



Accountant's Report

Rule 119.38

Instructions

The Accountant's Report must be completed if the Law Firm does not upload trust accounting data to the Law Society of Alberta.

1. **Filing Deadline:** All law firms have a mandatory year-end of December 31 ("year-end"). The Accountant's Report must be filed no later than March 31 ("due date"), in accordance with the Rules of the Law Society of Alberta, Rule 119.38.
2. **Late Filings:** Late submissions incur escalating late-filing fees up to \$1,500. Failure to file by July 1 may result in the Responsible Lawyer being administratively suspended, as per Rule 119.38(5) and (6).
3. **Reporting Period** covers January 1 to December 31 of the year being reported.
4. **Test Month** means the one-month period within the reporting period selected for detailed review and must differ from prior year's test month.
5. **Supplementary Schedules:** If additional space is required, attach clearly-labelled supplementary schedules.
6. **Required Signatory:** This Report must be signed by a partner (managing partners) of the Accounting Firm.
7. **Required Documentation:** This Report must include monthly trust reconciliations for the test month including the following:
 - Bank account reconciliation Report, including the details of outstanding cheques/deposits and/or adjustments (if any)
 - Bank statements for all trust account(s) including the images of the negotiated cheques
 - Client trust listing
 - A detailed Trust journal
 - Matter-matter transfer journal
8. Please submit the completed report through the [PwC Connect Tool](#). If the Responsible Lawyer wishes to grant their accountant access to the Connect Tool, the Responsible Lawyer must email trust.safety@lawsociety.ab.ca with accountant's name and email.

Additional Information

1. 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.
2. A member practising as sole practitioner is a "Law Firm" as defined in the Rules (Rule 2(1)(a)).

SECTION A – GENERAL INFORMATION

1. Law Firm: _____
2. Software the Law Firm Uses (if any): _____
3. Responsible Lawyer: _____
4. Reporting Year: _____
5. Test Month: _____
(Prior year)
6. Test Month: _____
(Current year)
(The test month must differ from prior year)

The information provided in this form will be used by the Law Society of Alberta for one or more purposes contemplated by the *Legal Profession Act*, the Rules of the Law Society, the Code of Conduct, or a resolution of the Benchers and will be accessible to all departments of the Law Society, including the Alberta Lawyers Insurance Association. The information may be used or disclosed by the Law Society of Alberta, now or in the future, for regulatory purposes, including Law Society of Alberta investigations and proceedings. We may contact you to obtain additional information, or to obtain clarification on the information you provided. Should you have any questions about this, please contact the Privacy Officer at 403-229-4700.



SECTION B – DECLARATION

TO: The Executive Director,
The Law Society of Alberta

I, _____, the undersigned, make this report on behalf of the Accounting Firm identified in Section C (hereinafter called the "Accounting Firm") and at the request of the law firm identified in Section A (hereinafter called the "Law Firm"): _____

Our Accounting Firm has conducted certain procedures on the prescribed financial records maintained by the Law Firm. We have conducted the agreed-upon procedures engagement in accordance with the Canadian Standard on Related Services (CSRS) 4400, Agreed-Upon Procedures Engagements. An agreed-upon procedures engagement involves our performing the procedures that have been agreed upon with the Law Firm, and reporting the findings, which are the factual results of the agreed-upon procedures performed. We make no representation regarding the appropriateness of the agreed-upon procedures. In order to make this report, our Accounting Firm has:

1. Read Part 5 of the Rules of the Law Society of Alberta.
2. Obtained a copy of the completed Law Firm Self-Report for the Reporting Period.
3. Obtained a copy of the completed Trust Bank Account Report for the Reporting Period.
4. Obtained an engagement letter (a copy of which is attached hereto), and
5. Performed the procedures necessary to complete this Report.

We have complied with the ethical requirements in the Chartered Professional Accountants of Alberta's Code of Professional Conduct.

The procedures performed do not constitute an audit; therefore, our Accounting Firm does not express an opinion on the accuracy or completeness of the Law Firm's prescribed financial records and the financial information provided, or as to whether there were any irregularities during the Reporting Period which were not disclosed to us. However, our Accounting Firm does report on the results of applying specific procedures.

In completing this Report, certain procedures were carried out on a "Test Month" selected by us within the Reporting Period (a different month than the Test Month on the prior Accountant's Report was selected).

