

COMPLETING AN ANNUAL AUDIT REPORT A GUIDE FOR EMPLOYERS AND AUDITORS

WHAT IS AN AUDIT REPORT AND WHEN IS IT REQUIRED?

An audit report is a document provided to Coal LSL once a year to provide certainty that employers have been correctly calculating and paying the levy and claiming reimbursement on behalf of their eligible employees during that year.

Audit reports must be submitted within six months of the employer's end of financial year. More information is available on our website under Employer/Legal Obligations. (www.coallsl.com.au/employer/legal-obligations/)

WHY DO I HAVE TO PROVIDE AN AUDIT REPORT WHEN COAL LSL ALREADY HAS THE DETAILS?

Submission of levy and reimbursement information to Coal LSL by employers does not include detail regarding how the eligible wages of employees are determined or how the amount to be reimbursed has been determined.

The independent audit process is intended to review this information and to identify any errors in calculation or misinterpretation of the legislation.

WHAT HAPPENS IF I DO NOT PROVIDE A REPORT OR IF MY REPORT IS LATE?

There are civil and criminal penalties for failing to provide an audit report in the timeframe required by the Collection Act.

An employer who fails to provide the report within six months of the end of financial year may be subject to a criminal penalty, currently up to the value of 30 penalty units* for an individual.

Alternatively, Coal LSL may choose to pursue civil penalties against an employer, currently up to the value of 40 penalty units for an individual or 200 penalty units for a body corporate, for failing to provide the report.

If the report is likely to be late, we suggest you contact Coal LSL by emailing audit@coallsl.com.au.

Further detail is available on our website:

- Guidance note
www.coallsl.com.au/employer/legal-obligations/

- Governing legislation
www.coallsl.com.au/overview/legislation/

**Penalties are defined in penalty units. The number of penalty units applied is dependent on the offence. Penalty units are defined by legislation under subsection 4AA(1A) of the Crimes Act 1914 (Cth) and are subject to change.*

WHAT DO AUDIT REPORTS COST TO OBTAIN AND WHO PAYS FOR THEM?

It is the responsibility of the employer to obtain an audit report and pay any fees associated with its provision.

Coal LSL does not provide advice regarding appropriate fees for provision of audit reports but is able to discuss the audit report requirements with prospective auditors to allow for appropriate scoping and costing of their services.

WHO CAN DO THE AUDIT?

An audit report can be completed either by the company's auditor (as required under the Corporations Act 2001) or by an independent accountant who holds appropriate qualifications, professional memberships and insurances.

WHAT QUALIFIES AN AUDITOR AS 'INDEPENDENT'?

The person completing the audit must not be an employee of the entity being audited or involved in the preparation and payment of levies to or claiming of reimbursements from Coal LSL, for the period being audited.

Ideally, this person would be entirely separate from the employer being audited. However, a person may still be considered independent if their separation from the levy and reimbursement process is quantified.

Examples:

- An accountant who is engaged to complete annual taxation statements for an employer, but is otherwise not involved in the accounting of the company; or
- An accountant working for the same firm as one completing the levy and reimbursement interactions with Coal LSL, but who is entirely isolated from that process.

In all cases, the audit report should note and explain the independence of the auditor.

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IS THE AUDITOR REQUIRED TO REVIEW THE ELIGIBILITY OF EMPLOYEES?

No. The purpose of the audit report is to check the correctness of levies paid (and consequently calculation of eligible wages) and of reimbursements claimed.

Should you wish to discuss the eligibility of your or your client's employees, please email engage@coallsl.com.au to organise an appointment with our Client Engagement team.

WHAT IS THE AUDITOR REQUIRED TO REVIEW?

An auditor should review the client records to determine whether the client has:

1. Correctly calculated the levy payable on eligible wages*; and
2. Correctly made claims for reimbursement[^] of long service leave paid under the scheme.

*The calculation of eligible wages will vary depending on the employment arrangement of each individual employee and is described in Section 3B of the Coal Mining Industry (Long Service Leave) Levy Collection Act 1992.

[^]The calculation of a claim for reimbursement is completed in accordance with The Coal Mining Industry Long Service Leave Administration Act 1992 and the Employer Reimbursement Rules 2017. Links for legislation are available on our website at www.coallsl.com.au/overview/legislation/

A guidance note on the calculation of eligible wages and additional information about claims for reimbursement are available on our website. Alternatively, you're welcome to contact us.

DO WE NEED TO AUDIT THE LEVIES PAID FOR EVERY SINGLE EMPLOYEE OR TAKE AN AUDIT SAMPLE?

The method of review is defined by the auditor completing the work. The auditor will need to be satisfied that they have reviewed sufficient information to provide an opinion on the correctness of the calculations made.

I HAVE RECENTLY REGISTERED WITH COAL LSL AND PAID LEVIES FOR THE CURRENT AND PREVIOUS FINANCIAL YEARS. DO I HAVE TO DO A SEPARATE

AUDIT REPORT FOR EACH FINANCIAL YEAR?

No, Coal LSL will accept one audit report covering all levies paid and reimbursements claimed up to the end of the current financial year. However, this report should include a breakdown of the years covered and the amounts paid and/or claimed in each year.

WHAT IF THE AUDIT PROCESS IDENTIFIES THAT ERRORS HAVE BEEN MADE?

Any errors identified during auditing should be explained and quantified in the audit report provided to Coal LSL.

The report should be submitted as soon as it is completed. Any errors identified will be resolved following receipt of this document.

The employer is responsible for ensuring that the required corrections are actioned as soon as possible. This may require the submission of adjustment levies, reimbursements or requests for refunds. The required forms are available on our website. However, should you have any questions, please contact us.

DOES COAL LSL HAVE RECOMMENDED AUDITORS?

Coal LSL does not provide advice or endorsement regarding auditors. However, we are able to discuss the audit report requirements with prospective auditors to allow for appropriate scoping and costing of these services.

IS THERE AN AUDIT REPORT TEMPLATE OR EXAMPLES OF WHAT IS REQUIRED?

Coal LSL does not currently have a template or examples available. However, we do provide a guidance note and checklist on our website at www.coallsl.com.au/employer/legal-obligations/ to support auditors and employers in completing these reports.

CONTACT US

If you have any questions about your obligations under the legislation, email query@coallsl.com.au or call us on **1300 852 625** from Monday to Friday between 8:30am and 5:00pm (AEST or AEDT when in operation).