

ACCOUNTANT'S REPORT

INSTRUCTIONS

1. The Accountant's Report must be completed by all Law Firms who maintain a trust account in the Northwest Territories or Firms who otherwise meet the reporting requirements.
2. Filing Deadline: The filing deadline for all Law Firms subject to annual reporting requirements is September 1 each year. This form must include the twelve-month period ending no earlier than June 1 of the previous year.
3. 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.
4. This report must also be completed by all required law Firms whenever they complete a Law Firm Self Report.
5. 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.
6. A lawyer practicing as sole practitioner is a "Law Firm" as defined in the Rules.
7. Two or more law firms practicing from the same premises, sharing common letterhead and sharing a trust account or general account are a "law firm" for purposes of this Report.
8. This Report must be signed by a partner of the Accounting Firm.

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

To [the Law Firm]

You have requested that we perform an agreed-upon procedures engagement on the Law Firms' trust accounts. This letter is to confirm our understanding of the terms and objectives of our engagement and the nature and limitations of the services that we will provide. Our engagement will be conducted in accordance with the Canadian Standard on Related Services (CSRS) 4400, Agreed-Upon Procedures Engagements. In performing the agreed-upon procedures engagement, we will comply with (describe the relevant ethical requirements), which does not require us to be independent.

An agreed-upon procedures engagement performed under CSRS 4400 involves our performing the procedures agreed with you and communicating the findings in the agreed-upon procedures report. Findings are the factual results of the agreed-upon procedures performed. You acknowledge that the procedures are appropriate for the purposes of the engagement. We make no representation regarding the appropriateness of the procedures. This agreed-upon procedures engagement will be conducted on the basis that the Law Society of the Northwest Territories is responsible for the subject matter on which the agreed-upon procedures are performed. Further, this agreed-upon procedures engagement is not an assurance engagement. Accordingly, we do not express an opinion or an assurance conclusion.

The procedures that we will perform are solely for the purpose of assisting you in determining whether your trust accounts are compliant with the policies established by the Law Society of the Northwest Territories. Accordingly, our report will be addressed to you and the Executive Director, The Law Society of the Northwest Territories and our report may not be suitable for another purpose.

We have agreed to perform the procedures listed in Appendix A and report to you the findings resulting from our work.

The procedures are to be performed between [Date] and [Date].

Our Agreed-Upon Procedures Report

As part of our engagement, we will issue our report, which will describe the agreed-upon procedures and findings of the procedures performed.

Please sign and return the attached copy of this letter to indicate your acknowledgement of, and agreement with, the arrangements for our engagement, including the specific procedures which we have agreed will be performed and that they are appropriate for the purpose of the engagement.

[Insert other information, such as fee arrangements, billings and other specific terms, as appropriate.]

[Firms' name]

Acknowledged and agreed on behalf of [the Law Firm] by:

[Signature]

[Name and Title]

[Date]

PROCEDURES

General

1. Obtain and read Part 6 of the Northwest Territories' *Legal Profession Act* "ACCOUNTS, AUDITS AND FINANCIAL INSPECTIONS", Part 6 of the Rules of the Law Society of the Northwest Territories "FINANCIAL MATTERS", along with any additional information provided by the Law Society of the Northwest Territories.
2. Obtain a copy of the completed Trust Bank Account Reconciliations for the Reporting Period.
3. Read the completed Law Firm Self Report.
4. Identify the test period (the Test Period).
5. Select a test month (the Test Month).
6. List the Trust Bank Accounts in existence during the Test Period.
7. Confirm that a Trust bank reconciliation was prepared within 30 days of each month end in the test period and all outstanding deposits and cheques listed on the Trust bank reconciliation had cleared as of the date of the Agreed-upon Procedures Report.
8. Confirm that the Trust bank statement balance per the monthly bank reconciliation agrees with the bank statement. If not, list the differences by bank account and obtain an explanation from the law firm.

Test Month Reconciliations

1. The following procedures were performed on all accounts for the Test Month only.
2. Confirm that a bank reconciliation was prepared within one month of the month end, unless there has been no activity in the account for the month. If a reconciliation was required and was not prepared within a month of the month end, list the Bank Account, Date Prepared and Explanation from the Law Firm. (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.)
3. Confirm that the reconciled bank balance equals the client trust listing by trust bank account. If they are not equal, identify the difference and obtain an Explanation from the Law Firm.
4. Where differences were identified in procedure 2 above, confirm the difference has been resolved on the subsequent reconciliations. If not resolved, instruct the Law Firm to resolve and provide an explanation as to how the difference was resolved.
5. Confirm that the bank statement balances as per the bank reconciliation agrees with the bank statement. If not, list the differences by bank account and obtain an explanation from the Law Firm.
6. Confirm all outstanding cheques listed on the trust bank reconciliation had cleared as of the date of the Agreed-upon Procedures Report. If not cleared, list the uncleared cheques that are greater than one year old from the date of issuance or that exceed \$100,000.
7. Confirm all outstanding receipts listed on the trust bank reconciliation cleared on or before the next banking day. If not, list all outstanding receipts that did not clear by the next banking day.
8. If there are receipts listed above in Procedure 6 that are still outstanding as of the date of the Agreed-upon Procedures Report, instruct the Law Firm to resolve immediately and provide the Law Firm's explanation on

how and when the deposit was made.

