QLD LEGAL FINANCE

QUICK ANSWER · TRUST ACCOUNTING

A client pays money directly into trust — *what happens next?*

Receipting a deposit you did not expect, identifying whose money it is, and what to do when nobody can tell you.

VERSION 2.0 · SEPTEMBER 2026

QLD Legal Finance Pty Ltd

ABN 44 697 013 906 · ACN 697 013 906
PO Box 25, Bald Hills QLD 4036 · 07 3261 2833 · enquiries@qldlf.com.au · qldlf.com.au

A CPA practice · Registered BAS Agent 26365265 · Liability limited by a scheme approved under Professional Standards Legislation

A direct deposit does not become a complete trust transaction merely because it appears in online banking.

The practice still needs to identify the money, confirm it has actually been credited to the trust account, establish whether the funds are available for disbursement, issue the correct trust receipt and allocate the amount to the correct client ledger.

Queensland Law Society's Trust Accounting Guide deals specifically with direct deposits because the accounting date, the date the firm becomes aware of the money and the date the receipt is issued may not be the same.

> **QLF PERSPECTIVE**
> The key control is to move from 'money visible in the bank' to 'money properly identified, receipted and allocated' without losing the original transaction date.

1. Confirm the money is actually in the trust account

When money arrives by direct deposit or telegraphic transfer, QLS recommends obtaining written or electronic confirmation from the approved ADI before issuing the receipt.

That confirmation should establish, as relevant:

- the date of the deposit;
- the amount;
- the account credited;
- the remitting party;
- whether the funds are cleared;
- any bank reference or other identifying detail.

> **RED FLAG**
> A client emails a payment screenshot and the practice treats that as sufficient evidence that cleared trust funds are available.

2. Identify who paid it and which matter it belongs to

The receipt cannot be completed properly until the practice knows whose money it is and the matter to which it relates.

A strong process uses the bank reference together with the matter file, client communication and any expected-payment list to identify the deposit promptly.

Where the depositor cannot immediately be identified, the payment becomes an unidentified-deposit issue rather than a routine client receipt.

GOOD CONTROL

Give clients a clear matter-specific payment reference before they transfer money. Prevention is easier than tracing an unidentified deposit later.

3. Use the actual receipt issue date — do not backdate

QLS states that trust receipts cannot be backdated. The receipt must be dated with the date it is actually issued.

If the money arrived earlier, the receipt must also record the date the money was received.

For example, if the bank credits the trust account on 20 July but the practice does not become aware of the deposit until 27 July, the receipt is dated 27 July and also records 20 July as the date the money was received.

CONTROL QUESTION

Does the practice preserve both dates when awareness of the deposit occurs after the bank date?

4. Issue the receipt as soon as practicable after the bank confirmation is known

QLS states that when trust money is received by direct deposit, the trust receipt should be made out as soon as practicable after the practice receives or accesses notice or confirmation from the approved ADI.

This means the control point is not the client's advice that they have paid. It is the practice obtaining or accessing reliable confirmation that the money has been credited.

QLF PERSPECTIVE

A daily review of trust-bank activity is often the simplest way to stop direct deposits sitting unidentified or unreceipted.

5. Confirm cleared funds before treating the money as available

The appearance of a credit in online banking does not always answer whether the funds are cleared and available for disbursement.

QLS recommends that practices be guided by their approved ADI as to what constitutes cleared funds on online statements.

The distinction matters because drawing against uncleared funds can create a trust deficiency if the incoming payment is later reversed or dishonoured.

RED FLAG

The payment is visible online, so another trust payment is released immediately without confirming the funds are available for disbursement.

6. Allocate the receipt to the correct individual trust ledger

Once the money has been identified, the receipt should be allocated to the correct client and matter with an informative description of why the money was received.

The description should make the purpose of the money intelligible later, particularly where the funds are held for a specific purpose.

That purpose matters. QLS notes that funds received for a specific purpose cannot simply be used for another purpose because a positive balance exists on the client ledger.

CONTROL QUESTION

Would a reviewer looking only at the ledger understand what the money was received for and therefore what it may later be used for?

7. Do not let an unknown deposit disappear into a suspense balance

If the remitter cannot be identified, QLS prefers the amount to remain visible as a reconciling item while enquiries and bank tracing are undertaken.

After a period of investigation, QLS says an unresolved amount may be receipted to its own individual trust ledger account using a description such as 'Unidentified Deposit/Funds received', opened **in the name of the law practice** rather than a client, with the receipt date and available deposit description retained. QLS indicates an investigation period in the order of three to four months, tracked on the reconciliation.

