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Regulators on the warpath

The Australian Securities & Investments Commission continues to play a central role across many fronts. It has released its emerging risks for 2026 while reporting a spike in corporate-governance misconduct.

Regulatory enforcement continues, ASIC fining 12 companies more than \$2 million for failing to lodge required documents, signalling continued high scrutiny of compliance with statutory reporting.

Enforcement activity is also evident in the financial-services sector, with FIIG Securities fined \$2.5 million for cyber security failures under the AFSL regime.

Companies are encouraged to use Form 398 to report sustainability information online, supported by new educational modules designed to improve understanding of sustainability obligations.

ASIC has rejected certain requests for sustainability reporting relief, reinforcing expectations around its campaigning for transparency and accountability. At the same time, modified-liability settings have been extended, providing some regulatory balance as organisations adjust to evolving sustainability frameworks.

AUSTRAC has issued a starter kit to assist sectors with new AML/CTF obligations and ordered an audit of Airwallex for suspected compliance breaches. Additional court actions against businesses for missed compliance reports highlight heightened expectations in this area.

Payday Super regulations have been released, requiring superannuation contributions to be paid with salary and representing a significant operational shift for employers. The government has proposed changes to Director Identification Numbers, alongside enhancements to the oversight and governance of managed investment schemes, reflecting a broader push to strengthen corporate accountability and integrity.

The Australian Accounting Standards Board has provided illustrative disclosures addressing uncertainties, reinforcing the need for clearer judgment and disclosure in financial statements.

The Auditing and Assurance Standards Board has released revised guidance on access to audit working papers and illustrative sustainability reports. ASIC has also intensified scrutiny of auditors, including updates to guidance on AFSL auditor removal and enforcement action against SMSF auditors.

Organisations should proactively review governance, reporting, cyber security, sustainability, and AML/CTF frameworks in response to increased regulatory scrutiny.

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Key priorities include strengthening compliance controls, preparing for Payday Super and governance reforms, updating financial and sustainability disclosures in line with new AASB and AUASB guidance, and

leveraging available training and advisory support to manage evolving regulatory obligations.

The 14-session GAAPinar series (March–June) covers current topics in audit, financial

and sustainability reporting, AI, ethics, AFSL, and SMSFs. Emphasis is placed on audit quality, professional judgment, audit planning, fraud, NOCLAR, and challenges in financial and climate-related reporting.



FINANCIAL REPORTING

AASB issues new standard on uncertainties

The Australian Accounting Standards Board has issued AASB 2026-1, adding new illustrative examples of disclosures about uncertainties in estimating the recoverable amounts of assets. Decommissioning and restoration liabilities are also covered.

The standard accompanies AASB 136 *Impairment of Assets* and AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*, showing:

- AASB 136 – How entities disclose information about the key assumptions used to determine the recoverable amounts of assets, and
- AASB 137 – How entities might disclose information about plant decommissioning and site-restoration obligations even if their effect on the carrying amount of decommissioning and site-restoration provisions are immaterial.

AASB 2026-1 applies to annual periods beginning on or after 1 July 2025 that end on or after 28 February. The examples can be considered when preparing financial statements for the 2025-26 financial year.

The International Accounting Standards Board has added new examples to four standards – IFRS 7 *Financial Instruments*:

Disclosures, IFRS 18 *Presentation and Disclosure in Financial Statements*, IAS 1 *Presentation of Financial Statements*, and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*.

These new examples were not included in AASB 2026-1. They are available on the AASB website, via the *IASB's Support Materials* page.

GAAPinar No. 11 on 4 June addresses **Auditing for asset impairment**, with Colin Parker and Chanelle Pienaar

ASIC fines 12 companies more than \$2 million for failures to lodge

Twelve large proprietary companies have paid fines totalling more than \$2 million for failing to lodge financial reports on time.

The Australian Securities & Investments Commission fined each of the companies a minimum of \$187,800 for infringements over the absence for FY24 reports. The companies have paid the fines.

Notices were issued as a result of a three-month surveillance in which ASIC focused on non-lodgement by large proprietary companies.

ASIC commissioner Kate O'Rourke said: 'Large proprietary companies are legally obliged to provide financial reports to ensure that those dealing with these businesses can make informed decisions.'

'ASIC calls on the directors of large proprietary companies and other entities with financial-reporting obligations to proactively review their [...] obligations and ensure financial reports are lodged in a timely manner.'

'We also remind auditors of these entities to notify ASIC if they are aware or suspect that a company is not complying with its lodgement obligations.'

