Corporate Collapses in Australia: Case of Harris Scarfe

O. Kavrar and B. Yılmaz

Abstract—The corporate collapses in the early years of 2000 in Australia showed that accounting and auditing professions have noticeably been less good than how they are supposed to be. As a result of the previous downfalls, there is no doubt that auditors grab most of the attention. There are a number of issues regarding auditors/audits that will be examined to discover where the irregularities came up from, such as management responsibilities, internal control, audit committee, ethics, and the auditor's legal liability. This paper aims to explore the implications of the previous corporate collapses on Accounting and Australian business and the Auditing profession in Australia by focusing on the case of Harris Scarfe which was collapsed with a debt of \$265 million dollars in 2001. A number of scholarly articles and journals related to this area have been reviewed. This study also confirms the strong relationship between corporate failures and the role of auditors.

Index Terms—Accounting profession, auditing, corporate collapses, harris scarfe.

I. INTRODUCTION

Harris Scarfe Limited has experienced one of the biggest corporate collapses in Australia with debts of \$265 million. Undoubtedly, the results of this collapse have negatively affected on the accounting profession as well as the auditing profession in Australia. At that time in Australia, in the beginning of 2000s and 2001, other collapses occurred as well. For instance, the collapse of HIH Insurance, OneTel and Ansett Australia all happened over and over in a short time span in the beginning of 2000s. The recent debate about the corporate collapses and accounting scandals had a main point about the need for structure to assure that financial declarations contain dependable information for decision making. Investigations revealed that the main source of the collapses is due to expectation gap. This term accommodates deep and wide range of issues related to corporate governance and auditor independence. The prime focus of this paper is to provide scope for research in this area by examining the issues such as Audit Committee, Auditor independence, Ethics, legal liability related to Harris Scarfe. In addition, it will be discussed that how regulatory bodies including the Australian parliament inquiry, Ramsey Report, CLERP 9 and the ASX can shorten the expectation gap and prevent for any kind of fraud. Lastly, amendments in Corporate Law Economic Reform Program and its new implementation will be explained.

Manuscript received October 28, 2016; revised December 23, 2016. Ö. Kavrar is with the Economics Department, Selcuk University, Konya, Turkey (e-mail: okavrar@selcuk.edu.tr).

B. Yilmaz is with the Business Administration Department, Selcuk University, Konya, Turkey (e-mail: byilmaz@selcuk.edu.tr).

II. BACKGROUND INFORMATION

A. The History about Harris Scarfe

According to the information in the Company's web site, Harris Scarfe traces its history to 1850, when the founding partners in the business arrived in Adelaide South Australia to establish a hardware and ironmongery business. Harris Scarfe grew to become a major supplier of a broad range of household, agricultural and industrial items. During World War 2, when the Australian Government enforced price controls, it used the Harris Scarfe catalogue as the price guide. After World War II, Harris Scarfe's prosperity grew with South Australia, as it supplied building materials during the post-war building boom.

According to different media, in 1971, Baradeen Quest Pty Limited, a subsidiary of Investment and Merchant Finance Corporation Limited ("IMFC") made a successful takeover bid for Harris Scarfe Limited, which at the time was a company listed on the Adelaide Stock Exchange. Charles Davis Limited, a listed Tasmanian company controlled by Sir Donald Trescowthick, acquired control of Harris Scarfe in 1976, when Charles Davis took over IMFC. The Trescowthick era started with growth and ended with collapse in 2001.In 1994, Harris Scarfe opened its first store in suburban Adelaide, at Parabanks in Salisbury. Following this successful store opening (in a former Venture store), Harris Scarfe acquired more sites in South Australia, as well as expanding its activities to other States. In 1995, Charles Davis Limited changed its name to Harris Scarfe Holdings Limited, and it then focused on its department store activitiesdisposing of all of its other businesses and investments.

