



The Institute of  
Chartered Accountants  
of Pakistan

**CA**  
PAKISTAN

# ISQM Guide and Toolkit

**Auditing Standards and Ethics Committee**



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## Preface

The Auditing Standards and Ethics Committee of the Institute of Chartered Accountants of Pakistan (ICAP/ the Institute) has developed the 'ISQM Guide and Toolkit' (the Toolkit) to provide guidance to audit firms to develop a System of Quality Management (SOQM) in their firms in accordance with the International Quality Management Standards (ISQM standards) issued by the International Auditing and Assurance Standards Board (IAASB).

The Institute has adopted the ISQM standards through ICAP Circular 06/2022 (dated November 25, 2022). The firms performing the audits of public interest companies are required to have SOQM designed and implemented in accordance with ISQM 1 by December 15, 2023. The ISQM standards are effective for the firms performing the audits of other than public interest companies by December 15, 2024. Further, the evaluation of the SOQM is required to be performed by the firm within one year following the above mentioned effective dates.

With the adoption of ISQM 1 and ISQM 2, the extant International Standard on Quality Control (ISQC) 1 '*Quality Control for Firms that Perform Audits and Reviews of Financial Statements and Other Assurance and Related Services Engagements*' will be superseded.

The '**ISQM Guide and Toolkit**' will facilitate the firms in performing their risk assessment process and contains a bank of over 120 quality risks that a firm could face in achieving the quality objectives and possible responses and /or controls to these quality risks that a firm could implement to address those risks.

The Toolkit can be used as a starting point by the firms to design and implement SOQM by tailoring the responses to their quality risks according to the nature and circumstances of the firm and its engagements.

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### Disclaimer:

The Toolkit has been developed to assist audit firms to design their firm's System of Quality Management.

The Toolkit does not constitute an authoritative pronouncement of the ICAP, nor does it amend or override ISQM 1, the text of which alone is authoritative. Reading this publication is not a substitute for reading ISQM 1. Use of the Toolkit should not be considered as conclusive or definitive in relation to an assessment of the firm's compliance with ISQM 1. Further, this Toolkit is not meant to be exhaustive, and examples provided are for illustrative purposes only.

Members are advised to use professional skepticism and professional judgement before using any of the possible risks or control included in the Toolkit. The matters included in this publication are not all-inclusive, and this publication could be updated with additional and modified information. Further, in case of any specific or additional enquiry you may approach the Technical Department of the Institute.

The Toolkit is not intended, in part or full, to constitute legal or professional advice. The Institute, its staff and the Auditing Standards and Ethics Committee do not accept any liability to any party for any loss, damage or costs howsoever that may arise, whether directly or indirectly, from any action or decision taken (or not taken) as a result of relying on or otherwise using this Toolkit or arising due to any omission in the publication.

The background features a dark blue upper section and a white lower section, separated by a diagonal line. Several light blue gear icons are scattered across the page, with a cluster in the top right and another in the bottom left.

**Part I**

**Adoption of IAASB's International Quality Management Standards (ISQMs) in Pakistan**

## Part I - Adoption of IAASB's International Quality Management Standards (ISQMs) in Pakistan

ICAP has adopted IAASB's ISQM standards through ICAP Circular 06/2022 (dated November 25, 2022).

The ISQM standards include:

- a) ISQM 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements;
- b) ISQM 2, Engagement Quality Reviews; and
- c) ISA 220 (Revised), Quality Management for an Audit of Financial Statements

The ISQM 1 introduced a new risk-based quality management approach that require firms to design, implement and operate a system of quality management for audits, reviews of financial statements or other assurance engagements. A risk-based approach helps the firm to tailor the SOQM according to firm's circumstances, as well as the circumstances of the engagements performed by the firm. These standards are applicable to all audit firms.

As per IAASB's effective date, firms are required to have systems of quality management designed and implemented by December 15, 2022. ISQM requires that all firms are required to have the system evaluated within one year, that is, December 15, 2023.

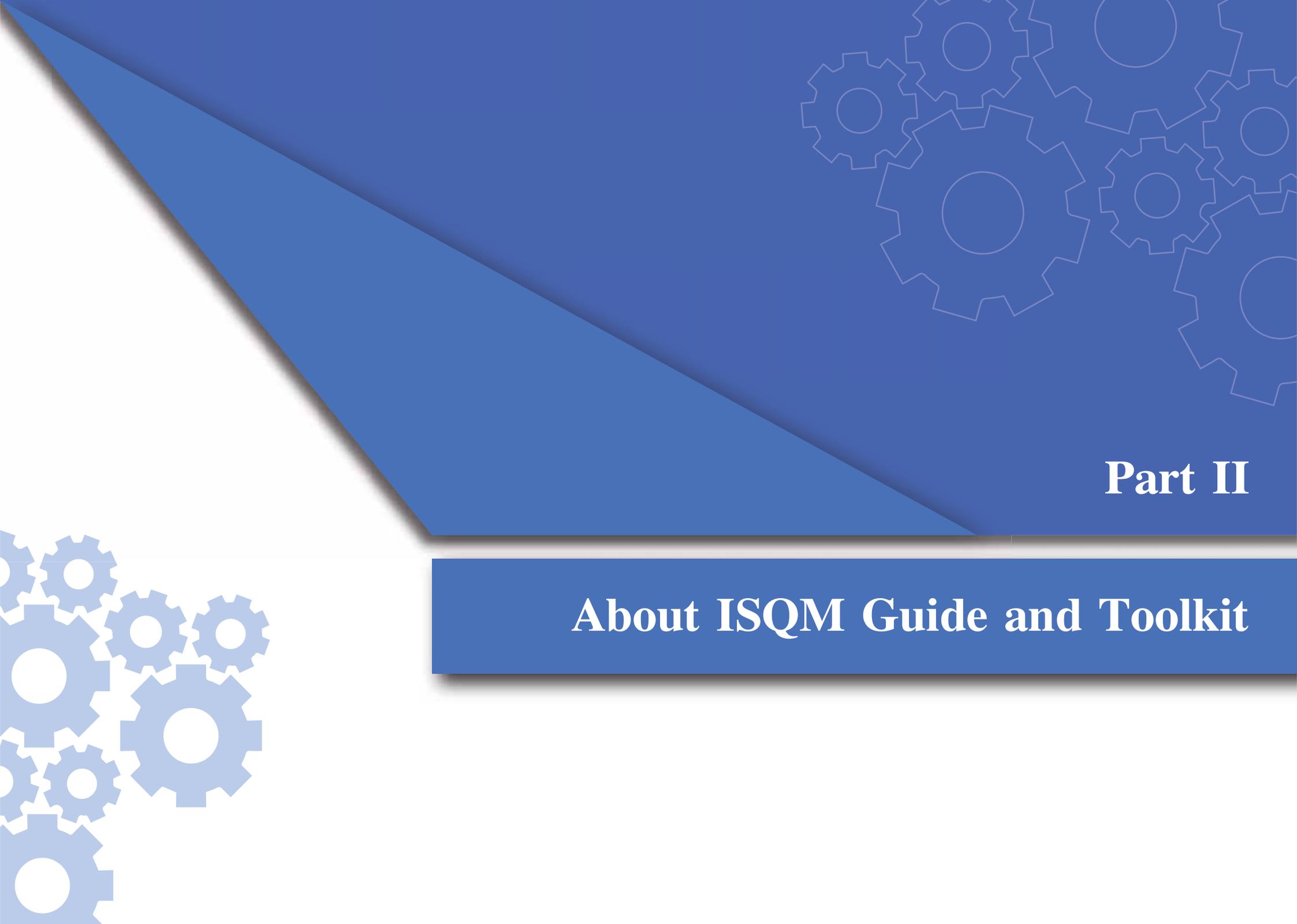
### Effective Dates in Pakistan:

In Pakistan, the firms are required to have SOQM designed and implemented in accordance with ISQM 1 by the below mentioned effective dates:

Firms	Effective date
Firms performing the audits of public interest companies	Effective from December 15, 2023
Firms performing the audits of other than public interest companies	Effective from December 15, 2024

The ISQM 1 and ISQM 2 will supersede the ISQC 1, once the standards are effective as per above mentioned dates. Further, the evaluation of the SOQM is required to be performed within one year following the above effective dates.

Brief overview of the Quality Management Standards are annexed as **Appendix A** to the Toolkit.



**Part II**

**About ISQM Guide and Toolkit**

## Part II – About ISQM Guide and Toolkit

### How does the 'ISQM Guide and Toolkit' help you?

The objective of developing ISQM Guide and Toolkit is to facilitate audit firms in developing System of Quality Management (SOQM) based on the risks identified and the way these can be responded.

The Toolkit contains:

1. A list of quality objectives for each of six components as given in ISQM 1;
2. A library of possible quality risks for each quality objectives;
3. A library of possible responses/ controls to mitigate the quality risks.

The Toolkit has been designed in the excel format, covering over 120 possible quality risks which are drawn from the quality objectives from ISQM 1 along with the recommended response/ control/ actions for each risk, which firms can implement or adapt.

ISQM 1 requires that each firm should have specific SOQM which is unique to its nature and circumstances and the engagements it performs. Therefore, this ready-to-use and easy-to-modify matrix-based Toolkit can be the starting point for a firm to customize or modify its quality objectives, quality risks and their controls or response to the assessed risks considering the firm's need and circumstances.

### How does the 'ISQM Guide and Toolkit' structured?

The matrix-based Toolkit contains a separate worksheet for each of the following six component of ISQM 1:

1. Governance and Leadership;
2. Relevant Ethical Requirements;
3. Acceptance and Continuance of Client Relationships and Specific Engagements;
4. Engagement Performance;
5. Resources;
6. Information and Communication

Each worksheet covers quality objectives as given under relevant paragraphs of ISQM 1. In order to achieve each quality objective, a list of possible risks have been identified and explained. For each quality risk, a table contains detailed explanation on controls including control name, control objective, control description and the control owner on each component sheet along with the frequency of maintaining policies or procedures or performing the control.

The users/firms are encouraged to add additional risks relating to their own practice. Firms are also directed towards the policies and procedures that would need to be adopted and applied to address the risks. At all stages firms are encouraged to consider existing policies and procedures which they may already have in place, as per ISQC 1, or to modify the existing policies and procedures to suit their firm's circumstances.

By using the Toolkit, the firm would design and implement its SOQM which is unique to its circumstances.

*Before initiating the implementation of ISQM, it is necessary that the requirements of quality management standards are completely read and understood by the person(s) responsible for designing and implementing SOQM. An overview of International Quality Management Standards is attached to this Toolkit as Annexure A.*



**Part III**

**Risks and Controls Matrix**

## Part III – Risks and Controls Matrix

This part includes the Risk and Control Matrix on the following six quality objectives/ components of ISQM 1:

Quality Components	Page No.
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Quality Component 2: Relevant Ethical Requirements	43
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**Quality Component 1**

**Governance & Leadership**

## Quality Component 1: Governance &amp; Leadership

## Risk and Control Template

Quality Objectives as per paragraph 28 of ISQM 1	Quality Risks
28. The firm shall establish the following quality objectives that address the firm's governance and leadership, which establishes the environment that supports the system of quality management.	
<p><b>GOV-QO-01:</b> (a) The firm demonstrates a commitment to quality through a culture that exists throughout the firm, which recognizes and reinforces: (Ref: Para. A55–A56)</p> <ul style="list-style-type: none"> <li>(i) The firm's role in serving the public interest by consistently performing quality engagements;</li> <li>(ii) The importance of professional ethics, values and attitudes;</li> <li>(iii) The responsibility of all personnel for quality relating to the performance of engagements or activities within the system of quality management, and their expected behavior; and</li> <li>(iv) The importance of quality in the firm's strategic decisions and actions, including the firm's financial and operational priorities.</li> </ul>	<p><b>GOV-QR-01:</b> The firm's leadership actions and behavior do not support a culture that recognizes and reinforces professional ethics, serving the public interest, values and attitudes throughout the firm.</p> <p><b>GOV-QR-02:</b> The firm's leadership actions, behavior and communication relevant to quality are not sufficiently clear, consistent, or frequent enough to support a culture that recognizes and reinforces professional ethics, serving the public interest, values and attitudes throughout the firm and exchanging information with the firm and with one another.</p> <p><b>GOV-QR-03:</b> The firm does not reinforce a commitment to quality by establishing expectations and holding personnel accountable for behaviors that align with the firm's values, code of conduct, professional ethics and serve the public interest OR the firm does not have a designated leader responsible and accountable for quality, or has a leader that does not accept responsibility for quality.</p> <p><b>GOV-QR-04:</b> The firm does not design and implement policies and procedures in relation to the assigned area of responsibility and /or partners and staff are not communicated about these policies and procedures.</p>
<b>GOV-QO-02:</b> (b) Leadership is responsible and accountable for quality. (Ref: Para. A57)	<p><b>GOV-QR-05:</b> The firm's leadership is not assigned responsibility and held accountable for the system of quality management.</p> <p><b>GOV-QR-06:</b> The firm does not create the appropriate organizational structure, including the assignment of roles and responsibilities to others in the system of quality management (for example, assigning responsibility to component owners if applicable).</p>
<b>GOV-QO-03:</b> (c) Leadership demonstrates a commitment to quality through their actions and behaviors. (Ref: Para. A58)	<p><b>GOV-QR-07:</b> The firm's strategic decisions and actions do not demonstrate a commitment to quality.</p> <p><b>GOV-QR-08:</b> The firm's strategic decisions and actions relating to financial and operational priorities do not demonstrate a commitment to quality.</p>

Quality Objectives as per paragraph 28 of ISQM 1	Quality Risks
	<p><b>GOV-QR-09:</b> The firm fails to create a culture that promotes and recognizes the importance of quality in performing audits and/or reviews of financial statements, other assurance or related services engagements.</p> <p><b>GOV-QR-10:</b> The firm fails to respond to internal and external inspection findings in a manner that demonstrates an attitude of improving quality. For example, analysis of monitoring findings, root cause analysis and remedial actions are not performed or do not effectively respond to identified deficiencies.</p>
<p><b>GOV-QO-04:</b> (d) The organizational structure and assignment of roles, responsibilities and authority is appropriate to enable the design, implementation and operation of the firm's system of quality management. (Ref: Para. A32, A33, A35, A59)</p>	<p><b>GOV-QR-11:</b> The firm's assignment of roles, responsibilities and authority within firm does not support commitment to quality.</p> <p><b>GOV-QR-12:</b> The firm does not create the appropriate organizational structure, including the assignment of roles and responsibilities to others in the system of quality management (for example, assigning responsibility to component owners if applicable).</p> <p><b>GOV-QR-13:</b> Individuals with key management roles [and board committee members], do not fulfil their role with respect to audit quality and the operation of the system of quality management OR the assignment of roles and responsibilities for the system of quality management, is not understood, resulting in quality decisions not being made by the appropriate individuals or groups.</p> <p><b>GOV-QR-14:</b> The system of quality management does not operate effectively, because personnel assigned operational responsibility lacks the appropriate experience, knowledge and sufficient time to fulfill their assigned responsibilities.</p>
<p><b>GOV-QO-05:</b> (e) Resource needs, including financial resources, are planned for and resources are obtained, allocated or assigned in a manner that is consistent with the firm's commitment to quality. (Ref: Para. A60–A61)</p>	<p><b>GOV-QR-15:</b> The firm's audit quality management function does not operate effectively, as it has inadequate resources.</p> <p><b>GOV-QR-16:</b> The firm does not appropriately plan its resource needs, including financial resources, and as a result, does not obtain, allocate or assign resources (human, intellectual and technological) to support a commitment to quality.</p> <p><b>GOV-QR-17:</b> The firm does not comply with law, regulation, professional standards and requirements that relate to governance.</p>

Quality Risk(s)	Related Quality Objective	Control Name	Control Objective	Control Criteria	Control Description	Control Owner	Frequency
GOV-QR-02	GOV-QO-01	Adoption of firm's Code of Conduct	<p>The firm demonstrates a commitment to quality through leadership actions and behavior and a culture that recognizes and reinforces:</p> <ul style="list-style-type: none"> <li>• the firm's role in serving the public interest by consistently performing quality engagements;</li> <li>• the importance of professional ethics, values and attitudes;</li> <li>• the responsibility of all personnel for: <ul style="list-style-type: none"> <li>i) exchanging information with the firm and with one another;</li> <li>ii) quality relating to the performance of engagements or activities within the system of quality management; and</li> <li>iii) their expected behavior.</li> </ul> </li> </ul>	Applicable to overall firm level	The firm adopts the Code of Conduct which encompasses all relevant legal and other requirements (or in case of Network firm, the applicable or required ethical principles required by the Network), ethical requirements as specified in ICAP Code of Ethics and applicable laws and regulations etc.	Senior Leadership	Periodically/ As and when required
GOV-QR-02	GOV-QO-01	Demonstration, communication and assessment of ethical behaviour	<p>The firm demonstrates a commitment to quality through leadership actions and behavior and a culture that recognizes and reinforces:</p> <ul style="list-style-type: none"> <li>• the firm's role in serving the public interest by consistently performing quality engagements;</li> <li>• the importance of professional ethics, values and attitudes;</li> <li>• the responsibility of all personnel for: <ul style="list-style-type: none"> <li>i) exchanging information with the firm and with one another;</li> <li>ii) quality relating to the performance of engagements or activities within the system of quality management; and</li> <li>iii) their expected behavior.</li> </ul> </li> </ul>	Applicable to overall firm level	The senior leadership regularly demonstrate and communicates, through various media (via emails, publications and others etc.) to firm personnel to emphasize the importance of an ethical culture and compliance with the code of conduct, values, the importance of quality in all we do, and the importance of training and exchanging information with the firm and with one another.	Senior Leadership	Monthly

