



Australian Government

Auditing and Assurance Standards Board

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Melbourne VIC 8007

5 February 2019

Mr Adam Bogiatzis
Consumer and Corporations Policy Division
The Treasury
Langton Crescent
PARKES ACT 2600

Submitted electronically: ASICFunding@treasury.gov.au

Dear Adam,

**AUASB Technical Group Submission on
*ASIC Industry Funding Model and Registry Search Fees***

Please find attached the submission sent on behalf of the Auditing and Assurance Standards Board (AUASB) Technical Group (ATG) in response to the request for feedback on the proposed updates to the *ASIC Industry Funding Model and Registry Search Fees*.

The AUASB is an independent, non-corporate Commonwealth entity of the Australian Government, responsible for developing, issuing and maintaining auditing and assurance standards. Sound public interest-oriented auditing and assurance standards are necessary to reinforce the credibility of the auditing and assurance processes for those who use financial and other information. The AUASB standards are legally enforceable for audits or reviews of financial reports required under the *Corporations Act 2001*.

The requirements for an auditor to reassess whether to continue a recurring client engagement are contained within the Australian Auditing Standards (ASAs) issued by the AUASB and the Code of Ethics for Professional Accountants (the Code) issued by the Accounting Professional & Ethical Standards Board (APESB).

Whilst the AUASB is not responsible for the appointment, resignation or removal of auditors of companies under the *Corporations Act 2001*, the ATG has recently been made aware by stakeholders of the significant increase in the fee (from \$39 to \$3,487) to lodge an application to resign as an auditor of a company and the implications for the auditing profession.

We are particularly concerned that the excessive resignation fees may have a detrimental effect on audit quality, particularly in the not-for-profit sector where many auditors perform their work on a discounted or pro-bono basis. We have received anecdotal evidence of auditors continuing engagements they would otherwise remove themselves from, or asking clients to remove them as auditors to avoid paying the resignation fee. The view of the ATG is that there should not be significant monetary barriers to meeting the requirements of the ASAs and the Code.

Consequently the ATG supports the proposed introduction of item 82A to the table in Schedule 1 of the *Corporations (Fees) Regulation 2001*, which reduces the fee for an application to ASIC by an auditor of a company to resign, under section 329(5)(a) of the *Corporations Act 2001*, from \$3,487 to \$40.

Should you have any queries about the content of this submission please contact me.

Yours sincerely,

Matthew Zappulla
AUASB Technical Director