In March 2001, conflicts were found in the company's stock position. The auditors were told to investigate the company's weakening net asset to six years. During the early six years the differences were not picked up by neither the board nor the auditors. The board said that it was completely unaware of the irregularities and had acted in good faith on financial information provided to it by the senior management. The conclusion was that the board appointed voluntary administrators to the company in April 2001. It is a story of how a major Australian company survived floods, droughts, bushfires and two world depression only to fall to poor management.

Year 2001 did not come up just with Harris Scarfe collapse; it was a tracker and the forerunner for the collapses all around Australia. Therefore, year 2001 can be treated as the year to expose the reasons behind the running collapses.

B. Main Reasons behind the Collapse

Before analysing the issues which cause Harris Scarfe to collapse, it is healthier to find out the reasons behind the

company's decline. The main reason for the collapse is basically about the fraudulent set of company's records and its wrong expression to all stakeholders. According to Lorsch [1], following case reveals the fraud in the set of company's books.

"A former Harris Scarfe accountant, Anthony Wight, yesterday testified at the Adelaide Magistrates Court committal hearing of Adam Trescowthick that the falsification of accounts started five years ago before Trescowthick became executive chairman".

Another question comes up after this statement above. The question is why Harris Scarfe seemed that company has not got any financial problems until 2001 and why company suddenly went to a voluntarily liquidation due to the cash-flow problems. Following statement explains this conflict:

"In the early days it was easy for Hodgson to make a few book entries to inflate the stock and keep the profits rolling. But when trading didn't pick up at the next balance date, bigger entries were required, and so on" [2].

As can be seen from the telling above, Harris Scarfe's main problem behind its collapse is the fraudulent set of company's books and the representation of the profit higher than its real value. In this case, main points that we need to clarify are which parties didn't perform its duties. The parties subject to our investigation are the management and the audit firms which audited the company's books. From this point of view now we have to focus on the responsibilities of the management and the auditors' as well as the issues regarding corporate governance. As the corporate governance issues are complex, the issues under corporate governance will be treated under different sub-titles.

The impacts of the Harris Scarfe case as well as some other collapses including HIH, One.Tel, and Ansett, have led to momentous force on management, auditors, accountants, accounting profession, government, and regulatory bodies oversight role to reconsider the issues such as ethics, independence, audit committee, and legal liabilities. In the following pages our investigation will focus on these issues in more detail regarding Harris Scarfe collapse.

III. ISSUES

A. Management's Responsibility Versus External Auditor's Responsibility

It can be determined that the main unethical issues arise from the management of Harris Scarfe also from the audit firms Ernst & Young and PricewaterhouseCoopers. Management's act, inflating the annual profit, conflicts with the ethical behaviour which should be implemented. According to Gay & Simnett [3], sections 292-306 of Corporations Act 2001 require the directors to prepare annually financial reports, director's declaration and any other necessary information in a true and a fair view, unless exempted under s.301 (2). Besides that, section 296(1) of Corporations Act 2001 states that directors have to prepare the company's financial records according to accounting standards.

Adams [4] mentions that an external audit only provides

reasonable assurance that financial statements are free of material misstatement. Therefore, an audit is not a guarantor of the financial performance. That's because the external auditors rely on the information given by management. As a result, an expectation gap emerges.

At the end of the judgement of Harris Scarfe regarding its collapse, Alan Hodgson, the Chief Financial Officer of Harris Scarfe, convicted for a six-year jail. On the other hand, former Executive Chairman, Adam Trescowthick, charged for acting dishonestly, unethical and for failing to do for the best of the company. Moreover, Court didn't take any action against audit firms. The only responsible party found as the Chief Financial Officer and the Executive Chairman of the company. As mentioned earlier, management is responsible for giving true and fair information regarding the company and the audit firm is responsible for providing reasonable assurance in accordance with the statements and reports taken from management.

After getting the knowledge of Court's decision regarding Harris Scarfe collapse, our investigation will solely focus on the issues about the management and what went wrong in the corporate governance and how the second set of books prepared in the company. These issues are all related to issues in the corporate governance. We will not blame the audit firms for a fraudulent arrangement with the company's management, except for not assessing the fraud, because the audit firms are not found guilty according to court's decision.

