

## AGENDA PAPER

**Item Number:** 3  
**Date of Meeting:** 22 August 2017  
**Subject:** Project Update: Long Association

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Action Required     For Discussion     For Noting     For Information

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### Purpose

- To obtain Board approval to publish on the APESB website a Long Association Close Off Document in relation to the Long Association provisions; and
- To obtain the Board's views on the proposal for APESB Technical Staff to develop a Question & Answer (Q&A) publication on the revised Long Association requirements based on the IESBA publication.

### Background

In February 2017, the APESB issued Exposure Draft 01/17 *Proposed Amendments to Long Association of Personnel with an Audit or Assurance Client requirements in APES 110 Code of Ethics for Professional Accountants*. The Exposure Draft included proposed revisions to the Long Association provisions made by the International Ethics Standards Board for Accountants (IESBA) on its *Code of Ethics for Professional Accountants* (International Code).

At its [May 2017 meeting](#), the Board:

- considered the submissions received in response to the Exposure Draft;
- approved AUST paragraphs in respect of Australian jurisdictional requirements for inclusion in the final local provisions; and
- noted that the IESBA has not issued the final standard on Long Association but have issued a close-off document which sets out the proposed final provisions. The final provisions will be released with the restructured Code (expected to be issued early 2018).

### Key Considerations

#### 1) Close-Off Document

A key stakeholder has queried whether the APESB, like the IESBA, will release a Close-Off Document in relation to the Long Association Provisions. The purpose of the Close-Off Document would be to clarify the final Australian proposed provisions in relation to Long Association, as the final provisions will not be formally issued until the IESBA issues the international version.

Technical Staff have considered this suggestion and are of the view that there would be merit in issuing a Close-Off Document. The document would provide Members in Public Practice and audit firms with the opportunity to assess and evaluate the final long association provisions and the likely impact on their practice. This will assist them manage the long lead times involved in managing the complexities of a firm's audit partner rotation planning. The Close-Off Document could be made available on the APESB website.

Technical Staff seek the Board's approval as to whether the APESB should publish a Close-Off Document in relation to the Long Association provisions. To assist with the Board's deliberation Technical Staff have drafted a Close-Off Document (refer to Agenda Item 3(a)). The Close-Off Document comprises the amendments to APES 110 due to the IESBA revisions on Long Association provisions, including the AUST paragraphs approved by the Board in May 2017. Technical Staff have also merged the previous paragraphs Aust. 290.163.1 and 290.163.2 that dealt with time on periods of five and six years respectively to address time on periods that does not exceed seven years in a similar drafting style to IESBA's Code.

## 2) Questions & Answers Publication

As part of the exposure draft process a stakeholder raised the need for further guidance on the revised Long Association provisions to facilitate their application in practice.

In May 2017, the IESBA issued a *Staff Questions & Answers* publication to assist in the implementation of the revised requirements on Long Association with Audit Clients. Refer to Agenda Item 3(b) for a copy of the IESBA Staff Q&A publication.

The New Zealand Auditing and Assurance Standards Board has also considered a draft New Zealand version of an FAQs document on Long Association at its July 2017 meeting, based on the IESBA Staff Q&A publication.

Technical Staff propose that APESB prepare a Q&A publication, based on the IESBA Staff publication, that sets out how the revised Long Association provisions would be implemented in Australia. Technical Staff believe the Q&A document will assist stakeholders in understanding and implementing the new requirements.

Technical Staff would collaborate with relevant stakeholders (e.g. regulators, Professional Bodies) in preparing the publication to ensure that it addresses Australian-specific questions and circumstances.

Technical Staff seek the views of the Board in relation to the proposed issued of a Q&A style publication in relation to Long Association.

## **Staff Recommendations**

The Board:

- approve the publication of the *Closed-Off Document: Amendments to Long Association of Personnel with an Audit or Assurance Client requirements in APES 110 Code of Ethics for Professional Accountants* on the APESB website; and
- consider and provide the Board's views on the proposal to prepare a Long Association Technical Staff Q&A publication based on the IESBA's Technical Staff Q&A publication.

**Materials Presented**

Agenda Item 3(a) Draft Long Association Close-Off Document  
Agenda Item 3(b) The IESBA Staff Q&A publication on Long Association

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