



THE INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA (ICAN)
4.0. -SELF ASSESSMENT ON COMPLIANCE WITH INTERNATIONAL STANDARD
ON QUALITY MANAGEMENT 1 (ISQM 1)

PREPARED BY..... DATE.....

REVIEWED BY.....DATE.....

S/N	Applying and Complying with Relevant Requirements of ISQM 1	YES	NO	N/A	WK. REF	REMARK
1.	Does the firm have personnel responsible for the firm's system of quality management? (Paragraph13)					
2.	Does the firm have policies and procedures that address the following? (Paragraph 16): <ul style="list-style-type: none"> • Firm's risk assessment process • Governance & leadership responsibilities for quality within the firm. • Relevant ethical requirements. • Acceptance and continuance of client relationships and specific engagements. • Engagement performance • Resources. • Information & Communication • Monitoring & Remediation 					
3.	Has the firm documented its policies and procedures? (Paragraph 17) Have these policies and procedures been communicated to the firm's personnel?					
	Firm's risk assessment process					
4.	Has the firm and its personnel fulfilled their responsibilities in accordance with professional standards and applicable legal and regulatory requirements, and conduct engagements in accordance with such standards and requirements? Are Engagement reports issued by the firm or engagement partners appropriate in each circumstance? Has the firm considered all probable risks and their likelihood of occurrence, given their nature? Has the firm stated that the identified risk would have a high degree of affecting the achievement of the quality objectives?					
	Governance & Leadership Responsibilities for Quality Management within the Firm					
5.	Is the firm's system of quality management supervised by its Managing Partner? (Paragraph 18). Has the firm established policies and procedures that address performance evaluation, compensation, and promotion? Has the firm properly assigned management responsibility?					



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	Has the firm provided sufficient responses for development, documentation and support of its quality management policies and procedures?					
6.	Does the Managing Partner or any other person saddled with the operational responsibility for the firm's system of quality management by the managing partner possess sufficient and appropriate experience, ability and authority and does the managing partner assume this responsibility? (Paragraph 19) Are there established policies and procedures for assigning quality management responsibilities? Have these procedures been followed or adhered to?					
	Relevant Ethical Standards					
7.	Does the firm have policies and procedures that enable personnel comply with ethical requirements? (Paragraph 20)					
	Independence					
8.	Does the firm have policies and procedures that enable the firm and personnel comply with independence requirements? (Paragraph 21)					
9.	Do the firm's independence policies and procedures ensure that: <ul style="list-style-type: none"> the engagement partner provides the firm with the relevant information about the client's engagements including the scope of services, to enable the firm to evaluate the overall impact, if any, on independence requirements? Are there procedures for properly reporting threats by independent personnel? (Paragraph 22) 					
10.	Do the firm's independence policies and procedures ensure that: <ul style="list-style-type: none"> established policies and procedures for prompt notification of breaches of independence by personnel are in place. the firm promptly communicate notification of breaches of independence to the engagement partner and other relevant personnel in the firm who need to take action. actions taken to resolve independence breaches are promptly communicated to the firm by the engagement partner and other relevant personnel so the firm can determine whether it should take further action? (Paragraph 23) 					



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11.	Are employees required to provide written confirmations on their compliance with the firm's policies and procedures on independence at least annually? (Paragraph 24)					
	Acceptance and Continuance of Client Relationship and Specific Engagements					
12.	Do the firm's independence policies and procedures: (a) Set out criteria for determining the need for safeguards to reduce the familiarity threat to an acceptable level when using the same senior personnel on an assurance engagement over a long period of time? (b) Require, for audits of financial statements of listed entities, the rotation of the engagement partner and the individuals responsible for engagement quality management review, and where applicable, others subject to rotation requirements, after a specified period in compliance with relevant ethical requirements? (Paragraph 25)					
13.	Does the firm have policies and procedures for acceptance and continuance of client relationships? • Do the policies assure the firm's competence, capabilities, time and resources to undertake new and existing engagements? • Do the policies assure that the firm will comply with the relevant ethical requirements? • Do the policies consider the integrity of the clients? (Paragraph 26)					
14.	Do the firm's policies for acceptance and continuance ensure prompt reporting of circumstances of withdrawal from engagements to appropriate regulatory authorities? (Paragraph 28)					
	Resources					
15.	Do engagement team members who are assigned to each engagement, including the engagement partner, have appropriate competence and capabilities, including being given sufficient time, to consistently perform quality engagements? Does the firm have policies and procedure on: IT applications and Infrastructure, IT processes and IT personnel recruitment, training, performance evaluation and reward? Does the firm have policies and procedure on: Staff recruitment, distribution of responsibility within the firm and deployment of resources within the firm Does the firm have policies and procedure on service quality management?					



