



Parliamentary Joint Committee on Corporations and Financial Services

Report on the 2019-2020 annual reports of bodies
established under the ASIC Act

August 2021

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Recommendations

Recommendation 1

- 2.1 The committee recommends the Takeovers Panel report on the use (or non-use) of its information-gathering powers in its future annual reports.

Recommendation 2

- 2.2 The committee recommends the Companies Auditors Disciplinary Board report on the use (or non-use) of its information-gathering powers in its future annual reports.

Recommendation 3

- 2.3 The committee recommends the Financial Reporting Council be more explicit in its annual report in detailing how its work furthers the achievement of all the objects set out in section 224 of the *Australian Securities and Investments Commission Act 2001*.

Recommendation 4

- 2.4 The committee recommends the Financial Reporting Council either include more detailed information or note that no advice or feedback was given to either the Australian Accounting Standards Board and the Auditing and Assurance Standards Board with respect to the requirements of subsection 235B(2) of the *Australian Securities and Investments Commission Act 2001*.

Chapter 1

Scrutiny of annual reports

Introduction

1.1 Under subsection 243(b) of the *Australian Securities and Investments Commission Act 2001* (ASIC Act), the committee is required:

to examine each annual report that is prepared by a body established by this Act of which a copy has been laid before a House, and to report to both Houses on matters that appear in, or arise out of, that annual report and to which, in the Parliamentary Committee's opinion, the Parliament's attention should be directed.¹

1.2 The committee has examined the annual reports of eight bodies established by the ASIC Act:

- Australian Securities and Investments Commission (ASIC);
- The Takeovers Panel (the Panel);
- Companies Auditors Disciplinary Board (CADB);
- Financial Reporting Council (FRC);
- Australian Accounting Standards Board (AASB);
- Office of the Australian Accounting Standards Board (Office of the AASB);
- Auditing and Assurance Standards Board (AUASB); and
- Office of the Auditing and Assurance Standards Board (Office of the AUASB).²

1.3 The Senate Economics Legislation Committee also considers the above annual reports under Senate Standing Order 25(20). Having examined the 2019–20 annual reports of the agencies, including timeliness and compliance with relevant reporting requirements, the Senate Economics Legislation Committee considers the above annual reports to be apparently satisfactory.³

1.4 Therefore, in conducting its analysis of the annual reports of bodies established under the ASIC Act, the committee focussed on the statutory requirements and did not reconsider the timeliness and presentation requirements.

¹ *Australian Securities and Investments Commission Act 2001*, s. 243(b).

² *Australian Securities and Investments Commission Act 2001*, Parts 2, 10-12.

³ Senate Economics Legislation Committee, *Annual Reports (No. 1 of 2021)*, February 2021, p. 5.

Report structure

1.5 The remainder of the report is structured as follows:

- chapter two examine the annual reports of the Takeovers Panel and CADB;
- chapter three examines the annual reports of the FRC, AASB and AUASB;
and
- chapter four examines ASIC's annual report.

Chapter 2

Takeovers Panel and CADB

2.1 This chapter considers the 2019–20 annual reports of the Takeovers Panel (the Panel) and the Companies Auditors Disciplinary Board (CADB).

The Takeovers Panel

2.2 The Panel is a peer review body largely comprised of takeover experts. Its powers are conferred by the ASIC Act, and it operates under the Corporations Act and the ASIC Act.¹

2.3 Panel members are appointed under statute on a part-time basis.² The Panel executive is a division of Treasury, its funding is in Treasury's budget, and the executive are employed under the *Public Service Act 1999*.³

2.4 The Panel is the main forum for resolving takeover disputes in Australia.⁴ During a takeover proposal, the Panel examines the changes in relation to the affairs of a company. If there are unacceptable circumstances from a public interest perspective, the Panel can make orders to protect the rights of persons affected by the circumstances.⁵ The Panel may also review decisions of ASIC.⁶

Annual Report of the Takeovers Panel

2.5 The Panel complies with the annual reporting requirements for non-corporate Commonwealth entities under sections 17AA to 17AJ of the Public Governance Performance and Accountability (PGPA) Rule.⁷

2.6 Section 183 of the ASIC Act requires the annual report to describe the operations of the Panel.

2.7 During the 2019-20 reporting year, the Panel made 17 declarations of unacceptable circumstances in response to 35 applications. This was the

¹ *Australian Securities and Investments Commission Act 2001*, Part 10, s. 174; Takeovers Panel, *Annual Report 2019-20*, p. 22.

