

Trust Account Reconciliation Records

The Property Agents Board (the Board) acts as the regulatory authority for property agents in Tasmania.

This advice note is provided to assist property agents to understand the requirements relating to Trust Account Reconciliation Records.

Please note the following information is intended only to provide a general overview and may be subject to change.

Trust Account and Statutory Records

The *Property Agents and Land Transactions Act 2016* (the Act) and the *Property Agents and Land Transactions Regulations 2017* (the Regulations) outline the specific legislative requirements in relation to holding trust money and trust account records.

Trust Account Reconciliation

Regulation 21 provides that a property agent must reconcile the property agent's trust account at least once in each calendar month.

The Regulation then states that the account is reconciled when the totals of the trust account cash books, the bank statement, and the ledger accounts all match – separate advice notes are available to discuss these terms.

Proprietary systems

There are many different proprietary systems that provide trust accounting solutions, and any direction provided by the Board must be robust enough to encompass various circumstances.

All property agents that hold a trust account must comply with Regulation 21 of the Regulations regardless of how the trust accounting records are created.

Keeping of Trust Accounting Records

The Regulations provide for where trust account records are to be kept (Regulations 23); that Records may be prepared and stored electronically (Regulation 24); as well as retention and disposal of trust account records (Regulation 25).

Month end Reconciliation Records

A Month End Reconciliation Record should be a “point in time” document. The Month End Reconciliation Record should contain detail of all the information that makes up the reconciliation figures and held in month order. It is not appropriate for the components of a Month End Reconciliation Record to be separated at any time.

There is a requirement for the month end reconciliation record to provide certain information.

The Board has formulated this advice note to ensure that property agents comply with the requirements for month end reconciliation records.

A month end reconciliation record must include:

- A “summary sheet” that identifies the balance of the cash books, the bank statement and the ledgers and which contains the endorsement and physical signature of the managing agent that the record is complete and accurate.
- the schedule of the cash books;
- the bank statement;
- the schedule of ledger accounts; and
- **if** the property agent holds invested trust money, the schedule of invested money.

Depending on the size of the business and the type of business being undertaken will determine the size of the month end reconciliation record.

To assist property agents, the Board will authorise property agents to create a condensed Month End Reconciliation Record which is printed and kept at the authorised place of business and permit the full Month End Reconciliation Record to be stored electronically.

Month End Reconciliation Record: Condensed

The condensed record is an abbreviated version of the full month end reconciliation record (which is still required to be kept). It must be printed and held as a hard copy at the authorised place of business for a full financial year after audit.

The Condensed Month End Reconciliation Record consists of:

- the “summary sheet” which has the three-way match of bank balance, cashbook and ledgers. The Reconciliation Record is physically signed with the endorsement by the property agent that the record is “complete and accurate”. For good practice, the preparer of the reconciliation should also sign the reconciliation record.
- a copy of the financial institution statement identifying the month end balance.
- the cashbook balance
- the Trial balance indicating the balance in each ledger account; and
- the schedule of invested money, if appropriate.

Month End Reconciliation Record: Full

The month end reconciliation record is the grouping of the following documentation, which may be stored electronically but must be accessible and in a format that can be printed regardless of the proprietary system used:

- the “summary sheet” which has the three-way match of bank balance, cashbook and ledgers. The Reconciliation Record is physically signed with the endorsement by the property agent that the record is “complete and accurate”. For good practice, the preparer of the reconciliation should also sign the reconciliation record;
- the financial institution statement for the entire month;
- the cashbook for the entire month;
- the ledgers identifying the name of each client, property or transaction for whom the property agent holds trust money and the amount of money held in each ledger account for the entire month; and
- the schedule of invested money, if appropriate.

The Month End Reconciliation Record can be stored as a hard copy or stored electronically.

If the Month End Reconciliation Record is stored electronically, there must be a written process identifying how that information can be retrieved.

The Month End Reconciliation Record must be accessible without the use of any specific proprietary software (ie it should be held as a pdf).