

LICENSING, REGULATION AND ALCOHOL STRATEGY

Financial and Audit Requirements

Associations Act 2003

Sections 42, 43, 44, 45, 46, 47, 48, 49, 50, 51 & 52

Associations Regulations 2004 Schedule 4

Association Tiers & Auditors

To simplify reporting requirements and reduce compliance costs incorporated associations have been divided into 3 tiers according to their level of gross receipts and gross assets. The tiers provide for graduated auditing requirements and qualifications. The levels for each tier are:

Tier One:

Gross annual receipts of less than \$25,000; and

Gross assets of less than \$50,000.

Who can be appointed as Auditor?

A person who is: not member of the association; not a partner (spouse, de facto or business partner), employer or employee of a member of the association; not a partner of an employee of a member of the association.

Tier Two:

Gross annual receipts of between \$25,000 and \$250,000;

Gross assets of between \$50,000 and \$500,000; or

Associations holding a Gaming Machine license.

Who can be appointed as Auditor?

A person who is a member of an accountants body or a person who holds qualifications in a prescribed class of qualifications or a person who is, or is a member of a class of persons, approved by the Commissioner.

Tier Three:

Gross annual receipts of more than \$250,000;

Gross assets of more than \$500,000;

Trading Associations; or

Associations performing Local Government functions.

Who can be appointed as Auditor?

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A person who holds a public Practice certificate issued by an accountants body, or a person who is a member of a class of persons approved by the Commissioner. However, for associations performing Local Government functions under section 101 of the Act, the appointed auditor must be a person who is a registered auditor under the Corporations Act 2001.

Association's Annual Audited Statement Of Accounts:

Associations can download a proforma for Annual Audited Statement of Accounts and fill in the blanks to comply with Schedule 4 of the *Association Regulations* and section 43(1)(c) of the Act.

- Must be prepared in the form of the financial report specified in Schedule 4 of the Regulations and in accordance with applicable Australian Accounting Standards.
- Must comply with section 43(1)(c) of the Act. In addition to the annual audited statement of accounts, the Management Committee must either:
 - a) present a separate report to the members at the AGM signed by two Committee Members containing the information stated in section 43(1)(c) of the Act; or
 - b) if the Management Committee does not want to do a separate report, the information required under section 43(1)(c) of the Act can merely be included in the Statement by the Management Committee contained in Schedule 4 of the Regulations. See the link above to download the proforma 'Annual Audited Statement of Accounts'. If a separate report is compiled, it must also be lodged with the Annual Audited Statement of Accounts.

The information required under section 43(1)(c) of the Act to be included in the Statement by the Management Committee or in a separate report of the Management Committee is:

- 1) The name of each member of the Management Committee of the association during the relevant year;
- 2) The principal activities of the association during the relevant year, and any significant change in the nature of those activities that occurred during the relevant year; and
- 3) The net profit or loss of the association for the relevant year (net figure from the Profit and Loss Statement).
 - Must be audited by a person in accordance with the associations tier;
 - Must be made available to members for inspection at least 14 days prior to the Annual General Meeting (AGM);
 - Must be presented at the AGM convened within 5 months of the end of financial year (The auditor has the right to receive notices and to attend and be heard at the AGM).

Lodgement Is Required:

- within 28 days of the AGM; or
- if the association has been exempted from holding an AGM, within 28 days from being prepared.

Auditor's Powers and Duties

The auditor:

- has a right of access at all reasonable times to the accounting records and other records of the association;
- is entitled to require from an officer information and explanations;
- must note failure to comply with this Act or with a rule of the association, in the report to the association;
- must not be obstructed in the completion of duties by an officer of the association.

Removal of Auditor

For tier 2 and tier 3 incorporated associations the auditor may only be removed:

- by a resolution, according to the association's constitution, at an AGM or SGM; or
- if the auditor applies to the Commissioner to be removed.

Please note all lodgement fees are exempt from GST

TERRITORY BUSINESS CENTRES

TOLL FREE LINE: 1800 193 111 (Australia Wide)

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