² Takeovers Panel, *Annual Report 2019-20*, p. 12; *Australian Securities and Investments Commission Act 2001*, s. 172.

³ Takeovers Panel, *Annual Report 2019-20*, pp. 26–27, 29, 31.

⁴ *Australian Securities and Investments Commission Act 2001*, Part 10, s. 174.

⁵ *Corporations Act 2001*, s. 657A.

⁶ *Corporations Act 2001*, s. 656A.

⁷ Takeovers Panel, *Annual Report 2019-20*, p. vii.

highest number of declarations in the Panel's history and five more declarations than the previous highest in 2018-2019.⁸

- 2.8 The Panel indicated it intends to manage the increased workload through a combination of increased use of digital technology, continued stakeholder consultation, and providing sufficient guidance for market participants to understand their obligations.⁹
- 2.9 Panel decisions are open to review. A review Panel comprises three different members to the initial Panel.¹⁰ There were nine applications for review relating to six matters in 2019-20.¹¹ All review Panels either affirmed the decision that the initial Panel reached after conducting proceedings, or agreed with the initial Panel decision not to conduct proceedings.¹²

Information gathering powers

- 2.10 The Panel has information-gathering powers under sections 190–201 of the ASIC Act and subsection 16(2) of the ASIC Regulations, including:
- a power to restrict publication of certain material;
 - a power to summon witnesses and take evidence; and
 - a power to deny leave for legal representation.
- 2.11 Failure to comply with a summons requiring a person to attend and give evidence is a strict liability offence.¹³ Contempt of the Panel is also a strict liability offence which is punishable by summary conviction.¹⁴ A 'reasonable excuse' defence exists for both offences, where the defendant bears the evidentiary burden.¹⁵
- 2.12 It is also an offence to provide false evidence, punishable by up three months imprisonment. The defendant bears the legal burden in relation to proving a belief on reasonable grounds that the information or evidence was true and not

⁸ Takeovers Panel, *Annual Report 2019-20*, p. 3.

⁹ Takeovers Panel, *Annual Report 2019-20*, pp. 3-4.

¹⁰ Takeovers Panel, *Annual Report 2019-20*, p. 8.

¹¹ Takeovers Panel, *Annual Report 2019-20*, p. 25.

¹² Takeovers Panel, 2019 Reasons for decisions, 2020 Reasons for decisions, <https://www.takeovers.gov.au/content/ListDocuments.aspx?pageid=&doctype=RD&year=2020>. The six matters were: 2019 ATP 22; 2019 ATP 24; 2020 ATP 3; 2020 ATP 4; 2020 ATP 5; 2020 ATP 9.

¹³ *Australian Securities and Investments Commission Act 2001*, ss. 192(5).

¹⁴ *Australian Securities and Investments Commission Act 2001*, s. 200.

¹⁵ *Australian Securities and Investments Commission Act 2001*, ss. 198(2), 200(2B).

misleading.¹⁶ The penalties were increased in 2019 along with ASIC's penalties following the ASIC Enforcement Review.¹⁷

2.13 The Panel's annual report does not provide information on the use of information-gathering powers. There is no explicit requirement in the ASIC Act for the Panel to do so. However, there may be other reasons why such reporting should occur. This includes the public interest in knowing the extent to which the Panel uses its information-gathering powers, and consistency with other agencies established by the ASIC Act such as ASIC.

2.14 In answers to questions on notice, the Panel identified three occasions in the last five years, all relating to the same matter, in which it had used information-gathering powers to summon witnesses and take evidence under section 192 of the ASIC Act.¹⁸

2.15 The Panel also noted:

- in nearly all matters, parties are willing to provide documentation voluntarily, usually in response to a Panel brief under regulation 22 of the ASIC Regulations 2001;
- the last time the Panel refused a party to Panel proceedings leave to be legally represented under section 194 of the ASIC Act was in *Avalon Minerals Limited* [2013] ATP 11;¹⁹
- procedural rules and guidelines for the information-gathering powers developed through consultation processes are available on the Panel's website.²⁰

2.16 The Panel also advised it will disclose its use of information-gathering powers in future annual reports.²¹

Committee view–Takeovers Panel

2.17 The committee considers the Panel has fulfilled its annual reporting responsibilities for the 2019–20 financial year.

