



Firm Name:

Trading Name:

Address:

Suburb:

Postal Code:

Firm Pin number:

FORM OF REPORT BY INDEPENDENT AUDITOR

**Report of the Independent Auditor of _____
[Insert the Name of the Estate Agency Entity] in respect of the Estate Agent’s Trust
Accounts**

**To the <Practitioner / Members / Partners / Directors¹>, and the Estate Agency
Affairs Board**

We have completed our engagement to determine whether the estate agent’s trust accounts of _____ [insert the name of firm] were maintained in compliance with Sections 32(1), (2) and (3) of the Estate Agency Affairs Act, No. 112 of 1976 (the “Act”), for the period from _____ to _____ / or year ended _____ and report our conclusion thereon together with any instances of non-compliance that came to our attention (Section A). We are also required to report on certain additional matters of compliance with other Acts (Section B) and report on certain information extracted from the accounting records (Section C).

Our engagement arises from our appointment as auditor of _____ [insert the name of the estate agency entity]. Our audit of the annual financial statements for the year ended _____ was conducted in accordance with International Standards on Auditing and in our report of _____ [insert date] we expressed an _____

¹ Throughout the report - delete whichever: “proprietor/members partners/directors” is “not applicable”

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unqualified / qualified / adverse² opinion or / a disclaimer of opinion on the financial statements prepared in accordance with <IFRS / IFRS for SMEs> [*specify financial reporting framework*]³.

<Practitioner/Partners/Directors> responsibility for the trust accounts

The <practitioner/partners/directors> of _____ [*insert the name of the estate agency entity*]is/are responsible for ensuring that the estate agent’s trust accounts are maintained in compliance with the Act. The <practitioner/partners/directors> is/are also responsible for the implementation of accounting and internal control systems that ensure compliance with the Act to ensure the Trust Accounts and extracts therefrom included in this report are free of material misstatement whether due to fraud or error.

Auditor’s responsibility

Our responsibility is to *report our conclusions and findings/matters coming to our attention* regarding the _____’s [*insert the name of the estate agency entity*] maintenance of its trust account(s) in compliance with the Act, and extraction of certain information from the accounting records, based on our work performed.

We have relied on evidence obtained in the course of our audit of the annual financial statements for the year ended _____ [*insert date*],and exercised our judgement regarding matters coming to our attention in the course of our audit, together with evidence obtained from such additional procedures as we considered necessary in the circumstances.

A. Compliance with the Act

Summary of work performed

Our additional procedures included:

1. Inquiries of the <practitioner/members/partners/ directors/management/personnel> responsible for financial matters and compliance with the Act and the inspection of supporting documents to determine whether for the period reported on:
 - the estate agent’s trust accounts were properly referenced and the requisite details furnished to the board, as required by section 32(1) of the Act;
 - the estate agent had invested moneys deposited in a trust account in accordance with the requirements of section 32(2) of the Act;
 - the estate agent had kept separate accounting records, as required by section 32(3) (a) of the Act, and balanced the accounting records relating to any trust account at intervals of not more than one month, as required by section 32(3)(b) of the Act, and administered the trust accounts in the prescribed manner, as required by section 32(3)(c) of the Act;

² Delete whichever is not applicable.

³ It is assumed that the registered auditor appointed to audit and report on the annual financial statements of the estate agent’s business for the year / period specified above, also audits the estate agent’s trust accounts, which engagement is performed having an “audit knowledge” of the business.

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- the circumstances under which negotiable instruments deposited into the estate agent’s trust accounts at each month end and not subsequently honoured, were satisfactory; and
- the system employed when transferring amounts (including interest earned) from the estate agent’s trust banking account to the estate agent’s business account appears to ensure that on each occasion any such transfer is made, the balance remaining to the credit of such trust banking amount or other interest-bearing account referred to in section 32(2)(a) of the Act, together with any trust moneys held in cash on hand, amounts to not less than the trust balances.

Conclusion on compliance with the Act

2. Based on our work performed, we found that the estate agent’s trust accounts were maintained in compliance with Sections 32(1), (2) and (3) the Act during the *period from* _____ *to* _____ */ or year ended* _____ *except for the contraventions set out below:*

	Section of the Act	Details of Contravention/s of the Estate Agency Affairs Act in respect of Trust Accounts⁴

B. Additional compliance

Estate Agency Affairs Act, No. 112 of 1976

We have inspected a valid fidelity fund certificate for the calendar year ended 31 December 20__⁵ in the name of [*insert the name of the estate agency entity*], as required by Section 26, *Prohibition of rendering of services as estate agent in certain circumstances.*

Financial Intelligence Centre Act, No 38 of 2001

We have seen evidence that [*insert the name of the estate agency entity*] has registered as an accountable institution.

