SECTION 522

RECENT SERVICE WITH AN AUDIT SUSTAINABILITY ASSURANCE CLIENT

Introduction

522.1 Firms are required to comply with the fundamental principles, be independent and apply the conceptual framework set out in Section 120 to identify, evaluate and address threats to independence.

522.2 If an audit sustainability assurance team member has recently served as a director or officer, or employee of the audit sustainability assurance client, a self-interest, self-review or familiarity threat might be created. This section sets out specific requirements and application material relevant to applying the conceptual framework in such circumstances.

Requirements and Application Material

Service During Period Covered by the Audit Sustainability Assurance Report

R522.3 The audit sustainability assurance team shall not include an individual who, during the period covered by the audit sustainability assurance report:

(a) Had served as a director or officer of the audit sustainability assurance client; or

(b) Was an employee in a position to exert significant influence over the preparation of the client’s records underlying the sustainability information or the sustainability information, accounting records or the financial statements on which the firm will express an opinion.

Service Prior to Period Covered by the Audit Sustainability Assurance Report

522.4A1 A self-interest, self-review or familiarity threat might be created if, before the period covered by the audit sustainability assurance report, an audit sustainability assurance team member:

(a) Had served as a director or officer of the audit sustainability assurance client; or

(b) Was an employee in a position to exert significant influence over the preparation of the client’s records underlying the sustainability information or the sustainability information, accounting records or financial statements on which the firm will express an opinion.

For example, a threat would be created if a decision made or work performed by the individual in the prior period, while employed by the client, is to be evaluated in the current period as part of the current audit sustainability assurance engagement.

522.4A2 Factors that are relevant in evaluating the level of such threats include:

- The position the individual held with the client.
- The length of time since the individual left the client.
- The role of the audit sustainability assurance team member.

522.4A3 An example of an action that might be a safeguard to address such a self-interest, self-review or familiarity threat is having an appropriate reviewer review the work performed by the audit sustainability assurance team member.