ASIC remains focussed on improving compliance by companies and other entities with financial-reporting obligations. Financial reports play a vital role assisting creditors and other users of the reports in making informed decisions when dealing with large companies.

The commission is this year monitoring closely compliance with the reporting obligations of large proprietary companies and other entities.

In the *GAAPinar* library you will find the 26 November pop-up **GAAPinar RG 34 Auditor obligations: What auditors must report to ASIC and why you might need to act now**, with Carman Ridley and Colin Parker.



SUSTAINABILITY REPORTING

Use form 398 to report sustainability online

ASIC's form 398 *Copy of sustainability report and auditor's report* is available for companies lodging sustainability reports online through a company office-holder, registered agent, and auditor portals.

The form must be completed and lodged together with a sustainability report (and the accompanying auditor's report) for each financial year.

Companies should ensure that they lodge their annual financial reports (and the accompanying auditor's report) as well as the directors' report for the financial year using form 388.

Listed entities relying on *ASIC Corporations (Electronic Lodgement of Financial and Sustainability Reports) Instrument 2016/18* may alternatively lodge annual reports electronically with the relevant market operator (that is, ASX, NSX, or SXX).

Entities that are not required to prepare a sustainability report under Chapter 2M of the *Corporations Act* can also use Form 398 to lodge with ASIC:

- A sustainability report prepared as a condition of, or to obtain the benefit of, an exemption granted by ASIC under sections 340 or 341 of the *Corporations Act*, or
- A sustainability report prepared on a voluntary basis – for example, to meet investor expectations.

Sustainability reports lodged with ASIC will be available on the public register at ASIC Connect using a company-name search under *Organisations & Business Names*.

ASIC knocks back sustainability-reporting relief

ASIC has updated *Sustainability reporting and audit relief decisions register* with three new entries.

The commission made several in-principle decisions to refuse relief to entities seeking it for the following reasons:

Four entities of a corporate group sought relief for one of the entities to prepare a sustainability report that includes the other three entities for the financial year ended 31 December 2025. The commission was not satisfied that compliance would impose unreasonable burdens on the four entities. Allowing consolidated sustainability reporting would conflict with the connected information requirements under AASB 2 *Climate-related disclosure*. In addition, the entities' proposal to artificially consolidate without control did not meet the requirements for preparing consolidated financial reports under AASB 10 *Consolidated financial statements*.

Three entities sought relief on the basis that their parent, an Australian partnership, would prepare a consolidated sustainability report for the Australian corporate group for the financial year ended 31 December 2025. The commission was not satisfied that compliance would impose unreasonable burdens on the three entities. Allowing the partnership parent to prepare a consolidated sustainability report would also be inconsistent with the connected information requirements in AASB S2. In addition, the partnership was not a legal entity and could not be a parent under Australian Accounting Standards.

An entity sought relief from preparing sustainability reports for the financial year ended 31 December 2025. The commission was not satisfied that compliance would impose an unreasonable burden. The entity could have avoided administrative costs and complexity by preparing a consolidated sustainability report but chose instead to defer under section 292A(2) of the *Corporations Act 2001*.

ASIC encourages prospective applicants to review the register before submitting a relief application. The register provides valuable insight into the factors the commission considers as well as any conditions that may be imposed.

Applicants considering applying for relief are urged to begin the application process before the applicable statutory deadline. ASIC's powers to grant relief are prospective. The commission has no power to grant retrospective relief.

It will not remedy any past breaches of the *Corporations Act*.

For further information see information sheet 82 *Apply for relief* to find out how to apply for relief. For ASIC's general approach to granting relief, see regulatory guides 51 *Applications for relief* and 280 *Sustainability reporting*.

GAAPinar No. 13 on 11 June addresses **Climate-related disclosures – key focus areas and lessons from 31 December reporters**, with Carmen Ridley and Colin Parker.

New modules help companies understand sustainability reporting

ASIC has released its first set of educational materials to help smaller companies understand the basic concepts underpinning Australia's new sustainability-reporting requirements.

PDF versions of eight modules may be found on its web page:

- Module 1 sets out how stakeholders should engage with the materials and introduces the basics of the new sustainability reporting requirements in the *Corporations Act*
- Module 2 covers the basics of climate change
- Module 3 covers climate-related physical risks and how they may affect an entity
- Module 4 focuses on explaining climate-related transition risks and how they may affect an entity

- Module 5 introduces climate-related opportunities and shows how they may apply to an entity through practical examples
- Module 6 introduces emissions accounting and provides foundational knowledge on scope 1, 2 and 3 greenhouse-gas emissions
- Module 7 focuses on the process of climate-related scenario analysis, and
- Module 8 provides an overview of how entities might integrate climate risks and opportunities into governance and risk management.

