

Trust accounts

A guide for property agents, chattel auctioneers, motor dealers, debt collectors and their auditors

TRUST ACCOUNTS



AUDIT REPORTS



RECORD KEEPING



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Introduction

In Queensland, there are laws to protect how property agents, motor dealers, chattel auctioneers and debt collectors handle money they receive on behalf of their clients.

Agents must have a trust account if they receive trust money or are likely to receive trust money on behalf of others. For the purposes of this guide, an agent is:

- a real estate agent
- a resident letting agent
- an auctioneer
- a chattel auctioneer
- a motor dealer (if you sell used vehicles on consignment)
- a field agent (if you collect debts on behalf of someone else)
- a collection agent.

This guide only applies to businesses, agents and auditors licensed and/or operating under the:

- *Property Occupations Act 2014*
- *Motor Dealers and Chattel Auctioneers Act 2014*
- *Debt Collectors (Field Agents and Collection Agents) Act 2014*
- *Agents Financial Administration Act 2014* (referred to in this guide as ‘the Act’)
- Agents Financial Administration Regulation 2014 (referred to in this guide as ‘the Regulations’).

Agents must set up and maintain their trust account(s) in accordance with the Act and Regulations.

These laws exist to help ensure trust money held by agents is properly dealt with and can be accurately accounted for at all times. This increases public confidence in the protection of trust money and the services of agents.

The Office of Fair Trading (OFT) can inspect agents’ trust account records at any time. Breaches of the Act are taken seriously by the OFT. Penalties for the misuse of trust money include fines of up to 1000 penalty units or five years imprisonment per offence.

You can find current penalty unit values in the Penalties and Sentences Regulation 2015 at **www.legislation.qld.gov.au**

About this guide

This guide provides a summary of agents' trust account obligations and important information for auditors.

It does not cover all the trust account provisions of the Act and Regulations or all exceptions or qualifications that may apply.

Any agents who are unsure how the law applies to their particular circumstances should obtain independent legal advice.

For copies of the Act and Regulations, visit **www.legislation.qld.gov.au**

The Office of Fair Trading can
inspect agents' trust account
records at any time.

Information for agents



What is trust money?

Trust money is money received by an agent on behalf of a client, who has appointed them to receive that money. It includes:

- the payment of rent including rent for a holiday let apartment
- a deposit on a property for sale
- debt repayments collected on behalf of a client
- an amount received with a written direction for its use, such as money paid by a client for the marketing, maintenance or repair of a property.

Non-trust money is money received by an agent that is unrelated to acting as an agent under the Act. This might include payments for goods or services such as trips and tours, restaurant meals, room service, equipment or vehicle hire, or money they have not been properly authorised to hold by a client.

It also includes any rent or sales deposits received for property owned by the agent, or where there is a 'leaseback' arrangement, because an agent can't be their own client. In these instances, such money should not be banked in the agent's trust account.

Some agents may face practical issues with respect to dealing with trust and non-trust money in their business. The following should help to clarify those issues:

- Payments which consist entirely of trust money, or a combination of trust and non-trust money that cannot be divided, must be banked to the agent's trust account
- Funds received for a matter related to a transaction, for example, a guest charged for parking on property owned by a client must be banked to the agent's trust account
- Money that is not received on behalf of a client or in relation to a transaction must not be banked into the trust account.

If an agent deposits trust and non-trust money that cannot be divided into their trust account or they receive non-trust money by EFT, the non-trust money must be removed from the trust account within 14 days of it becoming available. For example, if a tenant pays rent and garden maintenance services provided by the agent in a single cheque or EFT, the payment for the gardening services must be removed from the trust account within 14 days.

Payments from general business accounts to trust accounts

Generally, agents should not make any payments from their general business bank account/s to their trust account.

Opening a trust account

Only the principal agent of a business may open and operate a trust account. This might be:

- a licensed individual agent who will operate a business on their own behalf
- a licensed corporation if it intends to trade in its own name
- a collection agent.

When opening a trust account, the principal agent's licence or collection agent's authority must be presented to a Queensland branch of an approved financial institution.

The trust account must be opened in line with the licence or collection authority presented. Where a licence or collection authority is issued to an individual, the trust account must be opened in the individual's name. It cannot be opened in the name of a corporation or other entity. Where the licence is issued to a corporation, the trust account must be opened in the corporation's name. It cannot be opened in the name of its director, person in charge or any other corporation or entity.

Similarly, where a licence or collection authority is issued to an individual, their trust account must not be opened in the name of an unlicensed corporation or other entity.

Collection agents must apply to the OFT for a collection agent authority unless they qualify for automatic authorisation for limited debt collection activity. For a copy of the application form, visit www.qld.gov.au/fairtrading

If a collection agent subsequently obtains another form of licence, they can use their existing trust account to bank trust money received in relation to their new activities but must provide a copy of their new licence to the financial institution providing that account within seven days.

Agents with multiple licences do not need to operate a general trust account for each licence. One general trust account may be used.

However, any money received for a special trust account must be banked into a dedicated trust account opened specifically for that purpose. For more information on special trust accounts, see 'Special trust accounts for the property industry' on page 13.

Approved financial institutions

Once an agent has a licence or authority and it is likely they will receive money or an amount with a written directive for use, they must open a trust account with a Queensland branch of an approved financial institution. That is, a bank, building society, credit union or other deposit-taking institution the OFT has approved to hold agents' trust money.

The OFT has approved the following institutions:

- Australia and New Zealand Banking Group
- Bank of Queensland Limited
- Bank of Western Australia Ltd
- Bendigo Bank Limited
- Capricornia Credit Union
- Commonwealth Bank of Australia
- Heritage Building Society
- HSBC Bank Australia Limited
- Macquarie Bank Limited
- National Australia Bank Limited
- Queensland Country Credit Union
- St. George Bank Limited
- Suncorp Bank
- Westpac Banking Corporation.

This list is accurate at the time of printing. For any updates to this list, visit **www.qld.gov.au/fairtrading**

Interest on agents' trust accounts is paid to the Queensland Government.

Account name

The name of an agent's trust account must include the words 'trust account' for a general trust account or 'special trust account' for a special trust account (for information on special trust accounts, see 'Special trust accounts for the property industry' on page 13). We recommend agents include the name under which they are licensed to carry on a business.

Agents must provide a copy of their licence to the financial institution when they apply to open an account. The account must be operated in the name shown on that licence.

Agents may change the name of a trust account at any time, although the new name must adhere to the above naming rules.

Agents must notify the OFT of a name change within two months of the change. It must be signed by each agent (for individuals and those in a partnership) or a legally recognised representative (if a corporation).