2.18 The committee notes that in the 2019–20 reporting period, the Panel conducted 20 proceedings and declined to conduct proceedings in 11 cases. As shown in Table 2.1 below, the Panel conducted proceedings in a higher percentage of cases than the previous three reporting periods.

¹⁶ *Australian Securities and Investments Commission Act 2001*, s. 199.

¹⁷ *Treasury Laws Amendment (Strengthening Corporate and Financial Sector Penalties) Act 2019*, s. 42–47.

¹⁸ Takeovers Panel, answers to questions on notice, 27 February 2021 (received 5 March 2021).

¹⁹ See, paragraphs 130 to 146 of the decision.

²⁰ Takeovers Panel, answers to questions on notice, 27 February 2021 (received 5 March 2021).

²¹ Takeovers Panel, answers to questions on notice, 27 February 2021 (received 5 March 2021).

2.19 The committee also notes the high number of instances in which the Panel declared unacceptable circumstances during the 2019–20 reporting period. However, the number of declarations of unacceptable circumstances as a proportion of total proceedings conducted appears relatively consistent over the last five reporting periods.

Table 2.1 Takeovers Panel applications and outcomes

Year	Received	Withdrawn	Conducted proceedings /declined to conduct proceedings	For declaration	For review	Declaration of unacceptable circumstances	Undertakings
19-20	35	4	20/11	26	9	17	1
18-19	30	5	15/10	22	6	12	3
17-18	29	1	16/12	20	8	10	3
16-17	23	3	9/11	18	5	7	2
15-16	20	1	13/6	18	2	9	2

Source: Takeovers Panel, Annual Reports 2015-16, 2016-17, 2017-18, 2018-19, 2019-20

2.20 The committee notes the Panel has information-gathering powers that enable it to require information to be produced. The Panel’s annual report does not disclose whether the Panel has used those powers in the reporting period. The committee acknowledges that, unlike ASIC, the Panel does not have coercive information-gathering powers. Further, the Panel is not required to report whether it has used its information-gathering powers. Nonetheless, the committee considers there may be a public interest in knowing the extent to which the Panel uses its information-gathering powers. Therefore, the committee welcomes the Panel’s willingness to disclose the use of its information-gathering powers in recent answers to questions on notice and future annual reports. The committee recommends the Panel report on the use (or non-use) of its information-gathering powers in future annual reports.

Recommendation 1

2.21 The committee recommends the Takeovers Panel report on the use (or non-use) of its information-gathering powers in its future annual reports.

Companies Auditors Disciplinary Board

- 2.22 CADB is an independent statutory body established under Part 11 of the ASIC Act. Its functions and powers are conferred by Part 9.2 of the Corporations Act and Part 11 of the ASIC Act.²²
- 2.23 ASIC provides a part-time registrar and support facilities to CADB under subsection 11(2)(a) of the ASIC Act. CADB's funding is allocated via the budget given to ASIC.²³
- 2.24 CADB's function is to act as an independent, transparent, impartial, fair and expeditious tribunal to hear and determine disciplinary matters about auditors referred to it by ASIC or the Australian Prudential Regulation Authority. Sanctions available to CADB include cancelling or suspending an auditor's registration.²⁴

Annual Report of CADB

- 2.25 CADB is not subject to the annual reporting requirements under the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) and PGPA Rule. However, the CADB 2019–20 Annual Report provides information on most of the annual reporting requirements for non-corporate Commonwealth entities set out in sections 17AA to 17AJ of the PGPA Rule.²⁵
- 2.26 Section 214 of the ASIC Act requires the annual report to describe the operations of CADB. During the reporting year, CADB:
- did not receive any referrals or make any decisions;²⁶
 - noted that ASIC has indicated numerous referrals are imminent;²⁷ and
 - updated its procedures and practice guidelines.²⁸

Information gathering powers

- 2.27 CADB has information-gathering powers and penalties under sections 216–221 of the ASIC Act. CADB's annual report does not include information on its use of information-gathering powers. As noted in paragraph 2.13, there are reasons such reporting would be useful. In answers to questions on notice, CADB indicated:
- it had not used its information-gathering powers in the last five years;

²² Companies Auditors Disciplinary Board, *Annual Report 2019-20*, p. 3.

²³ Companies Auditors Disciplinary Board, *Annual Report 2019-20*, pp. 6, 9.

²⁴ Companies Auditors Disciplinary Board, *Annual Report 2019-20*, pp. 3–4.

