

# Department of Human Services

## Trust Fund 7290 Independent Review - Instructions

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### Purpose

The purpose of the Independent verification is to review past trust account activity. It is designed to identify problems, non-compliance with policy, errors, and negligence. The review also serves as a reminder for custodians of the proper handling of their duties and offers them an opportunity to make suggestions and receive recognition. The Independent Review's main purpose is to ensure the needs of the client are met, and to confirm that the proper management of each account is taking place.

### Review Period

The Independent Review should be completed every six months and should include the entire six month period. These six month periods cover January to June and July to December.

### Sampling Method

In this review, there will be a different sampling method for checks, deposits, and voided checks. To sample checks, obtain from the custodian a copy of their check register for the past six months. Use the following ranges to determine the size of your required sample:

<u>Number of checks</u>	<u>Sample size</u>
10 or less:	2
11-25:	4
26-50:	6
51-100:	8
101 or more:	10

Randomly select 75% of the required sample of checks from the check register. Judgmentally select the remaining 25% from the same report. Random selection should be done without much thought or pattern. The name of the client or amount of the check should not be considered, and every transaction should have an equal opportunity for selection. Judgmental selection should consider the potential risk and total amount associated with the transaction. The judgmental selection should include any transaction that the reviewer finds to be risky or out of the ordinary.

If one of the checks selected has not cleared the bank, select another check. In SAFE, a check that has not cleared the bank will not have a check mark in the "cleared" column on the check register.

Deposits are selected according to client rather than on an individual transaction basis. Obtain from the custodian a copy of their client account balance report. Select five clients from this report. If there are fewer than five clients, select them all. You will be performing the audit on all deposits made for these five clients during the review period.

Voided checks should be randomly selected from the voided check report in the same manner as non-voided checks. Obtain this report and select a sample of five voided checks. If there are fewer than five voided checks, select them all.

### Reporting

The review is divided into two segments: questions and examination. Each segment contains multiple sections for separate questioning or examining of individuals or procedures.

Complete the question segment by asking each question to the appropriate individual. Please mark Y (yes), N (no), or N/A (not applicable) for each question in the applicable column of the table. For any N or N/A response, explain in the

comments box the reason or circumstance for the “no” response, or why the question was not applicable, and include a plan for resolving the concern. Also record in the comments box any additional information requested as part of the question. Any other information that is found to be important or that is needed to further clarify a response or situation may also be listed in the comments box.

Complete the examination segment by using the items specified with each step to examine the related procedures and transactions. Use the applicable schedules A-D to complete and document the findings in each corresponding section.

Reviews are to be conducted in the month and a half following the end of each six month period and are due to the Trust Fund Coordinator by August 15 and February 15 after the end of each period.

## **Accounting System**

In this review, references are made to accounting systems used by different divisions. SAFE refers to SAFE Trust Accounting, which is used by DCFS. CARE refers to the Access database used by JJS to interface with CARE and track individual client trust accounts. EMS refers to Estate Management Systems, which is used by OPG.

## **Section I: Custodian/Custodian’s Supervisor**

**Objective:** To ensure that the Custodian understands the responsibilities of proper management for Client Trust Funds.

**1.1** Review the summary from the previous review with the custodian. **List any exceptions that have not been corrected in the comments box and note them as exceptions to be corrected again in the summary.** This will help to ensure that each independent review serves its purpose by improving operations and correcting mistakes.

**1.2** The department trust fund policy can be found at the following web address: <http://www.hsofo.utah.gov>

This will open the Fiscal operations page. To access the actual policy:

1. Go to the ‘How Do I?’ Section and select Fiscal Procedures
2. Select the link for ‘03-004.00 Trust Accounting System Procedures’
3. These procedure can also be accessed by selecting ‘Client Trust Funds’ on the side menu of the Fiscal Procedures page

The custodian needs to be able to access this page to ensure that they have knowledge of and access to department policy. All policy cited throughout the remainder of the instructions refers to this policy, unless otherwise stated.

