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### **Corporations Legislation Amendment (Audit Enhancement) Bill 2011**

Grant Thornton Australia is pleased to provide Treasury with its comments on the Corporations Legislation Amendment (Audit Enhancement) Bill 2011 (the Bill).

Grant Thornton Australia's response reflects our position as auditors and business advisers to listed and privately held companies, and other businesses.

This submission has benefited with input from our clients, and discussions with key constituents including the members of the Australian Public Policy Committee that comprise the 7 large auditing firms and the professional accounting bodies.

Grant Thornton Australia supports the Bill and note that this is consistent with both the APPC's submission and the professional accounting bodies separate submission. We do however suggest that some minor modifications are needed to 4 of the proposals:

#### 1 Auditor Rotation

We suggest that the date of application for auditor rotation should be the date of Royal Assent rather than 28 days after the Act is proclaimed (i.e. 28 days after Royal Assent) given that we would like companies that have 30 June 2013 balance dates (i.e. audits that start from 1 July 2012) to be able to use the extra 1 or 2 year period before the audit partner has to be rotated. We see benefit in having the Bill passed by Parliament by the end of April 2012 otherwise that doesn't give enough time for audit committees and directors to approve the extra 1 or 2 year's rotation for 30 June 2013 audits.

## 2 Annual Transparency Reports

We suggest that the reporting period for the Transparency Report should not be restricted to a calendar year but simply require audit firms to produce a Transparency Report for the period that lines up with their own specific financial year. In Grant Thornton's case we have a 30 June financial year and our Transparency Reports for the last 2 years have been on a 30 June balance. We also suggest that the details in a Transparency Report line up with the current EU Article 40 requirements rather than having some Australian modifications that do not appear to us, as being necessary in the Australian market.

## 3 Audit Deficiency Notifications and Reports

For transparency, accountability and fairness reasons, we suggest that ASIC should be required to provide written advice to the audit firm for any alleged audit deficiency, and where ASIC believes an audit deficiency has not been rectified, there is an independent mechanism for both ASIC and the audit firm to have the issue examined and determined. Where ASIC issues a public deficiency report, the audit firm needs to have a right to have its views recorded in any ASIC publication

## 4 Communications with Corporations, Registered Schemes and Disclosing Entities

We suggest that where ASIC proposes to provide such information to the company, the audit firm be given an opportunity to respond to ASIC, and in any subsequent communication to the company, ASIC be required to include the audit firm's comments (if any) in the ASIC communication.

If you require any further information or comment, please contact me.

Yours sincerely  
GRANT THORNTON AUSTRALIA LIMITED



Keith Reilly  
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