²⁵ Companies Auditors Disciplinary Board, *Annual Report 2019-20*, p. iii.

²⁶ Companies Auditors Disciplinary Board, *Annual Report 2019-20*, pp. 2, 7.

²⁷ Companies Auditors Disciplinary Board, *Annual Report 2019-20*, p. 2.

²⁸ Companies Auditors Disciplinary Board, *Annual Report 2019-20*, p. 2.

- there is a publicly available practice note setting out information on how CADB uses its powers; and
- it agreed to including reporting on its use of information-gathering powers in its next annual report.²⁹

Committee view–CADB

- 2.28 The committee considers CADB has fulfilled its annual reporting responsibilities for the 2019–20 financial year.
- 2.29 The committee notes the small number of matters referred to CADB for determination. For example, over the last six reporting periods, CADB has suspended three registrations and cancelled two, issued one admonition, and required three undertakings. Further, in the last two reporting periods, CADB did not receive any new referrals and made just one decision.
- 2.30 In its *Report on the 2016-2017 annual reports of bodies established under the ASIC Act*, the committee recommended the Government review the adequacy of auditor disciplinary functions. In November 2018, the Government asked the Financial Reporting Council (FRC) to complete the review. The FRC presented a report *Auditor Disciplinary Processes: Review* to the Government in March 2019. The committee notes the FRC believed CADB would receive more applications if its processes and procedures were less formal, and more focussed on providing efficient and timely administrative action.
- 2.31 The committee therefore welcomes CADB’s report that it has comprehensively reviewed and re-drafted its procedures and practice guidelines during the reporting year, particularly in light of the apparent imminent prospect of ASIC referring more applications to CADB.
- 2.32 The committee notes CADB has information-gathering powers that enable it to require information to be produced. CADB’s annual report does not disclose whether CADB has used those powers in the reporting period. The committee acknowledges that, unlike ASIC, CADB does not have coercive information-gathering powers. Further, CADB is not required to report whether it has used its information-gathering powers. Nonetheless, the committee considers there may be a public interest in knowing the extent to which the CADB uses its information-gathering powers. Therefore, the committee welcomes CADB’s willingness to disclose the use of its information-gathering powers in recent answers to questions on notice and future annual reports. While CADB has not used its information-gathering powers in the last five years, the committee notes CADB has had very few cases in that time. The committee recommends CADB report on the use (or non-use) of its information-gathering powers in future annual reports.

²⁹ Companies Auditors Disciplinary Board, answers to questions on notice, 22 February 2021 (received 9 March 2021).

Recommendation 2

2.33 The committee recommends the Companies Auditors Disciplinary Board report on the use (or non-use) of its information-gathering powers in its future annual reports.

Chapter 3

FRC, AASB and AUASB

- 3.1 This chapter considers the 2019-20 annual reports of the:
- Financial Reporting Council (FRC)
 - Australian Accounting Standards Board (AASB); and
 - Auditing and Assurance Standards Board (AUASB).
- 3.2 The AASB and AUASB combine their annual reports and financial statements into a single report. The two boards implement a shared operating model, and share administrative staff.¹

The Financial Reporting Council

- 3.3 The FRC is a statutory body responsible for overseeing the effectiveness of the financial reporting framework in Australia. The FRC provides broad strategic direction and advice to the AASB and AUASB and advises, and reports to, the Minister on these matters.²

FRC annual report

- 3.4 The FRC is not subject to the annual reporting requirements under the PGPA Act and PGPA Rule. Under section 235B of the ASIC Act, the FRC is required to report on:
- its operations during the year, and its committees and advisory groups; and
 - the achievement of the objects set out in section 224 of the ASIC Act.³

Operations of the FRC

- 3.5 The activities described in the FRC Annual Report 2019–20 include:
- establishment of an FRC COVID-19 Working Group;
 - ongoing implementation of the FRC Audit Quality Action Plan;
 - following up on the FRC report to Government, *Auditor Disciplinary Processes: Review*; and
 - preparatory work on the recommendations of the committee’s interim report on the Regulation of Auditing.⁴
- 3.6 A key part of the FRC Audit Quality Action Plan is surveying users of financial information to better understand their views on audit quality. The survey of

¹ AASB and AUASB, *Annual Report 2019–20*, pp. 87, 92.

² *Australian Securities and Investments Commission Act 2001*, Part 12.