Quality Risk(s)	Related Quality Objective	Control Name	Control Objective	Control Criteria	Control Description	Control Owner	Frequency
GOV-QR-02	GOV-QO-01	Firm level surveys on ethics and code of conduct	<p>The firm demonstrates a commitment to quality through leadership actions and behavior and a culture that recognizes and reinforces:</p> <ul style="list-style-type: none"> <li>• the firm's role in serving the public interest by consistently performing quality engagements;</li> <li>• the importance of professional ethics, values and attitudes;</li> <li>• the responsibility of all personnel for: <ul style="list-style-type: none"> <li>i) exchanging information with the firm and with one another;</li> <li>ii) quality relating to the performance of engagements or activities within the system of quality management; and</li> <li>iii) their expected behavior.</li> </ul> </li> </ul>	Applicable to overall Firm level	<p>The firm conducts to:</p> <ul style="list-style-type: none"> <li>• understand and evaluate the employees' knowledge and views on ethics, culture, code of conduct, values, tone at the top and the learning culture.</li> <li>• provide the opportunity to raise issues and concerns and to hear if employees are satisfied with the firm culture, tone at the top and environment.</li> </ul>	Senior Leadership	Annually
GOV-QR-02	GOV-QO-01	Firm level Surveys to evaluate audit quality	<p>The firm demonstrates a commitment to quality through leadership actions and behavior and a culture that recognizes and reinforces:</p> <ul style="list-style-type: none"> <li>• the firm's role in serving the public interest by consistently performing quality engagements;</li> <li>• the importance of professional ethics, values and attitudes;</li> <li>• the responsibility of all personnel for: <ul style="list-style-type: none"> <li>i) exchanging information with the firm and with one another;</li> <li>ii) quality relating to the performance of engagements or activities within the system of quality management; and</li> <li>iii) their expected behavior.</li> </ul> </li> </ul>	Applicable to overall firm level	The results are considered as an input to evaluate audit quality issues and the root causes of those issues, including related to culture and tone at the top analyzed as an input into RCA (Root Cause Analysis).	Senior Leadership	N/A

Quality Risk(s)	Related Quality Objective	Control Name	Control Objective	Control Criteria	Control Description	Control Owner	Frequency
GOV-QR-02	GOV-QO-01	Communication with external parties regarding SOQM	<p>The firm demonstrates a commitment to quality through leadership actions and behavior and a culture that recognizes and reinforces:</p> <ul style="list-style-type: none"> <li>• the firm's role in serving the public interest by consistently performing quality engagements;</li> <li>• the importance of professional ethics, values and attitudes;</li> <li>• the responsibility of all personnel for: <ul style="list-style-type: none"> <li>i) exchanging information with the firm and with one another;</li> <li>ii) quality relating to the performance of engagements or activities within the system of quality management; and</li> <li>iii) their expected behavior.</li> </ul> </li> </ul>	Applicable to overall Firm level	The firm communicates to external parties about the system of quality management in an external communication.	Senior Leadership	As and when required
GOV-QR-02	GOV-QO-01	Firm learning culture and training	<p>The firm demonstrates a commitment to quality through leadership actions and behavior and a culture that recognizes and reinforces:</p> <ul style="list-style-type: none"> <li>• the firm's role in serving the public interest by consistently performing quality engagements;</li> <li>• the importance of professional ethics, values and attitudes;</li> <li>• the responsibility of all personnel for: <ul style="list-style-type: none"> <li>i) exchanging information with the firm and with one another;</li> <li>ii) quality relating to the performance of engagements or activities within the system of quality management; and</li> <li>iii) their expected behavior.</li> </ul> </li> </ul>	Applicable to overall Firm level	The firm promotes the learning culture and adopts the mandatory training materials (in the respective core areas) (either in their entirety, or translates/amends for local laws and regulations).	Senior Leadership	As per firm policy

Quality Risk(s)	Related Quality Objective	Control Name	Control Objective	Control Criteria	Control Description	Control Owner	Frequency
GOV-QR-02	GOV-QO-01	Compliance requirements for firm's Internal trainings	<p>The firm demonstrates a commitment to quality through leadership actions and behavior and a culture that recognizes and reinforces:</p> <ul style="list-style-type: none"> <li>• the firm's role in serving the public interest by consistently performing quality engagements;</li> <li>• the importance of professional ethics, values and attitudes;</li> <li>• the responsibility of all personnel for: <ul style="list-style-type: none"> <li>i) exchanging information with the firm and with one another;</li> <li>ii) quality relating to the performance of engagements or activities within the system of quality management; and</li> <li>iii) their expected behavior.</li> </ul> </li> </ul>	Applicable to overall firm level	The firm adopts the requirement that all personnel shall take training covering compliance with laws, regulations and professional standards, anti-bribery and corruption, and reporting suspected or actual non-compliance.	Senior Leadership	As per firm's training policy
GOV-QR-02	GOV-QO-01	Promoting overall professional culture	<p>The firm demonstrates a commitment to quality through leadership actions and behavior and a culture that recognizes and reinforces:</p> <ul style="list-style-type: none"> <li>• the firm's role in serving the public interest by consistently performing quality engagements;</li> <li>• the importance of professional ethics, values and attitudes;</li> <li>• the responsibility of all personnel for: <ul style="list-style-type: none"> <li>i) exchanging information with the firm and with one another;</li> <li>ii) quality relating to the performance of engagements or activities within the system of quality management; and</li> <li>iii) their expected behavior.</li> </ul> </li> </ul>	Applicable to overall firm level	The firm establishes and promotes a culture of continuous improvement and has mechanisms to identify deficiencies related to the system of quality management, to perform root cause analysis and to develop appropriate remedial actions to address these deficiencies, including those linked to firm culture and tone at the top.	Senior Leadership	Annual

Quality Risk(s)	Related Quality Objective	Control Name	Control Objective	Control Criteria	Control Description	Control Owner	Frequency
GOV-QR-02	GOV-QO-01	External Communication on sensitive nature issues	<p>The firm demonstrates a commitment to quality through leadership actions and behavior and a culture that recognizes and reinforces:</p> <ul style="list-style-type: none"> <li>• the firm's role in serving the public interest by consistently performing quality engagements;</li> <li>• the importance of professional ethics, values and attitudes;</li> <li>• the responsibility of all personnel for:                             <ol style="list-style-type: none"> <li>i) exchanging information with the firm and with one another;</li> <li>ii) quality relating to the performance of engagements or activities within the system of quality management; and</li> <li>iii) their expected behavior.</li> </ol> </li> </ul>	Applicable to overall firm level	Firm channels for reporting concerns and issues of a sensitive nature are clearly defined and communicated. The existence of, and how to access, firm Hotline is publicized on firm public website.	Senior Leadership	On going
GOV-QR-02	GOV-QO-01	Overall performance feedback	<p>The firm demonstrates a commitment to quality through leadership actions and behavior and a culture that recognizes and reinforces:</p> <ul style="list-style-type: none"> <li>• the firm's role in serving the public interest by consistently performing quality engagements;</li> <li>• the importance of professional ethics, values and attitudes;</li> <li>• the responsibility of all personnel for:                             <ol style="list-style-type: none"> <li>i) exchanging information with the firm and with one another;</li> <li>ii) quality relating to the performance of engagements or activities within the system of quality management; and</li> <li>iii) their expected behavior.</li> </ol> </li> </ul>	Applicable to overall firm level	<p>Performance feedback:</p> <ul style="list-style-type: none"> <li>• At least [annually], the firm requires [senior leadership / Individuals with operational responsibility for SOQM] to obtain performance feedback, which includes consideration of how they demonstrate the expected ethics, code of conduct, values and audit quality.</li> <li>• The results of the performance feedback are communicated to the respective individuals and, as appropriate, taken into consideration by the firm in determining the individual's performance evaluation.</li> </ul>	Senior Leadership	Annually

Quality Risk(s)	Related Quality Objective	Control Name	Control Objective	Control Criteria	Control Description	Control Owner	Frequency
GOV-QR-02	GOV-QO-01	Performance feedback from firm's leadership	<p>The firm demonstrates a commitment to quality through leadership actions and behavior and a culture that recognizes and reinforces:</p> <ul style="list-style-type: none"> <li>• the firm's role in serving the public interest by consistently performing quality engagements;</li> <li>• the importance of professional ethics, values and attitudes;</li> <li>• the responsibility of all personnel for:                             <ul style="list-style-type: none"> <li>i) exchanging information with the firm and with one another;</li> <li>ii) quality relating to the performance of engagements or activities within the system of quality management; and</li> <li>iii) their expected behavior.</li> </ul> </li> </ul>	Applicable to overall firm level	Annually, the firm seeks input from leadership on the performance of that firm as part of his or her annual performance assessment process. The input will be based on an assessment of the performance (including his/her personal conduct and the conduct of his/her firm as a reflection of their leadership) consistent with firm's objectives and his/her contribution to the firm organization overall, including with respect to matters of public interest, audit quality and risk management activities and, more specifically, by reference to any role criteria and key performance indicators approved by the firm leadership.	Senior Leadership	Annually
GOV-QR-04	GOV-QO-01	Design, implementation and communication of firm's policies and procedures	The firm designs and implements policies and procedures for the firm SOQM. Any change/updation in policies and procedures are timely communicated to firm's personnel and engagement teams.	Applicable to overall firm level	Individual responsible for SOQM checks and ensures that firm's policies and procedures are adequately and timely communicated to staff and personnel and engagement teams through email, internal memos, trainings, website. Any change in policy required is also ensured and informed to firm's leadership.	Individual responsible for SOQM	Annually/ As and when required
GOV-QR-02	GOV-QO-01	Investigating Complaints and Allegations	<p>The firm demonstrates a commitment to quality through leadership actions and behavior and a culture that recognizes and reinforces:</p> <ul style="list-style-type: none"> <li>• the firm's role in serving the public interest by consistently performing quality engagements;</li> <li>• the importance of professional ethics, values and attitudes;</li> </ul>	Applicable to overall firm level	Firm personnel with experience, knowledge, and appropriate authority within the firm; and a direct line of communication to the individual(s) assigned ultimate responsibility and accountability for the SOQM investigates and documents all relevant reported matters from the help hotline, and the proposed actions are assessed and approved by Senior leadership before reporting to the (Risk and Compliance	Senior Leadership	As and when required

Quality Risk(s)	Related Quality Objective	Control Name	Control Objective	Control Criteria	Control Description	Control Owner	Frequency
			<ul style="list-style-type: none"> <li>• the responsibility of all personnel for:                             <ul style="list-style-type: none"> <li>i) exchanging information with the firm and with one another;</li> <li>ii) quality relating to the performance of engagements or activities within the system of quality management; and</li> <li>iii) their expected behavior.</li> </ul> </li> </ul>		Committee / AQ Committee / Disciplinary Committee / Board / Board equivalent).		
GOV-QR-02	GOV-QO-01	Review of investigated matters	<p>The firm demonstrates a commitment to quality through leadership actions and behavior and a culture that recognizes and reinforces:</p> <ul style="list-style-type: none"> <li>• the firm’s role in serving the public interest by consistently performing quality engagements;</li> <li>• the importance of professional ethics, values and attitudes;</li> <li>• the responsibility of all personnel for:                             <ul style="list-style-type: none"> <li>i) exchanging information with the firm and with one another;</li> <li>ii) quality relating to the performance of engagements or activities within the system of quality management; and</li> <li>iii) their expected behavior.</li> </ul> </li> </ul>	Applicable to overall firm level	At least [quarterly], the [firm leadership] reviews a summary of relevant matters investigated and received through the help hotline, and analyses if there have been any changes in the complaints and allegations related to culture and tone at the top as compared to previous period. [Managing Partner] approves action plans accordingly.	Senior Leadership	Quarterly/ As per firm's defined policy
GOV-QR-02 GOV-QR-05	GOV-QO-01 GOV-QO-02	Personnel performance evaluations, promotions and compensation	<p>The firm demonstrates a commitment to quality through leadership actions and behavior and a culture that recognizes and reinforces:</p>	Applicable to overall firm level	The firm adopts performance objective and KPI approach and principles, containing mandatory baseline requirements, to establish a consistent and fair process to evaluate firm personnel for their accountabilities, including the individual(s) assigned	Senior Leadership	Annually

Quality Risk(s)	Related Quality Objective	Control Name	Control Objective	Control Criteria	Control Description	Control Owner	Frequency
			<ul style="list-style-type: none"> <li>• the firm’s role in serving the public interest by consistently performing quality engagements;</li> <li>• the importance of professional ethics, values and attitudes;</li> <li>• the responsibility of all personnel for:                             <ul style="list-style-type: none"> <li>i) exchanging information with the firm and with one another;</li> <li>ii) quality relating to the performance of engagements or activities within the system of quality management; and</li> <li>iii) their expected behavior.</li> </ul> </li> </ul>		ultimate accountability for the firm’s system of quality management, and the individual(s) assigned operational accountability for elements of the SOQM.		
GOV-QR-02 GOV-QR-03 GOV-QR-05	GOV-QO-01 GOV-QO-02	Consistency of individual behaviour with firm's code of conduct	The firm demonstrates a commitment to quality through leadership actions and behavior and a culture that recognizes and reinforces: <ul style="list-style-type: none"> <li>• the firm’s role in serving the public interest by consistently performing quality engagements;</li> <li>• the importance of professional ethics, values and attitudes;</li> <li>• the responsibility of all personnel for:                             <ul style="list-style-type: none"> <li>i) exchanging information with the firm and with one another;</li> <li>ii) quality relating to the performance of engagements or activities within the system of quality management; and</li> <li>iii) their expected behavior.</li> </ul> </li> </ul>	Applicable to overall firm level	[Annual] personnel performance evaluations, promotion outcomes and compensation awards reinforce expected standards of behavior, consistent with the firm's code of conduct and engagement quality objectives. The firm evaluation process specifically requires that engagement quality goals are incorporated into job description of all personnel who participate in audits or reviews of financial statements or other assurance or related services.	Senior Leadership	Annually

Quality Risk(s)	Related Quality Objective	Control Name	Control Objective	Control Criteria	Control Description	Control Owner	Frequency
GOV-QR-02 GOV-QR-03	GOV-QO-01	Sanction of behaviors not aligned with Code of Conduct	<p>The firm demonstrates a commitment to quality through leadership actions and behavior and a culture that recognizes and reinforces:</p> <ul style="list-style-type: none"> <li>• the firm's role in serving the public interest by consistently performing quality engagements;</li> <li>• the importance of professional ethics, values and attitudes;</li> <li>• the responsibility of all personnel for: <ul style="list-style-type: none"> <li>i) exchanging information with the firm and with one another;</li> <li>ii) quality relating to the performance of engagements or activities within the system of quality management; and</li> <li>iii) their expected behavior.</li> </ul> </li> </ul>	Applicable to overall firm level	The firm has mechanisms in place to sanction behavior not aligned to the firm's Code of Conduct.	Senior Leadership	Annually/ As and when required
GOV-QR-03	GOV-QO-01	Recruitment and onboarding process	<p>The firm demonstrates a commitment to quality through leadership actions and behavior and a culture that recognizes and reinforces:</p> <ul style="list-style-type: none"> <li>• the firm's role in serving the public interest by consistently performing quality engagements;</li> <li>• the importance of professional ethics, values and attitudes;</li> <li>• the responsibility of all personnel for: <ul style="list-style-type: none"> <li>i) exchanging information with the firm and with one another;</li> <li>ii) quality relating to the performance of engagements or activities within the system of quality management; and</li> <li>iii) their expected behavior.</li> </ul> </li> </ul>	Applicable to overall firm level	The firm has defined recruitment and onboarding processes with hiring criteria that are approved by the firm leadership.	Senior Leadership	Initially developed and then reviewed periodically

Quality Risk(s)	Related Quality Objective	Control Name	Control Objective	Control Criteria	Control Description	Control Owner	Frequency
GOV-QR-03	GOV-QO-01	Disciplinary policies and procedures	<p>The firm demonstrates a commitment to quality through leadership actions and behavior and a culture that recognizes and reinforces:</p> <ul style="list-style-type: none"> <li>• the firm's role in serving the public interest by consistently performing quality engagements;</li> <li>• the importance of professional ethics, values and attitudes;</li> <li>• the responsibility of all personnel for: <ul style="list-style-type: none"> <li>i) exchanging information with the firm and with one another;</li> <li>ii) quality relating to the performance of engagements or activities within the system of quality management; and</li> <li>iii) their expected behavior.</li> </ul> </li> </ul>	Applicable to overall firm level	<ul style="list-style-type: none"> <li>• Firm disciplinary policies and procedures, including those that relate to [personal] independence, are reviewed [annually] and approved by the [Head of responsible group] for appropriateness and as applicable for compliance with the requirements of the Risk Management policies, ICAP's Code of Ethics and applicable regulatory requirements.</li> <li>• Firm disciplinary policies and procedures are communicated to the personnel.</li> </ul>	Senior Leadership	Annually
GOV-QR-03	GOV-QO-01	Disciplinary policies confirmation	<p>The firm demonstrates a commitment to quality through leadership actions and behavior and a culture that recognizes and reinforces:</p> <ul style="list-style-type: none"> <li>• the firm's role in serving the public interest by consistently performing quality engagements;</li> <li>• the importance of professional ethics, values and attitudes;</li> <li>• the responsibility of all personnel for: <ul style="list-style-type: none"> <li>i) exchanging information with the firm and with one another;</li> <li>ii) quality relating to the performance of engagements or activities within the system of quality management; and</li> <li>iii) their expected behavior.</li> </ul> </li> </ul>	Applicable to overall firm level	On annual basis, as part of the Annual Compliance confirmation, the firm obtains confirmation from personnel that they are aware and understand the firm disciplinary policies.	Senior Leadership	Annual

