



Fair Work
Commission

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Registered Auditors Welcome Pack

Introduction

Thank you for taking the time to register and become an auditor under the *Fair Work (Registered Organisations) Act 2009* (the RO Act).

Auditors of registered organisations play a critical role in maintaining the credibility of organisations and protecting the interests of members.

The audit process:

- increases the confidence of members in their financial report
- ensures that officers have complied with their financial reporting obligations
- provides assurance to the members that the organisation's financial reports are reliable and transparent

The Registered Organisations Services Branch (ROS Branch) of the Fair Work Commission (the Commission) has created this welcome pack for newly registered auditors. It is intended to help you learn your obligations under the RO Act and highlights additional reporting requirements you must include in the audit scope and report.

I trust you find the information in this pack beneficial. A small investment of time now will serve you well in your work as a registered auditor.

Murray Furlong

General Manager

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Using this welcome pack

This welcome pack is not a comprehensive list of the requirements, obligations, and responsibilities of registered auditors.

You should consider it alongside:

- the RO Act
- the relevant reporting guidelines
- the organisation's rules and policies.

Please note that the documents referred to in the welcome pack are updated regularly:

- when the legislation changes
- in response to feedback
- when more helpful information becomes available.

As such, the pack contains links which will take you to the most recent documents on the Commission's [website](#). These documents include:

- the model financial statements
- checklists
- forms
- fact sheets

The ROS Branch also has a [subscription service](#) which provides up-to-date information to registered organisations and registered auditors. If you have any questions, please contact us at regorgs@fwc.gov.au or by telephone on 1300 341 665.



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The role of a registered auditor

The financial reports of registered organisations and branches, prepared in response to their reporting obligations under the RO Act, must be audited by a registered auditor (section 257(1)). Before conducting the audit, the auditor must have applied and been registered by the General Manager of the Commission.

The RO Act and the reporting guidelines outline the financial reports and statements that must be prepared and audited, along with the responsibilities and obligations of the auditor. The responsibilities and obligations of auditors are discussed below.

Changes to your details

Your details (such as name, principal place of practice, address, etc.) are now recorded in the [register of registered auditors](#) maintained by the Commission. It's important that the Commission has all your current details.



You must notify us about changes to your circumstances

You must notify the General Manager of any change in circumstances that could materially affect your registration within 14 days of the change in circumstances.

A failure to report changes in circumstances may result in the imposition of a civil penalty.

You can make amendments to your entry in the register by emailing a completed [change in details of registered auditor form](#) to regorgs@fwc.gov.au.

Powers and duties of auditors

During an audit, a registered auditor is entitled to:

- full and free access to all records and documents of the reporting unit relating to the financial report
- seek information and explanations for the purpose of the audit.



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- be forwarded notices of meetings at which the report is presented
- attend and speak at a meeting concerning the financial report or their appointment
- qualified privilege against defamation
- have their reasonable fees and expenses paid by the reporting unit
- only be removed in accordance with the requirements of the RO Act.

There are penalties for obstructing auditors.



You must report breaches to the General Manager

You must report breaches to the General Manager of the Commission if:

- you suspect there has been a breach of the RO Act or the reporting guidelines
- you believe the matter cannot be adequately dealt with by comment in a report or by informing the reporting unit's committee of management

A failure to perform these duties may result in a civil penalty.

Auditor report

The auditor must:

- state in their report whether, in their opinion, the general purpose financial report (GPFR) is presented fairly in accordance with the following:
 - the Australian Accounting Standards
 - any other requirements imposed by Part 3 of Chapter 8 of the RO Act including the reporting guidelines
- if they do not hold this opinion they must say why and, to the extent it is practicable, quantify the effect that any non-compliance has on the GPFR
- include a declaration that as part of the audit of the financial statements the auditor has concluded that the management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate



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- ensure the report describes:
 - any defect or irregularity in the GPFR; and
 - any deficiency, failure, or shortcoming in respect of the matters in section 257(2) or section 252 of the RO Act
- comply with the form and content requirements of the Australian Auditing Standards for audit reports
- date the report with the date that they sign the report
- give the report to the reporting unit within a reasonable time of being given the GPFR.

Audit scope

The reporting guidelines require additional statements and reports which must be included in the audit scope.

The scope of the audit of the full report must include the committee of management statement. The auditor's report must be finalised **after** the resolution of the committee of management and the signing of the statement. Consequently, meetings and compliance with the RO Act and rules are within the scope of the audit.

A GPFR prepared under section 253 of the RO Act must also include an expenditure report (subsection 255(2A) report) and/or the officer's declaration statement (where required) in accordance with the reporting guidelines.