B. Internal Control

An effective internal control mechanism prevents any kind of fraud in the company. Providing an effective internal control is the responsibility of the management as well as the directors'. Internal control enables the risks to be identified and exposes if the certain laws and regulations are followed in record keeping. Management of Harris Scarfe is in lack of providing an effective internal control. As a result, fraudulent financial reporting existed. On the other hand, external auditors have to understand how effective the internal control is in a company. Therefore, the audit firms, Ernst and Young which served from 1988 to 1997 PricewaterhouseCoopers which served from 1997 to 2001, can be blamed as failing to understand internal control structure of the company adequately. In this case, the important issue is if the internal audit department is in good touch with audit committee and the external auditor. This is related to the independence of internal auditors and accountants in the company. According to Lorsch J. [1]; Mr. Wight, an accountant of Harris Scarfe told that he was directed by Hodgson to falsify accounts in middle of 1994. This statement reveals that the accountants in Harris Scarfe were not independent for performing their duties. Now we can analyse the audit committee of Harris Scarfe.

C. Audit Committee and Auditor Independence

The purpose of the Audit Committee is to assist the Board of Directors in fulfilling its oversight responsibilities to remain independent of management by reviewing the financial information which will be provided to the shareholders and others. According to Arens et al. [5], an audit committee decides such things as auditor nomination

and the scope of services the firm is to perform. It meets periodically with the auditor to discuss audit progress and findings, and help resolve conflicts between the auditor and management.

In Australia, it is not required for ASX listed companies to have an audit committee by law. However, in the annual reports it is required to disclose whether they have an audit committee and its composition. Recent studies found that around 90% of the listed companies in Australia now have an audit committee although their structural appropriateness is argued.

D. Audit Committee Composition of Harris Scarfe

Two important mechanism inherent in having effective corporate governance are an independent and well-performing board of directors and similarly an independent and well-performing audit committee.

Arens et al. [5] suggests that most audit committees should be comprised of three to five directors each of whom will be, ideally, independent. Harris Scarfe had an audit committee for three years ended 31 July 1998, 1999 and 2000 comprised as follows;

Composition of the Harris Scarfe Audit Committee - 1998 to 2000

Member	Position in Organisation	Independence Status
J M Patten (Chair)	Independent Director	Independent
A J Trescowthick	Executive Chairman	Non-independent
A Hodgson	Chief Financial Officer	Non-independent

Source; Jim Psaros; Michael Seamer (2001)

As can be seen from the table, Harris Scarfe Audit Committee was made up of majority of non-independent directors. Clearly, the Harris Scarfe Audit Committee failed to meet best practice guidelines on the basis of non-independence.

It is argued by Jim Psaros; Michael Seamer [6] that why independence both in fact and appearance, is crucial to the effective operation of an audit committee. The fundamental issue is that an audit committee should be in a position to discuss matters with the external and internal auditor in the absence of management and non-independent directors. This is essential so that the external and internal auditors are not constrained or intimidated by the presence of senior management or non-independent directors on the audit committee. Accordingly, as the majority of the Harris Scarfe audit committee comprised senior management, it was arguably not possible for it to operate to its full potential.

E. Audit Committee: Regulatory of Meetings

With respect to best practice on the regularity with which audit committees should meet, there is less guidance. However, the authoritative Blue Ribbon Report' (1999) statement cited in Jim Psaros; Michael Seamer [6] argues that "... The audit Committee shall meet at least four times annually, or more frequently as circumstances dictate" (p.68). In contrast for not one of the previous five financial years had the audit committee of Harris Scarfe met on four occasions.

Specifically, in 1992 it met three times, in 1997, 1999 and 2000 it met twice, and in 1996 it had met only once. While it is difficult to speculate about how effective these meetings were, their infrequency is not a good sign [6].

