



What you need to know about:

# The Annual Independent Review of Title Agents' Escrow Accounts

## What is the Annual Review?

We are in the third year of review requirement for title insurance agents as passed by the Ohio legislature. The annual review procedures require the testing of agent escrow account reconciliations as an agreed upon procedures engagement defined in "Statements on Standards for Attestation Engagements" issued by the American Institute of Certified Public Accountants.

## What is the status of amending the rule?

After some delay, the rule has been amended this summer. The changes have brought a more practical nature to testing and we anticipate that the reduced scopes for transaction amounts will decrease the amount of research and reporting that was seen in the past.

## Who is impacted by the new review requirement?

Every licensed title insurance agent who handles the funds of clients or third parties shall have an independent review made of its escrow accounts related to Ohio transactions each year.

## Who is an "independent reviewer" that meets the qualifications?

The independent reviewer must be a certified public accountant (CPA). The independent reviewer may not be an employee of a title insurance company, nor may the reviewer be an employee of or hold any ownership interest in:

- (1) either the business entity being reviewed
- (2) any affiliates of the business entity reviewed
- (3) any owners of the business entity being reviewed, or
- (4) any financial institution or its affiliate in which one or more escrow accounts subject to review under this rule are held.



*"Our clients take compliance seriously when reporting to regulatory agencies and their underwriters. That's why we provide piece of mind through attention to customer service and value. When clients pay for service they want opportunities to improve their business and that's what we intend to do."*

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## When is the review required to be performed?

Title agents must have an independent review made of their escrow accounts every year for the preceding 12 months ending August 31. Review procedures should be scheduled as soon as possible with your CPA in order to comply with the reporting deadline. The title agent must file the annual review report and accompanying schedules with its title insurance company and Ohio Department of Insurance by January 15 each year.

## What is the scope of the procedures?

The scope of testing will depend on the number of escrow accounts and the number of transactions conducted in those accounts. The reviewer will request Company client file information as well as escrow account reconciliations. Account reconciliation testing will involve sampling transactions from two different months during the period under review.