

**Audit Partner and Sustainability Assurance Leader  
rotation requirements in Australia  
Technical Staff Questions & Answers**



## Purpose

Independence of auditors and assurance practitioners is fundamental to maintaining public confidence in financial reporting, sustainability reporting and the broader integrity of capital markets. Professional and ethical requirements on independence highlight the rotation of partners and leaders as a key action to address familiarity and self-interest threats created by long association with an audit, [other](#) assurance or sustainability assurance client. The rotation requirements help ensure that Members and Practitioners remain objective and are able to bring a renewed perspective to audit and assurance engagements.

This publication outlines the Australian audit partner and sustainability assurance leader rotation requirements set out in APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code). This third edition incorporates requirements that apply for periods beginning on or after 1 January 2026 for the long association provisions that apply to sustainability assurance engagements that fall under Part 5 of the Code, as well as the *Corporations Act 2001* requirements for sustainability reporting and assurance.

The two previous editions of this publication are available on the [APESB website](#):

- the [first edition](#), issued in 2017, covered Australian professional and ethical requirements in Sections 290 and 291 of the Code relating to audit partner rotation for periods beginning on or after 1 January 2019. The publication covered the interaction of the Code requirements with requirements in the *Corporations Act 2001*, as well as the application of transitional relief from 1 January 2019 to 31 December 2023.
- the [second edition](#), issued in 2019, was updated to reflect the provisions (Sections 540 and 940) in the restructured Code effective from 1 January 2020 and included 12 additional Q&As based on stakeholder feedback and queries.

The provisions released in Australia align with the *International Code of Ethics for Professional Accountants (including International Independence Standards)* released by the International Ethics Standard Board for Accountants (IESBA). The IESBA's publication *IESBA Staff Questions & Answers – Long Association of Personnel with an Audit Client (issued May 2017 and revised in May 2019)* has been utilised as the base document in the preparation of this publication in relation to audit partner rotation.

### Important note

This publication has been prepared by Technical Staff of the APESB. It does not constitute an authoritative or official pronouncement of APESB.

This publication and the examples contained within are provided for illustrative purposes only and are not intended to be, and cannot be, all-inclusive. The examples in this publication are provided to illustrate the requirements of the Code and are not intended to address all possible circumstances.

The publication does not amend or override the Code, the text of which alone is authoritative. Reading this publication is not a substitute for reading the full text of the Code and other relevant APESB pronouncements.

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## A. Introduction

All Members in Public Practice and Sustainability Assurance Practitioners who perform audit, other assurance and sustainability assurance services need to be aware of their professional and ethical obligations relating to long association and rotation requirements. This includes the requirements in APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (“the Code”) and relevant laws and regulations. Recent regulatory focus has highlighted the importance of robust compliance with auditor rotation and independence requirements.<sup>1 E4, 14</sup>

This publication outlines the current Australian audit partner and sustainability assurance leader rotation requirements set out in the Code. It covers the long association requirements for both audit engagements and sustainability assurance engagements, and the interaction with relevant Australian laws and regulations, such as the Corporations Act 2001 and APRA Prudential Standards.

Updated requirements in the Code relating to Sustainability Assurance Engagements became effective for periods beginning on or after 1 January 2026 or as at a specific date on or after 1 January 2026. References to a Sustainability Assurance Engagement in this guide are to engagements within the scope of the Part 5 independence requirements of the Code.<sup>13</sup>

For Members in Public Practice who perform audits or reviews of Financial Statements for Public Interest Entities (PIEs), or perform Sustainability Assurance Engagements for PIEs, the requirements are more prescriptive than non-PIE engagements. Specific time-on and cooling-off periods are set out under Part 4A and Part 5 of the Code for specific roles undertaken by Key Audit Partners and Key Sustainability Assurance Leaders. Members and Firms will need to consider the type of PIE they are auditing and whether there are specific laws and regulations that impact rotation requirements that apply. Refer to the section Public Interest Entities below for information on PIEs.

Where a client is not a PIE, an individual needs to cool-off from an Audit Engagement, other Assurance Engagement or Sustainability Assurance Engagement if it is determined that there are familiarity and self-interest threats to Independence and they cannot be eliminated or reduced to an acceptable level. The period of cooling-off will need to be determined by the Member and the Firm.

### Key features of audit partner and sustainability assurance leader rotation requirements

The rotation rules primarily impact:

- Key Audit Partners who can be classified as an Engagement Partner (EP), Engagement Quality Reviewers (EQR) or other Key Audit Partners (KAP); and
- Key Sustainability Assurance Leaders who can be classified as an Engagement Leader (EL), Engagement Quality Reviewers (EQR) or other Key Sustainability Assurance Leaders (KSAL).

A summary of the current rotation requirements is set out in Tables 1 and 2 below.

Table 1 sets out the requirements for PIEs such as listed companies, listed registered schemes, registrable superannuation entities and APRA regulated entities, where rotation requirements are also mandated in laws and regulations.

Table 2 sets out the requirements for all other PIEs where rotation requirements are not mandated by laws and regulations.

Note that for both tables:

<sup>1</sup> In October 2025, ASIC released Report 817 Building trust: Auditor compliance with independence and conflict of interest obligations which outlines the regulators’ recent findings on compliance with the rotation requirements in the Corporations Act 2001 and the Code.

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- the cooling-off period is the minimum number of consecutive years that a Key Audit Partner or Key Sustainability Assurance Leader must cool-off from the Audit or Sustainability Assurance Engagement, and
- the time-on period is the maximum number of cumulative (but not necessarily consecutive) years the applicable audit partner or sustainability assurance leader can perform a Key Audit Partner or Key Sustainability Assurance Leader role on an engagement (Refer to [Questions 5](#) and [6](#)).

**Table 1: Rotation requirements for PIES that are listed companies, listed registered schemes and registrable superannuation entities and APRA regulated entities**

Role	Rotation requirements	
	Time on (yrs)	Cooling off (yrs)
Engagement Partner	5/7**	5
Engagement Leader	5/7**	5
EQR	5/7**	3
Other Key Audit Partners	7	2
Other Key Sustainability Assurance Leaders	7	2

\*\* In accordance with applicable laws and regulations, Engagement Partners, Engagement Leaders and EQRs can serve in the same role for a maximum of five years<sup>5</sup>, but may be extended by the Client or a regulator in accordance with applicable laws and regulations.

Pursuant to paragraphs R540.11 and R5540.11 of the Code, Firms may have the opportunity for relief from the partner rotation requirements in the Code based on an exemption provided by a relevant regulator, subject to conditions being imposed.<sup>7</sup> Where such relief is available, the individual could remain as a Key Audit Partner (for example, as the Engagement Partner) on the Audit Engagement or as a Key Sustainability Assurance Leader (for example, as the Engagement Leader) in accordance with any conditions specified under such relief.

<sup>5</sup> Refer to s324DA of the *Corporations Act 2001* for Audit Partner rotation requirements for listed companies, listed registered schemes or registrable superannuation entities in Australia. APRA Prudential Standards CPS 510 *Governance* (November 2023) and SPS 510 *Governance* (June 2024) provides partner rotation requirements for APRA regulated entities.

<sup>7</sup> Refer to s342A of the *Corporations Act 2001* which specifies that the Australian Securities and Investment Commission (ASIC) may grant extensions. APRA has the authority to grant extensions for Audit Partners of APRA regulated entities.

**Table 2: Rotation requirements for all PIEs other than listed companies, listed registered schemes, registrable superannuation entities and APRA regulated entities**

Role	Rotation requirements	
	Time on (yrs)	Cooling off (yrs)
Engagement Partner	7	5
Engagement Leader	7	5
EQR	7	3
Other Key Audit Partners	7	2
Other Key Sustainability Assurance Leaders	7	2

For audit partners and sustainability assurance leaders of all other entities where laws and regulations do not mandate rotation requirements, additional requirements and guidance have been included in the Code, such as the need to address familiarity and self-interest threats to Independence by determining an appropriate cooling-off period for Key Audit Partners and Key Sustainability Assurance Leaders.

Refer to Appendices [A](#) to [C](#) for flowcharts which map out the rotation requirements in the Code.

For the full details of the audit partner and sustainability assurance leader rotation provisions please refer to the Code on the [APESB website](#).

### Public Interest Entities

The Code includes a definition of a PIE and its meaning in paragraphs 400.13 to 400.15 and paragraphs R400.22 to R400.26. The definition of PIE includes the following:

- a Publicly Traded Entity (including an entity that is listed, as defined in Section 9 of the *Corporations Act 2001*);
- an entity one of whose main functions is to take deposits from the public;
- an entity one of whose main functions is to provide insurance to the public; or
- an entity specified as such by law, regulation or professional standards to meet the purpose set out in paragraph 400.15 of the Code.

In determining whether an entity is a PIE it is important for a Member in Public Practice or Firm to consider the specifics of the entity such as whether there is significant public interest in the financial condition of the entity, the nature of the business, including its size and the number of employees, and whether there are a large number and wide range of stakeholders ([paragraph 400.14](#)).

In Australia, entities that would generally meet the definition of PIEs (as per paragraph AUST R400.23.1) include:

- Authorised deposit-taking institutions (ADIs) and authorised non-operating holding companies (NOHCs) regulated by the Australian Prudential Regulatory Authority (APRA) under the *Banking Act 1959*;
- Authorised insurers and authorised NOHCs regulated by APRA under the *Insurance Act 1973*;

- Life insurance companies and registered NOHCs regulated by APRA under the *Life Insurance Act 1995*;
- Private health insurers regulated by APRA under the *Private Health Insurance (Prudential Supervision) Act 2015*;
- Disclosing entities as defined in Section 111AC of the *Corporations Act 2001*;
- Registrable superannuation entity (RSE) licensees, and RSEs under their trusteeship that have five or more members, regulated by APRA under the *Superannuation Industry (Supervision) Act 1993*; and
- Other issuers of debt and equity instruments to the public.

### Transitional provisions for periods ending before 31 December 2023 (now expired)

Paragraphs R540.22 and AUST R540.22.1 of the Code set out relief provisions to assist entities transition to more rigorous rotation requirements. The relief applied to Engagement Partners who performed audits and reviews for PIEs, such as listed companies, listed registered schemes, registrable superannuation entities and APRA regulated entities, where a shorter cooling-off period is mandated by laws or regulations. It allowed the cooling-off period for Engagement Partners on PIE audits to be three years rather than five years. This modified cooling-off period of three years was only applicable for periods beginning on or after 1 January 2019 and prior to 31 December 2023 (transition period).

As the transitional provisions have expired, the Q&As relating to these provisions have been removed from this edition of the rotation requirements publication. Information on the transitional provisions and the relevant Q&As can be accessed in the second edition of this publication or by referring to paragraphs R540.22 and AUST R540.22.1 in the Code (available on the [APESB website](#)).

## B. General provisions on partner rotation

### Q1. What are the general provisions [of the Code](#) for the long association of personnel with an Audit Engagement, ~~Sustainability Assurance Engagement or other Assurance Engagement?~~

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The Code requires individuals and Firms to perform an assessment as to whether there are any threats to Independence created from an individual being associated over a long period of time with an Audit, ~~Sustainability Assurance or other Assurance Client~~. If threats are identified, the individual and the Firm need to address these threats by eliminating them or reducing them to an Acceptable Level. This can be done by:

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- Eliminating the circumstances including interests or relationships, that are creating the threats;
- Applying safeguards, where available and capable of being applied, to reduce the threats to an Acceptable Level; or
- Declining or ending the specific professional activity.

A key safeguard that could be implemented is removing the individual from the Audit, ~~Sustainability Assurance or other Assurance Engagement~~ for a sufficient period to ensure the threat is adequately addressed.

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If the engagement is for the Audit or Sustainability Assurance Engagement of a PIE, there are additional requirements that must be met by the individual and the Firm. These requirements are set out in:

- paragraphs R540.7 to 540.23 A1 of the Code, and discussed in [Section C](#) of this publication for Audits of PIEs; and
- paragraphs R5540.7 to 5540.23 A1 of the Code and discussed in [Section D](#) of this publication for Sustainability Assurance Engagements of PIEs.

However, if threats to Independence are identified, the general provisions must be considered (see paragraphs 540.4 A3, R540.12, 540.12 A1, 5540.4 A3, R5540.12 and 5540.12 A1 of the Code) and may override the periods outlined in the specific requirements for the Audit or Sustainability Assurance Engagement of PIEs.

### Q2. What factors should a Firm consider when assessing long association threats under the general provisions in the Code?

In performing an assessment of long association threats under the general provisions of the Code, Firms need to consider the overall relationship and engagement context and not merely rely on prescriptive time-on and cooling-off requirements. Relevant factors a Firm may consider include, but are not limited to, those in paragraphs 540.4 A3 and 5540.4 A3 of the Code, along with broader factors identified in practice, such as:

- The nature and extent of the individual's involvement with the client over time. This involves considering the substance of the relationship, including the roles the individual performed on the engagement (including interactions if the individual was at another Firm), the level of judgement exercised, the key decisions made and their ability to influence the outcome of the engagement.
- Changes in senior management or Those Charged with Governance;
- Changes in the client's structure, operations, or risk profile which would include events such as acquisitions, restructures, significant new transactions, increased complexity of transactions, or an increased public interest profile, that have impacted the nature, frequency and extent of interactions with the Client.

