

How to Manage Trust Accounting Safely:

IOLTA Compliance Features
to Look for in Case
Management Software



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About Beveron Technologies

Founded in 2014, **Beveron Technologies** is a leader in the **LegalTech** domain, specializing in providing innovative software solutions designed to automate and streamline legal operations. With a focus on delivering efficiency and quality, Beveron offers products such as:

- **Smart Lawyer Office**
- **Smart Legal Counsel**
- **Smart Debt Collection**

These solutions cater to law firms, corporate legal departments, and debt collection agencies, helping them improve their workflows and achieve greater operational effectiveness.

Leadership and Expertise

Beveron is led by **CEO Brijesh Chedayan**, a recognized author in the field of LegalTech. Brijesh's groundbreaking book on **LegalTech** is the first of its kind in the region, underscoring his commitment to advancing the legal technology sector.

Awards and Recognition

Beveron has received multiple accolades, including the **Best LegalTech Company Award** for its transformative impact on the legal industry. The company is also **ISO certified**, ensuring the highest standards of quality and security in its services and products.

Contributions to the Legal Community

Beveron is deeply committed to sharing its expertise and knowledge with the legal community. The company regularly publishes whitepapers and research articles on LegalTech trends, offering valuable insights into the evolving landscape of legal technology. Additionally, Beveron conducts webinars to engage with legal professionals and foster collaboration across the sector.

Contact Information

For more information, visit our website:

www.beveron.com



Introduction

Every lawyer knows that client money is not the firm's money. Yet trust accounting is one of the most common places where good lawyers get into trouble. Most trust account problems do not come from bad intentions. They come from small mistakes: a late deposit entry, a missed reconciliation, a check written against funds that had not cleared yet.

The good news is that these mistakes are easy to prevent when you have the right systems in place. In this guide, we explain what IOLTA compliance means in simple words, where firms usually go wrong, and which features to look for in case management software so your trust accounting stays safe, clean, and audit-ready.



What Is an IOLTA Account?

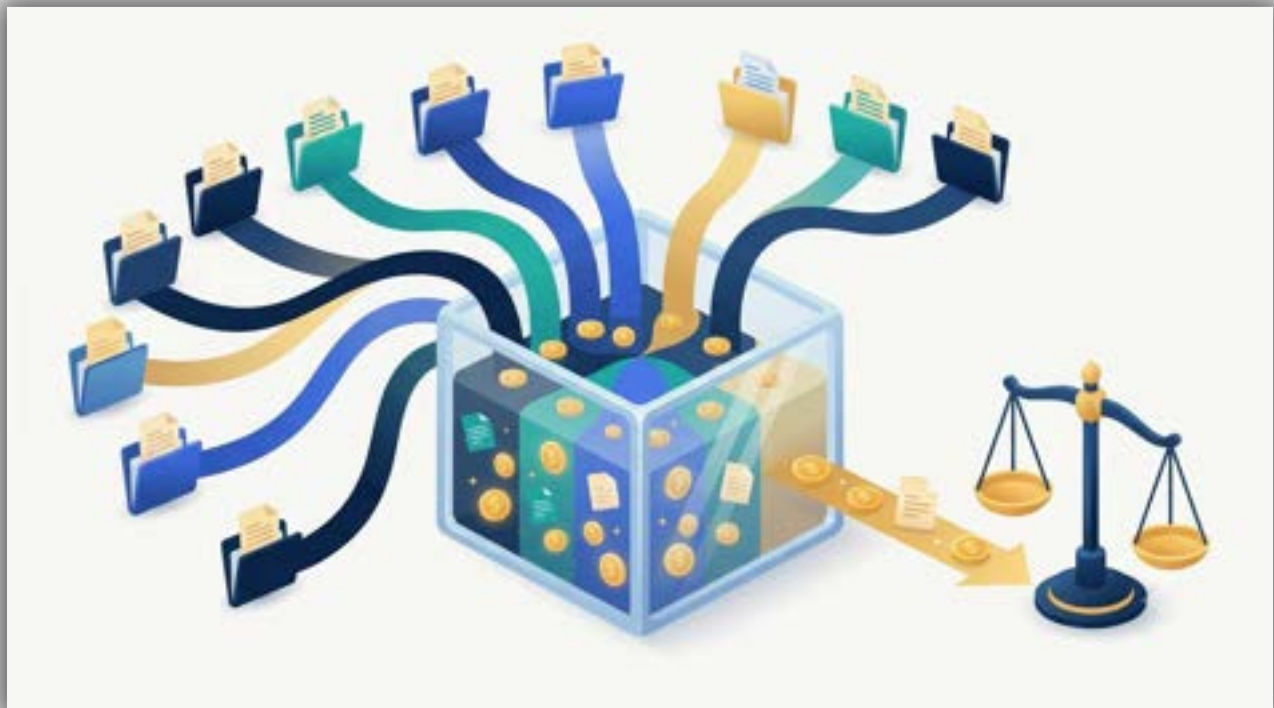
IOLTA stands for Interest on Lawyers' Trust Accounts. It is a pooled bank account where a lawyer holds small or short-term client funds, such as retainers, settlement money, or advance payments for court fees.

