



COMMONWEALTH OF AUSTRALIA

# Official Committee Hansard

PARLIAMENTARY JOINT COMMITTEE ON CORPORATIONS AND  
FINANCIAL SERVICES

**Regulation of auditing in Australia**

FRIDAY, 7 FEBRUARY 2020

CANBERRA

BY AUTHORITY OF THE SENATE

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**PARLIAMENTARY JOINT COMMITTEE ON CORPORATIONS AND FINANCIAL SERVICES**

**Friday, 7 February 2020**

**Members in attendance:** Senators Bragg, O'Neill, Paterson, Pratt, Whish-Wilson and Mr Falinski, Mr Georganas, Mr Gorman, Ms Hammond.

**Terms of Reference for the Inquiry:**

To inquire into and report on:

The following matters were referred to the Parliamentary Joint Committee on Corporations and Financial Services for inquiry and report by 1 March 2020:

Regulation of auditing in Australia with particular reference to:

1. the relationship between auditing and consulting services and potential conflicts of interests;
2. other potential conflicts of interests;
3. the level and effectiveness of competition in audit and related consulting services;
4. audit quality, including valuations of intangible assets;
5. matters arising from Australian and international reviews of auditing;
6. changes in the role of audit and the scope of audit products;
7. the role and effectiveness of audit in detecting and reporting fraud and misconduct;
8. the effectiveness and appropriateness of legislation, regulation and licensing;
9. the extent of regulatory relief provided by the Australian Securities and Investments Commission through instruments and waivers;
10. the adequacy and performance of regulatory, standards, disciplinary and other bodies;
11. the effectiveness of enforcement by regulators; and
12. any related matter.

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**MILNE, Ms Nancy, OAM, Chairman, Accounting Professional and Ethical Standards Board**

**WIJESINGHE, Mr Channa, Chief Executive Officer, Accounting Professional and Ethical Standards Board**

**Committee met at 09:02**

**CHAIR (Senator Paterson):** Good morning. I declare open this hearing of the Parliamentary Joint Committee on Corporations and Financial Services. The committee is taking evidence as part of its inquiry into the regulation of auditing in Australia. This is a public hearing and a *Hansard* transcript of the proceedings is being made. The hearing is also being broadcast by the Australian Parliament House website.

I remind all witnesses that in giving evidence to the committee they are protected by parliamentary privilege. It is unlawful for anyone to threaten or disadvantage a witness on account of evidence given to a committee and such action may be treated by the Senate as a contempt. It is also a contempt to give false or misleading evidence to a committee. The committee prefers all evidence to be given in public, but under the Senate's resolutions witnesses have the right to request to be heard in a private session. If the witness objects to answering a question the witness should state the grounds of the objection and the committee will determine on whether it will insist on an answer, having regard to the ground which is claimed. This resolution prohibits only questions seeking opinions on matters of policy and does not preclude questions asking for explanations of policies or factual questions about when and how policies were adopted.

I particularly draw the attention of witnesses to an order of the Senate of 13 May 2009, specifying the process in which a claim of public interest immunity should be raised. Witnesses are reminded that a statement that information or a document is confidential or consists of advice to government is not a statement that meets the requirements of the 2009 order. Instead witnesses are required to provide some specific indication of the harm to the public interest that could result from the disclosure of the information or the document. On behalf of the committee, I would like to thank witnesses here today for their time and cooperation.

Before the hearing begins, I want to clarify some reporting about the committee that appeared in the media today. In an article entitled 'Criminal auditors' in ASIC's sights', by Michael Roddan in *The Australian*, it is claimed that:

The unredacted data from a series of ASIC inspection reports between 2012 and 2019 was published by the committee against the wishes of the regulator ...

Although this is not a reflection on Mr Roddan or his journalism, that is not correct. The committee has a strong preference to be as transparent as possible and make public as much evidence as possible. However, the committee also takes very seriously requests for confidentiality, particularly when they come from a regulator like ASIC. In this instance, the committee had agreed to accept this part of ASIC's response to the committee's questions on notice as confidential. Unfortunately, due to an administrative error, the committee secretariat inadvertently uploaded the wrong version of the ASIC answers and the secretariat has asked me to convey their apologies for this error.

I now welcome representatives from the Accounting Professional and Ethical Standards Board. The committee has received your submission—No. 42. I will now invite you to make a short opening statement and, at the conclusion of your remarks, I'll invite members of the committee to put questions to you.

