

Start-Up Report

Rule 119.14

Instructions

1. This Report must be completed after the law firm has been approved to operate a trust bank account and has a Responsible Lawyer in place. This Report must be filed within four months of the date approved to operate a trust account.
2. In this Report, "Rules" mean the Rules of the Law Society of Alberta and all expressions defined in the Rules have the same meaning in this Report.
3. A lawyer practising as sole practitioner is a "Law Firm" as defined in the Rules.
4. Two or more law firms practising from the same premises, sharing common letterhead and sharing a trust account or a general account are a "law firm" for purposes of this Report.
5. If space is insufficient, please attach supplementary schedules.
6. The Test Period will comprise of a minimum of two consecutive months of trust reconciliations.
7. Please submit the completed form and the documents listed under **Section B** to Trust.Safety@lawsociety.ab.ca. We do not require the originals.

SECTION A – GENERAL INFORMATION

1. Law Firm: _____
2. Responsible Lawyer: _____
3. Designated Year-End:

December	31
Month	Day
4. Responsible Lawyer Approval Date:

_____	_____	_____
Month	Day	Year
5. Review Period:

_____	_____	_____	to	_____	_____	_____
Month	Day	Year		Month	Day	Year
6. Person responsible for preparation of monthly bank and trust reconciliations:

Name: _____

Phone Number: _____

Email: _____
7. Accounting Software Used: _____

1. List the owners and associates of the law firm as at the end of the review period:

(Prepare a separate schedule if more than 10 owners and associates)

2. List the operating trust accounts opened by the law firm:

Name of Financial Institution (include all separate interest bearing accounts)	Account Number	Date Opened (mm/dd/yyyy)

(Prepare a separate schedule if more than five trust bank accounts)

3. List the general accounts opened by the law firm:

Name of Financial Institution	Account Number	Date Opened (mm/dd/yyyy)

(Prepare a separate schedule if more than four general accounts)

SECTION B – DOCUMENTS TO BE INCLUDED WITH THIS REPORT

Trust Reconciliation for 2 consecutive months:

- Bank Statement ☐
(including images of negotiated cheques)
- Bank Reconciliation ☐
(including list of uncleared cheques, uncleared deposits and detailed explanation of adjustments)
- Bank Journal, or Bank Activity Report ☐
- Client Trust Listing ☐
- Matter to Matter Transfer Journal ☐

General Reconciliation for 2 consecutive months:

- Bank Statement ☐
- Bank Reconciliation ☐
(including list of uncleared cheques, uncleared deposits and detailed explanation of adjustments)
- Bank Journal, or Bank Activity Report ☐

SECTION C – REVIEW OF TEST PERIOD RECONCILIATIONS

For each trust reconciliation in the test period, please answer the following questions.

1. Were the reconciliations prepared within 1 month of the month end? ☐ Yes ☐ No

NOTE – Monthly trust reconciliations must be prepared for all open trust bank accounts regardless of activity or balance.

If no, please note the date prepared:

Bank Account	Month	Date Prepared (mm/dd/yyyy)
_____	_____	_____
_____	_____	_____
_____	_____	_____

(Prepare a separate schedule if more than three)

2. Did the reconciled bank balance equal the client trust listings? ☐ Yes ☐ No

If no, please document the explanation recorded on the reconciliations or enquire of the law firm:

Bank Account	Difference (\$)	Explanation (documented or enquiry)
_____	_____	_____
_____	_____	_____
_____	_____	_____

(Prepare a separate schedule if more than three)

3. If differences exist, have they been resolved on subsequent reconciliations? ☐ N/A ☐ Yes ☐ No

If no, please resolve immediately and provide an explanation on how the difference(s) was resolved:

4. Did the bank statement opening or closing balance as per the bank reconciliation agree with the actual bank statements? ☐ Yes ☐ No

If no, please identify the difference and explain why the bank statement balance was not used:

Bank Account	Month	Difference (\$)	Explanation for Amount Used
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

(Prepare a separate schedule if more than three)

5. Were all outstanding cheques listed on the trust bank reconciliation(s) cleared as at the date of your review? ☐ Yes ☐ No

If no, please list all cheques that did not clear:

Bank Account	Chq #	Issued Date (mm/dd/yyyy)	Payee	Client	Amount
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

(If necessary, prepare a separate schedule using the same information as listed above)

