

RANDOM AUDIT REPORT CARD

Attorney or Firm Name:

Juris #:

Bank Name:

Audit Date:

Account No.

Auditor: **JBG/CRW**

REQUIRED

- The account is not properly designated as a clients' funds account.¹
- The clients' funds account checks and/or deposit slips are not appropriately labeled.
- The attorney does not maintain a receipt and disbursement ledger (general ledger).
- The attorney does not maintain a running balance on the receipt and disbursement ledger (general ledger).
- The receipt and disbursement ledger does not show the date of each transaction.
- The receipt and disbursement ledger does not show the source and/or description of each deposit.
- The attorney has made deposits of one instrument into two or more different accounts (split deposit).
- The receipt and disbursement ledger does not show the payee for each disbursement.
- The receipt and disbursement ledger does not show the purpose of each transaction.
- The attorney does not maintain a client ledger card² (individual client ledger) for EACH client referenced in the financial documents.
- The attorney does not maintain a running balance on the individual client ledgers.

¹ The account must clearly be identified as "trust", "client funds", "escrow" or "IOLTA".

² A separate accounting page or column for each client or third persons for whom funds are held showing a running balance and all receipts and disbursements.

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- The attorney's individual client ledgers do not indicate the source of all funds deposited into the clients' funds account on behalf of that client.
- The attorney's individual client ledgers do not indicate the amounts of all charges and withdrawals.
- The attorney's individual client ledgers do not indicate the payees on all disbursements made from the clients' funds account on behalf of that client.
- The general ledgers contained inaccuracies.
- The client ledgers contained inaccuracies
- The client ledgers contained negative balances.
- The general ledger contained negative balances.
- After conducting the reconciliation, the clients' funds account showed a negative balance.
- The attorney has not performed, at a minimum, complete three way quarterly reconciliations.
- The attorney has failed to maintain a list of trial balances (balances held on behalf of each client on the last day of the period of reconciliation).
- The attorney has not maintained accurate reconciliations.
- There were funds held in the account that the firm could not attribute to a client, third person or the firm.
- Checks were outstanding in excess of six months.
- Checks that were outstanding in excess of three months were not detected or investigated by the attorney.

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- The attorney has failed to (timely) reimburse the clients' funds account for service charges, fees etc.³
- The clients' funds account held more than \$500 in non-client, third party or the firm's own funds.
- The attorney has inadequately tracked the fees taken.
- The attorney was co-mingling the funds of his clients with his own funds.
- The attorney has failed to identify and account for wire transfers.
- The attorney has failed to confirm that wire transfers were timely made at the time of the closing.⁴
- The attorney has submitted inaccurate wire transfer orders or prepared wire transfer orders that contain the wrong account information.
- The attorney has failed to maintain complete financial records for each client for seven years after final disbursement; this includes check book registers, bank statements, records of deposits, and canceled and checks.
- The attorney has failed to maintain records relating to all electronic transfers made from the clients' funds account.
- The attorney has failed to include in the records relating to electronic transfers made from the clients' funds account the name of the person authorizing the transfer, the date of the transfer, the name of the recipient and/or the date on which the transfer occurred.

³ "Allowable reasonable fees" are check charges, per deposit charges, fee in lieu of minimum balance, FDIC fees, sweep fees or maintenance fees.

⁴ See Ethics Rule 99-1.

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- The attorney held an excessive amount of funds in the clients' funds account belonging to a single client or third person for longer than sixty business days.
- The attorney allowed an individual who is not authorized under the Rules of Professional Conduct to be a signatory on the clients' funds account and/or to direct transfers to or from the clients' funds account.
- The attorney has failed to remit the interest earned on the clients' funds account to the CT Bar Foundation.
- It is not clear from the bank statements audited that the attorney has been remitting the interest earned on the clients' funds account to the CT Bar Foundation.
- The attorney has suffered overdrafts on the clients' funds account.
- Overdrafts appearing on the clients' funds account bank statements were not reported to the Statewide Grievance Committee.
- The HUD-1(s) contained inaccuracies, errors or omissions.
- At the time of the clients' funds account was selected, there were attorneys who had failed to register their most recent and accurate information with The Statewide Grievance Committee.
- Attorney held funds for individual client(s) whose matters were inactive for over six months.
- The attorney has misused the clients' funds account.
- The attorney has misused his or her clients' funds.
- Checks were made payable to cash.

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- The attorney has made cash withdrawals from the clients' funds account.
- The attorney has failed to maintain copies of retainer and compensation agreements with clients as required by Rule 1.5 of the Rules of Professional Conduct.
- The attorney has failed to maintain copies of billing invoices for legal fees rendered.

RECOMMENDED

- Recommend obtaining the assistance of a professional bookkeeper or accountant to bring the clients' funds account into compliance with the Rules.
- Checks disbursed should be cleared or cashed in a timely manner.
- Checks should contain a sufficient "memo" description to determine its purpose.
- Deposit tickets should contain a sufficiently detailed description to determine the amount, source of all funds deposited and the client on whose behalf the deposited funds were made.
- Checks made payable to the attorney should contain a sufficient "memo" description to determine its purpose.
- Checks were not presented to the account in a reasonably numerical order.
- The attorney's fees and/or retainers were not properly accounted for from the time of receipt to the time of disbursement.
- Financial documents prepared by the attorney are illegible.

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The financial documents are not kept in a suitable storage area that assures they are appropriately safeguarded.