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Because the amounts are small or held for a short time, the interest they earn is usually sent to a state program that supports legal aid and related services, instead of being paid to the client or the firm.

The key rule is simple: **client money must stay separate from firm money, and every dollar must be traceable to a specific client.**

Note: IOLTA rules differ from state to state, and other regions have their own client money rules. Always check your local bar association's requirements.



Why Trust Accounting Mistakes Happen

Before choosing software, it helps to understand the common risks. Most trust account violations fall into a few groups:

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- **Commingling funds:** mixing client money with the firm's operating money.
- **Conversion:** using client money for firm expenses, even by accident or "temporarily."
- **Negative client balances:** paying out more for a client than they actually have in trust.
- **Missed reconciliations:** not matching bank records, the firm ledger, and client ledgers every month.
- **Poor records:** missing receipts, unclear transaction notes, or no clear audit trail.
- **Spreadsheet errors:** one wrong formula can hide a real problem for months.



Manual systems such as spreadsheets and paper ledgers make all of these risks bigger. A good legal software system reduces them by building the rules into your daily work.

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Why Your Case Management Software Matters for Trust Accounting

Many firms use one tool for cases, another for billing, and a third for accounting. When trust data lives in separate places, errors creep in. Someone enters a payment in one system but forgets the other. Numbers no longer match, and finding the reason takes hours.