F. Board of Directors

As stated in Adams [4] the board of directors' main responsibility is to create a healthy control environment where fraud related problems are kept to a minimum with implementing policies. Board of directors of Harris Scarfe includes Trescowthick, his brother Mark, Oakley, Mattingly, Curtis and Patten. According to Robbens et al. [7] close relationship between the board members affect a director's independence. As Trescowthick and his brother performing in the board, this close relationship affects their independence. It is a high possibility that Trescowthick failed to implement and create better policies to prevent fraud that's because he is found guilty for his actions by the court.

G. Issues in Corporate Governance

Gay & Simnett [3] states that the corporate governance is the system by which companies are directed, managed and covers the conduct of the board of directors and the relationship between the board, management and shareholders. As we mentioned earlier declaration of a company's financial reports in a true and a fair manner is the management's responsibility. In the case of Harris Scarfe, inflation of the profit by showing the expenses as the revenues exposes that the something is wrong in the corporate governance of Harris Scarfe ltd.

Firstly; management's act, inflating the profits, is called the fraudulent financial reporting. WorldCom, United States' one of the biggest telecommunication company also had the same problem done by the management. As a result of the fraudulent financial reporting by WorldCom's management, company went bankrupt. This similar case tells us how important the corporate governance is.

Secondly, management is responsible for a declaration which states if the company's books are recorded in a true and a fair view. In the case of Harris Scarfe, management is again lack of its responsibility by stating that the company books reflect a true view about the company. At the end of the judgement, it is revealed that the company's books are inflated by the management. Moreover, the act, declaration by the management that states the company's books are recorded in a true view exposes that the management's act is done intentionally.

These two clauses mentioned above shows a corporate fraud in Harris Scarfe. Now it is time to clarify what was missing and failed in the corporate governance to prevent a possible fraud in the company and the other thing is which occasions are used by the management to commit a fraud.

As stated in Lorsch J. [1], Chairman of the company Trescowthick and his family owns 40% shares of the company. Besides that, according to Lorsch J. [1] Trescowthick is performing with his brother Mark in the board of directors. Owning 40% shares of Harris Scarfe gives Trescowthick motive to inflate the company's books and to show the shares prices higher than its real value. That's because, he can sell the shares for a higher price than its real value whenever he

wants. The other thing, performing together in the board of directors with his brother, gives Trescowthick the chance to deceive company. Because, Trescowthick brothers have a close relationship and Trescowthick is the head of board of directors as he is a chairman.

The other point is why Harris Scarfe failed to prevent the possible frauds. These issues are concerned with the deficiency of internal audit, audit committee and board of directors. These issues will be analysed under new sub-titles. Mainly, for the fraud prevention, department of internal control must be independent.

H. Ethical Issues

Ethics in accounting is of great importance to accounting professionals and those who rely on their services. Those who work in the field of accounting know that people who use their services, especially decision makers using financial statements, expect them to be highly competent, reliable, and objective. According to Arens et al. [5], "ethics is one of the forces that holds a society together". However, it is challenging for auditors and many other professionals to provide high quality audits for users instead of keeping clients and thinking of profits, in today's highly competitive markets.

Auditors are effectively engaged and paid by the company issuing the financial statements, but primary beneficiaries of the audit are statement users. As a consequence of this, it is questionable that how much an auditor can be unbiased if he or she is paid for performing non-audit services to their clients. This is one of the ethical dilemmas that many auditors in Australia faced in the past such as in the collapses of HIH and One.Tel.

Ernst & Young was replaced as Harris Scarfe's auditors by PricewaterhouseCoopers in 1998 [8] In the case of Harris Scarfe, according to Tempone and Richardson [9], "PricewaterhouseCoopers received \$120,000 for the audit of Harris Scarfe in 2000 and in the same period \$211,284 for non-audit work". These amounts recorded in the financial statements as "other services" which are unexplained. The fundamental question arose from this issue is that should auditors who work in the best interest of shareholders, perform this sort of unexplained non-audit services to their clients. According to Chenoweth and Buffini, [10], "the Australian government has argued that the new audit independence standard means there is no need to stop auditors performing non-audit services for their clients. The provision of non-audit services in Australia is governed by ethical rules developed and enforced by the accounting profession itself".

