

Long Association of Personnel with an Audit Client— Preliminary Summary of Significant Comments on Key Aspects of the Exposure Draft

How the Project Serves the Public Interest

The project serves the public interest as long association of personnel on an audit engagement with an audit client can impact objectivity and professional skepticism, which in turn are important contributors to audit quality. The independent auditor constitutes the principal external check on the integrity of financial statements. Hence, the length of the auditor's relationship with the audit client becomes a very visible factor when evaluating the auditor's independence of mind and in appearance. It is acknowledged that a perception issue exists with respect to long association, particularly as the length of time an individual may serve an audit client that is a public interest entity (PIE) in a key audit partner (KAP) role may be 14 out of a total of 16 years. It is therefore important, and in the public interest, for the Board to consider whether the provisions remain appropriate for addressing the threats arising from long association.

The issues involved are complex and interwoven. The factors that give rise to threats to independence may also be factors that contribute to audit quality. These could include knowledge of the audit client and knowledge of the audit client's operations and continuity of personnel. In addition, while some stakeholders call for mandatory requirements to be strengthened, it is also recognized that arbitrary requirements can create unintended hardship on companies when rotations are forced to occur at times of change or transition.

I. Overview of Responses

1. The comment period for the exposure draft (ED) on the proposed changes to certain provisions of the Code addressing the long association of personnel with an audit or assurance client closed on November 12, 2014. As at December 31, 2014, comment letters have been received from 77 respondents. A listing of those respondents is provided in the Appendix.
2. The table below presents an overview of the constituencies from which responses have been received. The remainder of the overview gives a general picture of the responses made to the specific questions in the ED.

Category of Respondent	Total
Regulators and Public Authorities, including: <ul style="list-style-type: none"> • IOSCO (28 national securities regulators);¹ • IAIS² (national insurance supervisors and regulators from more than 140 	9

¹ IOSCO Committee 1 members include the securities regulators of Argentina, Australia, Belgium, Brazil, Canada (Ontario), Canada (Quebec), China, France, Germany, Hong Kong SAR, India, Ireland, Israel, Italy, Japan, Luxembourg, Mauritius, Mexico, the Netherlands, New Zealand, Poland, Spain, Switzerland, Taiwan, Thailand, Turkey, UK, USA and Uruguay.

Category of Respondent	Total
countries) <ul style="list-style-type: none"> Dual regulatory and national standard setting bodies (IRBA (South Africa), NASBA (USA), UK FRC) 	
National Standard Setters	2
IFAC Member Bodies ³	35
Firms	18
Other Professional Organizations	6
Those Charged With Governance	1
Individuals and Others	6
Total	77

3. Most respondents supported:

- The proposed enhancements to the general provisions in paragraph 290.148,⁴ agreeing that they provided more useful guidance for identifying and evaluating familiarity and self-interest threats created by long association.
- The application of the general provisions regarding the evaluation of potential threats created by the long association to all individuals on the audit team (not just senior personnel).
- The proposal within the general provisions that the firm be required to determine an appropriate time-out period if the firm decides that rotation of an individual is a necessary safeguard.
- The time-on period remaining at seven years. There was generally less agreement on the other proposals concerning the rotation of KAPs on PIEs.
- The cooling-off period remaining at two years for both the engagement quality control reviewer (EQCR) and other KAPs on the audits of PIEs.

4. Many respondents did not support extending the cooling-off period to five years for the engagement partner (EP) on the audit of PIEs. The reasons for the lack of support varied, and are detailed later in this paper.

5. The majority of respondents supported the proposal that if the cooling-off period for the EP were extended to five years, the requirement should apply to audits of all PIEs, which was regarded as a

² For list of IAIS members, see [here](#).

³ Certain IFAC Member Bodies also hold the dual role of ethics standard setter in their jurisdictions.

⁴ Section 290, *Independence – Audit and Review Engagements*

consistent approach. There were, however, a considerable number of respondents who did not support this approach and considered that the more stringent cooling-off provision should only apply to listed entities. The main reason put forward was the potential adverse implications that this would have for small and medium practices (SMPs) and small-and medium-sized entities (SMEs).

6. There was general disagreement regarding the proposal that the EP be required to cool off for five years if he or she had served any time as the EP during the seven-year period as a KAP. This proposal was generally regarded as inappropriate and unworkable.
7. There was significant support across all categories of respondent for the proposed provisions contained in paragraphs 290.150C⁵ and 290.150D.⁶ These provisions were regarded as being helpful in reminding firms that the principles in the general provisions must always be applied, in addition to the specific requirements for KAPs on the audit of PIEs.
8. Support and opposition to the proposals for limited consultation by the EP with the audit team during the cooling-off period were more evenly balanced, although more respondents were not in favor of this provision. Support and opposition to the proposal for additional restrictions on activities that can be performed during the cooling-off period were similarly balanced.
9. The proposal that the firm should not apply the provisions in paragraph 290.152⁷ without the concurrence of those charged with governance (TCWG) received wide support from respondents to the ED.
10. The proposed corresponding changes to Section 291⁸ were generally supported. However, where respondents had disagreed with proposals which relate to Section 290, this disagreement was reflected in comments made on the corresponding proposals in Section 291.
11. In view of the short time between the closure of the comment period on the ED and the submission of this paper, as well as the significant lack of support from respondents to certain proposals, this paper only covers the fundamental matters that have been raised in the comment letters and on which the Task Force would like early direction from the Board. The significant comments on these matters are summarized in Section II and relate to the rotation requirements for KAPs on the audits of PIEs. The fundamental matters are:
 - (a) Length of time-on period for all KAPs;
 - (b) Length of cooling-off period for the EP;
 - (c) Length of cooling-off period for other KAPs including the EQCR;
 - (d) Applicability of the proposed longer cooling-off period to audits of listed companies or all PIEs;

⁵ Provision indicating it may not always be appropriate for an individual who is a KAP to continue in that role, even if they have not completed seven years on the audit engagement as a KAP

⁶ Provision indicating that consideration be given to threats created by long association of audit team members other than KAPs

⁷ Provision that a partner may continue to serve as a KAP for a maximum of two additional years before rotating off the engagement if the individual has served the audit client as a key audit partner for six or more years when the client becomes a public interest entity

⁸ Section 291, *Independence – Other Assurance Engagements*

(e) Being EP for only part of the seven-year time-on period.

The remaining matters raised on the ED will be tabled at the April 2015 IESBA meeting.

12. The rest of this paper is structured as follows:

- A. General themes and observations from respondents
- B. The Rotation Requirements for KAPs on the Audits of PIEs
- C. Other Matters
- D. Project Timetable

Appendix: List of respondents

13. The issues raised by respondents are often interrelated and accordingly, because of the nature of the subject matter it is not always easy to isolate individual items raised.

