

State Bar of California, Division of Regulation
Proposed Scope of CTAPP Compliance Review Procedures
60-day public comment opportunity

Phase	Procedures	Statute or Rule
Planning	Review and confirm firm name, designated attorneys, list of trust accounts are consistent with CTAPP registration compliance.	Rule 2.4, 2.5, 2.6
	Interview designated licensee, day-to-day bookkeeper, or other key person most knowledgeable about trust accounting practices about roles, responsibilities, and trust accounting practices.	Rule 1.15; rule 5.1; rule 5.3
	Review provided trust account records are complete and include trust account journal, client ledgers for selected sample of clients, bank statements with check copies, and monthly three-way reconciliations for the 12 months under reviews.	Rule 1.15(d)(3); Standard (1)(a)-(d)
Compliance	Confirm 'trust account' or similar phrasing is in the name of each trust account; confirm all trust accounts are held in California for California clients, unless there is a substantial relationship between the client or the client's business and the other jurisdiction and the client agrees in writing, or that the rules and laws of another jurisdiction apply; confirm all California IOLTAs are held at IOLTA-eligible financial institutions.	BPC § 6212(a); rule 1.15(a)
	Confirm engagement letter, fee agreement, or other documentation detail the amounts or percentages of funds to be received and disbursed on behalf of the client.	Rule 1.15(a)-(b)
	Does the attorney/firm maintain the following records for each IOLTA and for each selected non-IOLTA trust account? (1) Trust account journal(s) (2) Client ledgers (3) Bank statements with check copies (4) Monthly three-way reconciliations	Rule 1.15(d)(3) and (5), and Standard (1)
	Confirm no attorney or firm funds were held in any of the trust accounts except to pay bank changes or were the disputed portion of fees that could not be withdrawn until the dispute was settled.	Rule 1.15(c)
	Confirm timely notice of receipt of funds, documentation supporting any securities or property, and written notice of accounting, including final settlement agreement, was provided to the client or other person.	Rule 1.15(d); rule 1.16
	Confirm fees were withdrawn from client trust accounts within 45 days once the fees, or a portion thereof, become fixed and earned. If no, confirm there was good cause for not disbursing fixed and earned fees within 45 days of the date when fees became fixed and earned.	Rule 1.15(c)(2)

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Compliance (continued)	Confirm any undisputed funds or property that the client or other person is entitled to receive was distributed within 45 days or there was good cause for not disbursing funds to the client or other entitled person within 45 days of the date when the funds or property became undisputed.	Rule 1.15(d)(7), (f), and (g)
	Confirm bills to the client include the amount, rate, basis of calculation, or other method to determine the attorneys' fees and costs.	BPC § 6148(b)
	For non-contingency fee contracts, confirm attorney or firm provided a bill to the client no later than 10 days after such request, unless the attorney had provided a bill to the client within 31 days prior to the request, in which case the attorney may provide a bill to the client no later than 31 following the date the most recent bill was provided.	BPC § 6148(b); Rule 1.15(d)(4)
	If the attorney contracted with the client on a contingency fee basis, confirm the contract signed by both the attorney and client and include the contingency fee rate, how any costs incurred will affect the contingency fee rate, and to what extent, if any, the client could be required to pay any compensation to the attorney not covered by the contingency fee contract.	BPC § 6147
Accounting	Confirm the trust account and client ledger balances were always positive. If not, confirm documentation evidencing each overdraft and corrective action(s) taken.	Rule 1.15; BPC § 6106
	Confirm the following data recorded for each transaction in the trust account journal: date of transaction, client name, amount of deposit and disbursement, and running balance.	Standard 1(b) of rule 1.15
	Confirm the following data recorded for each transaction in the client ledgers: date of transaction, client name, payor or payee, amount of deposit and disbursement, the purpose of the transaction, and running balance.	Standard 1(a) of rule 1.15
	Confirm balances of the client ledgers and bank charges ledger reconcile to the account journal balance for sample months selected.	Standard 1(d) of rule 1.15
	Confirm the adjusted bank statement balance reconcile to the account journal balance for sample months selected.	Standard 1(d) of rule 1.15

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Supervision	Confirm the designated licensee is a trust account signatory.	BPC § 6211; rule 2.4
	Confirm designated licensee regularly reviews the recordkeeping completed by others, if applicable.	Rule 5.1; rule 5.3
	For both attorneys and non-attorneys tasked with trust account recordkeeping responsibilities, confirm roles and responsibilities clearly defined.	Rule 5.1; rule 5.3
	Confirm designated licensee or designee follows up with payees with outstanding disbursements.	Rule 1.16(e)(2)
	Confirm designated licensee made reasonable efforts to establish internal policies and procedures designed to account for client funds and property and ensure inexperienced attorneys or non-attorneys are properly trained and supervised.	Rule 5.1; rule 5.3; Comment of rule 5.3; Palomo v. State Bar (1984) 36 Cal.3d 785