6. Did all outstanding receipts listed on the trust bank reconciliation(s) clear by the next banking day? ☐ Yes ☐ No

If no, please list all outstanding receipts that did not:

Bank Account	Amount	Source	Client	Date Received (mm/dd/yyyy)	Date Deposited (mm/dd/yyyy)
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

(If necessary, prepare a separate schedule using the same information as listed above)

If there are any receipts listed above that are still outstanding as at the date of your review, resolve immediately and provide an explanation on how and when the deposit was made (such as client funds, law firm generalcheque, bank reversal, etc):

Amount (above)	Explanation of How and When Late Receipt Was Deposited
_____	_____
_____	_____
_____	_____

7. Were there any other adjustments apart from outstanding receipts and outstanding cheques listed on the bank reconciliations? ☐ Yes ☐ No

If yes, please complete the following table:

Bank Account	Amount	Adjustment Description	Date Occurred (mm/dd/yyyy)	Date Corrected (mm/dd/yyyy)
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

(If necessary, prepare a separate schedule using the same information as listed above)

If there are any adjustments still outstanding as at the date of your review, resolve immediately and provide an explanation on how and when the adjustment was corrected:

Amount (above)	Explanation of Correction
_____	_____
_____	_____
_____	_____

8. Are the bank reconciliations arithmetically correct? ☐ Yes ☐ No

If no, please explain why it does not add up:

Bank Account	Month	Explanation of Calculation Issues
_____	_____	_____
_____	_____	_____
_____	_____	_____

9. Are the client trust listings arithmetically correct? If no, please explain why it does not add up: ☐ Yes ☐ No

Bank Account	Month	Explanation of Calculation Issues
_____	_____	_____
_____	_____	_____
_____	_____	_____

10. Are there any shortages listed on the client trust listings? If yes, please complete the following table: ☐ Yes ☐ No

Bank Account	Amount	Client	Date Occurred (mm/dd/yyyy)	Date Corrected (mm/dd/yyyy)	Explanation
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

(If necessary, prepare a separate schedule using the same information as listed above)

If there are any shortages still outstanding as at the date of your review, resolve immediately and provide an explanation on how and when the shortage was resolved (such as client funds, law firm general cheque, etc):

Bank Account	Amount	Explanation of Correction
_____	_____	_____
_____	_____	_____
_____	_____	_____

Provide the individual client ledger for any clients reporting shortages on the client trust listing.

Refer to Rule 119.39 regarding reporting obligations for trust shortages.

11. Do all of the amounts on the client listings agree to the client trust ledger cards? ☐ Yes ☐ No
(No minimum or maximum testing, 100% testing of the amount listed on the trust listing)

If no, please complete the following table:

Client #	(\$) Client Trust Listing	(\$) Client Trust Ledger Card	Explanation for Difference
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

SECTION D – TESTING OF CASH RECEIPTS

Review the trust journal and answer the following questions. Rule 119.56 (a) “cash” means coins referred to in section 7 of the Currency Act, notes issued by the Bank of Canada pursuant to the Bank of Canada Act that are intended for circulation in Canada and coins or bank notes of countries other than Canada.

NOTE: If there are no cash deposits in the test period, no testing is required.

1. Were any cash receipts noted in the trust journal? ☐ Yes ☐ No
If yes, were any cash receipts greater than \$7,500?
If yes, please complete the following for any receipts over \$7,500: ☐ Yes ☐ No

Bank Account	Deposit Date	Amount	Client
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

(If necessary, prepare a separate schedule using the same information as listed above)

2. Were all cash receipts recorded in the separate cash receipt book? ☐ Yes ☐ No
If no, attach a copy of the trust ledger card to this report.
(If necessary, prepare a separate schedule using the same information as listed above)

SECTION E – TESTING OF TRANSFERS

Review the trust transfer journal of the law firm for the test period and answer the following questions.

NOTE - If there are no transfers recorded in the test period, no testing is required.

1. Were any transfers recorded in the trust transfer journal? ☐ Yes ☐ No

If yes, for transfers that did not involve the same client, please complete the following:

Transfer Date (mm/dd/yyyy)	Amount	Client To	Client From	Reason for Transfer
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

(If more than five transfers please record only the five largest transfers)

2. For any transfers listed above between non-related clients, attach a copy of the trust ledger card to this report.

SECTION F – TESTING OF DEPOSITS TO THE GENERAL BANK ACCOUNT

Review the general journal and answer the following questions.

