

187—18.14(17A,535B) Trust fund accounting and internal controls.

18.14(1) A closing agent shall establish and maintain a separate subsidiary ledger for each real estate transaction for which the closing agent performs real estate closing services.

18.14(2) A closing agent shall prepare a trial balance for each trust account and each subsidiary ledger at least once each calendar month.

18.14(3) A closing agent shall perform a three-way reconciliation of bank balance, book balance, and trust account trial balance for each bank trust account at least once each calendar month. A member of the closing agent's management team shall review and approve the reconciliation at least once each calendar month.

18.14(4) A closing agent shall design accounting processes with the appropriate level of internal controls and management oversight, including appropriate segregation of duties. It is recommended that trust account reconciliations be prepared by a person other than a person who records receipts or makes deposits to the trust account. A closing agent may use an outside accountant to perform reconciliations.

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