

Parliamentary Joint Committee on Corporations and Financial Services

Australian Securities and Investments Commission

Answers to Questions on Notice

Public hearing: 28 February 2020

Question No: 004

Reference: Hansard page 32

Question:

May I also ask, if, on notice, you could provide the committee with an outline, a summary, of the matters about whistleblowing so we can have a sense of what it is that people are coming forward with. Not in any way that compromises any individual—please be assured of that—but I do want to get a sense of the scale of whistleblowing that's going on over the last, say, three years and what the issues are that are emerging.

Answer:

Whistleblower reports about audit firms

ASIC responded to a similar question on notice from the Parliamentary Joint Committee on Corporations and Financial Services hearing on 19 November 2019. As mentioned in ASIC's response to that question received by the Committee on 10 December 2019, since 1 January 2014 ASIC's records indicate that we have received two reports of misconduct from potential whistleblowers within audit firms raising concerns about the practices of the audit firm in conducting an audit of a client company.

The reports of misconduct from potential whistleblowers raised concerns about:

- conflicts of interest and dishonesty, and
- auditor independence and that the auditor did not correctly apply a new accounting standard and did not consult with the auditor of a subsidiary.

In addition, since 1 January 2014, ASIC's records indicate that we have received 12 reports of misconduct from potential whistleblowers within companies raising concerns about the practices of the companies' external auditors in conducting an audit of their companies. These reports also include concerns about the relationship between the companies' officers and the companies' external auditors.

On average, of the 10,000 reports of misconduct that ASIC receives each year from a variety of sources, 38 of these reports relate to auditor concerns.