Topic 8 - Audit

At each annual general meeting of the body corporate, lot owners may decide to have the statement of accounts audited. The legislation requires that a body corporate must have its statement of accounts for each financial year audited, by an auditor unless:

- the scheme is a **basic scheme** (A s10); and
- the body corporate passes a special resolution not to have the statement audited.

(SM s155)

Motion for special resolution (SM s155)

The motion for the special resolution must be expressed in the following form:

'that the body corporate's statement of accounts for the financial year (insert year) not be audited'.

The following note must accompany the motion:

'**NOTE:** If you want the accounts to be audited, vote **'no'**; if you do not want the accounts to be audited, vote **'yes'**.'.

Even if the body corporate decides not to have its accounts audited for a particular financial year, the body corporate may vote to have its accounting records audited for a particular period or project and appoint an auditor to carry out the task. An ordinary resolution is required to approve a motion for this purpose.

The Auditor

An auditor is appointed by ordinary resolution of the body corporate and the motion for agreeing to the auditor must be included in the agenda for the annual general meeting and include the name of the auditor proposed to be appointed (SM s155).

Qualifications and experience

An auditor cannot be a member of the committee, a body corporate manager or an associate of either of these persons (SM s155).

An auditor is defined at Schedule 6 of the Act as:

- a person who is registered as a company auditor; or
- has the qualifications and experience outlined in the regulation module*; and
- includes an unincorporated body of auditors.

*The **Standard Module** provides a number of levels of qualification for auditors. One of the following will apply:

> The person must—
>
> (a) be a member of—
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> (i) CPA Australia and entitled to use the letters ‘CPA’ or ‘FCPA’; or

(ii) the Institute of Chartered Accountants in Australia and entitled to use the letters ‘CA’ or ‘FCA’; or

(iii) the National Institute of Accountants and entitled to use the letters ‘MNIA’, ‘FNIA’, ‘PNA’ or ‘FPNA’; and

(b) have a total of 2 years auditing experience, whether or not continuous.

Auditor's Certificate (SM s155)

The role of the auditor is to inspect the prepared financial statements and provide a certificate that indicates whether the statements disclose all relevant information and provide a true and fair view of the financial position of the body corporate.

In cases where the auditor considers the statement of accounts does not accurately reflect the body corporate's financial situation, the auditor is required to identify the deficiencies in the statement.

A copy of the auditor's certificate must be sent out with the notice of the annual general meeting following the certificate being given to the body corporate.