book can be computer generated provided the receipts are signed by the appropriate parties, a copy is given to the party bringing the cash and all receipts are filed together.

11. Any cash refunds to clients

If a law firm receives a trust or general cash receipt that is \$7500 or more for fees and disbursements and subsequently refunds all or part of it, any refund of \$1,000 or more must be in the form of cash. Please refer to Rule 119.38(5)(d).

12. Bill rendered for work performed

Funds received from a client of the law firm cannot be deposited into the general bank account unless a statement of account has been rendered.

This applies equally to funds received directly from the client for the payment of an account or a transfer/payment from the law firm trust bank account.

Additionally, the legal services on the statement of account had to have been performed. It is not acceptable to bill for future services.

There might be instances of where client funds received do not pertain to legal services and do not require a statement of account (e.g. a loan from a client). Please contact the Trust Safety department if you are in doubt about a transaction.

13. Monthly review of A/R

To prevent situations where statements of accounts were not generated and/or client funds deposited into the general account in error, it is highly recommended that the accounts receivable listing be reviewed on a monthly basis. If there are “negative” accounts receivable balances, these must be investigated and corrected immediately. To ensure appropriate action is taken, a hard copy should be printed and retained.

14. Fees earned deposited into the general bank account

All fees earned by a law firm must be deposited into the law firm general bank account. It is not permissible to deposit the funds into a personal or other bank account of the lawyer even though the funds may eventually be paid into those accounts.

15. Reliance on one client

Some law firms may have a significant portion of their law practice dedicated to one client or one client group. Please indicate if one client/client group generate 20 per cent or more of your annual law firm billings.

SECTION C – TRUST BANK ACCOUNT

1. Trust bank accounts

List all of the trust bank accounts including the details such as Financial Institution, account number, transit number, physical location and name on account that were used by the law firm during the reporting period. This would also include all pooled trust accounts and any separate interest-bearing accounts.

Pooled trust accounts are those which co-mingle client funds and have also been referred to as “mixed” or “operating” trust accounts.

2. CDIC Compliance

Please refer to Rule 119.32

The Canadian Deposit Insurance Corporation (CDIC) provides coverage up to \$100,000 per customer in the event of a failure of the financial institution.

For law firm pooled trust accounts, this coverage extends to each client of the law firm provided the law firm remits annually to its financial institution proof that they are acting as a trustee. Proof consists of submitting a client trust listing (file numbers and amounts only, no client names) as at April 30 by May 31 to each financial institution where they operate a trust bank account. It does not matter if your trust bank balance does not exceed \$100,000 as at April 30, the objective is to prove that the law firm trust account is comprised of multiple clients.

Please note Alberta Credit Unions and the Alberta Treasury Branches are not eligible for CDIC coverage but instead are guaranteed by the Province of Alberta.

3. Interest Earned to Alberta Law Foundation

When setting up a pooled trust account at an approved depository and designating it in the name of the law firm, the law firm should provide appropriate and clear instructions to a bank regarding the trust account being opened. Specifically, the law firm should instruct the bank in writing with which it maintains a pooled trust account to remit the interest earned on the bank account to the Alberta Law Foundation at least semi-annually in each year. The interest remitted is used to support the Foundation's objectives as set out in the Legal Profession Act.

4. Retention of books and records

Rule 119.37(1) requires a law firm to maintain the most recent two years of financial records at its principal place of practice in Alberta. For example a law firm with a December 31, 2012 year end would maintain its 2011 and 2012 records on-site.

5. Posting of trust transactions

To ensure that trust transactions are posted as they occur, it is important that the law firm formally assigns the posting function to specific individuals. If too many individuals have posting duties it is difficult to determine where posting problems occurred.

6. Trust accounting records

This question is comprised of four subsections and refers to the specific requirements within the Part 5 Rules.

Some of the more detailed requirements include:

(a) Trust Journal Rule 119.36(4)(a)

This journal requires the recording of every transaction that is processed through the trust bank account with the exception of bank clearing errors that are corrected by the bank.

As part of the recording process you need to identify the source of the funds and the form the money was received in such as cash, cheque, direct deposit, etc. When recording the payee, you need to record the full and proper name. The client name and/or file number must be recorded for all transactions. If funds are receipted such as for cash, please record that receipt number or if electronically, then record the bank confirmation number.

