

# Email Transmittal

Attention: Licensee  
Law Firm: Business Name  
Email Address: Licensee's email Address  
Date: Date  
From: Auditor name  
Sender's E-mail: Auditor email  
Direct dial: 416-947-3300 ext. xxxx or 1-800-668-7380 ext. xxxx  
Number of pages: 9  
(including cover sheet)  
Re.: Spot Audit #xxxx-xxxxx (Business #xxxxxxx xxx)

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The Spot Audit of your firm is scheduled for **Date @ Time**.

On page 3 you will find questions regarding a list of all licensees associated with your firm and their statuses on file with the Law Society. Please respond to these questions by **DDMMYY**.

Please review the following pages for additional details and instructions upon receipt.



**Date of letter**

Dear Licensee(s):

**Re: Spot Audit #xxxx-xxxxx (Business #xxxxxx xxx)**

This letter introduces a member of the staff of the Law Society of Ontario who has been instructed to conduct a Spot Audit under the authority of section 49.2 of the **Law Society Act**, R.S.O. 1990, c.L.8 as amended. The Spot Audit will include an examination of books, records and client files to assess compliance with various By-Laws and Rules of Professional Conduct which, upon request, you or your staff are required to produce. Your compliance with our request for information will reduce the time required to conduct the audit and will limit any disruption to the normal course of business of your firm.

**The audit of your firm is scheduled for **date**. We expect the audit to last **x** days.**

We recommend that you have your bookkeeper, and/or any other individual(s) responsible for the day-to-day record keeping, attend at your office on the day of the audit.

We ask that you provide the Auditor with all of the information and documents set out in the remainder of this letter (where applicable). Please be aware at what stage each item is to be presented to the Auditor, **before** or at the **start** of the audit, as well as the period of review to which each item applies. *Note:* If any of the photocopy requests is onerous, please contact the Auditor.

If you would like more information on the Spot Audit process, we suggest you review the document [Spot Audits and You](#) which provides an overview of the Spot Audit process from the selection of your firm to the closure of your file.

A copy of The [Bookkeeping Guide](#) which outlines the books and records to be maintained as required by By-Law 9 can also be found on the Law Society's website

You will also find additional resources to assist you in managing your practice on the Law Society's website under [Practice Management Review Resource List](#).

If you have any questions concerning this letter or the Spot Audit process, please call us at 416-947-3315 or 1-800-668-7380 ext.3315.

**QUESTIONS TO BE ANSWERED PRIOR TO THE AUDIT**

Please provide the Auditor with your answers to the following questions by DDMMYY:

Please review the list below and advise the Auditor of any errors and have the applicable licensee update his/her information through the Portal on the Law Society website:

<https://www.lso.ca/>

Please note the definition of status is as follows:

A = Sole Practitioner; B = Partner; C = Employee; D = Associate

Name of firm:

Business address:

Number	Status	Last Name, First Name
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78912E	1B	Smith, John
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22232K	1C	Doe, Jane
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## **FINANCIAL RECORDS**

The following information outlines the books and records to be produced for the Auditor's review as well as relevant photocopies to be made. Please ensure that the books, records and photocopies are ready prior to our Auditor's attendance.

### **Books and Records to be Ready for Review for the period: X to X (one complete year)**

#### **(PLEASE DO NOT PHOTOCOPY)**

1. Trust Receipts and Disbursements Journals
2. Client Trust Ledgers
3. Trust Transfer Journal
4. General Receipts and Disbursements Journals
5. Fees Book and/or Chronological Billings File
6. All Monthly:
7. Trust Bank Reconciliations (for mixed, separate, estate accounts etc.)
8. Original Trust Bank Statements/Confirmations \*
9. Client Trust Listings
  - \*Confirmations of all funds held in trust (GIC, Term Deposits, Passbooks, etc.)
10. Valuable Property Record
11. Original Trust Cashed Cheques/Micro Images (including certified trust cheques)
12. Trust Deposit Slips and/or ATM Receipts
  - Original General Bank Statements
  - Original General Cashed Cheques/Imaged cheques
  - General Deposit Slips and/or ATM Receipts
13. For Electronic Transfers from Trust Bank Account(s):
  - Form 9A – Electronic Trust Transfer Requisition
  - Printed confirmations of electronic trust transfers
14. For Real Estate Transactions where Teranet Withdrawals are made from the Special Trust Account:
  - Form 9B – Authorizations of Withdrawals by Teranet
  - Printed copies of confirmations of withdrawals by Teranet
15. Duplicate Cash Receipts Book
16. Referral Fee Journal

