

International Ethics Standards Board for Accountants
Attn. Mr. K. Siong

Submitted via e-mail to kensiong@ethicsboard.org

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Re
ED Limited Re-exposure
of Proposed Changes to
the Code Addressing the
Long Association of
Personnel with an Audit
Client

Dear Mr. Siong,

The NBA welcomes the opportunity to comment on the IESBA Exposure Draft on "Limited Re-exposure of Proposed Changes to the Code Addressing the Long Association of Personnel with an Audit Client". This Exposure Draft has our special attention because the European legislation¹ regarding partner (and firm) rotation which will take effect on 17 June 2016.

As a member of the Federation of European Accountants (FEE) we align with the comments FEE provided you. We would like to make two comments in addition.

1. This Exposure Draft introduces another layer of requirements. We believe that by adding these requirements, the Code becomes very complex, potentially leading to problems of application at an (inter)national level and to a result that may not always be appropriate. The Code should emphasise much more the underlying principle: the Professional Accountant has to be alert to threats resulting from long association at all times, so also *within* the prescribed period (i.e. prior to reaching the 'maximum' length prescribed) and *after* the 'minimum' cooling-off period prescribed (threats and safeguards). This would also make clear that the periods prescribed are, by definition, subjective and arbitrary.
2. In addition to the FEE comment that "[.....] the proposed amendment would in many EU jurisdictions imply [.....] shorter cooling-off periods for KAPs in comparison with the EQCR" we would like to mention an additional similar effect resulting from the Dutch regulation. This effect results from the difference made in our regulation between statutory audits, non-statutory audits and review engagements of financial information. When we apply the proposals from the exposure draft, the result is a difference in cooling-off period for the Engagement Partner and the individual responsible for the engagement quality control review in statutory audits (3 years) and non-statutory audits/reviews (5 years). As it will be difficult to explain this to our members, it is expected to be even more difficult or even confusing for other stakeholders. We advocate a more general application of cooling off period and less diversification between roles and types of section 290-engagements.

Royal Netherlands
Institute of Chartered
Accountants



NBA

¹ Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC.

For further information on this letter, please contact Jan Thijs Drupsteen via email at j.th.drupsteen@nba.nl.

Yours sincerely,

Royal NBA, the Netherlands Institute of Chartered Accountants,



Peter Eimers
Chair of the Dutch Ethics & Assurance Standards Board