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	Assignment of Engagement Teams					
16.	Are engagements assigned to an Engagement Partner who is competent, capable and has the authority to perform the role? Are the engagement partner's responsibilities clearly defined and communicated? Are engagement partner's identity and role communicated to key members of client management and those charged with governance? (Paragraph 30)					
17.	Does the firm have policies and procedures for the assignment of appropriate personnel with the necessary competence and capabilities on engagements? (Paragraph 31)					
	Engagement Performance					
18.	Does the firm have policies and procedures required to provide reasonable assurance that engagements comply with professional standards and applicable legal and regulatory requirements, and that the firm or the engagement partner issue reports that are appropriate in the circumstances? (Paragraph 32)					
19.	Does the firm have policies and procedures that ensure that works of less experienced team members are reviewed by more experienced team members? (Paragraph 33)					
	Information and Communication					
	Does the information system identify, captures, processes, and maintains relevant and reliable information that supports the system of quality management, whether from internal or external sources? Does the culture of the firm recognize and reinforces the responsibility of personnel to exchange information with the firm and with one another? Does the information communicated to personnel and engagement teams, and the nature, timing, and extent of the information sufficient to enable them to understand and carry out their responsibilities relating to performing activities within the system of quality management or engagements? Does the personnel and engagement teams communicate information to the firm when performing activities within the system of quality management or engagements?					



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	Consultation				
19.	<p>Does the firm have policies and procedures to ensure that appropriate consultations on difficult and contentious issues were made?</p> <p>Do the policies address issues of:</p> <ul style="list-style-type: none"> • availability of sufficient resources for such consultations? • documentation of consultations? • implementation of conclusions from the consultations? (Paragraph 34) 				
	Engagement Quality Management Review				
20.	<p>Does the firm have established policies and procedures to ensure objective evaluation of significant judgement made by engagement team and conclusions reached in formulating audit report?</p> <p>Do these policies and procedures:</p> <ul style="list-style-type: none"> (a) Require an engagement quality management review for all audits of financial statements of listed entities? (b) Set out criteria against which all other audits and reviews of historical financial information and other assurance and related services engagements are evaluated to determine whether an engagement quality management review should be performed? (c) Require an engagement quality management review for all engagements that meet the criteria established in compliance with (b) above?" (Paragraph 35) 				
21.	Does the firm have policies and procedures in place to ensure that the audit report is not dated until the performance of an engagement Quality Management Review? (Paragraph 36)				
22.	<p>Do the policies and procedures of the firm on engagement quality management review address the following:</p> <ul style="list-style-type: none"> (a) Discussion of significant matters with engagement partner; (b) Review of financial statements and other subject matters; (c) Review of selected engagement documentation relating to use of judgements; and (d) Evaluation of conclusions reached in formulating the audit report. 				



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	(Paragraph 37)				
23.	Do the engagement quality management review procedures for listed entities and public sector entities address the following: (a) The engagement team evaluation of the firm's independence in relation to the specific engagement; (b) Whether appropriate Consultation on difficult or contentious issues or matters involving differences of opinion have been addressed and the conclusions arising from those consultations; and (c) Whether conclusions reached are evidenced by the documentation of work performed? (Paragraph 38)				
	Criteria for the Eligibility of Engagement Quality Management Reviewers				
24.	Does the firm have policies and procedures for the appointment of engagement quality management reviewers? Do these policies and procedures specify: (a) The technical qualifications required to perform the role, including the necessary experience and authority. (b) The degree to which an Engagement Quality Management Reviewer can be consulted on the engagement without compromising the reviewer's objectivity? (Paragraph 39)				
25.	Does the firm have policies and procedures to ensure the objectivity of the Engagement Quality Management reviewers? (Paragraph 40)				
26.	Does the firm have policies and procedures for replacing the engagement quality management reviewers where the reviewer's ability to perform an objective review may be impaired? (Paragraph 41)				
27.	Does the firm have policies and procedures for documentation of the engagement quality management review performed? Do these policies and procedures ensure: (a) That procedures on engagement quality management have been completed on or before the date of the report; (b) That the reviewer is not aware of any unresolved matter that would cause the reviewer to believe that the significant judgements the engagement teams made and the conclusions it reached were not appropriate?				



