

3.0 - Quality Management Procedures Questionnaire

Name of Firm _____

Date or Period of Review _____

Prepared by _____ Date _____
(Firm / Practice Office Representative)

Reviewed by _____ Date _____
(Reviewer)

General Instructions

To prepare for a practice review of its accounting and auditing practice a firm's office should document the policies and procedures comprehended in its quality management system. This can be accomplished by preparing a document that either details the firm's office quality management policies and procedures or summarizes them and makes references, where appropriate, to supporting information contained in the firm's office literature.

The questionnaire is divided into the following sections:

- Client/Engagement Acceptance and Continuance;
- Independence;
- Recruitment and Advancement;
- Professional Development;
- Assignment of Professional Staff to Audit Engagements;
- Consultation with Member Firm Specialists and outside specialists;
- Engagement Quality Assurance Review;
- Client Service Standards; and
- SCUML Review.

The Preparer's "Comments/Reference" column of the questionnaire should be used for any comments or reference concerning the policies and procedures. These comments might include:

- Further explanation of specific policies and procedures;
- Reasons for lack of specified procedures or an indication of any equivalent procedures; and
- Modifications of firm policies or procedures to meet the needs of each office. If a practice office has provided only general guidance, sufficient information about such policies and procedures should be provided to aid the reviewers and to document the office's system of quality management more fully.

In the case of a multiple-office practice, this questionnaire should be completed at the national level as well as in respect of each practice office being reviewed.



The review includes discussions with appropriate individuals, supplemented by a review of the practice office's documentation and records pertaining to each specific area. In addition, during the review of completed individual engagements the reviewer should determine whether the quality management procedures have been properly applied to such engagements.

The reviewer should describe the review procedures performed to test compliance with the preparer's response and related comments to each question in the "Reviewer's Comment/Reference" column of the questionnaire. A memorandum should be prepared to document the major findings and conclusions on the practice office's quality management procedures. The memorandum should, at the minimum, address the following:

- Evaluation of the appropriateness and adequacy of the quality management procedures in each area;
- Conclusion about proper application of the quality management procedures during the period under review;
- Conclusion about compliance with the professional practice policies established by Audit Faculty of ICAN, the national practice, and applicable local laws, regulations, and professional standards (areas of non-compliance should be specifically identified); and
- Recommendations for possible improvements.



Quality Assurance Questionnaire

I. CLIENT/ENGAGEMENT ACCEPTANCE AND CONTINUANCE				
a. Clients Acceptance and Continuance		Yes/No	Preparer's Comments/Reference	Reviewer's Comment/Reference
(i)	Does the firm's policy require that, before beginning the work, the client risk is assessed, and the conclusion is documented regarding the acceptability of that risk?			
(ii)	Does the firm's policy require that all client acceptance/continuance decisions be approved by at least one other partner in the firm?			
(iii)	Does the firm evaluate its competence or considers the acquisition of the necessary skills, expertise, and personnel to provide the services the client requires?			
(iv)	Does the firm re-evaluate its clients periodically to determine whether the relationship should continue?			
(v)	Before accepting an appointment from a new client, does the firm communicate with the previous firm, as required by the Institute's regulations?			
(vi)	Does the firm's marketing strategy comply with the Institute's rules for advertising, publicity and solicitation?			
b. Classification of Professional Services		Yes/No	Preparer's Comments/Reference	Reviewer's Comment/Reference
(vii)	Has the firm established and updated policies and guidelines in classifying professional services a "normal risk," "greater than normal risk" or "much greater than normal risk?"			
c. Engagement Acceptance and Continuance		Yes/No	Preparer's Comments/Reference	Reviewer's Comment/Reference
(viii)	Does the firm's policy require that the engagement risk be assessed and documented before beginning the work on an engagement?			
(ix)	Does the firm's policy require consultation with and /or approval by designated individuals in the following cases:			
	a. Before accepting an engagement, where the engagement risk has been assessed as "greater than normal" or much greater than normal?"			
	b. Before declining or discontinuing an engagement as part of an international engagement?			

