

# AUDITOR GUIDE: TRUST ACCOUNTS

BUILDING INDUSTRY FAIRNESS  
(SECURITY OF PAYMENT) ACT 2017



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# INTRODUCTION

A new trust account framework was introduced as part of changes to the *Building Industry Fairness (Security of Payment) Act 2017* (the BIF Act) that took effect from 1 March 2021.

This framework requires project trust accounts for certain (eligible) contracts and retention trust accounts for holding eligible cash retention amounts. These requirements will expand to more sectors and more contracts in a phased approach and will be fully implemented by 1 October 2025.

Where a trust account is required, there are specific processes and obligations that must be met by various parties including parties to the related contract/s, auditors and financial institutions. Trustees for retention trusts are required to engage auditors for annual reviews and trustees for project trusts may be directed to engage an auditor in specific circumstances.

## WHO SHOULD USE THIS GUIDE?

This guide is written to assist auditors in understanding requirements of the trust account framework that applies to the Queensland building and construction industry.

This guide provides general guidance and information about the auditing requirements of both project and retention trust accounts. It does not cover all situations and should not be solely relied upon to achieve compliance of the BIF Act. Please seek professional advice if you have any uncertainty around rights and obligations.

## OTHER TRUST ACCOUNT RESOURCES

There are other guides available on the [Queensland Building and Construction Commission \(QBCC\) website](#) to support the trust account requirements including:

- Trustee guide – project trusts
- Trustee guide – retention trusts
- Trustee guide – trust accounting.

The requirements outlined in this guide do not apply to project bank accounts established under the former trust framework. Detailed guidelines and other resources to assist trustees of project bank accounts are available on the [Business Queensland website](#).

# HOW TO USE THIS GUIDE

This guide provides:

- a general overview of the trust account framework for the building and construction industry, when trust accounts are required and how the accounts must be administered
- information on an auditor's role and responsibilities in relation to trust accounts
- guidance for undertaking a review, assessing compliance with the legislation and completing an account review report.

## TERMINOLOGY CLARIFICATION FOR AUDITORS

This guide aligns with the terminology and legislative framework under the BIF Act for account review reports. However, it is acknowledged that the auditing profession is regulated by a range of auditing and assurance standards which adopts different terminology. This guide attempts to translate some of the BIF Act requirements to explain how they may be applied when satisfying auditing and assurance standards. For example, when this guide refers to a review under the BIF Act, it should be taken to be a reasonable assurance engagement under the relevant auditing and assurance standards.

Refer to the *Relationship between the BIF Act and AUASB standards* section of this guide for more information.

See Appendix 1 for a detailed description of relevant legislative sections, different requirements for parties and how they relate to the auditor's review responsibilities.

A glossary of terms is provided in this guide on page 19.

# THE TRUST ACCOUNT FRAMEWORK

The trust account framework requires the establishment of project trust accounts for eligible contracts and retention trust accounts for eligible cash retention amounts. Retention trust accounts are used to protect money that is required to be held on behalf of beneficiaries.

Under the framework:

- one project trust account must be established for each eligible contract
- one retention trust account must be established per contracting party to hold eligible cash retention amounts.

Trust accounts are the subject of specific accounting and compliance obligations. This includes regular external reviews of retention trust accounts.

## Contracting and contracted parties

The trust account framework characterises parties to contracts as *contracting* and *contracted* parties. A party can be both a contracting and contracted party to separate contracts in the contractual chain.

The contracting party is the person or entity requesting that work be carried out. The contracted party is the person or entity engaged to complete the work.

Project trusts accounts only apply to head contracts and some related-entity subcontracts. This means:

- for head contracts the *contracting* party is the principal, and the *contracted* party is the contractor (trustee)
- for related entity subcontracts the *contracting* party is head contractor and the *contracted* party is the related entity (trustee).

The eligibility for a trust account relies on an assessment of the contract based on the contracting and contracted parties.

Retention trust accounts will apply at any level along the contractual chain. The contracting party will be the person withholding the cash retention amount. The contracted party is the party that the cash retention amount has been withheld from.

## What is the role of the QBCC for trust accounts?

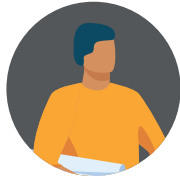
The QBCC is responsible for regulating the new trust account framework. As part of this role, it has a number of powers, responsibilities and oversight functions including:

- receiving notices about trust accounts and maintaining a public register of all trust accounts
- approving financial institutions where trust accounts may be held
- conducting approved audit programs to establish trust account compliance
- investigating complaints about possible non-compliance
- conducting enforcement activities, including the prosecution of alleged offences
- directing trustees and financial institutions in certain cases, where warranted
- providing education and awareness to the industry and public.

FIGURE 1. THE PROJECT TRUST ACCOUNT CONTRACTUAL CHAIN.

# PROJECT TRUST ACCOUNT CONTRACTUAL CHAIN

PAYS INTO PROJECT TRUST ACCOUNT



## PRINCIPAL

The contracting party (i.e. the party requesting the work) for a head contract. They may own the land or building on which the work is carried out or they fund to work.

PAID FROM PROJECT TRUST ACCOUNT



## HEAD CONTRACTOR

The contracted party (i.e. the party engaged to do the work) for a head contract and the contracting party for a first-tier subcontract. They are both the trustee and a beneficiary of the project trust.

*When there are insufficient funds in the project trust account to pay subcontractors, the head contractor is required to pay the shortfall into the project trust account.*



## SUBCONTRACTOR

The party engaged (under a first-tier subcontract) by a head contractor to carry out or contribute to the performance of work. They are a beneficiary of the project trust.

*Subcontractors can be on-site construction workers, consultants, engineers, architects, electricians, advisors/inspectors or manufacturers of prefabricated structural components.*

PAID FROM SUBCONTRACTOR



## SUB-SUBCONTRACTOR

The party engaged (under a second or lower tier subcontract) by a subcontractor to carry out or contribute to the performance of work. They are generally not a beneficiary of the project trust and are paid directly by the subcontractor.

*Sub-subcontractors can be on-site construction workers, consultants, engineers, architects, electricians, advisors/inspectors, or manufacturers of prefabricated components.*

PAID DIRECTLY



## OTHER PARTIES

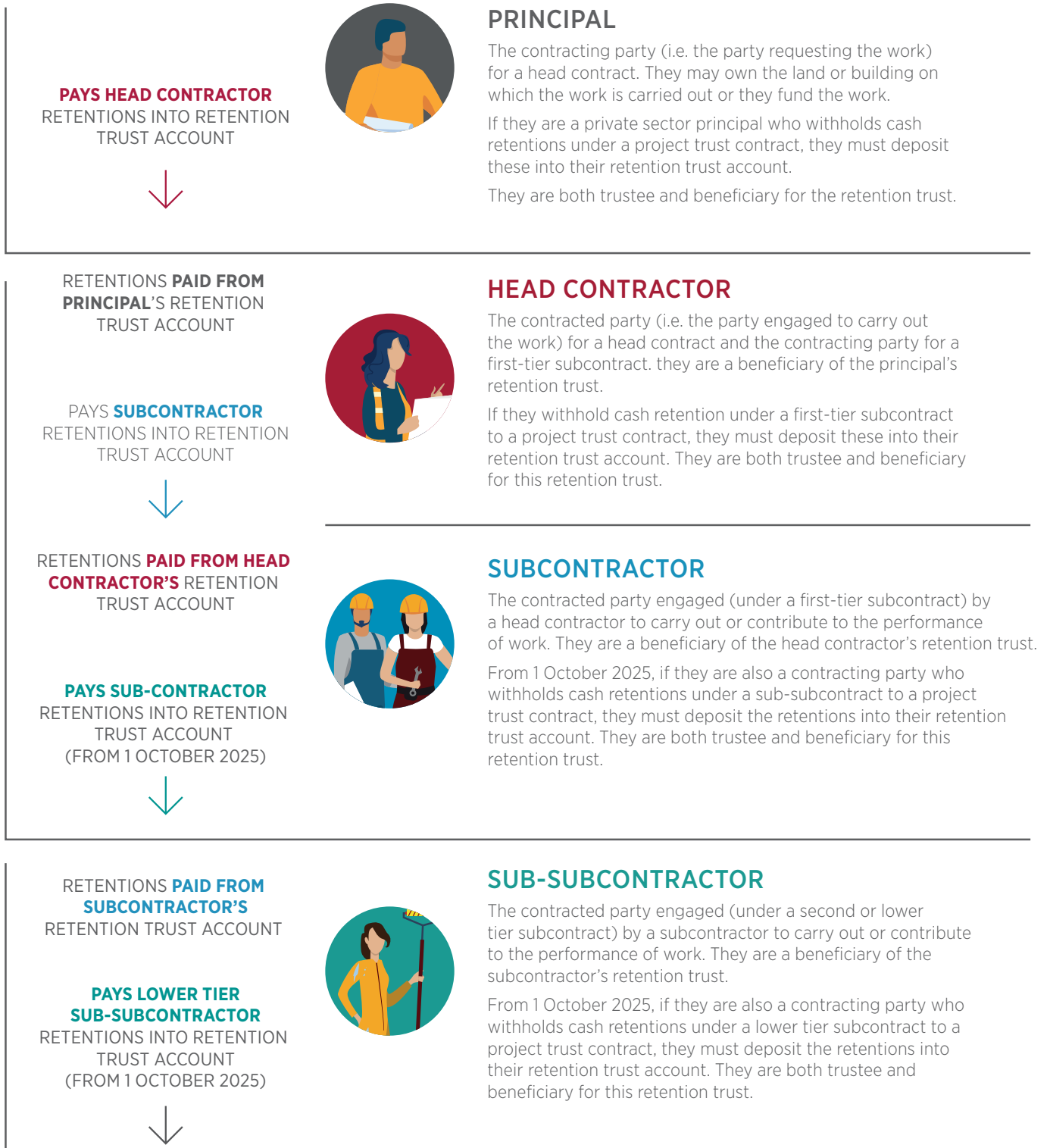
**(that are not beneficiaries of a project trust)**

Persons engaged to only supply goods, as well as some consultants\*, are not beneficiaries of project trusts and are paid directly by the party that engaged them (not through the project trust).

*\*if they are engaged to carry out work that is NOT protected work or related services, or they are engaged by a party other than the head contractor.*

FIGURE 2. THE RETENTION TRUST ACCOUNT CONTRACTUAL CHAIN.

## RETENTION TRUST ACCOUNT—CONTRACTUAL CHAIN



## Is a project trust required?

Only contracts that meet certain criteria require a project trust. The requirement to establish project trusts expands out across sectors and contract values in a phased approach.

A project trust is required for a contract if all four of the below criteria apply in relation to the contract:

- the contracting party is as specified for the relevant phase
- the contract price is as specified for the relevant phase
- more than 50 per cent of the contract price is for project trust work
- there is at least one subcontractor engaged for all or part of the contracted work.

Refer to the implementation timeframes section outlined on page 9 for further detail on the phasing. Once a project trust is required, the project trust account must be opened.

## Exclusions

Even if all four of the above criteria apply, some contracts are exempt from requiring a project trust account:

- subcontracts (except where the head contractor and subcontractor are related entities)
- contracts relating to small-scale residential construction work
- contracts solely for maintenance work
- contracts between the state government and a state authority
- contracts solely for professional design, advisory or contract administration work
- short-term contracts for work that is to be completed in less than 90 days.

## Is a retention trust required?

Only cash retention amounts on contracts that meet certain criteria require a retention trust.

To require the establishment of a retention trust, an eligible contract must meet the below requirements:

- cash retentions must be withheld under the contract
- the head contract must require a project trust account.