For a current copy of the form you must complete to notify the OFT, visit www.qld.gov.au/fairtrading

Notifying the OFT of your new account

Within two months of opening a trust account, agents must notify the OFT:

- of the name of the financial institution where the account is kept
- of the account name and number, and the bank-state-branch identification number (BSB)
- if the account is a general trust account or special trust account.

For a current copy of the form you must complete to notify the OFT, visit www.qld.gov.au/fairtrading

Appointing an auditor

Agents must appoint an auditor within one month of opening a trust account.

Under the Act, an auditor is a person who is any of the following:

- registered as an auditor under the *Corporations Act 2001*
- a member of CPA Australia (using the letters CPA or FCPA)
- a member of the Institute of Chartered Accountants in Australia (using the letters CA or FCA)
- a member of the Institute of Public Accountants (using the letters MIPA or FIPA).

Within one month of appointing an auditor, the agent/s must give the OFT both:

- written notice of the auditor's name and address
- evidence the auditor has accepted the appointment.

This notification should be made in writing to Financial.OFT@justice.qld.gov.au

Ending an auditor's appointment

If an agent's auditor resigns or an agent ends the appointment, or if the appointment lapses, both the agent and the auditor must immediately notify the OFT of both:

- the resignation or the ending or lapsing of the appointment
- the reason for it.

An agent must appoint another auditor within one month of the cessation of the previous appointment, and give the OFT both:

- written notice of the auditor's name and address
- evidence the auditor has accepted the appointment.

This notification should be made in writing to **Financial.OFT@justice.qld.gov.au**

Legislation reference:

Sections 9–13, 19 and 29–31 of the *Agents Financial Administration Act 2014*

Closing a trust account

Agents must notify the OFT if they close a trust account. They must do this within two months **after** they have closed the account, **not before**.

If they are ceasing business, they must also arrange for the trust account to be audited and for lodgement of a final audit report within two months of the date business activity ceased.

If they are continuing their business through another trust account, they will not need to complete a final audit, but they will need to notify the OFT of the new trust account and its auditor in line with the rules on opening a trust account on page 9.

For a current copy of the form you must complete to notify the OFT, visit **www.qld.gov.au/fairtrading**

Legislation reference:

Section 13 of the *Agents Financial Administration Act 2014*

Special trust accounts for the property industry

In certain circumstances, and with the agreement of all parties, agents may invest trust money in a special trust account.

Agents may only use a special trust account if they:

- are transacting the sale of real property
- receive an amount for a sale, and settlement of the sale will occur more than 60 days after the amount is received; and
- have a written request from all parties that the agent invests the money.

In all other circumstances, agents must use a general trust account.

The steps to open, maintain, audit and close a special trust account are the same as for a general trust account, except that the words 'special trust account' must be used in the account name.

Legislation reference:

Section 17 of the *Agents Financial Administration Act 2014*

Transferring a trust account

If an agent enters into a partnership with another agent or a partnership changes, or if an agent disposes of part or all of their business to another agent, the trust account must be reconciled by an auditor before any relevant trust money they hold can be transferred to the new entity. Trust money may only be transferred if:

- an auditor certifies the money has been properly accounted for and reconciled, or
- a trust creditor authorises the transfer of their money in writing—or in the event of a rental bond, the landlord and tenant authorise the transfer in writing.

If the transferee is the Public Trustee:

- the trustee must have agreed to receive the transfer, and
- the original agent or partnership must have taken reasonable steps to contact the person entitled to the money, and
- the agent must have satisfied the requirements of section 67 of the *Trusts Act 1973*.

When an agent sells their business, they should involve the auditor who will conduct the final audit in the settlement process. It is essential the agent books their final trust account audit prior to the transfer of the account(s). Trust money in dispute may affect the settlement of a business that includes a trust account being transferred.

Legislation reference:

Regulation 23 of the Agents Financial Administration Regulation 2014

When an agent sells their business, they should involve the auditor who will conduct the final audit in the settlement process.

Record keeping

Agents must keep full and accurate accounting records that show the true position of all trust money received and enable their trust accounts to be properly audited at any time.

They must be able to provide these records to their auditor and the OFT on request.

Agents' trust account records must include the following:

- a register of trust account receipts
- consecutively numbered trust account receipt forms in duplicate
- trust account deposit forms in duplicate
- a trust account cashbook
- a trust account ledger
- a trust account journal with journal pages or entries consecutively numbered
- full and accurate accounts of amounts paid or received for a sale or transaction.

Agents' accounting records must show:

- who is entitled to the trust money
- details of each trust money transaction
- the dates on which each transaction took place.

Whenever a trust money transaction occurs, the agent must update their cashbook and ledgers within two business days following receipt or payment of the trust money, or if it is money that is received by electronic funds transfer (EFT), on the date they become aware of the receipt of trust money.

Agents must keep all trust account records in a secure, orderly and accessible way for five years.



Agent loans, expense payments, fees and commission

Agents cannot bank money from their own properties or sources into their trust account as it is not trust money. They also cannot borrow or lend money from their trust account. If money is received from a client as a prepayment for a future expense, it must be received with a written direction to that effect.

Agents must not retain money in a trust account for more than 42 days after the transaction finalises.

If an agent pays an expense on behalf of a client from their general (i.e. non trust) account, that amount is not trust money and should not be recorded in the agent's trust cash book. If they have an appropriate authorisation, the agent may withdraw an amount from the trust account to pay the expense when it falls due provided there are sufficient funds available. It is only at this time a cash book entry should be made to record the payment.

Legislation reference:

Sections 8, 15, 16, 21 and 22 of the *Agents Financial Administration Act 2014* and 15–16 of the *Agents Financial Administration Regulation 2014*

Computerised accounting systems

If an agent uses a computerised accounting system (the system) to manage their trust account records, they must ensure it:

- does not allow the deletion of a trust ledger account unless the balance is zero and a record of the account is kept immediately before it is deleted
- records any amendments to a transaction recorded on the system as a separate transaction (i.e., the original transaction and the amendment will both be recorded on the system)
- produces records in chronological order.

The system must also be capable of keeping, in chronological sequence, a record of changes to:

- the name or address of a person for whom trust money is held
- any description of a matter being conducted by the principal agent
- an amount of trust money held for a person by the principal agent
- the financial institution account number of a trust account.

If an agent uses the system to keep a trust ledger account or to prepare a trust account cash book reconciliation, they must produce a hard copy of the reconciliation within five business days following the end of the calendar month. This must include the bank balance, cash book and ledger account, including the name and amount of each client ledger. Before deleting any trust ledger account, a hard copy must be made and kept in the agent's records.