SECTION C – ACCOUNTING FIRM INFORMATION

We will forward a copy of this Accountant's Report to the Law Firm and discuss the contents of this Report with the Law Firm.

Our Accounting Firm is registered as a Professional Accounting Firm with the Chartered Professional Accountants of Alberta (CPA Alberta).

Please select the designation of the accounting firm partner responsible.

- Chartered Professional Accountant
- Chartered Professional Accountant, Certified Management Accountant
- Chartered Professional Accountant, Certified General Accountant
- Chartered Professional Accountant, Chartered Accountant

This report is prepared solely for submission to the Law Society of Alberta and is not to be referred to or distributed to any person other than in accordance with the *Legal Profession Act* and the Rules of the Law Society of Alberta.

Date (MM/DD/YYYY)

Signature of Responsible Accounting Firm Partner

Name of Responsible Accounting Firm Partner

Accounting Firm Name: _____

Mailing Address: _____

Street Address: _____
(if different) City: _____ Province: _____ Postal Code: _____

Email Address: _____



SECTION D – REVIEW OF LAW FIRM SELF-REPORT (FOR THE REPORTING PERIOD)

1. Did you review the completed Law Firm Self-Report and the Trust Bank Account Report?

Yes No

If No, you cannot complete this Accountants Report and must contact the Law Society of Alberta immediately.

2. Are the numbers recorded on the Trust Bank Account Report section of the Self-report accurate (do they align with the information on their bank statements and book records)?

Yes No

If you answered “No” to Question 2 or if the Trust Bank Account Report was not completed, please provide a detailed explanation of the inaccuracies and attach a revised schedule showing the revised amounts.



SECTION E – BANK ACCOUNT INFORMATION (FOR THE REPORTING PERIOD)

1. Trust Bank Accounts in existence during the Reporting period.

Name of Financial Institution	Bank Number	Account Type

Prepare a separate schedule if additional space is required.

SECTION F – REVIEW OF CASH RECEIPTS (ENTIRE REPORTING PERIOD)

Review the trust deposit slips of the law firm for the reporting period and answer the following questions. As per 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.

1. Cash Receipts

- a. Did the law firm receive any cash in the Reporting period? Yes No
- b. If yes, did the law firm receive more than \$7,500 for any single client matter? Yes No
- c. If yes, do the matters identified match the ones listed on the Self-report? Yes No

If no, please complete the table below for each instance of cash received over \$7,500.

Bank Account	Deposit Date (MM/DD/YYYY)	Amount (\$)	Client Name	Matter Number	Reason cash was received

Prepare a separate schedule if additional space is required.

2. Cash Receipt Recordkeeping

- a. Were all cash receipts recorded in the separate receipt book? Yes No

3. Refunds of Cash over \$7,500

- a. Were any refunds issued for cash received greater than \$7,500? Yes No
- b. If yes, was the refund issued in cash? Yes No

If no, please complete the table below and specify the method used to issue the refund (cheque, EFT, etc.), the refund amount and date, the matter number and the client’s name.

Client Name	Matter Number	Amount Refunded (\$)	Date of Refund (MM/DD/YYYY)	Method used to issue refund

Prepare a separate schedule if additional space is required.



SECTION G – REVIEW OF RECONCILIATIONS (ENTIRE REPORTING PERIOD)

For each trust reconciliation completed during the Reporting Period (including SIBA accounts), answer the following:

1. Review of Monthly Reconciliations

Did you review all trust reconciliations for the Reporting Period, including SIBA accounts and accounts with no activity? Yes No

2. Use of Accounting Software

Did the law firm use accounting software to prepare and complete the reconciliations? Yes No

If yes, please record the name of the accounting software: _____

3. Accuracy of Reconciliation

Is each bank reconciliation arithmetically correct? Yes No

4. Timeliness of Reconciliation

Were all reconciliations prepared no later than the end of the following month? Yes No

If no, provide details for the months when the reconciliation was not completed by the end of the following month:

Bank Account	Month	Date Prepared (MM/DD/YYYY)	Explanation

Prepare a separate schedule if additional space is required.

Note: Monthly trust bank account reconciliations must be completed for all open trust bank accounts, regardless of activity or balance.

