

## AGENDA PAPER

**Item Number:** 9  
**Date of Meeting:** 26 March 2026  
**Subject:** Proposed revised APESB Guidance on Audit Partner Rotation

---

Action required     For discussion     For noting     For information

---

### Purpose

To:

- (a) provide the Board with an update on the project to review APESB's Guidance on Audit Partner Rotation; and
- (b) seek the Board's feedback and comments on a draft revised guidance document.

### Background

In December 2017, APESB issued [Audit Partner rotation requirements in Australia Technical Staff Questions & Answers \(Dec 2017\)](#) to provide a practical guide to assist Audit Partners and Firms in implementing the revised Audit Partner rotation requirements in APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (APES 110). The guidance document outlined how the requirements in APES 110 interact with the audit partner rotation requirements in the *Corporations Act 2001*. It also provides Q&As and flowcharts for applying the new requirements.

In November 2019, the [second edition of the Audit Partner rotation guidance](#) was released, which included 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 to clarify the requirements when the audits of financial statements are for periods other than 12 months.

In July 2025, APESB issued the [Amending Standard for Sustainability Assurance and Reporting and the Use of External Experts](#) (the Sustainability Amending Standard), which is effective from 1 January 2026. The Amending Standard made substantial changes to APES 110, including the addition of a new Section 5540 *Long Association of Personnel (including Leader Rotation) with a Sustainability Assurance Client* (Section 5540) and revisions to Section 540 *Long Association of Personnel (including Partner Rotation) with an Audit Client* (Section 540).

In September 2025, the Board approved a project for APESB Technical Staff to undertake a review of specific APESB guidance documents, including the Audit Partner Rotation Guidance.

At the December 2025 Board Meeting, Technical Staff updated the Board on matters noted during an initial review of the guidance document. Substantive revisions are required to align the content with Sections 540 and 5540 of the updated APES 110, to provide sustainability assurance-specific

examples, and to address new legislative requirements in the *Corporations Act 2001* relating to rotation requirements for assurance engagements on sustainability information.

## Matters for Consideration

Technical Staff have developed a proposed revised Rotation Guidance Document, presented in a clean and a marked-up version at Agenda Items 9(a) and (b) respectively. The proposed revisions to the document focus on reframing the narrative to describe the established rotation requirements (which have been effective since 2018), including removing references to the expired transitional relief provision (i.e., only applicable prior to 31 December 2023) and adding content on long association considerations for sustainability assurance practitioners (effective from 1 January 2026).

The significant revisions proposed in the draft revised guidance document are:

- Redrafted the Purpose and Introduction sections;
- Added a new section on the specific long association provisions for SAEs for Public Interest Entities (PIEs) in Section 5540 of the Code – Proposed Section D;
- New Q&As focused on SAEs as follows:
  - Proposed Q13 – Are Sustainability assurance leader rotation requirements the same for all PIEs?
  - Proposed Q14 – What are the requirements when laws and regulations mandate rotation requirements?;
  - Proposed Q15 – What are the requirements when laws and regulations do not mandate rotation requirements?;
  - Proposed Q16 – Impact of voluntary SAE becomes mandatory;
  - Proposed Q17 – Client Services Partner becoming the Engagement Leader;
  - Proposed Q18 – Engagement Partner on the Audit Engagement of a PIE moving to a subsidiary SAE;
  - Proposed Q19 – Exemption for the new application of the Independence Standards in Part 5 of the Code;
  - Proposed Q20 – Signing Partner different from the Sustainability Engagement Leader;
  - Proposed Q21 & 22 – National Greenhouse and Energy Reporting Audits;
  - Proposed Q27 – Break in Service between involvement in Audit & SAE for the same client;
  - Proposed Q29 – combination of roles on SAEs; and
  - Proposed Q30 – Combination of roles across Audit and SAEs;
- Amended extant questions to reflect the revised Section 540 provisions and the new Section 5540 provisions – proposed Questions 1, 3, and 4;
- Added or amended questions to address stakeholder concerns as follows:
  - Proposed question 2 – Factors to consider when assessing long association using the general provisions of the Code; and
  - Proposed question 38 – additional restrictions on activities during the cooling-off period;
- Deleted questions relating to the transition provision - extant Questions 5, 7, 14, 29, 30, 31, 33, 34, 35, 37, 39 and 41;
- Amended questions to remove references to the transitional provision - proposed Questions 5, 6, 7, 8, 9, 11, 24, 26, 28, 40, 41, 42 and 43; and
- Amended the flowcharts and tables in the appendices to align with the requirements in the Code and to remove content on the transitional provisions. Note that the text in the flowcharts

requires further amendment to refer to SAEs and to remove references to the shorter cooling-off period.

In addition to the key revisions above, Technical Staff made the following editorial revisions and consequential and conforming amendments:

- Amended the references to 'Engagement Quality Control Review Partner' to 'Engagement Quality Reviewer'.
- Updated paragraph references to align with the current version of the Code.
- Updated the heading for Section C.
- Updated timeframes within the questions to be current periods.
- Updated the references to 'listed entities' to 'listed companies, listed registered schemes or registerable superannuation entities in Australia' in line with the references in the *Corporations Act 2001*.
- Updated the reference for the reissued APES 320 *Quality Management for Firms that provide Non-Assurance Services*.
- Updated the references to APRA prudential standards to ensure alignment with the current versions.
- Included references to the cooling-off period required for engagement quality reviewers as required by ASQM 2 *Engagement Quality Reviews*.
- Added a footnote which provides a cross-reference to Sections 600 *Provision of Non-Assurance Services to an Audit Client* and 5600 *Provision of Non-Assurance Services to a Sustainability Assurance Client* of the Code for consideration of whether the provision of a non-assurance service to a client would be a permissible service.
- Added a footnote which highlights the legislative backing of the Code through ASA 102 *Compliance with Ethical Requirements when Performing Audits, Reviews and Other Assurance Engagements*.

### Consultation with APESB's Sustainability Taskforce

At the March 2026 Sustainability Taskforce Meeting, Technical Staff presented a draft of the proposed questions relating to the new Section 5540 of the Code for the Taskforce's consideration.

The Taskforce provided feedback on the draft questions and suggested additional topics for inclusion in the revised Audit Partner rotation guidance document. Technical Staff have addressed the Taskforce's feedback and suggestions in the draft revised guidance document (presented at Agenda Items 9(a) and 9 (b)).

The draft minutes from the sixth Sustainability Taskforce meeting are provided at Agenda Item 8(b).

### **Way Forward**

Technical Staff will undertake further stakeholder engagement with the APESB Sustainability Taskforce, Professional Bodies, National Standard-Setters, Regulators, and Firms to help inform any further amendments to the guidance document.

Technical Staff will present a proposed revised guidance document to the Board at the 2026 Q2 Board meeting for approval.

## **Staff Recommendations**

That the Board:

- (a) note the update on the review of APESB's Audit Partner Rotation Guidance document; and
- (b) provide feedback on comments on the draft revised guidance document.

## **Materials Presented**

Agenda Item 9 (a)            Draft revised APESB Rotation Guidance (Clean)  
Agenda Item 9 (b)            Draft revised APESB Rotation Guidance (Marked-up)

**Authors:**                 Nikole Gyles  
                                     Jacinta Hanrahan  
                                     Ann Chang

**Date:**                      20 March 2026