



Opening statement – Ainslie van Onselen, CEO Chartered Accountants ANZ

5 March 2024

Chair, before I start – the committee secretary invited us to make a longer statement today, so if you are still comfortable with that, I would like to proceed.

As well as being the CEO of Chartered Accountants Australia and New Zealand – also referred to as CA ANZ or Chartered Accountants ANZ, I am the Chair of Chartered Accountants Worldwide, a board member of the Global Accounting Alliance and a board member of the Legal Aid Commission of New South Wales. I care deeply about fairness and justice, and having served on the Disciplinary Complaints Committee of the Law Society of Western Australia I understand the need for strong conduct and disciplinary arms to monitor professions.

Chartered Accountants ANZ is a proud membership body that represents more than 138,000 professionals around the world. We have a long 96-year history and a culture of continuous improvement, with our advocacy, policies, education, disciplinary and conduct procedures all geared towards maintaining and improving the standing of the profession.

We have said repeatedly throughout this Committee’s inquiry, and others, that we are deeply disappointed and concerned by the behaviour of a small few in our profession.

These actions do not represent the vast majority of our members – people who work tirelessly to do the right thing, and who contribute strongly to the businesses, not for profits and governments of Australia – not to mention their role in maintaining integrity in global financial and capital markets.

I have clearly stated that unethical and unacceptable behaviour by any members won’t be tolerated. And I remain steadfast in that approach.

There have been assertions about us as a professional membership body that I would like to address.

First, let me first turn to the extent of our powers to discipline members.

There is a misconception that CA ANZ is a front-line regulator in Australia. We are not.

We are a private membership body. We are not a government regulator. Nor are we a court of law, although there have been many times recently where we wish we were.

In relation to audit, as p18 of the FRC’s Oversight of Audit Quality in Australia – A Review published November 2023 stated – “the PABs do not have statutory powers or responsibilities in regard to audit oversight”.

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That said, our By-Laws enable us to hold our members to account, and in some cases, expel them from our community. Being expelled is a source of great shame and detrimental to a member's professional standing.

There are other penalties including censures, which can significantly impact a member's ability to practice – and in some cases, can result in them being exited from their firm or employment.

Secondly, there was a comment last week in the inquiry that CA ANZ's quality review system in relation to the larger firms has failed. However, we conduct more quality assurance reviews of audit firms than the other PABs and conducted 488 practice reviews in FY 23. We report these results to both the FRC (for audit practice reviews) and to the Professional Standards Council. And we have told the large firms to expect quality reviews to be expanded in future.

Today, I want to reassure you of our willingness to work with government and this parliament to improve the overall co-regulatory system in relation to the larger firms.

But we are just part of the co-regulatory system. Any attempt to characterize us as the beginning and end of regulation is a misunderstanding. Self-regulation was never intended to be the 'be-all and end-all' – but we hold up our end of the bargain – let me explain why.

The government has a range of existing bodies that monitor the actions of professionals who work in audit, insolvency, financial planning and tax. This regulatory ecosystem includes, for example, the Company Auditors Disciplinary Board (CADB) – which Professor Fels mentioned in his submission to this inquiry, and which delivered 25 disciplinary decisions in the last 15 years. In contrast CA ANZ delivered 225 adverse findings in relation to 416 complaints and published 36 decisions in FY23 alone.

The regulatory system also includes the Tax Practitioners Board with around 2400 complaints in FY23. The TPB imposed 175 total sanctions in FY23 – 175 to our 225 total sanctions.

We execute more total sanctions year-on-year than both these government bodies that have the support of the Australian taxpayer behind them.

And then there's the Australian Securities and Investments Commission – the nation's corporate watchdog but has no clear jurisdiction over audit firms – a matter we have repeatedly requested government to address through funding, and have its jurisdiction clarified.

Thirdly, there is also a misconception that our conduct team is light on Big 4 members. Our conduct team apply the rule of law without fear or favour. The conduct team are primarily lawyers and the composition of the independent Professional Conduct Committee, Disciplinary Tribunal and Appeals Tribunal are senior CAs, lawyers, ethicists and academics.

Reference is made to the fact that we have received 87 complaints and ordered 36 sanctions against Big 4 members in the last 6 years and that this number is too low. All firms are



encouraged to facilitate positive outcomes for both the client and the firm before making a complaint.

The Big 4 represent about 10% of our membership base. Our data shows just over 2.6% of the complaints we received over the last 6 years from clients or members of public are in relation to the Big 4 – that is 43 in total. Another 44 complaints were initiated by the PCC itself.

Currently we have 170 monitoring, inquiries, formal investigations and complaints regarding members from the Big Four. In addition, members of the public and clients can make a complaint via our website. This process will be improved with enhanced whistleblower protections and positive reporting obligations of members in relation to other members which we have asked the APES Board to consider.

Further, CA ANZ is always looking for ways to continuously improve and strengthen our role in the monitoring and enhancement of Chartered Accountants.

This includes:

- introducing mandatory ethics training in 2021 and increasing this requirement further in 2024;
- providing free Continuing Professional Development worth millions every year, including ethics CPD;
- increasing our members' understanding and awareness of their duties and disclosure obligations through our magazine *Acuity*, on our website, social media channels and Ethics Sharing Knowledge events;
- helping prepare the profession for the future with the introduction of a new digitised CA Program with modules covering data analytics, sustainability, strategy and ethics; and
- reframing our regulatory engagement with large firms.