5. Agreement Between Reconciled Balance & Client Trust Listing

For each month, does the reconciled bank balance on the reconciliation equal the Client Trust Listing balance? Yes No

If no, document the explanation noted in the reconciliation or obtained from the law firm:

Bank Account	Month	Difference (\$)	Explanation

Prepare a separate schedule if additional space is required.

If a difference existed, has it been resolved in subsequent reconciliations?

N/A Yes No

6. Outstanding Receipts – Clearance Timing

Were all outstanding receipts listed on the trust bank reconciliation cleared by the next banking day? Yes No

If no, list all receipts not cleared on the next banking day:

Bank Account	Amount (\$)	Source	Client	Date Received (MM/DD/YYYY)	Date Deposited (MM/DD/YYYY)

Prepare a separate schedule if additional space is required.

7. Agreement of Trust Liability Balances

Does the total trust liability (balance) on the Client Trust Listing agree with the trust liability (balance) shown in the Trust Bank Journal (General Ledger / Trial Balance / Bank Activity Journal)?

Yes No



8. Stale-Dated Cheques

Are there any cheques outstanding for more than six months (stale-dated)? Yes No

If yes, please list details below:

Date Cheque Issued (MM/DD/YYYY)	Cheque Amount (\$)	Payee	Explanation

Prepare a separate schedule if additional space is required.

Total number of stale-dated cheques: _____

Total dollar value: _____

9. Other Adjustments on the Bank Reconciliation

Were there any adjustments other than outstanding deposits and cheques? Yes No

If yes, please provide details below:

Bank Account	Amount (\$)	Adjustment Description	Date Occurred (MM/DD/YYYY)	Date Corrected (MM/DD/YYYY)

Prepare a separate schedule if additional space is required.

10. General Account Reconciliation

Has the General Bank Account been reconciled by the end of the following month? Yes No

SECTION H – REVIEW OF CLIENT TRUST LISTING (ENTIRE REPORTING PERIOD)

For each Client Trust Listing prepared during the Reporting Period, answer the following:

1. Agreement Between Client Trust Listing and Client Trust Ledger Cards
Do the balances shown on the Client Trust Listing agree with the corresponding Client Trust Ledger Card Balances? (Test up to six matters per month, to a maximum of 72 matters.) Yes No

If no, complete the table below for the matters where a variance was identified:

Matter Number	Balance on the Trust Ledger	Balance on the Client Trust Listing	Month when the variance was identified	Reason for Variance

Prepare a separate schedule if additional space is required.

2. Negative Client Trust Balances
Are any negative balances shown on the Client Trust Listing? Yes No

If yes, complete the table below:

Bank Account	Amount (\$)	Client	Date Occurred (MM/DD/YYYY)	Date Corrected (MM/DD/YYYY)	Explanation

Prepare a separate schedule if additional space is required.

SECTION I – INACTIVE MATTERS (REVIEW MOST RECENT CLIENT TRUST LISTING)

1. Does any client matter show a last activity date over two years old? Yes No

If yes, attach a PDF document that contains the following information for all inactive matters:

Last Activity Date (MM/DD/YYYY)	Matter Number	Client Name	Balance (\$)	Reason for Inactivity
TOTAL				



SECTION J – REVIEW OF TRUST BANK STATEMENTS (ENTIRE REPORTING PERIOD)

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

1. Were the trust bank statements retained for each month? Yes No

If no, please complete the following:

Bank Account	Month Missing	Explanation

Prepare a separate schedule if additional space is required.

2. Does the trust bank statement display the law firm’s name? Yes No
3. Does the trust bank statement clearly indicate that the account is a Trust Account? Yes No
4. Do the trust bank statements include images of negotiated cheques? Yes No
5. Do any of the trust bank account statements show an overdraft or NSF (non-sufficient funds)? Yes No
- a. If yes, was the overdraft/NSF immediately reported? Yes No

If there was an overdraft and/or an NSF, please complete the following table:

Bank Account	Overdraft/NSF Amount (\$)	Date Occurred (MM/DD/YYYY)	Date Corrected (MM/DD/YYYY)	Explanation

Prepare a separate schedule if additional space is required.

Additional Comments

Please use this space to add any additional comments related to the above questions:

NOTE - If the law firm is unable to provide proof that all overdrafts are resolved, contact the Law Society of Alberta immediately.



