



COLIN'S

CORNER

What have you missed?

This *GAAP Alert* highlights current regulatory and practice issues across financial reporting, sustainability, governance, audit, and fraud.

Latest ASIC inspired corporate restatements are noteworthy. Pure Foods Tasmania reversed \$4.5 million in deferred tax assets after ASIC challenged whether tax losses met AASB 112 criteria, reinforcing the need for strong evidence of future taxable profits.

Viva Energy revised impairment testing to assess convenience retail sites individually, contributing \$25 million to a \$558.8 million charge.

ASIC also intensified lodgement enforcement, issuing significant fines for late annual reports.

In New Zealand, the Financial Markets Authority published monitoring insights (2022–2025), highlighting recurring weaknesses in disclosure practices. Issues include insufficient documentation and disaggregation for revenue recognition, questionable impairment assumptions, inadequate sensitivity analysis, ambiguous going-concern judgements, and evolving application of the new insurance-contracts standard.

The FMA also emphasised the importance of aligning climate statements with financial statements to uphold user trust.

On the sustainability front, ASIC has launched digital training modules to help entities, especially those not in the initial reporting wave, prepare for upcoming sustainability-reporting obligations. More modules are planned. Supporting this, CA ANZ and ACCA published a case study on applying ISSA 5000 to estimates and forward-looking information, addressing risk responses, evaluation of evidence, and the impact of uncertainties on assurance conclusions.

Recent enforcement actions included EOS's fine of \$4 million for delayed disclosure of guidance downgrades, Binance Australia Derivatives fine of \$10 million for licensee conduct failures, and Emma Sleep penalty of \$15 million for misleading pricing representations.

The Federal Court found two former Star Entertainment executives breached their duties around AML/CTF risk management, though claims against several non-executive directors were dismissed. ASIC is seeking penalties and disqualification orders.

Updated OAIC privacy guidance urges AML/CTF entities to prioritise data minimisation, while APRA has warned that AI uptake is outpacing governance and security controls.

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A payroll compliance report identified persistent systemic underpayments, attributing them to fragmented systems, poor integration and manual processes and called for stronger governance, accountability, and ongoing assurance.

Directors have received an updated ethics guide, providing practical frameworks – including guidance on ethics and AI – to support robust, defensible decision-making.

Finally, this issue offers resources on anti-fraud technology, fraud risk management, audit inspection trends, and enforcement.

Let us know how we can help through our advisory and training expertise.



FINANCIAL REPORTING

Pure Foods Tasmania reduces deferred tax assets

Pure Foods Tasmania Ltd has reduced deferred tax assets recognised in its half-yearly report for the 2025-26 financial year by \$4.5 million.

The Australian Securities & Investments Commission reviewed Pure Foods Tasmania's financial report for the financial year ended 30 June 2025 and raised concerns about the recognition of an unused tax loss as a deferred tax asset that did not meet the requirements of accounting standard AASB 112 *Income Taxes*.

Pure Foods reversed its recognition of \$4.5 million of deferred tax assets, accounting for 31 per cent of total assets and disclosed the reversal in its half-yearly report for the financial year ending 30 June.

ASIC reminds report preparers that careful judgement is required when recognising deferred tax losses as deferred tax assets.

Preparers should consider an entity's likelihood of generating profits in the future, noting that the assessment becomes more uncertain for later periods.

Viva's increased impairment expenses

Viva Energy Group Ltd has changed an accounting judgement, resulting in an increase in impairment expenses of \$25 million.

The judgement was applied in Viva's financial report for the year ended 31 December 2025.

In its report for the previous year, Viva assessed the recoverable amount of a subset of retail sites on a combined basis as a cash-generating unit. All other convenience retail sites were assessed for impairment as separate CGUs.

ASIC raised concerns about Viva's approach to impairment testing of its convenience retail sites in the 2024 report.

The approach involved assessing some sites as a group (as part of the Shell Card cash-generating unit) on the basis that Shell Card is a wholesale offering across Viva Energy's Australia-wide network, rather than assessing them all on an individual site basis.

Because Viva Energy was able to assess impairment for each individual retail site included in the Shell Card CGU, ASIC took the view that the group approach was not appropriate.