ASIC will offer the modules in an interactive format in the first quarter of 2026.

Modified liability settings extended

With the passage of *Treasury Laws Amendment (Strengthening Financial Systems and Other Measures) Act 2025* temporary modified-liability settings apply to certain types of statements ("protected statements") in sustainability reports and auditor's reports on them.

For the duration of relevant periods, legal action concerning a protected statement may be brought only by ASIC or criminal proceedings.

Amendments to the *Corporations Act* extend these modified-liability settings to voluntary sustainability reports, reports that are treated as sustainability reports under specific ASIC orders (relief-condition reports) and to accompanying auditor's reports for these categories (see s1707DA and s1707DB.)

The amendments also extend the assurance requirements and ASIC's directions power to voluntary sustainability reports under the *Corporations Act* and relief-condition reports (see s342C(6) and s1707DA(4).

They are intended to encourage entities to make climate-related financial disclosures even if not required to do so under the legislation.

ASIC regulatory guide 280 *Sustainability reporting and FAQs: Review or audit of sustainability reports* will be updated to reflect these changes.



GOVERNANCE

Super to be paid with salary

Legislation to require employers to pay their employees' super at the same time as their salaries and wages has passed parliament.

From 1 July, employers will be required to deposit employees' super into accounts within seven business days of payday.

While most employers do the right thing, the Australian Taxation Office estimates that \$6.25 billion worth of super went unpaid in the recent financial year.

The new law will:

- Require employers to ensure super contributions are received by the employee's fund within seven business days of payday or they will be liable for the superannuation-guarantee charge
- Help the Australian Taxation Office enforce the law and more quickly identify employers not making contributions, and
- Redesign the superannuation-guarantee charge to be fit for purpose and make Payday Super work.

The ATO will monitor compliance for 12 months after the change. Its approach will differentiate between low and high-risk employers.

Employers that are making an effort to pay contributions in line with pay cycles can fall into a low-risk category.

Payday Super regulations released

The federal government has published regulations supporting the implementation of Payday Super reforms.

The *Treasury Laws Amendment Payday Superannuation Regulations 2026* mark a significant milestone in implementing reforms legislated last year.

Among other things, the regulations confirm the kinds of payments that do not attract super and the consequences of an employer voluntarily disclosing any missed payments.

They provide a reduced three day timeframe for superannuation funds to approve or reject contributions. This aims to ensure that contributions are allocated to a member correctly in a shorter timeframe, including the resolution of errors. It benefits employees by getting contributions credited earlier.

The taxation office's first year transitional approach *Practical Compliance Guideline 2026/1* has been published. In 2026–27, employers will not be penalised if they are doing what they can to obey the new regulations as system and software upgrades are rolled out.

Government proposes big DIN changes

The Federal Government has released exposure draft legislation, *Treasury Laws Amendment (Business Registries Stabilisation and Uplift) Bill 2025*, accompanying draft regulations and explanatory material that propose significant changes to the Director Identification Number regime.

The proposed reforms are intended to enhance the integrity of corporate data, address unlawful phoenix activity, strengthen regulatory oversight, and improve confidence in the accuracy of information held on the Companies Register.

Proposed enhancements for oversight and governance of MIS

The federal government has released the first of its consultation papers to improve consumer protection in the wake of Shield and First Guardian Master Funds' collapse.

A consultation paper *Enhancing oversight and governance of managed investment schemes* aims to improve how MISs are run and their surveillance, including better tracking of superannuation switching.

Suggested improvements include:

- Strengthening the regulatory framework for compliance including introducing stricter compliance-plan requirements, such as requiring a detailed description of the nature of the scheme and its investment strategy, and information outlining how significant risks will be identified, monitored, and managed. Making existing audit and assurance standards mandatory for auditors of compliance plans, and require responsible entities to notify ASIC of the appointment, removal, or resignation of committee members
- Requiring responsible entities of registered MISs to have a majority of external directors and removing the option of having a mandatory compliance committee instead
- Prohibiting MISs' responsible entities from conducting related-party transactions, with limited exceptions
- Amending the framework for setting financial requirements for responsible entities, such as setting more specific requirements
- Increasing ASIC's data-collection powers on the retail MIS sector, and
- Alerting ASIC about superannuation switching.