SECTION K – REVIEW OF LAW FIRM BOOKS & RECORDS (ENTIRE REPORTING PERIOD)

The law firm maintained the following books and records for the entire reporting period:

1. A trust journal which shows as applicable for each transaction:
(Select all that apply) Rule 119.37
 - 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 (if applicable) 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) Rule 119.37
 - 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 TCL were affected). Rule 119.37
 N/A Yes No

4. A general journal which shows:
(Select all that apply) Rule 119.36
 - 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) Rule 119.35(2)(a)
 - All fees and charges to the client
 - Dates
 - Amounts
 - Names of the clients

6. A chronological account receivable subledger which shows for each client:
(Select all that apply) Rule 119.35(2)(b)
 - 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: N/A
(Select all that apply) Rule 119.58(1)
- 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: N/A
(Select all that apply) Rule 119.58(2)
- Date cash paid
 - Amount of cash paid
 - Client for whom cash was paid
 - File Number
 - Name and signature to whom the cash was paid

Please explain any missing responses to the above questions (1-8):



SECTION L – TESTING OF PAYMENTS FROM THE TRUST BANK ACCOUNT (TEST MONTH)

Review the trust bank account of the law firm for the test month and answer the following:

1. Questionable Payments
Were there any payments from the trust that appear questionable or lack a reasonable explanation?
 Yes No
2. Payments to the Law Firm
Were any payments made from the trust bank account to the law firm that were not deposited into the General Account?
 Yes No
3. Cheques Endorsed Back to the Lawyer
Were any trust cheques payable to clients subsequently endorsed back to a Lawyer?
 Yes No
4. Cheques Payable to Cash
Were any trust cheques made payable to "Cash"?
 Yes No

If yes, complete the following information:

Cheque Number	Matter Number	Amount (\$)	Date of Transaction (MM/DD/YYYY)	Reason

Prepare a separate schedule if additional space is required.

5. Cheques Not Signed by a Lawyer
Were any trust cheques issued without the signature of at least one Lawyer in the law firm?
 Yes No
6. Payments to Family Members or Related Parties
Were any trust payments made to a Lawyer's family member or other related party?
 Yes No
7. Personal Expenses Paid from Trust
Were any personal expenses (e.g., credit card, vehicle, office, or similar expenses) paid from the trust?
 Yes No

If yes to any of the above questions (1-7), provide details below:

Date (MM/DD/YYYY)	Description / Explanation

Prepare a separate schedule if additional space is required.



SECTION M – TESTING OF TRANSFERS (TEST MONTH)

Review the law firm’s Trust Transfer Journal for the test month and answer the following:

NOTE - If there are no transfers recorded in the test month, extend testing to the two prior or subsequent months.

- 1. Trust Transfers Recorded
Were any transfers recorded in the Trust Transfer Journal during the test month? Yes No
- 2. Transfer Authorization
Was a transfer document prepared and approved by the Responsible Lawyer before each transfer was completed? Yes No
- 3. Retention of Transfer Documents
Did the law firm retain all approved transfer documents? Yes No

If yes, attach the Trust Transfer Journal for the test month and complete the table below:

Transfer Date (MM/DD/YYYY)	Amount (\$)	Client To	Client From	Reason for Transfer

Prepare a separate schedule if additional space is required.

SECTION N – DEPOSITS TO THE GENERAL BANK ACCOUNT (TEST MONTH)

Review the law firm’s general deposit slips for the test month and answer the following:

- Select five deposits from the general deposit slips,
- If a deposit slip contains multiple receipts, select the largest receipt from that deposit.

If fewer than five deposits are selected, explain why:

- 1. Supporting Documentation
Was a statement of account issued to support each receipt tested? Yes No
- a. If no, explain the nature of the deposit:

- b. If yes, was the statement of account issued on the same day as, or before, the deposit, and does it reflect actual services performed (not estimated or future services)? Yes No

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

Deposit Date (MM/DD/YYYY)	Amount (\$)	Client	Date of Statement of Account (MM/DD/YYYY)

Prepare a separate schedule if additional space is required.