(For DCFS) Another useful document can be found in the ‘SAFE Trust Accounting Reference’ link, located under the Client Trust Funds menu.

**1.3** To maintain security, blank and prewritten checks are to be **kept in a safe** (or similar locked box) preferably in the custodian’s office. If the checks are kept in a safe, document in the comments box the **location of the safe** and list any foreseen problems with the location, including its accessibility to the public. (Section I)

**1.4** Access to the safe should be limited to an as needed basis in an effort to maintain its security. **List the names of those with access to the safe**, their reason for having it, and any foreseen problems in the comments box. This information may also be provided as an attachment if there is not enough room in the box.

**1.5** Deposits should be made **no later than 3 days after they are received** to ensure their safety and timely use. (Section I)

**1.6 Outstanding checks over 90 days old are to be stale dated** to encourage the timely deposit of money, and to ensure that no one other than the individual for which the check was intended obtains and uses the check. Stale dating a check includes obtaining written permission from the custodian's supervisor, voiding the item in SAFE/CARE/EMS, and possibly issuing a stop payment with the bank depending on policy and circumstances.

Stop payments can be issued by sending the Bureau of Finance Trust Fund Coordinator a Stop Payment Request Form. Documentation of each step, and the actual voided check if available, should be kept in one place for all stale dated checks. **Briefly list the custodian's description of the stale dating process in the comments box.** (Section III)

**1.7** The signature card should be updated any time related positions are changed within the division or when one or more of the check signers leaves for another position. This will ensure that only those with proper authority within the division have the ability to sign checks. **The signature card is current if all listed individuals are currently employed by the division.** (Section II)

**1.8** The custodian must recognize all individuals on the signature card as having been given authority to sign checks. **This serves as a check of the authenticity** of those listed or added to the card, and ensures that the custodian will always know to whom they can send their checks to be signed. Using the signature card obtained from the Trust Fund Coordinator, **list any check signers the custodian is unaware of.**

**1.9 Signature card changes must be made through the Bureau of Finance Trust Fund Coordinator.** The custodian, or custodian supervisor, first contacts the Trust Fund Coordinator and lists the changes that need to be made. The Trust Fund Coordinator then sends a form with the specified changes back to the custodian to collect signatures of those individuals being added. The form is then returned for final approval by the DHS Finance Director.

**Every approved signature card will contain the signature of the DHS Finance Director.** The custodian's signature card must match this approved card.

Compare the custodian's signature card with the one that you received from the Trust Fund Coordinator. Look for differences. **Differences between the two cards may indicate changes made without the authorization of the Bureau of Finance. List any discrepancies between the cards in the comments box.** Discuss discrepancies with the custodian to determine the cause and possible resolution. (Section II)

**1.10** For a disbursement authorization (e.g. Form 298) **under \$500, only the appropriate caseworker's electronic or manual signature is needed.** (Section II)

**1.11** A disbursement authorization (e.g. Form 298) **above \$500 requires the electronic or manual signature of both the appropriate caseworker and their supervisor.** A higher level of authorization is needed for the higher transaction amounts.

**1.12** On the Form 298 or in SAFE TrustAccounting, a supervisor must approve all transactions above \$500. A caseworker should not attempt to avoid this control by splitting a single transaction above \$500 into two transactions to remain under the \$500 limit. The custodian should report any attempted cases. (Section II)

**1.13** Money from a deceased client or closed account **is first allocated towards cost of care or any unpaid expenses,** including burial expenses. Then depending on each Division's policy and the client's age, the remaining balance may be sent to one of **three places:** the client, social security, or the new representative payee if proof of their designation from Social Security can be obtained. Under certain circumstances (mainly for deceased clients) the money may be sent to unclaimed property. Approval must be given by the Bureau of Finance before money can be sent there.