When using a computerised accounting system, agents must ensure the:

- computer system has enough backup capability to record the information required to be kept by the Act
- system is backed up at least once a month
- backed up information is not stored at the agent's business address and is protected from anything that could affect the backed up information (such as magnetic interference).

Computerised accounting systems can make it easier to comply with many of the requirements of the Act and Regulations. Unfortunately, some popular general accounting and spreadsheet software allows deletions or edits to be made in a way that does not comply with the Act, and care must therefore be taken when choosing and using software to manage trust account records and reporting.

Whichever system an agent uses, it is their responsibility to ensure the system is kept up-to-date and that all aspects of their record keeping comply with the Act and Regulations.

Legislation reference:

Regulations 3, 4, 26 and 27 of the Agents Financial Administration Regulation 2014

Receiving trust money

Agents must deposit any trust money they receive to their trust account or special trust account by the end of the next business day. They must not bank the amount elsewhere or use it to pay business expenses and then make an EFT or cheque payment for an equivalent amount into the trust account. They must also not directly pay a client—the money must be banked into the trust account first.

Only trust money can be deposited into a trust account, except where an amount is received consisting of trust money and non-trust money that cannot be divided. In this instance, the agent must pay the whole amount into the trust account, then draw the non-trust money from the account within 14 days of it becoming available.

Trust money cannot be used to pay an agent's debts, nor can it be claimed by any of the agent's creditors either before or after it is deposited to the trust account. Similarly, it cannot be claimed or used to pay any other debts the client owes or is alleged to owe the agent.

Legislation reference:

Sections 16, 18 and 20 of the *Agents Financial Administration Act 2014*

Receipts

When an agent receives trust money, or an amount of trust money and non-trust money that cannot be divided, they must complete a receipt immediately, or in the case of a direct deposit or EFT, on the day they become aware they have received it.

Every receipt must have a unique receipt number and be issued in numerical sequence. It must have as its heading the words '*Agents Financial Administration Act 2014 Trust Account Receipt*'.

Any duplicate receipts must also have 'Office copy' or 'Duplicate copy' in the heading.

Agents must deposit any trust money they receive to their trust account or special trust account by the end of the next business day.

Completing receipts

Agents may complete trust account receipts manually or electronically. When completing a receipt, they must include:


- the name of the principal agent and their licence or authority number—which should correspond to the name and number shown on the Form 6 or appointment to act agreement
- the date the money was received and the date the receipt was completed (these should be the same date if receipting cash or cheques received, but may be different if the payment was received directly into the trust account via EFT or direct deposit)
- the name of the person completing the receipt and, if there is a hard copy, their signature
- the payer's name
- the payee's name or unique identifying code—which should also correspond to the name shown on the Form 6 or appointment to act agreement
- why they received the money
- the amount received, written in numerals
- how they received the money (such as cash, cheque, direct deposit or electronic transfer)
- (if the money received is for rent) the address of the rented premises and the dates for the period for which the rent is paid.


When completing a receipt for trust money received for payment from a prospective buyer for an option to purchase a used motor vehicle for sale on consignment, agents must also include the vehicle's:

- make
- body model
- colour
- engine number or, if the vehicle is a caravan, the chassis number
- identification number
- registration number
- built date.

The following trust account and duplicate receipts are examples of receipts that satisfy the regulations.

Example trust account receipts

ORIGINAL	Trust Account Receipt	Receipt No: 1122
	Agents Financial Administration Act 2014 Fair Trading Realty Pty Ltd Licence no. 1234567	Date Received: 05/05/2020 Date Completed: 05/05/2020
Tenant:	Mr & Mrs D Scott	
Owner:	Mr J Phillips	
Property:	111 Johnson Street, AMDALE QLD 4444	
Details:	Rent paid 06/05/2020 to 19/05/2020	
The sum of:	\$1120.00	
Payment method:	CASH	
	Completed by: Frank Smith	
	Signature: 	
	<u>Comments</u>	

DUPLICATE COPY	Trust Account Receipt	Receipt No: 1122
	Agents Financial Administration Act 2014 Fair Trading Realty Pty Ltd Licence no. 1234567	Date Received: 05/05/2020 Date Completed: 05/05/2020
Tenant:	Mr & Mrs D Scott	
Owner:	Mr J Phillips	
Property:	111 Johnson Street, AMDALE QLD 4444	
Details:	Rent paid 06/05/2020 to 19/05/2020	
The sum of:	\$1120.00	
Payment method:	CASH	
	Completed by: Frank Smith	
	Signature: 	
	<u>Comments</u>	

All receipts should be posted to the trust account cash book within two business days following the transaction. For more information, see 'Cash books' on page 27.

Agents must keep a duplicate copy of each receipt (marked 'duplicate copy' or 'office copy') for at least five years. Where an agent does not produce a receipt in hard copy, they must keep it in their soft copy records for at least five years.

Cancelling a receipt

All receipts should be used in sequence and accounted for.

If a receipt in sequence isn't used, it should be cancelled, with the reason for the cancellation clearly described on the receipt.

Reversing a receipt

If the particulars of a transaction recorded on the system need to be changed because of an error, the original transaction should be reversed in accordance with the record keeping system being used and the regulations. That is, the trust accounting records should show both the original receipt, the reversing entry and the correct entry. If the receipt was in hardcopy, it should be marked with the reason for the reversal.

Receipt register

Agents must keep a register of trust account receipts that contains a record of the receipt number of each receipt form held by the principal agent.

The register must be updated within two business days of pre-numbered receipts being brought into the business for use. With some record keeping systems, this process will be automated.

Legislation reference:

Regulations 6–10 of the Agents Financial Administration Regulation 2014

Deposit forms

For all cheque or cash (not EFT) trust account deposits, agents must complete a trust account deposit form.

Deposit forms must contain the:

- name and number of the trust account
- amount and date of the deposit
- signature of the depositor.

If the deposit includes a cheque, the deposit form must contain the name of the drawer and the name and branch (or BSB number) of the financial institution against which the cheque is drawn.

Agents must make and retain a duplicate copy of each completed trust account deposit form.

They must also update their trust account cash book with all deposits to the account within two business days after the trust money is received.

Recording deposits made by EFT

Where money is deposited to a trust account by EFT, agents must obtain and keep in their records a transaction report from their financial institution showing deposits made. This must be done at least once per week.

Legislation reference:

Regulations 12–15 of the Agents Financial Administration Regulation 2014

Paying out trust money

Trust money must remain in an agent's trust account until the relevant transaction is finalised.

A 'finalised transaction' is one where the entitlement to trust money shifts from the payer to the payee (recipient). In most instances, the transfer date or event is specified in the contract between the two parties.

