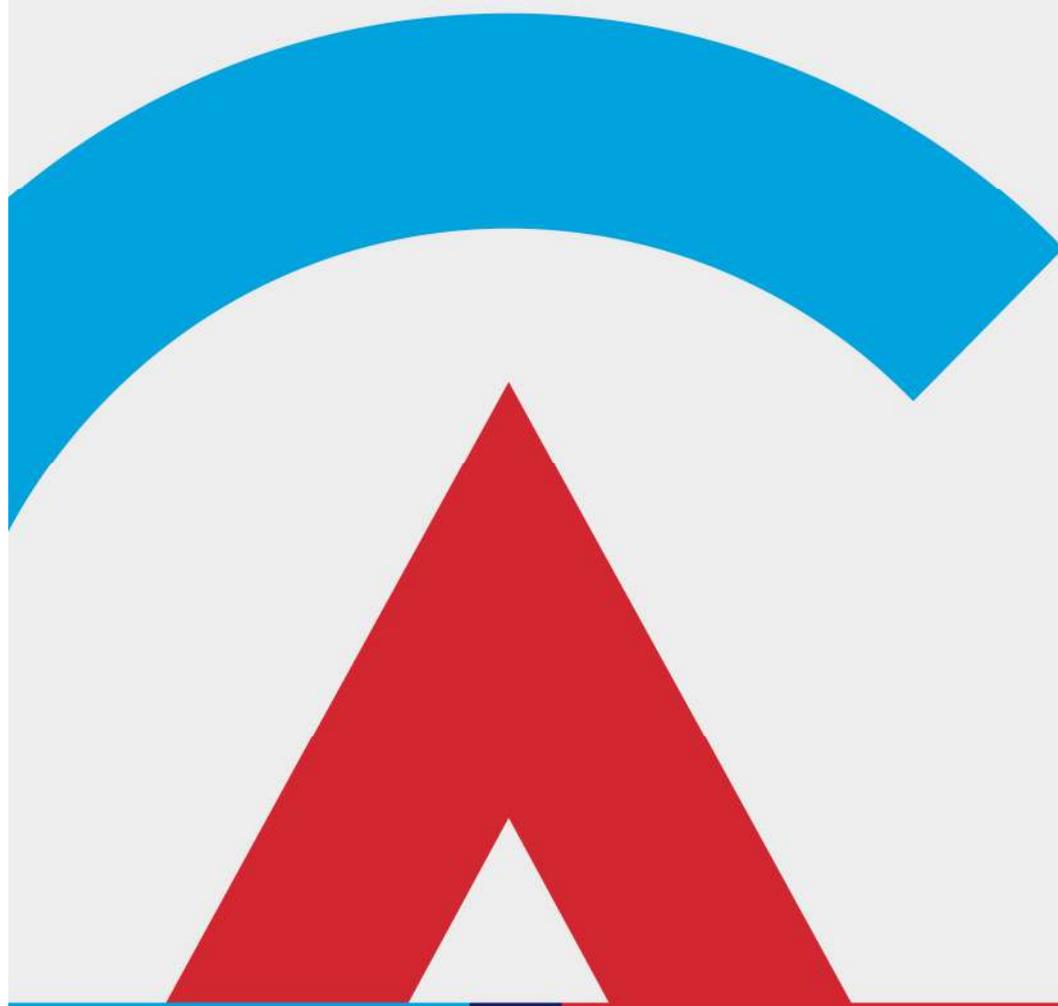


Audit and Review Requirements for Australian Entities

April 2021



Introduction

This guide provides a high level summary of the legislative requirements to prepare financial reports, have an audit or review of those financial reports performed and the qualifications of auditors and reviewers for common types of Australian entities.

It is not intended to be exhaustive. As legislative requirements change, members should confirm the requirements with the relevant regulators and review the requirements of the relevant legislation. A number of states and territories have made or are in the process of making changes for the requirements for incorporated associations who are ACNC registered charities. As these requirements are in transition, members must confirm the current requirements by referring to the information provided by the relevant state or territory regulator and the ACNC.

Chartered Accountants Australia and New Zealand Requirements

[CA ANZ Regulation 2.6](#): if you provide public accountancy services required under legislation or other statutory authority to the public for reward, a Chartered Accountant (CA) requires a Certificate of Public Practice (CPP).