Regardless of where the money is sent, either the custodian or the caseworker must inform the funding agency of the client's termination, the client's last known whereabouts, and any representative payee that has been assigned to the client. **Briefly list the custodian's response in the comments box.**

- 1.14** Once the client's balance is zero, it needs to be **marked closed** in SAFE/CARE/EMS. This should remove the client from the chart of accounts, the client account balance report, and the interest report. This process allows for more accuracy and prevents clients from being allocated interest by being listed on the interest report.
- 1.15** **The representative payee report can be completed by the custodian, the caseworker, or both.** List the person who completes the report in the comments box.
- 1.16** The representative payee report is to be done for each client receiving social security benefits on a **yearly basis**. There are separate forms for SSI and SSA money depending on which type of benefits the client receives. The report should be completed and signed in a timely manner (about one month after the end of the year) for each client receiving social security benefits. **These reports should be kept in each client's file to summarize the year's transactions.**
- 1.17** The supervisor should look to see that **the cleared deposit and cleared check totals on the reconciliation match those amounts listed on the bank statement and other documentation**, such as the interest allocation or direct deposit detail. They should also look to see that there are **no uncleared transactions over 90 days old** and that **no client accounts are negative**. Any problems should be discussed with the custodian and a plan should be made to resolve them. Briefly summarize the supervisor's response in the comments box.
- 1.18** If funds are received for an account that has been closed, a check should be written from the account to return the funds **if no remaining cost of care is owed** to the division for the client. The check should be sent to the payee using certified mail and a note of explanation detailing the closure of the account and the client's last known whereabouts should accompany the check. The resulting receipt sent from Social Security upon receiving the returned check should be kept in place of a deposit slip as documentation for the receipt writer entry.
- If a physical check is received for a closed account, it should **be receipted into either the receipt writer program or mail log and returned to Social Security using certified mail if no remaining cost of care is owed** to the Division for the client.
- If the client does owe outstanding cost of care, the check may be used to satisfy the liability. The client's account will have to be reopened, and any remaining balance that is not absorbed by the outstanding cost of care, must be returned to Social Security. **Briefly summarize the custodian's response in the comments box.** (Section I)
- 1.19** Receipting entails **making a list and assigning a number to all checks received in the mail**. Endorsing restricts the check to "deposit only" status, so it can only be deposited into the Trust Fund bank account. Ask questions 2.1-2.2 to this individual. List in the comments box the person who does the receipting. (Section I)
- Even if the office did not receive any checks during the review period, there should still be someone assigned to receive and endorse checks.
- 1.20** Safeguarding checks entails **storing the restrictively endorsed checks until they are deposited**. This person may or may not actually deposit the checks. Ask questions 2.3-2.6 to this individual. List in the comments box the person who does the safeguarding. (Section I)

If either of the answers to questions 1.21 or 1.22 are not the custodian, ask the corresponding question in Section II to the individual listed.

## Section II: Cash/Check Receptor

**Objective:** To verify the receptor's understanding and execution of the proper care of receipted checks and deposits so that all received checks are receipted correctly and deposited on a timely basis.

**If all deposits for the period were received via EFT, then write "EFT deposits only" in the comments section and skip Section II.**

- 2.1 This question is to be asked to the individual listed in 1.19. **Checks should be endorsed upon receipt** so that they can be used for no other purpose than deposit, and can be deposited into no other bank account. (Section I)
- 2.2 Ideally, two people should be present to open any mail, which should then be **immediately entered into either the receipt writer or mail log, and then restrictively endorsed for deposit only**. Provide a brief summary of their procedure in the comments box. (Section I)
- 2.3 The following questions are to be asked to the individual listed in 1.20. **Received checks and cash are to be kept in a safe until they are deposited** to ensure their security. They should be kept no longer than 3 days before they are deposited. (Section I)
- 2.4 If this is a different safe than that in question 1.4, **list the names and reasons for access** for those who have the combination. Keep in mind that these individuals should also be kept to a minimum. (Section I)
- 2.5 **Received checks should be kept no longer than 3 days before they are deposited** in the bank to ensure their safety and timely use. (Section I)
- 2.6 Ask the individual if they have any checks that have not been deposited. If there are undeposited checks available, verify that they are kept in a safe and have been restrictively endorsed for deposit only. **List in the comments box whether or not any checks were available to view.**

## Section III: Case Worker/Case Worker Supervisor

**Objective:** To ensure that the Caseworker understands the responsibilities of tracking and managing individual accounts, and effectively provides for Client's needs.