- The significance of the client and engagement circumstances, including client size and revenue impact for the individual and the Firm.
- The provision of additional services or performing new roles, including where the individual undertakes additional assurance or sustainability roles.<sup>8</sup>
- The outcomes of internal or external quality reviews.
- Concerns raised by other team members about an individual's objectivity or independence.
- Public perception and the appearance of independence.
- Approaching significant time-on milestones. Even if the prescriptive rotation requirements do not apply to the engagement, they can be used as a [prompt](#)<sup>7</sup> to [consider](#) re-evaluatjng long-association threats.

[Firms need](#) to maintain documentation of the long association threat assessment performed, the factors considered, the safeguards applied and the basis for concluding that objectivity has been maintained (see paragraphs R400.60 and R5400.60 of the Code).

**Q3. Sections 540 and 5540 of the Code measure time-on and cooling-off periods in years. Does the reference to years refer to a financial or calendar year?**

The term 'year' refers to the client's financial year, which is ordinarily a 12-month period. It does not refer to a calendar year or the time it takes to perform the audit.

Refer to [Questions 34](#) and [35](#) for examples of a client's financial year being longer or shorter than a 12-month period.

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<sup>8</sup> For example<sup>17</sup> Members in Public Practice should refer to Sections 600 *Provision of Non-Assurance Services to an Audit Client* and Sustainability Practitioners should refer to 5600 *Provision of Non-Assurance Services to a Sustainability Assurance Client* of the Code to determine if the non-assurance service provided would be a permissible service.

## C. Specific provisions for audits of PIEs in Section 540 of the Code

### Q4. Are the audit partner rotation requirements the same for all PIEs?

No. In addition to the audit partner rotation requirements in the Code, there are laws and regulations in Australia which set out audit partner rotation requirements for some entities, such as listed companies, listed registered schemes, registrable superannuation entities and APRA regulated entities. The impact of complying with these laws and regulations, as well as the Code requirements, creates different rotation requirements for the Key Audit Partners of these PIEs.

The Code also specifies different rotation requirements for the different roles undertaken by audit partners and Key Sustainability Assurance Leaders in relation to the Audit Engagement. While the time-on period for Key Audit Partners is the same maximum number of years, there are different cooling-off periods required for the different roles.

Refer to [Question 5](#) for the specific audit partner rotation requirements where laws and regulations mandate rotation requirements (applicable to listed companies, listed registered schemes, registrable superannuation entities and APRA regulated entities).

Refer to [Question 6](#) for the specific audit partner rotation requirements for entities [where laws and regulations do not mandate rotation requirements](#) (applicable to PIEs excluding listed companies, listed registered schemes, registrable superannuation entities and APRA regulated entities).

Appendices [A](#) to [C](#) set out the rotation requirements in flowcharts.

### Q5. What are the requirements when laws and regulations mandate rotation requirements (i.e. for listed companies, listed registered schemes, registrable superannuation entities and APRA regulated entities)?

In Australia, Engagement Partners of PIEs are required to comply with audit partner rotation requirements set out in specific laws and regulations, such as for listed companies, listed registered schemes, registrable superannuation entities subject to the *Corporations Act 2001* and APRA regulated entities<sup>10</sup>, in addition to the requirements in the Code. These audit partners must follow the stricter requirements of the Code<sup>12</sup>, or the relevant law or regulation to ensure compliance with all relevant requirements.

For example, if the cooling-off period specified in laws and regulations is two years and the Code specifies a cooling-off period of five years, the Engagement Partner must comply with the stricter requirement and undertake a five year cooling off period to ensure they meet their rotation requirements.

A summary of the audit partner rotation requirements for listed companies, listed registered schemes, registrable superannuation entities and APRA regulated entities that are PIEs is set out in [Table 1](#) in [Section A](#), and [Appendix B](#).

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<sup>10</sup> Listed companies, listed registered schemes and registrable superannuation entities as defined in the *Corporations Act 2001* and APRA regulated entities including those covered by APRA Prudential Standards CPS 510 *Governance* (November 2023) and SPS 510 *Governance* (June 2024).

<sup>12</sup> [Legislative instrument ASA 102 Compliance with Ethical Requirements when Performing Audits, Reviews and Other Assurance Engagements](#) provides legislative backing for the Code. Accordingly, the Code has the force of law for audits and reviews performed of entities subject to the *Corporations Act 2001* and is a mandatory requirement.

**Q6. What are the requirements where laws and regulations do not mandate rotation requirements (i.e. all PIEs other than listed companies, listed registered schemes, registrable superannuation entities or APRA regulated entities)?**

Where laws and regulations do not mandate rotation requirements apply to the PIE, the audit partners must comply with the specific requirements of the Code set out in paragraphs R540.7 to R540.21 and paragraphs R540.23 to 540.23 A1.

A summary of the audit partner rotation requirements for PIEs other than listed companies, listed registered schemes, registrable superannuation entities or APRA regulated entities is set out in [Table 2](#) in [Section A](#) and [Appendix C](#).

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### Engagement Partner on a Subsidiary of a Public Interest Entity

**Q7. Individual A has served as the Engagement Partner for the audit of a PIE (P) for five years. Individual B has served as the Engagement Partner on the audit of a subsidiary (S) of P for five years. How long is the cooling-off period for individuals A and B if P is a listed company, listed registered scheme, registrable superannuation entity or APRA regulated entity?**

#### *Individual A*

In accordance with paragraph R540.13 of the Code, individual A will be required to cool-off from the Audit Engagement for five consecutive years.

Note that the length of the cooling-off periods will also be five consecutive years if the Audit Client or the regulator permits individual A to increase their time-on period to seven years.

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#### *Individual B*

To determine the appropriate cooling-off period for individual B it is necessary to consider B's role in the context of the audit of S and the group audit of P.

When reviewing B's role in the audit of S, the first consideration is whether S is a PIE. If S is a PIE, then the second consideration is whether that PIE is itself a listed company, listed registered scheme, registrable superannuation entity or APRA regulated entity.

If S is a PIE that is a listed company, listed registered scheme, registrable superannuation entity or APRA regulated entity, then the cooling-off periods for individual B will be consistent with the cooling-off periods for individual A. Therefore, the cooling-off period for individual B must be for five consecutive years.

If S is a PIE other than a listed company, listed registered scheme, registrable superannuation entity or APRA regulated entity the cooling-off period for individual B must be five consecutive years. However, individual B may serve a further two years on the Audit Engagement before the relevant cooling-off periods become applicable.

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From the perspective of the group audit of P, it is necessary to determine if B is a Key Audit Partner. This determination would depend, for example, on the significance of the subsidiary to the group and whether individual B makes key decisions or judgements with respect to the group audit. If individual B was a Key Audit Partner in respect of P's group audit, they are required to serve a two-year cooling-off period from the group audit. However, individual B may serve a further two years on the Audit Engagement before the relevant cooling-off periods become applicable. (See also [Question 11](#))

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If individual B was not a Key Audit Partner in P's group audit, there is no cooling-off requirement for individual B from the group audit. However, individual B will be subject to the general provisions set out in paragraphs 540.4 A1 to R540.5 of the Code.

**Q8. Individual C has served for seven years as the Engagement Partner for the audit of a PIE (Q) that is not a listed company, listed registered scheme, registrable superannuation entity or APRA regulated entity. Individual D has served as the Engagement Partner on the audit of a subsidiary (T) of Q for five years. How long is the cooling-off period for individuals C and D?**

**Individual C**

A cooling-off period of five consecutive years applies to individual C, as the Engagement Partner responsible for the audit reports issued on behalf of the Firm for the audit of Q. This Engagement Partner is sometimes referred to as the 'Lead Audit Engagement Partner' in a group audit.

**Individual D**

To determine the appropriate cooling-off period for individual D it is necessary to consider D's role in the context of the audit of T and the group audit of Q.

When reviewing individual D's role in the audit of T, the first consideration is whether T is a PIE. If T is a PIE, then the second consideration is whether that PIE is itself a listed company, listed registered scheme, registrable superannuation entity or APRA regulated entity.

If T is a PIE and is a listed company, listed registered scheme, registrable superannuation entity or APRA regulated entity, then the cooling-off period for individual D must be for five consecutive years. If T is a PIE other than a listed company, listed registered scheme, registrable superannuation entity or APRA regulated entity, the cooling-off period for individual D must also be five consecutive years. However, individual D may serve a further two years on the Audit Engagement before the relevant cooling-off period becomes applicable.

From the perspective of the group audit of Q, it is necessary to determine if individual D is a Key Audit Partner. This determination would depend, for example, on the significance of the subsidiary to the group and whether individual D makes key decisions or judgements with respect to the group audit. If individual D was a Key Audit Partner in respect of Q's group audit, they are required to serve a two-year cooling-off period from the group audit. However, individual D may serve a further two years on the Audit Engagement before the relevant cooling-off periods become applicable. (See also [Question 11](#).)

If individual D was not a Key Audit Partner in Q's group audit, there is no cooling-off requirement for individual D from the group audit. However, individual D will be subject to the general provisions set out in paragraphs 540.4 A1 to R540.5 of the Code.

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### Engagement Partner on the Audit of a Public Interest Entity moving to a Subsidiary Audit

**Q9. Individual A has completed a cumulative period of five years as Engagement Partner on the audit of a PIE (P) that is a Publicly Traded Entity. Could individual A participate in the audit of a subsidiary (S) of P for purposes of the group audit of P without completing the required cooling-off period?**

No. Paragraph R400.27 of the Code states that:

- a) an Audit Client that is a Publicly Traded Entity includes all of its Related Entities (which include subsidiaries); and
- b) for all other Audit Clients, references to an Audit Client include Related Entities over which the client has direct or indirect control (which also would include subsidiaries).

Accordingly, individual A is subject to the same cooling-off period with respect to both P and S, as the reference to the Audit Client P also includes S. This means individual A is not allowed to participate in the audit of S for purposes of the group audit of P without completing the required cooling-off period of five consecutive years.

Note that the time-on period for an Engagement Partner of a Listed Entity may be extended by the Audit Client or a regulator in accordance with the provisions of s342A and s324DA of the *Corporations Act 2001*. However, as this extension is not automatically applied and requires specific consent, it has not been applied to the facts in this question.

**Q10. Individual C has completed a cumulative period of seven years as Engagement Partner on the audit of a PIE (Q) that is not a listed company, listed registered scheme, registrable superannuation entity or APRA regulated entity. Could individual C participate in the audit of a subsidiary (T) of Q for purposes of the group audit of Q without completing the required cooling-off period of five years?**

No. Paragraph R400.27 of the Code states that:

- a) where an Audit Client is a Publicly Traded Entity, references to an Audit Client include its Related Entities (which include subsidiaries); and
- b) for all other Audit Clients, references to an Audit Client include Related Entities over which the client has direct or indirect control (which also would include subsidiaries).

Accordingly, individual C is subject to a five-year cooling-off period with respect to both Q and T, as the reference to the Audit Client (Q) also includes T. Individual C is not permitted under the Code to participate in the audit of T for purposes of the group audit of Q without completing the required cooling-off period of five years.

### Engagement Partner on the Audit of a Subsidiary moving to the Audit of the PIE Parent

**Q11. Individual C has completed a cumulative period of seven years as Engagement Partner on the audit of a subsidiary (S) of a PIE (P). Could individual C participate in the group audit of P after completing the seven-year time-on period on the audit of S?**

The answer depends on whether individual C was a Key Audit Partner in the group audit of P; and whether S is a Publicly Traded Entity and, if so, whether it is material to P.

If individual C was considered to be a Key Audit Partner in the group audit of P, ~~they~~ would not be able to participate in the group audit until the completion of the appropriate cooling-off period. If S is a PIE, individual C would be required to serve a five-year cooling-off period in relation to the audit of S.

If individual C was not considered to be a Key Audit Partner with respect to the group audit of P, but S is a Publicly Traded Entity and it is material to P, individual C would not be able to participate in the group audit of P<sup>13</sup>. Under the Related Entity provision in paragraph R400.27 of the Code, the reference to Audit Client (in this case, S) will also include P<sup>14</sup>. Individual C would therefore not be permitted to participate in the group audit of P without completing the required cooling-off period of five cumulative years.

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<sup>13</sup> If S is material to P, it is likely that the Engagement Partner on S would be a Key Audit Partner in the group audit of P. However, this is not necessarily the case in all circumstances. This is because under the definition of a Key Audit Partner in the Code, whether the individual is a Key Audit Partner depends on whether ~~they~~ make key decisions or judgements on significant matters with respect to the group audit, and not on whether S is material to P.

<sup>14</sup> The definition of a Related Entity under the Code includes an entity that has direct or indirect control over the client if the client is material to such entity.

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### Signing Partner Different from Engagement Partner

**Q12. The Code defines the Engagement Partner as the partner or other person in the Firm who is responsible for the engagement and its performance, and for the report that is issued on behalf of the Firm, and who, where required, has the appropriate authority from a professional, legal or regulatory body to sign the audit report. In the situation where the partner who signs the audit report (the signing partner) is not the same individual as the Engagement Partner, which cooling-off provisions apply to the signing partner?**

The signing partner, if different, would normally also be treated as an Engagement Partner and would be subject to the same requirements as the Engagement Partner.

Where more than one audit partner is required to sign the audit report, it may not be reasonable or appropriate to treat all the signing partners as Engagement Partners. In this case, determining which cooling-off provisions apply would depend on engagement circumstances and the reasons why there are additional signing partner(s). At a minimum, however, any signing partner who is not the Engagement Partner would be a Key Audit Partner and therefore subject to a minimum two-year cooling-off period as applicable to the audit of a PIE.

