

ACCOUNTANT'S REPORT

INSTRUCTIONS

The Accountant's Report must be completed by all Law Firms who maintain a trust account.

1. **Filing Deadline:** The filing deadline for all Law Firms is September 1 each year. This form must include the twelve-month ending no earlier than June 1 of previous year.
2. If the Accountant's Report is not filed by September 1, all members of the Law Firm are administratively suspended. Reinstatement will occur only after the Accountant's Report has been filed, and reinstatement fees have been paid.
3. This form must also be completed by all law Firms whenever they complete a Law Firm Self Report.
4. In this Report, "Rules" mean the Rules of the Law Society of the Northwest Territories and all expressions defined in the Rules have the same meaning in this Report.
5. A lawyer practicing as sole practitioner is a "Law Firm" as defined in the Rules.
6. Two or more law firms practicing from the same premises, sharing common letterhead and sharing a trust account or a general account are a "law firm" for purposes of this Report.
7. This Report must be signed by a partner of the Accounting Firm.

SECTION A – GENERAL INFORMATION

- 1. Law Firm: _____
- 2. Responsible Lawyer: _____
- 3. Firm Year End: (month/day) _____
- 4. Reporting Period: (year/month/day) _____ to _____
- 5. Test Month (year/month) _____

Please choose a test month when there was a trust account reconciliation. Rule 107 provides that monthly trust reconciliations are not required when there has been no trust activity for the month, all trust accounts regardless of trust activity must be reconciled at least once in a twelve-month period.

SECTION B – REPORT

TO: The Executive Director
The Law Society of the Northwest Territories

I, _____, the undersigned, make this report on behalf of _____ (the "Accounting Firm") and at the request of the law firm identified in Section A (the "Law Firm");

Our Accounting Firm has conducted certain procedures on the prescribed financial records maintained by the Law Firm. In order to make this report, our Accounting Firm has:

- 1. Read Part 6 of the Rules of the Law Society of the Northwest Territories;
- 2. Obtained a copy of the completed Law Firm Self-Report for the Reporting Period.
- 3. Obtained a copy of the completed Trust Bank Account Report for the Reporting Period.
- 4. Obtained an engagement letter (a copy of which is attached hereto), and
- 5. Performed the procedures necessary to complete this Report.

The procedures performed do not constitute an audit, therefore, our Accounting Firm does not express an opinion on the accuracy or completeness of the Law Firm's prescribed financial records and the financial information provided, or as to whether there were any irregularities during the Reporting Period which were not disclosed to us.

However, our Accounting Firm does report on the results of applying specific procedures.

In completing this Report, certain procedures were carried out on a "Test Month" selected by us within the Reporting Period (a different month than the Test Month on the prior Accountant's Report was selected).

SECTION C- REVIEW OF LAW FIRM SELF-REPORT

1. We have reviewed the completed Law Firm Self-Report and the Trust Bank Account Report.

Yes No

If No, you cannot complete this Accountant's Report. Please contact the Law Society of the Northwest Territories immediately at 867 873 3828.

2. We have reviewed the financial information contained in the Law Firm Trust Bank Account Report.

Yes No

If No, you cannot complete this Accountant's Report. Please contact the Law Society of the Northwest Territories immediately at 867 873 3828.

If Yes, have you found the financial information contained in the Trust Bank Account Report to be accurate?

Yes No

If No, please explain in detail the inaccuracies and attach a revised schedule showing the amounts you believe to be accurate.

SECTION D – TESTING DETAILS

1. Trust Bank Accounts in existence during the test period: (Include all separate interest bearing accounts)

Financial Institution	Account Number
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

NOTE – In all testing for sections E to J, please put in the exact dates (such as day, month, year) unless only the month is specifically requested.

SECTION E – REVIEW OF TEST MONTH RECONCILIATIONS

1. Was the reconciliation prepared within one month of the month end?

Yes No

If No please note the date prepared.