The government will soon consult on additional proposals to tackle inappropriate lead generation, aiming to create a safer framework for superannuation switching, and strengthening superannuation trustee-governance standards.



ASIC

ASIC announces emerging risks for 2026

ASIC has named key emerging financial risks in 2026, including consumers' loss of retirement savings.

The commission also believes cyber-attacks and the threats of advanced technology,

including artificial intelligence, can harm consumers.

It says that aggressive marketing, lead generation and 'cookie cutter' advice have been driving switches of superannuation into complex, high risk investments that are often unsuitable for average consumers through MISs. ASIC has 12 court cases related to

Shield and First Guardian matters to hold people and organisations to account.

ASIC believes that consumers face increasing risks from automated decisions, AI-driven interactions, and scams amplified by technology. The rapid adoption of technology enables new forms of exploitative conduct, it says.

Maturity varies in how businesses manage AI governance risks. While automated AI with minimal surveillance may help people shop around for deals and avoid loyalty penalties, it can also compound risk given its capability to plan and act independently.

GAAPinar No.6 on 30 April addresses **AI – ethical, governance, and audit risks**, with Carmen Ridley and Colin Parker

Digitisation, legacy systems, reliance on third parties, and other evolving threats continue to elevate cyber risk. The commission is urging directors and AFSL holders to maintain robust risk management, test their operational resilience and crisis responses, and address vulnerabilities with third-party service providers.

Mis selling, unsuitable product selection, and decision making without adequate disclosure are heightened risks.

ASIC believes that private markets are opaque and Australia has limited regulatory reporting outside superannuation.

The commission believes that the superannuation system should be prepared to manage potential operational challenges.

Member-services problems such as delays in processing claims, inadequate support and services for customers, poor IT infrastructure, cyber resilience, and escalating risks of fraud and scam all underscore superannuation-fund operations.

Rapid innovation – especially in digital assets -- by and for people unfamiliar with financial services continues to create risks. They include unlicensed advice, misleading conduct, and the exploitation of unclear regulatory boundaries. Ensuring clarity about licensing requirements and maintaining effective oversight will remain priorities.

Financial reports and audits are key to maintaining market confidence and informed investor and consumer decision-making. The commission continues its focus on poor-quality financial reporting, sustainability reporting, and audit quality.

ASIC is also concerned about inconsistent investment disclosures, limited transparency on certain expenses, and insufficient audit evidence for valuations.

As mandatory sustainability-climate reporting expands, there are also risks of misleading or incomplete disclosures.

Misconduct reports spike in corporate-governance issues

ASIC data has shown an increase in reports of misconduct, including failures to provide company records, insolvency, and shareholder issues.

The commission believes that they are driven largely by corporate-governance failures.

Between 1 July and 31 December, ASIC received 9686 ROMs that raised 13,036 issues. Corporate-governance matters accounted for 40 per cent of the issues,

financial services, and retail-investor 44 per cent, and fraud allegations 11 per cent.

ASIC deputy chair Sarah Court said: ‘The figures point to an increase in concerns being raised about corporate-governance issues. They underscore ASIC enforcement priorities, which include tackling governance and directors’ duties failures, reaffirming that stronger governance remains a top priority for ASIC’.

ASIC is investigating several governance failures and directors’ duties.

There was a 28 per cent increase in ROMs compared with January to June 2025, partly reflecting the commission’s *Reporting misconduct to ASIC* webpage.

‘Reports of misconduct continue to be an important source of intelligence for ASIC’, said Ms Court.

‘They help us identify key issues for consumers, investors, and creditors, and guide our decisions on potential criminal and civil action.’

The half-yearly report is available on the *Reports of misconduct data* webpage.

ASIC has also released its six-monthly *ASIC enforcement and regulatory update July to December 2025* (report 829), which highlighted \$349.8 million in civil penalties imposed by courts and hundreds of millions of dollars returned to Australians as part of investigation and remediation work.



AFSL

FIIG Securities fined \$2.5 million over cyber-security failures

Australian fixed-income specialist FIIG Securities Ltd has been fined \$2.5 million and ordered to pay \$500,000 towards ASIC’s costs.

The commission brought a case against the firm for failures to protect thousands of clients from cyber-security threats for more than four years.

FIIG admitted that it failed to comply with its licence obligations and that adequate cyber-security measures – suited to a firm of its size and the sensitivity of client data held – would have enabled it to detect and respond sooner to a data breach.