**Ms Milne:** Thank you for inviting the Accounting Professional and Ethical Standards Board, APESB, to appear at this inquiry. APESB is the national standards setter of professional and ethical standards for the Australian accounting profession. It is a not-for-profit public company, limited by guarantee, governed by a board of non-executive directors. APESB's structure is globally unique. Our pronouncements are mandatory for members of three Australian accounting bodies—CAANZ, CPA Australia and IPA. Almost all of Australia's auditors are members of these bodies. APESB's mandate is in respect of standard-setting matters. It does not include monitoring or enforcement activities. Over the last 14 years, APESB has developed a comprehensive suite of Australian professional and ethical standards which are world best practice. Our submissions provide details of our pronouncements and the scope of work we undertake.

APESB issued the restructured APES 110 Code of Ethics for Professional Accountants, including independent standards, which we call the restructured code, in November 2018 with an effective date of 1 January 2020. This is the most substantial revision of the code in the last two decades and is the culmination of a five-year project to make auditor independence requirements stronger, clearer and more easily enforced. APESB is cognisant that we operate in a global environment and that consistent global ethical standards addressing independence facilitate international commerce.

**Mr Wijesinghe:** APESB was a significant participant in the development of an updated international code by the International Ethics Standard Board for Accountants, IESBA, and Australia was one of the first countries in the world to issue the restructured code. Global regulators provided input for the development of the updated IESBA code. The professional and ethical standards issued by the APESB, which have also been revised to reflect the restructured code, are mandatory for audits and reviews undertaken by the members of the three bodies. The standards recognised that the independence of an auditor is a key determinant of a robust audit framework. The existing independence requirements regarding the provision of other services to audit clients have been further strengthened in the restructured code.

We support an evidence based approach for standards development and direct the committee's attention to the recent AUASB research report 4, authored by Professor Elizabeth Carson. Copies of the report have been provided for the committee's consideration. This research report indicates that the proportion of non-audit services to audit clients for listed entities in Australia has declined over the period 2012 to 2018, both as a percentage of the audit fee and in absolute terms. We believe that the addition of the most stringent prohibitions in the code has contributed to this decline.

We support this inquiry and are happy to discuss enhancements to audit regulations; however APESB suggests that any enhancement to audit regulations should be formulated in the context of the restructured code, the revised professional and ethical standards and the recent IESBA proposals to restrict further the non-audit services that can be provided to audit clients. IESBA will shortly be commencing a benchmarking study which, in due course, will create an authoritative document to demonstrate the global codes alignment with the US and EU independence requirements or highlight areas where there may be differences.

**CHAIR:** Thank you, Senator Whish-Wilson?

**Senator WHISH-WILSON:** I've got a lot of questions but I may put some to you on notice because we don't have a lot of time. Can I just ask you briefly what your interaction has been with the regulator in terms of your organisation.

**Mr Wijesinghe:** We have had a lot of interactions along the way with ASIC, APRA and the ATO, depending on the issue we are dealing with. For instance, historically, when the global board issued a code and there was an exception for public interest entities to provide bookkeeping and tax services in an emergency situation, ASIC made a submission and said they think that is not appropriate in Australia. The board considered it and the board agreed with ASIC. Therefore, right from 2010, the APESB code had a prohibition which was not in the international code. But subsequently the international code also agreed that it was a prohibition that should be made, and now the international code also has that prohibition.

**Senator WHISH-WILSON:** The reason I ask is twofold. I understand there are still some reviews that ASIC are doing in terms of some instances of potentially a lack of independence or a breach of your APES 110. But clearly you've taken umbrage with the statement they made in Sydney and you've written to the committee saying that APES 110 is a binding code of conduct that has consequences under the law. Were you surprised when they made the statement that they thought it was more for guidance than binding under the act?

**Mr Wijesinghe:** I think we were a bit surprised.

**Senator WHISH-WILSON:** Have you chatted with them since?

**Mr Wijesinghe:** Yes. I think the facts are clear. ASA 102 is a legislative instrument. Historically ASA 102 was put there to catch registered company auditors who are not a member of an accounting body, because the code was anyway mandatory right from the beginning for members of all the accounting bodies, and at one stage there was concern that at that time about 10 per cent of the auditors were not members of one of the accounting bodies, and therefore Treasury was interested in catching them as well, to be part of the code. So the historical reason for putting ASA 102 there was to catch people who are not members of the accounting bodies.

