



ASIC
Australian Securities &
Investments Commission

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and Investments Commission**

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25 August 2023

Committee Secretary
Joint Committee of Public Accounts and Audit
PO Box 6021
Parliament House
CANBERRA ACT 2600

Dear Committee Secretary

The Australian Securities and Investment Commission (**ASIC**) welcomes the opportunity to provide a submission to the *Inquiry into probity and ethics in the Australian Public Sector (Inquiry)*.

ASIC is committed to meeting the high probity standards expected of Australia's corporate, markets, financial services, and consumer credit regulator. Upholding high standards of probity is fundamental to ASIC's ability to effectively deliver upon its strategic priorities and regulatory mandate.

Within its broader Enterprise Risk Management Framework, ASIC actively manages probity risks through a robust and fit for purpose integrity management framework, overseen by an executive integrity committee.

ASIC welcomed the ANAO review of probity management in financial regulators and worked openly and collaboratively with the ANAO across the audit. The audit found that ASIC's probity management was largely effective, with arrangements structured to manage probity risks and to promote compliance, a framework and arrangements to monitor, report on and provide assurance on probity requirements, and fully or largely complied with most probity requirements.

An extract of the ANAO Report's Audit Snapshot is shown in the figure below:



Figure 1 – Extract of the ANAO Report's Audit snapshot (Auditor General of Australia, 2023)¹

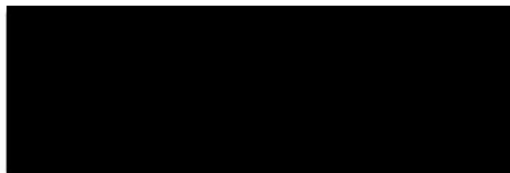
ASIC agreed with, and has actioned, the ANAO Report's only recommendation aimed at managing risks, associated with accepting gifts, benefits, and hospitality from regulated entities. In August 2023, ASIC updated its Disclosure Obligations of ASIC Commissioners Policy to require all hospitality accepted by Commissioners to be recorded in ASIC's internal register (other than routine working lunches or external meetings over coffee). Formerly the policy set a reporting threshold of \$100, which was based on the Australian Public Service Commission's guidance for agency heads on gifts and benefits.

ASIC has also agreed with the five opportunities for improvement identified in the ANAO's report. Four of these, relating to further strengthening ASIC's internal conflicts of interest policy and guidance for managing probity in procurement, as well as including reference to regulatory capture risk and how it is managed in ASIC's corporate plan, have been fully actioned. Actions to address the fifth item, which relates to updating system settings for ASIC's annual staff attestation process to enhance completion rates within the due date, is underway and is expected to be fully implemented by the end of September 2023.

The actions ASIC has already taken in response to the ANAO's audit, together with ongoing activities focussed on continuous improvement will ensure ASIC's probity practices and broader integrity framework will remain efficient, effective, and fit for purpose.

If the Committee requires any further information to assist with this Inquiry, please feel free to contact Jesse Krncevic, Senior Manager – Government Relations and External Affairs at [REDACTED]

Yours sincerely

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Warren Day
Chief Executive Officer