



Auditing trust accounts

The trust account framework



Additional webinars

Webinar 1 – Trust account overview and eligibility

Further information for trustees on:

- an overview of the trust account framework
- which contracts require a trust account and working out if your projects are eligible
- what to do after you've entered a contract requiring a trust
- the two types of trust accounts – when and how to use them
- who you need to notify in the contract chain, by when and how.

Webinar 2 – Managing a trust

Further information for trustees on:

- getting paid and making payments from trust accounts
- recordkeeping and other accounting requirements
- types of trust account audits and how to prepare
- managing your trust accounts through the myQBCC portal.



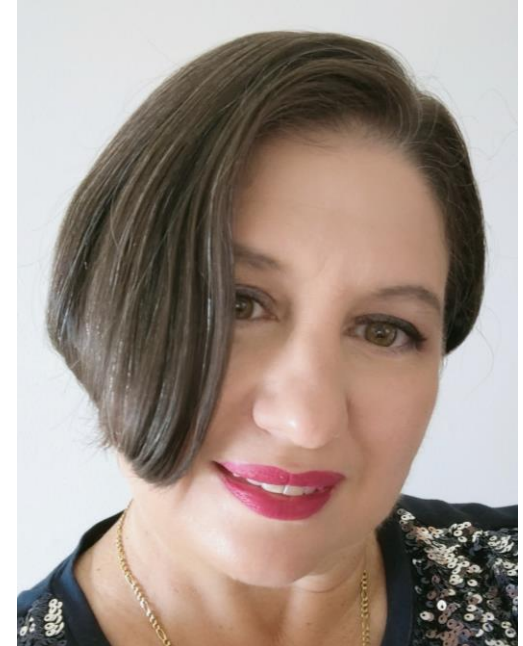
Presenters



Kelly Hodder



Tara Bowie



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Session overview

Trust account overview

Your obligations:

- timeframes
- required notices

QBCC regulatory approach:

- QBCC regulatory approach
- excluding auditors

Auditing a trust account:

- types of information you may receive
- what do you look at?
- what are you auditing against?

Using myQBCC:

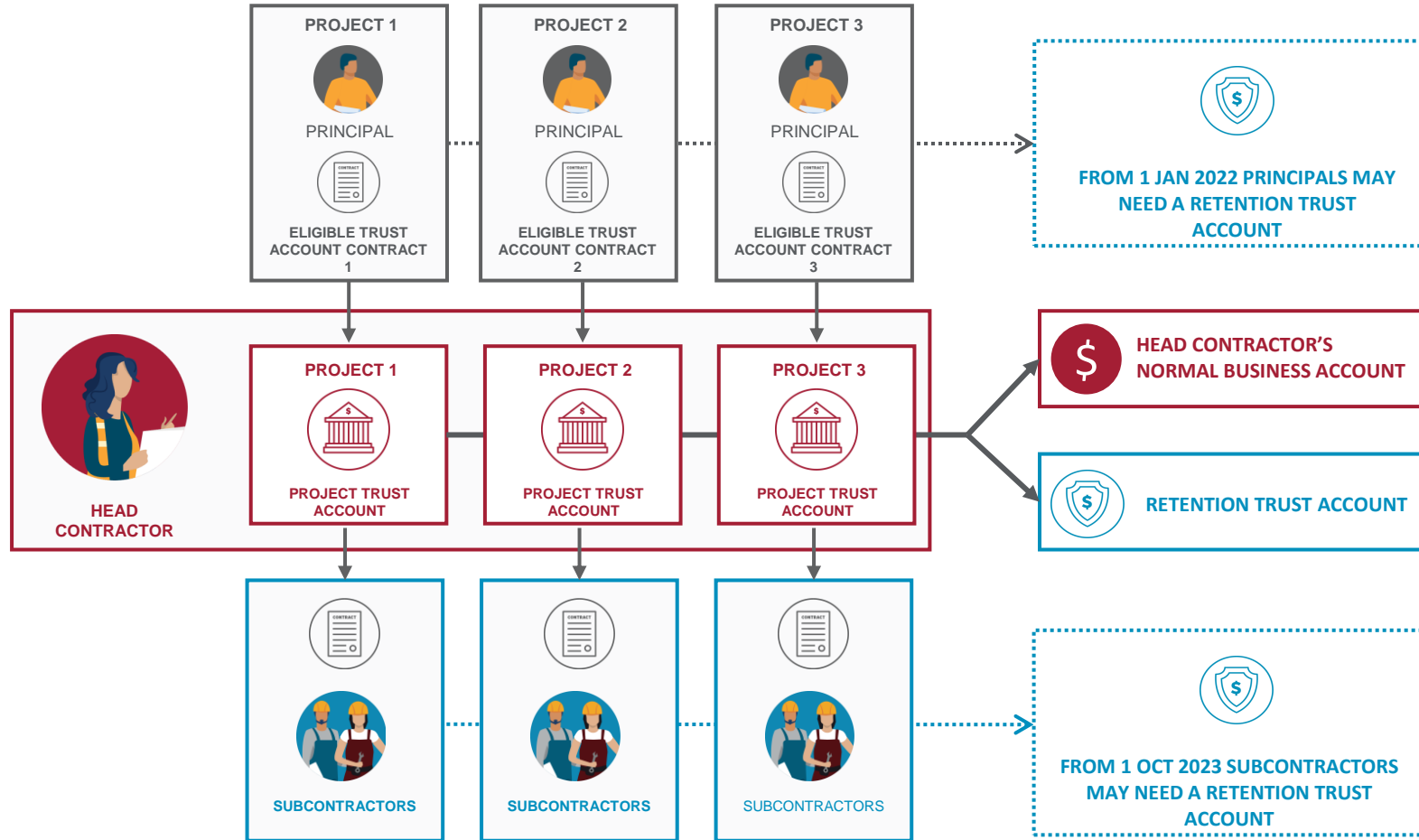
- submitting the account review report
- reporting breaches