**Senator WHISH-WILSON:** But I note, on the data the committee has received—which has been published by ASIC in their inspection reports—that, looking back to 2013, there have only been 14 breaches, and seven of those were in one year, of the independence requirements that have been identified. Is it because it's difficult for the regulator to ascertain a potential breach of independence? Are you aware of any enforcements where ASIC has taken, for example, a company to court for failing to follow the code of ethics? Have there been instances you could name?

**Mr Wijesinghe:** I'm not aware.

**Senator WHISH-WILSON:** I couldn't find any, but, if there were, I'd be interested to know. I want to ask you about what you've provided to the committee—and I think you've given us another sheet this morning for distribution. There is a statement here that says, in the third paragraph:

The independence assessment must also consider the aggregate impact of multiple threats to independence, including where the fees in respect of multiple audit clients referred represent a large proportion of total fees for the firm.

Can you define what you mean by 'a large proportion'? Is there anything prescribed as to what that might be or is that subjective?

**Mr Wijesinghe:** It could be subjective. In the EU they look at 70 per cent.

**Senator WHISH-WILSON:** Seventy per cent of fees or revenue or—?

**Mr Wijesinghe:** Are you talking about non-audit services versus audit services?

**Senator WHISH-WILSON:** Yes.

**Mr Wijesinghe:** In the EU they look at 70 per cent, which is an average over three years of the audit fee versus non-audit services. So that could be a benchmark you could consider.

**Senator WHISH-WILSON:** I'd be interested to write to you about that. I put some questions on notice to the big four accounting firms to ask them what their breakdown was, and the majority of them had more than 70 per cent of their revenue from non-assurance versus audit services. I'd like to follow that up with you, if that is a benchmark you're suggesting.

**Mr Wijesinghe:** I don't think we are suggesting it. I gave you a broad—

**Senator WHISH-WILSON:** You gave me a number from the European Union. Do you think it should apply to Australia? It's clearly within that ball park.

**Senator O'NEILL:** Clearly—and you might need to provide this on notice—the EU didn't do that in the absence of a context. Do you have any understanding of why the EU established such a firm guideline about the separation of the nature of work that auditors could and could not undertake?

**Mr Wijesinghe:** I was talking about a fee benchmark. That came out of the global financial crisis when the EU did a lot of audit reform.

**Senator O'NEILL:** So it's a containment device, which is set at 70 per cent, to increase the likelihood that there is more probity and less conflict of interest in the reporting of entities to the public. Is that essentially what it's designed to do?

**Mr Wijesinghe:** Yes. I can't remember the history—

**Senator WHISH-WILSON:** If we put these to you on notice, you can provide more detail on them, and we can tick-tack on them, because I think it's a really critical issue.

**Senator O'NEILL:** And I think the response about the global financial crisis is very, very helpful. It's about transparency.

**Senator WHISH-WILSON:** On page 7 of what you've given us, which is on the flipside of the second page of your handout, you've got a couple of columns. Under 'Prohibited Interests, Relationships and Actions (including materiality factors where noted)', on the second paragraph on the left you've got:

Contingent fees for an audit engagement or for a non-assurance service to the audit client where the fees are material to the firm (or network firm) or the outcome of the service is dependent on a judgement related to a material amount in the financial statements

I'm very interested, but I don't have time today, unfortunately, to draw down on what you mean by 'material' and how that is defined. Can you give us a quick explanation of what you mean?

**Mr Wijesinghe:** I guess it comes with experience in the profession, and so there's a bit of professional judgement. Generally it's against the base. If you're looking at a P&L—profit and loss—item, you could look at revenue as the base. If it's—let's say—an intangible asset, you might look at the total non-current assets as the base. So, depending on the situation, there are a couple of bases you can look at. You then have to take the nature of the entity into account, and that could determine which base you choose. I think you have to have the accounting education and the experience. It comes with experience, and that's why—

**Senator WHISH-WILSON:** But the accounting firms would essentially be self-regulating and making that judgement themselves, correct, in relation to whether they take on additional non-assurance services with a client—whether they believe it's material or not?

**Mr Wijesinghe:** Yes.

**Senator WHISH-WILSON:** I put to you, having worked in this industry—not in the auditing industry but in the financial industry—that the word 'material' is very subjective. It could simply be how people are remunerated within those firms. It could be their earnings' growth for a particular division within a firm. 'Material' could be

defined in lots of ways, and I'd be very concerned if it was left to the company itself to decide what was material or not material. Do you have any suggestions for benchmarks or prescriptions around that?