³ *Australian Securities and Investments Commission Act 2001*, para. 235B(1)(b).

⁴ Financial Reporting Council, *Annual Report 2019-20*, pp. 1–3, 11–14.

audit committee chairs and investors was delayed until after the 2019–20 reporting period due to the impact of COVID-19.⁵

The objects of section 224 of the ASIC Act

3.7 The annual report discusses initiatives implemented by professional accounting bodies to improve audit quality in Australia. There is some description of the initiatives of the FRC COVID-19 Working Group. However, there are limited details about, for example, how this work relates to strategies aimed to facilitate the Australian economy, such as reducing the cost of capital and enabling Australian entities to compete effectively overseas.

FRC advice or feedback to the AASB and AUASB

3.8 To comply with subsection 235B(2) of the ASIC Act, the FRC annual report 'must include details of any advice or feedback that the FRC gave' to the AASB and AUASB under paragraphs 225(2)(b) or (ba) or (2A)(b) or (ba).

3.9 The FRC Annual Report 2019-20 provides a list of activities and documents prepared by the AASB and AUASB. Under the heading 'Giving advice or feedback to the Boards and their offices', the FRC Annual Report 2019-20 states that 'the FRC continues to encourage alignment of plans, projects and activities of the AASB and AUASB wherever practicable'.⁶ However, as the committee noted in its *Report on the 2018-2019 annual reports of bodies established under the ASIC Act*, the FRC does not give details of any advice or feedback given to the AASB or AUASB.⁷

Review of the adequacy of Auditor Disciplinary Functions

3.10 The FRC presented a report *Auditor Disciplinary Processes: Review* to the Government in March 2019. The review's recommendations were relevant to ASIC, CADB, and the professional accounting bodies. The FRC annual report notes that 'during 2020, the FRC followed up with each of these organisations to monitor their responses'.⁸ However, beyond this one sentence statement, the FRC annual report provided no further details.

Information gathering powers

3.11 The Financial Reporting Council (FRC) has limited information-gathering powers relating to documents under section 225A of the ASIC Act.⁹

3.12 In answers to questions on notice, the FRC indicated:

⁵ Financial Reporting Council, *Annual Report 2019-20*, pp. 11–12.

⁶ Financial Reporting Council, *Annual Report 2019-20*, p. 7.

⁷ Financial Reporting Council, *Annual Report 2019-20*, pp. 7–8.

⁸ Financial Reporting Council, *Annual Report 2019-20*, p. 25.

⁹ *Transitional provisions relating to the Corporate Law Economic Reform Program (Audit Reform and Corporate Disclosure) Act 2004*, Part 17.

- it had used its information-gathering powers once in the last five years;
- there are no specific FRC procedures or guidelines for the use of information gathering powers; and
- its use of information-gathering powers could be included in its next annual report.¹⁰

Committee view–FRC

- 3.13 The committee considers the FRC has fulfilled its annual reporting responsibilities about its operations under paragraph 235B(1)(a) of the ASIC Act.
- 3.14 With respect to the annual reporting requirements under paragraph 235B(1)(b) of the ASIC Act, the committee considers the FRC could be more explicit in detailing how its work furthers the achievement of the objects set out in section 224 of the ASIC Act.
- 3.15 With respect to the annual reporting requirements under paragraph 235B(2) of the ASIC Act, it is not clear to the committee whether the FRC did not give any advice or feedback to the AASB or AUASB in the reporting period, or whether the annual report omits the required details. The committee expects the FRC to either include more detailed information or note that no advice or feedback was given.
- 3.16 In Chapter 2, the committee noted the paucity of applications referred to CADB by ASIC in recent years and the FRC's views on these matters. The committee therefore welcomes the FRC's continued monitoring of the response by CADB to the relevant recommendations in its *Auditor Disciplinary Processes: Review*. However, the committee expects to see more detail on what exactly the FRC did in this follow-up process and what the outcomes were.
- 3.17 The committee will monitor the progress of the FRC in responding to the recommendations contained in the committee's interim report, *Regulation of Auditing in Australia*. The committee's final report endorsed the recommendations made in the interim report (and added no further recommendations). The committee expects the FRC to make timely progress on those recommendations relevant to it.
- 3.18 The FRC has limited information-gathering powers that enable it to require information to be produced. The committee welcomes the FRC's willingness to disclose the use of its information-gathering powers in recent answers to questions on notice and notes that the use (or non-use) of its information-gathering powers could be included in future FRC annual reports. The committee recognises that the FRC rarely uses this power, but considers a brief

¹⁰ Financial Reporting Council, answers to questions on notice, 22 February 2021 (received 11 March 2021).

indication of whether the power has been used or not, and if so, for what purpose, could be a useful addition to its annual report.

