

12 November 2014

Mr Ken Siong  
Technical Director  
International Ethics Standards Board for Accountants  
International Federation of Accountants  
545 Fifth Avenue, 14th Floor  
New York, NY 10017  
USA

Dear Ken,

**IESBA Exposure Draft *Proposed Changes to Certain Provisions of the Code Addressing Long Association of Personnel with an Audit or Assurance Client.***

Thank you for the opportunity to comment on the IESBA exposure draft of proposed changes to certain provisions of the Code addressing the long association of personnel with an audit or assurance client. We submit the feedback from the New Zealand Auditing and Assurance Standards Board (NZAuASB) in the attachment.

The NZAuASB is supportive of the IESBA project to review the Provisions of the Code Addressing Long Association of Personnel with an audit client. This is very relevant in the context of regulatory developments internationally. The NZAuASB strongly supports the IESBA's approach of developing a robust framework to assist auditors to address familiarity threats.

The NZAuASB agrees that the enhancements to the general provisions will improve audit quality, the application of the principles in practice and therefore generally enhance confidence in independence. The NZAuASB further recognises the importance of auditor rotation and its objective to promote auditor independence. However, in the absence of sufficient evidence that justifies it, the NZAuASB does not consider that increasing the mandatory time-out period of the key audit partner to five-years would necessarily achieve the desired outcome of improved audit quality, or that this approach correctly balances the need for perceived independence against the cost of the loss of experience and knowledge of a client. The NZAuASB is particularly concerned that this approach may cause supply problems in smaller jurisdictions, jurisdictions where auditors are remotely spread or jurisdictions where the supply of auditors is diminishing or is limited which could have an adverse effect on audit quality. As a small country, New Zealand has a small pool of experienced auditors. New Zealand, and other similar jurisdictions, cannot sustain a system that is impractical and onerous due to the relative small size of the auditor pool and the large pool of public interest entities. The NZAuASB strongly encourages the IESBA to consider a principled, flexible approach that is targeted to improve audit quality, and that is practical at a global level. The NZAuASB has noted some matters for the IESBA's consideration in the submission attached.

In summary, the NZAuASB:

1. Supports efforts to strengthen the framework and recommends that these changes, together with a seven-year time-on, two-year time-off approach for public interest entities, with flexibility for national standard setters to tighten these requirements as applicable in their jurisdictions may be the most appropriate and practical way to proceed. The NZAuASB's preference would be that changes to the framework, and clarification to activities during the cooling-off period to ensure that "off" means "off" would be practical and sufficient in the New Zealand context.
2. Is however mindful that the IESBA may still consider it necessary to raise the bar of the minimum time-on time-off requirements, even with the improvements to the framework, to address the perceived threat to independence identified. The NZAuASB would recommend that further options should be explored,

especially bearing in mind smaller or more remotely spread jurisdictions, and jurisdictions where there is a relatively small pool of auditors and a large number of relatively small public interest entities, where the practical implications of such changes may differ significantly from the implications in larger jurisdictions like the United States, the United Kingdom and Canada. The NZAuASB would encourage the IESBA to proceed with caution, so as not to have a negative impact on audit quality, allowing some flexibility at a national level, encouraging national standard setters to raise the bar in a manner that would be practical in their jurisdiction.


3. Recommends that if on balance, IESBA considers it absolutely necessary for the minimum global requirements to be tightened, that possibly a more workable solution in a jurisdiction like New Zealand would be to consider a six-year time-on, three-year time-off rotation cycle.

In formulating this response, the NZAuASB sought input from New Zealand constituents in several ways. The first was an invitation to comment placed on the NZAuASB website with an accompanying notification sent to subscribers. The NZAuASB also hosted two “roundtable” discussions attended by a broad group of stakeholders representing auditors including the larger audit firms, SMPs and academics. The NZAuASB also received feedback on the proposals from the regulator (Financial Markets Authority) and from representatives of those charged with governance.

On the key issue of extending the cooling-off period from 2 to 5 years, the NZAuASB considers it significant that New Zealand constituents, from all stakeholder groups including both large and small practices, representatives of those charged with governance and the regulator, consistently expressed concern to the NZAuASB about the implications for auditor availability and audit quality if these proposals were to be implemented in New Zealand.