The Institute of Chartered Accountants in Australia (ICAA) and CPA Australia (CPAAust) issue a Joint Code of Professional Conduct which applies equally to accountants and auditors. According to Mirshekary S, Yaftian A [11], recently, it has been found auditors to owe a duty of care to general public in particular situations. It could be argued whether the auditor's twofold roles at Harris Scarfe observed with this assertion being regarded. Leung P. and Cooper B. [12] states that "a code of ethics is an important device for convincing the general public that members of a profession are ethical, but it does not guarantee a public support". An auditor's ethical sensitivity could be prejudiced by situational aspects such as the field of employment or the position held in

an organisation.

I. Legal Liability

In the global audit progression, the company Harris Scarfe showed some weak points. A common liability for auditors has been to clients for failure to perform their auditing functions with due care. The auditors who disregard in controlling their audit are responsible for losses that are caused by dependence on misstated financial statements. It is argued that financial demise was caused by a statement of claim alleges which the auditors failed to find accounting irregularities within Harris Scarfe.

If a firm has financial issues within the company, and they haven't been picked up by auditors, it concerns one why they were missed. Their activities leave clear paper trials can be forensically examined problems and shortcomings. All auditors are required to sign, stating that they have examined their client's book and they think they are accurate. These declarations generally are stated as " In our opinion, the financial statements of the (company) are properly drawn up so as to give a fair and true view of (the relevant time period) and the profit and cash flows for the financial year ended on that date and of the economic entity." After this the auditors then need to sign off that the books are prepared in a co ordinance with the Corporations Law.

For approximately a year, the auditing companies of Harris Scarfe are first by Ernst and Young, and then PricewaterhouseCoopers have been under forces official examinations. Auditing employees who worked on the Harris Scarfe has been closely investigated by the ASIC. In the examinations proof was conducted that two leading auditing partners who were, Ian Painter, of Ernst and Young, and Brian Lilley, of PricewaterhouseCoopers and a couple of other workers, put up a case against their firms [13].

IV. RESPONSES

A. Reactions of Corporate Collapses in Australia

Following the running collapses in Australia several responses and recommendations began to arise from both regulatory bodies and authorized individuals. The recommendations were based on to reduce the expectation gap. That's because the public expects that the auditors can perform 100% and they can find any fraud in a company. But the reality is different as we saw in the case of Harris Scarfe. Followings are the responses to the recent collapses in Australia:

1) Government accounting professions response

CLERP 9 represented the government's respond to many of the deficiencies highlighted by the corporate collapses in the early 2000s. It inserted a number of additional auditor independence requirements into the Corporation Act, but essentially those amendments are 'not inconsistent' with the IFAC requirements. The Australian auditing standards have essentially been the same as IFAC's International Audit and Assurance Standards Board (IAASB) before the HIH collapse. CLERP 9 has given those standards legal backing.

The Howard Government has announced and commenced

a number of initiatives for further reform. These include:

"Audit Independence – One aspect which the Government will explore is that as a matter of good corporate governance, audit committees must become more actively involved in the whole audit process and not just the final output. This will include the engagement arrangements for the auditors, independence issues, and issues regarding non-audit work provided by the audit firm to the company;

Analyst independence, the implications of non-independent recommendations on the integrity of markets and providing fair and objective advice to investors"

Houghton [14] argues that while a high regulation outcome is possible, even likely given the public disquiet about auditing, this has potential challenges. CLERP 9 discusses the notion of competing for audit independence but does not obviously offer a structure in which this can occur.

Ramsay Report: The report prepared by Ian Ramsey recommended that the auditor independence should be increased to reduce the expectation gap. He also mentioned about the key points such as audit committee and relationships between the internal and external auditors. Afterwards in 2004, in the government's recommendation CLERP 9, various Ramsay recommendations detected.

