



ASIC
Australian Securities &
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30 October 2024

Dear CEO

ASIC's surveillance on auditor independence and conflicts of interest

Today we wrote to Australian registered company auditors to advise them of ASIC's upcoming surveillance activity focusing on auditors' compliance with their independence and conflicts of interest obligations.

The purpose of this letter is to bring to your attention our focus on this area and to request that you take action to support auditors within your firm meeting their independence and conflicts of interest obligations.

Why we are focusing on auditor independence and conflicts of interest

Confidence in the audit profession and quality of audit services underpins the effectiveness of the financial reporting framework in Australia. It is critical to maintaining trust in, and the integrity of, capital markets and enabling investors to make informed decisions.

ASIC's wider program of work in relation to audit quality and financial reporting is described in our [annual financial reporting and audit surveillance report 2023–24](#). This report includes information on some potential issues relating to compliance with independence and conflicts of interest obligations, including those identified as part of our annual financial reporting and audit surveillance program.

These developments have informed our decision to conduct a specific data-driven surveillance on how auditors are complying with their independence and conflicts of interest obligations.

What we are doing

As outlined in our letter to auditors, we are using a range of internal and public data sources to identify potential non-compliance with independence and conflicts of interest obligations.

We intend to engage directly with the relevant auditors at scale, using our compulsory information-gathering powers under the *Corporations Act 2001*, to

inquire into the potential issues identified through our data analysis. At this stage, I can confirm that this is likely to involve auditors within your firm.

For some auditors, our work will include asking for information about the systems and controls they have relied upon to ensure compliance with their independence and conflicts of interest obligations. We expect a number of those systems and controls will be established at the firm level.

Next steps

We encourage you to:

- share and discuss this letter with your board and your executive leadership team; and
- ensure that auditors within your organisation review their compliance with independence and conflicts of interest obligations for current and recent engagements and, as requested in our letter to auditors, notify ASIC of any breaches.

ASIC remains committed to ensuring the strong oversight of auditors and enhancing the integrity and quality of financial reporting and auditing in Australia.

We intend to publish information on the outcomes of our surveillance in the third quarter of 2025.

Yours sincerely

Kate O'Rourke

Commissioner