

2022 PROPERTY PRACTITIONERS AUDIT INFORMATION SESSION

PRESENTATION BY:

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**PROPERTY PRACTITIONERS
REGULATORY AUTHORITY**

WHAT WILL BE COVERED DURING THIS WEBINAR

1. **The expanded definition of property practitioner**
2. **Annual financial statements of business property practitioners**
3. **Administering trust accounts and trust accounting records**
4. **Unclaimed or unidentified trust monies**
5. **Interest earned on trust monies**
6. **Exemptions from keeping a trust account**
7. **Payment processing agents**
8. **Audit of trust accounts**
9. **Transitional provisions**

PROPERTY PRACTITIONER DEFINITION

Important terms used in the definition

- a. **Property** means any immovable property, and any interest, right or duty associated with it.
- b. **Business undertaking** – no definition provided in the Act
- c. **Interest or right associated with immovable property** – no definition in the Act, but there are various other Acts there deal with this issue:
 - There is a definition of “time-sharing interest” in the Property Time-sharing Control Act
 - There is a definition of “share block scheme” in the Share Blocks Control Act
 - There is a definition of a “section” in the Sectional Titles Act

PROPERTY PRACTITIONER DEFINITION

Paragraph (a)

Natural or juristic person who for the acquisition of gain and on the instructions or on behalf of another:

- i. By auction or otherwise sells, purchases, manages or public exhibits for sale of property or any business undertaking or negotiates, canvasses or offers to canvass a seller or purchaser;
- ii. Lets, hires or publicly exhibits for hire property or any business undertaking by electronic or any other means or negotiates, canvasses or offers to canvass a lessee or lessor;
- iii. Collects or receives monies payable on account of lease of property or a business undertaking;
- iv. Provides, procures, facilitates, obtains or markets financing for management, sale or lease of property or a business undertaking, including bridging finance provider and bond broker, but excluding a financial institution as defined in the Financial Services Board Act;
- v. Acts as an intermediary or facilitator in the conclusion of an agreement of sale or lease of property or business undertaking, including an HOA which acts as an intermediary or facilitator

Paragraph (b)

Any person who by auction or otherwise sells, markets, promotes or advertises any part, unit, section, rights or shares in a property or property development, including time share and fractional ownership

Paragraph (d)

A trust in respect of which the trustee, for the acquisition of gain on account of the trust, directly or indirectly and on instruction of or on behalf of another, performs any act in paragraph (a)

Paragraph (c)

Any person who for remuneration manages a property on behalf of another

Paragraph (f)

Any person employed by or renders service to any attorney or attorney practice who performs the duties in paragraph (a), other than the attorney or candidate attorney

Exclusions

- I. A person who does not perform these activities in the ordinary course of business;
- II. A natural person who in the ordinary course of business offers a property for sale which belongs to him or her in his or her personal capacity;
- III. An attorney or candidate attorney as defined in the Attorneys Act;
- IV. A sheriff as defined in the Sheriffs Act, when he or she performs the activities in paragraph (a);
- V. A financial institution as defined in the Financial Services Board Act

AUDIT OF ANNUAL FINANCIAL STATEMENTS

Section 55

Every business property practitioner:

- a. Must keep accounting records of all its assets and liabilities and all its financial transactions and its financial position;
- b. Must cause the annual financial statements to be audited annually by an IRBA-registered auditor within six months after its financial year-end, which financial year-end can not be altered without the Authority prior written approval;

INDEPENDENT REVIEW OF ANNUAL FINANCIAL STATEMENTS

Section 23(1)

A business property practitioner with annual turnover below R2,5 million must cause its accounting records to be subjected to an independent review by a registered accountant.

Regulation 2.3

Where a business property practitioner is exempted from keeping a trust account, it will be exempted from having its annual financial statements audited and will only be required to have them independently reviewed by a registered accountant.

Note: The Companies Act requires any company which holds assets exceeding R5million in a fiduciary capacity, or its public interest score is 350 or more or is above 100 if its financials are internally compiled to be audited.

