

# Tips for Safeguarding Client Trust Funds



THE Bocker Law Firm P.A.

Here are some easy-to-implement and smart accounting practices to safeguard your trust account and your law license:



**1.** Always, always, always be vigilant; lawyers have a professional duty to supervise their non-lawyer staff and can be disciplined by the Bar for failure to do so.

**2.** Have well-documented and sound accounting procedures in place that are followed consistently. Consult an expert if you are unsure of what those procedures should look like.

WE OFFER CUSTOMIZED TRUST ACCOUNT PROCEDURAL ASSESSMENTS AND SEMINARS FOR LAW FIRMS AND LAWYERS.

**3.** Although the Rules permit non-lawyers to be signatories on trust accounts, best practices dictate that non-lawyers should not be signatories.

**4.** Write a letter to your bank stating that the principals or partners are the only ones who are authorized to transfer/withdraw money from any firm accounts.

**5.** Reconciliations are still the number one problem with attorney trust accounts. Although 3-way reconciliations are only required quarterly, it is a better practice to do them monthly. The 3-way reconciliation compares the sum of the individual client ledgers to the firm's general ledger and to the bank statement. Ask us for a copy of a 3-way reconciliation sheet that is State Bar compliant.

**6.** Implement a system so that different employees do different functions, such as:

a. The person who opens and reviews the trust account statements should not also reconcile the accounts;

b. The person who issues checks should not complete the reconciliations; and

c. The person completing the reconciliations should not be the only one to review the reconciliations.

**7.** An attorney needs to carefully review the reconciliations and periodically spot check the source documents (account statements, checks and deposit slips).

**8.** Consider Positive Pay. It is an anti-fraud service offered by banks that protects companies against altered checks and counterfeit check fraud.

**9.** A lawyer may only take funds remaining in the trust account if the funds can be conclusively documented as the lawyer's money.

**10.** Miscellaneous items:

- Make sure the account is set up as an IOLTA account;
- When you meet with your bank, go with your NSF directive;
- Bank statements must include copies of canceled checks;
- Size does matter (when it comes to check copies from the bank) and the rules are very specific;
- Specify client, bank name, and check number on all trust account deposit slips and keep a copy; and
- Keep all trust account records for 6 years.

Additional information is available on the Firm's website [brockerlawfirm.com](http://brockerlawfirm.com).

Follow @TrustAccountNC for attorney scam alerts and other news affecting attorneys and their trust accounts.



Deanna Brocker represents attorneys before the State Bar on grievance matters and also counsels attorneys on ethics matters. She previously served as Assistant Ethics Counsel to the NC State Bar for over ten years.



Doug Brocker concentrates on representing attorneys before the State Bar and representing various other professionals, or aspiring professionals, before their respective licensing boards or agencies. He previously worked for the State Bar prosecuting disciplinary cases.