Quality Risk(s)	Related Quality Objective	Control Name	Control Objective	Control Criteria	Control Description	Control Owner	Frequency
GOV-QR-03	GOV-QO-01	Review of misconduct and unethical behaviour	<p>The firm demonstrates a commitment to quality through leadership actions and behavior and a culture that recognizes and reinforces:</p> <ul style="list-style-type: none"> <li>• the firm's role in serving the public interest by consistently performing quality engagements;</li> <li>• the importance of professional ethics, values and attitudes;</li> <li>• the responsibility of all personnel for: <ul style="list-style-type: none"> <li>i) exchanging information with the firm and with one another;</li> <li>ii) quality relating to the performance of engagements or activities within the system of quality management; and</li> <li>iii) their expected behavior.</li> </ul> </li> </ul>	Applicable to overall firm level	The firm [Disciplinary Committee or equivalent] reviews the facts and circumstances for the reported misconduct/unethical behavior or violations of firm policy and approves the consequences in accordance with the firm's disciplinary policy guidelines.	Senior Leadership	As and when required
GOV-QR-03	GOV-QO-01	RCA methodology	<p>The firm demonstrates a commitment to quality through leadership actions and behavior and a culture that recognizes and reinforces:</p> <ul style="list-style-type: none"> <li>• the firm's role in serving the public interest by consistently performing quality engagements;</li> <li>• the importance of professional ethics, values and attitudes;</li> <li>• the responsibility of all personnel for: <ul style="list-style-type: none"> <li>i) exchanging information with the firm and with one another;</li> <li>ii) quality relating to the performance of engagements or activities within the system of quality management; and</li> <li>iii) their expected behavior.</li> </ul> </li> </ul>	Applicable to overall firm level	The firm performs RCA in accordance with the firm's RCA policy/ methodology. Remediation plans are approved by [firm leadership] and are monitored for effectiveness.	Senior Leadership	Annually

Quality Risk(s)	Related Quality Objective	Control Name	Control Objective	Control Criteria	Control Description	Control Owner	Frequency
GOV-QR-03	GOV-QO-01	Specific remedial actions and improvement targets	<p>The firm demonstrates a commitment to quality through leadership actions and behavior and a culture that recognizes and reinforces:</p> <ul style="list-style-type: none"> <li>• the firm’s role in serving the public interest by consistently performing quality engagements;</li> <li>• the importance of professional ethics, values and attitudes;</li> <li>• the responsibility of all personnel for:                             <ul style="list-style-type: none"> <li>i) exchanging information with the firm and with one another;</li> <li>ii) quality relating to the performance of engagements or activities within the system of quality management; and</li> <li>iii) their expected behavior.</li> </ul> </li> </ul>	Applicable to overall firm level	The firm monitors the results and has specific remedial actions and improvement targets in place for all areas of significant concern, including specifically those related to the questions identified as being directly relevant to audit quality, governance, leadership and ethics.	Senior Leadership	At least semi-annually
GOV-QR-02 GOV-QR-03 GOV-QR-07 GOV-QR-15 GOV-QR-16	GOV-QO-01 GOV-QO-03 GOV-QO-05	Appointment of individuals to senior management roles	<p>The firm demonstrates a commitment to quality through leadership actions and behavior and a culture that recognizes and reinforces:</p> <ul style="list-style-type: none"> <li>• the firm’s role in serving the public interest by consistently performing quality engagements;</li> <li>• the importance of professional ethics, values and attitudes;</li> <li>• the responsibility of all personnel for:                             <ul style="list-style-type: none"> <li>i) exchanging information with the firm and with one another;</li> <li>ii) quality relating to the performance of engagements or activities within the system of quality management; and</li> <li>iii) their expected behavior.</li> </ul> </li> </ul>	Applicable to overall firm level	Appointment of individuals to senior management roles for accountabilities included in the firm senior management role profiles, the [approver] assesses [at the time of appointment] that the [individuals (or individual/group/third party legal resource in the case of the General Counsel role)] appointed to the relevant accountabilities have the appropriate competency and capability based on their experience and knowledge, and sufficient time based on the workload information to fulfil the accountabilities or adjustments to workload have been or will be made, if necessary to allow for sufficient time.	Senior Leadership	As and when required

Quality Risk(s)	Related Quality Objective	Control Name	Control Objective	Control Criteria	Control Description	Control Owner	Frequency
GOV-QR-07 GOV-QR-15 GOV-QR-16	GOV-QO-03 GOV-QO-05	Commitment to quality through culture	<p>The firm demonstrates a commitment to quality through a culture that recognizes and reinforces the importance of quality in the firm's strategic decisions and actions, including the firm's financial and operational priorities.</p> <p>Firm resource needs, including financial resources, are planned for and resources are obtained, allocated or assigned in a manner that is consistent with the firm's commitment to quality.</p>	Applicable to overall firm level	The firm's personnel responsible for audit quality reviews [allocated budget / headcount] received from [CFO] and confirms to [Managing Partner / Board or equivalent body] that they have appropriate budget for, and it has been allocated appropriately to, the Audit Quality initiatives and the annual budget is consistent with the function's strategic plan.	Senior Leadership	Annually
GOV-QR-07 GOV-QR-15	GOV-QO-03 GOV-QO-05	Review of Annual Budget	<p>The firm demonstrates a commitment to quality through a culture that recognizes and reinforces the importance of quality in the firm's strategic decisions and actions, including the firm's financial and operational priorities.</p> <p>Firm resource needs, including financial resources, are planned for and resources are obtained, allocated or assigned in a manner that is consistent with the firm's commitment to quality.</p>	Applicable to overall firm level	Annual budget is reviewed and approved by the [Managing Partner and / or Board or equivalent body].	Senior Leadership	Annually
GOV-QR-07 GOV-QR-16	GOV-QO-03 GOV-QO-05	Review of Material Changes	<p>The firm demonstrates a commitment to quality through a culture that recognizes and reinforces the importance of quality in the firm's strategic decisions and actions, including the firm's financial and operational priorities.</p> <p>The firm resource needs, including financial resources, are planned for and resources are obtained, allocated or assigned in a manner that is consistent with the firm's commitment to quality.</p>	Applicable to overall firm level	Subsequent material changes to the [budgets/forecasts] are reviewed and approved by the [Managing Partner and/or the Board / equivalent body].	Senior Leadership	As and when required
GOV-QR-07 GOV-QR-08	GOV-QO-03	Evaluation of New Clients	The firm demonstrates a commitment to quality through a culture that recognizes and reinforces the importance of quality in the firm's strategic decisions and actions, including the firm's financial and operational priorities.	Applicable to overall firm level	Firm has process in place to evaluate new clients prior to the client being accepted.	Senior Leadership	As and when required

Quality Risk(s)	Related Quality Objective	Control Name	Control Objective	Control Criteria	Control Description	Control Owner	Frequency
GOV-QR-07 GOV-QR-08 GOV-QR-15 GOV-QR-16	GOV-QO-03 GOV-QO-05	Review of firm Strategic Plan	<p>The firm demonstrates a commitment to quality through a culture that recognizes and reinforces the importance of quality in the firm's strategic decisions and actions, including the firm's financial and operational priorities.</p> <p>The firm resource needs, including financial resources, are planned for and resources are obtained, allocated or assigned in a manner that is consistent with the firm's commitment to quality.</p>	Applicable to overall firm level	The Board or equivalent governance body reviews and approves the firm strategic plan, including assessing that the firm has, or is committed to obtain, sufficient human, intellectual and technological resources for the next [xxxx] years to support audit quality and the effectiveness of its SOQM.	Senior Leadership	Annually
GOV-QR-07	GOV-QO-03	Adoption of firm's Enterprise Risk Assessment Policy	The firm demonstrates a commitment to quality through a culture that recognizes and reinforces the importance of quality in the firm's strategic decisions and actions, including the firm's financial and operational priorities.	Applicable to overall firm level	Firm prepares and develops the Enterprise Risk Assessment (ERM) policy to establish, maintain and conduct an ERM process to identify, assess and manage the firm's enterprise risks, (including those related to audit quality).	Senior Leadership	Annually
GOV-QR-10	GOV-QO-03	Internal and external inspection findings	The firm demonstrates an attitude of improving quality by responding to internal and external inspection findings. For example, analysis of monitoring findings, root cause analysis and remedial actions are not performed or do not effectively respond to identified deficiencies.	Applicable to overall firm level	The individual with ultimate responsibility for the SOQM shall consider each matter raised/ findings, performed the root cause analysis and determine the appropriate course of action. The individual with ultimate responsibility for the SOQM shall also report back to the informant on the results of any investigation and proposed courses of action.	Senior Leadership/ Individual with ultimate responsibility for the SOQM	Monthly/ quarterly
GOV-QR-05 GOV-QR-15 GOV-QR-16	GOV-QO-02 GOV-QO-05	Adoption of accountability framework	<p>Firm leadership is responsible and accountable for quality.</p> <p>Firm resource needs, including financial resources, are planned for and resources are obtained, allocated or assigned in a manner that is consistent with the Firm's commitment to quality</p>	Applicable to overall firm level	<ul style="list-style-type: none"> <li>The firm adopts the firm senior management role profiles (as set out in the firm's defined accountabilities) to support the firm's commitment to quality and the design, implementation and operation of the firm's system of quality management. Annually, the firm leadership determines that for each leadership role accountability there is an appointed responsible [individual / group / third party legal resource] in the firm.</li> </ul>	Senior Leadership	Annually

Quality Risk(s)	Related Quality Objective	Control Name	Control Objective	Control Criteria	Control Description	Control Owner	Frequency
					<ul style="list-style-type: none"> <li>[Annually] for the firm's defined accountabilities referred to in part A of this control, the [individual(s)] with ultimate responsibility and accountability for the SOQM determines that there are no conflicts or risks of self-oversight of an operational role or that appropriate mitigations have been put in place.</li> </ul>		
GOV-QR-05 GOV-QR-06 GOV-QR-07 GOV-QR-16	GOV-QO-02 GOV-QO-04 GOV-QO-05	Accountability of firm's leadership for Quality	<p>The firm leadership is responsible and accountable for quality.</p> <p>The firm has an organizational structure and assignment of roles, responsibilities and authority that is appropriate to enable the design, implementation and operation of the firm's system of quality management.</p> <p>Firm resource needs, including financial resources, are planned for and resources are obtained, allocated or assigned in a manner that is consistent with the firm's commitment to quality.</p>	Applicable to overall Firm level	Each individual, who has assigned a key accountability roles, sets goals relevant to one's profile which are reviewed and approved by their respective Performance Manager.	Senior Leadership	As and when required
GOV-QR-08	GOV-QO-04	Establishment of reporting lines and appropriate authorities	The firm has an organizational structure and assignment of roles, responsibilities and authority that is appropriate to enable the design, implementation and operation of the firm's system of quality management.	Applicable to overall firm level	<ul style="list-style-type: none"> <li>The firm establishes [an SOQM oversight governance body/ individuals responsible for ISQM], reporting lines, and appropriate authorities and responsibilities, including assigning executive and operational responsibility for the SOQM as a whole and specific aspects of the SOQM.</li> <li>The firm develops and maintains the terms of reference for the identified SOQM governance body.</li> </ul>	Senior Leadership	Annually

Quality Risk(s)	Related Quality Objective	Control Name	Control Objective	Control Criteria	Control Description	Control Owner	Frequency
					<ul style="list-style-type: none"> <li>• The [Managing Partner] reviews and approves the established structures, reporting lines, and allocation of appropriate responsibilities. These include that:                             <ol style="list-style-type: none"> <li>1) the individuals with operational responsibility for the system of quality management;</li> <li>2) individuals with operational responsibility for compliance; and</li> <li>3) individuals with operational responsibility for monitoring and remediation process have a direct line of communication to the individual(s) assigned ultimate responsibility and accountability for the SOQM.</li> </ol> </li> </ul>		
<p>GOV-QR-05 GOV-QR-13</p>	<p>GOV-QO-02 GOV-QO-04</p>	<p>Operational responsibility for SOQM</p>	<p>Firm leadership is responsible and accountable for quality.</p> <p>The firm has an organizational structure and assignment of roles, responsibilities and authority that is appropriate to enable the design, implementation and operation of the firm's system of quality management.</p>	<p>Applicable to overall firm level</p>	<p>For the appointment of individuals with:</p> <ul style="list-style-type: none"> <li>• Overall operational responsibility for the SOQM;</li> <li>• Operational responsibility for specific aspects of the SOQM including:                             <ol style="list-style-type: none"> <li>1) compliance with independence requirements [firm Independence leader / ethics leader], and</li> <li>2) monitoring and remediation process [Firm Risk Leader]</li> </ol> </li> </ul> <p>The appropriate approver assesses that the individual has the appropriate understanding of the role(s) and their accountability for fulfilling them; competency and capability based on the individual's experience, knowledge,</p>	<p>Senior Leadership</p>	<p>Annually</p>

Quality Risk(s)	Related Quality Objective	Control Name	Control Objective	Control Criteria	Control Description	Control Owner	Frequency
					influence, authority and sufficient time based on the workload information to fulfill the assigned responsibility.		
GOV-QR-11	GOV-QO-04	Appointment of individuals as Board members	The firm has an organizational structure and assignment of roles, responsibilities and authority that is appropriate to enable the design, implementation and operation of the firm's system of quality management.	Applicable to overall firm level	The firm has [policy/ partnership agreement or equivalent] for appointment of individuals as Board members, including non-executive/ independent Board members, when applicable.	Senior Leadership	Annually
GOV-QR-11	GOV-QO-04	Board's role on governance and leadership	The firm has an organizational structure and assignment of roles, responsibilities and authority that is appropriate to enable the design, implementation and operation of the firm's system of quality management.	Applicable to overall firm level	<ul style="list-style-type: none"> <li>The Board (or equivalent governance body) has clearly defined terms of reference including, conflict of interest, powers, authorities, responsibilities, delegation, and requirements. The Board (or equivalent governance body) oversees management of the firm and protects the interests of the equity partners (or equivalent) as a whole.</li> <li>The length of each terms of appointment of Board members should be defined as per firm's policy.</li> <li>There are [quarterly] meetings of the Board (or equivalent governance body). A summary of the meetings, minutes and attendees is documented and retained.</li> </ul>	Senior Leadership	As and when required
GOV-QR-11	GOV-QO-04	Role on compliance with applicable law and regulations	The firm has an organizational structure and assignment of roles, responsibilities and authority that is appropriate to enable the design, implementation and operation of the firm's system of quality management.	Applicable to overall firm level	The firm should develop a policy to define an organizational structure and assignment of roles, responsibilities and authority that is appropriate to enable the design, implementation and operation of the firm's system of quality management.	Senior Leadership	As and when required
GOV-QR-12 GOV-QR-13	GOV-QO-04	Organizational Structure and	The firm has an organizational structure and assignment of roles, responsibilities and authority that is appropriate to enable	Applicable to overall firm level	Before the appointment of the firm leadership/quality roles and also before any preferred candidate or shortlist	Senior Leadership	As and when required

Quality Risk(s)	Related Quality Objective	Control Name	Control Objective	Control Criteria	Control Description	Control Owner	Frequency
		assignment of roles	the design, implementation and operation of the firm's system of quality management.		becomes widely known among firm partners, firms are required to consult with Senior Leadership.		
GOV-QR-12	GOV-QO-04	Organizational Structure and assignment of roles	The firm has an organizational structure and assignment of roles, responsibilities and authority that is appropriate to enable the design, implementation and operation of the firm's system of quality management.	Applicable to overall firm level	The firm has a succession planning process for the key leadership roles, (as per the firm's defined roles and responsibilities set out in the accountabilities framework). The [firm management committee] develops a succession plans for assignments of responsibility for key firm leadership roles. The Managing Partner reviews and approves the succession plan annually.	Senior Leadership	Annually
GOV-QR-12 GOV-QR-13	GOV-QO-04	Organizational Structure and assignment of roles	The firm has an organizational structure and assignment of roles, responsibilities and authority that is appropriate to enable the design, implementation and operation of the firm's system of quality management.	Applicable to overall firm level	<ul style="list-style-type: none"> <li>Annually, the [individual/s assigned operational responsibility for the SOQM monitoring and remediation process/ SOQM lead] reviews and approves the evaluation of the severity and pervasiveness of identified deficiencies, and the materials provided to the Managing Partner for purposes of forming an overall conclusion on the SOQM.</li> <li>Annually, the Managing Partner reviews the results and analysis of the annual SOQM evaluation and approves the results based on the information provided.</li> </ul>	Senior Leadership	Annually
GOV-QR-14	GOV-QO-04	Organizational Structure and assignment of roles	The firm has assigned responsibility of system of quality management to the appropriate personnel having experience, knowledge and sufficient time to fulfill their assigned responsibilities.	Applicable to overall firm level	The individual responsible for the SOQM should have relevant experience, knowledge related to the firm's strategic decisions and actions and business operations, including engagements performed by the firm. He/she must have influence and authority within the firm, and sufficient time, to perform his assigned responsibility. Each year, [the managing partner or designated person] shall assess the performance of the firm's leaders. If improvement is required, the	Senior Leadership	Annually

Quality Risk(s)	Related Quality Objective	Control Name	Control Objective	Control Criteria	Control Description	Control Owner	Frequency
					<p>managing partner is responsible for taking the appropriate action such as requiring additional training, freeing up the time required or even replacing the leader. The individual responsible for firm's SOQM be accountable and communicate regularly to the individual with ultimate responsibility for SOQM and ensure the firm's policies and procedures in relation to the assigned area of responsibility:</p> <ul style="list-style-type: none"> <li>• Appropriately designed and implemented. Policies shall be sufficient to ensure ongoing compliance with each relevant requirement.</li> <li>• Communicated to all partners and staff.</li> <li>• Complied with by all partners and staff.</li> <li>• Properly maintained through an annual review and update.</li> <li>• The practice aids in use (such as checklists, software programs, forms, work programs and template letters) are up to date and readily accessible to partners and staff.</li> <li>• Prepare an annual report to be submitted to the managing partner (or partners) on the work performed and major issues identified along with their resolution and recommendations for improvements.</li> </ul>		
GOV-QR-16	GOV-QO-05	Resource needs including financial resources	Firm resource needs, including financial resources, are planned for and resources are obtained, allocated or assigned in a manner that is consistent with the Firm's commitment to quality.	Applicable to overall firm level	The firm plans for its [human] resource needs on an annual basis by estimating the expected hours/personnel needed to service its client portfolio.	Senior Leadership	Annual

