
STATUTORY AUDIT AND GOVERNANCE

Expiry of the statutory audit engagement

the prorogatio question

Term of engagement, reappointment and continuity of the accounting audit: what Legislative Decree 39/2010 and the Italian Civil Code provide, and how to avoid an audit gap

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Expiry of the statutory audit engagement: *the prorogatio question*

by Elda Gagliano · 21 October 2026

The auditor's engagement has a fixed end date. What is far less certain is what happens the day after, if the shareholders' meeting has failed to act. That gap is where the risks lie for the company, for its board of statutory auditors and for the auditor itself.

An expiry date set by law

Article 13 of Legislative Decree 39/2010 sets the term of a statutory audit engagement at three financial years, expiring on the date of the shareholders' meeting called to approve the financial statements for the third year. The outgoing auditor therefore completes its work by issuing the audit report on the last set of financial statements in the three-year period: on the day those statements are approved, its engagement comes to an end.

The engagement is conferred by the shareholders' meeting on the reasoned proposal of the control body, and the same resolution sets the fee for the entire term. For companies other than public-interest entities, the law places no limit on reappointing the same auditor. Public-interest entities are instead governed by Article 17: nine financial years for audit firms and seven for individual auditors, with no immediate renewal and a four-year cooling-off period, in line with EU Regulation 537/2014.

So far, there is nothing uncertain. The problem arises when the expiry date arrives and the shareholders' meeting has not appointed a successor, whether through oversight, disagreement among shareholders or simply because nobody put the item on the agenda.

Where the law provides for prorogatio, and where it is silent

For the board of statutory auditors (*collegio sindacale*) the answer is explicit. Article 2400 of the Italian Civil Code provides that termination on expiry of the term takes effect only once the board has been reconstituted. This continuation in office, known as *prorogatio*, also applies where the board of statutory auditors has been entrusted with the statutory audit under Article 2409-bis: the body remains in office and continuity of control is ensured.

For an external auditor, whether an individual or an audit firm, the position is different. Legislative Decree 39/2010 and Ministerial Decree 261/2012 regulate the continuation of duties only in the event of resignation or termination by mutual consent: the auditor continues to act until the resolution appointing the new auditor has become effective and, in any case, for no more than six months. In the event of dismissal for just cause, the shareholders' meeting must appoint the new auditor at the same time. For natural expiry, which is by far the most frequent case, the legislation says nothing.

CAUSE OF TERMINATION	CONTINUITY OF CONTROL
Expiry of the board of statutory auditors	Express prorogatio: termination takes effect when the board is reconstituted (art. 2400 Civil Code)
Board of statutory auditors also responsible for the audit	Follows the rules for statutory auditors: the body remains in office until renewed
Auditor's resignation or termination by mutual consent	Express prorogatio until the new appointment is effective, up to six months (Leg. Decree 39/2010 and Min. Decree 261/2012)
Dismissal for just cause	New engagement conferred at the same time as the dismissal
Natural expiry of the external auditor	No express provision: a debated issue

Two competing interpretations

The prevailing view today holds that, in the absence of a specific provision, the external auditor's engagement ends automatically on expiry. In support, it points to the different nature of the two roles: the board of statutory auditors oversees management and the company's organisational structures, the auditor performs the accounting audit, and the legislature extended prorogatio only to the former. On this reading, the silence of the law is a deliberate choice rather than a gap.

Part of the legal literature instead emphasises the principle of audit continuity, which can also be inferred from the duty of cooperation between outgoing and incoming auditors, and proposes extending by analogy to natural expiry the prorogatio that applies to resignation. It is also noted that, for local authorities, the continuation in office of an expired auditor is expressly permitted, albeit for a period limited to forty-five days.

Until the legislature intervenes, the uncertainty remains and has practical consequences. If the expired auditor carries on and signs the report on the following year's financial statements, its

authority to do so may be challenged, and with it the regularity of the approval process. If instead it stops, the company is left without an accounting audit precisely when the Business Crisis Code requires control bodies to detect signs of financial distress early. The risk is particularly high for limited liability companies (S.r.l.) that have opted for a sole auditor instead of a control body: once the auditor is gone, no safeguard remains.

The answer is to plan ahead

The safest way out of the debate is never to have to face it. Prorogatio is an emergency remedy, not a management tool: sound governance ensures that the new appointment is already effective when the old engagement expires.

WHEN	WHAT TO DO
Start of the third financial year	Directors record the expiry date in the corporate calendar; the control body begins the selection process, gathering proposals and independence declarations
Before the meeting is called	The control body drafts and files its reasoned proposal, assessing audit plan, resources, sector experience and fees
Meeting approving the third-year financial statements	The agenda includes the appointment of the new auditor, or the reappointment, effective from the expiry of the previous engagement
If the meeting fails to act	In S.r.l. companies required to have an audit, the court makes the appointment at the request of any interested party or on notice from the Companies Register (art. 2477 Civil Code)
After the appointment	Filing with the Companies Register, notifications to the Register of Statutory Auditors, handover between outgoing and incoming auditors on opening balances

The outgoing auditor also has an interest in acting early. Notifying the directors and the control body in writing of the expiry date, reminding them that a new appointment is needed and keeping evidence of having done so protects the auditor from future challenges. If no appointment is made, the decision whether to continue or to stop should be weighed case by case, setting out in writing the position taken and the reasons for it.

Keeping deadlines under control with Digit Audit Cooperative

Expiry of the audit engagement is one of the obligations most often overlooked, precisely because it recurs only every three years. Digit Audit Cooperative, the platform developed by Digit Audit, licensed to Link Audit and used exclusively in its own engagements, automatically tracks the dates scheduled for periodic reviews and records every completed activity with signature and date. Directors, the control body and the auditor work from the same trail: the deadline surfaces in good time and the chain of decisions remains on record.

The tool does not replace the judgement of the corporate bodies. It makes that judgement shared and traceable, which is why Link Audit offers it together with its own professional support.

The expiry of the audit engagement is fixed by law. Managing it in good time is the simplest way to ensure that control over the accounts is never interrupted.

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Legal references: articles 13 and 17 of Legislative Decree no. 39 of 27 January 2010; Ministerial Decree no. 261 of 28 December 2012; EU Regulation no. 537/2014; articles 2400, 2409-bis and 2477 of the Italian Civil Code. This article is for information purposes only and is not a substitute for professional advice on specific cases. In the event of any discrepancy, the Italian version prevails.

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