

CASE 8.7

Australian Wheat Board

The United States and the Commonwealth of Australia have long been strong and mutually supportive allies.¹ However, the two countries' close relationship was threatened recently by an international scandal referred to in the *Sydney Morning Herald*, Australia's oldest and most prominent newspaper, as the "worst corruption scandal in Australian history."² At the center of this scandal was AWB Limited, a large public company that had been granted a government monopoly over the export of all wheat from that country. During the United Nations embargo imposed on Iraq following that country's invasion of Kuwait, AWB became the largest supplier of wheat to Iraq. AWB's wheat sales to Iraq were made through the United Nations (U.N.) Oil-for-Food Program, a program intended to provide humanitarian relief to Iraqi citizens during the lengthy U.N. embargo.

Following the overthrow of Saddam Hussein's regime by U.S.-led coalition forces in 2003, allegations surfaced that AWB had secured the Iraqi wheat contracts by agreeing to pay bribes to the former dictator. The U.N. formed a task force headed by Paul Volcker, the former chairman of the United States' Federal Reserve System, to investigate those allegations. In late 2005, the task force reported that AWB had paid nearly \$300 million in bribes to Saddam Hussein's regime beginning in the late 1990s. AWB management had been told by Iraqi governmental officials that if the bribes were not paid, the company would be denied the huge wheat contracts.

A former AWB officer testified that one of his superiors approved the payment of the Iraqi bribes. In defense of those illicit payments, the superior told this individual, "We are in the business of maximizing opportunities and sales returns" and, as a result, "we shouldn't jeopardize our business with Iraq"³ [by refusing to pay the bribes demanded by Saddam Hussein]. After the fact, some AWB stockholders defended the company's decision to capitulate to Saddam Hussein's demands. "We have had enough of this free market bulls____. When you do business with Saddam, you do business the way he tells you."⁴

The AWB scandal created a brouhaha between Australia's two leading political parties, the Liberal Party and the Labor Party. Political opponents of Prime Minister John Howard, the leader of the Liberal Party, charged that he and his subordinates had approved AWB's decision to secretly funnel bribes to Saddam Hussein to secure the lucrative Iraqi wheat contracts. In referring to those bribes, a spokesperson for the Labor Party noted that, "This is the single biggest lump of money in the world paid to the Iraqi dictator, straight out of Australia, approved by the Australian government."⁵

1. I would like to thank Glen McLaughlin for his generous and continuing support of efforts to develop instructional cases for use in accounting and auditing courses that highlight important ethical issues.

2. *Sydney Morning Herald* (online), "AWB's World of Trouble," 25 November 2006.

3. Australian Government, Attorney-General's Department, "Inquiry into Certain Australian Companies in Relation to the UN Oil-for-Food Programme," Transcript 24, 2322, 9 February 2006.

4. H. Stringleman, "Aussie Farmers Fume over Single-Desk Loss," *The National Business Review*, 5 May 2006, 14.

5. *Associated Press* (online), "Australian Attorney General Defends Country's Stance on Bribery against OECD Criticism," 17 January 2006.

Criticism of Prime Minister Howard was not confined to Australia. U.S. wheat farmers and several large U.S. wheat exporters, such as Cargill, Inc., were incensed by the revelations of how AWB had obtained the Iraqi wheat contracts and insisted that the United States take appropriate measures to punish Australia. U.S. Senator Norm Coleman of Minnesota, a leading spokesperson for U.S. wheat producers, publicly criticized Prime Minister Howard and suggested that, at a minimum, the prime minister had been aware that AWB was paying the bribes. This accusation prompted an irate Prime Minister Howard, who had long been an ardent supporter of the United States and its Middle Eastern policies, to demand an apology from the U.S. government, an apology that the prime minister never received.

Wheat Socialism

The Australian government created the Australian Wheat Board in 1939 to provide economic assistance to the country's wheat farmers. Many of the nation's wheat farmers had struggled to survive the Great Depression of the 1930s that had caused just as much, if not more, economic misery in Australia as it had in the United States. For the next five decades, all wheat grown in Australia had to be sold to the Australian Wheat Board at a price established by the federal agency. In 1989, Australia's federal government deregulated the nation's domestic wheat market, but any wheat that was to be exported, which was the bulk of the nation's annual harvest, still had to be sold to the Australian Wheat Board. The Australian Wheat Board pooled the wheat purchased each year for export and then marketed it principally to developing countries around the world. Proceeds from the sale of the wheat were then distributed on a pro rata basis to Australia's wheat farmers.

