Software self-assessment framework - checklist

Trust records for BIF Act 2017

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## Checklist instructions

Below is a checklist of minimum requirements against which software solutions can be self-assessed. If you are requesting the Department of Housing and Public Works to publish the software solution details on its list of available solutions, a completed copy of this self-assessment checklist must be provided to the department with the request to publish.

### Trust ledger requirements

|  |  |  |
| --- | --- | --- |
|  | **Functional requirements** | **Assessment**  Yes or No |
| 1 | The software is capable of keeping separate/individual trust ledgers for multiple concurrent project trusts (i.e. across multiple project contracts) |  |
| 2 | The software is capable of keeping separate/individual trust ledgers for at least one retention trust. |  |
| 3 | The software solution is also capable of keeping separate/individual trust ledgers for multiple, concurrent retention trusts. |  |
| Please provide details of why you selected “No” | |  |
| 4 | The trust ledger only records transactions for the trust to which it relates. |  |
| 5 | The trust ledger does not record general accounting transactions. |  |
| 6 | The trust ledger is made up of the legislated trust ledger accounts. |  |

### Ledger account requirements

|  |  |  |
| --- | --- | --- |
|  | **Functional requirements** | **Assessment**  Yes or No |
| 1 | The ledger account is named in a way that clearly identifies the entity to which is relates. |  |
| 2 | The ledger account posting includes the date the ‘transaction’ occurred (not the date it is posted to the ledger, if different). |  |
| 3 | The ledger account posting includes the reason for the transaction. |  |
| 4 | The ledger account posting includes the amount of the transaction. |  |
| 5 | The ledger account posting identifies the running balance of the ledger account after each transaction entry. |  |

### Trust (bank) ledger account requirements

|  |  |  |
| --- | --- | --- |
|  | **Functional requirements** | **Assessment**  Yes or No |
| 1 | The trust (bank) ledger account records incoming money   (deposits to the trust account) as a debit. |  |
| 2 | The trust (bank) ledger account records outgoing money (withdrawals from the trust account) as a credit. |  |
| 3 | The trust (bank) ledger account does not record transactions paid from the head contractor’s general business account(s). |  |
| 4 | Any account keeping fees debited from the account or interest credited to the trust account is recorded in the trust (bank) ledger account (with the corresponding balancing entry in the trustee ledger). |  |

### Trustee and beneficiary ledger account requirements

|  |  |  |
| --- | --- | --- |
|  | **Functional requirements** | **Assessment**  Yes or No |
| 1 | The trustee ledger account records an increase in beneficial interest as a credit. |  |
| 2 | The trustee ledger account records a decrease in beneficial interest as a debit. |  |
| 3 | The trustee ledger account postings are balanced in a corresponding ledger account entry in the same ledger for the relevant trust. |  |
| 4 | The beneficiary ledger account records an increase in beneficial interest as a credit (e.g. payment claim received for PTA; retentions withheld for RTA). |  |
| 5 | Each beneficiary ledger account records a decrease in beneficial interest as a debit (e.g. payment made to beneficiary, payment schedule certifying lesser amount). |  |
| 6 | The beneficiary ledger account postings are balanced in a corresponding ledger account entry. |  |

### End of month reconciliation statement requirements

|  |  |  |
| --- | --- | --- |
|  | **Functional requirements** | **Assessment**  Yes or No |
| 1 | The software can facilitate the preparation of the end of month reconciliation statement including the trial balance statement and a bank account reconciliation. |  |
| 2 | The reconciliation statement denotes when it was performed. |  |
|  | **TRIAL BALANCE** |  |
| 3 | The reconciliation statement shows the closing balances of all ledger accounts at the end of the month. |  |
| 4 | Where a monthly trial balance does not balance (the value of all credit entries equals the value of all debit entries), the imbalance is shown. |  |
|  | **BANK RECONCILIATION** |  |
| 5 | The reconciliation statement can show the balance as per the bank statement at the end of the audit period as a dollar amount.   * Regardless of when it is performed after the end of the month. |  |
| 6 | The reconciliation statement can show any deposits in the ledger accounts that are not in the bank statement as a dollar amount. |  |
| 7 | The reconciliation statement can show any withdrawals in the ledger accounts that are not in the bank statement as a dollar amount. |  |
| 8 | The reconciliation statement can show the reconciled bank statement balance as a dollar amount (including the adjustments for the deposits/withdrawals in the ledger account not in the bank statement, as per 3 and 4 above). |  |
| 9 | The reconciliation statement shows the trust (bank) ledger account balance at the end of the audit period as a dollar amount. |  |

