

## August in summary

In this month's *Current Affairs in Auditing* we have discussed issues relating to role modifications of auditors and directors. We noted Sir David Tweedie's statement that future corporate collapses accompanied by audit failure could mean that the auditing profession becomes extinct. The announcement of the retirement of David Knott, chairman of the Australian Securities & Investments Commission, has resulted in many commentators reflecting on his role in improving corporate regulation. It also caused this column to reflect on ASIC's and David Knott's roles in increasing directors' responsibilities for ensuring financial statement reliability.

We also noted in this month's *Current Affairs in Auditing* a call for the review of the corporate governance guidelines issued by the ASX. In particular, it is said the definition of independent directors needs review. Finally, we considered the question of reforms to insurance and legal liability matters announced by the federal and state governments. Due to the size of claims, the cost of insurance was spiralling. Reforms to legal liability were needed to reduce the cost of claims and thus make the cost of insurance more affordable. Last month, the ICAA issued a discussion paper that suggested the scope of audits be increased. The implementation of this suggestion was contingent on legal reforms. If parliament passes the reforms, the ICAA's suggestion should occur.