	c. Before proposing on an engagement in which its report, contained in a document such as a prospectus, circular, offering statement, or proxy statement, is to be used in connection with a filing with a foreign regulatory authority under the requirements of another country's companies, corporations, or securities acts?			
	d. Before accepting an engagement to perform professional services in another national practice's jurisdiction?			
d. Engagement Letters		Yes/No	Preparer's Comments/Reference	Reviewer's Comment/Reference
(x)	Does the firm issue an engagement letter for each of the following types of engagements: audit, consultancy, financial reporting and compilation, and other engagements			
(xi)	Does the letter clearly state the following details about the engagement, e. g. purpose of work, definition of specific tasks, specific exclusions, e.t.c.			
(xii)	Does the firm require the client to sign, date and return a copy of the engagement letter?			
(xiii)	Where no engagement letter is issued, how does the firm establish agreement with the client: a. as to the work to be completed; b. the revisions in the scope or special terms of the engagement, are understood; and c. the risk of not being issued an engagement letter.			
II. INDEPENDENCE				
a. Policy		Yes/No	Preparer's Comments/Reference	Reviewer's Comment/Reference
(i)	Has the firm and its partner and professional staff complied with ICAN independence policy which is based on the fundamental principle that the firm, their partners and professional staff should in fact be, and should appear to be, independent of any entity for which that firm performs audit or other attestation services?			
(ii)	Is the Representative of the firm or a designated partner responsible for the implementation and administration of the independence policy?			
(iii)	With respect to international engagements, have the firm, its			

	partners and professional staff, regardless of function, complied with any additional requirements as specified by the referring firm?			
(iv)	Does the firm require its partners and professional staff to discuss with the partner responsible for the administration of the independence policies or the audit Client Service Partner (base on the circumstances) any situation that they believe may impair or have the appearance of impairing independence?			
(v)	Has the Lead Client Service Partner been consulted prior to accepting an engagement to provide professional service beyond the audit engagement. Such as other attestation and management consulting services?			
(vi)	Does the firm ensure that the expert or another practice engaged by the firm conforms to the independence standards it has established.			
(vii)	Does the firm cease to represent both of its clients, where they are in potential or actual litigation against each other.			
(viii)	Does the firm compile a financial report for a client where a partner in the firm is a director of the client.			
(ix)	Does the firm receive other fees or commission for services such as providing investment advice, investing on behalf of client, insurance referrals to other service providers? If so, is this commission disclosed in writing to the client?			
(x)	Does the firm handle any client monies?			
(xi)	Does the firm maintain a dedicated account for Client monies?			
b. Guidance				
(xii)	Are procedures included to inform newly admitted partners and newly employed professional staff about: a. ICAN Policy on Independence? b. Procedures to ensure that the firm is Independent as soon as practicable after acceptance of a new client?			
(xiii)	Does the firm maintain adequate documentation of the			

	procedures followed to ensure compliance with the independence requirements?			
(xiv)	Does the documentation include details of the steps taken to gain assurance about the independence of partners and professional staff, as well as details of exceptions reported along with the manner and date of their resolution?			
III. RECRUITMENT AND ADVANCEMENT				
a. Policy		Yes/No	Preparer's Comments/Reference	Reviewer's Comment/Reference
(i)	Has the firm/practice office developed policies and procedures for the recruitment and advancement of accounting and auditing professional staff in all relevant professional services area to ensure that an adequate number of suitably qualified personnel is available with the appropriate mix of professional skills and other qualities needed to render consistently high-quality service to clients?			
(ii)	Do such policies and procedures comply with local laws?			
(iii)	Has the firm/practice office assigned the responsibility for managing the human resource function to a partner?			
b. Guidance				
(iv)	Has the firm/practice office developed and maintained a recruitment plan that establishes personnel need, considering the current and expected future needs of the firm/practice office and anticipated personnel turnover advancement, and relocation?			
(v)	Does the recruitment plan also establish the selection criteria for the required attributes and qualifications of candidates for positions at the various personnel levels?			
(vi)	Has the firm/practice office developed a program to attract adequately qualified personnel in sufficient numbers to meet its needs?			
(vii)	Does this program provide for: a. Identification of potential sources of candidates, including those within the firm/practice office and other practice offices? b. Activities that enhance the firm's/practice office's image			