II. Detailed Analysis of Significant Matters

A. GENERAL THEMES AND OBSERVATIONS FROM RESPONDENTS

Main Concerns Noted

14. Many respondents expressed concern over the potential adverse effect of the proposals in the following regard:

- The impact on SMPs
- The impact on audit quality
- The lack of empirical evidence for change
- The interaction with local requirements
- Moving away from a principles-based approach
- Complexity of application.

Impact on SMPs

15. Many respondents⁹ commented on the potential adverse impact that the proposals in the ED would have on SMPs. Concerns were not limited to respondents from the SMP community but included comments from various other constituencies, including large firms. These comments are illustrated by the following respondent observations:

- The difficulty for SMPs in applying the proposed five-year rotation provisions because they have fewer partners and accordingly a reduced ability to accommodate the extended period of rotation.¹⁰

⁹ **Regulator and Public Authority** Auditor General NZ **National Standard Setter** APESB **Member Bodies** ANAN ACCA CAANZ CNCC CPA Canada FAR HKICPA ICAB ICAP ICAZ IDW ISCA JICPA RCA SAICA WPK ZICA **Firms** DTT GTI Nexia Australia Nexia International PWC Keith Reilly SLF Tuffias William Buck **Other Professional Organizations** Assierevi FEE SMPC (IFAC) IPA

¹⁰ **Firm** GTI

- The provisions are difficult for SMPs to adopt and might result in SMPs no longer being able to accept PIE audit engagements.¹¹ This would have a knock-on effect of reducing competition in the audit market.¹²
- The concern that in some areas, for example semi-remote and rural locations,¹³ it might involve smaller firms merging and moving out of smaller communities. This in turn might negatively impact PIEs seeking auditors. This would be because of a lack of choice of PIE audit firms and an increase in the cost of audit services provided to PIEs, as the ability to serve the PIE audit market might then lie only with larger firms.¹⁴
- There are many small nations who have a predominance of SMPs who will experience practical difficulties as a result of the proposals.¹⁵ SMPs who work in the PIE audit market often work on smaller unlisted PIEs¹⁶ and the combination of the proposed extension of the cooling-off period to five years, and its application to all PIEs, might again lead to SMPs having a competitive disadvantage.
- With regard to the proposed restrictions on consultation, as SMPs may have fewer industry specific specialists, they might need to take external advice which would add to the cost of audit engagements.¹⁷

16. A respondent suggested that the Board might wish to enhance the exception in 290.153.¹⁸

Impact on Audit Quality

17. Many respondents¹⁹ commented on the potential adverse impact on audit quality in view of the length of the proposed five-year cooling-off period for EPs on PIE audits. Reasons given included that auditors, particularly SMPs, might have difficulty in finding partners who have the necessary training and professional skills to carry out an audit engagement for a PIE based on the current proposals.²⁰ A respondent²¹ commented that desire for a “fresh set of eyes” must be balanced against continuity and institutional knowledge. Respondents regarded a high level of consistent audit partner involvement with the client as a key driver of audit quality. Some respondents²² also

¹¹ **Firm** GTI

¹² **National Standard Setter** APESB

¹³ **Member Body** Canada

¹⁴ **Firm** GTI

¹⁵ **Regulator and Public Authority** Auditor General NZ

¹⁶ **Member Body** WPK

¹⁷ **Member Body** CPA Canada

¹⁸ **Member Body** ICAP

¹⁹ **National Standard Setters** APESB NZAuASB **Firms** DTT EY GTI Nexia Australia Nexia International PWC **Member Bodies** AICPA CAANZ HKICPA IDW IMCP RCA SAICA **Other Professional Organizations** IPA PICPA SMPC (IFAC) **Individual and Other** D A Hughes

²⁰ **Firm** GTI

²¹ **Member Body** AICPA

²² **Firms** Nexia Australia Nexia International PWC **Member Bodies** HKICPA IDW

commented on the detrimental effect of the proposed restrictions on consultation during the cooling-off period.

Lack of Empirical Evidence for Change

18. Many respondents²³ expressed concerns about a lack of empirical evidence supporting the proposed changes. Comments included that:
- The Board seemed to be responding to perceptions about the adequacy of the current provisions rather than whether the provisions are in fact inadequate;²⁴ and
 - Evidence from fact-based research had not been provided in the Explanatory Memorandum to support proposals (in particular, the proposal to extend the cooling-off period for the EP of a PIE from the current two-year time-off period to five years).²⁵
19. A few respondents²⁶ also commented that many of the current provisions in the Code, particularly those in relation to KAPs, had only been in effect since January 2011 and had not yet run their course. They therefore questioned the need for change.

Interaction with Local Requirements

20. The interaction with local requirements was also the subject of comment by respondents:
- Many respondents²⁷ commented on the complexity of the interaction of the proposals in the ED with local requirements which may differ but may be equally effective. A respondent²⁸ commented that where requirements are being set, it believed “that the Board needs to take into account the possible interplay and that the Code should allow for compliance with these other alternative approaches instead of the minimum requirements set out in the Code.”
 - Particular concerns came from respondents in Europe. These respondents commented that the Board had not sufficiently taken into account that EU audit reform will introduce mandatory firm rotation as a requirement for all firms undertaking the audits of PIEs in that jurisdiction and that the reform had strengthened partner rotation requirements by extending the cooling-off period from two to three years. Some respondents²⁹ commented that the proposals would not be easy to overlay on the EU legislation.
 - Similar concerns were expressed by a few respondents³⁰ in relation to jurisdictions where there is a five-year time-on period coupled with a two-year cooling-off provision, which

²³ **National Standard Setters** APESB NZAuASB **Firms** Nexia Australia Nexia International Pitcher Partners PWC William Buck
Member Bodies CAANZ CPAAu SAICA **Other Professional Organizations** IPA SMPC (IFAC) **Individual and Other** D A
Hughes

²⁴ **Other Professional Organization** IPA

²⁵ **National Standard Setter** APESB

²⁶ **Firms** Nexia International PWC

²⁷ **National Standard Setter** APESB **Member Bodies** ACCA CNCC CPA Aus FAR FSR IDW SAICA **Firms** DTT EY GTI KPMG
PWC **Other Professional Bodies** Assirevi FEE

²⁸ PWC

²⁹ **Firms** EY KPMG **Member Bodies** CNCC IDW **Other Professional Organizations** Assirevi FEE

³⁰ **National Standard Setter** APESB **Member Body** CPA Aus **Firm** DTT

include Argentina, Australia, Brazil, China Mexico and South Africa. In these cases, there was concern that they would be forced into five-year time-on with five-year time-off requirements, which would be stricter than proposed for the Code.

