

REAL ESTATE TRUST AUDIT

Real-estate Audit mainly ensures whether real-estate agents establish and maintain Trust accounts that comply with applicable Laws and regulations.



AUDIT PROCEDURES



Obtain an understanding of the entity.

Ensure whether accepting/continuing the engagement would create any threats to compliance with the fundamental principles of APES 110.

Conduct Risk assessment procedures

Plan and perform an Audit to obtain reasonable assurance about whether the entity has complied with the nominated sections of the Trust Accounts Act 1973 and Trust Accounts Regulation 1999 for the maintenance of trust records and the agent's receipt and disbursement of trust money.

Trust Account Receipts Investigation



Objective

- To ensure the agent issues trust account receipts per Division 3, sections 5 & 6 of Trust Account Regulations [TAR].
- To ensure the trustee maintained a register of trust account receipt forms if required and was kept per Division 2, section 4 of TAR.

Audit Procedures

- Record all receipts used during the audit period and receipts unused during the beginning and end of the period.
- Ensure a copy of the first and last receipts for the audit period are filed at I1A and I1B. Ensure that a copy of an original trust account receipt form and any other copies of trust account receipt forms are filed at I2+.

Deficiency in Trust Account & Trust Ledger Account Investigation



Objective

- To check for and document any deficiency in the trust or ledger accounts.

Audit Procedures

- Ensure that there were no overdrawn trust account ledgers during the audit period. Where an overdrawn ledger is identified, ascertain the reason for the overdrawn and, if corrected, how long the ledger was overdrawn
- Obtain and review the trust ledger account report (including archived matters) for the period for any overdrawn ledgers.
- Request any correspondence to the regulator of any deficiency in the trust account or trust ledger account.

Computerized Accounting System

Objective

To ensure the agent's computerized accounting system complies with the requirements of Division 10 Section 22 of Trust Account Regulations.

Audit Procedures

Review the computerized accounting system and reports to confirm the system complies with the requirements of section 22 of Trust Account Regulations.

Receipts, Payments, and Commission Testing

Objective

To ensure that, the trustee

- issues a trust account receipt promptly in respect of all trust money received
- records sufficient information to enable the receipt of the money to be properly recorded in the cashbook per Division 3 Section 6, Division 4 Sections 8 and 9, and Division 6 Section 11 of Trust Account Regulations [TAR] and payments made by cheque and electronic funds transfer per Division 5 section 10 of TAR.

To ensure that the trust account ledger has been properly kept and details of money received, disbursed, and transferred are recorded in a trust ledger account kept for the persons on whose behalf the money is held in accordance with Division 7 section 13, section 14 and section 15 of TAR.

To establish that the trustee accounts to clients for all amounts received for a transaction per Division 2 Section 6(iii) of TAR.

To form an opinion as to whether payments from the trust account were paid out per Section 8 of the Trust Account Act [TAA].



Audit Procedures

Sample test that trusts monies received are promptly recorded in the trust records and banked into the trust bank account.	Use Random Number Generator to randomly select receipt numbers for testing. Enter details of receipt in work papers. Trace receipt to trust bank statement. Trace receipt to trust cash book.	Where an issue is identified regarding the trustee promptly recording transactions in the trust records or banking into the trust bank statements evidence should be taken to support the findings.

Objective

To ensure whether the entity has obtained a license from the Property Occupations Act 2014



Audit Procedure

- Enquire management whether they have the license.
- Verify whether the entity satisfies the conditions to receive the license.

Verify whether each 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.

Verify whether an analysis has been made showing the names of each person for whom an amount was held, and the amount held for each person.

Check if any amount has been held in trust for more than 3 months by the agent on the last day of the audit period and if yes, then the particulars for each amount, including

- Any reason given by the agent for holding the amount for more than 3 months; and
- Whether the amounts have been dispersed before the day the report is given.


Thank You!