**QLD Audit – PPC/My Public Accountant**

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**SMSF Audit**

ASIC registration of SMSF Auditors.

As of 1 July 2013 all SMSF auditors must be registered with ASIC. Components to registration include:

* Fit & proper person test – must not have serious criminal or fraud conviction, not be a bankrupt;
* Tertiary education in accounting (includes TAFE Advanced Diploma) being a three year qualification in accounting;
* Must have an audit subject as part of their underlying degree or as part of professional program or SPAA Advanced Auditor course;
* Have done 300 hours experience in SMSF audits in last 3 years; and
* Sit a competency exam.

Members with overseas qualifications will need to have their qualifications assessed. IPA can do the assessment of a member’s overseas qualification.

**Trust Account Audit**

*Accountant’s Trust Accounts*

APES 310 *Dealing with Client Monies* relates to monies coming into control of a Member in Public Practice (the Member) which are the property of a client to which the Member has no present entitlement. The Member may deal with client monies through a trust account or a client’s bank account.

In Queensland accountant’s trust accounts are also covered by the *Trust Account Act 1973* (Act) and the Trust Accounts Regulation 1999. Under the Act, there are specific requirements for establishing and appointing an auditor. After establishment of the trust account, the trustee (public accountant) must appoint an auditor to the trust account and advise the supervising entity (Department of Justice and Attorney-General) in writing within 30 days of such appointment. Refer to section 14 (1) and 14 (2) of the Act.

Members who hold a certificate of public practice of IPA, CPA and CAANZ are able to undertake a trust account audit for another accountant. Under Section 15 of the Act, **an IPA member** is also required to have completed a tertiary course of study in accounting with an auditing component from an institute prescribed under the Corporations Act, Section 1280(2).

*Real Estate and other Agents trust account requirements*

Real estate agents, residential letting agents, auctioneers, commercial agents and debt collection agents that receive trust money must establish and maintain a trust account that complies with the Agents Financial Administration Act 2014, Agents Financial Administration Regulation 2014 and Motor Dealers and Chattel Auctioneers Act 2014. A key requirement is for trust accounts to be audited and a report lodged with the Office of Fair Trading (OFT) within strict time limits.

Please note that Section 29 of the Agents Financial Administration Act 2014 requires an auditor of these trust accounts to be either (1) registered as an auditor under the Corporations Act or (2) be a member of the IPA with the designation MIPA or FIPA, a member of CPA Australia with the designation CPA or FCPA or a member of CAANZ with the designation CA or FCA.  This is a QLD requirement only.

*Solicitor’s Trust Account Queensland*

This work is no longer called an audit of a trust account, nor is it done by an auditor as such.  The work is now called an examination undertaken by an examiner.  The work needs to be performed on an External Examiners Report supplied by the QLD Law Society in a Form 5. To be eligible as an examiner the Legal Profession Regulation 2007 section 65 states a person must be an member of the IPA with the designation MIPA or FIPA (not AIPA), hold a professional practice certificate and have completed a tertiary course in accounting with an auditing component as per Corporations Act S1280(2A).  Alternatively, the examiner may be a registered company auditor (RCA) under the Corporations Act.

Each law practice that received or held trust money during a year (ending 31 March) is required to lodge the External Examiners Report with the QLD Law Society within 60 days of 31 March (i.e. before 30 May).

Travel Agent Trust Account

Since 1 July 2013, travel agents are no longer required to lodged audited annual financial returns to the Travel Compensation Fund (TCF). A voluntary industry accreditation scheme has been introduced by AFTA Travel Accreditation Scheme.

**Incorporated Association – QLD**

Under the *Associations Incorporation Act 1981 t*here are three different reporting levels for an incorporated association that determines whether an audit, review or verification is required. The three reporting levels are:

**Level one -** the association satisfies one of the following criteria:

* Current assets are more than $100,000; or
* Total revenue is more than $100,000;

Level one associations must have the financial statements audited by either a qualified auditor or certified accountant.

**Level two -** the association satisfies one of the following criteria, either:

* Current assets are between $20,000 and $100,000; or
* Total revenue is between $20,000 and $100,000;

Level two associations must have the financial statements either verified or audited by an approved auditor, certified accountant or person approved by Office of Fair Trading (though if fundraising or gaming association, must have an audit conducted).

**Level three -** where the association’s assets **and** revenue is less than $20,000 the president or Treasury must verify the financial statements (though if fundraising or gaming association, must have an audit conducted).

A certified accountant is a member of IPA, CPA or CAANZ. Current assets for the purpose of determining the above thresholds are current assets readily convertible to cash.

**Audit of Proprietary Company**

A large proprietary company is required to have its financial report audited (by a Registered Company Auditor), unless ASIC grants relief. A proprietary is defined as large for a financial year if it satisfies at least two of the following paragraphs:

* the consolidated revenue for the financial year of the company and any entities it controls is $25 million or more;
* the value of the consolidated gross assets at the end of the financial year of the company and any entities it controls is $12.5 million or more; and
* the company and any entities it controls have more than 50 employees at the end of the financial year.

Otherwise the company is classified as a small proprietary company and is not required to prepare a financial report and consequently, an audit is not required. However, if the small company is foreign controlled company (and an exemption is not obtained) or if ASIC or shareholders representing at least 5% of the voting shares deem it necessary, the company must follow the requirement to prepare a financial report and have it audited.

**Audit of Companies Limited By Guarantee**

Prior to the commencement of the *Corporations Amendment (Corporate Reporting Reform) Act 2010,* all companies limited by guarantee had to prepare a financial report which required an audit, because they were classified as public companies.

A three-tier differential reporting framework for companies limited by guarantee has been established.

* Tier 1 (annual revenue less than $250,000 and does not have deductible gift recipient status) - has no obligation to prepare a financial report or have its financial report audited, unless required to do so under its constitution or a member or ASIC direction;
* Tier 2 (annual revenue is $250,000 or more but less than $1 million or that have deductible gift recipient status) - must prepare a financial report which they could elect to be reviewed rather than audited;
* Tier 3 (annual revenue is more than $1 million) - must prepare a financial report and have it audited.

Members of the IPA in public practice can undertake the review of Tier 1 (where required) or Tier 2 Company Limited by Guarantee.

**Audit of Charities (other than Companies Limited by Guarantee)**

Charities are now regulated by the Australian Charities and Not-for-Profit Commission (ACNC). Under the Australian Charities and Not-for-profits Commission Act 2012 (Cth) (The ACNC Act) charities reporting requirements are dependent on their classification as either small, medium or large charities.

* **Small charities** (annual revenue is less than $250 000) - need to submit an Annual Information Statement (AIS). From 2015 onwards the Annual Information Statement will include basic financial questions.
* **Medium charities** (annual revenue is $250 000 or more but less than $1 million) - must submit an AIS and an annual financial report that is reviewed or audited.
* **Large charities (**annual revenue is more than $1 Million) - must submit an AIS and an annual financial report that is audited .

Therefore, small charities do not need to be audited unless their constitutions require an audit. Medium charities can elect to have a review instead of an audit and this review can be by a member of IPA, CPA or CAANZ in practice. Joint Accounting Bodies have released a guide to assist those undertaking reviews. Large charities have to have an audit and this must be by a Registered Company Auditor.

**Co-operatives – QLD**

Under Section 231(1) of the Queensland *Cooperatives Act 1997* (the Act) a cooperative must prepare accounts and have them audited by a Registered Company Auditor.