SECTION 523

SERVING AS A DIRECTOR OR OFFICER OF AN AUDIT SUSTAINABILITY ASSURANCE CLIENT

Introduction

523.1 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.

523.2 Serving as a director or officer of an audit sustainability assurance client creates self-review and self-interest threats. This section sets out specific requirements and application material relevant to applying the conceptual framework in such circumstances.

Requirements and Application Material

Service as Director or Officer

R523.3 An partner engagement leader or employee of the firm or a network firm shall not serve as a director or officer of an audit sustainability assurance client of the firm.

Service as Company Secretary

R523.4 An partner engagement leader or employee of the firm or a network firm shall not serve as Company Secretary for an audit sustainability assurance client of the firm, unless:

(a) This practice is specifically permitted under local law, professional rules or practice;

(b) Management makes all relevant decisions; and

(c) The duties and activities performed are limited to those of a routine and administrative nature, such as preparing minutes and maintaining statutory returns.

523.4 A1 The position of Company Secretary has different implications in different jurisdictions. Duties might range from: administrative duties (such as personnel management and the maintenance of company records and registers) to duties as diverse as ensuring that the company complies with regulations or providing advice on corporate governance matters. Usually this position is seen to imply a close association with the entity. Therefore, a threat is created if an partner service leader or employee of the firm or a network firm serves as Company Secretary for an audit sustainability assurance client. (More information on providing non-assurance services to an audit sustainability assurance client is set out in Section 600, Provision of Non-assurance Services to an Audit Sustainability Assurance Client.)