

IOLTA Trust Account Audit Checklist

Free resource from IOLTATrusts.com — Purpose-built IOLTA trust accounting software

Use this checklist to verify your trust account records are complete before a bar examination — or as a monthly practice to ensure you stay audit-ready at all times. Check each item as confirmed. Any unchecked item is a gap that should be addressed before an examiner reviews your records.

Firm Name:	_____	Month / Year:	_____
Trust Account:	_____	Prepared by:	_____

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Monthly Reconciliation Records

Bar rules require three-way reconciliation every month — confirm all three legs are documented

- ☐ **Three-way reconciliation completed for this month**
- ☐ Leg 1 — Bank statement ending balance obtained
- ☐ Leg 1 — Deposits in transit identified and listed
- ☐ Leg 1 — Outstanding checks identified and listed
- ☐ Leg 1 — Adjusted bank balance calculated
- ☐ Leg 2 — Check register (book) balance as of statement date documented
- ☐ Leg 2 — Book balance agrees with Leg 1 adjusted bank balance
- ☐ Leg 3 — All client matter balances listed individually
- ☐ Leg 3 — Sum of all client matter balances calculated
- ☐ Leg 3 — Client ledger total agrees with Legs 1 and 2
- ☐ **Signed reconciliation report produced, dated, and signed by supervising attorney**
Most states require attorney signature on the reconciliation document
- ☐ Reconciliation completed within required timeframe
Most states: within 30-60 days of statement close date

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Client / Matter Ledgers

Every dollar must be tracked to a specific client — not just to the trust account as a whole

- ☐ **Separate ledger maintained for every active client matter**
- ☐ Every deposit recorded with: date, amount, client matter, and source of funds
- ☐ Every disbursement recorded with: date, amount, payee, client matter, and check number
- ☐ Running balance maintained for each client matter after every transaction
- ☐ **No client matter balance is negative (below zero)**
A negative balance means one client's funds were used for another — a bar rule violation
- ☐ Earned fees properly transferred out of trust before being considered income
- ☐ Unearned retainers remain in trust until fees are earned
- ☐ All trust interest (if applicable) documented and allocated per state rules

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3 Bank Statements & Supporting Documents

- ☐ **Original bank statements retained for every month in the review period**
- ☐ Bank statements filed with corresponding reconciliation reports
- ☐ Canceled checks (or check images) retained
Most states require original or image copies — verify your state's requirement
- ☐ Deposit slips retained for all deposits
- ☐ Wire transfer confirmations retained for all wire activity
- ☐ Bank overdraft notices retained (if any)
Overdrafts must be reported to the bar in most states — confirm whether you did
- ☐ Bank service charges documented — trust accounts must not be charged fees
Many states prohibit bank service charges on IOLTA accounts — verify with your bank

4 Record Retention

Most states require 5-7 years — confirm your state's requirement

- ☐ **All reconciliation reports retained for required period**
- ☐ All client ledgers retained for required period
- ☐ All bank statements retained for required period
- ☐ All canceled checks / check images retained for required period
- ☐ All deposit slips retained for required period
- ☐ Records organized so any specific month can be produced quickly
Bar examiners often request records for a specific period — organize by month and year
- ☐ Electronic records backed up to a secure, recoverable location

5 Audit Package — What Bar Examiners Typically Request

- ☐ **Signed three-way reconciliation reports — 12 to 36 months**
- ☐ Bank statements — corresponding to reconciliation periods
- ☐ Check register — complete transaction ledger for the trust account
- ☐ Per-client sub-ledgers — every matter with activity in the review period
- ☐ Copies of canceled checks or check images
- ☐ Wire transfer / ACH records for electronic transactions
- ☐ List of all client matters with trust balances as of the review date
- ☐ Documentation of any overdrafts or returned items
If there were overdraft notices, confirm whether they were reported to the bar as required

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State-Specific Requirements

Rules vary — confirm what your state bar requires

- ☐ Annual IOLTA registration completed (if required by your state)
- ☐ Overdraft notification agreement on file with your bank (if required)
Most states require your bank to notify the bar of any trust account overdraft
- ☐ IOLTA interest remitted to state bar foundation (most states handle this automatically)
- ☐ Random audit program requirements reviewed
Some states (CA, NJ, others) have active random audit programs — know whether yours does
- ☐ Escheatment rules followed for dormant client funds
Funds held more than the dormancy period may need to be remitted to the state
- ☐ State bar's required reconciliation format followed
Visit ioltatrusts.com/iolta for state-specific rules

If any item above is unchecked: Address it before the examination. The cost of correction before an audit is always lower — in time, money, and stress — than the cost of explaining a gap to a bar examiner after the fact.

Tired of doing this manually every month?

IOLTATrusts generates your three-way reconciliation automatically each month and produces a complete, signed audit package in one click — no spreadsheets, no manual math, no missed steps. Designed by a CPA for attorneys. Plans from \$19.99/month with a 14-day free trial.

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