Bank Account	Date Prepared	Explanation
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Rule 107 provides that monthly trust reconciliations are not required when there has been no trust activity for the month, all trust accounts regardless of trust activity must be reconciled at least once in a twelve month period.

2. Does the reconciled bank balance equal the client trust listing by trust bank account?

Yes No

If Yes, proceed to question 4.

If No, please document the explanation recorded, or enquire of the Law Firm.

Bank Account,	Difference (\$)	Explanation
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

3. If a difference exists, has it been resolved on the subsequent reconciliations?

Yes No

If No, please have the Law Firm resolve immediately and provide an explanation as to how difference was resolved.

4. Does the bank statement balance as per the bank reconciliation agree with the bank statement?

Yes No

If No, please identify the difference and explain why the ending bank statement was not used.

Bank Account,	Difference (\$)	Explanation
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

5. Were all outstanding cheques listed on the trust bank reconciliation cleared as of the date of your review?

Yes No

If No, please list all uncleared cheques that are greater than one year old from date of issuance or that exceed \$100,000.

Bank Account	Cheque Number	Date Issued	Payee	Client	Amount
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

6. Are all outstanding receipts listed on the trust bank reconciliation cleared on or before the next banking day?

Yes No

If Yes, proceed to question 7.

If No, please list all outstanding receipts that did not clear by the next banking day.

Bank Account	Amount	Source	Client	Received	Deposited
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

If there are receipts listed above that are still outstanding as at the date of your review, have the Law Firm resolve immediately and provide an explanation on how and when the deposit was made.

Amount	Explanation of How and When Late Receipt was Deposited

NOTE: IF THE LAW FIRM IS UNABLE TO PROVIDE PROOF THAT ALL OUTSTANDING RECEIPTS ARE RESOLVED, PLEASE CONTACT THE LAW SOCIETY OF THE NORTHWEST TERRITORIES IMMEDIATELY AT 867 873 3828.

Were all outstanding receipts listed above completed prior to any withdrawals (any cheques issues or electronic banking withdrawals completed)

Yes No

If Yes, proceed to question 7.

If No, please provide information on any exceptions.

Client	Amount	Date Payment	Date of Deposit	Explanation

7. Were there any other adjustments apart from outstanding deposits and outstanding cheques listed on the bank reconciliation?

Yes No

If No, proceed to question 8.

If Yes, please provide information on all adjustments.

Bank Account	Amount	Adjustment Description	Date Occurred	Date Corrected

If there are any adjustments still outstanding as at the date of your review, have the law firm resolve immediately and provide an explanation on how and when the adjustment was corrected.

Amount	Explanation of Late Correction)

NOTE IF THE LAW FIRM IS UNABLE TO PROVIDE PROOF THAT ALL OUTSTANDING ADJUSTMENTS ARE RESOLVED, PLEASE CONTACT THE LAW SOCIETY OF THE NORTHWEST TERRITORIES IMMEDIATELY AT 867 873 3828.

8. Is the bank reconciliation arithmetically correct?

Yes No

If No, please explain why not.

Bank Account	Explanation

9. Is the detailed client trust listing arithmetically correct?

Yes No

If No, please explain why not.

Client Trust Listing	Explanation

10. Are there any shortages listed on the detailed client trust listing?

Yes No

If Yes please provide the following information:

Client Trust Listing	Amount	Date Occurred	Date Corrected	Explanation
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

If there are any shortages still outstanding as at the date of your review, have the law firm resolve immediately and provide an explanation on how and when the shortage was resolved

Client Trust Listing	Amount	Explanation of Correction
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

NOTE IF THE LAW FIRM IS UNABLE TO PROVIDE PROOF THAT ALL SHORTAGES ARE CORRECTED, PLEASE CONTACT THE LAW SOCIETY OF THE NORTHWEST TERRITORIES IMMEDIATELY AT 867 873 3828.

11. Do all of the amounts on the client listing agree to the client trust ledger card?

Yes No

No minimum or maximum testing, 100% testing of the amounts listed on the client trust ledger card.

