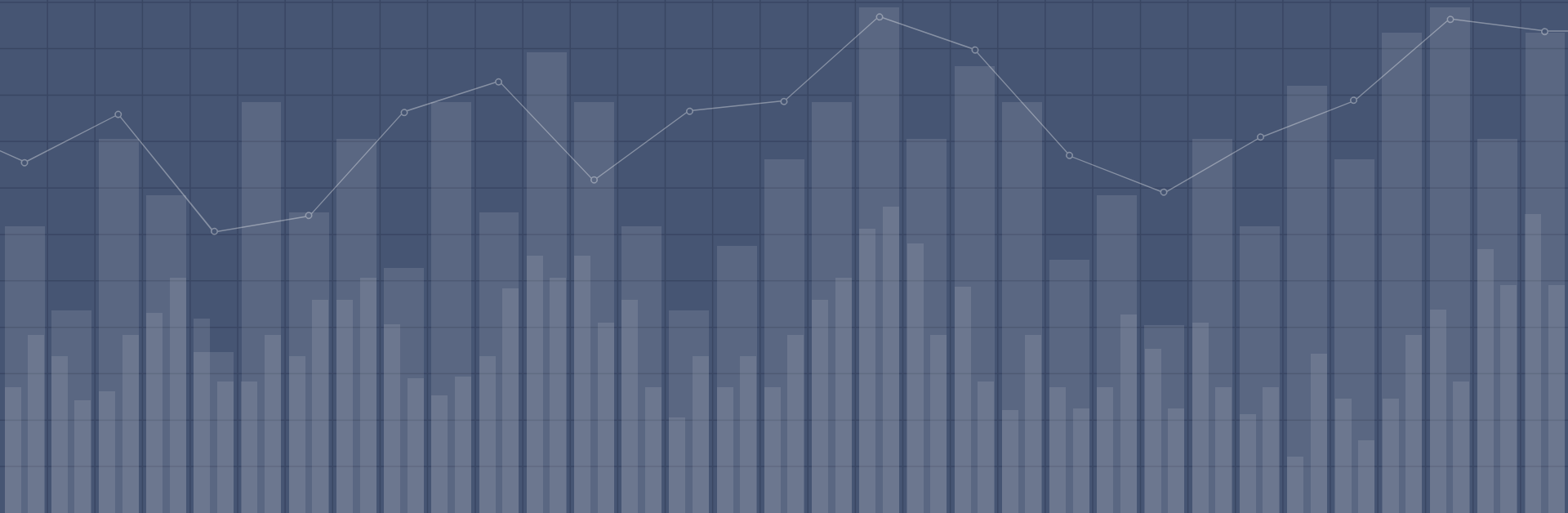


NSW –

What you need to know about auditing strata
scheme annual accounts and financial statements?



AGENDA

- ❑ Information of auditor appointment, audit scope and process
- ❑ Trust Account Audit **VS** Strata Financial Audit
- ❑ Strata audit myths – the misconceptions owners commonly made



Strata Auditor

- ❑ Appointment
 - Large scheme
(Over 100 lots or 250K budget)
 - AGM or EGM
- ❑ Scope of audit
 - Financial reports access
 - Supporting documents
- ❑ Audit process
 - Substantive risk based approach
 - Analytical review procedures



Strata Financial

Audit

Strata Schemes Management Act 2015

Compulsory – Large Scheme

An audit of a financial report involves verification of all balance sheet account balances at year end together with verification of expenses to supplier invoices, contracts and agency agreement. The audit also involves ensuring by laws affecting the financial report have been complied with and the correct disclosures have been made in accordance with the legislative requirements. The audit provides owners with a reasonable assurance that their funds have been correctly accounted for.

Trust Account Audit

Property and Stock Agents Act 2002

Compliance - DFT

The audit of the trust account must be done in accordance with Australian Standards on Assurance Engagements, in particular, ASAE 3000 and ASAE 3100. The auditor is required to form an opinion on whether the agent has complied with the relevant acts and regulations, in all material respects.

Expectation

The audit does not look at the choices the Strata Committee makes as they are elected by the OC to administer the owners' funds. A decision to pay a fence white instead of black is an often cited example of financial mismanagement by the SC or even fraud.



Myths

- misconceptions
strata owners
commonly made



Strata Audit Myths

- ☐ Strata audit is wasting money
- ☐ Accounts deficit = money missing
- ☐ Selecting auditor based on low rate
- ☐ Strata manager select auditor
- ☐ Limitation of audit period
- ☐ Appoint auditor after change strata agency
- ☐ Lot owners directly engage the auditor

NO

Recommendations

- ☐ Chose strata audit specialist
- ☐ Do your homework and asking questions
- ☐ Set up internal control (Preventive & Detective)
- ☐ Supporting group - OCN Member Forum

YES



THE INDEPENDENT
VOICE OF STRATA
OWNERS

- is a not-for-profit that helps apartment owners navigate the complexities of strata living
- provides a range of services to members including guidance and education around strata
- takes a proactive role in advocating the interests of owners, including engaging with government and industry on critical topics

Q & A

Or you can find us at

- www.tinworthaccountants.com.au/strata
- www.ocn.org.au/