Question and Answer session

Trust account overview



Trust account framework





Deposits into a retention trust account

Only the trustee can make deposits into the retention trust account, and only in particular circumstances.



Only the trustee can deposit amounts:

- ✓ that are cash retentions amounts
- ✓ to repay an incorrect withdrawal
- ✓ to top up the account

- × they cannot deposit non-eligible cash retention amounts.



Withdrawals from a retention trust account

Only the trustee can withdraw or transfer amounts from the retention trust account, and only in particular circumstances.



Only the trustee can withdraw amounts:

- ✓ to pay a retention amount to:
 - 1) the party it was withheld from
 - 2) the trustee or
 - 3) another person engaged to correct incomplete or defective work
- ✓ to claim interest earned.
- × they cannot borrow money to pay other bills/amounts owed or fund new projects.



Payment notifications



Notification of project trust account opening: Subcontractors

A project trust account will be used for all payments relating to the project trust contract.
Details of the project trust account are:

Is this a transition from a project bank account? No

Trustee Name

ABC Holdings Pty Ltd

Account Name

Trustee ABC project 2265

Financial Institution

ANZ BANKING GROUP LTD

BSB

000-000

Account Number

123456789

Date Account Opened

15/07/2021

Details of the project trust contract:

Contracting Party

Pete Smith

Contracted Party

ABC Holdings Pty Ltd

Beneficiaries must be notified within 5 business days of the following transactions:

- deposit into retention trust account for beneficiary
- withdrawal from retention trust account to beneficiary
- withdrawal from retention trust account to pay someone else to fix defects or omissions.

There is no set format. All notices must be in writing and can be given:

- as remittance advice
- by email to the beneficiary.

Prescribed information **must be included on notices.**





Other considerations

What if there are insufficient funds to pay everyone?

The trustee must top up the account so that all amounts owed to subcontractors can be paid by the due date for payment.

How to calculate retention amounts to be withheld?

- as per contract terms
- restrictions on certain retention amounts that can be withheld
- the amount deposited includes the GST component.

What happens when a trust account is set up/required part way through a project?

