



# ANGLOGOLD ASHANTI

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21<sup>st</sup> November 2011

The Office of the Secretary  
PCAOB  
1666 K Street, NW  
Washington, D.C. 20006-2803  
UNITED STATES OF AMERICA

Dear Sirs

## PCAOB RULEMAKING DOCKET MATTER NO. 29

AngloGold Ashanti Limited is pleased to provide comments to the Public Company Accounting Oversight Board ("PCAOB") on its proposed rules to implement certain disclosures with respect to improving transparency of public company audits.

AngloGold Ashanti Limited, head quartered in Johannesburg, South Africa, is a global gold company with a portfolio of long life, relatively low cost assets and differing ore body types in key gold producing regions. The company's twenty mining operations are located in ten countries (Argentina, Australia, Brazil, Ghana, Guinea, Mali, Namibia, South Africa, Tanzania and the United States of America) and are supported by extensive exploration activities in a number of countries around the world.

AngloGold Ashanti is listed on the Johannesburg Stock Exchange, the London Stock Exchange, the Australian Stock Exchange, the Ghanaian Stock Exchange, Euronext Paris, Euronext Brussels and the NYSE. As at December 31, 2010, the geographic distribution of our shareholders constituted:

United States	52.60%
South Africa	22.54%
United Kingdom	11.73%
Ghana	2.95%
France	2.35%
Rest of Europe	2.56%
Rest of Americas	1.20%
Rest of the world	4.07%

AngloGold Ashanti Limited prepares primary financial statements utilizing International Financial Reporting Standards, as approved in the English language, by the International Accounting Standards Board for all countries in which it operates, except the United States of America, where it reports in terms of US Generally Accepted Accounting Practice.

Directors: T T Mboweni (Chairman) \ M Cutifani (Austrian) (Chief Executive Officer) \ FB Arisman (American) \ R Gasant \ NP January-Bardill \ WA Nairn  
Prof LW Nkuhlu \ F Ohene-Kena (Ghanaian) \ SM Pityana \ S Venkatakrishnan (British)  
Company Secretary: L Eatwell



AngloGold Ashanti's American depository shares are listed on the NYSE under the symbol "AU". As a well-known seasoned issuer and a foreign private issuer, AngloGold Ashanti files annual reports with the Securities and Exchange Commission on Form 20F and furnishes its home jurisdiction periodic reports with the Securities and Exchange Commission on Form 6K.

AngloGold Ashanti fully supports initiatives which improve communication with investors and provide investors with relevant and reliable information on the company for which they have established an investment or are proposing to enter into an investment.

Although AngloGold Ashanti supports the PCAOB's intentions, we are concerned that audit reports are generally established in home countries in accordance with local laws and jurisdictions and accordingly, amending or prescribing narrative to be used in an audit report may cause confusion amongst investors rather than providing for the transparency with regard to the information.

AngloGold Ashanti believes that it is the company that is responsible for preparing the annual report and the financial statements. It is the company's views that are wanted by and should be reported to investors and other users. Therefore, the company through its board of directors and management should provide information with respect to the auditors and not the auditors.

AngloGold Ashanti believes that the role of the audit committee is to oversee on behalf of the whole board of directors, the integrity of the company's financial affairs. It is also responsible for assessing the independence and effectiveness of the external auditors or for making recommendations on the external auditors to be appointed for the forthcoming year.

AngloGold Ashanti believes that the responsibility for communicating key information to shareholders lies with the company's directors and executive management. The role of an auditor is to review a company's annual report, including its financial statements and provide "a second" opinion on whether they have been properly prepared. The first opinion is provided by the management and directors of the company. AngloGold Ashanti is therefore keen to avoid any reporting structure that undermines directors and management's responsibility for providing key information. AngloGold Ashanti does not believe therefore, that auditors should be placed in a position where they could be perceived to be performing a management role.