	and establish and maintain contacts with educational institutions and other sources of candidates? c. Brochure or other means to inform candidates about the firm/practice office? d. Procedures for identifying, evaluating, and offering employment to candidates?			
(viii)	Has the firm/practice office developed an orientation program or manual to inform new professional staff of firm/practice office policies, procedures, and professional responsibilities supporting the overall recruitment process?			
(ix)	Has the firm/practice office established various personnel levels within the firm and description of the related competencies required to perform effectively at each level?			
(x)	Has the firm/practice office established advancement policies and procedures that identify the experience and performance qualifications for advancement to each level, and communicated these to employees?			
(xi)	Has the firm/practice office established a procedure for periodic performance evaluation (generally at the end of each significant assignment)?			
(xii)	Has the firm/practice office established a counseling program to assist personnel in identifying realistic career paths and in determining action plans to help them realize their development goals?			
(xiii)	Do the performance evaluation and counseling programs provide professional staff with information that will enable them to identify areas in which their attention can best be directed to further both their own and the firm's interests, including identifying career opportunities outside the firm, where appropriate?			
IV. PROFESSIONAL DEVELOPMENT				
a. Policy		Yes/No	Preparer's Comments/Reference	Reviewer's Comment/Reference
(i)	Do all partners take personal responsibility to ensure that their own continuing profession development and that of the professional staff associated with them, are appropriate to			

	their role and responsibilities?			
(ii)	Does the firm /practice office assist partner and professional staff to meet their responsibilities for continuing professional development by providing a structured professional development program?			
(iii)	Does the professional development program include on-the-engagement training as well as attendance at internal or external training courses?			
(iv)	Is the professional development program consistent with the needs of the firm's professional environment and strategies as well as the developmental needs of each individual?			
(v)	Has the firm /practice office assigned the responsibility for managing the professional development function to a partner?			
a. Guidance		Yes/No	Preparer's Comments/Reference	Reviewer's Comment/Reference
(vi)	Where appropriate, has the firm /practice office established an organizational structure through which the partner responsible for the professional development function can efficiently and professionally manage professional development.			
(vii)	Has the firm/practice office adopted a systematic approach to training that addresses each of the following key training variables: a. Specification of training objectives and outputs? b. Material design? c. Instruction and delivery? d. Participant attendance? e. Environment? f. Administration? g. Evaluation (feedback and follow-up)? Does the firm maintain the MCPD credit record of its senior staff and partners?			
V. ASSIGNMENT OF PROFESSIONAL STAFF TO AUDIT ENGAGEMENTS				
a. Policy		Yes/No	Preparer's Comments/Reference	Reviewer's Comment/Reference
(i)	Has the firm/practice office established procedures that:			

	<p>a. Provide reasonable assurance that professional staff assigned to all accounting and auditing engagements have the appropriate degree of training and proficiency for their role and the responsibilities to be performed?</p> <p>b. Assign professional staff to engagements so as to provide them with varied experience and opportunities for professional development?</p>			
(ii)	Does the Lead Client Service Partner or audit Client Service Partner retain the responsibility for staffing audit engagements under his or her control?			
b. Guidance		Yes/No	Preparer's Comments/Reference	Reviewer's Comment/Reference
(iii)	Has the firm/practice office assigned a person responsible for the assignment of professional staff to audit engagements for an office or an office?			
(iv)	<p>Does the person who assigns staff to audit engagements consider the following factors, among others, that relate both to the audit engagements to be staffed and to the staff to be assigned?</p> <p>a. The risk classification of the client and the engagement?</p> <p>b. The size and complexity of the business, including any industry or other expertise required?</p> <p>c. The client's expectations regarding the timing of the work, the reporting dates, and other relevant matters?</p> <p>d. Applicable independence considerations, including any possible conflicts of interest?</p> <p>e. The qualifications and experience of staff, the individual preference they have, and the opportunities provided for their professional development.</p> <p>f. The planned participation of the Lead Client Service Partner, audit Client Partner, and audit Manager?</p> <p>g. The availability and the effective and efficient use of staff?</p> <p>h. Continuity of staff on a particular audit engagement?</p>			
(v)	Does the firm/practice office have a policy of periodically changing partners and professional staff on continuing			

