

Bank reconciliation for Animal Law Corporation

As at February 29, 2020

Trust Assets

Bank statement balance at February 29, 2020	\$	7,450.00
Add: \$3K outstanding deposit for Dominique Deer	\$	3,000.00
Less: outstanding cheque 52 - February 28, 2020 - C. Cat	\$	(525.00)
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Adjusted bank balance at February 29, 2020	\$	9,925.00
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Control account

Trust journal balance at February 29, 2020	\$	9,925.00
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Trust liabilities

	Date of last trust transaction		
ALC float	1-May-18	\$	1,000.00
Bear, Bruce	10-Feb-20	\$	(50.00)
Cat, Catriona	28-Feb-20	\$	975.00
Deer, Dominique	31-Jan-20	\$	3,000.00
Lion, Larissa	6-Dec-15	\$	5,000.00
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Listing of client balances held in trust at February 29, 2020		\$	9,925.00
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Issues identified in the bank reconciliation exercise

1. There is a \$3,000 trust shortage for Dominique Deer. The trust reconciliation shows an outstanding deposit of \$3,000 that should have been deposited on or around January 31, 2020. The lawyer must immediately deposit the \$3,000 into the trust account and send a written report to the Executive Director of the Law Society (Rule 3-74). The firm should review all outstanding deposits identified on the bank reconciliations.
2. There is \$5,000 held in trust for Larissa Lion since 2015. The firm should follow up on the file:
 - Why are these funds still being held? Is there a legal purpose?
 - Consider Rule 3-58.1 (2), has the firm taken reasonable steps to obtain pay out instructions from the client?
 - Is this file still active? If so, would it be appropriate to hold in a separate interest bearing trust account with the interest accruing to the client? Seek client instructions.
 - Are these unclaimed trust money (Rule 3-89)?
3. There is a \$50 trust shortage for Bruce Bear. There was \$400 in the trust account for the client but the firm withdrew \$450. The firm should either post a trust transfer from the float ledger to Mr. Bear's ledger or deposit \$50 into the pooled trust account (Rule 3-74).
4. The firm's float account holds \$1,000 but the rule only allows up to \$300. The firm must remove \$700 from the pooled trust account (Rule 3-60 (5)).
5. The trust bank statement was not marked "trust" (Rule 3-60 (1) (f)).
6. A practicing lawyer did not sign the trust cheques (Rule 3-64 (5)).
7. A copy of the back images of the cancelled trust cheques were not obtained and retained (Rule 3-67 (6) & (1)).
8. Since it is April 5, 2020, the bank reconciliation for February 2020 was not prepared within 30 days (Rule 3-73).