



REVIEWING A FIDUCIARY ACCOUNTING

When reviewing a fiduciary accounting, there are a few key points to look for to ensure the report you are reviewing is complete and balanced.

FORMAT. The accounting should be easy to follow and include all standard schedules including assets on hand beginning, receipts, gains, disbursements, losses, assets on hand end, and change in form. While additional schedules may be included, this is the minimum.

TRANSACTION ITEMIZATION. The transactions on each schedule should be itemized. For example, dividends and interest should be broken down by source and date, not lumped together by month or account on the Receipt Schedule. Disbursements should be listed by date and payee, not generalizations such as a lump sum for "administrative expenses."

QUALITY SOURCE DATA. The accounting should reflect the quality of source data used to produce the accounting. It should be without adjustments for missing information or adjustments required to balance the accounting.

ASSET CONTAINMENT. The objective of the accounting is to ensure that all assets are accounted for within the report. Assets that have been removed, transferred or disbursed, should be documented. Furthermore, assets that still belong to the trust or estate should continue to be accounted for even if held outside the trust or estate.

CLAIM DISCLOSURE. A Liabilities Schedule should be included in the accounting to reflect any outstanding claims against the trust or estate. This includes, but not limited to, payments made on behalf of the trust by a third party, credit card usage, or mortgage balances.

BALANCED. The accounting should balance to the penny - total charges equal total credits. To ensure that cash and assets have been reconciled correctly, cash and assets should also reconcile separately.

CASH RECONCILEMENT:

Cash on Hand (Assets on Hand - Beginning)		Cash Disbursements (Disbursements or Distributions)
Cash Receipts (Additions or Receipts)		Purchases / Reinvestments (Change in Form)
Proceeds of Sales (Gain, Loss or Change in Form)		<u>Cash on Hand (Assets on Hand - End)</u>
Total	=	Total

ASSET RECONCILEMENT:

Assets on Hand (Assets on Hand - Beginning)		Carry Value of Assets Sold (Gain, Loss or Change in Form)
Assets Purchases (Change in Form)		Return of Principal (Change in Form)
Asset Reinvestments (Change in Form)		<u>Assets on Hand (Assets on Hand - End)</u>
Total	=	Total