For transfers of funds between client files (or different client matters) you need to record both the file name and file number for both the source and destination of the funds.

Lastly, a continual running balance must be maintained, not just at month end.

b) Trust Ledger rule 119.36(4)(b)

The objective of this ledger is to record all of transactions made for each client matter. You cannot combine multiple client matters onto one trust ledger card. To ensure that each client matter is separately recorded, the trust ledger must show the client name, matter description and file number. Additionally, for each withdrawal and receipt you must include a brief description of the transaction. It is not sufficient to state "paid as per client direction," as withdrawals and receipts must relate to the legal matter the firm is acting upon.

c) Trust transfer journal Rule 119.36(4)(c)

This journal records the transfers between client trust ledgers. In a manual system it is acceptable to keep copies of the transfer authorization documents as your journal provided they are all maintained together, in date order and represent a complete file of all transfers.

This journal does not apply to transfers between trust bank accounts on the same file nor from the pooled trust accounts to the general account for fees and disbursements.

d) Currently maintained

The trust journal, trust ledgers and trust transfer journal must be posted as each transaction occurs.

7. Pooled trust bank accounts

Please check off all of those queries that apply to your circumstances. Typically the negotiated cheques are in the form of cheque images – both front and back of the cheque images must be printed.

8. Separate interest-bearing trust bank accounts

Please check off all of those queries that apply to your circumstances.

Please note that stocks, bonds, and/or mutual funds are NOT acceptable forms of investment for client trust funds held in the name of the law firm for the client.

9. Interest on separate interest-bearing accounts

Interest earned on the client separate interest-bearing accounts must be recorded in the month that the law firm was advised of the amount earned.

It is not necessary to calculate an accrued interest amount such as posting interest each month on a one-year interest bearing investment if the interest is only paid upon maturity.

10. Payments made from separate interest-bearing accounts

Withdrawals from a separate interest-bearing trust account must be transferred firstly to a pooled trust account and then can be disbursed to the appropriate party. Please disclose any instances where payments were made directly to third parties and/or clients from the separate interest-bearing accounts.

11 Source documents

Please check off all of those queries that apply to your circumstances. Typically, the negotiated cheques are in the form of cheque images – both front and back of the cheque images must be maintained.

12. Law firm money in trust

It is permissible for law firms to maintain up to \$500 of law firm money in each trust bank account as per Rule 119.19(4)(d). These funds can be used to offset trust shortages, bank service charges, etc. These law firm trust funds would be in addition to any legal transactions that lawyers within a law firm would use the trust account for.

For the latter transactions, the funds must be paid out when the transaction has been completed and cannot remain in the trust bank account and used as the lawyer sees fit.

13. Depositing of trust funds

As per Rule 119.19(1) trust funds are to be deposited no later than the next banking day of receipt. This means that trust funds received on a Monday must be deposited no later than the end of Tuesday (providing there is no banking holiday). However, depositing trust funds the same day as they were received is strongly recommended and in any event, trust withdrawals relating to those trust funds cannot be made until the funds have been deposited. If your bank is open on Saturdays and Sundays, there is no expectation that the funds be deposited on those days to comply with the next banking day rule.

14. Trust money for non-legal services

It is not permissible to receive and disburse funds on behalf of clients if those transactions do not relate to the legal services the law firm was retained to perform. It is not acceptable to act as a conduit for banking services for your client.

Please refer to rule 119.17 or contact a Practice Advisor if in doubt.

15. Endorsement of trust cheques received

It is not permissible to “sign over” to a third party a cheque that the law firm receives that should have been deposited into the law firm trust bank account. If a mistake is made to the payee name, return the cheque and advise the sender of the proper payee.

16. Insolvent Lawyer approving trust payments

Rule 119.34(1) identifies various situations where a lawyer is required to notify the Law Society of their financial situation. If any of the lawyers within the law firm fall into one of the categories, please list the lawyers involved when they have signing authority on a trust account.

17. Sole signing authority

Only lawyers of the law firm may approve trust withdrawals and transfers as per Rule 119.21(1). If the law firm has granted sole signing authority to any individual within the law firm who is not an active practising lawyer in Alberta, please list those individuals and related position within the law firm.