Further, AngloGold Ashanti believes that the company is best placed to know what users of annual reports and financial statements are interested in – because it is the directors and management that have direct contact with investors, analysts and other users of the annual report and the financial statements. Auditors do not have such equivalent access to these users. If the company were to provide the information recommended in terms of the proposed rule, rather than the auditors, AngloGold Ashanti believes that this provides a better forum for this information.

Item 16 of Form 20F already requires certain information with respect to audit committees and the principal accountant. AngloGold Ashanti believes that the disclosures that are recommended in terms of the rule would be better placed in the item 16 section of Form 20F or its equivalent in Form 10K rather than in an audit report. The information as disclosed supported by narrative prepared by the audit committee would show that the audit committee has provided effective stewardship of its role with regard to the external auditors that have been appointed.

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AngloGold Ashanti therefore proposes that annual reports prepared in accordance with Form 20F or Form 10K, rather than narrative included within an audit report, should include a report by the audit committee setting out the approach they have taken to the discharge of their responsibilities, describing in such terms as they consider appropriate and having regard to the commercial interest of the company concerned. These should include:

- The steps they took and the judgments they made to assess the effectiveness of the audit.
- The policies that they adopted to avoid the independence of the company's auditors being compromised.
- The process by which they reached their recommendation to appoint or re-appoint as the case may be, the company's external auditors and the reasons for the recommendations thereof.

We provide below our responses to the PCAOB's specific requests for comments. For ease of reference we have re-produced the text of PCAOB's requests for comments, in bold face typed below, followed by our comments:

**1. Would disclosure of the engagement partner's name in the audit report enhance investor protection? If so, how? If not, why not?**

It is debatable whether disclosure of the engagement partner's name in the audit report enhances investor protection but such disclosure is already mandatory in South Africa in terms of our Stock Exchange Listing Regulations, as well as other international jurisdictions.

**2. Would disclosing the name of the engagement partner in the audit report increase the engagement partner's sense of accountability? If not, would requiring signature by the engagement partner increase the sense of accountability?**

Disclosing the name of the engagement partner may appear to investors an increase in the engagement partner's sense of accountability.

Requiring the engagement partner's signature instead of the name of the firm would detract from the position that the audit firm has been appointed by the Audit Committee to undertake the external independent accountant's review of the financial statements and thus would not necessarily increase the sense of the accountability.

**3. Does the proposed approach reflect the appropriate balance between the engagement partner/s role in the audit and the firm's responsibility for the audit? Are there other approaches that the Board should consider?**

An approach to reflect the name of the firm responsible for the audit and signed as such provides the correct description of the appointment of a firm rather than an individual by the audit committee. Naming the individual assigned by the firm is already required in many international jurisdictions. It follows a similar format that the financial statements have been approved by a board of directors but in the South African context are signed specifically on behalf of the board of directors by designated directors that have been approved to sign as such by the board.



4. **Would the proposed disclosure clearly describe the engagement partner's responsibilities regarding the most recent reporting period's audit? If not, how could it be improved?**

The proposed disclosure by adding a sentence to the audit report stating "the engagement partner responsible for the audit for the period ended" is irrelevant and only adds to confusion in an audit report. The name of the audit partner should be included in the signature area in a format as set out below.

Name of Firm:  
Name of Partner:  
Qualification:  
Town:  
Date:

5. **Would the proposed disclosure clearly describe the engagement partner's responsibilities when the audit report is dual-dated? If not, how could it be improved?**

As stated above, additional sentences in an audit report detract from the audit report's intention which is to opine on the preparation of the financial statements by management. Thus, the proposed disclosure is not an adequate description. When opinions are dual-dated, then the initial date would maintain the original partner's name and the second date should state the alternate to the second partner's name as set out below.