- 3.1 A caseworker's full responsibilities are defined in the Representative Payee Manual. A few of their responsibilities are to **determine the client's needs, create a monthly budget of the amounts necessary to meet those needs, and submit authorized Form 298s, or electronic Funds Requests in SAFE, to the custodian** in order to withdraw the money in accordance with the budget. The caseworker **works with Social Security** on behalf of the client. They should know the benefit amount each client is receiving and make sure they receive that amount each month.

The caseworker should **review their client's account** to make sure that no withdrawals are made without their authorization, and should work with the client in an effort to **help them start to manage their own money**. If in this process the client repeatedly does not cash a check within 90 days, the caseworker should resume responsibility for the cashing of future checks. In such a case the caseworker may retain the check written out to the client, and later accompany the client to cash the check in an effort to make sure it is cleared. The client must be present for this to occur. **Briefly list their response in the comments box.**

- 3.2 For a disbursement authorization (e.g. Form 298) **under \$500, only the appropriate caseworker's electronic or manual signature** is needed. (Section II)

**3.3** A disbursement **above \$500 requires the electronic or manual signature of both the appropriate caseworker and their supervisor.** These payments can be approved electronically in SAFE TrustAccounting or manually via a signature on Form 298. A higher authorization level is needed for the higher transaction amounts. A caseworker should not attempt to avoid this control by splitting a single transaction over \$500 into two transactions to remain under the \$500 limit. (Section II)

**3.4** The caseworker should have at least a general idea of the transactions connected with their clients. Obtain last month's transaction detail of a client belonging to the selected caseworker. Show the caseworker the transaction detail. Have them look over it to make sure that the **transactions appear reasonable for the particular client. List any unrecognized transactions they notice in the comments box.**

**3.5** **The caseworker should review the client's account on a monthly basis** to create a new budget, check to see that the past transactions correspond with the past budget, and make sure that the client's balance stays within limits to qualify for federal benefits based on the client's eligibility classification.

The caseworker may utilize either a **client's transaction detail or the caseworker report** to review their client accounts. Any other tool must be approved by OFO. The caseworker should look for any **unusual, unauthorized, or unrecognized transactions.**

Client account statements, caseworker reports, and transactions lists are tools that allow the caseworker to review their clients' account. They are able to see every transaction and the ending balance of each client's account on a monthly basis. **The caseworker should be trained on how to retrieve these reports from SAFE Trust Accounting.** This helps the caseworker to determine whether the needs of the client were met, and it helps the caseworker ensure that only the transactions they authorize are made. If a caseworker needs training on how to pull these reports, please have them contact their custodian or the Bureau of Finance Trust Fund Coordinator.

**3.6** Only ask the caseworker this question if it was not already answered in question 1.12. **The Representative report can be completed by the custodian, the caseworker, or both.**

**3.7** The representative payee report is to be done for each client receiving social security benefits on a **yearly basis.** There are separate forms for SSI and SSA money, depending on which type of benefits the client receives. The report should be completed and signed for each client receiving social security benefits in a timely manner after the end of the year and kept in his/her file to summarize the year's transactions.

**3.8** Upon the death of a client or the closure of an account, **it is the caseworker's responsibility to notify the custodian** and to follow up on any items needed to complete the closure. This may include informing the Funding agency of the client's termination, their last known whereabouts, and their new representative payee if assigned. The custodian may also do this.

**3.9** The caseworker is also responsible to notify the custodian when a client's account has **been inactive (having no activity) for the past six months** so that appropriate action can be taken to either reactivate or close the account.

