

Next on the training agenda are:

**13. Temporary Personal Assignments**

**14. Long Association of Personnel (Including Partner Rotation) with an Audit Client**

**13. Temporary Personnel Assignments**

The loan of a personnel to an audit client might create a self-review, advocacy or familiarity threat.

Examples of actions that might be safeguards to address threats created by the loan of a personnel by a firm or network firm to an audit client include:

- Conducting an additional review of the work performed by the loaned personnel might address a self-review threat.
- Not including the loaned personnel as an audit team member might address a familiarity or advocacy threat.
- Not giving the loaned personnel audit responsibility for any function or activity that the personnel performed during the loaned personnel assignment might address a self-review threat.

When familiarity and advocacy threats are created by the loan of personnel by a firm or a network firm to an audit client, safeguards are often not available.

**A firm or network firm shall not loan personnel to an audit client unless:**

- a) Such assistance is provided only for a short period of time;
- b) The personnel are not involved in providing non-assurance services that are not permitted under the Code; and
- c) The personnel do not assume management responsibilities and the audit client is responsible for directing and supervising the activities of the personnel.

**14. Long Association of Personnel (Including Partner Rotation) with an Audit Client**

When an individual is involved in an audit engagement over a long period of time, familiarity and self-interest threats might be created. Firms are required to comply with the fundamental principles, be independent and apply the conceptual framework set out to identify, evaluate and address threats to independence.

Although an understanding of an audit client and its environment is fundamental to audit quality, a familiarity threat might be created as a result of an individual's long association as an audit team member with:

- i. The audit client and its operations;
- ii. The audit client's senior management; or
- iii. The financial statements on which the firm will express an opinion or the financial information which forms the basis of the financial statements.

A self-interest threat might be created as a result of an individual's concern about losing a longstanding client or an interest in maintaining a close personal relationship with a member of senior management or those charged with governance. Such a threat might influence the individual's judgement inappropriately.

We will discuss how to evaluate and address the threat in our next KLiP.

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