TRUST ACCOUNTS AND ACCOUNTING RECORDS

Definition of trust money

Trust money means:

- a. Money entrusted to a property practitioner in his or her capacity as a property practitioner;
- b. Money collected or received by a property practitioner and payable in respect of or no account of any act referred to in paragraph (a) of the property practitioner definition;
- c. Any other money, including insurance premiums, collected or received by a property practitioner payable in respect of any immovable property or business undertaking or contract of building or erection of any improvements on immovable property

TRUST ACCOUNTS AND ACCOUNTING RECORDS

Section 54(1) – (3)

Every business property practitioner:

- a. Must open and keep open one or more separate trust accounts, which must contain a reference to section 54(1), with a bank;
- b. Must immediately deposit all trust money held or received in the 54(1) trust account;
- c. May invest in a separate interest-bearing trust account, containing a reference to section 54(2), any trust monies not immediately required for any particular purpose;
- d. Must retain all trust money in the trust accounts until its lawfully entitled to such money or its lawfully instructed in writing to make payment therefrom

TRUST ACCOUNTS AND ACCOUNTING RECORDS (Cont'd)

Section 54(5)

Every business property practitioner:

- a. Must keep separate accounting records for all monies deposited by it or invested by it in its trust accounts;
- b. Bank charges on trust accounts opened in terms of section 54(1) and 54(2) of the PPA are a normal business operating expense, are for the account of the business property practitioner and must be charged to the business property practitioner's business account and not the section 54(1) and 54(2) trust accounts.
- c. Balance its trust accounting records monthly by comparing:
 - *The aggregate of trust money owed to the clients of the business property practitioner as recorded in the trust creditors ledger and trust creditors age-analysis; and*
 - *The aggregate of balances of trust bank accounts opened in terms of section 54(1) and 54(2) of the PPA*

TRUST ACCOUNTS AND ACCOUNTING RECORDS (Cont'd)

Regulation 30

A business property practitioner must administer the trust accounts using a digital or manual bookkeeping system which must:

- a. Include a record all pertinent information regarding trust accounts and movements of trust monies;
- b. Include the general and subsidiary ledgers, cash books and all other documents and books of entry required for the proper maintenance of trust accounts;
- c. Include all safeguards to protect the records from unauthorised access, alteration, destruction or manipulation;
- d. Be kept in a format readily retrievable should the PPRA, the auditor, or any other person entitled to the records require access to the bookkeeping system.

TRUST ACCOUNTS AND ACCOUNTING RECORDS (Cont'd)

Section 54(9) - Winding up of trust accounts

After the occurrence of the following events, a business property practitioner who operates a trust account must wind up the trust accounts in the manner prescribed in Regulation 31:

- a. If the PPRA refuses under the provisions of the PPA to issue a Fidelity Fund Certificate to the business property practitioner;
- b. If a Fidelity Fund Certificate issued to the business property practitioner has been withdrawn or lapsed without being renewed;
- c. If the business property practitioner ceases to act as such; or
- d. If the business property practitioner becomes subject to any disqualification contemplated in section 50 of the PPA.

TRUST ACCOUNTS AND ACCOUNTING RECORDS (Cont'd)

Section 54(12) & 54(13)

- a. Trust monies do not under any circumstances form part of the assets of the property practitioner or if such property practitioner has died, has become insolvent or has been placed in liquidation, trust money cannot be part of the deceased estate, insolvent estate or liquidation;
- b. Trust money paid, either erroneously or not, into any other account other than a trust account designated in terms of the PPA does not lose its nature or characteristics and remains trust money;

UNCLAIMED OR UNIDENTIFIED TRUST MONIES

Section 54(10)

A property practitioner:

- a. Who winds up a trust account which contains unclaimed or unidentified money; or
- b. Who has held unclaimed or unidentified monies in the trust account for a period longer than three years

Must pay over the unclaimed or unidentified trust monies to the Property Practitioners Fidelity Fund to be held in trust.

The owner/beneficiary of the unclaimed or unidentified trust monies paid over to the Fidelity Fund may claim the money from the Fidelity Fund, provided any money that remain unclaimed for 30 years will be forfeited to the Fidelity Fund

INTEREST EARNED ON TRUST ACCOUNTS

Interest earned on trust accounts

Section 54(4) – Any bank which manages trust accounts must submit a certificate of interest earned on trust accounts to the Authority in the prescribed format

Regulation 34.2.1.8 & 34.2.1.9:

A property practitioner business:

- a. Must not solicit or influence any person entitled to trust funds under its control to pay the interest earned on such funds to the property practitioner;
- b. Must, before receiving any trust funds in respect of a contract of sale or lease, disclose to the parties that unless agreed in writing to whom interest must be paid, such interest shall accrue to the Fidelity Fund

All banks have been engaged and will provide the PPRA with the total interest earned on trust accounts. Business property practitioners must only obtain the IT3b certificates on trust accounts for purposes of the audit of trust accounts, but the IT3b certificates will not be required to be submitted to the PPRA.

