The Law Society of Manitoba
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Monthly Pooled Trust Account Reconciliation Review Checklist

As a Trust Account Supervisor, you are responsible for the pooled trust account. Even if you have delegated preparation of the monthly pooled trust account reconciliation to support staff or an external accountant, you still have **ultimate responsibility** for the operation and management of the trust account. At a minimum, you must ensure the reconciliation has been prepared on time, as well as review the reconciliation and related documents to ensure all Law Society Rules and requirements have been met.

The Law Society has developed the below checklist to assist you in complying with your professional obligations for monthly trust account management.[1] At a minimum, you should perform or confirm the following:

Month _____

Account # _____

1. Has the reconciliation been completed prior to the last day of the subsequent month? (e.g. the May reconciliation must be completed before June 30)

   Yes ☐ No ☐

2. Confirm all necessary components have been prepared.

   The reconciliation process should result in the production of a three-way reconciliation, often using a **cover sheet** to demonstrate a comparison of three balances, found on three separate reports ("supporting reports") as follows:

   - **Book of original entry** [2] – A chronological detailed list, maintained on a current basis, of all transactions in and out of the pooled trust account for the month, including transfers between individual client trust ledgers.
   - **Bank reconciliation –** A report that starts with the ending balance from monthly bank statement, less any outstanding cheques and plus any outstanding deposits, with any other differences such as bank errors noted, to produce the reconciled bank balance.
   - **Client trust listing** – A list of the balances at the end of the period for all client trust ledgers.

   a) Has a three-way reconciliation ("cover sheet") been produced? Yes ☐ No ☐

   b) Are all three supporting reports with the cover sheet? Yes ☐ No ☐

[1] There are different checklists available for pooled, restricted, and specific trust investment accounts.
[2] A book of original entry may go by other names in various accounting software programs.

c) Are all reports, including the cheque images that accompany the bank statement, in paper or printed form, or saved in a "Universally Readable Format" if retained in electronic storage? Yes ☐ No ☐

3. Compare the ending balances on each supporting report with the cover sheet. Are they all the same? Yes ☐ No ☐

4. Has the ending balance on the bank statement been recorded correctly on the bank reconciliation? *(Hint: they should be the same number)* Yes ☐ No ☐

5. Look at the bank reconciliation.
   a) Is each reconciling item
      (i) Documented with full details? [3] Yes ☐ No ☐
      (ii) Already resolved or being addressed? [4] Yes ☐ No ☐

   b) Are there any stale-dated cheques to be addressed? [5] Yes ☐ No ☐

6. Does the book of original entry include the form of receipt? [6] Yes ☐ No ☐

7. Does the book of original entry include any transfers between individual client trust matters that occurred during the month? Yes ☐ No ☐

8. If cash was received during the month, have the appropriate receipts been issued? [7] Yes ☐ No ☐

9. Look at the client trust listing report.

   a) Are there any overdrawn matters? Yes ☐ No ☐
      If so, have they all been corrected? Yes ☐ No ☐

   b) Are there any matters with no trust activity for an unreasonable length of time ("inactive matters")? [8] Yes ☐ No ☐
      If so, have you initiated follow up? Yes ☐ No ☐

[3] Full documentation for each reconciling item will vary based on the nature of the item (e.g. outstanding cheques should list each cheque number, payee, file or matter number, dollar amount, and date of issue; bank errors should fully describe each error and include the related date; outstanding deposits should list date, file or matter number and amount).

[4] Each reconciling item should be reviewed to ensure those that require action are addressed in a timely fashion to investigate and/or correct the difference(s). See the Trust Accounting Fundamentals education materials regarding "Reconciling Items" in the "Monthly Trust Reconciliations" section for further details.

[5] Appropriate stale dated cheque management includes following up on an outstanding cheque well before six months have passed since it was issued as a preventative measure before it becomes non-legal tender or stale dated. See the stale dated cheques sub-section of the Trust Accounting Fundamentals education materials in the "Monthly Trust Reconciliations" section for further details.

[6] "Form" of receipt is the form in which the money deposited to the account has been received (e.g. cash, cheque, etc.).

[7] Refer to Rule 5-45(2).

[8] What is unreasonable will vary based on the nature of your practice (real estate, criminal law, litigation, etc.), and should be assessed accordingly.

10. Look at the bank statement.

    a) Are there any unauthorized withdrawals, bank fees, etc.? Yes ☐ No ☐

    b) Have they already been corrected or arrangements been made to have them corrected forthwith? Yes ☐ No ☐

    c) Review the cheques attached to the bank statement. [9] Are all cheques reasonable? Yes ☐ No ☐

    d) For transactions in accordance with Practice Direction 03-02 [10], has the supporting documentation been filed with the monthly accounting records? Yes ☐ No ☐

11. Have you obtained satisfactory explanations for any unusual items or variances from your savings institution or support staff? Yes ☐ No ☐

You should generally be alert to the 'unusual', based on your firm practices, as well as the experience you will have in applying these procedures over time. Contact the audit department to discuss any concerns you may have in conducting your review, or questions regarding these procedures.

If everything looks fine after the above review, sign and date the cover sheet.

You may also wish to append the completed copy of this or a similar short form checklist (See Appendix 1) to the cover sheet to document your review.

[9] If you are a sole practitioner, all cheques issued should all be familiar since you are the only one with signing authority on the pooled trust account.

[10] Practice Direction 03-02: Manual Wire Transfers and Electronic Funds Transfers.

Appendix 1:
Short Form Monthly Pooled Trust Account Reconciliation Checklist

1.	Has the reconciliation been completed on time?	Yes ☐ No ☐
2.	Has a three-way reconciliation ("cover sheet") been produced?	Yes ☐ No ☐
3.	Are all three supporting reports with the cover sheet?	Yes ☐ No ☐
4.	Are all reports, incl. cheque images, in paper or printed form, or in "Universally Readable Format" if electronic storage is being used?	Yes ☐ No ☐
5.	Are the ending balances on each supporting report the same as the cover sheet?	Yes ☐ No ☐
6.	Has the ending balance on the bank statement been recorded correctly on the bank reconciliation?	Yes ☐ No ☐
7.	Is each reconciling item documented with full details?	Yes ☐ No ☐
8.	Is each reconciling item already resolved or being addressed?	Yes ☐ No ☐
9.	Are there any stale dated cheques to be addressed?	Yes ☐ No ☐
10.	Does the book of original entry include the form of receipt?	Yes ☐ No ☐
11.	Does the book of original entry include any transfers between individual client trust matters that occurred during the month?	Yes ☐ No ☐
12.	Have the appropriate receipts been issued for cash received?	Yes ☐ No ☐
13.	Are there any overdrawn matters on the client trust listing?	Yes ☐ No ☐
	If so, have they all been corrected?	Yes ☐ No ☐
14.	Are there any inactive matters on the client trust listing?	Yes ☐ No ☐
	If so, have you initiated follow up?	Yes ☐ No ☐
15.	Are there any unauthorized withdrawals, bank fees, etc. on the bank statement?	Yes ☐ No ☐
	If so, have they all been corrected?	Yes ☐ No ☐
16.	Are all the cheques attached to the bank statement reasonable?	Yes ☐ No ☐
17.	If any transactions in accordance with Practice Direction 03-02, are supporting documents with the reconciliation?	Yes ☐ No ☐
18.	Have you obtained satisfactory explanations for any unusual items or variances from your savings institution or support staff?	Yes ☐ No ☐

_____ _____

Signature Date