Federal Legislation

Entity type	Financial Reporting requirements	Audit / Review requirement	Auditor / Reviewer conditions	Other
Corporations Act 2001 – Public interest entity				
<ul style="list-style-type: none"> Disclosing entity Public company Registered scheme 	Must prepare financial report [s292(1)]	Must be audited [s301(1)]	Auditor must be a Registered Company Auditor (RCA) [s324BA]	To do an audit under Corporations Act, the auditor must have adequate insurance [Reg 9.2.08]
Corporations Act 2001 – Proprietary company				
Large ¹	Must prepare financial report [s292(1)]	Must be audited unless ASIC provides exemption [s301(1)]	Auditor must be a RCA unless ASIC approves otherwise [s324BD]	To do an audit under Corporations Act, the auditor must have adequate insurance [Reg 9.2.08]
Small ²	Financial report only if directed [s292(2)]	Must be audited unless ASIC provides exemption [s301(1)]	Auditor must be a RCA unless ASIC approves otherwise [s324BD]	To do an audit under Corporations Act, the auditor must have adequate insurance [Reg 9.2.08]

¹ From 1 July 2019 a proprietary company is considered “large” if it has at least two of: consolidated revenue ≥\$50 million, consolidated gross assets ≥\$25 million or company/group has ≥100 employees [s45(1)(3)], a doubling of the previous requirements

² A proprietary company is considered “small” if it has at least two of: consolidated revenue <\$50 million, consolidated gross assets <\$25 million or company/group has <100 employees [s45(1)(2)]

Entity type	Financial Reporting requirements	Audit / Review requirement	Auditor / Reviewer conditions	Other
Corporations Act – Company Limited by Guarantee (other than ACNC registered charities)				
Revenue ≥\$1m	Must prepare financial report [s292(1)]	Must be audited [s301(1)]	Auditor must be a RCA [s324BA]	To do an audit under Corporations Act, the auditor must have adequate insurance [Reg 9.2.08]
Revenue <\$1m but ≥\$250k	Must prepare financial report [s292(1)]	Audit only if requested. If not audit, must have review [s301(3)]	Auditor must be a RCA Reviewer may be a CA (or member of other two accounting bodies) [s324BE(1)]	To do an audit under Corporations Act, the auditor must have adequate insurance [Reg 9.2.08] Members of the accounting bodies ³ are subject to the relevant bodies requirements in relation to insurance held by CPP holders
Revenue <\$250k	No need for financial report unless directed by members or ASIC [s292(3)]	No audit or review required unless directed	If audited or reviewed, the auditor must be a RCA. Reviewer may be a CA (or member of other two accounting bodies) with CPP [s324BE(1)]	To do an audit under Corporations Act, the auditor must have adequate insurance [Reg 9.2.08] Members of the accounting bodies are subject to the relevant bodies requirements in relation to insurance held by CPP holders
Australian Charities and Not-for-profits Commission Act 2012 – Registered charities				
Large Revenue ≥\$1m	Must prepare financial report ⁴ [s60-10]	Must be audited ⁵ [s60-25]	Auditor must be a RCA ⁶ [s60-30]	As an RCA the auditor must have adequate insurance under the requirements of the Corporations Act [Reg 9.2.08]

³ Chartered Accountants Australia and New Zealand (CA ANZ), CPA Australia (CPA) and the Institute of Public Accountants (IPA).

⁴ Unless the entity is a basic religious charity.

⁵ Where an ACNC registered charity is also registered with a state regulator, lesser requirements may be acceptable if permitted by the state based regulator under the [ACNC's streamlined reporting requirements](#)

⁶ Where an ACNC registered charity is also registered with a state regulator, lesser qualifications may be acceptable if permitted by the state based regulator under the [ACNC's streamlined reporting requirements](#)

Entity type	Financial Reporting requirements	Audit / Review requirement	Auditor / Reviewer conditions	Other
Medium Revenue <\$1m but ≥\$250k	Must prepare financial report ⁷ [s60-10]	Must be audited or reviewed ⁸ [s60-20]	Auditor must be a RCA ⁹ [s60-30]	As an RCA the auditor must have adequate insurance under the requirements of the Corporations Act [Reg 9.2.08]
Small Revenue <\$250k	No need for financial report [s60-10]	No audit or review required	N/A	N/A
Superannuation Industry (Supervision) Act 1993				
SMSF	Must prepare financial report [s35B]	Must be audited [s35C]	Auditor must be a registered SMSF auditor [s10(1)]	N/A
Co-operatives National Law and Regulations				
Small - Satisfies at least 2 of the following: revenue <\$8m, gross assets <\$4m or <30 employees; and - Has not issued shares to >20 prospective members during the year and raised >\$2m from that issue; or has not had securities on issue to non-members during the year. [Reg 1.4]	If no member direction must prepare financial report complying with Reg 3.10 [s270(3)] If member direction must prepare full financial report [s270(2)]	If no member direction no audit or review required [s276(2)] Members may direct financial report to be audited or reviewed [s276(3)]	Auditor must be a RCA [s276] Reviewer qualification not specified	N/A
Large Any co-operative that fails the small criteria	Must prepare financial report [s270(1)]	Must be audited [s276(1)]	Auditor must be a RCA [s276]	N/A

⁷ Unless the entity is a basic religious charity.

