

## PARLIAMENTARY JOINT COMMITTEE ON CORPORATIONS AND FINANCIAL SERVICES

Tuesday, 21 November 2023

**Members in attendance:** Senators O'Neill, Barbara Pocock and Scarr [by video link] and Ms Mascarenhas [by video link]

### **Terms of Reference for the Inquiry:**

Inquiry into recent allegations of and responses to misconduct in the Australian operations of the major accounting, audit, and consultancy firms (including but not exclusive to the 'Big Four'), via a detailed investigation and analysis of regulatory, technical, and legal settings, and broader cultural factors, including:

1. the global and national firm structures, including:
  - a. the legal basis for partnership, corporate, hybrid, and other structures;
  - b. issues arising from cross border structures and operations; and
  - c. the impact of such structures on confidence in the advisory and audit assurance market for regulatory supervision and accountability to public and corporate sector clients;
2. The extent to which governance obligations applying to a professional services firm may vary depending on the structure adopted, such as a partnership, a company, a trust, or other structure. Consideration of any gaps and international best practice in areas such as:
  - a. entity reporting and transparency;
  - b. executive accountability and remuneration;
  - c. fit and proper person requirements;
  - d. the structure of contracts and the fiduciary responsibility to public and corporate sector clients;
  - e. prevailing cultural practices;
  - f. consumer and client protection;
  - g. duties of care;
  - h. management of conflicts of interest; and
  - i. access to whistle-blower protections.
3. Mechanisms available to governments, government departments, statutory authorities, professional standards bodies, regulators, and non-government clients to monitor and sanction misconduct and poor performance, including any gaps and overlaps across service and entity types for:
  - a. accountability frameworks for governance obligations;
  - b. coverage of disciplinary bodies;
  - c. self-reporting policies and practice;
  - d. whistle-blower policies and established pathways to report;
  - e. interaction with and self-referral to regulatory bodies;
  - f. interaction between regulatory bodies; and
  - g. competition in the audit market; and
4. any other related matters.