

# FINANCIAL REPORTING OBLIGATIONS FOR P&CS

*A guide to your P&Cs financial reporting obligations while the updated P&C Constitution is being approved.*

## What is our P&C's financial reporting obligations?

Your P&C must prepare accounts that comply with the requirements of the Association's financial reporting tier. There are three tiers, the applicable tier depends on the Association's annual revenue (total amount of money received, full definition can be found [online](#)). For a more detailed explanation please visit the [DoMIRS website](#).

### Tier 1: less than \$250,000

An Association operating on a **cash** basis must prepare a financial statement that includes a:

- statement of all the monies received and paid during the financial year;
- reconciled statement of all bank account balances as at the end of the financial year; and
- statement detailing the Association's total assets and liabilities as at the end of the financial year.

An Association operating on an **accrual** basis must prepare a financial statement that may include:

- statement of the income and expenditure for the financial year; and
- balance sheet.

*Important: If revenue is under \$250,000, but the P&C would prefer to have a review/audit, the P&C can motion for an audit/review of the financials to take place at any time. The appointment of an auditor or reviewer should be by resolution of the members of the association at a General Meeting but if this hasn't been done, it can be done by the Executive Committee. If this motion is passed, the review/audit must be undertaken by a suitably qualified person as stated at the end of this document.*

### Tier 2: \$250,000 – \$1million

All Accounts must be reviewed. **(WACSSO recommends this for ALL P&Cs regardless of revenue).**

The financial report presented at the AGM must include:

- The financial statements for the financial year, as required by Australian Accounting Standards
- Notes to the financial statements that are required by Australian Accounting Standards
- An executive committee declaration stating whether the association is able to pay its debts as and when they become due and payable and whether the prepared financial statement and notes comply with the requirements of the Associations Incorporation Act.

### Tier 3: over \$1million

In addition to the requirements of Tier 2, financial statements must be independently audited. For a more detailed explanation please visit [DoMIRS website](#).

## Who can do an audit/review for the P&C?

Although the current P&C Constitution states that the auditor can be 'preferably persons holding appropriate qualifications' we must now abide by the new Associations Incorporation Act 2015 (Section 88) which states that:

A person is qualified for appointment as a reviewer or auditor if the person is —

- a member of a professional accounting body who has a designation in respect of that membership that is prescribed by the regulations for the purposes of this paragraph; or
- a registered company auditor under the Corporations Act; or
- a person the Commissioner considers has appropriate qualifications or experience and approves for the purposes of this section.