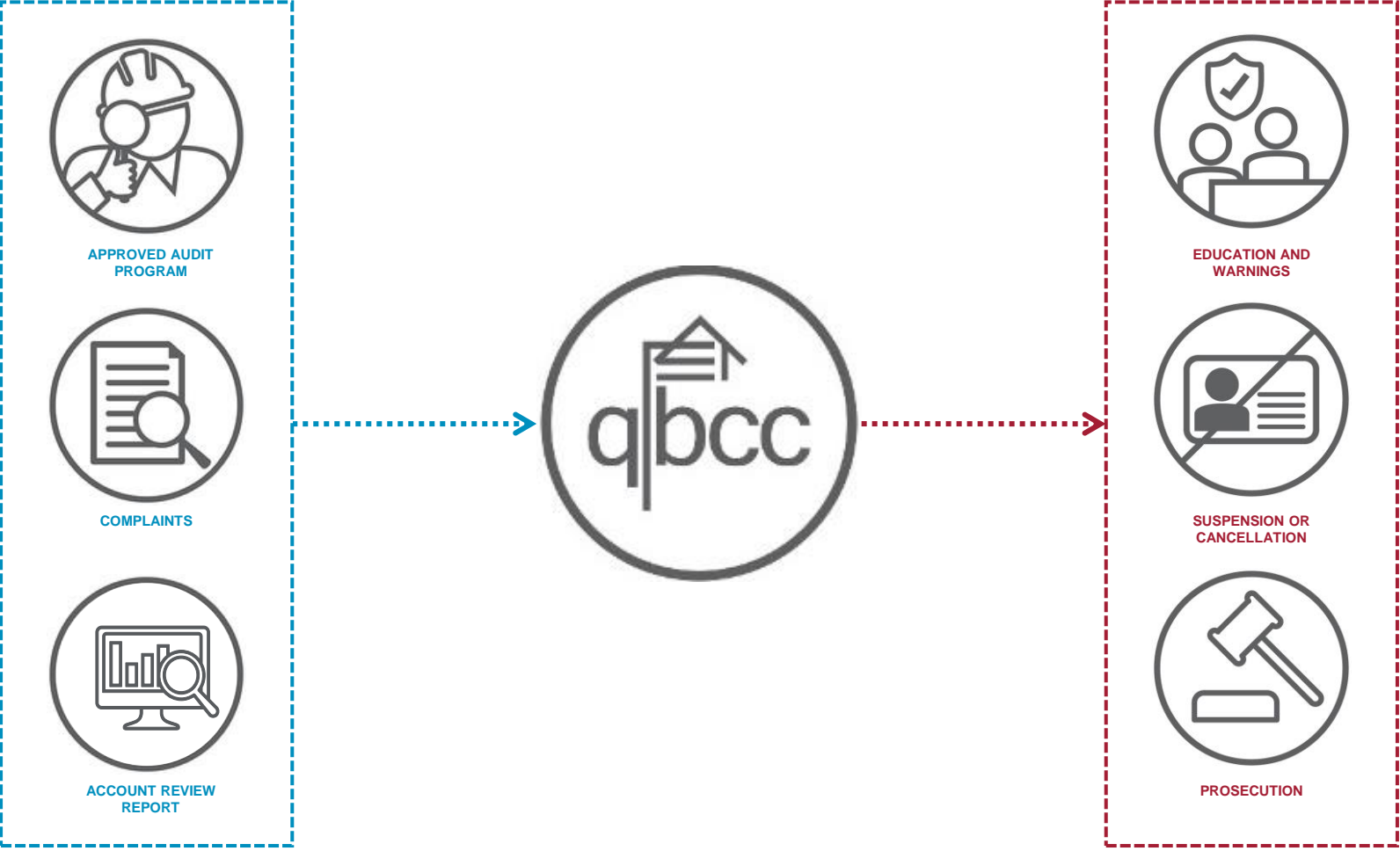
All cash retentions already withheld must be transferred into the retention trust account.

Can the trustee still use bulk payments?

If their software allows and records the correct information on the ledger and record of deposits and withdrawals, then yes (even though it shows as the one transaction/total amount withdrawn on the bank statement).

QBCC regulatory approach

QBCC regulatory approach



The regulatory guide for project and retention trusts is on the QBCC website.
Industry tab > Trust accounts > Trust account resources and support

Excluding 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:

- an auditor gave the QBCC incorrect information about the compliance of a trust account with the BIF Act;
- an auditor failed to comply with the requirements of the BIF Act in performing a trust account review.

Your obligations



General obligations

As an auditor, your obligations include:

- be a registered company auditor
- be independent of the trustee
- must not be excluded by the QBCC
- meet the prescribed timeframes
- report any serious breaches to the QBCC
- prepare and submit the account review report with the required information



