



23 May 2014

Dr Kathleen Dermody
Secretary
Senate Economics References Committee
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Dr Dermody

Inquiry into the Performance of the Australian Securities and Investments Commission

Thank you for your letter of 12 May 2014 inviting my advice as to the appropriateness of a proposed recommendation that the Australian National Audit Office (ANAO) examine the matters identified in the evidence provided by Mr James Wheeldon during the course of the Committee's inquiry into the performance of the Australian Securities and Investments Commission (ASIC). These matters related to ASIC's granting, in 2004 and 2005, of an application for relief in respect of generic online financial calculators.

I appreciate the early contact by the Committee on these matters as part of its consideration of the issues raised by Mr Wheeldon. Concerning the matters raised, it is our usual practice when undertaking a performance audit to review an agency's programs or approaches to achieving particular objectives, rather than focusing on specific cases. Also, in this instance, the events in question took place almost 10 years ago. Given our other priorities and demands on our budget, it is unlikely that we would examine the matters raised by Mr Wheeldon.

However, noting recent commentary about the effectiveness of ASIC's regulation of financial products and services more broadly, the ANAO has included in its draft *Audit Work Program July 2014* a performance audit covering ASIC's regulatory functions. Whether ASIC has appropriate probity arrangements will likely be assessed as part of the audit. At this stage, it is anticipated that this audit will commence in 2014–15.

Should the Chair of the Committee require further information in relation to this matter, please do not hesitate to contact me or alternatively, you may contact the Group Executive Director responsible for the Treasury portfolio, Ms Barbara Cass on [REDACTED]

 or the Executive Director, Mr Andrew Morris

Yours sincerely

Ian McPhee
Auditor-General