The following examples from the property industry illustrate when a transaction typically finalises:

- A rental bond usually finalises when the contract lease agreement between the tenant and the landlord is signed and comes into law. (Once finalised, the bond must be paid in accordance with the *Residential Authorities and Rooming Accommodation Act 2008* (the RTA) which currently is within 10 days of the agent receiving it).
- A deposit and rent paid for holiday letting accommodation that is non-refundable or that becomes non-refundable upon a certain time or event occurring, finalises when it is due and paid under the letting agreement or if conditional on a time or event occurring, when that time or event occurs.
- A deposit for a property sale or lease finalises on the date when settlement occurs or the date when the contract falls through, whether the sale is by auction or through a contract.

For more examples, visit www.qld.gov.au/fairtrading

Once a transaction is finalised, the agent may draw money from their trust account to pay the person entitled to the money—less any authorised transaction fees or expenses—or to another person nominated in writing by the person entitled to it. Authorised fees and expenses are those specified in the signed appointment to act agreement.

Where the entitled person asks in writing for this money, it must be paid within 14 days of the request. Where the entitled person does not ask in writing for the money to be paid, it must be paid within 42 days after the transaction is finalised.

Only after the money has been paid to the person entitled to it, may the agent draw their transaction fee and any remaining transaction expenses from the account.

It is important to note that a transaction cannot be finalised until all disputes in relation to the transaction have been resolved. For more information, see 'Disputes about trust money' on page 24.

Drawing a commission

An agent is entitled to draw remuneration from an amount held in trust provided the following three conditions are satisfied:

- the agent has performed the activity entitling them to remuneration
- the transaction for which the money is held is finalised in their client's favour or in accordance with their direction, and
- the client, under the terms of their appointment of the agent or other direction, permits the agent to draw their remuneration.

An agent's entitlements should be drawn from the trust account in a timely manner and not left to interfere with the true reconciliation of the cash book, bank statement and ledger each calendar month.

Emergency transaction expenses

There is only one instance in which an agent may draw money from their trust account before a transaction is finalised, and that is to pay an emergency expense—such as to repair a burst water pipe in a rental property—and only when the following three conditions are satisfied:

- it is drawn against an amount held for the transaction
- it is drawn when the expense becomes payable, and
- the agent is authorised by the client to incur the particular expense.

No other trust money can be paid out until after a transaction is finalised. If a client wants routine expenses like rates to be paid from the trust account, there should be sufficient funds available in their ledger to do so.

Disputes about trust money

If an agent becomes aware of a dispute or believes that a dispute may arise regarding the ownership of trust money, they cannot pay out the amount in dispute until one of the following has occurred:

- the agent has given the interested parties notice as to who the agent believes is entitled to the money and nominated a payment date that is at least 60 days after the notice is given and they are not aware of any agreement by the parties or court proceedings started to establish ownership
- the dispute is resolved, and the agent receives written agreement from all interested parties regarding who is entitled to the money
- the agent receives written advice that a legal proceeding has been started in a court to decide who is entitled to it. In this case it must be immediately paid to the court in which the proceeding was started.

If the agent receives a written agreement from the interested parties or a notice from the court, they must pay the amount immediately.

A transaction cannot be finalised until all disputes about that transaction have been resolved, and the agent must therefore not draw their fees or remaining expenses for that transaction until the matter is resolved and the disputed money is paid out.

How to pay out trust money

Trust money may only be paid out by cheque, EFT or through a bill payment platform.

The principal agent or officer in effective control must sign the cheques and authorise the EFTs and bill payment platform transactions. If they are not available, an employee who is a signatory to the agency's trust account may sign and authorise payments.

Recording payment details

When paying out trust money by cheque, agents must record and keep the following details on the cheque butt or another document (such as a cheque requisition form):

- the date the cheque is drawn
- the payee's name
- the person on whose behalf the cheque is drawn
- the reason the cheque is drawn
- the amount of the payment.

When paying out trust money by EFT, agents must obtain and keep a transaction report from their financial institution, with the following details:

- the date of the payment
- the amount of the payment
- the name and number of the account to which the money was paid.

When paying out trust money using a bill payment platform (e.g. BPAY), if the account number to which the money is being paid is not available, agents must record the:

- name of the person to whom the money is paid
- name of the bill payment platform
- unique transaction reference for the payment.

Agents must also update their trust account cash book with all withdrawals from the account within two business days following each payment.

Legislation reference:

Sections 21–22 and 25–28 of the *Agents Financial Administration Act 2014*
Regulations 13–16 of the *Agents Financial Administration Regulation 2014*

Accounting to clients

Agents must provide a written account to their clients for all money received for a transaction.

If the client asks in writing for the account, the agent must provide it within 14 days of the request. If the client does not ask for the account, the agent must provide it within 42 days after the transaction is finalised. *Note: these timeframes correspond with when money must be paid out for a transaction.*

The account must include:

- the amounts received for the transaction
- how the money was or is to be paid out
- the source and amount of any rebate, discount, commission or benefit the agent received for any expenses incurred by the client or for referring the client to a service provider.

Legislation reference:

Section 23 of the *Agents Financial Administration Act 2014*

Agents must provide a written account to their clients for all money received for a transaction.

Cash books

Agents must keep a cash book to record all trust account transactions.

Non-trust money transactions must not be recorded in the cash book as it is contrary to the legislation and interferes with the reconciliation of the cash book with the bank statement and ledger. An exception is where a single deposit of trust and non-trust money is made.

Trust money received

Agents must record all trust money received in their cash book within two business days after receiving the money. The only exception to this rule is when they receive money by EFT, in which case the agent must update their cash book on the day they become aware of it.

Their records must include the:

- date the trust money was received and, if different, the date the receipt was completed
- name of the person from whom the money was received
- name of, or other means of identifying, the person on whose behalf the money was received
- reason the money was received
- amount of money received
- receipt number
- date the money was deposited into the trust account.

All entries must be recorded in the order in which the receipts are made out.

Agents must record all trust money received in their cash book within two business days after receiving the money.

Trust money paid

Agents must record all payments from their trust account in their cash book within two business days after making the payment.

For payments made by cheque, the record must include the:

- date and amount of the cheque
- cheque number
- name of the person to whom the payment was made
- name of, or other means of identifying, the person on whose behalf the payment is being made
- reason why the money is being paid
- ledger account to be debited.

For payments made by EFT, the record must include the:

- date and amount of the transfer
- EFT number (reference number)
- name and number of the account—including the BSB number—to which the amount was transferred
- name of, or other means of identifying the person on whose behalf the transfer was made
- reason why the money was paid
- ledger account to be debited.

