

# when an auditor resigns

The Companies Act 2006 has changed the way the notification of an auditor's resignation must be handled, as David Jeffreys explains.

■ Since 6 April 2008 auditors and companies have had to come to terms with the obligations placed on them where an auditor ceases to hold office before the end of their term of office.

The changes for companies included two new obligations:

- when an auditor resigns they must send a notice of resignation to the company. Within 14 days of receiving that notice the company must send a copy to the registrar of companies
- when an auditor ceases to hold office before the scheduled end of their term of office, the company must notify the appropriate audit authority that the auditor has ceased to hold office. This notice must be accompanied by either a statement by the company giving the reasons why he ceased to hold office, or if the auditor deposited a 'statement of circumstances' under section 519 with the company, a copy of that statement. The company must give notice under this section within 14 days of receiving the auditor's statement. ACCA has produced a guide for you to give to new audit clients detailing their obligation [www.accaglobal.com/documents/Changing\\_Auditors.pdf](http://www.accaglobal.com/documents/Changing_Auditors.pdf).

Auditors will also note the changes in procedure with the most significant change being



notification to an appropriate audit authority. The procedure is outlined below.

#### notice in writing

- deposit a notice in writing at the company's registered office
- the notice is accompanied by a statement of the circumstances connected with their ceasing to hold office, which they feel should be brought to the attention of the company's members or creditors. Where there are no such circumstances, they should be documented in a statement to that effect.

#### general meeting

- if the auditor deposits a statement of the circumstances connected with their resignation, they may also deposit a signed requisition calling on the directors to convene a general meeting to receive and consider the circumstances of their resignation
- they may also ask the company to circulate to its members a statement in writing of the circumstances connected with their resignation.

#### convene a meeting

- they can request that the company convenes a meeting.

#### notification – 'not a major audit'

- when the audit is not a major audit (public interest and FSA – see section 525 for definition) and where an auditor ceases to hold office before the end of their term of office, they must notify the appropriate audit authority
- notification should be accompanied by a copy of the statement deposited at the company's registered office
- in the case of resignations this should be at the same time that the notice of resignation is sent to the company's registered office
- ACCA firms should notify Ethics and Regulations Department, ACCA, 29 Lincoln's Inn Fields, London WC2A 3EE or e-mail: [auditorchange@accaglobal.com](mailto:auditorchange@accaglobal.com).

ACCA guidance can be found at [http://uk.accaglobal.com/uk/members/technical/audit/what\\_new/](http://uk.accaglobal.com/uk/members/technical/audit/what_new/) ■

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