Real Estate Council Alberta

reca.ca

Guide to Practice Review for Real Estate Industry Members

RECA Resource
Information Bulletins

LAST REVISED
August 2026
©2026 RECA

Purpose

This guide applies to real estate brokerages and their licensees. It explains RECA's practice review program: why practice reviews happen, how the process works, and what to expect before, during, and after a review.

About RECA and practice reviews

The Real Estate Council of Alberta (RECA) is an independent, non-government agency responsible for regulating licensees and maintaining consistency in the real estate, property management, condominium management, and mortgage industries under Alberta's *Real Estate Act* (the Act). Part of that responsibility is the periodic inspection of brokerages' books and records, a power set out in section 74 of the Act. These inspections are called practice reviews.

Purpose of a practice review

RECA's practice review program has three main objectives:

To promote consumer protection. A small percentage of licensees may work outside the laws and standards that govern the industry, which can adversely affect the public's view of the industry. Practice reviews help reduce instances of non-compliance with the *Real Estate Act* and the *Real Estate Act* Rules (the Rules).

To reduce the number of claims against the Real Estate Assurance Fund. All licensees share the cost of claims made against it. Identifying potential problems before they develop reduces the number of claims, which benefits everyone.

To serve licensees. Auditors work constructively with them to develop sound accounting practices and procedures that ensure compliance with the *Real Estate Act* and the Rules.

How the process works

Brokerage selection. All brokerages licensed in Alberta are subject to review, regardless of whether they hold trust funds. Every brokerage must maintain adequate books and records

for its area of trade or practice and comply with all relevant legislation. RECA aims to review every brokerage within a period of three to five years, using a risk-based selection process. Selection criteria may include:

- the interval since the brokerage's last review;
- actionable information received from a third party;
- deficiencies in the annual accounting report;
- changes to the business model;
- unresolved findings from a previous review;
- being in the brokerage's first year of operation;
- the size of the brokerage;
- the amount of trust monies held;
- the fiscal year-end date; and
- location.

Notice of a practice review. An auditor will contact the broker in advance to schedule a review date, and every effort will be made to allow the brokerage to continue normal business activities during the review. In remote locations, scheduling may be less flexible, as RECA's auditors are based in Calgary and travel to other areas of the province is arranged in batches. In rare circumstances, if RECA receives information indicating a significant risk to the public, a practice review may be unannounced.

Preparation for the review. The auditor will provide a summary of the review requirements and a questionnaire in advance. Under legislation, brokerages must retain records for a minimum of three years. The review period varies depending on the brokerage's circumstances but generally includes:

- the current fiscal year up to the date of the review;
- for a new brokerage, the period from the licensing date to the review date; or
- for brokerages that do not hold trust funds, a period of up to one year preceding the review date.

Duration. Most practice reviews are completed in one day, though timing can vary depending on the complexity of the brokerage's operations and the quality of its record-keeping. The broker does not need to be present for the entire review, but it is beneficial for them to be available to discuss the findings. The person who maintains the accounting records must be available in case questions arise.

Review day. The auditor will begin with a brief discussion with the broker to understand how the brokerage operates, explain the review's duration, and answer any questions. The auditor may then review any or all the following:

- brokerage policies and procedures;

- trust account records, including bank statements, cheques, deposit books, trust ledgers, reconciliations, and any supporting records;
- samples of real estate transactions and related records; and
- the brokerage's general bank statements.

Note: the auditor will provide the specific list of records required in advance of the review date.

After the review

Findings	The auditor discusses any findings with the broker or brokerage representative constructively and amends them where appropriate.
Recommendations	The auditor identifies the relevant sections of the *Real Estate Act* and Rules for any deficiency found and recommends corrective actions.
Completion Letter	The auditor sends a letter summarizing the review findings within three weeks of the review completion.
Broker Response	The broker must provide a written response to the issues raised in the completion letter.
Follow-Up	To confirm that identified deficiencies have been corrected, particularly regarding trust funds and trust account administration, a brokerage may be asked to submit trust account reconciliations for subsequent months, or a follow-up practice review may be conducted.

Review Completion Confirmation	Once the broker's response is received and deemed satisfactory, RECA sends a review completion confirmation email, and the review is finalized.

Courtesy practice review

Newly licensed brokers and brokerages may request a courtesy review, an educational resource in which the auditor reviews the brokerage's books and records and, if necessary, helps the broker make changes to ensure compliance with the Act & Rules. To schedule a review, contact RECA's Practice Review department at practicereview@reca.ca.

What to expect from your auditor

RECA recognizes that undergoing a practice review can be a stressful experience, and expects its auditors to:

- conduct themselves in a courteous, professional, and approachable manner;
- explain review results constructively; and
- keep review records and results confidential.

Privacy and confidentiality

Any information obtained for a review is kept confidential and disclosed only in accordance with RECA's privacy policy and personal information code.

When findings are referred to RECA's Investigations department

Opportunities for improvement are found in nearly all practice reviews, but penalties or sanctions are seldom imposed. Most issues are resolved through corrective action. Serious breaches, however, may be referred to Investigations. Criteria generally used to identify files for referral include:

- failure to cooperate and provide requested documentation within the time specified in the review completion letter (for example, failing to provide complete bank reconciliations);
- repeat non-compliance; and
- deficiencies that pose a significant risk to consumers (for example, unlicensed practice or a trust shortage).

Related Information

Real Estate Council of Alberta Practice Review Unit

202, 1506 11 Avenue SW, Calgary, AB T3C 0M9

T: (403) 228-2954 or 1-888-425-2754 F: (403) 228-3065

Email: audit@reca.ca www.reca.ca