

Technical update

November 2025

Circular on Continuing to Provide or Receive Independent Audit Services Beyond Five Years

(Circular no. 037/25 ACAR, dated 7 November 2025)

The Accounting and Auditing Regulator (ACAR) has released a circular outlining the conditions for extending independent audit services beyond five years. This regulation specifies the obligations and procedures that audit firms and their clients, both enterprises and not-for-profit entities, must follow to continue audit engagements for more than five years.

Key details of the circular:

- Audit firms and their clients (enterprises and not-for-profit entities) may continue independent audit engagements beyond five years if:
 - The client has formally agreed to continue receiving audit services from the audit firm.
 - The audit firm has at least two auditors holding valid professional audit licenses issued by ACAR.
 - The audit firm shall comply with the Law on Accounting and Auditing, the Code of Professional Ethics, the Cambodian International Standards on Auditing, and the Cambodian International Standard on Assurance Engagements.
 - Audit Partner rotation is implemented, with a three-year cooling-off period before a rotated auditor can return as Engagement Partner.
- Audit firms must apply to ACAR at least 30 days before renewing audit agreements, submitting a client request letter, a formal agreement, a confirmation of compliance, and proof of public service fee payment.
- Written approval from ACAR is required before commencing audit work for the extended period. ACAR will respond within 15 business days of receiving a complete application.
- Entities in regulated sectors (e.g., banking, finance, insurance, securities) must comply with additional sector-specific requirements.
- Non-compliance may result in penalties under relevant laws and regulations.

Our Comments:

This circular provides clear guidance for enterprises and not-for-profit entities that are required or choose to undertake independent financial audits and wish to continue engaging the same audit firm for more than five years. We strongly recommend that enterprises and entities communicate with their audit firm as early as possible and initiate the engagement process promptly, as the new approval procedures may require additional time before a new audit engagement can be contracted. Timely action will help prevent delays or obstacles that could impact the audit engagement, the delivery of the audit report, and compliance with audit and financial statement filing obligations.

As committed accounting advisors to our clients, we welcome any opportunities to discuss the relevance of the above matters to your business.

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