

INDEPENDENT REGULATORY BOARD FOR AUDITORS
PRACTICE REVIEW DEPARTMENT
FIRM REVIEW PROCESS
QUALITY CONTROL QUESTIONNAIRE (QCQ)

The purpose of the QCQ is to obtain information about the quality control policies and procedures in place at firm level. This report is organised around the elements detailed in International Standard on Quality Control 1 (ISQC 1). For each element, firms should submit a narrative description in clear and concise wording, of their firm's relevant quality control policy and procedure.

Using the **electronic form**, firms are required to enter their response to each of the following elements:

1. Leadership responsibilities for quality within the firm
2. Ethical requirements
3. Acceptance and continuation of client relationships and specific engagements
4. Human resources
5. Engagement performance
6. Monitoring

If any firm believes that an aspect is not applicable to it, the firm should explain its reasoning in the space provided for the response.

Confidentiality: All information required by this document is subject to the provisions stated in the Auditing Profession Act, section 47(5).

QUALITY CONTROL QUESTIONNAIRE

1. Leadership responsibilities for quality within the firm

ISQC 1.09: “The firm should establish policies and procedures designed to promote an internal culture based on the recognition that quality is essential in performing engagements. Such policies and procedures should require the firm’s chief executive officer (or equivalent) or, if appropriate, the firm’s managing board of partners (or equivalent), to assume ultimate responsibility for the firm’s system of quality control.”

a. Who is the person we should liaise with at your firm on this element?

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b. How do you promote an internal culture of quality at your firm?

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c. Describe the core values of the firm.

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d. Describe the responsibilities of the CEO (or equivalent) for quality control, and where applicable the qualifications, experience, ability and authority of those to whom responsibilities for quality control systems are delegated.

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e. Describe the methods of communication of the quality control systems to personnel (indicate scope and frequency of these communications).

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f. What is the process for development, documentation and implementation of quality control policies and procedures?

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g. What processes are in place to address both compliance and non-compliance with quality control policies and procedures?

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h. Are the firm’s policies and procedures prescribed by another firm? If so by whom?

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QUALITY CONTROL QUESTIONNAIRE

2. Ethical requirements

ISQC 1.14: “The firm should establish policies and procedures designed to provide it with reasonable assurance that the firm and its personnel comply with relevant ethical requirements.”

a. Who is the person we should liaise with at your firm on this element?

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b. Describe the policies and procedures for establishing, promoting, and monitoring ethical conduct amongst all personnel.

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c. Describe the policies and procedures for identifying and eliminating/reducing threats to independence.

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d. Describe the independence policies and procedures for the firm, its personnel, experts contracted by the firm, and network firm personnel.

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e. Describe the policies and procedures for the following;

i. Fees that constitute a significant proportion of income;

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ii. Partner rotation;

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iii. Confidentiality of and access to client information;

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iv. Client monies/assets held;

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v. Anti money laundering legislation and professional requirements;

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vi. Reportable Irregularity requirements;

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vii. Advice to audit clients of another firm;

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QUALITY CONTROL QUESTIONNAIRE

viii. Conflict of interest and its resolution;

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ix. Partners or professional staff joining clients;

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x. Staff secondments to clients;

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xi. Incompatible duties;

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xii. Commercial alliances;

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xiii. Payment of commission;

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xiv. Gifts and hospitality;

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xv. Non-audit services performed for audit clients; and

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xvi. Overdue fees from audit clients.

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f. Describe the policies and procedures for maintenance of adequate records to identify, communicate, and monitor compliance with specific independence requirements. (Prohibited investment lists.)

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g. Describe the policies and procedures for breaches and/or waivers of ethical requirements.

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h. Describe the safeguards in place to reduce the familiarity threat to an acceptable level when using the same senior personnel on an assignment over a long period.

