



**COLORADO SUPREME COURT
Office of Attorney Regulation Counsel**

Trust Account Manual

Delegation of Trust Account Duties

It is common practice for a lawyer to delegate the day-to-day bookkeeping duties associated with his or her trust account. Usually, the person to whom the lawyer delegates these duties is a non-lawyer. Although delegating bookkeeping duties is an acceptable practice, the lawyer must remember that he or she cannot delegate the ultimate responsibility for administering the trust account properly. Accordingly, the lawyer must take steps to properly train and supervise employees who handle the day-to-day trust account duties.

Training Others

When a lawyer delegates the day-to-day trust account duties, the lawyer must train and educate the person about the proper way to handle client or third party funds. A lawyer should emphasize the importance of keeping client or third party funds separate from the lawyer or firm's funds.

Supervision

The lawyer must routinely supervise and check the work of the person in charge of the day-to-day bookkeeping of the trust account. In other words, it is not enough for the lawyer to train someone to run the trust account, and then never review that person's work or procedures again.

A non-lawyer may be a signatory on a trust account; however, a lawyer licensed in Colorado must supervise that person. Supervision means that the lawyer must take an active role in overseeing what that non-lawyer does.

Even when the lawyer delegates the duties for maintaining the trust account, the lawyer must be directly involved on a no less than monthly basis. At a minimum, the lawyer who delegates should do the following:

1. Review monthly bank statements.
2. Review trust account general ledger and client ledgers monthly.
3. Review images of cancelled checks monthly.

4. Review the trust account reconciliation monthly.

The following trust account reconciliation should be done on a monthly basis:

1. There should be a reconciliation of all the client ledgers against the general ledger or check register to ensure that:
 - a. Deposits shown in client ledgers are shown in general ledger or check register.
 - b. Withdrawals in client ledgers are shown in the general ledger or check register.
 - c. Total of client ledgers must equal balance in the general ledger or check register.
2. Then the general ledger or check register should be reconciled against the bank statement by using a normal balancing procedure.

Problems of Junior Attorneys

It is not unusual for junior attorneys, whether partners or associates in a law firm, to have no contact with the trust account. Often, a senior partner or a firm manager who is supervised by a senior partner controls the management of the trust account. In this situation, it is important for the junior lawyer to realize that for ethical purposes, he or she is still responsible for money they receive from a client or on behalf of a client. For instance, an associate may accept a settlement check from an insurance company on behalf of a client. That associate must take steps to see that the money is properly deposited into the trust account until disbursed. The associate must ensure that further dealings with the client funds are done properly. Obviously, this can place a junior lawyer in a difficult situation.