For payments made using a bill payment platform (e.g. BPAY), if the account number to which the money is being paid is not available, the record must include:

- the name of the person to whom the payment was made
- the name of the bill payment platform
- the unique transaction reference for the payment.

Payments must be recorded in the order in which they were made.

Cash book reconciliation

At the end of each calendar month, agents must reconcile their trust account cash book with their client ledger and a statement from their financial institution showing the closing balance of that account on the last calendar day of the month. They must complete the reconciliation within five business days after the end of the calendar month.

For more information on how to reconcile trust account records, see 'Trust account cash book reconciliation' on page 31.

Legislation reference:

Regulations 17–18 of the Agents Financial Administration Regulation 2014

Trust ledger accounts

Agents must keep a trust account ledger with a separate identifiable ledger account for each person or entity on whose behalf they receive trust money.

Each ledger account must include the:

- name of the person for whom the trust money is received or paid
- reason the money was received or paid.

Agents must ensure the ledger contains the following details for each entry:

- the date the trust money is received or paid
- the name of the person from whom the money was received or to whom it was paid
- the reason why the money was received, paid or transferred
- the amount
- for trust money received, the receipt number
- for trust money paid, the cheque, EFT or bill payment platform transaction number
- for trust money transferred from one ledger account to another, the journal or folio reference number
- the new ledger account balance.

Agents must ensure that each entry in the trust account cash book is recorded in the relevant trust ledger account within two business days after the money is received or paid.

Transactions relating to trust money must appear in the trust ledger account in the order in which they occur.

Transferring trust money by journal entry

Agents may transfer trust money from one ledger account to another by journal entry. This must only be done where an agent is entitled to do so.

For example, they may transfer trust money from a property owner's ledger to a creditor's ledger for urgent repairs that have been completed with the client's authority. The authority must permit the agent to have the repairs carried out **and** to pay for those repairs from trust money held on their behalf.

The agent must keep a trust account journal which includes the following:

- the date of the transfer
- the names of, or other means of identifying all ledger accounts to be debited or credited
- the reason for the transfer
- the amount transferred.

Legislation reference:

Regulations 19–22 of the Agents Financial Administration Regulation 2014

Agents may transfer trust money
from one ledger account to
another by journal entry.

Trust account cash book reconciliation

Agents must complete and keep a trust account cash book reconciliation for each calendar month. They must complete this within five business days after the end of the month. Additional cash book reconciliations can be made at any time for any purpose.

They must reconcile the following balances as at the last day of each calendar month:

- the trust account cash book balance with the trust account ledger balances
- the trust account cash book balance with the financial institution's trust account statement balance at the end of the calendar month—ensuring all deposits are finalised and the correct balance is available.

The cash book and ledger reconciliation must include each trust account creditor's name and the amount held on their behalf at the end of the calendar month.

The cash book and bank statement reconciliation must include:

- the balance as at the end of the calendar month shown on the trust account statement issued by the agent's financial institution
- the amount of trust money on hand at the end of the calendar month and the date the money was received
- all outstanding deposits at the end of the calendar month, as well as the dates the deposits were received and the dates they were subsequently deposited
- details of any EFT deposits recorded on the financial institution statement that were not yet entered into the trust account cash book at the end of the calendar month
- details of any outstanding cheques, including the date and amount of the cheque and the cheque number
- the trust account balance as at the end of the calendar month as shown in the cash book.

The principal agent or officer in effective control should verify the reconciliation statement as true and accurate within five business days of the end of each calendar month.

Agents must keep hard copies of the trust account ledger and completed cash book reconciliations for at least five years.

Account adjustments

Agents should use caution and seek appropriate advice before using an adjustment to balance the accounts because at all times, the ledger, cashbook and bank account should reconcile.

If there is an imbalance, the entries made since the previous reconciliation should be checked and if necessary, a correcting entry made.

Adjustments should not be used as a substitute for investigating and resolving issues that have caused a reconciliation to fail.

Legislation reference:

Regulations 17–18 of the Agents Financial Administration Regulation 2014

Simple example of an end of calendar month cash book reconciliation

Date reconciliation made	4 June 2020
Final cash book balance as at 31 May 2020	\$2,000
Client ledgers final balance as at 31 May 2020	\$2,000
Closing bank account balance as at 31 May 2020	\$4,100
Less unrepresented cheques	-\$2,100
Adjusted closing bank balance as at 31 May 2020	\$2,000

Deficiencies in a trust account

Should an agent find there is a deficiency in their trust account, they should contact their auditor and advise the OFT of the deficiency and explain how it happened and how it has been rectified.

Unidentified or unclaimed money

Unclaimed money

If an agent cannot locate the person entitled to trust money, those funds may be considered unclaimed money under the *Public Trustee Act 1978*.

For more information on what to do with unclaimed money, visit www.pt.qld.gov.au

Unidentified money

Agents should not accept money unless they are authorised to receive it and know who is entitled to it. A well-run business will have procedures and staff training in place to ensure unauthorised and unidentified money is not accepted.

Sometimes, money may be deposited in an agent's account, or a cheque received, without it being clear what it's for or who is entitled to it. In such cases, the agent needs to make every effort to identify, return or refuse the unidentified money. This might involve the agent contacting their bank to request a reversal of the transaction, or returning the cheque to the issuing bank to be cancelled.

In the rare circumstance that unidentified money is received and the above steps are unsuccessful, the agent should bank the amount into their trust account. They must continue to make every effort to identify the person entitled to the money, and once known, act as required. If the agent is unable to identify the person entitled to the money, it should be treated as unclaimed money.

Agent responsibilities

The principal agent has overall and ultimate responsibility for their trust account, record keeping, business practices and the governance of their business. They should know how their record keeping system works and ensure it is sound and up-to-date.

All staff members should be adequately trained, supervised and if required by the legislation, licensed or registered.

A breach of legislation or the criminal code by a staff member can also indicate the agent has failed to meet their fiduciary duty or legislative responsibilities and penalties may apply.

Should an agent find themselves in circumstances beyond their control, for example a flood, fire, illness or some other restriction that contributes to non-compliance, they should:

- make their 'best endeavours' to comply as soon as possible
- document what they have done, have tried to do, and haven't been able to do
- inform their auditor of the above and, if warranted, inform us in writing.

Audits

If an agent has carried on a business as an agent and operated a trust account in an audit period, they must have their trust account audited and submit an audit report.

Agents must appoint an auditor within one month of opening a trust account, and advise the OFT within one month of the appointment. Although agents can change auditors, there must be an auditor appointed at all times that a trust account is open.

For information on what to do when an agent doesn't use their trust account during an audit period, please see page 37.