If No, please provide the following information:

Client #	(\$)	Client Trust Listing	(\$)	Ledger Card	Explanation for Difference
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

12. Do the results of your testing in question 11 question the reliability of the client trust listing and the monthly trust reconciliation?

Yes No

If Yes, have the Law Firm recalculate the monthly trust reconciliation and **IMMEDIATELY CONTACT THE LAW SOCIETY OF THE NORTHWEST TERRITORIES AT 867 873 3828**

Add any additional comments related to Section E here.

SECTION F – TESTING OF CASH RECEIPTS

Review the trust deposit slips of the law firm for the test month (or trust journal if deposit slips are not practical to review) and answer the following questions.

Rule 1 defines “cash” as coins referred to in section 7 of the Currency Act, notes issued by the Bank of Canada pursuant to the Bank of Canada Act that are intended for circulation in Canada and coins or bank notes of countries other than Canada.

If there are no cash deposits recorded in the test month, extend testing to the two prior or two subsequent months.

1. Was any cash noted in the trust deposit slips?

Yes No

If No, proceed to Section G.

If Yes, were any cash receipts noted that were over \$5,000?

Yes No

If No, proceed to question 2.

If Yes, please provide details of all deposits over \$5,000.

Bank Account	Deposit Date	Amount	Client
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

2. Were all cash receipts recorded in a separate cash receipt book?

Yes No

If No, attach a copy of the trust card ledger to the Accountant's report.

SECTION G – TESTING OF TRANSFERS

Review the trust transfer journal of the Law Firm for the test month and answer the following questions.

If there are no cash deposits recorded in the test month, extend testing to the two prior or two subsequent months.

1. Were any transfers recorded in the trust transfer journal?

Yes No

If Yes, for any transfers that did not involve the same client, please provide details. *If more than five transfers in the test month, please record only the five largest transfers.*

Transfer Date	Amount	Client To	Client From	Reason for Transfer
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

For any transfers listed above between non-related clients where the reason does not appear to be plausible (such as transfer from purchaser to vendor in real estate transaction) please attach a copy of the ledger cards to this report.

SECTION H – TESTING OF DEPOSITS TO THE GENERAL BANK ACCOUNT

Review the general deposit slips of the law firm for the month and answer the following questions.

1. Select five deposits from the general deposit slips.

If less than five are chosen, please advise why:

If deposit slip is comprised of multiple receipts, select the largest receipt of each deposit.

Was a statement of account issued to support each receipt tested?

Yes No

If No, please explain the nature of the deposit.

If Yes, was the statement of account issued the same day or prior to the deposit and was it for actual services rendered, not estimated or future services)?

Yes No

If No, please complete the following:

Date of Deposit	Amount	Client	Date of Account
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

SECTION I – REVIEW OF REPORTING PERIOD RECONCILIATIONS (remaining months not tested above)

For each trust reconciliation in the reporting period, please answer the following questions.

1. Were these reconciliations prepared within one month of the month end?

Yes No

If No, please note the date prepared.

Bank Account	Month	Date Prepared	Explanation
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

2. Does the reconciled bank balance equal the client trust listing?

Yes No

If No, please explain differences.

Bank Account	Month	Difference (\$)	Explanation
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

3. Are all outstanding receipts listed on the trust bank reconciliation cleared by the next banking day?

Yes No

If No, please list all outstanding receipts that did not clear by the next banking day.

Bank Account	Amount	Source	Client	Received	Deposited
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

4. Were there any other adjustments apart from outstanding deposits and outstanding cheques listed on the bank reconciliation?

Yes No

If Yes, please provide information on all adjustments.

Bank Account	Amount	Adjustment Description	Date Occurred	Date Corrected
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

5. Is the bank reconciliation arithmetically correct?

Yes No

If No, please explain why not.

Bank Account	Explanation
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

6. Is the detailed client trust listing arithmetically correct?

Yes No

If No, please explain why not.

