



ASIC
Australian Securities &
Investments Commission

ASIC's oversight of financial reporting and audit 2025-26

Report 842 | October 2026

About this report

This report summarises findings from our financial reporting and audit surveillances and other complementary work in 2025-26. It highlights areas where the quality of financial reporting and audits can be improved.

This report will be of interest to preparers, reviewers and users of financial information – for example, auditors, audit firms, audit committees, company directors, investors, accountants, and professional accounting bodies.

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About ASIC regulatory documents

In administering legislation ASIC issues the following types of regulatory documents: consultation papers, regulatory guides, information sheets and reports.

Disclaimer

This report does not constitute legal advice. We encourage you to seek your own professional advice to find out how the Corporations Act and other applicable laws apply to you, as it is your responsibility to determine your obligations.

Examples in this report are purely for illustration; they are not exhaustive and are not intended to impose or imply particular rules or requirements.

Executive summary

Investors, consumers and other stakeholders rely on quality financial reports to make informed decisions

There is currently significant focus on the conduct of auditors and audit firms, and concerns about trust and confidence in the profession. We remain committed to providing strong oversight of auditors and to enhancing the integrity and quality of financial reporting and auditing in Australia through proactive surveillance and enforcement action.

Financial report preparers and auditors play a critical role in maintaining trust and confidence in Australia's financial system by supporting high-quality, reliable financial reporting. Directors, trustees and responsible entities must ensure their financial reports are accurate, complete and transparent, particularly their asset valuations, including private credit assets and unlisted investments. We expect registered company auditors to act independently, ethically and in accordance with their legal and professional obligations.

We are using the full range of our regulatory tools to enhance financial reporting and audit quality. In 2025–26 we enhanced and expanded our surveillance programs including:

- › reviewing 25 audit files, compared to 15 in 2024–25
- › conducting our second review of registrable superannuation entity (RSE) financial reports and audits: see Report 841 *Accounting for your super: Super fund financial reporting and audit 2025–26* ([REP 841](#))
- › evaluating the six largest audit firms' self-assessments and action plans in response to our surveillance on auditor independence: see Report 817 *Building trust: Auditors' compliance with independence and conflict of interest obligations* ([REP 817](#)), and
- › more closely monitoring remedial actions proposed by auditors in response to our surveillance findings.

We have also commenced a specific separate surveillance examining internal complaints received by the four largest audit firms about their audit practices.

In 2026–27, as part of our wider focus on private capital markets and the valuation of unlisted investments, we will also review the financial reports and audits of managed investments schemes (schemes). We note the private credit sector is facing emerging signs of borrower stress and credit deterioration and call on all participants to challenge assumptions, refresh valuations and lift practices in line with ASIC's 10 principles: see [ASIC puts private credit on notice, ahead of 30 June valuations and reporting](#) (18 June 2026).

Financial reporting and auditor misconduct are enforcement priorities for ASIC: see [ASIC enforcement priorities](#). We wrote to all registered company auditors in July to remind them to fulfill their obligations and the importance of protecting public confidence in the audit profession: see Media Release ([26-164MR](#)) *ASIC reminds registered company auditors of their obligations and outlines stronger oversight* (22 July 2026).

We have and will investigate and take action where there is evidence that a registered company auditor has failed to comply with their obligations and meet the standards required of them, including disciplinary, infringement or civil action.

There are limits in our ability to take action in relation to audit firms as opposed to individual registered company auditors. However, we will continue to work closely with the Australian Government to improve the regulation of audit firms and enhance accountability, transparency and oversight of the audit sector.

Our surveillances found concerns about the quality of company financial reports and audits

From 1 July 2025 to 30 June 2026, we reviewed 353 financial reports, comprising 311 company and 42 RSE financial reports, and 25 audit files comprising 19 companies and 6 RSEs.

This report focuses on our findings on financial reporting and audit surveillances of companies.

Financial reporting surveillance

As a result of our financial reporting surveillances:

- › 10 companies made or agreed to make changes to their operating and financial review (OFR) to improve their disclosures of material business risks in their next financial report
- › five companies made or agreed to make changes to the recognition and/or valuation of assets
- › three companies agreed to make changes to their financial report disclosures
- › one company made changes to its accounting for deferred tax assets, and
- › one company agreed to make changes to its measurement of employee benefits provisions to include on-costs such as superannuation, WorkCover and payroll tax.

Audit surveillance

We issued 15 comment forms to auditors setting out the findings from our 19 company audit surveillances. Our key findings included auditors that did not:

- › obtain sufficient appropriate audit evidence, particularly for high-judgement areas, such as revenue recognition, impairment and asset valuations
- › challenge management assumptions and estimates, including valuation inputs, forecast assumptions, discount rates, recoverability assessments and indicators of management bias
- › perform adequate risk assessment and audit planning procedures, including identification of inherent risk factors, significant risks and relevant assertions
- › adequately design and execute audit procedures, including controls and substantive testing, the use of sampling and analytical procedures, and testing of significant or unusual transactions
- › clearly evaluate and document the competence, capability and objectivity of experts and component auditors or their understanding and evaluation of the work they performed
- › evidence their compliance with ethical, independence and quality management requirements, and

- › sufficiently document audit procedures performed, evidence obtained, and significant professional judgements and conclusions.

The auditors provided responses to our findings, including proposing remedial actions. We shared the comment forms and auditor's responses with the directors of the company.

Following one of our audit surveillances, we accepted the auditor's application to cancel their company auditor registration.

Enforcement and compliance

Since 1 July 2025, ASIC has taken enforcement and compliance action against 16 auditors, 3 directors and 57 companies. We:

- › commenced Federal Court proceedings against three auditors and two related authorised audit companies, alleging serious audit failures
- › made applications to the Companies Auditors Disciplinary Board (CADB), resulting in the cancellation of two auditors' registrations and the suspension of one auditor's registration
- › accepted the voluntary cancellations of three auditors' company auditor registrations following independence concerns, and
- › issued over \$9 million in infringement notices to companies for failing to lodge their financial reports.

ASIC court action resulted in:

- › the Federal Court finding one company director had breached financial reporting and company officer obligations, and
- › penalties of more than \$1.6 million against companies for breaching financial reporting and company officer obligations.

Our ongoing enforcement actions relating to misconduct are also included in our [enforcement outcome reports](#). Infringement notices and enforceable undertakings, including the specific reasons for our concerns, are on our [infringement notices register](#) and [court enforceable undertakings register](#).

Ongoing surveillance in 2026-27

We will continue to engage with industry to improve financial reporting, sustainability reporting and audit practices in 2026-27. Everyone preparing or auditing financial reports should refer to our 2026-27 financial reporting and audit focus areas: see Media Release ([26-098MR](#)) *ASIC sets financial reporting, audit and sustainability focus areas for FY 2026-27* (18 May 2026).

As mentioned above, in 2026-27, as part of our wider focus on private capital markets and the valuation of unlisted investments, we will include a selection of schemes in our financial reporting and audit surveillance programs.

Financial reporting surveillance

- › We will continue our financial reporting surveillance program and review at least 200 financial reports of listed, public and large proprietary companies, 20 RSEs and 20 schemes.

- › Our reviews will focus on revenue recognition, assessment of asset impairment and recognition and measurement of financial instruments.
- › We will also review the disclosures of companies that have provisions for decommissioning and site restoration costs, including assessing disclosures against new guidance in Australian Accounting Standard [AASB 137](#) *Provisions, contingent liabilities and contingent assets*.

Audit surveillance

- › We will continue our audit surveillance program and review 25 audit files, consistent with 2025–26. We will review the audit files of 17 companies (including listed, public and large proprietary companies), 4 RSEs and 4 schemes.
- › We will continue to select audit files:
 - where we have identified concerns from our financial reporting surveillances
 - where we have identified concerns about auditors' compliance with their independence and conflicts of interest obligations, and
 - on a random basis.
- › We will continue to monitor how auditors and audit firms address findings from our audit surveillance program.
- › We will also continue to consider how audit firms are responding to our findings and calls to action in [REP 817](#).

Ongoing financial report non-lodgement project

- › We will continue our surveillance project on non-lodgement of financial reports by entities that are required to prepare and lodge financial reports.

Audit firm internal complaints surveillance

- › We have commenced a surveillance of the four largest audit firms, to examine internal complaints received by those firms about their audit practices.

Registered company auditor compliance project

- › We will conduct a surveillance project on auditors' compliance with their professional obligations, including where they have not:
 - lodged annual statements as required by section 1287A of the *Corporations Act 2001* (Corporations Act)
 - reported any audit work on their annual statements for five years and may no longer have the necessary practical audit experience, or
 - paid their industry funding levies.

Enforcement

- › We will continue to use our full range of regulatory tools to enhance audit quality and take enforcement or compliance action where appropriate, particularly where we find a significant breach of the Corporations Act.
- › Where necessary, we will consider issuing an audit deficiency report under section 50C(1) of the *Australian Securities and Investments Commission Act 2001* (ASIC Act): '... if ASIC is satisfied that the Australian auditor has not taken appropriate remedial action to remedy the identified audit deficiency.'

Our surveillance work

We conducted financial reporting and audit surveillances to ensure financial reports and audits were:

- › conducted in accordance with Australian accounting standards, Australian auditing standards and professional and ethical standards, and
- › complied with the Corporations Act.

During 2025–26, we reviewed 353 financial reports comprising 311 listed and unlisted company and 42 RSE financial reports that have financial years ending from 30 June 2024 to 31 December 2025. We conducted surveillances on the financial reports of 30 companies and made inquiries with 9 superannuation trustees about the valuation of investments in their RSE financial reports.

We reviewed 25 audit files at 12 audit firms for 13 ASX-listed companies, 6 large proprietary companies and 6 RSEs. We issued 19 comment forms to auditors setting out our findings – 15 related to company audits and 4 related to RSE audits.

We also reviewed 40 sustainability reports lodged by both listed and unlisted entities.

Findings from our financial reporting and audit surveillances of RSEs are provided in a separate report: see [REP 841](#). Findings related to our review of sustainability reports are also reported separately: see Report 839 *ASIC's review of sustainability reports lodged for 31 December 2025* ([REP 839](#)).

Note: For more information on our surveillance approach, see Appendix 3.

