Australian Government
Coal Mining Industry
(Long Service Leave Funding) Corporation

GUIDANCE NOTE
UNPAID LEVY PAYMENT ARRANGEMENT (ULPA)

AUDIT REPORT REQUIREMENTS FOR UNPAID LEVY PAYMENT ARRANGEMENTS

The information in this Guidance Note applies to the audit report required to be provided with a final Unpaid Levy Payment Arrangement (ULPA) only.

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CONTENTS

Purpose of this Guidance Note

The information in this Guidance Note applies to the audit report required to be provided with a final Unpaid Levy Payment Arrangement (**ULPA**) only.

The purpose of this Guidance Note is to assist employers[1] and their auditors with historical unpaid levy liabilities to understand Coal LSL's views on meeting the audit report requirements under the ULPA schedule. This guidance is not intended as legal advice and is confined to the audit report requirements in the ULPA schedule only.

Employers are required to submit a compliant audit report to meet the requirements of the final ULPA submission. Without this, Coal LSL may refuse the final ULPA.

It is recommended that employers engage an auditor to complete this work as soon as possible after determining that they will participate in the ULPA process.

During its review of the final ULPA, Coal LSL will have regard to the opinion expressed in the audit report and any qualifications to that opinion that the auditor has made.

The *Coal Mining Industry (Long Service Leave) Legislation Amendment Act 2026* inserts:

- Section 9A Payment Arrangements for historical arrears of levy after section 9 of the *Coal Mining Industry (Long Service Leave) Payroll Levy Collection Act 1992* (**Collection Act**); and
- Schedule 1 – Payment arrangements for historical arrears of levy (**ULPA schedule**) into the Collection Act, at the end of section 15 - Regulations; and
- Section 39G Employment relating to unpaid levy payment arrangements at the end of Division 6 of Part 5A of the *Coal Mining Industry (Long Service Leave) Administration Act 1992* (**Administration Act**).

[1] The definition of 'employer' in Coal LSL's legislation refers only to a national system employer as defined in section 14 of the *Fair Work Act 2009*.

No exemptions

The ULPA schedule does not provide any discretion for Coal LSL to exempt, waive or excuse an employer from their obligation to provide an audit report as part of the Unpaid Levy Payment Arrangement (**ULPA**).

When must an audit report be provided?

The employer must include an audit report that complies with clause 12 of the ULPA schedule when they submit the final ULPA form. These documents must be provided to Coal LSL within five months of the of the submission of a draft ULPA form (or at an approved extended date).

Who qualifies as an auditor?

The ULPA Schedule does not provide a specific definition of an auditor for the purpose of clause 12. Coal LSL provides the following guidance to employers in engaging an appropriate auditor.

Coal LSL expects that employers will engage an appropriate auditor early in the process and will engage with employers to confirm this.

For the purposes of the ULPA schedule, Coal LSL will accept as an audit report a report from a person who:

- is the auditor for the employer for the purposes of the *Corporations Act 2001*; or
- is an auditor that is independent from the employer being audited; and meets the following criteria:
  - has obtained an accounting degree from a prescribed university under the *Corporations Regulations 2001*; and
  - holds a professional membership with any of: Chartered Accountants Australia and New Zealand (CA ANZ); CPA Australia; Institute of Public Accountants (IPA); the Association of Taxation and Management Accountants;
  - holds current professional indemnity insurance in compliance with membership of the above professional organisations or independently of those organisations.

Employers should confirm a prospective auditor meets the above requirements prior to engagement to reduce the risk of the audit report not complying with the requirements of clause 12 of the ULPA schedule.

The auditor should, in satisfying itself that it is independent of the employer, apply the conceptual framework to independence for audit and review engagements as set out in the Accounting Professional & Ethical Standards Board published APES 110 Code of Ethics for Professional Standards (including Independence Standards).

Coal LSL will review the capacity of the auditor to issue the audit report if it is aware of any matter which gives rise to an inference of a lack of independence. This may include:

- any commercial arrangement between the auditor and the employer outside the scope of the audit retainer; or
- any involvement of the auditor or its key personnel in the provision of services to the employer (whether relating to the preparation of the financial records or statements, the performance of obligations under the Coal LSL scheme, or otherwise).

Requirements for a complying audit report

The audit report must comply with clause 12 of the ULPA schedule. It must:

- state that in the auditor's opinion the total subclause 10(8) amount in respect of the wages covered in the ULPA is correct; and
- include the auditor's reasons for the opinion.

Auditing and Assurance Standards Board Auditing Standards

The Auditing and Assurance Standards Board (**AUASB**) is an independent, non-corporate Commonwealth entity of the Australian Government, responsible for developing, issuing and maintaining auditing and assurance standards.

Whilst not mandatory, Coal LSL is supportive of auditors utilising the auditing standard ASA805 Special Considerations—Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement in the preparation of audit reports required under the Collections Act.

Audit reports should:

1. state that it is an audit report pursuant to clause 12 of Schedule 1 – Payment arrangements for historical arrears of levy of the Collection Act; and
2. be presented on the audit firm's letterhead; and
3. state the legal name and ACN of the employer subject to the audit; and
4. address the specific requirements of clause 12 Audit Reports:
   a. state whether, in the opinion of the auditor, the person has correctly calculated all amounts of eligible wages that the person was required to as the base amount in respect of the arrangement under paragraph 10(3)(a) (i.e. the subclause 10(8) amount); and
   b. include reasons for the opinions contained in the report.
5. provide comment on any assumptions made by the employer in relation to employment information and will express an opinion on the reasonableness of any assumptions that have been made.
6. If auditing standard ASA 805 or any other audit standard is used in the preparation of the audit report this should be referenced in the report.

Non-compliant audit reports

A compliant audit report is required as a part of an employer's final ULPA submission. If Coal LSL is not satisfied that the audit report is compliant with the requirements of clause 12, this may impact the decision to approve or reject the ULPA.

Coal LSL will seek to engage with employers to understand any qualifications made by the auditor in expressing their opinion.

Coal LSL will assess each audit report to ensure the employer has complied with its obligations. Should Coal LSL identify that the audit report is deficient in any way it may issue a notice for further information to the employer in accordance with clause 13 of the ULPA schedule.

If the employer does not address the identified deficiencies to Coal LSL's reasonable satisfaction, then the Coal LSL Board may decide not to approve the ULPA under clause 14 of the ULPA schedule.

Non-compliance with audit requirements – penalties and offences

If an employer is participating in the ULPA process and provides an audit report in accordance with clause 12, the audit report requirement described by section 10 of the Collection Act does not apply.

Employers who participate in the ULPA process and comply with the approved ULPA will not be liable for civil penalties associated with levy amounts, reporting or audit reports otherwise applicable to the period covered by the ULPA.

Ordinarily an employer would be required to provide an annual audit report to the Coal LSL under section 10 of the Collection Act for any reporting year in which it employed eligible employees. Clause 19(4) of the ULPA schedule relieves employers of the obligation to submit an annual audit report for a relevant employment period provided that it has included all its eligible employees for a relevant employment period in its ULPA. Employers who enter into an ULPA in good faith are not liable for civil penalties for having failed to comply with their reporting obligations for the relevant period, unless that employer fails to comply with the ULPA.