EXEMPTION FROM KEEPING TRUST ACCOUNTS

Section 23(2)(a)

The Minister may:

- a. By notice in the Gazette;
- b. Determine the circumstances under which certain property practitioners may be exempted from keeping trust accounts

EXEMPTION FROM KEEPING TRUST ACCOUNTS

Regulation 2

A property practitioner business is exempted from keeping a trust account if:

- a. It has never received trust monies;
- b. It no longer receives trust monies;
- c. It has mandated one or more other property practitioners (“payment processing agents”) that specialise in collecting and distributing trust monies to process such trust monies on its behalf, in respect of all trust funds received, provided that the property practitioner holds no trust monies outside those held by the payment processing agent and the payment processing agent’s trust accounts environment is audited annually in compliance with the Act and the Regulations
- d. It is a managing agent where the funds of all the body corporates under its management are held in bank accounts opened in the name of the body corporates in terms of section 21(4)(a) of the Sectional Titles Management Act;

EXEMPTION FROM KEEPING TRUST ACCOUNTS (Cont'd)

Regulation 2

A property practitioner business is exempted from keeping a trust account if it has submitted to PPRA the prescribed affidavit, asserting the following:

- a. It has not received or no longer receives trust monies;
- b. It undertakes to not receive trust funds without first having opened a trust account and having provided the PPRA with at least 60 days advance notice, with full details of the trust account opened;

EXEMPTION FROM KEEPING TRUST ACCOUNTS (Cont'd)

Estate agencies previously registered under the repealed Estate Agency Affairs Act must comply with these 2 additional provisions to be exempted from keeping a trust account:

Regulation 2.1.1.3.3

The estate agency provides evidence to the PPRA that any previous existing trust accounts have been closed and all trust funds distributed in terms of the law, provided that for this purpose an audit which is compliant with Regulation 2.2 will be sufficient evidence.

Regulation 2.2

A property practitioner that had any previously existing trust account must be have that trust account audited up to the date on which such trust account was closed.

EXEMPTION FROM KEEPING TRUST ACCOUNTS (Cont'd)

Requirements for exemption from keeping trust accounts

	Business Property Practitioners Not Previously Registered As Estate Agencies	Business Property Practitioners Previously Registered As Estate Agencies	Business Property Practitioners Previously Registered As Estate Agencies Using/Intending to Payment Processing Agents	Managing Agents Previously Registered As Estate Agencies And Holding Trust Monies But Now Intending to Use the Bodies Corporate Bank Accounts
Affidavit signed by the principal(s) of the business in the format in Regulation 2	✓	✓	✓	✓
Disbursements of all trust monies held, if any, in accordance with the requirement of the law		✓		✓
Closure of all previously existing trust accounts held		✓	✓	✓
Winding up audit report		✓	✓	✓
Letter(s) from the bank confirming closure of all trust account(s)		✓	✓	✓
Transfer of all trust monies held, if any, to the trust account held with the Payment Processing Agent			✓	
Letter from the Payment Processing Agent confirming the trust account.			✓	
Full list of the Managing Agent's Body Corporate clients				✓
Letters from each of the Body Corporate client confirming that the funds are held in a bank account opened in the name of the body corporate in terms of section 21(4)(a) of the Sectional Titles Management Act and that no funds of the body corporate are deposited in a trust account opened in the name of the managing agent.				✓

EXEMPTION FROM KEEPING TRUST ACCOUNTS (Cont'd)

ANNEXURE 6 – TEMPLATE OF LETTER BY PAYMENT PROCESSING AGENT

Payment Processing Agent's Letterhead

Date:

The Property Practitioners Regulatory Authority

63 Wierda Road East

Wierda Valley

SANDTON

2169

PPA TRUST ACCOUNT CONFIRMATION LETTER

We confirm that _____ (Company Name) ("Mandating Client Business Property Practitioner") with PPRA Firm PIN number _____ has transferred trust monies to us and has mandated us to administer trust monies on its behalf in terms of Regulation 2.4.1 of the Property Practitioners Regulations, 2022 and the following trust account opened in our name in terms of section 54(1) of the Property Practitioners Act will be used for this purpose.

Account Type		Account Number	
Account Status		Date Opened	
Branch Code		Branch Name	
Account Designation	Trust Account Designated In Terms of Section 54(1)/54(2) of the PPA		

We also confirm that the above-mentioned has a valid Fidelity Fund Certificate.