⁸ Where an ACNC registered charity is also registered with a state regulator, lesser requirements may be acceptable if permitted by the state based regulator under the [ACNC's streamlined reporting requirements](#)

⁹ Where an ACNC registered charity is also registered with a state regulator, lesser qualifications may be acceptable if permitted by the state based regulator under the [ACNC's streamlined reporting requirements](#)

State Legislation (Incorporated Associations)

Entity type	Financial Reporting requirements	Audit / Review requirement	Auditor / Reviewer conditions	Other
ACT – Associations Incorporations Act 1991 and Regulations (other than ACNC registered charities¹⁰) – From 1 July 2019				
Large Revenue >\$1m	Must prepare financial report [s72]	Must be audited [s74]	Auditor must be a RCA or a member of the accounting bodies. Auditor must not be: a) A member or officer of the association; or b) Have assisted with the preparation of the accounts	As an RCA, an auditor must have adequate insurance. Members of the accounting bodies are subject to the relevant bodies requirements in relation to CPP requirements and insurance requirements of CPP holders.
Medium Revenue ≥\$400k but ≤\$1m	Must prepare financial report [s72]	May be audited or reviewed [s74]	Auditor/reviewer must be a RCA or a member of the accounting bodies. Auditor must not be: c) A member or officer of the association; or d) Have assisted with the preparation of the accounts	As an RCA, an auditor must have adequate insurance. Members of the accounting bodies are subject to the relevant bodies requirements in relation to CPP requirements and insurance requirements of CPP holders.
Small Revenue ≤\$400k (unless more than 1000 members or holds liquor license) ¹¹	Must prepare financial report [s72]	Must be reviewed [s74]	Reviewer must be a person who: a) Is not an officer of the association; and b) Has not prepared or assisted with the preparation of those accounts.	Members of the accounting bodies are subject to the relevant bodies requirements in relation to CPP requirements and insurance requirements of CPP holders.

¹⁰ From 1 July 2017 ACT Incorporated Associations who are ACNC registered charities lodge financial reports under the ACNC requirements (for more information refer to the AccessCanberra website and the ACNC website). However ACNC requirements for these reports do not necessarily override state based regulation. For further details see the [ACNC's streamlined reporting requirements](#) for ACT entities

¹¹ An ACT incorporated association which meets the revenue threshold for small but holds a liquor license or has over 1000 members must apply the requirements for medium incorporated associations.

Entity type	Financial Reporting requirements	Audit / Review requirement	Auditor / Reviewer conditions	Other
Northern Territory – Associations Act and Regulations (other than ACNC registered charities¹²) – From 1 July 2019				
Tier 1 One of: Gross receipts <\$25k or gross assets <\$50k	Must prepare financial report [s43(1)]	Must be audited [s43(1)]	Auditor must not be: a) A member of the association; or b) The spouse or de facto partner or a business partner, employer or employee of a member of the association; or c) The spouse or de facto partner or a business partner of an employee of a member of the association [s46(1)]	Members of the accounting bodies are subject to the relevant bodies requirements in relation to CPP requirements and insurance requirements of CPP holders
Tier 2 One of: Gross receipts ≥\$25k but ≤\$250k or gross assets ≥\$50k but ≤\$500k or holds a gaming machine license	Must prepare financial report [s43(1)]	Must be audited [s43(1)]	Auditor must be: a) A person who is a member of an accountants body; or b) A person who is, or is a member of a class of persons, approved by the Commissioner. [s47(2)]	Members of the accounting bodies are subject to the relevant bodies requirements in relation to CPP requirements and insurance requirements of CPP holders

¹² From 1 July 2019 NT Incorporated Associations who are ACNC registered charities lodge financial reports under the ACNC requirements (for more information refer to the NT government website and the [ACNC website](#)). However ACNC requirements for these reports do not necessarily override state based regulation. For further details see the [ACNC's streamlined reporting requirements](#) for NT entities. Transitional reporting requirements apply for the 2019 and 2020 reporting years.

