

AUDIT INDEPENDENCE

A new guide to assist auditors trying to determine whether services they might want to offer clients compromise independence was released yesterday by the Audit & Assurance Standards Board.

The publication of the guide for practitioners follows more than two years of international and domestic controversy in the aftermath of corporate collapses over the role of auditors and the types of services auditors should provide to external audit clients. It also follows the groundbreaking issue by the ANZ Bank earlier this year of a list of services its board of directors and audit committee believe external auditors can and cannot do for the bank.

AuASB chairman Bill Edge said the purpose of the guide is to set down in one place examples of the types of services that would create independence problems for an external auditor.

He said the guide also seeks to provide clarity on the services auditors can provide at a time when audit committees are trying to determine whether to engage their audit firm or another accounting practice.

“We’re trying to provide some more specifics that would assist in that decision being made,” said Mr Edge, a PricewaterhouseCoopers partner.

“The professional standard issued earlier this year talks a lot about threats and risks to independence. What this guide does is break down categories of service in order to make it clear how those principles apply in practice.”

Mr Edge said the document will be altered if and when other examples of services needing greater clarification come to light.

This article was supplied by Tom Ravlic. Tom is a financial journalist who has spent the past seven years covering the accounting profession, accounting and audit standard setting and corporate governance. His work has appeared in various publications including *Business Review Weekly*, *Personal Investment* (now *Personal Investor*), *The Age*, *CFO Magazine*, the *Australian CPA*, the *Company Director Journal* and the newsletters of the internationally renowned Lafferty Group. In addition to his freelance commitment to a wide range of publications, Tom has recently accepted an appointment to be editor of *Chartac Accountancy News*, published by Melbourne-based publisher Crown Content.