Once a retention trust is required, the retention trust account must be opened, or the cash retentions must be deposited into their existing retention trust account.

As the framework is being phased in, additional contracts will be captured by the eligibility criteria. For example, the requirements initially only applied to head contractors, however from 1 January 2022 non-government principals were included and from 1 October 2025, the scope widens to include subcontractors who further subcontract work.

Refer to the implementation timeframes section outlined on page 9 for further detail on the phasing.

## QBCC Trust accounts tool

The MyQBCC portal offers an interactive trust accounts tool that can be used to assess if a contract meets the eligibility criteria to require a project trust account or retention trust.

This tool is accessible at: [my.qbcc.qld.gov.au/myQBCC/s/trust-accounts-tool](https://my.qbcc.qld.gov.au/myQBCC/s/trust-accounts-tool)

# TRUST REQUIREMENTS

## Project Trust Accounts

A project trust account is a trust account that holds progress payments from the contracting party to the contracted party in trust for the benefit of subcontractors (who perform protected work) and the trustee. The contracted party acts as the trustee of the account and is responsible for disbursing the funds from the account to itself and subcontractors, subject to the requirements in the BIF Act.

The BIF Act provides requirements in relation to the operation of the trust account and obligations on the trustee such as when they may or must make withdrawals or deposits. This further safeguards the money held in trust.

Figure 3 demonstrates contracts and the flow of payments from a project trust account.

- The contracting party for the head contract must pay all progress payments owed to the contracted party, under the head contract, into the project trust account.
- The contracted party for the head contract acts as trustee of the project trust account and is responsible for disbursing funds in line with the requirements of the BIF Act and as they are owed under the head contract and first-tier subcontract(s).
- The project trust account holds money primarily for the benefit of subcontractor beneficiaries.

## Retention trust accounts

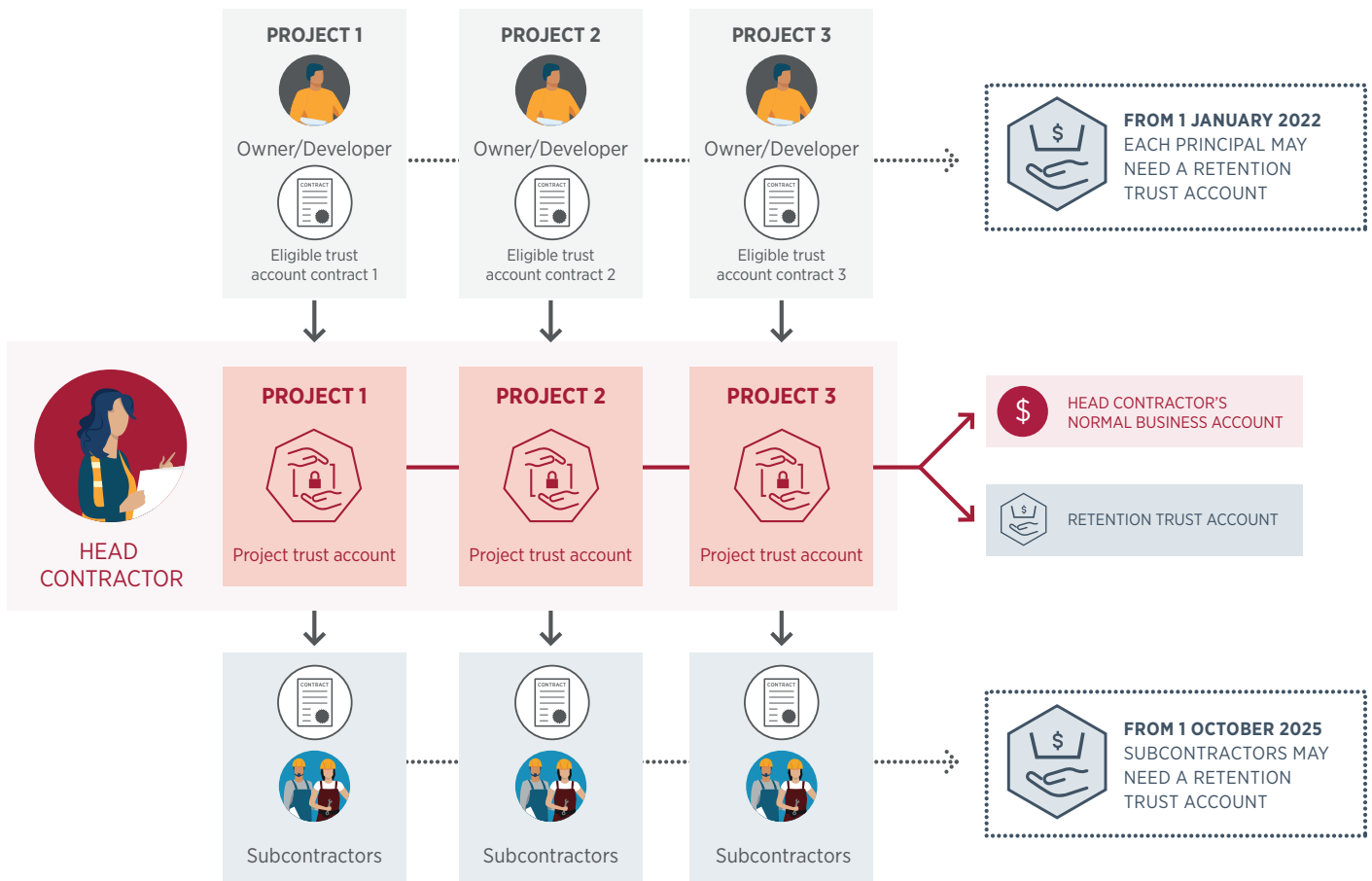
A retention trust account is an account where eligible cash retention amounts withheld from contractors are held until due to be paid.

The trust account is separate to the contracting party's personal or business account and keeps the retention funds separate from project funds and the contracting party's other cash flow.

It is common in the building and construction industry for retentions or security to be withheld under a contract. Retentions are used to secure performance and address any defects or omissions at the end of the contract if the contractor does not address them. The *Queensland Building and Construction Commission Act 1991* (QBCC Act) provides that building contracts are subject to certain conditions in relation to retentions and securities.

The contracting party acts as trustee of the account and, similar to the project trust account, is required to follow obligations contained in the BIF Act about how money can be deposited and withdrawn from the account. Retention trust accounts are also protected by a statutory charge created by the BIF Act.

FIGURE 3. EXAMPLE OF CONTRACT AND PAYMENT CHAIN FOR PROJECT TRUST ACCOUNTS.



*Note: in future phases, retention trust accounts may be required for contracting parties and subcontractors that withhold cash retentions.*



## Implementation timeframes

The trust account framework covering project and retention trusts is commencing progressively. The following commencement timeframes apply for project trust accounts:

- **1 March 2021**—eligible state government contracts valued between \$1 million and \$10 million excluding GST
- **1 July 2021**—eligible government and Hospital and Health Services contracts valued at \$1 million or more
- **1 January 2022**—eligible private sector, local government, state authorities and government-owned corporations contracts valued at \$10 million or more
- **1 March 2025**—eligible private sector, local government, state authorities and government-owned corporations contracts valued at \$3 million or more
- **1 October 2025**—all eligible contracts valued at \$1 million or more (full implementation).

Retention trusts will be phased in differently to the project trusts. The following commencement timeframes apply for establishing retention trusts:

- From 1 March 2021, a retention trust account is required if the head contractor as contracting party is holding cash retentions and a project trust account is required for that contract.
- From 1 January 2022, a retention trust account will be required if the contracting party under a head contract or first tier subcontract is holding cash retentions and a project trust account is required for the head contract. This captures both principals and head contractors.
- From 1 October 2025, a retention trust account will be required for any contracting party along the contractual chain for a project trust project where they hold cash retentions. This captures principals, head contractors and some subcontractors.

**Note:** The retention trust account requirements do not apply to the State, the Commonwealth, a state authority, a local government or other entities prescribed by regulation.

FIGURE 4. OVERVIEW OF THE TRUST ACCOUNT FRAMEWORK IMPLEMENTATION TIMEFRAMES FOR ELIGIBLE CONTRACTS

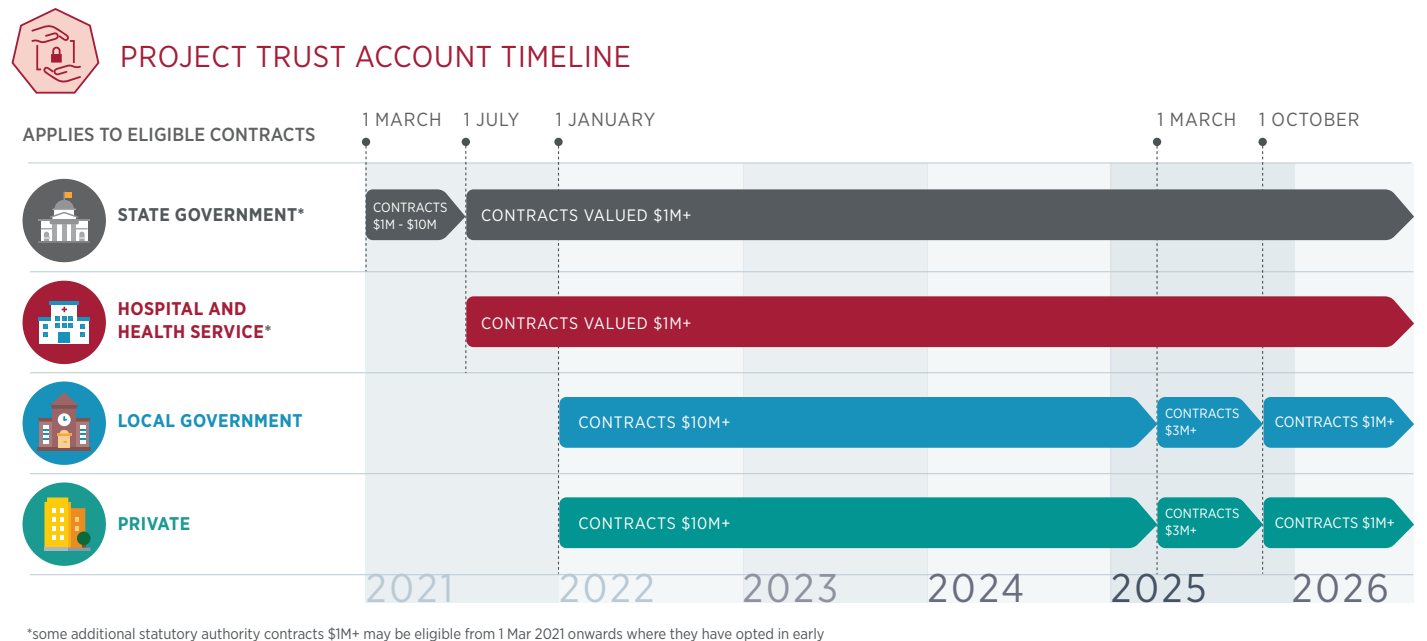


FIGURE 5. OVERVIEW OF THE TRUST ACCOUNT FRAMEWORK IMPLEMENTATION TIMEFRAMES FOR PARTIES



# REQUIREMENTS FOR TRUST ACCOUNTS

## Notice requirements

The BIF Act contains notice requirements for trust accounts to ensure transparency and accountability of the model.

Project trust notice requirements ensure that the relevant parties such as the QBCC, beneficiaries and the contracting party are aware of key actions such as deposits or withdrawals to and from accounts, opening or closing accounts and the particulars about accounts such as BSB, account number and account name.

Notice requirements are primarily the responsibility of the trustee under the BIF Act. While these obligations support the operation and integrity of the trust, notice obligations do not affect the administration of the trust account.

