

AUSTRALASIAN COUNCIL OF AUDITORS-GENERAL

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The General Manager
Corporate Governance and Accounting Policy Division
The Treasury
Langton Place
PARKES ACT 2600

Attention:

Dear Sir

The following comments are the views of the Auditor-General for the Australian Capital Territory, Auditor-General of New South Wales, Auditor-General for the Northern Territory, Auditor-General for Tasmania, the Victorian Auditor-General and the Auditor-General for Western Australia.

Precedents exist with Auditors-General for how independence is defined by Parliaments. For example:

- in all jurisdictions the scope of Auditor-General's mandate is described in legislation;
- in a number of jurisdictions the Parliament, as the primary client for the audit assurance service, has a decisive say in the appointment of the Auditor-General;
- in a number of jurisdictions the appointment is for a limited, non-renewable fixed term, thereby providing for a form of mandatory auditor rotation;
- in New South Wales, after an Auditor-General's term expires, that person is precluded from taking a public sector position except with the consent of the Governor;
- in a number of jurisdictions, audit costs are met from Parliamentary appropriations and not from fees charged to the individual agencies being audited.

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This illustrates that legislation is already in use in Australia to define and enforce audit independence in the public sector. This practice could also be applied to auditor appointments in the corporate sector, and in particular for audits of publicly listed corporations.

Yours faithfully

A J McHugh
CONVENOR