Name of Firm:  
Name of Partner:  
Qualification:  
Town:  
Date:

Name of Firm:  
Name of Partner:  
Qualification:  
Town:  
Date:

6. **Would the proposed amendments to the auditing standards create particular security risks that warrant treating auditors differently from others involved in the financial reporting process?**

The proposed amendments may create particular security risks depending on the jurisdiction that the audit firm and the audit partner reside. It has for several years been a requirement in South Africa to state partner details as well as personal information concerning directors. It is also a requirement in the United States in terms of compensation disclosures to name specific directors and their level of compensation which initially was thought would increase a security risk for those individuals.

Any area which increases transparency for individuals who operate in a corporate role will always have a potential consequential increase in security risks but as such this should be considered in a specific jurisdiction where a home country rule may exempt or disallow such disclosure.



7. **Would the proposed amendments to the auditing standards lead to an increase in private liability of the engagement partner?**

AngloGold Ashanti does not comment on this question as it relates specifically to an audit firm.

8. **What are the implications of the proposed disclosure rule for private liability under Section 10(b)?**

AngloGold Ashanti does not comment on this question as it relates specifically to an audit firm.

9. **Would the disclosure of the engagement partner's identity affect Section 11 liability? If so, what should the Board/s approach be?**

AngloGold Ashanti does not comment on this question as it relates specifically to an audit firm.

10. **Would the disclosure of the engagement partner's identity have any other liability consequences (such as under state or foreign laws) that the Board should consider?**

AngloGold Ashanti does not comment on this question as it relates specifically to an audit firm.

11. **Would a different formulation of the disclosure of the engagement partner ameliorate any effect on liability?**

AngloGold Ashanti does not comment on this question as it relates specifically to an audit firm.

12. **If the Board adopts the proposed requirement that the audit reports disclose the name of the engagement partner, should the Board also require firms to identify the engagement partner with respect to each engagement that the firms are otherwise required to disclose in Form 2?**

AngloGold Ashanti does not comment on this question as it relates specifically to an audit firm.

13. **If the Board does not adopt the proposed requirement that audit reports disclose the name of the engagement partner, should the Board nonetheless require firms to identify the engagement partner with respect to each engagement that the firms are otherwise required to disclose in Form 2?**

AngloGold Ashanti does not comment on this question as it relates specifically to an audit firm.



14. **Disclosure in the audit report and on Form 2 would provide notice of a change in engagement partner only after the most recent period's audit is completed. Would more timely information about auditor changes be more useful? Should the Board require the firm to file a special report on Form 3 whenever there is a change in engagement partners?**

AngloGold Ashanti does not comment on this question as it relates specifically to an audit firm.

15. **A change in engagement partner prior to the end of the rotation period could be information that investors may want to consider before the most recent period's audit is completed. Should the Board require the firm to file a special report on Form 3 when it replaces an engagement partner for reasons other than mandatory rotation to provide an explanation of the reasons for the change?**

AngloGold Ashanti does not comment on this question as it relates specifically to an audit firm.

16. **Is it sufficiently clear who the disclosure would apply to? If not, how could this be made clear?**

AngloGold Ashanti does not comment on this question as it relates specifically to an audit firm.

17. **Is it appropriate not to require disclosure of the individual who performed the EQR? If not, should disclosure of the engagement quality reviewer be required when the EQR is performed by an individual outside the accounting firm issuing the audit report or should the disclosure be required in all cases?**

AngloGold Ashanti does not comment on this question as it relates specifically to an audit firm.

18. **Is it appropriate not to require disclosure of the person that performed the Appendix K review?**

AngloGold Ashanti does not comment on this question as it relates specifically to an audit firm.

19. **Is it appropriate not to require disclosure of persons with specialized skill or knowledge in a particular field other than accounting and auditing not employed by the auditor or persons employed or engaged by the company who provided direct assistance to the auditor?**

If it is deemed relevant to users of financial statements, this information would be more appropriately referred to in a report of the audit committee specifying the matters they considered when confirming or otherwise determining the independent public accountants appointed to perform the audit.