18. Handling trust funds for another law firm

In some situations, law firms who do not operate a trust bank account may come into possession of trust funds. It is permissible for another law firm to process those transactions provided the law firm records all receipts and withdrawals on their books and records.

Please list the law firm involved and if any of the lawyers at that firm have signing authority on your law firm trust account.

19. Trust cheques not honoured

A trust withdrawal can only be made if there are sufficient funds on the client’s ledger and sufficient funds in the trust bank account. Refer to Rule 119.21(2)(e) and (f).

Please itemize the details on any trust cheque that could not be negotiated by the recipient due to insufficient funds in the trust bank account.

20. Approval of trust payments

As per Rule 119.21(1) all payments from the law firm trust bank account must be approved by a lawyer of the law firm and more specifically a lawyer of the firm who is an active lawyer in Alberta. If another lawyer in Alberta approved payments, please provide details such as the name of the lawyer, period covered, etc.

Please note that you must have prior approval from the Law Society to allow a lawyer who is not part of the law firm to approve trust payments.

21. Electronic withdrawals

Rules 119.23 and 119.42 permit payments from trust to be made electronically provided certain conditions are followed. There are forms on the Law Society website which guide these electronic payments. Please list any payments made by the law firm which were not in accordance with the rules and forms.

22. Preparation of monthly trust reconciliations

The monthly trust reconciliations are one of the key controls within a law firm to ensure client trust funds are properly recorded and maintained. Please list all staff members who are responsible for the preparation of these reconciliations.

This is separate and distinct from who is responsible for reviewing the accuracy of the reconciliations.

23. Retention of monthly trust reconciliations

You must keep the most recent two years of trust reconciliations (and the other books and records) on site at the principal place of practice as per Rule 119.37(1)(b). In addition, you must maintain your books and records for the current year and the preceding 10 year period as per Rule 119.37(1)(e).

24. Monthly trust reconciliation comparison

As stated above, the trust reconciliation is a key control and it is imperative that the reconciliation be reviewed for accuracy on a monthly basis. The objective of the reconciliation is to compare trust assets (as represented by the amounts in the pooled and separate interest-bearing trust bank accounts) to the trust liabilities (represented by the sum of the individual client trust ledgers) prepared separately for each bank account. Although not required within the rules, a good control feature is for the lawyer who reviews the reconciliation to sign and date the reconciliation as evidence that the review has occurred.

25. Components of monthly trust reconciliations

Please refer to Rule 119.36(4)(d) for the specific components of the reconciliation. In summary, a typical reconciliation is comprised of:

- Bank statement balance
- Add outstanding receipts (not yet deposited)
- Deduct outstanding cheques (not yet cashed) noting cheque date, cheque number, payee and amount
- Other adjustments – which are fully itemized and explained in detail
- Detailed client trust listing
- Comparison of the ending reconciled bank balance to total of the client trust listing

26. Outstanding deposits

Rule 119.19(1) requires trust funds be deposited no later than the next banking day.

On the month end reconciliation, any receipts listed as being outstanding should be deposited into the trust bank account by the next banking day.

Any outstanding receipt that is carried forward from one monthly trust reconciliation to another needs to be investigated immediately and resolved.

27. Trust bank statement review

Although not a specific requirement under the Part 5 Rules, it is good practice to review the trust bank statements every month as part of the review of the trust reconciliations. This would help to identify unusual or unapproved transactions.

28. Review of client trust listing

The client trust listing identifies the amount held by the law firm for each client as at a point in time which is normally at month end.

This listing must be reviewed at least once a month and this is normally done in conjunction with the review of the trust reconciliations. This review will help to ensure no client ledgers are overdrawn (in a shortage position) and to identify any files where the trust funds have been residing for long periods of time.

These potentially inactive files should be reviewed to determine if the matter is still ongoing and if not, then the funds should be paid out to the appropriate party.

In cases where the funds cannot be paid out as the client/payee cannot be located, the funds might be payable to the Law Society as undisbursable trust funds under Rule 119.27.

Undisbursable amounts less than \$50 can be reported on one form to a maximum of 10 while all amounts greater than \$50 require a separate form.

29. Other client property

Please refer to Rule 119.28.

You may be requested by your client to hold in safekeeping valuable property other than trust monies. Examples might include items of a personal nature such as jewellery or paintings. A receipt or acknowledgement should be provided to the client providing sufficient description of the nature of this other property. The property should be secured and relevant documentation maintained.

