

Small Charities (with fundraising income less than \$50,000)



Auditor qualifications & independence

Charities with fundraising income less than \$50,000 may engage a person who has no formal accounting training but who possesses other suitable qualifications and experience, including:

- **experience and expertise in the field of commercial or government finance**
- **sound accounting knowledge and experience**

If not a registered company auditor, application must be made to the Office of Liquor Gaming and Racing for approval to engage a person as an auditor. Include the following information:

- The full name and contact details of the nominated person
- The extent of experience and expertise held by the nominated person
- Whether the nominated person is a member of or related to a member of the committee of the governing body of the authority holder
- The name of the employer of the proposed auditor and place of business
- If applicable, details of any accounting qualifications or details of membership of any professional accounting body held by the nominated person

An auditor is required to offer an independent opinion on whether the financial report gives a true and fair view. An auditor must not act for an organisation if they, or a near relative, are an employee, director or other officer of that organisation. 'Near relative' includes spouse, defacto partner, children, siblings, parents and grandparents.

The Audit

The audited financial statements must be submitted to an annual general meeting of the membership of the organisation within six months after conclusion of the financial period.

The auditor must express an opinion concerning the financial report of the authority holder. The opinion expressed in the audit report should be either:

- a) unqualified, or
- b) qualified, which should be expressed as:
 - i) an "except for" opinion - when the auditor concludes that an unqualified opinion is inappropriate because of a disagreement with management, a conflict between financial reporting frameworks, or a scope limitation, the effect of which are not of such a magnitude or so fundamental as to require the expression of an adverse opinion
 - ii) an adverse opinion (material but not extreme cases) - when the effects of a disagreement with the management or a conflict between financial reporting frameworks or the scope limitation are of such a magnitude or so fundamental that the financial report taken as a whole is, in the auditor's opinion, misleading or of little use
 - iii) an inability to form an opinion (extreme cases) - when a scope limitation exists and sufficient audit evidence to resolve the uncertainty resulting from the limitation cannot be reasonably obtained.

Annual financial accounts

Financial accounts must contain:

- 1 a statement of income and expenditure showing:
 - the aggregate gross income received
 - the total expenditure associated with all appeals
 - the net operating surplus or deficit
- 2 a balance sheet including all assets and liabilities resulting from the conduct of appeals as at the end of the financial year. This includes money in bank accounts.

This guide is designed to provide accurate and authoritative information in regard to the subject matter covered, and with the understanding that the NSW Office of Liquor, Gaming and Racing part of Trade and Investment is not passing legal opinion or other professional advice. If you require a more detailed understanding of the legislation, contact a specialist adviser.

The law governing the conduct of charitable fundraising is the Charitable Fundraising Act 1991. Online access to the legislation is available at www.legislation.nsw.gov.au