



ASIC
Australian Securities &
Investments Commission

**Australian Securities
and Investments Commission**

Level 5, 100 Market Street
SYDNEY NSW 2001

Postal Address:
GPO Box 9827
Melbourne VIC 3001

Switch: +61 1300 935 075
www.asic.gov.au

To: Australian registered auditors

30 October 2024

Dear Auditor

Compliance with auditor independence and conflicts of interest obligations

I write to bring to your attention a specific surveillance review ASIC is commencing that will focus on auditors' adherence to independence and conflicts of interest obligations under the *Corporations Act 2001* (Corporations Act).

The obligations include requirements around auditor rotation, relationships between current and former members of audit firms and audited companies, and whether the provision of certain non-audit services may compromise independence or raise conflicts of interest concerns.

This surveillance is part of ASIC's wider, ongoing work to improve the quality of financial reporting and audit in Australia. Confidence in the audit profession and the quality of audit services underpins the effectiveness of our financial reporting framework. It is critical to maintaining trust in, and the integrity of, our capital markets and enabling investors to make informed decisions.

Information about ASIC's wider program, including other actions we've taken in relation to auditors' compliance with independence and conflicts of interest obligations, is in our [annual financial reporting and audit surveillance report 2023–24](#).

ASIC's upcoming surveillance activity

As part of the surveillance, 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 with auditors at scale, using our compulsory information-gathering powers under the Corporations Act, to inquire into the potential issues identified through our data analysis. For some auditors, this will extend to asking for information about the systems and controls they have relied upon to ensure compliance with their independence and conflicts of interest obligations.

Ahead of this surveillance, we encourage you to self-identify and self-report non-compliance with your independence and conflicts of interest obligations. Whether or not you have done so will be one of the factors that ASIC will consider in determining what further action to take in relation to any non-compliance we identify.

We also remind you of your obligations to report to ASIC contraventions and suspected contraventions by the audited entity that you identify in the course of undertaking an audit.

If you have a matter to report to us, you can access information on our website about how to report that matter using ASIC's Regulatory Portal: see [Auditor breach notifications and contravention reporting](#).

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

Yours sincerely

Kate O'Rourke

Commissioner