Please contact a Practice Advisor should you have questions on the definition of client property.

30. Back up of accounting records

If you maintain manual accounting record it is unlikely that you will have a back-up of the books and records.

For computerized records, there is a requirement under Rule 119.36(5) to print the trust and general records monthly as well as maintaining an electronic back up of those records. This back up should be stored offsite.

31. Estate files

Provide details including file number/name, date file opened, amount held in trust as at the last date of the reporting period and the reason why the funds are still in trust.

SECTION D – NO UPLOAD TO THE LAW SOCIETY

1. Books and records

This question asks whether the books and records are maintained in a permanent form (ink) and are together with all of the supporting documents.

2. Uncashed Trust Cheques

Uncashed trust cheques may indicate that the payee did not receive the cheque or for whatever reason has not negotiated the cheque. If these cheques are still uncashed after one year, they must be followed up on. After some effort by the law firm and the client cannot be located you should remit the funds to the Law Society as undisbursable trust funds.

Please refer to Rule 119.27 and be advised that the Law Society cannot accept the funds unless they have been held for at least two years by the law firm.

3. Trust Cheques Payable to Cash or Bearer

It is not permissible to issue a trust cheque payable to “cash” or “bearer” unless the cheque pertains to returning cash to a client under Rule 119.38(5)(d). Please list all trust cheques made payable to cash or bearer including those permitted under 119.38(5)(d).

4. No overdrawn client accounts

Trust payments made on behalf of a client can only be made if there are sufficient funds to the credit of the client in the trust bank account. This restriction applies to the client funds in each trust bank account. For example, a law firm cannot issue a trust cheque for a client on a law firm Royal Bank trust account if the funds reside in a law firm CIBC trust bank account.

Please refer to Rules 119.21(2)(e) and 119.24(1).

Rule 119.24(3) requires the reporting of client ledger shortages to the Law Society if the shortage exceeds \$2,500 or if less than \$2,500 and the shortage is not corrected within seven days of the shortage occurring. A standard reporting form is on the Law Society website.

In cases where the shortages have already been reported to the Law Society, you need only reference the date the form was submitted (or letter sent if you failed to send the proper form).

5. Trust shortages that were uncorrected for more than seven days

Similar to Question 4, this reinforces the situation where shortages are to be reported to the Law Society under Rule 119.24(3). If the law firm failed to report any shortages that were not corrected for more than seven days please provide details in the space provided.

You do not need to disclose those shortages that were previously listed under Question 4.

6. Trust shortages that exceed \$2,500

Similar to Question 4, this reinforces the situation where shortages are to be reported to the Law Society under Rule 119.24(3). If the law firm failed to report any shortages that exceeded \$2,500 please provide details in the space provided.

You do not need to disclose those shortages that were previously listed under Questions 4 or 5.

7. Month end trust reconciliation (designated filing date)

Using the table provided, you must fill in the data from the last month of the designated filing date for all trust bank accounts of the law firm. As the designated filing date is December 31, you must use the data from the December 31 trust reconciliations.

The data that is required is:

- Trust bank account (bank and account number)
- December 31 bank statement balance
- Total of the outstanding (uncashed) trust cheques as at December 31
- Total of the outstanding deposits as at December 31
- Net other adjustments such as bank errors, posting errors, etc. as at December 31
- Reconciled bank balance as at December 31 (this should also be the sum of the bank balance, less uncashed trust cheques plus outstanding deposits plus or minus net other adjustments)
- Total of the client trust listing as at December 31 for each specific trust bank account

Please note:

- 1) The total of the last two columns should agree
- 2) The accountant retained for completing the Accountant's Report will be verifying the accuracy of this data

8. Trust bank account activity

Using the table provided, you must fill in the data about the total amount of deposits and payments that go through each trust bank account.

The data that is required is:

- Trust bank account (bank and account number)
- Total of all deposits made into each trust bank account during the reporting period
- Total of all payments made from each trust bank account during the reporting period

The deposit and payment information will be available from the trust bank statements using the totals of the monthly deposits and payments. These two totals will not necessarily agree as the totals represent the amount of money deposited and paid out from each trust bank for the year.

Please note the accountant retained for completing the Accountant's Report will be verifying the accuracy of this data.