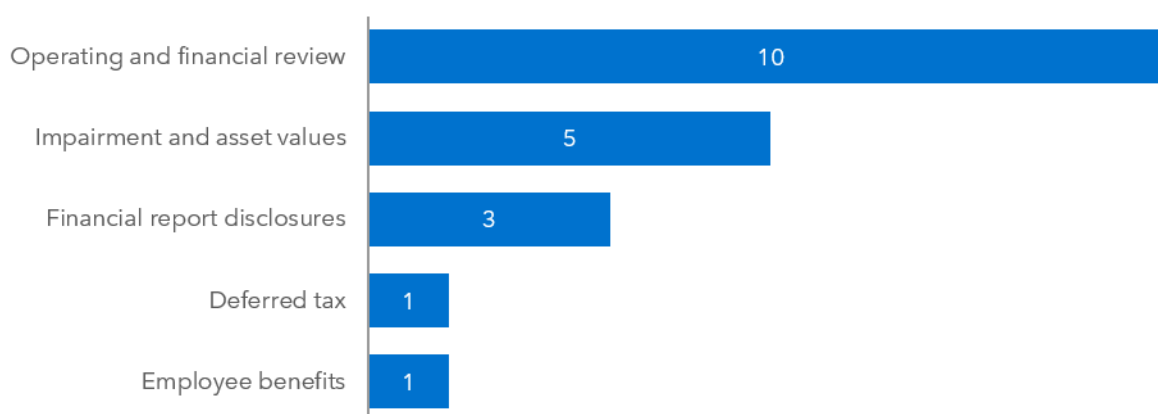
SECTION 2

Financial reporting surveillance

In 2025–26, we reviewed 311 company financial reports and conducted surveillances on the financial reports of 30 entities. Most surveillances related to disclosure in the OFR, impairment and asset values, and financial reporting disclosures.

As a result of our inquiries, 16 companies have made or agreed to make changes to 20 areas of concern in their financial reports: see Figure 1.

Figure 1: Financial reporting surveillance findings by area of concern



Note: See Table 4 for the data shown in this figure (accessible version).

Operating and financial review

We focus on the OFR in our surveillance program because the information is important to retail investors who rely on publicly available information and do not have the same resources available as their institutional counterparts.

Section 299A of the Corporations Act requires an OFR to be prepared by all listed entities as part of the directors' report.

The purpose of the OFR is to provide information that shareholders would reasonably need to make an informed assessment of the entity's business strategies, prospects and performance.

Our reviews of financial reports continue to identify shortcomings in the preparation of the OFR, including, in some cases, a complete absence of disclosure about material business risks.

Following our surveillances, 10 companies across 8 industries made additional disclosures or gave an undertaking to do so in their next financial report:

- › ADX Energy Ltd
- › BKI Investment Company Limited
- › International Equities Corporation Ltd
- › IODM Limited

- › Pure Foods Tasmania Limited
- › SKS Technologies Group Limited
- › Southern Hemisphere Mining Limited
- › Timah Resources Limited
- › Vysarn Limited, and
- › WAM Microcap Limited.

Improving operating and financial reviews

To provide balance, it is important that companies discuss the material business risks that may affect the achievement of outcomes described in the financial report.

OFR disclosures must be appropriate to the company's individual circumstances and the business environment and not be generic.

Monitoring and reporting risk is an important duty of directors. A well-developed and structured report on material business risks and their relationship to achieving business plans:

- › can be one of the most informative pieces of information for retail investors, and
- › is an excellent way for companies to bring structure and accountability to risk management practices.

Well-developed risk management and reporting processes will also help with the implementation of sustainability reporting standards.

For more guidance, see Regulatory Guide 247 *Effective disclosure in an operating and financial review* ([RG 247](#)).

Impairment and asset values

We contacted one listed, one public unlisted and three large proprietary companies about their recognition and valuation of non-financial assets, including compliance with Australian Accounting Standard [AASB 136](#) *Impairment of assets* in testing non-current assets for impairment. Our specific concerns included:

- › Viva Energy Group Limited incorrectly determined the level at which to test its convenience retail sites for impairment. Some retail sites were assessed for impairment as part of the Shell Card cash-generating unit (CGU), on the basis that the Shell Card is a wholesale offering across the company's Australia-wide network, rather than being assessed as individual sites. This approach was considered inconsistent with the requirements of AASB 136 as the recoverable amount of each retail site in the Shell Card CGU could be determined on an individual site basis.

Subsequent to our inquiries, the company recognised a total impairment expense of \$558.8 million for its retail convenience sites. Of this total, \$25 million was attributable to the change in approach to assessing all retail convenience sites at the individual site level: see Media Release ([26-075MR](#)) *Viva Energy reassesses accounting approach after ASIC review, resulting in \$25 million impairment* (13 April 2026).

- › Mobile Asset Holdings Ltd had measured its Platform Assets at fair value despite the absence of an active market, resulting in the valuation model lacking sufficient observable data. Subsequent to our inquiries, starting from its next financial report, the company will no longer value its Platform Assets at fair value and instead implement the cost model under Australian Accounting Standard [AASB 138](#) *Intangible assets*.
- › Pearl Corporation of Australia Pty. Ltd. recognised and valued its biological assets at lower of cost and net realisable value under Australian Accounting Standard [AASB 102](#) *Inventories*, instead of fair value under Australian Accounting Standard [AASB 141](#) *Agriculture*. Subsequent to our inquiries, in its next financial report, the company will reclassify and measure its biological assets under AASB 141.
- › Impact International Pty. Limited and Lajovic Holdings Pty Ltd had not measured non-current receivables from related parties at amortised cost or assessed the balances for any expected credit losses as required by Australian Accounting Standard [AASB 9](#) *Financial instruments*. These balances will be eliminated on consolidation going forward.

Improving impairment and asset values

To ensure assets are appropriately valued in accordance with relevant accounting standards, preparers of financial reports must:

- › adopt, implement and maintain appropriate systems which capture and record the financial and non-financial information to support asset values
- › ensure asset valuations are appropriate and based on reasonable and supportable assumptions: see AASB 136 at paragraph 33
- › identify the smallest group of assets with largely independent cash flows: see AASB 136 at paragraph 66
- › allocate goodwill to relevant CGUs: see AASB 136 at paragraph 80
- › measure financial assets at amortised cost where they are held for the purpose of obtaining contractual cash flows and are solely interest and principal: see AASB 9 at paragraph 4.1.2, and
- › perform an assessment of the terms, recoverability, credit risk and materiality of all related party receivables and payables to ensure compliance with AASB 9.

Financial reporting disclosures

We contacted one listed entity and two large proprietary companies about specific disclosures, or lack of, in their financial reports. All companies have agreed to provide updated disclosures in their next financial reports to address our concerns, including:

- › Timah Resources Limited agreed that it had failed to include a Consolidated Entity Disclosure Statement (CEDS) as required by section 295(3A)(a) of the Corporations Act and that the CEDS would be included in its next financial report.
- › Impact International Pty. Limited and Lajovic Holdings Pty Ltd did not consolidate all subsidiaries as required by Australian Accounting Standard [AASB 10](#) *Consolidated financial statements*. The companies have agreed to prepare consolidated financial statements going forward.

Improving financial reporting disclosures

Companies must:

- › consolidate all subsidiaries where there is evidence of control: see AASB 10 at paragraph 2(a), and
- › include a CEDS as required by section 295(3A)(a) of the Corporations Act (public companies only): see Information Sheet 284 *Public companies to include a consolidated entity disclosure statement in their annual financial report* ([INFO 284](#)).

Tax accounting

We contacted Pure Foods Tasmania Limited about the recoverability of their deferred tax assets, given they had recorded losses for the past five years.

Following our surveillance, the company reduced the amount of deferred tax assets recognised in its interim financial report: see Media Release ([26-082MR](#)) *Pure Foods Tasmania reduces \$4.5 million in deferred tax assets following ASIC review* (24 April 2026).

Improving tax accounting for deferred tax assets

Companies must:

- › ensure that sufficient future taxable profits or taxable temporary differences will be available to use against unused tax losses, or tax credits: see Australian Accounting Standard [AASB 112](#) *Income taxes* at paragraphs 34 and 36, and
- › where the company has a history of recent losses, consider preparing position papers to support the recognition of deferred tax assets, including appropriate analysis, conclusions and supporting evidence.

Employee benefits

We contacted Safecorp Group Ltd about their compliance with Australian Accounting Standard [AASB 119](#) *Employee benefits*, and the measurement of their employee benefits provisions.

The company had not included on-costs, such as superannuation, WorkCover and payroll tax when calculating the value of their provisions for annual leave, rostered days off and long service leave. Instead, it recognised these on-costs as expenses when the related employee benefits were taken or paid to employees. Following our surveillance, in its next financial report, the company agreed to include on-costs when calculating its employee benefits provisions.

Improving measurement of employee benefits

Companies must ensure employee benefits provisions are measured at the expected future payment amount, including associated on-costs such as superannuation, WorkCover and payroll tax: see [AASB 119](#) at paragraph 11(a).

Audit surveillance

In 2025–26, we conducted 19 company audit surveillances across the 12 audit firms listed in Table 1, reviewing the audit files of 13 ASX-listed and 6 large proprietary companies. These were in addition to the six RSE audit file reviews completed: see [REP 841](#).

Our audit surveillances focused on key audit areas selected for review on a risk basis. Key audit areas generally relate to a financial statement line, particularly those that are subject to a high degree of estimation uncertainty and significant judgement. We review two to three key audit areas on each audit surveillance.

Table 1: Audit files reviewed

Audit firms	Number of audit files reviewed
BDO	1
Deloitte	2
Ernst & Young	2
Grant Thornton	2
Hall Chadwick	1
HLB Mann Judd	1
KPMG	3
L Audit	1
MGI Sydney Assurance Services	1
PricewaterhouseCoopers (PwC)	3
RSM Australia	1
SW Audit	1
Total	19

We selected audit files for surveillances where we identified concerns from our financial reporting reviews and surveillances, auditor independence concerns, other intelligence, and on a random basis.

Three of the 19 audit files were selected for surveillance due to concerns raised from our conflict of interest and independence surveillance conducted in 2024–25, including where:

- › one audit firm, Deloitte, has been the large proprietary company's auditor for over 15 years, with the lead audit partner having had various roles in the engagement team over that period, a former Deloitte partner has been the company's secretary and Chief Financial Officer since the 2022–23 financial year, and the firm has received more fees for non-audit services than for the audit since the 2023–24 financial year
- › one audit firm, Grant Thornton, has been the large proprietary company's auditor for over 10 years with the same lead audit partner, and

- › one audit firm, PwC, while rotating the lead audit partner every 5 years, has been the listed company's auditor for over 25 years, and the company's audit committee chair is a former PwC partner.

For all three audit surveillances selected due to independence concerns, we identified a number of areas where the auditor's professional judgements and the basis for conclusions were not sufficiently documented on the audit file. The risk of poor audit documentation around professional judgements is heightened for audits where there is a long association between the auditor and client. The key judgements and conclusions made by the auditor may rely on knowledge the auditor and/or audit firm has accumulated over a number of years and not be reflected on the audit file.

We issued 15 comment forms to auditors setting out the findings from our audit surveillances. The auditors provided their written responses to all 15 comment forms, including identifying where they will take remedial actions to address our concerns. Seven auditors have already taken action to remediate concerns raised from our audit surveillances: see Remediation of audit surveillance findings on page 29.

We separately communicated the outcomes of our audit surveillances to the directors of each company where we had concerns, including sharing the comment forms we issued and the auditor's responses. We also notified the directors of companies where we closed an audit surveillance without any findings. The types of matters we report on and how we communicate are set out in Regulatory Guide 260 *Communicating findings from audit files to directors, audit committees or senior managers* ([RG 260](#)).