Should you have any queries, please contact us on

Yours faithfully,

EXEMPTION FROM KEEPING TRUST ACCOUNTS (Cont'd)

ANNEXURE 7 – TEMPLATE OF LETTER FROM A BODY CORPORATE

Body Corporate's Letterhead

Date:

The Property Practitioners Regulatory Authority

63 Wierda Road East

Wierda Valley

SANDTON

2169

CONFIRMATION OF FUNDS HELD BY MANAGING AGENT ON BEHALF OF BODY CORPORATE

We confirm that our managing agent _____ (Company Name) with PPRA Firm Pin number _____ has transferred all the money that they held on our behalf to our bank account opened in terms of section 21(4)(a) of the Sectional Title Schemes Management Act and/or does not hold and will not receive any monies on our behalf from the date of this letter. All monies due to our Body Corporate will all be deposited in our bank account and we undertake to advise the Property Practitioners Regulatory Authority if in future we decide to give the above-mentioned managing agent or any other managing agent the mandate to handle our monies in a bank account opened in the name of the managing agent.

This letter is issued to enable the PPRA to evaluate the managing agent's compliance with Regulation 2.6 of the Property Practitioners Regulations, 2022.

Should you have any queries, please contact us on

Yours faithfully,

EXEMPTION FROM KEEPING TRUST ACCOUNTS (Cont'd)

Exemption letter

A business property practitioner exempted from keeping a trust account must be in possession of an exemption letter issued by the PPRA, after the consideration of the documents received and after being satisfied that the winding up of previously held trust accounts was done in accordance with the Act.

In addition, business property practitioners exempting from keeping a trust account on the basis of mandating a payment processing agent must also be in possession of:

- a. A copy of the Fidelity Fund Certificate of the Payment Processing Agent;
- b. A copy of the trust environment audit report of the Payment Processing Agent, to be obtained annually from the Payment Processing Agent;
- c. Proof of submission to the PPRA by the Payment Processing Agent's auditor of the annual audit report on trust accounts

EXEMPTION FROM KEEPING TRUST ACCOUNTS (Cont'd)



Date

The Principal

Firm Name:

Firm PIN:

Reference:

Dear Principal

EXEMPTION FROM KEEPING A TRUST ACCOUNT

This letter serves to acknowledge receipt of the documents submitted for the above mentioned entity in support of the exemption from keeping a trust account as per section 23(2)(b) of the Property Practitioners Act 22 of 2019 and Regulation 2 of the Property Practitioners Regulation, 2022.

Your submitted documents confirm the following:

You have never received trust monies	
You no longer receive trust monies	
You have mandated the following payment processing agent to process trust monies on your behalf: Name: _____ Firm PIN Number: _____	
You are a managing agent and all funds for your body corporate clients are held in the bank accounts opened by your body corporate clients in terms of section 21(4) of the Sectional Title Schemes Management Act	

You are required to comply with the undertakings made in your submitted affidavit. Your exemption is applicable from the date of this letter.

SIGNED AND ISSUED FOR AND ON BEHALF OF THE PPRA

PAYMENT PROCESSING AGENTS

Regulation 2.4.1

A payment processing agent is a business property practitioner that specialise in collecting trust funds received by other property practitioners and processing and distributing trust payments on behalf of such other property practitioners.

A payment processing agent must:

- a. Be registered as a property practitioner;
- b. Operate a trust environment that complies with the Act and the Regulations;
- c. Must be responsible for causing the trust environment to be audited annually; and
- d. Must be responsible for causing the client trust accounts to be audited annually

PAYMENT PROCESSING AGENTS (Cont'd)

Guideline par. 7.32

Payment processing agents must either be authorised by or registered with the Payments Association of South Africa (PASA) as :

- a. System Operators (SO); and/or
- b. Third Party Payment Providers (TPPP).

PASA is the payment system management body recognised by the South African Reserve Bank in terms of the National Payment System Act to organise, manage and regulate the participation of its members in the national payment system.

PAYMENT PROCESSING AGENTS (Cont'd)

Guideline par. 7.33

Payment processing agents must either:

- a. open and keep open one trust account with a bank opened in the name of the payment processing agent in terms of section 54(1) of the PPA; or
- b. open different trust accounts or sub accounts with the same bank in the name of the payment processing agent in terms of section 54(1) of the PPA

PAYMENT PROCESSING AGENTS (Cont'd)

Guideline par. 7.33

Payment Processing Agents must operate a trust accounting environment and a digital bookkeeping or accounting system that:

- a. Include a record all pertinent information regarding trust accounts and movements of trust monies for not only each mandating client business property practitioner but also all pertinent information regarding the movement of trust monies for all the individual parties dealt with by each mandating client business property practitioner;
- b. Include the general and subsidiary ledgers, cash books, mandates and all other documents and books of entry required for the proper maintenance of trust accounts, maintained for each of its mandating client property practitioner businesses;
- c. Include all safeguards to protect the records from unauthorised access, alteration, destruction or manipulation;
- d. Is in a format readily retrievable should the PPRA, the auditor, the client business property practitioner or any other person entitled to the records require access to the bookkeeping system.

