

## CPPDSM4006A Establish and manage agency trust accounts

<b>Unit descriptor</b>	<p>This unit of competency specifies the outcomes required to establish and manage trust accounts in an agency context. It includes reviewing agency accounts for compliance with trust account requirements, establishing and managing trust accounts, maintaining records of trust transactions, and monitoring and reviewing trust accounts.</p> <p>The unit may form part of the licensing requirements for persons engaged in real estate activities in those States and Territories where these are regulated activities.</p>
<b>Employability skills</b>	<p>The required outcomes described in this unit of competency contain applicable facets of employability skills. The Employability Skills Summary of the qualification in which this unit of competency is packaged, will assist in identifying employability skills requirements.</p>
<b>Prerequisite units</b>	<p>Nil</p>
<b>Application of the unit</b>	<p>This unit of competency supports the work of licensed real estate agents and agency principals involved in establishing, managing and administering agency trust accounts.</p>
<b>Competency field</b>	<p>Real estate</p>
<b>Unit sector</b>	<p>Property development, sales and management</p>

### ELEMENT

Elements describe the essential outcomes of a unit of competency.

#### 1 Review agency trust accounts for compliance with trust account requirements.

### PERFORMANCE CRITERIA

Performance criteria describe the required performance needed to demonstrate achievement of the element. Where ***bold italicised*** text is used, further information is detailed in the required skills and knowledge and/or the range statement. Assessment of performance is to be consistent with the evidence guide.

- 1.1 ***Agency trust account requirements*** are clearly identified, accurately recorded and continuously updated in line with relevant legislation and regulations.
- 1.2 Policies and procedures for accurate trust account keeping are developed which comply with trust account requirements, key principles of accounting and financial management, agency practice and legislative requirements.

**ELEMENT**

**PERFORMANCE CRITERIA**

- 1.3 *Criteria for evaluating electronic and manual trust accounting systems* are identified and applied to ensure compliance with all trust account requirements.
- 2 **Establish and maintain trust accounts.**
- 2.1 *Source documents* for trust transactions are identified and accessed in line with legislative requirements.
- 2.2 Documentation of *trust records* and transactions are produced to give an accurate record of agency transactions on behalf of clients.
- 2.3 Transactions are supported by appropriate authorisation and documentation and are in line with agency practice and legislative requirements.
- 2.4 Entries and *transactions* are promptly and accurately recorded in line with relevant trust account requirements and agency requirements, and can be provided on demand.
- 2.5 *Discrepancies* in entries or documentation are promptly followed up to ensure clarification or resolution and are reported to *relevant authorities* where necessary.
- 2.6 Audit and *security arrangements* are checked to ensure they provide adequate protection for client confidentiality and client funds held in trust.
- 3 **Manage and control trust accounts.**
- 3.1 *Disbursements* to and from trust accounts are authorised and managed within agreed agency protocols and legislative requirements.
- 3.2 Appropriate arrangements are made with *third parties and other professionals* to ensure that agency trust accounts comply with legislative requirements.
- 3.3 Agency trust administration policies and procedures are disseminated or made readily available to relevant staff in line with agency practice and legislative requirements.
- 3.4 Ongoing training of relevant agency staff is provided to ensure efficient operation of trust accounts and financial and IT systems, and compliance with agency practice and legislative requirements.

ELEMENT	PERFORMANCE CRITERIA
<b>4 Monitor and review trust accounts.</b>	<p>3.5 Procedures for monitoring records and ensuring the security of trust account records are developed and implemented.</p> <p>4.1 Documentation and other reporting requirements are regularly reviewed for compliance with legislative requirements.</p> <p>4.2 Trust account entries and transactions are regularly checked and monitored to ensure compliance with agency practice and legislative requirements.</p> <p>4.3 Trust account transactions are monitored to ensure appropriate authorisation is obtained prior to any disbursements.</p>
<b>5 Authorise and verify trust accounts.</b>	<p>5.1 <i>Periodic reconciliation</i> is verified by licensee in charge, in compliance with legislative requirements.</p> <p>5.2 Periodic financial reports are prepared and discussed with clients to ensure their continued accuracy.</p> <p>5.3 Records are maintained to enable them to be conveniently and properly audited.</p> <p>5.4 Legislative audit requirements are met.</p>

## REQUIRED SKILLS AND KNOWLEDGE

This section describes the essential skills and knowledge and their level, required for this unit.