The detailed observations set out in the comment forms facilitate discussions between auditors and those charged with governance about their respective roles in audits, strengthening efforts to uplift audit quality.

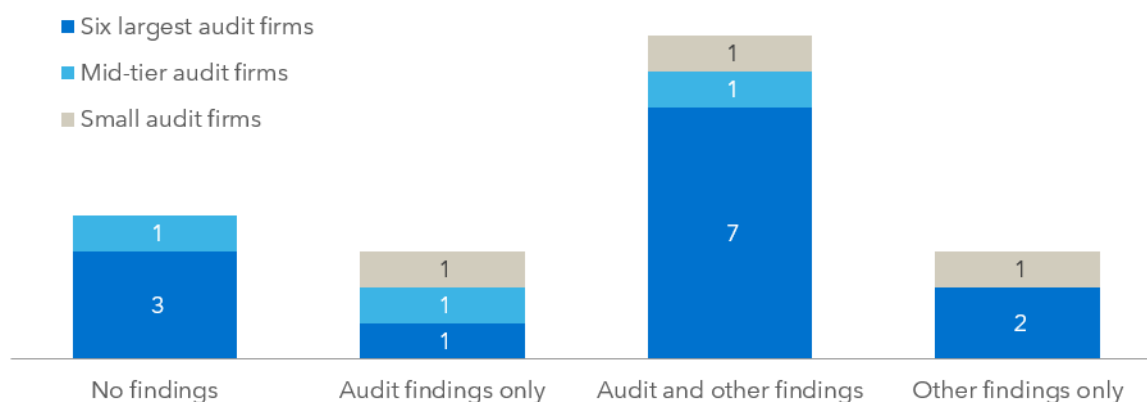
Categories of findings

We have two categories of findings: **audit findings** and **other findings**:

- › Audit findings are where, in our view, auditors did not obtain reasonable assurance that the financial report as a whole was free of material misstatement. Audit findings do not necessarily mean that the financial reports audited were materially misstated. Rather, the auditor did not comply with the requirements of some of the auditing standards and therefore did not have a sufficient basis to support their audit opinion on the financial report.
- › Other findings are where we concluded there were no concerns about risks of material misstatements, but the concern(s) warranted reporting to the auditor and company directors. These findings may include concerns about the auditor's systems of quality management, independence and documentation. Other findings could lead to an audit finding in the future or highlight situations where the auditor or company needs to improve their current processes and practices.

Figure 2 shows the findings from our 19 audit surveillances. Four of the audit surveillances had no findings, three audit surveillances had audit findings only, nine audit surveillances had both audit findings and other findings and three surveillances had only other findings.

Figure 2: Audit surveillance outcomes by firm size



Note: See Table 5 for the data shown in this figure (accessible version).

Audit findings by key audit area

Most of the audit findings from our audit surveillances in 2025-26 related to:

- › revenue and receivables, and
- › impairment and asset values.

Figure 3 shows a breakdown of all audit findings.

Figure 3: Audit findings by key audit area



Note: See Table 6 for the data shown in this figure (accessible version).

We have included a summary of each individual audit finding from our surveillances by each of the key audit areas below.

Revenue and receivables

We identified six audit findings for revenue and receivables. Deficiencies identified included:

- › one auditor from BDO did not:
 - verify amounts invoiced to approved pricing documentation to conclude on the accuracy of transaction prices allocated to performance obligations, and
 - adequately test the accuracy of deferred revenue model inputs by relying on substantive testing performed for only a subset of the population

- › one auditor from Deloitte did not test a sufficient number of samples for the trade receivables balances
- › one auditor from Ernst & Young did not adequately test revenue controls, including segregation of preparer and reviewer roles
- › one auditor from PwC did not:
 - adequately consider the significance of account balances when determining material business components, and
 - consider testing significant transactions outside the ordinary course of business when performing journal entry testing
- › one auditor from a small audit firm did not design and execute appropriate substantive analytical procedures, and
- › one auditor from a small audit firm did not obtain sufficient appropriate audit evidence over the occurrence and accuracy of revenue and receivables.

Improving the audit of revenue and receivables

Auditors must:

- › consider the relevance and reliability of information to be used as audit evidence, including evaluating whether the information is sufficiently precise and detailed for the auditor's purposes: see Australian Auditing Standard [ASA 500 Audit evidence](#) at paragraphs 7 and 9
- › evaluate the design and implementation of internal controls, including whether the controls are capable of effectively preventing, or detecting and correcting the associated identified risk of material misstatement: see Australian Auditing Standard [ASA 315 Identifying and assessing the risks of material misstatement](#) at paragraph 26(d)
- › design and perform adequate procedures to test the accuracy of transaction prices allocated to performance obligations: see Australian Auditing Standard [ASA 330 The auditor's responses to assessed risks](#) and Australian Accounting Standard [AASB 15 Revenue from contracts with customers](#)
- › apply an appropriate level of professional scepticism in assessing and testing the accuracy of inputs in estimating revenue recognised: see Australian Auditing Standard [ASA 200 Overall objectives of the independent auditor and the conduct of an audit in accordance with Australian auditing standards](#) and AASB 15
- › determine a sufficient sample size and perform audit procedures over the full sample in order to reduce sampling risk to an acceptably low level: see Australian Auditing Standard [ASA 530 Audit sampling](#) at paragraphs 7 and 9
- › when determining material business components, consider whether there are any individually material significant classes of transactions, account balances and disclosures that are individually material to the group, even if the remainder of the component is not material: see Australian Auditing Standard [ASA 600 Special considerations—audits of a group financial report \(including the work of component auditors\)](#) at paragraph A51, and

- › evaluate significant transactions that are unusual or outside the entity's normal course of business: see Australian Auditing Standard [ASA 240](#) *The auditor's responsibilities relating to fraud in an audit of a financial report* at paragraph 33(c).

When performing substantive analytical procedures auditors must:

- › develop expectations that are sufficiently precise to identify a material misstatement
- › determine an acceptable difference (threshold) over which variances from the expected revenue would be investigated, and
- › investigate differences from the expected revenue exceeding the threshold.

See Australian Auditing Standard [ASA 520](#) *Analytical procedures*.

Consideration must be given to the requirements in AASB 15 when performing audit procedures over revenue and receivables. AASB 15 outlines a five-step framework for the recognition of revenue from contracts with customers, including identifying the contract, identifying performance obligations, determining the transaction price, allocating the transaction price to the performance obligations and recognising revenue on satisfaction of the performance obligations.

Impairment of non-financial assets and asset values

We identified five audit findings relating to impairment of non-financial assets and asset values, including where:

- › one auditor from BDO did not:
 - design and execute substantive analytical procedures that were sufficiently precise, and
 - perform adequate audit procedures over capitalised costs, including obtaining evidence that cost capitalisation schedules were accurate and reconciled to underlying source data
- › one auditor from Deloitte did not:
 - adequately evaluate the reasonableness of key assumptions used in impairment models, including the appropriateness of the company-specific risk premium in the discount rates and the application of terminal value calculations, and
 - assess the competence, capability and objectivity of a management expert
- › one auditor from PwC did not:
 - perform adequate audit procedures over capitalised costs, including obtaining evidence that costs capitalised met recognition criteria, were measured reliably and were directly attributable to development activities, and
 - adequately document their assessment of management's accounting policy and project governance framework used to determine the capitalisation of software development costs
- › one auditor from PwC did not:
 - ensure that management's determined CGUs were the smallest group of assets with independent cash flows
 - assess management's historical forecasting accuracy and challenge their use of cash flow forecasts longer than five years, and

- evaluate or challenge the reasonableness and supportability of key assumptions used in impairment models, including the appropriateness of using the same discount rate for multiple sites, and
- › one auditor from a small audit firm did not obtain sufficient appropriate audit evidence over loans to related parties, including evaluating the recoverability and classification of those loans.

Improving the audit of impairment of non-financial assets and asset values

Auditors must:

- › obtain an understanding of the entity's systems used in estimating the costs of internally generated intangible assets: see [ASA 315](#) at paragraphs 25-27
- › assess that capitalised costs are measured reliably and meet the recognition criteria for internally generated intangibles: see [ASA 330](#) at paragraph 6, [ASA 500](#) at paragraph 6 and [AASB 138](#) at paragraphs 18(b), 21-23 and 52-57
- › ensure capitalised costs are directly attributable to the asset and document their assessment of management's accounting policy used to determine the capitalisation of development costs: see Australian Auditing Standard [ASA 230](#) *Audit documentation* at paragraph 8, [ASA 330](#) at paragraph 6, [ASA 500](#) at paragraph 6 and [AASB 138](#) at paragraphs 57(f), 59 and 66
- › test and challenge the reasonableness of any key judgements and assumptions applied in valuations, including assessing management's ability to forecast accurately: see Australian Auditing Standard [ASA 540](#) *Auditing accounting estimates and related disclosures* at paragraphs 22-24
- › design and perform audit procedures to obtain an understanding of the nature of the entity's assets and verify the carrying values are not lower than the recoverable amounts: see [ASA 330](#) at paragraphs 6 and 21 and [AASB 136](#) at paragraph 105
- › ensure that audit procedures performed are not biased towards obtaining corroborative audit evidence, or potentially excluding contradictory audit evidence: see [ASA 540](#) at paragraph 18, and
- › document audit procedures performed, the results of those audit procedures, any significant professional judgements made and conclusions reached: see [ASA 230](#) at paragraph 8(c).

When relying on the work of a management expert, auditors must ensure they have evaluated the competence, capabilities and objectivity of that expert, and understood and evaluated the appropriateness of that expert's work as audit evidence: see [ASA 500](#) at paragraph 8.

When performing substantive analytical procedures auditors are required to develop expectations that are sufficiently precise to identify a material misstatement and investigate significant differences from expected amounts: see [ASA 520](#) at paragraphs 5(c) and 7.

Consideration must be given to the following requirements when performing audit procedures over impairment of non-financial assets and asset values:

- › [AASB 136](#) relating to the basis for estimating future cash flows and the use of reasonable and supportable assumptions, and
- › [AASB 138](#) in recognising an intangible asset arising from development.

Investments and financial instruments

We identified two audit findings regarding investments and financial instruments. Deficiencies identified included:

- › one auditor from Ernst & Young did not sufficiently evaluate the work of the component auditor's audit expert, including the reasonableness and supportability of key assumptions and calculations used in investment valuations, and
- › one auditor from a mid-tier audit firm did not:
 - evaluate or challenge the reasonableness and supportability of key assumptions and accuracy of calculations used in investment valuations
 - evaluate whether any events or conditions had occurred during the financial year which could impact the auditor's ability to rely on historical information, and
 - document the scope of the auditor's expert's work or adequately evaluate the expert's conclusions reached on the reasonableness of management's fair value assessments, including the key inputs and underlying assumptions used.

