
Parliament of Mauritius adopts mandatory audit firm rotation

In September, Parliament [adopted a law](#) including mandatory audit firm rotation for listed companies and banks. The law is based on a bill forwarded by the Ministry of Finance and Economic Development.

Under the law, a listed company must change its audit firm after a continuous statutory audit period of seven years - the maximum tenure. Incumbent auditors serving less than seven consecutive years may continue until reaching the maximum tenure. Incumbents exceeding the seven year mark may continue to audit the client accounts under certain circumstances. The law allows for the exemption of audit firms from the requirement under specific conditions prescribed by the regulator.

For banks the existing partner rotation requirements are replaced by a five year audit firm rotation requirement. There is a five year cooling-off period for the outgoing audit firm.

PwC commentary

We appreciate the [lawmakers' attempt to reinforce independence](#) but are concerned of the impact on audit quality. In addition, the absence of a stakeholder consultation process means the events and objectives leading to the regulatory changes are not clear.

We encourage the regulator to provide interpretations for the new requirements to reduce uncertainty in their application for listed companies, including:

Financial years first affected

Cooling-off period for listed companies

Details regarding the 'certain circumstances/conditions' for transitional arrangements and exemptions

This document has been prepared to provide general guidance on matters of interest only, and do not constitute professional advice. You should not act upon the information contained herein without obtaining specific professional advice. . To the extent permitted by law, PricewaterhouseCoopers firms do not accept or assume any liability, responsibility or duty of care for any use of or reliance on this document by anyone, other than (i) the intended recipient to the extent agreed in the relevant contract for the matter to which this document relates (if any), or (ii) as expressly agreed by the relevant PricewaterhouseCoopers firm at its sole discretion in writing in advance.

© 2016 PricewaterhouseCoopers. All rights reserved. 'PricewaterhouseCoopers' refers to the network of member firms of PricewaterhouseCoopers International Limited, each of which is a separate and independent legal entity.