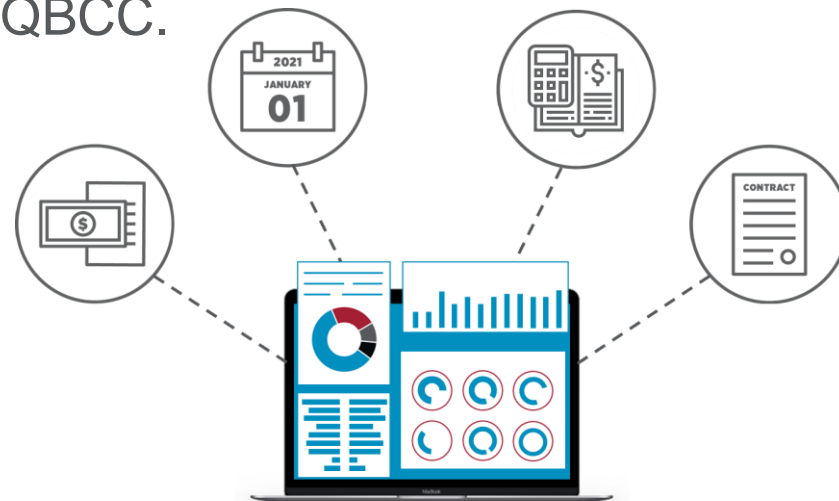
What is an account review?

An independent review of the administration of a trust account and compliance with legislative requirements.

It will be a reasonable assurance engagement.

For retention trust accounts– for prescribed review periods

- annually
- upon closure of an account
- if directed by the QBCC.





Exemption

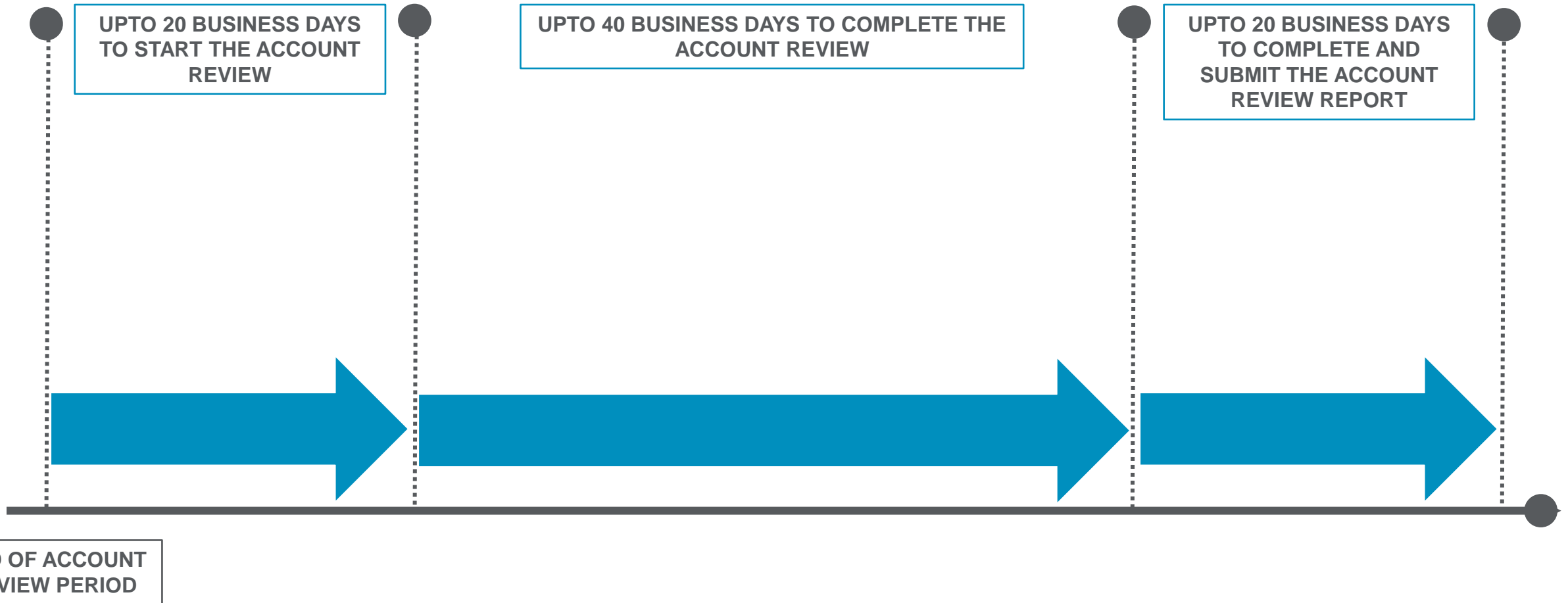
A trustee is exempt from engaging an auditor if:

- no retention amounts were held in the trust account during the review period
- they notify the QBCC that they are not engaging an auditor.

The trustee must notify the QBCC within 10 business of the end of the period.



Account review timeframes





Let's take a quick break!

Auditing a trust account

What is an account review report

An account review report must include the following:

- information about the auditor and the trust account that was reviewed
- statements from the auditor
 - the auditor is independent of the trustee
 - the trust records have been examined
 - the trust records have been kept in compliance with the requirements
 - the trustee has complied with all the relevant requirements of the BIF Act
- details of any irregularities and non-compliance identified
- an explanation of the review methodology.