- 20. Would disclosure of off-shoring arrangements (as defined in the release) or any other types of arrangements to perform audit procedures provide useful information to investors and other users of the audit report? If yes, what information about such arrangement should be disclosed?**

It is the responsibility of the audit committee to determine, to select and approve the appointment of the independent accountant tasked with auditing the financial statements of the company. Accordingly it is the audit committee's role to determine the level of work and to approve the other audit firms that the lead engagement firm may select in assisting them to review certain work.

This role of the audit committee exists regardless as to whether they are an independent public accountant firm for whom the lead engagement firm assumes responsibility pursuant to AU Sec.543 or whether it is an independent public accounting firm not implied by the lead engagement firm that performed audit procedures on the most recent financial statements.

Accordingly disclosure of off-shore arrangements should not be made within the realms of the audit report but could be within an audit committee report covered within Form 10K or Form 20F.

- 21. Would disclosure in the audit report of other participants in the audit provide useful information to investors and other users of the audit report?**

Disclosure in the audit report of other participants in the audit does not provide useful information to investors and users of the audit report.

The selection of auditors to participate in an audit falls within the domain of the audit committee and accordingly requiring auditors to report on the other participants in an audit falls within the realms of an audit committee's responsibilities and accordingly could be perceived as the auditor performing the duty of management or the board of directors.

Accordingly AngloGold Ashanti believes that the disclosure in the audit report of the other participants does not add to the useful information to investors. AngloGold Ashanti recommends that such information if deemed useful to investors and users should be disclosed elsewhere within the annual report or proxy statements and neither within the annual reporting of the entity nor within the audit report.

- 22. Are the proposed requirements sufficiently clear and appropriate with respect to identifying other participants in the audit? If not, how should the proposed requirements be revised?**

It is AngloGold Ashanti's assertion that the proposed requirements should be revised and should not form part of the audit report as stated above.

AngloGold Ashanti supports the premise included in International Standards on Auditing ("ISA 600") that a group auditor is responsible for the direction, supervision and performance of the group audit engagement and for the group audit opinion. The ISA 600 model depends, however, on the group auditor being able to use the work of other auditors responsible for subsidiary and other component parts of the group, especially when that entity is multinational as current jurisdictional laws do not generally allow for one audit firm to take responsibility across jurisdictions in separate countries.



ISA 600 does specify the level of involvement group auditors are expected to have in the work of other auditors in order to obtain sufficient appropriate audit evidence on which to base the opinion on the group financial statements. We note that audit firm networks help this process because the group auditor is using the same methodology as other audit firms that operate within the same network.

It is a function of the audit committee in approving and selecting the independent public accountants to audit the company to review and understand the level of involvement that other auditors may have in the audit process in developing the group audit opinion and accordingly should take responsibility for the selection of the group auditors as well as those assisting auditors.

- 23. Are the proposed requirements sufficiently clear as to when the name of a public accounting firm or a person would be required to be named in the audit report? Is it appropriate that the name of the firm or person that is disclosed is based on whom the auditor has the contractual relationship?**

AngloGold Ashanti does not support the disclosures as stated but would support such disclosures within other areas of the Form 20F or Form 10K reporting requirements.

- 24. Would disclosure in the audit report of other participants in the audit have an impact on the ability of independent public accounting firms to compete in the marketplace? If so, how would the proposed requirements impact a firm's ability to compete in the marketplace?**

AngloGold Ashanti does not comment on this question as it relates specifically to an audit firm.

- 25. Are there any challenges in implementing a requirement regarding the disclosure of other participants in the audit? If so, what are the challenges and how can the Board address them in the requirements?**

The naming of other auditors within an audit report may have consequential impact on the necessity of the entity to obtain consents in accordance with other sections of the Securities Exchange Commission Rules.

Accordingly our recommendation that such disclosures, if deemed relevant to investors and users of financial statements be made elsewhere within the Form 10K or Form 20F, would ensure that an entity does not need to obtain multiple consents at the time it is preparing any regulatory filing where consents for the use of the name of the auditor in its financial statements are required.