Quality Risk(s)	Related Quality Objective	Control Name	Control Objective	Control Criteria	Control Description	Control Owner	Frequency
GOV-QR-11	GOV-QO-01	Demonstration of commitment to quality through leadership action and behaviour	<p>The firm demonstrates a commitment to quality through leadership actions and behavior and a culture that recognizes and reinforces:</p> <ul style="list-style-type: none"> <li>• the firm's role in serving the public interest by consistently performing quality engagements;</li> <li>• the importance of professional ethics, values and attitudes;</li> <li>• the responsibility of all personnel for: <ul style="list-style-type: none"> <li>i) exchanging information with the firm and with one another;</li> <li>ii) quality relating to the performance of engagements or activities within the system of quality management; and</li> <li>iii) their expected behavior.</li> </ul> </li> </ul>	Applicable to overall firm level	<p>Firm Partnership Agreement:</p> <ul style="list-style-type: none"> <li>• Whenever the firm [Partnership Agreement] is changed, the Risk leader reviews and checks that the changes do not affect the firm's ability to comply with its contractual obligations to firm, as they relate to its System of Quality Management.</li> <li>• Whenever the firm membership documents are changed, the Risk leader reviews and checks that the firm continues to have the ability to comply with its contractual obligations to firm, as they relate to its System of Quality Management, including whether any changes to the firm [Partnership Agreement] are necessary and, if necessary, have been made.</li> <li>• Whenever laws and regulations applying to firm governance are changed, the Risk leader reviews and checks that the firm continues to comply with those laws and regulations, including whether any change to the firm [Partnership Agreement] are necessary and, if necessary, have been made.</li> </ul>	Risk Leader	As and when required
GOV-QR-01	GOV-QO-01	Demonstration of commitment to quality through leadership action and behaviour	<p>The firm demonstrates a commitment to quality through leadership actions and behavior and a culture that recognizes and reinforces:</p> <ul style="list-style-type: none"> <li>• the firm's role in serving the public interest by consistently performing quality engagements;</li> </ul>	Applicable to overall firm level	The firm developed and maintains a Code of Conduct consistent with applicable ICAP Code of Ethics and applicable regulatory requirements.	Senior Leadership	As and when required

Quality Risk(s)	Related Quality Objective	Control Name	Control Objective	Control Criteria	Control Description	Control Owner	Frequency
			<ul style="list-style-type: none"> <li>• the importance of professional ethics, values and attitudes;</li> <li>• the responsibility of all personnel for:                             <ul style="list-style-type: none"> <li>i) exchanging information with the Firm and with one another;</li> <li>ii) quality relating to the performance of engagements or activities within the system of quality management; and</li> <li>iii) their expected behavior.</li> </ul> </li> </ul>				
GOV-QR-01	GOV-QO-01	Demonstration of commitment to quality through leadership action and behaviour	<p>The firm demonstrates a commitment to quality through leadership actions and behavior and a culture that recognizes and reinforces:</p> <ul style="list-style-type: none"> <li>• the firm’s role in serving the public interest by consistently performing quality engagements;</li> <li>• the importance of professional ethics, values and attitudes;</li> <li>• the responsibility of all personnel for:                             <ul style="list-style-type: none"> <li>i) exchanging information with the Firm and with one another;</li> <li>ii) quality relating to the performance of engagements or activities within the system of quality management; and</li> <li>iii) their expected behavior.</li> </ul> </li> </ul>	Applicable to overall firm level	The Chairman [and other senior leadership] regularly communicates, through various media (via emails, publications, videos, campaigns, etc.) to firm [leadership] to consistently emphasize the importance of an ethical culture and compliance with the code of conduct, values, the importance of quality in all we do and the importance of training.	Senior Leadership	As and when required
GOV-QR-01	GOV-QO-01	Demonstration of commitment to quality through leadership action and behaviour	<p>The firm demonstrates a commitment to quality through leadership actions and behavior and a culture that recognizes and reinforces:</p>	Applicable to overall firm level	The firm establishes and supports a learning culture by providing developed training materials (in core areas) and tools to firms (e.g. training framework, tools to create course content)	Senior Leadership	As and when required

Quality Risk(s)	Related Quality Objective	Control Name	Control Objective	Control Criteria	Control Description	Control Owner	Frequency
			<ul style="list-style-type: none"> <li>• the firm’s role in serving the public interest by consistently performing quality engagements;</li> <li>• the importance of professional ethics, values and attitudes;</li> <li>• the responsibility of all personnel for:                             <ul style="list-style-type: none"> <li>i) exchanging information with the Firm and with one another;</li> <li>ii) quality relating to the performance of engagements or activities within the system of quality management; and</li> <li>iii) their expected behavior.</li> </ul> </li> </ul>				
GOV-QR-01	GOV-QO-01	Demonstration of commitment to quality through leadership action and behaviour	<p>The firm demonstrates a commitment to quality through leadership actions and behavior and a culture that recognizes and reinforces:</p> <ul style="list-style-type: none"> <li>• the firm’s role in serving the public interest by consistently performing quality engagements;</li> <li>• the importance of professional ethics, values and attitudes;</li> <li>• the responsibility of all personnel for:                             <ul style="list-style-type: none"> <li>i) exchanging information with the Firm and with one another;</li> <li>ii) quality relating to the performance of engagements or activities within the system of quality management; and</li> <li>iii) their expected behavior.</li> </ul> </li> </ul>	Applicable to overall firm level	The firm analyzes feedback from monitoring activities as an input to evaluate audit quality issues and the root causes of those issues, including related to culture and tone at the top.	Senior Leadership	As and when required

Quality Risk(s)	Related Quality Objective	Control Name	Control Objective	Control Criteria	Control Description	Control Owner	Frequency
GOV-QR-01	GOV-QO-01	Demonstration of commitment to quality through leadership action and behaviour	<p>The firm demonstrates a commitment to quality through leadership actions and behavior and a culture that recognizes and reinforces:</p> <ul style="list-style-type: none"> <li>• the firm's role in serving the public interest by consistently performing quality engagements;</li> <li>• the importance of professional ethics, values and attitudes;</li> <li>• the responsibility of all personnel for: <ul style="list-style-type: none"> <li>i) exchanging information with the Firm and with one another;</li> <li>ii) quality relating to the performance of engagements or activities within the system of quality management; and</li> <li>iii) their expected behavior.</li> </ul> </li> </ul>	Applicable to overall firm level	Annually, the senior leadership reviews the ERM documentation submissions required to be submitted by firm as per Risk Management Manual or policies.	Senior Leadership	Annually
GOV-QR-01	GOV-QO-01	Demonstration of commitment to quality through leadership action and behaviour	<p>The firm demonstrates a commitment to quality through leadership actions and behavior and a culture that recognizes and reinforces:</p> <ul style="list-style-type: none"> <li>• the firm's role in serving the public interest by consistently performing quality engagements;</li> <li>• the importance of professional ethics, values and attitudes;</li> <li>• the responsibility of all personnel for: <ul style="list-style-type: none"> <li>i) exchanging information with the Firm and with one another;</li> <li>ii) quality relating to the performance of engagements or</li> </ul> </li> </ul>	Applicable to overall firm level	The firm conducts the performance evaluations of firm's individuals and accordingly takes appropriate actions.	Senior Leadership	Annually

Quality Risk(s)	Related Quality Objective	Control Name	Control Objective	Control Criteria	Control Description	Control Owner	Frequency
			activities within the system of quality management; and  iii) their expected behavior.				
GOV-QR-01	GOV-QO-01	Demonstration of commitment to quality through leadership action and behaviour	The firm demonstrates a commitment to quality through leadership actions and behavior and a culture that recognizes and reinforces: <ul style="list-style-type: none"> <li>• the firm's role in serving the public interest by consistently performing quality engagements;</li> <li>• the importance of professional ethics, values and attitudes;</li> <li>• the responsibility of all personnel for:                             <ul style="list-style-type: none"> <li>i) exchanging information with the Firm and with one another;</li> <li>ii) quality relating to the performance of engagements or activities within the system of quality management; and</li> <li>iii) their expected behavior.</li> </ul> </li> </ul>	Applicable to overall firm level	<u>Accountability framework - roles and responsibility</u>  The firm defines accountabilities (as set out in the accountabilities framework) for firms to adopt to support their commitment to quality and the design, implementation and operation of the firm's system of quality management.	Senior Leadership	Annually
GOV-QR-01	GOV-QO-01	Demonstration of commitment to quality through leadership action and behaviour	The firm demonstrates a commitment to quality through leadership actions and behavior and a culture that recognizes and reinforces: <ul style="list-style-type: none"> <li>• the firm's role in serving the public interest by consistently performing quality engagements;</li> <li>• the importance of professional ethics, values and attitudes;</li> <li>• the responsibility of all personnel for:</li> </ul>	Applicable to overall firm level	The firm establishes minimum policies and processes that firms are required to follow to evaluate new clients and/or engagements prior to being accepted.	Senior Leadership	As and when required

Quality Risk(s)	Related Quality Objective	Control Name	Control Objective	Control Criteria	Control Description	Control Owner	Frequency
			i) exchanging information with the Firm and with one another; ii) quality relating to the performance of engagements or activities within the system of quality management; and iii) their expected behavior.				
GOV-QR-01 GOV-QR-11	GOV-QO-01 GOV-QO-04	Board's role on governance and leadership	The firm demonstrates a commitment to quality through leadership actions and behavior and a culture that recognizes and reinforces: <ul style="list-style-type: none"> <li>the firm's role in serving the public interest by consistently performing quality engagements;</li> <li>the importance of professional ethics, values and attitudes;</li> <li>the responsibility of all personnel for:                             <ol style="list-style-type: none"> <li>exchanging information with the Firm and with one another;</li> <li>quality relating to the performance of engagements or activities within the system of quality management; and</li> <li>their expected behavior.</li> </ol> </li> </ul>	Applicable to overall firm level	Board role: <ul style="list-style-type: none"> <li>The Board/Governing body of the firm has specific governance documents that SOQM-Govern its activities including, conflicts of interest, its powers, authorities, responsibilities, delegation and Board member appointment and terms of office. The Board or its authorized delegates exercise all powers and responsibilities relating to the management of firm</li> <li>There are at least quarterly meetings of the Board. All decisions taken by the Board are documented and retained.</li> </ul>	Senior Leadership	Annually
GOV-QR-01	GOV-QO-01	Demonstration of commitment to quality through leadership action and behaviour	The firm demonstrates a commitment to quality through leadership actions and behavior and a culture that recognizes and reinforces: <ul style="list-style-type: none"> <li>the firm's role in serving the public interest by consistently performing quality engagements;</li> </ul>	Applicable to overall firm level	The Management Team demonstrate through their directives, actions and behavior the importance of integrity and ethical values which is measured through the performance evaluations of those individuals, and sourcing feedback and analysis of the results from hotline reports.	Senior Leadership	Annually

Quality Risk(s)	Related Quality Objective	Control Name	Control Objective	Control Criteria	Control Description	Control Owner	Frequency
			<ul style="list-style-type: none"> <li>the importance of professional ethics, values and attitudes;</li> <li>the responsibility of all personnel for:                             <ol style="list-style-type: none"> <li>exchanging information with the Firm and with one another;</li> <li>quality relating to the performance of engagements or activities within the system of quality management; and</li> <li>their expected behavior.</li> </ol> </li> </ul>				
GOV-QR-01 GOV-QR-02	GOV-QO-01	Investigating Complaints and Allegations	<p>The firm demonstrates a commitment to quality through leadership actions and behavior and a culture that recognizes and reinforces:</p> <ul style="list-style-type: none"> <li>the firm’s role in serving the public interest by consistently performing quality engagements;</li> <li>the importance of professional ethics, values and attitudes;</li> <li>the responsibility of all personnel for:                             <ol style="list-style-type: none"> <li>exchanging information with the Firm and with one another;</li> <li>quality relating to the performance of engagements or activities within the system of quality management; and</li> <li>their expected behavior.</li> </ol> </li> </ul>	Applicable to overall firm level	<p><u>Investigating Complaints and Allegations:</u></p> <ul style="list-style-type: none"> <li>Complaints and allegations received through the firm Hotline/whistle blowing channels are appropriately investigated by firm and documented, and the proposed actions are assessed and the matters are appropriately closed by identifying and taking appropriate redressal measures.</li> </ul>	Senior Leadership	As and when required
GOV-QR-02	GOV-QO-01	Demonstration of commitment to quality through leadership action and behaviour	<p>The firm demonstrates a commitment to quality through leadership actions and behavior and a culture that recognizes and reinforces:</p>	Applicable to overall firm level	The firm establishes and supports a culture of continuous improvement in all the components of the system of quality management by providing developed materials to firms, including instructions	Senior Leadership	As and when required

Quality Risk(s)	Related Quality Objective	Control Name	Control Objective	Control Criteria	Control Description	Control Owner	Frequency
			<ul style="list-style-type: none"> <li>• the firm’s role in serving the public interest by consistently performing quality engagements;</li> <li>• the importance of professional ethics, values and attitudes;</li> <li>• the responsibility of all personnel for:                             <ul style="list-style-type: none"> <li>i) exchanging information with the Firm and with one another;</li> <li>ii) quality relating to the performance of engagements or activities within the system of quality management; and</li> <li>iii) their expected behavior.</li> </ul> </li> </ul>		for conducting monitoring programs and remediation guidance.		
GOV-QR-03	GOV-QO-01	Guidance related to disciplinary policies and procedures	<p>The firm demonstrates a commitment to quality through leadership actions and behavior and a culture that recognizes and reinforces:</p> <ul style="list-style-type: none"> <li>• the firm’s role in serving the public interest by consistently performing quality engagements;</li> <li>• the importance of professional ethics, values and attitudes;</li> <li>• the responsibility of all personnel for:                             <ul style="list-style-type: none"> <li>i) exchanging information with the Firm and with one another;</li> <li>ii) quality relating to the performance of engagements or activities within the system of quality management; and</li> <li>iii) their expected behavior.</li> </ul> </li> </ul>	Applicable to overall firm level	The firm guidance related to disciplinary policies and procedures [included in the Risk Management Manual/policies] is reviewed for relevance and reliability by the Independence leadership, with appropriate input, and recommended for approval by the Quality & Risk leader.	Senior Leadership	As and when required

Quality Risk(s)	Related Quality Objective	Control Name	Control Objective	Control Criteria	Control Description	Control Owner	Frequency
GOV-QR-03	GOV-QO-01	Demonstration of commitment to quality through leadership action and behaviour	<p>The firm demonstrates a commitment to quality through leadership actions and behavior and a culture that recognizes and reinforces:</p> <ul style="list-style-type: none"> <li>• the firm's role in serving the public interest by consistently performing quality engagements;</li> <li>• the importance of professional ethics, values and attitudes;</li> <li>• the responsibility of all personnel for: <ul style="list-style-type: none"> <li>i) exchanging information with the Firm and with one another;</li> <li>ii) quality relating to the performance of engagements or activities within the system of quality management; and</li> <li>iii) their expected behavior.</li> </ul> </li> </ul>	Applicable to overall firm level	The firm develops mechanism to implement minimum disciplinary policies and procedures as set out in the Risk Management Manual/ policies.	Senior Leadership	As and when required
GOV-QR-11	GOV-QO-03	Firm's budget allocation	The firm demonstrates a commitment to quality through a culture that recognizes and reinforces the importance of quality in the firm's strategic decisions and actions, including the firm's financial and operational priorities.	Applicable to overall Firm level	The firm's leadership, based on the firm strategy and their functional analysis prepares and approves budget.	Senior Leadership	Annually
GOV-QR-11	GOV-QO-03	Identification of emerging risks	The firm demonstrates a commitment to quality through a culture that recognizes and reinforces the importance of quality in the firm's strategic decisions and actions, including the firm's financial and operational priorities.	Applicable to overall Firm level	Emerging risks are identified, if applicable, as part of firm quarterly assessment of its financial health. These risks are escalated to senior leadership and are subject to an ongoing review and monitoring process to ensure resolution.	Senior Leadership	Periodically/ as per firm policy
GOV-QR-11	GOV-QO-03	Board's review and approval of significant updates	The firm demonstrates a commitment to quality through a culture that recognizes and reinforces the importance of quality in the Firm's strategic decisions and actions, including the Firm's financial and operational priorities.	Applicable to overall Firm level	As part of the Managing Partner or Board's review and approval of significant updates to the firm strategy (whether new or changes to existing plans), the firm's Board is satisfied at the time of its approval that there is sufficient human,	Senior Leadership	As and when required

Quality Risk(s)	Related Quality Objective	Control Name	Control Objective	Control Criteria	Control Description	Control Owner	Frequency
					intellectual and technological resources at the firm level in order to support audit quality initiatives requiring firm involvement, taking into account the anticipated duration of each initiative.		
GOV-QR-01 GOV-QR-11 GOV-QR-12 GOV-QR-13	GOV-QO-01 GOV-QO-04	Establishing firm structures and committee	<p>The firm demonstrates a commitment to quality through leadership actions and behavior and a culture that recognizes and reinforces:</p> <ul style="list-style-type: none"> <li>• the Firm’s role in serving the public interest by consistently performing quality engagements;</li> <li>• the importance of professional ethics, values and attitudes</li> <li>• the responsibility of all personnel for:                             <ul style="list-style-type: none"> <li>i) exchanging information with the Firm and with one another</li> <li>ii) quality relating to the performance of engagements or activities within the system of quality management, and</li> <li>iii) their expected behavior.</li> </ul> </li> </ul> <p>The firm has an organizational structure and assignment of roles, responsibilities and authority that is appropriate to enable the design, implementation and operation of the Firm’s system of quality management.</p>	Applicable to overall Firm level	<p>Establishing firm structures and committees:</p> <ul style="list-style-type: none"> <li>• The firm establishes or ensures that there are existing structures, committees, lines of communication, and appropriate authorities and responsibilities that support the firm commitment to quality and the design, implementation and operation of the system of quality management:</li> <li>• The firm develops and maintains terms of reference for each [governance body] identified, that includes the body’s responsibilities, accountability, membership and how to be appointed as a member and reporting requirements and protocols that is reviewed and approved by the [appropriate governance body].</li> </ul>	Senior Leadership	Annually
GOV-QR-12	GOV-QO-04	Establishment of communication channels and mechanisms	<p>The firm has an organizational structure and assignment of roles, responsibilities and authority that is appropriate to enable the design, implementation and operation of the firm’s system of quality management.</p>	Applicable to overall Firm level	<p>The firm establishes communication channels and mechanisms for obtaining information within the firm (such as implementation progress of new initiatives, audit quality issues/findings from within the firm and action plans to address them).</p>	Senior Leadership	As and when required

