

PAYPROP INDUSTRY SESSION

TRUST ACCOUNT MANAGEMENT



ANDRÉ HOLTSHAUSEN
CEO - PAYPROP GROUP SERVICES



CONTENT

LET'S TALK ABOUT

- The Structure & Principles
- Trust Account Management with PayProp
- The PayProp Audit Trail



STRUCTURE & PRINCIPLES

FOUNDATIONS

- PayProp legal structure
- Principles of estate agency business
- Collaboration of trust money transactions
- Core focus on:
 - Section 32 of Estate Agency Affairs Act
 - Section 5 of Rental Housing Act



Legal Structure:

PayProp is a registered estate agent with valid FFC since 2005. We engaged legal council and the EAAB before setting up the business to ensure the structure will satisfy the requirements of regulation. We then created the accounting structure to maintain tight control over fiduciary funds in the trust account environment. This environment is subject to the normal trust account audits as it applies to all estate agents with the necessary reporting to the EAAB.

Principles:

Everything we do and deliver to our clients use the following principles as foundation:






- (1) Stewardship - responsibility to take care of something belonging to someone else,
- (2) Accountability - the acknowledgment and assumption of responsibility for actions, which cannot exist without proper accounting practices,
- (3) Transparency - operating in such a way that it is easy for others to see what actions are performed,
- (4) Unashamedly Ethical – just plain honesty, doing what is good and right – “if the news papers were to report on everything I did today.....” or “if my family knew about everything I did today...”

Creating the appropriate legal framework and setting up a technology platform with the principles outlined as foundation, we are able to collaborate with estate agents throughout the country to management trust money transactions with a core focus on enabling compliance with Section 32 of the EAAA and Section 5 of the Rental Housing Act. It effectively results in every rental transaction processed through PayProp involving

two estate agents, of which PayProp is one. That is one reason why we request our clients to include a paragraph (which we give guidance on) in both the lease agreement and the mandate with the owner in order for those parties to be aware of the role that PayProp play as the other estate agent involved in the transaction.

TRUST ACCOUNT MANAGEMENT

KEY ELEMENTS

-  Reconciliations
-  Matching incoming and outgoing funds
-  Documentation support
-  Safety Features
-  Best practice

Part of stewardship and accountability is to effectively allocate monies received to the correct tenant and property. We believe an important feature of any system employed would be to streamline the process of associating incoming monies with the correct payee and to use technology to minimise the potential for incorrect associations.

Businesses often run separate debtors and creditor systems, and that will be fine for most businesses. Unfortunately for estate agents, there is a very direct connection between every debtor and a set of creditors. At PayProp our focus is therefore not to lose sight of the incoming amount as it disappears into a larger pot, but to associate every incoming amount with the relevant creditors to be settled. In that way, it is never possible to pay out more money to creditors than what is available within the system AND only those creditors for whom the associated debtor has settled his account will be paid, i.e. not paying money for property A to the creditors of property B.

Part of your accountability, especially towards the landlords, is the retention of all documentary evidence supporting the transactions processed. By giving users the ability to attach such documentation to individual transactions, or at least to the property listed on the system, removes the need to dig through files to find such information.

Any system deployed, should give you the ability to minimise the risk of information changing as the transaction moves from A to Z. In PayProp this is achieved both through the design of the transaction flow as well as providing a framework of user rights and permissions to facilitate segregation of duties or at least strong measures to control and track activity.

Best practice – most of the flying of aeroplanes are done by computers nowadays, however there are still a pilot and a co-pilot in the cockpit to keep an eye on things. As we take this industry to the next level of good stewardship, accountability, transparency and unashamedly ethical business we need to remember:

- We have to have our eyes on the money we handle on behalf of third parties throughout the transaction process
- We should not allow someone we cannot trust too close to the money channel
- We should protect people from the temptation to “borrow” money or from the risk of a genuine error by not allowing one person to control the transaction from A to Z, or if that is not possible, at least monitor the transaction somewhere on its journey from A to Z.
- Be transparent in your reporting to tenants and landlords – they become your eyes and ears to bring any mistakes or dubious transactions to your attention

THE PAYPROP AUDIT TRAIL



Follow every incoming amount to the account it was paid to



See exactly who did what and when on the system



Keep tenants and beneficiaries informed



Draw reports to view historic activity or download reports to Excel for further analysis



No history deleted ever

Some other key features on PayProp that support the foundational principles and enhances the control and transparency of the trust environment are:

1. The ability to trace every incoming amount not only to the beneficiaries that it was paid to but actually showing the bank account it was settled to, is unique and a dream for any auditor
2. The audit log keeps record of every action taking place on PayProp, by user and timestamp, giving the ability to review at any time who did what when on the system
3. Automated communication via sms and/or email is not only a useful feature, but involves your tenants and owners in reviewing the accuracy of information processed.
4. There are many reports on PayProp allowing you to manage the information in your trust environment
5. All historical transaction information is always available on PayProp and is never deleted.

QUESTIONS



THANK YOU

WWW.PAYPROP.COM
SUPPORT@PAYPROP.COM
087 820 7368



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