**Ms Milne:** Can I suggest we give you a more detailed answer on notice?

**Senator WHISH-WILSON:** Okay.

**Ms Milne:** I think that might be of more assistance to you.

**Senator WHISH-WILSON:** Yes, but it is critical to the whole thrust of whether there are potential conflicts of interest between assurance and non-assurance services. It seems to be a very grey area, so the committee will look forward to having that dialogue with you.

**Mr GORMAN:** You've given us this in terms of the 110 code of ethics and what is and isn't a conflict. Thinking from the point of view of an ordinary investor, where would they get enough information to be able to make a judgement for themselves as to whether they thought there was too much work being done that conflicted?

**Mr Wijesinghe:** This is a guidance document that is issued by the APESB and it has also been issued by the international ethics standards board. There are guidance documents. You can go and have a look at the prohibitions. Compared to the actual code, which is like 200 pages, the two pages is an easy guidance document to have a read of to get the information.

**Mr GORMAN:** It's my understanding—and let's make sure I've got it in our transcript—there is no requirement for an entity or an auditing organisation to list all of the different types of work they are doing for a client, nor the weight of that work.

**Ms Milne:** No, I don't think there is. I'm just speaking from my experience as a non-executive director and a member of an audit committee: the auditors do provide an independence declaration. Certainly in my experience what happens is, if there are any non-assurance services to be undertaken, those come to the audit committee for sign-off in most cases. Those are also considered at the time of the finalisation of the financial statements when the directors actually sign off on those statements. Auditor independence is one consideration that occurs at that time.

**Mr GORMAN:** My question doesn't go so much to auditor independence but to the information available to the investors and shareholders in terms of knowing what is been done. Are there examples internationally where—

**Mr Wijesinghe:** The Australian accounting standards discloses audit fees and the other services provided by the external auditor. I think a lot of the submissions have suggested increased granularity of that disclosure where the other services should be split further into audit related other assurance services and other services. Then you can see when the audit is closely related to the audit that uses the historical financial statements. Other assurances is also something within the auditor's expertise, so I think a number of submissions, including ours, recommended enhanced disclosure, which will provide more information to the investor.

**Mr FALINSKI:** In answer to Mr Gorman's question, the answer is yes.

**Mr Wijesinghe:** Yes.

**Mr FALINSKI:** We just spent the last five minutes going around and around, actually misleading the committee.

**Mr Wijesinghe:** No.

**Mr GORMAN:** No. I think we've gotten to where I wanted to get to.

**Mr Wijesinghe:** The issue is currently, it says, audit and other services.

**CHAIR:** I just want to make sure we all have clarity on this point, briefly, and then I will move to other committee members.

**Mr Wijesinghe:** According to the accounting standards, currently Australian financial reports disclose the external audit fee and the fee for other services. All the submissions, including ours, are saying to enhance the disclosure of those other services.

**Mr GORMAN:** My last question on this is: are there any international examples you think the committee should look at where that extra granularity of disclosure has been effective in—

**Mr Wijesinghe:** Yes, the UK ethical standards do provide more information on what they consider audit related, and other assurances services. The UK ethical standards, updated in December 2019, provide more information on what can be put into those buckets.



**Senator O'NEILL:** I want to follow up on Mr Gorman's and Senator Whish-Wilson's inquiries about the public perception and the public access to information in digestible forms about perceived conflicts of interest. We've had some declarations to us in confidential submissions about conflicts of interest for people who are on the CPA board who hold significant roles in industries that are associated with financial services that are not required to disclose that very close association with other entities. Do you have a view about the transparency and mechanisms for transparency that would far greater enhance the ethical action of people right across the sector?

**Ms Milne:** I think that's a good question and I think we should take that on notice. I don't think it's an easy answer, but, again, it may be something where increased granularity is appropriate. But I think we should take it on notice.

**Senator O'NEILL:** Are you aware of any such structures in other jurisdictions that make it easier for the informed investor, or investors' advisers who want to clearly give better advice, to be able to go and access that kind of information? Given the technical capacities that we have today, is that available in any jurisdiction, and how is that interacting with the international standards to which you constantly referred in your evidence?

**Mr Wijesinghe:** I'm not sure I understand the question. Is it the information about the standards or the standard-setting process?

**Senator O'NEILL:** The standards only exist within the transparency if there is granular detail about potential conflicts of interest. My question is: are there any jurisdictions that currently employ technologies that allow that intersection between statements about ethical behaviour and the capacity for individuals—researchers, research houses advising clients, individual investors—to go and interrogate claims about conflict of interest being considered when determinations are being made about whether there is a conflict that directors are determining? What's going on, really, internationally?

