



# ICAS Code of Ethics Helpsheet:

## Changes in Professional Appointments Procedures

April 2026



# ICAS CODE OF ETHICS HELPSHEET: CHANGES IN PROFESSIONAL APPOINTMENTS PROCEDURES

## Proposed accountants

1. In the majority of cases, the appropriate procedures for any professional accountant who is invited to act in succession to another, whether the changeover is at the insistence of the client or of the existing accountant, is to:
  - Explain to the prospective client that there is a professional duty to communicate with the existing accountant; and
  - Request the client (i) to confirm the proposed change in accountant to the existing accountant and (ii) to authorise the existing accountant to co-operate with the proposed accountant; and
  - Write to the existing accountant regarding the prospective involvement with the client and request disclosure of any issue or circumstance which might be relevant to the successor's decision to accept or decline the appointment (making oral enquiry if no written reply is forthcoming).
2. When these procedural steps have been taken, the proposed accountant should consider, in light of the information received from the existing accountant, or any other factors, including conclusions reached following discussion with the client, whether:
  - To accept the engagement, or
  - Accept it only after having addressed any factors arising from the information received from the existing accountant (this may include imposing conditions on acceptance), or
  - Decline it.
3. A professional accountant who is nominated as a joint auditor should communicate with all existing auditors and be guided by similar principles to those set out in relation to nomination as an auditor. Where it is proposed that a joint audit appointment becomes a sole appointment, the surviving auditor should communicate formally with the other joint auditor as though for a new appointment.
4. A professional accountant invited to accept nomination on the death of a sole practitioner should endeavour to obtain such information as may be needed from the latter's alternate (where appropriate), the administrators of the estate, or other source.
5. As per paragraph R320.7B in the ICAS Code of Ethics, "*care must be taken when communicating all relevant facts to a proposed accountant in situations where the existing or predecessor accountant knows or suspects that their client is involved in money laundering or a terrorist activity*". Under The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 ("the Money Laundering Regulations 2017") and subsequent, the Terrorism Act 2000, the Terrorism Act 2006, and the Proceeds of Crime Act 2002, it is a criminal offence to "tip off" a money launderer or terrorist. It is important that:
  - The proposed accountant does not specifically enquire whether the existing accountant has reported suspicions of money laundering or terrorism. Such questions place the existing accountant in a difficult position and are likely not to be answered.

- The proposed accountant does not ask the existing accountant whether client identification or “knowing your client” procedures have been carried out under anti-money laundering legislation. The proposed accountant has responsibility for obtaining information for client identification and “knowing your client” and this cannot be delegated to the existing accountant.
- Disclosure of money laundering or terrorist suspicion reporting by the existing accountant to the potential successor is avoided to minimise the risk that information may be discussed with the client or former client which would amount to a “tipping off” offence under Section 333A of the Proceeds of Crime Act 2002.

For further discussion, please refer to the money laundering legislation and guidance on the ICAS website.

## Existing accountants

6. The appropriate procedure for any professional accountant who receives any communication in terms of the above paragraphs, whether or not the professional accountant is still in office, is to:
  - Answer promptly any communication from the potential successor about the client’s affairs; and
  - Confirm whether there are any matters about those affairs which the proposed accountant ought to know, explaining them meaningfully, or confirm there are no such matters.
7. As per paragraph R320.7 B in the ICAS Code of Ethics, *“if the existing accountant has made one or more suspicious activity reports relating to money laundering or terrorism, the existing accountant shall not disclose that fact to the proposed accountant, or make other disclosures that could amount to tipping off.”* However, the existing accountant’s legal and professional obligations remain. In order to meet these obligations, the existing accountant can undertake one or more of the following actions:
  - Contact the relevant investigating authority, for example, the National Crime Agency (NCA), to ascertain if appropriate wording can be agreed in a communication;
  - Include a factual reference to the irregularities;
  - Consider seeking legal advice.

