



The Law Society of
Upper Canada

Barreau
du Haut-Canada

FACSIMILE TRANSMISSION

Attention: Lawyer/Bookkeeper

Law Firm: Firm Name

Fax Number: Firm's fax number

Date: Date

From: Auditor

Direct dial: Number

Spot Audit Fax #: 416-947-3485

Total # of pages: 6
(including Cover Sheet)

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.

RE: The Spot Audit of your firm is scheduled for DATE.

This fax introduces a member of the staff of the Law Society of Upper Canada 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. This spot audit will include an examination of books and records, which you have been requested to produce, and relevant client files. Your full co-operation to assist in the prompt completion of this audit is appreciated.

Please review the following pages for additional details and instructions BEFORE THE AUDIT DATE.

Legal information and support designed for you.

NOTICE: THIS COMMUNICATION IS INTENDED TO BE RECEIVED BY THE INDIVIDUAL OR ENTITY TO WHOM OR TO WHICH IT IS ADDRESSED. IT MAY CONTAIN INFORMATION THAT IS PRIVILEGED OR CONFIDENTIAL. ANY UNAUTHORIZED USE, COPYING, REVIEW, OR DISCLOSURE IS PROHIBITED. PLEASE NOTIFY THE SENDER IMMEDIATELY BY TELEPHONE (COLLECT, IF NECESSARY) IF YOU HAVE RECEIVED THIS COMMUNICATION IN ERROR SO THAT ARRANGEMENTS CAN BE MADE FOR ITS RETURN. THANK YOU FOR YOUR CO-OPERATION.

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(Date)

Dear Member(s),

This fax will confirm that a Spot Audit of your law practice has been scheduled for **(DATE)**. We expect the audit to last *[insert number of days as appropriate]* day(s).

In order to make the audit process more efficient, we have prepared a list of information that we require your firm to prepare and present to the auditor. This information will enable the auditor to plan the audit and address any issues upfront. 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.

We ask that you provide us 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, as well as the period of review to which each item applies:

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 this article can be found on the Law Society website (www.lsuc.on.ca).

ITEM	DOCUMENTATION	PERIOD	REQUIRED BY
A and B - page 3	Private mortgages - <i>see page 3 for details required</i>	January 1, 2007 to audit date	<u>Before</u> Audit Date
C and D - page 4	Estates and Powers of Attorney - <i>see page 4 for details required</i>	January 1, 2007 to audit date	<u>Before</u> Audit Date
E - page 5	Financial Records - <i>see page 5 for details required</i>	<u>Month</u> 1, 2007 to audit date	Audit Date
F - page 6	Photocopies required - <i>see page 6 for details required</i>	<i>See page 6 for details</i>	Audit date

PRIVATE MORTGAGE TRANSACTIONS

If applicable, please provide the following information **for the period January 1, 2007 to the present date** prior to the audit date:

At least one week prior to the date of the audit, please fax to (416) 947-3485 or mail to the attention of **NAME of AUDITOR** the following file information as it applies to **the period January 1, 2007 to (DATE OF AUDIT)**:

- A. A list of all private mortgage files** (*i.e.* mortgage files that are not excepted by By-Law 9 s. 24(2)(a) [formerly By-Law 18 s.7(2)(a)] where you (or another lawyer of your firm) acted for or received money from the lender, including mortgages arranged through mortgage brokers and RRSPs.

Please include the following details for each file:

- **File Name/Number**
- **Name of Lender**
- **Name of Borrower**
- **Date of advance**
- **Mortgage Amount**

- B. If any of the private mortgage files** listed under item A were discharged during the audit period and you (or another lawyer of your firm) acted for the lender on the **discharge** of a mortgage. Please also include the following detail for those files:

- **Date of Final Mortgage Payout**

ESTATES and POWERS of ATTORNEY

If applicable, please provide the following information **for the period January 1, 2007 to the present date** prior to the audit date:

C. A list of all Estate files where you (or another lawyer of your firm) acted as Estate Trustee, Executor, Co-Estate Trustee, or Solicitor in control of Estate assets. Please include the following details for each file:

- Estate Name
- Date of Death
- Date of Certificate of Appointment
- Names of Trustee(s)
- Value of Estate at Date of Death
- Current Value of Estate
- Type of Investments held by Estate
- Name(s) of Individual(s) with effective control over estate assets
- Role of Solicitor in Estate file
- Explanations for all files over 2 years old

Note: A solicitor is considered in control of the estate assets when:

- i) the estate trustee has delegated the collection and distribution of the estate assets to the solicitor
or
- ii) the solicitor, who is not an estate trustee, has sole signing authority over the estate assets.

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 the estate assets.

D. A list of all files where you (or another lawyer of your firm) have exercised a Power of Attorney (POA). Please include the following details for each file:

- File Name / Number
- Initial date POA exercised
- Value and Type of Investments

FINANCIAL RECORDS

- E. The scope of the Spot Audit will also include all **books and records that you are required to maintain according to By-Law 9 section 18 [formerly By-Law 18 section 2]**.

Therefore we ask that you have **all** of your books and records for the period **Month 1 to Month 12** available for the auditor's review.

Please be sure to produce all source documents for the period including:

- bank statements and other financial institution confirmations of funds held
- original cancelled cheques, including certified cheques
- duplicate deposit slips, including automated teller machine confirmations

In addition, we recommend that you make arrangements with your bookkeeper, and/or any other individual(s) responsible for the day-to-day record keeping, to attend your office on the day of the audit.

PHOTOCOPIES

F. On the day of the Spot Audit, we ask that you prepare photocopies of each of the following documents (if applicable) to be presented to the auditor:

Note: If any of the following photocopy requests is onerous, please contact the spot auditor at one of the numbers on the cover page of this fax.

1. Monthly Trust Reconciliations and Comparisons for all mixed trust accounts, estate accounts and separate trust accounts for the months ending,

- **December 31, 2007**
- **Month 1**
- **Month 2**

(Note: Please include a copy of the bank statement and/or bank confirmation for each trust account/asset as well as a complete client trust listing for each month listed)

2. List of All Client Trust Ledger Accounts where the balance of funds is unchanged for 12 months or longer as of the audit date. Please provide an **explanation** as to why each balance is still held in your trust account. If the explanation is “ongoing” please describe the nature of the file.

3. For each Private Mortgage file as identified in item A above (or as specified by the auditor if you have notified the auditor of more than 5 private mortgage to be produced),

- **Form 9D [formerly Form 18A] - Investment Authority**
- **Form 9E [formerly Form 18B] - Report on Investment**
- **Mortgage Document, including any assignments and/or discharges**
- **Client Trust Ledger Account**

(Please have the title search confirming the mortgage’s priority and the borrower’s ownership available for the auditor’s review)

4. For each Estate file as identified in item C above (or as specified by the auditor if you have notified the auditor of more than 5 estate files to be produced),

- **The Will and any codicils**
- **Letters Probate, Letters of Administration, or Certificate of Appointment of Estate Trustee**
- **List of original assets**
- **Client Trust Ledger Account or equivalent accounting from inception**
- **Detailed fee bills for legal services**
- **Calculations for executor compensation claimed and/or paid**

5. For each Power of Attorney file as identified in item D above (or as specified by the auditor if you have notified the auditor of more than 5 POA files to be produced),

- **Power of Attorney agreement**
- **Client trust ledger account or equivalent accounting from inception**
- **Detailed fee bills for legal services**
- **Calculations for compensation claimed and/or paid**

6. LPIC transaction levy ledger and/or LPIC transaction levy exemption forms for the most recent quarter-filing.