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## D. Specific provisions for sustainability assurance engagements of PIEs in Section 5540 of the Code

### Q13. Are the sustainability assurance leader rotation requirements the same for all PIEs?

No. In addition to the sustainability assurance leader rotation requirements in the Code, there are laws and regulations in Australia which set out auditor rotation requirements for some entities, such as listed companies, listed registered schemes, registrable superannuation entities and APRA regulated entities. The impact of complying with these laws and regulations, as well as the Code requirements, creates different rotation requirements for the Key Sustainability Assurance Leaders of these PIEs.

The Code also specifies different rotation requirements for the different roles undertaken by Key Sustainability Assurance Leaders and Key Audit Partners in relation to the Sustainability Assurance Engagement. While the time-on period for all sustainability assurance leaders is the same maximum number of years, there are different cooling-off periods required for the different roles.

Refer to [Question 14](#) for the specific rotation requirements where laws and regulations mandate rotation requirements (applicable to listed companies, listed registered schemes, registrable superannuation entities and APRA regulated entities).

Refer to [Question 15](#) for the specific rotation requirements for entities [where laws and regulations do not mandate rotation requirements](#) (applicable to PIEs excluding listed companies, listed registered schemes, registrable superannuation entities and APRA regulated entities).

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Appendices [A](#) to [C](#) set out the rotation requirements in flowcharts.

### Q14. What are the requirements when laws and regulations mandate rotation requirements for sustainability assurance leaders (i.e. for listed companies, listed registered schemes, registrable superannuation entities and APRA regulated entities)?

In Australia, Engagement Leaders of PIEs are required to comply with auditor rotation requirements set out in specific laws and regulations, such as for listed companies, listed registered schemes, registrable superannuation entities subject to the *Corporations Act 2001* and APRA regulated entities<sup>15</sup>, in addition to the requirements in the Code<sup>16</sup>, including the restrictions on activities during the cooling-off period. These Engagement Leaders must follow the stricter requirements of the Code or the relevant law or regulation to ensure compliance with all relevant requirements.

For example, if the cooling-off period specified in laws and regulations is two years and the Code specifies a cooling-off period of five years, the Engagement Leader must comply with the stricter requirement and undertake a five year cooling off period to ensure they meet their rotation requirements.

A summary of the sustainability assurance leader rotation requirements for listed companies, listed registered schemes, registrable superannuation entities and APRA regulated entities that are PIEs is set out in [Table 1](#) in [Section A](#), and [Appendix B](#).

<sup>15</sup> Listed companies, listed registered schemes and registrable superannuation entities as defined in the *Corporations Act 2001* and APRA regulated entities including those covered by APRA Prudential Standards CPS 510 *Governance* (November 2023) and SPS 510 *Governance* (June 2024).

<sup>16</sup> Legislative instrument ASA 102 *Compliance with Ethical Requirements when Performing Audits, Reviews and Other Assurance Engagements* provides legislative backing for the Code. Accordingly, the Code has the force of law for audits and reviews performed of entities subject to the *Corporations Act 2001* and is a mandatory requirement.

**Q15. What are the requirements where laws and regulations do not mandate rotation requirements for sustainability assurance leaders (i.e. all PIEs other than listed companies, listed registered schemes, registrable superannuation entities or APRA regulated entities)?**

Where laws and regulations do not mandate rotation requirements apply to the PIE, the sustainability assurance leaders must comply with the specific requirements of the Code set out in paragraphs R5540.7 to R5540.21 and paragraphs R5540.23 to 5540.23 A1.

A summary of the sustainability assurance leader rotation requirements for PIEs other than listed companies, listed registered schemes, registrable superannuation entities or APRA regulated entities is set out in [Table 2](#) in [Section A](#) and [Appendix C](#).

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### Voluntary Sustainability Assurance Engagement becomes Mandatory

**Q16. Individual Z has been the Engagement Leader on a Sustainability Assurance Engagement over voluntary sustainability reporting by a PIE Sustainability Assurance Client for 3 years. The information and assurance report were only reported internally for the first two years. However, for the third year, the information and assurance report were made publicly available.**

In the current year the Client is mandatorily required to publicly disclose Sustainability Information in line with new climate reporting and assurance laws and regulations for the first time. The Client has engaged Individual Z's Firm to undertake the Sustainability Assurance [Engagement and](#) has requested Individual Z to continue as the Engagement Leader. When determining the rotation requirements for Individual Z, does the time-on period start from the provision of assurance over the mandatorily reported climate information?

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No, the rotation requirements in the Code apply based on time spent as an Engagement Leader and/or a Key Audit Partner, and not on whether the Sustainability Assurance Engagement is on a voluntary basis or due to mandatory assurance over the disclosure of information. However, the Code clarifies that even when Sustainability Assurance Engagements are performed for Public Interest Entity Clients that are not within the scope of the Independence Standards in Part 5 of the Code, the Firm must include the length of time for those Engagements when determining the time-on period for the Key Sustainability Assurance Leader or Key Audit Partner (see paragraph R5540.10a of the Code).

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In this case, Individual Z can serve for seven years<sup>17</sup> in total, as the Engagement Leader. Based on the provision of Sustainability Assurance Engagements for three years for this Client, they could continue as Engagement Leader for four additional years before reaching the cumulative seven-year time-on period. They would then need to cool-off for five consecutive years.

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### Client Services Partner Becoming the Engagement Leader

**Q17. Individual X has been the client services partner for a PIE Audit Client for four years. For the upcoming Sustainability Assurance Engagement for that Audit Client, Individual X will serve as the Engagement Leader. How many years may they serve on the engagement as the Engagement Leader?**

The rotation requirements in the Code apply to time spent as an Engagement Leader and/or a Key Audit Partner. In principle, Individual X can serve for seven years<sup>18</sup> as an Engagement Leader or Key Audit Partner, however, the Firm will need to evaluate whether the role of client services partner meets the definition of a Key Audit Partner. Consideration should be given to whether

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<sup>17</sup> If the PIE entity is a listed company, listed registered scheme, registrable superannuation entity or APRA regulated entity the maximum time-on period for the Engagement Partner or EQR may only be five years, unless the relevant regulator grants an extension to the time-on period.

<sup>18</sup> If the PIE entity is a listed company, listed registered scheme, registrable superannuation entity or APRA regulated entity the maximum time-on period for the Engagement Partner or EQR may only be five years, unless the relevant regulator grants an extension to the time-on period.

Individual X made key decisions or judgements on significant matters with respect to the Audit Engagement.

The Firm should also consider the general provisions of [Part 5](#) the Code to evaluate the threat created by long association, including the overall length of Individual X's association with the client, how long [they have](#) been on the Engagement Team and the roles that [they have](#) played should be taken into account (see paragraphs 5540.4 A3 and R5540.12 of the Code). A Firm may decide that it is appropriate to rotate Individual X from the role of Sustainability Assurance Leader at the end of three years, due to [their](#) association with the PIE Audit Client when acting as the client services partner.

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### Engagement Partner on the Audit Engagement of a Public Interest Entity moving to a Subsidiary Sustainability Assurance Engagement

**Q18. Individual Y has completed a cumulative period of five years as Engagement Partner on the Audit Engagement of a PIE (P) that is a Publicly Traded Entity. Could individual Y participate in the Sustainability Assurance Engagement of a subsidiary (S) of P for the purposes of the Group Sustainability Assurance Engagement of P without completing the required cooling-off period?**

No. Paragraph R5400.27(c) of the Code states that a Sustainability Assurance Client that is a Publicly Traded Entity includes all of its Related Entities (which include subsidiaries).

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In addition, paragraph R5540.17 of the Code clarifies where an individual has acted in a combination of Key Sustainability Assurance Leader or Key Audit Partner roles and served as the Engagement Leader or Engagement Partner for four or more cumulative years, the cooling-off period shall be five consecutive years.

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Accordingly, individual Y is subject to the same cooling-off period with respect to both P and S, as the reference to the Sustainability Assurance Client P also includes S. [This means individual Y is not allowed](#) to participate in the Sustainability Assurance Engagement of S for the purposes of the Group Sustainability Assurance Engagement of P without completing the required cooling-off period of five consecutive years.

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Note that the time-on period for an Engagement Partner of a listed company, listed registered scheme or registrable superannuation entity may be extended by the Client or a regulator in accordance with the provisions of s342A and s324DA of the *Corporations Act 2001*. However, as this extension is not automatically applied and requires specific consent, it has not been applied to the facts in this question.

### Exemption for the new application of the Independence Standards in Part 5 of the Code

**Q19. Individual U has served as a Key Sustainability Assurance Leader on a Sustainability Assurance Engagement for a Sustainability Assurance Client for six years cumulatively. Due to a change in laws and regulations, the Independence Standards in Part 5 of the Code are now to be applied to future Sustainability Assurance Engagements for this Client. Does this impact the rotation requirements for Individual U?**

Yes, the rotation requirements for Individual U may be impacted by the transition to the new Independence Standards in Part 5 of the Code.

Normally, when an individual has served on a Sustainability Assurance Engagement for a PIE Sustainability Assurance Client as a Key Sustainability Assurance Leader (other than the Engagement Leader or the Engagement Quality Reviewer) for a total of six cumulative years, the individual can serve on the engagement for one further year before needing to cool-off for a period of two consecutive years (see paragraphs R5540.7 and R5540.15 of the Code). However, paragraph R5540.10a of the Code provides an exemption in the instance when the Firm first undertakes a Sustainability Assurance Engagement within the scope of the Independence

Standards in Part 5. The exemption allows an individual who has served the Sustainability Assurance Client as a Key Sustainability Assurance Leader or Key Audit Partner for a period of six or more cumulative years to continue to serve for an additional two years in the role of Key Sustainability Assurance Leader before needing to rotate off the Sustainability Assurance Engagement. The Firm, and Individual, require the concurrence of Those Charged with Governance to be able to apply the exemption.<sup>19</sup>

For Individual U, if the Firm receives agreement from Those Charged with Governance of the Sustainability Assurance, they could continue on the Sustainability Assurance Engagement for two additional years before needing to undertake a cooling-off period.

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Before applying the exemption in the Code, the Firm should consider whether the time-on requirements in the *Corporations Act 2001* apply to the Sustainability Assurance Client and whether the time-on period should be extended by the Sustainability Assurance Client or a regulator in accordance with the provisions of s342A and s324DA of the *Corporations Act 2001*.

### Signing Partner Different from the Sustainability Engagement Leader

**Q20. The Code defines the Engagement Leader as the individual, appointed by the Firm, who is responsible for the sustainability assurance engagement and its performance, and for the sustainability assurance report that is issued on behalf of the Firm, and who, where required, has the appropriate authority from a professional, legal or regulatory body. In the situation where the partner who signs the sustainability assurance report (the signing partner) is not the same individual as the Engagement Leader, which cooling-off provisions apply to the signing partner?**

The signing partner, if different, would normally also be treated as an Engagement Leader and would be subject to the same requirements as the Engagement Leader. This is the case, for example, where the signing partner is also the Engagement Partner responsible for the audit engagement performed for the same client.

Where more than one individual is required to sign the sustainability assurance report, it may not be reasonable or appropriate to treat all the individuals signing as Engagement Leaders. In this case, determining which cooling-off provisions apply would depend on engagement circumstances and the reasons why there are additional signing partner(s). At a minimum, however, any signing partner who is not the Engagement Leader would be a Key Sustainability Assurance Leader and therefore subject to a minimum two-year cooling-off period as applicable to the sustainability assurance engagement of a PIE.

### National Greenhouse and Energy Reporting Audits

**Q21. Individual T has performed the role of audit team leader on a National Greenhouse and Energy Reporting (NGER) audit for a PIE client for the past five years. The client is now mandatorily required to publicly disclose Sustainability Information in line with new Australian climate reporting and assurance laws and regulations and will, therefore, need to perform a Sustainability Assurance Engagement within the scope of the Independence Standards in Part 5 of the Code. Can Individual T serve as a Key Sustainability Assurance Leader on the Sustainability Assurance Engagement for the client?**

No. Individual T must meet the rotation requirements specified in laws and regulations. Under s6.59 of the National Greenhouse and Energy Reporting Regulations 2008 Individual T is required to undertake a cooling-off period of at least two successive Part 6 audits after performing five consecutive Part 6 NGER audits<sup>20</sup>. Therefore, individual T cannot be involved in the Sustainability Assurance Engagement until the cooling-off period required by laws and regulations is completed.

<sup>19</sup> Refer to s324DA of the *Corporations Act 2001* which specifies that the Australian Securities and Investments Commission may grant extensions.

<sup>20</sup> A Part 6 NGER audit is a formal greenhouse energy compliance audit.<sup>E34</sup>

Individual T would also need to consider the requirements of Part 5 of the Code and the Corporation Act. For example, s324DA of the *Corporations Act 2001* has more restrictive time-on requirements for audit partners of listed companies, listed registered schemes or registrable superannuation entities in Australia.<sup>113</sup>

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## E. Entities listed in other jurisdictions

### Q22. Are audit partner rotation requirements impacted if the Audit Client is listed in a foreign jurisdiction?

Potentially.

