

5 February 2020

Andrew Fawcett
Senior Executive Leader, Strategic Policy
Australian Securities & Investments Commission
Level 7, 120 Collins Street
Melbourne, VIC 3000

Via email: andrew.fawcett@asic.gov.au

Dear Mr Fawcett

Submission on ASIC's Performance against the Regulator Performance Framework

We welcome the opportunity to provide feedback on ASIC's performance against the Australian Government's Regulator Performance Framework (RPF) over the 2018—19 reporting period, and in particular ASIC's self-assessment of its results against each of the evidence metrics.

Lack of reporting on outcomes/impacts

As raised in our previous submissions on the RPF, we consider it predominantly focuses on activities and outputs but not the outcomes or impacts. We further note that the outcomes reported do not describe how ASIC's performance against the six KPI measures contributes to its vision and mission. Whilst we have no doubt that ASIC have demonstrated commitment to achieving the objectives through their activities during the year, we consider it important for greater transparency around how ASIC actually assesses its progress towards achieving the KPIs via quantitative and qualitative metrics and targets.

Further, we draw ASIC's attention to the [OECD Regulatory Enforcement and Inspections Toolkit](#), based on the [OECD Best Practice Principles for Regulatory Enforcement and Inspection](#), which includes 12 criteria can be used to identify strengths and weaknesses, gauge actual performance, and pinpoint areas for improvement. This may provide a broader perspective for assessing the effectiveness of regulators and could also assist in better linking performance measurement with ASIC's vision and mission.

Audit inspection program

We have encouraged ASIC to take a balanced scorecard approach on audit quality for a number of years and it is pleasing to see this taken up through the release of the *Audit Quality Measures Indicators and Other Information 2018-19* report. However, we believe more graded insights on how ASIC views the severity of the issues it identifies through its audit inspection program could be highly useful for the profession and other stakeholders in working toward addressing issues and improving audit quality. We recommend a three-grade severity scale could be highly informative and valuable addition.

Update of resources

We note 2.2.2 'Extensive guidance and information is available on ASIC's website' and 2.2.4 'Regulated entities can access the information they need on ASIC's website'. However, we are concerned at the time taken by ASIC to update some of its publicly available information for new legislation. We have raised with ASIC on a number of occasions the need for RG 34 and RG 217 to be updated with respect to the Safe Harbour legislation, which came into effect over two years ago. However, this has not yet occurred. There are some concerns around the interaction between reporting by auditors under section 311 of the Corporations Act and the Safe Harbour laws which need to be addressed. Additionally, we note the [guidance for company auditors on their obligations](#) with respect to whistleblowers has not been updated to reflect the new legislation which came into effect on 1 July 2019.

Auditor resignation fees

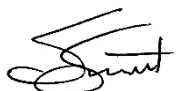
The application fee for consent from ASIC to resign as an auditor of a public company (including a company limited by guarantee) was inadvertently increased from \$39 to \$3,487 through the legislative amendments to introduce the industry funding model. We are grateful that ASIC (and Treasury) were responsive in addressing this issue and we welcomed the reduction of this fee back to \$40. However, in the intervening period a number of our members paid the higher fee. We are disappointed that ASIC was unable to waive fees during this period and had no ability to refund those who paid the higher fee.

Online portals and communication

We acknowledge ASIC's commitment to continuously improve its online resources including regulatory portals. However, our members have noted inconsistencies and overlaps between the ASIC Regulatory Portal and the Auditor Portal, and some additional information not currently available that could aid in carrying out their duties, as well as some inconsistencies on the ASIC website. We would welcome the opportunity to share further feedback on these issues in detail.

The Appendix provides information about Chartered Accountants Australia and New Zealand (CA ANZ).

Yours sincerely



Simon Grant FCA

Group Executive, Advocacy and Professional Standing

Appendix: About Chartered Accountants Australia and New Zealand

Chartered Accountants Australia and New Zealand (CA ANZ) represents more than 125,000 financial professionals, supporting them to build value and make a difference to the businesses, organisations and communities in which they work and live.

Around the world, Chartered Accountants are known for their integrity, financial skills, adaptability and the rigour of their professional education and training.

CA ANZ promotes the Chartered Accountant (CA) designation and high ethical standards, delivers world-class services and life-long education to members and advocates for the public good. We protect the reputation of the designation by ensuring members continue to comply with a code of ethics, backed by a robust discipline process. We also monitor Chartered Accountants who offer services directly to the public.

Our flagship CA Program, the pathway to becoming a Chartered Accountant, combines rigorous education with practical experience. Ongoing professional development helps members shape business decisions and remain relevant in a changing world.

We actively engage with governments, regulators and standard-setters on behalf of members and the profession to advocate in the public interest. Our thought leadership promotes prosperity in Australia and New Zealand.

Our support of the profession extends to affiliations with international accounting organisations.

We are a member of the International Federation of Accountants and are connected globally through Chartered Accountants Worldwide and the Global Accounting Alliance. Chartered Accountants Worldwide brings together members of 13 chartered accounting institutes to create a community of more than 1.8 million Chartered Accountants and students in more than 190 countries. CA ANZ is a founding member of the Global Accounting Alliance which is made up of 10 leading accounting bodies that together promote quality services, share information and collaborate on important international issues.

We also have a strategic alliance with the Association of Chartered Certified Accountants. The alliance represents more than 870,000 current and next generation accounting professionals across 179 countries and is one of the largest accounting alliances in the world providing the full range of accounting qualifications.