The audit process

Individual auditors will advise agents of their audit process, however, there are certain things they must do by law.

For each audit period, auditors will:

- inspect and audit the agent's trust accounts
- make an audit report for the agent for the audit period
- make two unannounced examinations of the agent's trust account records **if** the agent is an agent for the whole of the audit period
- make one unannounced examination of the agent's trust account records **if** the agent is an agent for less than the whole audit period, but more than six months of the period.

In some cases an auditor may request access to an agent's general business bank account records. Agents must provide any documents or information requested.

Auditors are required by law to immediately notify the OFT in writing if:

- an agent's accounts are not able to be properly audited
- they find an irregularity during an unannounced examination that ought to be brought to the OFT's attention
- an agent refuses access to their general account and related information, if requested
- they find a loss or deficiency of trust money
or
- an agent has failed to comply with the Act.

If this occurs the auditor may also provide a signed copy to the agent.

To ensure agents fulfil their legal requirements regarding audits they must:

- provide the auditor with all books, papers, accounts, documents, securities, statements, reports and reconciliations reasonably necessary for an audit, and any other information the auditor requests
- ensure their audit report is lodged with the OFT, whether it is lodged by themselves or their auditor
- keep a copy of the signed audit report for five years and be able to produce it on demand.

Audit periods and due dates

A licensed agent's first audit period will end on the last calendar day of the eighth month after their licence was issued. For example, if their licence was issued on 17 January, their first audit period will end on 30 September of that year.

A collection agent's first audit period will always end on 30 June.

All subsequent audit periods for both licensed and collection agents will be 12 months long, with the exception of the agent's final audit period or if a variation has been approved by the OFT.

Please use the below table to see when an agent's audit report is due.

Audit period ends	Audit report due
30 September	31 January
31 October	28/29 February
30 November	31 March
31 December	30 April
31 January	31 May
28/29 February	30 June
31 March	31 July
30 April	31 August
31 May	30 September
30 June	31 October
31 July	30 November
31 August	31 December

Final audits

If an agent stops trading, their audit period will end on the day they stop trading, and they must lodge their final audit report within two months from that date. The final audit report will start from the day immediately after the end of the last audit period. If there are any other outstanding audit reports, they should be lodged as soon as possible but no later than two months after the date the business ceased.

Unused trust accounts

If an agent doesn't use their trust account/s during the audit period, they can submit an audit report **or** make a statutory declaration stating they did not operate the trust account.

Penalties

If an agent does not lodge an audit report or statutory declaration:

- they can be fined or convicted of an offence
- the OFT can suspend or seek to cancel their licence.

Lodging audit reports

Agents may lodge their audit reports online at www.qld.gov.au/fairtrading or via email at Financial.OFT@justice.qld.gov.au. When you lodge your audit report online, we can process it more quickly and agents and their auditors can track its progress.

When lodging an audit report electronically, the agent must submit a scanned copy of the original, signed report they receive from their auditor. It is not necessary to also send a hard copy to us.

It is important to note that agents are ultimately responsible for the lodgement of their audit reports, however, auditors can lodge audit reports on an agent's behalf.

Missing information

If the report is missing any information required by the Act, the OFT may contact the auditor to request it.

If key information is missing, the audit report may be treated as not lodged until the information is provided.

See page 45 for a sample audit report.

Applying for an extension

Agents and auditors can apply for an extension for lodging an audit report. They must:

- apply in writing before the audit report is due to be lodged
- state the reason for the extension
- state the extra time they need, which should be proportionate to the reason/s they are requesting the extension.

The reason/s for seeking an extension of time should be unforeseen and unavoidable circumstances that don't reoccur each year. For example, a lack of staff over the Christmas period is not generally considered unforeseen and unavoidable.

Any application for a further extension of time beyond the original extension date should only be made where new circumstances occur during the original extension period.

All requests should be sent to **Financial.OFT@justice.qld.gov.au**

Applying for a variation of an audit period

Agents can apply to the OFT in writing for a variation of their annual audit period.

An audit period can only be changed by the OFT in writing or by gazette notice.

All requests should be sent to **Financial.OFT@justice.qld.gov.au**

Legislation reference:

Section 29–40 of the *Agents Financial Administration Act 2014*

Information for auditors



The auditor's role

It is the auditor's role to examine and audit an agent's trust account records so that any irregularities or poor record keeping are detected and reported to the OFT.

Auditors must complete their roles in a professional and ethical manner. They have an obligation to abide by all standards, guidance notes and authoritative interpretations issued by the Auditing and Assurance Standards Board and the Australian Accounting Standards Board.

The OFT may report a matter about an auditor to the Australian Securities and Investments Commission (ASIC) or the auditor's professional body if they believe the auditor has failed to perform their duties in line with the Act or professional standards.

Appointment as an auditor

Agents must appoint an auditor within one month of opening a trust account. While they can change auditors, there must be an auditor appointed at all times a trust account is open.

Under the Act, an auditor is a person who is any of the following:

- registered as an auditor under the *Corporations Act 2001*
- a member of CPA Australia (using the letters CPA or FCPA)
- a member of the Institute of Chartered Accountants in Australia (using the letters CA or FCA)
- a member of the Institute of Public Accountants (using the letters MIPA or FIPA).

Appointments must be made in writing, and the agent must give the OFT within one month of the date of their appointment:

- written notice of the auditor's name and address
- evidence the auditor has accepted the appointment.

When an auditor accepts an appointment, they should give the agent an engagement letter that details the services they will provide and stipulates that the appointment will be in effect until it is ended in writing by either party.

Ending an appointment

If an agent's auditor resigns or the appointment ends or lapses, both the agent and the auditor must immediately notify the OFT of:

- the resignation or the ending or lapsing of the appointment
- the reason for it.

This notification should be made in writing to **Financial.OFT@justice.qld.gov.au**

Audit periods

A licensed agent's first audit period will end on the last calendar day of the eighth month after their licence was issued. For example, if their licence was issued on 17 January, their first audit period will end on 30 September each year.

A collection agent's first audit period will always end on 30 June.

All subsequent audit periods for all agents are 12 months long, with the exception of the agent's final audit period or if a variation has been approved by the OFT.

Audit deadlines

In most cases audit reports must be completed and a signed original copy submitted to the OFT within four calendar months of the end of the audit period each year.

Exceptions to this rule include if:

- the agent ceases to be a principal agent before the end of their normal audit period—in this case the audit report is due within two months of the day they stop trading
- the OFT agrees to an extension of the audit deadline.

Where an agent does not operate a trust account at all during the audit period and they submit a statutory declaration to this effect, the appointed auditor is not required to audit the account for the period covered by the statutory declaration.

