Broker Software Evaluation for <u>Long Term Rental Accounting</u>

Name of the Software: _____ Version: _____

Yes No

Journal   *(Report Name: _____)*

Refer to ***Rule A.0117(c)(5)****: A general journal (or check register) must identify, in chronological order, each transaction to and from the trust or escrow account. It must include the amount and date of each deposit and a reference to the corresponding deposit ticket or supplemental deposit worksheet. The amount, date, check number, payee, and purpose must be included for each disbursement. The report must also show a running balance after each entry.*

Does the software generate a trust/escrow journal? .... ☐ ☐

    a. Does the journal show a running balance of funds in the bank account? .... ☐ ☐

    b. Are the transactions in chronological order so that the running balance is stated correctly? .... ☐ ☐

    c. Does the journal identify each bank deposit transaction with:

        i.   The amount of the deposit? .... ☐ ☐

        ii.   The date of the deposit? .... ☐ ☐

        iii. An appropriate reference to the supplemental deposit worksheet? .... ☐ ☐

    d. Does the journal identify each bank disbursement transaction with the:

        i.   Amount of the disbursement? .... ☐ ☐

        ii.   Date of the disbursement? .... ☐ ☐

        iii. Check number when a check is used to disburse trust funds? .... ☐ ☐

        iv. Payee? .... ☐ ☐

        v.   Purpose of the disbursement? .... ☐ ☐

        vi. An appropriate reference to the supplemental disbursement worksheet? .... ☐ ☐

Ledger Sheets   *(Report Name: _____)*

Refer to ***Rule A.0117(c)(4)****: A separate ledger must be maintained for each property or owner managed by the broker; there should also be a ledger for any company/personal funds held in the trust account. The ledgers must identify the particular property or owner, the tenant, the amount, date, remitter, and purpose of the deposits as well as the amount, date, check number, payee, and purpose of disbursements. There must be a running balance of funds on deposit after each entry. Tenant security deposits can be accounted for on a separate tenant security deposit ledger; this ledger shall identify the remitter, the date the deposit was paid, the amount, the tenant, landlord, and subject property as well as the check number, amount, date, payee, purpose and a running balance for each transaction.*

Is a separate ledger maintained for:

    a. Each owner or each property? .... ☐ ☐

    b. Each tenant security deposit? .... ☐ ☐

    c. Personal funds? .... ☐ ☐

Do the ledgers identify:

    a. The property or owner? .... ☐ ☐

    b. The tenant? .... ☐ ☐

    c. The amount of the monies deposited? .... ☐ ☐

    d. The date of monies deposited? .... ☐ ☐

    e. The purpose of monies deposited? .... ☐ ☐

    f. From whom monies deposited are received? .... ☐ ☐

    g. The check number when a check is used to disburse trust funds? .... ☐ ☐

    h. The amount of the monies disbursed? .... ☐ ☐

i. The date of the monies disbursed? .... ☐ ☐
j. The purpose of the monies disbursed? .... ☐ ☐
k. To whom disbursements are paid? .... ☐ ☐
l. The running balance of funds on deposit after each deposit and disbursement entry? .... ☐ ☐

Supplemental Disbursement Worksheets *(Report Name: _____)*

Refer to **Rule A.0117(c)(2)**: *When a payment is used to disburse funds for more than one property or owner, the payment must notate each property or owner and the corresponding amount for which disbursement is made, with reference to the corresponding property or owner ledger entry(ies). The check notation may refer to the required information recorded on a supplemental disbursement worksheet that cross-references the corresponding check or payment.*

Does the software generate supplemental disbursement worksheets that identify on each disbursement transaction:
a. The date of the disbursement? .... ☐ ☐
b. The check number? .... ☐ ☐
c. The payee? .... ☐ ☐
d. The property or owner ledger? .... ☐ ☐
e. The purpose for the disbursement? .... ☐ ☐
f. The amount of the disbursement? .... ☐ ☐

Supplemental Deposit Worksheets *(Report Name: _____)*

Refer to **Rule A.0117(c)(3)**: *When a single deposit is used to deposit funds collected for more than one property or owner, the required information may either be recorded on the ticket or recorded on a supplemental deposit worksheet that cross-references to the corresponding deposit ticket.*

Does the software generate supplemental deposit worksheets for each bank deposit transaction that identifies:
a. The purpose of the monies deposited? .... ☐ ☐
b. The property for which monies were deposited? .... ☐ ☐
c. The remitter of the monies deposited? .... ☐ ☐
d. The date of the deposit? .... ☐ ☐
e. The property or owner ledger? .... ☐ ☐
f. The amount of the deposit? .... ☐ ☐

Audit Trail

Refer to **Rule A.0117(d)**: *Records of all receipts and disbursements of trust or escrow monies are to be maintained so that there is an audit trail from deposit tickets and canceled checks to the journal and to the ledger sheets.*

Is there an audit trail from the supplemental deposit worksheets to the journal? .... ☐ ☐
Is there an audit trail from the supplemental deposit worksheets to the ledger? .... ☐ ☐
Is there an audit trail from the supplemental disbursement worksheets to the journal? ……………….............. ☐ ☐
Is there an audit trail from the supplemental disbursement worksheets to the ledgers? .... ☐ ☐

Property or Owner Trial Balance *(Report Name: _____)*

Refer to **Rule A.0117(e)(1)**: *A ledger trial balance shall be prepared showing a list of the property or owner ledgers, their balances, and the total of all of the property or owner ledger balances as of the monthly cutoff date.*

Does the software generate a trial balance of the property or owner ledgers? .... ☐ ☐
Does the software generate a trial balance of the security deposit ledgers? .... ☐ ☐

Reconciliation

Refer to Rule A.0117(e): *Trust accounts are to be reconciled monthly; the bank statement must be reconciled to the journal, then the ledger trial balance, reconciled bank statement balance, and the journal balance should be compared as of the cut-off date. If these three amounts do not agree, the broker shall investigate the reason for any variation between the balances and make the necessary corrections to bring the balances into agreement. Once in agreement, a worksheet is to be created showing the balance of the journal, the ledger trial balance, and the reconciled bank statement balance to be in agreement as of the cutoff date.*

Does the software generate a bank account reconciliation report that identifies:

The month end bank balance? .... ☐ ☐

The cleared deposits and disbursements? .... ☐ ☐

The deposits-in-transit and outstanding checks? .... ☐ ☐

The reconciled bank balance? .... ☐ ☐