It also admitted that complying with its own

policies and procedures could have supported earlier detection and prevented some or all of the client information from being downloaded.

The Federal Court ordered FIIG to undertake a compliance programme involving the engagement of an independent expert to ensure that its cyber security and cyber resilience were reasonably managed.

Ms Court said: ‘Cyber-attacks and data breaches are escalating in both scale and sophistication, and inadequate controls put clients and companies at real risk.

‘This is the first time the Federal Court has imposed civil penalties for cyber-security failures under the general AFS licensee obligations, setting a clear licence-to-operate expectation for robust cyber resilience.

‘ASIC expects financial-services licensees to be on the front foot every day to protect their clients. FIIG wasn’t – and they put thousands of clients at risk.’

GAAPinar No.7 on May 14 addresses **AFSL – key licensing requirements and audit implications**, with Colin Parker

FIIG’s cyber security failures between 13 March 2019 and 8 June 2023 included failures to:

- Allocate the necessary financial resources to have suitably qualified and experienced people available, or implement adequate technological resources to manage cyber security

- Implement adequate cyber-security measures, including multi-factor authentication for remote-access users, strong passwords and access controls for privileged accounts, appropriate configuration of firewalls and security software, regular penetration testing, and vulnerability scanning
 - Have a structured plan to ensure key software systems were being updated to address security vulnerabilities
 - Have qualified IT personnel monitoring threat alerts to identify and respond to cyber-attacks
 - Provide mandatory cyber security awareness training to staff, and
 - Have an appropriate cyber incident response plan that was tested at least annually.
- ‘Entities that fail to maintain proper cyber security controls risk regulatory action by ASIC and exposure to malicious exploitation’, Ms Court said.
- ASIC expects AFS licensees to prioritise cyber-resilience and invest in people, systems, and governance that are fit-for-purpose

for entity size and the sensitivity of client information held.

Further information about cyber security and cyber resilience may be had in *Cyber resilience good practices*, *Cyber risk: Be prepared*, and *ASIC cyber resilience resources*.

The commission also recommended that organisations and investors consider advice from the Australian Signals Directorate’s Australian Cyber Security Centre.



AML/CTF

AUSTRAC releases starter kits for newly-regulated sectors

The Australian Transaction Reports and Analysis Centre has released its anti-money-laundering starter kits designed to help small businesses in newly regulated sectors to meet their compliance obligations and reduce the time and cost of doing it.

The kits set out step-by-step actions businesses can take to build their own anti-money laundering programs and include practical tools to help them comply with legislation.

From 1 July, businesses providing certain designated services commonly provided by lawyers, accountants, real-estate agents, conveyancers, and jewellers will have obligations under the AML/CTF Act.

AUSTRAC orders audit of Airwallex for suspected compliance breaches

AUSTRAC has ordered the appointment of an external auditor to assess whether payment platform Airwallex Designated Business Group is meeting its anti-money-laundering and counter-terrorism-financing obligations following concerns about potential non-compliance.

AUSTRAC’s CEO Brendan Thomas said external audits are a critical regulatory tool to assess serious compliance concerns and to protect the financial system from criminal exploitation.

‘As a global payment platform that facilitates the transfer of funds to multiple jurisdictions,

AUSTRAC is concerned [that] Airwallex’s transaction-monitoring program has not been attuned to the full range of risks it faces and that the company hasn’t demonstrated an acceptable understanding of who its customers are and what reporting may be required.

‘Our concerns also extend to how well Airwallex identifies and reports on suspicious matters and the effective oversight of these important obligations.’

The auditor will examine whether the business is complying with key AML/CTF requirements, including maintaining an AML/CTF program and complying with it, operating a customer due-diligence program, and meeting suspicious-matter reporting obligations.

What are ‘designated’ services?

Whether businesses have anti-money laundering and counter-terrorism financing obligations depends on the services they provide. Obligations fall on ‘designated’ services.

If a business provides one or more designated services that have a ‘geographical link to Australia’, it has AML/CTF obligations.

The newly designated services are listed under table 6 of subsection 6(5B) of the *Anti-Money Laundering and Counter-Terrorism Financing Act (2006)*.