Quality Risk(s)	Related Quality Objective	Control Name	Control Objective	Control Criteria	Control Description	Control Owner	Frequency
GOV-QR-11 GOV-QR-12	GOV-QO-04	Development of a model for succession planning	The firm has an organizational structure and assignment of roles, responsibilities and authority that is appropriate to enable the design, implementation and operation of the firm's system of quality management.	Applicable to overall Firm level	The firm leadership develops a model for succession planning, and a succession plan, for key firm leadership roles.	Senior Leadership	Annually
GOV-QR-01	GOV-QO-01	Demonstration of commitment to quality through leadership action and behaviour	<p>The Firm demonstrates a commitment to quality through leadership actions and behavior and a culture that recognizes and reinforces:</p> <ul style="list-style-type: none"> <li>• the firm's role in serving the public interest by consistently performing quality engagements;</li> <li>• the importance of professional ethics, values and attitudes;</li> <li>• the responsibility of all personnel for: <ul style="list-style-type: none"> <li>i) exchanging information with the Firm and with one another;</li> <li>ii) quality relating to the performance of engagements or activities within the system of quality management; and</li> <li>iii) their expected behavior.</li> </ul> </li> </ul>	Applicable to overall Firm level	Before the appointment of the firm leadership/quality roles and also before any preferred candidate or shortlist becomes widely known among firm partners, firms are required to consult with Senior Leadership.	Senior Leadership	As and when required



## **Quality Component 2**

# **Relevant Ethical Requirements**

## Quality Component 2: Relevant Ethical Requirements

## Risk and Control Template

Quality Objectives as per paragraph 29 of ISQM 1	Quality Risks
<p>The firm shall establish the following quality objectives that address the fulfillment of responsibilities in accordance with relevant ethical requirements, including those related to independence: (Ref: Para. A62–A64, A66)</p>	
<p><b>ER-QO-01:</b> The firm understands, develops and implements its ethics policies and procedures and clearly communicated to it personnel at all levels on a timely basis (Ref: Para. A22, A24)</p>	<p><b>ER-QR-01:</b> The firm has not developed and implemented its compliance policies which are duly aligned with the ICAP's code of conduct and applicable laws and regulations.</p> <p><b>ER-QR-1A:</b> The firm and its personnel do not understand the firm's ethical requirements or code of conduct or do not demonstrate commitment to ethical behavior.</p> <p><b>ER-QR-02:</b> The firm personnel perform services with impaired professional judgment and objectivity or the ethical responsibilities and accountability for business conduct and values are unclear.</p> <p><b>ER-QR-03:</b> Ethical requirements and values are not clearly communicated and reinforced to personnel.</p> <p><b>ER-QR-04:</b> The firm personnel perform an engagement where an independence prohibition exists or conflict of interest exists.</p>
<p><b>ER-QO-02:</b> The firm and its personnel fulfill their responsibilities in relation to the relevant ethical requirements to which the firm and the firm's engagements are subject.</p>	<p><b>ER-QR-05:</b> People do not act in accordance with ethical requirements and values as the firm fails to provide appropriate ethics and independence training to them.</p> <p><b>ER-QR-06:</b> Firm personnel have external roles/activities/business interests that pose a threat to the firm's independence through self-interest and firm fails to recommend appropriate action to address or eliminate threats to independence.</p> <p><b>ER-QR-07:</b> Firm personnel are exposed to self-interest threat where they accept and report gifts and hospitality from management that exceed the acceptable limits.</p> <p><b>ER-QR-08:</b> The firm has not prescribed policy for rotation of engagement partner/ staff in case of PIE clients in order to counter risk of familiarity threat.</p> <p><b>ER-QR-09:</b> Ethical breaches continue to occur, as the firm lacks a process to record and evaluate independence breaches, ethical complaints and allegations and also fails to comply with the AML Laws and regulations and ICAP's policies prescribed for this purpose.</p> <p><b>ER-QR-10:</b> The engagement team does not sufficiently address actions recommended by the independence team.</p>

Quality Objectives as per paragraph 29 of ISQM 1	Quality Risks
	<p><b>ER-QR-11:</b> The firm has insufficient resources to effectively manage compliance with ethical requirements and values.</p> <p><b>ER-QR-12:</b> The firm does not have a positive consultation culture which encourages partners and staff to discuss threats to compliance with relevant ethical requirements including complaints, allegations, and breaches of ethical requirements.</p> <p><b>ER-QR-13:</b> The firm and its personnel do not safeguard client's confidential information, as required in accordance with the governing laws, regulatory authorities, the ICAP Code of Ethics and the firm's policy etc.</p>
<p><b>ER-QO-03:</b> Other, including the network, network firms, individuals in the network or network firms, or service providers, understands the relevant ethical requirements that apply to them. (Ref: Para. A22, A24, A65)</p>	<p><b>ER-QR-14:</b> Network resources and services on the ethical requirements are not fit for use within the firm and the performance of engagements.</p> <p><b>ER-QR-15:</b> Breaches of ethical requirements occur where the network or network firms or service providers are not aware of applicable ethical requirements, including those related to independence.</p>
<p><b>ER-QO-04:</b> The network, network firms, individuals in the network or network firms, or service providers, fulfill their responsibilities in relation to the relevant ethical requirements that apply to them.</p>	<p><b>ER-QR-16:</b> Mandatory resources developed by the network firm for use in the Business Conduct / Ethics / Independence function have not been implemented or considered by the firm.</p>

Quality Risk(s)	Related Quality Objective	Control Name	Control Objective	Control Criteria	Control Description	Control Owner	Frequency
ER-QR-01 ER-QR-1A ER-QR-02	ER-QO-01	Understanding of the relevant ethical requirements and its importance for SOQM	To ensure that firm and its personnel understand the relevant ethical requirements and demonstrate their commitment to ethical behavior.	Applicable to overall firm level	<ul style="list-style-type: none"> <li>The firm should develop policies and procedure related to firm's ethical requirements that are applicable on firm and its engagements.</li> <li>The firm needs to define roles and responsibilities for managing compliance with ethical requirements and reinforce the firms values within the firm.</li> <li>Appoint an appropriate Ethics Leader who designs, implements and controls application of policies &amp; procedures.</li> <li>Firm should have a policy of training to all staff by the Ethics Leader including frequency of trainings.</li> <li>The firm encourages staff to consult with the Ethics leader on any ethical matters and to obtain his/her assistance in resolving any issues.</li> <li>The documented approval of the Ethics or Risk Management Leader shall be obtained before any engagement work commences where an actual or potential conflict of interest(s) or threats to independence have been identified that require safeguards to be implemented.</li> <li>There should be a control of dissemination and acceptance / acknowledgement of understanding of ethics policy on joining the firm and thereafter annually or bi-annually etc.</li> </ul>	Ethics Leader (EL)	Throughout the year

Quality Risk(s)	Related Quality Objective	Control Name	Control Objective	Control Criteria	Control Description	Control Owner	Frequency
					<ul style="list-style-type: none"> <li>The training session by the Ethics leader / team includes discussion of the Code, the purpose, the values, their ethical responsibilities, and resources where partners and staff can turn to for ethics issues. The training sessions include instructions regarding the Annual Compliance Confirmations and Engagement-specific Compliance Confirmations, both of which include a section on the Code of Conduct.</li> </ul>		
ER-QR-05	ER-QO-02	Communication and training on ethical requirements and business conduct	To ensure that proper communication has been made to the firm personnel about ethical responsibilities, business conduct and accountability for the work	Applicable to overall firm level	<ul style="list-style-type: none"> <li>Through regular email communications and training sessions, all partners and staff are made aware of the identity of the Ethics Leader. This is to ensure that the firm staff are aware of who is responsible for the overall Ethics function in the firm. The training material is developed by the Ethics Leader and his/her team in line with the firm's training requirements and guidance for new hires, experienced hires, and milestone training (including new partners and new managers).</li> <li>Any additional sessions are developed based on the needs of the participants which depends on their roles in the firm.</li> <li>Dissemination of policy should be on joining and thereafter every six month and annually.</li> <li>The Ethics Leader may develop supplemental policies and communicate with staff via the HR Trainee Manual and HR Employee Manual. Copies of the Code of Conduct, Complaints &amp; Allegations Policy are also shared via email communications to the entire firm.</li> </ul>	Ethics Leader	Throughout the year

Quality Risk(s)	Related Quality Objective	Control Name	Control Objective	Control Criteria	Control Description	Control Owner	Frequency
ER-QR-01 ER-QR-03 ER-QR-09	ER-QO-01	Unclear responsibilities and accountability for business conduct and values	To ensure that responsibilities and accountability for business conduct and values are clear	Applicable to overall firm level	<p>Partners and staff may be confused over who has responsibility for ethical behaviour even though this is regularly communicated and reinforced in trainings and emails. For this, the firm should communicate to all firm's staff about who is Ethics Leader at every quarter. Further, on what matters he/she can be accessed and through what channel, should be communicated to firm level, every quarter.</p> <ul style="list-style-type: none"> <li>One of the responsibilities of the Ethics Leader is to report to firm leadership regarding Ethics and Business Conduct (E&amp;BC) activities, including reports of complaints and allegations.</li> <li>The Ethics Leader shares the E&amp;BC annual risk assessment, annual action plan, and annual action plan progress report, with the senior leadership along with the summary of the Ethics Investigations conducted on any complaints and allegations received during the year. If any investigations resulted in remedial actions, required to be undertaken, this is to be shared with the senior leadership.</li> </ul>	Ethics Leader	Throughout the year
ER-QR-01 ER-QR-03	ER-QO-01	Unclear responsibilities and accountability for business conduct and values	To ensure that all complaints are investigated promptly.	Applicable to overall firm level	The Ethics leader/ team must ensure that all complaints are investigated, timely resolved and reported to relevant stakeholders. If the investigation results in recommendations to be made to a partner for their action, these should be formally communicated by the Ethics team to the respective Partner.	Ethics Leader	Throughout the year

Quality Risk(s)	Related Quality Objective	Control Name	Control Objective	Control Criteria	Control Description	Control Owner	Frequency
ER-QR-08 ER-QR-09	ER-QO-02	Independence requirement for client acceptance and continuance	The firm personnel conduct a work using professional judgment, objectivity and due care, ensuring that the independence requirements (for assurance engagements) has been complied with and conflict of interest situation does not exist.	Applicable to overall firm level	The firm should have policies and procedures to perform independence and conflict of interest check prior to accepting/continuing engagement. The check should be performed at regular intervals and should interalia cover local legal requirements including those of ICAP Code of Ethics and the Companies Act, 2017.	Engagement Partner, Ethics Leader	Throughout the year
ER-QR-08 ER-QR-09	ER-QO-02	Independence requirement for recurring client acceptance	To ensure that auditors rotation required as per ICAP Code of Ethics has been made.	Applicable to overall firm level	Where the engagement partner have worked on an engagement for a prolonged period of time (such as five years or more for listed audit clients), a familiarity threat can occur. The Ethics leader working with the engagement partner(s) is responsible for identifying and evaluating such threats and applying appropriate safeguards. In such case, the ethics leader is required to document the reasons, the new personnel assigned, the term of the stand-down period and any other relevant information.	Engagement Partner, Ethics Leader	Throughout the year
ER-QR-06 ER-QR-07	ER-QO-02	Actions to avoid self-interest threats and gifts from clients	To ensure that auditors are not pose to self-interest, threats and not influenced by gifts from management or the client	Applicable to overall firm level	<p>The firm's personnel shall not accept any hospitality, gift, gratuity, discount, or other accommodation from a client unless it is clearly inconsequential and trivial to both parties. For this, the firm may form a policy related to hospitality, gifts, gratuity, etc., to reduce the risk of real or perceived independence. As a matter of procedure:</p> <ul style="list-style-type: none"> <li>The firm may regularly review, through inquiry and written confirmation, that personnel have not received any gifts, etc.,</li> </ul>	Engagement Partner, Ethics Leader	Event driven

Quality Risk(s)	Related Quality Objective	Control Name	Control Objective	Control Criteria	Control Description	Control Owner	Frequency
					<ul style="list-style-type: none"> <li>Where the firm personnel have external roles/activities/business interests that pose a threat to the firm's independence through self-interest or where the self-interest threat has arisen due to acceptance of gifts and hospitality from management that exceed the acceptable limits, the Ethics leader note and report the matter to the senior leadership and also take timely action to avoid the associated threats as per the guidance given in either the firm Code of Conduct/ ICAP Code of Ethics.</li> <li>The firm shall have speak-up policy if any personnel encountered such issue and all firm staff shall be given opportunity to be heard and appropriately guided.</li> </ul>		
ER-QR-10	ER-QO-02	Complaints and allegations are properly analyzed and appropriate remedial actions have been taken	Timely remedial actions against complaints and allegations	Applicable to overall firm level	The purpose of an ethics investigation is to have an impartial, trained team who can investigate a complaint and come to a conclusion on the veracity of the complaint, and then provide a recommendation for further action if required. The Ethics team may have developed training materials on investigations against complaints and allegations. These include videos, slide presentations, and classroom training sessions. All members of the Ethics investigation team have either taken part in the new Ethics Investigations training or reviewed the training videos/guides provided by the firm or network firm. The entire Ethics team has access to all the firm's Complaints & Investigations training materials that are on the shared drive.	Ethics leader	Event driven

Quality Risk(s)	Related Quality Objective	Control Name	Control Objective	Control Criteria	Control Description	Control Owner	Frequency
					The firm may have the Ethics Helpline and Case Management System (where can be developed by firm), the likelihood is assessed as low. Every case is thoroughly investigated, after coordinating with the respective partners to resolve the complaints in an efficient manner, and share the remedial actions by the Ethics team. There should be a time limit within which all the complaints should be investigated, finalized and responded to the complainants.		
ER-QR-10	ER-QO-02	Complaints and allegations are properly analyzed and appropriate remedial actions have been taken	Timely remedial actions against complaints and allegations	Applicable to overall firm level	At the conclusion of an investigation, any remediation recommended by the Ethics Team is shared with the relevant partner for their review and action. The Ethics leader will also discuss the matter with the respective sector/ Business Unit leader, when required, and also see whether the remedial actions have been taken within timelines decided by firm.	Ethics leader	Event driven/Annually check the compliance
ER-QR-11 ER-QR-18 ER-QR-19	ER-QO-02 ER-QO-04	Resources to effectively manage compliance with ethical requirements	To ensure that Ethics team has sufficient experience and access to territory leadership. The roles and responsibilities in the Ethics function are discussed between the Ethics Leader and Ethics Team, in order to ensure compliance with all ethical requirements and that the firm's ethical culture is supported by the firm's business conduct.	Applicable to overall firm level	<ul style="list-style-type: none"> <li>The firm should have a policy to plan regular in-house trainings for ethics team on ethical matters as required by local laws.</li> <li>In case of Network firm, the ethics team should attend the regular monthly Ethics training calls that are set up by the Network firm/Global. The Ethics team is also on the network/Global Ethics mailing list, where key updates and resources are shared directly via email. The Ethics team has access to the Ethics SharePoint site, along with access to all of the Ethics Community materials on the shared drive. The Ethics Leader and Ethics team have a strong relationship with the Network firm/Global Ethics</li> </ul>	Ethics leader/EL Team	Throughout the year

Quality Risk(s)	Related Quality Objective	Control Name	Control Objective	Control Criteria	Control Description	Control Owner	Frequency
					personnel, and can reach out to the Global Ethics team directly for additional guidance and resources when needed.		
ER-QR-12	ER-QO-02	Firm's consultation culture related to complaints, allegations, and breaches of ethical requirements.	The firm does not have a positive consultation culture which encourages partners and staff to discuss threats to compliance with relevant ethical requirements including complaints, allegations, and breaches of ethical requirements.	Applicable to overall firm level	The purpose of the Ethics classroom training sessions is to establish a positive consultation culture in the firm based on the firm's Code and Values. In order to do this, in each training session, Ethics function shares materials such as the Code and the Values, and provides information regarding responsibilities with regards to their ethical behaviors. Copies of the training materials are also shared with participants via email. The Ethics team also sends out regular email communications to the firm that promotes an ethical culture and potential threats to compliance.	Ethics leader/EL Team	Throughout the year
ER-QR-13 ER-QR-17	ER-QO-02 ER-QO-03	Confidentiality of Client information	The principle of confidentiality may apply to the firm's network, other network firms or service providers, when they have access to client information obtained by the firm	Applicable to overall firm level/Network /Global	<p>The Ethics leader is responsible for ensuring that partners and staff sign a confidentiality agreement that includes a non-solicitation clause.</p> <p>A firm should have an IT based control which prohibits copying audit files and client related information from sharing with unauthorized persons or channels or email-addresses.</p>	Ethics leader	Throughout the year
ER-QR-16	ER-QO-03	Understanding of the relevant ethical requirements by Network/Network firms/service providers	To ensure that Network/Network firms / service providers understand the relevant ethical requirements, which the firm is required to comply.	Applicable to overall firm level	In relation to understanding the relevant ethical requirements, the firm's personnel may be subject to regular training on the relevant ethical requirements. For service providers, the firm may include the specific relevant ethical requirements in the terms of the contract (e.g., confidentiality requirements). When component auditors are involved (in network or out of network), the relevant ethical	Ethics Leader of firm/network firm/service provider	Throughout the year

Quality Risk(s)	Related Quality Objective	Control Name	Control Objective	Control Criteria	Control Description	Control Owner	Frequency
					<p>requirements may be included in the group audit instructions, and in some circumstances, the group auditor may determine it appropriate to provide additional training to component auditors.</p> <p>For e.g., the individuals from the network firm that are assigned to the component fulfilling the provisions of the Ethical Code in Jurisdiction A that apply to them because they qualify as members of the engagement team in terms of the definition of engagement team in the Ethical Code in Jurisdiction A; and the network firm fulfilling the provisions of the Ethical Code in Jurisdiction A that apply to all network firms within the firm's network, e.g., independence requirements and both the network and service providers will not follow the Ethical Code B, applicable on network firm.</p>		
ER-QR-17	ER-QO-03	Breach of relevant ethical requirements by Network / Network firms / service providers	To ensure that no breaches occur by Network / Network firms / service providers about the ethical requirements.	Applicable to overall firm level	<ul style="list-style-type: none"> <li>The firm shall make policy and procedure for identifying, communicating, evaluating, and reporting any breaches of the relevant ethical requirements and appropriately respond to the causes and consequences of the breaches in a timely manner. For e.g., the procedure that can be performed is that the firm's partners (or management committee) review(s) all reported ethical breaches to identify remedial actions needed. The management committee communicates these actions to the affected parties and follows up within 30 days to determine whether the identified actions have been performed.</li> </ul>	Ethics Leader of firm / network firm / service provider	Throughout the year