Should you have any queries concerning our submission please contact either myself at the address details provided below or Sylvia van Dyk ([sylvia.vandyk@xrb.govt.nz](mailto:sylvia.vandyk@xrb.govt.nz)).

Yours sincerely,



**Tony Dale**

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## Submission of the New Zealand Auditing and Assurance Standards Board

### IESBA Exposure Draft *Proposed Changes to Certain Provision of the Code Addressing Non-Assurance Services for Audit Clients*.

#### I Schedule of Responses to the IESBA's Specific Questions

##### General Provisions

##### **1. Do the proposed enhancements to the general provisions in paragraph 290.148 provide more useful guidance for identifying and evaluating familiarity and self-interest threats created by long association? Are there any other safeguards that should be considered?**

Response:

The NZAuASB is strongly in favour of enhancing the general provisions in order to establish as robust a framework as possible. The NZAuASB prefers a principled approach to maintaining independence, and a strong framework sets these principles. In New Zealand, in some instances there is only one auditor in remote locations, and therefore enhanced guidance on identifying and acting to safeguard against familiarity threats is very relevant and helpful.

In principle, the NZAuASB supports the proposed changes to paragraph 290.148A and 290.148B but recommends that further clarification should be made to assist audit team members in evaluating the significance of the threat consistently, emphasising that the more junior a role, or the lower the ability to influence the outcome of the audit, the lower the significance of the threat, which may not require the application of any safeguards. In practice these safeguards are unlikely to have any impact in practice for personnel that operate below a manager level.

The NZAuASB supports the addition of paragraph 290.148C and considers this to be a relevant factor. In many instances the auditor will outlive the senior management of a client, and this change at the client could significantly reduce the familiarity threat.

The NZAuASB received mixed views about the additional safeguard in paragraph 290.149A of changing the role of the individual on the audit team. Some were of the view that association with the client's management will continue as roles change and therefore this does not address a familiarity threat. Others were of the view that adopting a new role brings a fresh approach and therefore this is effective. The NZAuASB considers that unless this safeguard reduces the ability of the individual to influence the outcome of the audit, or reduces association with client management, the NZAuASB does not see how this safeguard effectively reduces the familiarity threat. Also, it is unclear how this would apply in practice. For example, for a sole practitioner, would allowing a senior manager to "act" as the engagement partner on the engagement be an appropriate safeguard to eliminate the familiarity threat created by the long association of the senior manager with the audit? The NZAuASB is not sure that this is a desirable outcome or whether this was intended by the IESBA. The NZAuASB recommends that further guidance be added to indicate how this safeguard was intended to be applied. Specific guidance to deal with circumstances of a senior manager moving to a partner level would be very relevant in practice.

##### **2. Should the General Provisions apply to the evaluation of potential threats created by the long association of all individuals on the audit team (not just senior personnel)?**

Response:

The NZAuASB is supportive of clarifying the application of the general provisions. "Senior" personnel was not defined and has not been consistently applied in practice, therefore clarification is needed.

Whilst the NZAuASB agrees in principle, that all individuals on the audit team, not just senior personnel, are subject to a familiarity threat, it is the significance of this threat that will determine what, if any action is needed. For a junior team member, with limited ability to influence the outcome of the audit, it may not be necessary to apply any safeguards as the threats by themselves may be sufficiently low. There is usually sufficient staff turnover, and

change of roles at junior levels to address any familiarity threat, and therefore the NZAuASB considers that expanding the provisions to apply to all team members will not have any impact in practice. Another mitigating factor to address the threat to independence for all staff on the audit team, is that their work is reviewed by more senior staff, and for critical audit areas is also reviewed by the engagement quality control reviewer.

The NZAuASB considers that this guidance is probably best aimed at the audit manager or in-charge level and up. As an alternative to expanding this guidance to apply to all members of the team, it may be more useful to define "senior personnel" to target that group. Guidance for that group would be most helpful in practice.

***3. If a firm decides that rotation of an individual is a necessary safeguard, do respondents agree that the firm should be required to determine an appropriate time-out period?***

Response:

The NZAuASB considers that determining an appropriate cooling-off period is subjective and that there is not one specified period that would always be appropriate. The NZAuASB considers that the provisions established for public interest entities could establish a level of precedent. The NZAuASB considers that the firm should establish a policy regarding cooling-off and it is appropriate for the firm to establish this policy, given that it is also the firm that will determine when rotation is necessary. However, the NZAuASB considers that this requirement will be open to varying interpretations and is unlikely to result in consistent application. It may be useful for further guidance to be developed if there is to be consistency in application. The NZAuASB also believes for this safeguard to be meaningful the minimum cooling-off period should be at least one audit period.

