



To All Stakeholders

Wednesday , 25 May 2022

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 According to the repealed Estate Agency Affairs Act (EAAA), audit reports on trust accounts were to be submitted to the Estate Agency Affairs Board (now PPRA) within four months of the estate agency's financial year-end. The PPA, however, has extended the submission deadline from the previous four months to six months of the business property practitioner's financial year-end. Accordingly, the submission deadline for business property practitioners with a financial year-end of 28 February 2022 is now 31 August 2022 and no longer 30 June 2022.

Principals and auditors of business property practitioners are reminded to take note of the following transitional provisions:

- a. 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.
- b. The submission deadline of audit reports on trust accounts and completing of an audit of financial statements of estate agencies for financial years that ended on or before 30 September 2021 remains four months after the relevant financial year-end of the estate agency, in terms of the EAAA.
- c. The new six months submission deadline of audit reports on trust accounts and completing of an independent review/audit of financial statements applies for business property practitioners with financial year ending on or after 31 October 2021.
- d. Interest earned on trust accounts before 1 February 2022 will be accounted for in terms of the EAAA and interest earned on trust accounts on or after 1 February 2022 will be accounted for in accordance with the provisions of the Property Practitioners Regulations.

- e. 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 2022
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

In order to ensure compliance with section 54(5)(b), 54(6) and 55(4)(b) of the PPA, principals and auditors of business property practitioners are also reminded to take note of the following:

- f. Principals and auditors should plan their audits of trust accounts to allow sufficient time to have the audits finalised within the prescribed timeframe and the relevant audit reports submitted to the PPRA before the prescribed deadline;
- g. The sole manner of submission of audit reports to the PPRA is the Auditors Portal, accessible on <https://theppra.org.za/myaudit>. Emailed, hand-delivered, posted or faxed audit reports will not be accepted by the PPRA as having been received;
- h. All information that auditors may require in relation to the audits of business property practitioners is accessible on the Auditors Portal landing page, available on <https://theppra.org.za/myaudit>;
- i. In order to avoid the last minute request of Firm PIN Numbers required to submit an audit report, principals are required to get the Firm PIN Number, which starts with the letter "F", well in advance of the submission deadline from the business property practitioner's Fidelity Fund Certificate. Alternatively, this can be requested directly from the PPRA Call Centre at 087 285 3222;
- j. A business property practitioner whose auditor submits the audit report on the trust account after the prescribed deadline will be liable for a late submission penalty of R20.00 a day, up to a maximum of R5 000.00. The business property practitioner, and not the auditor, will be liable for this late submission penalty.

- k. 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 and the PPRA has given banks up to 31 August 2022 to finalise this change in referencing. Accordingly, 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. However, all new trust accounts opened after 1 February 2022 must contain a reference to section 54(1) and/or 54(2) of the PPA.
- l. In accordance with section 54(4) of the PPA, all banks have been engaged and will provide the PPRA with the total interest earned on trust accounts. Accordingly, principals of 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.
- m. All business property practitioners are required to be registered as accountable institutions with the Financial Intelligence Centre.
- n. A new requirement in the PPA is for unclaimed or unidentified trust monies held by the business property practitioner in the trust account for longer than three years to be paid over to the Property Practitioners Fidelity Fund. Accordingly, auditors of business property practitioners are required to disclose these trust monies in the audit report on trust account to be submitted on the Auditors Portal.

The PPRA published for public comments and input, in March 2022, a Draft Guideline on Audit, Accounting Records And Trust Accounting Requirements for Business Property Practitioners. The PPRA would like to thank all those who submitted comments and inputs. The Final Guideline, incorporating the submitted comments, is available on <https://theppra.org.za/myaudit>. Principals, banks, accountants, auditors and independent reviewers of business property practitioners are encouraged to refer to the Guideline for any clarifications that they may require.

Issued by:

PROPERTY PRACTITIONERS REGULATORY AUTHORITY