Viva Energy recognised a total impairment expense for its retail convenience sites for the year ended 31 December of \$558.8 million. Of the total impairment expense, \$25 million (4.5 per cent) was attributable to the change in approach to assessing all retail convenience sites at the individual-asset level in accordance with ASIC's view.

ASIC reminds preparers of financial reports that careful judgement is required when assessing assets for impairment in accordance with accounting standards.

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

ASIC fines companies for reporting breaches

Three public companies have been fined a combined \$1.17 million for failing to meet their reporting obligations.

As a public company, each is required by law to provide financial reports for ASIC and to report to its members, among other obligations. Reporting requirements help shareholders and those dealing with businesses to make informed decisions and support the integrity of Australia's financial system.

The fines are part of ASIC's 2026 enforcement focus on non-lodgement of financial reports.

Urban Ecological Systems Limited was convicted of failing to lodge annual reports for the financial years 2020-2025 and fined \$240,000.

Invitrocue Ltd was convicted of failing to lodge annual reports over the same period. It also failed to have at least three directors between 29 May 2023 and 22 January this year. The company was fined \$530,000.

Boyuan Holdings Ltd is a property-development company that has reportedly been linked to a project that left home-buyers out of pocket. It was convicted of failing to lodge annual reports between 2020 and 2024. It failed to have a secretary between 15 July 2023 and 30 January this year and at least three directors between 15 February 2023 and 30 January. The company was fined \$400,000.

Mecca Brands Pty Ltd, Mecca Brands NZ Pty Ltd, and RTCH Pty Ltd each paid an infringement notice of \$198,000 after failing to lodge audited financial reports on time for the year ended 28 December 2024.

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

'ASIC reminds the directors of large proprietary companies and other entities with financial-reporting obligations that they need to proactively review their reporting 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.'

'In line with our 2026 enforcement priority and our wider work, ASIC remains focused on improving compliance by companies and other entities with financial-reporting obligations.'

ASIC would continue to monitor and address lodgement failures, including acting on non-compliance.

Guidance on reporting and audit relief updated

ASIC has reissued a regulatory guide to streamline guidance on financial reporting and audit relief and to reflect changes in legislation.

Regulatory guide 43 *Financial reporting and audit relief* provides guidance on requirements of the *Corporations Act 2001*.

It explains how:

- ASIC exercises its powers to grant relief from the financial record-keeping, reporting and audit requirements of Pts 2M.2, 2M.3 and 2M.4 (other than Div 4) of the act, and
- To apply for individual relief if an entity is unable to rely on class relief.

The changes:

- Reflect legislative reforms since the guidance was last updated in 2011
- Incorporate other relevant ASIC guidance, including RG 29 *Financial reporting by Australian entities in dual listed company arrangements* (now withdrawn), and
- Simplify existing guidance.

NZ FMA's releases financial-reporting insights

The NZ Financial Markets Authority has released its *Financial statements monitoring insights 2022-2025*, providing a summary of key insights.

It offers guidance and sets out expectations for future reporting periods.

Key financial-reporting themes included:

- **Revenue recognition:** While most entities sufficiently disclosed material revenue streams, some lacked sufficient documentation, disaggregated disclosures, or clear explanations of performance obligations.
- **Impairment of non-financial assets:** Several entities' disclosures lacked sufficient detail of key assumptions, and required better articulation of cash-generating unit identification and more robust sensitivity analysis.
- **Going concern:** While most entities applied NZ IAS 1 appropriately, some disclosures lacked sufficient clarity regarding significant judgements and key uncertainties
- **Expected credit losses:** Disclosures were largely adequate, but the authority identified opportunities for clearer articulation of credit-risk factors and consideration for derecognition of financial assets.
- **Insurance contracts:** Disclosures were largely in line with the requirements of this newly introduced standard, but maturity varied and consistent gaps were noted in risk exposures, sensitivity analysis, claims development, and contractual service margin disclosures.

- **Climate-related matters:** While climate reporting entities are increasingly integrating climate considerations in their financial reporting, some inconsistencies were identified between financial statements and climate statements that might undermine user confidence.

Future monitoring will continue to focus on areas of heightened risk and recurring observations, including impairment of non-financial assets, expected credit losses, fair-value measurement, related-party transactions, insurance contracts, and climate-related risks and environmental matters.