Entity type	Financial Reporting requirements	Audit / Review requirement	Auditor / Reviewer conditions	Other
Tier 3 One of: Gross receipts >\$250k or gross assets >\$500k or performs local government functions	Must prepare financial report [s43(1)]	Must be audited [s43(1)]	Auditor must be: a) A person who holds a public practice certificate issued by an accountants body; b) A person who is, or is a member of a class of persons, approved by the Commissioner; or c) If the association performs local government functions, a person who is registered as an auditor under the Corporations Act [s48(2)]	As an RCA, an auditor must have adequate insurance. Members of the accounting bodies are subject to the relevant bodies requirements in relation to CPP requirements and insurance requirements of CPP holders
New South Wales – Associations Incorporations Act 2009 and Regulations 2016 (other than registered charities¹³)				
Tier 1 Gross receipts >\$250k or current assets >\$500k	Must prepare financial report [s43(1)(a)]	Must be audited [s43(1)(b)]	Auditor must be: a) A RCA within the meaning of the Corporations Act 2001; or b) A member of the accounting bodies who holds a current CPP	Any person who is, or who has at any time within the last two years been, a member of the association or an employer of a provider of professional services (other than audit services) to the association or to a committee member or public officer of the association may not carry out the audit. [s52(2)] As an RCA, an auditor must have adequate insurance.
Tier 2 Gross receipts ≤\$250k and current assets ≤\$500k	Must prepare financial statements [s47]	Audit not required unless required by the association's constitution or a funding agreement	N/A	N/A

¹³ From 1 October 2018 (and for the 2018 reporting period) NSW Incorporated Associations who are registered charities lodge financial reports under the ACNC requirements. More information on the ACNC website or NSW Fair Trading's website. However ACNC requirements for these reports do not necessarily override state based regulation. For further details see the [ACNC's streamlined reporting requirements](#) for NSW entities.

Entity type	Financial Reporting requirements	Audit / Review requirement	Auditor / Reviewer conditions	Other
Holder of authority to conduct a fundraising appeal and raised >\$250k	Must prepare financial report	Must be audited [s24 (Charitable Fundraising Act 1991)]	Auditor must be a RCA or approved by the Minister [s24]	As an RCA, an auditor must have adequate insurance

Entity type	Financial Reporting requirements	Audit / Review requirement	Auditor / Reviewer conditions	Other
South Australia – Associations Incorporations Act 1985 and Regulations 2008 (other than ACNC registered charities¹⁴)				
Prescribed association Gross receipts >\$500k	Must prepare financial report [s35(2)(a)]	Must be audited [s35(2)(b)]	Auditor must be a RCA, a member of CPA or CA ANZ or otherwise approved by the Commission [s35(2)(b)]	As an RCA, an auditor must have adequate insurance. Members of the accounting bodies are subject to the relevant bodies requirements in relation to CPP requirements and insurance requirements of CPP holders.
Queensland – Associations Incorporations Act 1981 and Regulations 1999				
Level 1 Either: current assets >\$100k or revenue >\$100k	Must prepare financial statement as defined in the Act [s59(2)(a)]	Must be audited [s59(2)(b)(i)]	Audit must be performed by an auditor (RCA) or an accountant (member of the accounting bodies entitled to use their respective designations). [s58 and s59(2)(b)(i)] ie a member who is entitled to use the CA or FCA designation	As an RCA, an auditor must have adequate insurance. Members of the accounting bodies are subject to the relevant bodies requirements in relation to CPP requirements and insurance requirements of CPP holders.
Level 2 Either: current assets ≥\$20k but ≤\$100k or revenue ≥\$20k but ≤\$100k	Must prepare financial statement as defined in the Act [s59(2)(a)]	Audit required if required under Collections Act 1966, Gaming Machine Act 1991 or any other law [s59(2)(b)(ii)], otherwise auditor must report as required by s59A(b)(ii)	If audit required, auditor must be a RCA, accountant as above or approved person. [s58 and s59(2)(b)(ii)]	As an RCA, an auditor must have adequate insurance. Members of the accounting bodies are subject to the relevant bodies requirements in relation to CPP requirements and insurance requirements of CPP holders.
Level 3 Either: current assets <\$20k or revenue <\$20k	Must prepare financial statement as defined in the Act [s59(2)(a)]	Audit not required unless specified under Collections Act 1966, Gaming Machine Act 1991 or any other law or if requested by members	If audit required, auditor must be a RCA, accountant as above or approved person [s58 and s59(2)(b)(ii)]	As an RCA, an auditor must have adequate insurance. Members of the accounting bodies are subject to the relevant bodies requirements in relation to CPP requirements and insurance requirements of CPP holders.

¹⁴ Since 2016 SA Incorporated Associations who are registered charities lodge financial reports under the ACNC requirements. For further details see the [ACNC's streamlined reporting requirements](#) for SA entities.

