



2017–18 ASIC business plan summary by sector

Financial reporting and audit

Key projects	Project status	Focus
Stakeholder engagement		
Engaging with industry and individual firms to reinforce and articulate standards and expectations	Ongoing	<ul style="list-style-type: none"> ◆ Publishing reports and media releases on financial reporting and audit surveillance outcomes and audit inspection outcomes results ◆ Ongoing engagement with a broad range of stakeholders through meetings, forums and presentations, such as: larger audit firms, large accounting bodies, Treasury, Group of 100, Australian Taxation Office, Australian Prudential Regulatory Authority, Australian Institute of Company Directors, domestic standard setters, and international financial reporting and audit regulators ◆ Engagement with international financial reporting and audit organisations ◆ Given global audit firm networks, corporates, accounting standards and auditing standards, we will work closely with international organisations to improve financial reporting and audit quality, including: <ul style="list-style-type: none"> – Chairing the International Organisation of Securities Commissions (IOSCO) International Financial Reporting Standards (IFRS) Information Sharing Subcommittee – IOSCO Accounting Subcommittee: commenting on proposed standards and meetings with International Accounting Standards Board (IASB) – Co-chair IOSCO Auditing Subcommittee – Member of International Forum of Independent Audit Regulators (IFIAR) Global Audit Quality Working Group – Chairing IFIAR International Co-operation Working Group: information assessment of applications to participate in IFIAR Multilateral Memorandum of Understanding – Member of IFIAR Enforcement Working Group – Member of IFIAR Standards Co-ordination Working Group – Member of IFIAR Board.
Guidance		
Messages to industry and individual firms to reinforce and articulate standards and expectations	Continuing project from 2016–17	<ul style="list-style-type: none"> ◆ Publishing regulatory guides, information sheets and legislative instruments on financial reporting and audit to guide and inform the industry on matters relating to financial reporting and audit quality. We have recently published or revised the following Information Sheets outlining our approach and expectations on audit quality: <ul style="list-style-type: none"> – Information Sheet 183 <i>Directors and financial reporting</i> (reissued on 23 June 2017) – Information Sheet 196 <i>Audit quality: The role of directors and audit committees</i> (reissued 23 June 2017) – Information Sheet 221 <i>Internal audit</i> (issued 20 June 2017) – Information Sheet 222 <i>Improving and maintaining audit quality</i> (issued 29 June 2017) – Information Sheet 223 <i>Audit quality – The role of others</i> (issued 29 June 2017)



– Information Sheet 224 *ASIC audit inspections* (issued 29 June 2017).

- ◆ Publishing media releases to inform the industry on the implications of new accounting standards on financial instruments, revenue and leases.

Surveillance

Financial reporting quality	Ongoing	Proactive review of the quality of financial reports of listed companies and other public interest entities. We will focus on asset values and application of appropriate accounting policies for revenue and expenses.
Audit quality	Ongoing	<ul style="list-style-type: none">◆ Proactive inspection of audits by audit firms, focusing on asset values, revenue recognition, firm culture, sufficient audit evidence, application of professional scepticism and use of experts◆ Monitoring action plans to improve audit quality for the large audit firms. Reactive surveillances may also be conducted based on complaints, referrals and other intelligence◆ Assessing referrals from ATO on SMSF auditors.
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

Investigating and taking administrative, civil, criminal or other action	Ongoing	<ul style="list-style-type: none">◆ Investigating and taking action, where appropriate, in relation to misconduct identified through our surveillances and in response to reports of misconduct, including:<ul style="list-style-type: none">– Registered auditors and firms' compliance with the Corporations Act and application of auditing standards and other requirements– Financial reporting matters and compliance with the Corporations Act and accounting standards.◆ Deregistration and suspension of SMSF auditors, as necessary.
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Policy advice

Supporting the development and implementation of Government law reforms and initiatives	Ongoing	<p>We will:</p> <ul style="list-style-type: none">◆ Provide input into Government reforms and initiatives as required◆ Undertake research on reporting requirements for classes of companies.
Facilitating the development and application of consistent standards and requirements across borders	Ongoing	<p>We will contribute to and influence priority projects of the IOSCO and IFIAR, including by:</p> <ul style="list-style-type: none">◆ Contributing to IOSCO and IFIAR submissions to influence accounting, auditing and ethical standards and interactions with the international standard setting bodies◆ Holding discussions about audit quality with the largest 6 international audit firm networks through the IFRS Global Audit Quality Working Group◆ Leading improved regulator communication on IFRS interpretation and application, including through chairing the IFRS Information Sharing Subcommittee, the IOSCO IFRS forum, the proposed financial reporting surveillance survey, and moderating the



IFRS database

- ◆ Progressing international initiatives, including audit committee guidance on audit quality, financial reporting surveillance survey, improved standard setting governance, mobility of auditors paper and supervisory college discussions
 - ◆ Information sharing between audit regulators through the IFIAR Multilateral Memorandum of Understanding.
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