



# Financial reporting process

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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). It is designed to help organisations, their officers and employees gain an understanding of the financial reporting process. This fact sheet does not cover all matters relating to the financial reporting requirements of registered organisations and branches.

## Financial reporting

The RO Act requires reporting units to prepare financial reports. Financial reports must be audited, provided to members, presented to a meeting and lodged with the Fair Work Commission (the Commission).

Financial reports and the financial reporting process must be in accordance with:

- the RO Act
- the RO regulations
- the reporting guidelines
- the Australian Accounting Standards.



### There are specific timeframes that apply

Registered organisations and branches must meet the financial reporting timeframes.

Use the Commission's [online compliance calculator](#) to plan for and confirm compliance in your organisation.



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## What is a reporting unit?

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 that divides the organisation into reporting units on an alternative basis .

Each reporting unit must comply with the financial reporting process, unless an exemption certificate is issued by the General Manager of the Commission (the General Manager).

## The steps of the financial reporting process

The financial reporting process can be summarised in 6 steps.

As soon as practicable at the end of the financial year, reporting units must (unless an exemption certificate is held):

1. Prepare the financial report
2. Finalise the committee of management statement
3. Submit the financial report to be audited
4. Distribute the financial report to members
5. Present the full report to a meeting
6. Lodge the full report with the Commission.

Follow the steps in the order listed above to achieve compliance within the required timeframes.



### **Refer to the rulebook of the organisation to determine the reporting unit's financial year**

The reporting unit's rules may define its financial year.

If the rules do not specify the reporting unit's financial year, then it will be set to the period of 12 months commencing on 1 July in any year.



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## Step 1 – Prepare the financial report

The financial report includes the general purpose financial report (GPFR) and an operating report.

### The GPFR consists of:

- statement of comprehensive income
- statement of financial position
- statement of cash flows
- statement of changes in equity
- notes to the financial statements
- subsection 255(2A) report
- officers' declaration statement (if applicable)
- committee of management statement.

Specific disclosures must be made within the statements or the notes to the financial statements.



### **Best practice tip: Use the model financial statements**

The Commission has developed [model financial statements](#) to help reporting units comply with the RO Act, the reporting guidelines and the Australian Accounting Standards.

There is no requirement to use them, but they are a popular resource for reporting units and registered auditors.

### The operating report

The operating report must contain, in relation to the financial year:

- a review of the principal activities of the reporting unit, the results of the activities and any significant changes to them
- details of any significant changes in the reporting unit's financial affairs
- details of the rights of members to resign



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- details of officers or members who are trustees, or directors of a company that is a trustee, or 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 fulltime equivalent figure (if there are none, this should be 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 the position
- any other information the reporting unit considers relevant.

The operating report must be signed and dated by officer(s) of the reporting unit.

## Step 2 – Finalise the committee of management statement

The reporting unit's committee of management must pass a resolution about the matters referred to in the committee of management statement.

The committee of management statement includes declarations about whether in the committee's opinion:

- the financial statements and notes comply with the Australian Accounting Standards and the reporting guidelines
- the financial statements and notes give a true and fair view
- the reporting unit can pay its debts when they're due
- committee meetings are held in accordance with its rules
- financial affairs are managed in accordance with its rules
- financial records are kept and maintained in accordance with the RO Act.



The meeting to pass the resolution in relation to the committee of management statement is commonly referred to as the **'first meeting'** of the financial reporting process.



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## Step 3 – Submit the report to be audited

Once the GPFR has been prepared and after the committee of management statement is finalised, the financial report must be audited by a registered auditor.

The Commission's [Register of Auditors](#) lists the auditors who are registered by the Commission.



### Remember to rotate your auditor when required

The RO Act limits the time that auditors can play a significant role in the audit of a reporting unit's financial reports. This requirement is founded on the principle of auditor independence.

Find out when reporting units must change their auditor in the [Rotation of Auditors fact sheet](#)

The registered auditor must prepare a report, which provides an opinion about whether the financial statements (including the accompanying notes):

- present a true and fair view of its financial performance, position and cash flows
- are prepared in accordance with the Australian Accounting Standards, the RO Act and the reporting guidelines.

The auditor's report must also:

- describe any defect or irregularity in the GPFR
- describe any deficiency, failure or shortcoming in the financial records or access to financial records
- be signed and dated
- be given to the reporting unit within a reasonable timeframe.