It is not intended that review of a trust account performed by an auditor would encompass a statement to the effect that all notice requirements had been complied with.

### Trustee notice checklist

Trustee notice checklists for both project and retention trust accounts are available on the QBCC website at: [qbcc.qld.gov.au/trust-accounts/trust-account-resources-support](http://qbcc.qld.gov.au/trust-accounts/trust-account-resources-support)

## Approved financial institutions

Trust accounts can only be opened at an approved financial institution. The QBCC maintains a list of approved financial institutions on its [website](#).

The requirement to ensure that a trust account is held at an approved financial institution is a legislative requirement and affects its administration. When performing a review of a trust account, an auditor must consider whether the trust account is held at an approved financial institution.

## Deposits and withdrawals from trust accounts

The trustee is required to comply with obligations and requirements related to deposits and withdrawals. This directly affects the administration of the account and affects the protection of funds held in trust for beneficiaries.

Further information about the specific requirements is available in the QBCC's [trustee guides](#).

## Additional requirements for retention trust accounts

Additional requirements for retention trust accounts include the requirement to undertake retention trust training and regular auditing and reporting. In particular, the BIF Act and Building Industry Fairness (Security of Payment) Regulation 2018 (BIF Regulation) require the review of a retention trust account and subsequent preparation, by an auditor, of an account review report.

Further information about account review reports is available on page 16 of this guide.

### Retention trust training

From 1 January 2022, trustees or a person/s nominated by a trustee to administer a retention trust account are to complete retention trust training as required by the BIF Act.

Either the trustee or another person **nominated by the trustee** to administer the trust account on their behalf (for example, a director, financial officer or contract administrator) will need to complete the training within certain timeframes. If the trustee appoints a nominee to administer the account, they must inform the QBCC of each nomination made or any changes to the nominated person.

Multiple persons may complete the training per trustee. A person only needs to successfully complete the training once (not once per trust account).

NOTE: it will be considered an offence to not complete the mandatory training requirement and penalties may apply for failing to do so.

## Trust records

Trustees are responsible for keeping certain trust records and copies of related documents in accordance with statutory requirements.

These requirements are important to the integrity of the trust and ensure effective oversight, financial transparency and information sharing.

Trust records will work together to provide a complete picture of transactions for an account, the reason for the transactions and for whom amounts are being held. Figure 4 below explains the interaction between trust records.

The following are trust records that the trustee must keep in line with the BIF Act:

- trust account ledgers including trust account ledger trial balance statements (including information used to prepare the statements)
- the record of deposits and withdrawals for the trust account
- bank reconciliations prepared (including information used to complete the reconciliations)
- financial institution statements for the trust account
- a copy of each contract for which the trust is required (e.g. the head contract and subcontract(s))
- payment claims (including supporting statements) made by, or given to, the trustee in relation to the above contracts
- payment schedules given by or to the trustee in relation to the above contracts (including information supporting the payment schedule)
- documents relating to variations or amendments to any of the contracts above
- records of any changes made to the trust account ledger, trust account ledger trial balance statement, record of deposits and withdrawals or bank reconciliation
- notices about withdrawals or deposits given by the trustee under sections 23A or 40A
- copies of account review reports

- records of the completion of retention trust training
- a document that explains, in plain English, any abbreviations or codes used in the trust records.

### How trust records must be kept

All records must:

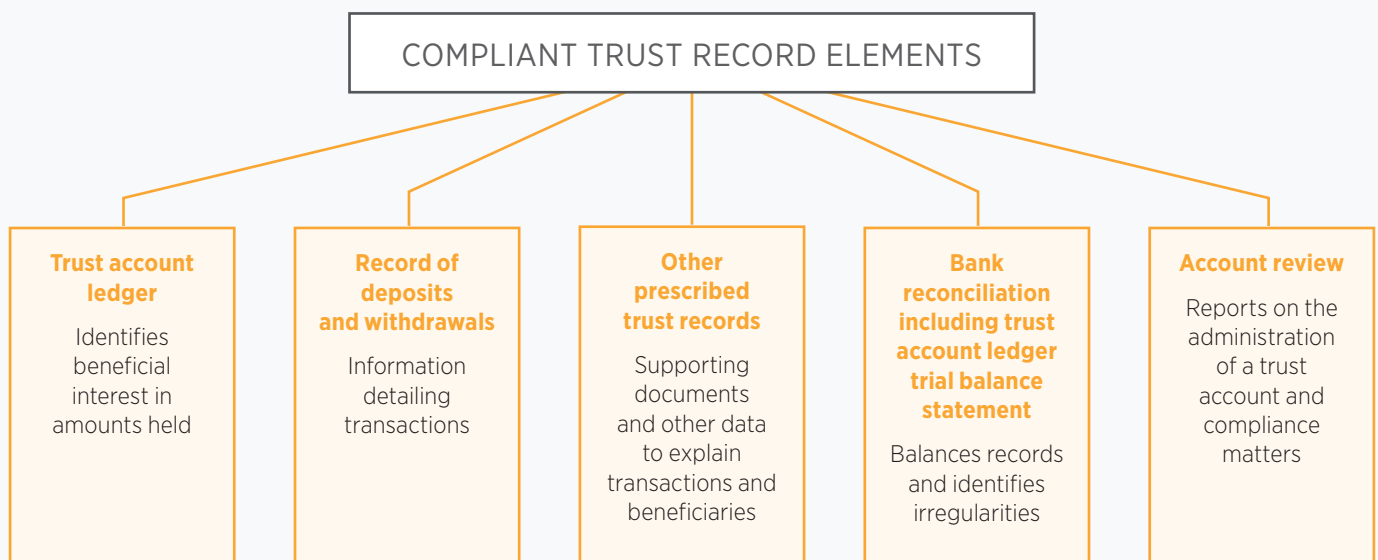
- record transactions in Australian dollars
- explain all transactions in English
- record transactions in chronological order
- record all deposits or withdrawals within five business days of the deposit/withdrawal
- be retained for at least seven years
- be accurate and enable convenient and proper audit of the trust account transactions.

A ledger and other records for a trust account are different to the ledger and records a trustee keeps for its business. A trust account holds money that belongs in a legal sense to someone else. A trust account ledger is designed to record who owns the money in a trust account – that is, it records the beneficial interests in the money that are created by the BIF Act. This is different to the information recorded in a business ledger, which records the revenue, expenses, assets and liabilities of the trustee's business.

For this reason, a trust account ledger must be a separate ledger to the trustee's business ledger. The trust account ledger will record changes in the beneficial interest ('ownership') of the money in the trust account. A trustee will not be able to use its business ledger as its trust account ledger as well. Each trust account that a trustee has must have its own separate ledger – a separate ledger for each project trust account and any retention trust account. The trial balance statement and bank reconciliation for the trust account will deal only with the transactions recorded in the separate trust ledger for that particular trust account.

The maintenance and keeping of trust records in line with the trust framework relates to the administration of the account. As part of a trust account review performed by an auditor, the auditor must ensure trust records are kept in line with these requirements.

FIGURE 6. EXPLANATION OF TRUST RECORDS INTERACTION.



## Computer system requirements

Computer systems may be used to keep trust records, but must meet certain requirements, including BOTH of the following:

- not being capable of deleting any part or all of the trust account ledger or record of deposits and withdrawals
- being capable of producing separate reports for particular trust accounts and/or particular periods and/or particular beneficiaries.

While computerised information systems can make it easier to comply with the trust accounting and record keeping requirements, some general accounting and spreadsheet software may not meet these requirements.

It is the trustee's responsibility to ensure the system they use is kept up-to-date and that all aspects of their recordkeeping comply with the legislation.

It is anticipated that should the trustee find any errors in records of deposits and withdrawals or the trust account ledger, they would perform a journal to reverse the transaction rather than deleting the transaction as it was originally recorded.

Computer systems used must be capable of producing a report about:

- transactions for particular periods for the trust account
- transactions for a particular beneficiary.

The keeping of trust records in line with the trust account framework relates to the administration of the trust. As part of a trust account review performed by an auditor, the auditor must review whether trust records are kept using computer software and if so that they comply with these requirements, to the best of their ability.

## Bank reconciliation

A bank reconciliation is a standard accounting practice and is a common feature in statutory trust models. The reconciliation process will draw attention to any errors and anomalies in the trust accounts and associated records and will encourage proactive management of the account. A bank reconciliation is required to be performed for project trust accounts and retention trust accounts within 15 business days after the end of each month.

Similar to other trust account models, the trustee is required to reconcile the:

- Financial institution statement with the record of deposits and withdrawals for the trust account; and
- Record of deposits and withdrawals for the trust account with the trust account ledger trial balance statement

A copy of the bank reconciliation performed is required to be kept as part of the trust records and any changes made as part of the bank reconciliation are to also be documented as part of the trust records.

Further information about the process for performing a bank reconciliation is available in the Trustee guide – trust accounting found on the QBCC website at: [qbcc.qld.gov.au/trust-accounts/trust-account-resources-support](http://qbcc.qld.gov.au/trust-accounts/trust-account-resources-support)

A bank reconciliation relates to the administration of the account. As part of a review of a trust account performed by an auditor, the auditor will review that:

- Bank reconciliations have been performed in line with the requirements
- Any errors or anomalies identified by a bank reconciliation are addressed by the trustee appropriately

## Record of deposits and withdrawals

The record of deposits and withdrawals (called a cash book under other trust models) details the transactions for the trust account. It is effectively the trustee's record of what is going on in the account. The trustee must enter transactions into the record of deposits and withdrawals within 5 business days of them occurring.

The trustee will maintain a record of all of the deposits and withdrawals for the trust account through the record of deposits and withdrawals and is required to record:

- Every transaction within the account in chronological order of the date the transaction occurred
- The date of the transaction
- The transaction number or other unique identifier
- Either:
  - » the reason for the transaction or
  - » details of the payment claim for the transaction
- the amount of the transaction
- for a deposit – the entity who made the deposit
- for a withdrawal – the beneficiary or other person for whom the withdrawal was made and where it was paid to:
  - » the account name
  - » the BSB
  - » the account number
- the balance after every transaction.

FIGURE 7. SIMPLE DIAGRAM OF THE BANK RECONCILIATION PROCESS.



Legislation reference: BIF Act, section 52A; BIF Regulation, section 10G

The record of deposits and withdrawals may include additional information to that listed above, however, the above information **must** be included in the record of deposits and withdrawals.

### **Trust account ledger and trust account ledger trial balance statement**

A trust account ledger is a common requirement in trust account models. It is used to ensure that the beneficial interest in amounts held in the trust is identifiable at any given point in time. Transactions must be recorded in the trust account ledger in chronological order of the date the transaction occurred and be recorded within **5 business days** of occurring. The trust account ledger is prepared by the trustee and must include, for each transaction:

- the date of the transaction
- the transaction number or unique identifier for the transaction
- the amount of the transaction
- the details of each beneficiary to whom the transaction relates and the amount of each beneficial interest
- the reason for the transaction
- the balance of the amount held in trust for each beneficiary after the transaction.

The trust account ledger records changes to the beneficial interests of beneficiaries of the trust. The beneficial interests will arise at the times set out in the BIF Act. A beneficial interest for a beneficiary will often arise at a different time to when a liability would be recognised in the trustee's business ledger. This is one of the reasons why it is important that trustees keep a trust account ledger for each trust account that is separate to its business ledger.

For example:

- A trustee receives a payment claim from a subcontractor beneficiary for a project trust on 30 April for \$10,000
- The contract provides that the payment claim is due for payment on 14 May
- The trustee will record a liability to the subcontractor of \$10,000 in its business ledger on 30 April
- The trustee will record the beneficial interest to the subcontractor of \$10,000 in its trust account ledger on 14 May (the beneficial interest arises when the claim is due for payment under the contract).