New regulatory standard on the way

New standard IFRS 20 *Regulatory Assets and Regulatory Liabilities* helps to fill a gap in financial reporting.

It requires a company subject to a specific type of rate regulation to provide information about its regulatory assets, liabilities, income, and expense. The information is aimed at helping investors to understand specific effects of the ruling on a company's financial performance and position.

The new standard is expected to affect companies mainly in industries such as utilities, energy, and transportation.

IFRS 20 is expected to be issued in the second quarter of 2026 and will be effective for annual reporting periods beginning on or after 1 January 2029. It will replace IFRS 14 *Regulatory Deferral Accounts*.



SUSTAINABILITY REPORTING

ASIC releases digital training on sustainability reporting

ASIC has published modules to help companies to understand core concepts behind new sustainability-reporting requirements in the *Corporations Act 2001*.

The digital modules are primarily aimed at Group 2 and 3 entities that are not yet subject to sustainability-reporting demands but are expected to satisfy them from financial years beginning on or after 1 July.

Module 1 sets out how stakeholders should engage with the materials and introduces the basics of the act's requirements.

Module 2 covers the basics of climate change and module 3 covers climate-related physical risks. ASIC will release five more modules in coming months.

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.

More insights on sustainability assurance

Chartered Accountants Australia and New Zealand and the Association of Chartered Certified Accountants have published *ISSA 5000 case study: Estimates and forward-looking information*.

The case study focuses on how assurance practitioners can respond to the inherent uncertainty in estimates and forward-looking information when performing engagements in accordance with ISSA 5000.

It focuses on how practitioners respond to identified risks, perform procedures appropriate to the level of assurance, whether limited or reasonable, and evaluate evidence and uncertainty.

It also highlights how issues identified that concern underlying estimates and forward-looking information may affect an overall assurance conclusion.

The report is the second part of a series exploring the application of ISSA 5000. The first was *A case study: Demystifying materiality in accordance with ISSA 5000*.



GOVERNANCE

Star executives breach duties over money-laundering risks

The Federal Court has found that two former senior executives of The Star Entertainment Group Ltd breached their duties in handling risks associated with money-laundering and criminal activity at a casino.

The court found that Star's former CEO and managing director Matthias Bekier and former chief legal and risk officer Paula Martin contravened the law by breaching duties under section 180 of the *Corporations Act 2001*.

The court dismissed ASIC's case against seven former non-executive directors.

Mr Bekier failed to:

- Deal with a KPMG report that identified deficiencies in Star's processes for managing AML/CTF risk
- Manage the risks arising from the gambling junket Suncity's operations in Salon 95, an exclusive gaming room provided to Suncity by Star, even after becoming aware of media allegations concerning Crown and Suncity, and
- Manage and notify the board about issues concerning the impermissible use of China Union Pay cards by Star's casino customers.

Ms Martin:

- Failed to inform properly and advise the board about risks arising from Star's dealings with Suncity, and
- Was involved in misleading Star's banker National Australia Bank about CUP cards use by Star customers and failed to tell the board about these issues.

The matters will be listed for further hearing at which ASIC will ask the court to fine Ms Martin and Mr Bekier and disqualify them from managing corporations.

ASIC chair Joe Longo said: 'The court found that senior executives have a critical responsibility to identify serious risks, ensure

those risks are properly managed, and escalate them to the board.

'ASIC will always require directors and executives to meet the highest standards of corporate governance because of the crucial role they play in maintaining trust.'

Poor payroll compliance is entrenched

The Yellow Canary 2026 *State of Payroll Compliance Report* finds that payroll non-compliance remains entrenched across Australian organisations despite years of regulatory focus and public scrutiny.

Error rates are still significant, many employees underpaid because of misinterpretation of awards, incorrect classification, and failures in handling overtime, allowances, and leave entitlements.

Most mistakes are systemic rather than accidental. Organisations often operate fragmented payroll environments where HR, finance, and payroll are poorly integrated, creating data inconsistencies and control gaps. Manual 'workarounds' and over-reliance on payroll staff knowledge further increase risks.

The report highlights that remediation exercises are costly, time-consuming, and reputationally damaging, and regulators continue to increase enforcement activity and penalties. Many organisations identify issues only after they have become material, indicating weak monitoring.