Quality Risk(s)	Related Quality Objective	Control Name	Control Objective	Control Criteria	Control Description	Control Owner	Frequency
					<ul style="list-style-type: none"> <li>The firm obtains information from the network or other network firms about clients of other network firms, where there are independence requirements that affect the firm.</li> <li>Personnel from Network/Network firms/service providers must attend the mandatory training on relevant ethical requirements.</li> <li>The firm obtains, at least annually, a documented confirmation of compliance with independence requirements from all personnel required by relevant ethical requirements to be independent.</li> </ul>		
ER-QR-18	ER-QO-04	Use of network firm resources in the Ethics function	To ensure that mandatory resources developed by the network firm for use in the Ethics function have not been implemented.	Applicable to overall firm level	<ul style="list-style-type: none"> <li>The firm shall make policy and procedure for using, communicating and sharing (through emails and training sessions) the network firm resources related to the ethical requirements including independence.</li> <li>The ethics leader shall ensure that the firm personnel attend the mandatory training on relevant ethical requirements and have sufficient knowledge and information about the business conduct.</li> </ul>	Ethics Leader of firm / network firm/service provider	Throughout the year

## **Quality Component 3**

# **Acceptance and Continuance of Client Relationships and Specific Engagements**

## Quality Component 3: Acceptance and Continuance of Client Relationships and Specific Engagements

## Risk and Control Template

Quality Objectives as per paragraph 30 of ISQM 1	Quality Risks
30. The firm shall establish the following quality objectives that address the acceptance and continuance of client relationships and specific engagements:	
<p>(a) Judgments by the firm about whether to accept or continue a client relationship or specific engagement are appropriate based on:</p> <p><b>AC-QO-01:</b> (i) Information obtained about the nature and circumstances of the engagement and the integrity and ethical values of the client (including management, and, when appropriate, those charged with governance) that is sufficient to support such judgments; and (Ref: Para. A67–A71)</p> <p><b>AC-QO-02:</b> (ii) The firm's ability to perform the engagement in accordance with professional standards and applicable legal and regulatory requirements. (Ref: Para. A72)</p>	<p><b>AC-QR-01:</b> The firm makes judgements on client acceptance and continuance, including identification of higher risk clients, based on an inappropriate or incomplete information or without considering relevant legal requirements as per ICAP Code of Ethics or other relevant legal requirements.</p> <p><b>AC-QR-02:</b> The firm makes decisions on client acceptance and continuance based on inadequate understanding of the integrity of the client.</p> <p><b>AC-QR-03:</b> The firm fails to consider resource competence and capacity to perform engagements for the client in accordance with professional standards and applicable legal and regulatory requirements.</p> <p><b>AC-QR-04:</b> Engagement teams sign engagement contracts and commence work prior to making final acceptance and continuance decisions on the engagement.</p>
<p><b>AC-QO-03:</b> (b) The financial and operational priorities of the firm do not lead to inappropriate judgments about whether to accept or continue a client relationship or specific engagement. (Ref: Para. A73– A74)</p>	<p><b>AC-QR-05:</b> The firm accepts a new client based on financial priorities however, there are insufficient personnel with the appropriate experience to perform a high-quality engagement.</p> <p><b>AC-QR-06:</b> Engagement fees are not reasonable to allow performance of a quality engagement.</p> <p><b>AC-QR-07:</b> The terms of engagement (e.g. engagement letter template) are not clear and do not cover relevant legal and other requirements applicable to the engagement.</p> <p><b>AC-QR-08:</b> Subsequent to client acceptance, the firm concluded to decline the client's engagement due to poor integrity of management, resource limitations or other matters etc.</p>

Quality Risk(s)	Related Quality Objective	Control Name	Control Objective	Control Criteria	Control Description	Control Owner	Frequency
AC-QR-01 AC-QR-02	AC-QO-01	Review and approval of prospective client relationships	To accept or continue a client relationship based on information obtained about the integrity and ethical values of the client (including management, and, when appropriate, those charged with governance) that is sufficient to support such judgments.	<p>Prospects usually come from:</p> <ul style="list-style-type: none"> <li>online request</li> <li>referral - group/existing client/staff</li> <li>participation in tenders.</li> </ul> <p>Initially, Managing Partner will notify the Head of Audit (HoA) and the identified client service partner. HoA reviews the opportunity list and approves it. HoA will obtain client information including information relating to AML/CFT and complete the client acceptance questionnaire which will be approved by the Quality Control (QC) Partner.</p>	HoA reviews and approves the opportunity list prior to audit partner meeting on monthly basis.	HoA	Monthly
AC-QR-02	AC-QO-01	Request for Proposal to prospective client	To accept or continue a client relationship based on information obtained about the integrity and ethical values of the client (including management, and, when appropriate, those charged with governance) that is sufficient to support such judgments.	<p>To obtain a new client, it is sometimes necessary to submit a written proposal.</p> <p>Firm must have policy that only engagement partner / authorised person may sign and release a proposal on behalf of the firm.</p>	<p>When the firm is asked to submit a proposal, the prospective engagement partner (to be named in the proposal) shall:</p> <ul style="list-style-type: none"> <li>Before starting work on preparing the proposal:                             <ol style="list-style-type: none"> <li>Evaluate, based on the firm's established criteria in [policy reference], whether the engagement could be undertaken in the event the proposal was successful.</li> <li>Make inquiries (bankers, online searches, news sources, etc.) about the reputation of the entity and the character of its directors and senior management.</li> </ol> </li> </ul>	Engagement Partner	Monthly

Quality Risk(s)	Related Quality Objective	Control Name	Control Objective	Control Criteria	Control Description	Control Owner	Frequency
					iii. Make inquiries of management (including a visit to key locations) to understand the nature of the entity, how it is managed and relations with its predecessor auditor (if any).  iv. Obtain agreement of the Managing Partner (or designated partners) on the amount of any fixed fee(s) that will be proposed.  • Before the release of the proposal, be satisfied with the accuracy of the contents, the nature and achievability of commitments made (including fees) and the availability of the named personnel to perform the work as requested.		
AC-QR-01 AC-QR-02	AC-QO-01	Review and approval of rejected prospects	To keep a track of prospects which are rejected by the firm with the reasons for rejection.	Before each monthly meetings, HoA/HoA delegate updates the List of Rejected Prospects and presents in monthly Audit Partner meeting. Audit department maintains the List of Rejected Prospects which includes reason of rejection, such as high reputational risk, potential fraud case, adverse news etc. Audit partner updates the list of rejected prospect prior to the audit partner meeting.	HoA updates the list of rejected prospect prior to the Audit Partner meeting on monthly basis.	HoA	Monthly
AC-QR-06	AC-QO-03	Review and approval of audit fees	To ensure that audit fee is appropriate keeping in view the efforts needed to complete the audit resulting in a quality audit.	The engagement partner /client service partner (where applicable) determines the audit fee and presents relevant information to QC, technical team & Managing Partner for approval. Once the audit fee is approved by the Managing Partner, the team will present the audit fee to the prospective client and will obtain an appointment letter. It is	Managing Partner reviews and approves the audit fee proposal before presenting / sending to the prospective client.	Engagement Partner	As Needed

Quality Risk(s)	Related Quality Objective	Control Name	Control Objective	Control Criteria	Control Description	Control Owner	Frequency
				important that the acceptance of audit engagement is subject to the professional clearance from the previous auditor in compliance with the local ethical requirements.			
AC-QR-01 AC-QR-02	AC-QO-01	Global Independence check	To ensure that there is no conflict in the service offered to the prospective client	In case where prospective client has multinational presence, the QC Partner conducts a conflict check globally within all member firms to ensure that no conflicting service is provided to the prospective audit client by any member firm.  After the conflict check process, audit fee is proposed to the client.	The QC Partner reviews the appropriateness of conflict check processed by audit engagement team.	QC Partner	As Needed
AC-QR-01 AC-QR-02	AC-QO-01	Local Independence check	To ensure that there is no conflict of interest in the service(s) offered to the prospective client	The firm should have a policy to check the compliance of local laws and regulations including ethical requirements (such as CA Ordinance 1961, the Companies Act 2017 and the ICAP Code of Ethics) before accepting audit client. After the conflict check process, audit fee is proposed to the client.	QC Partner reviews the compliance of local laws and regulations including ethical requirements documented by the engagement team.	QC Partner	As Needed
AC-QR-01 AC-QR-02	AC-QO-01	On-boarding of clients	To ensure that AML / CFT and KYC procedures are duly completed before on-boarding any client	In order to perform Customer Due Diligence (CDD), engagement partner /client service partner will send client onboarding forms to the client. The engagement partner /client service partner reviews the completeness of client onboarding forms against the supporting documents for the purpose of relevant KYC procedures and relevant screening.	Engagement partner /client service partner reviews and ensure the completeness and accuracy of client onboarding forms prepared by client with reference to business profile, for clients which are not rated risky.  For all risky clients, the QC/Risk Partner reviews and approves the appropriateness of risk rating of acceptance and continuance prepared by engagement team.	Engagement Partner / QC Partner	As Needed

Quality Risk(s)	Related Quality Objective	Control Name	Control Objective	Control Criteria	Control Description	Control Owner	Frequency
AC-QR-01 AC-QR-02	AC-QO-01	List of risky engagements	To ensure that high-risk clients are identified and dealt with accordingly	<p>Based upon acceptance and continuance questionnaire submission, the QC/Risk Partner maintains a list of all risky clients.</p> <p>In case of risky client, the firm must have additional controls, such as, to engage an EQR etc.</p> <p>Engagement team updates QC/Risk Partner on the change of risk rating either from risky to non-risky or non-risky to risky.</p>	QC/Risk Partner maintains risky client list and updates it annually. The same list will be used for annual monitoring.	QC Partner / Risk Partner	Annually
AC-QR-04	AC-QO-02	Engagement letter	To ensure that engagement terms are agreed only after client acceptance/ continuance process is duly completed	The engagement letter will be approved for signing only when the client acceptance/ continuance questionnaire has been duly approved by the QC/Risk Partner.	After completion of client acceptance / continuance process, the engagement partner will review and signoff the engagement letter and consent to act for the client. The client will need to sign off on the engagement letter and return it to the firm. The signed scanned copy will be saved on the server for retention.	Engagement Partner	As Needed
AC-QR-03	AC-QO-01	Assignment of resources	To assign adequate resource to cover the risks of the underlying assignment	At least one suitable qualified partner who has sufficient and appropriate ability, expertise, authority and time to carry out his or her role and is well informed of the defined responsibilities is responsible to lead each engagement. HoA will keep a track of the workload and availability of all engagement partners. Extra care will be needed for assignment of PIE engagement to a partner.	<p>Upon accepting a new engagement, at least one qualified partner is allocated to the engagement by HoA.</p> <p>Assignment of PIE engagement to a partner is reviewed and approved by Managing Partner/QC Partner/Other authorised Partner, based on the recommendation of HoA.</p> <p>It is also to ensured that resources allocated to perform the engagement (other than Engagement Partner) are well experienced and adequately qualified and trained to perform fieldwork for the engagement.</p>	HoA	As Needed
AC-QR-01 AC-QR-02	AC-QO-01	Client and engagement continuance	To continue with a client only after reassessing its risk rating, CFT/AML	The decision to continue as auditors will be reviewed by engagement team at least once a year. The engagement team will also need to fill in the	Engagement partner reviews and approves the risk assessment documents (continuance questionnaire, supporting documentation for risk rating	Engagement Partner	As Needed

Quality Risk(s)	Related Quality Objective	Control Name	Control Objective	Control Criteria	Control Description	Control Owner	Frequency
			information and budget	continuance questionnaire, supporting documentation for risk rating including CFT/AML information and budget and submit all the documents to the engagement partner for their review and approval. If the risk rating for the client remains unchanged, the decision will be made by the engagement partner. However, if there are any changes in the risk rating of the client, a new acceptance procedure is required.	and CFT/AML documentation and budget) prepared by engagement manager.  Where an audit tool is used, the sign off is required within the tool.		
AC-QR-07	AC-QO-02	Engagement letter (amendments)	To ensure that all engagement teams use the updated template of Engagement Letter	The QC/Risk Partner performs assessment and suggest necessary amendment on the Engagement Letter template to ensure compliance with the professional standards and applicable legal and regulatory requirements on annual basis (minimum requirement) and as and when required. Revised engagement letter is shared with technical team for audit broadcast and upload.	The QC/Risk Partner reviews the amendment and put it up for audit partner's approval during the Monthly Audit Partners Meeting before implementation.  After the amendments approved by the QC Partner, engagement partner reviews and approves an engagement letter prepared by the engagement team.	QC/Risk Partner	As Needed
AC-QR-01 AC-QR-02	AC-QO-01	Resignation	To take steps to ensure that resignations at clients are dealt properly	The firm should have a policy that, once the firm resign from an engagement, all the respective heads of department should be timely informed. The decision should be made in consultation with QC/Risk Partner, and approval of Managing Partner.  Once the decision is made, the client should be informed in writing. The resignation letter is reviewed and approved by the engagement partner. Engagement manager will keep a record of the client, date of resignation and reason(s) which will be saved on the server.	Engagement partner reviews and approves the resignation letter prepared by engagement manager and approved by the Managing Partner.  The reason of resignation is updated by engagement manager and reviewed by engagement partner in the inventory of lost clients.  The details of these clients are also notified to other partners for their information and updation of records.	Engagement Partner	As Needed

Quality Risk(s)	Related Quality Objective	Control Name	Control Objective	Control Criteria	Control Description	Control Owner	Frequency
AC-QR-05	AC-QO-03	Firm financial priorities	To ensure that firm has ability to perform a high-quality engagement in accordance with professional standards and applicable legal and regulatory requirements, and the firm decision is not based on its financial and operational priorities.	The firm should have a new client acceptance policy which explicitly mentions that where firm has insufficient personnel with required knowledge of the specific industry sector and/or insufficient resources (e.g., technological resources, such as, IT applications that enable the engagement team to perform procedures on the entity's data) the firm should not accept such engagement despite getting good fee quote from client.	Engagement Partner and other partners (where applicable, involved in client acceptance process) ensures that the client acceptance decision is in accordance with firm's approved policy, based on available firm's resources.	Engagement Partner	As Needed
AC-QR-08	AC-QO-03	Information that becomes known subsequent to accepting or continuing a client relationship	To ensure that firm takes the right decision to continue or withdraw the client, based on the relevant facts and circumstance, after discussing with the appropriate level of the client's management and with those charged with governance.	The firm needs to establish policies or procedures to address circumstances when the firm become aware of information subsequent to accepting or continuing a client relationship or specific engagement that would have caused to decline the client relationship or specific engagement had that information been known prior to accepting or continuing the client relationship or specific engagement. The procedure could be using a memorandum or checklist for engagements, which results in the documentation of inquiry and procedures to identify factors related to the firm's acceptance and continuance decisions. Prior to finalizing the decision, this memorandum or checklist should be reviewed by engagement partner and updated as needed.	Engagement partner ensures that the client acceptance or continuance from engagement decision is in accordance with firm's approved policy, based on available resources. The decision about withdrawal from the client will be made after discussing with the appropriate level of the client's management and with those charged with governance.	Engagement Partner	As Needed

**Quality Component 4**

**Engagement Performance**

## Quality Component 4: Engagement Performance

## Risk and Control Template

Quality Objectives as per paragraph 31 of ISQM 1	Quality Risks
31. The firm shall establish the following quality objectives that address the performance of quality engagements:	
<p><b>EP-QO-01:</b> (a) Engagement teams understand and fulfill their responsibilities in connection with the engagements, including, as applicable, the overall responsibility of engagement partners for managing and achieving quality on the engagement and being sufficiently and appropriately involved throughout the engagement. (Ref: Para. A75)</p>	<p><b>EP-QR-01:</b> Responsibilities of engagement partners and other engagement team members, and those of engagement quality reviewers, are not understood.</p> <p><b>EP-QR-02:</b> Engagement team members, including partners, do not have sufficient, timely and appropriate involvement in each relevant stage of the engagement.</p> <p><b>EP-QR-03:</b> Engagement teams do not plan and perform the engagement in accordance with professional standards and applicable legal and regulatory requirements.</p>
<p><b>EP-QO-02:</b> (b) The nature, timing and extent of direction and supervision of engagement teams and review of the work performed is appropriate based on the nature and circumstances of the engagements and the resources assigned or made available to the engagement teams, and the work performed by less experienced engagement team members is directed, supervised and reviewed by more experienced engagement team members. (Ref: Para. A76–A77)</p>	<p><b>EP-QR-04:</b> Engagement team members are not appropriately directed and supervised and work is not reviewed by more experienced engagement team members.</p>
<p><b>EP-QO-03:</b> (c) Engagement teams exercise appropriate professional judgment and, when applicable to the type of engagement, professional skepticism. (Ref: Para. A78)</p>	<p><b>EP-QR-05:</b> Management representations or accounting positions are unchallenged or inconsistent, or contradictory information/audit evidences are unresolved due to a lack of professional skepticism at the engagement team level.</p> <p><b>EP-QR-06:</b> Engagement teams do not exercise professional judgement and a skeptical mindset when performing engagements.</p>
<p><b>EP-QO-04:</b> (d) Consultation on difficult or contentious matters is undertaken and the conclusions agreed are implemented. (Ref: Para. A79–A81)</p>	<p><b>EP-QR-07:</b> Engagement teams do not undertake consultations on difficult or contentious matters.</p> <p><b>EP-QR-08:</b> Consultations undertaken on difficult or contentious matters do not reach to appropriate conclusion.</p> <p><b>EP-QR-09:</b> Conclusions reached on consultations are not properly implemented.</p>
<p><b>EP-QO-05:</b> (e) Differences of opinion within the engagement team, or between the engagement team and the engagement quality reviewer or individuals performing activities within the firm's system of quality management are brought to the attention of the firm and resolved. (Ref: Para. A82)</p>	<p><b>EP-QR-10:</b> Differences of opinion that arise:</p> <ul style="list-style-type: none"> <li>• within the engagement team;</li> <li>• between the engagement team and the engagement quality reviewer working on audit, review or other assurance or related services engagements;</li> </ul>