### Required skills:

- ability to communicate with and relate to a range of people from diverse social, economic and cultural backgrounds and with varying physical and mental abilities
- analytical skills to interpret documents such as legislation, regulations, trust account records and financial reports
- application of risk management strategies associated with establishing, administering and managing trust accounts
- computing skills to use relevant office technology and software packages
- decision making and problem solving skills to analyse and make decisions about agency trust accounts consistent with legislative and ethical requirements
- literacy skills to access and interpret a variety of texts, including legislation, regulations, trust account records and financial reports; prepare general information and papers; prepare formal and informal letters, reports and applications; and complete standard forms

## **REQUIRED SKILLS AND KNOWLEDGE**

- numeracy skills to calculate and interpret data contained in trust account records and financial reports
- planning, organising and scheduling skills to monitor and review trust accounts
- research skills to identify and locate documents and information relating to agency trust accounting requirements.

### **Required knowledge and understanding:**

- accounting and bookkeeping for financial control
- agency administrative routines and practices
- agency information technology and management systems
- auditing and reporting requirements
- ethical requirements
- relevant federal, and state or territory legislation and local government regulations relating to:
  - anti-discrimination and equal employment opportunity
  - consumer protection, fair trading and trade practices
  - employment and industrial relations
  - financial services
  - OHS
  - privacy
  - property sales and management
- risks and risk management strategies
- security requirements
- sources of information on agency trust accounting requirements
- taxation and financial fees and charges
- trust accounting, including:
  - audit and security arrangements
  - authorisations
  - documentation of trust records and transactions
  - discrepancies
  - factors that distinguish trust accounts from general agency accounts

## REQUIRED SKILLS AND KNOWLEDGE

- fiduciary duties and responsibilities for trust account management and associated legal compliance requirements
- internal control mechanisms in system specifications
- methods of identifying and reporting discrepancies
- operating, monitoring, reporting and auditing requirements of trust accounts
- purpose of trust accounts
- staff development and training
- systems design, including fraud control, risk management and supervision of trust account entries and disbursements
- use of third parties and other professionals to ensure compliance with legislative requirements.

## RANGE STATEMENT

The range statement relates to the unit of competency as a whole. It allows for different work environments and situations that may affect performance. ***Bold italicised*** wording in the performance criteria is detailed below. Add any essential operating conditions that may be present with training and assessment depending on the work situation, needs of the candidate, accessibility of the item, and local industry and regional contexts.

***Agency trust account requirements*** include:

- audit and accounting requirements
- client confidentiality
- client instructions, expectations and needs
- compliance of financial and IT systems and technology with relevant legislation and regulations
- disclosure and reporting requirements
- financial and IT systems and technology
- relevant regulations and legislation regarding:
  - claiming commission
  - advertising reimbursement
  - administration fees
- taxation and financial fees and charges.

***Criteria for evaluating electronic and manual trust accounting systems*** must take into account the following factors:

- administrative systems
- Australian accounting standards and codes of practice
- disclosure and reporting requirements
- electronic funds management, including transfer, deposit and verification
- ethical requirements
- legislative and regulatory requirements:
  - at a minimum must provide monthly reconciliations
  - backup and off-site storage of hard copy available in English
  - must allow minimum monthly balance
- office routines
- security requirements
- trust account procedures.

***Source documents*** may include:

- cheque butts
- cheque register
- contractor invoices
- deposit slip duplicates
- legal documentation – cooling off notification, early deposit release notification and settlement documentation
- listing authorities
- receipt duplicates
- receipt registers
- securities register
- unclaimed moneys register.