Recommendation 3

3.19 The committee recommends the Financial Reporting Council be more explicit in its annual report in detailing how its work furthers the achievement of all the objects set out in section 224 of the *Australian Securities and Investments Commission Act 2001*.

Recommendation 4

3.20 The committee recommends the Financial Reporting Council either include more detailed information or note that no advice or feedback was given to either the Australian Accounting Standards Board and the Auditing and Assurance Standards Board with respect to the requirements of subsection 235B(2) of the *Australian Securities and Investments Commission Act 2001*.

The Australian Accounting Standards Board

3.21 The AASB is a non-corporate Government entity established under the ASIC Act.¹¹ The AASB is responsible for developing, issuing and maintaining accounting standards under section 334 of the Corporations Act for the purposes of the corporations legislation.¹² The AASB also contributes to the development of a single set of international accounting standards for worldwide use.¹³ The Office of the AASB provides technical and administrative support to the AASB.¹⁴

Annual report of the AASB

3.22 The requirements for non-corporate Commonwealth entities reports are under sections 17AA to 17AJ of the PGPA rule. Appendix E of the annual report provides a compliance index that shows the AASB has met its annual reporting requirements.¹⁵

¹¹ *Australian Securities and Investments Commission Act 2001*, s. 226A,227; Australian Accounting Standards Board, *Annual Report 2019-20*, p. 64.

¹² *Australian Securities and Investments Commission Act 2001*, s. 227.

¹³ *Australian Securities and Investments Commission Act 2001*, s. 227.

¹⁴ *Australian Securities and Investments Commission Act 2001*, s. 226A.

¹⁵ Australian Accounting Standards Board, *Annual Report 2019-20*, pp. 123-129.

3.23 The AASB and AUASB produced guidance to accountants and auditors in the form of two joint reports in March and May 2020 respectively:

- The Impact of Coronavirus on Financial Reporting and Auditor’s Considerations; and
- The Impact of COVID-19 on Going Concern and Related Assessments.¹⁶

3.24 The AASB also continued its project work on:

- the removal of Special Purpose Financial Statements (SPFS) by certain for-profit entities (comes into effect on 1 July 2021); and
- new disclosure requirements for not-for-profit private sector entities preparing SPFS.¹⁷

Committee view–AASB

3.25 The committee considers the AASB has fulfilled its annual reporting responsibilities during the 2019–20 financial year.

The Auditing and Assurance Standards Board

3.26 The AUASB is a non-corporate Government entity with functions and powers conferred under the ASIC Act.¹⁸ The ASUASB is responsible for making auditing standards under section 336 of the Corporations Act for the purposes of the corporations legislation.¹⁹ The AUASB also contributes to the development of a single set of international auditing standards for worldwide use, and provides financial reporting guidance to Australian auditors.²⁰ The Office of the AUASB provides technical and administrative support to the AUASB.²¹

Annual report of the AUASB

3.27 The requirements for non-corporate Commonwealth entities reports are under sections 17AA to 17AJ of the PGPA rule. Appendix E of the annual report provides a compliance index which demonstrates that AUASB has complied with its annual reporting requirements.²²

¹⁶ Australian Accounting Standards Board, *Annual Report 2019-20*, pp. 10–11.

¹⁷ Australian Accounting Standards Board, *Annual Report 2019-20*, pp. 12–13.

¹⁸ *Australian Securities and Investments Commission Act 2001*, s. 227AB, 227B; Auditing and Assurance Standards Board, *Annual Report 2019-20*, p. 67.

¹⁹ *Australian Securities and Investments Commission Act 2001*, Part 12, s. 227B.

²⁰ *Australian Securities and Investments Commission Act 2001*, Part 12, s. 227B.

²¹ *Australian Securities and Investments Commission Act 2001*, s. 227AB.

²² Auditing and Assurance Standards Board, *Annual Report 2019-20*, pp. 123–129.

3.28 The AUASB reports that it built its influence and impact on international standard setting, and significantly updated:

- a standard designed to drive a more consistent and effective assessment of the risks of material misstatements; and
- a guidance statement to enhance audit quality in the area of an auditor's use of management's experts.²³

Committee view–AUASB

3.29 The committee considers that the AUASB has fulfilled its annual reporting responsibilities during the 2019-20 financial year.

