

## TRUST ACCOUNTING SYSTEMS

The Legal Profession Regulations 2009 (“regulations”) prescribe information to be maintained in respect of Trust Money including Controlled Money.

### MANUAL ACCOUNTING SYSTEMS

Manual trust accounting systems including:

- Traditional hand written journals records;
- Records maintained in spread sheet or table format; and
- One write records such as Kalamazoo and Triset business systems

are suitable trust accounting systems.

### COMPUTER ACCOUNTING SYSTEMS

If a law practice uses a computerised accounting system, it is recommended they contact their supplier/distributor to formally ascertain whether their software complies with the regulations. Existing software may need to be modified or further developed to meet the requirements in the Regulations.

The Legal Practice Board of Western Australia does not recommend or routinely examine accounting software packages. However, the Law Society of New South Wales (“NSW”) offers the facility of examining software packages at the request of suppliers and will issue a Certificate of Examination, (“Certificate”). The examination is not compulsory and a law practice can purchase a “non examined” package if the practice is satisfied that the software provides the capacity to comply with the regulations.

The Certificate issued by NSW contains an opinion as to the software's capability to comply with NSW legislation if it is competently and properly operated. The Certificate may be subject to qualifications and/or exemptions. It is recommended that the Certificate, held by the supplier, be reviewed for any qualifications and/or exceptions noted.

The Legal Practice Board of Western Australia will accept a Certificate issued by NSW. Refer:

<https://www.lawsociety.com.au/ForSolicitors>

The Law Institute of Victoria has developed a trust accounting software package. Details are available at: <https://ta.liv.asn.au/Default.aspx>

### Intention of the Regulations:

Briefly, the intention of the regulation is to provide:

- a) compulsory paper copies of certain trust records to be printed monthly;
- b) file maintenance audit trails;
- c) exception reports/audit trails for debit balances processed;
- d) controls over deletion of ledger accounts;
- e) page numbering and entry processing requirements;
- f) compulsory input requirements; and
- g) backup facility requirements.

### Monthly Procedures

The following documents need to be printed as at the end of each named month:

- Monthly bank reconciliation
- Monthly trust trial balance
- Monthly controlled money listing

The law practice must have these documents printed no later than 15 working days after the end of month, as the approved reconciliation and trust trial balance need to be prepared within that time.

It is recommended that the following documents are also printed at the end of each month:

- Monthly trust account receipts and payments cash books;
- Monthly trust transfer journal; and
- File maintenance audit journal.

After completing these monthly procedures, the law practice must backup its computer accounting system's data file into a recording media, to be stored at an off-site location.

### Contact

If you have any queries, please contact:

Legal Practice Board

Trust Account Inspectors Team

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