In 1999, Australia's federal government converted the Australian Wheat Board into AWB Limited, a private company with two classes of common stock. AWB's Class A common stock was distributed to the country's wheat farmers. This stock is nontransferable and must be sold back to AWB if an individual stops growing wheat. In 1991, AWB's Class B common stock was sold on the Australian Stock Exchange for the first time. Class B stock can be purchased by anyone, but Australian law prohibits any individual or institution from accumulating more than 10 percent of those shares. Since 9 of the 11 seats on AWB's board of directors are chosen by the Class A stockholders, Australia's wheat farmers exercise effective control over the company.

The so-called "single desk" system implemented for Australia's wheat industry was an economic boon for the nation's wheat farmers. That market structure allowed Australia to become a major player in the intensely competitive global wheat market. By the end of the century, Australia ranked second only to the United States in that market. Although Australia produced only 3 percent of the world's wheat harvest each year, the country accounted for 15 percent of annual wheat exports. Thanks to the AWB, Australian wheat was being sold to more than 50 countries by the late 1990s.

Many wheat exporters around the world, particularly major exporters in the United States, maintained that AWB achieved its lofty position in the global wheat market by relying on bribes, kickbacks, and other illicit payments to obtain major international wheat contracts. An Australian politician suggested that such payments were necessary to compete in the "corrupt" global wheat market.^{6,7} That politician

6. D. Crawshaw, C. Brinsden, and P. Mulvey, "Tensions High as AWB Monopoly Crumbles," *Global News Wire* (online), 22 December 2006.

7. As a point of information, international wheat vendors outside of the United States have long maintained that government subsidies provide U.S. wheat growers with an unfair economic advantage over wheat exporters from other countries.

was referring to the fact that bribes, kickbacks, and similar payments have long characterized that market. Allegedly, governmental officials in the developing countries that are the principal buyers of exported wheat have historically demanded such payments from international wheat vendors in exchange for granting sales contracts to them.

Foreign competitors' use of bribes, kickbacks, and other illicit payments to acquire large wheat contracts was particularly galling to U.S. wheat exporters. In 1977, the U.S. Congress adopted the Foreign Corrupt Practices Act (FCPA) that prohibits U.S. companies from paying bribes or kickbacks to officials of foreign governments to initiate or maintain business relationships in those countries. The FCPA also requires U.S. companies to establish accounting and internal control systems that provide reasonable assurance of discovering such payments.⁸ In the early 1990s, a member of President Bill Clinton's administration admitted that U.S. exporters were facing an "uneven playing field" in the markets in which they competed because the United States was the only country at the time that had "criminalized bribery of foreign officials."⁹

Bribes vs. Facilitating Payments

The Organization of Economic Cooperation and Development (OECD) is an international organization of 30 democratic governments that assists its member countries in addressing a wide range of economic issues, including economic growth and development, the sharing of new technologies, and international trade disputes. Members of the OECD include, among other countries, Australia, Canada, France, Germany, Japan, Mexico, the United Kingdom, and the United States. Increasing concern over the integrity of international markets during the 1990s prompted the OECD to develop the *Convention Against the Bribery of Foreign Public Officials in International Business Transactions*, which was modeled after the FCPA. This convention, which the OECD adopted in 1996, obligated the organization's 30 member countries to "criminalize" bribes that are paid to foreign governmental officials by companies that wish to gain a competitive advantage.

Following the Australian Parliament's passage of legislation to adopt the OECD Convention, Australian companies involved in international trade realized that they could face criminal prosecution if they paid bribes to establish or sustain international business relationships. To address this issue, many companies, including AWB, modified their corporate codes of conduct to recognize the responsibilities imposed on them by the new law.

