

Parliamentary Joint Committee on Corporations and Financial Services
Response to Question on Notice
Regulation of auditing - EY

Question

1. Did EY notify ASIC under Section 311 of the Corporations Act that there was a contravention of the Corporations Act in the year 2018 by NAB?
2. If so, can ASIC provide any information at all regarding any such notification, such as frequency, details of the contravention, dates and any other relevant information?

Answer

1. The Australian firm of Ernst & Young (EY) notified ASIC under Section 311 of the Corporation Act 2001 of a suspected contravention of the Act by National Australia Bank Limited (NAB) in 2018.
2. Only one such notification was made to ASIC. On 17 May 2018, EY notified ASIC that, during the course of EY's review of NAB's financial report for the half year ended 31 March 2018, management of NAB made EY aware of alleged fraudulent conduct that may have involved the former Chief of Staff to the Group Chief Executive Officer (NAB employee) and a supplier of NAB. The allegations related to the NAB employee potentially receiving fraudulent and illegal payments from the supplier. The NAB employee resigned from NAB in December 2017.

EY indicated that, at the date of the notification, an investigation into the matter by NAB was ongoing and a simultaneous investigation by the New South Wales Police was also ongoing.

This matter was the subject of an article in the Sydney Morning Herald on 11 April 2018.