Improving the audit of investments and financial instruments

Auditors must:

- › consider the relevance and reliability of information to be used as audit evidence, including evaluating whether the information is sufficiently precise and detailed for the auditor's purposes: see [ASA 500](#) at paragraphs 7 and 9
- › test and challenge the reasonableness of any key judgements and assumptions applied in valuations, including the sources of data used in the valuation and assessing management's ability to forecast accurately: see [ASA 540](#) at paragraphs 22-25
- › ensure investment properties are appropriately accounted for in accordance with Australian Accounting Standard [AASB 140 Investment property](#) and Australian Accounting Standard [AASB 13 Fair value measurement](#), and
- › document audit procedures performed, the results of those audit procedures, any significant professional judgements made and conclusions reached: see [ASA 230](#) at paragraph 8(c).

When relying on the work of component auditors, auditors must ensure they:

- › provide timely, clear and concise instructions detailing the planned scope and timing of the audit
- › evaluate the component auditor's communication and the adequacy of their work
- › evaluate the sufficiency and appropriateness of audit evidence obtained, and
- › have sufficient documentation on the group audit file.

See [ASA 600](#) at paragraphs 45-59.

When relying on the work of an auditor's expert, auditors must ensure they:

- › agree and document the nature, timing and extent of the audit procedures to be performed by the expert, and

- › evaluate the work performed by the expert, including the relevance and reasonableness of the methods, assumptions and conclusions and the completeness and accuracy of the sources of data used.

See Australian Auditing Standard [ASA 620 Using the work of an auditor's expert](#) at paragraph 12.

Consideration must be given to the following requirements in performing audit procedures over investments and financial instruments:

- › [AASB 9](#), which sets out the classification, recognition and measurement criteria for financial assets and liabilities
- › [AASB 13](#), which sets out the fair value measurement and disclosure requirements for assets, and
- › [AASB 140](#), which sets out the classification, recognition and measurement criteria for investment properties.

Other key audit areas

We identified four audit findings relating to employee benefits, provisions, lease liabilities and inventory and cost of sales:

- › For employee benefits, one auditor from KPMG did not:
 - adequately consider some factors in their risk assessment, which may have indicated an escalation in the assessed level of inherent risk
 - design and execute sufficient substantive test of details to confirm the accuracy and classification of employee benefit expenses, and
 - adopt a sampling approach that could provide sufficient evidence about the population being tested.
- › For provisions, one auditor from a mid-tier audit firm did not perform adequate audit procedures to support the conclusion that the economic outflows for site restoration would not exceed the rehabilitation bond, including:
 - sufficiently testing management's written representations
 - adequately assessing whether applicable legislative code requirements had been met
 - obtaining sufficient audit evidence to support which sites may be excluded from, or have limited requirements for, restoration, and
 - adequately testing for indicators of management bias.
- › For lease liabilities, one auditor from Grant Thornton did not adequately test the:
 - reasonableness of lease renewal options being excluded at lease commencement and whether leases were reasonably certain to be renewed, and
 - appropriateness of the incremental borrowing rate adopted in the lease liability calculations.
- › For inventory and cost of sales, one auditor from a small audit firm did not adequately test the existence and valuation of inventory or perform sufficient procedures over the accuracy of cost of sales.

Improving the audit of employee benefits, provisions, lease liabilities and inventories

When auditing **employee benefits**, auditors must:

- › perform procedures to properly understand and assess the risks over the payroll transaction cycle: see [ASA 315](#) at paragraphs 19, A8 and A165
- › apply an appropriate level of professional scepticism in assessing inherent risks and consider factors that may be susceptible to fraud and manipulation: see [ASA 200](#) and [ASA 240](#)
- › adopt a sampling methodology that provides a reasonable basis for the auditor to draw conclusions about the population from which the sample is selected: see [ASA 530](#) at paragraph 4, and
- › design and perform substantive audit procedures that tests the accuracy of the payroll system: see [ASA 330](#) at paragraphs 6 and 21.

When auditing **provisions**, auditors must:

- › test how management has made accounting estimates, including obtaining calculations and supporting documentation: see [ASA 540](#)
- › perform additional audit procedures where management representations are inconsistent with audit evidence: see Australian Auditing Standard [ASA 580](#) *Written representations* at paragraph 17
- › obtain audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and financial report disclosures: see Australian Auditing Standard [ASA 250](#) *Consideration of laws and regulations in an audit of a financial report* at paragraphs 14–15, and
- › document indicators of possible management bias relating to accounting estimates and their evaluation of the implications for the audit: see [ASA 540](#) at paragraphs 32 and 39.

When auditing **lease liabilities**, auditors must assess whether:

- › management has appropriately included lease renewal options in the lease term where the lessee is reasonably certain to exercise those options: see Australian Accounting Standard [AASB 16](#) *Leases* at paragraphs 18 and 19, and
- › the incremental borrowing rate is reflective of an observable market borrowing rate if the interest rate implicit in the lease cannot be readily determined: see [AASB 16](#) at paragraph 26.

When auditing **inventories and cost of sales**, auditors must:

- › attend the physical stocktake to observe management's count procedures, inspect inventory and perform test counts: see Australian Auditing Standard [ASA 501](#) *Audit evidence—specific considerations for inventory and segment information* at paragraph 4
- › perform roll-forward procedures for the period between the stocktake date and year end: see [ASA 330](#) at paragraph 22 and [ASA 501](#) at paragraph 5
- › perform a test of details to verify the valuation of inventory at the lower of cost and net realisable value and any stock obsolescence: see [ASA 330](#) at paragraphs 18 and 21 and [AASB 102](#)
- › perform inventory cut-off procedures: see [ASA 330](#) at paragraph 18, and
- › execute audit procedures to document and obtain sufficient evidence from stocktake attendance: see [ASA 230](#) at paragraph 9.

Systems of quality management

For one file we reviewed, we identified two other findings concerning poor audit quality management and compliance with Australian auditing standards.

The auditor, from a small audit firm, failed to evidence their compliance with ethical and independence obligations in accordance with Australian Auditing Standard [ASA 220](#) *Quality management for an audit of a financial report and other historical financial information* or Accounting Professional and Ethical Standard [APES 110](#) *Code of ethics for professional accountants (including independence standards)*, including:

- › identifying, evaluating or addressing threats to compliance with ethical requirements, including independence
- › obtaining confirmation from engagement staff of their compliance with ethical requirements and independence
- › performing any procedures for the acceptance or continuance of the client relationship and audit engagement, and
- › documenting their assessment of threats to independence and application of safeguards to threats identified.

The auditor also did not conduct the audit in accordance with a number of required and fundamental Australian auditing standards.

Improving compliance with independence and quality management requirements

In complying with independence requirements, auditors must provide directors of companies, registered schemes and RSEs with a written declaration under section 307C of the Corporations Act that to the best of their knowledge and belief they have not contravened the independence requirements of the Corporations Act or the applicable code of professional conduct in carrying out the audit.

Before accepting audit engagements and in evaluating continuance on audit engagements, auditors are required to evaluate and ensure compliance with their independence requirements, including but not limited to:

- › requirements under section 540 of APES 110 on long association of personnel (including partner rotation) with an audit client and ensure they do not act in the role of the engagement partner, the individual responsible for the engagement quality review or any other key audit partner role for more than seven cumulative years, and
- › general requirements for independence under Subdivision A of Division 3 of Part 2M.4 of the Corporations Act, which requires auditors to identify conflict of interest situations and take action to ensure they cease to exist.

Auditors must:

- › obtain and document annual independence confirmations from relevant engagement team members in accordance with Australian Auditing Standard [ASQM 1](#) *Quality management for firms that perform audits or reviews of financial reports and other financial information, or other assurance or related services engagements* at paragraph 34(b)

- › identify and evaluate independence threats and apply appropriate safeguards in accordance with APES 110 at section 120
- › assess the significance of individual engagement fees relative to total audit revenue and total firm revenue when evaluating threats to independence in accordance with APES 110 at section 410, and
- › assess current and former business, personal and employment relationships with audit clients when evaluating threats to independence in accordance with APES 110 at section 520.

In complying with quality management requirements, auditors must ensure they have adequate policies and processes in place to ensure audit files are archived in a timely manner in accordance with [ASA 230](#).

Other findings

Other audit findings

From our audit surveillances, we identified six other findings where our concerns did not relate to a risk of material misstatement. However, in our view, they warranted reporting to the auditor and company directors. These other findings included where:

- › one auditor from Deloitte did not:
 - assess the relevance and reliability of external information
 - sufficiently review workpapers and expert reports to ensure they were accurate, consistent and supported audit conclusions, and
 - assess the relevance of certain IT systems as part of risk assessment procedures
- › one auditor from PwC did not:
 - ensure the population used to test an approval control was complete, and
 - adequately document the nature and extent of procedures performed relating to a control, revenue recognition, rebate calculations and offsetting of a trade receivable credit balance
- › one auditor from Grant Thornton did not perform sufficient audit procedures over related party transactions, including identifying all transactions, assessing the arm's length nature of transactions, and ensuring completeness of related party transaction disclosures, and
- › one auditor from a small audit firm did not perform sufficient audit procedures to support the classification and carrying value of financial assets.

Improving the sufficiency of audit evidence

Auditors must perform procedures to obtain sufficient evidence to support their audit opinion and ensure they clearly record the procedures performed, evidence obtained and conclusions reached, including:

- › understanding the entity's system of internal control, including information systems and their controls: see [ASA 315](#) at paragraphs 25-27

- › obtaining an understanding of an entity's significant classes of transactions, account balances and disclosures, including financial report classifications: see ASA 315, Australian Accounting Standard [AASB 101 Presentation of financial statements](#) and Australian Accounting Standard [AASB 107 Statement of cash flows](#)
- › obtaining an understanding of related party relationships and transactions and undertaking appropriate audit procedures to verify the completeness and accuracy. This includes confirming management assertions that transactions were on commercial terms and at arm's length: see Australian Auditing Standard [ASA 550 Related parties](#)
- › considering the relevance and reliability of audit evidence obtained, including its source, nature and the circumstance under which it was obtained: see [ASA 500](#) at paragraphs 7 and A35
- › performing audit procedures to evidence the completeness of populations which are to be tested using sampling: see ASA 500 at paragraphs 9(a) and 10 and [ASA 530](#) at paragraph A5, and
- › supervising and reviewing the work of members of the engagement team: see [ASA 220](#) at paragraphs 9, 15 and A23.

Audit documentation

We identified 17 other findings where our concerns related to the adequacy of audit documentation. Across these other findings, there was scope for the auditor to improve the quality of their audit documentation to more clearly capture the nature and extent of procedures performed and significant professional judgements made during the audit and in support of conclusions reached.