²³ Auditing and Assurance Standards Board, *Annual Report 2019-20*, pp. 40–41.

Chapter 4

ASIC's 2018-19 annual report

Statutory requirements

- 4.1 This chapter examines the compliance of ASIC's 2019–20 Annual Report with the requirements set out in Table 4.1 (below). Those requirements arise from the ASIC Act, the ASIC Regulations, the Corporations Agreement,¹ the PGPA Act and the PGPA Rule.
- 4.2 ASIC is an independent Commonwealth Government body operating under the ASIC Act to administer the Corporations Act. However, for the purposes of the finance law (within the meaning of the PGPA Act), ASIC is taken to be a non-corporate Commonwealth entity.²
- 4.3 The committee examines ASIC's activities in a separate Statutory Oversight report under paragraph 243(a)(i) of the ASIC Act.

Table 4.1: ASIC's Annual reporting requirements

Paragraph/ Subsection/ Section	Reporting requirements	2019–20 Annual Report
136(1)(a) ASIC Act	Exercise of ASIC's powers under Part 15 of the <i>Retirement Savings Accounts Act 1997</i> and under Part 29 of the <i>Superannuation Industry (Supervision) Act 1993</i> (SIS Act).	Page 223
136(1)(b) ASIC Act	ASIC's monitoring and promotion of market integrity and consumer protection in relation to: <ol style="list-style-type: none"> i. the Australian Financial System; and ii. the provision of financial services. 	Pages 70–98
136(1)(c) ASIC Act	ASIC's activities in accordance with each agreement or arrangement entered into by ASIC under subsection 11(14) of the ASIC Act.	Page 223
136(1)(ca) ASIC Act	Information about the activities that ASIC has undertaken during the period in exercise of its powers, and performance of its functions, under Chapter 5 of, or Schedule 2 to, the Corporations	Pages 37, 95–97

¹ Corporations Agreement 2002 as amended by Corporations Amendment Agreement 2017 (No. 1).

² *Australian Securities and Investments Commission Act 2001*, s. 8(1), 8(1A), s. 9A; *Public Governance, Performance and Accountability Act 2013*, s. 10, 11, 39, 46

	Act and any provisions of that Act that relate to that Chapter or Schedule.	
136(1)(cb) ASIC Act	Information about any instances during the period where ASIC failed to consult as required by section 1023F of the Corporations Act or section 301F of the <i>National Consumer Credit Protection Act 2009</i> .	Page 223
136(1)(d) ASIC Act	Operations of the <i>Business Names Registration Act 2001</i> .	Pages 59–67
136(1)(e) 136(2A), ASIC Act ASIC Regulation 8AAA(1)	Information relating to the exercise by ASIC, members of ASIC, or staff members, of prescribed information-gathering powers.	Pages 225–228
136(4) ASIC Act	Provide a copy of the annual report to the Attorney-General of each state and territory.	ASIC confirmed it complied with subsection 136(4) for ASIC's 2019-2020 Annual Report. ³
603(2)-(3) Corporations Agreement	(2) The Commission will maintain a system of performance indicators in relation to the levels of service in each referring State and the Northern Territory. (3) The Commission will include, in its annual report, a statement on the performance of the Commission against those performance indicators during the relevant period.	Pages 101–104
46 PGPA Act, 17AA-17AJ PGPA Rule	The annual report must comply with requirements prescribe by the PGPA rule for non-corporate Commonwealth entities.	See compliance index pages 244–252

³ Australian Securities and Investments Commission, answer to question on notice, 1 February 2021 (received 8 February 2021)

Committee view–ASIC

4.4 The committee considers ASIC has fulfilled its annual reporting responsibilities during the 2019–20 financial year.

Mr Andrew Wallace MP

Committee Chair

Appendix 1

Additional information received by the Committee

Answers to Questions on Notice

1. Takeovers Panel, answers to questions on notice, 27 February 2021 (received 5 March 2021)
2. Australian Securities and Investments Commission, answer to question on notice, 1 February 2021 (received 8 February 2021)
3. Companies Auditors Disciplinary Board, answers to questions on notice, 22 February 2021 (received 9 March 2021)
4. Financial Reporting Council, answers to questions on notice, 22 February 2021 (received 11 March 2021)