Main sections of the act to audit against

AUDITOR GUIDE:

TRUST ACCOUNTS



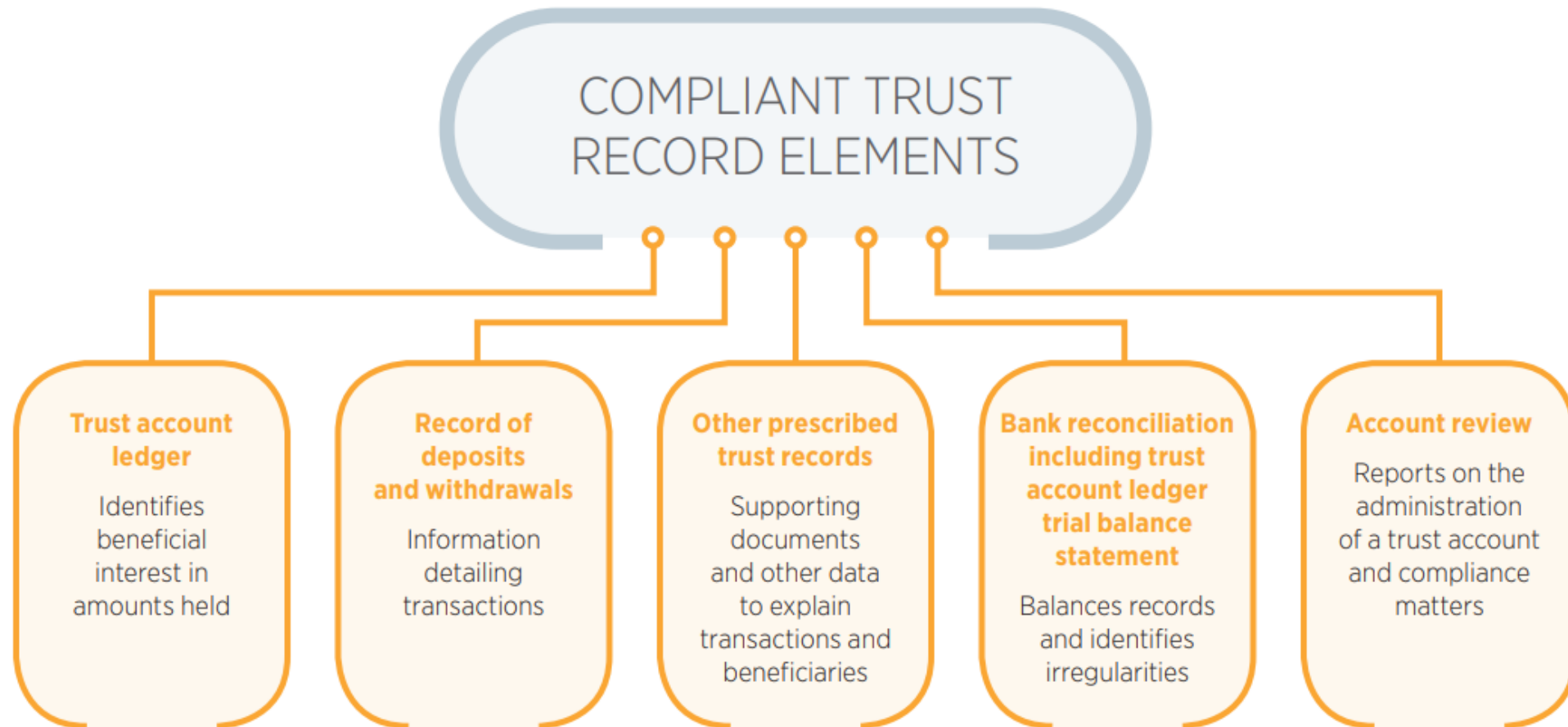
Building Industry Fairness (Security of Payment) Act 2017

The trust auditor guide provides a full break down for the requirements and sections of the BIF Act.

However, some key sections include:

- Section 35A and 36
 - when amounts can be deposited and withdrawn from the retention trust account
- Section 52
 - trust record requirements.

What information should be available?



Reporting serious breaches

Getting started **Complaint** Supporting information Declaration

Cancel Save for Later

Trust account complaint form Fields marked with * are required

Help us investigate

We value the information provided about trust account offences but have limited capacity to progress unsubstantiated claims. The evidence provided will support our investigations.

