
Prescribed Accounting Records

(Updated: January 2013)

Required Records

Prescribed Financial Records are set out in Rule 119.36.

Trust and general records include:

- Trust journal showing the receipt and withdrawal of all trust funds showing dates, cheque numbers, source of funds, payee, client name and/or client number, form of the money received, amount and a running balance
- A trust ledger account for each client matter from whom the law firm has received and disbursed trust money showing name, file number, matter description, dates, source of funds, payee, cheque number, description of payment or receipt and a running balance
- A trust transfer journal showing all transfers/movements of money between trust ledger accounts
- A monthly trust reconciliation between the trust assets (trust bank accounts) with the trust liabilities (listing how much each client has in each trust bank account)
- General journal showing the receipt and withdrawal of all general funds showing dates, cheque numbers, source of funds, payee, client name and/or client number, form of the money received, amount and a running balance
- A billing journal that shows all statements of accounts (law firm accounts receivable) issued by the law firm, the dates of the statements of account and the names of the clients
- An accounts receivable system showing the amount billed, amount received and running balance for each client
- All bank statements/passbooks, negotiated cheques images, transfers between bank accounts and detailed duplicate deposit slips
- Duplicate receipt book to record any cash received for a client showing the date, person who paid the cash, amount, client name, file number and signature of the law firm and of the person who brought the cash
- A record of any cash payments made to clients showing the date, amount, client name, file number and signature of the person to whom the cash was paid

What records need to be kept to document a trust transfer between two client trust ledger accounts?

When recording a transfer of trust monies between client trust ledger accounts, the transaction must be included on the trust ledger account for both parties. As well, the transfer must be recorded in a trust transfer journal or chronological file of all transfer documents.

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This trust transfer journal must record all cheque and non-cheque transfers and must record the date, amount transferred and the clients involved.

How often do the trust and general account records need to be updated?

Trust and general transactions should be posted as soon as they occur. This is particularly important for trust transactions as when a lawyer is approving a trust payment, he or she is certifying that the trust accounting records are current to the date of the signature.

Although there is no similar requirement for general records, it only makes sense that the law firm knows their financial status prior to making a general payment.

What should be done when a bank statement is not received on an inactive trust account?

Contact the financial institution and ask for a zero-balance bank statement for that month or a letter confirming that the bank account had no transactions for the month in question. If the financial institution will not issue a statement or letter, a copy of the previous month's statements should be kept on file for the month in question to show that the balance did not change for that period.

If the law firm makes a disbursement by way of a certified cheque and the negotiated cheque image is not returned with the monthly bank statement, what should be done?

A law firm is required to maintain all [negotiated cheques \(or cheque images\)](#) for all trust and general bank accounts. If the bank will not return the original certified cheque, the law firm must request from the financial institution a copy of the front and back of all certified cheques which passed through its trust and general bank accounts.

If the law firm is using a computerized accounting system, does it need to print hard copies of any records?

Yes. On a monthly basis, the law firm is to print all trust records with the exception of the trust ledger accounts which must be printed upon demand. For the general records, they too must be printed monthly with the exception of the accounts receivable ledger cards.

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How long must the accounting records be maintained and kept at the law firm?

Financial and accounting records must be maintained at a law firm's principal place of practice in Alberta for its most recent 2 years. Additionally, the law firm must maintain at least 11 years (current year plus preceding 10 years). The financial information contained in client files is subject to the same retention period, and is considered part of the law firm's trust account records.

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