The FIC no of the *Estate Agency* is _____:

We have made inquiries and seen evidence to determine whether [*insert the name of the estate agency entity*] has reported cash transactions for the period reported on in accordance with the requirements of Section 28, Cash transactions above prescribed limit.

Auditing Profession Act

⁴ Any contravention of the items detailed in the bullet points above are regarded as material and should be reported. Specify sections of the Act and Rules contravened and provide details of contravention/s.

⁵ The calendar year before the financial period/year of this report

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We *<have / have not>* reported a reportable irregularity to the Independent Regulatory Board for Auditors as defined in, and in accordance with Section 45 of, the Auditing Profession Act.

C. Information extracted from the accounting records

Monies deposited in a trust banking account in compliance with Sections 32(1) and 32(2)(a) of the Act:

	<u>R</u>
1. Total interest received	
2. Less: Paid out in terms of express written mandates (Section 32(2)(c) of the Act)	
3. Balance	
4. Less: Amounts paid to the Fidelity Fund of the Board (Government Notice R1415 of 3 July 1981 – 50% of above balance)	
5. Amount retained by estate agent	

Procedures performed

1. We agreed the total interest received in to IT3(b) certificates addressed to the estate agent to determine that the total interest received has been correctly extracted, but have not performed any additional procedures to substantiate the completeness or accuracy of the underlying amounts.
2. We agreed the total amount paid out in terms of express written mandates to the balance(s) reflected in the underlying trust accounting records to determine that the total amount paid out has been correctly extracted, but have not performed any additional procedures to substantiate the completeness or accuracy of the underlying amounts.
3. We agreed the amounts paid out to the Fidelity Fund of the Board to the balance(s) reflected in the underlying trust accounting records to determine that the total amount paid out has been correctly extracted, but have not performed any additional procedures to substantiate the completeness or accuracy of the underlying amounts.
4. We agreed the amount retained by the estate agent to the balance recorded in the general ledger.

The above information has been extracted from the underlying trust accounting records which were subject to our audit of the financial statements as a whole. With the exception of those procedures performed, as described above, the underlying information is unaudited and does not form part of our conclusion regarding compliance with Sections 32(1), (2) and (3) of the Estate Agency Affairs Act set out in Section A, and accordingly, we express no conclusion thereon.

Restriction on use and distribution of the report

The layout and wording of our report is in compliance with the requirements of the Estate Agency Affairs Board and may not be suitable for any other purpose, consequently, it is intended solely for the use of *<practitioner/partners/directors>* of the estate agent and the Estate Agency Affairs Board and should not be distributed to any other parties without our prior written consent.

[Initial]

Auditor's Signature: _____

[Insert: Name of audit firm and IRBA Registration Number, if report is not on letterhead of firm]

Per: _____

[Insert name of sole practitioner, partner or director]

Registered Auditor

Registration Number: _____

Address:

Contact number: _____

Date: _____

PROPOSED ANNEXURE A

SUPPLEMENTARY INFORMATION EXTRACTED FROM THE TRUST ACCOUNTING RECORDS OF _____ [Insert the Name of the Estate Agency Entity] Schedule of Interest Payments from each Trust Banking Account Paid to the Estate Agency Affairs Board⁶

For the Financial Period from _____ to _____

Trust Banking Account/s at: _____ <Insert Name/s Of Bank>,

Branch Code No. <_____> and Account No. <_____>

	Date	Financial Period	Method of Payment (EFT / Cheque)	Amount
1.				
2.				
3.				
4.				
5.				
6.				
7.				
8.				
9.				
10.				
11.				
12.				
13.				
Total				

Summary of work performed

1. Compared the Payments / EFT amounts extracted to a sample of amount(s) reflected as paid on the relevant Trust Account bank statements and noted amounts in our sample that <did / did not agree>.

⁶ Note that a separate schedule in this format is to be submitted **for each trust bank account operated by the estate agency entity** (or a Spreadsheet reflecting the payments from all Trust Banking Accounts where multiple Trust Banking Accounts are maintained).

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2. Compared the **Total(s)** of all the **Individual Trust Account Schedules of Interest Paid** to the total reflected in **Section C, Point 3**. The total amount *<did / did not agree>*.
3. Obtained explanations from the *<practitioner/partners/directors>* regarding any differences which are reported below:

	Difference/s	<i><Practitioner/ partners/ directors></i> explanation
1.		
2.		
3.		

The following additional information is included as Annexures:

1. Interest earned Certificates – IT3b certificate
2. *<Specify>*

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