A major focus of AWB's effort to ensure compliance with the new law was to make their executives and employees aware of the important distinction between "bribes" and "facilitating payments." Generally, bribes are significant amounts paid to foreign governmental officials to secure or retain business, while facilitating payments are relatively modest and routine payments typically made to lower-ranking governmental officials to expedite or "facilitate" business transactions. For example, a small payment made to a government clerk to expedite the unloading of goods at a foreign port would be considered a facilitating payment and not a bribe. The OECD

8. Case 3.4, "Triton Energy Ltd.," summarizes the FCPA's key anti-bribery and internal control provisions and discusses one of the few cases prosecuted under that federal statute by U.S. law enforcement authorities.

9. A. Zipser, "A Rarely Enforced Law," *Barron's*, 25 May 1992, 14.

Convention did not require member countries to criminalize facilitating payments as long as those payments are legal in the countries in which they are made.¹⁰

AWB modified its Corporate Ethics and Code of Conduct Policy to acknowledge that bribes are illegal but facilitating payments are not. According to that document, facilitating payments are “used to smooth business deals or engender goodwill with customers” and thus “technically differ from bribes, which are solely associated with illegal practices.”¹¹ More specifically, AWB defined a facilitating payment as a “small benefit to a foreign public official in order to facilitate routine government action of a minor nature.”¹² AWB’s corporate code also addressed hypothetical questions that employees might face regarding facilitating payments. Following is one such question and the company’s response:

Question: I am managing an operation in a country where it is accepted practice for government officials to receive facilitation fees to speed up government approvals. Should I work within the system?

Answer: Where payment of these fees would break the law, AWB does not approve the making of the payments. If it is legal to pay facilitation fees and local business practice to pay them, you should review the matter with your line manager. You should consider if payment would be ethical if its disclosure would cause embarrassment to the company.¹³

When in Rome

During the late 1990s and beyond, top AWB executives and their key subordinates ignored the new Australian law and their company’s explicit policy prohibiting the payment of bribes to acquire international business contracts. Those conspirators realized that they had to disguise those payments so that they would not be uncovered by their independent auditors, internal auditors, or board of directors. In fact, according to subsequent statements made by a former Iraqi governmental official, representatives of international wheat vendors, such as AWB, often responded to requests for the payment of bribes by stating, “I can’t do it. I’ve got a board. How do I get around my auditors?”¹⁴ Saddam Hussein’s subordinates would then explain to those executives how the payments could be made to avoid detection.

The U.N. investigation of the bribes linked to the Oil-for-Food Program was prompted by an Iraqi newspaper reporter who revealed the scheme in January 2004 following the collapse of Saddam Hussein’s government the year before. In 2006, Kofi Annan, Secretary-General of the United Nations, demanded that Australia and other countries in which companies had made illicit payments to Saddam Hussein’s regime take appropriate measures to punish the parties responsible for those payments. That same year, Prime Minister Howard appointed a former Australian judge, Terence Cole, to oversee a “royal commission,” or task force, to investigate the AWB scandal.

10. The FCPA was initially unclear regarding whether or not facilitating payments qualified as bribes and thus were illegal under that federal statute. In 1988, the FCPA was amended to address that issue. As amended, “facilitating payments” made to encourage “routine governmental action” are not covered by the FCPA.

11. J. Barrett, “Policy on Payments Lost from AWB Site,” *The Australian*, 25 February 2006, 4.

12. D. Uren, “Tax Law Change to Curb Crimes,” *The Australian*, 9 February 2006, 8.

13. Barrett, “Policy on Payments Lost.”

14. C. Overington, “Probe on Wheat Sales to Iraq,” *theage.com* (www.theage.com.au), 29 April 2004.

Former AWB officials who testified before the Cole Commission explained that one of the biggest challenges they and other conspirators had faced was concealing the bribery payments from the United Nations. Under the U.N.'s Oil-for-Food Program, Iraq was permitted to sell a limited amount of oil each year during the U.N. embargo to provide the funds necessary to purchase food, medical supplies, and other necessities for Iraqi citizens. The proceeds from the sale of that oil were deposited in bank accounts controlled by the U.N. After Iraqi officials had negotiated to purchase goods from specific foreign companies, such as AWB, the U.N. disbursed payments to those companies from those bank accounts. AWB concealed the bribery payments from the U.N., as well as from its independent auditors and other parties, by funneling them through a Jordanian trucking company that was allegedly transporting the wheat to Iraq. The Jordanian company kept a small percentage of the bribes and then forwarded the balance to Hussein's regime in Baghdad.

