

Senate Economics Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates 29, 30 & 31 May 2007

Question: bet 58 (ASIC)

Topic: FMA Compliant – Changes for the ASIC Chief Executive

Hansard Page: E89

Senator WONG asked:

There are some changes at least in terms of the legal duties framing your role. I assume you become the chief executive?

Mr D'Aloisio—Yes.

Senator WONG—What arrangements or changes have been made to take account of the new responsibilities in that role?

Mr D'Aloisio—There is an internal process of signing off through various levels of the organisation. They will sign off, give it to me and then I sign off on those. There are new processes being put in place for that. Also, in relation to instructions I need to give the organisation, there is a manual in terms of complying with that. There is a range of initiatives that we could summarise.

Senator WONG—It would be useful to have those.

Answer:

ASIC has put in place a range of initiatives to comply with the FMA Act. A project team that was established in November 2006 to transition ASIC to the FMA Act from 1 July 2007 has undertaken this work.

The range of initiatives that ASIC has put in place include:

- Chief Executive Instructions (CEIs) have been developed and were made available to all staff on Monday 2 July.
- Financial Delegations to operate under the FMA Act legislation were approved by the Chairman, as Chief Executive, before 1 July and all financial delegations holders were individually notified of their delegated powers, their limits and their obligations.
- The Commission has moved away from the existing decentralised approach to procurement and implemented a "centre-led" procurement approach from 1 July 2007. The centre-led approach will establish a centre of expertise and excellence in procurement that will work in partnership with the Directorates.

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This approach will introduce a level of control that will ensure compliance with the FMA legislation and reporting obligations.

- From 15 June 2007 training commenced for all staff. Training is mandatory for staff with financial delegations and any staff involved in procuring goods and services or committing ASIC to expenditure. General awareness raising was conducted for all staff and Quick Reference Guides which refer to the Chief Executive Instructions, ASIC's transition to the FMA Act and what it means for them, were made available. A lot of information is available to staff on ASIC's intranet.

In respect of financial delegations, presently, financial powers are delegated by the Commission to staff under section 102 of the ASIC Act.

From 1 July 2007, under a new section 10A of the ASIC Act the ASIC Chairman is not subject to the direction by ASIC in the Chairman's performance of functions or exercise of powers under the FMA Act or the Public Service Act in relation to ASIC.

The FMA legislation contains specific financial powers that the ASIC Chairman, as Chief Executive, can delegate to officials or staff within ASIC with effect from 1 July.

Many of the special responsibilities of the Chief Executive under the FMA Act present no new responsibilities for the ASIC Chairman as they have been complied with by ASIC in the past and will continue to be in the future. Such examples include the requirement for the Chief Executive to implement a fraud control plan, establish and maintain an audit committee, ensure accounts and records are kept, prepare annual financial statements etc.