While there is increased adoption of automation, artificial intelligence, and rules 'engines' to interpret awards, technology alone is insufficient, the report says. Effective governance, clear accountability, and robust internal controls are critical to sustainable compliance.

The report concludes that leading organisations are shifting towards proactive compliance—embedding continuous

assurance, improving data integrity, and elevating payroll compliance to a board-level-risk priority rather than a back-office function.

New boardroom-ethics guide released

Ethical decision-making is central to effective governance and to directors meeting their duties.

Ethics in the Boardroom (2nd edition) – decision-making guide for directors has been developed jointly by the Australian Institute of Company Directors and The Ethics Centre. It provides directors with practical tools to work through complex ethical issues with rigour and confidence.

The guide covers:

- The 'four-lenses' model – a framework for surfacing ethical considerations
- A five-phase decision-making framework – providing a structured and repeatable approach to working through ethical issues in a way that is thorough and defensible
- Ethics and AI – the governance of AI is a central issue that boards of all organisations are grappling with. As AI continues to accelerate, a case study supports directors to look beyond questions of business benefit, technical feasibility, and compliance, and to interrogate the ethical dimensions of AI. This includes fairness, accountability, transparency, and human wellbeing, all core to a board's oversight role
- Common ethical traps – the patterns of board behaviour that can undermine sound ethical reasoning, including 'groupthink', the pressure for concurrence, and reactive decision-making under time pressures and how boards can counter them, and
- The role of the chair – how chairs can create the conditions for open ethical deliberation, support all voices to be heard, and encourage evidence based, principled disagreement.



ASX

EOS fined \$4 million for continuous-disclosure breaches

The Federal Court has ordered defence, space, and communications systems

manufacturer Electro Optic Systems Holdings Ltd to pay a \$4 million penalty (and ASIC's costs) for breaching continuous-disclosure requirements.

Based on facts and admissions agreed by the parties, the court found that EOS failed to disclose to the market for about 14 weeks a materially significant downgrade to its 2022 revenue forecast.

Between May and June 2022, EOS advised the ASX that it expected its 2022 revenue to equal or exceed \$212.3 million. By 25 July, EOS became aware that its revenue was likely to be about \$164 million, with a potential extra \$27 million. Despite this, EOS

did not explicitly correct its guidance until 31 October.

ASIC chair Joe Longo said: 'When a listed company becomes aware of material changes to guidance, it must act promptly to disclose

these to the market.'

ASIC has separately begun proceedings against the former CEO and director of EOS Ben Greene over alleged breaches of directors' duties.



AFSL

Binance Australia Derivatives fined \$10 million

The Federal Court has fined Oztures Trading Pty Ltd (trading as Binance Australia Derivatives) \$10 million after misclassifying more than 85 per cent of its Australian client base over a nine-month period resulting in more than \$12 million in losses and fees.

Binance admitted that it exposed 524 retail investors to high-risk crypto-derivative products between July 2022 and April 2023 without required consumer protections due to their misclassification as wholesale clients.

Binance admitted to serious failures in client 'onboarding' and poor staff training that allowed clients to be classified as sophisticated investors. They could make unlimited attempts at a multiple-choice quiz until they passed the test to achieve 'sophisticated' status.

Binance's senior compliance staff provided inadequate oversight and review of client applications and supporting documentation, further weakening the 'onboarding' and classification processes.

Misclassified clients went on to incur \$8.66 million in trading losses and paid \$3.89 million in fees.

Judge Mark Moshinsky ordered Binance to contribute to ASIC's costs.

The penalty follows about \$13.1 million in compensation paid to affected clients.

Binance admitted that between July 2022 and April 2023 it failed to provide:

- A product-disclosure statement to retail clients
- Make a target-market determination
- Maintain a compliant internal-dispute resolution system
- Ensure financial services were provided efficiently, honestly, and fairly
- Comply with AFS licence conditions, and
- Adequately train and ensure the competency of employees.

Financial advisor faces theft and fraud charges

Brisbane financial advisor, certified practising accountant, registered tax practitioner and self-managed superannuation fund auditor Sunny Mahendra Prakash began defending on 6 March several dishonesty offences.

Mr Prakash is a director of Principal Financial Services Pty Ltd, Self-Managed Super Pty Ltd, Provest Enterprises, and Super Funds Australia Pty Ltd ITF Principal Superannuation Fund (related companies).