### Software capability requirements

|  |  |  |
| --- | --- | --- |
|  | **Functional requirements** | **Assessment**  Yes or No |
| 1 | Relevant transactions affecting the balance of trust or balance of beneficial interests must be recorded in the relevant ledger account within three business days after the transaction occurs. |  |
| 2 | Trust records (including data) created and stored by the software solution must be retained and accessible for a period at least 7 years after the trust is dissolved. |  |
| 3 | Trust ledgers can be accessed for audit purposes regardless of project activity status. |  |
| 4 | Balance or posting errors cannot be deleted and must be corrected in a way that creates a traceable record. |  |
| 5 | There are no references to Project bank accounts (PBA) for any **trust ledger** or **ledger account.** |  |
| 6 | There are no references to PBAs in the end of month **reconciliation statement.** |  |
| 7 | The software solution can produce trust record reports or extracts for specific date ranges. |  |
| 8 | The software solution can produce a trust record report or extract for particular beneficiary information for specific date ranges. |  |
| 9 | Any trust record outputs produced by the software solution should name files (and document titles) using an identifiable format. |  |

### Optional requirements

|  |  |  |
| --- | --- | --- |
|  | **Functional requirements** | **Assessment**  Yes or No |
| 1 | The software solution can show an amount that is any or all of the following:   * Available to be withdrawn by the trustee (surplus balance in bank account greater than amounts liable to be paid to subcontractors as per section 10B or after all beneficiaries have been paid) * Shortfall that must be topped up by the trustee (shortfall between balance of account and amounts liable to be paid to subcontractors) | ​​ |
| 2 | A third party (e.g. regulator/auditor/administrator) can be delegated access to the software solution for audit or oversight purposes. | ​​Select.​ |
| 3 | The software solution can generate reminders/alerts for the user about upcoming compliance activities, including (for example)   * trial balance, * monthly reconciliation statement, or * balancing errors. | ​​Select.​ |

### Software considerations and other matters

|  |  |  |
| --- | --- | --- |
|  | **Functional requirements** | **Assessment**  Yes or No |
| 1 | Ledger accounts show an opening and closing balance. |  |
|  | Please provide details of how the solution complies with this requirement |  |
| 2 | If the solution produces remittance notices for subcontractor beneficiaries, they must include the information prescribed by regulation. |  |
|  | Please provide details of how the solution complies with this requirement |  |
| 3 | Where the software solution produces supporting statements, they must include the information prescribed by regulation. |  |
|  | Please provide details of how the solution complies with this requirement |  |
| 4 | Where the software solution receives payment claim data from a third-party payment claim solution, relevant transactions must be posted to the ledger account within three business days after the transaction occurs. |  |
|  | Please provide details of how the solution complies with this requirement |  |
| 5 | Where the software solution **must** interface with other software to produce trust records (e.g. a project management solution, general accounting solution) there are not impediments to posting transaction data to the trust ledger within 3 business days of the transaction occurring or to the correct balancing of ledger accounts. |  |
| 6 | Discontinuation – If a customer discontinues service with the software solution, they must be informed of potential impacts to the ongoing access to their data and/or trust records and obtaining trust records stored by the solution. |  |
|  | Please provide details of how the solution complies with this requirement |  |
| 7 | Trust account ownership. Any trust accounts opened by a trustee are opened and owned by the trustee and not by a software solution. |  |

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### **Managing source trust records (Optional)**

|  |  |  |
| --- | --- | --- |
|  | **Software questions** | **Response**  Yes or No |
| **Does or can the software upload, manage or store for the following types of documents:** | | |
| 1 | Copies of contracts and other contracts 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) made to the principal for the contract during the audit period? |  |
| 3 | Copies of all supporting statements (BIF Act, s75) given to the principal declaring all subcontractors had been paid or detailing any unpaid amounts to subcontractors? |  |
| 4 | Copies of any notices made by or given to the trustee in relation to the trust account? |  |
| 5 | A copy of each first-tier subcontract contract and purchase order to the contract and details of any variations/amendments to any of those subcontracts? |  |
| 6 | Copies of payment claims (e.g., invoices) given by subcontractor beneficiaries for the subcontracts and any other parties paid from the project trust account? |  |
| 7 | Copies of all payment schedules (BIF Act, s69) given to subcontractor beneficiaries in response to payment claims? |  |
| 8 | Copies of financial institution statements for the trust accounts? |  |
| 9 | Payment instruction files used to direct payments (e.g. bulk payments) from the trust accounts? |  |
| 10 | Can the above documents be linked to particular trusts or projects? |  |
| 11 | Can the above documents be retrieved in PDF format for inspection by an auditor and/or shared securely with an external party for audit purposes? |  |