

# The Probate Debate: Part 1 of 5

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## Accounting versus Case Management

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### Probate Case Management - Misnomer

Many probate professionals refer to probate software as “probate case management.” This is a misunderstanding of the nature of probate software.

#### What is the cause of this misunderstanding?

Most software suppliers to the legal marketplace are not able or lack the vigour to replicate the full complexity of estate administration, which is primarily an accounting function. They therefore supply the case management tools that are readily available to them which they sell as “probate case management.”

#### What is Case Management concerned with?

Case management is concerned with workflows, mailmerging and task management. It is certainly a useful tool in the day to day management of events. It does not however lend itself to managing the finances of the estate.

#### How Useful is Case Management without an Accounting System?

The fundamental question to ask is: how useful is case management without an accounting system based on a professional database from which it can suck financial data. One discerning solicitor likened it to “trying to catch fish without bait.”

**The reality is that case management is at best about 20% of the estate administration - the bulk of which is financial accounting.**

#### Law firms selling themselves short

Law firms who buy ‘probate case management’ are unwittingly selling themselves short. You will still need a tool to log the assets and liabilities of an estate. Many firms use spreadsheets to record the financials of an estate. Spreadsheets are useful but an inherently high risk tool, in contrast to a probate specific accounting system.

### Spreadsheets are not Multiuser

Spreadsheets are not inherently multiuser. Stuck on the sole computer of the user, they cannot be used on a central server by more than one user at a time without the risk of data being overwritten by one user over another.

### Case Management Reports not feasible

Creating management reports with information using all data from all cases from sepa-



“I think I found the problem with your spreadsheet - it’s a sudoku.”

rate spreadsheets is not feasible.

### Inadequate Management Reports is a Risk Factor

Inadequate management reporting is a significant risk factor for the firm, and is likely to alarm the auditors. The law society might look askance at such a practice, and you definitely will not win Lexcel accreditation.

### Probate Accounting Details

Probate accounting involves a plethora of financial details, such as:

- logging the assets and liabilities
- separating capital and income
- dealing with post death income and accrued income

- paying the gas bill and funeral expenses
- dealing with post probate adjustments
- an easy way to account for an abatement of assets
- dealing with capital gains/losses and revaluations
- accounting for packaged products such as ISAS and PEPS
- listing the market value of equities and their dividends
- calculating the cash value to the beneficiary who does not want shares
- auto calculating the net or gross tax of equities, gilts and unit trusts
- listing the foreign shares and calculating the tax due under the double taxation agreement
- constantly recalculating the money due to the residuary beneficiaries

#### **Requirement for a Dedicated Accounting System**

These accounting functions clearly require a dedicated probate accounting system. By contrast a spreadsheet is a blunt instrument. Only an experienced practitioner with a depth of knowledge can manage this work in such a manner.

#### **Probate work on the back of an envelope**

An experienced probate practitioner could even hypothetically manage the work on the back of an envelope. Not of course a recommended practise.

#### **Financial Information needs to be easily understood**

Financial information needs to be held in such a manner that it can easily be understood by any other member of the team. In an efficiently run firm, work needs to be easily delegated to a probate assistant when necessary. Otherwise taking on new work is limited, and you will be in deep trouble if you fall ill and require an assistant to pick their way through your spreadsheet.

#### **Result is a Gross Profit Margin in excess of 70%**

An effective solution needs both case management and an accounting database, working in harmony with each other. The result is a profitable private client department. A number of probate managers have reported achieving gross profits in excess of 70% for their department as a direct consequence of using the Isokon accounting system combined with an integrated Isokon case management component.

# Isokon

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Isokon was founded by Gregory van Dyk Watson in 1999. The company has invested 44,000 man hours in development of the product over the last 16 years.

The company is currently the leading supplier of software for Probate and Private Client work. Isokon is used by 40% of law firms who do private client work. It 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.