PAYMENT PROCESSING AGENTS (Cont'd)

Guideline par. 7.37

The auditor of a payment processing agent, in the same way as an auditor of any other business property practitioner, must submit to the PPRA one single annual audit report on the trust accounts for the payment processing agent on the Auditors Portal.

In addition and during the online submission, the auditor of a payment processing agent must also upload and attach:

- a. A list of all its mandating client business property practitioners in the format contemplated in Annexure 9 of the Guideline; and
- b. An audit report of the trust environment in the format contemplated in Annexure 8 of the Guideline.

PAYMENT PROCESSING AGENTS (Cont'd)

ANNEXURE 9 – LIST OF MANDATING CLIENT BUSINESS PROPERTY PRACTITIONERS BY A PAYMENT PROCESSING AGENT

Auditor's Letterhead

The Property Practitioners Regulatory Authority
63 Wierda Road East
Wierda Valley
SANDTON
2169

Dear Sir/Madam

RE: LIST OF MANDATING CLIENT BUSINESS PROPERTY PRACTITIONERS FOR
_____ (Name of Payment Processing Agent),
with PPRA FIRM PIN NUMBER _____

We confirm that as part of the audit of the trust accounts of the above-mentioned payment processing agent, the following is a complete list of the mandating client business property practitioners of the payment process agent for the financial year ended _____.

No.	Mandating Client Business Property Practitioner Name	Company Registration Number	Firm Pin Number	Fidelity Fund Certificate Number
1.				
2.				
3.				
4.				
5.				

• Add additional rows as required

Should you have any queries, please contact us on

Yours faithfully,

[Auditor's Signature]
[Name of individual registered auditor]
[Capacity, if not a sole practitioner: e.g. Director or Partner]
Registered Auditor
[Date of auditor's report]
[Auditor's address]

PAYMENT PROCESSING AGENTS (Cont'd)

ANNEXURE 8 – TRUST ENVIRONMENT AUDIT REPORT TEMPLATE BY A PAYMENT PROCESSING AGENT

Auditor's Letterhead

Independent Auditor's Limited Assurance Report in Accordance with the Requirements of Regulation 2.4.4 of the Property Practitioners Regulations, 2022 issued in terms of section 70 of the Property Practitioners Act No 22 of 2019

To the Board of Directors of [name of Payment Processing Agent]

We have undertaken our engagement in accordance with the requirements of Regulation 2.4.4 of the Property Practitioners Regulations issued in terms of the Property Practitioners Act (the Regulations) in order to provide the Property Practitioners Regulatory Authority (the Authority) with reasonable assurance that the trust environment of (the Payment Processing Agent) was maintained and operated, in all material respects, in compliance with the Regulations specified below (the specified Regulations) for the year ended <insert date>.

1. Regulation 30.1, relating to the bookkeeping system used by the Payment Processing Agent;
2. Regulation 30.2.1, relating to the recording of all pertinent information regarding trust accounts and the movements of all trust monies, including the general and subsidiary ledgers, cash books, and all other documents and books of entry necessary for the proper maintenance of trust accounts;
3. Regulation 30.2.2, relating to the safeguards for the protection of trust accounting records against unauthorised access, alteration, destruction or manipulation; and
4. Regulation 30.2.3, relating to the keeping of trust accounting records in a format that renders them readily retrievable or making extracts or copies thereof.

Directors' Responsibility for the trust environment

The directors are responsible for ensuring that the trust environment is maintained and operated in compliance with the Property Practitioners Act and the specified Regulations; and for such internal control as they determine is necessary to maintain the integrity of the trust environment in accordance with the mandates of the client business property practitioners, including such controls as they determine as necessary to prevent fraud and theft.

Our independence and quality control

We have complied with the independence and other ethical requirements of Sections 290 and 291 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised January 2018)* and Parts 1 and 3 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised November 2018)* (together the IRBA Codes), which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* and the International Ethics

PAYMENT PROCESSING AGENTS (Cont'd)

Guideline par. 7.38

The payment processing agent must annually submit to each of its mandating client business property practitioner:

- a. a copy of the audit report on the trust environment; and
- b. the PPRA emailed proof of submission of the audit report on trust accounts;

and each mandating client business property practitioner must avail the above documents and the exemption letter to its auditor/independent reviewer/PPRA inspector to serve as evidence of the mandating client business property practitioner's continuing eligibility for the exemption from keeping a trust account.

