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| --- | --- | --- |
| **Client:** | **$(client)** | |
| **Period end date:** | **$(start) - $(end)** | |
| **Ref. no.:** |  | |
| **Prepared by:** | $(user) | **Date:** |
| **Approved by Manager:** |  | **Date:** |
| **Approved by Partner:** |  | **Date:** |

# Guidance (click to expand):

This documentation template is designed to demonstrate that appropriate procedures regarding continuance have been followed and that conclusions reached in this regard are documented.

The auditor shall obtain information considered necessary in the circumstances before continuance including information regarding the integrity of the principal owners, key management and those charged with governance of the entity; whether the engagement team is competent to perform the audit engagement and has the necessary capabilities, including time and resources; whether the firm and the engagement team can comply with relevant ethical requirements; and significant matters that have arisen during the current or previous audit engagement, and their implications for continuing the relationship.

If any issues have been identified, and the auditor decides to accept, the auditor shall document how the issues were resolved.

The document shall be completed and signed by the partner prior to any detailed work being commenced on the audit.

# Existing Client Continuance Memorandum

1. Matters to consider:

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| 1. Is there a significant change in the nature, ownership, organizational structure or governance of the client's business that may have an impact on continuance? | Checked those that apply:  Yes (specify)  No |
| 1. Is there any significant change in the industry or new legal, regulatory or professional requirements that may alter the planning, performance and reporting responsibilities? | Checked those that apply:  Yes (specify)  No |
| 1. Is there any significant change in the financial status of the prospective client (particularly liquidity and viability) that may alter the planning, performance and reporting responsibilities? | Checked those that apply:  Yes (specify)  No |
| 1. Is there any significant change in the applicable financial reporting framework that may alter the planning, performance and reporting responsibilities? | Checked those that apply:  Yes (specify)  No |
| 1. Is the client involved in any significant current or possible litigation? | Checked those that apply:  Yes (specify)  No |
| 1. Is there a significant change in management or those charged with the governance? | Checked those that apply:  Yes (specify)  No |
| 1. Is there any reason whether due to past experience or present development to question or be concerned about the reputation, character, or integrity of management and/or those charged with the governance? | Checked those that apply:  Yes (specify)  No |
| 1. Is there a request by another partner for re-evaluation of the engagement? | Checked those that apply:  Yes (specify reason)  No |
| 1. Is there any known threat to independence by reason of activities or relationships of engagement partner or engagement team in relation to the client?   Consider all factors that could impair the firm's or network's independence for this engagement including IESBA independence standards and other applicable independence rules. | Checked those that apply:  Yes (see independence factors below)  No  Determined if any of the following challenges exist and checked those that apply:  Other services provided to the entity and its related entities in the previous 2 years (must always include any years subject to our audits).  Proposed or prospective services.  Firm financial or business relationships with the client.  Ex-firm staff working for the client in a position of influence.  Firm professionals who were formerly employed by the client with involvement in the audit engagement.  Audit team's and other covered persons' family members employed by the client.  Long association of a senior team member with the client.  Acceptance of hospitality that is not clearly insignificant.  Threat of replacement over a disagreement with an accounting policy.  Other(s) (specify). |
| 1. Are there any concerns about competence and capability to carry out the audit? | Checked those that apply:  Yes (specify)  No |
| 1. Whether there would be need of an expert? | Checked those that apply:  Yes (specify reason)  No |
| 1. Are there any concerns over the resources available within the firm to meet any identified need for experts? | Checked those that apply:  Yes (specify)  No |
| 1. In case of group audit, is there any concern that the group engagement team will not be able to gain sufficient appropriate audit evidence in relation to the consolidation process and the financial information of the components on which to base the group audit opinion? | Checked those that apply:  Yes (specify)  No  Not Applicable (not a group audit) |
| 1. In case of group audit, are there any concerns about competence and capability to act as group auditor? | Checked those that apply:  Yes (specify)  No  Not Applicable (not a group audit) |
| 1. Is an Engagement Quality Control Reviewer (EQCR) required? | Checked those that apply:  Yes  No |
| 1. Have there been any changes to or identification of audit risks? | Checked those that apply:  Yes (see below)  No  Identified issues in relation to the following and checked those that apply:  Actual or alleged or suspected or fraud.  Non-compliance with laws and regulation.  Significant accounting estimates.  Related parties.  Entity’s ability to continue as going concern.  Other(s) (specify) |
| 1. Have there been any changes to or identification of other areas of concern? | Checked those that apply:  Yes (specify)  No |

1. Conclusion:

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| On the basis of the above it is concluded that the firm should/should not continue engagement with [client name]. Thus the continuance process has been followed, completed and remains appropriate. However, the above matters shall be closely examined during the audit to identify any new or previously unknown circumstances which may arise in the course of the audit.  If decided to continue:  The circumstances identified from the above assessment have been disposed of as follows:      Based on the assessment following significant risks are identified, which need to be addressed while planning and performing the audit: |

1. Signed:

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| --- | --- | --- |
|  |  |  |
| Proposed Engagement Partner |  | Date |
|  |  |  |
| Senior Partner |  | Date |