When an Audit Client is listed in a foreign jurisdiction, the Member in Public Practice or a Firm will need to consider a number of matters to help them determine the applicable audit partner rotation requirements. These matters would include:

- The structure of the entity;
- The jurisdiction where the relevant entity is incorporated and domiciled;
- The laws and regulations that require the entity to prepare Financial Statements;
- The laws and regulations that require an audit to be performed on the Financial Statements;
- Applicable stock exchange listing rules for the jurisdiction where the entity is listed;
- Relevant laws, regulations, and professional and ethical requirements relating to the rotation of audit partners, and audit Firms where applicable;
- Any relief from rotation requirements granted by the appropriate regulator;
- The role of the individual within the group audit (i.e. responsible for the group, parent entity or subsidiary audit);
- The specific Key Audit Partner role of the Member;
- Applicable policies and procedures of the entity relating to the appointment and removal of the auditor (these may be established by the Audit Committee); and
- Applicable policies and procedures of the Firm and Network Firm, where applicable.

In some situations, an entity may also be a dual listed entity. The term 'dual listed entities' is used to refer to entities that are listed on multiple stock exchanges. The way the dual listing is achieved may vary depending on the requirements in the relevant jurisdictions and the structure of the entity(ies) involved (for example, separate entities established in separate jurisdictions, or a single entity established and registered on the stock exchange in one jurisdiction which is also registered on the stock exchange in another jurisdiction).

The audit partner rotation requirements that apply to the Key Audit Partners for an entity listed in a foreign jurisdiction or a dual listed entity may need to consider the requirements in the relevant jurisdictions that need to be complied with.

The Member or Firm may find, after reviewing the considerations listed above, that they need to comply with multiple audit partner rotation requirements. This may mean that the rotation to be undertaken is a hybrid of applicable audit partner rotation requirements.

## Australian domiciled entity listed on both the Australian and New Zealand stock exchanges

**Q23. Individual E is the Engagement Partner for the audit of Aust Co, an Australian incorporated company that is listed on both the Australian and New Zealand Stock Exchanges.**

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**At 30 June 2026 individual E has served as Engagement Partner on the audit of Aust Co for five years and is now required under audit partner rotation requirements to cool-off. What is the appropriate cooling-off period for individual E?**

### **Matters to Consider**

In determining the relevant cooling-off period individual E would have considered the following factors:

- As Aust Co is incorporated in Australia it needs to prepare Financial Statements in accordance with Part 2M of the *Corporations Act 2001*.
- The *Corporations Act 2001* sets out audit partner rotation requirements in s324DA which apply to individual E as the Engagement Partner of a listed company (i.e. Aust Co).
- Individual E is a Member in Public Practice in Australia who must comply with the audit partner rotation requirements of the Code. In accordance with paragraph R540.17 of the Code, individual E will be required to cool-off from the Audit Engagement for five consecutive years (i.e. higher of five years specified in the Code or two years in laws or regulations).
- The Australian Stock Exchange (ASX) Listing rules require the audit of Aust Co to be conducted in accordance with the Australian Auditing Standards by a registered company auditor.
- Whether Aust Co is listed on the New Zealand Stock Exchange (NZX) as a NZX Foreign Exempt Issuer as defined in the NZX Listing Rules or whether they are an Issuer of another class of Financial Product quoted on the NZX, with NZX being the home exchange (as this determines the NZX Listing Rules that would be applicable to Aust Co).
- Aust Co must comply with the applicable listing requirements in the NZX Listing Rules. Depending on the manner of how they are listed in NZ, this may include Rule 2.13.3 which requires the Audit Committee of an Issuer (as defined in the NZX Listing Rules) to ensure that the Key Audit Partner is changed at least every five years.
- The NZX Listing Rules allow Aust Co to lodge accounts prepared in accordance with *Corporations Act 2001* requirements instead of the *Financial Markets Conduct Act 2013* requirements.

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### **Conclusion**

Based on the specific facts and circumstances set out in this example individual E will need to cool-off from the Audit Engagement for a minimum period of five consecutive years. Individual E could come back to the Audit Engagement in any Key Audit Partner role after the cooling-off period.

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Members are cautioned that the determination of the appropriate cooling-off period to meet audit partner rotation requirements is a matter to be determined based on the particular facts and circumstances. The conclusion for this example is based on the facts and circumstances outlined above and any changes to those facts and circumstances may change the outcome of the required cooling-off period to be undertaken by Key Audit Partners.

## New Zealand domiciled entity listed on both the New Zealand and Australian stock exchanges

**Q24. Individual W is the Engagement Partner for the audit of NZ Co, a New Zealand incorporated company that is listed on both the New Zealand and Australian Stock Exchanges.**

**At 30 June 2026 individual W has served as Engagement Partner on the audit of NZ Co for five years. Can individual W serve an additional two years as Engagement Partner for this Audit Engagement? If individual W needs to cool-off what is the appropriate period?**

### **Matters to Consider**

In determining the relevant cooling-off period individual W would have considered the following factors:

- As NZ Co is incorporated in New Zealand it needs to ensure that Financial Statements prepared are audited by a qualified auditor (refer to Section 207 of the *Companies Act 1993 (NZ)*).
- NZ Co must comply with the applicable listing requirements in the *New Zealand Stock Exchange (NZX) Listing Rules*. This includes Rule 2.13.3 which requires the Audit Committee of an Issuer (as defined in the NZX Listing Rules) to ensure that the Key Audit Partner is changed at least every five years. Note that this listing rule does not apply to NZX Foreign Exempt Issuers.
- Individual W is a Member in Public Practice in New Zealand who must comply with the audit partner rotation requirements of Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* (PES 1). Paragraph R540.11 of PES 1 (issued December 2018) and paragraph R540.13 of PES 1 (issued March 2026) require individual W to cool-off from the Audit Engagement for five consecutive years.
- Whether NZ Co is listed on the Australian Stock Exchange (ASX) as a Standard ASX Listing, a Foreign Exempt Listing or an ASX Debt Listing as defined in the ASX Listing Rules (as this determines the ASX Listing Rules applicable to NZ Co).
- The ASX Listing Rules allow NZ Co to lodge accounts prepared in accordance with NZ laws and regulations as long as the accounts comply with the rules of their home exchange, e.g., NZX, and NZ Co is listed on the ASX as a Foreign Exempt Listing.

### **Conclusion**

As NZ Co is a Listed Entity on the NZX, the Audit Committee of NZ Co would have been required to advise individual W to cool-off from the Audit Engagement. Based on the specific facts and circumstances set out in this example, individual W cannot complete a further two years on this Audit Engagement. The minimum period for cooling-off for individual W is five consecutive years off the Audit Engagement. Individual W could come back to the Audit Engagement in any Key Audit Partner role after the cooling-off period.

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Members are cautioned that the determination of the appropriate cooling-off period to meet audit partner rotation requirements is a matter to be determined based on the particular facts and circumstances. The conclusion for this example is based on the facts and circumstances outlined above and any changes to those facts and circumstances may change the outcome of the required cooling-off period to be undertaken by Key Audit Partners.

## F. Breaks in service

### Break in service between involvement in Audit Engagements for the same client

**Q25. How do breaks in service affect the determination of time-on and cooling-off periods for an Engagement Partner, an EQR or any other Key Audit Partner for the audit of a PIE?**

In calculating the time-on period, the count of years may be restarted if the break in service is equal to at least the cooling-off period determined in accordance with paragraphs R540.13 to R540.15 of the Code as applicable to the Key Audit Partner role in which the individual served in the year immediately prior to the break in service. Breaks in service that are shorter than the required cooling-off period do not contribute to the consecutive cooling-off period.

For example, if a Key Audit Partner for the audit of a PIE (that is not a listed company, listed registered scheme, registrable superannuation entity or APRA regulated entity) has completed five years in the role and is off the engagement for one year due to medical leave, the one year off does not count towards cooling-off and the cumulative time-on period. They could therefore return to the engagement as a Key Audit Partner for a further two years (completing a total of seven cumulative years of service) before being required to serve the cooling-off period associated with their role on the engagement.

In contrast, if the Key Audit Partner had acted as the EQR for those five years, followed by three years off the engagement, then they will have cooled off and could return to the engagement for a further seven years.

[Table 3](#) below illustrates some examples of how the cooling-off period would apply in the case of an audit of a PIE (which is not a listed company, listed registered scheme, registrable superannuation entity or APRA regulated entity) where "X" represents a year in which the individual was not a Key Audit Partner on the audit and met the requirements on restrictions in the cooling-off period in paragraph R540.23 of the Code. For the purpose of this table, "KAP" refers to an individual who was neither the Engagement Partner nor the EQR.

**Table 3: Effect of Breaks in Service on cooling-off periods for PIEs that are not listed companies, listed registered schemes, registrable superannuation entities or APRA regulated entities**

Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	Yr 9	Cooling-off period
EP	EP	EP	EP	EP	EP	X	EP		Five consecutive years off at the end of Yr 8 ( <a href="#">Note 1</a> )
EQR	EQR	EQR	EQR	X	X	EQR	EQR	EQR	Three consecutive years off at the end of Yr 9 ( <a href="#">Note 2</a> )
KAP*	KAP*	KAP*	X	KAP*	KAP*	X	KAP*	KAP*	Two consecutive years off at the end of Yr 9 ( <a href="#">Note 3</a> )
KAP*	KAP*	KAP*	X	X					The KAP* could return in Yr 6 for a further seven year period ( <a href="#">Note 4</a> )

\* KAP = an individual who was neither the Engagement Partner nor the EQR

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**Notes**

1. The one year off the engagement in year 7 does not constitute cooling-off as it is less than the five consecutive years off required to achieve cooling-off for an Engagement Partner. So, the individual reaches seven cumulative years on the engagement at the end of year 8 after which they must serve a cooling-off period of five consecutive years.
2. The two years off the engagement in years 5 and 6 do not constitute cooling-off as they are less than the three consecutive years off required to achieve cooling-off for an EQR. So, the individual reaches seven cumulative years on the engagement at the end of year 9, after which they must serve a cooling-off period of three consecutive years.
3. The two years off the engagement in years 4 and 7 do not constitute cooling-off as they do not add up to two consecutive years off required to achieve cooling-off for an other Key Audit Partner. So, the individual reaches seven cumulative years on the engagement at the end of year 9, after which they must serve a cooling-off period of two consecutive years.
4. The individual has effectively served a cooling-off period of two consecutive years in years 4 and 5 (even though not required by the Code as they had not completed seven years on the audit) and therefore could return in year 6 in any Key Audit Partner role for a further seven year period.

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[Table 4](#) below illustrates further examples for the audit of a PIE that is a listed company, listed registered scheme, registrable superannuation entity or APRA regulated entity. Note “X” represents a year in which the individual was not a Key Audit Partner on the audit and met the requirements on restrictions in the cooling-off period in paragraph R540.23 of the Code. For the purpose of this table, “KAP” refers to an individual who was neither the Engagement Partner nor the EQR.

**Table 4: Effect of Breaks in Service on cooling-off periods for PIEs that are listed companies, listed registered schemes, registrable superannuation entities or APRA regulated entities**

Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	Yr 9	Cooling-off period
EP	EP	EP	EP	X	EP	X	X	X	Five consecutive years at the end of Yr 6 ( <a href="#">Note 5</a> )
EQR**	EQR	X	EQR	EQR	EQR	X	X	X	Three consecutive years off at the end of Yr 6 ( <a href="#">Note 6</a> )
KAP*	KAP*	KAP*	X	KAP*	KAP*	X	KAP*	KAP*	Two consecutive years off at the end of Yr 9 ( <a href="#">Note 7</a> )
KAP*	KAP*	KAP*	X	X					The KAP* could return in Yr 6 for a further seven year period ( <a href="#">Note 8</a> )

\* KAP = an individual who was neither the Engagement Partner nor the EQR.

\*\* Assuming that the EQR has not played a significant role in the audit.

**Notes**

5. The one year off the engagement in year 5 does not constitute cooling-off as it is less than the required cooling-off period for Engagement Partners. So, the individual reaches five years on the engagement at the end of year 6 after which they must serve a cooling-off period of five consecutive years.

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6. The EQR has completed five years on this role at the end of year 6. They need to cool-off for three consecutive years to achieve the required cooling-off period for an EQR.
7. The two years off the engagement in years 4 and 7 do not constitute cooling-off as they do not add up to the two consecutive years off required to achieve cooling-off for an other Key Audit Partner. So, the individual reaches seven cumulative years on the engagement at the end of year 9, after which they must serve a cooling-off period of two consecutive years.
8. The individual has effectively served a cooling-off period of two consecutive years in years 4 and 5 (even though not required by the Code as they had not completed 7 years on the audit) and therefore could return in year 6 in any Key Audit Partner Role for a further seven year period.

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### Break in service between involvement in Audit and Sustainability Assurance Engagements for the same PIE client

**Q26. Individual J served as the Engagement Partner for the audit of the financial statements of a Client for seven years and has not been involved with an audit or activities with the Client for two years. The Client is a PIE that is not a listed company, listed registered scheme, registrable superannuation entity or APRA regulated entity. Can individual J be appointed as the Engagement Leader of the Sustainability Assurance Engagement for the next reporting period?**

No, Individual J would not be able to be appointed as the Engagement Leader of the Sustainability Assurance Engagement for the next reporting period. The individual has served on the Audit Engagement for a total of seven cumulative years. While the individual has completed two years off the engagement, this break in service does not constitute cooling-off as it is lower than the five consecutive years off required to meet the cooling-off requirement for the Engagement Partner (see paragraphs R540.8 and 540.13 of the Code).

