



**INDEPENDENT REGULATORY BOARD FOR
AUDITORS**

COMMITTEE FOR AUDITING STANDARDS

Staff Audit Practice Alert 10: Key Considerations - Acceptance and Continuation of Client Relationships of Audit Engagements

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The environment in which clients operate has become more complex, there are increased regulatory requirements and new and revised legislation in many industries - impacting the relevant acceptance and continuance assessments that audit firms make.

In response to these developments, the Independent Regulatory Board for Auditors (IRBA) has issued the [Staff Audit Practice Alert 10: Key Considerations - Acceptance and Continuation of Client Relationships of Audit Engagements](#) (IRBA Staff Audit Practice Alert), to assist registered auditors. This has been prepared with the assistance of the Committee for Auditing Standards.

A distinguishing mark of the auditing profession is its acceptance of the responsibility to act in the public interest. While client acceptance and continuance is a critical step in an audit, it may not always get the appropriate level of attention. The negative actions of clients can sometimes rebound on audit firms, damaging their reputations. Addressing this risk means carefully vetting clients and their activities at every stage of the audit engagement.

Therefore, this IRBA Staff Audit Practice Alert provides registered auditors with key considerations regarding the acceptance and continuation of client relationships of audit engagements, and it covers:

- Procedures or factors that an audit firm may consider when evaluating whether or not to accept/continue with an audit engagement;
- Discussions on proposals for new clients;
- Terminating a client relationship;
- Resignations, due to reputational matters;
- Relevant ethical considerations from the IRBA Code of Professional Conduct for Registered Auditors (Revised April 2023); and
- An illustrative example letter for communicating with the existing or predecessor auditor.

It should be noted, however, that this Staff Audit Practice Alert does not constitute an authoritative pronouncement from the IRBA; nor does it amend or override the International Standards on Auditing, the South African Auditing Practice Statements and the South African Guides (collectively called pronouncements). Furthermore, it is not meant to be exhaustive; and reading it is not a substitute for reading the abovementioned pronouncements, as they are the authoritative texts.

This IRBA Staff Audit Practice Alert is available for downloading in a PDF format from the [IRBA website](#).

Should you have any queries, please do not hesitate to contact the Standards Department by emailing standards@irba.co.za.

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Director: Standards

About the IRBA

The objective of the IRBA is to endeavour to protect the financial interests of the South African public and international investors in South Africa through the effective and appropriate regulation of audits conducted by registered auditors, in accordance with internationally recognised standards and processes.

The statutory responsibilities of the Committee for Auditing Standards are to assist the IRBA to develop, maintain, adopt, issue or prescribe auditing pronouncements; consider relevant international changes by monitoring developments by other auditing standard-setting bodies and sharing information, where requested; and promote and ensure the relevance of auditing pronouncements.





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