Quality Objectives as per paragraph 31 of ISQM 1	Quality Risks
	<ul style="list-style-type: none"> <li>• between the engagement team and individuals performing activities within the firm's system of quality management are not appropriately resolved.</li> </ul> <p><b>EP-QR-11:</b> The member firm does not appropriately identify and assign Engagement Quality (EQ) reviewers.</p> <p><b>EP-QR-12:</b> EQ reviews are not undertaken for engagements on which they are required.</p> <p><b>EP-QR-13:</b> Insufficient time is allocated to EQ Reviewer for EQ review so that his /her involvement is insufficient throughout the engagement.</p> <p><b>EP-QR-14:</b> Release of engagement reports occurs prior to completing the EQR or addressing EQR comments or resolving a difference of opinion.</p>
<p><b>EP-QO-06:</b> (f) Engagement documentation is assembled on a timely basis after the date of the engagement report, and is appropriately maintained and retained to meet the needs of the firm and comply with law, regulation, relevant ethical requirements, or professional standards. (Ref: Para. A83– A85)</p>	<p><b>EP-QR-15:</b> Engagement documentation is not assembled and archived in a timely manner after the date of the engagement report or release of the service deliverable.</p> <p><b>EP-QR-16:</b> Confidentiality, custody, integrity, accessibility and retrievability of engagement documentation is not protected by documentation maintenance.</p> <p><b>EP-QR-17:</b> Engagement documentation is not retained for a period sufficient to meet the needs of the firm and comply with laws and regulations, relevant ethical requirements, or other professional standards.</p>

Quality Risk(s)	Related Quality Objective	Control Name	Control Objective	Control Criteria	Control Description	Control Owner	Frequency
EP-QR-01	EP-QO-01	Resource Planning and Project Management	Engagement teams understand and fulfill their responsibilities in connection with the audit, review or other assurance or related services engagement, including as applicable the overall responsibility of engagement partners for managing and achieving quality on the engagement and being sufficiently and appropriately involved throughout the engagement.	Applicable to all engagements	<p>Firm establishes a policy that addresses the following:</p> <ul style="list-style-type: none"> <li>Requires all engagements to have an engagement level resource plan, approved by the engagement partner/ engagement leader.</li> <li>Establishes minimum requirements of an engagement level resource plan, including types of resources (individual roles), amount of resources (estimated number of hours for each resource) and when each resource is expected to be deployed. This will also include required use of the firm's manuals, software tools, forms and industry/subject matter-specific materials that have been approved by the engagement quality leader.</li> <li>The point of time when a required engagement level resource plan needs to be prepared and approved. The policy is reviewed and approved by the individual with significant authority e.g. Head of Audit. The policy is communicated to all engagement managers and above upon adoption and when changes are made.</li> </ul>	Head of Audit	Annually
EP-QR-01	EP-QO-01	Resource Planning and Project Management	Engagement teams understand and fulfill their responsibilities in connection with the audit, review or other assurance or related services engagement, including as applicable the overall responsibility of engagement partners for managing and achieving quality on the engagement and being sufficiently and appropriately involved throughout the engagement.	Applicable to all engagements	<p>The engagement partner/engagement leader reviews and approves the engagement level resource plan assessing whether:</p> <ul style="list-style-type: none"> <li>The planned hours for each of the key roles are appropriate.</li> <li>The increase/decrease in overall hours from the prior year actual hours is justified, or for new engagements, the resource plan is reasonable.</li> </ul>	Engagement Partner	Recurring

Quality Risk(s)	Related Quality Objective	Control Name	Control Objective	Control Criteria	Control Description	Control Owner	Frequency
EP-QR-01	EP-QO-01	Resource Planning and Project Management	Engagement teams understand and fulfill their responsibilities in connection with the audit, review or other assurance or related services engagement, including as applicable the overall responsibility of engagement partners for managing and achieving quality on the engagement and being sufficiently and appropriately involved throughout the engagement.	Applicable to all engagements  Monitoring is mandatory for Key Clients / PIE's and other clients as designated by Head of Audit	Making, implementing and complying with 'Monitoring of Audit Engagement Performance' policy including application of the required performance metrics (as documented in policy) for the in-scope engagements.	Engagement Partner/ Audit Quality Leader/ Head of Audit	Periodically/ as per firm audit portfolios year-ends
EP-QR-01 EP-QR-03	EP-QO-01	Professional Conduct of Audit	Engagement teams understand and fulfill their responsibilities in connection with the audit, review or other assurance or related services engagement, including as applicable <ul style="list-style-type: none"> <li>the overall responsibility of engagement partners for managing and achieving quality on the engagement and being sufficiently and appropriately involved throughout the engagement.</li> <li>performing the engagement in accordance with professional standards and applicable legal and regulatory requirements.</li> </ul>	Applicable to all engagements	Annually, the 'Monitoring of Audit Engagement Performance' policy is reviewed and approved by the Head of Audit Quality & Head of Audit prior to release to firm's staff.  Once approved, the updated 'Monitoring of Audit Engagement Performance' policy is communicated to the engagement teams.	Audit Quality Leader/ Head of Audit	Annually
EP-QR-07	EP-QO-04	Consultation and pre-issuance reviews	Consultations on difficult or contentious matters within audit, review or other assurance or related services engagements are undertaken and the conclusions agreed are implemented.	Applicable to all engagements	Audit Documentation (Software) requires engagement team to confirm all appropriate consultations have been undertaken. This confirmation requires engagement manager and engagement partner review sign-off.	Firm Leadership	Recurring
EP-QR-07	EP-QO-04	Consultation and pre-issuance reviews	Consultations on difficult or contentious matters within audit, review or other assurance or related services engagements are undertaken and the conclusions agreed are implemented.	Applicable to all engagements meeting the consultation criteria / Pre-issuance review Criteria	[Annually] the member firm's mandatory consultation requirements are reviewed and proposed modifications are approved by the Technical Head or the Risk leader (as applicable to the consultation).	Technical Head / Risk leader/ person responsible for technical affairs	Annually

Quality Risk(s)	Related Quality Objective	Control Name	Control Objective	Control Criteria	Control Description	Control Owner	Frequency
EP-QR-08	EP-QO-04	Consultation and pre-issuance reviews	Consultations on difficult or contentious matters within audit, review or other assurance or related services engagements are undertaken and the conclusions agreed are implemented.	Applicable to all engagements meeting the consultation criteria / Pre-issuance review Criteria	Audit documentation requires engagement team to confirm all appropriate discussions/consultations during the course of the engagement (both within the engagement team and between the engagement team and others at the appropriate level within the firm) have been undertaken. This confirmation requires engagement manager and engagement partner review sign-off.	Firm Leadership	Recurring
EP-QR-07	EP-QO-04	Consultation and pre-issuance reviews	Consultations on difficult or contentious matters within audit, review or other assurance or related services engagements are undertaken and the conclusions agreed are implemented.	Applicable to all consultations / pre-issuance reviews	Firm designs and implements controls to ensure that all consultation requests received are responded by an individual with the appropriate knowledge, seniority and experience.	Technical Head / Risk leader/ person responsible for technical affairs	Annually
EP-QR-08	EP-QO-04	Consultation and pre-issuance reviews	Consultations on difficult or contentious matters within audit, review or other assurance or related services engagements are undertaken and the conclusions agreed are implemented.	Applicable to all Technical staff	<ul style="list-style-type: none"> <li>At the time of appointing a new individual whose responsibilities may include providing agreement with a conclusion reached in a consultation, the Technical Head / Risk leader (as applicable to the consultation) reviews the assessment of the candidate against a qualification (knowledge and experience) criteria defined by the firm.</li> </ul>	Technical Head / Risk leader/ person responsible for technical affairs	Recurring
					<ul style="list-style-type: none"> <li>[Annually] the Technical Head / Risk leader (as applicable to the consultation) reviews the re-assessment of the candidate against a qualification criteria (knowledge and experience) defined by the firm.</li> </ul>	Technical Head / Risk leader/ person responsible for technical affairs	Annually
EP-QR-08 EP-QR-09	EP-QO-04	Consultation and pre-issuance reviews	Consultations on difficult or contentious matters within audit, review or other assurance or related services engagements are undertaken and the conclusions agreed are implemented.	Applicable to all engagements meeting the consultation criteria / Pre-issuance review Criteria	Audit documentation requires the engagement team to attach relevant documentation relating to the consultation including confirmation from the [consulted party] that they agree with the conclusions reached. The relevant documentation to be reviewed by the engagement manager and	Firm	Recurring

Quality Risk(s)	Related Quality Objective	Control Name	Control Objective	Control Criteria	Control Description	Control Owner	Frequency
					engagement partner and engagement quality reviewer that the consultation received has also been implemented, where applicable.		
EP-QR-05 EP-QR-06	EP-QO-03	Second Review/Peer review of selected engagements	Audit, review or other assurance or related services engagement teams exercise appropriate professional judgment and, when applicable to the type of engagement, professional skepticism.	Applicable to selected engagements meeting the criteria in the policy and all Second Review/Peer review conducted under it	<u>Development and Review of policy</u>  The Second Review/Peer review policy is to be developed by firm leadership and to be reviewed and approved by the Head of Audit Quality annually, prior to release to firm staff.	Head of Audit /Quality Leader	Annually
EP-QR-06	EP-QO-03	Second Review/Peer review of selected engagements	Audit, review or other assurance or related services engagement teams exercise appropriate professional judgment and, when applicable to the type of engagement, professional skepticism.	Applicable to selected engagements meeting the criteria identified under alternative program (if any)	<u>Alternative Program</u> <ul style="list-style-type: none"> <li>Annually, the Head of Audit and the Risk Leader review the current year proposed conclusion made by the firm that it is not undertaking the Second Review/Peer review because the underlying risks have been effectively managed.</li> </ul>	Head of Audit /Quality Leader (QL)	Annually
EP-QR-06	EP-QO-03	Second Review/Peer review of selected engagements	Audit, review or other assurance or related services engagement teams exercise appropriate professional judgment and, when applicable to the type of engagement, professional skepticism.	Applicable to selected engagements meeting the criteria in the policy and all active Audit Quality reviews conducted under it.	<ul style="list-style-type: none"> <li>At least annually, the QL approves the engagement selection criteria for the firm (subjected to EQC Review)</li> <li>The QL checks that approval has been received from the Head of Audit, in consultation with the Risk leader, where appropriate, prior to formal communication of EQC review of selected engagements, to the engagement teams.</li> </ul>	QL / Head of Audit	Annually
EP-QR-06	EP-QO-03	Active Audit Quality Review of selected engagements	Audit, review or other assurance or related services engagement teams exercise appropriate professional judgment and, when applicable to the type of engagement, professional skepticism.	Applicable to selected engagements meeting the criteria in the policy and all active Audit Quality reviews conducted under it.	When there are valid reasons to seek an exemption from performing a review on an engagement originally selected by the member firm for EQC Review, the Head of Audit, reviews and approves the analysis of the reasons to seek an exemption.	HOA	Recurring

Quality Risk(s)	Related Quality Objective	Control Name	Control Objective	Control Criteria	Control Description	Control Owner	Frequency
EP-QR-06	EP-QO-03	Active Audit Quality Review of selected engagements	Audit, review or other assurance or related services engagement teams exercise appropriate professional judgment and, when applicable to the type of engagement, professional skepticism.	Applicable to selected engagements meeting the criteria in the policy and all Audit Quality Defense reviews conducted under it.	<ul style="list-style-type: none"> <li>EQC Review Team Leader reviews and approves the decision made by the EQC reviewer to rebut a minimum mandatory area of focus, as described in EQC Review Policy.</li> <li>QL in firms reviews and approves the conclusion that a EQC Review of the audit report and / or financial statements is not required as part of the EQC Review program when review of and/or scoping the review of [audit report and/or financial statement review] is determined by other complementary programs [such as consultation / pre-issuance review policy] that operate in the firm.</li> </ul>	Quality Leader	Recurring
EP-QR-06	EP-QO-03	Active Audit Quality Review of selected engagements	Audit, review or other assurance or related services engagement teams exercise appropriate professional judgment and, when applicable to the type of engagement, professional skepticism.	Applicable to all Audit Quality Defense reviewer	<p>QL reviews and approves the following:</p> <ul style="list-style-type: none"> <li>Firm criteria for Second Reviewer / Peer Reviewer selection</li> <li>Firm criteria for Second Reviewer / Peer reviewer of selected engagements allocation</li> <li>Appointment of EQC Reviewer/Peer reviewer and allocation to specific engagements</li> <li>Assessment of EQC Reviewer / Peer reviewer.</li> </ul>	Quality Leader	Annually
EP-QR-06	EP-QO-03	Peer Review of selected engagements	Audit, review or other assurance or related services engagement teams exercise appropriate professional judgment and, when applicable to the type of engagement, professional skepticism.	Applicable to all Peer reviews	<p><u>Reporting of findings</u></p> <p>A log is maintained by Peer review team leader, and updated [weekly or as required] that includes:</p> <ul style="list-style-type: none"> <li>An update on progress on all peer review engagements and a mitigation plan for completion, if required.</li> </ul>	Peer Review Leader / QL	Monthly/ As and when required

Quality Risk(s)	Related Quality Objective	Control Name	Control Objective	Control Criteria	Control Description	Control Owner	Frequency
					<ul style="list-style-type: none"> <li>Non-client specific key observations and learning points identified by the peer reviewers.</li> </ul> <p>At least monthly the QL reviews the log of progress and non-client specific key observations and:</p> <ul style="list-style-type: none"> <li>Approves the communication of key common observations to the firm root cause analysis team and other relevant monitoring groups for inclusion as an input to RCA and to the firm's assessment of additional peer review areas of focus in the subsequent year.</li> <li>Confirms that an appropriate mitigation plan for completion, including the involvement of further resources, if required, has been put in place.</li> </ul>		
<p>EP-QR-10 EP-QR-11</p>	<p>EP-QO-05</p>	<p>Dispute resolution</p>	<p>Differences of opinion within the audit, review or other assurance or related services engagement team, or between the engagement team and the engagement quality reviewer working on audit, review or other assurance or related services engagements, or individuals performing activities within the firm's system of quality management, are brought to the attention of the firm and resolved.</p>	<p>All disputes within engagement team, or between the engagement team and the engagement quality reviewer, or individuals performing activities within the firm's system of quality management.</p>	<p>A firm designs and implements a policy detailing the steps that should be undertaken to resolve differences of opinion within the engagement team, or between the engagement team and the engagement quality reviewer, or individuals performing activities within the firm's system of quality management, considering the baseline escalation protocol in the risk management policy. This policy is reviewed and approved by the Technical Head when adopted or revised and communicated to engagement teams.</p> <p>The policy may include that in case of disagreement, the report shall not be dated until the matter is resolved.</p>	<p>Technical Head</p>	<p>Annually</p>

Quality Risk(s)	Related Quality Objective	Control Name	Control Objective	Control Criteria	Control Description	Control Owner	Frequency
EP-QR-10	EP-QO-05	Dispute resolution	Differences of opinion within the audit, review or other assurance or related services engagement team, or between the engagement team and the engagement quality reviewer working on audit, review or other assurance or related services engagements, or individuals performing activities within the firm's system of quality management, are brought to the attention of the firm and resolved.	All disputes within engagement team, or between the engagement team and the engagement quality reviewer, or individuals performing activities within the firm's system of quality management.	Audit Documentation requires the engagement team to document whether any disputes have occurred during the engagement and confirm that those disputes have been resolved, including the basis for the final resolution of those disagreements. Audit Documentation should require the Engagement Manager and Engagement Partner [and the EQ reviewer where applicable] to review the documentation related to dispute resolution.	Firm leadership/ Engagement Partner	As per firm policy
EP-QR-11	EP-QO-06	Engagement Quality Control Review Program	Member firms establish policies or procedures that address engagement quality reviews in accordance with ISQM 2, and perform an engagement quality review for: <ul style="list-style-type: none"> <li>• Audits of financial statements of listed entities;</li> <li>• Audits or other engagements for which an engagement quality review is required by law or regulation; and</li> <li>• (iii) Audits or other engagements for which the firm determines that an engagement quality review is an appropriate response to address one or more quality risk(s).</li> </ul>	Engagements subjected to EQC review as per criteria described in the firm's policy	<p><u>Review of Policy</u></p> <ul style="list-style-type: none"> <li>• Annually, the 'EQ Review' Policy is reviewed and approved by the Head of Audit prior to release to firm.</li> <li>• Substantive changes to the 'EQ Review' Policy are approved by the [appropriate/authorised individuals].</li> </ul> <p>Once approved, the updated 'EQ Review' policy is communicated to staff.</p>	Head of Audit	Annually
EP-QR-11	EP-QO-06	Engagement Quality Control Review Program	Member firms establish policies or procedures that address engagement quality reviews in accordance with ISQM 2, and perform an engagement quality review for: <ul style="list-style-type: none"> <li>• Audits of financial statements of listed entities;</li> </ul>	Individuals nominated for EQ review program	Firm's Head of Audit and Risk Leader reviews the evaluation of competencies and capabilities of candidates to be appointed to the role of EQ program leader, and if satisfied assigns appropriate leadership responsibility for the EQ review program, which includes the appointment of EQ reviewer(s), to a suitable partner in accordance with 'EQ Review' policy.	Head of Audit	Annually/ As and when required