Note that the QBCC's ability to investigate trust account complaints is governed by the [Building Industry Fairness \(Security of Payment\) Act 2017](#).

Trust account details (where known):

* Do you know the trust account details?
 Yes
 No

* Trust account type: Project Trust Account
 Retention Trust Account

Trustee name

BSB Account Number

Any other details to help identify the trust account:

Serious breaches found during the account review must be reported to the QBCC within 5 business days.

QBCC expects the following types of breach to be reported:

- wilful breaches by the trustee that cause or are likely to cause loss to a beneficiary
- repeated failure by the trustee to comply with their obligations.

Notices to the QBCC

Getting started **Complaint** Supporting information Declaration

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Trust account details (where known):

* Do you know the trust account details?
 Yes
 No

* Trust account type: **1**
 Project Trust Account
 Retention Trust Account

Trustee name

BSB Account Number

Any other details to help identify the trust account:

A notice is submitted if:

- reporting non-compliance
- submitting an account review report

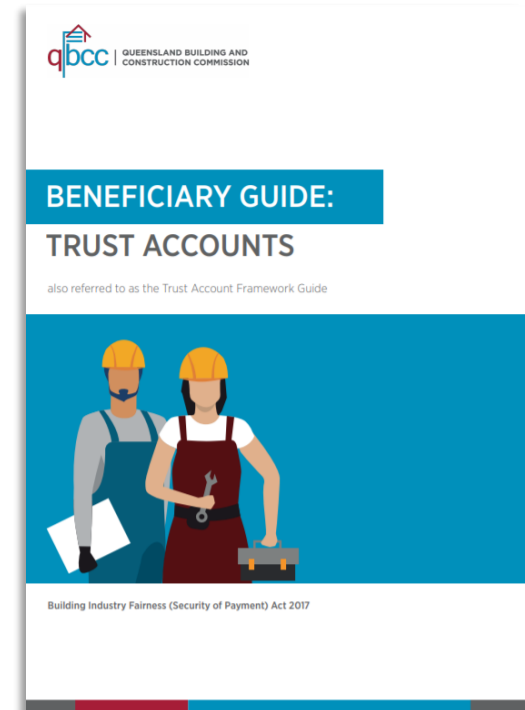
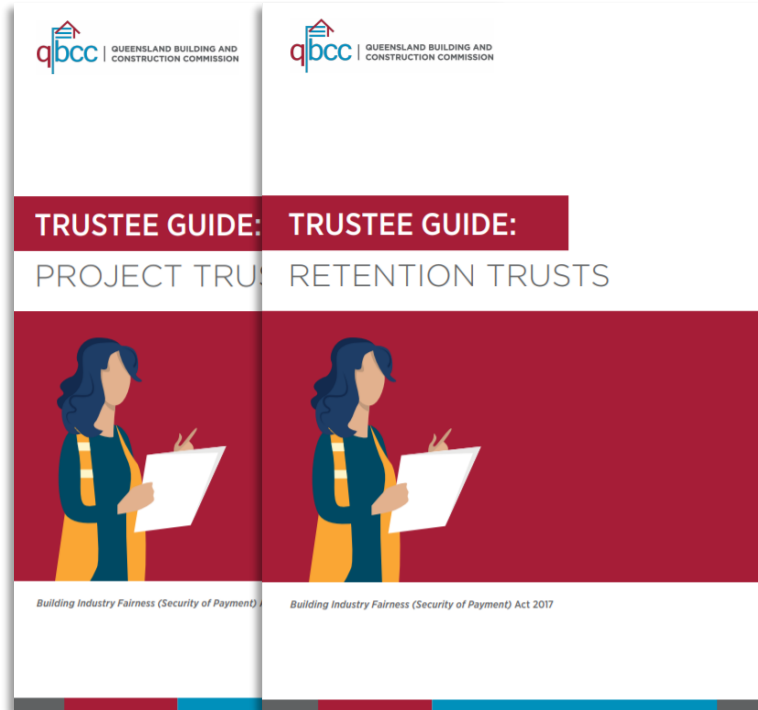
A notice to the QBCC can be submitted via myQBCC or through the approved PDF form.

Using myQBCC

More information

There are detailed guides on the QBCC website that step through the requirements for both project trust accounts and retention trust accounts.

You can access these by selecting Resources on the QBCC website.



Questions

THANK YOU

The information given during presentations is of a general and educative nature only and does not amount to legal, financial or specialist advice and should not be relied upon for the purpose of making business or other decisions.

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