If the auditor finds that the GPFR is not presented fairly, the report must quantify the effect of non-compliance (to the extent it is practicable to do so). If the auditor is unable to do this, they must explain why in the report.

If the auditor has reasonable grounds to suspect a breach of the RO Act or reporting guidelines, and they don't think it can be properly dealt with by a comment in the report or by informing the committee of management, the auditor must report the matter to the General Manager immediately.



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## Step 4 – Distribute the financial report to members

After the audit is complete, members must be provided with a copy of the full report (including the GPFR, the operating report and the signed auditor's report) free of charge.

Access to the report is commonly given to members by publishing it on the organisation's or branches website.

## Step 5 – Present the full report to a meeting

Within 6 months after the end of the financial year, the full report must be presented to either:

- a general meeting of members, or
- a meeting of the committee of management (if permitted under the organisations' rules).



Presenting the financial report to a meeting is often referred to as the '**second meeting**' of the financial reporting process.

### Presenting the report to a general meeting of members

Presenting the full report to a general meeting of members is the default process under the RO Act.

The full report must be provided to members at least 21 days before the general meeting. The timing of the meeting (within 6 months after the end of the financial year) may be extended by up to one month by the General Manager on application.

If the rules of an organisation allow, the full report can be presented to a series of meetings.

### Presenting the report to a meeting of the committee of management

The full report can be presented to a meeting of the committee of management if the rules of the reporting unit allow for 5% (or fewer) members to call a meeting to consider the audited financial report. This is sometimes referred to as 'the 5% rule'.

The full or concise financial report must be provided to members within five months of the end of the financial year, unless an extension of up to one month has been granted by the General Manager.



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## Step 6 – Lodge the full report with the Commission.

Within 14 days after the financial report has been presented to a meeting, reporting units must lodge with the Commission:

- a copy of the full report (the GPFR, the operating report, committee of management statement and the signed auditor's report)
- a certificate signed by the designated officer of the reporting unit (**the Designated Officers' Certificate**).

### Designated Officers' Certificate

The Designated Officers' Certificate certifies:

- that the documents lodged are copies of the documents provided to members
- the date that members received a copy of the full report
- the date that either the general meeting of members or the committee of management meeting was held.



#### Who can sign the designated officers' certificate?

A designated officer must sign it.

A designated officer is an officer of:

- the organisation (if the reporting unit is the whole of the organisation),  
or
- a branch that is a reporting unit

who under the rules of the organisation is responsible (whether alone or with others) for undertaking the financial reporting functions required under the RO Act.

Financial reports are lodged with the Commission by email to: [regorgs@fwc.gov.au](mailto:regorgs@fwc.gov.au).



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## Loans, grants and donations

In addition to the financial report, registered organisations and branches must lodge a loans, grants and donations statement (**LGD statement**) with the Commission within 90 days of the end of the financial year. It must be signed by an elected officer.

The LGD statement discloses each loan, grant and donation that exceeds \$1,000 made during the financial year by the organisation or branch.

To promote transparency, registered organisations and branches are encouraged to lodge an LGD statement in circumstances where the figures are reported as 'nil'.



Use the Commission's [sample Loans, Grants and Donations statement](#) to help comply with the requirements.

## Further resources

The Commission has a range of financial reporting resources to help reporting units achieve voluntary compliance:



### The reporting guidelines

Issued by the General Manager, [the reporting guidelines](#) set out specific disclosures that must be made in financial reports.



### Podcast: [Auditing in our jurisdiction – what auditors want you to know](#)

We speak with registered auditors about their experiences of working with reporting units to audit financial reports.



### E-learning module: Financial reporting

The [financial reporting e-learning module](#) explains each of the statements that form part of the GPF.





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If you require further assistance regarding the information in this fact sheet please contact the Commission at [regorgs@fwc.gov.au](mailto:regorgs@fwc.gov.au) or call us on 1300 341 665.

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This fact sheet is not intended to be comprehensive. The Fair Work Commission does not provide legal advice. Users must rely upon the relevant legislation, which is set out in the *Fair Work (Registered Organisations) Act 2009*, the *Fair Work Act 2009*, the *Fair Work (Transitional Provisions and Consequential Amendments) Act 2009* and the *Fair Work (Registered Organisations) Regulations 2009*.