**3.10** **Power of attorney allows the individual authorized by the department to make decisions concerning the distribution of the deceased client's assets.** It is identified by a document in the client's files. If the power of attorney is not held by Department, list in the comments box who holds the power of attorney and why.

**3.11** **Each piece of disposed property requires some form of documentation to identify the current value of the property and the new owner,** to confirm its disposal. Such items might include an appraisal, receipt of cost or fee, etc.

- 3.12** Other documentation for **retained property** must also be included in the files to identify what **plans have been made for the property, who currently possesses the property, and what their relation is to the client.**
- 3.13** **If heirs are found**, remaining balances of \$25,000 or less are transferred to the heirs upon the signing of an affidavit and Form 860. For remaining balances of over \$25,000 or real property owned by the deceased client, the Attorney General's Office must be contacted and they shall initiate probate in the district court. **If no heirs are found** within a reasonable time, the funds shall be transferred to Unclaimed Property where they can still be claimed should the deceased client's heirs ever be found. Briefly list the caseworker's response in the comments box.
- 3.14** SSI benefits can be impacted if the SSI funds in a client's account exceed \$2,000 at the end of the month. **Caseworkers should regularly monitor their client's account.** If there is a balance concern, the caseworker should obtain guidance on how to handle the account properly.

## Section IV: Check Signer

**Objective:** To ensure the Check Signer understands their responsibility of being a controlling factor for the accuracy and necessity of fund disbursements to the Client.

- 4.1** A check signers' responsibility is to make sure that there is adequate documentation for the check they are signing. This documentation should be **properly authorized, including any supporting documentation such as a budget, bill, contract, etc.** that may accompany it. They also need to make sure that the amount paid is **reasonable**, and that the information on the **documentation matches the information on the check.** Briefly list their response in the comments box. (Section II)

## Section V: Fund Disbursements (Checks)

**Objective:** To verify that checks are accurate, properly authorized, to the sole benefit of the client, and properly documented. (Section II)

Using the sampling method described on the first page, select the required number of checks for audit (if it hasn't already been done). Complete Schedule A with the following instructions.

- 5.1** Every purchase needs to have supporting documentation validating the client's purchase or need of the expense to make sure all transactions are for the sole benefit of the client. This support can come from a client's monthly budget, contract, bill, receipt, schedule, etc. The documentation must show a valid reason for the expense, and it must be for the direct benefit of the client. **Mark in the appropriate column on Schedule A whether this documentation exists.**
- 5.2** The custodian is not authorized to issue checks without adequate separate authorization and supporting documentation. **Mark in the appropriate column on Schedule A whether adequate authorization and supporting documentation exists.** If the amount is under \$500, the disbursement must be authorized by the appropriate caseworker; if the amount is over \$500, the caseworker's supervisor must also authorize.
- 5.3** **In the appropriate columns, list the amounts on each type of documentation.** They should all match. This is a test of consistency. There must be supporting documentation (such as Form 298 or other documentation) to validate a disbursement, there must be proper authorization before a check can be printed, and the actual amount on the check must be the same as the check register.

Look for differences that might indicate a problem, such as the withdrawal of a larger amount than was originally authorized or the withdrawal of a smaller amount than was originally authorized (leaving room for undetected and improper use of the balance elsewhere).

**Mark in the appropriate column whether the provider name listed on all documentation is the same.** The provider name listed on all documentation, beginning with the supporting documents and ending with whom the actual check was written out to, should remain consistent.

- 5.4** Look to make sure that each check has been endorsed properly. A properly authorized check must have two signatures. Each signature must be on the signature card, and neither signature on the check may be from someone who approved the expenditure. **Mark in the appropriate column whether a check has been properly endorsed.**

## **Section VI: Fund Receipts (Deposits)**

**Objective:** To ensure that all of the client's trust money is distributed in an accurate and timely manner, and that all received checks are deposited. (Section I)

Using the sampling method described on the first page, select the appropriate number of clients for the audit (if it hasn't already been done). Complete Schedule B with the following instructions.

