

*State of Idaho*  
**DEPARTMENT OF INSURANCE**

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DEAN L. CAMERON  
Director

**TO: All Title Agents RE: Three- Year CPA or Underwriter Escrow Audits**

**Title Agent/Auditor Information**

We have prepared this information so that the three year audits will be more consistent, contain the required information, and to assist you and your auditor in the preparation of the audit.

Each title agent is licensed by county as required by Idaho Code. Each audit should address the individual licensee (by agent, county and license number). In the event of multiple county locations or a "parent company", please have the auditor identify each licensee, the bank account(s) of that licensee and the escrow numbers for each individual licensee. The audit SHOULD NOT include more than one license. Audits of multiple locations that are not separately identified as stated above cannot be accepted. We must be able to easily identify the audit information as it applies to the individual licensee.

The audit should list all bank accounts currently in use by; bank, branch location, mailing address and account number. The report should also identify any accounts which are no longer in use but through which funds were received and disbursed during the 3-year audit period.

If the licensee has more than one branch location in the same county, identify the branch locations and obtain random samples from all branches for the audit period. The random samples should also include sampling from all escrow officers who were employees of the licensee during the audit period.

Give the total number of escrow files opened during the audit period and the number actually reviewed.

As required by statute, list all accounts with funds on deposit for over one (1) year. For identification purposes list the escrow number assigned by the company, the name(s) of the parties i.e.: Smith/Jones, the date the escrow was opened, the last activity and the current balance. Additionally provide an apparent explanation for the funds.

Following is an example of how this might be done:

<b>Escrow Acct.</b>	<b>Name</b>	<b>Date Opened</b>	<b>Last Activity</b>	<b>Amount</b>	<b>Reason</b>
00001	Smith/Jones	02/14/2010	02/14/2010	\$1000.00	(a)
00020	White/Reed	03/11/2010	06/10/2010	\$500.00	(b)

<b>Reason Codes</b>	
(a) Earnest Money	(d) Holdback/Withhold
(b) Buyer/Seller dispute	(e) Fees due title company
(c) Returned Check(s)	(f) Any other reason (please explain)

List any escrow file or bank account with a negative balance, (Disbursements in excess of Deposits), during any of the audit period.

*Refer to Rule 25 IDAPA 18.01.25.011.06 Escrow Records: Each escrow agent shall maintain in each escrow transaction:*

- (a). Evidence of all funds received including copies of all instruments, which shall include prenumbered cash receipts, copies of cashier's checks, wire transfer confirmations or evidence of unconditional payment of checks, as applicable;*
- (b). Complete evidence of all funds disbursed which shall include check stubs or check copies, and wire instructions for all disbursements as applicable; and*
- (c). A final ledger sheet for each escrow transaction listing all items received and disbursed. All records shall be made available for audit, inspection and examination by the Director upon demand, and all records shall be preserved for not less than six (6) years from the closing date of the escrow.*

Identify the number of current open escrow files (those of less than one year) as of the close of the audit period. These files need not be itemized.

Additional information: Please indicate within the text of the audit any apparent violations of IDAPA 18.01.25.011 with specific attention to 04, 05 and 06 as provided.

We also request that the title agent prepare a cover statement to accompany the audit which addresses any audit exceptions, including reasons for negative escrow balances, and the measures being taken to correct any stated exceptions.

Please refer to IDAPA 18.01.25.011.01 through .07 (page7). This sets forth the escrow and audit procedures for trust accounts of title agents in the State of Idaho. This is the basis for the escrow audits that are required every three years. Here is the web address for your reference:

<http://adminrules.idaho.gov/rules/current/18/0125.pdf>

We hope this information will be of assistance. We would be pleased to answer any questions from you or your auditor.

Sincerely,



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