For guidance on money laundering reporting requirements in privileged circumstances contact ICAS’ anti-money laundering helpline, telephone +44 (0)131 347 0271, or submit a query via the ICAS Technical Helpdesk (see below). We provide guidance on general issues concerning the regulations, for example, the extent of identification procedures required, plus guidance for specific instances.

8. The above actions are also relevant when the existing accountant in the role of auditor is preparing a statement of circumstances in accordance with Section 519 of the Companies Act 2006, or other similar statutory provisions, of matters connected with ceasing to hold office which, the auditor believes, needs to be brought to the notice of the shareholders or creditors of the client or under other statutes to relevant regulatory bodies.
9. It is best practice for the proposed accountant and the existing accountant to record in writing such discussions as are referred to in the paragraphs above.
10. Counsel has advised that with regards to UK law, an existing accountant who communicates to a proposed accountant matters damaging to the client or to any individuals concerned with the client’s business will have a strong measure of protection were any action for defamation to be

brought against the existing accountant in that the communication will be protected by qualified privilege. This means that the existing accountant will not be liable to pay damages for defamatory statements even if they turn out to be untrue, provided that they are made without malice. There is little likelihood of an existing accountant being held to have acted maliciously provided that:

- Only what is sincerely believed to be true is stated; and
- Reckless imputations are not made against a client or connected individuals for which there can be no reason to believe they are true.

## Further information

Professional accountants' attention is drawn to the following:

- Auditing Standards ([www.frc.org.uk](http://www.frc.org.uk)) :
  - ISA (UK) 220, 'Quality Management for an Audit of Financial Statements'
  - ISA (UK) 240, 'The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements'.
  - ISA (UK) 250 Section A, 'Consideration of Laws and Regulations in an Audit of Financial Statements'.
  - ISA (UK) 250 Section B, 'The Auditor's Statutory Right and Duty to Report to Regulators of Public Interest Entities and Regulators of Other Entities in the Financial Sector'.
  - ISA (UK) 510, 'Initial Audit Engagements - Opening Balances'.
- ISQM (UK) 1 – 'Quality Management For Firms That Perform Audits Or Reviews Of Financial Statements, Or Other Assurance Or Related Services Engagements ' ([www.frc.org.uk](http://www.frc.org.uk))
- ISQM (UK) 2 – 'Engagement Quality Reviews' ([www.frc.org.uk](http://www.frc.org.uk))
- Chapter 3 of the '[Audit Regulations and Guidance](#)' which can be viewed on the ICAS website.
- Further information relating to money laundering legislation and guidance is available on the ICAS website and the "[ICAS Code of Ethics Helpsheet - Confidentiality](#)".
- [ICAS Helpsheet: Ethical matters for consideration in relation to client engagement and disengagement](#)

## Other sources of guidance

Professional accountants who are in doubt as to their ethical position may seek guidance from the following sources, available to all members of ICAS:

- ICAS Technical Helpdesk (<https://www.icas.com/regulation-technical-resources/support>).
- Alternatively, members with a Code of Ethics query which is not audit/assurance related may also contact us at [complaints@icas.com](mailto:complaints@icas.com) or by telephone on + 44 (0) 131 347 0271.
- For ICAS' anti-money laundering helpline, telephone +44 (0)131 347 0271, or submit a query via the ICAS Technical Helpdesk. We provide guidance on general issues concerning the regulations, for example, the extent of identification procedures required, plus guidance for specific instances.

ICAS has also partnered with whistleblowing charity Protect to provide members and CA Student members with access to an independent, confidential [helpline](#). This service offers free advice regarding whistleblowing and speaking up. ICAS Protect Helpline Number: 0800 055 7215.

In addition, we offer the [ICAS Ethics Buddy Service](#) which enables members with an ethical dilemma, where deemed appropriate, to have confidential, informal, discussions with an experienced member in order to explore their issue and assist them in considering how they might approach their dilemma.





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