

In this KLiP, we will cover:

### **3. Professional Appointments**

Acceptance of a new client relationship or changes in an existing engagement might create a threat to compliance with one or more of the fundamental principles.

For Ex: A self-interest threat to compliance with the principle of professional competence and due care might be created if the engagement team does not possess or acquire the competencies to perform the professional services.

#### **What are the pre-condition factors in evaluating the level of threats?**

The factors relevant in evaluating the level of such threats include:

- (a) An appropriate understanding of:
  - The nature of the client's business;
  - The complexity of its operations;
  - The requirements of the engagement; and
  - The purpose, nature and scope of the work to be performed.
- (b) Knowledge of the subject matter, its owners, management, TCWG and relevant industry.
- (c) Experience in relevant regulatory requirements.
- (d) Existence of quality control policies and procedures designed to provide reasonable assurance that engagements are accepted only when they can be performed competently.
- (e) Client's commitment to address the questionable issues.

#### **Change in Professional Appointment**

During a change in professional appointment, a professional accountant shall determine whether there are any reasons for not accepting an engagement, especially when the accountant:

- i. Is asked by a potential client to replace another accountant;
- ii. Considers tendering for an engagement held by another accountant; or
- iii. Considers undertaking work that is complementary or additional to that of another accountant.

#### **What are the factors to consider when communicating with the existing or predecessor Accountant?**

A proposed accountant will usually need the client's permission, preferably in writing, to initiate discussions with the existing or predecessor accountant.

If unable to communicate with the existing or predecessor accountant, the proposed accountant shall take other reasonable steps to obtain information about any possible threats.

However, when an existing or predecessor accountant is asked to respond to a communication from a proposed accountant, the existing or predecessor accountant shall comply with relevant laws and regulations governing the request and provide any information honestly and unambiguously.

An existing or predecessor accountant shall bear in mind to remain alert when communicating, as they are bound by the principle of confidentiality.

We will continue the discussion on professional appointment in our next KLiP.

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