

6 February 2013

I am Chairman of a large Bendigo based NFP with Charity status. It is an Incorporated Association. On Monday I attended a session of the ACNC National Community Presentation in Melbourne.

At the session a Treasury representative stated that annual financial reports to be lodge with the ACNC have to be audited by an ASIC registered audit company. This is of major concern to my organisation.

Being a large organisation, our annual reports are audited by a prominent Bendigo based accounting company, however this company is not ASIC registered. Moreover, currently in Bendigo there are only two accounting firms that are ASIC registered, one of whom is under notice as the result of the recent collapse of the Banksia Financial Group.

Only allowing audits by ASIC registered audit companies, is the equivalent of using a sledge hammer to crack a walnut. My organisation like many large NFP's, is not a complex structure and its operations are basic and strait forward, unlike many complex "for profit" companies. Although not ASIC registered, there are several local accounting firms and individual accountants who are very experienced and capable of undertaking a robust audit in accordance to the Australian Auditing Standards. It is also pointed out that this requirement conflicts with the recently enacted Victorian "Associations Incorporation Act 2012". Clause 99 (2) (c) allows the audit to be conducted by "a member of, and holds a current practising certificate from:

- (i) CPA Australia; or
- (ii) the Institute of Chartered Accountants in Australia; or
- (iii) the Institute of Public Accountants;"

Finally, this requirement will place addition financial burden on my organisation without any benefit to the Association or its members.

It is requested that Treasury reconsiders it requirement regarding the need to only use ASIC registered Audit companies, and to adopt the approach of the Victorian "Associations Incorporation Act 2012".

Yours sincerely,

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