

Survey: Long Association of Senior Personnel with an Audit Client

Summary Report (without comments) – “I am a member of an audit committee” (Sample size: 51)

1. Do you think that the longer an individual serves on an audit team, the more the threats to objectivity and independence increase?

Value	Count	Percent
No, I don't think any significant threats to independence are created by the long association of individuals on the audit team with the audit client.	20	39.2%
Yes	31	60.8%
Statistics		
Total Responses	51	

2. On a scale of 1 (very unimportant) to 5 (very important), please indicate how important you think the length of time an audit team member has been associated with an audit engagement is in assessing his/her independence?

Value	Count	Percent
1	3	5.9%
2	13	25.5%
3	6	11.8%
4	19	37.3%
5	10	19.6%
Statistics		
Total Responses	51	

3. Do you think that the role or seniority an individual has on an audit team impacts the extent of the threats to independence that may arise over a period of time?

Value	Count	Percent
No	19	38.0%
Yes	31	62.0%
Statistics		
Total Responses	50	

4. Assume for a moment that the threats created by an individual who has served on the audit team for a long period of time are assessed as significant. Do you believe in such a case that requiring the individual to rotate off the audit team is a necessary safeguard for reducing significant threats to objectivity and independence? In answering this question, please consider the impact of changes in the audit engagement personnel on audit quality.

Value	Count	Percent
No	14	28.0%
Yes	36	72.0%
Statistics		
Total Responses		50

5. What other safeguards do you think could be effective in reducing the threats to independence created by the long association of audit team personnel to an acceptable level?

Value	Count	Percent
Statistics		
Total Responses		0

6. Do you have any views on whether there is an impact on audit quality in the immediate period following rotation of the audit engagement partner or the quality control review partner? If so, please also include any comments on how this can be addressed.

Value	Count	Percent
No	13	25.5%
Yes	38	74.5%
Statistics		
Total Responses		51

7. Which of these individuals are in roles that you think should be subject to rotation after a specified period, because the threats to independence that would be created by their long association with the audit client are so significant? Select all that apply.

Value	Count	Percent
Lead audit engagement partner	38	76.0%
The partner assigned to undertake the quality control review of the audit engagement	30	60.0%
Other partners assigned to the audit engagement	19	38.0%
Managerial staff assigned to the audit engagement	25	50.0%
Junior staff assigned to the audit engagement	11	22.0%

None of the above—I don't support rotation requirements	9	18.0%
Statistics		
Total Responses	50	

8. If you selected "Other partners assigned to the audit engagement," how would you define the "other" partner roles that you think should be subject to rotation? That is, what characteristics of the role would lead you to conclude that their use on the audit team over a long period of time would create threats to independence so significant that rotation was required? You may wish to consider, for example, group audit situations and audit partner roles at a material subsidiary.

Value	Count	Percent
Statistics		
Total Responses	0	

9. What do you think the predetermined rotation period(s) should be for each role? Please also provide the rationale for your choices.

	No rotation	3 years	4 years	5 years	6 years	7 years	Other	Total
Lead audit engagement partner	4	9	3	16	4	9	2	47
The partner assigned to undertake the quality control review	5	9	5	13	5	6	1	44
Other partners assigned to the audit engagement	8	4	4	12	1	6	2	37
Managerial level staff	10	9	4	8	4	3	3	41

10. Once rotated off the audit engagement, how long do you think the individual should be required to not participate in (i.e., be off) the audit engagement? Please also provide the rationale for your choices.

	No rotation	1 year	2 years	3 years	4 years	5 years	Other	Total
Lead audit engagement partner	5	3	13	11	3	10	3	48
The partner assigned to undertake the quality control review	3	4	12	12	1	8	3	43
Other partners assigned to the audit engagement	5	5	7	8	1	6	3	35
Managerial level staff	9	3	10	7	3	5	3	40

11. Do you think an individual who has rotated off the engagement should have any relationship with the client entity while rotated off? Select all that apply.

