

Green Chair Real Estate

Trust Account Policies and Procedures

1 Document Scope

This policy applies to all employees at Green Chair Real Estate Agency.

1.1 Policy Objective

The reason for this policy is to:

- Set a standard for Green Chair Real Estate Agency in terms of handling Client files.
- To align our Policy with State and Federal legislative requirements.

1.2 Authorisation

Only authorised staff may have access to the Trust Account for protection of the client funds and their confidentiality. These staff are the Principal, Corporate Support (Finance) and Managers.

There are no exceptions unless authorised by the Principal in writing. No other employee is to have access to the Trust Accounts.

Any withdrawals (electronic transfer or cheque only) from the Trust Account must be made by Corporate Support (Finance), Managers and authorised by the Principal.

Corporate Support (Finance) is to oversee the Trust Ledgers.

Monthly bank reconciliations must be done and countersigned by the Principal.

Random audits will be conducted on the Trust Accounts at any time at the discretion of the Principal.

Principal or Agent who maintains the trust account is required to appoint an external Auditor on an annual basis.

1.3 Confidentiality

Privacy – all employees must ensure that the personal information of Vendors and Purchasers is afforded the utmost respect and that the Australian Privacy Principles are adhered to at all times. A Vendor or a Purchaser is entitled to have their personal information kept confidential and not disclosed to other parties without their express consent.

1.4 Access to Information

The Federal Privacy Act deals specifically with the collection, storage, use and disclosure of information and opinions about people whose identity can be ascertained. The impact of this legislation extends into all areas of Agency practice. Any written records should be stored in a way that ensures information is not within view of other customers and clients.

When dealing with files and books of account, the clear desk policy should be implemented, which dictates that all files and books are to return to the secure holding when not in immediate use, rather than left open or unattended on desks. Archived documents and records should be stored in secured containers in a place where unauthorised entry is prevented.

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Records that are no longer required to be kept should be destroyed, such as by shredding or at least de-identified by ensuring the names are removed. Computer and network security, use of firewalls, and adequate and regular daily data back-up are essential elements of proper data management. Just as paper files should not be left on desks, information displayed on computer monitors should not be viewable to unauthorised persons.

1.5 Trust Account Requirements

The purpose of a trust account is to hold monies in trust for the person who is legally entitled to them. Trust account monies can NEVER be withdrawn in cash – only by cheque or EFT. Examples of trust monies are:

- Deposits
- Bonds
- Rent
- Prepaid advertising
- Bills paid by tenants that need to be reimbursed to the landlord

1.6 Reconciliation

Bank reconciliations are to be completed and any discrepancy is to be immediately emailed to the Principal. The Principal is to verify the results via a face-to-face meeting.

1.7 Discrepancies

Any discrepancies that are identified must have a resolution and then the resolution must be reported to the Principal via email immediately.

The Principal and/or auditor may be required to inform the State regulatory body within three business days of becoming aware of a deficiency in a trust account or trust ledger account.

1.8 Backup

The trust Ledger is to be backed up on main frame computer and a copy of the trust ledger to be backed up on USB.

1.9 Training

Trust Account, financial and IT training is to be carried out monthly on the trust account procedures in line with the Agency's yearly calendar.

1.10 Maintaining and Retention of Records

Check that all documentation is present in the client file. All records are required to be retained for 7 years.

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1. Electronic copy of all the records must be made within 24 hours of any alteration of the records.
2. On the last working day of the month, make an electronic copy of all the records. Copy is to be kept at the Principal's residence.
3. Before deleting any information from the computer records, make a hard copy of the information and keep as part of the agency's records.
4. When the computer software is upgraded, make an electronic copy of the old computer program to be kept at the Principal's residence.
5. At the end of each month, hard copies of each of the following reports must be produced:
 - a report of the information in respect of receipts of trust money received during the month in the order in which they were received
 - a report of the information in respect of payments of trust money made during that month in the order in which they were made
 - hard copies are to be kept as part of our records for the legally required amount of time (7 years)
6. The Agency must complete and keep a trust account reconciliation statement at the end of each month. This statement:
 - ascertains the balance of the trust journals
 - reconciles the balance of trust cash journals and trust bank accounts
 - reconciles the balances of the accounts trust ledger with the balance of the trust cash journal.
7. The principal agent or officer in effective control must verify the reconciliation statement as true and accurate within 14 days of the end of each month.

3 Procedure on handling trust account transactions

The nominated person is responsible to executing and/or approving each trust account transaction.

1. Deposit on Purchase of Property

- Cash deposits: ask the purchaser to go to the bank with a staff member and deposit the cash directly into the trust account. Return to the office and issue a trust account receipt.
- Cheque: Issues a trust account receipt and bank the cheque as soon as possible.

2. Rent Payment

All rent payments must be receipted as soon as possible unless the tenant pays via EFT and does not request a receipt.

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3. Landlord disbursements

Landlord disbursements are processed fortnightly, and payment must be approved by the Principal.

4. Disbursements to tradespeople

Invoices from tradespeople must be verified for amount charged and for landlord authority to pay before payment is made.

5. Disbursements to conveyancers

May only be actioned when a written request is received from the vendor's conveyancer.

