

Trust Account Audit

The purpose of the trust account audit is to test a representative sample of trust account transactions processed through the brokerage to assess whether or not the brokerage followed Commission requirements for depositing and disbursing trust funds. A sample of transaction files involving trust deposits is selected. Contractual information concerning each deposit is compiled from the transaction files and used to test the brokerage's trust account procedures.

The audit also reviews the brokerage's overall trust account record keeping ensuring it complies with Commission record keeping requirements. General observations of the trust records are made and monthly bank statements are reviewed for any sign of trust shortages.

Brokerage Audit

The brokerage audit includes both a trust account audit and the review of a sample of real estate transaction-files. Transaction files are picked at random on trades carried out by each industry member licensed at the brokerage.

Transaction files are reviewed to ensure compliance with Commission transaction file requirements as well as trade practices and to ascertain if agreements are properly written and executed.

Change of Broker Audit

Whenever there is a change of broker at a brokerage, a change of broker audit is conducted for the time period from the last audit up to the date the Broker is terminated. The format is that of a trust account audit.

Closing-out Audit

Whenever a brokerage ceases operation, within 30 days of the last transaction closing and the trust deposit being withdrawn from the trust account, the Commission conducts a closing-out audit. The format is that of the trust account audit.

Audit Cycles

Trust account audits are carried out annually for every licensed brokerage in the province. Every three (3) years the annual audit is expanded to a "brokerage audit". Change of broker and closing-out audits will be done as necessary.

Process

A representative from the Commission will contact the broker directly via email or fax with notification of his/her upcoming audit. This notification will include a proposed audit date, the type of audit to be conducted and a required response date. The email will have attached audit forms for the broker to complete. After completing the appropriate audit forms, the broker needs to email the Commission representative to confirm the proposed audit date and to submit the completed audit forms. This must be done on or before the required response date.

After receiving the broker's required response and completed audit form the Commission representative will send the broker a letter confirming the date and time of the upcoming audit, the time period under review and identify what records the broker will need to have available.

After the audit is completed the auditor will discuss the preliminary results with the broker. If the results of the audit identify a particular industry member(s) whose transaction files demonstrate an unsatisfactory pattern the auditor will disclose the name of the industry member(s) to the broker during the interview and in the follow up audit report letter.