

BOSTON BAR ASSOCIATION
16 Beacon Street, 1st Floor
Boston, MA

SOLO and SMALL FIRM SECTION

Using *Sage Timeslips* and *QuickBooks* Software to Comply with Mass. R. Prof. C. 1.15



Christine J. McKay, President
Training Insight
1770 Massachusetts Avenue, Suite #186
Cambridge, MA 02140
www.trnginsight.com
617-491-8850
christine@trnginsight.com

USING TECHNOLOGY TO:

- Track & Bill Your Time,
- Manage and Reconcile Client Funds Accounts,
- Generate Precise, Itemized Bills
- Measure Your Success with Accurate Financial Statements
- Comply with Mass. R. Prof. C. 1.15

Advantages of using technology to track your time and financial transactions:

- Greater efficiency in back office billing allows more time to generate billable hours;
- Timely billings improve or accelerate cash flow;
- Maintains the life blood of your organization in an organized, streamlined manner;
- Communicates your services in a timely fashion to clients;
- Provides a written record of the balance in the client's retainer;
- Details the earned retainer fee and states the remaining balance;
- Insures legal requirement to advise clients when retainer funds have been earned, drawn out of their retainer and transferred into your Operating Account;
- Provides accurate records should you need to return funds back to Escrow in case of dispute;
- Built in Reconciliation module to balance IOLTA and Operating accounts;
- Avoids Bar discipline, insures lawyer conduct compliance;
- Historical data is maintained in your files and can be accessed at any time if you need a History Bill for the Court.

Here's a definition of *Timeslips* and *QuickBooks* software to grasp their overall concepts and purposes.

QuickBooks is one of the most popular accounting program for small to medium businesses due to its user-friendly features. It is Intuit's business equivalent of Quicken. *QuickBooks Pro* is a full General Ledger program which manages your checkbooks, cash disbursements and produces Financial Statements. It also contains a reconciliation module for your bank statements.

Sage Timeslips is a Time and Billing application and also a database program. It can be viewed as a powerful Accounts Receivable program and has been specifically designed for the law environment. It can also be customized for anyone who bills by the hour, such as Architects, Accountants, and Graphic Designers. It is very feature-rich, and setting up the initial default settings will determine its accuracy in billing and reporting.

The two programs are different in their uses and purposes. They can complement each other by programming them together for a complete solution: *Timeslips* to track and bill your time and *QuickBooks* to confirm accuracy via reconciliation to your bank statements. This is accomplished by programming a link called **TAL Pro**, for *Timeslips* Accounting Link.

Timeslips

After creating a database, *Timeslips* tracks your time using drop down menus and pre-set descriptions and abbreviations. Default client rates and settings are necessary to generate accurate itemized client bills. Various features such as an automatic Timer facilitates time entry. Quick, on-screen slip listings confirm you've entered your time without losing any billable hours. Expense (vs. Time) Slips are entered for client reimbursements. You control default settings to determine if expenses are paid from Retainers.

Timeslips does a efficient job of managing your client funds accounts and providing detailed or summary information by client and/or matter. It will maintain separate ledgers for each client matter, as required by Rule 1.15. There are a variety of Funds reports that are hard-coded in the program, plus quick listings from a click of a button.

Timeslips billing information can be exported to *QuickBooks* to send your bills, payments and client funds information to generate accurate financial statements. Once in *QuickBooks* you are then able to reconcile your Operating and IOLTA bank accounts. The linking of both *Timeslips* and *QuickBooks* provides a complete solution to tracking client funds on bills plus reconciling the bank account. It is not possible to do true bank reconciliations in *Timeslips*. You can, however, generate reports to confirm your client fund totals. The link is bi-directional to send client expenses from *QuickBooks* to *Timeslips*. This insures all client expenses appear on invoices for reimbursement.

QuickBooks

Although *QuickBooks* has a Time Tracking module that can be turned into a client invoice, it is not as feature-rich as *Timeslips* for managing client funds accounts. *QuickBooks* does contain Liability accounts, which may be used for client funds if you're familiar with debit and credit and journal entries. The client invoices do not reflect a separate listing of retainer activity. *QuickBooks* has been designed to manage many needs and therefore doesn't specialize in any one function.

Timeslips specializes in a complex variety of billing scenarios as well as capturing the current status of each client's Retainer on the invoice.

QuickBooks is available in plain *QuickBooks Pro*, *Accountant Edition* or *Enterprise*. Please confirm that your computers and server meet the system requirements, and call us at (617) 491-8850 with any questions.

Client Retainer Overview: A Typical Life Cycle of Client Escrow

A transaction is entered in *Timeslips* to a client funds account representing a pre-payment. This can then be detailed or summarized on the client's bill. There is an optional setting to automatically decrement from the client funds each time a slip is entered. These automatic

deductions are still within Work in Progress (WIP) until a bill is finalized. Its benefit is to give a view of how much of the retainer is drawn down, mid project. *Timeslips* does an excellent job of capturing and reporting whose funds are whose in the Client Funds module.

During a bill run, a Pre-Bill Worksheet is generated which lists the time and any expenses, then calculates at the end how much time is represented against the pre-paid retainer. A Draft bill is printed for review, and when it is perfect, the bill is finalized.

The bill is finalized then transferred via the **TAL Pro** (*Timeslips* Accounting Link) to **QuickBooks**. The summarized information is now in **QuickBooks** to update the Operating Account for any Client Funds transferred from the IOLTA account into Operating for any funds earned. Any new client funds retainers have also been transferred to **QuickBooks** and increased the IOLTA account.

Note that when linking the two programs together, the detail information by client with their specific funds activity, resides in *Timeslips*; the summarized data flows to **QuickBooks**. More *Timeslips* options: the bill can include a prompt for replenishment of a retainer if that specific arrangement has been made with the client to keep the retainer at a certain threshold.

The IOLTA account can now be reconciled in **QuickBooks** with the bank statements to insure accuracy. The bank statement is literally your double check to prevent insufficient funds or bounced checks. Please note that the General Ledger Transfer Register can be generated if you choose to manually input the data into **QuickBooks**, without programming them together via **TAL Pro**.

We return to *Timeslips* when the case is complete to finalize the retainer by entering a withdrawal to a third party, issuing a refund back to the client, or applying the balance to any remaining time.

History is maintained in both applications should you need to go back and review it at any time.

Your Safety Net: The Importance of BACKUPS to Flash Drive or the Cloud

It is vital to protect your hard work and client records by backing up as frequently as possible. Daily backups are recommended as well as verifying a backup to insure it is successful. Both programs have built-in tools to back up your data files in a matter of minutes.

SUMMARY

Timeslips and **QuickBooks** provide a computerized method to best comply with the rules of professional conduct in Rule 1.15 while protecting your firm's billing and revenue history. Using the latest computer technology also minimizes your risk of having to recreate information. Why work harder than you already do to grow your practice? These software tools also set the scene for business growth and take your practice to the next level. ▲