The trust account ledger trial balance statement is prepared based on the trust account ledger using the transactions recorded in the ledger for that month. It is intended to reconcile the beneficial interests and money held in the account for the month.

The statement is prepared within 15 business days after the end of each month.

The trust account ledger trial balance statement must include:

- the month to which it relates and the date it was prepared
- a list of the name of each beneficiary for whom money is held in the account at the end of the month
- the total of the balances for each beneficiary at the end of the month.

See Appendix 2 for examples of a project trust account record of deposits and withdrawals, a trial balance statement and a trust account ledger for retention trust accounts.

# COMPLIANCE FRAMEWORK

The trust account framework is supported by a multifaceted compliance framework (refer to Figure 6) which includes a combination of actions by different parties to support overall compliance.

FIGURE 8. COMPLIANCE FRAMEWORK.



**The regulator** (the QBCC) – performs audits, investigations, can issue directions and acquires additional information from financial institutions and other parties

**The trustee** – keeps detailed trust records and obtains regular external reviews of retention trust accounts. Detailed trust records require regular reconciliation to draw attention to errors or anomalies.

**Auditors** – perform reviews of trust accounts and associated trust records to confirm compliance and report to the QBCC.

There are a number of different ways in which non-compliance with trust account obligations are likely to come to the attention of the QBCC. These include:

- specific trust account complaints
- other notifications of non-compliance such as monies owed complaints, unpaid adjudication amounts or reporting of a serious breach by an independent auditor;
- findings from a proactive audit conducted by the QBCC under an approved audit program;
- through a special investigator appointed by the QBCC to investigate a trust account; and
- through identification in an account review report produced by an independent auditor.

The QBCC has developed a Regulatory guide – project and retention trusts (available at [qbcc.qld.gov.au/trust-accounts/trust-account-resources-support](http://qbcc.qld.gov.au/trust-accounts/trust-account-resources-support)) to inform parties about the QBCC's decision-making process in relation to compliance and enforcement for project and retention trusts.

## Account reviews

A trustee is required to obtain an external review of the trust account in certain circumstances. The BIF Act contains requirements for the administration of the trust account and other obligations on the trustee in relation to compliance with the trust framework. The trustee is responsible for ensuring both these requirements and obligations are met. However, a review will only assess compliance as it relates to the administration of the trust.

The review is required to be performed by an auditor who will prepare an *account review report* to provide to the QBCC and the trustee. An account review report is prepared by the auditor to conclude whether they are of the opinion that the trustee has complied with the requirements for the administration of the trust account as provided for in the BIF Act. The auditor will conduct the review based on a methodology as outlined in ASAE 3100 (*Compliance Engagements*) for conducting a reasonable assurance engagement on compliance.

While the auditor is not required to decide or make determinations about the validity of payment claims and schedules and whether a trustee should have made a specific payment amount or not, they will be able to assess, based on trust records, whether there is documentation to support payments in and out of the account.

For example, they may be able to identify whether a withdrawal may or must be made in the circumstances, but not necessarily that the amount withdrawn aligns with contractual entitlements.

The trustee is responsible for engaging the auditor. There is no requirement for the trustee to notify the QBCC of the appointment.

## When is an account review required?

A trustee is required to obtain a review of a retention trust account:

- at the end of a review period (annually and upon account closure - see inset box below for details) or
- as directed by the QBCC (the requirements for which will be stated in the direction).

There is no requirement for project trust accounts to be independently audited annually or on closure.

However, a trustee may be directed by the QBCC to provide the QBCC with an account review report for a project trust account, or the trustee may voluntarily obtain a review.

The review of a retention trust account must be started within:

- for an annual review – 20 business days of the end of the *review period*
- for a review following the closure of an account – 20 business days after the account is closed.



Currently, a review period has only been prescribed for **retention trust accounts**.

The period is:



**for a first annual review:**

12 months starting from the day the account was opened



**for a subsequent annual review:**

12 months starting the day after the previous review period ended

**for a review upon closure of a retention trust account, the period:**



starting on the day the account was opened (if no previous review), or the day after the last review period ended; and



ending on the day the account was closed.

The QBCC may, with the agreement of the trustee, change the day the review must be started to a later day. This means the review period could be longer than 12 months, depending on the agreement between the QBCC and the trustee. For example, if the start of a review is delayed by three months, the review period would be the 15 months before the review is started.

An account review must be completed within 40 business days of starting the review. This includes the preparation of the report.

The auditor must give a copy of the report to the QBCC (in the approved way) and to the trustee within 20 business days of completion.

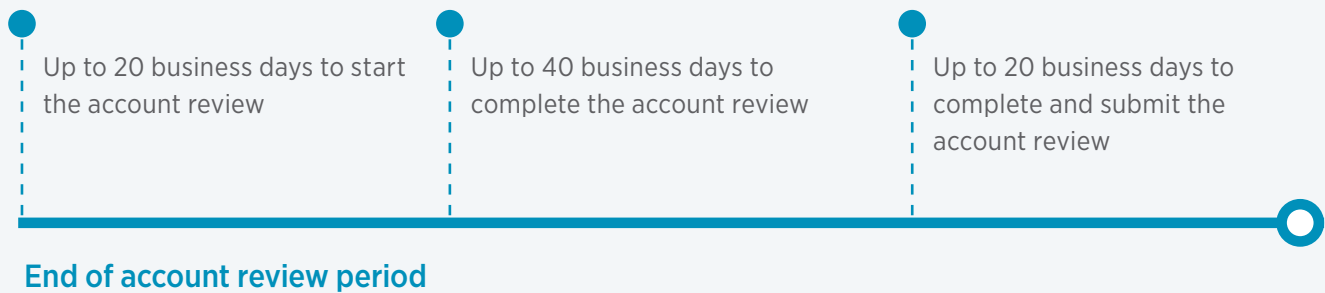
For a review of a project trust account that is directed by the QBCC, or where the trustee has opted to voluntarily review the account, the review period and start time, will be as directed by the QBCC or as agreed between the auditor and trustee respectively.

**When is an account review not required?**

A trustee is not required to engage an auditor to undertake a review if:

- for a retention trust account, no retentions were held in the account for the review period; and
- within 10 business days after the end of the review period, the trustee advises the QBCC, in writing, why they did not engage an auditor.

FIGURE 9. DIAGRAM EXPLAINING ENGAGEMENT PERIODS FOR A REVIEW.



Legislation reference: BIF Act, section 57; BIF Regulation, section 10K

## Role of auditors

An auditor is engaged by the trustee to perform an *account review* and prepare an account review report. The auditor must be independent of the trustee and must not be excluded by the QBCC. The legislation specifies the review requirements for the auditor; however, the trustee can agree on any further work/review that they may wish the auditor to perform as well as the cost and time for this additional work. Note the BIF Act includes specific timing for completion of the review and providing the report to the QBCC and trustee, as outlined above.

It is required by the Auditing and Assurance Standards Board (AUASB) Standards (ASAE 3000 – *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*) that when the auditor accepts an appointment they should give the trustee an engagement letter, or other suitable form of written confirmation, that details the services that they will provide and stipulates that the appointment will be in effect until it is ended in writing by either party. An example engagement letter is included in Appendix 5 of ASAE 3100.

An auditor will require access to the trustee's trust records to perform their role. The trustee and the auditor will be required to agree on an appropriate method to do so. It is an offence for the trustee to not provide the auditor access to trust records that they request as soon as practicable after they are requested. A maximum penalty of 200 penalty units applies for non-compliance. The auditor should contact the QBCC if they have problems accessing trust records or believe that they have been destroyed or hidden from the auditor.

*Legislation reference: BIF Act, section 57B*

### Who is an auditor?

The BIF Act provides that an auditor is a *registered company auditor* as defined in the *Corporations Act 2001* (Commonwealth) section 9. Section 9 provides that *registered company auditor*:

- (a) means a person registered as an auditor under Part 9.2; and
- (b) in relation to a body corporate that is not a company—includes a person qualified to act as the body's auditor under the law of the body's incorporation.

*Legislation reference: BIF Act, section 50*

### What does independent mean?

The auditor that is appointed by the trustee must be independent of the trustee. This will ensure that the account review and associated account review report are prepared by an impartial party and promote integrity in the framework.

To be considered independent of the trustee, the auditor must not:

- be an employee of the trustee;
- if the trustee is a company, be an executive officer, investor or shareholder for the company;
- if the trustee is a partnership, be a partner in the partnership;
- be a *related entity* of the trustee.

The auditor is required to make a statement in the account review report stating whether or not they are independent of the trustee.

*Legislation reference: BIF Act, section 57*

### What does excluded by the QBCC mean?

The QBCC can exclude a person from undertaking trust account reviews and preparing account review reports. See Exclusion of auditors on page 18 for more information.

## Account review reports

An account review report will be prepared by an auditor as part of the account review they perform. The report will detail the outcomes of the review and whether any non-compliance relating to the administration requirements of the account has been identified. The report is provided to the QBCC, by the auditor, and is also given to the trustee at the same time. Specific information that must be included in the report is outlined in the section titled what is contained in an account review report below.

*Legislation reference: BIF Act, section 57A; BIF Regulation, section 10L*

### Relationship between the BIF Act and AUASB standards

The BIF Act provides the legislative framework under which account reviews must occur and specifies the requirements for auditors undertaking reviews and preparing account review reports. However, it is acknowledged that the auditing profession is regulated by a range of auditing and assurance standards as published by the AUASB.

As there are some differences in terminology between the BIF Act and AUASB Standards, this guide attempts to translate some of the BIF Act requirements to explain how they may be applied when satisfying AUASB standards such as ASAE 3100.

### Account administration review under the BIF Act

The BIF Act requires that a review occur for the administration of the account. The process of undertaking a review and preparing an account report is guided by the AUASB Standards. AUASB Standards refer to reasonable assurance engagements and limited assurance engagements instead of reviews and audits. A trust account review under the BIF Act reasonable assurance engagement under ASAE 3100.

ASAE 3100 provides the requirements and application material in relation to the methodology for conducting a reasonable assurance engagement on compliance. This will assist the auditor in determining appropriate review procedures. Where an account review report is referenced in this guide, it should be taken to be a reasonable assurance report under the AUASB standards.

Additionally, the auditor may need to adjust their normal practices under the AUASB standards to ensure compliance with the BIF Act requirements. For example, it is appreciated that compliance engagements are principally guided by the concept of materiality and risk. Material in the context of a compliance engagement is defined in ASAE 3100 to mean instances of non-compliance that are **significant**, individually, or collectively, in the context of the entity's compliance.

However, the BIF Act requires the account review report to include information **detailing any irregularities** identified during the review. This makes clear that the legislative threshold is to report all instances of irregularity identified during the course of the review (including non-material breaches) to the QBCC, rather than just significant non-compliances. This approach should align with paragraph 63 of ASAE 3100, which states that in limited circumstances the assurance practitioner may be required by law or regulation to report all instances of non-compliance with the compliance requirements to the regulator. A management letter provided solely to the trustee/engaging party would not satisfy the requirements of the BIF Act.



## What is contained in an account review report?

The BIF Act specifies matters that must be included in the account review report.

The account review report, a report during the review period to which the report relates. Where the trustee has not complied with requirements, this will result in a qualification in the review report or some other form of report notification being provided to the QBCC. All non-compliance, both material, which impacts the opinion, and immaterial, which does not impact the opinion, is included in the report. Immaterial non-compliance may be listed in an appendix to the report.