Moving Away from a Principles-Based Approach

21. Several respondents³¹ favored a principles-based approach. Comments expressed included that the proposals in the ED were increasingly moving away from a principles-based approach to a rules-based approach and the imposition of arbitrary time periods. In particular:
- A respondent³² commented that recent changes to the Code had been more rules-based.
 - A respondent³³ commented that a code of ethics should have the objective of striving for high level principles, as opposed to a code representing another layer of requirements that may not always be appropriate or compatible with national or regional requirements.
 - A respondent³⁴ indicated that the Code should adopt a principles-based as opposed to a rules-based approach. The respondent indicated that the former will necessarily involve the audit committee of the audit client or other bodies charged with corporate governance, and that inclusion of such parties might lead to a more holistic approach.

Complexity of Application

22. Some respondents³⁵ commented on the complexity of applying some of the proposals and called for guidance from the Board in respect of the application of the provisions should they proceed. This call was made particularly with regard to the rotation provisions for KAPs.
23. A respondent³⁶ commented that practical guidance might assist smaller firms. A respondent³⁷ commented that the Board might consider issuing guidance and examples to address situations where a partner served a PIE audit client as a KAP for prior years at an accounting firm and then became employed by a new firm which served the same audit client. A regulatory respondent³⁸ also commented that the ED was silent in this regard and that the Board should clarify the position.

Support for the Proposals

24. There were two main themes underlying the responses of those respondents that supported the proposals in the ED. The first theme was the need for there to be confidence in the independence of auditors, including perceived independence. The second theme was the need for the auditor to act in the public interest, and for the Board to act and be seen to be acting in the public interest.

³¹ **Firms** Nexia International William Buck **Member Bodies** ACCA CNCC IDW WPK **Other Professional Organizations** FEE IPA SMPC **Individuals and Others** D A Hughes

³² **Firm** William Buck

³³ **Other Professional Organization** FEE

³⁴ **Firm** Nexia International

³⁵ **Regulator and Public Authority** IRBA **Firms** Crowe Horwath DTT GTI

³⁶ **Firm** Crowe Horwath

³⁷ **Firm** GTI

³⁸ **Regulator and Public Authority** IOSCO

25. Responses which supported the need for the Code to increase confidence in the auditing profession highlighted the importance for there to be a clear perception of auditor independence. Respondents cited existing proposals in the ED and new examples of where the long association provisions in the Code might be enhanced in the public interest or may enhance perceived independence:
- A regulatory respondent³⁹ highlighted its concerns about audit partners switching audit firms in order to follow an audit client. This respondent commented that “If the audit partner has a continuing relationship with the audit client as a result of employment with another audit firm, then we believe that the audit partner’s prior service while with the previous audit firm should count in the determination of the partner rotation.”
 - A suggestion from a regulatory respondent⁴⁰ that, in the context of a group audit, the cooling-off period required for KAPs of group entities should be the same as the cooling-off period required for the lead engagement partner when the group is a PIE.
 - A firm⁴¹ respondent proposed not only that rotation periods should be extended but also that there should be disclosure of the length of the time-on period in the audit report. The respondent added that if this was more than one period by the same EP, then the EP’s name should be disclosed.
26. In addition to the two principal themes from comments of those who supported the proposals, a regulatory respondent⁴² raised the topic of professional skepticism and explained how and why the Board might pursue a project in this regard. The respondent’s comments are highlighted in Section C of this paper.

Matters for Consideration

1. IESBA members are asked for views on, and reactions to, respondents’ general comments above.
2. IESBA members are asked for views on the interaction of the ED proposals with local requirements (which may differ and be equally robust), and whether the Code can provide for local differences.

B. THE ROTATION REQUIREMENTS FOR KAPs ON THE AUDITS OF PIEs

Length of Time-On Period for All KAPs

27. The ED proposed no change to the existing seven-year time-on period for KAPs with respect to the audit of a PIE as the Board had felt that this period of time seemed to provide the right balance between addressing the familiarity and self-interest threats to independence created by long association and the need to maintain relevant knowledge and experience to support audit quality.
28. Most of those respondents who commented on this topic supported the proposal and agreed with the rationale in the Explanatory Memorandum. Views expressed included that there was no

³⁹ **Regulator and Public Authority** IOSCO

⁴⁰ **Regulator and Public Authority** IAIS

⁴¹ **Firm** Altaf Noor Ali

⁴² **Regulator and Public Authority** IOSCO

evidence of there being a need for change.⁴³ Some who expressed support indicated that they would alternatively prefer a principles-based approach to determining the length of the time-on period.⁴⁴

29. Several respondents who commented on this topic did not support the time-on period remaining at seven years.⁴⁵ In particular:
- A few regulatory respondents⁴⁶ suggested that the seven-year time-on period should be reduced to a five-year time-on period. A regulatory respondent⁴⁷ commented in particular that although the IESBA had noted that some regulators provide for increasing the time-on period from five to seven years in restricted circumstances, those circumstances are intended to be exceptional. Accordingly, this respondent felt that this rationale did not provide an argument to support retaining the seven-year time-on period.
 - A regulatory respondent⁴⁸ expressed concern that the proposed changes “appear to reflect a compromise to address perceived practical issues in some, particularly smaller jurisdictions.” A regulatory respondent⁴⁹ suggested that the Board reevaluate its approach in the light of concerns about threats to auditor independence and objectivity.
 - A respondent⁵⁰ also supported a five-year time-on period, with the additional suggestion that the KAP be allowed to serve a maximum of three distinct audit cycles with disclosure being made in the audit report of the number of periods that the KAP had served.

Matter for Consideration

3. IESBA members are asked for their views on, and reactions to, respondents’ comments and suggestions above.
4. In light of the comments received, do IESBA members continue to support the proposal in the ED that there be no change to the seven-year time-on period for KAPs with respect to the audit of a PIE?

Length of Cooling-Off Period

30. The ED proposed an increase in the mandatory cooling-off period from two years to five years for the EP on the audit of an entity that is a PIE. It proposed that all other KAPs, including the EQCR, would continue to be required to cool off for two years.