Therefore, the individual must complete a further three years' cooling-off before they can be involved with either the Audit Engagement or the Sustainability Assurance Engagement for the Client (see paragraphs R540.13 and R540.23 of the Code).

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## G. Combination of roles

### Combination of roles on Audit and Sustainability Assurance Engagements

**Q27. An individual has undertaken a combination of Key Audit Partner and Key Sustainability Assurance Leader roles on the audit and/or Sustainability Assurance Engagement of a PIE during the seven-year time-on period. How should the required cooling-off period be determined in those circumstances?**

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The number of required years to cool-off will be determined by the roles undertaken, the type of PIE entity and the periods during which they were performed.

[Table 5](#) below provides some examples of the effect of the combination of roles for PIEs that are not listed companies, listed registered schemes, registrable superannuation entities or APRA regulated entities.

[Table 6](#) below provides further examples for PIEs that are listed companies, listed registered schemes, registrable superannuation entities or APRA regulated entities.

For the purpose of these tables, “KAP” refers to an individual who was neither the Engagement Partner, Engagement Leader nor the EQR. For simplicity, breaks in service (covered in [Questions 25](#) and [26](#)) are ignored. The cooling-off period refers to consecutive years.

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A full analysis of the possible combinations and the determination of the required cooling-off period is included in the [Appendices](#) of this Publication.

**Table 5: Effect of the combination of roles on cooling-off periods for PIEs that are not listed companies, listed registered schemes, registrable superannuation entities or APRA regulated entities**

Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Cooling-off period
KAP*	KAP*	KAP*	EP	EP	EP	EP	5 years ( <a href="#">Note 1</a> )
KAP*	KAP*	KAP*	EQR	EQR	EQR	EQR	3 years ( <a href="#">Note 2</a> )
EP	EP	EQR	KAP*	KAP*	KAP*	KAP*	2 years ( <a href="#">Note 3</a> )
EQR	EQR	EQR	EQR	EP	EP	EP	5 years <sup>21</sup> ( <a href="#">Note 4</a> )
EQR	EQR	EQR	KAP*	KAP*	EP	EP	3 years ( <a href="#">Note 5</a> )
EP	EP	KAP*	KAP*	KAP*	EP	EP	5 years ( <a href="#">Note 1</a> )
EP	EP	EP	EP	EL	EL	EL	5 years ( <a href="#">Note 6</a> )

\* KAP = an individual who was neither the Engagement Partner nor the EQR.

<sup>21</sup> Firms and Key Audit Partners should refer to the requirement in ASQM 2 [Engagement Quality Reviews](#) for audit partners to undertake a two-year cooling-off period between the time they finish being an Engagement Partner for an Audit Client and then assuming the role of Engagement Quality Reviewer for the same Client.

**Notes**

1. As the individual has served on the Audit Engagement for a total of seven cumulative years in a combination of roles during which they were the Engagement Partner for four or more years, the individual must serve a cooling-off period of five consecutive years before they can return to the Audit Engagement (see paragraph R540.17 of the Code).
2. As the individual has served on the Audit Engagement for a total of seven cumulative years in a combination of roles during which they were the EQR for four or more years, the individual must serve a cooling-off period of three consecutive years before they can return to the Audit Engagement (see paragraph R540.18 of the Code).
3. The individual has served on the Audit Engagement for a total of seven cumulative years but has not served as the Engagement Partner or the EQR for at least four of those seven years. Accordingly, the individual must serve a cooling-off period of two consecutive years before they can return to the engagement (see paragraph R540.20 of the Code).
4. The individual has served on the Audit Engagement for a total of seven cumulative years in a combination of Engagement Partner and EQR roles during which they were the Engagement Partner for three years, the individual must serve a cooling-off period of five consecutive years before they can return to the Audit Engagement (see paragraph R540.19 (a) of the Code).
5. As the individual has served on the Audit Engagement for a total of seven cumulative years in a combination of Key Audit Partner Roles, with more than four years in Engagement Partner and EQR roles but was the Engagement Partner for less than three years, the individual must serve a cooling-off period of three consecutive years before they can return to the Audit Engagement (see paragraph R540.19 (b) of the Code).
6. As the individual has served on the Audit Engagement and the Sustainability Assurance Engagement for a total of seven cumulative years in a combination of roles during which they were the Engagement Leader or Engagement Partner for four or more years, the individual must serve a cooling-off period of five consecutive years before they can return to the Audit Engagement or the Sustainability Assurance Engagement (see paragraphs R540.17 and R5540.17 of the Code).

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**Table 6: Effect of the combination of roles on cooling-off periods for PIEs that are listed companies, listed registered schemes, registrable superannuation entities or APRA regulated entities**

Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Cooling-off period
KAP*	KAP*	KAP*	EP	EP	EP	EP	5 years ( <a href="#">Note 7</a> )
KAP*	KAP*	KAP*	EQR	EQR	EQR	EQR	3 years ( <a href="#">Note 8</a> )
EP	EP	EP	KAP*	KAP*	KAP*	KAP*	2 years ( <a href="#">Note 9</a> )
EQR	EQR	EQR	EQR	EP			3 years ( <a href="#">Note 10</a> )
<a href="#">EQR</a>	<a href="#">EQR</a>	<a href="#">EQR</a>	<a href="#">EQR</a>	<a href="#">EQR</a>			3 years ( <a href="#">Note 11</a> )
EP	EP	KAP*	KAP*	KAP*	EP	EP	5 years ( <a href="#">Note 7</a> )

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Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Cooling-off period
KAP*	KAP*	KAP*	KAP*	EP	EP	EP	2 years ( <a href="#">Note 9</a> )
EP	EP	EP	EP	EL			5 years ( <a href="#">Note 12</a> )

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\* KAP = an individual who was neither the Engagement Partner nor the EQjR

**Notes**

- As the individual has served on the Audit Engagement for a total of seven cumulative years in a combination of roles during which [they were](#) the Engagement Partner for four or more years, the individual must serve a cooling-off period of five consecutive years before [they](#) can return to the Audit Engagement (see paragraph R540.17 of the Code).
- As the individual has served on the Audit Engagement for a total of seven cumulative years in a combination of roles during which [they were](#) the EQR for four or more years, the individual must serve a cooling-off period of three consecutive years before [they](#) can return to the Audit Engagement (see paragraph R540.18 of the Code).
- The individual has served on the Audit Engagement for a total of seven cumulative years in a combination of roles during which [they were](#) the Engagement Partner for three years and an other Key Audit Partner for four years. Accordingly, the individual must serve a cooling-off period of two consecutive years before [they](#) can return to the engagement (see paragraph R540.20 of the Code).
- The individual has served on the Audit Engagement for a total of five consecutive years in a combination of Engagement Partner and EQR roles during which [they were](#) the EQR for four consecutive years. Unless granted an extension, the individual must serve a cooling-off period of three consecutive years before [they](#) can return to the Audit Engagement (see paragraph R540.19 (b) of the Code).
- The individual has served on the Audit Engagement for a total of five years as EQR. Unless granted an extension, the individual is not able to perform the Engagement Partner or EQR role until [they have](#) cooled off from the engagement for three consecutive years (see the paragraph R540.18 of the Code).
- The individual has served on the Audit Engagement and the Sustainability Assurance Engagement for a total of five consecutive years in a combination of Engagement Leader and Engagement Partner roles. Unless granted an extension by the relevant regulator, the individual must serve a cooling-off period of five consecutive years before [they](#) can return to the Audit Engagement or the Sustainability Assurance Engagement (see paragraphs R540.17 and R5540.17 of the Code).

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**Combination of roles on Sustainability Assurance Engagements**

**Q28. An individual has undertaken a combination of Engagement Leader and/or Key Sustainability Assurance Leader roles on the Sustainability Assurance Engagement and Audit Partner and/or Engagement Partner roles on the Audit Engagement of a PIE client during the seven-year time-on period. How should the required cooling-off period be determined in those circumstances?**

The number of required years to cool-off will be determined by the roles undertaken, the type of PIE entity and the periods during which they were performed.

[Table 7](#) below provides some examples of the effect of the combination of roles for PIEs that are not listed companies, listed registered schemes, registrable superannuation entities or APRA regulated entities.

Table 8 below provides further examples for PIEs that are listed companies, listed registered schemes, registrable superannuation entities or APRA regulated entities.

For the purpose of these tables, “KSAL” and “KAP” refers to an individual who was neither the Engagement Leader, Engagement Partner nor the EQR. For simplicity, breaks in service (covered in Questions 26 and 27) are ignored. The cooling-off period refers to consecutive years.

A full analysis of the possible combinations and the determination of the required cooling-off period is included in the Appendices of this Publication.

**Table 7: Effect of the combination of roles on cooling-off periods for PIEs that are not listed companies, listed registered schemes, registrable superannuation entities or APRA regulated entities**

Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Cooling-off period
KAP**	KAP**	KAP**	EL	EL	EL	EL	5 years (Note 13)
KSAL*	KSAL*	KSAL*	EQR	EQR	EQR	EQR	3 years (Note 14)
EL	EL	KAP**	KAP**	KAP**	KAP**	EQR	2 years (Note 15)
EQR	EQR	EQR	EQR	EL	EL	EL	5 years <sup>23</sup> (Note 16)
EQR	EQR	EQR	KSAL*	KSAL*	EL	EL	3 years (Note 17)
EL	EL	KSAL*	KSAL*	KSAL*	EL	EL	5 years (Note 13)
EL	EL	EL	EL	EP	EP	EP	5 years (Note 18)

\* KSAL = an individual who was neither the Engagement Leader (EL) nor the Engagement Quality Reviewer (EQR).

\*\* KAP = an individual who was neither the Engagement Partner (EP) nor the Engagement Quality Reviewer (EQR).

**Notes**

- 13. As the individual has served on the Sustainability Assurance Engagement for a total of seven cumulative years in a combination of roles during which they were the Engagement Leader for four or more years, the individual must serve a cooling-off period of five consecutive years before they can return to the Sustainability Assurance Engagement (see paragraph R5540.17 of the Code).
- 14. As the individual has served on the Sustainability Assurance Engagement for a total of seven cumulative years in a combination of roles during which they were the EQR for four or more years, the individual must serve a cooling-off period of three consecutive years before they can return to the Sustainability Assurance Engagement (see paragraph R5540.18 of the Code).
- 15. The individual has served on the Sustainability Assurance Engagement for a total of seven cumulative years, but has not served as the Engagement Leader or the EQR for at least four of those seven years. Accordingly, the individual must serve a cooling-off period of two consecutive years before they can return to the engagement (see paragraph R5540.20 of the Code).

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<sup>23</sup> Firms and Sustainability Assurance Practitioners should refer to the requirement in ASQM 2 Engagement Quality Reviews for Sustainability Assurance Practitioners to undertake a two-year cooling-off period between the time they finish being an Engagement Leader for a Sustainability Assurance Client and then assuming the role of Engagement Quality Reviewer for the same Sustainability Assurance Client.

16. The individual has served on the Sustainability Assurance Engagement for a total of seven cumulative years in a combination of Engagement Leader and EQR roles during which they were the Engagement Leader for three years, the individual must serve a cooling-off period of five consecutive years before they can return to the Sustainability Engagement (see paragraph R5540.19 (a) of the Code).
17. As the individual has served on the Sustainability Assurance Engagement for a total of seven cumulative years in a combination of Key Sustainability Assurance Leader roles, with more than four years in Engagement Leader and EQR roles but was the Engagement Leader for less than three years, the individual must serve a cooling-off period of three consecutive years before they can return to the Sustainability Assurance Engagement (see paragraph R5540.19 (b) of the Code).
18. As the individual has served on the Sustainability Assurance Engagement and the Audit Engagement for a total of seven cumulative years in a combination of roles during which they were the Engagement Leader or Engagement Partner for four or more years, the individual must serve a cooling-off period of five consecutive years before they can return to the Sustainability Assurance Engagement or the Audit Engagement (see paragraphs R540.17 and R5540.17 of the Code).

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**Table 8: Effect of the combination of roles on cooling-off periods for PIEs that are listed companies, listed registered schemes, registrable superannuation entities or APRA regulated entities**

Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Cooling-off period
KSAL*	KSAL*	KSAL*	EL	EL	EL	EL	5 years (Note 19)
KAP**	KSAL*	KSAL*	EQR	EQR	EQR	EQR	3 years (Note 20)
EL	EL	EL	KAP**	KAP**	KAP**	KAP**	2 years (Note 21)
EQR	EQR	EQR	EQR	EL			3 years (Note 22)
EQR	EQR	EQR	EQR	EQR			3 years (Note 23)
EL	EL	KSAL*	KSAL*	KSAL*	EL	EL	5 years (Note 19)
KSAL*	KSAL*	KSAL*	KSAL*	EL	EL	EL	2 years (Note 21)
EL	EL	EL	EL	EP			5 years (Note 24)

\* KSAL = an individual who was neither the Engagement Leader (EL) nor the Engagement Quality Reviewer (EQR).

\*\* KAP = an individual who was neither the Engagement Partner (EP) nor the Engagement Quality Reviewer (EQR).

