How to Clean Up Law Firm Trust Accounts in 30 Days

If your firm is preparing for an audit or already dealing with trust accounting issues, speed and accuracy matter. A structured 30 day cleanup plan helps you identify discrepancies, restore compliance, and reduce the risk of penalties or client disputes.

This framework is designed for law firms that need a clear path forward without disrupting daily operations.

Why Trust Account Cleanup Cannot Wait

Trust account errors compound quickly. Small reconciliation gaps can turn into compliance violations, audit findings, or even disciplinary action.

Common triggers for a cleanup include:

- Inconsistent three way reconciliations
- Negative client balances
- Commingled funds
- Missing or outdated client ledgers
- Unapplied retainers or unclear transaction histories

If any of these sound familiar, your firm is already at risk.

A 30 Day Trust Account Cleanup Plan

Week 1: Audit Your Current State

Start by identifying the scope of the problem.

- Pull all trust account bank statements for the past 6 to 12 months

- Export client ledgers and matter balances
- Compare your trust balance against total client balances
- Flag discrepancies, missing entries, and unusual transactions

At this stage, the goal is visibility. You cannot fix what you cannot see.

Week 2: Reconcile and Isolate Errors

Now begin the reconciliation process.

- Perform a full three way reconciliation
- Match bank balance, book balance, and individual client ledgers
- Identify the source of each discrepancy
- Separate errors into categories such as data entry, timing issues, or misapplied funds

This step often reveals systemic issues in how transactions are recorded.

Week 3: Correct and Document

Once errors are identified, begin correcting them carefully.

- Adjust client ledgers to reflect accurate balances
- Reverse and reenter incorrect transactions
- Ensure all retainers and payments are properly allocated
- Document every correction with clear notes for audit trails

Documentation is critical. Auditors expect a clear explanation of what changed and why.

Week 4: Implement Controls to Prevent Future Issues

Cleanup without process improvement leads to repeat problems.

- Establish a monthly three way reconciliation schedule
- Standardize trust accounting procedures across staff
- Assign clear responsibility for trust account oversight
- Use software that enforces compliance workflows

This is where many firms either fix the issue permanently or fall back into old habits.

Where Firms Lose Money During Trust Cleanup

Trust account errors are not just compliance risks. They often point to lost revenue.

- Unapplied retainers delay billing
- Missed expenses reduce cost recovery
- Manual processes increase write offs
- Poor visibility leads to underbilling

Firms frequently discover that trust cleanup improves cash flow almost immediately.

How Technology Simplifies Trust Account Cleanup

Manual reconciliation is one of the biggest sources of error and inefficiency. Modern billing and payment systems help eliminate these risks.

With the right tools, your firm can:

- Track every trust transaction in real time
- Automatically reconcile balances
- Maintain clear audit trails for every matter
- Prevent commingling with built in safeguards

TimeSolv connects time tracking, billing, and payments so your firm can manage retainers and trust balances without relying on spreadsheets or disconnected systems. This reduces the risk of errors while improving revenue capture and compliance.

Key Takeaways

Cleaning up your trust account in 30 days is achievable with a structured approach:

- Start with full visibility into your accounts
- Reconcile thoroughly and identify root causes
- Correct errors with proper documentation
- Implement systems that prevent repeat issues

The longer trust accounting issues go unresolved, the greater the financial and compliance risk. A focused cleanup plan not only prepares your firm for audits but also strengthens your billing accuracy and cash flow.