**Rotation of KAPs on PIEs**

***4. Do respondents agree with the time-on period remaining at seven years for KAPs on the audit of PIEs?***

Response:

The NZAuASB, as the standard setter in New Zealand, has harmonised the local ethical standard, Professional and Ethical Standard 1 that applies to assurance practitioners, with the rotation requirements of the IESBA Code of Ethics.

In principle, the NZAuASB supports the IESBA's decision not to shorten the time-on period. The NZAuASB agrees that shortening the time-on provisions needs to be balanced against the need for continuity with, and experience and knowledge of, the client to support audit quality. The NZAuASB considers that shortening the time-on period could have negative consequences to audit quality and considers that there is insufficient evidence to justify shortening this period.

However, as outlined in response to question 5, the NZAuASB has concerns with lengthening the time-off period as proposed to address the perception issue raised in the explanatory memorandum. The NZAuASB therefore recommends that the time-on requirements should not be considered in isolation to the time-off requirements but that a holistic response is more appropriate, and would encourage the IESBA to explore other combinations of time-on and time-off. The NZAuASB also encourages the IESBA to consider allowing more flexibility for individual jurisdictions to determine what is appropriate, given that the time-on period in many jurisdictions may differ and may be more onerous than the IESBA seven-year time-on requirements. In that instance, extending the two-year time-off period may not be necessary.

In New Zealand, the Auditor-General requires the engagement partner and senior audit personnel to rotate every six years on audits of public sector entities, whereas auditors of listed entities are required to rotate every five years by the NZX listing rules. In New Zealand the definition of a public interest entity (PIE) is broader than listed entities, and broader than the IESBA's definition of a PIE. Therefore, for a large number of other public interest entities in New Zealand, the NZAuASB considers that a seven-year time-on period remains appropriate. However, in New Zealand, the NZAuASB also considers that a two-year time-off period remains appropriate.

If the IESBA considers it absolutely necessary to make changes to the minimum international time-on, time-off requirements please refer to the NZAuASB's response to Question 5 below. Although the NZAuASB supports the IESBA's position not to shorten the time-on period, the NZAuASB has suggested an alternative solution in question 5, which is to consider reducing the time-on period of KAPs to six years, combined with an increase in the cooling-off period of the engagement partner to three years, instead of five years as proposed. The NZAuASB consider that a more holistic approach, factoring in both time-on and time-off factors in combination, may be less onerous in practice. However, should the proposal to increase to the time-off period to five years proceed, the NZAuASB supports the IESBA's decision not to shorten the time-on period.

**5. Do respondents agree with the proposal to extend the cooling-off period to five years for the engagement partner on the audit of PIEs? If not, why not, and what alternatives, if any, could be considered?**

Response:

The overall and overwhelming consensus in the feedback received from New Zealand constituents, including the regulator (the Financial Markets Authority), assurance practitioners from large and small firms, professional bodies, academics and representatives of those charged with governance, was that there is no issue in New Zealand with the current cooling-off period of two years, and that extending the time-off period to five years will negatively impact audit quality.

The NZAuASB shares the view of New Zealand constituents, and has significant concerns about the proposals to extend the time-off period to five years for the engagement partner on the audits of PIEs.

The NZAuASB acknowledges that where an individual serves as a key audit partner for up to 14 out of 16 consecutive years it may create a perceived threat to independence. However, the underlying assumption here is that a partner would stay on for 14 years as the key audit partner on any one client. This is unlikely to be common practice, due to factors such as the transient nature of the work force, including changes in senior management and those charged with governance in entities or local requirements that may restrict the time-on period for those engagements and address this threat without the need to extend the time-out period. The biggest listed entities may have longevity in directors, but those entities generally have good governance and audit committees in place to assess auditor independence. Local listing requirements require rotation after 5 years, which currently means that the maximum period that an individual is able to serve as lead audit partner for listed entities is for 15 out of 19 consecutive years, not 14 out of 16.

The NZAuASB considers that there is insufficient evidence to support the proposal to move from a two-year time-off period to a five-year time-off period.

