NEW ZEALAND LAW SOCIETY

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PRACTICE BRIEFING:

GUIDANCE ON CHOOSING TRUST ACCOUNT AND PRACTICE MANAGEMENT SOFTWARE SYSTEMS

INTRODUCTION

Choosing, changing or upgrading your office (trust account and/or practice management) software is a significant investment. This practice briefing is intended to provide general guidance to lawyers considering office software solutions, and lists a number of matters that should be thought about before investments or decisions are made. It is a guide to good practice only, and does not constitute legal advice. As always, a lawyer must use professional judgement before deciding on office software investments, and if in doubt, seek specialist advice from vendors.

Identify your needs

Why do you/does your firm need trust account or practice management software? What problems or tasks should the software help you solve and complete? Why does current software need to be changed or upgraded?

Remember, **the most expensive is not necessarily the best.** For some smaller practices a manual (handwritten) trust account may be satisfactory. Other practices may need something digital but inexpensive, while others may require a system that can cope with rapid growth and is 'future-proofed'. Price is not the sole indicator of the 'right fit' so, like with any other significant purchase, it's wise to assess your needs and 'shop around'.

The New Zealand Law Society Inspectorate maintains a software provider contact schedule that lists known available trust accounting software packages. Before contacting software vendors, consider your requirements for:

- Trust accounting and reporting
- Time and cost recording
- Practice accounting and management reporting
- Debtors control

- Compatibility with your current IT systems
- How many licences (users) you require (now, and in the future). Annual or one-off fees? Named users or concurrent users?
- Research tools and database access
- Archiving (storing electronic files and records)

Other features worth considering include: how easy the software is to use, the capacity for multi-user access, potential for access restrictions, and the likelihood/value of anticipated ongoing costs.

Ask questions

Before making any purchase, request information from each software provider regarding how they can help you best meet and manage your needs. You may consider asking about:

- **Sustainability** – How long has the company been operating? Who else uses their products? Was the product developed specifically for a New Zealand context, or is it a modified version of a foreign product? Who else supports the product?
- **Licences** – What will the software cost to use, per user?
- **Maintenance** – Where is the local software representative based? What troubleshooting and help systems does the provider have in place in case things go wrong?
- **Impact** – Will this new/upgraded software have an effect on existing systems? Will it mean existing software or systems will need to be changed, particularly security systems? What level of training is required to operate the software and how long will that take?
- **Future-Proofing** – What is the future of this product? What is its current capacity? How easily can the software be upgraded to accommodate future changes/increased need?
- **Security and access** – How is access and security managed? Is there provision for secure remote access? What kind of backup systems exist? Does the software produce a report that covers reversing entries (if there is an ability to)?
- **User interface** – Is the software intuitive to operate and easy to learn? Does it produce useful reports (for example can ledger reports suffice as de facto reporting statements)?
- **Reporting** – Does the software produce reports that enable the firm to complete the monthly reconciliation with confidence? Refer to Trust Account Guideline 7.3.
- **Support** – Does the system include online tutorials, user manuals? Is there an annual fee for support?

It might be a good idea to make contact directly with existing users of the software where appropriate, for a discussion on the system's performance. You can ask the software provider if they are able to provide contacts in other firms using the software in your area. Seek advice from your IT staff/provider. Additionally, the NZLS

Inspectorate can assist by sharing their general experience with trust account software in New Zealand. The Inspectorate frequently reports that software suitable for one type of practice may not be suitable for another, so it is essential that your office's immediate needs, budget and other requirements are considered before investing.

Implementation

Before you introduce and implement a new software package, consider:

- What existing client information needs to be transferred to the new system? How will it be transferred? When is the best time to do this? Undertaking this data transfer process prior to implementation may reduce workloads and potential stress or confusion.
- Whether the old system should be kept as a backup as the new one is implemented.
- What training arrangements have been made for staff to learn about the new system? Training will make the change more effective, identify potential bugs or glitches, and help user to feel comfortable using the new software.
- What records/documents applying to the new system are available? Documenting (ie. an instructions sheet) the new system and procedures and how they apply to your office will assist current staff to manage the new software, as well as making it easier for new staff to quickly learn office processes.

Moving to a new system provides an opportunity for lawyers to review some operational tips/good practice guidance for trust account management.

Operational Tips / Good Practice

Security – defined and scrutinised

- Many practices now operate 'networked' trust account systems which allows easier access to client information. Access should be password controlled.
- Access to the trust account should be securely password controlled, and should give each staff member only the degree of access required for their defined tasks (see trust account guideline 11.2). This includes considering remote access.
- Consider the security and stability if remote access is available to staff.
- Proper procedures must be used in respect of passwords, including that they are known only to the respective users, are of appropriate complexity, are changed regularly and are cancelled promptly (when required).
- Communication with the software provider should be authorised by the Trust Account Supervisor and logged.
- Is two-factor authentication available (ie. use of a token as well as a password) for remote access?

Controls on input – accurate and authorised

- Clearly allocate responsibility for different tasks.
- Check and tally input batches before entry and authorisation (not all systems are batch-based).
- Use an input control record that adequately reflects what has been entered and provide a running total confirming the values shown by the software.
- Ensure users are sufficiently trained in input procedures, particularly when staff change.

Controls on output – checked thoroughly

- Summary transactions should be able to be readily reviewed by the office's Trust Account Supervisor, compared with the input control record and scrutinised for any odd-looking results.
- Transaction lists of receipts, payments, journals, etc. should be scrutinised for any anomalies or unauthorised entries. This can be completed when checking the monthly reconciliation. Particular notice should be taken of transaction reversals and correction entries.
- Monthly information and balance lists should be distributed to authors so that they can scrutinise the balances for which they are responsible.
- The system must produce reports that enable the Trust Account Supervisor to complete his/her monthly reconciliations with complete confidence.

System backup and recovery – secure and operational

- Backup procedures should be fully documented and checked regularly to ensure they are operational. This ought to include provision for hardware as well as data.
- Storage of backup materials needs to be secure and, wherever possible, offsite. There should be a regular, robust routine for this.
- Restoration from backup should be tested regularly.

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