It is alleged that between January 2016 and June 2024, Mr Prakash engaged in the provision of unlicensed financial services on securities, executed unauthorised share trades on client accounts, falsified a fixed-term deposit certificate and misappropriated funds from both personal and self-managed superannuation fund bank accounts belonging to his clients for his benefit or the benefit of third-parties.

It is alleged that Mr Prakash misappropriated funds amounting to \$4,912,435.80 and caused trading losses of \$1,277,776.94.

He was authorised by Principal Financial Services Pty Ltd to provide financial-product advice on, among other products, retirement-savings-account products, and superannuation.

Mr Prakash is charged with two counts of dealing in securities without a license. The maximum penalty is between two and five years' jail. He is charged with two breaches of ss 1041G and 1311 of the *Corporations Act* carrying maximum penalties of 15 years' imprisonment.

Mr Prakash faces seven counts of dishonestly applying property of another to himself or another in circumstances where the value of the property is at least \$100,000 (aggravated fraud). The maximum penalty for each offence is 20 years' jail.

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

ASIC cancels AFS licence

ASIC has cancelled the Australian financial services licence of ABL Funds Management Pty Ltd.

ABL failed to meet statutory audit and financial-reporting lodgement obligations for financial years ending 30 June 2023, 2024, and 2025.

ABL has held the licence since 20 August 2014. The licence authorised ABL to provide general financial-product advice, deal in financial products, and provide custodial and depository services to wholesale clients.

Financial adviser permanently banned

ASIC has banned permanently Yanhua (Scott) Chen from the finance industry.

The commission found that Mr Chen was not a fit and proper person and that he failed to possess the judgement and character to operate in the industry.

ASIC noted that Mr Chen's had misused a client's \$490,000 to conduct trading on his own account at a loss. He led her to believe that the money had not been lost.

ASIC bans adviser for three years

ASIC has banned for three years Melbourne-based financial adviser David Lofthouse.

The commission found that while authorised by MWL Financial Services Pty Ltd, Mr Lofthouse gave advice to certain clients that was not in their best interests.

He advised six clients to invest at least 75 per cent of their superannuation savings into the 'high growth' or and 'growth' classes of Shield Master Fund.

Shield was a new financial product with no meaningful track record. It failed to provide a complete investment program and had conflicts of interest tainting its governance.



REGULATORS

Sleep companies fined \$15m

The Federal Court has fined Emma Sleep Pty Ltd and Emma Sleep Southeast Asia Inc \$15 million for making false or misleading representations about the sale price of mattresses, bed frames, pillows, and accessories.

The conduct occurred between 15 June 2020 and 27 March 2023.

The Australian Competition & Consumer Commission was concerned that Emma Sleep's conduct created a false sense of urgency about the offer by using a countdown timer that reset itself. It also made false claims suggesting to consumers that the sale was ending soon, which might have pressured them into making a rushed purchase decision.

The court found that the conduct arose out of a deliberate marketing strategy and that senior management turned a blind eye to whether it contravened Australian Consumer Law. The conduct was not inadvertent or caused by a system error.

'When marketing their products companies and their executives must ensure they do so honestly, responsibly and in compliance with the law', ACCC commissioner Luke Woodward said.

'The Emma Sleep companies breached the Australian Consumer Law by making false or misleading representations which gave consumers the impression they were getting a bargain.'

The court fined both companies \$7.5 million and ordered that Emma Sleep publish corrective notices and implement a compliance program.

GAAPinar No.5 on 30 April addressed *NOCLAR – risks, responsibilities, and audit responses*, with Carmen Ridley and Colin Parker. A recording is available.

Keeping privacy in mind

The Office of the Australian Information Commissioner has released *Updated Privacy guidance for reporting entities under the Anti-Money Laundering and Counter-Terrorism Financing Act*.

The guidance provides clear direction to businesses about what personal information they may collect, how they must protect it, and when it must be deleted, supporting stronger integrity and transparency across the AML/CTF regulatory framework.

The updated guidance is designed to support an expanded range of businesses that will soon fall under the *Privacy Act 1988* as part of AML/CTF reforms.