Client Trust Listing	Explanation
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

7. Are there any shortages listed on the detailed client trust listing?

Yes No

If Yes, please provide the following information:

Client Trust Listing	Amount	Date Occurred	Date Corrected	Explanation

8. Do all of the amounts on the client listing agree to the client trust ledger card?

Yes No

Test to a maximum of six amounts listed on the trust listing each month.

If No, please provide the following information:

Client #	(\$) Trust Listing	(\$) Trust Ledger Card	Explanation for Difference

Do the results of your testing in question 8 question the reliability of the client trust listing and the monthly trust reconciliation?

Yes No

If Yes have the Law Firm recalculate the monthly trust reconciliation and **IMMEDIATELY CONTACT THE LAW SOCIETY OF THE NORTHWEST TERRITORIES AT 867 873 3828**

Add any additional comments related to Section I here.

SECTION J – REVIEW OF REPORTING PERIOD TRUST BANK STATEMENTS

For each trust account during the reporting period, please answer the following questions.

1. Do trust bank statements exist for each month the trust bank account was open?

Yes No

If No, please complete the following:

Bank Account	Month Missing	Reason
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

2. Do any of the trust bank statements indicate an overdraft?

Yes No

If Yes Please complete the following table.

Bank Account	Overdraft (\$)	Date of Overdraft	Date Corrected	Explanation for Overdraft
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

NOTE IF THE LAW FIRM IS UNABLE TO PROVIDE PROOF THAT ALL OVERDRAFTS ARE RESOLVED, PLEASE CONTACT THE LAW SOCIETY OF THE NORTHWEST TERRITORIES IMMEDIATELY AT 867 873 3828.

Add any additional comments related to Section J here.

SECTION K – REVIEW OF LAW FIRM BOOKS & RECORDS

Does the Law Firm maintain:

1. A trust journal which shows as applicable for each transaction

(Select all that apply)

All receipts, withdrawals and transfers between files regardless of transaction type in chronological order

Date of receipt or withdrawal

Source of the money received

Form in which the money is received, such as cash, cheque, direct deposit, etc.

Payee of each withdrawal

Client name and/or file number

Receipt or cheque number

File numbers or names (source and destination of any transfers)

Amount

Continual running balance

2. A trust ledger for each client matter showing:

(Select all that apply)

Client name, matter description and file number

Date of receipt or withdrawal

Source of the money received

Payee of each withdrawal

Receipt or cheque number

Description of the nature of the deposit or withdrawal

Amount

Continual running balance

3. A journal showing all transfers of money between trust ledger accounts (or chronological file of copies of all documents by which transfers of money between TLC were effected).

Yes No

4. A general journal which shows:

(Select all that apply)

Date of receipt or withdrawal in chronological order

Source of the money received

Payee of each withdrawal

Client name and/or file number (if applicable)

Receipt or cheque number

Amount

Continual running balance

5. A billing journal which shows

(Select all that apply)

All fees and charges to the client

Dates

Amounts

Names of the clients

6. A chronological accounts receivable sub ledger which shows for each client:

(Select all that apply)

Statements of account rendered (date and amount)

Payments (date and amount)

Continual running balance

7. A separate duplicate receipt book that records only cash received by the law firm showing:

(Select all that apply)

Date cash received

Person from whom the cash was received

Amount of cash received

Client for whom cash was received

File number

Signature of the law firm representative

Signature of the person from whom the cash was received

8. A cash payment journal that records when cash is returned to a person showing: (Select all that apply)

Date cash paid

Amount of cash paid

Client for whom cash was paid

File number

Name and signature to whom the cash was paid

9. General bank account has been reconciled by the end of the following month?

Yes No

10. The Law Firm has maintained the above books and records for the entire reporting period?

Yes No

Please explain any missing elements from Questions 1 through 8, and a No answer to questions 9 or 10.

SECTION L – ACCOUNTING FIRM INFORMATION

We have forwarded a copy of this Accountant's Report to the Law Firm and have discussed the contents of this Report with the Law Firm.