- 6.1** This is a test to ensure that the client receives the entire amount of money to which they are entitled. Using the client's social security assignment letter, information obtained from the caseworker, or direct contact with Social Security, determine the exact amount of benefits to which the client is entitled on a monthly basis. **List this amount as the guaranteed payment and also list the funding agency in the appropriate columns.**

Compare this amount to the benefit actually received by the client each month as detailed in their deposit detail. **Record in the appropriate columns the amount they actually received each month and whether they received it as often as was required.** If they received the guaranteed amount as often as was required for the period being reviewed, mark "yes" in the "Received as Required" column. Investigate and include an explanation at the bottom of the schedule for any "no" responses.

If the client's benefit amount is not set, but rather fluctuates on a monthly basis, mark "fluctuates" in the "Guaranteed Payment" column. Check with the caseworker to make sure that the amounts received are reasonable. If so, mark "reasonable" in the "Amount Received" column. And lastly, look to see that payments are received as often as they are required. Mark "yes" in the "Received as Required" column if payments are received as required.

- 6.2** Look over the deposit detail, and list any other consistent payment received by the client on a monthly basis. Document the funding agency (the individual or organization required to pay it), the amount the client is entitled to receive, the amount they actually received, and if they received it as often as was required.
- 6.3** Select one deposit for each sampled client on Schedule B. For each deposit selected, check the date it was received by the agency from the office-approved receipt writer or mail log, the date it was deposited to the bank from the deposit receipt, and the date that it was posted to the client's account from the client's deposit detail. Verify that the check was deposited within 3 days after it was received, and that the deposit was posted to the client's account within a reasonable time thereafter. This constitutes a timely deposit. **Mark in the appropriate column whether each deposit was deposited timely.**

Amounts from the receipt writer/mail log, deposit receipt, and deposit detail should all match. **List the amounts from each item in the appropriate columns, and document whether the amounts are consistent from beginning to end.**

For EFT deposits, there will be no receipt writer/mail log entry or deposit receipt as the deposits are not receipted, deposited, or handled by the office in any way. Reporting by the Bureau of Finance Trust Fund Coordinator is provided to the custodians as a substitute for these items. If the custodian enters the deposits into SAFE/CARE/EMS within a reasonable time, the deposit has been timely made. Amounts across all items should be the same. List the amounts in the appropriate columns.

## Section VII: Voided Checks

**Objective:** To verify that voided checks are handled properly and ensure that the client's money is only benefiting the client. (Section III)

Using the sampling method described on the first page, randomly select the required sample size of voided checks from the voided check report (if it hasn't already been done). Complete Schedule C with the following instructions.

- 7.1** A custodian must have the approval of his or her supervisor before having a check voided. Therefore, before a custodian has any check voided, he/she needs to present their supervisor with a list of checks to be voided, or some other form of retainable documentation. The supervisor must sign this documentation and it must be kept with other voided check documentation, verifying the supervisor's approval. **List in the appropriate column whether documentation of the approval exists.** Provide an explanation for each item missing this approval.
- 7.2** A stop payment is required if a voided check is over \$500 and the check can't be located. A stop payment request should be sent to the Bureau of Finance Trust Fund Coordinator using the Stop Payment Request Form. A printout of the request form should be kept with the voided check as documentation of its occurrence. **In the appropriate column, list whether a stop payment was required. If so, list whether it was completed and documented.** Provide an explanation as to why a stop payment wasn't issued if one was required.
- 7.3** **List any additional forms of documentation,** such as the actual voided check, that may serve as evidence that the check was indeed voided and not cashed.

If there is no documentation to verify the voided check, obtain an explanation from the custodian detailing what happened to the check, why it was voided, and why there was no supporting documentation. This finding may also be included in the recommendations section of the summary.

- 7.4** List all uncleared checks from the reconciliation report that are over 90 days old. **Have the custodian explain why the check is still outstanding. Discuss with custodian and document plan to resolve the issue.**

## Section VIII: Miscellaneous

**Objective:** To ensure that voided or missing checks as well as the signatures on the signature card are properly documented.

