



Law Office Accounting 101
Desk Reference Manual

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Law Courts Center
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Law Office Accounting 101

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Law Office Accounting 101

CPD Credits

CPD credits: 7.0 hours
with 7.0 hours in ethics and
practice management



Law Office Accounting 101

Outline

- 9:00 Welcome & housekeeping
- 9:15 Professional Responsibility & the Accounting Staff
- 9:30 What is Legal Accounting?
- 9:50 Life Cycle of a File Part 1: Opening a client matter
- How does a firm determine if they can act or provide legal service for a client?
 - Run a conflict search from record management database.
 - Client ID & Verification
 - Contingency Fee Agreements
 - A Primer on Taxes - PST & GST on legal services
(Fees & Disbursements)



Law Office Accounting 101

Outline

10:30 Coffee

10:45 Trust Accounts

- Retainer
- Source documents
- Cash rules
- Investments

11:45 Trust Administration Fee (TAF)

12:00 Lunch (*on your own*)



Law Office Accounting 101

Outline

1:00 Q / A and Summary of the AM

1:15 Life Cycle of a File - Part 2

Principles of Internal Control or
some topic on fraud avoidance

1:45 Time Entry

Disbursements -

What is a taxable and non-taxable disbursement?

2:00 Billing [*includes in-class work*]

- Pre-billing, write downs, taxes

- What is the process for applying trust funds
applied to the invoice?



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Outline

2:45 Completing of File [*includes in-class work*]

- Accounts Receivable
- Work in Progress balances
- Trust funds - Return balance to client
- Contingency Fee Agreements
- Unclaimed trust funds procedures

3:15 Coffee



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Outline

3:30 File Retention: Storage & Electronic copies

3:45 Compliance audit – a Primer

Monthly and quarterly procedures

Important dates - Bank Reconciliation dates, Trust report, CDIC report, TAF remittance, GST and PST filing deadlines

4:15 Duty to client

Just Say No ... a case study

4:45 Summary and Post-Course Work

5:00 Good-bye



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Learning Outcomes

1. explain the duty and ethical obligation that lawyers and accounting staff have to the client with respect to managing the accounts of the firm;
2. understand the difference between accounting and law firm accounting,
3. understand the life cycle of a file;
4. understand how to correctly open a client matter;
5. understand how GST and PST are generally applied to legal services;
6. understand the general concepts of trust accounting;



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Learning Outcomes

7. understand the key principles of internal controls;
8. understand how to correctly handle cash transactions;
9. explain how to process Trust Assurance Funds;
10. demonstrate how to correctly process time entries, disbursements and taxes;
11. demonstrate how to apply trust funds to the invoice;
12. demonstrate how to process a settlement;



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Learning Outcomes

13. explain how to complete a file;
14. understand how to correctly handle unclaimed trust funds;
15. explain what the file retention and storage requirements are;
16. demonstrate how to file a written report a Division 7 rule in writing to the Law Society; and
17. develop best practices to be compliance audit ready.



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Financial vs Legal Accounting

What is Financial Accounting?

- IFRS(Public), ASPE(Private) previously (GAAP)
- Balance Sheet (Asset, Liabilities, Equity) and Income Statement (Revenue, Expenses)

What is Legal Accounting?

- Law Society of BC Rules and Regulations
- Client accounting / Client records management
- Legal Billing & Trust Accounting



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Life Cycle of a File – Part 1

- Client comes into to see a lawyer (potential client)
- How does a firm determine if a firm can act for a potential client?



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Client Intake

- Firm has current and past clients
- Is there a conflict with the potential client and firm's current and past clients?

RUN CONFLICT SEARCH



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What is a Conflict Search?

- I. A conflict search or conflict report is when you search the current client/matter database for the potential new client and related party names.
- II. What is a related party?
 - Other parties involved with the client (ie. Individuals/companies both involved in a sale/purchase of a house)



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Related party status

- i. **Client**
- ii. **Co-party** is related to client (ie. Spouse)
- iii. **Adverse** is against the client (ie. Client is plaintiff, adverse party is defendant)
- iv. **Other** neither client or adverse (either FYI such as property)





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Trust Assurance Seminar Recording	TAS 102v	130328	300