

18 June 2014

Ashly Hope,  
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Sent via email: [deregulation@asic.gov.au](mailto:deregulation@asic.gov.au)

Dear Ms Hope

**Re: Report 391 ASIC's deregulatory initiatives**

Deloitte Touche Tohmatsu (Deloitte) appreciates the opportunity to provide feedback in response to ASIC's recently released *Report 391: ASIC's deregulatory initiatives* (the Report).

Deloitte commends ASIC's commitment to reducing compliance costs for its regulated population. Overall we support the initiatives you have outlined in the Report and in particular we welcome those that are aimed at removing barriers that inhibit innovation in disclosure.

*Auditor resignation*

We are encouraged by the proposals in paragraphs 74 and 75 to improve the auditor resignation requirements and look forward to ASIC's further consultation on this matter. We are supportive of streamlining the processes for all managed investment scheme financial reports, compliance plans, AFS licensees and credit licenses. We encourage ASIC to consider not only the timing during which the auditor may resign but also the manner in which the resignation may occur. The current process is time consuming and should one party fail to lodge the correct form with ASIC, in a timely manner, significant delays can result in the finalisation of the change of auditor process.

*Registration as a company auditor*

ASIC is responsible for the registration of company auditors. We encourage ASIC to consider whether there is an opportunity to simplify and streamline this process.

We recommend that ASIC consider the registration process for those who have been auditors in other regulated markets, for example, the UK. In particular, whether the current requirement that the individual has 12 months audit experience in Australia prior to registration is necessary.

In addition, we encourage ASIC to consider the most appropriate registration process for those who have returned to practice after a period working in industry. Depending on the education courses that they have undertaken, they may not be able to satisfy the audit competency requirements and therefore must satisfy the practical experience requirement. However, given the current hours requirement to do so, it can take an extensive period of time to satisfy. We suggest that ASIC evaluate how relevant commercial experience can qualify as relevant practical experience. In our view, having served in a finance team preparing financial information for audit is very beneficial and allows a thorough understanding of the financial reporting requirements and therefore should not be discounted as part of the registration process.

### *Audits of Compliance Plans*

We note the suggestion in Appendix 2, Table 3, page 23 that there may be an opportunity to enable alternate persons, not just registered company auditors, to audit a managed investment scheme's compliance plan.

We acknowledge that there are other assurance professionals, both within our firm and elsewhere, who may have the competence and expertise to perform these audits. The audit of a compliance plan requires the auditor to comply with the independence requirements in APES 110 *Code of Ethics for Professional Accountants (APES 110)* and to implement a system of quality control as required by ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements (ASQC1)*.

Accordingly, we recommend that should ASIC proceed with this suggestion that an appropriate accreditation process, similar to that for SMSF auditors be established. This accreditation process should require the proposed compliance plan auditors to demonstrate appropriate competence in performing assurance engagements and compliance with APES 110 and ASQC1.

If you have any questions in relation to this submission you can contact me on 02 9322 7288 or by email at [cmccabe@deloitte.com.au](mailto:cmccabe@deloitte.com.au).

Yours sincerely



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Partner

Deloitte Touche Tohmatsu