

CHECKLIST

How to Avoid Common Pitfalls in Your Trust Accounting



Law firms can face severe consequences for improper management of trust accounts. Use this checklist to assess your policies and procedures, and verify that you have the appropriate safeguards and checks in place. Implementing proper controls can help reduce the risk of trust accounting improprieties.



- 1** Understand the Florida Bar's Rules Regulating Trust Accounts



- 2** Verify client funds are held in a trust account and kept separate from the lawyer's own funds; short-term and nominal amounts should be held in an IOTA account.



- 3** Have a competent individual oversee your firm's trust accounting and have a lawyer, preferably management level, be responsible for the process.



- 4** All attorneys should regularly review client ledgers related to the matters they oversee.



- 5** Review your firm's policies and procedures manual to confirm that it includes specific guidance governing the handling of trust accounts.



- 6** Know the minimum trust accounting procedures that must be followed and the minimum trust accounting records that must be maintained, and confirm that they are being followed and maintained at your firm.



- 7** Reconcile bank account balances monthly and agree totals to the subsidiary and general ledgers



- 8** Implement proper controls to confirm that trust account disbursements are authorized and appropriate.