⁴³ **Member Body** ICAEW

⁴⁴ **Member Bodies** ACCA, IDW **Other Professional Organization** PICPA

⁴⁵ **Regulator and Public Authority** FRC **Other Professional Organizations** IPA PICPA **Individual and Other** J T Giraud

⁴⁶ **Regulators and Public Authorities** FRC IOSCO

⁴⁷ **Regulator and Public Authority** FRC

⁴⁸ **Regulator and Public Authority** FRC

⁴⁹ **Regulator and Public Authority** IOSCO

⁵⁰ **Firm** Altaf Noor Ali

Length of Cooling-Off Period for Engagement Partner

31. The ED proposed an increase in the mandatory cooling-off period from two years to five years for the EP on the audit of an entity that is a PIE.
32. Many respondents supported this proposal to a greater or lesser extent on the premise that two years are not long enough either for the outgoing EP to reduce his or her familiarity with the client or to enable a “fresh look” at a PIE audit by an incoming EP.⁵¹ In particular:
 - A regulatory respondent⁵² commended the Board for its proposal to increase the time-off period for the EP to five years as it has “the potential to strengthen the provisions addressing the familiarity risk by decreasing the potential for the EP from serving fourteen of sixteen years on the audit.”
 - A respondent⁵³ supported the proposal with a minor suggested adjustment to the EP definition so that it reads, “an individual who has most influence on the outcome of the audit,” by way of clarification of that role.
33. Several respondents⁵⁴ expressed qualified support for the proposal with the qualification related to whether the audit related to a listed or unlisted PIE and suggested that the Board might wish to reconsider the proposal in the light of their responses:
 - A few respondents⁵⁵ recognized that the proposals strengthened independence. A respondent⁵⁶ noted that its constituent registered auditors are subject to a statutory rotation period of five years on the audit followed by a two-year cooling-off period. These constituent registered auditors suggested that there be an accommodation in the proposals that allow the consideration of local laws to protect against unintended consequences. Another respondent⁵⁷ expressed the view that it did not have a strong objection to the proposal but it noted that the proposal would be of concern to audit firms because of the loss of knowledge possessed by those required to rotate off and particularly SMPs. The respondent did, however, suggest that the Board might wish to consider whether the potential outcome is consistent with its original intention and whether the costs outweigh the benefits.
 - A respondent,⁵⁸ whilst agreeing with the proposal, had received feedback that five years is arbitrary and poses challenges for smaller firms.

⁵¹ **Regulators and Public Authorities** DFSA IOSCO NASBA IRBA **Firms** Altaf Noor Ali BDO Kreston International RSM
Member Bodies AICPA CAI CIPSA CPA Canada ICAEW ICAGH ICAS ISCA JICPA KICPA MAC MIA **Other Professional Organizations** AAA **Individual and Other** JEC Grant

⁵² **Regulator and Public Authority** IOSCO

⁵³ **Member Body** JICPA

⁵⁴ **Regulator and Public Authority** IRBA **Member Bodies** CAI ICAB HKICPA ISCA ICAS

⁵⁵ **Member Bodies** IRBA HKICPA ISCA ICAS

⁵⁶ **Regulator and Public Authority** IRBA

⁵⁷ **Member Body** HKICPA

⁵⁸ **Member Body** ISCA

- Another respondent⁵⁹ found it difficult to argue against the Board's proposal. However, in the light of the new three-year period in the EU, it believed that the matter was worthy of further consideration by the Board.
34. Many respondents, which include many IFAC member bodies and firms, did not support a five-year cooling-off period. However, respondents who were opposed to the proposal were not unanimous in their views regarding a more appropriate cooling-off period. The following outlines the main reasons for the lack of support:
- Many respondents cited a lack of empirical evidence for five years being the correct time-off period for an EP. Respondents expressed the view that although the proposal was based to an extent on the perception of some stakeholders, these perceptions regarding familiarity and self-interest threats to independence were not supported by any evidence of there being audit deficiencies as a result of the existing two-year cooling-off period.⁶⁰
 - Several respondents did not support the proposals because of the complexity involved in overlaying the proposed provisions with local provisions in the many jurisdictions where there is not a five-year cooling-off provision and/or where there are shorter time-on provisions.⁶¹ Only three jurisdictions impose a five-year cooling-off period.⁶² A respondent illustrated the hardship that this could cause in several G20 jurisdictions where there is a five-year time-on period and a two-year cooling-off period. In this case, “under the local regulations, the EP could resume serving the client after two years, but the Code would require that he/she cool-off for an additional three years, which is stricter than either local rules or the Code require.”⁶³ The respondent was of the view that this was not in the public interest.
 - A respondent commented that the proposals might cause particular difficulty in the EU where there have been recent changes in audit legislation which would affect 31 countries and where the cooling-off period for all KAPs on audits of PIEs is three years.⁶⁴
 - Many respondents commented on the adverse effect of the proposals not just on SMPs⁶⁵ but also on larger firms⁶⁶. A respondent⁶⁷ suggested that there should be special provisions for SMPs.

⁵⁹ **Member Body** ICAS

⁶⁰ **Regulator and Public Authority** FAOA **National Standard Setter** APESB NZAuASB **TCWG** IOD **Member Firms** EY Nexia Australia Nexia International Pitcher Partners PWC William Buck **Member bodies** CAANZ CPAAu RCA SAICA **Other Professional Organizations** IPA SMPC (IFAC)

⁶¹ **National Standard Setter** APESB **Member Firms** GTI KPMG **Member Body** CPA Au FSR Malta **Other Professional Organizations** Assirevi FEE

⁶² **Member Body** FSR

⁶³ **Firm** DTT

⁶⁴ **Member Body** FEE

⁶⁵ **Regulator and Public Authority** NASBA SCM **National Standard Setter** APESB NZAuASB **Member Bodies** ICAP IDW Malta RCA SAICA ZICA PWC **Other Professional Organizations** FEE SMPC (IFAC)

⁶⁶ **National Standard Setter** NZAuASB **Firm** PWC **Member Bodies** HKICPA IDW

⁶⁷ **Member Body** Malta

- Many respondents were concerned about the reduction of the availability of expertise, which is particularly a problem for SMPs and smaller regions or nations. They commented that this reduction might have a negative impact on audit quality.⁶⁸
- Several respondents commented that the proposal might amount to a de facto firm rotation requirement.⁶⁹ Reasons given for this included an insufficiency of audit partners in smaller firms. However, the comments did not simply relate to smaller firms as these respondents also considered that it would affect larger networks.
- Some respondents did not support the proposal because of the potential reduction in competition in the market and, accordingly, the reduced choice of auditors for PIEs.⁷⁰ A respondent highlighted the difficulties that this may cause for capital markets.⁷¹
- Some respondents commented on the increase in costs both for audit firms and their audit clients.⁷² A respondent commented that even in firms which have sufficient numbers of audit partners to manage rotation, this proposal could result in an “increase in the number of engagements where the EP is located in a different geographical location to the client and the engagement team.” It was argued that this would cause logistical issues, and that in small nations specialist expertise might have to be brought in from overseas.⁷³

Respondents' alternative suggestions

35. Although there was opposition to the proposals, respondents made some alternative suggestions for how the Board might develop its proposals as follows:

- Many⁷⁴ respondents indicated that the cooling-off period should not be increased from its current two-year period. A few⁷⁵ respondents indicated that two years seemed to be an adequate length of time, taking into account the existing safeguards together with the additional safeguards proposed in the ED. A few⁷⁶ respondents also suggested allowing local regulators rather than the Code to set stricter provisions on the basis that they would be in a better position to assess the local need.