***Trust records*** may include:

- account balance statements
- account sales
- bank reconciliation statements
- rental statements
- rescission statements
- transfer journal
- trust cash payments journal

- trust cash receipts journal
  - trust ledger.
- Transactions** may include:
- electronic, computerised or manual entries or processes
  - property management or property sales.
- Discrepancies** may include:
- details of transactions, including insufficient or incorrect data on source documents
  - monetary, including:
    - claiming of entitlements
    - fraud
    - inadvertent bank charges
    - unclaimed moneys
  - timing, including:
    - audit reports
    - banking
    - claiming of entitlements
    - reconciling.
- Relevant authorities** may include:
- agency principal
  - licensed real estate agent
  - office manager
  - regulatory authorities.
- Security arrangements** may include:
- backup
  - physical and electronic storage of trust account records.
- Disbursements** may include:
- account sales statements
  - agency entitlements, including:
    - advertising reimbursements
    - commission
    - contractor payments
    - letting fees
    - statement fees
  - fund remittances
  - rental or landlord statements.

- Third parties and other professionals** may include:
- auditors
  - bookkeepers and accountants
  - industry associations
  - IT professionals
  - solicitors.

- Periodic reconciliations** may include:
- as required by legislation
  - daily or monthly
  - quarterly.

## EVIDENCE GUIDE

The evidence guide provides advice on assessment and must be read in conjunction with the performance criteria, required skills and knowledge, the range statement and the Assessment Guidelines for this Training Package.

**Overview of assessment** This unit of competency could be assessed through practical demonstration of administering and managing agency trust accounts. Targeted written (including alternative formats where necessary) or verbal questioning to assess the candidate's underpinning knowledge would provide additional supporting evidence of competence. The demonstration and questioning would include collecting evidence of the candidate's knowledge and application of ethical standards and relevant federal, and state or territory legislation and regulations. This assessment may be carried out in a simulated or workplace environment.

**Critical aspects for assessment and evidence required to demonstrate competency in this unit** A person who demonstrates competency in this unit must be able to provide evidence of:

- application and knowledge of agency policies and procedures associated with trust accounts
- application of financial management and accounting principles and knowledge
- commitment to client service and maintenance of client confidentiality
- establishing and managing agency trust accounts
- knowledge of agency practice, ethical standards and legislative requirements for the operation of agency trust accounts
- complying with legislative requirements for the operation and auditing of agency trust accounts
- maintaining records of trust transactions



**Context of and specific resources for assessment**

- monitoring and reviewing agency trust accounts
- reviewing agency trust accounts for compliance with legislative requirements.

Resource implications for assessment include:

- access to suitable simulated or real opportunities and resources to demonstrate competence
- assessment instruments that may include personal planner and assessment record book
- access to a registered provider of assessment services.

Where applicable, physical resources should include equipment modified for people with disabilities.

Access must be provided to appropriate learning and/or assessment support when required.

Assessment processes and techniques must be culturally appropriate, and appropriate to the language and literacy capacity of the candidate and the work being performed.

Validity and sufficiency of evidence require that:

- competency will need to be demonstrated over a period of time reflecting the scope of the role and the practical requirements of the workplace
- where the assessment is part of a structured learning experience the evidence collected must relate to a number of performances assessed at different points in time and separated by further learning and practice with a decision of competence only taken at the point when the assessor has complete confidence in the person's competence
- all assessment that is part of a structured learning experience must include a combination of direct, indirect and supplementary evidence
- where assessment is for the purpose of recognition (RCC/RPL), the evidence provided will need to be current and show that it represents competency demonstrated over a period of time
- assessment can be through simulated project-based activity and must include evidence relating to each of the elements in this unit.

In all cases where practical assessment is used it will be combined with targeted questioning to assess the underpinning knowledge. Questioning will be undertaken in such a manner as is appropriate to the language and literacy levels of the candidate and any cultural issues that may affect responses to the questions, and will reflect the requirements of the competency and the work being performed.