The auditor's statement must identify by title:

- The committee of management statement
- subsection 255(2A) report
- the officer's declaration statement (if applicable)

These requirements are set out in paragraph 24(c) of *Australian Auditing Standard ASA 700 Forming an Opinion and Reporting on a Financial Report*.



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The rotation of auditors

The RO Act limits the number of consecutive years that a registered auditor can audit the financial report of a reporting unit. An individual can only play a significant role in the audit of a reporting unit for

- five consecutive years or
- five out of seven consecutive years.

This limitation applies to an individual and **not** to the firm or company. If the auditing contract is with a company or firm, the reporting unit is not required to change its audit company. However, the company or firm must assign a different individual, who is a registered auditor, to audit the reporting unit's financial report after the fifth consecutive year.

The Commission monitors financial reports to ensure reporting units appropriately rotate their auditors. This is a serious obligation under the RO Act and non-compliance may have financial penalties.

You can find out more information relating to the rotation of auditors in our [Rotation of Auditors factsheet](#).

Penalties

There are penalty provisions in the RO Act concerning auditors, their appointment and the audit of financial reports. It is important to be aware of these provisions as they carry significant penalties.

Resources for auditors

The Commission is responsive to providing new ways to assist organisations and auditors comply with their obligations under the RO Act. All registered auditors are encouraged to review the following resources as they provide guidance and information on the financial reporting requirements within this jurisdiction.



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The RO Act and reporting guidelines

Organisations and branches must prepare their financial reports in accordance with:

- Part 3 of Chapter 8 of the RO Act
- the *Fair Work (Registered Organisations) Regulations 2009* (the Regulations)
- the financial reporting guidelines for the purposes of section 253 of the RO Act (the reporting guidelines)
- the Australian Accounting Standards

The reporting guidelines set out additional disclosures that must be made in the financial report. It is important that you familiarise yourself with the requirements under the RO Act, the Regulations and the reporting guidelines.

Model Statements

To help registered organisations comply with their financial reporting obligations, the Commission releases [model financial statements](#) each year. They are based on a financial year ending on 30 June but can be modified for the relevant reporting year.

The statements:

- contain all the mandatory disclosures
- include the most common disclosure requirements and relevant notes for registered organisations
- do not attempt to show all possible accounting disclosure requirements

Organisations and branches should make changes to the statements as required to fit their circumstances while at the same time ensuring that no compulsory items are removed.

Checklists

The Commission publishes the [checklists](#) that we use to assess the financial reports. Financial reports are assessed with an advance review or a primary review.

An advanced review assesses all requirements set out in:



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- the Australian Accounting Standards
- the financial reporting guidelines
- the RO Act and the Regulations

An organisation or branch may be required to amend their financial report and provide members and the Commission with a copy of the amended financial report based on the outcome of an advanced review.

You may wish to use the checklists as part of the audit process to confirm that the mandatory disclosure requirements have been met.

Cancellation or suspension of registration

The registration of an auditor can be cancelled by either the registered auditor or the General Manager.

Registered auditor

A registered auditor can lodge a [cancellation or suspension of auditor registration form](#) with the Commission to cancel or suspend their registration.

An auditor **must** complete and lodge the form with the Commission if:

- their registration was on the basis that they were a registered company auditor and
- their company auditor registration has been cancelled or suspended.

General Manager

The General Manager may cancel or suspend registration if the auditor:

- has failed to carry out their duties under the RO Act
- has not performed audit work during a period of not less than five years and consequently does not have the requisite experience, or



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- is otherwise not a fit and proper person to remain registered.

In the above instances, the General Manager must notify the Australian Securities and Investment Commission of any suspension or cancellation and the reasons for the suspension or cancellation.

The General Manager may also suspend registration for a specific period if the General Manager becomes aware that:

- an investigation has begun into whether an auditor has committed a designated offence or contravened a designate civil penalty provision; or
- an auditor has been charged with a designated offence, or an application has been made for an order in respect of a contravention of a designated civil penalty provision, and the matter has not been finally dealt with.

In certain circumstances, the General Manager must give the auditor a hearing and a chance to make submissions and give evidence before making the decision.

The General Manager must inform the auditor of the decision to cancel or suspend their registration no later than 14 days after the decision has been made. The reasons for the decision must be provided.



Links to useful resources for auditors



Registered auditors

[Register of auditors](#)

[Roles and obligations of auditors](#)

[Notification of changes to auditor registration](#)

[Notification of cancellation or suspension of auditor registration](#)

[Rotation of auditors](#)

[ROpod episode 32: Auditing in our jurisdiction](#)



Financial reporting

[s 253 reporting guidelines – Fifth edition](#)

[Summary of financial reporting timelines](#)

[Model financial statements](#)

[Financial report checklist – advance assessment](#)

[Financial report checklist – primary assessment](#)