



Financial reporting process

This fact sheet provides an overview of the financial reporting processes for organisations registered under the Fair Work (Registered Organisations) Act 2009 (**the RO Act**) and the Fair Work (Registered Organisations) Regulations 2009 (**the regulations**),

The information in this fact sheet does not cover all matters relating to the records to be kept, provision of access to records to be kept, provision of access to records and the lodgement of records by organisations arising under the Fair Work legislation, nor does it constitute legal advice. It is designed to assist organisations, their officers and employees gain an understanding of the financial reporting process.

Financial reporting

The RO Act requires organisations and their branches to prepare financial reports. The financial reports are to be audited, provided to members, presented to a meeting and lodged with the Registered Organisations Commission (**the ROC**) within certain timelines. You can find a summary of the timelines in the fact sheet: '[Summary of financial reporting timelines](#)'.

Financial reports and the financial reporting process must be in accordance with the relevant provisions of the RO Act, the regulations, the reporting guidelines and the Australian Accounting Standards (**AASB**). The audit must be conducted in accordance with the Australian Auditing Standards (**ASA**).

A reporting unit

Section 242 of the RO Act states that every organisation and every branch of an organisation is a reporting unit (unless a certificate is issued by the General Manager of the Fair Work Commission). Each reporting unit must comply with the financial reporting process, unless a certificate is issued by the Registered Organisations Commissioner (**the Commissioner**).

Model financial statements

The ROC has developed a set of model financial statements for organisations. There is no requirement to use this model, but it may be a useful resource to assist with compliance with the RO Act, the s.253 reporting guidelines and the AASB.

The financial reporting guidelines

The financial reporting guidelines made by the Commissioner set out specified disclosures that must be made in financial reports. The guidelines supplement and are additional to the financial reporting provisions of the RO Act, the regulations and the Australian Accounting Standards.



The s.253 reporting guidelines are the relevant guidelines for most organisations and their branches. For more information about these guidelines, view the [Financial Reporting Webinar](#) on the ROC website.

The financial year

The financial year is as defined in the rules of the organisation. If the rules do not define a financial year, then section 6 of the RO Act specifies the financial year as the period of 12 months commencing on 1 July in any year.

Financial reporting steps

The following steps are to be commenced as soon as practicable after the end of the financial year:

1. Prepare the financial report
2. Submit the financial report to audit
3. Distribute the financial report to members
4. Present the full report to a meeting
5. Lodge the full report with the ROC

Each of these steps is explained in further detail below.

Step 1 – Prepare the financial report

A financial report must be prepared as soon as practicable after the end of the financial year. The financial report is comprised of a General Purpose Financial Report (**GPFR**) and an Operating Report (sections 253 and 254).

1.1 General Purpose Financial Report (GPFR) (section 253, items 8-23, 25-27 of the reporting guidelines and the Australian Accounting Standards (AASB)):

- must be prepared in accordance with Australian Accounting Standards (AAS) (section 253(1)); and
- must consist of:
 - a statement of comprehensive income (the profit and loss statement)
 - a statement of financial position (the balance sheet)
 - a statement of cash flows
 - a statement of changes in equity
 - notes to the financial statements
 - a subsection 255(2A) report,



- an officer’s declaration statement (if applicable), and
- a committee of management statement: before the financial report is audited, the committee of management must pass a resolution about specified matters (see items 25-26 of the reporting guidelines). An officer must make a written statement setting out the resolution and the date the resolution was passed. The statement must be signed and dated by the officer (see item 27 of the reporting guidelines).
- specific disclosures must be made in the various statements or the notes.

1.2 Operating Report (section 254, regulation 159 and the reporting guidelines)

- must be in relation to the financial year
- must contain:
 - a review of the principal activities, the results of those activities and any significant changes to those activities
 - details of any significant changes in the financial affairs
 - details of the rights of members to resign
 - details of officers or members who are trustees, or directors of a company that is a trustee, of a superannuation entity because they are a member or an officer of a registered organisation
 - the number of members at the end of the financial year
 - the number of employees expressed as a full-time equivalent figure (if nil, this should be explicitly stated)
 - the name of each person who is or has been a member of the committee of management at any time during the financial year and the period for which they held such a position
 - any other information that the reporting unit thinks is relevant
- be signed and dated by officer(s) of the reporting unit.