⁶⁸ **Regulator and Public Authority** Auditor General (NZ) **National Standard Setters** APESB NZAuASB **TCWG** IOD (NZ) **Firms** GTI KPMG **Member bodies** IDW ISCA MICPA **Other Professional Organizations** IOD IPA SMPC (IFAC)

⁶⁹ **Regulator and Public Authority** Auditor General NZ **National Standard Setters** APESB NAAuASB **Member Body** CAANZ **Member Firms** GTI Nexia Australia Nexia International **Other Professional Organization** SMPC (IFAC) **Individual and Other** DA Hughes

⁷⁰ **Regulator and Public Authority** APESB **Firms** GTI William Buck **Member Body** CPAAu **Other Professional Organization** IFAC (SMPC)

⁷¹ **Member Body** CPAAu

⁷² **Regulator and Public Authority** Auditor General NZ **Firms** GTI William Buck **Other Professional Organizations** SMPC (IFAC)

⁷³ **Regulator and Public Authority** Auditor General NZ

⁷⁴ **Regulator and Public Authority** FAOA **TCWG** IOD (NZ) **Member Bodies** CAANZ CPAAu ICAP IMCP RCA ZICA **Firms** FKA Nexia Australia Nexia International Pitcher Partners PWC Tuffias William Buck **Individual and Other** Keith Reilly

⁷⁵ **Regulator and Public Authority** Auditor General NZ **Firm** FKA

⁷⁶ **Regulator and Public Authority** Attorney General (NZ) **Other Professional Organization** IPA

- Many respondents⁷⁷ recognized that two years may be too short for there to be a “fresh look” by an EP. However, they suggested that IESBA increase the cooling-off period from two to three years rather than five.⁷⁸
36. Some respondents⁷⁹ were not in favor of a specific time period being set for cooling-off period. They expressed the view that the rotation of the EP should be principles-based. A respondent⁸⁰ indicated that the cooling-off period should be flexible with minimum and maximum of two and five years respectively, with firms having discretion as to which period should be applied.
37. A respondent commented that “using time as a measure of effectiveness is problematic. A suggested alternative approach might be to require an auditor and TCWG to review the process for evaluating familiarity and self-interest threats, and affirmatively assert that that such risks have been addressed within the time frame in the proposed standards, rather than requiring mandatory rotation.”⁸¹ Another respondent commented that while a presumption may exist that the appropriate cooling-off period is two years (or five years), an assessment of the specific threats and safeguards might indicate that an alternative period would be more appropriate.⁸²

Length of Cooling-Off Period for Other KAPS, Including EQCR

38. The Explanatory Memorandum asked respondents whether they agreed with the cooling-off period remaining at two years for the EQCR and other KAPs on the audit of PIEs, or whether a longer (or different) cooling-off period should apply to these individuals.
39. Most respondents supported the proposal in the ED and indicated that there should be no change in the current cooling-off period of two years for other KAPs (including the EQCR). They cited no evidence of a need for change. Reasons given included that:
- The EQCR does not have the same influence as the EP.⁸³
 - The EQCR does not usually participate in the engagement or make final executive decisions.
 - The familiarity threat in relation to the EQCR is less than that in relation to the EP.
40. A respondent⁸⁴ expressed the view that extending the EQCR’s cooling-off period to five years would be a significant burden for firms and put further strain on specialist resources, thus harming audit quality.
41. Some respondents⁸⁵ did not support the cooling-off period remaining at two years for other KAPs and the EQCR and gave a variety of suggested time periods and reasons:

⁷⁷ **National Standard Setters** APESB NZAuASB **Member Bodies** ANAN FAR MICPA WPK **Firms** Crowe Horwath DTT EY GTI KPMG **Other Professional Organization** FEE

⁷⁸ **National Standard Setters** APESB NZAuASB **Member Bodies** ANAN FAR MICPA WPK **Firms** Crowe Horwath DTT EY GTI KPMG **Other Professional Organization** FEE

⁷⁹ **Member Bodies** ACCA IDW **Other Professional Organizations** IPA PICPA **Individual and Other** D A Hughes

⁸⁰ **Member Body** CNCC

⁸¹ **Other Professional Organization** PICPA

⁸² **Member Body** ACCA

⁸³ **Member Body** HKICPA

⁸⁴ **Firm** PWC

- A regulatory respondent⁸⁶ commented that “the required time-off period for all KAPs should be five years. This would be a less complex arrangement and would be easier for stakeholders not directly involved in audit to understand...this would better address the perception issues and enhance confidence in audit and is also consistent with having the same allowed ‘time-on’ period for all key audit partners.”
 - A few respondents indicated that a five-year cooling-off period for all KAPs is in the public interest.⁸⁷
 - A respondent requested the Board to take into consideration the three year cooling-off period which would apply to all KAPS under the EU audit reform.⁸⁸
42. A few comments were received with respect to the view that the EQCR should be subject to the same cooling-off period as the EP, even if the cooling-off period for other KAPs remained at two years:
- Supporting a five-year cooling-off period, a respondent commented that the EQCR is regarded as an important role and as such the EQCR should be subject to the same cooling-off period as the EP.⁸⁹
 - A regulatory respondent⁹⁰ commented that, “the EQCR is responsible for evaluating the significant judgments the engagement team made and the conclusions it reached in formulating the report. As a result of the significance of the EQCR’s role on the audit engagement, we believe they should be subject to similar time-off requirements as the EP to promote continued objectivity.”
 - The same cooling-off period should apply to the EP and the EQCR, which should be a three-year period, with all other KAPs retaining the existing two-year cooling-off period.⁹¹
 - A regulatory respondent⁹² indicated that “both the EP and the EQCR are key decision makers on the audit engagement and it is in the public interest that they should be subject to the same rotation requirements for public interest entities.” This view was supported by other respondents.⁹³

Matter for Consideration

5. IESBA members are asked for views on, and reactions to, respondents’ comments and suggestions above.

⁸⁵ **Regulators and Public Authorities** FRC IOSCO **National Standard Setter** NASBA **Firm** Crowe Horwath

⁸⁶ **Regulator and Public Authority** IOSCO

⁸⁷ **Regulators and Public Authorities** FRC NASBA

⁸⁸ **Other Professional Organization** FEE

⁸⁹ **Firm** Crowe Horwath.