AUDIT OF TRUST ACCOUNTS

Section 54(5)(b)

Every business property practitioner, who has not been exempted from keeping a trust account

- a. must appoint an auditor
- b. who must perform an audit of the separate trust accounting records within six months of the financial year end of the business property practitioner

In terms of section 54(6) and Regulation 38, any property practitioner business which fails, through its auditor, to submit its annual audit report on the trust accounts within six months of its financial year end will be levied a fine of:

- *R20 a day, up to a maximum of R5 000.*

AUDIT OF TRUST ACCOUNTS (Cont'd)

The auditor must perform the necessary audit procedures to enable him/her to conclude on whether:

- a. the property practitioner's trust accounts were properly referenced and the requisite details furnished to the Authority, as required by section 32(1) of the EAAA / 54(1)(a) of the PPA;
- b. the property practitioner had invested moneys deposited in a trust account in accordance with the requirements of section 32(2) of the EAAA / 54(2)(a) of the PPA;
- c. the property practitioner had kept separate accounting records, as required by section 32(3) (a) of the EAAA / 54(5) (a) of the PPA;
- d. the property practitioner 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 EAAA / 54(5)(b) of the PPA;
- e. the property practitioner administered the trust accounts in the prescribed manner, as required by section 32(3)(c) of the EAAA / 54(5)(c) of the PPA ;

AUDIT OF TRUST ACCOUNTS (Cont'd)

The PPRA has engaged all banks, through the Banking Association of South Africa, on the referencing of all existing trust accounts to the new section 54(1) and 54(2) naming convention under the PPA.

- a. The PPRA has given banks up to 31 August 2022 to finalise this change in referencing. Existing trust accounts opened prior to 1 February 2022 and still containing a reference to the old section 32(1) and/or 32(2) of the EAAA can be accepted by the principals and auditors of business property practitioners up to 31 August 2022.
- b. All new trust accounts opened after 1 February 2022 must contain a reference to section 54(1) and/or 54(2) of the PPA.

AUDIT OF TRUST ACCOUNTS (Cont'd)

The auditor must also perform the following additional procedures:

- a. Inspect whether the business property practitioner was in possession of a valid Fidelity Fund Certificate as required by section 48 of the PPA;
- b. Inspect evidence to indicate whether the business property practitioner was registered as an accountable institution with the Financial Intelligence Centre;
- c. Make enquiries and inspect evidence of whether the business property practitioner reported cash transactions above the prescribed threshold to the Financial Intelligence Centre, as required by section 28 of FICA;
- d. Report on whether any reportable irregularity was reported to IRBA in accordance with section 45 of the Auditing Profession Act;

AUDIT OF TRUST ACCOUNTS (Cont'd)

C. Information extracted from the accounting records

- I. Monies deposited in a trust banking account in compliance with Sections 32(1) and 32(2)(a) of the EAAA / 54(1) and 54(2)(a) of the PPA:

		Monies held in terms of EAAA (before 1st Feb 2022) R	Monies held in terms of PPA (after 31st Jan 2022) R	Total R
1.	Total interest received			
2.	Less: Payable in terms of express written mandates (Section 32(2)(c) of the EAAA/ (Regulation 34.2.1.9 of PPA))			
3.	Balance			
4.	Less: Amount payable to the Fidelity Fund (Government Notice R1415 of 3 July 1981 – 50% / Regulation 34.2.1.10.2 of the PPA 100% of above balance)			
5.	Amount retained by property practitioner			

AUDIT OF TRUST ACCOUNTS (Cont'd)

II. Unidentified and/or unclaimed trust monies held longer than three years and due to the Property Practitioners Fidelity Fund (Section 54(10) of the PPA)

	Monies held in terms of Section 54(1)(a) R	Monies held in terms of Section 54(2)(a) R	Total R
1. Balance at the beginning of the period/ year			
2. Unidentified and/or unclaimed monies received into trust			
3. Monies identified and/or claimed and accounted for			
4. Monies paid to the Fund in terms of Section 54(10)			
5. Balance at the end of the period/year			

CONSEQUENCES OF AUDIT FINDINGS IN AUDIT REPORTS

In terms of Regulation 38, the following contraventions will attract the stated fines:

- a. The trust account opened by the property practitioner business did not contain a reference to section 54(1) as required – **R7 500**;
- b. The trust account into which trust monies not immediately required are deposited did not contain a reference to section 54(2) as required – **R750**;
- c. The trust accounting records were not kept separately as required by section 54(5) – **R25 000**;
- d. The trust accounting records were not balanced monthly and/or there were monthly trust account deficits as required by section 54(5) – **R25 000**;
- e. Trust monies were not retained in the trust accounts until either the property practitioner is lawfully entitled to such monies or the property practitioner has a lawful written instruction to pay out from the trust monies, as required by section 54(3) – **R40 000 and R7 500**

CONSEQUENCES OF AUDIT FINDINGS IN AUDIT REPORTS

In terms of Regulation 38, the following contraventions will attract the stated fines:

- f. Unclaimed or unidentified trust monies held for more than three year have not been accurately recorded, as required by section 54(10) – **R25 000**
- g. The property practitioner business did not have a valid Fidelity Fund Certificate as required by section 48 – **R25 000**
- h. The property practitioner business was not registered as an accountable institution, as required by the Financial Intelligence Centre Act – **to be referred for a disciplinary process;**
- i. The property practitioner business did not report cash transactions above the prescribed limit to the Financial Intelligence Centre, as required by the Financial Intelligence Centre Act – **to be referred for a disciplinary process**

AUDIT OF TRUST ACCOUNTS (Cont'd)

theppra.org.za/myaudit



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MyPPRA AUDITORS PORTAL

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Auditors Portal

MyPPRA Auditors Portal is a free and secure online platform for submission of audit reports of business property practitioners, who have not been exempted from keeping trust accounts, to the Property Practitioners Regulatory Authority by auditors, as required by the Property Practitioners Act.

Auditors, who should be registered as assurance with the Independent Regulatory Board for Auditors, can register on MyPPRA Auditors Portal free of charge and submit audit reports on trust accounts of business property practitioners online."

[CLICK HERE TO REGISTER](#)

[GUIDELINES ON AUDIT, ACCOUNTING RECORDS AND TRUST ACCOUNT REQUIREMENTS FOR BUSINESS PROPERTY PRACTITIONERS](#)

YOUR ACCOUNT

IRBA Number

Password

Please re-type the words in the image:

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Registration

Instructions on registrations

1. Only auditors registered with the Independent Regulatory Board for Auditors (IRBA), as assurance, can register on this portal and submit estate agency firm's audit reports online.
2. Once registered, the auditor can log in and submit audit report for the various estate agency firms audited by him/her.
3. The following information is required in order to successfully register on this portal:
 - a. *Individual Registered Auditor's Name and Surname;
 - b. *Individual Registered Auditor's IRBA Number;
 - c. *Individual Registered Auditor's ID/Passport Number;
 - d. *Individual Registered Auditor's Telephone Number, Cell phone Number and Email Address;
 - e. Audit Firm's Full Name (when submitting under an audit firm);
 - f. Audit Firm's Practice Number (when submitting under an audit firm);
 - g. Audit Firm's Address, Telephone and Email (when submitting under an audit firm).
4. All compulsory fields and the fields that will be verified against the database maintained by the IRBA are indicated by an asterisk (*) above.
5. The designated individual registered auditor, and not the audit firm, responsible for the audit of the estate agency firm should register on this portal and submit the estate agency firm's audit report online.
6. If there is any problem or missing information, or the information entered in the field cannot be verified against the IRBA database, an error message will display, indicating what is required.
7. If the registration was successful, a message will appear on the screen and your log in details will be sent to your email address.
8. Registration on this portal is a once-off process.
9. Keep your log in details secure for all future online audit report submissions.

IRBA Number

Password

Please re-type the words in the image

CPNQG



- Forgot your password?
- Not yet registered?

Logi

AUDIT OF TRUST ACCOUNTS (Cont'd)

theppra.org.za/myaudit



Auditors Portal

MyPPRA Auditors Portal is a free and secure online platform for submission of audit reports of business property practitioners, who have not been exempted from keeping trust accounts, to the Property Practitioners Regulatory Authority by auditors, as required by the Property Practitioners Act.

Auditors, who should be registered as assurance with the Independent Regulatory Board for Auditors, can register on MyPPRA Auditors Portal free of charge and submit audit reports on trust accounts of business property practitioners online."

