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 company auditors

22 July 2026

Dear Auditor

Compliance with auditor obligations

I am writing at a time when there is significant focus on the conduct of auditors and audit firms and concerns about trust and confidence in the profession.

Auditors play a key role in Australia's financial market. Investors, consumers and other stakeholders in our financial system rely on quality financial reports to make informed decisions. Auditors play a critical role in giving investors and other users of those 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.

As the regulator of registered company auditors, ASIC is concerned about issues that have been raised about auditors who have not complied with the law and professional and ethical standards to act independently and ethically.

ASIC remains committed to ensuring the strong oversight of auditors and enhancing the integrity and quality of financial reporting and auditing in Australia. This letter outlines the audit-related work that ASIC is undertaking and summarises the obligations that apply to registered company auditors as you carry out your duties.

ASIC has a longstanding surveillance program of reviewing financial reports and audit files. The process for selecting the audit files for review for 2026–27 will include randomly selected files as well as risk-based selection: see Media Release (26-098MR) *ASIC sets financial reporting, audit and sustainability focus areas for FY 2026–27* (18 May 2026).

We have previously written to you about our surveillance of auditor compliance with independence and conflict of interest obligations and we refer you to Report 817 *Building trust: Auditors' compliance with independence and conflict of interest obligations* (REP 817) which sets out our findings and calls to action. We have commenced a separate, specific surveillance examining internal complaints received by large audit firms about their audit practice.

In relation to ASIC enforcement, auditor misconduct is one of our specific enforcement priorities. We will commence investigations where we have sufficient initial concerns regarding a possible breach of the *Corporations Act 2001* (Corporations Act) and we have done so in relation to recently raised allegations. Where we identify sufficient evidence that a registered company auditor has failed to comply with their obligations and meet the standards required of them, we may take enforcement action which can include an application to the Companies Auditors Disciplinary Board seeking cancellation or suspension of their registration, issuing an infringement notice or taking civil action.

Given the importance of these issues, we summarise the obligations that apply when you are carrying out your duties as an auditor. These are:

- **Be independent – Corporations Act requirements**

  You must comply with the specific and general independence requirements of the Corporations Act, including:

  - *rotation* requirements for listed companies, listed registered schemes and registrable superannuation entities
  - not undertaking audits when *relationships* prohibited by the Corporations Act exist, and
  - not undertaking audits if a *conflict of interest* situation exists in relation to the audited body – this means where you are not capable of exercising objective and impartial judgment in relation to the conduct of the audit or where a reasonable person with full knowledge of the all the relevant facts and circumstances would conclude that you are not capable of this.

- **Provide accurate, complete and timely information to ASIC**

  You must comply with the Corporations Act requirement to lodge a statement with ASIC annually on the anniversary of your registration including:

  - providing accurate and complete information about your audit work and any disciplinary action, convictions or adverse findings against you, and
  - lodging the statement on time.

  In 2026–27 we will review auditor's compliance with this obligation.

- **Report relevant matters to ASIC**

  You must comply with requirements in legislation to report contraventions of the relevant law by audited bodies and yourself. This includes notifying ASIC:

  - if you become aware of circumstances that give you reasonable grounds to suspect there has been a contravention by an audited body of s311, 601HG, 990K and 1226H of the Corporations Act or s104 the *National Consumer Credit Protection Act*
  - your own contraventions and suspected contraventions under s311, 601HG and 1226H of the Corporations Act
  - of conflict of interest situations and circumstances involving relevant relationships as part of an auditor's independence obligations under s324CA-CC and s324CE-CG of the Corporations Act
  - of attempts to interfere with proper conduct of an audit, and
  - in a timely and accurate way: see Regulatory Guide 34 *Auditor obligations: Reporting to ASIC* (RG 34).

- **Act ethically – APES 110 *Code of Ethics for Professional Accountants* (APES 110)**

  You must comply with the five fundamental principles of APES 110:

  - Integrity – Act honestly and transparently in all professional dealings and ensure information provided is not misleading while serving the public interest.
  - Objectivity – Maintain impartial judgment by avoiding bias, conflicts of interest, or undue influence, and actively manage threats to independence.
  - Professional Competence & Due Care – Maintain up-to-date knowledge and skills, perform work diligently, and ensure compliance with professional standards through appropriate supervision and review.
  - Confidentiality – Protect sensitive information and only disclose when authorised or legally required, without using it for personal benefit.
  - Professional Behaviour – Comply with applicable laws and standards and conduct yourself in a manner that upholds the reputation of the profession.

ASIC will be initiating twice yearly meetings open to all RCAs where we will discuss our priorities, focus areas, findings and recommendations for good practice and hear from you about any emerging issues and questions you might have.

If you have any queries in the meantime, please send them to auditors@asic.gov.au.

Yours sincerely

Kate O'Rourke
Commissioner
Australian Securities and Investments Commission