These professional services include:

- Assisting in the planning or execution of a transaction to sell, buy, or transfer real estate (item 1)
- Assisting in the planning or execution of a transaction to sell, buy, or transfer a body corporate or legal arrangement (item 2)
- Receiving, holding, controlling, or managing a person’s property to help in the planning or execution of a transaction (item 3)
- Assisting in organising, planning, or executing a transaction for equity or debt financing relating to a body corporate or legal arrangement (item 4)
- Selling or transferring a shelf company (item 5)
- Assisting in the planning or execution of the creation or restructuring of a body corporate or legal arrangement (item 6)
- Acting, or arranging for someone to act on behalf of a person in particular positions in a body corporate or legal arrangement (items 7–8), and
- Providing a registered office address or principal place of business address of a body corporate or legal arrangement (item 9).

The audit will assist Airwallex to comply with its obligations and tell AUSTRAC whether any further regulatory action is required.

‘Effective anti-money laundering controls start at the top’, said Mr Thomas.

‘Boards and senior executives must be actively overseeing how money laundering and terrorism financing risks are identified, assessed, and managed across their businesses.

‘AML/CTF is not a back-office function. It requires clear accountability, properly authorised staff who can submit reports, and sufficient resourcing to support timely and accurate reporting.’

GAAPinar No.5 on 30 April addresses **NOCLAR – risks, responsibilities, and audit responses**, with Carmen Ridley and Colin Parker.

Businesses taken to court for missed compliance reports

AUSTRAC has taken to court two businesses for failing to meet their AML/CTF reporting obligations.

AUSTRAC alleges that neither Castra Licensee Pty Ltd nor Princeton Securities (NSW) Pty Ltd submitted an annual compliance report for the 2023 calendar year.

In September 2024, AUSTRAC issued infringement notices to 16 businesses, including Castra and Princeton, for report failures. Neither business paid its infringement notice.

AUSTRAC acting CEO Katie Miller said the centre used the information in compliance reports to understand better the risks that businesses and Australia’s broader financial system are facing.

‘The requirement to submit an annual compliance report is fundamental to a reporting entity’s AML/CTF obligations. AUSTRAC uses compliance reporting data to supervise regulated businesses, and to understand how businesses are meeting their obligations [...]’, she said.

‘AML/CTF obligations are not optional. The [Castra-Princeton] action should serve as a warning to other businesses who think they can avoid complying with their obligations – submit your annual compliance report on time or face the consequences.’



FRAUD

Former financial advisor sentenced to six years’ jail

The District Court of Western Australia has sentenced former financial advisor Anthony Paul Torre to six years’ imprisonment. Mr Torre will be eligible for parole after serving four years.

It was alleged that between March 2010 and January 2015, Mr Torre stole, or with intent to defraud obtained, more than \$1.8 million from his clients. It was alleged that Mr Torre used the funds from his clients’ accounts for his own benefit.

Mr Torre was sentenced in relation to three counts of stealing and two counts of fraud resulting in the misappropriation of \$1,030,000 of clients’ superannuation funds from March 2010 to January 2015.

In sentencing, Judge John Prior said: ‘This was a gross breach of trust.... The victims entrusted you with some of their life savings, their superannuation’s funds, which they’d worked hard for over the years and were hoping to utilise or enjoy in their retirement.

‘The victims in each case were vulnerable because you had easy access to their money

and they trusted you as a professional financial advisor ... I find your offending was due to a combination of greed, incompetence, and arrogance ... I must impose a sentence that will deter other professionals such as financial advisors who might be minded to think that they can use their client’s money inconsistently and against their clients’ instructions and authorities.’

GAAPinar No. 4 on April 23 covers **Fraud risk in the 2026 audit**, with Colin Parker.



AUDIT

AUASB issues revised guidance on access to audit working papers

The Auditing and Assurance Standards Board has issued revised guidance statement GS 011 *Providing Access to Audit Working Papers*. It replaces GS 011 *Third Party Access to Audit Working Papers* issued in April 2009.

The revised guidance statement:

- Includes guidance relating to the audit and review of information in a sustainability report in accordance with the *Corporations Act 2001*

- Includes updated revised guidance for group audits under ASA 600 *Special Considerations – Audits of a Group Financial Report (Including the Work of Component Auditors)*, and
- Continues to reflect a willingness by practitioners to co-operate in providing access to their audit working papers by another party in certain circumstances.

AUASB releases illustrative sustainability reports

The AUASB has released *Illustrative Corporations Act Sustainability Assurance Reports*. They are intended to promote consistent reporting by auditors from 31 December 2025.

