



- ABOUT THE ICAA
- EVENTS & TRAINING
- OUR SERVICES
- TECHNICAL INFORMATION
- STUDENT & ENTRY PROGRAMS

[ICAA Home](#) > [Latest News](#) >

- [ICAA LOGIN](#)
- [SITE REGISTRATION](#)
- [FEEDBACK](#)

Professor Ramsay's Report on Auditor Independence welcomed

4 October 2001

The Institute of Chartered Accountants In Australia (ICAA) welcomes on behalf of the accounting profession the release today of Professor Ramsay's Report 'Independence of Australian Company Auditors' as a significant step towards improving the role and effectiveness of audits in Australia whilst maintaining harmony with global standards.

The ICAA and the accounting profession look forward to working with all stakeholders to implement the recommendations of Professor Ramsay to revise and update the Corporations Act and the Australian standards governing audit independence thereby enhancing good corporate governance.

The profession's position that there has not been any systemic audit failure in Australia, nor is there any link between audit independence and audit failure, is supported by Professor Ramsay's recommended reforms.

Professor Ramsay supports the current international practice of auditors providing non-audit services by stating that whilst '...there is a widespread misconception that firms providing non-audit services are not independent...such services can benefit shareholders.' This suggests that greater education is needed for those who still harbour such fears. The profession and the Institute support the recommended adoption of new regulations reflecting the IFAC proposals and the more detailed disclosure of non-audit services.

The Australian accounting profession also welcomes the Report's recognition of the requirement for and role of Audit Committees.

The proposal to require Listed Companies to have properly structured Audit Committees reinforces one of the accounting profession's key recommendations from the Audit Expectation Gap Report (1993) which argued that requiring such Audit Committees would significantly enhance corporate governance, and assist in maintaining audit independence for Listed Companies. The Expectation Gap Report argued that auditors must be required to formally report to the Audit Committee, a consequence being that the Audit Committee would have the responsibility to recommend to the Board and shareholders on the appointment and remuneration of auditors, and monitor audit independence.

The Ramsay Report has also supported the harmonization of audit independence standards with global developments including the new regulatory requirements in the US, draft IFAC proposals and the proposed European Commission requirements.

The Australian accounting profession is working with major international accounting bodies to ensure the maximum possible consistency for the benefit of companies, shareholders and all other stakeholders.

The introduction of an audit competency model for Registered Company Auditors is also supported, which the Institute believes will alleviate the current shortage of auditors particularly in rural and regional Australia. A continuation of the co-regulatory regime between the accounting profession and regulators is also positive.

The proposal to establish a private sector funded Auditor Independence Supervisory Board is an interesting move given that Australia already has an Australian Audit and Assurances Standards Board (AuASB) that develops in conjunction with overseas accounting bodies, global Audit Standards. The Institute looks forward to consulting with key constituents on the merits of such a Board and would expect that any such Board would need to work closely with both the AuASB and its overseas counterparts.

Ends

For further information, contact:

The Institute of Chartered Accountants in Australia
Keith Reilly (02) 9290 5703 or (M) 0416 112 305
Stephen Harrison (M) 0412 678 247

The Institute of Chartered Accountants in Australia (ICAA) represents more than 35,000 chartered accountants in private practice, business and industry, government and education. They are Australia's leading business and finance professionals, assisting more than 750,000

of Australia's small, medium and large businesses. Chartered accountants advise on a wide range of business management through specialist services in information technology, financial planning, tax, auditing, forensic accounting and other areas.
The ICAA's post-graduate program, which all members must undertake, is one of the most rigorous in the world and is the only Australian qualification recognised by leading accounting bodies in the UK, North America and Asia.

How useful did you find this article?

Not useful 1 2 3 4 5 6 Very useful

- SUBMIT

Related items

Articles

- [New South Wales state news \(26 Jul 2002\)](#)
- [The ICAA supports US reforms \(26 Jul 2002\)](#)
- [ICAA: serious problems in local government budgets \(23 Jul 2002\)](#)
- [ICAA predicts growing dependence on AFL support \(23 Jul 2002\)](#)
- [Public Practice Program \(23 Jul 2002\)](#)

Events

- [The New Suburban Tax Series - Pennant Hills 21/11/2002 08:00 - 21/11/2002 11:00](#)
- [The New Suburban Tax Series - Kareela 20/11/2002 08:00 - 20/11/2002 11:00](#)
- [Tax Refresher Series - Goods and Services Tax \("GST"\) & Pay As You Go \("PAYG"\) - Overflow 14/11/2002 16:00 - 14/11/2002 18:00](#)
- [Tax Refresher Series - Goods and Services Tax \("GST"\) & Pay As You Go \("PAYG"\) 13/11/2002 16:00 - 13/11/2002 18:00](#)
- [Tax Refresher Series Session 10 – Goods and Services Tax \("GST"\), & Pay As You Go \("PAYG"\) \(SA\) 13/11/2002 16:00 - 13/11/2002 18:00](#)

[See more?](#)

© Copyright Institute of Chartered Accountants in Australia 2002. All rights reserved. [Terms of Use](#) [Privacy Policy](#) [Contact](#) [FAQ/Help](#)