

We continue with topic:

3. Professional Appointments.

In this KLiP, we will cover the following:

- Change in audit or review appointments
- Reasons for not accepting the engagement
- Impact on recurring engagement
- Using the work of an expert

Change in audit or review appointments

Before deciding whether to accept the engagement for an audit or review of financial statements, a proposed accountant shall request the existing or predecessor accountant to provide known information regarding any facts or other information, in their opinion, which the accountant needs to be aware of, and:

- a) If the client grants permission to the existing or predecessor accountant for disclosing any such facts or other information, the existing or predecessor accountant shall provide the information honestly and unambiguously. However,
- b) If the client fails or refuses to grant the existing or predecessor accountant the permission to discuss the client's affairs with the proposed accountant, the existing or predecessor accountant shall disclose this fact to the proposed accountant, who shall then carefully consider such failure or refusal, when determining whether to accept the appointment.

Are there any reasons a professional accountant shall not accept an engagement?

There might be reasons for not accepting an engagement. One such reason might be if, a threat created by the facts and circumstances cannot be addressed by applying safeguards. For Eg: If a professional accountant is asked to undertake work that is complementary or additional to the work of an existing or predecessor accountant, a self-interest threat to compliance with the principle of professional competence and due care might be created as a result of incomplete information.

Recurring client engagement

For a recurring client engagement, a professional accountant shall periodically review whether to continue with the engagement.

Potential threats to compliance with the fundamental principles might be created after acceptance, which had they been known earlier, would have caused the professional accountant to decline the engagement.

For Eg: A self-interest threat to compliance with the principle of integrity might be created by improper earnings management or balance sheet valuations.

Using the work of an expert

When a professional accountant intends to use the work of an expert, in those cases, the accountant shall determine whether the use is warranted.

Factors to consider when a professional accountant intends to use the work of an expert include:

- the reputation and expertise of the expert;
- the resources available; and
- the professional and ethics standards applicable to the expert.

This information might be gained from prior association with the expert or from consulting others.

With this we come to end of topic on professional appointments.

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