### **Books and Records to be Ready for Review for the period: X to X (one complete year)**

- **Photocopies or Printouts acceptable**
- **Documents required at the start of the Audit**

1. Trust Receipts and Disbursements Journals
  - From: To:
2. Trust Transfer Journal
  - From: To: (Full Audit Period)
3. General Receipts and Disbursements Journals
  - From: To:
4. December 31, 201X
  - Current Month

(With explanations for stale-dated trust cheques and errors, and date that outstanding deposits have been deposited.)

**Other Documentation to be Available for Review:**

- Current Trust and General Cheque Books
- Client trust ledger accounts where the balance of funds is unchanged for 12 months or longer as of the audit date.
- LAW PRO Real Estate and Civil Litigation Transaction Levy Ledger.
- Teranet Electronic Activity Reports for the most recent 4 months (additional reports may be requested during the audit depending on the volume of real estate transactions).

**Photocopies or Printouts of Other Documentation to be Available for Review:**

1. Client Trust Listing as at the audit date with detailed explanations for all inactive trust ledger account balances.
  
2. LawPRO on line Transaction Levy Filings printout:
  - a) log in to the Law Pro website using your Law Society number and password
  - b) select "Transaction Levy Filings" tab
  - c) "Transaction Levy Exemption Filing"
  - d) select "Transaction Levy Surcharge Quarterly Filing"
  - e) print page
    - i) If you file your Transaction Levy Filings on line:
      - a) select E-filing History tab
      - b) print page
  
    - ii) If you do not file your Transaction Levy Filings on line:
      - a) i) Four most recent quarterly filings for Real Estate files and confirmation of payment  
or  
ii) Most recent annual exemption filing for Real Estate files
  
      - b) i) Four most recent quarterly filings for Civil Litigation files and confirmation of payment  
or  
ii) Most recent annual exemption filing for Civil Litigation files

**CLIENT FILES ARE TO BE AVAILABLE FOR REVIEW THROUGHOUT THE AUDIT PROCESS**

## **PRIVATE MORTGAGE FILES AND PHOTOCOPIES REQUIRED**

By **date**, please email to the attention of **Auditor** at **auditor email** the information in the format of the table below as it applies to the period **January 1, 20XX** to the date of the audit.

This table is to include information concerning **all private mortgage files** (*i.e.*, mortgage files that are not excepted by By-Law 9 section 24(2)(a) where you (or a lawyer in your firm) acted for or received money from the lender, including mortgages arranged through mortgage brokers and RRSPs. (Please see definitions below.)

Prior to the audit, if the number of private mortgage files exceeds 5, **the Auditor will confirm with you** the private mortgage files that have been selected for review, for which photocopies are required.

### **Information Required BEFORE the Audit:**

- File Name/Number
- Mortgage Registration Date
- Name of Lender
- Name of Lawyer representing Lender
- Name of Borrower
- Name of Lawyer representing Borrower
- Mortgage Amount
- Discharge Date (if applicable)

**For the morning** of the audit, we ask that you have the selected private mortgage files available for review as well as **photocopies of the following documents:**

**PHOTOCOPIES** required *only for selected files*, at **start** of audit:

- Form 9D
- Form 9E
- Registered Mortgage and any Assignments
- Abstract/Search confirming ownership and mortgage priority (if the title search is a lengthy registry search, please contact the auditor for direction)
- Client ledger
- Any client ledger(s) where funds have been transferred to or from the mortgage ledger
- Registered Discharge (if applicable)

## **Definitions of Private Mortgages**

A “private” mortgage is any mortgage *not* excepted by section 24(2) of By-Law 9. It includes funds advanced usually from an individual, a corporate client or group of clients, rather than funds advanced by a financial institution.