CPC F.1 is accepted by CPA Australia and ICAA Gay & Simnett [3] states that CPC F.1 became mandatory on 31 December 2003. According to CPC.F1 independence of the auditors described again and it is mentioned that safeguarding system must be assessed to increase the quality of control done by the auditor.

HIH Royal Commission: HIH Royal report which includes 61 recommendations is presented on 16 April 2003. These recommendations were based on the corporate governance, auditing and financial reporting. CLERP 9 followed some of the recommendations mentioned in Royal commission report [15].

Corporate Law Economic Reform Program (CLERP): CLERP 9, the federal government legislation began to be applied in 30 June 2004. Legislation comprises 41 clauses which mention about the independence of auditors, rotation of auditors, quality of audit, liabilities of auditor, requirements of the financial report disclosures. CLERP 9 enhanced the transparency, accountability and shareholder rights [11].

Houghton [14] argues that while a high regulation outcome is possible, even likely given the public disquiet about auditing, this has potential challenges. CLERP 9 discusses the notion of competing for audit independence but does not obviously offer a structure in which this can occur.

Australian Stock Exchange (ASX): The anxiety about the previous corporate collapses in Australia has prompted ASX to set up a corporate governance council, According to Leung and Cooper [12], this council includes representatives of key business and professional groups, to review governance standards as part of ASX's effort to ensure the Commonwealth government does not force new legislation on companies.

The ASX has convened a Corporate Governance Council. The ASX's Corporate Governance Council after their first meeting on 15 August 2002 announced a number of recommendations,

B. Ernst & Young Response the Audit Risk Associated with Harris Scarfe

Although, the auditors has been criticized vigorously for playing a significant role in companies collapses, in the case of Harris Scarfe, the former auditors, Ernst & Young, were concerned about the company's rapid expansion in the mid-1990s. Ernst & Young partner Ian Painter stated the increase in new stores created risks related to stretched company resources and the "tyranny of distance" [8].

Harris Scarfe grew from two stores - Rundle Mall in Adelaide and Forest Hill in Melbourne - in early 1994 to 24 stores by 1997. It went into receivership in April 2001 with debts of \$160 million. Mr Painter appointed that Ernst & Young considered there were audit risks associated with Harris Scarfe's expansion. The court also heard Ernst & Young disagreed with a Harris Scarfe decision not to book a \$150,000 depreciation expense on its Rundle Mall store lease asset in 1995. This effectively increased the retailer's profit by \$150,000, and Ernst & Young warned Harris Scarfe at the time that the Australian Securities Commission would take a dim view of the practice [8]. It could be argued that did the management made this information about the risk available to the shareholders? If they did so, there would have been a significant decrease in share prices as shareholders would not want to make risky investments. However it is noteworthy that Earnst & Young did not completely fail in finding and reporting the corporate misconduct and showed that they took a duty of care to the business as well as to the shareholders by paying close attention to the evidences. Thus it would be reasonable to say that even though auditors, accountants and other people in the professions face ethical dilemmas against their business careers, an appropriate decision must be made about the appropriate action to take.

V. CONCLUSION

The 150-year-old retailer, 46 per cent of which is owned by the Trescowthick family of Melbourne, collapsed in April 2001 with debts of \$265 million. Harris Scarfe went into voluntary liquidation following six years of inflated asset values and many other accounting irregularities. Neither the board nor two of the "big five" auditors had apparently noticed. This dilemma in Harris Scarfe, on the one hand, results shareholders to demand even greater accountability from directors for the performance of their companies. On the other hand, auditors were expected to recall the context in which these irregularities and their consequences have to be assessed and to reconsider the issues such as ethics, independence, audit committee, and legal liabilities. In this context, directors may rely on management, auditors and other properly qualified persons to obtain financial and other information regarding the company.

There is no doubt that accounting irregularities are less likely to occur in an organisation with effective corporate governance practices. However, the study above showed that the corporate governance practices in Harris Scarfe were less than ideal. Neither the board of directors nor the audit committee possessed the recommended degree of independence to enable them to act an optimal level.