Entity type	Financial Reporting requirements	Audit / Review requirement	Auditor / Reviewer conditions	Other
Tasmania – Associations Incorporations Act 1964 and Regulations 2017 (other than ACNC registered charities¹⁵)				
Revenue ≥\$250k	Must prepare financial report [s24(1)]	Must be audited [s24(1)]	Auditor must be an RCA or otherwise approved by the Commissioner [s24(1)]	Commissioner's approval is subject to having regard to the complexity of the financial affairs of the association
Revenue <\$250k	Must prepare financial report	Audit only required if required by the association's constitution	Where audit is required, auditor must be an RCA or otherwise approved by the Commissioner [s24(1)]	Commissioner's approval is subject to having regard to the complexity of the financial affairs of the association
Western Australia – Associations Incorporation Act 2015 (other than ACNC registered charities¹⁶) – From 1 July 2020				
Tier 1 Revenue <\$250k	Must prepare basic financial statements [s68(1) and (2)]	No requirement for audit or review unless directed by members or Commission, required by a funding agreement or required under the association's rules [s69]	If audit or review directed, auditor or reviewer must be a member of a professional accounting body, a RCA or a person approved by Commissioner [s88(2)]	As an RCA, an auditor must have adequate insurance. Members of the accounting bodies are subject to the relevant bodies requirements in relation to CPP requirements and insurance requirements of CPP holders.
Tier 2 Revenue ≥\$250k but <\$1m	Must prepare 'true and fair' financial report [s71]	Must be reviewed unless audit is directed by members or Commissioner [s72]	Reviewer or auditor must be a member of a professional accounting body, a RCA or a person approved by Commissioner [s88(2)]	As an RCA, an auditor must have adequate insurance. Members of the accounting bodies are subject to the relevant bodies requirements in relation to CPP requirements and insurance requirements of CPP holders.

¹⁵ From the 2018 financial reporting period TAS Incorporated Associations who are registered charities lodge financial reports under the ACNC requirements which must comply with ACNC requirements. More information on the [ACNC website](#).

¹⁶ From 1 July 2020 financial reporting period WA Incorporated Associations who are registered charities lodge financial reports under the ACNC requirements. There are transitional reporting requirements for 2020 and 2021. More information on the [ACNC website](#) or WA Consumer Protection's website. However ACNC requirements for these reports do not necessarily override state based regulation. For further details see the [ACNC's streamlined reporting requirements](#) for WA entities.

Entity type	Financial Reporting requirements	Audit / Review requirement	Auditor / Reviewer conditions	Other
Tier 3 Revenue ≥\$1m	Must prepare 'true and fair' financial report [s74]	Must be audited [s75]	Auditor must be a member of a professional accounting body, a RCA or a person approved by Commissioner [s88(2)]	As an RCA, an auditor must have adequate insurance. Members of the accounting bodies are subject to the relevant bodies requirements in relation to CPP requirements and insurance requirements of CPP holders.
Victoria – Associations Incorporations Reform Act 2012 and Regulations 2012 (other than ACNC registered charities¹⁷)				
Tier 1 Revenue <\$250,000	Must prepare financial report [s92]	Review may be required under rules, or if directed by members or the Registrar [s93]	Where a review is directed the Reviewer must be a member of one of the accounting bodies with CPP or otherwise approved by the Registrar [s96(1)(a)]	Members of the accounting bodies are subject to the relevant bodies requirements in relation to CPP requirements and insurance requirements of CPP holders
Tier 2 Revenue ≥\$250,000 but ≤\$1m	Must prepare financial report [s95]	Review required [s96]	Reviewer must be a member of one of the accounting bodies with CPP or otherwise approved by the Registrar [s96(1)(a) and (b)]	Members of the accounting bodies are subject to the relevant bodies requirements in relation to CPP requirements and insurance requirements of CPP holders
Tier 3 Revenue >\$1m	Must prepare financial report [s98]	Must be audited [s99]	Auditor must be a RCA, a member of one of the accounting bodies with CPP or otherwise approved by the Registrar [s99(2)] Must not be a member of the association's committee, an employer or an employee of a member of the committee, a member of the same partnership as a member of the committee, an employee of the association	As an RCA, an auditor must have adequate insurance. Members of the accounting bodies are subject to the relevant bodies requirements in relation to CPP requirements and insurance requirements of CPP holders.

¹⁷ For financial years ending on or after 30 June 2018, Victorian Incorporated Associations who are registered charities report under the ACNC requirements. There are some exceptions and members should refer to the guidance on the [ACNC website](#).

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