Appendix 1 of this guide identifies which compliance requirements must be concluded on by the auditor as part of their review (refer to Part A). These requirements relate to the administration of the account only. Part B of the Appendix lists other compliance requirements not affecting the administration of the account and which need not be specifically considered in the review or addressed in the report. However, section 57A(4) of the BIF Act allows the auditor to include any other information in the report that the auditor considers relevant. Consequently, the auditor may choose to make a note in the report of requirements that have come to their attention that have not been satisfied. This will assist the QBCC with further investigation.

An account review report must include the following:

- Information about the auditor:
  - » The auditor's name
  - » The auditor's qualifications and professional membership
- Information about the trust account that was reviewed:
  - » Name of the account
  - » BSB
  - » Account number
- Statements from the auditor as to whether or not:
  - » the auditor is independent of the trustee (refer above for further explanation)
  - » the trust records relating to the trust account have been examined
  - » the trustee has complied with all requirements in relation to the administration of the trust account (under Chapter 2 of the BIF Act)
  - » the account was closed in compliance with the BIF Act (if the account was closed during the review period)
- Details of any irregularities identified during the review of the trust records for the account
- Details of any non-compliance identified by the auditor during the review, including how and when any non-compliance was rectified
- An explanation of the review methodology that the auditor employed and why it was used.

*Legislation reference: BIF Act, section 57A; BIF Regulation, section 10L*

## Auditor obligations to report serious breaches

The BIF Act requires auditors to report to the QBCC if they find the trustee has seriously and willfully or repeatedly failed to comply with the requirement for administration of the trust account. This must occur within five business days of the auditor finding that the breach has occurred. Notification is required to be made to the QBCC in the *approved way* (refer to below).

A serious and willful or repeated breach means:

- the trustee willfully contravened a requirement relating to the administration of the trust account (under Chapter 2 of the BIF Act) and the contravention caused financial loss to a beneficiary of the trust, or
- the trustee repeatedly failed to comply with one or more requirement relating to the administration of the trust (under Chapter 2 of the BIF Act)..

The intent of this requirement is for auditors to report significant and/or repeated breaches promptly to the QBCC for further investigation. Where the breach is of a more minor nature, it is expected this will be addressed in the account review report.

For example, if the auditor identifies non-beneficiaries who have been paid large amounts from the trust account on multiple occasions, this would likely amount to a serious breach and warrant prompt notification to the QBCC. The matter would also be specified in the account review report. Where a non-beneficiary has been paid a small amount on one occasion due to one number in the account number being inserted incorrectly, this would likely amount to a minor irregularity and need only be identified in the account review report, rather than also through a notice to the QBCC.

*Legislation reference: BIF Act, section 57C*

The auditor must provide a copy of the account review report to the QBCC within 20 business days of completing the review. The report is to be provided to the QBCC in the approved way (refer to below).

*Legislation reference: BIF Act, section 57A*

## Is a template report available for use?

There is no specific template that must be used, however, Appendix 3 of this guide includes a template of information which must be included in an account review report, along with the matters to be included in all reasonable assurance reports set out in ASAE 3100. Auditors may also wish to refer to the example auditor's reports attached to ASAE 3100 – refer to Appendix 6 and Appendix 7. Paragraphs 55 to 61 of ASAE 3100 also provide further details on the basic elements to be included in a report.

Where an auditor is reporting on irregularities that are not material and which do not impact a review conclusion, it may be appropriate for these irregularities to be specified via an appendix attachment to the account review report that is submitted to the QBCC.

## How is the report submitted to the QBCC?

The account review report can be submitted to the QBCC online through myQBCC. If submitting through myQBCC:

1. Create or log into a myQBCC account at <https://my.qbcc.qld.gov.au/s/>
2. Ensure the licensee has granted permission through myQBCC to lodge the account review report on their behalf
3. Fill in the details
4. Submit the report

## Exclusion of auditors

The BIF Act provides the QBCC with the power to exclude certain auditors from undertaking account reviews and preparing account review reports. The QBCC can exercise these powers under either of the following circumstances:

1. The QBCC must issue the person a show cause notice. The notice must state:
  - a. that the Commissioner proposes to exclude the person (i.e. the auditor)
  - b. the grounds for the exclusion
  - c. an outline of the facts and circumstances that have formed the basis for the grounds
  - d. an invitation for the auditor to show cause why they should not be excluded
  - e. the show cause period – which is the time that the auditor has to respond to the show cause notice (must not be less than 14 days after giving the notice).
2. The QBCC must consider all representations made by the auditor in the show cause period.
3. The QBCC will make a decision about whether the grounds for exclusion still exist, taking into consideration the representations made by the auditor.
  - a. If the QBCC believes that the grounds no longer exist, they will provide the auditor with written notice advising them that no further action will be taken.
  - b. If the QBCC believes that grounds still exist for the exclusion of the auditor, the QBCC may decide to exclude the auditor from reviewing trust accounts and preparing account review reports.
    - i. The QBCC will provide the auditor an information notice detailing the decision, reasons for the decision and information about how and when the auditor can have the decision reviewed .

If the QBCC does decide to exclude the auditor, the exclusion applies for 3 years and will take effect from the later of the following:

- the day the auditor is given the information notice
- the day stated in the information notice for that purpose.

The QBCC may choose to publish a list of auditors who are excluded from providing account reviews and account review reports. However, any published list will not include any auditors who still have the opportunity to have the decision reviewed or are in the process of a review.

*Legislation reference: BIF Act, Chapter 2, Part 4, Division 5*

Additionally, auditors should be aware of the ethical requirements of the Accounting Professional and Ethical Standards Board relating to assurance engagements. These requirements are set out in APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.

## WHERE CAN I FIND MORE INFORMATION?

All QBCC resources to support the Trust account framework, including the QBCC trust account tool:

[qbcc.qld.gov.au/trust-accounts/trust-account-resources-support](http://qbcc.qld.gov.au/trust-accounts/trust-account-resources-support)

# GLOSSARY OF TERMS

These definitions are provided as a summary only, refer to the BIF Act for complete definitions.

TERM	DEFINITION
<b>Auditor</b>	An auditor registered under the <i>Corporations Act 2001</i> (search ASIC's Professional registers). Trustees are required to engage a registered company auditor to conduct a review of the trust account.
<b>Compliance engagement</b>	See ASAE 3100, paragraph 17(c).
<b>Contracted party</b>	The party that has been engaged under a contract to carry out work. This is the head contractor for the head contract and the subcontractor for the subcontract
<b>Contracting party</b>	The party that has engaged another party to carry out work under a contract. This is the owner, developer or principal for the head contract and the head contractor for the subcontract.
<b>Contractual chain.</b>	A contractual chain is formed between contracting and contracted parties
<b>Irregularity</b>	Incorrect or omitted information within financial records, specifically information that deviates from the requirements within the BIF Act.
<b>Limited assurance engagement</b>	See ASAE 3100, paragraph 17(o).
<b>Project trust work</b>	<i>Legislation reference: BIF Act, section 8A</i> Particular types of work that are taken into consideration when assessing whether a contract requires a project trust.
<b>Protected work</b>	<i>Legislation reference: BIF Act, section 8B</i> Particular types of work that, if included in a subcontract to the project trust contract, make the subcontractor a beneficiary of the project trust. The definition includes everything that is considered to be 'project trust work' but with additional types of work and some specific exclusions.
<b>QBCC</b>	Refers to the Queensland Building and Construction Commission, and the Commissioner where legislation specifically references the Commissioner rather than the QBCC.
<b>Reasonable assurance engagement</b>	See ASAE 3100, paragraph 17(v).
<b>Reasonable belief</b>	A reasonable belief is a belief that a reasonable person may conclude given the same information.
<b>Related entity</b>	<i>Legislation reference BIF Act, section 10A</i> A person is a related entity for another person if they have a particular family, corporate, trustee or common land holding trust relationship with the other person.
<b>Serious breach</b>	<i>Legislation reference BIF Act, section 57C</i> Any occurrence of circumstances specified in section 57(C) of the BIF Act.
<b>Shortfall</b>	<i>Legislation reference: BIF Act, section 51</i> An insufficient amount available in a trust account to pay an amount due to be paid to a beneficiary of the trust.
<b>State authority</b>	An agency, authority, commission, corporation, instrumentality, office or other entity particular established under an Act or by authority of the state for a public or State purpose. A State authority can also be a corporation owned or controlled by the State or local government or a Hospital and Health Service.
<b>Subcontract</b>	A contract that contributes to the completion of work under the head contract.

# APPENDIX 1 – ACCOUNT REVIEW REPORT CHECKLIST

## Part A - Requirements for the administration of the trust account

These are matters affecting the administration of the trust account and are to be specifically considered in the review and addressed in the report.

**Part A** specifies the compliance sections which the auditor must provide a conclusion on as part of their review. These relate to the administration of the trust account. **Part B** specifies relevant sections which are not the focus of the review and which do not affect the administration of the account. Should the auditor identify an irregularity for these sections, they may still want to make a note of the matter in their report.

Note: It is not expected that an auditor would be required to provide a conclusion on matters outside the scope of **Part A**.

For example, it is not envisaged that an auditor would assess the correct providing of a payment schedule in response to a payment claim, the validity of a subcontract entered into, or whether amounts are liable to be paid to a beneficiary. These may be complex matters relating to contractual provisions, the status of work performed, payment disputes etc. This is not within the scope of an auditor's role.

(\* indicates the provision applies to both a retention trust account and project trust account)

LEGISLATION SECTION	LEGISLATIVE REQUIREMENT	COMMENTS TO GUIDE AUDITORS
<b>RETENTION TRUST ACCOUNT</b>		
<b>BIF Act s34</b>	<p><b>Contracting party withholding retention amount must open retention trust account</b></p> <p>The contracting party must open a retention trust account before withholding a cash retention amount from payment.</p>	<p>The auditor will be able to use trust records, such as payment schedules, bank statements and notices about deposits into the trust account to determine if there has been a breach of the administration requirements of the retention trust account.</p> <p>An example of a breach would be the withholding of retention amounts before the retention trust account is opened, as shown on a payment schedule and supported by a retention amount being withheld from a subcontractor.</p>
<b>BIF Act s34A</b>	<p><b>Restrictions for retention trust account</b></p> <p>The retention trust account must be held at an approved financial institution, as published on the QBCC website. The retention trust account must include the trustee's name and the word trust. The trustee must ensure that the deposits and withdrawals relating to the account are only made using methods that create an electronic record of the transfer. A retention trust account must not be closed unless all retention amounts have been released to the parties entitled to it under the relevant contracts; or the account is transferred to an alternative financial institution.</p>	<p>The auditor will be able to use trust records such as bank statements to determine if there has been a breach of the administration requirements of the retention trust account.</p> <p>Examples of breaches include the bank account name not including the word trust or a retention trust account being closed despite retention amounts still being held for beneficiaries.</p>
<b>BIF Act s34C(1)(a) and (1)(b)</b>	<p><b>Change of financial institution</b></p> <p>The trustee has the ability to transfer the retention trust account from one approved financial institution to another. When doing so, the trustee must ensure all amounts in the existing retention trust account are transferred to the new retention trust account.</p>	<p>The auditor will be able to use trust records such as bank statements and bank reconciliations to determine if there has been a breach of the administration requirements of the retention trust account.</p> <p>An example of a breach would be the balance of the old retention trust account being inconsistent with the opening balance of the new retention trust account, taking into consideration any withdrawals of interest allowed.</p>

