

# Example policy on employment of former employees of the external auditor



The audit committee should agree on a policy for the employment of former employees of the statutory auditor, taking into account the relevant ethical guidelines governing the accounting profession and any local regulation or recommendations.

The audit committee should monitor application of the policy, including the number of former employees of the statutory auditor currently employed in senior positions in the organisation, and consider whether, in the light of their employment, there has been any impairment, or appearance of impairment, of the auditor's judgement or independence.

Particular attention should be given to members of the audit team moving directly to the organisation and former

employees moving into financial oversight positions within the organisation. In both cases, the audit committee might consider 'cooling off' periods to be necessary.

This document provides an example policy on employment of former employees of the external auditor.

## Example

**As part of its remit, the audit committee keeps under review the objectivity, independence and effectiveness of the external auditor. The committee approved on [ ] a policy on employment of former employees of external auditors. Under this policy:**

- On an ongoing basis, the audit committee agrees with the external auditors which members of the audit team are categorised as the "key audit partners" and "other key team members".
  - Key audit partners will not be offered employment by the company or any of its subsidiary undertakings within two years of undertaking any role on the audit.
  - Other key team members will not be offered employment by any group company within six months of undertaking any role on the audit.
  - Other audit team members who accept employment by any group company must cease activity on the audit immediately they tender their resignation to the audit firm.
- Any offer of employment to a former employee of the audit firm, within two years of the employee leaving the audit firm, must be pre-approved by the audit committee where the offer is made in respect of a senior executive position. Between meetings, the audit committee chairman has delegated authority to deal with such appointments at his discretion. Any such interim approval must be ratified at the next meeting of the committee.

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