⁹⁰ **Regulator and Public Authority** IOSCO

⁹¹ **National Standard Setter** APESB

⁹² **Regulator and Public Authority** NASBA

⁹³ **Regulators and Public Authorities** FRC IOSCO

6. In light of the comments received, do IESBA members continue to support the proposals in the ED that:
 - The EP on the audit of a PIE be required to cool off for five years after a period of service of seven years?
 - Other KAPs and the EQCR continue to be required to cool off for two years after a period of service of seven years?
7. If not, what alternatives would IESBA members support?
8. Are there any suggestions that IESBA members think the Board should adopt?

Applicability of Longer Cooling-Off Period to Audits of Listed Companies or All PIEs

43. The ED proposed that the five-year cooling-off period for the EP should apply to the audit of all PIEs. The ED asked respondents for their views on this.
44. Three quarters of respondents supported this proposal and considered that the proposals should apply to the audit of all PIEs. There were two significant themes in those supportive responses:
 - PIEs are, by their nature, of interest to the public.⁹⁴ The proposals had been made to address a perception of a lack of independence and that perception is at its highest in relation to PIEs.⁹⁵
 - There was no previous distinction between listed entities and PIEs and there is no evidence that change is required. Applying the change in the provision to all PIEs would provide clarity, consistency and stability.⁹⁶
45. Those respondents who were not in favor of the proposal applying to the audits of all PIEs expressed the following views:
 - The definition of a PIE differs across jurisdictions and in some jurisdictions PIEs may only be small entities. Including smaller PIEs in these provisions with the accompanying requirement of a five-year cooling-off period would have a negative impact for SMPs, who have limited resources. There may therefore be a consequential impact on audit quality.⁹⁷ A few respondents⁹⁸ commented that before reaching a conclusion on this issue the Board should seek data in order to assess the potential impact on those SMPs who conduct audits of PIEs.
 - A few respondents commented that the provisions should only apply to listed entities as certain more restrictive provisions generally apply to listed entities only because of their

⁹⁴ **Member Bodies** ANAN ICAGH **Other Professional Organizations** AAA

⁹⁵ **Member Body** ICAEW **Other Professional Organization** FEE

⁹⁶ **Regulator and National Standard Setter** IRBA **Firms** DTT RSM **Member Body** SAICA

⁹⁶ **Regulator and National Standard Setter** IRBA **Firms** DTT RSM **Member Body** SAICA

⁹⁷ **Regulator and Public Authority** SCM **Member Bodies** JICPA ZICA **Firms** Crowe Horwath EY PWC William Buck **Other Professional Organization** Assirevi SMPC (IFAC)

⁹⁸ **Member Body** CNCC **Other Professional Organization** IFAC (SMPC)

significance to the investing public. This would be consistent with the approach taken by the UK FRC and US SEC for example.⁹⁹

- A respondent¹⁰⁰ commented that it would support a five-year cooling-off period for all listed PIEs but considered that the cooling-off period should be for three years for other PIEs.
- A few respondents¹⁰¹ indicated that they would prefer a principles-based approach to determine whether the cooling-off period applied to all PIEs. Discretion might be allowed to the auditor and TCWG to justify an alternative approach, particularly as some PIEs might merit more stringent safeguards.

Matter for Consideration

9. IESBA members are asked for views on, and reactions to, respondents' comments above. In particular, do IESBA members continue to support the proposal in the ED that no distinction be made in the application of the proposals between listed and non-listed PIEs?
10. If not, do IESBA members support any of the views expressed by respondents to the ED?

EP for Only Part of the Seven-Year Time-on Period

46. The ED proposed that a KAP who served as an EP at any time during the seven-year period of service be required to cool-off for a period of five years.
47. Although a third of respondents who expressed a preference supported this position, two thirds of respondents did not support this proposal. Reasons for this lack of support included the following:
 - Many respondents indicated that this was too restrictive a proposal and considered that it was inappropriate for maximum cooling-off to be triggered by serving for only one year on an audit engagement as the EP.¹⁰² Respondents commented that it was an arbitrary provision which, although it avoided drafting complexity, did not take account of the length of time or circumstances of the situation.
 - Some respondents commented that this proposal brought about inconsistency and inequality.¹⁰³ An example of inconsistency included a situation where an individual served as the EP for just one year and as other KAP for another six years. In this case, it would seem unreasonable to require a mandatory cooling-off period of five years, the same as if the individual had served as the EP for seven years.
 - Several respondents considered that this proposal would create difficulties in circumstances when an individual might step into the EP role for a short period of time. They also

⁹⁹ **Member Bodies** AICPA CAI ICAB

¹⁰⁰ **Member Body** ICAB

¹⁰¹ **Member Body** ACCA **Other Professional Organization** PICPA

¹⁰² **National Standard Setter** NZAuASB **Member Body** AICPA CAANZ FAR ICAS IDW RCA WPK **Firms** GTI PWC **Other Professional Organizations** Assirevi FEE IPA

¹⁰³ **Regulator and Public Authority** FRC **Firms** GTI PWC **Member Body** ACCA

commented that it was impractical and unnecessary.¹⁰⁴ These circumstances included maternity/paternity leave, long term sick leave, sabbaticals, secondments and transfers for personal reasons. The proposal did not support flexibility in the audit profession and could have negative consequences for career development.

- Some respondents indicated that this proposal was unclear.¹⁰⁵ Reasons given included:
 - A regulatory respondent¹⁰⁶ commented that “the Board should clarify the provision so as to better articulate when the time-off period commences for ‘an individual who has acted as the EP at any time during the seven-year period’. In particular, if the partner has served less than seven years, takes a temporary one-year break in service ... and thereafter wishes to return to the audit engagement, we believe that the Board should make clear its intent of whether time-off is required when the individual first steps off the engagement ... or after a cumulative period of seven years from when the individual first started as a key audit partner;”¹⁰⁷
- A respondent¹⁰⁸ suggested that the rationale for the proposal should be better explained so as to promote adoption of it by practitioners.
- A few respondents commented that the proposal might have an adverse effect on SMPs and smaller jurisdictions where specialist technical resources may be in short supply.¹⁰⁹