Areas where audit documentation could be improved included:

- › one auditor from BDO did not adequately document their consideration of the standalone pricing of performance obligations in bundled contracts
- › one auditor from Deloitte did not sufficiently document a thorough understanding of the varying sales arrangements that may impact revenue recognition, the rationale for why completeness of discount and rebates was not tested, the reliability of the customer order listing used to test completeness of revenue, and the correct figures for the interim receivables balance for one revenue stream
- › one auditor from Ernst & Young did not adequately document the audit procedures performed in testing controls, opening balances, reconciliations and ensure that working papers were complete, including adequate supervision and review of the engagement team
- › one auditor from Grant Thornton:
 - did not sufficiently document the factors they considered when they determined that no individual revenue transactions were risky and therefore required separate testing, and did not sufficiently challenge one of management's key judgements in the expected credit loss model
 - did not sufficiently document their inherent risk assessment, key characteristics of new lease agreements, and whether identified errors required extrapolation, and
 - must enhance their documentation of their understanding of the payroll environment to include relevant terms and conditions of the enterprise agreement
- › one auditor from KPMG did not sufficiently document their:
 - consideration of whether contracts with customers could contain implied contract terms, and

- challenge and analysis of three assumptions used by management in the impairment model for the company's US operations
- › one auditor from PwC did not adequately document their evaluation of:
 - the appropriateness of the entity's revenue recognition policy for a number of material revenue streams and substantive test results, and
 - key judgements in the impairment assessments, including outer year revenue growth assumptions, management's forecasting ability and consideration of company-specific risk premiums in the discount rates
- › one auditor from PwC did not have sufficient documentation supporting the appropriateness of their reliance on the other audit team's sustainability assurance work over impacts of the 'safeguard mechanism' on the impairment test
- › one auditor from a mid-tier audit firm did not adequately document:
 - their rationale for why revenue cut-off was not tested and also did not select an appropriate materiality benchmark, and
 - how they obtained comfort over the completeness of the journal entry population
- › one auditor from a small audit firm:
 - did not document the basis of the reasonableness of a key assumption used in a value-in-use model
 - must enhance their documentation of their risk assessment procedures for the entity's governance and risk management, and
 - must enhance their documentation of their assessment procedures relating to the design and implementation of controls over journal entries and journal entry testing audit procedures performed, and
- › one auditor from a small audit firm did not adequately document fraud enquiries, the basis for determination of sample sizes and communication to management of a control deficiency. For journal entry testing, the auditor did not adequately document their assessment of high-risk criteria, thresholds/exclusion of high-value items and completeness of the population.

Improving the quality of audit documentation

When preparing audit documentation, auditors must comply with the requirements of [ASA 230](#) and Australian Auditing Standard [ASA 300](#) *Planning an audit of a financial report* by ensuring they clearly record audit procedures performed and audit evidence obtained, including:

- › the overall audit strategy and audit plan, including setting out the scope, timing and direction of the audit
- › their understanding and assessment of significant classes of transactions, such as revenue, particularly where there are multiple revenue streams and performance obligations
- › the nature and extent of key procedures performed in testing account balances, including characteristics of specific items or matters tested, such as evaluating when performance obligations are met in recognising revenue, and
- › significant professional judgements made during the audit, such as considerations in relation to assessing the fair value of intangible assets or the impact of new product launches on the valuation of existing products.

Auditors' compliance with independence and conflicts of interest

Auditor independence is fundamental to audit quality and confidence in financial reporting. In October 2025, we completed a review into auditors' compliance with their independence and conflicts of interest obligations: see [REP 817](#).

Under the Corporations Act auditors are subject to prescriptive independence requirements relating to auditor rotation and prohibited relationships between auditor and client and general independence requirements relating to conflicts of interest. In REP 817, we detailed likely breaches of the prescriptive independence requirements and a narrow approach to the general independence requirements and calls to action.

Independence in appearance is important for auditor independence. Auditors should consider not only whether they are independent in fact, but also whether a reasonable and informed third party would perceive their independence to be impaired.

Firm responses

In 2025-26, we asked the six largest audit firms to undertake self-assessments and develop action plans to address individual firm findings, and our findings and calls to action in [REP 817](#). Our findings and observations identified potential breaches of auditor independence requirements, inadequate consideration of threats from non-audit services, long associations, client relationships, independence in appearance and the combined effect of multiple threats.

We evaluated the adequacy of each audit firm's self-assessment and the effectiveness of their action plans in responding to REP 817's findings, calls to action and specific findings to each firm.

Based on the results of our initial evaluation we asked the audit firms to re-evaluate their self-assessments and action plans to further address the underlying root causes of the findings, consider whether similar issues existed across other engagements, strengthen engagement-level independence practices, appropriately address independence in appearance and how actions and changes will be monitored on an ongoing basis to assess their continued effectiveness.

What we found

We observed that audit firms generally acknowledged the importance of auditor independence and have taken steps to respond to the findings. Table 2 details actions that are representative of the key improvements nominated by the firms to improve their independence practices as a result of our review. In some cases, individual firms may not have identified a particular action because substantially similar processes or controls were already established.

Table 2: Audit firm actions to improve independence practices

Actions	Number of audit firms
Governance and accountability (tone from the top)	
Formally communicate ASIC's findings firm wide, including reinforcing the importance of independence and ethics	6
Create an independence dashboard for regular review by the board and/or risk committee	3
Appoint an 'independence lead partner' with firm-wide oversight and reporting responsibilities	2
Short-term remediation	
Conduct a root cause analysis of identified issues and/or possible risks to the operative effectiveness of current processes and controls	6
Conduct a firm-wide risk-based independence review of the firm's other engagements covering rotation, relationships and non-audit services	6
Rectify ASIC's firm-specific findings	4
Engagement-level controls	
Redesign independence working papers to require judgement-based documentation and automatically trigger consultation where there are, for example, changes in circumstances, long associations with clients or new independence threats	4
Require mandatory engagement partner sign-off of independence working papers with documented rationale	4
Proactively monitor for former firm partners on client boards and require mandatory independence assessments	4
Provide guidance on evaluation of threats to independence and fit for purpose safeguards	3
Firm-level monitoring and self-assessment	
Deliver enhanced independence training focusing on topics relating to ASIC's findings	6
Create a dedicated role to evaluate the impact of non-audit services for each audit engagement	4
Establish targeted internal independence inspections	4
Implement a centralised independence tracking system with automated alerts	3
Re-assess internal consultation processes and define criteria for matters to trigger reporting to ASIC	3

Looking ahead

We expect that audit firms treat independence as a core audit quality issue rather than a compliance exercise. The implementation of policies, controls, systems, tools and training does not, of itself, demonstrate effectiveness. Actions should result in meaningful improvements in engagement-level behaviours and compliance with independence requirements, including independence in appearance.

We will continue to monitor the implementation and effectiveness of these action plans and the firms' independence practices through our engagement and our audit surveillance activities.

Independence actions identified in our audit surveillances

In our 2025-26 audit surveillance program, we selected three audit files to review where we had concerns about the independence of the audit partner and/or audit firm. In addition to the audit firm action plans, we identified actions taken on these audit files to address our independence concerns:

- › for the Deloitte audit file, the lead partner was subject to rotation requirements, rotating off after the current year audit
- › for the Grant Thornton audit file:
 - the firm prepared an additional independence memo addressing a number of the findings in [REP 817](#), including the cumulative tenure of the audit firm, lead partner and all engagement staff, and noting the implementation of additional safeguards. This memo was reviewed and signed off by the Head of Independence and Quality, and
 - a second audit partner was assigned to review key judgements and estimates for the current year audit, and an engagement quality reviewer will be appointed from the subsequent year audit, and
- › for the PwC audit file, the engagement team documented their consideration of the specific independence concerns that we had raised, including assessing the threat to independence posed by former audit firm staff employed at the audit client.

Remediation of audit surveillance findings

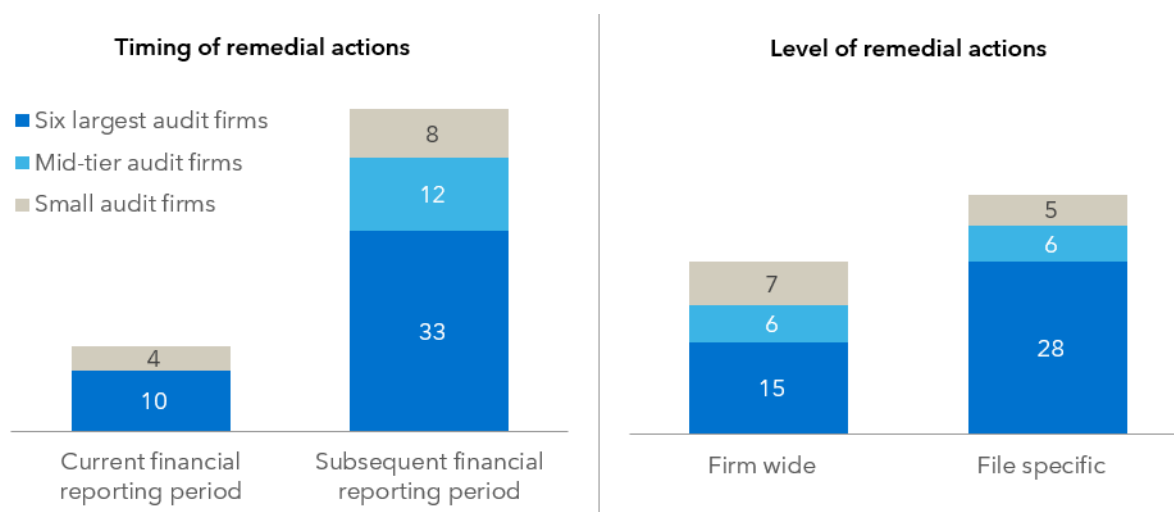
An integral part of our audit surveillance program is the requirement for auditors to provide the actions they propose to take to remediate our audit surveillance findings, or to justify why remediation is not required. These proposed remedial actions are required to address the specific concerns in our findings.

Firm responses

In 2025-26, we issued 15 comment forms with 42 findings to auditors from 11 audit firms. Of these 42 findings, auditors proposed remedial actions for all 17 audit findings and 23 of 25 other findings.

The proposed remediation comprises actions to be performed in both the current and subsequent financial reporting period as well as at both the firm and file level: see Figure 4 for a breakdown of the timing and level of remedial actions.

Figure 4: Breakdown of remedial actions by firm size



Note: See Table 7 for the data shown in this figure (accessible version).

Specific actions proposed by auditors to remediate our surveillance findings are provided in Table 3.

Table 3: Specific remedial actions

File specific	Firm wide
Auditors proposed to: › remediate the surveillance findings in the current audit file › address the surveillance findings in the subsequent audit › change the audit approach for the subsequent audit, and › obtain additional documentation in the subsequent audit.	Audit firms proposed to: › change, update, improve or create new audit templates and/or workpapers › provide training to staff › change, update or improve existing guidance and/or audit methodology › conduct root cause analysis › reinforce existing guidance/training › review and/or enhance existing audit procedures, and › communicate surveillance findings to staff.

What we found

Overall, most of the remedial actions proposed by auditors were sufficient, well considered and adequately addressed the nature and significance of the audit findings.

The most common remedial actions were to address the specific findings in the subsequent audit, change, update, improve or create new audit templates and/or workpapers and provide training to staff.

What we expect

We expect auditors to continue to be proactive in taking steps to improve audit quality.

At a minimum, we expect auditors and audit firms to:

- › conduct internal quality reviews of audits and identify the root causes of our audit surveillance findings
- › implement action plans to address our concerns in a meaningful way and on a timely basis, and
- › ensure there is an adequate level of accountability within the firm for remediating findings. For example, linking findings to the remuneration of senior personnel where relevant.