QLS specifically says unidentified deposits should not be amalgamated into a general suspense ledger.

RED FLAG

Multiple unidentified receipts are accumulated in one generic suspense account, making individual transactions difficult to trace.

The endpoint: the return to the Public Trustee

There is a statutory destination for trust money the practice cannot return, and it carries dates rather than judgement. Under section 258(1)(c) and section 713 of the Act, if on **1 April** in any year the practice holds trust money for a person who has been absolutely entitled to it for the preceding twelve months and who is not known to, or cannot be found by, the practice — or where the practice has been unable for two years to determine who is entitled and considers proceedings would be needed to decide it — the practice must lodge a return with the Public Trustee by **1 June** in that year.

The return is signed by a principal or legal practitioner director and sets out the money held, the person it is held for, any lien the practice claims and why it is still held. The maximum penalty is 50 penalty units. The Public Trustee may apply to the Supreme Court for a transfer order, and money transferred goes to the unclaimed moneys fund under the *Public Trustee Act 1978*.

TWO DATES, NOT ONE

The test is applied at 1 April; the return is due by 1 June. A balance that has been unreturnable for a year is not merely untidy — it may already sit inside a statutory timetable that closes in the same weeks as the external examination.

The direct-deposit control sequence

STEP	CONTROL
☐ 1. Bank confirmation	Confirm the amount has been credited to the trust account
☐ 2. Cleared funds	Establish whether the funds are available for disbursement
☐ 3. Identification	Identify the remitter, client and matter
☐ 4. Receipt date	Use the actual date the receipt is issued
☐ 5. Money received date	Record the earlier bank-credit date if different
☐ 6. Ledger allocation	Post to the correct individual trust ledger with an informative purpose
☐ 7. Exception handling	Keep unidentified money visible and investigate it

A common timing example

Monday: the client transfers $15,000 to the law practice trust account.

Tuesday: the amount is credited to the trust bank account.

Thursday: the finance function identifies the deposit during its trust-bank review and confirms the client and matter.

Thursday: the receipt is issued.

The receipt date is Thursday. The receipt should also record Tuesday as the date the money was received.

Before the money is disbursed, the practice should be satisfied that it is cleared and available for the intended purpose.

> **QLF PERSPECTIVE**
> The dates tell the history. The receipt should not rewrite that history merely to make the transaction appear tidier.

Where QLD Legal Finance fits

QLD Legal Finance can support the day-to-day trust receipting process by monitoring trust-bank activity, identifying incoming deposits, preparing trust receipts, maintaining client ledgers and following up unidentified funds.

The aim is that money arriving directly into trust is identified and accounted for quickly, without sacrificing the evidentiary trail between the bank, the receipt and the client ledger.

Important information

This guide is general information only and is not legal advice.

Law practices should refer to the Legal Profession Act 2007 (Qld), the Legal Profession Regulation 2017 (Qld), current Queensland Law Society guidance and advice from their approved ADI when determining whether incoming funds are cleared and available for disbursement.

The control sequence in this guide is a QLD Legal Finance operational framework. It is not a separate statutory checklist issued by Queensland Law Society.

Where a deposit cannot be identified, the practice should follow current QLS guidance for unidentified trust money rather than treating the amount as available client funds.

QLD Legal Finance supports Queensland law practices with trust accounting, financial control and advisory services. It is not affiliated with or endorsed by Queensland Law Society.

Source basis

Prepared by reference to Queensland Law Society, Trust Accounting Guide — Trust Money and Trust Accounts, Version 12, April 2024, including the sections dealing with trust receipts, direct deposits, unidentified deposits and cleared funds.

WHERE THIS CAME FROM

This guide is part of the QLD Legal Finance resource library — practical material written for the people who run Queensland law practices, not for other accountants. If something here raises a question about your own firm, write to **enquiries@qldlf.com.au** or call **07 3261 2833**. A director will answer personally.

General information only. This document is general in nature and does not take account of your firm's circumstances. It is not legal advice, income tax advice or financial product advice, and it is not a substitute for the *Legal Profession Act 2007* (Qld), the *Legal Profession Regulation 2017* (Qld) or current Queensland Law Society guidance. Rates, thresholds and lodgement dates change — confirm them before you rely on them. QLD Legal Finance Pty Ltd supports law practices with trust accounting, financial control and advisory services; it does not act as an external examiner and is not endorsed by, or affiliated with, the Queensland Law Society. Current as at September 2026.