Duties of the Committee

Section 243 of the *Australian Securities and Investments Commission Act 2001* sets out the Parliamentary Committee's duties as follows:

(a) to inquire into, and report to both Houses on:

(i) activities of ASIC or the Panel, or matters connected with such activities, to which, in the Parliamentary Committee's opinion, the Parliament's attention should be directed; or

(ii) the operation of the corporations legislation (other than the excluded provisions), or of any other law of the Commonwealth, of a State or Territory or of a foreign country that appears to the Parliamentary Committee to affect significantly the operation of the corporations legislation (other than the excluded provisions); and

(b) to examine each annual report that is prepared by a body established by this Act and of which a copy has been laid before a House, and to report to both Houses on matters that appear in, or arise out of, that annual report and to which, in the Parliamentary Committee's opinion, the Parliament's attention should be directed; and

(c) to inquire into any question in connection with its duties that is referred to it by a House, and to report to that House on that question.

Table of Contents

Members of the Committee iii

Duties of the Committee iv

Abbreviations vii

Recommendations ix

Chapter 1 1

Scrutiny of annual reports 1

Chapter 2 5

Review of the 2010–11 annual reports of bodies established under the ASIC Act 5

Companies Auditors and Liquidators Disciplinary Board 5

Figure 2.1: Breakdown of number of cases before CALDB 6

Figure 2.2: Number of cases referred: 2002-03 to 2010-11 7

Corporations and Markets Advisory Committee 8

Financial Reporting Panel 11

Chapter three 13

Review of annual reports of bodies established under Part 12 of the ASIC Act 13

Financial reporting framework 13

Review of the 2010–11 annual report of the Financial Reporting Council 18

Figure 3.1: Extract from FRC's SWOT analysis of the financial reporting framework 18

Review of the 2010-11 annual report of the Auditing and Assurance Standards Board 21

Figure 3.2: AUASB organisational structure 22

Review of the 201011 annual report of the Australian Accounting Standards Board 23

Figure 3.3: AASB organisational structure 24

Chapter three 13

Review of annual reports of bodies established under Part 12 of the ASIC Act 13

Financial reporting framework 13

Review of the 2010–11 annual report of the Financial Reporting Council 18

Figure 3.1: Extract from FRC's SWOT analysis of the financial reporting framework 18

Review of the 2010-11 annual report of the Auditing and Assurance Standards Board 21

Figure 3.2: AUASB organisational structure 22

Review of the 201011 annual report of the Australian Accounting Standards Board 23

Figure 3.3: AASB organisational structure 24

Appendix 1 31

Section 249 *Australian Securities Commission Act 1989* 31