

## Overview to October

The federal government's reform process to auditing and financial reporting has now advanced an extra step as the government has published a draft bill entitled *CLERP (Audit Reform & Corporate Disclosure) Bill*. This Bill is issued after review of the recommendations contained in CLERP 9 and the recommendations of the HIH Insurance Royal Commission (HIHRC). Pages 2 and 3 of the *Introduction* (Department of Treasury, 2003a) to the discussion of the Bill lists in point form the various reforms noted in the Bill. A quick perusal of these features indicates that the majority involve auditing, with the issue of audit independence dominating. The dominance of independence issues reflects the fact that regulators concentrate upon observable aspects of the audit process that includes many aspects of independence.

Treasury drafted CLERP 9 and the proposed Bill. As noted in May 2003 edition of *Current Affairs in Auditing*, Peter Costello, the Federal Treasurer, in stating that you cannot pass law to prevent corporate collapse, noted '(w)hat we can legislate to do is ensure that investors have full information and to ensure that auditors or independent (sic) in the exercise of their role' (Pascoe, 2002, p.1). In this month's edition of *Current Affairs in Auditing*, we will examine the major clauses of the draft Bill that relate to independence.

## References

Department of Treasury, 2003a, *CLERP (Audit Reform and Corporate Disclosure) Bill: Introduction*, [www.treasury.gov.au](http://www.treasury.gov.au)

Pascoe Michael, 2002, *Interviews: Corporate Crackdown*, 22 September, <http://businesssunday.ninemsn.com.au>