

## Technical Alert

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### **APESB issues guidance on prohibitions and audit partner rotation requirements in Australia**

The Accounting Professional and Ethical Standards Board (APESB) has today issued two important resources to assist auditors, audit firms, professional accountants and other stakeholders with the implementation of the restructured *Code of Ethics for Professional Accountants (including Independence Standards)* which was issued in November 2018 and becomes effective from 1 January 2020.

Auditors are required to be independent when undertaking audits, reviews and other assurance engagements. Two key aspects of independence relate to the requirements that prohibit the provision of specific services and activities to audit clients that are Public Interest Entities (PIEs) and audit partner rotation requirements.

To assist professional accountants to identify the services and activities that are not allowed to be provided to PIE audit clients, APESB has developed a new resource that sets out a high-level summary on prohibitions in the restructured Code, *APES 110 - Prohibited Non-assurance Services, Interests and Relationships for Auditors of Public Interest Entities (PIEs)*.

The document provides a summary of strictly prohibited non-assurance services, prohibited non-assurance services based on materiality, and a list of other services, interests, and relationships which need to be assessed against the enhanced conceptual framework to determine whether they can be provided to a PIE audit client.

APESB has also revised its publication *Audit Partner rotation requirements in Australia - Technical Staff Questions & Answers*, to align with the restructured Code. The revision also includes additional questions on the impact of the cessation of the transition period (which impacts listed and APRA regulated entities), the overlay of requirements when providing multiple assurance engagements, and the impact of different lengths of financial years.

Both *APES 110 - Prohibited Non-assurance Services, Interests and Relationships for Auditors of Public Interest Entities (PIEs)* and the *Audit Partner rotation requirements in Australia - Technical Staff Questions & Answers* are available to download on the APESB website at [www.apesb.org.au](http://www.apesb.org.au)

To obtain a full understanding of the auditor independence requirements, stakeholders are encouraged to refer to the relevant provisions in the restructured APES 110. Please note that these publications do not amend or override the Code, the text of which alone is authoritative. Reading these publications is not a substitute for reading the Code.

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