**Mr Wijesinghe:** All our technical board papers are on our website. There's a public gallery in all the discussion on the standard-setting matters. It's the same in Australia, it's the same internationally, and it has been the same for the last 15 years. People can come. At the beginning of the meeting, the boards will make declarations about their interests. In our board, the board makes a declaration on their interests. If you come to the meeting, there's a public gallery—they can see it—and if there is a conflict then the board member will step out when that issue is being debated.

**Senator O'NEILL:** The question is: for people who are interested, how is it known in any transparent way that there is a conflict other than the declaration of the individual, which relies on their own ethical disposition, which I think we should call into question in some cases?

**Ms Milne:** Are you talking about our particular organisation, or is your question broader?

**Senator O'NEILL:** No—through your knowledge. You're plugged into an international structure, and that's why I'm asking: what's different in jurisdictions, not in terms of the standard—because you've made it quite clear that there's an alignment that allows for efficiency and movement of information—but are there any structural responses, given the change in technology in the last 15 years in particular, to points at which access to information about conflicts of interest that people who aren't on the board are able to discern?

**Ms Milne:** Sorry, I'm still—

**Mr Wijesinghe:** I'm not—

**Senator O'NEILL:** I'll put it on notice.

**Ms Milne:** Yes, please.

**Senator O'NEILL:** I want new practices and any other context that increased transparency so that people can discern for themselves where conflicts of interest may lie, especially if they're not articulated by the person who has the conflict of interest.

**CHAIR:** We'll go quickly to Mr Falinski, and then we'll move to the next witness.

**Mr FALINSKI:** I have a lot of questions, Chair, but I'll do my best to get through them as quickly as possible. In your opening statement, you said that our standards are world class. How do you know that?

**Mr Wijesinghe:** Because only us and the US have a comprehensive range of professional standards which cover other services, like valuation services, forensic accounting, insolvency services. When we developed those, we looked at the US standards as well, so only Australia and the US have a comprehensive range of standards for non-assurance services.

**Mr FALINSKI:** You're saying you're one of only two bodies in the world that does this.

**Mr Wijesinghe:** New Zealand has some of it, but not the same range as us and the US.

**Mr FALINSKI:** Do you think that part of the problem that we're facing here is the complexity of the accounting standards themselves?

**Mr Wijesinghe:** I can't talk about the accounting standards. That's under the Australian Accounting Standards Board.

**Mr FALINSKI:** I understand that. But you're in charge of professional standards; clearly, you have a view about some of the major underlying factors that make it easier or harder for professionals to carry out their work.

**Mr Wijesinghe:** But these are international standards. Whether you talk about the accounting standards, the auditing standards or the code of ethics, these are global standards which are operating in over 100 countries. So, unless Australia has something that is rather unique and different, and there are cases—

**Mr FALINSKI:** The new accounting standard on leasing is unique to Australia.

**Mr Wijesinghe:** No.

**Mr FALINSKI:** Yes.

**Mr Wijesinghe:** That's based on international standards.

**Mr FALINSKI:** It's based on it, but it's unique. The way that we've interpreted it and implemented it is unique to Australia.

**Mr Wijesinghe:** That's not my expertise. My expertise is in professional and ethical standards.

**Mr FALINSKI:** But don't you think that, if you're going to opine and help professionals undertake the work that they're doing, it's important that we understand the environment in which they're undertaking that work?

**Mr Wijesinghe:** Yes.

**Mr FALINSKI:** For example—and, by the way, parliamentarians should be as far away from setting accounting standards as you can possibly get us—if we are implementing accounting standards that are complex, difficult to understand, open to interpretation and leading to mass confusion, and if even the people who are undertaking the auditing and the financial accounting can't agree, don't you think that makes it difficult for a professional to undertake their role?

**Mr Wijesinghe:** My understanding of the leasing standard, which is a high level of understanding, is that previously they were operating leases, which now need to be bought on a balance sheet.

**Mr FALINSKI:** Yes.

**Mr Wijesinghe:** So that's what is happening.

**Mr FALINSKI:** That's what it's trying to achieve.

**Mr Wijesinghe:** Yes.

**Mr FALINSKI:** But, in actual fact, what it has achieved is a lot of confusion, hasn't it? How are we, as consumers of financial statements, meant to compare one financial statement to another when there's broad confusion across the sector about what the standards mean because they're so complex?

**Mr Wijesinghe:** Is that a statement?

**Mr FALINSKI:** That's a question.

**Mr Wijesinghe:** As I have said several times, this is a matter for the Australian Accounting Standards Board, and I think it's best directed to them.