The sustainability reports are:

- Illustration 1: Year 1 – Review report of specified sustainability disclosures prepared in accordance with the Corporations Act 2001 (compliance framework)

- Illustration 2: Year 1 – Audit and review report on specified sustainability disclosures prepared in accordance with the Corporations Act 2001 (compliance framework)
- Illustration 3: Years 2 and 3 – Review report on a sustainability report prepared in accordance with the Corporations Act 2001 (fair presentation framework), and
- Illustration 4: Year 4 and onwards – Audit report on a sustainability report prepared in accordance with the Corporations Act 2001 (fair presentation framework).

The Illustrative Reports have been drafted having regard to the risk of non-compliance with the Corporations Act 2001 identified by ASIC. The AUASB has decided to recommend that auditors use the Illustrative Reports at this time

ASIC believes that using the following statements creates a risk of non-compliance.

They are:

- For reviews, the lead words, ‘Based on the procedures we performed and the evidence we obtained [...]’, and
- Reference to a fair presentation in all material respects (for Year 2 onwards).

ASIC has informed the AUASB that in their opinion the form of the conclusions/opinions in the Illustrative Reports should use the Corporations Act wording only, with additional wording included as required by ASSA 5000 *General Requirements for Sustainability Assurance Engagements*.

The AUASB intends to obtain legal advice as to whether combining the words from the act and ASSA 5000.190(c)(vi) in the conclusions and opinions would be compliant. This may affect the form of future illustrative reports.

Assurance on voluntary Corporations Act sustainability reports

The AUASB has issued ASSA 2025-10 *Amendments to ASSA 5010 Timeline for Audits and Reviews of Information in Sustainability Reports under the Corporations Act 2001*.

ASSA 2025-10 amends ASSA 5010 to require the approach for the phasing in of assurance for Group 1, 2 and 3 entities to be applied for voluntary sustainability reports under the *Corporations Act 2001*.

For example, entities that commence voluntary reporting under the act at the same time as reporting commences for Group 1 entities will be subject to the same phasing in of assurance as Group 1 entities.

Recent amendments to the act allow entities to make voluntary sustainability reports for years commencing 1 January 2025 to 31 December 2027 (see Schedule 4, Part 1, Division 2 of the *Treasury Laws Amendment (Strengthening Financial Systems and Other Measures) Act 2025*).

IAASB releases feedback on technology-management

The International Auditing and Assurance Standards Board has published a summary of feedback from its global technology quality-management roundtables.

The meetings explored how emerging technologies – including artificial intelligence – are affecting audit and assurance engagements and the application of the IAASB’s quality-management standards.

Participants broadly agreed that the standards provided a solid foundation for managing technology-related risks.

Standards concerned were *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements*, and *Quality Management for an Audit of a Financial Report and Other Historical Financial Information*.

The summary report *Technology Quality Management Roundtables: Outcomes and Next Steps* is available on the IAASB website.

IAASB amends standards on using experts

The IAASB has published amendments to its standards arising from the International Ethics Standards Board for Accountants’s research on using an external expert.

The amendments respond to the IESBA’s recently approved revisions to its *International Code of Ethics for Professional Accountants (including International Independence Standards)*, which introduced, among other provisions, explicit ethical requirements for using the work of external experts in audit, assurance, and non-assurance engagements.

The amendments affect the following IAASB standards:

- ISA 620 *Using the Work of an Auditor’s Expert*
- ISRE 2400 (Revised) *Engagements to Review Historical Financial Statements*
- ISAE 3000 (Revised) *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, and
- ISRS 4400 (Revised) *Agreed-upon Procedures Engagements*.

Amendments are expected to counterpart Australian and New Zealand auditing standards.

ASIC updates guide on AFSL auditor removal

ASIC has updated regulatory guide 26 *Resignation, removal and replacement of auditors* to reflect changes to the auditor removal-and-cessation process for Australian financial services licensees.

Licensees and applicants can use a new AFS licensing portal to apply for ASIC consent to remove an auditor and notify ASIC about a licensee auditor’s appointment or cessation.

The portal is integrated into the ASIC Regulatory Portal. AFS licensees should select the transaction ‘*Notify ASIC or apply to ASIC about Australian financial services licensee auditor appointments*’ on the AFS-licensing dashboard.

There is no change for an application for ASIC consent to resign as auditor of an AFS licensee. Form FS08 *Application for consent from ASIC to resign as an auditor of an Australian financial services licensee* is used to do this.

ASIC hammers 28 SMSF auditors

ASIC has cancelled, disqualified, or imposed conditions on 28 managed super-fund auditors in the first half of financial year 2025-26.

SMSF auditors assure the \$1 trillion in retirement savings held in Australia’s 661,000 accounts. They act as gatekeepers who contribute to the integrity and confidence in the SMSF regime.