LEGISLATION SECTION	LEGISLATIVE REQUIREMENT	COMMENTS TO GUIDE AUDITORS
<b>RETENTION TRUST ACCOUNT</b>		
<b>BIF Acts35</b>	<p><b>All retention amounts withheld must be deposited into retention trust account</b></p> <p>The trustee must ensure retention amounts are held in a retention trust account.</p>	<p>The auditor will have access to trust records such as payment schedules, invoices, records of deposits and bank statements. These trust records will contain information about retention amounts withheld and amounts deposited into the retention trust account. This can be used to determine if there has been a breach of the administration of the retention trust account.</p> <p>An example of a breach would be inconsistency between the amounts withheld from a beneficiary and records of deposits into a retention trust account.</p>
<b>BIF Act s35A</b>	<p><b>Limited purposes for which money may be deposited into retention trust account</b></p> <p>The trustee must ensure that amounts deposited into the retention trust account are only for the purposes of withholding retention amounts from a beneficiary. However, a deposit to repay an amount withdrawn in error is also allowed.</p>	<p>The auditor will have access to trust records such as payment schedules, invoices, records of deposits and bank statements. These trust records will contain information about retention amounts withheld and amounts deposited into the retention trust account. This can be used to determine if there has been a breach of the administration of the retention trust account.</p> <p>An example of a breach would be the trustee depositing an amount into a retention trust account that does not relate to a beneficiary under an eligible contract.</p>
<b>BIF Act s36</b>	<p><b>Limited purposes for which money may be withdrawn from retention trust account</b></p> <p>The trustee can only withdraw money from the retention trust account for the purposes of paying a beneficiary and paying another person to correct a defect. The trustee can pay themselves from the retention trust account for the purposes of correcting a defect or an omission, however this can only be done after the defects liability period has passed.</p> <p>If an amount is withdrawn by the trustee in error, they must repay the amount as soon as practicable.</p>	<p>The auditor will have access to trust records such as contracts, records of deposits and withdrawals and bank statements. These trust records will contain information about when the defects liability period ends and records of payments made from the retention trust. This can be used to determine if there has been a breach of the administration of the retention trust account.</p> <p>An example of a breach would be payments being made to the trustee well before the conclusion of the defects liability period for a beneficiary.</p>
<b>BIF Act s36A</b>	<p><b>All retention amounts withheld to be released from trust account</b></p> <p>Trustee can only make payments to contracted parties from the retention trust account by withdrawing the amount from the retention trust account and directly depositing the amount into the contracted party's account.</p>	<p>The auditor will have access to trust records such as records of withdrawals and bank statements. These trust records will contain information about the withdrawal of amounts and can be used to determine if there has been a breach of the administration of the retention trust account.</p> <p>An example of a breach would be inconsistency between the beneficiary's account details and the details of the account an amount is deposited into.</p>
<b>BIF Act s37A</b>	<p><b>Unauthorised dissolution of retention trust</b></p> <p>The retention trust account must not be closed until all amounts have been released to the parties entitled to it under the contract.</p>	<p>The auditor will have access to trust records such as contracts, records of withdrawals, trust account ledger and bank statements. These trust records will contain information about the withdrawal of amounts, bank account balances and closure of an account. This can be used to determine if there has been a breach of the administration of the retention trust account.</p> <p>An example of a breach would be the closing of the account while there are still amounts being held on behalf of beneficiaries.</p>

LEGISLATION SECTION	LEGISLATIVE REQUIREMENT	COMMENTS TO GUIDE AUDITORS
<b>RETENTION TRUST ACCOUNT</b>		
<b>BIF Act s51*</b>	<p><b>Trustee to cover shortfalls</b></p> <p>If there is an insufficient amount in the retention trust account to pay an amount due to be paid to a beneficiary, the trustee must immediately deposit an amount into the account to cover the shortfall.</p>	<p>The auditor will have access to trust records such as records of deposits and withdrawals, bank statements and payment schedules. These trust records will contain information about the money scheduled to be paid and bank balances that can be used to determine if there has been a breach of the administration of the retention trust account.</p> <p>An example of a breach would be the failure to make a shortfall payment in order to pay a beneficiary's entitlement in full.</p>
<b>BIF Act s51C*</b>	<p><b>Trustee not entitled to payment for administration of trust or fees</b></p> <p>The trustee is unable to recover costs for administration or fees from a beneficiary or the funds held in trust for a beneficiary. Note beneficiary excludes the trustee for this section.</p>	<p>The auditor will have access to trust records such as contracts, records of withdrawals and payment claims and payment schedules. These trust records will contain information about the withdrawal of amounts and bank account balances that can be used to determine if there has been a breach of the administration of the retention trust account.</p> <p>An example of a breach would be the trust records showing the full retention amount for a beneficiary was not paid due to administration costs associated with the retention trust account being deducted.</p>
<b>BIF Act S51D*</b>	<p><b>Interest earned on amounts held in trust account</b></p> <p>The trustee may withdraw interest earned on amounts held in a retention trust account once every 12 months or upon closure of the account.</p>	<p>The auditor will have access to trust records such as records of deposits and withdrawals. These trust records will contain information about the withdrawal of interest amounts and can be used to determine if there has been a breach of the administration of the retention trust account.</p> <p>An example of a breach would be the trustee withdrawing interest amounts from a retention trust account more than once in a 12 month period.</p>
<p><b>BIF Act s52*</b></p> <p><b>BIF Regulation s10F</b></p>	<p><b>Trust records</b></p> <p>The trustee is required to keep detailed trust accounting records to support the integrity of the trust. Trust records include an individual trust account ledger for the trust which must be able to provide separate information for each beneficiary, as well as other documents prescribed in the Regulation. The trust records must be in English, have amounts recorded in Australian dollars, be accurate and enable a convenient and proper audit of the transactions affecting the trust account. Additionally, where trust records are managed through a computer system, the computer system must comply with certain requirements including being unable to delete records of deposits and withdrawals and being capable of producing reports about transaction periods and beneficiaries.</p> <p>The record of deposits and withdrawals must be updated within 5 business days of the withdrawal or deposit being made and all trust records must be kept for 7 years.</p>	<p>The auditor will have access to all trust records, which are critical in assisting the auditor to determine if there has been a breach of the administration of the account.</p> <p>An example of a breach would be the trustee being unable to provide trust records, or compliant trust records, when requested by the auditor.</p>

LEGISLATION SECTION	LEGISLATIVE REQUIREMENT	COMMENTS TO GUIDE AUDITORS
<b>RETENTION TRUST ACCOUNT</b>		
<p><b>BIF Act s52A*</b></p> <p><b>BIF Regulation s10G</b></p>	<p><b>Monthly bank reconciliation</b></p> <p>The trustee is required to complete a monthly bank reconciliation within 15 business days of the end of each month. The monthly bank reconciliation is a trust record.</p> <p>The purpose of the bank reconciliation is to reconcile:</p> <ul style="list-style-type: none"> <li>• the financial institution statement for the trust account with the record of deposits and withdrawals for the trust account; and</li> <li>• the record of deposits and withdrawals for the trust account with the trust account ledger trial balance statement.</li> </ul>	<p>The auditor will have access to trust records such as bank reconciliations, bank statements, records of deposits and withdrawals and trust account ledgers, including trial balance statements. These trust records can be used to determine if there has been a breach of the administration of the retention trust account.</p> <p>An example of a breach would be the failure of the trustee to perform monthly bank reconciliations, or failure to perform a reconciliation in accordance with the required process.</p>
<p><b>BIF Act s57A*</b></p> <p><b>BIF Regulation s10L</b></p>	<p><b>Account review report</b></p> <p>The auditor must carry out the review as required and prepare an account review report. The report must include details of any non-compliance identified by the auditor including how and when the non-compliance was rectified, and an explanation of the review methodology used and why it was used. The auditor must give the QBCC a copy of the account review report within 20 business days of completing the review.</p>	<p>This is an obligation on the auditor</p>
<p><b>s57C*</b></p>	<p><b>Reporting serious breaches</b></p> <p>The auditor is to report serious and willful or repeated breaches to the QBCC within 5 business days of their finding of the relevant breach.</p>	<p>This is an obligation on the auditor.</p>

LEGISLATION SECTION	LEGISLATIVE REQUIREMENT	COMMENTS TO GUIDE AUDITORS
<b>PROJECT TRUST ACCOUNT</b>		
<b>BIF Act s18</b>	<p><b>Contracted party must open project trust account</b></p> <p>The contracted party must open the project trust account within 20 business days of entering into the first subcontract, or within 20 business days of a contract amendment that triggers a project trust requirement. There can only be one project trust account for the contract, and it must have its own account number and BSB (i.e. cannot be a virtual or sub-account). A contract cannot impose conditions that require the project trust to be opened earlier than the 20 days after the contract is entered.</p>	<p>The auditor will have access to trust records, such as bank statements and contracts to determine if there has been a breach of the administration requirements of the project trust account.</p> <p>An example of a breach would be use of a virtual account within a contractor's own bank account.</p>
<b>BIF Act s18A</b>	<p><b>Restrictions for project trust account</b></p> <p>The project trust must be opened at an approved financial institution, as published on the QBCC website. The project trust account must include the trustee's name and the word trust. The trustee must ensure that the deposits and withdrawals relating to the project trust account are only made using methods that create an electronic record of the transfer.</p>	<p>The auditor will be able to use trust records such as bank statements to determine if there has been a breach of the administration requirements of the project trust account.</p> <p>An example of a breach would be the bank account name not including the word trust in the name.</p>
<b>BIF Act 18C (1)(a) and (1)(b)</b>	<p><b>Change of financial institution</b></p> <p>The trustee has the ability to transfer the project trust account from one approved financial institution to another. When doing so, the trustee must ensure all amounts in the existing project trust account are transferred to the new project trust account at an approved financial institution.</p>	<p>The auditor will be able to use trust records such as bank statements and bank reconciliations to determine if there has been a breach of the administration requirements of the project trust account.</p> <p>An example of a breach would be the balance of the old project trust account being inconsistent with the opening balance of the new project trust account, taking into consideration any withdrawals of interest allowed.</p>
<b>BIF Act s19</b>	<p><b>All payments from contracting party to be deposited in project trust account</b></p> <p>The contracting party is required to deposit amounts related to a project trust contract into the project trust account unless certain circumstances apply. Should the contracting party inadvertently make payment into another account under the control of the contracted party, the contracted party must deposit the amount into the project trust account as soon as practicable.</p>	<p>The auditor will have access to trust records such as payment claims, payment schedules and bank statements. These trust records will contain information that can be used to determine if there has been a breach of the administration of the project trust account.</p> <p>An example of a breach would be a deposit inconsistency between a payment schedule and a bank statement .e.g. the contracting party deposited an amount into the contracted party's (trustee) personal account in error but the trustee did not deposit the full amount into the project trust account to correct the deposit contravention.</p>
<b>BIF Act s19A</b>	<p><b>Limited purposes for which money may be deposited into project trust account</b></p> <p>The trustee must ensure amounts deposited into the project trust account are for the purposes of the contracting party paying the trustee, or a subcontractor beneficiary being paid in connection with its subcontract. However, amounts can be paid into the account if it is to correct an incorrect withdrawal or to make another payment prescribed under regulation.</p>	<p>The auditor will have access to trust records such as contracts, records of deposits and withdrawals, payment claims, payment schedules and bank statements. These trust records will contain information that can be used to determine if there has been a breach of the administration of the project trust account.</p> <p>An example of a breach would be the trustee depositing an amount into a project trust account that does not relate to a shortfall scenario, correction of an incorrect withdrawal or beneficiary under an eligible contract.</p>