Auditor functions and obligations

The audit process is generally determined by acceptable auditing practices, however, the Act prescribes certain functions that must be carried out. In each auditing period, an appointed auditor must:

- inspect and audit the agent's trust accounts
- make an audit report for the agent for the audit period
- make two unannounced examinations of the agent's trust account records **if** the agent is an agent for the whole of the audit period
- make one unannounced examination of the agent's trust account records **if** the agent is an agent for less than the whole audit period, but more than six months of the period.

Auditors' unannounced examinations must not be made within two months after the last day of the audit period or another unannounced examination. They should also be 'unannounced' and not booked in advance or otherwise pre-notified to the agent.

An auditor must immediately advise the OFT in writing if:

- an agent's accounts are not able to be properly audited
- they find an irregularity during an unannounced examination that should be brought to the OFT's attention
- an agent refuses access to their general account and related information, if requested
- they find a loss or deficiency of trust money
- an agent has failed to comply with the Act.

Should circumstances beyond the agent's or auditor's control restrict an auditor's performance of their functions and ability to complete an audit report, their 'best endeavours' should be made and a report produced of what they have been able to do, what they have not been able to do, and the alternative measures attempted.

Requests for information

Agents must produce all trust account records to their auditor on request.

If an auditor needs more information to determine whether an agent's trust account/s have been kept in accordance with the Act, they may ask the agent to produce the general account for inspection, or information regarding the general account.

If the agent refuses, the auditor must immediately notify the OFT in writing.

Final audits

If an agent stops trading, the auditor must audit the agent's trust account(s) for the period from the beginning of the final audit period to the day the agent stopped trading.

The audit report must be completed and submitted to the OFT within two months of the day the agent stopped trading.

If there are any other outstanding audit reports, they should be lodged as soon as possible but no later than two months after the date the agent stops trading.

If the agent is transferring a trust account balance when they stop trading, they must have a verification of the trust account completed prior to the transfer. For more information see 'Transferring a trust account' on page 14.

Audit reports

Auditors must provide agents with an original signed audit report for each audit period, in accordance with section 40 of the Act.

The types of information that must be in the report include:

- identifying information for the auditor and agent
- whether the agent has kept the accounts satisfactorily
- when each unannounced visit took place, and the results of those inspections
- details about any overdrawn trust accounts and creditor's ledgers
- pre-drawn commissions and other unauthorised withdrawals.

You can find specific details regarding what's required in section 40 of the Act and in the sample audit report on page 45.

If required information is not provided, the auditor may be contacted to provide it. If key information is missing, the audit report may be treated as not lodged until the information is provided.

Lodgement

Agents are ultimately responsible for lodging their audit reports, however, an auditor may lodge a report on their client's behalf.

Audit reports may be lodged online at www.qld.gov.au/fairtrading or via email at Financial.OFT@justice.qld.gov.au. When you lodge an audit report online, we can process it more quickly and agents and their auditors can track its progress.

When lodging an audit report electronically, the auditor should provide a copy of the original, signed report to the agent. It is not necessary to also send a hard copy to us.

Applying for an extension

Agents and auditors can apply for an extension to an audit report's lodgement due date. They must:

- apply in writing before the audit report is due to be lodged
- state the reason for the extension
- state the extra time they need, which should be proportionate to the reason/s they are requesting the extension.

The reason/s for seeking an extension of time should be unforeseen and unavoidable circumstances that don't reoccur each year. For example, a lack of staff over the Christmas period is not generally considered unforeseen and unavoidable.

Any application for a further extension of time beyond the original extension date should only be made where new circumstances occur during the original extension period.

All requests should be sent to Financial.OFT@justice.qld.gov.au

Penalties for non-compliance

Auditors can be penalised if they don't comply with the Act. Penalties include:

- fines of up to 200 penalty units
- one year's imprisonment
- being reported to ASIC
- being reported to their professional accounting body for disciplinary action.

Legislation reference:

Sections 33–40 of the *Agents Financial Administration Act 2014*

Sample audit report

Auditor report for the Agent 'Fair Trading Real Estate Pty Ltd' under section 40 of the *Agents Financial Administration Act 2014*.

FOR THE PERIOD 1 JUNE 2019 TO 31 MAY 2020

In accordance with section 40 of the *Agents Financial Administration Act 2014* (the Act) I report:

- a. The auditor's name, prescribed entity of which the auditor is a member, auditor's membership number issued by the prescribed entity;
Bill Brown, Certified Practising Accountant, 7975555
- b. The audit period for which the report is made;
1 June 2019 to 31 May 2020 (The report is due to be lodged with the Chief Executive by 30 September 2020)
- c. The name and number of each trust account audited;
**1. Fair Trading Real Estate Pty Ltd Trust Account
ACC: 1234-56789**
- d. The name of the financial institution, the office or branch of the institution where each trust account was kept and the identifying number of the office or branch;
1. ANZ, Garden City, BSB: 014-123
- e. The agent's name;
Fair Trading Real Estate Pty Ltd
- f. If the agent is an individual who holds a licence—the agent's licence number;
N/A
- g. For a corporation—
 - i. If the corporation is a licensee—the corporation's licence number; and
1234567
 - ii. The licence number of each licensee in charge of the corporation's business; and
9876543
 - iii. The name of each agent in charge of the corporation's business during the audit period;
Frank Smith
- h. If the agent carried on business under a registered business name—the business name and the names of any persons with whom the agent carried on the business;
Fair Trading Realty
- i. Each place where the agent carried on business as an agent;
123 Compliance Way, Southport QLD 4215

