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## INDEPENDENT REGULATORY BOARD FOR AUDITORS

### COMMITTEE FOR AUDITOR ETHICS

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#### **IRBA Staff Ethics Practice Alert 1: The Auditor's Considerations with Respect to Long Association of Personnel with an Audit Client (including Partner Rotation)**

Johannesburg / 29 September 2022

In South Africa, Section 92 of the Companies Act No. 71 of 2008 (Companies Act) prescribes requirements for the rotation of auditors, while Section 540 of the IRBA Code of Professional Conduct for Registered Auditors (Revised November 2018) (IRBA Code) prescribes requirements for the long association of personnel (including partner rotation). As these requirements emanate from different authorities, the terminology used as well as the prescribed time-on and time-off periods respectively vary. This could give rise to differences in application among users.

To that end, the IRBA has issued the IRBA Staff Ethics Practice Alert 1: *The Auditor's Considerations with Respect to Long Association of Personnel with an Audit Client (including Partner Rotation)*, for use by registered auditors. This publication, which has been prepared with the assistance of the IRBA's Committee for Auditor Ethics, seeks to enhance current practice by providing a five-step approach to identify and assess threats to independence due to long association.

This IRBA Staff Ethics Practice Alert covers the following topics:

- Performing the long association assessment for a company versus any other audit client (which includes related entities).
- Rotation requirements for key audit partners (including engagement partners and engagement quality reviewers) versus other members of the audit team.
- Determination of the applicable provisions by type of entity.
- Role changes with respect to the audit client or within the audit team (the impact of prior association on the level of the long association threat to independence).

This IRBA Staff Ethics Practice Alert **does not constitute an authoritative pronouncement** from the IRBA, nor does it amend or override the International Standards on Auditing; the IRBA Code; the Companies Act; or the Auditing Profession Act No. 26 of 2005. In addition, this **IRBA Staff Ethics Practice Alert is not meant to be exhaustive**. Reading this IRBA Staff Ethics Practice Alert is not a substitute for reading the abovementioned pronouncements, as they are the authoritative texts.

The IRBA Staff Ethics Practice Alert is available in PDF format and may be downloaded from the [IRBA website](#). Should you have any further queries, please do not hesitate to email the [Standards Department](#).

**Imran Vanker**

**Director: Standards**

***About the IRBA***

*The objective of the IRBA is to endeavour to protect the financial interests of the South African public and international investors in South Africa through the effective and appropriate regulation of audits conducted by registered auditors, in accordance with internationally recognised standards and processes.*

*The statutory responsibilities of the Committee for Auditor Ethics are to assist the IRBA to determine what constitutes improper conduct by registered auditors by developing rules and guidelines for professional ethics, including a code of professional conduct; to interact on any matter relating to its functions and powers with professional bodies and any other body or organ of state with an interest in the auditing profession; and to provide advice to registered auditors on matters of professional ethics and conduct.*