

Current Affairs Noticeboard

Increase in compliance projects

Contracting agency Recruitment Connections Australia is reporting that a greater number of Australian companies are undertaking an increasing number of special projects to cope with a flood of regulatory change – an indication that new accounting rules and corporate governance regulations being imposed on companies are starting to bite.

The survey of 69 large employers with headquarters based in Melbourne, Sydney, Tokyo, Hong Kong and Taiwan found 85% of respondents had noticed the increase in compliance-based projects but about half of that number acknowledged they had not budgeted adequately for the compliance challenges brought about by regulatory changes.

Areas cited by respondents as leading to the need for new projects are the changes to corporate disclosure brought about by the Corporate Law Economic Reform Program (CLERP 9), stock exchange requirements to assess internal company controls, tax changes affecting company groups and the introduction of international financial reporting standards.

An increase in the use of outside contractors to help with specialist projects was reported by 48% of the companies surveyed while 43% of respondents reported no change in the mix between the use of internal personnel and external project consultants.

Rob Clemesha, Recruitment Connections Australia's managing director, says the companies surveyed reported an increase in the number of compliance projects as a result of the requirement for the chief executive officer and chief financial officer to sign-off on the security of internal control systems.

'Firms have been more confident over the past 12 months in using project professionals as part of their employment mix. 23% of all respondents attributed their increased use of contractors to the workload resulting from additional compliance requirements and increased demands imposed through the introduction of initiatives including Sarbanes-Oxley, IFRS and Clerp 9,' Clemesha asserts.