

In this training session, we will cover 2 topics:

**9. Recent Service with an Assurance Client**

**10. Serving as a Director or Officer of an Assurance Client**

Let's start with,

**9. Recent Service with an Assurance Client**

If an assurance team member has recently served as a director, officer or employee of the assurance client, a self-interest, self-review or familiarity threat might be created.

The assurance team shall not include an individual who, before or during the period covered by the assurance report:

- a) Had served as a director or officer of the assurance client; or
- b) Was an employee in a position to exert significant influence over the underlying subject matter or, in an attestation engagement, an employee in a position to exert significant influence over the subject matter information of the assurance engagement.

Factors to consider for services provided prior to the period covered by the assurance report, include:

- ♣ The position the individual held with the client.
- ♣ The length of time since the individual left the client.
- ♣ The role of the assurance team member.

An example of an action that might be a safeguard to address such threats is having an appropriate reviewer review the work performed by the assurance team member.

**10. Serving as a Director or Officer of an Assurance Client**

Serving as a director or officer of an assurance client creates self-review and self-interest threats.

A partner or employee of the firm shall not serve as a director or officer of an assurance client of the firm. They shall also not serve as Company Secretary for an assurance client of the firm unless:

- a) This practice is specifically permitted under local law, professional rules or practice;
- b) Management makes all decisions; and
- c) The duties and activities performed are limited to those of a routine and administrative nature, such as preparing minutes and maintaining statutory returns.

The position of Company Secretary has different implications in different jurisdictions. Duties might range from: administrative duties (such as, personnel management and the maintenance of company records and registers) to duties as diverse as ensuring that the company complies with regulations or providing advice on corporate governance matters. Usually, this position is seen to imply a close association with the entity. Therefore, a threat is created if a partner or employee of the firm serves as Company Secretary for an assurance client.

With this we come to the end of the KLiP. We will discuss the conceptual framework to be applied in circumstances when a team member joins an assurance client, in the next KLiP.

---

-END-