	engagement?			
VI. CONSULTATION WITH FIRM / PRACTICE OFFICE AND OUTSIDE SPECIALISTS				
a. Policy		Yes/No	Preparer's Comments/Reference	Reviewer's Comment/Reference
(i)	Has the firm/practice office established and documented a consultation network designed to provide reasonable assurance that professionals will seek assistance from individuals having appropriate levels of knowledge, competence, objectivity, authority, and judgment?			
(ii)	Do consultation policies and procedures apply to all areas of professional practice of accounting and auditing?			
(iii)	Does the Office Technical Partner, the National Technical Partner, or, alternatively, the Office Managing Partner serve as the focal point for accounting and auditing consultation within the firm/practice office?			
(iv)	Has the firm/practice office established procedures to ensure that the necessity of consultation outside the firm (e.g. With another firm/practice office, or ICAN) is considered?			
(v)	Do firm specialists who are consulted assume responsibility for the technical aspects of any work they perform or advice they give and maintain an appropriate record of the consultation?			
(vi)	In circumstance where the firm/practice office uses an outside specialist, does the firm obtain assurance that the outside specialist is properly qualified, independent, and objective?			
(vii)	Does the firm/practice office communicate with the outside specialist to confirm the terms of the specialist engagement and other matters, as appropriate?			
(viii)	Does the firm/practice office seek reasonable assurance that the outside specialist's work constitutes appropriate audit Evidence in support of the financial information?			
VII. ENGAGEMENT QUALITY ASSURANCE REVIEW POLICY		Yes/No	Preparer's Comments/Reference	Reviewer's Comment/Reference
(i)	Is an engagement quality assurance review performed on all Reports relating to audit or attest engagements without Exception?			

(ii)	Has the firm/practice office established criteria for classifying certain “normal risk” engagement as not requiring an engagements quality assurance review, and have criteria been reviewed and approved by the Practice Managing Partner?			
(iii)	Are engagement quality assurance reviews performed by a partner or a manager who has the appropriate experience and knowledge and who is not directly involved in the engagement?			
(iv)	Does a partner perform the review for all public companies and for all other engagements where engagement risk has been as greater than normal or much greater than normal?			
(v)	Does the engagement quality assurance review: <ul style="list-style-type: none"> a. The report and the financial statements or other financial information on which the firm is reporting? b. The audit planning memorandum? c. The audit summary memorandum? d. Other documentation, as considered necessary, such as the engagement letter or the referral instructions, audit plan/program, and control evaluation and selected working papers? 			
(vi)	Where the engagement risk has been assessed as greater than normal or much greater than normal, is more extensive quality assurance review performed that includes a review of the working papers and focuses on the specific risks identified?			
VIII. CLIENTS SERVICE STANDARDS		Yes/No	Preparer's Comments/Reference	Reviewer's Comment/Reference
(i)	Has the firm/practice office established policies and procedures to ensure that the client service standards are applied to all accounting and auditing engagement?			
(ii)	Does the firm/practice office include discussion of the client service standards in its professional development programs?			
(iii)	Is there a firm program that is independent of the client service team in place to obtain an assessment of the firm's			

	performance in respect of all significant engagements? (Such assessment may be obtained by an advisory partner or other senior partner of the firm).			
IX.	SPECIAL CONTROL UNIT AGAINST MONEY LAUNDERING UNIT	Yes/No	Preparer's Comments/Reference	Reviewer's Comment/Reference
(i)	Has the firm/practice office conducted the necessary due diligence to obtain information on the ultimate beneficial owners of transactions, assets or funds when engaging with clients?			
(ii)	Does the firm file suspicious transaction report to Special Control Unit against Money Laundering?			