For further guidance on initiatives auditors could undertake to improve audit quality, including examples, see Information Sheet 222 *Improving and maintaining audit quality* ([INFO 222](#)).

Looking ahead

In 2026-27, we will be contacting auditors and requesting confirmation that the proposed 2025-26 remedial actions have been completed and to provide supporting evidence or a commitment on when outstanding actions will be completed.

Where we are not satisfied that the auditor has taken appropriate remedial action, we can consider issuing an audit deficiency report under section 50C(1) of the ASIC Act.

We will report on the outcomes and status of remedial actions monitoring in our 2026-27 surveillance report.

Enforcement and compliance activity and outcomes

Financial reporting and auditor misconduct, including the failure to lodge financial reports on time, are key [ASIC enforcement priorities](#) in 2026. These priorities reflect that accurate and timely financial reporting is essential to informed investor and creditor decision making and to maintaining confidence in the integrity of Australia's financial system.

We use a combination of administrative actions, disciplinary proceedings and court enforcement to address misconduct. This approach reinforces the obligations of companies, directors and auditors to maintain high-quality financial reporting and audit practices.

Since 1 July 2025, ASIC has taken enforcement and compliance action against 16 auditors, 3 directors and 57 companies.

Auditor misconduct

Auditors play a critical role in giving investors and other users of financial reports confidence that they have a clear view of a company's position and performance. This is vital for maintaining trust and confidence in the financial system. Auditors must perform their duties with skill, professionalism and independence.

We will pursue auditors who fall short in meeting the standards required of them, and seek consequences proportionate to the seriousness of the conduct.

ASIC can take a range of actions against auditors, including Federal Court proceedings and Company Auditor Disciplinary Board (CADB) actions. These actions are used to address alleged auditor misconduct, including failing to perform the duties of an auditor, and independence and conflict-of-interest concerns. We may also accept an auditor's application to voluntarily cancel their company auditor registration; however, this does not limit our ability to take further enforcement action where we have identified concerns.

Since 1 July 2025, we have:

- › commenced Federal Court proceedings against three auditors and two related authorised audit companies, alleging serious audit failures, and
- › made applications to the CADB, resulting in the cancellation of two auditors' registrations and the suspension of one auditor's registration.

Recently, the Federal Court dismissed an appeal by a former registered company auditor, leaving in place a disciplinary decision cancelling his registration as a company auditor.

CASE STUDY: AUDITEO AUSTRALIA, AJM KHAN AND BRIAN TAYLOR

- › ASIC has commenced Federal Court proceedings against authorised audit company Auditeo Australia Pty Ltd and auditors Ajm Didarul Islam Khan and Brian Robert Taylor. The central allegation is that they did not take all reasonable steps to ensure that audit reports they prepared for First Guardian Master Fund (First Guardian) were not materially false or misleading.
- › The financial audit reports asserted that the financial statements of First Guardian gave a true and fair view of First Guardian's financial position and the compliance plan audit reports asserted that the responsible entity had complied with the scheme's compliance plan.
- › A key concern is whether the auditors conducted the audits in accordance with Australian auditing standards – that is, obtaining sufficient and appropriate audit evidence to draw reasonable conclusions on which to base their opinions. These proceedings underscore the importance of audit quality in fostering confidence in financial reporting.

Auditor independence

Audit quality extends beyond the audit procedures performed. Auditor independence, including independence in appearance, is fundamental to high-quality audits. It underpins stakeholder trust and confidence in the audit process and in the reliability of an entity's financial statements.

Following our [REP 817](#) surveillance, one firm (including its current members and two former members) has entered court enforceable undertakings for rotation and quality management failures. We have issued infringement notices to another firm for prohibited non-assurance services. We accepted the voluntary cancellation of three auditor registrations after we raised concerns about their compliance with independence obligations. We have also secured corrective actions from a number of audit firms.

CASE STUDY: JOHN OWENELL, DOUGLAS TROOD AND ALLAN DONALD

- › We accepted the applications of John Gordon Owenell, Douglas Trood and Allan William Donald for the cancellation of their registrations as company auditors.
- › All three auditors were involved in four large proprietary audits (including as lead auditor and engagement partner) while maintaining long associations with the clients and concurrently or previously holding key positions with the clients. Further, two of the auditors (Owenell and Donald) also performed prohibited non-audit services for the clients.
- › These matters highlight the need for auditors to identify and appropriately address relationships and circumstances that may compromise, or be perceived to compromise, their independence and conflict of interest requirements under the Corporations Act and [APES 110](#).

Financial reporting

Accurate, accessible and reliable financial information is essential for business and markets to work well. Financial reports are important sources of information for investors, creditors and the broader market and are fundamental to market integrity and the efficient allocation of capital. We expect companies to get their financial reporting right. Where financial reports do not comply with accounting standards, we can take action.

We consider both non-lodgement and persistent late lodgement to undermine market transparency and the integrity of Australia's financial system. Where companies fail to prepare and lodge financial reports, ASIC will take appropriate enforcement action. This includes issuing infringement notices, taking court action and, where it is in the public interest, making applications to wind up companies.

CASE STUDY: NON-LODGE­MENT OF FINANCIAL REPORTS

- › ASIC has adopted a targeted, data-driven surveillance approach to identify companies that fail to meet their reporting obligations. We recognise that timely financial reporting is critical to enabling shareholders, creditors and other stakeholders to make informed decisions.
- › We have taken action against large private and public companies, including issuing infringement notices to entities within the Canva, Mecca, and Visy and Pratt groups for alleged late lodgement of financial reports.
- › In total, ASIC has issued infringement notices amounting to \$9.5 million to 49 companies for alleged failure to lodge financial reports on time. In addition, ASIC court action led to penalties exceeding \$1.6 million being ordered against companies that repeatedly failed to lodge annual reports, alongside other governance failures.

Financial reporting misconduct

Directors and officers must take reasonable steps to ensure the accuracy of a company's financial reporting. Accurate financial information is fundamental to maintaining investor confidence and the integrity of Australia's markets.

ASIC court action resulted in:

- › the Federal Court finding one company director had breached financial reporting and company officer obligations, and
- › the conviction and fining of two directors for their roles in an Australian financial services (AFS) licensee failing to lodge financial statements and auditors' reports.

CASE STUDY: NOUMI LIMITED AND RORY MACLEOD

- › In July 2026, the Federal Court found that former Noumi Limited Managing Director and Chief Executive Officer, Rory Macleod, contravened the Corporations Act. The court found he had breached his duties as a director and officer by failing to exercise reasonable care and diligence, and by failing to take all reasonable steps to secure Noumi's compliance with its financial reporting obligations.
- › ASIC's case concerned Noumi's (formerly Freedom Foods Group Limited) treatment of unsaleable inventory and its recognition of revenue from lactoferrin sales where key conditions had not been satisfied. In particular, the case involved revenue being recognised from lactoferrin invoices despite the product not having been delivered and other conditions for recognising that revenue not having been met.
- › The court found that Mr Macleod knew, or ought to have known, that Noumi's financial reports did not properly reflect the company's inventory and revenue position.

For a list of all ASIC financial reporting and auditor enforcement media releases and news articles, see Appendix 1. Our ongoing enforcement actions relating to misconduct are also included in our [enforcement outcome reports](#). Infringement notices and enforceable undertakings, including the specific reasons for our concerns, are on our [infringement notices register](#) and [court enforceable undertakings register](#).

Auditor reporting to ASIC

Auditors play a pivotal role in the financial reporting chain and are uniquely positioned to identify instances where there may have been a contravention of the Corporations Act. This is recognised by provisions of the Corporations Act, which impose obligations on auditors to notify ASIC of actual and suspected contraventions by companies and/or auditors.

What is required

Auditor reporting obligations have been part of Australian company law for many years. Integral to auditor reporting obligations is the need for timely notification of contraventions and suspected contraventions.

Regulatory Guide 34 *Auditor obligations: Reporting to ASIC* ([RG 34](#)) sets out our guidance on auditors' general reporting obligations to notify ASIC of suspected contraventions under section 311 and section 601HG of the Corporations Act. It also provides guidance for auditor reporting obligations under section 990K of the Corporations Act on contraventions relating to AFS licensees and section 104 of the *National Consumer Credit Protection Act 2009* (National Credit Act) on contraventions relating to Australian credit licensees.

We reissued RG 34 in September 2025 to consolidate and simplify existing guidance on auditor breach notification and contravention reporting obligations to ASIC as well as reflect changes to the law: see [Regulatory guide reissued on auditor reporting obligations to ASIC](#) (18 September 2025). Included in the update was guidance on auditor obligations to report:

- › non-lodgement of annual financial reports, sustainability reports or half-year reports
- › attempts to unduly influence, interfere and mislead the auditor
- › conflicts of interest and circumstances involving relevant relationships as part of an auditor's independence obligations, and
- › the auditor's own suspected contraventions.

What we found

We found that auditors adopted the updated guidance in RG 34 and, as a result, breach reports and contravention notifications (notifications) lodged by auditors in 2025–26 increased almost five-fold.

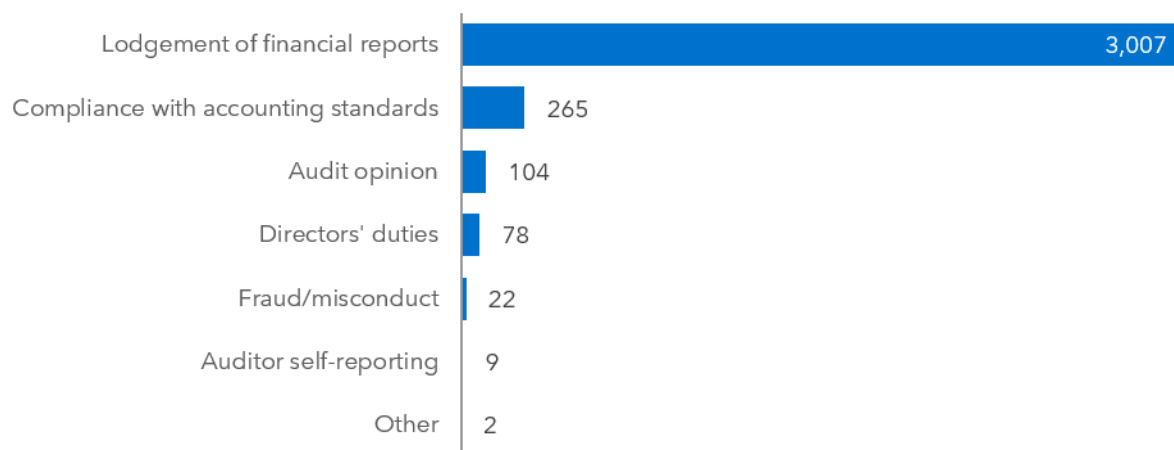
In 2025–26, we received a total of 3,341 notifications from auditors covering 3,487 contraventions. In 2024–25, we received 696 notifications covering 740 contraventions. Over 85% of notifications received were for failure to lodge financial reports. Historically, this issue has only comprised half of the notifications received.

