

# HOW TO PREPARE FOR A QBCC AUDIT

## When will I be audited?

The QBCC plan and undertake audits either on a risk basis or from a random sample as part of their approved audit programs. As a trustee, you will be audited if you meet the criteria for one of these audit programs. The QBCC will notify you if you are selected for an audit. Details of the approved audit programs are on the QBCC website - <https://www.qbcc.qld.gov.au/running-business/trust-accounts/approved-audit-programs>.

## What to expect?

You will receive a request for documentation that will state what is required by when and an audit period (the period of time that your documentation is to cover).

There will be a QBCC staff member allocated to your audit who will correspond with you directly.

There is an audit duration period which is the period of time that the auditor can ask for further information regarding your audit.

## What documents am I required to submit?

The QBCC will request copies of the following:

1. A copy of the contract and other contract related documents (e.g. letter of acceptance) for which the project trust is required and documents relating to any variations or amendments to the contract
2. Copies of all payment claims (e.g. invoices) you made to the principal for the contract during the audit period.
3. Copies of all supporting statements (BIF Act, s75) you gave to the principal during the audit period declaring all subcontractors had been paid or detailing any unpaid amounts to subcontractors.
4. A copy of each first-tier subcontract contract and purchase order to the contract mentioned at item 1 and details of any variations/amendments to any of those subcontracts.
5. Copies of payment claims (e.g., invoices) given to you by subcontractor beneficiaries during the audit period for the subcontracts mentioned at item 4 and any other parties you paid from the project trust account.
6. Copies of all payment schedules (BIF Act, s69) you gave to subcontractor beneficiaries in response to the payment claims mentioned at item 5.
7. Copies of all financial institution statements for the project trust account for the audit period.
  - a. *NOTE: These statements should be in the form of bank statements, not transaction listings*
8. Complete trust account ledger (BIF Act, s52) for the project trust account, providing separate detailed information for each beneficiary for the audit period.
  - a. *NOTE: The trust account ledger must be a separate ledger, not a component of (or report from) your business ledger.*
9. All monthly trust account ledger trial balance statements (BIF Act, s52) for the project trust account for the audit period.
10. The record of deposits and withdrawals (BIF Act, s52) for the project trust account for the audit period.

11. All monthly bank reconciliations (BIF Act, s52A) for the project trust account for the audit period.
  - a. *NOTE: Please clearly show the date each reconciliation was completed.*
12. For every payment from the project trust account for which a retention amount was withheld, provide the bank statement for the retention trust account that shows the corresponding deposit.
13. Copies of all notices you gave to the principal about opening/name change/transfer/closure of the project trust account (BIF Act,s18B) and the date you gave the notice/s.
  - a. *NOTE: If sent by email, please include copies of the emails.*
14. Copies of all notices you gave to subcontractor beneficiaries about the project trust account to be used for their payments (BIF Act, s23) and the date you gave the notices.
  - a. *NOTE: If sent by email, please include copies of the emails.*
15. Copies of all notices you gave to beneficiaries about project trust account withdrawals (BIF Act, s23A) during the audit period
  - a. *NOTE: If sent by email, please include copies of the emails.*
16. If you subcontracted work to a related entity (as defined under section 10A of the BIF Act), details of the related entity and a copy of the subcontract.

### **What format am I required to submit these documents in?**

The QBCC's preference is for documents to be submit electronically. It's recommended to download/save all documents as PDFs into folders and compress into a zip file.

### **What if I can't provide what's required?**

The QBCC expect trustees to make all attempts to comply with the requirements. They are currently in an educative phase with compliance and understand that some accounting software cannot action/maintain the required trust record keeping and accounting requirements.

If you are unable to provide the required documentation the QBCC are likely to still ask for copies of other records that you may have instead. It's recommended that you provide an explanation as to why you can't provide what's required and the steps that you've taken/plan that you have to try to resolve.

### **What happens at the end of the audit?**

Once QBCC have completed the audit, there will be a formal letter stating the outcome and findings. There isn't a lot of detail provided in these letters on how to rectify the non-compliance, it's more so an outline of relevant section and requirements of the legislation where non-compliance was identified.

### **What if I have questions?**

You may contact the QBCC staff member allocated to your audit at any time with questions that you have.

### **What if I need more time?**

You can ask for additional time to collate the requested documentation, however it's the QBCC's discretion whether this is granted.

**What if I don't respond or provide the requested documentation in time?**

You must comply with the requirement within the compliance period stated in the audit notice. It is an offence to fail to do so and you could be fined \$7,740 (for a corporate entity) or disciplinary action taken (for example licence conditions imposed or licence suspension) until the information is provided.

**How often will I be audited?**

This will vary depending on the audit criteria of the approved audit programs. The QBCC have been running different audit programs every 6 months. Some trustees have already been audited multiple times by the QBCC because of the number of accounts that they have that subsequently meet the audit criteria.

**How many of my accounts will be audited?**

It depends on the criteria for the approved audit program. If the QBCC have concerns with findings through an audit they may choose to investigate further and request for documentation relating to other accounts.

**More information**

The QBCC publish information on the current and past audit programs on their website:

<https://www.qbcc.qld.gov.au/running-business/trust-accounts/approved-audit-programs>