- 8.1** Look over the client account balance report for negative accounts. Negative accounts indicate that the client's account has been overdrawn and more money has been spent than the client had to spend. Since actual client funds are accumulated in a single account, the excess money spent belongs to another client. This is a serious problem and must be corrected through repayment as soon as possible.

If any negative accounts are found, remind the custodian that a client's account must contain sufficient funds to cover the expense before a check can be written. **List any negative accounts as items that need to be corrected in the summary.** (Section II)

- 8.2** Using Schedule D, list the names and positions of all signers on the signature card and the date it was last updated. No signer should have the authority to sign a Form 298 or approve disbursements in SAFE Trust Accounting, and generally a check signer cannot enter information into the accounting system unless approval is received from the Bureau of Finance. This separation of duties helps ensure the accuracy of checks that are written and disperses the power to withdraw money, thereby limiting the misuse of funds. Contact the Bureau of Finance Trust Fund Coordinator if there is no documentation of approval.

**List in the appropriate columns whether any of the signers enter information and/or approve disbursements.** If this circumstance exists, promptly notify Bureau of Finance and document plan for immediate resolution. Document whether there is an adequate number of signers to provide backup for those that may be out of the office, and list any applicable comments. (Section II)

- 8.3** There should be no duplicate checks. If a check for which a replacement was issued is later cashed, this is a problem that needs to be resolved. The Bureau of Finance should be notified.
- 8.4** Each monthly reconciliation report is to be submitted to the Bureau of Finance Trust Fund Coordinator by the 15<sup>th</sup> of every month. The reconciliation should be signed by both the custodian and supervisor. **If any exceptions are found, include a reminder of proper policy in the summary.**
- 8.5** Review the interest allocation and the deposit detail for two of the monthly interest allocations occurring during the review period. Select at least five clients and look for reasonableness or differences between the amount deposited and the amount allocated for each one. **List any discrepancies as items to be corrected in the summary.** If errors are found, increase the sample size.

If an automated system is used to allocate interest and post to trust accounts (e.g. SAFE), the Interest Deposit Detail should be reviewed. Verify that the interest amounts posted appear reasonable and investigate anything unusual.

- 8.6** Obtain a list that shows each client with a closed account and the balances remaining in those accounts. Review the list and verify that no clients with a closed account have balances remaining. When a client's account is closed, it should have a zero balance. A positive balance indicates that we are in possession of money that belongs to the client. A negative balance indicates that the client spent more than was allocated to them. If there were any closed accounts with nonzero balances, have the custodian explain why the account still has a balance. Discuss with custodian and document plan to resolve the issue.

## Section IX: Summary

The summary is for the benefit of both the custodian and the reviewers. It summarizes the corrective actions that need to take place before the next review, in a format that is convenient and easy to understand at a glance. In addition, it references reminders, recommendations, and things that are being done correctly. In short, the summary is the summation of the review that can be referred to as often as needed, without having to dig through all the documentation to find information.

On the first section, list all findings that can and must be corrected, including any items found in question 1.1 that remain uncorrected from the previous review, or any outstanding item that should be reviewed at the beginning of the

next review. Start by referencing the number in the review where the exception was found, then list the name of the individual that will be making the correction and the action required to correct the problem. This becomes the checklist of items reviewed in question 1.1 of the next review.

The next section is for any exceptions found that do not require corrective action. These are usually exceptions to policy that require attention but no action to correct past errors. This section is to be used to remind individuals of proper policy and required future behavior.

The last section is reserved for any recommendations that the reviewer has for improving the efficiency, security, or accuracy of the trust account system. The reviewer may list in this section any compliments they feel are deserved for exceptional conduct.

The entire summary should be reviewed by all parties involved, not only to view the exceptions and fix the physical changes, but to review the recommendations and policy issues in an effort to improve operations.