AWB officials also devised a plan to recoup the bribes being paid to the Iraqi government. This scheme simply involved inflating the price of the wheat sold to Iraq to include those bribes. In an intracompany AWB correspondence obtained by the Cole Commission during its hearings, a company executive told one of his subordinates that because the bribe payments were being recouped from the U.N. Oil-for-Food bank accounts, they were "no skin off our nose."¹⁵ A journalist for the *Sydney Morning Herald* berated the conspirators for this feature of the AWB fraud. "Extraordinary chutzpah was involved here. After all, the money [bribe payments] didn't even come out of AWB's pockets. It was siphoned by the wheat trader out of U.N.-held funds in New York. The defining detail of this scandal is that these bribes were free."¹⁶ AWB also deducted the bribe payments as normal business expenses in its annual tax returns filed with the Australian Taxation Office, the Australian equivalent of the U.S. Internal Revenue Service.

The AWB official who had been responsible for overseeing wheat sales to Middle Eastern countries testified before the Cole Commission that by early 2000 there was "widespread" knowledge within AWB of the illicit payments being made to the Iraqi government.¹⁷ Two other former AWB officials who were not involved in the decision to pay the bribes testified that they questioned the propriety of the payments to the Jordanian trucking company when they became aware of them and then retained Arthur Andersen & Co. to investigate the payments.

During the time frame that AWB was paying the bribes, Ernst & Young served as the company's independent audit firm and issued an unqualified opinion each year on the company's financial statements. Exhibit 1 presents the unqualified opinion Ernst & Young issued on AWB's fiscal year 2000 financial statements, while Exhibit 2 presents the mandatory "Directors' Declaration" that accompanied the 2000 audit opinion. Available sources do not reveal why the two AWB officials who questioned the payments being made by AWB to the Jordanian trucking company did not ask Ernst & Young to investigate those payments—or whether Ernst & Young discovered any evidence of the payments during their annual audits.

15. Australian Government, Attorney-General's Department, "Inquiry into Certain Australian Companies in Relation to the UN Oil-for-Food Programme," Transcript 24, 2333, 9 February 2006.

16. *Sydney Morning Herald*, "AWB's World of Trouble."

17. *Global Newswire* (online) "Zespri Boss Didn't Know about Kickbacks until Audit," 24 February 2006.

18. *The Risk Report*, "Kickbacks' Inquiry Hones in on RM," www.services.thomson.com, Issue 222 (19 January 2006).

EXHIBIT 1

ERNST & YOUNG'S
AUDIT OPINION
ON AWB'S FISCAL
2000 FINANCIAL
STATEMENTS

To the members of AWB Limited

Scope

We have audited the financial report of AWB Limited for the financial year ended 30 September 2000, as set out on pages 53 to 90, including the Directors' Declaration. The financial report includes the financial statements of AWB Limited, and the consolidated financial statements of the consolidated entity comprising the company and the entities it controlled at year's end or from time to time during the financial year. The company's directors are responsible for the financial report. We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards, other mandatory professional reporting requirements and statutory requirements, in Australia, so as to present a view which is consistent with our understanding of the company's and the consolidated entity's financial position and performance as represented by the results of their operations and their cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion, the financial report of AWB Limited is in accordance with:

- (a) the Corporations Law including:
 - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 September 2000 and of their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards and the Corporations Requirements; and
- (b) other mandatory professional reporting requirements.

Ernst & Young
Melbourne
29 November 2000

EXHIBIT 2

DIRECTORS'
DECLARATION
ACCOMPANYING
AWB'S FISCAL
2000 FINANCIAL
STATEMENTS

In accordance with a resolution of the directors of AWB Limited, I state that:

In the opinion of the directors:

- (a) the financial statements and notes of the company and of the consolidated entity are in accordance with the Corporations Law, including:
 - giving a true and fair view of the company's and consolidated entity's financial position as at 30 September 2000 and of their performance for the year ended on that date; and
 - complying with Accounting Standards and Corporations Regulations; and

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors on behalf of the Board.