- 26. Is the percentage of the total hours in the most recent period's audit, excluding EQR and Appendix K review, a reasonable measure of the extent of other participants' participation in the audit? If not, what other alternatives would provide meaningful information about the extent of participation in the audit of other participants?**

Percentage of total hours in the most recent period's audit is not a reasonable measure of the extent of other audit firm's participation in the audit. A more reasonable measure would be the extent to which the lead engagement firm was responsible for auditing the asset base and revenue of the entity and the participation of the other





firms, by firm, in these metrics.

**27. What challenges, if any, would requiring the percentage of audit hours as the measure of the other participants' participation present?**

Audit hours are not a representative measure of other participant's participation in the audit as these can be impacted by locational and jurisdictional issues. Some of an entities locations may not have computerized or other similar systems and although not material to the entire operation using financial metrics, may require substantially more audit hours to complete an independent audit. Further, the scale rates of audit firms may differ materially across jurisdictions due to country specific circumstances and thus in some circumstances a substantive based audit maybe more efficient and effective than other types of audit approaches.

**28. Should the Board require discussion of the nature of the work performed by other participants in the audit in addition to the extent of participation as part of the disclosure? If so, what should be the scope of such additional disclosures?**

Any discussion with respect to the nature of the work performed by other participants in the audit are more correctly disclosed in an audit committee report rather than as extended reporting by an independent accounting firm. The nature of work performed in an audit is developed via discussions with the audit committee and is not, necessarily, determined by any lead engagement firm or the respective participant firms acting alone.

**29. Would the proposed disclosure of the percentage of hours attributable to the work performed subsequent to the original report date in situations in which an audit report is dual-dated be useful to users of the audit report?**

As stated above, audit hours are not a useful measure in determining actual participation in an audit.

**30. Is the example disclosure in the proposed amendments helpful? Would additional examples be helpful? If so, what kind?**

As stated above, audit hours are not a useful example of participation in an audit and as such, the example disclosure in the proposed amendments is not helpful.

**31. Should disclosure of the names of all other participants in the audit be required, or should the Board only require disclosing the names of those whose participation is 3% greater? Would another threshold be more appropriate?**

Should investors and other users of financial reports believe that the disclosure of all of the names of the audit firms involved in the determination of the group audit's opinion is relevant and necessary then a minimum percentage threshold should be included. AngloGold Ashanti believes that this should be linked to the size of assets of the entity rather than any number of hours or some other arbitrary measurement.

**32. Is the proposed manner in which other participants in the audit whose individual extent of participation is less than 3% of total hours would be aggregated appropriate?**

As stated above, audit hours are not a suitable measure.



**33. Are the requirements to disclose the name and country of headquarters' office location of the referred-to firm sufficiently clear and appropriate?**

Should the disclosure of the firms that have assisted the lead engagement firm in determining its group audit opinion be deemed relevant and necessary by investors and users of financial statements, AngloGold Ashanti would recommend that the name and office location and country of the respective firms be disclosed.

**34. Are there any challenges associated with removing the requirement to obtain express permission of the referred-to firm for disclosing its name in the audit report? If so, what are the challenges and how could they be overcome?**

In determining whether express permission is required, would be dependent on separate country specific legislation. In a multinational audit a specific country law may not allow the auditor's name to be referred to elsewhere within financial statements and accordingly how this information is disclosed, would be a challenge.

**35. In situations in which the audit report discloses both the referred-to firm and other participants in the audit, would using different disclosure metrics (e.g., revenue for the referred-to firm and percentage of the total hours in the most recent period's audit for the other firms and persons) create confusion?**

AngloGold Ashanti believes that using audit hours creates confusion using the arguments as set out above and accordingly other metrics should be considered, if investors and users of financial statements believe the information relevant.

Yours faithfully

S. VENKATAKRISHAN  
EXECUTIVE DIRECTOR and CHIEF FINANCIAL OFFICER