QLD LEGAL FINANCE

QUICK ANSWER · TRUST ACCOUNTING

Creating a trust EFT — *seven checks before you authorise.*

What should already be true before anyone presses Approve on a payment out of the trust account.

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A trust EFT is not just a banking transaction.

By the time an authorised person presses Approve, the practice should already be able to demonstrate why the money is being paid, whose money it is, whether sufficient funds are available, where the money is going and what record will support the transaction later.

Queensland Law Society's current EFT Guidelines prescribe the authority and record requirements for electronic withdrawals from trust. The practical control question is whether the firm's payment process causes those requirements to be satisfied every time.

> **QLF PERSPECTIVE**
> A good trust EFT process makes the correct payment easy to release and the wrong payment difficult to release.

1. Is the practice authorised to make trust EFTs?

Before a law practice makes EFT payments from a trust account, it must have Queensland Law Society authorisation. The same framework applies to EFT withdrawals from a controlled money account.

The authorisation should be established before the practice relies on the bank's EFT functionality.

> **CHECK**
> Can the practice produce its current QLS EFT authorisation if asked?

2. Is the person releasing the payment authorised?

The banking platform should reflect the practice's approved authority structure.

Before release, confirm that the person effecting the EFT has the required authority and that their online banking role is consistent with that authority.

Preparation and release should be separated wherever practicable. Finance or administration staff may prepare the transaction or hold read-only access without necessarily being the person authorised to release trust money.

> **RED FLAG**
> A user can release trust money simply because the bank gave them transaction access.

> **MULTI-FACTOR AUTHENTICATION IS REQUIRED**
> The QLS EFT Guidelines state that law practices are *required* to arrange multi-factor authentication with their financial institution for access to the trust account and to EFT functionality. It is not optional hardening, and it belongs on the same checklist as authority and access.

3. Does the client ledger support the payment?

The relevant trust ledger should be checked before the payment is prepared or released.

The payment should be traced to the correct client and matter and the ledger should contain sufficient funds for the proposed withdrawal.

This is a control step, not merely an accounting step. A correct bank balance does not establish that a particular client's money is available for a particular payment.

> **CHECK**
> Is the payment amount supported by the available balance on the correct individual trust ledger?

4. What authority supports the payment?

The file should make clear why the practice is entitled to make the payment.

Depending on the transaction, that may arise from an instruction, authority, settlement process, costs-withdrawal basis or another applicable legal or procedural source.

The important operational point is that the support should exist before the payment is released and should be retained with the transaction record.

> **RED FLAG**
> The payment can only be explained by asking the person who processed it.

5. Have the destination details been independently verified?

An EFT can be perfectly recorded and still be paid to the wrong account.

New or changed bank details should therefore trigger independent verification using a trusted contact source that does not rely solely on the message containing the payment details.

- Confirm the payee.
- Verify the BSB and account number, or other applicable payment identifier.
- Record who performed the verification and how.
- Escalate last-minute changes or unusual instructions.

> **GOOD CONTROL**
> A changed bank account should increase scrutiny, not simply update the payment record.

6. Does the EFT record contain the required particulars?

QLS requires a written record for each EFT. It may be physical or electronic, but it must contain the prescribed particulars and be retained in payment order.

For an ordinary bank-account EFT, the record should capture:

- date and EFT reference number;
- amount transferred;
- destination account name, BSB and account number;
- payee;
- client and matter reference;
- trust ledger to be debited;
- the purpose of the payment.

The EFT reference number is recorded as the payment number in the trust records.

> **QLF PERSPECTIVE**
> The payment evidence should be generated as part of the transaction, not reconstructed later from bank statements and email.

7. Will the transaction be recorded promptly and completely?

Section 41 of the Regulation requires EFT details to be entered in the trust account payments cash book and the relevant trust ledger within five working days, starting on and including the day of payment.

Operationally, the stronger approach is to complete the trust accounting entry as part of the payment process or immediately after release.

The bank transaction, EFT record, cash book and client ledger should all be capable of being matched to one another.

> **CHECK**
> Can another competent person trace the payment from the bank statement back to the client matter, ledger and supporting authority without further explanation?

The 7-check release test

BEFORE AUTHORISING	CONFIRM
☐ 1. EFT authority	QLS authorisation is in place
☐ 2. Authorised releaser	The person releasing the EFT has the required authority
☐ 3. Ledger funds	The correct client ledger contains sufficient funds
☐ 4. Payment authority	The file supports why the money may be paid
☐ 5. Destination verification	New or changed payment details have been independently verified
☐ 6. Written EFT record	All required particulars have been captured
☐ 7. Trust accounting entry	The payment will be recorded promptly in the cash book and trust ledger

What changes for BPAY, PayID and PayTo?

Where a practice has the relevant QLS exemption and uses a payment method that does not provide the usual BSB and account-number particulars, the trust record changes to reflect the payment method.

- BPAY — record the Biller Code and Customer Reference Number and retain the supporting invoice or notice.
- PayID — record the mobile number, email address or ABN/ACN used and confirm that the PayID destination has been verified.
- PayTo — record the payment agreement number and retain the relevant request-finalisation or payment-agreement confirmation.

These methods should not be treated as informal alternatives to EFT. They remain trust payments requiring a complete evidentiary trail.

Where QLD Legal Finance fits

QLD Legal Finance can prepare and maintain the trust accounting side of the EFT process, including ledger checks, payment preparation, transaction records, bank-detail verification procedures and supporting documentation.

The authorised principal or practitioner remains responsible for the approval and release of trust money in accordance with the applicable authority structure.

The aim is simple: before anyone presses Authorise, the payment should already make sense on the ledger, on the file and in the evidence.

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 own QLS EFT authorisation or exemption, and the current Queensland Law Society Electronic Funds Transfers — Guidelines for trust account operations.

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

Banking functionality and QLS requirements may change. Current requirements should be confirmed before implementing or changing a trust payment process.

QLD Legal Finance supports Queensland law practices with trust accounting, financial control and advisory services. It does not act as an external examiner and 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.

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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