

AGENDA PAPER

Item Number: 12
Date of Meeting: 9 December 2024
Subject: Update on Parliamentary Inquiries relating to the accounting profession

Action required For discussion For noting For information

Purpose

To update the Board on the Parliamentary Inquiries relating to the accounting profession.

Background

In recent years, the accounting profession has experienced an increased number of ethical failures, from cheating on ethics exams to fraud, breaches of confidentiality and conflicts of interest. In Australia, these ethical failures have led to the initiation of several parliamentary inquiries impacting the accounting profession.

APESB have engaged with these inquiries by providing submissions and appearing at the public hearings. Detailed updates on the inquiries were provided at the Board meetings in August 2023 ([Agenda Item 11](#)), November 2023 ([Agenda Item 10](#)), March 2024 ([Agenda Item 10](#)), June 2024 ([Agenda Item 10](#)) and September 2024 ([Agenda Item 10](#)).

Parliamentary inquiries update

NSW Parliamentary Inquiry into the NSW Government's use and management of consulting services

This inquiry, established on 6 June 2023, focused on the use and management of consulting services by NSW Government agencies. Refer to the [Terms of Reference](#) for the inquiry.

The Public Accountability and Works Committee issued the Government its [Report](#) ("PAWC Inquiry Report") on 29 May 2024, which set out 28 recommendations for the NSW Government to consider. A detailed update on this report was provided at the June 2024 Board meeting ([Agenda Item 10](#)).

In late August 2024, the NSW Government published its [Response](#) to the 28 recommendations in the PAWC Inquiry Report. In relation to recommendations relating to managing conflicts of interest of consultants, the NSW Government supported and will consider action to address conflict-of-interest management, in particular:

- Agencies must continuously assess and manage conflicts of interest throughout the procurement process, including requiring ongoing disclosure as a condition of engagement.
- Policies, practices, and buyer education will be enhanced to recognise and manage conflicts of interest effectively.
- The NSW Government expects all suppliers, particularly consultants providing expert advice, to behave ethically and uphold the highest standards of integrity.

The NSW Government did not support Recommendation 24, which suggested public disclosure of any instance of a material breach by a consultant or consultancy that would undermine the public confidence or integrity in the NSW Procurement Framework. The NSW Government commented that public disclosure would need to be considered on a case-by-case basis with regard to policy, legal and commercial considerations, and there may also be other circumstances in which disclosure of certain behaviour is required, for example, to external standards and regulation bodies for professionals, such as APESB.

PJC Inquiry into Ethics and Professional Accountability: Structural Challenges in the Audit, Assurance and Consultancy Industry

On 22 June 2023, the PJC resolved to undertake an inquiry into Ethics and Professional Accountability: Structural Challenges in the Audit, Assurance and Consultancy Industry in response to allegations of misconduct in the Australian operations of the major accounting, auditing and consultancy firms. The focus of the inquiry is set out in the [Terms of Reference](#).

Technical Staff presented a summary of the key themes in the submissions made to this inquiry at the November 2023 Board meeting ([Agenda Item 10](#)) and APESB's response to the Questions on Notice (QoN) to the Committee at the June 2024 Board meeting ([Agenda Item 10](#)) and September 2024 Board meeting ([Agenda Item 10](#)) respectively.

Since the last update was presented at the September 2024 Board Meeting, the PJC held a public hearing on 20 September 2024, which was focussed on PwC. The witnesses appearing included the former General Counsel of PwC and representatives from the Law Council of Australia. The transcript from this hearing is available on the [Inquiry website](#).

In early November 2024, the inquiry issued a [Report](#) (PJC Inquiry Report) that set out [40 recommendations](#) aimed at changing the shape of the industry through the implementation of evidence-based solutions. The PJC Inquiry Report also includes 4 additional recommendations from [Liberals members](#) and an additional 5 recommendations from [Greens Senators](#).

Technical Staff have reviewed the PJC Inquiry Report recommendations and prepared a comparison of how the measures and actions outlined in APESB's [submission](#) interact with relevant Committee recommendations. This comparison is set out in Agenda Item 12 (a) for the Board's consideration.

Way Forward

Technical Staff will continue to monitor the progress and outcomes of parliamentary inquiries and update the board on key developments.

Recommendations

That the Board note the update on the Parliamentary Inquiries.

Materials presented

Agenda Item 12 (a) Comparison of APESB's Submission to PJC Inquiry Report Recommendations

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