



Level 10  
600 Bourke Street  
Melbourne VIC 3000  
Australia

Tel: 03 9641 7433  
Fax: 03 9602 2249  
Email: [standard@aarf.asn.au](mailto:standard@aarf.asn.au)

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## **RAMSAY RECOMMENDATIONS ON INDEPENDENCE INCLUDED IN AUDIT & ASSURANCE ALERT**

The Auditing & Assurance Standards Board (AuASB) today announced it has issued a new Audit & Assurance Alert, (Audit & Assurance Alert 11 “Communication with Entities in Relation to Auditor Independence”) which clarifies best practice in providing information on independence related matters.

This Audit & Assurance Alert directly addresses two recommendations included by Professor Ian Ramsay in his report ‘Independence of Australian Company Auditors’. AuASB Chairman, Mr Bill Edge, said: “The Alert suggests formats for disclosures in relation to a declaration of independence by the auditor to the Audit Committee or Board, and for disclosures of non-audit services fees in financial reports.”

Increasingly, as part of best practice corporate governance, audit committees and boards of directors are seeking assurance on the part of the auditor in relation to the independence of the external audit. This Alert will assist auditors choosing to make such representations.

Australia mandates disclosure in the financial reports of the remuneration of the auditor for both audit and non-audit services provided. This disclosure is required currently under Accounting Standard AASB 1034 “Financial Report Presentation and Disclosures”. The Alert distinguishes between disclosures that are to be made under that Accounting Standard and provides suggested wording for additional detailed disclosure of the types of service provided. Entities may choose to include this additional information in their annual financial reports.

Mr Edge added, “The AuASB will seek to contribute to the deliberations of the Australian Accounting Standards Board to further develop the requirements of AASB 1034 in respect of disclosure of remuneration for audit and non-audit services.”

This Audit & Assurance Alert also follows the lead set by the two accounting bodies, CPA Australia and The Institute of Chartered Accountants in Australia who last week agreed to a new internationally harmonised standard for professional independence.

### **For more information, please contact:**

Mr Bill Edge  
Chairman, Auditing & Assurance  
Standards Board  
Telephone (03) 8603 3649

Mr Richard Mifsud  
Executive Director  
Australian Accounting Research Foundation  
Telephone (03) 9641 7440