QLD LEGAL FINANCE

QUICK ANSWER · TRUST ACCOUNTING

PEXA trust payments — *what evidence should you retain?*

Which records prove an electronic settlement, where they come from, and how they attach to the trust ledger.

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A PEXA payment can be completed successfully and still leave an incomplete trust record.

Queensland Law Society treats a direct debit through an Electronic Lodgment Network such as PEXA or Sympli as an EFT payment. Where trust money is debited, the practice must retain the records that show where the money went and connect the settlement platform transaction back to the trust accounting records.

For PEXA, QLS identifies two records as central: the Trust Authorisation Record and the Settlement Completion Record.

> **QLF PERSPECTIVE**
> The settlement workspace is not the trust record. The practice should be able to reconstruct the payment later without reopening a live matter and piecing the transaction together from memory.

1. PEXA is part of the trust EFT control environment

QLS authorisation to make trust EFT payments includes payments by direct debit authority through an Electronic Lodgment Network such as PEXA or Sympli.

That means the payment should not be treated as separate from the practice's trust-account controls merely because it is initiated through a settlement platform.

> **RED FLAG**
> The practice regards PEXA as a settlement-team process and assumes the trust accounting evidence will look after itself.

2. Retain the PEXA Trust Authorisation Record

QLS says the name, account number and BSB of the account to which the payment was made can be found on the PEXA Trust Authorisation Record.

That makes the record an important part of the evidence supporting the withdrawal from trust.

The retained copy should be capable of being linked clearly to the relevant:

- client and matter;
- PEXA workspace;
- trust payment;
- trust ledger entry.

> **GOOD CONTROL**
> Save the Trust Authorisation Record with the trust payment evidence as part of the accounting process, not as an afterthought after settlement.

3. Retain the Settlement Completion Record as well

QLS also requires the Settlement Completion Record to be retained.

The Trust Authorisation Record and Settlement Completion Record together form the written record required for the ELN trust payment.

> **IMPORTANT**
> Keeping only one of the two records leaves the prescribed PEXA written-record set incomplete.

4. Keep the records in payment order

QLS says the Trust Authorisation Record and Settlement Completion Record should be retained in the order of payment.

The practice may use a separate sequential numbering system for ELN payments — for example PEXA1, PEXA2 and so on — or use the PEXA workspace number as the payment reference.

Whatever method is used, the payment should be traceable from the trust cash book and ledger to the retained PEXA records.

> **QLF PERSPECTIVE**
> A good reference system should let a reviewer move in both directions: trust ledger to PEXA evidence, and PEXA evidence back to the trust ledger.

5. The PEXA records do not replace the ledger check

The ELN documents evidence the payment, but they do not remove the need for the normal trust controls before money leaves the account.

Before the payment is authorised, the practice should still confirm:

- the correct client and matter;
- sufficient cleared funds on the relevant trust ledger;
- the purpose for which the money may be applied;
- the authority supporting the payment;
- the person authorising the withdrawal has the required authority.

> **RED FLAG**
> The workspace is ready to settle, so the practice assumes the trust ledger must also be ready.

6. Make the trust accounting entry tell the same story

The cash book and individual trust ledger should contain enough information to identify the PEXA payment and connect it to the settlement evidence.

A strong entry will make the purpose and destination intelligible without relying on a generic description such as 'PEXA settlement'.

Where a PEXA or workspace reference is used as the payment reference, use it consistently across the supporting records.

> **CONTROL QUESTION**
>
> Could an external examiner trace this payment from the trust ledger to the PEXA evidence without asking the conveyancer to explain it?

7. Build the evidence pack at settlement, not at year end

The most reliable point to capture the PEXA records is when the settlement is completed and the transaction is still active.

A simple matter-level evidence pack might contain:

- Trust Authorisation Record;
- Settlement Completion Record;
- trust ledger balance or payment-preparation evidence;
- authority supporting the payment;
- payment reference/workspace number;
- any additional verification record required by the firm's process.

> **QLF PERSPECTIVE**
>
> External examination should confirm that the evidence exists. It should not be the event that causes the practice to go looking for it.

The PEXA trust-payment evidence test

Before closing the payment file	Confirm
☐ 1. Trust Authorisation Record	Copy retained
☐ 2. Settlement Completion Record	Copy retained
☐ 3. Payment reference	PEXA sequence or workspace reference recorded consistently
☐ 4. Trust ledger	Correct client ledger and sufficient funds confirmed
☐ 5. Purpose and authority	Supporting matter authority is on file
☐ 6. Cash book and ledger entry	Transaction can be traced to the PEXA records
☐ 7. Filing order	Written records are retained in payment order

A small but important account-registration point

QLS also states that where a law practice registers a trust account with an ELN, the trust account must only be registered to a Subscriber in the name of the law practice.

The law-practice name can include the business name under which the practice engages in legal practice, but not a business unit.

> **DIRECTOR QUESTION**
> Does the PEXA subscriber/account setup reflect the law practice itself, not an internal division or business unit?

Where QLD Legal Finance fits

QLD Legal Finance can integrate PEXA trust payments into the practice's trust accounting workflow by checking the ledger position, recording the payment, maintaining the payment reference and ensuring the required PEXA evidence is captured and retained.

The law practice remains responsible for the legal authority for the settlement transaction and for the authorised release of trust money.

The objective is that the PEXA payment looks just as complete in the trust records six months later as it did on settlement day.

Important information

This guide is general information only and is not legal advice.

Law practices should refer to the Legal Profession Act 2007 (Qld), the Legal Profession Regulation 2017 (Qld), their QLS EFT authorisation and the current Queensland Law Society Electronic Funds Transfers — Guidelines for trust account operations.

This guide is based on the QLS EFT Guidelines, Version 8, July 2025. Requirements and ELN functionality may change.

The seven-point evidence test is a QLD Legal Finance operational control framework. It is not a separate statutory checklist issued by Queensland Law Society.

QLD Legal Finance supports Queensland law practices with trust accounting, financial control and advisory services. It is not affiliated with or endorsed by Queensland Law Society.

Source basis

Prepared by reference to Queensland Law Society, Electronic Funds Transfers — Guidelines for trust account operations, Version 8, July 2025, including the section dealing with Electronic Lodgment Networks (PEXA and Sympli).

WHERE THIS CAME FROM

This guide is part of the QLD Legal Finance resource library — practical material written for the people who run Queensland law practices, not for other accountants. If something here raises a question about your own firm, write to **enquiries@qldlf.com.au** or call **07 3261 2833**. A director will answer personally.

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