Our Accounting Firm is registered as a Professional Accounting Firm with the Chartered Professional Accountants of

This report is prepared solely for submission to the Law Society of the Northwest Territories and is not to be referred to or distributed to any person other than in accordance with the *Legal Profession Act* and the Rules of the Law Society of the Northwest Territories.

Date _____

Name and Signature of Accounting Firm Partner responsible for Completing this Form.

Name

Signature

Accounting Firm Name _____

Mailing Address _____

Street Address if different from mailing Address _____

City _____

Territory or Province _____

Postal Code _____

Telephone number _____

E-mail address of Responsible Partner _____

**ENGAGEMENT LETTER BETWEEN ACCOUNTANT AND LAW FIRM
FOR ACCOUNTANT'S REPORT COMPLETION**

ATTENTION:

This letter sets the terms of our engagement as accountants for the purpose of reporting under Rule 101 of the Rules of the Law Society of the Northwest Territories. In this letter all reference to "Rules" are to Rules of the Law Society of the Northwest Territories and all expressions used in this letter have the meanings given to them in the Rules.

The members of your Law Firm to be reported upon are listed in the attached schedule or letterhead or are as follows:

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

This engagement, for the period from to _____ to _____ (hereinafter referred to as the "Reporting Period") will be limited to the following procedures except where these procedures are extended as directed by your Law Firm in writing. Such additional procedures shall be attached to this letter and become an integral part of the engagement.

In completing the Accountant's Report, we will select a month ("Test Month") of our choice within the fiscal period and we will perform certain procedures on the Test Month.

Procedures

The procedures we will perform are as follows:

1. Obtain and read Part 6 of the Rules of the Law Society of the Northwest Territories.
2. Obtain a copy of your completed Law Firm Self-Report for the Reporting Period.
3. Obtain a copy of your completed Trust Bank Account Report for the Reporting Period.
4. Check the information recorded in the Trust Bank Account Report.
5. Review your trust reconciliations for the test month.
6. Review your cash receipts recorded in the test month and/or the two preceding or subsequent months.
7. Review your trust transfers recorded in the test month and/or the two preceding or subsequent months.
8. Review your general deposits recorded in the test month.
9. Review your trust reconciliations for the test period.
10. Review your trust bank statements for the test period.
11. Determine if the books and records as required by the Rules comply with Law Society of the Northwest Territories requirements.
12. Forward a copy of our Accountant's Report to your Law Firm and we will discuss the contents of the Report with your Law Firm prior to forwarding it to the Law Society of the Northwest Territories.

The procedures that we will perform do not constitute an audit, therefore, we will not express an opinion on the accuracy or completeness of the financial records and financial information provided. Furthermore, our engagement cannot be relied upon to prevent or detect defalcations or disclose irregularities, which may have occurred during the Reporting Period. However, we will report on the results of applying the specific procedures.

In order that we may carry out this engagement, you will make available to us all prescribed financial records pertaining to your Law Firm's practice for the Reporting Period. Your Law Firm will also provide us with the following:

1. Your Law Firm Self-Report duly completed and signed for the Reporting Period.
2. Your Law Firm Trust Bank Account Report duly completed for the Reporting Period.
3. Access to a blank Accountant's Report for our completion.

We shall discuss the details of the completed Accountant's Report with you, but it is mutually understood and agreed that, at the conclusion of the engagement, the Accountant's Report shall be forwarded on your behalf to the Executive Director of the Law Society of the Northwest Territories. You will be provided with a copy of the Report pursuant to the Rules of the Law Society of the Northwest Territories.

Our Accounting Firm is registered as a Professional Accounting Firm with the Chartered Professional Accountants of

_____.

Please review this letter carefully, sign and date a copy of it and return it to us.

Yours sincerely

(Name of accounting firm)

The terms set out in the foregoing letter are hereby agreed to:

Law Firm: _____

Date _____

Name

Signature