

CPPDSM4006A Establish and manage agency trust accounts

VERSION HISTORY

Version 1.2

Page	Details of change
Generic modifications	Updated text in introduction (consistent with all guides), reordered key terms at the start of chapters, updated to latest version of glossary etc.
Throughout	Formatting, house-styling, layout, hyphenation and other minor editorial changes.

Version 1.1

Page	Details of change
3	Updated introductory text.
4	Updated text to include the following deletions: <i>“Often, as part of these transactions, agents hold significant amounts of client funds on behalf of the vendor or lessor (landlord) until the transactions are completed. These funds are referred to as trust money. Deposits on sales, residential bonds, rents and prepaid advertising are all examples of trust money.”</i>
5	Added text <i>“Similarly, an agent must notify CAV within 14 days of closing a trust account.”</i>
6	Modified text under heading: ‘Difference between trust accounts and general accounts’
7	Midofied and added text under heading “Trust receipts” to: <i>“The Act provides that a duplicate does not need to be kept if an electronic record of the payment is made as soon as practicable after the payment is received or if an alternative system has been approved by CAV. It is assumed that the client’s banking records and cheque butts are evidence of payment and that the agency’s AFI trust account statement shows further independent evidence that the money was received.”</i>
9	Added text to end of first bullet point: <i>“(only the first and last receipts are needed when part of a sequence of numbers)”</i>

Page	Details of change
9	Modified fifth bullet point: From: <i>“the date the completed receipts were returned for safekeeping”</i> To: <i>“the date the unused receipts are returned”</i>
9	Deleted text: <i>“Where any trust money was received in the form of a cheque, the details of the drawer, name and branch of the financial institution must be entered.”</i>
10	Modified heading From: 'Trust cheques' To 'Trust cheques and electronic transfers'
14	Deleted section '1.5 Reciepting' (and renumbered subsequent sections)
14	Changed reference in activity from Section 59(7) to Section 63(1).
14	Under section '1.5 Receiving and depositing trust money' added the following paragraph: <i>“If an agent's representative receives trust money, they must immediately pay it to the estate agent or into the agency's trust account with the AFI. The principal agent or officer in effective control is personally liable for any trust money received by an agent's representative, regardless of whether the agent's representative was acting within the scope of their authority to act when they received the money.”</i>
15	Changed reference in activity from Section 18 to Section 59.
17	Changed text in second activity to: <i>“A permanent form under regulation 4 is a form that complies with section 63(2) of the Estate Agents Act. This means in a written or printed form, in English, or in a form that enables the accounting records and files to be readily accessible and readily converted into written or printed form in the English language.”</i>
18-19	Added new section '1.8 Computerised accounting systems'
19	Added text to end of second bullet point: <i>“within 14 days”</i>
20-21	Various modifications to bullet points, refer to Refer to regulations 27–29 of the Estate Agents (General, Accounts and Audit) Regulations and section 63(1) of the Estate Agents Act.
25	Created new section '2.1 About the transaction process' and renumbered subsequent sections.

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27	<p>Added text to section '2.3 Journals':</p> <p><i>"Where trust money is received, the details must be recorded in the TCRJ. Where trust money is paid out, the details must be recorded in the TCPJ.</i></p> <p><i>The trust account journal details required are outlined in regulations 21 and 22 of the Estate Agents (General, Accounts and Audits) Regulations."</i></p>
27	<p>Changed text</p> <p>From: <i>"to prepare this section"</i></p> <p>To: <i>"to prepare this journal"</i></p>
28	Added details of Regulation 18(2) and 19(1) i.e. all the sub-bullet points.
32	Changed <i>"...receipt number 103..."</i> to <i>"...receipt number 00103..."</i>
34	<p>Changed Step 4 text to:</p> <p><i>"Before posting to ledger account (credit column), pay funds to someone (debit column) and owe funds to someone. The balance can only then be NIL or 'in credit' (i.e. no funds or funds owing to client)."</i></p>
35	Updated explanation for section 'What is the formula to calculate the week's rental?'
38	Replaced reference to 'contract note' with 'contract for sale of real estate'.
38	<p>Updated text</p> <p>From: <i>"They have opted for an early release of the deposit money (under section 27 of the Sale of Land Act.)"</i></p> <p>To: <i>"They have requested an early release of the deposit money (under the terms of the contract and section 27 of the Sale of Land Act)."</i></p>
44	<p>Changed text for note at bottom in Debit column in Step 3 to:</p> <p><i>"Note: debits are deducted from the balance"</i></p>
45	<p>Added text to paragraph:</p> <p>From: <i>"...an early release of deposit money under section 27 of the Sale of Land Act."</i></p> <p>To: <i>"...an early release of deposit money under the terms of the contract of sale and section 27 of the Sale of Land Act."</i></p>

