

NYC Bar Endorses Random Audits For Law Firm Accounts

By **Emily Sawicki**

Law360 (May 14, 2026, 4:21 PM EDT) -- The New York City Bar Association's Professional Discipline Committee on Thursday threw its support behind a statewide bill to institute a random audit program for law firm financial accounts.

The endorsement backs a proposed bill authored by state Sen. Siela Bynoe and Assembly Member Charles Lavine, chair of the Judiciary Committee, that would amend state Judiciary Law to create a framework to help law firms and attorneys avoid disciplinary actions by catching bookkeeping errors early.

"If an attorney is going to steal, then the only way this program is going to stop that is maybe the threat of being randomly audited," said Kathryn Donnelly, chair of the bar's Professional Discipline Committee.

Having an auditor identify relatively minor ledger errors and accounting discrepancies will help lawyers learn compliance before a "cascade" of bookkeeping errors can lead to discipline, said Donnelly, who authored a report on the legislation.

"Obviously, you don't have to teach somebody not to steal," Donnelly said. "The education component is for people who are just neglectful of record-keeping duties. The random audit program is meant to scare people straight, so to speak, and try to keep them on track."

Under the current system in New York, audits of attorney trust accounts are triggered only by a complaint or a bank reporting a dishonored check or overdraft. The Thursday report highlights the ability for auditing to preempt discipline.

"A random audit compliance program would shift the point of intervention forward: It would identify attorneys whose recordkeeping is noncompliant before deficiencies ripen into the misuse of client funds, and would provide corrective education and remediation rather than reactive sanction," the report stated.

Last year, the NYC Bar released a report examining random audit programs for attorney trust accounts already in place in nine states, finding the programs were effective.

While last year's white paper report suggested the state's Appellate Division should enact a pilot program for random account audits, the proposed legislation, known as A.B. 10145/S.B. 9129, would instead launch a statewide audit program under the chief administrator of the courts, paid for by the Lawyers' Fund for Client Protection, which is primarily funded through attorney registration fees.

The proposed random audit compliance program would apply to all law firms operating in the state, regardless of practice area or size. Firms with multiple offices in the state would have all in-state office locations subject to audit.

Under the proposal, firms would be subject to a random audit no more than once every five years, although audits for cause might be launched at any time.

Auditors would compile a checklist, which Donnelly referred to as a "report card," scoring firms on various aspects of their recordkeeping. A firm or specific attorney that scored poorly in some areas

would be required to correct issues.

In the future, lawyers with low grades might be subject to short educational programs called "trust school" to help them fix particular deficiencies, Donnelly said, but the supplemental education is not envisioned in the current bill text.

--Additional reporting by Tracey Read. Editing by Robert Rudinger.