In mid-2022 to mid-2023 we interrogated our professional and conduct framework and systems to ensure ethics and integrity remain the cornerstone for our profession under a robust, independent and fair framework. The Review was extensive and thorough, and our findings were assessed by Former Federal Court Justice, the Hon. Dennis Cowdroy AO KC.

We benchmarked ourselves against international peer bodies and domestic professions such as Law Societies and Engineering bodies. We exceeded or matched international best practice.

And where we saw need for improvement, we acted at pace to ensure member support, and in October 2023, our members voted overwhelmingly in favour of amending our By-Laws to strengthen our ability to respond to the contemporary issues we're seeing today.

This included:

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- increased fines for firm events;
- stronger investigative powers for our independent Professional Conduct Committee; and
- the power to investigate members who have since left the profession.

The ability to impose more significant fines requires statutory powers under legislation, and if the government chooses to go down this path, we would gladly accept the ability to do that.

Last year we also asked our members, Board and representative council how we could go further. They of course want us to have the strongest powers possible to crack down on bad behaviour and the ability to take the strongest action possible. The result was our *Going Further* roadmap, which has been supplied to the Committee.

Among the 14 actions in our roadmap there are actions for CA ANZ, including:

- implementing the recommendations from our Professional Conduct Review and I'm pleased to say we have just received confirmation that the Governor-General's assent to the new By-Laws is imminent;
- introducing a new CA ANZ program for 'affiliate' members (including within large firms), so they are clear on their ethical obligations as members of CA ANZ specifically;
- making it mandatory for all our members to annually and formally reaffirm their commitment to a "Chartered Accountants commitment", which articulates the standards we expect from our community – or they can no longer be a part of our profession; and
- requesting the Accounting Professional & Ethical Standards Board to undertake consultation on the merits of amending the Code of Ethics to include a positive duty for members to report wrongdoing by other members.

But there are actions for rest of the regulatory system.

As we have said previously there is more that the government can do to strengthen regulation and improve its system by:

1. acting on the recommendations of the Parliamentary Joint Committee inquiry into the Regulation of Auditing in Australia, which concluded in 2020. There has been no response from the government to date, and we urge the government to respond;
2. clarifying and extending ASIC's jurisdiction when it comes to regulating audit firms;
3. extending and strengthening whistleblower protections;
4. removing impediments to appropriate and necessary information sharing between agencies and professional bodies;
5. increasing transparency of the large multidisciplinary firms; and
6. refining the term accountant and requiring consultants to adhere to the same professional standards that govern accountants as part of its procurement process.



These are the steps government can take to improve the system.

I would now like to specifically address the matter of the resignation of Mr Peter John Collins from CA ANZ.

He resigned from our membership body when he shouldn't have been able to – and as the CEO of CA ANZ, I unreservedly apologise.

There were contributing factors outside CA ANZ's control that led to this regrettable outcome. As well as our own mistake, there were things that didn't happen outside CA ANZ – for example, the TPB being unable to tell us about the sanction – as they thought they had – because the TPB was unaware Mr Collins was in fact a CA ANZ member.

There are “six lines of defence” in the lead up to a member's resignation:

1. The first is when Members give notice through their annual subscription renewal to advise if there is *“anything else to declare that could affect their fit and proper standing under the CA ANZ bylaws, NZICA rules or any relevant legislation.”* At his annual renewal in mid-2022, there was an opportunity for Mr Collins to advise us that a TPB formal investigation was underway.
2. The second line of defence is a requirement that members report any adverse regulatory findings against them to the Professional Conduct Committee within seven days. The By-Laws say when *“A notification event occurs ... the Member must ..give notice to the Professional Conduct Committee...within 7 days”*. Mr Collins did not do this.
3. The third line of defence is when a member attempts to resign and we check for a flag on their record – we know here there was no such flag as steps one and two had not occurred. If there is any disclosure in the resignation notice – which is unusual as members are required to use an intentionally separate process – then we are required to refer the matter to the conduct team. This did not occur.
4. The fourth line of defence is the power to investigate former members, with the pending amendments to our By-Laws, in the final stages of being given Royal Assent.
5. The fifth line of defence is information sharing – in the spirit of improving engagement between regulators and professional associations. As we now know, the TPB could not alert CA ANZ that Mr Collins had an adverse finding against him ahead of the information being publicly available in January, 2023 because it appears the TPB didn't know Mr Collins was a member of ours.
6. The sixth line of defence is that if we become aware of Members who leave membership or resign without informing us of an adverse finding in the proper way, we can put a flag



on their membership record to ensure this is fully considered in the event of a re-admission application.

The good standing of Chartered Accountants in the community must never be taken for granted. I certainly do not. And I hope through this that we learn the lessons that will make our profession even stronger.

We want to work with the Committee to further strengthen the regulatory framework for, and reinforce trust in, multi-disciplinary firms and our profession. However, we also want to avoid punishing all of the hardworking accountants, including our members in small and medium sized practices, that are doing the right thing.

I, our Chair Mr John Palermo, our President Mr Tinashe Kamangira, our General Counsel Ms Vanessa Chapman, and our Group Executive Advocacy and International Development Mr Simon Grant, look forward to answering any questions you may have.