LEGISLATION SECTION	LEGISLATIVE REQUIREMENT	COMMENTS TO GUIDE AUDITORS
<b>PROJECT TRUST ACCOUNT</b>		
<b>BIF Act s20</b>	<p><b>All payments to subcontractor beneficiaries to be paid from project trust account</b></p> <p>The trustee can only make payments to a subcontractor beneficiary by paying from the project trust account and depositing the amount into the account of a financial institution nominated by the beneficiary. The account nominated should be under the control of the beneficiary and be a project trust account if required for the subcontractor beneficiary.</p>	<p>The auditor will have access to trust records such as the record of deposits and withdrawals, payment claims, payment schedules and bank statements. These trust records will contain information about the withdrawal of amounts and can be used to determine if there has been a breach of the administration of the project trust account.</p> <p>Examples of breaches include if the trust records identify a payment being made to a beneficiary but it is not shown as being paid from the project trust account, or the amount is not deposited into the account nominated by the beneficiary.</p>
<b>BIF Act s20A</b>	<p><b>Limited purpose for which money may be withdrawn from project trust account</b></p> <p>The trustee can only withdraw money from the project trust account for the purposes of paying a beneficiary (including the trustee where appropriate), paying into the retention trust account, to return an amount paid in error and to make a payment as ordered by a court order or through adjudication.</p> <p>If an amount is withdrawn by the trustee in error, they must repay the amount as soon as practicable.</p>	<p>The auditor will have access to trust records such as contracts, payment claims, payment schedules, records of deposits and withdrawals and bank statements. These trust records will contain information explaining transactions within the account which can be used to determine if there has been a breach of the administration of the project trust account.</p> <p>An example of a breach would be a payment being made into an account that does not belong to a beneficiary.</p>
<b>BIF Act s20B</b>	<p><b>Order of priority</b></p> <p>There is an order of priority in which payments must be made. Before the trustee can make a payment to itself, it must ensure that there is a sufficient amount left in the project trust account to pay amounts liable to be paid to subcontractor beneficiaries.</p>	<p>The auditor will have access to trust records such as contracts, payment claims, payment schedules, records of deposits and withdrawals and bank statements. These trust records will contain information explaining transactions within the account which can be used to determine if the trustee has not complied with the order of priority requirement.</p> <p>An example of a breach would be a trustee withdrawing an amount to pay itself when there are amounts clearly overdue to one or more subcontractor beneficiaries based on payment schedules etc.</p> <p>Note: It is not expected that an auditor would determine whether amounts are liable to be paid to a beneficiary. This may be a complex matter relating to contractual provisions, the status of work performed, payment disputes etc. This is not within the scope of an auditor's role.</p>
<b>BIF Act s20C</b>	<p><b>Insufficient amounts available for payments</b></p> <p>A trustee may make a pro-rata payment to subcontractor beneficiaries when there is an insufficient amount in the project trust account to pay subcontractor beneficiaries in full. Where there is more than one subcontractor beneficiary to be paid, the pro-rata payment must be in proportion to the amounts liable to be paid.</p>	<p>The auditor will have access to trust records such as payment claims, payment schedules, records of deposits and withdrawals and bank statements. These trust records will contain information about when payments were made and can be used to determine if there has been a breach of the administration of the project trust account.</p> <p>An example of a breach would be payments being made to subcontractor beneficiaries which have not been appropriately proportioned.</p>

LEGISLATION SECTION	LEGISLATIVE REQUIREMENT	COMMENTS TO GUIDE AUDITORS
<b>PROJECT TRUST ACCOUNT</b>		
<b>BIF Act s21(1) (a) and (4)</b>	<p><b>Ending project trust</b></p> <p>The project trust is taken to be dissolved when the project trust account is closed and the QBCC is notified. The trust account can only be closed once there are no longer subcontractor beneficiaries for the trust or the only work remaining for the contract is maintenance work. When dissolving the project trust, the trustee may pay itself interest that it is entitled to.</p>	<p>The auditor will have access to trust records such as contracts, records of deposits and withdrawals and bank statements. These trust records will contain information about the withdrawal of amounts and bank account balances that can be used to determine if the project trust account has been closed in a manner that is in breach of the administration of the project trust account.</p> <p>An example of a breach would be the closing of the account while there are subcontractor beneficiaries remaining.</p>
<b>BIF Act s21A</b>	<p><b>Unauthorised dissolution of project trust</b></p> <p>A person must not purport to dissolve the project trust before it may be dissolved, including by closing the project trust account while it is still required.</p>	<p>The auditor will have access to trust records such as contracts, records of deposits and withdrawals and bank statements. These trust records will contain information that can be used to determine if the project trust account has been closed in a manner that is in breach of the administration of the project trust account.</p> <p>An example of a breach would be the closing of the account while there are subcontractor beneficiaries remaining.</p>
<b>BIF Act s51*</b>	<p><b>Trustee to cover shortfalls</b></p> <p>If there is an insufficient amount in the project trust account to pay an amount due to be paid to a beneficiary, the trustee must immediately deposit an amount into the account to cover the shortfall.</p>	<p>The auditor will have access to trust records such as records of deposits and withdrawals, bank statements and payment schedules. These trust records will contain information about the money scheduled to be paid and bank balances that can be used to determine if there has been a breach of the administration of the project trust account.</p> <p>An example of a breach would be the failure to make a shortfall payment in order to pay the scheduled amount in full.</p>
<b>BIF Act 51C*</b>	<p><b>Trustee not entitled to payment for administration of trust or fees</b></p> <p>The trustee is unable to recover costs for administration or fees from a beneficiary or the funds held in trust for a beneficiary. Note beneficiary excludes the trustee for this section.</p>	<p>The auditor will have access to trust records such as contracts, records of withdrawals and payment claims and payment schedules. These trust records will contain information about the withdrawal of amounts and bank account balances that can be used to determine if there has been a breach of the administration of the project trust account.</p> <p>An example of a breach would be the trust records showing the full amount for a subcontractor beneficiary was not paid due to administration costs associated with the project trust account being deducted.</p>
<b>BIF Act s51D*</b>	<p><b>Interest earned on amounts held in trust account</b></p> <p>The trustee may withdraw interest earned on amounts held in a project trust account once every 12 months or upon closure of the account.</p>	<p>The auditor will have access to trust records such as records of deposits and withdrawals. These trust records will contain information about the withdrawal of interest amounts and can be used to determine if there has been a breach of the administration of the project trust account.</p> <p>An example of a breach would be the trustee withdrawing interest amounts from a project trust account more than once in a 12 month period.</p>

LEGISLATION SECTION	LEGISLATIVE REQUIREMENT	COMMENTS TO GUIDE AUDITORS
<b>PROJECT TRUST ACCOUNT</b>		
<p><b>BIF Act s52*</b></p> <p><b>BIF Regulation s10F</b></p>	<p><b>Trust records</b></p> <p>The trustee is required to keep detailed trust accounting records to support the integrity of the trust. Trust records include an individual trust account ledger for the trust which must be able to be provide separate information for each beneficiary, as well as other documents prescribed in the Regulation. The trust records must be in English, have amounts recorded in Australian dollars, be accurate and enable a convenient and proper audit of the transactions affecting the trust account. Additionally, where trust records are managed through a computer system, the computer system must comply with certain requirements including being unable to delete records of deposits and withdrawals and being capable of producing reports about transaction periods and beneficiaries.</p> <p>The record of deposits and withdrawals must be updated within 5 business days of the withdrawal or deposit being made and all trust records must be kept for 7 years.</p>	<p>The auditor will have access to all trust records, which are critical in assisting the auditor to determine if there has been a breach of the administration of the account.</p> <p>An example of a breach would be the trustee being unable to provide trust records, or compliant trust records, when requested by the auditor.</p>
<p><b>BIF Act s52A*</b></p> <p><b>BIF Regulation s10G</b></p>	<p><b>Monthly bank reconciliation</b></p> <p>The trustee is required to complete a monthly bank reconciliation within 15 business days of the end of each month. The monthly bank reconciliation is a trust record.</p> <p>The purpose of the bank reconciliation is to reconcile:</p> <ul style="list-style-type: none"> <li>• the financial institution statement for the trust account with the record of deposits and withdrawals for the trust account; and</li> <li>• the record of deposits and withdrawals for the trust account with the trust account ledger trial balance statement.</li> </ul>	<p>The auditor will have access to trust records such as bank reconciliations, bank statements, records of deposits and withdrawals and trust account ledgers, including trial balance statements. These trust records can be used to determine if there has been a breach of the administration of the project trust account.</p> <p>An example of a breach would be the failure of the trustee to perform monthly bank reconciliations, or failure to perform a reconciliation in accordance with the required process.</p>
<p><b>BIF Act s57A*</b></p> <p><b>BIF Regulation s10L</b></p>	<p><b>Account review report</b></p> <p>The auditor must carry out the review as required and prepare an account review report. The report must include details of any non-compliance identified by the auditor including how and when the non-compliance was rectified, and an explanation of the review methodology used and why it was used. The auditor must give the QBCC a copy of the account review report within 20 business days of completing the review.</p>	<p>This is an obligation on the auditor</p>
<p><b>s57C*</b></p>	<p><b>Reporting serious breaches</b></p> <p>The auditor is to report serious breaches to the QBCC within 5 business days of their finding of the relevant breach.</p>	<p>This is an obligation on the auditor.</p>

## Part B – Requirements not related to the administration of the trust account

These are matters not affecting the administration of the trust account (e.g. notice obligations) and which need not be specifically considered in the review or addressed in the report.

However, these sections do relate to trust records that the auditor will have access to.

Section 57A(4) of the BIF Act allows the auditor to include any other information in the report that the auditor considers relevant. Consequently, the auditor may choose to make a note in the report of obligations that have come to their attention that have not been satisfied. This will assist the QBCC with further investigation.

(\* indicates the provision applies to both a retention trust account and project trust account)

LEGISLATION SECTION	LEGISLATIVE REQUIREMENT	COMMENTS TO GUIDE AUDITORS
<b>RETENTION TRUST ACCOUNT</b>		
<b>BIF Act s40A</b>	<p><b>Beneficiary to be informed of transactions affecting retention amount</b></p> <p>The trustee must give a notice to the contracted party from whom a retention amount was withheld in certain circumstances and including information prescribed by regulation. The notice applies if a trustee deposits a retention amount into the retention trust account or withdraws a retention amount from a retention trust account, and must be provided within 5 business days of the deposit or withdrawal.</p>	While these notices are trust records that the auditor will have access to, they do not relate to the administration of the trust account. However, if the auditor becomes aware that a notice was not provided, or provided inaccurate or incomplete information, they may wish to note this in their report.
<b>BIF Act s41</b>	<p><b>Retention Trust training</b></p> <p>The trustee or a person nominated by the trustee is required to undertake retention trust training within the period required by regulation.</p>	While records of completion of retention trust training are trust records that the auditor will have access to, they do not relate to the administration of the trust account. However, if the auditor becomes aware that retention trust training has not been completed when required, they may wish to note this in their report.
<b>BIF ACT</b>		
<p><b>BIF Act s23A</b></p> <p><b>BIF Regulation s10A</b></p>	<p><b>Subcontractor beneficiary to be informed of particular withdrawals</b></p> <p>The trustee must give a notice to the subcontractor beneficiary in certain circumstances and including information prescribed by regulation. The notice applies if a trustee makes a withdrawal from a project trust account to pay a subcontractor beneficiary or makes a withdrawal to deposit a withheld retention amount into a retention trust account. The notice must be provided within 5 business days of making the withdrawal.</p>	While these notices are trust records that the auditor will have access to, they do not relate to the administration of the trust account. However, if the auditor becomes aware that a notice was not provided, or provided inaccurate or incomplete information, they may wish to note this in their report.

## APPENDIX 2 – EXAMPLE TRUST RECORDS

Please note that the following tables are examples only, provided to facilitate understanding. A trustee's records may present more or less information, or display information in a different way.