CLICK HERE TO
REGISTER

GUIDELINES ON AUDIT, ACCOUNTING RECORDS AND TRUST ACCOUNT REQUIREMENTS FOR BUSINESS PROPERTY PRACTITIONERS

Links:

[2018 SAICA Estate Agents Audit Information Session](#)

[2016 SAICA Estate Agents Audit Information Session](#)

2022 AUDIT REPORTS ON TRUST ACCOUNTS

The new Property Practitioners Act (the PPA) which came into effect on 1 February 2022 requires business property practitioners, who have not been exempted from keeping a trust account, to submit an audit report to the Property Practitioners Regulatory Authority (PPRA). According to the repealed Estate Agency Affairs Act (EAAA), audit reports on...

[Read more...](#)

Password

Please re-type the words in the image:

XNNJV



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Login

SUMMARY OF THE AUDIT REQUIREMENTS

		BUSINESS ACCOUNTING RECORDS	TRUST ACCOUNTING RECORDS
Document to be audited/reviewed		Annual Financial Statements	Trust Accounts
Category 1	Business property practitioners that have not been granted an exemption from holding a trust account	Audit (Above R2,5 million revenue) - International Standards on Auditing (ISAs) - Registered Auditor	Assurance engagement - Registered Auditor
		Independent Review (Below R2,5 million revenue) - International Standards on Review Engagements (ISRE 2400) (Revised) - Registered Auditor	
Category 2	Business property practitioners that have been granted an exemption from holding a trust account	Audit (If the business property practitioner is a company or close corporation and meets the Companies Act requirements for an audit) - International Standards on Auditing (ISAs) - Registered Auditor	N/A
		Independent Review - International Standards on Review Engagements (ISRE 2400) (Revised) - Registered Auditor or a Chartered Accountant if the business property practitioner is a company or close corporation and its Public Interest Score is 100 or above or by a Registered Auditor, Chartered Accountant or any person qualified to be an accounting officer of a close corporation if the business property practitioner is a company or close corporation with a Public Interest Score of less than 100 or is a partnership, trust or sole proprietor.	
Formats of reports to be prepared by auditor/independent reviewer		Audit - Format as per South African Auditing Practice Statement 3 (Revised) - Illustrative Reports, issued by the Independent Regulatory Board for Auditors	Format available on the Auditors Portal
		Independent Review - Format as per ISRE 2400 (Revised)	

TRANSITIONAL PROVISIONS

The following will be the applicable transitional provisions in relation to audit requirements:

- a. Estate agencies whose audit reports for the financial years that ended on or before 30 September 2021 will still be required to have complied with the previous 4-month deadline to avoid penalties for late submission
- b. The six month deadline for submission of audit reports will only apply to the audit reports for financial years that has a submission deadline under the old Act that fall after the effective date of the new Act i.e. from 31 October 2021 year-ends
- c. The independent review of annual financial statements for business property practitioners with revenue below R2,5 million, as per section 23(1) of the PPA, will be applicable to financial years ending on or after 1 February 2022.
- d. The independent review of annual financial statements for business property practitioners exempted from keeping trust accounts, as per section 23(2) of the PPA, will be applicable from the date on the PPRA-issued exemption letter

TRANSITIONAL PROVISIONS (Cont'd)

The interest earned on trust accounts will be accounted for as follows:

- a. Interest earned before 1 February 2022 that has no express written mandates will be accounted for as 50% to the Fidelity Fund and 50% to be retained by the estate agency as per the previous Estate Agency Affairs Act; and
- b. 100% of interest earned on or after 1 February 2022 will all accrue to the Fidelity Fund if there are no express written mandates.

TRANSITIONAL PROVISIONS (Cont'd)

Audit reports on trust accounts for the financial years indicated in the table below must have audit conclusions on compliance with both EAAA and the PPA due to the overlapping of the applicability of both Acts:

Financial year-end	Applicability of the EAAA	Applicability of the PPA	Audit Report on Trust Account Submission Deadline
28 February 2022	First 11 months	Last 1 month	31 August 2022
31 March 2022	First 10 months	Last 2 months	30 September 2022
30 April 2022	First 9 months	Last 3 months	31 October 2022
31 May 2022	First 8 months	Last 4 months	30 November 2022
30 June 2022	First 7 months	Last 5 months	31 December 2022
31 July 2022	First 6 months	Last 6 months	31 January 2023
31 August 2022	First 5 months	Last 7 months	28 February 2023
30 September 2022	First 4 months	Last 8 months	31 March 2023
31 October 2022	First 3 months	Last 9 months	30 April 2023
30 November 2022	First 2 months	Last 10 months	31 May 2023
31 December 2022	First 1 month	Last 11 months	30 June 2023



Questions