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	(Paragraph 42)				
	Differences of Opinion				
28.	Does the firm have policies and procedures for dealing with and resolving differences of opinion within the engagement team, with those consulted and between the engagement partner and the engagement quality management reviewer? (Paragraph 43) Do these policies and procedures ensure documentation and implementation of conclusions reached? (Paragraph 44).				
	Engagement Documentation				
29.	Does the firm have policies and procedures for timely completion and assembly of the final engagement files? (Paragraph 45).				
	Confidentiality, Safe Custody, Integrity, Accessibility and Retrievability of Engagement Documentation				
30.	Does the firm have policies and procedures for maintaining the confidentiality, safe custody, integrity, accessibility and retrievability of engagement documentation? (Paragraph 46)				
	Retention of Engagement Documentation				
31.	Does the firm have policies and procedures for the retention of Engagement documentation for a period sufficient to meet the needs of the firm or as required by law or regulation? (Paragraph 47)				
	Monitoring the Firm's Quality Management Policies and Procedures				
32.	Does the firm have a monitoring process in place to ensure that its policies and procedures on quality management are relevant, adequate, and operating effectively? Does this monitoring process ensure that: (a) required responsibility for monitoring process is assigned to a Partner; (b) those performing the engagement, or the engagement quality management review are not involved in inspecting the engagement; and (c) there is regular evaluation of the firm's system of quality management including inspection of at least one completed engagement for each engagement partner on a cyclical basis. (Paragraph 48)				



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	Evaluating Communicating and Remedying Identified Deficiencies				
33.	Does the firm have a process of evaluating the effect of deficiencies noted as a result of the monitoring process and determine whether they are either: (a) Instances that do not necessarily indicate that the firm's system of quality management is insufficient to provide it with reasonable assurance that it complies with professional standards and applicable legal and regulatory requirements and that the reports issued by the firm or engagement partners are appropriate in the circumstances; or (b) Systemic, repetitive, or other significant deficiencies that require prompt corrective action? (Paragraph 49)				
34.	Are the results of the monitoring process and recommendations communicated to partners and other appropriate personnel? (Paragraph 50)				
35.	Do recommendations for appropriate remedial action for deficiencies address the issues as follows: (a) Taking appropriate remedial action in relation to the engagement or member of personnel; (b) The communication of the findings to those responsible for training and professional development; (c) Changes to the quality management policies and procedures; and (d) Disciplinary action against those who fail to comply with the policies and procedures of the firm? (Paragraph 51)				
36.	Are policies and procedures established to address cases where the results of the monitoring procedures indicate that a report may be inappropriate or that procedures were omitted during the performance of the engagement? Do such policies and procedures require the firm to determine what further action is appropriate to comply with professional standards and applicable legal and regulatory requirements? (Paragraph 52)				
37.	Are the results of the firm's quality management monitoring communicated to Engagement Partners and other appropriate personnel within the Firm? (Paragraph 53)				



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38.	Where the firm is part of a network and the firm operates under common monitoring policies and procedures designed to comply with ISQM 1, and the firm places reliance on such a monitoring system, does the firm's policies and procedures require that: (a) At least annually, the network communicates the overall scope, extent and the results of the monitoring process to appropriate individuals within the network firms. (b) The network communicates promptly any identified deficiencies in the system of quality management to appropriate individuals within the relevant network form or firms so that the necessary action can be taken. (Paragraph 54)				
	Complaints and Allegations				
39.	Does the firm have policies and procedures for addressing complaints and allegations that the work performed by the firm fails to comply with professional standards and applicable legal and regulatory requirements and with the firm's system of quality management? (Paragraph 55)				
40.	Does the firm take appropriate actions when deficiencies and non-compliance with its quality management policies and procedures are identified? (Paragraph 56)				
	Documentation of the System of Quality Management				
41.	Does the firm have policies and procedures requiring an appropriate documentation that supports the operation of each element of its system of quality management? (Paragraph 57)				
42.	Does the firm have policies and procedures for retaining the monitoring procedures documentation? (Paragraph 58)				
43.	Does the firm have policies and procedures to ensure that complaints and allegations are documented and responded to? (Paragraph 59)				

NOTE: 1. N/A = Not Applicable

2. WK. REF = Working Paper Reference