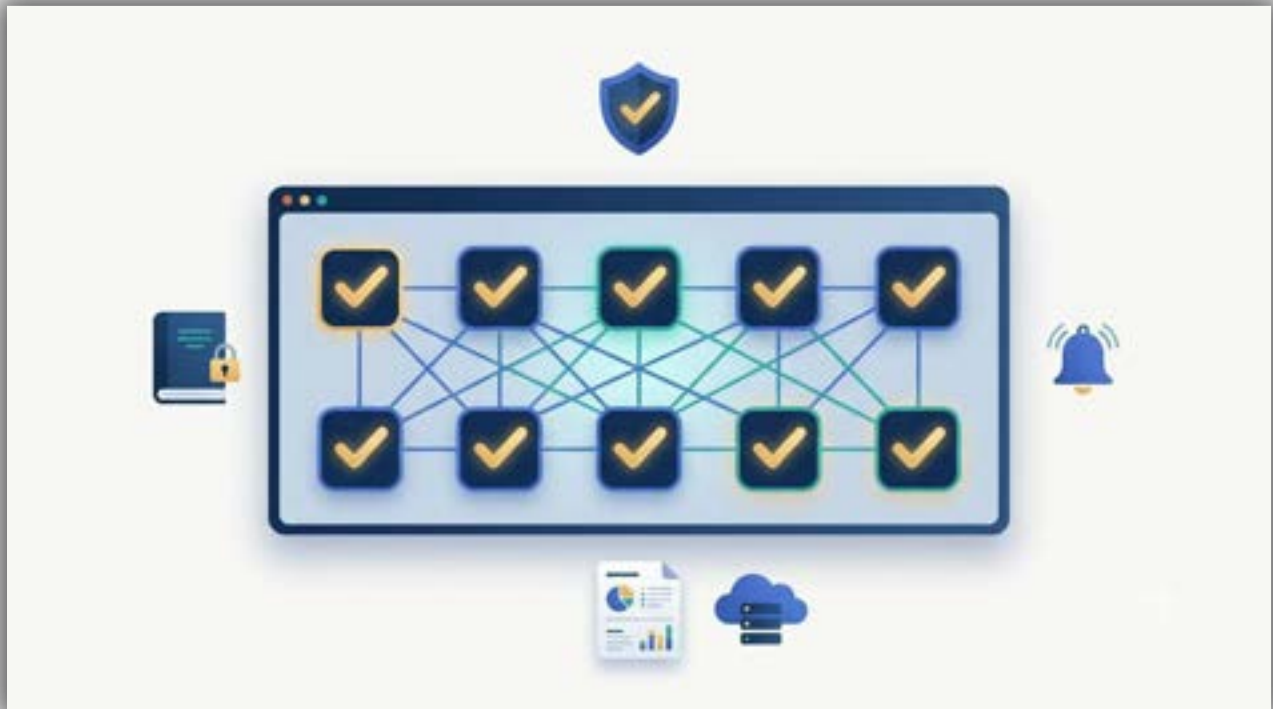


Case management software that includes trust accounting keeps everything connected. Client details, matter files, invoices, and trust balances live in one place. That means fewer double entries, fewer mistakes, and faster answers when a bar auditor or a client asks a question.

10 IOLTA Compliance Features to Look For

When you compare software options, use this checklist.

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1. Separate Client Ledgers

Each client (and ideally each matter) should have its own ledger inside the trust account. You should be able to see every deposit, withdrawal, and balance for that client at any time. This is the base of safe trust accounting.

2. Protection Against Negative Balances

The software should warn you, or block the transaction, if a payment would take a client's trust balance below zero. This single feature prevents one of the most serious and common violations: using one client's money to pay for another.

3. Three-Way Reconciliation

Most bar rules expect you to reconcile regularly, often every month. A three-way reconciliation compares:

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1. The bank statement balance
2. The firm's trust account ledger (the total of all trust activity)
3. The sum of all individual client ledgers

All three should match. Good software helps you run this check quickly, flags differences, and saves the report for your records.

4. Clear Separation of Trust and Operating Money

Look for a system that clearly separates trust transactions from operating transactions. When you move earned fees from trust to operating, the software should record it properly, linked to the invoice, so there is no confusion about when money became yours.

5. Linking Trust Payments to Invoices

When you bill a client and pay your fee from their retainer, the software should connect the invoice, the payment, and the trust withdrawal. This gives you a clean paper trail and makes it easy to show that you only took funds you had earned.

6. Complete Audit Trail

Every entry should show who made it, when, and why. Edits and deletions should be logged, not hidden. If an auditor or your state bar ever asks for records, a full history protects you and saves time.

7. User Roles and Permissions

Not everyone in the firm needs full access to the trust account. Choose software that lets you set roles, for example:

- Partners can approve disbursements.
- Accounting staff can record deposits.
- Assistants can view balances only.

This limits risk and supports the "proper supervision" duty lawyers have over their staff.

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8. Ready-to-Use Compliance Reports

You should be able to generate key reports in a few clicks, such as:

- Client ledger reports
- Trust account journal
- Reconciliation reports
- Outstanding or uncleared items
- Client trust balance summaries

Ready reports mean you are always prepared, not scrambling when someone asks for proof.