1. Select five deposits from the general deposit slips.

If deposit slip is comprised of multiple receipts, select the largest receipt of each deposit.

2. Was a statement of account issued to support each receipt tested? ☐ Yes ☐ No

(a) If no, please explain the nature of the deposit:

(b) if yes, was the statement of account rendered same day or prior to the deposit and was for actual services performed (not estimated or future services)? ☐ Yes ☐ No

If no to question 2(b), please complete the following:

Deposit Date (mm/dd/yyyy)	Amount	Client	Date of Account (mm/dd/yyyy)
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

(If necessary, prepare a separate schedule using the same information as listed above)

SECTION G – REVIEW OF TEST PERIOD TRUST BANK STATEMENTS

For each trust bank account in the test period, please answer the following questions.

1. Do trust bank statements exist for each month the trust bank account was open? ☐ Yes ☐ No

If no, please complete the following:

Bank Account	Month Missing	Reason Missing (inactive, etc.)
_____	_____	_____
_____	_____	_____
_____	_____	_____

(If necessary, prepare a separate schedule using the same information as listed above)

2. Do any of the trust bank statements indicate an overdraft? ☐ Yes ☐ No

If yes, please complete the following table:

Bank Account	Overdraft (\$)	Date of Overdraft (mm/dd/yyyy)	Explanation for Overdraft
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

NOTE – Provide proof that all trust bank account overdrafts have been resolved.

SECTION H – REVIEW OF LAW FIRM BOOKS & RECORDS

The monthly Trust and General reconciliations include the following for the entire review period. Refer to Rules 119.36 and 119.37 for additional information.

1. A trust journal which shows as applicable for each transaction:
(Select all that apply)
 - ☐ All receipts, withdrawals and transfers between files regardless of transaction type in chronological order
 - ☐ Date of receipt or withdrawal
 - ☐ Source of the money received
 - ☐ Form in which the money is received, such as cash, cheque, direct deposit, etc.
 - ☐ Payee of each withdrawal
 - ☐ Client name and/or file number
 - ☐ Receipt or cheque number
 - ☐ File numbers or names (source and destination of any transfers)
 - ☐ Amount
 - ☐ Continual running balance
2. A trust ledger for each client matter showing:
(Select all that apply)
 - ☐ Client name, matter description and file number
 - ☐ Date of receipt or withdrawal
 - ☐ Source of the money received
 - ☐ Payee of each withdrawal
 - ☐ Receipt or cheque number
 - ☐ Description of the nature of the deposit or withdrawal
 - ☐ Amount
 - ☐ Continual running balance
3. A journal showing all transfers of money between trust ledger accounts (or chronological file of copies of all documents by which transfers of money between TLC were effected) ☐ N/A ☐ Yes ☐ No
4. A general journal which shows:
(Select all that apply)
 - ☐ Date of receipt or withdrawal in chronological order
 - ☐ Source of the money received
 - ☐ Payee of each withdrawal
 - ☐ Client name and/or file number (if applicable)
 - ☐ Receipt or cheque number
 - ☐ Amount
 - ☐ Continual running balance

5. A billing journal which shows:
(Select all that apply)
- ☐ All fees and charges to the client
- ☐ Dates
- ☐ Amounts
- ☐ Names of the clients
6. A chronological accounts receivable subledger which shows for each client:
(Select all that apply)
- ☐ Statements of account rendered (date and amount)
- ☐ Payments (date and amount)
- ☐ Continual running balance
7. A separate duplicate receipt book that records only cash received by the law firm showing:
(Select all that apply) Rule 119.58(1) ☐ N/A
- ☐ Date cash received
- ☐ Person from whom the cash was received
- ☐ Amount of cash received
- ☐ Client for whom cash was received
- ☐ File number
- ☐ Signature of the law firm representative
- ☐ Signature of the person from whom the cash was received
8. A cash payment journal that records when cash is returned to a person showing:
(Select all that apply) ☐ N/A
- ☐ Date cash paid
- ☐ Amount of cash paid
- ☐ Client for whom cash was paid
- ☐ File number
- ☐ Name and signature to whom the cash was paid
9. General bank account has been reconciled by the end of the following month? Rule 119.36 ☐ Yes ☐ No

Please explain any and all no responses to the above questions (1-9):

SECTION I – LAWYER CERTIFICATION

I certify that to the best of my knowledge all information contained in this Start Up Report is true and correct.

Responsible Lawyer's Signature

Date