The NZAuASB is concerned about the possible impact on the supply of auditors and the potentially negative impact this may have on audit quality. While the proposal may be appropriate for larger jurisdictions, like the United Kingdom, United States of America and Canada, in smaller jurisdictions such as New Zealand and jurisdictions where auditors may be remotely spread, like Australia, there is already a shortage of suitably qualified and experienced auditors in regional areas, and this proposal will decrease auditor availability and could negatively impact on audit quality. The impact of these proposals in New Zealand and other similar jurisdictions may be:

- i. A significant supply problem where there are proportionately high numbers of public interest entities to which the requirements will apply, balanced against a relatively small pool of competent auditors who can undertake the work;
- ii. That a minimum of four licensed auditors will be required per firm to meet the suggested requirements. There are a large number of smaller audit firms in New Zealand and most likely in other jurisdictions that will not have enough audit partners to rotate their clients. This proposal will significantly impact these audit firms and may affect the viability of their businesses, and may have the effect of shifting PIE audits out of the small firm audit space. In addition, in New Zealand, the regulator requires licensed auditors to perform a minimum level of hours on issuer audits in order to retain their licence. Increasing the mandatory cooling-off

period on those firms that have a limited number of issuer clients, may also result in those firms foregoing their license, preventing them from performing the audit, which will further exacerbate the shift of issuer audits out of the small audit practices. The impact of the proposal appears to be counterintuitive to the objective of having a competitive audit market.

- iii. Constituent feedback indicates that this proposal will impact even the larger firms in New Zealand. This will be especially relevant for specialist resources, especially in the banking, insurance, mining and agriculture industries. The rotation requirements in these instances may result in the engagement partner being located in a different geographical area than the client. This could impact on the consistent involvement of the audit partner in the audit, and hence on audit quality. Another scenario is that it could result in an auditor without the specialist skills being required to take on the role as engagement partner.
- iv. A number of the larger audit firms also have small offices in off-shore locations and regional areas. The extended cooling-off period will result in those firms having to move partners between offices which will increase compliance costs with no clear benefit of increased audit quality.
- v. The NZAuASB notes that currently, partners getting close to retirement can be rotated on during the two-year time-off period, which allows for the previous partner to rotate back on after two years and does not put onerous supply issues onto firms. However, if this cooling-off period is extended to five years, this will put additional pressure on the supply of competent partners, as partners reaching retirement age may not be able to fill in for a five year period.

The NZAuASB acknowledges that the issues are finely balanced and that any change by the IESBA must be seen by stakeholders as being substantive. The NZAuASB conceptually agrees that the longer the time away from the client, the greater will be the “fresh look” that the partner brings when rotated back onto a client, and to help maintain independence. However, this should be balanced against the overall objective of improving audit quality. For this reason, the NZAuASB would prefer an approach that establishes a robust principled framework.

Constituents and the NZAuASB are concerned at the lack of empirical evidence that audit quality would be improved by extending the time-off period from two years to five years. This is a significant increase in the length of the cooling-off period. The NZAuASB considers such a long cooling-off period is not necessary to maintain auditor independence and that it could have a detrimental effect on audit quality. The NZAuASB acknowledges that the IESBA needs to do something to address the threat of familiarity by setting a minimum cooling-off period that is robust. The NZAuASB strongly encourages the IESBA to ensure that the minimum is practical and sustainable at the global level, and to allow national jurisdictions some flexibility to tighten the requirement where considered appropriate.

An alternative solution to consider, if change to the international minimum requirements is considered absolutely necessary, which will address the perception issue and alleviate the issue of availability of competent auditors, is to:

- decrease the time-on period of KAPs from seven years to six years, and allow some flexibility to accommodate an extended period in certain circumstances (in New Zealand and Australia auditors of listed entities are already required to rotate off after five years);
- increase the cooling-off time period of the engagement partner to three years; and
- provide more guidance and criteria to assist the auditor to assess whether there are factors that increase the risk of familiarity and self-interest which require a longer cooling-off period as a necessary safeguard.

**6. If the cooling-off period is extended to five years for the engagement partner, do respondents agree that the requirement should apply to the audits of all PIEs?**

Response:

Yes, the NZAuASB agrees with the principle that PIEs that are non-listed entities are also entities of public interest and should be treated the same way as listed entities. The NZAuASB is not in favour of creating another sub-layer of independence requirements within the Code and therefore supports the decision to treat all PIEs consistently.