**Mr FALINSKI:** My question to you, though, is: are you in charge of setting professional standards?

**Mr Wijesinghe:** Yes. This is over the code of ethics and non-assurance services. This is about people who go and do valuation services, forensic accounting, insolvency services and so on.

**Mr FALINSKI:** I understand. You've spent a lot of time in front of this committee referring us to European and UK standards; is that right?

**Mr Wijesinghe:** I mentioned the EU one because Senator Whish-Wilson—

**Mr FALINSKI:** But previously you said that you're one of only two and a half bodies globally that are looking at this sort of stuff.

**Mr Wijesinghe:** That have issued standards for non-assurance services, yes.

**Mr FALINSKI:** So why would you point us to jurisdictions that don't have these sorts of bodies?

**Mr Wijesinghe:** I answered it in the context of, I think, Mr Gorman's question when he said he was looking for more granularity, and I pointed to the UK standard, which just came out in December, which does have some granularity in respect of the fee categorisation.

**Mr FALINSKI:** Do you have a view about the criticism of the UK reforms to the auditing sector?

**Mr Wijesinghe:** Well, that's the UK—

**Mr FALINSKI:** It's just that you're pointing the committee to the UK. I understand your response to a very good question from Mr Gorman. But my query is: when you point to these standards, shouldn't the committee also be aware that some of the reforms that have been implemented by the UK have now actually led, once again, to mass confusion in that sector? Auditing firms and the financial accounting sector in that country are now saying: 'Look, the unintended consequences of these reforms have been disastrous—that you have tried to crack a nut with a sledgehammer. Problems are manifest. Do you think it's important that the committee also understands that some of these standards that have been implemented in the UK have had really adverse impacts on the sector?

**Mr Wijesinghe:** The UK reviews are ongoing, and now the Brydon report has come out as well. The Brydon report does say that a board, management and audit committees need to have responsibility as well, because they're the ones who determine the success of the business.

**Mr FALINSKI:** Let me ask you one last question. What impact is litigation funding in Australia having on the auditing sector and on professional standards?

**Ms Milne:** I can only speak from the perspective of the broader corporate sector, where I think it's leading to more risk-averse behaviour. Obviously in a very practical sense insurance premiums are going up extraordinarily. I see it in directors and officers insurance. I was told in relation to insurance for a very low-risk entity where I'm on the board that premiums this year would go up by 30 per cent, after they went up by 40 per cent last year. And I think that's direct—

**Senator WHISH-WILSON:** Could you explain what you mean by 'risk-averse behaviour'? I would have thought that would have been a good quality for an audit business.

**Ms Milne:** I was talking about from a director's point of view—I think much more reluctance to do things that are entrepreneurial, because of the fear of litigation. It's a separate topic, and a very large one, but I do think that our current arrangements relating to litigation funding and class actions have a negative effect.

**Senator O'NEILL:** You argue that the code of ethics has the force of law—the APES 110—and it's a mandatory requirement by the three accounting body members. Has it ever been tested in an Australian court of law or by the professional bodies in a disciplinary manner? And do you have any evidence that the professional accounting bodies have applied the codes to the big four, especially covering audit firms of the ASX 200 entities in Australia?

**Mr Wijesinghe:** The professional bodies do report to us about quality-control matters, and we can ask them for some information on that. As Nancy said in opening, we don't do monitoring and enforcement. That's not part of our role. Our role is a narrow role of setting the standards.

**Senator O'NEILL:** The standards are only of value if there is monitoring and enforcement. My questions are to that end. Has monitoring and enforcement action been taken? Has it ever been tested in an Australian court of law or by the professional bodies in a disciplinary manner?

**Senator WHISH-WILSON:** I asked a similar question earlier.

**CHAIR:** Maybe they could take it on notice.

**Mr Wijesinghe:** I mean, I am aware of some of the professional standards being tested in courts, like the valuation services standard, which has been tested in the New South Wales courts. But I cannot recall specific instances off the top of my head.

**Senator O'NEILL:** So there has been no action in the courts on conduct and ethics standards to your knowledge, Mr Wijesinghe?

**CHAIR:** I think the witnesses have agreed to take that on notice, and I'm sure that, if there's any further information, you'll provide it to the committee. You have been asked a number of questions on notice this morning. The committee would be very grateful to receive your answers by 14 February 2020 so that we can meet our reporting deadline. Thank you very much for your attendance here and your evidence this morning.

