



FEBRUARY 2017

RECOMMENDED PROCEDURE FOR APPOINTING AN INDEPENDENT AUDITOR FOR VILLAGE ACCOUNTS

Residents and resident committees may seek to appoint an independent auditor of the village. This decision may arise if you are not satisfied with the current village auditor for reasons including non-compliance with requirements of the Retirement Village Act or familiarity and independence concerns with the operator. You may appoint an independent auditor who is more conversant with the legislation and the requirements of the village. The RVRA outlines below a protocol to be followed to facilitate change.

“The appointment of a new auditor can only occur either when the operator is looking to change auditors or outside of these times, when the operator is in agreement with the Residents Committee to change. Sometimes an operator does not wish to change the auditor, notwithstanding that residents may believe that they are not obtaining value for the fees charged or the village accounts are not being properly scrutinised and examined. This may arise because the Operator does not wish to have their accounts examined in detail. In either instance where a change of auditor is being debated, the Residents Committee needs to engage with the operator and have resident concerns explained and detailed. Often, only with resident pressure can change occur. These procedures are designed to assist residents in their task”.

When looking for an independent auditor it is essential that the auditor:

- Has the expertise and knowledge consistent with Australian Auditing Standards relating to the Retirement Villages Act;
- Meets the criteria for an auditor as in the *Corporations Act 2001 (Commonwealth)*; and
- Is independent.

Each village operates different levels of care so the service you require should be tailored to suit your village needs with open, honest and transparent recommendations.

STEPS TO FOLLOW

- The residents committee should meet with the residents to outline the benefits of an independent outside auditor.
- A vote must then be taken to determine whether the residents want the committee to pursue further information.
- At this point the residents committee can contact the RVRA for information on independent outside auditors, or alternatively they can contact Bishop Collins Audit Pty Ltd direct (contact details can be found at the end of this document).
- Arrangements should then be made for the auditor to present to a residents meeting, an outline of how their financial strategies will work for the residents. At this time a quote should be obtained detailing the services that they will be provided.
- After the presentation a “special resolution” vote will have to be taken as to appointing the auditor, and authorising the committee to negotiate the terms and to sign any necessary contract. The correct procedure for this vote is outlined in the Retirement Villages Regulation available through a link on the RVRA website: www.rvra.org.au (or OFT has a fact sheet on resolutions).
- A letter must then be drafted with the VILLAGE NAME, ADDRESS, NAMES and SIGNATURES of the resident committee, when the meeting was held and how the residents voted to appoint the auditor. This letter is then sent to the village manager, operations manager and owner/operator.

A change of auditors must give the original auditor two (2) months’ notice of the intention to change, so the meetings etc. should be early in the process of planning for the financial year.

In order to achieve the best outcome, the village manager and the operator should be notified as to your intentions. Open communication is important to enable this procedure to flow on as amicably as possible.

Honorary RVRA Auditors

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