**7. Do respondents agree with the cooling-off period remaining at two years for the EQCR and other KAPs on the audit of PIEs? If not, do respondents consider that the longer cooling-off period (or a different cooling –off period) should also apply to the EQCR and/or other KAPs?**

Response:

Yes, the NZAuASB agrees that the significance of the familiarity threat is lower for the ECQR and other KAPs, as they have a lesser ability to influence the audit, and generally do not have the same relationship or contact with the client as the engagement partner does. The NZAuASB considers that a two year cooling-off period is appropriate, recognising the balance between the need to safeguard against the familiarity threat and the benefit of experience with that client. Also, extending the cooling-off period to all KAPs would add further supply pressures which could have a negative impact on audit quality.

**8. Do respondents agree with the proposal that the engagement partner be required to cool-off for five years if he or she has served any time as the engagement partner during the seven year period as a KAP?**

Response:

The NZAuASB considers that this is excessive especially in smaller or more remotely spread jurisdictions like New Zealand, and may contribute to supply issues which could negatively impact on audit quality. This proposal does not support flexibility and mobility in the audit profession. The NZAuASB considers that it is more appropriate to take into account the time served as engagement partner in aggregate in a seven year period, in order to determine whether a five year cooling-off period should apply. The NZAuASB considers that the complexity of developing such a requirement would be justified, given that the alternative could add to supply constraints.

**9. Are the new provisions contained in 290.150C and 290.150D helpful for reminding the firm that the principles in the General Provisions must always be applied, in addition to the specific requirements for KAPs on the audits of PIEs?**

Response:

The NZAuASB is supportive of these provisions. Without this reminder, the requirements of the Code could be misinterpreted and result in practitioners just applying a seven year rule. The NZAuASB supports a principled approach to maintaining independence. The general provisions create a robust framework that should be applied in every situation. The NZAuASB agrees that the Code needs to provide guidance, as in a number of years before rotation is required, but considers it important that this rule not undermine the principled approach of identifying threats and applying necessary safeguards to address the threats.

**10. After two years of the five-year cooling-off period has elapsed, should an engagement partner be permitted to undertake a limited consultation role with the audit team and audit client?**

Response:

The NZAuASB supports restricting the activities of the outgoing partner with respect to the audit client, such as limiting contact with the client during the cooling-off period, in order to effectively diminish any familiarity threat. The NZAuASB considers that creating exceptions to the proposed cooling-off period does run the risk of undermining the principle, and the benefit of the cooling-off time.

If the IESBA adopts a three-year time-off period, rather than a five-year time-off period, as recommended in response to question 5, the NZAuASB is of the view that the requirements and guidance in the Code should clarify that “off” means “off”, and is supportive of the principle that the rotated individual should have no professional

relationship with the client while rotated off. In this instance there should be no exception even if that individual is or becomes the person responsible for technical or industry-specific issues.

However, should the proposal for the five-year cooling-off period proceed, the NZAuASB considers that even though the exception may undermine the principle of “off means off”, the limited circumstances identified by the IESBA, are necessary for practical reasons where it may be beneficial to audit quality if the rotated individual is allowed to consult to the engagement team after two years, on an issue not previously considered by that partner, if that partner has assumed a technical role in the firm.

The NZAuASB does not however consider that the rotated individual should be allowed to consult with the client on this matter. The NZAuASB notes that permitting such consultation directly with the audit client after such time appears to support the cooling-off period for engagement partners at two years. If the proposal is to have a five-year cooling-off, the NZAuASB does not consider that it is necessary for the partner to consult with the client, in the role of technical partner, rather that partner would be able to consult with the audit team. This has the benefit of limiting client contact time.

The NZAuASB recommends changing the first bullet point of proposed paragraph 290.150B as follows:

“...However, if an individual who has acted as the engagement partner is also, or becomes, an individual whose primary responsibility is to be consulted within a firm on a technical or industry-specific issue, the individual may provide such consultation to the engagement team ~~or client~~ after two years has elapsed, provided that such consultation is in respect of issues, transactions or events that were not previously considered by that individual in the course of acting as engagement partner.”