Step 2 – Submit the report to audit (section 256)

Once the GPFR and the Operating Report have been prepared, the financial report must be audited by a registered auditor (section 256).

For information on how to become a registered auditor please see the [registration of auditors fact sheet](#).

The auditor is required to make a report which:

- is in accordance with the Australian Auditing Standards (section 257(8))



- includes a declaration that, as part of the audit of the financial statements, the auditor has concluded that management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate, and
- contains an opinion about the financial report (section 257). In particular the auditor must state:
 - whether in their opinion the GPFR is presented fairly in accordance with the AASB and any requirements imposed by Part 3 of Chapter 8 of the RO Act (section 257(5)), and
 - they have concluded that management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

If not of the opinion that the GPFR is presented fairly, the report must:

- to the extent it is practicable to do so, quantify the effect of non-compliance on the GPFR or
- if it is not practicable to quantify fully, the report must say why (section 257(6)).

The report must also:

- describe any defect or irregularity in the GPFR
- describe any deficiency, failure or shortcoming in the financial records or access to the financial records of the reporting unit (section 257(7))
- be signed and dated (section 257(9)), and
- be given to the reporting unit within a reasonable time (section 257(9)).

The auditor's obligations are set out in Division 4 of Chapter 8 of the RO Act and the reporting guidelines. On appointment, an auditor should be alerted to Chapter 8 of the RO Act, its regulations and the reporting guidelines.

If an auditor has reasonable grounds to suspect there has been a breach of the RO Act or the Reporting Guidelines and is of the opinion it cannot be adequately dealt with by a comment in the report or by reporting the matter to the committee of management, the auditor must immediately report the matter in writing to the Commissioner (section 257(11)).

Step 3 – Distribute the financial report to members

Members must be provided with the full report (including the GPFR, the Operating Report and the signed auditor's report) free of charge once it is audited (see section 265, regulation 161 and AASB 1039).



The obligation to provide a copy of the report to members can be met by publishing the report in a journal that is available to members free of charge (section 265(6)). The obligation can also be met by publishing the report on a website accessible to all members.

Step 4 – Present the full report to a meeting

The full report must be presented to a general meeting of members or, in certain circumstances (see below), to a meeting of the committee of management within six months after the end of the financial year (section 266).

If presented to a general meeting of members:

- the full report must be provided to members at least 21 days before the general meeting (section 265(5)(a))
- the timing of the meeting can be extended by up to a month in certain circumstances (section 266(5))
- if the rules of the reporting unit permit a general meeting to be a series of meetings at different locations, the full report can be presented to the series of meetings (section 266(2)).

If presented to a meeting of the committee of management:

- the rules of the reporting unit must enable 5% or less of members to call a general meeting of the reporting unit for the purpose of considering the full report (section 266(3))
- the full or concise report must be provided to members within five months of the end of the financial year. This can be extended by up to a month in certain circumstances (section 265(5)). A request for an extension of time must be sought prior to the legislative deadline and must be in writing, signed by an officer.

Step 5 – Lodge the full report with the ROC.

The following documents must be lodged with the ROC within 14 days after presentation to the meeting (section 268):

- a copy of the full report, that is the GPFR, the operating report and the signed auditor's report
- a certificate signed by the designated officer of the reporting unit, certifying that:
 - the documents lodged with the certificate are copies of the full report referred to in section 268 of the RO Act
 - state the date the full report was provided to members
 - state that the full report was presented to a meeting in accordance with section 266 of the RO Act



- specify:
 - the date of that meeting
 - whether the meeting was (a) a meeting held under section 266(1) or 266(2) or (b) a meeting held under section 266(3) (i.e. whether a general meeting of members, a committee of management meeting or a series of meetings)

A sample designated officer's certificate is in the [model financial statements](#).

Loans, grants and donations

In addition to the financial report, an organisation or branch of an organisation must lodge with the ROC within 90 days after the end of the financial year:

- a statement showing the relevant particulars in relation to each loan, grant or donation of an amount exceeding \$1,000 made by the organisation or branch during the financial year (section 237).

A sample [Statement of Loan, Grants or Donations](#) is available online.

Further information

If you require further assistance regarding the information in this fact sheet please contact the ROC at regorgs@roc.gov.au or call us on **1300 341 665**.