From 1 July, real-estate professionals, dealers in precious metals and stones, and professional service providers such as lawyers, conveyancers, accountants, and trust and company service providers (also known as 'Tranche 2' entities) will be brought into the act.

Changes for current reporting entities ('Tranche 1' entities) took effect from 31 March. They might affect the types and volume of personal information that is handled for AML/CTF purposes, depending on customer risk.

The guidance clarifies that reporting entities must collect personal information that is only reasonably necessary to comply with AML/CTF obligations and perform their broader organisational functions.

From 31 March and from 1 July for Tranche 2 entities, businesses should not retain copies of complete ID documents for AML/CTF record-keeping purposes. Obligations under the *Privacy Act* require them to minimise the data they retain.

Entities must also have clear and accessible privacy policies and collection notices explaining how personal information is handled – unless issuing a notice would breach statutory 'tipping off' restrictions.

The OAIC has developed a *Privacy Essentials Checklist* for AML/CTF reporting to understand key privacy obligations.

It encourages reporting entities and their authorised agents to review the guidance and *Australian Privacy Principles* guidelines, AUSTRAC's guidance, and the financial-crime watchdog's starter kits.

APRA warns on AI-related risks

The Australian Prudential Regulation Authority has called for a 'step-change' in how banks, insurers and superannuation trustees manage AI-related risks as the technology continues to evolve.

In a letter to industry, APRA warned that governance, risk management, assurance, and operational resilience practices are failing to keep pace with the scale, speed, and complexity of AI adoption.

The letter outlines the findings of a targeted supervisory review APRA undertook late last year across its regulated industries. The review noted that the expanded use of advanced AI is introducing a range of new financial and operational vulnerabilities, but that information-security practices are struggling to keep up with the pace of change.

The authority warned that frontier AI models such as Anthropic's Claude Myths, which could enhance the discovery of vulnerabilities by bad actors, are expected to further increase the probability, speed, and scale of cyber-attacks.

Other key observations included:

- AI use is accelerating across all APRA-regulated industries, entities moving from experimentation towards more operationally embedded and customer-facing applications. However, governance arrangements have not matured at the same pace
- Boards have strong interest in AI's potential benefits but many lack the technical literacy to provide effective challenge to management on AI related risks and oversight
- Heightened concentration risk was noted, some entities heavily dependent on a single provider for several AI uses
- AI functionality is often embedded within broader software platforms and developer tooling, reducing transparency over where and how models are trained, updated, and constrained, and limiting entities' ability to completely assess and manage risks, and
- AI risks can cut across many domains, such as operational resilience, cyber and information security, privacy, and procurement. Existing change and assurance management approaches are often fragmented and might not effectively provide sufficient assurance.

APRA member Therese McCarthy Hockey said: 'What we've observed from our supervisory engagement is that while AI adoption is continuing apace, the systems and processes required to safely govern its use aren't keeping up. Likewise, the speed at which entities can identify, and patch vulnerabilities needs to operate much faster, commensurate with the AI-accelerated threat.'

‘The findings outlined in today’s letter emphasise our expectations for how entities should be managing these risks in alignment with our prudential standards in areas such as information security, operational risk

management, governance, and data risk.

‘[We] expect to see a significant improvement in how entities are closing the gaps between the power of the technology they are using and their ability to monitor and control it.’

GAAPinar No.6 on 30 April 30 addressed *AI – ethical, governance, and audit risks*, with Carmen Ridley and Colin Parker. A recording is available.



FRAUD

Support for fraud-busters

The Association of Certified Fraud Examiners has partnered with Statistical Analysis System software for the fourth edition of the *Anti-Fraud Technology Benchmarking Report*.

The report provides insights into the opportunities and vulnerabilities presented by technologies to support anti-fraud professionals and decision-makers.

The new edition includes information on how fraudsters are using technology in their schemes. It also explores how anti-fraud professionals are

using artificial intelligence tools, automation, and cloud-computing in their work.

GAAPinar No.4 on 23 April addressed *Fraud risk in the 2026 audit*, with Colin Parker. A recording is available.

Anti-fraud blueprint released

The ACFE and Grant Thornton have released *Anti-Fraud Blueprint: A Foundational Approach to Fraud Risk Management*, which

highlights recent changes in fraud risks and technologies and how entities can build, mature, and enhance financial-risk-management programs.