6. Commission disbursements

Commission disbursements may only be actioned upon receipt of written confirmation from the vendor's conveyancer that settlement has occurred.

4 Guidance Notes

4.1 Journal and Ledger Procedure

4.1.1 Journal

The Trust Account Journal must contain full and accurate accounting records that show the true position of all trust money received and enable the trust accounts to be properly audited.

Whenever a trust money transaction occurs, you must update your accounting records by the end of the next business day.

4.1.2 Cash receipts journal

You must keep a trust account cash receipts journal, recording all money received daily.

4.1.3 Cash payments journal

You must update a cash payments journal with all daily withdrawals from the account.

4.1.4 Transfers

Transfer of money between accounts in the trust ledger is not permitted unless you are entitled to transfer the money for that purpose. For example, you may transfer money from a landlord's ledger to a commission ledger if the landlord has signed a property management authority that entitles you to claim commission.

You must record transfers in a journal kept exclusively for that purpose.

4.1.5 Ledger

The ledger must consist of a separate identifiable account for each person on whose behalf you hold trust money for each transaction for which trust money is held.

You must record transactions relating to trust money in the trust ledger account in the order in which they occur.

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The trust ledger account must have a continuous running balance, showing the amount held.

4.2 Procedure Record of Trust Money Payments by Cheque and Eft

4.2.1 Cheques

Cheques must be drawn in the numerical order of the series in which they belong and for each cheque a cheque butt or other printed record must be kept of the following particulars:

4.2.2 EFT

Ensure that for each payment of trust money from a trust account by electronic funds transfer, a record is kept in a permanent form.

4.2.3 Payment and Withdrawal Procedure

Payments and withdraws from trust money is only permitted in satisfaction of a claim for commission, fees, costs, or disbursements. The following procedure must be followed:

- before withdrawing the money, **obtain the person's written authority** to do so; and
- enter in the trust record details of the transaction and full and accurate particulars of the amount withdrawn.

Money from a trust account can only be paid to the person who is entitled to that money - usually the seller or the landlord.

A request must be in writing and paid by cheque or electronic funds transfer (EFT).

4.3 Receive Trust Account Money

As per operational procedure for receiving trust monies.

4.3.1 Receipts

You are required to provide a printed receipt; you must issue these in numerical sequence and have the words 'trust account' printed on them. You must keep a duplicate copy of each receipt (marked 'duplicate') for seven years.

Issue a receipt for a cheque or an electronic funds transfer (EFT) payment if you recorded the payment electronically, and the person making the payment requests a receipt. You do not need to retain duplicate copies of receipts for cash, cheque, or EFT payments if you recorded the payment electronically.

4.4 Reconciliation

Bank reconciliations are to be completed and any discrepancy is to be immediately emailed to the Principal. The Principal is to verify the results via a face-to-face meeting.

4.4.1 Monthly reconciliations

The Principal Agent or officer in effective control must verify the reconciliation statements as true and accurate within 14 days of the end of each month.

The balances you must reconcile are:

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- cash journals
- ledger accounts
- accounts at our authorised financial institution.

5 Internal and External Auditing

5.1 Internal Audit

Green Chair Real Estate will conduct an internal audit of the trust account each quarter. The audit will be conducted by the company's accountants.

5.2 External Audit

Green Chair trust accounts are audited each year by an approved auditor as per State regulatory requirements.

The auditor will have access to all books, papers, accounts, documents, securities, statements and reports reasonably necessary for the audit, and any information they reasonably require

A copy of the audit must be lodged with State regulators as required.

6 Password Security and Electronic Tracking of Transactions

6.1 Password

All computers must be secured from external and unauthorised use using antivirus protection and effective password policies (password protect screens savers and staff passwords must be kept confidential and not shared among other staff)

Green Chair real estate conduct regular monitoring to ensure the security of the trust account and trust account records. The following processes must be followed:

- one responsible staff member to take home a backup copy of the Agency's data, including trust account data, every day.
- password and login protection
- lock-up cabinets for security and privacy
- cross checking trust account reconciliations, deposits, and disbursements
- trust account spot checks for consistency and integrity.

6.2 Computerised accounting system

At Green Chair Real Estate, we use a computerised accounting system enabling electronic tracking of transactions. All records of any information created, amended, or deleted must be retained for auditing purposes.

The system will not permit the following:

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- accept entries of transactions that result in a debit balance in a trust account, unless there is a chronological record of the details of the change that can be produced on request
- users to delete a trust ledger account unless the balance is zero and all outstanding cheques have been presented. When the account is deleted, the system will retain a permanent copy
- amend the details of a transaction already recorded, except by recording a separate transaction that makes the amendment

The system requires input in every field of a transaction data entry screen that receives information required by State Acts and the Regulations.

The computerised accounting system must be backed up at least once a month. Each back-up copy must be retained by the Agent in charge of the business or the officer in effective control, and a complete set of the back-up copies must be kept in a separate location.

7 Further Information

Refer to the relevant State legislation in relation to:

- accounting documents
- procedures
- details to be kept.

If you are seeking technical advice, contact the Principal or the Trust Account Administrator.