9. Alerts and Reminders

Smart reminders keep good habits in place. Helpful alerts include monthly reconciliation reminders, low or zero balance warnings, and notices for funds that have been sitting in trust for a long time and may need to be returned or disbursed.

10. Secure, Backed-Up Data

Trust records must be kept safely, often for several years. Look for encryption, regular backups, secure login, and reliable access from anywhere. Losing your trust records is a compliance problem in itself.

Best Practices to Follow Alongside Your Software

Software is a strong helper, but good habits still matter. Here are simple rules that keep firms safe:

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- **Deposit promptly.** Put client funds in the trust account as soon as you receive them.
- **Wait for funds to clear.** Do not disburse money until the deposit has actually cleared the bank.
- **Never use trust funds for firm expenses.** Move earned fees out only after you have billed the client.
- **Reconcile every month.** Put it on the calendar and treat it as a fixed task.
- **Keep your records for the required period.** Check your local rules for exact timelines.
- **Train your team.** Everyone who touches the account should understand the basics.
- **Review unusual items quickly.** If something looks off, fix it right away and document it.

How Beveron Smart Lawyer Office Helps With Trust Accounting

If you are looking for one system that brings your cases, clients, billing, and trust accounting together, **Beveron Smart Lawyer Office** is a practical solution to consider.

Beveron Smart Lawyer Office is a law practice management software designed to help firms stay organized and work with more confidence. For trust accounting, it supports the habits and controls that lawyers need:

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- **One connected workspace:** Keep client records, matters, billing, and client funds together so you are not entering the same data twice.
- **Client-wise tracking:** Follow each client's funds clearly, so you always know what belongs to whom.
- **Cleaner billing and payments:** Connect invoices with payments received, which makes it easier to show how fees were earned and paid.
- **Reports when you need them:** Pull up records and summaries quickly for internal reviews, reconciliations, or audits.
- **Less manual work:** Move away from spreadsheets and paper registers, and reduce the chance of simple calculation errors.
- **Better control for the whole firm:** Help partners and staff work from the same accurate, up-to-date information.



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Because trust accounting rules vary by location, we suggest you book a demo and check that the features match your local bar requirements. Ask the Beveron team to walk you through your exact workflow, from receiving a retainer to reconciling the account at month end.

Questions to Ask Before You Choose Any Software

Use these questions during a demo:



1. Does it stop or warn me about negative client balances?
2. Can I run a three-way reconciliation inside the software?
3. Is there a full audit trail I cannot erase?
4. Can I limit who sees or approves trust transactions?
5. What reports can I produce for my state or local bar?
6. How is my data backed up and protected?
7. What training and support will my team receive?

If a vendor cannot answer these clearly, keep looking.

Common Mistakes to Avoid When Switching Software



- **Skipping data cleanup.** Reconcile your current records first so you start the new system with accurate balances.
- **Moving too fast.** Run old and new systems side by side for one cycle if you can.
- **Ignoring staff training.** The best software only works if people use it properly.
- **Not documenting your process.** Write down your trust accounting steps so everyone follows the same routine.

Final Thoughts

Trust accounting is about protecting your clients, your license, and your reputation. You do not have to carry that responsibility with spreadsheets and guesswork. The right case management software builds safety into your daily routine, with separate client ledgers, negative balance protection, reconciliations, audit trails, and quick reports.

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When you review your options, use the checklist in this guide. If you want a connected, easy-to-use system built for law firms, take a closer look at [Beveron Smart Lawyer Office](#) and see how it can help you manage client funds with more confidence.

Quick Compliance Checklist

- Client money is kept separate from firm money
- Every client has an individual ledger
- No client balance goes below zero
- Deposits are recorded the same day
- Funds are cleared before disbursement
- Three-way reconciliation is done every month
- Access to the trust account is limited by role
- Records are backed up and kept for the required period