Value	Count	Percent
Should have no relationship at all	31	60.8%
Could provide non-audit services	16	31.4%
Could act as the person responsible for the overall relationship between the firm and the client as long as not a member of the audit team and does not influence over the outcome of the audit	16	31.4%
Other, please describe	2	3.9%
Statistics		
Total Responses	51	

12. If the Code were to allow a predetermined rotation period to be extended under particular circumstances, what factors do you think should be satisfied for such an extension to be permissible, and how long should the extension be?

Value	Count	Percent
Statistics		
Total Responses	0	

13. Do you think there should be any other exceptions to the requirement to rotate, and if so, in what circumstances?

Value	Count	Percent
No	37	74.0%
Yes	13	26.0%
Statistics		
Total Responses	50	

14. Do you think that "those charged with governance" should be involved in the rotation decision? If so, how, and to what extent?

Value	Count	Percent
No	22	44.0%
Yes	28	56.0%
Statistics		
Total Responses	50	

15. In respect of your answers above, what type of entities do you think rotation requirements should apply to? Select all that apply.

Value	Count	Percent
Listed entities only	44	86.3%
Other public interest entities	33	64.7%
Other, please specify	15	29.4%
Statistics		
Total Responses		51

16. Do you think that the length of time an individual has been a member of an audit team prior to becoming a partner (e.g., joining as a junior and growing up on the job) could create threats such that rotation might be appropriate at an earlier stage or that some of this time served prior to becoming a partner should count towards the period after which rotation is required? If so, please provide comments on any circumstances that you think may warrant this and when.

Value	Count	Percent
No	29	58.0%
Yes	21	42.0%
Statistics		
Total Responses		50

17. Do you have any comments on the benefits and/or challenges and/or practical implications of requiring rotation of audit partners after a specified period?

Value	Count	Percent
Statistics		
Total Responses		0

18. Finally, do you have any other comments on the topic of the threats to independence created by long association of personnel with an audit client?

Value	Count	Percent
Statistics		
Total Responses		0

19. Select all that apply.

Value	Count	Percent
I am a member of an audit committee	51	100.0%
I am a company director	24	47.1%
I am a representative of an IFAC member body	8	15.7%
I am a representative of a securities regulator	2	3.9%
I am a representative of an audit regulator	3	5.9%
I am a representative of a standard setter	3	5.9%
I am a professional accountant	38	74.5%
I am an auditor	29	56.9%
Other, please specify	8	15.7%
Statistics		
Total Responses		51

20. Which best describes the organization(s) you belong to, regulate or serve?

Value	Count	Percent
Listed/Public interest entity	11	22.0%
Small- or medium-sized entity	12	24.0%
Public sector	13	26.0%
Not for profit	7	14.0%
Other, please specify	7	14.0%
Statistics		
Total Responses		50

21. In what country is your organization located?

Value	Count	Percent
Australia	8	16.0%
United States	7	14.0%
Nigeria	3	6.0%
United Arab Emirates	3	6.0%
Algeria	2	4.0%
Canada	2	4.0%
Hong Kong	2	4.0%

Long Association – Summary Report: Audit Committees
IESBA Meeting (June 2013)

Iraq	2	4.0%
New Zealand	2	4.0%
South Africa	2	4.0%
Albania	1	2.0%
Armenia	1	2.0%
Colombia	1	2.0%
Congo, Democratic Republic of the	1	2.0%
Ecuador	1	2.0%
France	1	2.0%
Ireland	1	2.0%
Malaysia	1	2.0%
Mauritius	1	2.0%
Nepal	1	2.0%
Pakistan	1	2.0%
Portugal	1	2.0%
Sri Lanka	1	2.0%
Tanzania, United Republic of	1	2.0%
Tunisia	1	2.0%
Turkey	1	2.0%
United Kingdom (Great Britain)	1	2.0%

Statistics

Total Responses	50
-----------------	----