



## 2016–17 ASIC business plan summary by sector

### Financial reporting and audit

Key projects	Project status	Focus
<b>Stakeholder engagement</b>		
Engaging with industry and individual firms to reinforce and articulate standards and expectations	Ongoing	<ul style="list-style-type: none"> <li>◆ Publishing reports and media releases on surveillance inspection outcomes</li> <li>◆ Releasing information sheets regarding financial reporting quality and audit quality</li> <li>◆ Ongoing engagement with a broad range of stakeholders through media releases, meetings, forums and presentations, such as:               <ul style="list-style-type: none"> <li>– financial report preparers and directors, including regarding asset valuations and impairment of non-financial assets</li> <li>– auditors, on audit quality</li> </ul> </li> <li>◆ Consultation on our approach to notifying audit committees on findings from audit file reviews</li> </ul>
<b>Guidance</b>		
Messages to industry and individual firms to reinforce and articulate standards and expectations	New project	<ul style="list-style-type: none"> <li>◆ Publishing an information sheet on audit quality (including ‘root cause analysis’ i.e. analyses that help firms identify the root causes of audit quality issues, and areas for consideration for action plans to improve quality)</li> <li>◆ Publishing a media release on the implications of new accounting standards on financial instruments, revenue and leases</li> </ul>
<b>Surveillance</b>		
Financial reporting and audit quality	Ongoing	<ul style="list-style-type: none"> <li>◆ Proactively reviewing the financial reports of listed and other public interest entities, including impairment of non-financial assets e.g. goodwill, revenue recognition, and off balance sheet arrangements</li> <li>◆ Audit firm inspections, and monitoring action plans to improve audit quality for the largest audit firms, including sufficient audit evidence, application of professional scepticism and use of experts</li> <li>◆ Undertaking reviews and surveillances based on complaints, referrals and other intelligence</li> </ul>
Reducing complexity in financial reporting	Ongoing	Promoting better communication of information in financial reports to a range of users, including addressing complexity and increasing



the use of digital financial reporting

Enforcement		
Investigate and where appropriate take enforcement and other action	Ongoing	<ul style="list-style-type: none"><li>◆ Issues identified through surveillances and complaints, including:<ul style="list-style-type: none"><li>– registered company auditors and firms’ compliance with the Corporations Act and application of auditing standards and other requirements, audit quality, and auditor independence</li><li>– financial reporting matters</li><li>– financial sections of transaction documents</li></ul></li><li>◆ Deregistering and suspending SMSF auditors, as necessary</li></ul>

  

Policy advice		
Support development and implementation of key Government law reforms and other initiatives	Ongoing	Undertaking research on reporting requirements for proprietary companies and unlisted public companies
Facilitating the development and application of consistent standards and requirements across borders	Ongoing	<p>Contributing to and influencing priority projects of the International Organization of Securities Commissions (IOSCO) and International Forum of Independent Audit Regulators (IFIAR), including:</p> <ul style="list-style-type: none"><li>◆ providing input into IOSCO and IFIAR submissions to influence accounting, auditing and ethical standards in key areas for improvement and interactions with the international standard setting bodies</li><li>◆ contributing to IOSCO’s audit quality initiatives</li><li>◆ meeting with the largest audit firms internationally to promote improvements in audit quality through the IFIAR Global Audit Quality Working Group</li><li>◆ completing the initial 23 assessments of regulators for participation in IFIAR Multilateral Memorandum of Understanding (MMOU), to help promote better regional cooperation</li><li>◆ facilitating consistent financial reporting regulation across borders through IOSCO’s IFRS sub-committee</li><li>◆ working on, including promoting, a possible future public survey of financial reporting surveillance findings across securities regulators and a public IOSCO statement on the impact of three new accounting standards</li><li>◆ undertaking research on barriers to mobility of auditors across borders</li></ul>