

CFA policy for review of end of year financial accounts

Current as of 3 July 2014

Background

In recent years, and in particular since CFA has collected more than a nominal membership fee, a registered auditor has audited CFA end of year financial accounts. This past practice reflects a view by the Executive that:

- CFA should be publicly accountable for the funds it receives,
- It is protection from fraud as well as good practice to have accounts reviewed by an independent party.

One of the reasons we have been able to utilise a registered auditor is that we have in the past secured these services at very reasonable rates. We have been advised that the services are no longer available at that rate and inquiries have suggested a significant price increase (in the order of a factor of 10) would be necessary to secure equivalent services.

Regulatory Position

The requirements of the *ACT Associations Act* under which CFA is incorporated vary depending upon the size of the association, as follows:

1. Gross income of greater than \$1 million – registered company auditor under the *Corporations Act 2001*
2. Gross income of greater than \$400,000 or more than 1000 members or holds an ACT liquor licence – either a registered company auditor under the *Corporations Act 2001* or a current CPA
3. Other – auditor need not hold qualifications. Accounts may be audited by any adult person who is not an officer/committee members of the association and/or has not prepared or assisted in the preparation of the accounts.

CFA falls in category 3.

CFA Approach

Utilise the service of an accountant independent of CFA to review the end of year financials and provide an audit certificate.

The Executive has endorsed this approach taking into account the size of the organisation and amount of revenue, and noting the option would exceed the

requirements of our governing legislation and accords with the principles outlined in the Background section above.