The blueprint provides updated, practical guidance in alignment with the *Fraud Risk Management Guide, Second Edition* published in 2023 by the ACFE and the Committee of Sponsoring Organisations. It contains detailed analysis, points of focus, and key questions and checklists that will help with assessing and strengthening FRM programs.



AUDIT

ASIC cancels auditor over independence concerns

ASIC has accepted an application for the cancellation of a NSW auditor’s registration as a company auditor following the commission’s raising concerns with his alleged failure to comply with auditor independence and conflict of interest requirements under the *Corporations Act 2001* and the *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)*.

The commission’s concerns arose from the auditor’s involvement in the audit of a large proprietary company (including as lead auditor and engagement partner) while:

- Maintaining an association with the client over 34 years, and
- Having concurrently held various positions as the client’s non-executive director (1991-2004), secretary (1989-2004), and non-beneficial shareholder (1990-2016).

ASIC was concerned that the matters created significant self-interest and familiarity threats to auditor independence that were not appropriately addressed.

Commissioner Kate O’Rourke said: ‘Auditor independence is fundamental to trust in Australia’s financial-reporting system. Auditors must avoid situations where their objectivity is compromised or could reasonably be seen to be compromised’.

The auditor has made no admissions about ASIC’s concerns.

GAAPinar No.8 on 14 May addresses *Audit evidence and documentation – getting it right*, with Colin Parker and Jessica-Anne Saayman.

IFIAR reports on technology use

The International Forum of Independent Audit Regulators has released *Use of technology in audits – Innovation and audit quality*.

The report is part of a series by IFIAR’s technology taskforce addressing how rapid advancements in technology continue to reshape audits globally and introduce new risks.

The report’s observations are based on information shared with IFIAR and are intended to provide insights into emerging trends, practices, and areas of focus.

IFIAR releases 2025 survey of inspection findings

IFIAR has released its 14th annual survey of inspection findings arising from member regulators’ inspections of firms affiliated with the six biggest global audit firms.

IFIAR collected information about two categories of activities: inspections of

firm-wide systems of quality control, and inspections of individual audit engagements.

Members reported that 35 per cent of audit engagements inspected had at least one finding, compared with 34 per cent in the 2024 survey.

The percentage of audits with findings has declined from 47 per cent (since IFIAR began tracking the statistic in 2014) to 26 per cent in 2022. Findings increased in subsequent years, reaching 35 per cent in 2025. The three-year rolling average has gone from 30 per cent to 33 per cent.

Highest areas of inspection findings were accounting estimates and fair-value assessments, internal control testing, audit sampling, inventory procedures, and adequacy of financial-statement presentations and disclosures.

When compared with prior surveys, the first four of the five inspection areas continued to have the highest levels of findings.

IFIAR requests member firms to focus remediation efforts on these areas.

The forum urges firms to continue to work on measures to identify underlying factors for inspection findings and to implement appropriate remedial measures to ensure sustained improvements in audit quality.



INSIDE GAAP CONSULTING

GAAPinars underway

GAAP Training's current 14-session program brings you up to speed with the latest in audit, financial and sustainability reporting, AI, ethics, AFSL, and SMSFs.

Designed with a focus on audit quality and professional judgment, the program addresses key areas such as audit planning, auditing impairment, fraud, NOCLAR, and meeting AFSL audit requirements.

We'll also explore current financial-reporting challenges – including fair-value measurement and the application of reporting frameworks – and provide guidance on the fast-evolving landscape of climate-related reporting.

Check out the program and register at the GAAP Training website. Recordings are provided.

Questions about the GAAPinars and tailored training are answered at andrew@gaaptraining.com.au.

More training riches on demand

Looking for contemporary training in financial reporting, business risks, ethics, SMSF, and auditing? Want to hear from the experts – Carmen Ridley, Chanelle Pienaar, Jessica-Anne Saayman, Shelley Banton, and Colin Parker?

Check out the 'on-demand' sessions in GAAP Training's extensive library of more than 170 topics. The library has already been updated with the most recent sessions. More than 260 CPD hours are just a mouse-click away at www.gaaptraining.com.au. Use the GAAPinars as a refresher and to bring new members up to speed.

How we can help

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

Audit 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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Contact Us

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