

5 April 2017

The Hon. Nicola Roxon
Chairman, Accounting Professional & Ethical Standards Board
Online submission via
http etc

Dear Nicola

Exposure Draft ED01/07 Proposed Amendments to Long Association of Personnel with an Audit or Assurance Client requirements in APES 110 Code of Ethics for Professional Accountants

I am pleased to provide the Accounting Professional & Ethical Standards Board (APESB) with my comments on Exposure Draft ED01/07 Proposed Amendments to Long Association of Personnel with an Audit or Assurance Client requirements in APES 110 Code of Ethics for Professional Accountants which incorporates the requirements of the International Ethics Standards for Accountants (IESBA).

This submission reflects my position as a consultant to business including Not-for-Profits (NFPs), and their own advisers including auditors. This submission has also benefited with input from discussions with key constituents, and in particular I appreciated the opportunity to be a participant at the APESB's Sydney Roundtable on 27 March 2017 where the ED was extensively discussed and was attended by representatives from some of the APESB's members and staff.

I support the proposal that a shorter cooling off period of 3 years for Audit Engagement Partners as well as Engagement Quality Control Review Partners be allowed where the Partners are required to rotate off a Corporations Act Audit of a listed company after 5 years. This is on the basis that this results in parity with recent changes to the IESBA's Code of Ethics that requires a 5 year cooling off period after a 7 year rotation.

However I do not support a sunset provision on the 3 year cooling off period that will require Engagement Partners to be subject to a 5 year cooling off period from 2024, as this does not recognise the shorter 5 year rotation period that is effectively required by the Corporations Act.

As discussed at the Sydney Roundtable, not allowing the continuation of the 3 year cooling off period will significantly disadvantage smaller Audit offices and particularly smaller Audit firms, and effectively require audit firm rotation, which is opposed by the IESBA.

I understand that the IESBA will issue an ED before 2024 proposing the extension of the 3 year cooling off period to 5 years, and I encourage the APESB to support a continuation of the 3 year cooling off period for a 5 year rotation period so as to retain parity with the principle of a 7 year rotation and 5 year cooling off period.

If you require any further information or comment, please contact me.

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