The following may help you to determine if the transaction is classified as a “private” mortgage:

- Do you *act* for private lenders?
- Do you receive money from private lenders?
- Do you act on mortgages *arranged* through mortgage brokers or other third parties?
- Do you act for lenders on mortgages where the lender is not a financial institution?
- Do you act for RRSP lenders?

*NOTE:* Mortgage loans through RRSPs are *not* loans provided by a financial institution; the lender is the plan holder.

‘Acting’ is the preparation and registration of documents pursuant to client instructions, certifying title, reporting, charging a legal fee, etc.

‘Arranging’ is being involved in the negotiations between the lender and borrower. Merely giving the name, address and telephone number of a lender to a borrower by itself does not constitute arranging a mortgage.

## **ESTATE AND POWER OF ATTORNEY FILES AND PHOTOCOPIES REQUIRED**

By **date**, please email to the attention of **Auditor** at **Auditor email** the information in the format of the table below **along with copies of the supporting estate ledger accounts** as it applies to the period **January 1, 20XX** to the date of the audit.

Include information concerning **all** Estate and/or Power of Attorney files where you (or a lawyer in your firm) acted as Estate Trustee, Co-Estate Trustee and/or Solicitor in control of estate assets or power of attorney assets. (Please see definition of 'solicitor in control of estate assets' below.) **Please ensure that estates controlled through your mixed trust account are also included in the list provided.**

Prior to the audit, if the number of estate and power of attorney files exceeds 5, the auditor will confirm with you the files that have been selected for review, for which photocopies are required.

### **Information Required BEFORE the Audit:**

- Estate or Power of Attorney Name/File #
- Date of Death/Date POA first exercised
- Date of Certificate of Appointment
- Name(s) of Trustee(s) or POA Attorney
- Category of Estate Beneficiaries (e.g. minors, charities, out of country, life beneficiary)
- Value of Estate at Date of Death – or when POA exercised
- Current Value of Estate/POA (assets in firm's control)
- Amount of legal fees paid to Lawyer/Law Firm to date
- Amount of executor's fees paid to Lawyer/Law Firm to date
- Amount of executor's fees paid to executor (if the Lawyer is not the executor) to date
- Type of Investments held by Estate/POA
- Individual(s) with Effective Control of Estate/POA Assets
- Role of Solicitor/Attorney in Estate/POA file
- Explanation for Estate files over 2 years old

**For the morning** of the audit, we ask that you have the selected estate/power of attorney files available for review as well as **photocopies of the following documents:**

**PHOTOCOPIES** required *only for selected files*, at **start** of audit:

- The Will and any Codicils
- Certificate of Appointment of Estate Trustee
- List of Original Assets
- Client Trust Ledger or Equivalent Record Keeping
- Support for Current Value of Assets (investment statements etc.)
- Billings for Executor Compensation and/or Legal Fees
- Calculation for Executor Compensation Claimed and/or paid



We also ask that you have cashed cheques and supporting documentation for all disbursements > \$1,000.00 *available* for review.

### Definition of 'Solicitor in Control of Estate Assets'

- A solicitor is considered in control of estate assets when:
  - i) The estate trustee has delegated the collection and distribution of the estate assets to the solicitor.
  - ii) The solicitor, who is not an estate trustee, has sole signing authority over the estate assets.
  
- Exclusion Note:
  - i) A solicitor who acts on the sale of the deceased's real estate and transfers the net sale proceeds to the control of the estate trustee is not considered a solicitor in control of estate assets.
  - ii) A solicitor who solely provides legal services to the Estate such as applying for the Certificate of Appointment (probate of the Will) is not considered a solicitor in control of the estate assets. Also solely representing the estate in litigation matters would not be considered control of estate assets.