48. Those who supported the provision expressed several points of view:

- A few respondents¹¹⁰ considered that it would be too complicated to have anything other than a simple and clear statement of the cooling-off provision in the circumstances outlined in the proposal and expressed a concern that other approaches might lead to the need for excessive record keeping.
- In view of the complexity of circumstances that may arise on an audit engagement some respondents asked that an example of the operation of the proposal be provided.¹¹¹
- While supportive of the proposal, a respondent recognized that this provision might cause hardship in certain circumstances. The respondent suggested that it be subject to a relaxation in cases of necessity as recognized in paragraph 290.153.¹¹²

¹⁰⁴ **National Standard Setter** NaAuASB **Member Bodies** CPAAu IDW **Firms** GTI PWC Nexia Australia Nexia International Pitcher Partners William Buck

¹⁰⁵ **Member Bodies** ISCA JICPA **Individual and Other** JEC Grant

¹⁰⁶ **Regulator and Public Authority** IOSCO

¹⁰⁷ **Regulator and Public Authority** IOSCO **Firm** PKF

¹⁰⁸ **Member Body** ISCA

¹⁰⁹ **National Standard Setter** NZAuASB **Member Bodies** ICAB **Other Professional Organizations** Assirevi SMPC (IFAC)

¹¹⁰ **Firms** Crowe Horwath Kreston International

¹¹¹ **Regulator and Public Authority** IRBA. **Member Bodies** JICPA **Individual and Other** JEC Grant

¹¹² **Member Body** ICAP

Respondents' Alternative Suggestions

49. Respondents, even if they did not support the proposed five-year period, gave constructive feedback on this proposal which included the following suggestions:
- Several respondents suggested that it would be more appropriate to have a more flexible approach. There was support for using the conceptual framework and adopting a threats and safeguards approach.¹¹³ A respondent suggested that the Board consider an approach that considers time-on and time-off provisions together, allowing firms to exercise professional judgment with reference to the specific circumstances of the engagement, such as the length of service as an EP during the seven-year period and how recently a KAP has served as the EP.¹¹⁴
 - Some respondents considered that the approach should be more proportionate.¹¹⁵ The use of a sliding scale technique was suggested and there were various suggestions as to how this might operate, including service of six to seven years leads to five years off, service of four to five years leads to four years off, and service of two to three years leads to three years off.¹¹⁶
 - Several respondents thought that the period served on the engagement as EP might be best addressed by suggesting a trigger point for the proposed 5 year cooling-off".¹¹⁷ Suggestions included having served more than three years out of seven (i.e. a majority)¹¹⁸ or service as EP for at least three years out of seven.¹¹⁹

Matter for Consideration

11. IESBA members are asked for views on, and reactions to, respondents' comments above. In particular, do IESBA members continue to support the proposal in the ED that a KAP who served as an EP at any time during the seven-year period of service be required to cool-off for a period of five years?
12. If not, do they support any of the views expressed by respondents to the ED?

Other Related Comments on the Rotation Requirements for KAPs on the Audits of PIEs

50. A regulatory respondent¹²⁰ suggested that "the Board should also consider whether rotation requirements should apply to key partners involved in the audits of major operating subsidiaries of

¹¹³ **Firm** PWC **Member Body** ANAN ACCA CNCC ICAGH ICAS IDW KPMG PICPA SMPC (IFAC) **Individual and Other** D A Hughes

¹¹⁴ **Firm** KPMG

¹¹⁵ **National Standards Setter** NZAuASB **Firms** RSM **Member Bodies** ICAZ SAICA

¹¹⁶ **Firm** RSM

¹¹⁷ **Regulator and National Standard Setter** APESB **Firms** DTT GTI PWC **Member Body** AICPA **Other Professional Organization** AAA

¹¹⁸ **Firms** DTT PWC

¹¹⁹ **Member Body** AICPA

¹²⁰ **Regulator and Public Authority** IOSCO

a PIE, including those circumstances where a partner subsequently becomes audit engagement partner for the PIE itself or vice versa.”

51. A respondent¹²¹ indicated that a KAP may be a partner on a significant subsidiary in a group and that a small number of subsidiaries may constitute the bulk of group by value and volume. On that basis, a distinction in rotation requirements between EPs on these audits did not make sense. To calculate the time period for any cooling-off, the respondent suggested that the meaning of the seven-year time-on period required clarification and questioned whether the seven years were consecutive years on the engagement or any involvement of the KAP during a seven-year period. Subject to this clarification, the respondent suggested that the cooling-off period should be two years or the period of consecutive service as KAP (limited to a maximum of seven years) less two years.
52. A respondent¹²² noted a particular issue concerning the rotation of the EQCR that is neither considered in the Code nor in the ED and which it suggested should be addressed. The respondent commented that the EQCR can move directly from the EQCR role to another KAP role without a cooling-off period as long as the move occurs within a seven-year time-on period. The respondent, however, commented that the effectiveness of the EQCR role would be significantly diminished if the individual is able to move directly from an operational role to an EQCR role, within a seven-year time-on period, without a cooling-off period. This is because the individual performing the EQCR would be reviewing his or her own prior work and effectively negate the benefit of the EQCR as a result of not bringing a “fresh pair of eyes.”
53. A regulatory respondent¹²³ indicated that the familiarity threat should not be narrowly focused on partners and that the provisions should address the familiarity threat of non-partner engagement team members who “grew up” on an engagement. The respondent recommended that the proposals should be significantly strengthened to appropriately address the threat from such non-partner engagement team members.

Matter for Consideration

13. IESBA members are asked for views on, and reactions to, respondents’ comments above.

C. OTHER MATTERS

54. A regulatory respondent¹²⁴ commented on the role of professional skepticism in the Code, noting that it would like to “encourage the Board to determine how the concept of professional skepticism can be addressed more thoroughly in the Code, not just with respect to partner rotation.” The respondent noted that the Code has a dedicated section addressing matters relating to auditor independence, bearing in mind that auditor independence underpins everything that an auditor does in performing an audit. This respondent also noted that professional skepticism also underpins everything that an auditor does in performing an audit. Accordingly, it suggested that

¹²¹ Firm PKF

¹²² Regulator and Public Authority Auditor General NZ

¹²³ Regulator and Public Authority IOSCO

¹²⁴ Regulator and Public Authority IOSCO

professional skepticism may warrant a dedicated section and a similar level of emphasis within the Code as independence.

55. The respondent noted that the IESBA Strategy and Work Plan 2014-2018 includes a project on audit quality. It suggested that the Board include, within that project, work on a dedicated section in the Code addressing professional skepticism, noting that this would contribute to improving audit quality.
56. Although this suggestion would be outside the scope of the Long Association project, the TF is bringing it to the Board's attention so that the Board may consider what further action should be taken in that regard.