**Notes**

19. As the individual has served on the Sustainability Assurance Engagement for a total of seven cumulative years in a combination of roles during which they were the Engagement Leader for four or more years, the individual must serve a cooling-off period of five consecutive years before they can return to the Sustainability Assurance Engagement (see paragraph R5540.17 of the Code).
20. As the individual has served on the Sustainability Assurance Engagement for a total of seven cumulative years in a combination of roles during which they were the EQR for four or more years, the individual must serve a cooling-off period of three consecutive years before they can return to the Sustainability Assurance Engagement (see paragraph R5540.18 of the Code).

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21. The individual has served on the Sustainability Assurance Engagement for a total of seven cumulative years in a combination of roles during which they were the Engagement Leader for three years and an other Key Audit Partner for four years. Accordingly, the individual must serve a cooling-off period of two consecutive years before they can return to the engagement (see paragraph R5540.20 of the Code).
22. The individual has served on the Sustainability Assurance Engagement for a total of five consecutive years in a combination of Engagement Leader and EQR roles during which they were the EQR for four consecutive years. Unless granted an extension by the relevant regulator, the individual must serve a cooling-off period of three consecutive years before they can return to the Sustainability Assurance Engagement (see paragraph R5540.19 (b) of the Code).
23. The individual has served on the Sustainability Assurance Engagement for a total of five years as an EQR. Unless granted an extension by the relevant regulator, the individual is not able to perform the Engagement Leader or EQR role until they have cooled off from the engagement for three consecutive years (see paragraphs R5540.18 and R5540.18 of the Code).
24. The individual has served on the Sustainability Assurance Engagement and the Audit Engagement for a total of five consecutive years in a combination of Engagement Leader and Engagement Partner roles. Unless granted an extension by the relevant regulator, the individual must serve a cooling-off period of five consecutive years before they can return to the Sustainability Assurance Engagement or the Audit Engagement (see paragraphs R540.17 and R5540.17 of the Code).

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### Combination of roles across Audit and Sustainability Assurance Engagements

**Q29. Individual W has served as the Engagement Partner for the audit of the financial statements of a Sustainability Assurance Client for three years. The Client is a PIE that is not a listed company, listed registered scheme, registrable superannuation entity or APRA regulated entity. Individual W was then appointed to perform the Engagement Quality Review for the Sustainability Assurance Engagement for this Client for four years. How long is the cooling-off period for Individual W?**

To determine the appropriate cooling-off period for Individual W, it is necessary to consider W's role in the context of both the Audit and the Sustainability Assurance Engagement performed for the same client.

The individual has served on the Audit Engagement and the Sustainability Assurance Engagement for the same Sustainability Assurance Client for a total of seven cumulative years. Over these years, the individual held a combination of Engagement Partner and Engagement Quality Reviewer roles, during which they were the Engagement Partner for three years. Therefore, the individual must serve a cooling-off period of five consecutive years before they can return to either the Audit Engagement or the Sustainability Assurance Engagement of the Sustainability Assurance Client (see paragraph R5540.19(a) of the Code).

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## H. Other specific circumstances

### Implications of Involvement in a Half-Year Review

**Q30. A partner signs a half-year review opinion in relation to a client that is a PIE, then another partner signs the opinion for the audit. Does the partner's service as Engagement Partner for the half-year Review Engagement constitute a year for the purposes of applying the rotation requirements?**

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Yes. The partner for the Review Engagement is also considered to have served one year for the purposes of applying the rotation provisions even if they were not the Engagement Partner for the audit of the Financial Statements.

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### Implications of a Need to Re-audit a Prior Period

**Q31. A Firm accepts a new PIE Audit Client that had previously been audited by another Firm. In the course of auditing the current period's Financial Statements, it was determined that the newly engaged Firm should re-audit the prior two periods for comparative purposes only (with no updated audit reports to be issued). For the purposes of the partner rotation provisions of the Code, does this engagement constitute one year or three years of service by the audit partner?**

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As the audits are undertaken concurrently, this constitutes one year of service for the purposes of determining when the individuals would need to rotate. The familiarity threat may be less likely to differ<sup>120</sup> than if the Engagement Partner had performed only the first-year audit of the entity as a new client.

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### Implications of Auditing Multiple Periods in one Calendar Year

**Q32. A Firm accepts a new PIE Audit Client that is a listed company. The newly engaged Firm is required to audit three consecutive financial years within the first calendar year of their appointment. For the purposes of the partner rotation provisions, does this engagement constitute one year or three years of service by the audit partner?**

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In Australia there are requirements in the *Corporation Act 2001* that specify audit partner rotation requirements for listed companies, listed registered schemes or registrable superannuation entities (s324DA). These requirements are specifically linked to the financial year of the audited body. This position is clarified in ASIC's *Regulatory Guide 187: Auditor Rotation*.

Based on the requirements of the *Corporations Act 2001*, the engagement would constitute three years for the purpose of determining when the individuals would need to rotate.

### Audits of Financial Statements for Periods Other than 12 Months

**Q33. A firm audits an eighteen-month period for a PIE due to a change in the entity's financial year-end. Does the Engagement Partner's service constitute one year for the purposes of partner rotation?**

Yes, it would be considered as one year.

**Q34. Due to a change in accounting period, a firm audits two sets of financial statements for a PIE, one covering a six-month period and the other the subsequent twelve-month period. Would the engagement partner's service constitute one or two years for the purposes of partner rotation?**

This depends on whether the PIE is a listed company, listed registered scheme or registrable superannuation entity, or APRA regulated entity or not.

In Australia there are requirements in the *Corporation Act 2001* that specify audit partner rotation requirements for listed companies, listed registered schemes or registrable superannuation entities (s324DA). These requirements are specifically linked to the financial year of the audited body. This position is clarified in ASIC's *Regulatory Guide 187: Auditor Rotation*. Based on the requirements of the *Corporations Act 2001*, the engagement would constitute two years for the purpose of determining when the individuals would need to rotate.

If the PIE is not a listed company, listed registered scheme, registrable superannuation entity or APRA regulated entity, it depends on the timing of the execution of the audits. If the Audit Engagements are carried out concurrently, the two engagements would constitute one year of service. The familiarity threat may be less likely to differ<sup>120</sup> than if the engagement partner had served on the audit of the combined 18-month period as one engagement. If, however, the two Audit Engagements are not carried out concurrently, they would be considered as two years of service.

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### Manager Becoming a Key Audit Partner

**Q35. A manager served on the Audit Engagement Team for a PIE Audit Client for five years before being promoted to partner. How many years may they serve on the engagement as a Key Audit Partner for that Audit Client?**

The rotation requirements in the Code apply to time spent as a Key Audit Partner. In principle, the individual may serve seven years<sup>24</sup> as a Key Audit Partner. However, the general provisions of the Code indicate that in evaluating the threat created by long association, the overall length of an individual's association with the client, how long the individual has been on the Engagement Team and the roles that they have played should be taken into account (see paragraphs 540.4 A3, R540.12 and 540.12 A1 of the Code). A Firm may decide that it is appropriate to rotate an individual off the Audit Team before the end of the seven-year period or to serve a period off the engagement before re-joining the Audit Engagement Team as a Key Audit Partner.

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### Entities Becoming Public Interest Entities

**Q36. How do the revised long association provisions apply to audits of entities that become Public Interest Entities?**

Paragraph R540.10 of the Code permits an Audit Partner who has already served an Audit Client for a period of six or more cumulative years at the time of the entity becoming a PIE (for example, through an Initial Public Offering) to serve a further two years with the concurrence of Those Charged with Governance of the entity.

However, the requirements of the *Corporations Act 2001*<sup>25</sup> mean that any years served as the Engagement Partner or the EQR on the audit of this entity before the listing is included in determining the maximum five-year time-on period allowed for listed companies, listed registered schemes or registrable superannuation entities. Therefore, a partner who has served five years

<sup>24</sup> If the PIE entity is a listed company, listed registered scheme, registrable superannuation entity or APRA regulated entity the maximum time-on period for the Engagement Partner or EQR may only be five years, unless the relevant regulator grants an extension to the time-on period.

<sup>25</sup> Refer to s324DA of the *Corporations Act 2001* which has more restrictive Audit Partner rotation requirements for listed companies, listed registered schemes and registrable superannuation entities in Australia. The *Corporations Act 2001* restricts the number of years that an Engagement Partner can serve an Audit Client that becomes a listed company, listed registered scheme or registrable superannuation entity.

or more as the Engagement Partner or EQR on the audit of a private company prior to its listing is not permitted to act in a similar role once the entity becomes a Publicly Traded Entity.

Note that the time-on period for an Engagement Partner of a listed company, listed registered scheme or registrable superannuation entity may be extended by the Audit Client or a regulator in accordance with the provisions of s342A, s324DA and s324DAA of the *Corporations Act 2001*. However, as this extension is not automatically applied and requires specific consent, it has not been applied to the facts in this question.

### Additional Restrictions on Activities during the Cooling-off Period

**Q37. The 30 June 2026 financial year audit will be the seventh year an individual has served as a Key Audit Partner on the audit of a PIE that is not a listed company, listed registered scheme, registrable superannuation entity or APRA regulated entity. The individual will then commence a cooling-off period starting with the 30 June 2027 audit. How should the provision regarding restrictions on activities during the cooling-off period be applied?**

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During the cooling-off period, the Key Audit Partner is required to comply with the restrictions on activities as set out in paragraph R540.23 of the Code. These restrictions are designed to reduce familiarity and self-interest threats by ensuring the former Key Audit Partner does not influence the Audit Engagement or Sustainability Assurance Engagement of the Client or maintain close relationships with senior management or Those Charged with Governance.

Examples of activities that the individual would not be permitted to undertake during the cooling-off period include, but are not limited to:

- leading or coordinating the Firm's Professional Services to the Audit Client – this change would need managing in terms of a Firm's resource planning.
- being a member of, or providing technical advice to, the Engagement Team for the Audit Engagement or Sustainability Assurance Engagement.
- performing an Engagement Quality Review for either the Audit Engagement or Sustainability Assurance Engagement.
- Performing a National Greenhouse and Energy Reporting (NGERs) assurance engagement which is not within the scope of the Independence Standards in Part 5 of the Code as this would involve continued interaction with senior management or Those Charged with Governance of the Client.

**Q38. An individual has served five cumulative years as a Key Audit Partner on the audit of a PIE that is a listed company and has entered a cooling-off period as required by the Code. The Firm subsequently determines that the individual will not return to the Audit Engagement at the end of the cooling-off period. Would the individual be permitted to move into a role in which they provide non-assurance services to the entity which would involve significant contact with management during the cooling-off period?**

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No. Under paragraph R540.23(d), the individual would be prohibited from undertaking any role or activity, including the provision of non-assurance services, which would result in the individual:

- (a) Having significant or frequent interaction with senior management or Those Charged with Governance; or
- (b) Exerting direct influence on the outcome of the Audit Engagement.

Whilst the cooling-off requirement serves to facilitate a 'fresh pair of eyes', the prohibition in R540.23 also serves to allow the Audit Engagement Team to conduct the audit without any influence from the former Key Audit Partner. Accordingly, even if there is no intention for the former Key Audit Partner to return to the audit, the Code would not permit the individual to provide such non-assurance services to the entity during the cooling-off period.

## I. Determination of Cooling-off Period

### Listed companies, listed registered schemes, registrable superannuation entities and APRA regulated entities

#### 30 June year end

**Q39. The Engagement Partner for the audit of a PIE that is a listed company, listed registered scheme, registrable superannuation entity or APRA regulated entity served for five cumulative years in that role with the completion of the 30 June 2026 audit. How long should the individual cool-off?**

The cooling-off period commences for the financial year beginning 1 July 2026. The Engagement Partner will need to cool-off for five consecutive years. The individual will not be able to be a Key Audit Partner on the audit of this entity until the 30 June 2032 audit.

#### 31 December year end

**Q40. The Engagement Partner for the audit of a PIE that is a listed company, registered scheme, registrable superannuation entity or APRA regulated entity served for five cumulative years in that role with the completion of the 31 December 2026 audit. How long should the individual cool-off?**

The cooling-off period commences for the financial year beginning 1 January 2027. The Engagement Partner will need to cool-off for five consecutive years. The individual will not be able to be a Key Audit Partner on the audit of this entity until the 31 December 2032 audit.

### PIEs other than listed companies, listed registered schemes, registrable superannuation entities and APRA regulated entities

#### 30 June year end

**Q41. The Engagement Partner for the audit of a PIE that is not a listed company, listed registered scheme, registrable superannuation entity or APRA regulated entity served for seven cumulative years in that role with the completion of the 30 June 2026 financial year audit. How long should the individual cool-off?**

The cooling-off period commences for the financial period beginning 1 July 2026. The Engagement Partner needs to complete a cooling-off period of five consecutive years. The individual could come back to the engagement in any Key Audit Partner role for a new seven-year term with the 2032 audit.

#### 31 December year end

**Q42. The Engagement Partner for the audit of a PIE that is not a listed company, listed registered scheme, registrable superannuation entity or APRA regulated entity served for seven cumulative years in that role with the completion of the 31 December 2026 financial year audit. How long should the individual cool-off?**

The cooling-off period commences for the financial period beginning 1 January 2027. The Engagement Partner needs to complete a cooling-off period of five consecutive years. The individual could come back to the engagement in any Key Audit Partner role for a new seven-year term with the 2032 audit.