Andrew Lindberg
Executive Director

Melbourne
29 November 2000

**EXHIBIT 2—
continued**
DIRECTORS'
DECLARATION
ACCOMPANYING
AWB'S FISCAL
2000 FINANCIAL
STATEMENTS

The report filed by Arthur Andersen with AWB identified several “red flags” and “risk factors” associated with the suspicious payments.¹⁸ In addition, the Andersen consulting team discovered similar payments being made to a Pakistani company. A subsequent investigation revealed that AWB had paid \$12 million to a Pakistani governmental official to secure a grain contract with Pakistan. In its report, Andersen recommended that AWB assess its ethical culture and create a “transparent” environment in which employees “are encouraged to report incidents, risks, and improper conduct.”¹⁹

Andrew Lindberg, AWB's former managing director (chief executive officer) testified before the Cole Commission for several days. During his testimony, more than 200 of Lindberg's responses to questions asked of him by commission members was one of the following statements: “I can't recall; I don't recall; I'm not sure I recall; I can't precisely recall; I have no recollection of that at all; I don't know.”²⁰

When asked what measures he and his subordinates had taken to address the allegations and recommendations included in the Andersen report, Lindberg responded that he had “left it up to the responsible management of the area . . . to see that things were done”²¹ since he had a “million things to deal with” at the time.²² The individual who oversaw AWB's wheat marketing operations during the period that the Iraqi bribes were being paid testified that he did not become “actively involved in investigating any of the issues that arose out of the Arthur Andersen report” because he had “heavy commitments in other areas”²³ at the time. This latter individual indicated that, rather than investigating the matters raised by the Andersen report, he had delegated that responsibility to one of his subordinates. An Australian journalist chided the former AWB executives for not only orchestrating the illicit scheme to acquire the Iraqi wheat contracts but also for refusing to take responsibility for that scheme *ex post* during the course of the Cole Commission hearings:

*“When in Rome, do as the Romans do” appears to have been AWB's business credo. The company's line now and then was that it did what was necessary to protect the interests of its shareholders, though the bald truth was that it colluded in embezzling money from a fund set up to ensure that ordinary Iraqis had bread on their tables and medicines in their hospitals.*²⁴

19. *Ibid.*

20. M. Vincent, “Ends Justifies the Means at AWB, Inquiry Told,” www.abc.net.au, 19 January 2006.

21. *The Risk Report*, “Kickbacks' Inquiry Hones in on RM.”

22. M. Vincent, “Documents Reveal Discretionary Payments Made by AWB,” www.abc.net.au, 20 January 2006.

23. *Global Newswire*, “Zespri Boss Didn't Know about Kickbacks.”

24. *Canberra Times* (online), “Taxing Times for Corruption,” 27 December 2006.

Aftermath

The U.N. investigation of the Oil-for-Food Program chaired by Paul Volcker determined that Saddam Hussein's regime had received nearly \$2 billion in illicit payments during the course of that program. Volcker's report indicated that more than 2,000 companies had paid bribes or kickbacks to the Iraqi government but that AWB was responsible for considerably more of those payments than any other company.

For several months after Paul Volcker publicly reported his task force's findings, AWB executives staunchly denied that they had secretly paid nearly \$300 million to Saddam Hussein's regime to secure the Iraqi wheat contracts. In one press release, a company spokesperson stated that, "AWB did not knowingly pay or enter into any arrangements to benefit the former [Iraqi] regime."²⁵ In May 2006, the company's top management did a sudden and unexpected about-face by releasing a statement confirming that those payments had been made. The statement included a contrite apology from Andrew Lindberg, AWB's former chief executive, which noted in part that "we are truly sorry and deeply regret any damage this may have caused to Australia's trading reputation, the Australian government, or the United Nations."²⁶ During the nearly one-year long Cole Commission inquiry, evidence surfaced that a U.S.-based "crisis management guru" had advised the company to "over-apologize" for its misconduct, apparently in hopes of garnering sympathy from the public and law enforcement authorities.²⁷

The Cole Commission report released in late November 2006, recommended that criminal charges be filed against 11 former AWB executives. Andrew Lindberg was not one of those individuals. Although the Cole Commission did not recommend that criminal charges be filed against Lindberg, the commission's report severely criticized AWB's former senior management team. In particular, the report noted that the management team had bred a "closed culture of superiority and impregnability" in which "no one asked, 'What is the right thing to do?'"²⁸