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QUALITY CONTROL QUESTIONNAIRE

3. Acceptance and continuance of client relationships and specific engagements

ISQC 1.28: “The firm should establish policies and procedures for the acceptance and continuance of client relationships and specific engagements, designed to provide it with reasonable assurance that it will only undertake or continue relationships and engagements where it: (a) Has considered the integrity of the client and does not have information that would lead it to conclude that the client lacks integrity; (b) Is competent to perform the engagement and has the capabilities, time and resources to do so; and (c) Can comply with ethical requirements.”

a. Who is the person we should liaise with at your firm on this element?
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b. Describe the policies and procedures for communicating with previous auditors of the potential client.
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c. Describe the policies and procedures for validation of integrity and reputation of the client or potential client, including members of management and those charged with governance.
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d. Record the criteria utilized and the details of the rating system used in making client acceptance and continuance determinations (specify rejection criteria).
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e. Describe the policies and procedures for ensuring that the firm is competent to perform the audit engagement and has the availability of resources to do so.
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f. Describe the policies and procedures on continuance of engagements where the firm subsequently obtains information that would have caused it to decline an engagement had that information been available earlier.
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QUALITY CONTROL QUESTIONNAIRE

4. Human resources

ISQC 1.36: “The firm should establish policies and procedures designed to provide it with reasonable assurance that it has sufficient personnel with the capabilities, competence, and commitment to ethical principles necessary to perform its engagements in accordance with professional standards and regulatory and legal requirements, and to enable the firm or engagement partners to issue reports that are appropriate in the circumstances.”

a. Who is the person we should liaise with at your firm on this element?

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b. Describe the policies and procedures in place for the following:

i. Recruitment;

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ii. Performance evaluation;

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iii. Capabilities;

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iv. Competence;

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v. Career development;

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vi. Promotion;

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vii. Compensation;

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viii. Estimation of personnel needs;

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QUALITY CONTROL QUESTIONNAIRE

ix. Disciplinary actions;

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x. Attendance and offering of courses;

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xi. Development needs.

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c. Describe the firm's professional development policies and procedures, the communication of these to staff, how these are documented and how they are reinforced and monitored.

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d. Describe the policies and procedures for assignation of responsibility for each engagement to an engagement partner and appropriate engagement team.

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e. How does the firm assess partner and professional staff's capabilities and competence?

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f. Describe the policies and procedures for maintenance of personnel files that record career development, competencies, professional development courses attended, qualifications obtained, work experience (including industry expertise) and performance appraisals.

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QUALITY CONTROL QUESTIONNAIRE

5. Engagement performance

ISQC 1.46: “The firm should establish policies and procedures designed to provide it with reasonable assurance that engagements are performed in accordance with professional standards and regulatory and legal requirements, and that the firm or the engagement partner issues reports that are appropriate in the circumstances.”

a. Who is the person we should liaise with at your firm on this element?
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b. Describe the policies and procedures that provide the firm with reasonable assurance that engagements are performed in accordance with professional standards and legal requirements and that appropriate reports are issued in the circumstances. Give details of the manuals and software tools used.
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c. Describe the supervision and review policies and procedures at the engagement level.
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d. What are the policies and procedures regarding required and voluntary consultations?
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e. Describe the policies and procedures for resolving differences of opinion prior to issuance of the audit report.
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f. What are the criteria for engagements requiring quality control reviews (pre-issuance)?
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g. What are the policies and procedures for determining the nature, timing, extent and documentation requirements of an engagement quality control review and the criteria for the eligibility of an engagement quality control reviewer?
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h. Describe the documentation policies and procedures for audit engagements, including file retention, security and back ups.
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QUALITY CONTROL QUESTIONNAIRE

6. Monitoring

ISQC 1.74: “The firm should establish policies and procedures designed to provide it with reasonable assurance that the policies and procedures relating to the system of quality control are relevant, adequate, operating effectively and complied with in practice. Such policies and procedures should include an ongoing consideration and evaluation of the firm’s system of quality control, including a periodic inspection of a selection of completed engagements.”

- a. Who is the person we should liaise with at your firm on this element?
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- b. Describe the policies and procedures for the monitoring of compliance with quality controls.
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- c. Describe the policies and procedures for inspection of a sample of completed engagements.
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- d. Describe how the effects of monitoring deficiencies found are evaluated and how the results of the monitoring is documented and communicated to engagement partners and other appropriate personnel.
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- e. Where monitoring indicates that a report may have been inappropriate, describe the procedures followed regarding corrective actions to be taken.
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- f. Describe the policies and procedures for dealing with complaints and allegations.
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- g. Describe the process that encourages personnel to discuss with firm management their concerns about inappropriate conduct by the firm or its employees.
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- h. What are the policies and procedures when there is actual/threatened litigation between the firm and an audit client?
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7. General

Other: Please record any additional comments or information you believe would assist the IRBA in understanding your responses.
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