## Appendix A – Flowchart: Determination of type of entity

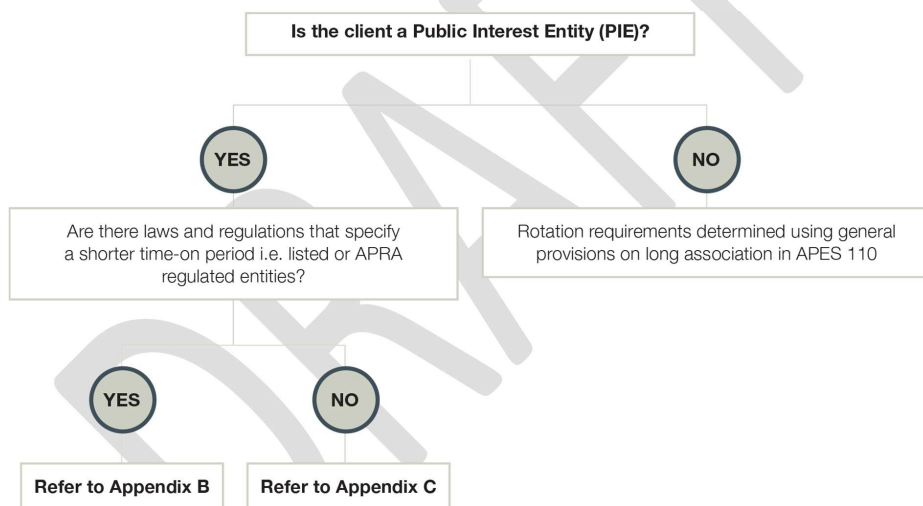
### Introduction to Appendices A to C

Appendices A to C set out a flowchart of the audit partner rotation requirements. The flowchart maps out key factors to consider such as:

- The type of entity being audited ([Appendix A](#));
- The impact of rotation requirements specified in laws and regulations ([Appendix B](#)); and
- The effect of acting in a combination of Key Audit Partner roles ([Appendix B](#) and [Appendix C](#)).

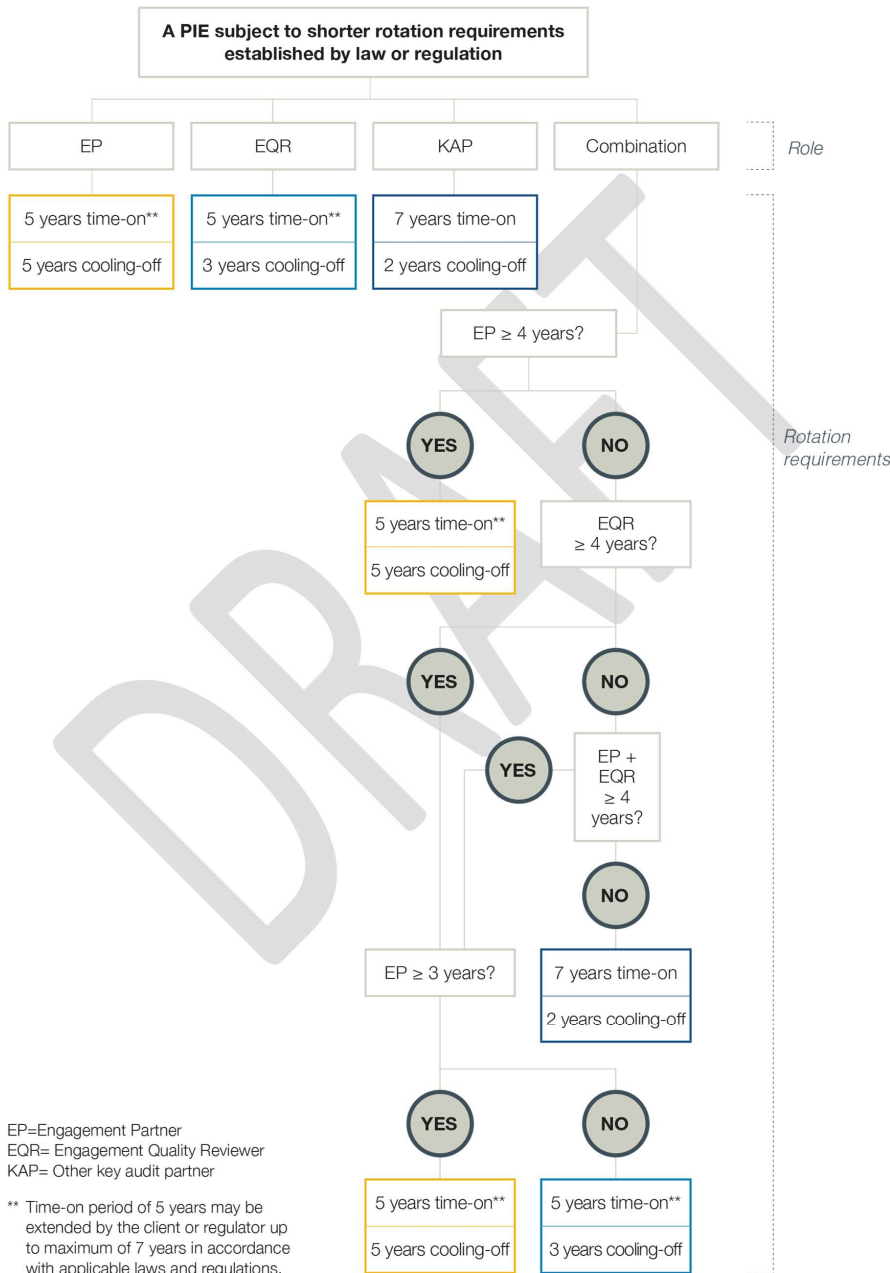
The flowchart can help individuals determine the applicable rotation requirements. [Appendix D](#) sets out further details on the combinations that may occur in practice and the impact on the audit partner rotation requirements.

### Flowchart

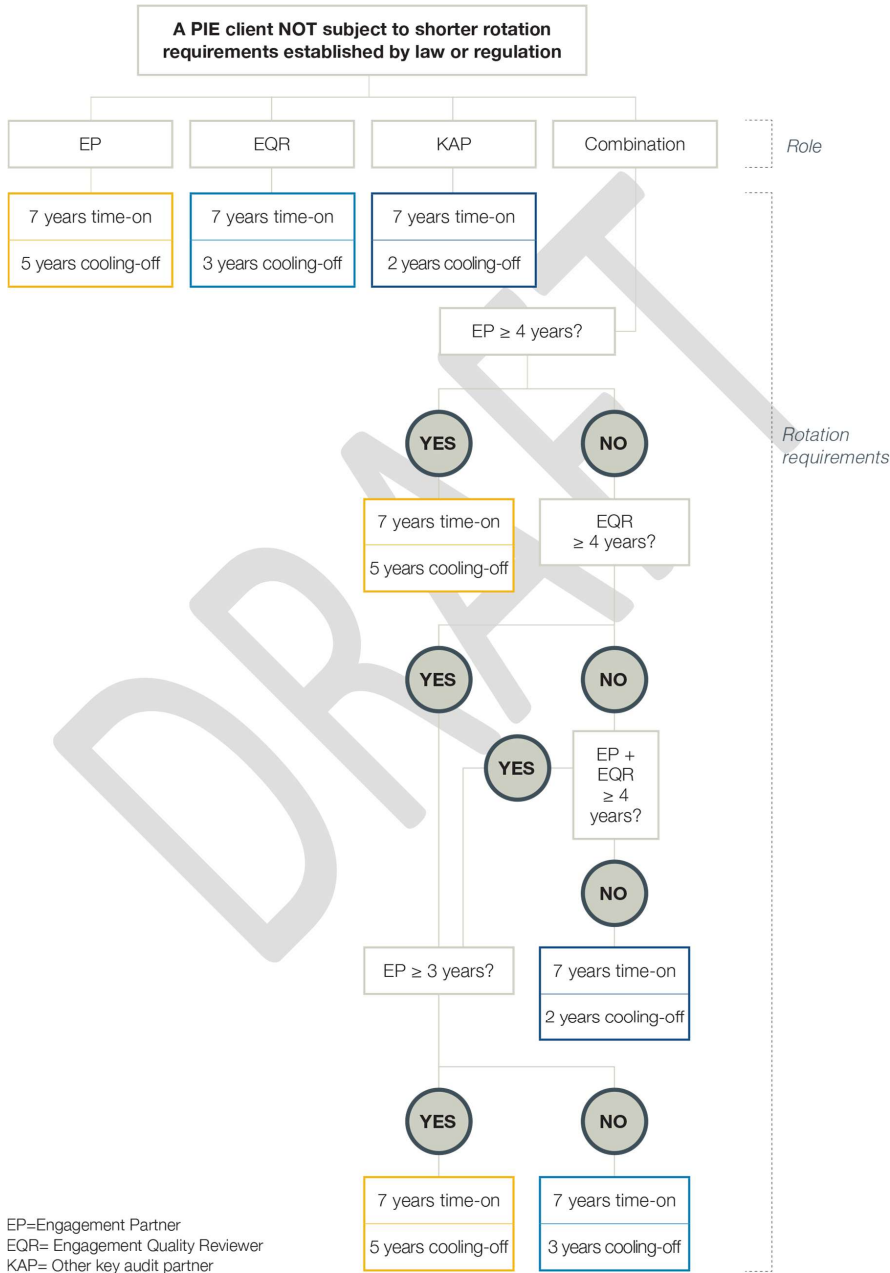


**Note: Text in diagrams to be updated**

**Appendix B – Flowchart: A Public Interest Entity (PIE) subject to rotation requirements established by law or regulation [Note: text in diagram to be updated]**



**Appendix C – Flowchart: A Public Interest Entity (PIE) not subject to rotation requirements established by law or regulation [Note text in diagram to be updated]**



## Appendix D: Application of Provisions Regarding Service in a Combination of Roles

Information on the combination of roles and the impact on audit partner and sustainability assurance leader rotation requirements are set out in [Section F](#). The tables below provide further details on the combinations that may occur in practice and the related impact on the auditor partner rotation requirements. The tables do not factor in the impact of the exemptions provided in the Code at paragraphs R540.10, R540.11, R5540.10, R5540.10a and R5540.11.

**Table A: Combination of roles for PIEs that are not listed companies, listed registered schemes, registrable superannuation entities or APRA regulated entities**

Number of Years During Time-on Period				Cooling-off (Years)	The Code Paragraph Reference
Engagement Partner and/or Engagement Leader	Engagement Quality Reviewer	Other Key Audit Partner	Other Key Sustainability Assurance Leader		
7	–	–	–	5	R540.13 & R5540.13
6	1	–	–	5	R540.17 & R5540.17
6	–	1	–	5	R540.17 & R5540.17
6	–	–	1	5	R540.17 & R5540.17
5	2	–	–	5	R540.17 & R5540.17
5	1	1	–	5	R540.17 & R5540.17
5	1	–	1	5	R540.17 & R5540.17
5	–	2	–	5	R540.17 & R5540.17
5	–	1	1	5	R540.17 & R5540.17
5	–	–	2	5	R540.17 & R5540.17
4	3	–	–	5	R540.17 & R5540.17
4	2	1	–	5	R540.17 & R5540.17
4	2	–	1	5	R540.17 & R5540.17

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Number of Years During Time-on Period				Cooling-off (Years)	The Code Paragraph Reference
Engagement Partner and/or Engagement Leader	Engagement Quality Reviewer	Other Key Audit Partner	Other Key Sustainability Assurance Leader		
4	1	2	–	5	R540.17 & R5540.17
4	1	1	1	5	R540.17 & R5540.17
4	–	3	–	5	R540.17 & R5540.17
4	–	2	1	5	R540.17 & R5540.17
4	–	1	2	5	R540.17 & R5540.17
4	–	–	3	5	R540.17 & R5540.17
3	4	–	–	5	R540.19(a) & R5540.19 (a)
3	3	1	–	5	R540.19(a) & R5540.19 (a)
3	3	–	1	5	R540.19(a) & R5540.19(a)
3	2	2	–	5	R540.19(a) & R5540.19(a)
3	2	1	1	5	R540.19(a) & R5540.19(a)
3	2	–	1	5	R540.19(a) & R5540.19(a)
3	1	3	–	5	R540.19(a) & R5540.19(a)
3	–	4	–	2	R540.20 & R5540.20
3	–	3	1	2	R540.20 & R5540.20
3	–	2	2	2	R540.20 & R5540.20
3	–	1	3	2	R540.20 & R5540.20
3	–	–	4	2	R540.20 & R5540.20

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Number of Years During Time-on Period				Cooling-off (Years)	The Code Paragraph Reference
Engagement Partner and/or Engagement Leader	Engagement Quality Reviewer	Other Key Audit Partner	Other Key Sustainability Assurance Leader		
2	5	–	–	3	R540.19(b) & R5540.19(b)
2	4	1	–	3	R540.19(b) & R5540.19(b)
2	4	–	1	3	R540.19(b) & R5540.19(b)
2	3	2	–	3	R540.19(b) & R5540.19(b)
2	3	1	1	3	R540.19(b) & R5540.19(b)
2	3	–	2	3	R540.19(b) & R5540.19(b)
2	2	3	–	3	R540.19(b) & R5540.19(b)
2	2	2	1	3	R540.19(b) & R5540.19(b)
2	2	1	2	3	R540.19(b) & R5540.19(b)
2	2	–	3	3	R540.19(b) & R5540.19(b)
2	1	4	–	2	R540.20 & R5540.20
2	1	3	1	2	R540.20 & R5540.20
2	1	2	2	2	R540.20 & R5540.20
2	1	1	3	2	R540.20 & R5540.20
2	1	–	4	2	R540.20 & R5540.20
2	–	5	–	2	R540.20 & R5540.20
2	–	4	1	2	R540.20 & R5540.20
2	–	3	2	2	R540.20 & R5540.20