9. Confirm that all outstanding receipts listed above were deposited prior to any related withdrawal (any cheques issued or electronic banking withdrawals completed). If not, obtain an explanation from the Law Firm.
10. List any other adjustments apart from outstanding deposits and outstanding cheques listed on the bank reconciliation.
11. If there are any adjustments still outstanding as at the date of the Agreed-upon Procedures Report, instruct the Law Firm to resolve immediately and provide an explanation from the Law Firm on how and when the adjustment was corrected.
12. Confirm that the bank reconciliation is arithmetically correct. If not, provide details of the issue.
13. Confirm that the client trust listing is arithmetically correct. If not, provide details of the issue.
14. Confirm if there were any shortages listed on the detailed client trust listing. If Yes, provide details.
 - 14.1 If there are any shortage still outstanding as at the date of the Agreed-Upon Procedures Report, instruct the Law Firm to resolve immediately and provide an explanation from the Law Firm on how and when the shortage was resolved.
 - 14.2 Confirm all of the amounts on the client listing agree to the client trust ledger card. If any discrepancies are noted, list the details.

Section A - General Information

1. Law Firm: _____

2. Responsible Lawyer: _____

3. Firm Year End: (month/ day) _____

4. Reporting Period: (year/month/day) _____

5. Test Month: (year/month) _____

AGREED-UPON PROCEDURES REPORT ON LAWYER TRUST ACCOUNTS

To the [Law Firm] and the Executive Director, The Law Society of the Northwest Territories

Purpose of this Agreed-Upon Procedures Report

Our report is solely for the purpose of assisting [the Law Firm] in determining whether the firm was compliant with the requirements set out in the Law Society of the Northwest Territories' *Legal Profession Act*, Rules of the Law Society of the Northwest Territories; Law Society of the Northwest Territories' policies, practice advisories and guidelines pertaining to the operation of Trust Accounts in the Northwest Territories.

Responsibilities of the Engaging Party and the Responsible Party

The [Law Firm] has acknowledged that the agreed-upon procedures are appropriate for the purpose of the engagement.

The Law Society of the Northwest Territories, as identified by [the Law Firm], is responsible for the subject matter on which the agreed-upon procedures are performed.

Practitioner's Responsibilities

We have conducted the agreed-upon procedures engagement in accordance with the Canadian Standard on Related Services (CSRS) 4400, Agreed-Upon Procedures Engagements. An agreed-upon procedures engagement involves our performing procedures that have been agreed with [the Law Firm], and reporting the findings, which are the factual results of the agreed-upon procedures performed. We make no representation regarding the appropriateness of the agreed-upon procedures.

This agreed-upon procedures engagement is not an assurance engagement. Accordingly, we do not express an opinion or an assurance conclusion.

Had we performed additional procedures, other matters might have come to our attention that would have been reported.

Professional Ethics and Quality Management

We have complied with the ethical requirements in the CPA Code of Professional Conduct. For the purpose of this engagement, there are no independence requirements with which we are required to comply.

Our firm applies Canadian Standards on Quality Management (CSQM) 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statement, or Other Assurance or Related Services Engagements, which requires the firm to design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Procedures and Findings

We have performed the procedures described below, which were agreed-upon with [the Law Firm], on the trust account.

SEE Report-Findings

Procedures

General

1. Obtain and read Part 6 of the Law Society of the Northwest Territories' *Legal Profession Act* "ACCOUNTS, AUDITS AND FINANCIAL INSPECTIONS", Part 6 of the Rules of the Law Society of the Northwest Territories "FINANCIAL MATTERS" and any other information provided by the Law Society of the Northwest Territories.
2. Obtain a copy of the completed Trust Bank Account Reconciliations for the Reporting Period.
3. Read the completed Law Firm Self Report.
4. Identify the test period (the Test Period).
5. Select a test month (the Test Month).
6. List the Trust Bank Accounts in existence during the Test Period.

Findings

We have obtained and read Part 6 of the Northwest Territories Legal Profession Act "ACCOUNTS, AUDITS AND FINANCIAL INSPECTIONS", Part 6 of the Rules of the Law Society of the Northwest Territories "FINANCIAL MATTERS" and any other information provided by the Law Society of the Northwest Territories.

We have obtained a copy of the completed Trust Bank Account Reconciliations for the Reporting Period from the Law Firm.

We have read the completed Law Firm Self Report.

The test period is identified as [MONTH-DAY-YEAR – MONTH-DAY-YEAR].

The test month selected is: [MONTH].

Financial Institution Account Number

Test Month Reconciliations

The following procedures were performed on all accounts for the Test month only

1. Confirm that a bank reconciliation was prepared within one month of the month end, unless there has been no activity in the account for the month. If a reconciliation was required and was not prepared within a month of the month end, list the Bank Account, Date Prepared and Explanation from the Law Firm. (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.)

