

The ICAO guidelines state that in general, a member shall not perform an audit engagement for an entity if, during either the period covered by the financial statements subject to audit or the engagement period, the CA or firm provides a valuation service to the client. An exception exists only if it is reasonable to conclude that the results of that valuation service will not be subject to audit procedures during the audit of the financial statements. However, in determining whether such a conclusion is reasonable, there is a presumption that the results of the valuation service will be subject to audit procedures.

In general, CAs, under the ICAO standards, must remain independent in performing accounting and other professional services for their clients. However in litigation, a higher level of independence is expected and required. According to the CICBV Code of Ethics, CBVs providing independent professional services shall be and remain free of any influence, interest or relationship which impairs the professional judgment or objectivity of the CBV or which, in the view of a reasonable observer, would impair the professional judgment or objectivity of the CBV. The CICBV Code of Ethics states that a member or registered student shall take appropriate steps to ensure they do not accept engagements which result or could be perceived to result in a conflict of interest. Further clarification is provided by explicitly stating that a CBV should under no circumstances have a financial or other interest which may be affected directly or indirectly by the provision of such service.

A common situation arises where a party to litigation, such as a shareholder dispute or a matrimonial dispute, retains a CA who has always acted for their business interests to assist them in litigation. More often than not, any time a financial issue arose previously, the client would typically first approach their CA for assistance. The CA likely has a long history with the client and accordingly, is familiar with the client's business and financial history. Moreover, the CA can obtain necessary information in an efficient and cost effective manner.