

# Probate: The Myth of Accounts Integration

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## Plethora of Detail

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## Integration Buzzword

The buzzword used by many law firms is *integration*, usually without understanding what it means, and without properly evaluating the perceived benefits against the actual benefits.

## Integration can be useful

There are many areas of legal work in which software integration is beneficial, particularly when buying specialist software from different sources.

## Case Management is useful

It is clearly useful to have a specialist case management system that can extract data from your practice management system, and merge the output to Microsoft Word or to your email system. It is also fundamental to be able to enter your basic client details once only into your practice management system (PMS), where you would conduct your client identity and money laundering checks, without having to enter this data a second time into your case management system.

## Client monies always match money at bank

Client monies into and out of the firm belong to the domain of the client account ledger of your practice management system. Your cashier or accounts department ensures that the total of your client accounts always matches the total of client funds in the bank account. This reconciliation is fundamental.

## Single Entry Posting - Feasible or Fantasy

The issue that I wish to address is the attempt to integrate your probate client accounts with your PMS client ledger. Integration between the two would mean the ability to make a single entry posting into both client accounts. Is it feasible or fantasy?

## Your Cashier is concerned with Money in and Money Out

Your cashier is primarily concerned with money in and money out of your client account, with only marginal concern with the actual breakdown and analysis of the funds received. What those funds represent are relatively easily managed by the practitioners of the various departments.

## Your Probate Team needs to know the detail of each posting

By contrast your probate team will want to know the detail of each transaction. What is the breakdown of a cheque or transfer from the stockbroker? How many shares have been sold? What was the value of the individual shares? Some of them might have been allocated to a specific beneficiary. Were any dividends included in the transfer? And at which income tax rate?



"Our terms are 30 days net. It means that if you do not pay within 30 days, we will come after you with a net."

## The Probate Team needs to know the detail of each posting

How will the probate team treat the breakdown of a single transfer from the bank into the firm's client account, when that single transfer might represent more than one bank account? It might well include an element of interest. How will they deal with the distinction between pre and post death income in the firm's client account, especially when the statement arrives from the bank three weeks later. Inheritance tax is due on pre-death income, whereas income tax is due on that same pre-death income, plus post-death income.

### **Recording the value of each posting**

Where will you record the value of the various stocks and shares prior to any sale by the stockbroker, and prior to any money having been received by the firm? How will you deal with values when one beneficiary wants the money for the BT shares, while the others want to keep the shares? How will your cashier keep track of these distinctions in the PMS client account?

### **Tracking the financial breakdown of each transaction**

Your cashier is not fundamentally concerned with these distinctions, but you will need to record and track the financial breakdown of each transaction - ideally in a dedicated probate accounting system that allows you the flexibility that is not available in the firm's accounting system.

### **Redundant Details for your Practice Management System**

It is redundant for your practice management system (but not for your specialist probate system) to contain a click and pick list of probate registries or funeral directors or a list of stock exchange shares with correct SEDOL and ISIN numbers. Or even to maintain a profit

and loss account for each of 30 plus properties owned by the deceased for example, some with mortgages, and some lease owned, each with various charges against the property. These features are of little relevance to the other departments in the firm. Your PMS client account is not designed for the financial complexity that is an intrinsic part of estate administration.

### **Plethora of detail to be recorded**

There is a plethora of detail that you will need to record in your probate accounting system that has no place in your firm's client account, and which is of minimal concern to your cashier.

### **Requirement for a dedicated probate accounting system**

Considering these issues, it is clear that in order to properly manage your deceased estates, you will need a dedicated probate accounting system.

### **Accounts Integration belongs to the realm of IT mythology**

You will of course need to reconcile the totals of the two client accounts from time to time, but trying to integrate the two makes no sense whatsoever. Any such attempt belongs to the realm of IT mythology.

# **Isokon**

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Isokon was founded by Gregory van Dyk Watson in 1999. Isokon is currently the leading supplier of software for Probate and Private Client work. It is used by 40% of law firms who do private client work.

Isokon is used by more than 2,000 individual users. It is used for the most complex estates, as well as basic estates.

Isokon is based on an accounting database engine with an integrated Isokon case management component.