For non-lodgements, we found that by entity type, the majority of these notifications related to proprietary companies, representing over 80% of all non-lodgement notifications.

These notifications are a valuable source of intelligence for our non-lodgement compliance project, supporting our data model with identification and prioritisation of entities that may require further action.

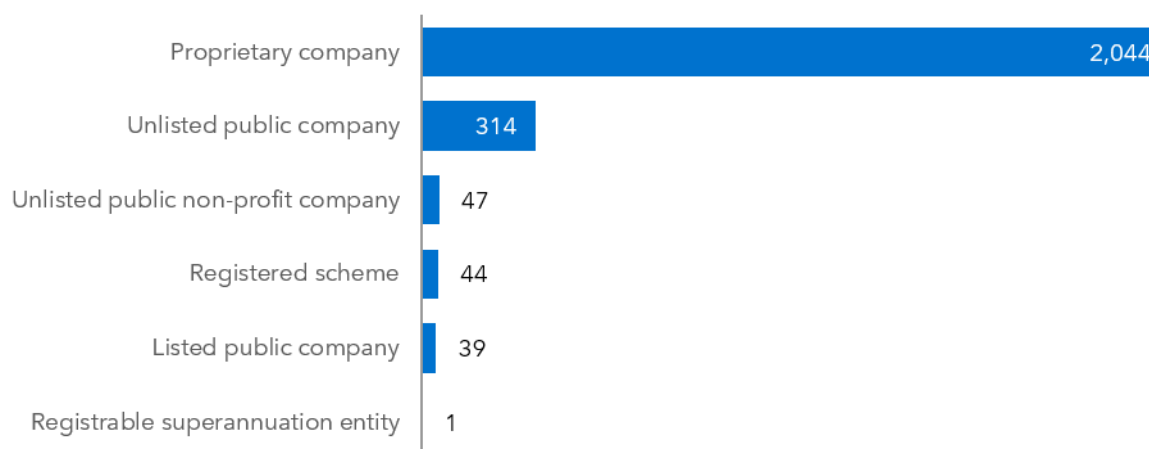
Figure 5 shows a breakdown of the categories of notifications received, excluding notifications related to AFS licensee reportable situations. Figure 6 shows a breakdown of non-lodgement contraventions by entity type.

Figure 5: Number of section 311 contraventions reported by category



Note: See Table 8 for the data shown in this figure (accessible version).

Figure 6: Breakdown of non-lodgement contraventions by entity type



Note: See Table 9 for the data shown in this figure (accessible version).

This year, we received nine notifications from auditors reporting their own, or other auditors', contraventions of the Corporations Act, including where:

- › three auditors breached their rotation requirements by signing a sixth half-year review report for a listed company after having been the lead auditor for five full years already, with no notification of an extension of the audit term
- › one auditor breached their rotation requirements by performing the quality review auditor role for a listed scheme after having been the quality review auditor for five full years already
- › one auditor breached their rotation requirements for two listed companies by not taking into account their time as lead auditor before the companies became listed and, as a result, audited the companies for a total of six and eleven years, respectively
- › one auditor breached their ethical obligations by failing to serve a two-year cooling-off period between being the lead auditor and the quality review auditor of a public interest registered scheme, and

- › one auditor self-reported they had failed to notify us about non-lodgement of financial reports by multiple AFS licensee entities.

In instances where we have formed the view that the contravention or suspected contravention reported by the auditor is significant and unresolved, we may take appropriate regulatory or enforcement action.

Improving auditor reporting to ASIC

We remind auditors of their obligations to report contraventions to ASIC. We take these reports seriously and we will take enforcement action where warranted.

Auditors must:

- › have established processes to manage their auditor reporting obligations and include them in the audit plan and program for each entity subject to an audit
- › be mindful of matters that come to their attention that may indicate reportable contraventions, and
- › notify ASIC of actual or suspected contraventions in a timely manner using our online breach reporting portal.

Auditors must provide sufficient detail in their notification or report so we can understand the nature of the actual or suspected contravention, including, where applicable, if the contravention relates to the financial and/or sustainability report. Examples of suspected contraventions and details on how to lodge auditor breach reports can be found in [RG 34](#).

Improving auditor independence

Before accepting audit engagements and in evaluating continuance on audit engagements, auditors are required to evaluate and ensure compliance with their independence requirements, including but not limited to:

- › **rotation requirements under the Corporations Act** and ensure they do not play a significant role in the audit of a listed company, listed registered scheme or RSE for more than five out of seven successive years and for a maximum extended eligibility term of seven successive years where the auditor's term has been extended by special resolution of the directors.

For an extension to be valid, the approval granted by directors must comply with specific conditions designed to protect auditor independence and safeguard the quality of the audit, and notification of the extension must be lodged with ASIC.

In assessing the length of time that they played a significant role, include any periods prior to the entity becoming listed, and

- › **requirements under section 540 of APES 110 on the long association of personnel** (including partner rotation) with an audit client and ensure:
 - they do not act in the role of engagement partner, quality review partner or any other key audit partner role for more than seven cumulative years, and
 - serve the appropriate cooling-off period in accordance with APES 110 at paragraphs R540.13-AUST R540.22.1.

Auditors must ensure they have systems, policies and procedures in place to track and support compliance with their obligations.

Appendix 1: Enforcement and compliance media releases and news items

Financial reporting

- › [ASIC restricts Keybridge and Yowie Group from issuing reduced-content prospectuses](#) (28 August 2025)
- › [25-278MR](#) Infrabuild companies pay infringement notices for failing to lodge financial reports on time (19 November 2025)
- › [25-281MR](#) Sheffield Insurance directors convicted and fined over a five-year financial reporting failure (24 November 2025)
- › [25-298MR](#) ASIC issues over \$2.2 million in infringement notices to 12 large proprietary companies for alleged failure to lodge financial reports (11 December 2025)
- › [26-041MR](#) ASIC files Court action to wind up Liberty Bell Bay after failures to lodge financial reports (6 March 2026)
- › [26-057MR](#) Mecca companies pay \$594,000 in infringement notices for failing to lodge financial reports on time (31 March 2026)
- › [26-058MR](#) Three public companies fined more than a million dollars for breaching financial reporting and company officer obligations (1 April 2026)
- › [26-075MR](#) Viva Energy reassesses accounting approach after ASIC review, resulting in \$25 million impairment (13 April 2026)
- › [26-082MR](#) Pure Foods Tasmania reduces \$4.5 million in deferred tax assets following ASIC review (24 April 2026)
- › [26-087MR](#) ASIC discontinues winding up proceedings against Liberty Bell Bay (30 April 2026)
- › [26-090MR](#) Canva Group pays \$792,000 in infringement notices for failing to lodge financial reports on time (6 May 2026)
- › [26-111MR](#) Fashion and beauty retailers trading under the Zara, H&M and Sephora brands pay \$596,000 in infringement notices for failing to lodge financial reports on time (4 June 2026).
- › [26-166MR](#) Federal Court finds former Noumi CEO breached directors' duties and financial reporting obligations (22 July 2026)
- › [26-188MR](#) ASIC warns companies to lodge financial reports on time after Mainfreight Group pays \$594,000 in infringement notices (10 August 2026)
- › [26-192MR](#) Recruitment firm Hudson Global Resources (Aust) Pty Ltd fined \$270,000 for breaching financial reporting obligations (12 August 2026)
- › [26-252MR](#) Visy and Pratt companies pay over \$4.1 million in infringement notices for failing to lodge financial reports on time (21 October 2026)

Infringement notices, including the specific reasons for our concerns, are on our [infringement notices register](#).

Auditor

- › [25-195MR](#) ASIC accepts cancellation of company auditor registration for independence failures (5 September 2025)
- › [25-221MR](#) Nexia Perth Audit pays penalty because of alleged prohibited non-assurance services provided by firm (1 October 2025)
- › [25-223MR](#) ASIC accepts three court enforceable undertakings for auditor rotation failures at Hall Chadwick (NSW) (2 October 2025)
- › [25-247MR](#) Auditor of United Global Capital and related entities cancelled by Companies Auditors Disciplinary Board (24 October 2025)
- › [25-309MR](#) CADB cancels registration of Sydney auditor for breaching duties across 10 ASX-listed audits (18 December 2025)
- › [25-317MR](#) ASIC sues BDO Audit and its director Dean Just alleging materially false or misleading audit reports (22 December 2025)
- › [26-083MR](#) ASIC accepts cancellation of company auditor registration after raising independence concerns (24 April 2026)
- › [26-134MR](#) Registered Company Auditor John Gordon Owenell hands in registration following independence concerns raised by ASIC (26 June 2026)
- › [26-175MR](#) ASIC sues Auditeo and auditors over alleged First Guardian audit failures (31 July 2026)
- › [26-218MR](#) CADB suspends registration of former PKF Brisbane auditor Cameron Bradley for breaches across 3 managed investment scheme audits (15 September 2026)
- › [26-237MR](#) Full Federal Court dismisses appeal by former auditor Reginald Lance Williams (9 October 2026)
- › [26-254MR](#) ASIC accepts cancellation of company auditor Benjamin Peters' registration after audit surveillance (23 October 2026)

Ongoing enforcement actions relating to misconduct are also included in our [enforcement outcome reports](#).

Appendix 2: Roles and responsibilities

Audit committees, directors and preparers of financial reports

Audit committees, directors and preparers of financial reports have a critical and ongoing role in supporting quality financial reporting and audits, and it is in their interest to support the audit process. The Corporations Act sets out the responsibilities of directors.

Figure 7: Foundational elements to support high-quality financial reports



High-quality and timely financial information supported by robust position papers with appropriate analysis and conclusions referencing relevant accounting standards, particularly in areas that have significant estimation uncertainty and judgement (e.g. asset values, revenue recognition and provisions)



Adequate resources, skills and expertise in the reporting process. Appropriate attention should be given to resourcing requirements, including attracting, developing and maintaining high calibre accounting professionals.



Timely, clear, effective communication with the auditor addressing risks affecting the information in the financial report



Robust auditor selection processes with accountable procedures, appropriate audit fees and clear communication channels between the auditor and the audit committee

Note: For more information, see Information Sheet 196 *Audit quality – The role of directors and audit committees* ([INFO 196](#)) and Information Sheet 223 *Audit quality – The role of others* ([INFO 223](#)).

Audit firms and auditors

All audit firms (regardless of size) and auditors should review the findings in this report carefully and focus on these areas in future audits. The Corporations Act and [ASA 220](#) set out auditors' responsibilities.

