

## Media Release

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27 February 2017

### Final consultation on Auditor rotation rules

In order to enhance the independence of the external audit process, the Accounting Professional and Ethical Standards Board (APESB) has released proposals to strengthen the requirements regarding the length of time audit partners can perform their role.

APESB Chair, The Honourable Nicola Roxon, says the issue of the length of time an audit partner is engaged with a client and their rotation is of great importance because of the adverse impact long association with a client can have on public perceptions of auditor independence.

“This is an area of great complexity and it is important we get the balance right,” Ms Roxon said. “Having a relationship with a client over many years can be beneficial with the deep knowledge and understanding of the entity’s business and operations. Conversely, unconscious bias and over-familiarity may impact on the auditor’s willingness to ask difficult questions,” said Ms Roxon.

The proposed revisions incorporate provisions recently released by the International Ethics Standards Board for Accountants (IESBA). One of the key proposals relates to engagement partner rotation requirements and the transition to a cooling-off period of three years initially which increases to five years for periods beginning after 15 December 2023.

“Feedback from the profession, regulators and clients, specifically in relation to the feasibility of proposed audit partner rotation periods in Australia is imperative in order to establish a robust and feasible model in relation to the international proposals,” said Ms Roxon.

The exposure draft outlines proposed amendments to *Long Association of Personnel with an Audit or Assurance Client* requirements in APES 110 *Code of Ethics for Professional Accountants*.

Comments on the exposure draft are requested by 7 April 2017. It is proposed that amendments will be in place from 15 December 2018.

The exposure draft is available on the APESB website [www.apesb.org.au](http://www.apesb.org.au).

You can keep up to date with APESB standards via our website [www.apesb.org.au](http://www.apesb.org.au), by downloading our app from one of the app stores below or following us on [LinkedIn](#).

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**Notes to Editors:** APESB is the National Standards Setter that sets the code of ethics and professional standards by which members of Australia’s three major professional accounting bodies (CPA Australia, Chartered Accountants Australia and New Zealand and the Institute of Public Accountants) are required to abide.