



When being qualified is not a good thing

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When being qualified is not a good thing

It's that time of year again, and it's time to talk about trust account audits. I hear you all groan – but this is super important if you are a property agent.

I'm pretty confident that almost every property agent in NSW knows that a property services trust account needs to be audited every year and the audit report submitted to the NSW Fair Trading by the auditor through the Fair Trading portal.

Trust Account audits must be completed for every financial year period (that is 1 July to 30 June). If you are a licensee and have a sales trust account and/or a property management trust account, that receives or holds trust money during any financial year ending 30th June, then you need to have that trust account audit conducted at the end of that financial year. This requirement has never changed.

You should only have a qualified auditor to conduct your trust account audit. Since 2013, the requirements for a person who is qualified to conduct your audit have been extended, and you must choose an auditor who holds a public practising certificate with any of the three national accounting professional bodies – namely:

- a. Certified Practising Accountants of Australia, or
- b. Institute of Chartered Accountants in Australia, or
- c. Institute of Public Accountants

From 2013 to 2018, Fair Trading had announced that an agent would not be required to forward through their audit reports to Fair Trading unless the audit was deemed to be “a qualified audit”. If the word “qualified” was being used to describe your suitability for working within the Real Estate industry or the auditor's ability to conduct your trust account audit, then yes, being qualified would be a good thing. However, when dealing with trust account audits, your report would be “qualified” if the auditor has found a breach of the Act or Regulations, any discrepancy relating to the trust account or a failure to keep records in a manner that enables them to be properly audited. So this is NOT a good thing.

The current requirement is that every trust account must be audited and every audit report must be lodged with NSW Fair Trading – so we are back to where we were pre-2013.

If you received a “qualified audit report” from your auditor, you need to work out why it is qualified and make sure that you have taken steps to show how this will not happen



again, or the reasons to explain the breach or discrepancy. The likelihood of Fair Trading asking you questions about the breach or discrepancy, is extremely high – so you need to be prepared with your explanation. Also, you need to ensure that your agency has detailed procedures the operation, authorisation of disbursements and overall management of your trust account/s included in the agency's Supervision Guidelines and also reflected in the agency's Policy & Procedures Manual. And remember,

new Supervision Guidelines come into effect on 1 July 2024 – so make sure that you have reviewed your current Manual on how you meet the Guidelines and amend as necessary.

As it is now the end of June, every agency that holds a trust account should be organising for an audit to be undertaken – because the audit reports must be lodged by the auditor with Fair Trading by 30 September.

[Rosy Sullivan](#)
[Director | College Principal](#)

From the office

No CPD this past fortnight of course – but we're all ramping up for the commencement of the new CPD year on 1 July. It's looking exciting and the courses will be ready to roll for the new CPD year. In the meantime, the ACOP trainers have been busy with courses in Property Sales, Mortgage Broking, transition to the new qualification for those agents wishing to remove the restriction from their real estate licence and some modules from the Diploma of Leadership and Management for senior employees in the aged-care sector on the far-north coast. That last course was a hotly contested gig for the trainers to see who would get some slightly warmer weather up on the Queensland border. Our trainers have also been busy assisting agencies with their compliance and conducting audits from both a full agency perspective and also from a property management perspective.

We are all getting used to having Chanelle working remotely – it is so much quieter in the office these days. We have had a couple of celebrations this past fortnight – we celebrated Kyah's birthday (yes of course with a magnificent chocolate cake) and we welcomed Pip, a new staff member to our administration team. You will get to speak with Pip if you are calling the College for any support or requesting assistance or information. She hasn't been here a fortnight yet but is fitting in well with the madness of daily life at the College.

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