- j. A statement about whether each trust account has been satisfactorily kept under this Act;
In my opinion, based on tests carried out by me, the trust account has not been properly kept in accordance with the provisions of the Act, refer point (u).
- k. A statement specifying the day and result of each unannounced examination for the audit period under section 36(1);
Two unannounced examinations were made during the audit period.
1. 3 October 2019—Satisfactory results; and
2. 11 February 2020—Un-satisfactory result (previously notified by letter dated 11 February 2020, see attached).
- l. A statement about whether the auditor has audited the agent's general account;
I did not audit the agent's general account.
- m. If a trust account has been overdrawn, the following details—
i. The name of the overdrawn account;
Fair Trading Real Estate Pty Ltd Trust Account
ii. The date and amount of each overdraw;
3 March 2020—\$3,303.88
iii. Any reason given by the agent for each overdraw;
The agent pre-drew a sales commission totalling \$8,805.22 prior to settlement of the property at Unit 1/4 Beach St, Surfers Paradise, however the sale contract was subsequently terminated. The agent returned the sales deposit to the purchaser revealing the pre-drawn commission and causing an overdraw of the trust account. The agent used the money to pay business expenses.
iv. If an overdraw was corrected, the date of the correction;
The above overdraw was corrected on 14 March 2020 as the Agent transferred by journal some fees and commissions he became entitled to from rental property management.
- n. If a trust creditor's ledger account has been overdrawn, the following details—
i. The name of the trust creditor;
Poppy Homeowner
ii. The date and amount of each overdraw;
3 March 2020—\$8,805.22
iii. Any reason given by the agent for each overdraw;
See point (m)
iv. If any overdraw was corrected, the date of the correction;
See point (m)
- o. A statement about whether, for each month during the audit period—
i. Each trust account cash book was reconciled with the bank balance and trust ledger;
and
The trust account cash book has been reconciled with the bank balance and trust ledger as at the end of the calendar month, and as per Regulations 17(1)(a) and 17(1)(b) of the Agents Financial Administration Regulation 2014.
ii. An analysis was made showing the name of each person for whom an amount was held and the amount held for each person;
An analysis has been made showing the names of each person for whom an amount was held and the amount held for each person.

- p. The serial numbers of the trust receipts used during the audit period and any unused trust receipts produced to the auditor;
010095–037000. There were no unused receipts as they are computer generated only.
- q. If any amount has been held in trust for more than 3 months by the agent at the last day of the audit period, the particulars for each amount, including—
- i. Any reason given by the agent for holding the amount for more than 3 months; and
See Guest trial balance for list of amounts. It is the agent’s business practice to hold forward booking amounts in the trust account until the relevant transactions have been finalised.
 - ii. Whether the amounts have been dispersed before the day the report is given;
All amounts were dispersed at the time of this report
- r. A statement that each trust account cash book has been reconciled with the bank balance of the trust account at the last day of the audit period;
Each trust account cash book has been reconciled with the bank balance of the trust account as at the last day of the audit period.
- s. A copy of the reconciliation of the trust account cash book and the bank balance of the trust account at the last day of the audit period containing the particulars prescribed under a regulation for this paragraph;
Trust account reconciliation sets out the particulars of all monies held in the trust by the agent on the last calendar day of the audit period and includes the reconciliation of the trust account and cash book with the bank balance as at the last day of the period in accordance with Regulation 17(1)(a) and Land 17(1)(b) of the Agents Financial Administration Regulation 2014.
- t. If the agent used software in connection with keeping the trust account—the name and version number of the software;
The agent now uses the program ‘Trust accounting 101’ ‘Version 3.3.3’ to keep their trust account records.
- u. A statement about anything else about a trust account audited that the auditor considers should be reported to the chief executive;
The other matters that should be reported to the chief executive are the following;
- **The agent has had recurring issues with overdrawing the trust account which have been noted in points (k), (m) & (n) above**
 - **2 receipts (#029999 & #031011) did not include the name of the person on whose behalf the trust money was received in breach of Regulation 10(a)**
 - **2 amounts of \$440 were paid to the trust account on 13 April 2020 in breach of section 18 of the Act. The amounts were not trust money as they were direct deposits paid to the trust account as deposits for bus tours.**
 - **The agent charged the client ‘Jane Citizen’ for advertising when no authority was given in the Form 6 Appointment to Act in breach of 22(1) of the Act and 89(2) of the Property Occupations Act 2014. Post authorisation was obtained.**

Bill Brown, CPA
5 July 2020

Sample trust account reconciliation

3.15pm

Trust Account Reconciliation

Page 1 of 2

4 June 2020

Fair Trading Real Estate Pty Ltd Trust Account

For May 2020 (1st to 31st May 2020)

Trust Bank Account

Bank statement balance as at 31/05/20	\$ 37,143.34	
ADD unreconciled deposits	\$ 0.00	
LESS unrepresented cheques	\$ 1,000.00	
LESS unreconciled EFT disbursements	\$ 24,987.68	
ADD/LESS adjustments	(\$ 1,250.00)	
Reconciled bank statement balance		<u>\$ 9,905.66</u>

Cash book balance

Opening balance	\$ 1,088.25	
Add receipts	\$ 107,030.00	
Less payments	\$ 98,212.59	
Closing cash book balance as at 31/05/20		<u>\$ 9,905.66</u>

Ledger balance

Owners	\$ 9,905.66	
Tenants	\$ 0.00	
Bonds	\$ 0.00	
Creditors	\$ 0.00	
Sales	\$ 0.00	
Closing ledger balance as at 31/05/20		<u>\$ 9,905.66</u>

The Ledgers balance is equal to/under/over the cash book and bank balance \$ 0.00
The Bank balance is equal to/under/over the cash book and ledgers \$ 0.00

Unpresented cheque list

Date	Cheque No.	Payee	Amount
28/05/20	246871	City Council	\$1,000.00
		TOTAL	\$1,000.00

Unreconciled EFT disbursements

Date	ABA file/Batch reference	Description	Amount
31/05/20	127	May client disbursement	\$22,513.93
31/05/20	128	May commission	\$ 2,473.75
		TOTAL	\$24,987.68

Adjustments

Date	Description	Amount
28/05/20	Unidentifiable deposit/unable to receipt	(\$1,270.00)
31/05/20	Bank fee deducted from account in error by bank	\$ 20.00
	TOTAL	(\$1,250.00)

Sample interim audit report

11 February 2020

Financial Investigations Unit
Office of Fair Trading
GPO BOX 3111
Brisbane QLD 4001

Dear Sir/Madam,

Fair Trading Real Estate Pty Ltd (#1234567)—interim audit report

On 11 February 2020, we conducted the second unannounced examination of Fair Trading Real Estate Pty Ltd (“the Licensee”) for the year ending 31 May 2020. In accordance with section 37 of the *Agents Financial Administration Act 2014*, we are required to immediately give written notice to the chief executive if we find an irregularity.

We identified the following breaches we wish to bring to your attention—

The Licensee has breached Regulation 4 of the *Agents Financial Administration Regulation 2014*. The licensee maintains the trust account using non-compliant software that allows the deletion of a trust account ledger account while the account has a positive balance. The licensee has advised us that they are currently in the process of reviewing trust account software which the licensee plans to implement before the year ending 31 May 2020. We will advise you in our audit report for the period ending 31 May 2020 whether or not this breach is ongoing.

Should you have any further queries regarding the above information please do not hesitate to contact this office.

Regards,

Bill Brown
CPA 7975555

Office of Fair Trading

www.qld.gov.au/fairtrading

Phone: **13 QGOV** (13 74 68)

Email: **Brisbane.OFT@justice.qld.gov.au**

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