

Responses to the November 2003 ED

Respondent	In favor	Opposed	Other Comments
APB	√		<ul style="list-style-type: none"> • Rotation requirements should also apply to concurring engagement partner and key audit partners • Should assess threat to independence arising from prolonged involvement of other members of the engagement team and apply appropriate safeguards – which might involve rotation • Engagement partner and concurring partner should have five on/five off rotation cycle
IOSCO	√		<ul style="list-style-type: none"> • Extant Section 8 does not adequately reflect current expectations for auditor independence • EU requires rotation of key audit partners, IOSCO principles state that senior members of an engagement team do not remain in key decision-making positions for an extended period – Code needs to be revisited to address rotation of senior members of an engagement team in line with current expectations and best practices for audits of listed companies • Definition of network firm needs to be revisited • We urge the Ethics Committee to undertake a comprehensive review of Section 8 as a matter of high priority and to work together with the IAASB to address auditor independence and ethics issues in the public interest.
Meadowbrook	√		<ul style="list-style-type: none"> • Auditors should be appointed by an appointing agency such as the SEC
IdW		√	<ul style="list-style-type: none"> • Do not support because it comes into effect on December 31, 2004 • Does not accurately reflect a principles based approach • Text should refer to audit engagement rather than assurance engagement.
FEE		√	<ul style="list-style-type: none"> • Do not support because it comes into effect on December 31, 2004 • Does not accurately reflect a principles based approach • Text should refer to audit engagement rather than assurance engagement.
ACCA	√		<ul style="list-style-type: none"> • Believe it is inappropriate for partner to participate in the engagement in any capacity until two years has passed • In ACCA code of ethics lead partner has five on/five off rotation schedule and other key engagement partner seven on/two off • While agree with change are disappointed Committee chose to consult on a single issue • For a principles-based approach to be robust it should not be undermined by the proliferation of detailed underlying rules.
SAICA	√		<ul style="list-style-type: none"> • It is not clear from the proposed revision whether the rotation requirement extends to the lead partner on all assurance and other related services engagements.

D&T	√		<ul style="list-style-type: none">• Should refer to audit engagement rather than assurance engagement
JAICPA	√		<ul style="list-style-type: none">• Has already been adopted in Japan
ICPAS	√		<ul style="list-style-type: none">• Singapore currently requires rotation after five years
MIA		√	<ul style="list-style-type: none">• The proposal removes the flexibility that is necessary because the lead engagement partner may possess specialized industry knowledge and should be available to consult with the engagement team