The contributions from the other studies for corporate collapses show little doubt that demise of Australia's third largest communications company One. Tel, insurance giant HIH, retail chains Harris Scarfe and the one of the biggest airline companies Ansett did not resulted directly from the nature of the businesses but the tremendous contradictions related to accounting and auditing professions.

The recent collapses in Australia damaged the reliability of audit profession. The reaction of the previous collapses were reviewed by four of the many accounting professions and regulatory bodies including the Ramsey Report, Australian parliament inquiry, CLERP 9 and the ASX reactions demonstrates that corporate regulators responded many of the irregularities existed from previous collapses by making new rules and recommendations. Recently introduced legislations and recommendations developed to shorten the expectation gap for a higher quality audit profession. It is believed that new legislation will help audit profession to be more reliable and it is going to shorten the expectation gap but that doesn't mean that new legislation is a detector or a safeguard for any kind of fraud.

There could be some limitations in this report as a result of the lack of articles related to Harris Scarfe. However, the findings of Harris Scarfe on this paper are generally consistent with the other collapses through existing information.

REFERENCES

- [1] L. Jay, "Cure for enron-style audit failures," *Financial Times Journal*, 2002
- [2] P. Anna, Capitalism in a Nutshell, Auditor's Watchdogs or Partners in a Crime, The Guardian, Viewed, 2007.
- [3] G. Simnett, Auditing and Assurance Services in Australia, 3rd ed, McGraw-Hill Irwin, NSW, Australia

- [4] A. Grose, Leeson, Internal Controls & Corporate Governance, 2nd ed, Pearson Prentice Hall, NSW, Australia.
- [5] A. Arens, P. Best, G. Shailer, B. Fielder, R. Elder, and M Beasley, Auditing and Assurance Services in Australia, an Integrated Approach, 6th ed, Pearson Education Australia, Sydney, 2005.
- [6] J. Psaros and M. Seamer, "The unravelling of the house of Scarfe," Charter Publication, vol. 72, no. 5, pp. 44-47, 2001.
- [7] R. Bergman and S. Coulter, Foundations of Management, 2nd ed, Pearson Prentice Hall, NSW, Australia, 2006.
- [8] A. Keane, "Retailer's growth worried auditors," Advertiser (Adelaide, Australia), 2001.
- [9] I. Tempone and A. Richardson, 2006, "Teaching business ethics and audit independence within the corporate governance framework, in higher education," in *Proc. the Symposium at Swinburne University of Technology*, July 2006.
- [10] N. Chenoweth and F. Buffini, "Accounting firms reap fee boom," The Australian Financial Review, pp.1-16, 2002.
- [11] S. Mirshekary and A. Yaftian, "Australian corporate collapse: The case of HIH Insurance," *Journal of Financial Services Marketing*, vol. 9, no. 3, pp. 249-258, 2003.
- [12] P. Leung and B. Cooper, "The mad hatter's corporate tea party," Managerial Auditing Journal, vol. 18, no.16-17, pp. 505-516, 2003.
- [13] C. James, "Auditors to view payment details," Advertiser, (Adelaide, Australia), 2006.
- [14] K. Houghton, "Where auditing should," Australian CPA, vol. 73, no. 2, p. 66, 2003.
- [15] T. Mak, H. Deo, and K. Cooper, "Australia's major corporate collapse: Health international holdings (HIH)," *Journal of American Academy of Business*, vol. 6, no. 2, p. 104, 2005.



Omer Kavrar is currently working as a specialist in erasmus coordination office at Selcuk University, Konya, Turkey. He is a PhD candidate in the field accounting and finance. He holds a master of accounting degree from Central Queensland University of Melbourne, Australia obtained in 2008 and a bachelor of science degree in economics from Karadeniz Technical University of

Turkey in 2004. Prior to joining Selcuk University in 2012, he had been working as an Internal Auditor in one of the biggest stock exchange listed companies in Turkey called Banvit. His research interests include energy management and accounting and its application on activity based costing approach.