**Table 1 - Example record of deposits and withdrawals – project trust account**

<b>Record of Deposits and Withdrawals Example retention trust account From 1 Feb 2022 to 30 Jun 2023</b>					
<b>Date</b>	<b>Type</b>	<b>Transaction</b>	<b>Reference</b>	<b>Amount</b>	<b>Balance</b>
1/02/2022		<b>Opening Balance</b>			<b>\$0.00</b>
28/02/2022	dep	To take up cash retention on payment claims (Beneficiary A (800-01)) (deposit by trustee)	#16	\$8,616.00	<b>\$8,616.00</b>
15/03/2022	dep	To take up cash retention on payment claims (Beneficiary B (800-02)) (deposit by trustee)	#17	\$50,000.00	<b>\$58,616.00</b>
15/03/2022	dep	To take up cash retention on payment claims (Beneficiary C (800-03)) (deposit by trustee)	#18	\$40,000.00	<b>\$98,616.00</b>
31/03/2022	dep	To take up interest (deposit by bank)	#19	\$34.00	<b>\$98,650.00</b>
15/04/2022	dep	To take up cash retention on payment claims (Beneficiary A (800-01)) (deposit by trustee)	#20	\$28,000.00	<b>\$126,650.00</b>
15/04/2022	dep	To take up cash retention on payment claims (Beneficiary B (800-02)) (deposit by trustee)	#20	\$50,000.00	<b>\$176,650.00</b>
15/04/2022	dep	To take up cash retention on payment claims (Beneficiary C (800-03)) (deposit by trustee)	#20	\$20,000.00	<b>\$196,650.00</b>
31/05/2022	wdl	To record payment for defects to Beneficiary C work (Third Party BSB 111-000 Acc 00000000)	#21	-\$40,000.00	<b>\$156,650.00</b>
30/06/2023	wdl	To record payments of retention at practical completion (Beneficiary A (800-01) BSB 111-111 Acc 11111111)	#22	-\$10,000.00	<b>\$146,650.00</b>
30/06/2023	wdl	To record payments of retention at practical completion (Beneficiary B (800-01) BSB 111-222 Acc 22222222)	#22	-\$50,000.00	<b>\$96,650.00</b>
30/06/2023	wdl	To record payments of retention at practical completion (Beneficiary C (800-01) BSB 111-333 Acc 33333333)	#22	-\$2,000.00	<b>\$94,650.00</b>
30/06/2023	wdl	To record withdrawal of interest (Trustee BSB 111-444 Acc 44444444)	#23	-\$34.00	<b>\$94,616.00</b>
<b>30/06/2023</b>		<b>Closing Balance</b>			<b>\$94,616.00</b>

Table 2 - Example trust account ledger – retention trust account

Trust account ledger report Example retention trust account From 1 Feb 2022 to 30 Jun 2023					
Date	Transaction	Reference	Debit	Credit	Balance
<b>Retention Trust Account</b>					<b>\$0.00</b>
28/02/2022	To take up cash retention on payment claims (Beneficiary A (800-01))	#16	\$8,616.00		<b>\$8,616.00</b>
15/03/2022	To take up cash retention on payment claims (Beneficiary B (800-02))	#17	\$50,000.00		<b>\$58,616.00</b>
15/03/2022	To take up cash retention on payment claims (Beneficiary C (800-03))	#18	\$40,000.00		<b>\$98,616.00</b>
31/03/2022	To take up interest credited by bank (trustee)	#19	\$34.00		<b>\$98,650.00</b>
15/04/2022	To take up cash retention on payment claims (multiple)	#20	\$98,000.00		<b>\$196,650.00</b>
31/05/2022	To record payment for rectifying Beneficiary C defective work (third party)	#21		\$40,000.00	<b>\$156,650.00</b>
30/06/2023	To record payments of retention at practical completion (multiple)	#22		\$62,000.00	<b>\$94,650.00</b>
30/06/2023	To record withdrawal of interest (trustee)	#23		\$34.00	<b>\$94,616.00</b>
<b>Total Retention Trust Account</b>			<b>\$196,650.00</b>	<b>\$102,034.00</b>	
<b>Net movement</b>			<b>\$94,616.00</b>		
<b>Beneficiary A (800-01)</b>					<b>\$0.00</b>
28/02/2022	To take up cash retention on payment claims (Beneficiary A (800-01))	#16		\$8,616.00	<b>-\$8,616.00</b>
15/04/2022	To take up cash retention on payment claims (Beneficiary A (800-01))	#20		\$28,000.00	<b>-\$36,616.00</b>
30/06/2023	To record payments of retention at practical completion (Beneficiary A (800-01))	#22	\$10,000.00		<b>-\$26,616.00</b>
<b>Total Beneficiary A (800-01)</b>			<b>\$10,000.00</b>	<b>\$36,616.00</b>	
<b>Net movement</b>				<b>\$26,616.00</b>	
<b>Beneficiary B (800-02)</b>					<b>\$0.00</b>
15/03/2022	To take up cash retention on payment claims (Beneficiary B (800-02))	#17		\$50,000.00	<b>-\$50,000.00</b>
15/04/2022	To take up cash retention on payment claims (Beneficiary B (800-02))	#20		\$50,000.00	<b>-\$100,000.00</b>
30/06/2023	To record payments of retention at practical completion (Beneficiary B (800-02))	#22	\$50,000.00		<b>-\$50,000.00</b>
<b>Total Beneficiary B (800-02)</b>			<b>\$50,000.00</b>	<b>\$100,000.00</b>	
<b>Net movement</b>				<b>\$50,000.00</b>	
<b>Beneficiary C (800-03)</b>					<b>\$0.00</b>
15/03/2022	To take up cash retention on payment claims (Beneficiary C (800-03))	#18		\$40,000.00	<b>-\$40,000.00</b>
15/04/2022	To take up cash retention on payment claims (Beneficiary C (800-03))	#20		\$20,000.00	<b>-\$60,000.00</b>
31/05/2022	To record payment for rectifying Beneficiary C defective work (third party)	#21	\$40,000.00		<b>-\$20,000.00</b>
30/06/2023	To record payments of retention at practical completion (Beneficiary C (800-03))	#22	\$2,000.00		<b>-\$18,000.00</b>
<b>Total Beneficiary C (800-03)</b>			<b>\$42,000.00</b>	<b>\$60,000.00</b>	
<b>Net movement</b>				<b>\$18,000.00</b>	
<b>Trustee Pty Ltd</b>					<b>\$0.00</b>
31/03/2022	To take up interest credited by bank (trustee)	#19		\$34.00	<b>-\$34.00</b>
30/06/2023	To record withdrawal of interest (trustee)	#23	\$34.00		<b>\$0.00</b>
<b>Total Trustee Pty Ltd</b>			<b>\$34.00</b>	<b>\$34.00</b>	
<b>Net movement</b>			<b>\$0.00</b>		

Table 3 - Example trust account ledger trial balance statement

Trust account ledger trial balance Example retention trust account Jun 2023	
Account	Closing Balance
Retention Trust Account	\$94,616.00
Beneficiary A (800-01)	-\$26,616.00
Beneficiary B (800-02)	-\$50,000.00
Beneficiary C (800-03)	-\$18,000.00
Trustee Pty Ltd	\$0.00
Balance	\$0.00

Table 4 - Example journal report retention trust account

Journal Report Example retention trust account From 1 Feb 2022 to 30 Jun 2023			
	Account	Debit	Credit
28/02/2022	Retention Trust Account	\$8,616.00	
	Beneficiary A (800-01)		\$8,616.00
	<b>(JNL -16 To take up cash retention on payment claims)</b>	<b>\$8,616.00</b>	<b>\$8,616.00</b>
15/03/2022	Retention Trust Account	\$50,000.00	
	Beneficiary B (800-02)		\$50,000.00
	<b>(JNL -17 To take up cash retention on payment claims)</b>	<b>\$50,000.00</b>	<b>\$50,000.00</b>
15/03/2022	Retention Trust Account	\$40,000.00	
	Beneficiary C (800-03)		\$40,000.00
	<b>(JNL -18 To take up cash retention on payment claims)</b>	<b>\$40,000.00</b>	<b>\$40,000.00</b>
31/03/2022	Trustee Project Trust Account	\$34.00	
	Trustee Pty Ltd (800-00)		\$34.00
	<b>(JNL -19 To take up interest credited by bank)</b>	<b>\$34.00</b>	<b>\$34.00</b>
15/04/2022	Retention Trust Account	\$98,000.00	
	Beneficiary A (800-01)		\$28,000.00
	Beneficiary B (800-02)		\$50,000.00
	Beneficiary C (800-03)		\$20,000.00
	<b>(JNL - 20 To take up cash retention on payment claims)</b>	<b>\$98,000.00</b>	<b>\$98,000.00</b>
31/05/2022	Beneficiary C (800-03)	\$40,000.00	
	Retention Trust Account		\$40,000.00
	<b>(JNL -21 To record payment to third party for rectifying Beneficiary C defective work)</b>	<b>\$40,000.00</b>	<b>\$40,000.00</b>
30/06/2023	Beneficiary A (800-01)	\$10,000.00	
	Beneficiary B (800-02)	\$50,000.00	
	Beneficiary C (800-03)	\$2,000.00	
	Retention Trust Account		\$62,000.00
	<b>(JNL -22 To record payments of retention at practical completion)</b>	<b>\$62,000.00</b>	<b>\$62,000.00</b>
30/06/2023	Trustee Pty Ltd	\$34.00	
	Retention Trust Account		\$34.00
	<b>(JNL -23 To record withdrawal of interest to trustee general account)</b>	<b>\$34.00</b>	<b>\$34.00</b>

# APPENDIX 3 – TEMPLATE ACCOUNT REVIEW REPORT

This document has been prepared by the QBCC to assist auditors in complying with their obligations under the BIF Act to ensure that an account review report contains all the mandatory information. Auditors may add to or re-order the information in it as they see fit.

Auditors are not required to use this document and may set out their account review report in whatever format they wish but are responsible for ensuring that the report meets the requirements of the Act. This document does not contain all the information required by relevant AUASB standards. Auditors should ensure that the account review report complies with the requirements of relevant AUASB standards.

See ASAE 3100 Compliance Engagements Appendix 6, Example 2 and Appendix 7, Examples 1-3, for an unmodified reasonable assurance report on compliance and modified reasonable assurance reports. The following additional information is included as required by the BIF Act:

## Auditor's information

Name of auditor:

Firm name (if applicable):

Email address:

Telephone number:

Professional organisation of which auditor is a member:

Auditor's qualifications (summary, and include CV if needed):

## Trust account information

Account name:

BSB:

Account number:

Review methodology

Period the subject of this review: [e.g. 1 July 2021-30 June 2022]

Date review commenced:

Date review completed:

Review methodology: [Provide an explanation of the review methodology used and why it was used]

## Irregularities and non-compliances

Section breached	Date(s) of breach	Description of breach	Amount (if relevant)	Date rectified (if applicable)	How rectified (if applicable)

**Closing of account:** [If the account was closed during the review period, state whether it was closed in accordance with the Act. If it was not, include details in the table above.]

## Other relevant information

[The auditor may include any other information they consider relevant]

## Auditor statement

I confirm that:

- I am/my firm is independent of the trustee who has engaged me/my firm to carry out a review of their trust account.; and
- the trust records relating to the trust account have been examined; and

I conclude that:

- the trust records relating to the trust account have/have not been kept in compliance with the BIF Act; and
- the trustee has/has not complied with all requirements for the relevant trust under the BIF Act.

Specific details on irregularities and non-compliance are included in the appendix attached to this account review report.



**For more information**

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