The most shocking conclusion in the Cole Commission report was that the \$300 million in payments made by AWB to Saddam Hussein's regime did not technically qualify as "bribes" since they were not unlawful in Iraq at the time. Critics of the Cole Commission report insisted that this conclusion was inconsistent with the Australian law prompted by the OECD Convention. Nevertheless, Australian law enforcement authorities relied upon the Cole Commission's conclusion in deciding that AWB's former executives could not be prosecuted under that Australian law. (Note: The charges that the Cole Commission recommended be filed against the 11 former AWB executives stemmed from their intentional violation of the U.N. trade embargo sanctions.) Likewise, because of the Cole Commission report, the Australian Taxation Office permitted AWB to treat the \$300 million of payments as tax-deductible expenses, a ruling that saved the company approximately \$400 million in back taxes, fines, and interest payments. The Cole Commission also reported that it found no incontrovertible evidence that Prime Minister John Howard or any of his subordinates had been expressly aware of the clandestine payments.

Not surprisingly, the Cole Commission report triggered charges of a government cover-up. An Australian critic of Prime Minister Howard's administration observed that, "For this, the worst corruption scandal in Australian history, the Cole

25. *Sydney Morning Herald*, "AWB's World of Trouble."

26. *Global Newswire* (online), "Dramatic Confession Presented at Australian Iraq Bribes Probe," 19 May 2006.

27. *Ibid.*

28. *The Economist* (online), "Australians Who Bribe: The Oil-for-Food Scandal," 2 December 2006.

Commission was effectively constructed as a ministerial cover-up.”²⁹ Particularly incensed were representatives of the U.S. wheat industry. In 2006, a group of U.S. and Canadian wheat growers filed a civil lawsuit against AWB asking for more than \$1 billion in damages. The plaintiffs alleged that AWB had used unfair trade practices to secure the Iraqi grain contracts. Ironically, the Canadian Wheat Board, a government agency similar to AWB before it became a private company, had negotiated to obtain the Iraqi wheat contracts. When Iraqi officials demanded bribes in exchange for granting those contracts, the Canadian Wheat Board refused, which resulted in an abrupt end to the contract negotiations.

Following the release of the Cole Commission report, Prime Minister Howard announced that he was revoking AWB’s export monopoly for Australia’s wheat market. A few weeks later, the U.S. Department of Agriculture banned AWB from seeking contracts with the U.S. government. Pressure applied by U.S. officials was apparently a factor in the decision of many other countries to prohibit AWB from receiving government contracts. These decisions angered Australian wheat farmers, many of whom, as noted earlier, believed that AWB had not acted improperly in making secret payments to obtain the Iraqi wheat contracts. Many Australian businessmen, politicians, and journalists expressed the same point of view. The *Canberra Times* noted that “many people sympathize with AWB’s plight. Markets and cultures tainted by corruption and/or lax governance are the rule rather than the exception, and the competition to secure lucrative contracts is fierce.”³⁰ In this same article, the newspaper took a swipe at what many Australians perceived as the self-righteous U.S. business community. “The view that corporations have no social responsibility beyond that of making profits for their shareholders is one which is well entrenched in certain boardrooms in Australia, and more particularly in the United States.”³¹

Questions

1. Many foreign companies sell securities on U.S. stock exchanges. Do the provisions of the Foreign Corrupt Practices Act apply to those companies?
2. Under current U.S. auditing standards, what responsibility, if any, does an audit firm of a multinational company have to discover bribes that are paid by the client to obtain or retain international business relationships? In a bullet format, list audit procedures that may be effective in uncovering such payments.
3. Suppose you discover during the course of an audit engagement that the audit client is routinely making “facilitating payments” in a foreign country. What are the key audit-related issues, if any, posed by this discovery?
4. A quote in this case from an Australian newspaper suggested that many corporate boards in the United States believe that they “have no social responsibility beyond that of making profits for their shareholders.” In your opinion, what level of “social responsibility,” if any, do corporate boards have? Defend your answer.
5. The audit report shown in Exhibit 1 refers to “Australian Auditing Standards.” What organization issues Australian Auditing Standards? What is the relationship, if any, between Australian Auditing Standards and International Standards of Auditing?

29. *Sydney Morning Herald*, “AWB’s World of Trouble.”

30. *Canberra Times* (online), “Taxing Times for Corruption.”

31. *Ibid.*