ENGAGEMENT LETTER BETWEEN ACCOUNTANT AND LAW FIRM FOR ACCOUNTANT'S REPORT COMPLETION

ATTENTION:

This letter sets the terms of our engagement as accountants for the purpose of reporting under Rule 119.38(3) of the Rules of the Law Society of Alberta. In this letter all reference to "Rules" are to the Rules of the Law Society of Alberta and all expressions used in this letter have the meanings given to them in the Rules.

You have requested that we perform an agreed-upon procedures engagement on the Law Firm books and records. This letter is to confirm our understanding of the terms and objectives of our engagement and the nature and limitations of the services that we will provide. Our engagement will be conducted in accordance with the Canadian Standard on Related (CSRS) 4400, Agreed-Upon Procedures Engagements. In performing the agreed-upon procedures engagement, we will comply with Chartered Professional Accountants of Alberta's Rules of Professional Conduct.

An agreed-upon procedures engagement performed under (CSRS) 4400 involves our performing the procedures agreed with you and communicating the findings in the agreed-upon procedures report. Findings are the factual results of the agreed-upon procedures performed. You acknowledge that the procedures are appropriate for the purpose of the engagement. We make no representation regarding the appropriateness of the procedures. This agreed-upon procedures engagement will be conducted on the basis that your Law Firm is responsible for the subject matter on which the agreed-upon procedures are performed. Further, this agreed-upon procedures engagement is not an assurance engagement. Accordingly, we do not express an opinion or an assurance conclusion. Furthermore, our engagement cannot be relied upon to prevent or detect defalcations or disclose irregularities, which may have occurred during the Reporting Period. However, we will report on the results of applying the specific procedures. The procedures that we will perform are solely for the purpose of assisting the Law Society of Alberta in determining whether your books and records are compliant with the Rules. Accordingly, our report will be addressed to the Law Society of Alberta, and our report may not be suitable for another purpose.

The members of your law firm to be reported upon are listed in an attached schedule or letterhead or are as follows:

_____	_____
_____	_____
_____	_____
_____	_____

This engagement, for the period from _____ to _____ (hereinafter referred to as the "Reporting Period") will be limited to the following procedures except where these procedures are extended as directed by your Law Firm in writing. Such additional procedures should be attached to this letter and become an integral part of the engagement.

In completing the Accountant's Report, we will select a month ("Test Month") of our choice within the fiscal period and we will perform certain procedures upon the Test Month.

The procedures we will perform are as follows:

1. Obtain and read Part 5 of the Rules of the Law Society of Alberta.
2. Obtain a copy of your completed Law Firm Self-Report for the Reporting Period
3. Obtain a copy of your completed Trust Bank Account Report for the Reporting Period
4. Check the information recorded in the Trust Bank Account Report
5. Review of your cash receipts recorded in the Reporting Period
6. Review of your trust reconciliations for the Reporting Period
7. Review your trust bank account statements for the Reporting Period
8. Determine if the books and records as required by the Rules comply with the Law Society of Alberta requirements
9. Review your trust transfers recorded in the Test Month and/or the two preceding or subsequent months
10. Review your general deposits recorded in the Test Month
11. Forward a copy of our Accountant's Report to your Law Firm and we will discuss the contents of the Report with your Law Firm prior to forwarding it to the Law Society of Alberta.



In order that we may carry out this engagement, you will make available to us all prescribed financial records pertaining to your Law Firm's practice for the Reporting Period. Your Law Firm will also provide us with the following:

1. Your Law Firm Self-Report duly completed and signed for the Reporting Period
2. Your Law Firm Trust Bank Account Report duly completed for the Reporting Period
3. A blank Accountant's Report for our completion
4. Monthly Trust and General Account reconciliations for the Test Month

We shall discuss the details of the completed Accountant's Report with you, but it is mutually understood and agreed that, at the conclusion of the engagement, the Accountant's Report shall be forwarded on your behalf to the Executive Director of the Law Society of Alberta. You will be provided with a copy of the Report pursuant to the Rules of the Law Society of Alberta.

Our Accounting Firm is registered as a Professional Accounting Firm with the Chartered Professional Accountants of Alberta (CPA). Please review this letter carefully, sign & date a copy of it, and return it to us.

Yours Sincerely,
Per:

The terms set out in the foregoing letter are hereby agreed to:

Law Firm: _____	Per: _____
Date: _____	_____
	Name (please print or type)