

In this KLiP, we will continue with:

12. Employment with an Audit Client that are Public Interest Entities

We have listed a few business combinations or circumstances in which independence of the firm could be affected, if a member from audit firm joins the audit client.

A. Key Audit Partners

Depending on the business combination, if an individual who was a key audit partner with respect to an audit client that is a public interest entity joins the client as:

- A director or officer; or
- An employee in a position to exert significant influence over the preparation of the client's accounting records or the financial statements on which the firm will express an opinion,

independence is compromised unless, subsequent to the individual ceasing to be a key audit partner:

- i. The audit client has issued audited financial statements covering a period of not less than twelve months; or
- ii. The individual was not an audit team member with respect to the audit of those financial statements.

B. Senior or Managing Partner (Chief Executive or Equivalent) of the Firm

Similarly, depending on the business combination, if an individual who was a Senior or Managing Partner of the firm joins an audit client that is a public interest entity as:

- A director or officer; or
- An employee in a position to exert significant influence over the preparation of the client's accounting records or the financial statements on which the firm will express an opinion,

independence is compromised unless, twelve months have passed since the individual was the Senior or Managing Partner of the firm.

C. Business Combinations

As an exception to the above stated situations, **independence is not compromised** if the circumstances arise as a result of a business combination and:

1. The position was not taken in, for observing the business combination;
2. Any benefits or payments due to the former partner from the firm or a network firm have been settled in full;
3. The former partner does not continue to participate or appear to participate in the firm's or network firm's business or professional activities; and
4. The firm discusses the former partner's position held with the audit client's TCWG.

With this we come to the end of the KLiP.

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