ASIC disqualified four SMSF auditors, imposed extra conditions on two, and cancelled the registrations of 22.

The commission uncovered professional breaches, including failures to:

- Comply with auditing and assurance standards, independence and continuing professional-development requirements or to hold professional indemnity insurance
- Provide ASIC with annual statements
- Advise ASIC of changes to their contact details on the public register and not responding to regulatory compliance requests, and
- Failing to carry out enough auditing to meet practical-experience requirements.

Of the 22 auditors who had registrations cancelled, nine failed to perform significant audit work over the past five years. They were referred to ASIC by the ATO. Eleven cancelled auditors failed to maintain necessary practical experience.

A further 11 were cancelled for failing to lodge several annual statements.

Two registrations were cancelled for not updating their contact details on the public register and failing to respond to regulatory compliance requests.

GAAPinar No. 12 on 4 June addresses **SMSF audit focus areas for 30 June**, with Shelley Banton.

ASIC increases scrutiny of in-house audits

ASIC has increased scrutiny on in-house audits, which occur when auditors audit the financial statements of SMSF clients that they or their firms also provide accounting services to.

Two of the four auditors disqualified in the past six months were disqualified because ASIC found that they continued auditing SMSFs whose financial statements were prepared by staff in their own firm. ASIC contends that the conduct continued even after it had imposed extra conditions to address the issue.

Since 2020, auditors are explicitly prohibited from auditing SMSF financial statements and accounting services for the same clients. The services may be preparing financial statements. If accounting services are routine or mechanical and any independence threats created by providing them are reduced to an acceptable level may be a dispensation.

An ATO review last year indicated that up to 800 SMSF auditors might be performing in-house audits, so this risk continues to remain a focus on the ATO's compliance program.

Where SMSF auditor conduct falls short, ASIC has said it will act.



INSIDE GAAP CONSULTING

GAAPinar registrations open

Come along to *GAAP Training's* 14-session March-June *GAAPinar* series starting on Thursday 19 March.

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www.gaaptraining.com.au. Use the *GAAPinars* as a refresher and to bring new members up to speed.

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As well as our advisory services on the interpretation of accounting, auditing, and ethics standards, *GAAP Consulting* can help you with:

Financial reporting – financial statement preparation, implementation of new and revised accounting standards, preparation of accounting policy position papers and pre-issuance reviews of financial statements

Risk management – quality-assurance reviews of audit files and risk-management systems (under auditing and ethical standards rules), engagement quality review and root-cause analysis services, help with enquiries from regulators and accounting bodies, and managing litigation risks

Training – face-to-face and web-based (*GAAPinars*) training on standards, legislative developments, and business risks as well as client briefings on contemporary issues. There is also an extensive library of *GAAPinars* (www.gaaptraining.com.au)

Information services – use of proprietary technical content from *GAAP Alert*, *Special GAAP Reports*, and *NFP Risks and Compliance* newsletters to enhance the brand awareness and expertise of existing and potential clients.

ASIC has made repeated references to the importance of position papers to support key accounting decisions. Help is coming with our publication *Why and How of Accounting Policy Position* by lead author Rob Mackay. To obtain a copy please contact Colin 0421-088-611 or colin@gaap.com.au.

Improving communication skills – we can help you to communicate better, editing and rewriting professionally your tenders, client communications, and internal manuals. They'll be clearer, simpler, more powerful, and easier to read and to understand. We can also help you to prepare formal and informal talks, speeches, and seminars.

The *GAAP Consulting* members and their areas of expertise and locations are:

- **Colin Parker**, aka the 'gate-keeper' (financial reporting, audit, ethics, risk management, and host of the *GAAPinar* training series) – Canberra (contact Colin 0421-088-611 or colin@gaap.com.au)
- **Carmen Ridley** (financial and sustainability reporting and ethics) – Melbourne
- **Robert Mackay** (financial and sustainability reporting) – Melbourne
- **Stephen La Greca** (financial reporting, audit, and risk management) – Sydney
- **Chanelle Pienaar** (audit and risk management) – Brisbane
- **Jessica-Anne Saayman** (audit and risk management) – Brisbane
- **Shelley Banton** (self-managed superannuation funds) – Newcastle
- **Andrew Parker** (training, marketing, and event management) – Melbourne, and
- **Stephen Downes** (client communications) – Melbourne

We use the services of **Stephen Newman**, corporate lawyer, Hope Earle, Melbourne, when matters have a legal aspect.



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GAAP Consulting

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