Page	Details of change
51	Changed "...bond/security deposit..." to "...bond..."
76	Added text: From: <i>"The principal has made the decision..."</i> To: <i>"The principal agent or officer in effective control has made the decision..."</i>
77	Added \$500 to last column, second row of table (previously blank).
84	Changed text From: <i>"At the end of the month, the agency is required to check that all funds recorded..."</i> To: <i>"At the end of the month, the agency is required to check that the total of the funds recorded..."</i>
85	Changed heading from 'TPRJ' to 'TCPJ'
89	Added underlined text to end of following paragraph: <i>"Any interest earned on the deposit must be accounted for and reported to the tenant, <u>but the landlord is entitled to keep the interest and deal with it as part of the security deposit.</u>"</i>
101	Modified text From: <i>"...must verify that the trust account reconciliation statement is true and accurate within 14 days after the end of the preceding month."</i> To: <i>"...must verify that the trust account reconciliation statement is true and accurate. Periodic financial reports should be prepared and discussed with clients to help ensure their continued accuracy."</i>
102	Added sub-bullet points to bullet "the statement reconciling" to include: <i>"(i) the AFI statement to the total of the clients' funds in the trust ledger (the trust account balance).), and (ii) the trust ledger account with the trust cash journal."</i>
111	Added the figure '\$651' (previously blank) to second last row under Bank Column in the Trust Cash Payments Journal
134	Corrected Closing Balance figure in statement to "\$99,095.00 Cr"
147	Added underlined text to the following paragraph: <i>"Care must be taken here to ensure that the 'duplicate' is for office records or replacement of lost trust receipts (by client) <u>and that the duplicate has been signed by the person issuing the receipt.</u>"</i>
148	Removed text detailing items to be recorded on a trust receipt.
149	Removed text detailing items to be recorded on a trust cheque butt.

Page	Details of change
155	Changed fifth bullet point " <i>a solicitor...</i> " to " <i>a solicitor or conveyancer</i> "
156	Deleted section titled '4.2 Appropriate cash management procedures' and renumbered subsequent sections (moved to chapter 6)
157-158	Considerable rewrite of the section headed: 'Management and authorisation procedures for disbursements'
161	Added and modified questions on the 'Check your learning' page.
165	Added two paragraphs to start of section '5.1 Controlling staff activities'
166	Added final paragraph
171	Added and modified questions on the 'Check your learning' page.
176-178	Added section titled '6.2 Appropriate cash management procedures' and renumbered subsequent sections (moved from chapter 4)
178	Added sentence to end of last paragraph on the page: <i>"The back up copy can be in an electronic form, as long as it complies with section 63(2) of the Estate Agents Act."</i>
171	Added Q3 on the 'Check your learning' page and renumbered subsequent questions.
187	Added underlined text to last bullet point on page: <i>"<u>deliver to the auditor, at every audit, a statutory declaration stating what negotiable or bearer securities and receipt forms came into the agent's possession since the last audit and all trust money held by the agency at the end of the financial year.</u>"</i>
188	Added text to end of second last paragraph on page: <i>"Statements required under sections 64(10) and (13) must be given to the auditor within one month of the last day of the audit period."</i>
189	Changed text: From: " <i>If the agent finds a deficiency during the year, the auditor and CAV should be immediately notified.</i> " To: " <i>If the agent finds a deficiency during the year, the auditor and CAV should be notified within three business days.</i> "
190-191	Considerable rewrite of section '7.2 Duties of an auditor in relation to trust account audits'
193	Added and modified questions on the 'Check your learning' page.
198	Deleted all of paragraph starting: " <i>CAV's quarterly online publication...</i> "

Page	Details of change
198	Added paragraph: <p><i>“CAV maintains a register of enforceable undertakings and prosecutions on its website <www.consumer.vic.gov.au>. Actions against estate agents and agents’ representatives for trust account offences are detailed in this register. Real Estate News, a CAV periodic industry newsletter, also details actions against estate agents and agents’ representatives, as do media releases from the Minister for Consumer Affairs.”</i></p>
199	Added and modified questions on the ‘Check your learning’ page.
Generic modifications	Updated text in introduction (consistent with all guides), updated to latest version of glossary etc.
Throughout	Replaced the text <i>“financial institution”</i> and <i>“bank”</i> with the acronym <i>“AFI”</i> , replaced <i>“listing contract”</i> with <i>“agency listing authority”</i> , changed <i>“Working Director”</i> to <i>“Licensed Working Director”</i> throughout, formatting, general house-styling, layout, hyphenation and other minor editorial changes for clarity, consistency etc.

Version 1.0

Original publication.