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Number of Years During Time-on Period				Cooling-off (Years)	The Code Paragraph Reference
Engagement Partner and/or Engagement Leader	Engagement Quality Reviewer	Other Key Audit Partner	Other Key Sustainability Assurance Leader		
2	–	2	3	2	R540.20 & R5540.20
2	–	1	4	2	R540.20 & R5540.20
2	–	–	5	2	R540.20 & R5540.20
1	6	–	–	3	R540.18 & R5540.18
1	5	1	–	3	R540.18 & R5540.18
1	5	–	1	3	R540.18 & R5540.18
1	4	2	–	3	R540.18 & R5540.18
1	4	1	1	3	R540.18 & R5540.18
1	4	–	2	3	R540.18 & R5540.18
1	3	3	–	3	R540.19(b) & R5540.19(b)
1	3	2	1	3	R540.19(b) & R5540.19(b)
1	3	1	2	3	R540.19(b) & R5540.19(b)
1	3	–	3	3	R540.19(b) & R5540.19(b)
1	2	4	–	2	R540.20 & R5540.20
1	2	3	1	2	R540.20 & R5540.20
1	2	2	2	2	R540.20 & R5540.20
1	2	1	3	2	R540.20 & R5540.20
1	2	–	4	2	R540.20 & R5540.20

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Number of Years During Time-on Period				Cooling-off (Years)	The Code Paragraph Reference
Engagement Partner and/or Engagement Leader	Engagement Quality Reviewer	Other Key Audit Partner	Other Key Sustainability Assurance Leader		
1	1	5	–	2	R540.20 & R5540.20
1	1	4	1	2	R540.20 & R5540.20
1	1	3	2	2	R540.20 & R5540.20
1	1	2	3	2	R540.20 & R5540.20
1	1	1	4	2	R540.20 & R5540.20
1	1	–	5	2	R540.20 & R5540.20
1	–	6	–	2	R540.20 & R5540.20
1	–	5	1	2	R540.20 & R5540.20
1	–	4	2	2	R540.20 & R5540.20
1	–	3	3	2	R540.20 & R5540.20
1	–	2	4	2	R540.20 & R5540.20
1	–	1	5	2	R540.20 & R5540.20
1	–	–	6	2	R540.20 & R5540.20
–	7	–	–	3	R540.14 & R5540.14
–	6	1	–	3	R540.18 & R5540.18
–	6	–	1	3	R540.18 & R5540.18
–	5	2	–	3	R540.18 & R5540.18
–	5	1	1	3	R540.18 & R5540.18

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Number of Years During Time-on Period				Cooling-off (Years)	The Code Paragraph Reference
Engagement Partner and/or Engagement Leader	Engagement Quality Reviewer	Other Key Audit Partner	Other Key Sustainability Assurance Leader		
–	5	–	2	3	R540.18 & R5540.18
–	4	3	–	3	R540.18 & R5540.18
–	4	2	1	3	R540.18 & R5540.18
–	4	1	2	3	R540.18 & R5540.18
–	4	–	3	3	R540.18 & R5540.18
–	3	4	–	2	R540.20 & R5540.20
–	3	3	1	2	R540.20 & R5540.20
–	3	2	2	2	R540.20 & R5540.20
–	3	1	3	2	R540.20 & R5540.20
–	3	–	4	2	R540.20 & R5540.20
–	2	5	–	2	R540.20 & R5540.20
–	2	4	1	2	R540.20 & R5540.20
–	2	3	2	2	R540.20 & R5540.20
–	2	2	3	2	R540.20 & R5540.20
–	2	1	4	2	R540.20 & R5540.20
–	2	–	5	2	R540.20 & R5540.20
–	1	6	–	2	R540.20 & R5540.20
–	1	5	1	2	R540.20 & R5540.20

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Number of Years During Time-on Period				Cooling-off (Years)	The Code Paragraph Reference
Engagement Partner and/or Engagement Leader	Engagement Quality Reviewer	Other Key Audit Partner	Other Key Sustainability Assurance Leader		
-	1	4	2	2	R540.20 & R5540.20
-	1	3	3	2	R540.20 & R5540.20
-	1	2	4	2	R540.20 & R5540.20
-	1	1	5	2	R540.20 & R5540.20
-	1	-	6	2	R540.20 & R5540.20
-	-	7	-	2	R540.15 & R5540.15
-	-	6	1	2	R540.15 & R5540.15
-	-	5	2	2	R540.15 & R5540.15
-	-	4	3	2	R540.15 & R5540.15
-	-	3	4	2	R540.15 & R5540.15
-	-	2	5	2	R540.15 & R5540.15
-	-	1	6	2	R540.15 & R5540.15
-	-	-	7	2	R540.15 & R5540.15

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**Table B: Combination of roles for PIEs that are listed companies, listed registered schemes, registrable superannuation entities or APRA regulated entities.**

Number of Years During Time-on Period <sup>26</sup>				Cooling-off (Years)	The Code Paragraph Reference
Engagement Partner and/or Engagement Leader	Engagement Quality Reviewer	Other Key Audit Partner	Other Key Sustainability Assurance Leader		
5	–	–		5	R540.13 & R5540.13
5	–	1	–	5	R540.17 & R5540.17
5	–	–	1	5	R540.17 & R5540.17
5	–	2	–	5	R540.17 & R5540.17
5	–	1	1	5	R540.17 & R5540.17
5	–	–	2	5	R540.17 & R5540.17
4	1	–	–	5	R540.17 & R5540.17
4	1	1	–	5	R540.17 & R5540.17
4	1	–	1	5	R540.17 & R5540.17
4	1	2	–	5	R540.17 & R5540.17
4	1	1	1	5	R540.17 & R5540.17
4	1	–	2	5	R540.17 & R5540.17
4	–	3	–	5	R540.17 & R5540.17
4	–	2	1	5	R540.17 & R5540.17
4	–	1	2	5	R540.17 & R5540.17
4	–	–	3	5	R540.17 & R5540.17

<sup>26</sup> This assumes that there are no extensions granted on the Engagement Partner's or Engagement Leader's time-on period in instances when the individual has served the maximum of 5 years in this role.

Number of Years During Time-on Period <sup>26</sup>				Cooling-off (Years)	The Code Paragraph Reference
Engagement Partner and/or Engagement Leader	Engagement Quality Reviewer	Other Key Audit Partner	Other Key Sustainability Assurance Leader		
3	2	–	–	5	R540.19(a) & R5540.19(a)
3	2	2	–	5	R540.19(a) & R5540.19(a)
3	2	1	1	5	R540.19(a) & R5540.19(a)
3	2	–	2	5	R540.19(a) & R5540.19(a)
3	2	1	–	5	R540.19(a) & R5540.19(a)
3	2	–	1	5	R540.19(a) & R5540.19(a)
3	1	3	–	5	R540.19(a) & R5540.19(a)
3	1	2	1	5	R540.19(a) & R5540.19(a)
3	1	1	2	5	R540.19(a) & R5540.19(a)
3	1	–	3	5	R540.19(a) & R5540.19(a)
3	–	4	–	2	R540.20 & R5540.20
3	–	3	1	2	R540.20 & R5540.20
3	–	2	2	2	R540.20 & R5540.20
3	–	1	3	2	R540.20 & R5540.20
3	–	–	4	2	R540.20 & R5540.20
2	3	–	–	3	R540.19(b) & R5540.19(b)
2	3	1	–	3	R540.19(b) & R5540.19(b)
2	3	2	–	3	R540.19(b) & R5540.19(b)

Number of Years During Time-on Period <sup>26</sup>				Cooling-off (Years)	The Code Paragraph Reference
Engagement Partner and/or Engagement Leader	Engagement Quality Reviewer	Other Key Audit Partner	Other Key Sustainability Assurance Leader		
2	3	1	1	3	R540.19(b) & R5540.19(b)
2	3	–	2	3	R540.19(b) & R5540.19(b)
2	2	1	–	3	R540.19(b) & R5540.19(b)
2	2	–	1	3	R540.19(b) & R5540.19(b)
2	2	2	–	3	R540.19(b) & R5540.19(b)
2	2	1	1	3	R540.19(b) & R5540.19(b)
2	2	–	2	3	R540.19(b) & R5540.19(b)
2	2	3	–	3	R540.19(b) & R5540.19(b)
2	2	2	1	3	R540.19(b) & R5540.19(b)
2	2	1	2	3	R540.19(b) & R5540.19(b)
2	2	–	3	3	R540.19(b) & R5540.19(b)
2	1	4	–	2	R540.20 & R5540.20
2	1	3	1	2	R540.20 & R5540.20
2	1	2	2	2	R540.20 & R5540.20
2	1	1	3	2	R540.20 & R5540.20
2	1	–	4	2	R540.20 & R5540.20
2	–	5	–	2	R540.20 & R5540.20
2	–	4	1	2	R540.20 & R5540.20

Number of Years During Time-on Period <sup>26</sup>				Cooling-off (Years)	The Code Paragraph Reference
Engagement Partner and/or Engagement Leader	Engagement Quality Reviewer	Other Key Audit Partner	Other Key Sustainability Assurance Leader		
2	–	3	2	2	R540.20 & R5540.20
2	–	2	3	2	R540.20 & R5540.20
2	–	1	4	2	R540.20 & R5540.20
2	–	–	5	2	R540.20 & R5540.20
1	4	–	–	3	R540.18 & R5540.18
1	4	1	–	3	R540.18 & R5540.18
1	4	–	1	3	R540.18 & R5540.18
1	4	2	–	3	R540.18 & R5540.18
1	4	1	1	3	R540.18 & R5540.18
1	4	–	2	3	R540.18 & R5540.18
1	3	3	–	3	R540.19(b) & R5540.19(b)
1	3	2	1	3	R540.19(b) & R5540.19(b)
1	3	1	2	3	R540.19(b) & R5540.19(b)
1	3	–	3	3	R540.19(b) & R5540.19(b)
1	2	4	–	2	R540.20 & R5540.20
1	2	3	1	2	R540.20 & R5540.20
1	2	2	2	2	R540.20 & R5540.20
1	2	1	3	2	R540.20 & R5540.20

Number of Years During Time-on Period <sup>26</sup>				Cooling-off (Years)	The Code Paragraph Reference
Engagement Partner and/or Engagement Leader	Engagement Quality Reviewer	Other Key Audit Partner	Other Key Sustainability Assurance Leader		
1	2	–	4	2	R540.20 & R5540.20
1	1	5	–	2	R540.20 & R5540.20
1	1	4	1	2	R540.20 & R5540.20
1	1	3	2	2	R540.20 & R5540.20
1	1	2	3	2	R540.20 & R5540.20
1	1	1	4	2	R540.20 & R5540.20
1	1	–	5	2	R540.20 & R5540.20
1	–	6	–	2	R540.20 & R5540.20
1	–	5	1	2	R540.20 & R5540.20
1	–	4	2	2	R540.20 & R5540.20
1	–	3	3	2	R540.20 & R5540.20
1	–	2	4	2	R540.20 & R5540.20
1	–	1	5	2	R540.20 & R5540.20
1	–	–	6	2	R540.20 & R5540.20
–	5	–	–	3	R540.18 & R5540.18
–	5	1	–	3	R540.18 & R5540.18
–	5	–	1	3	R540.18 & R5540.18
–	5	2	–	3	R540.18 & R5540.18

Number of Years During Time-on Period <sup>26</sup>				Cooling-off (Years)	The Code Paragraph Reference
Engagement Partner and/or Engagement Leader	Engagement Quality Reviewer	Other Key Audit Partner	Other Key Sustainability Assurance Leader		
–	5	1	1	3	R540.18 & R5540.18
–	5	–	2	3	R540.18 & R5540.18
–	4	3	–	3	R540.18 & R5540.18
–	4	2	1	3	R540.18 & R5540.18
–	4	1	2	3	R540.18 & R5540.18
–	4	–	3	3	R540.18 & R5540.18
–	3	4	–	2	R540.20 & R5540.20
–	3	3	1	2	R540.20 & R5540.20
–	3	2	2	2	R540.20 & R5540.20
–	3	3	1	2	R540.20 & R5540.20
–	3	–	4	2	R540.20 & R5540.20
–	2	5	–	2	R540.20 & R5540.20
–	2	4	1	2	R540.20 & R5540.20
–	2	3	2	2	R540.20 & R5540.20
–	2	2	3	2	R540.20 & R5540.20
–	2	1	4	2	R540.20 & R5540.20
–	2	–	5	2	R540.20 & R5540.20
–	1	6	–	2	R540.20 & R5540.20

Number of Years During Time-on Period <sup>26</sup>				Cooling-off (Years)	The Code Paragraph Reference
Engagement Partner and/or Engagement Leader	Engagement Quality Reviewer	Other Key Audit Partner	Other Key Sustainability Assurance Leader		
–	1	5	1	2	R540.20 & R5540.20
–	1	4	2	2	R540.20 & R5540.20
–	1	3	3	2	R540.20 & R5540.20
–	1	2	4	2	R540.20 & R5540.20
–	1	1	5	2	R540.20 & R5540.20
–	1	–	6	2	R540.20 & R5540.20
–	–	7	–	2	R540.15 & R5540.15
–	–	–	7	2	R540.15 & R5540.15

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