Matter for Consideration

14. IESBA members are asked for views on the suggestion that the proposed project on audit quality include work on developing a section of the Code dedicated to professional skepticism, including whether this matter should be addressed in conjunction with IAASB.

D. PROJECT TIMETABLE

57. The project timetable indicates final approval of an ED in July 2015. Whether that timetable would be achievable will depend upon the Board's considerations of the matters raised by respondents.

Appendix

List of Respondents

Respondents			
#	ABBR.	ORGANIZATION	Region
REGLATORS & PUBLIC AUTHORITIES			
1.	Auditor General NZ	Office of the Auditor General New Zealand	Australia and New Zealand
2.	DFSA	Dubai Financial Services Authority	Middle East
3.	FAOA	Federal Audit Oversight Authority (Switzerland)	Europe
4.	FRC	Financial Reporting Council (UK)	Europe
5.	IAIS	International Association of Insurance Supervisors	International
6.	IOSCO	International Organizations of Securities Commissions	International
7.	IRBA	Independent Regulatory Board for Auditors (South Africa)	Africa
8.	NASBA	National Association of State Boards of Accountancy (USA)	North America
9.	SCM	Securities Commission of Malaysia	Asia
NATIONAL STANDARD SETTERS			
10.	APESB	Accounting Professional and Ethics Standards Board	Australia
11.	NZAuASB	New Zealand Auditing and Assurance Standards Board	Australia and New Zealand
IFAC MEMBER BODIES			
12.	ACCA	The Association of Chartered Certified Accountants	International
13.	AICPA	American Institute of Certified Public Accountants (USA)	North America
14.	ANAN	Association of National Accountants of Nigeria	Africa
15.	CAANZ	Chartered Accountants Australia and New Zealand	Australia and New Zealand

Respondents			
#	ABBR.	ORGANIZATION	Region
16.	CAI	Chartered Accountants Ireland	Europe
17.	CISPA	Cayman Islands Society of Professional Accountants	North America
18.	CNCC	Compagnie Nationale des Commissaires aux Comptes (France)	Europe
19.	CPA Aus	Certified Public Accountants Australia	Australia and New Zealand
20.	CPA Canada	Chartered Professional Accountants Canada	North America
21.	FAR	FAR (Sweden)	Europe
22.	FSR	FSR Danske Revisorer (Denmark)	Europe
23.	HKICPA	Hong Kong Institute of Certified Public Accountants	Asia
24.	IBR IRE	Institut des Reviseurs d'Entreprises/Instituut der Bedrijfsrevisoren (Belgium)	Europe
25.	ICAB	The Institute of Chartered Accountants of Bangladesh	Asia
26.	ICAEW	Institute of Chartered Accountants in England and Wales	International
27.	ICAGH	The Institute of Chartered Accountants (Ghana)	Africa
28.	ICAP	Institute of Chartered Accountants of Pakistan	Asia
29.	ICAS	The Institute of Chartered Accountants of Scotland	Europe
30.	ICA SRI LANKA	The Institute of Chartered Accountants of Sri Lanka	Asia
31.	ICAZ	The Institute of Chartered Accountants of Zimbabwe	Africa
32.	ICPAK	Institute of Certified Public Accountants of Kenya	Africa
33.	IDW	Institut der Wirtschaftsprüfer (Germany)	Europe
34.	IMCP	Instituto Mexicano de Contadores Publicos (Mexico)	Central & South America
35.	ISCA	Institute of Singapore Chartered Accountants	Asia

Respondents			
#	ABBR.	ORGANIZATION	Region
36.	JICPA	The Japanese Institute of Certified Public Accountants	Asia
37.	KICPA	Korean Institute of Certified Public Accountants	Far East
38.	MAC	Moscow Audit Chamber	Russian Federation
39.	MALTA	The Malta Institute of Accountants	Europe
40.	MIA	Malaysian Institute of Accountants	Asia
41.	MICPA	The Malaysian Institute of Certified Public Accountants	Asia
42.	NBA	The Netherlands Institute of Chartered Accountants	Europe
43.	RCA	Russian Collegium of Auditors	Russian Federation
44.	SAICA	The South African Institute of Chartered Accountants	Africa
45.	WPK	Wirtschaftsprüferkammer (Germany)	Europe
46.	ZICA	Zambia Institute of Chartered Accountants	Africa
FIRMS			
47.	Altaf Noor Ali	Altaf Noor Ali Chartered Accountants (Pakistan)	Asia
48.	BDO	BDO International Limited	International
49.	Crowe Horwath	Crowe Horwath International	International
50.	DTT	Deloitte Touche Tohmatsu Limited	International
51.	EYG	Ernst and Young Global	International
52.	FKA	FKA (Kenya)	Africa
53.	GTI	Grant Thornton International	International
54.	KPMG	KPMG	International
55.	Kreston International	Kreston International	International

Respondents			
#	ABBR.	ORGANIZATION	Region
56.	Nexia Australia	Nexia Australia (also representing New Zealand)	Australia and New Zealand
57.	Nexia International	Nexia International	International
58.	Pitcher Partners	Pitcher Partners	Australia and New Zealand
59.	PKF	PKF Accountants & Business Advisors	International
60.	PwC	PricewaterhouseCoopers	International
61.	RSM	RSM International	International
62.	SLF	Schwartz Levitsky Feldman LLP	North America
63.	Tuffias	Tuffias Sandberg KSi	Australia and New Zealand
64.	William Buck	William Buck (A Praxity Associate Firm)	Australia and New Zealand
OTHER PROFESSIONAL ORGANIZATIONS			
65.	AAA SCAS	American Accounting Association – Auditing Standards Committee of the Auditing Section	North America
66.	ASSIREVI	ASSIREVI - Italy	Europe
67.	FEE	Fédération des Experts Comptables Européens	Europe
68.	IPA	Institute of Public Accountants (Australia)	Australia and New Zealand
69.	PICPA	Pennsylvania Institute of Certified Public Accountants (USA)	North America
70.	SMPC (IFAC)	IFAC Small and Medium Practices Committee	International
THOSE CHARGED WITH GOVERNANCE			
71.	IOD	Institute of Directors (New Zealand)	Australia and

Respondents			
#	ABBR.	ORGANIZATION	Region
			New Zealand
INDIVIDUALS & OTHERS			
72.	Bert Edwards	Bert Edwards	North America
73.	Jean Thiomas Giraud	Jean Thiomas Giraud	North America
74.	D A Hughes	Dianne Azor Hughes (Australia)	Australia and New Zealand
75.	D S F Juvenal	Denise Silva Ferreira Juvenal	Brazil
76.	JEC Grant	JEC Grant	Europe
77.	Keith Reilly	Keith Reilly (Australia)	Australia and New Zealand