A bank reconciliation was completed for all accounts within one month of the month end [with the exception of the following:].

<i>Bank Account</i>	<i>Date Prepared</i>	<i>Explanation</i>
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2. Confirm that the reconciled bank balance equals the client trust listing by trust bank account. If they are not equal, identify the difference and obtain an explanation from the Law Firm

All reconciled bank balances equaled the client trust listing by trust bank account [with the exception of the following:].

<i>Bank Account</i>	<i>Difference</i>	<i>Explanation</i>
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3. Where differences were identified in procedure 2 above, confirm the difference has been resolved on the subsequent reconciliations. If not resolved, instruct the Law Firm to resolve and provide an explanation as to how the difference was resolved.

No differences were identified in procedure 2.

[Differences identified and noted above were resolved on the subsequent reconciliations.]

4. Confirm that the bank statement balances as per the bank reconciliation agrees with the bank statement. If not, list the differences by bank account and obtain an explanation from the Law Firm.

All bank statement balances as per the bank reconciliations agreed with the bank statements [with the exception of the following:].

<i>Bank Account</i>	<i>Difference</i>	<i>Explanation</i>
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5. Confirm all outstanding cheques listed on the trust bank reconciliation had cleared as of the date of the Agreed-upon Procedures Report. If not cleared, list the uncleared cheques that are greater than one year old from the date of issuance or that exceed \$100,000.

All outstanding cheques listed on the trust bank reconciliation had cleared as of the date of the Agreed-upon Procedures Report [with the exception of the following]:

Bank Account Cheque# Date Issued Payee Client Amount

6. Confirm all outstanding receipts listed on the trust bank reconciliation cleared on or before the next banking day. If not, list all outstanding receipts that did not clear by the next banking day.

All outstanding receipts were deposited prior to any related withdrawals [with the exception of the following:].

Client Amount Date Payment Date of Deposit Explanation

7. If there are receipts listed above in Procedure 6 that are still outstanding as of the date of the Agreed-upon Procedures Report, instruct the Law Firm to resolve immediately and provide the Law Firm's explanation on how and when the deposit was made.

There were no deposits still outstanding as of the date of the Agreed-upon Procedures Report [with the exception of the following:].

Amount

Explanation of How and When Late Receipt was Deposited

8. Confirm that all outstanding receipts listed above were deposited prior to any related withdrawal (any cheques issued, or electronic banking withdrawals completed). If not, obtain an explanation from the Law Firm.

All outstanding receipts were deposited prior to any related withdrawals [with the exception of the following:].

Client Amount Date Payment Date of Deposit Explanation

9. List any other adjustments apart from outstanding deposits and outstanding cheques listed on the bank reconciliation.

There were no other adjustments listed on the bank reconciliation [with the exception of the following:].

Bank Acct Amt Adjustment Description Date occurred Date corrected

There were no adjustments identified in procedure 7.

10. If there are any adjustments still outstanding as at the date of the Agreed-upon Procedures Report, instruct the Law Firm to resolve immediately and provide an explanation from the Law Firm on how and when the adjustment was corrected.

All adjustments identified in procedure 7 have been corrected

11. Confirm that the bank reconciliation is arithmetically correct. If not, provide details of the issue.

All bank reconciliations were arithmetically correct [with the exception of the following:].

Bank Account Issue

12. Confirm that the client trust listing is arithmetically correct. If not, provide details of the issue.

All client trust listings were arithmetically correct [with the exception of the following:].

Client Trust Listing Issue

13. Confirm if there were any shortages listed on the detailed client trust listing. If Yes, provide details.

There were no shortages identified on the detailed client trust listing [with the exception of the following:].

Client trust listing Amt Date occurred Date corrected Explanation

14. (a) If there are any shortage still outstanding as of the date of the Agreed-Upon Procedures Report, instruct the Law Firm to resolve immediately and provide an explanation from the Law Firm on how and when the shortage was resolved.

There were no shortages identified in Procedure 13.

[There are no shortages identified in procedure 13 still outstanding [with the exception of the following:].]

(b) if the deficiency was not corrected within seven days after the time the shortage arose, or deficiency is an amount greater than \$2,500, contact the Law Society immediately.

Client Trust Listing Amount Explanation of Correction

15. Confirm all amounts on the client listing agree to the client trust ledger card. If any discrepancies are noted, list the details.

All amounts on the client listing agree to the client trust ledger card [with the exception of the following:].]

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

16. Confirm the Firm has not accepted or received cash in an aggregate amount greater than \$7,500 in CAD per Rule 98. See Rule 98(2) for cash received in a foreign currency. If the firm has received cash in excess of the allowable limit, contact the Law Society immediately.

There were no cash payments received or accepted that exceeded the allowable limit [with the exception of the following:].]

Client# (\$) Client Trust Listing (\$) Explanation

17. Confirm the record keeping requirements for Cash Transactions were adhered to per Rule 99.

Record keeping requirements for Cash Transactions were met [with the exception of the following:].]

Client# (\$) Client Trust Listing (\$) Explanation