Figure 8: Foundational elements to support the delivery of high-quality audits



A system of quality management that complies with [ASQM 1](#)



A strong culture focused on ethics, independence and audit quality, with accountability at all levels of partners and staff



Transparency reports that are clear and concise and inform the market about the firm's audit quality



Effective communication with audited entities that they should present, analyse and document their conclusions supported by relevant specific accounting standards, particularly in areas of judgement and estimation uncertainty



Adequately resourced audits with the right skills and expertise, including robust supervision and review, to identify and address contentious issues early and minimise deadline pressures



Effective quality reviews of audits using appropriately skilled engagement quality reviewers



Identifying and addressing the root causes of audit findings, **remediating findings** to ensure sufficient audit evidence is obtained in future audits and **developing, implementing, continually monitoring and revising** action plans to ensure they are effective and sustainable



Established processes to **manage auditor reporting** obligations and notify ASIC of actual or suspected contraventions in a timely manner

Note: For more information, see [INFO 222](#) and Information Sheet 184 *Audit transparency reports* ([INFO 184](#)).

Appendix 3: Overview of our surveillance approach

Surveillance approach

We adopt an integrated, risk-based approach to targeting financial reports for review and audit files for surveillances. Our approach recognises and leverages the financial reporting chain and the important roles played by financial report preparers, directors and auditors.

Our risk-based targeting uses financial reporting metrics as well as internal and external intelligence, reports of misconduct and media reporting; see Figure 9. In addition to the risk-based targeting, our audit surveillance selections also include:

- › where we identify concerns from our financial report reviews and financial report surveillances
- › where we identify concerns about auditors' compliance with their independence and conflict of interest obligations, and
- › files from a random selection process.

Figure 9: Components of risk-based targeting



Once selected, a financial report is subject to a desk review. Where we identify concerns, we commence a surveillance of the financial report and contact the directors to make inquiries. We issue media releases when a company makes a material change to information previously provided to the market following our surveillance inquiries.

Our audit surveillances focus on key audit areas. We issue comment forms setting out our concerns and ask auditors for their written responses including identifying remedial actions they intend to take to address our findings.

We separately communicate the outcomes of our audit surveillances to the directors of each company. This included sharing the comment forms we issued together with the auditor's responses and any remedial actions they intend to take in response to our findings, or where we closed an audit surveillance without any findings.

Information Sheet 224 *ASIC financial reporting and audit surveillances* ([INFO 224](#)) sets out the details of the objective, scope and processes of our financial reporting and audit surveillance program, including enforcement actions we may pursue.

External panel

We consulted an independent external panel who reviewed and provided feedback on drafts of this report, including the analysis, presentation and conclusions of our surveillance findings.

The panel consisted of Mr Des Pearson AO, Ms Merran Kelsall AO and Ms Dianne Azoor Hughes. All panel members have extensive qualifications and experience in business, accounting and audit, and are considered independent of the audit firms and professional accounting bodies.

Population and our coverage

Around 29,000 entities are required to lodge financial reports with ASIC. Most entities that we review in any given year are chosen from those listed on ASX. We also select some non-listed entities that are important to the economy but are not traded on public markets, such as large proprietary companies.

The total number of ASX-listed entities during the year was about 2,300, including exchange traded funds (ETFs) and entities incorporated in foreign jurisdictions. These ETFs and foreign incorporated entities are not a primary focus for our financial reporting and audit program and are excluded from our risk-based targeting. As a result, the population of ASX-listed entities from which we selected our reviews during the year was about 1,800.

There are about 2,800 registered company auditors and 200 authorised audit companies registered in Australia. Of these, about 500 registered company auditors and 30 authorised audit companies audit one or more listed entities.

As part of our financial reporting surveillance activities, we reviewed 311 company financial reports, of which 245 were ASX-listed entities and 66 were unlisted entities considered to be of public interest. These financial reports covered 25 industry groups with financial years ending from 30 June 2024 to 31 December 2025.

We conducted surveillances on the financial reports of 30 companies. As a result of our inquiries, 16 companies have made or agreed to make changes to 20 areas of concern in their financial reports.

We selected six audit files for surveillances where we identified concerns from our financial report reviews and financial report surveillances. This included where a change had been made to the financial report following our financial reporting surveillance or where we considered there may be a risk of material misstatement. Three audit files were selected where independence concerns had been raised about the signing partner from our work on auditor independence and conflicts of interest and 10 audit files were randomly selected. Our audit surveillances related to audits of financial reports covered 10 industry groups with financial years ending from 31 July 2024 to 30 June 2025.

Of the 19 company audit surveillances we conducted, 4 of the audit surveillances had no findings, 3 audit surveillances had only audit findings, 9 audit surveillances had both audit findings and other findings, and 3 surveillances had only other findings.

Appendix 4: Accessible versions of figures

Table 4: Financial reporting surveillance findings by area of concern

Issue	Findings
Operating and financial review	10
Impairment and asset values	5
Financial report disclosures	3
Deferred tax	1
Employee benefits	1

Note: This is the data shown in Figure 1.

Table 5: Audit surveillance outcomes by firm size

Findings	Six largest audit firms	Mid-tier audit firms	Small audit firms
No findings	3	1	0
Audit findings only	1	1	1
Audit and other findings	7	1	1
Other findings only	2	0	1

Note: This is the data shown in Figure 2.

Table 6: Audit findings by key audit area

Key audit area	Findings
Revenue and receivables	6
Impairment and asset values	5
Investments and financial instruments	2
Other	4

Note: This is the data shown in Figure 3.

Table 7: Breakdown of remedial actions

Timing	Six largest audit firms	Mid-tier audit firms	Small audit firms
Current financial reporting period	10	0	4
Subsequent financial reporting period	33	12	8

Level	Six largest audit firms	Mid-tier audit firms	Small audit firms
Firm wide	15	6	7
File specific	28	6	5

Note: This is the data shown in Figure 4.

Table 8: Number of section 311 contraventions reported by category

Issue	12 months to 30 June 2026
Lodgement of financial reports	3,007
Compliance with accounting standards	265
Audit opinion	104
Directors' duties	78
Fraud/misconduct	22
Auditor self-reporting	9
Other	2

Note: This is the data shown in Figure 5.

Table 9: Breakdown of non-lodgement contraventions by entity type

Entity type	12 months to 30 June 2026
Proprietary company	2,044
Unlisted public company	314
Unlisted public non-profit company	47
Registered scheme	44
Listed public company	39
Registrable superannuation entity	1

Note: This is the data shown in Figure 6.

Key terms and related information

Key terms

26-098MR (for example)	An ASIC media release (in this example number 26-098)
AASB 9 (for example)	An accounting standard issued by the Australian Accounting Standards Board (in this example numbered 9)
accounting standards	Standards issued by the Australian Accounting Standards Board under section 334 of the Corporations Act
AFS licensee	A person who holds an Australian financial services licence under s913B of the Corporations Act
APES 110 (for example)	A standard issued by the Accounting Professional and Ethical Standards Board (in this example numbered 110)
ASA 200 (for example)	An auditing standard issued by the Auditing and Assurance Standards Board (in this example numbered 200)
ASIC	Australian Securities and Investments Commission
ASIC Act	<i>Australian Securities and Investments Commission Act 2001</i>
audit finding	Where, in our view, auditors did not obtain reasonable assurance that the financial report as a whole was free of material misstatement
auditing standards	Standards issued by the Auditing and Assurance Standards Board under section 336 of the Corporations Act
auditor	An individual registered company auditor, the lead auditor (as defined under section 324AF(1) of the Corporations Act) of an audit firm, or the lead auditor of an audit company
CEDS	Consolidated Entity Disclosure Statement
CGU	Cash generating unit
Corporations Act	<i>Corporations Act 2001</i> , including regulations made for the purposes of that Act
financial reporting chain	The people and processes involved in the preparation, approval, audit, analysis and use of financial reports
financial reporting finding	Where an entity subsequently changed their financial information or restated their financial report, following an ASIC financial reporting surveillance
four largest audit firms	Large firms that audit listed entities with the largest aggregate market capitalisation. These firms may operate through national partnerships, an authorised audit company or a national network of firms. They are Deloitte Touche Tohmatsu Australia, Ernst & Young Australia, KPMG Australia and PricewaterhouseCoopers Australia.
INFO 184 (for example)	An ASIC information sheet (in this example numbered 184)
key audit area	An area of an audit selected for review by ASIC on a risk basis that generally related to a financial statement line
National Credit Act	<i>National Consumer Credit Protection Act 2009</i>

OFR	The operating and financial review required by section 299A of the Corporations Act to be prepared as part of the directors' report by all listed entities
other finding	Where we concluded there were no concerns in relation to risks of material misstatements, but the concerns warranted reporting to the auditor and company directors
REP 817 (for example)	An ASIC report (in this example numbered 817)
RG 34 (for example)	An ASIC regulatory guide (in this example numbered 34)
RSE	Registrable superannuation entity - has the meaning given in section 9 of the Corporations Act, when used in Chapter 2M
scheme	Managed investment scheme - has the meaning given in section 9 of the Corporations Act
six largest audit firms	The largest four audit firms, as above, plus the BDO firms in Australia and Grant Thornton Australia Limited.

Related information

Legislation

Australian Securities and Investments Commission Act 2001, section 50C(1)

Corporations Act 2001, sections 299A, 295(3A)(a), 307C, 311, 601HG, 990K and 1287A

National Consumer Credit Protection Act 2009, section 104

Accounting, Auditing and Ethical standards

For current versions of all standards referred to in the report:

[Australian Accounting Standards Board](#)

[Audit and Assurance Standards Board](#)

[Accounting Professional & Ethical Standards Board](#)

ASIC reports

[REP 817](#) *Building trust: Auditors' compliance with independence and conflict of interest obligations*

[REP 839](#) *ASIC's review of sustainability reports lodged for 31 December 2025*

[REP 841](#) *Accounting for your super: Super fund financial reporting and audit 2025-26*

Regulatory guides

[RG 34](#) *Auditor obligations: Reporting to ASIC*

[RG 247](#) *Effective disclosure in an operating and financial review*

[RG 260](#) *Communicating findings from audit files to directors, audit committees or senior managers*

Information sheets

[INFO 184](#) *Audit transparency reports*

[INFO 196](#) *Audit quality – The role of directors and audit committees*

[INFO 222](#) *Improving and maintaining audit quality*

[INFO 223](#) *Audit quality – The role of others*

[INFO 224](#) *ASIC financial reporting and audit surveillances*

[INFO 284](#) *Public companies to include a consolidated entity disclosure statement in their annual financial report*

Media releases and news articles

[26-075MR](#) *Viva Energy reassesses accounting approach after ASIC review, resulting in \$25 million impairment* (13 April 2026)

[26-082MR](#) *Pure Foods Tasmania reduces \$4.5 million in deferred tax assets following ASIC review* (24 April 2026)

[26-098MR](#) *ASIC sets financial reporting, audit and sustainability focus areas for FY 2026–27* (18 May 2026)

[26-164MR](#) *ASIC reminds Registered Company Auditors of their obligations and outlines stronger oversight* (22 July 2026)

[Regulatory guide reissued on auditor reporting obligations to ASIC](#) (18 September 2025)

[ASIC puts private credit on notice, ahead of 30 June valuations and reporting](#) (18 June 2026)

Other

[ASIC enforcement outcomes](#)

[ASIC enforcement priorities](#)

[ASIC infringement notices register](#)

[Court enforceable undertakings register](#)