

## PART 3

### CONDUCTING THE INQUIRY

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3.01 The purpose of the review has been to:

- (a) examine the adequacy of existing Australian legislative and professional requirements about the independence of company auditors, having regard to recent overseas developments; and
- (b) make appropriate recommendations for changes to the Australian requirements.

3.02 In undertaking this review, particular regard has been had to the following overseas developments: the International Federation of Accountant's (IFAC's) proposals for changes to its ethical requirements on audit independence; the existing and proposed regulatory requirements of the European Commission; and the new regulatory requirements in the United States of America. In addition, recent overseas developments concerning the establishment and operation of public oversight arrangements for ensuring the independence of auditors and the use of audit committees have also been considered.

3.03 There has also been an extensive consultative process involving a wide range of stakeholder interests. Meetings were held with the professional accounting bodies, accounting firms and other bodies and individuals listed in Appendix A. Written submissions received during the review are listed in Appendix B.

3.04 An extensive range of published material on auditor independence was also examined during the review. Part 8 of the report reviews literature on auditor independence that was considered during the course of the review.

3.05 The independence policies and procedures of the following accounting firms were also reviewed: Andersen, Deloitte Touche Tohmatsu, Ernst & Young, KPMG and PricewaterhouseCoopers.

3.06 The significant contribution of all stakeholders who participated in the review process is gratefully acknowledged.

3.07 The expert work provided by Les Pascoe, Specialist Adviser – Accounting Policy, Department of the Treasury, in the drafting of this report is gratefully acknowledged as is the valuable work of Anne-Marie Neagle, Research Associate, Centre for Corporate Law and Securities Regulation, The University of Melbourne.