**11. Do respondents agree with the additional restrictions placed on activities that can be performed by a KAP during the cooling-off period? If not, what interaction between the former KAP and the audit team or audit client should be permitted and why?**

Response:

Yes, the NZAuASB is supportive of the identified restrictions placed on activities during the cooling-off period including leading the firm’s professional services to that audit client or having significant or frequent interaction with the client. The NZAuASB considers that clarifying and strengthening the principle that “off” means “off”, that is that the rotated individual should have no professional relationship with the client during the cooling-off period, is important to establishing a robust framework. The cooling-off period will only be effective if this principle is properly applied. The NZAuASB supports the IESBA clarifying the extent to which the KAP could answer questions during the cooling-off period with respect to the queries arising from the period when that partner was a KAP. The NZAuASB also agrees that it is not practical to bar all contact between the rotated individual and the client, for example at social occasions. The NZAuASB considers these additions strengthen the principle that the rotated individual should limit as far as possible contact with the audit client and has not identified further interactions that should be permitted.

**12. Do respondents agree that the firm should not apply the provisions in paragraph s290.151 and 290.152 without the concurrence of TCWG?**

Response:

Yes, the NZAuASB agrees that those charged with governance should concur where the KAP is permitted to serve an additional year on the engagement due to rare and unforeseen circumstances. This recognises the important role that the audit committee or those charged with governance has in assessing auditor independence.

The NZAuASB does however consider that this extension of one year should also be disclosed to shareholders in order to be completely transparent.

**Section 291**



**13. Do respondents agree with the corresponding changes to Section 291? In particular, do respondents agree that given the differences between audit and other assurance engagements, the provisions should be limited to assurance engagement “of a recurring nature”?**

Response:

The NZAuASB is supportive of making corresponding changes to Section 291, which enhance the framework, equally applicable for other assurance engagements of a recurring nature. The NZAuASB considers that a robust principled-based framework, with detailed guidance to assist in the application, is most appropriate for engagements of non-financial information, as it allows sufficient flexibility to cater for areas that are only just developing, for example integrated reporting and related assurance issues. Integrated reporting is likely to develop rapidly, and there are currently capability and supply restraints, that require a more flexible, but equally sound principled approach.

The NZAuASB agrees that the long association provisions are only applicable to engagements of a recurring nature but considers that further clarification could be made to clarify what is meant by recurring, for example, include annual recurring or annual or more frequently occurring engagements.

### **Impact Analysis**

**14. Do respondents agree with the analysis of the impact of the proposed changes? In the light of the analysis, are there any other operational or implementation costs that the IESBA should consider?**

Response:

No, the NZAuASB does not agree with the impact analysis.

In New Zealand, extending the cooling-off period is likely to add significant supply demands which will have a negative impact on audit quality. The NZAuASB does not believe there is sufficient evidence that the proposal to extend the cooling-off period to five years supports the public interest in jurisdictions like New Zealand. The NZAuASB considers the impact of the proposal on audit quality in such jurisdictions has not been adequately considered.

The NZAuASB agrees that the enhancements to the general provisions will improve audit quality, the application of the principles in practice and therefore generally enhance confidence in independence.

The NZAuASB agrees that having a different cooling-off period for the engagement partner and other KAPs adds complexity for firms but considers that should the proposal proceed this is appropriate and recognises that the alternative approach would add even further pressure to supply.

The NZAuASB considers that should the proposals proceed, requiring a five year cooling-off period for a partner that has acted as engagement partner at any time during the seven year period is excessive and adds unnecessary supply constraints, as outlined in response to question 8.

### **General comments**

**Small and Medium Practices (SMPs) - The IESBA invites comments regarding the impact of the proposed changes for SMPs**

Response:

The NZAuASB's view on the impact of the proposals on SMPs is included in the response to question 5 above. The NZAuASB is concerned that the proposal will significantly impact these audit firms and may affect the viability of their businesses, and may have the effect of shifting PIE audits out of the small firm audit space. The NZAuASB considers that this may have adverse consequences to creating a competitive audit market.

***Effective date – Recognising that the proposed changes are substantive, would the proposal require firms to make significant changes to their systems or processes to enable them to properly implement the requirements? If so, do the proposed effective date and transitional provisions provide sufficient time to make such changes?***

Response:

If IESBA chooses to proceed with the five year cooling-off period, the NZAuASB considers that the impact on firms will be significant and that IESBA should consider extending the transitional provisions to provide sufficient relief to audit firms to implement the proposals.