

Employment of members of audit team

Where an auditor was a professional member of the audit team the waiting period before that member can join the audited company as an officer is four years. For non-members of the audit team the waiting period is only two years (Department of Treasury, 2003b, para. 159). CLERP 9 originally proposed a waiting period for audit partners of two years. However, the HIIHRC recommended the period be extended to four years for partners directly involved in the audit stating a two-year period 'might not be sufficient to arrest a reasonable apprehension that former partners retain an influence over members of the audit team' (Department of Treasury, 2003b, para.163).

Also, the discussion notes that three former partners of Arthur Andersen were directors of HIIH Insurance, noting that HIIHRC stated this lead to 'the perception that Andersen was not independent of HIIH' (Department of Treasury, 2003b, para.175). Consequently, the Bill adopts a recommendation of the HIIHRC that only one former partner of the audit firm to be director or senior manager with the audited body (Department of Treasury, 2003b, para.170).

Reference

Department of Treasury, 2003b, *CLERP (Audit Reform and Corporate Disclosure) Bill: Chapter 1, Audit Reform*, www.treasury.gov.au