Quality Risk(s)	Related Quality Objective	Control Name	Control Objective	Control Criteria	Control Description	Control Owner	Frequency
			<ul style="list-style-type: none"> <li>Audits or other engagements for which an engagement quality review is required by law or regulation; and</li> <li>(iii) Audits or other engagements for which the firm determines that an engagement quality review is an appropriate response to address one or more quality risk(s).</li> </ul>				
EP-QR-11	EP-QO-06	Engagement Quality Control Review Program	Member firms establish policies or procedures that address engagement quality reviews in accordance with ISQM 2, and perform an engagement quality review for: <ul style="list-style-type: none"> <li>Audits of financial statements of listed entities;</li> <li>Audits or other engagements for which an engagement quality review is required by law or regulation; and</li> <li>(iii) Audits or other engagements for which the firm determines that an engagement quality review is an appropriate response to address one or more quality risk(s).</li> </ul>	Individuals nominated for EQ review program	Assess EQ reviewer candidates against appointment criteria.  The [responsible person] at the time of appointing a new EQ reviewer, reviews the assessment of the candidate against the EQ reviewer accreditation and assignment criteria, set out in the EQ Review Policy.	Head of Audit	Recurring
EP-QR-12	EP-QO-06	List of engagements selected for EQ review	Member firms establish policies or procedures that address engagement quality reviews in accordance with ISQM 2, and perform an engagement quality review for: <ul style="list-style-type: none"> <li>Audits of financial statements of listed entities;</li> <li>Audits or other engagements for which an engagement quality review is required by law or regulation; and</li> </ul>	Policy review	Risk Leader annually reviews and approves the firm's selection criteria for engagements requiring an EQ review, which at a minimum includes the minimum baseline criteria as per auditing standards and local laws and regulations and any other additional firm's criteria necessary to comply with external regulations. This is communicated to engagement teams.	Risk Leader	Annually

Quality Risk(s)	Related Quality Objective	Control Name	Control Objective	Control Criteria	Control Description	Control Owner	Frequency
			<ul style="list-style-type: none"> <li>(iii) Audits or other engagements for which the firm determines that an engagement quality review is an appropriate response to address one or more quality risk(s).</li> </ul>				
EP-QR-07	EP-QO-06	List of engagements selected for EQ review and appointment of EQ reviewer	<p>Member firms establish policies or procedures that address engagement quality reviews in accordance with ISQM 2, and perform an engagement quality review for:</p> <ul style="list-style-type: none"> <li>Audits of financial statements of listed entities;</li> <li>Audits or other engagements for which an engagement quality review is required by law or regulation; and</li> <li>Audits or other engagements for which the firm determines that an engagement quality review is an appropriate response to address one or more quality risk(s).</li> </ul>	Appointment of EQ reviewer for the selected engagements requiring an EQ review	<p><u>Completeness of list of engagements requiring an EQ review</u></p> <ul style="list-style-type: none"> <li>Firm creates a complete list of engagements requiring an EQ review.</li> <li>Using the list created in A, the [responsible person] approves that an EQ reviewer has been assigned to each of the engagements identified.</li> </ul>	HOA	Annually
EP-QR-11	EP-QO-06	Training of EQ reviewer	<p>Member firms establish policies or procedures that address engagement quality reviews in accordance with ISQM 2, and perform an engagement quality review for:</p> <ul style="list-style-type: none"> <li>Audits of financial statements of listed entities;</li> <li>Audits or other engagements for which an engagement quality review is required by law or regulation; and</li> <li>Audits or other engagements for which the firm determines that an engagement quality review is an appropriate response to address one or more quality risk(s).</li> </ul>	EQ Reviewers	<p><u>Training of EQ Reviewer</u></p> <ul style="list-style-type: none"> <li>The firm provides all EQ reviewers with relevant training, if applicable, and the completion of this training on a timely basis is monitored, with exceptions reported to the Risk Leader.</li> <li>Non-completion of training is followed up and resolved in accordance with the firm's policy.</li> </ul>	HOA / Head of Training/ Authorised personnel for trainings	Recurring

Quality Risk(s)	Related Quality Objective	Control Name	Control Objective	Control Criteria	Control Description	Control Owner	Frequency
EP-QR-11	EP-QO-06	Appointment of EQ Reviewer Assistant	Member firms establish policies or procedures that address engagement quality reviews in accordance with ISQM 2, and perform an engagement quality review for: <ul style="list-style-type: none"> <li>Audits of financial statements of listed entities;</li> <li>Audits or other engagements for which an engagement quality review is required by law or regulation; and</li> <li>Audits or other engagements for which the firm determines that an engagement quality review is an appropriate response to address one or more quality risk(s).</li> </ul>	EQ Reviewers	<p><u>Assess EQ Reviewer Assistant candidates against appointment criteria (where necessary)</u></p> <p>At the time of appointing a new EQ Reviewer Assistant, the [responsible person] reviews the assessment of the candidate against the EQ reviewer assistant eligibility criteria, set out in the firm's 'EQ Review' policy.</p>	HOA / QL	Recurring
EP-QR-15 EP-QR-17	EP-QO-07	Assembly of Audit Documentation	Engagement teams understand and fulfill their responsibilities for all the engagement documentation, assembly, maintenance and retention to meet the needs of the firm, in compliance with the requirements of laws and regulations.	Audit Documentation	Engagement documentation is assembled on a timely basis and is appropriately maintained and retained to meet the needs of the firm and comply with laws, regulations, relevant ethical requirements, or professional standards.	Engagement Partner	Recurring
EP-QR-15	EP-QO-07	Engagement team responsibilities - sign off working papers	Engagement teams understand and fulfill their responsibilities for all the engagement documentation, assembly, maintenance and retention to meet the needs of the firm, in compliance with the requirements of laws and regulations.	Audit Documentation	Audit documentation requires an engagement team member to sign-off every work paper and test work as prepared and an engagement team member to mark every documentation and attachment as reviewed prior to close out.	Engagement Partner	Recurring
EP-QR-09 EP-QR-15	EP-QO-07	Engagement team responsibilities - Minimum review requirements met	Engagement teams understand and fulfill their responsibilities for all the engagement documentation, assembly, maintenance and retention to meet the needs of the firm, in compliance with the requirements of laws and regulations.	Audit Documentation	Audit Documentation requires a specific member of the engagement team to mark a specific work paper and test work as reviewed (as required by minimum review requirements) prior to close out.	Managing Partner	Recurring
EP-QR-15	EP-QO-07	Engagement team responsibilities	Engagement teams understand and fulfill their responsibilities for all the engagement documentation, assembly, maintenance	Audit Documentation	Audit documentation is configured to populate the engagement file considering the appropriate auditing standards and to	Managing Partner	Recurring

Quality Risk(s)	Related Quality Objective	Control Name	Control Objective	Control Criteria	Control Description	Control Owner	Frequency
		for documentation	and retention to meet the needs of the firm, in compliance with the requirements of laws and regulations.		deliver procedures considering the accounting standards based on engagement profile.		
EP-QR-15 EP-QR-16	EP-QO-07	Engagement team responsibilities	Engagement teams understand and fulfill their responsibilities for all the engagement documentation, assembly, maintenance and retention to meet the needs of the firm, in compliance with the requirements of laws and regulations.	Audit Documentation	Access to engagement files is granted on an individual basis to only permit access to engagement documentation by the approved individuals.	Managing Partner/ Risk Leader	Recurring
EP-QR-15 EP-QR-16	EP-QO-07	Engagement team responsibilities	Engagement teams understand and fulfill their responsibilities for all the engagement documentation, assembly, maintenance and retention to meet the needs of the firm, in compliance with the requirements of laws and regulations.	Audit Documentation	Mechanism should be in place to identify work papers and test work which are missing a preparation sign off, a review sign off and/or a minimum review requirement sign off.  Such mechanism should be applied at appropriate intervals during performance of the engagement procedures and at review stage but prior to sign-off of opinion so that any opinion issued is duly supported by an appropriate audit documentation.	Managing Partner	Recurring
EP-QR-09 EP-QR-15	EP-QO-04	Engagement team responsibilities	Engagement teams understand and fulfill their responsibilities for all the engagement documentation, assembly, maintenance and retention to meet the needs of the firm, in compliance with the requirements of laws and regulations.	Audit Documentation	The firm develops a policy for assembly, maintenance and retention of audit working paper files in compliance with the requirements of applicable laws and regulations. The firm senior leadership should ensure that this policy is also disseminated to all staff on a timely basis.	Managing Partner	Recurring

**Quality Component 5**

**Resources**

## Quality Component 5: Resources

## Risk and Control Template

Quality Objectives as per paragraph 32 of ISQM 1	Quality Risks
<p>32. The firm shall establish the following quality objectives that address appropriately obtaining, developing, using, maintaining, allocating and assigning resources in a timely manner to enable the design, implementation and operation of the system of quality management: (Ref: Para. A86–A87)</p>	
<p><b>Human Resources</b></p> <p><b>RE-QO-01:</b> Hire personnel</p> <p><b>RE-QO-02:</b> Retain personnel</p> <p><b>RE-QO-03:</b> Develop personnel</p> <p><b>RE-QO-04:</b> Personnel perform quality engagement</p> <p><b>RE-QO-05:</b> Hire, Develop, Retain and Assign Personnel – Individuals with SQM Duties</p> <p><b>RE-QO-06:</b> Understand independence requirements - Firm, personnel, others Personnel, including Engagement Teams</p> <p><b>RE-QO-07:</b> Fulfill ethical requirements, excluding independence – Firm, personnel, others</p> <p><b>RE-QO-08:</b> Fulfill independence requirements – Firm, personnel, others</p>	<p><b>RE-QR-1:</b> Fails to identify baseline/service/role specific hiring criteria</p> <p><b>RE-QR-2:</b> Fails to hire the right people</p> <p><b>RE-QR-3:</b> Lack of signing executive qualification compliance</p> <p><b>RE-QR-4:</b> Lack of effective continuing education</p> <p><b>RE-QR-5:</b> Fails to comply with continuing education requirements</p> <p><b>RE-QR-6:</b> Fails to identify and understand relevant ethical and Independence requirements (Firm, the Network and other Member Firms)</p> <p><b>RE-QR-7:</b> Fails to identify and understand relevant Independence requirements (Personnel)</p> <p><b>RE-QR-8:</b> Fails to identify and understand relevant Independence requirements (service providers)</p> <p><b>RE-QR-9:</b> Fails to identify, evaluate and respond to threats (Business relationships)</p> <p><b>RE-QR-10:</b> Fails to identify, evaluate and respond to threats (Personal Independence)</p> <p><b>RE-QR-11:</b> Fails to identify, evaluate and respond to Independence threats related to engagement performance</p> <p><b>RE-QR-12:</b> Fails to identify, evaluate and report Independence breaches/violations</p> <p><b>RE-QR-13:</b> Fails to take timely action to resolve Independence breaches/violations</p> <p><b>RE-QR-14:</b> Fails to respond to non-compliance with laws &amp; regulations by our clients</p>

Quality Objectives as per paragraph 32 of ISQM 1	Quality Risks
<p><b>RE-QO-09:</b> Personnel demonstrate a commitment to quality</p>	<p><b>RE-QR-15:</b> Fails to appropriately evaluate employee performance</p> <p><b>RE-QR-16:</b> Fails to make appropriate promotion decisions</p> <p><b>RE-QR-17:</b> Lack of correlation between quality and compensation/ promotion/ other incentives</p> <p><b>RE-QR-18:</b> Fails to demonstrate a commitment to quality</p>
<p><b>RE-QO-10:</b> Obtain individuals from external sources</p>	<p><b>RE-QR-19:</b> Lack of sufficient resources for performance of engagements (Internal - the Network or other Member Firms)</p>
<p><b>RE-QO-11:</b> Competent, knowledgeable engagement team members are assigned to firm's engagement, who can give sufficient time to perform their roles</p>	<p><b>RE-QR-20:</b> Firm fails to assign audit engagements with audit team executives (other than Partner in Charge, Engagement Quality Reviewer and Other Quality Reviewer (i.e., IFRS Technical Reviewer) within Assurance</p> <p><b>RE-QR-21:</b> Firm fails to assign audit engagements with Partner in Charge (PIC), Engagement Quality Reviewer (EQR) and Other Quality Reviewer (i.e. IFRS Technical Reviewer) within Assurance</p> <p><b>RE-QR-22:</b> Firm fails to assign audit engagements with members (Partner, Associate Partner, Executive Director, Senior Manager and Manager) that have technology specialized knowledge and skills (e.g., Financial Audit Information Technology professionals)</p> <p><b>RE-QR-23:</b> Firm fails to assign audit engagements members (Partner, Associate Partner, Executive Director, Senior Manager and Manager) that have specific knowledge and skills as regards auditing tax accounts, including where appropriate as the tax reviewer, (e.g., Tax Accounting and Risk Advisory Services professionals)</p> <p><b>RE-QR-24:</b> Firm fails to assign audit engagements with Partners, Executive Directors, or Associate Partners who have specialized knowledge and skills who assist audit teams around specific issues and situations (e.g., valuation professionals, sector specific, cyber, and other subject matter professionals)</p> <p><b>RE-QR-25:</b> Firm fails to assign engagement PPEDDs (Partners, Executive Directors, Associate Partners) to non-audit engagements in the scope of ISQM 1</p> <p><b>RE-QR-26:</b> Firm fails to address assignment of personnel to engagements that have change in circumstances</p> <p><b>RE-QR-27:</b> Ineffective Change of Audit Partner in Charge (PIC) or Executive in Charge (EIC)</p>
<p><b>RE-QO-12:</b> Competent individuals are assigned the roles in the firm to maintain the audit quality within firm's SOQM</p>	<p><b>RE-QR-28:</b> Fails to define nature and scope of engagement</p> <p><b>RE-QR-29:</b> Lack of sufficient experiences to develop individuals to perform quality engagements</p>

Quality Objectives as per paragraph 32 of ISQM 1	Quality Risks
<p><b>Technological Resources</b></p> <p><b>RE-QO-13:</b> Obtain or develop, implement, maintain, and use technological resources</p> <p><b>RE-QO-14:</b> Maintain the confidentiality, safe custody, integrity, accessibility, and retrievability of firm data and engagement documentation.</p>	<p><b>RE-QR-30:</b> Required or appropriate technological resources are not used.</p> <p><b>RE-QR-31:</b> Fails to store, safeguard and maintain electronic and paper-based information</p> <p><b>RE-QR-31a:</b> Fails to restrict access to the audit software and to the electronic engagement documentation</p> <p><b>RE-QR-32:</b> Fails to perform regular back-up routines for electronic documentation stored on the servers, laptops, and smart phones.</p> <p><b>RE-QR-33:</b> Fails to update the system or make necessary changes when required</p> <p><b>RE-QR-33a:</b> Fails to retain a copy of all software applications (including the software versions) and any other technology required to access and retrieve documentation created at any time</p>
<p><b>Intellectual Resources</b></p> <p><b>RE-QO-15:</b> Appropriate intellectual resources are obtained or developed, implemented, maintained, and used, to enable the operation of the firm's system of quality management and the consistent performance of quality engagements, and such intellectual resources are consistent with professional standards and applicable legal and regulatory requirements, where applicable. (Ref: Para. A102–A104)</p>	<p><b>RE-QR-34:</b> Engagement teams are using out-of-date intellectual resources, such as the use of policies and procedures, guidance, practice aids, templates, forms or checklists that do not reflect revisions to professional standards or firms policies.</p> <p><b>RE-QR-35:</b> Firm fails to deploy relevant learnings</p> <p><b>RE-QR-36:</b> Engagement teams do not have appropriate methodologies and technical support materials to enable the performance of quality engagements</p>
<p><b>RE-QO-16:</b> Human, technological or intellectual resources from service providers are appropriate for use in the firm's system of quality management and in the performance of engagements, taking into account the quality objectives in paragraph 32 (d),(e),(f) and (g). (Ref: Para. A105–A108)</p>	<p><b>RE-QR-37:</b> Lack of sufficient resources for performance of engagements (External – service provider)</p> <p><b>RE-QR-38:</b> Fails to identify, evaluate and respond to threats (Service Providers Personal Independence)</p> <p><b>RE-QR-39:</b> Fails to assess human resources from service providers</p> <p><b>RE-QR-40:</b> The audit methodology purchased from a service is not updated to reflect changes in professional standards and applicable legal and regulatory requirements.</p>

Quality Risk(s)	Related Quality Objective	Control Name	Control Objective	Control Criteria	Control Description	Control Owner	Frequency
RE-QR-1 RE-QR-2 RE-QR-3	RE-QO-01	Candidate evaluation form review and approval (new partner)	To review and approve the candidates for the Partner, considering the qualifications, competencies and capabilities necessary for the fulfillment of responsibilities of the Partner.	<p>The following are assessed before extending an offer to the candidate, whether:</p> <ul style="list-style-type: none"> <li>Review and interview process is completed in line with Partner recruitment Guide/Policy.</li> <li>The Interview process, Interview Evaluation Forms are completed for each candidate to capture interview feedback.</li> <li>The interview form is updated appropriately for review criteria to assess the candidate's qualifications, competencies and capabilities.</li> <li>The reviewer reviews and approves the evaluation form and then writes an overall recommendation, highlighting their level of support prior to extending an offer to the candidate.</li> </ul>	Interview evaluation forms and feedback are reviewed to ensure the candidate has the appropriate qualifications, competencies and capabilities necessary to fulfil Partner responsibilities. Evaluation forms and feedback are approved by the appropriate personnel prior to extending an offer to the candidate.	CEO / Managing Partner	Event Driven
RE-QR-16	RE-QO-02	Annual review and approval of new proposed Executive Director (ED) roles	To approve proposed ED roles	For ED roles there is a general promotion plan, which can be reviewed and adjusted according to affordability throughout the promotion process. The ED(s) to be promoted are finalized closer to the final approval stage of the promotion process, by also considering the successful candidates.	The ED roles are determined according to the growth/ revenue plans and affordability and approved by senior leadership. All new ED roles are ultimately approved by Managing Partner.	Managing Partner	Annually
RE-QR-16	RE-QO-02	Final review and approval of successful ED promotion candidates	To make a final decision on successful candidates for ED promotion roles	Firm's leadership reviews the recommendations approved by the Partner considering additional information as necessary. Final decisions on successful candidates are approved by the Managing Partner.	The firm's leadership reviews the recommendations from the partners and makes final approval of successful candidate.	Managing Partner	Annually

Quality Risk(s)	Related Quality Objective	Control Name	Control Objective	Control Criteria	Control Description	Control Owner	Frequency
RE-QR-16	RE-QO-02	Annual review and approval of Promotion Forms	To identify any revisions to key information that should be gathered and evaluated as part of the annual ED Promotion process	When reviewing the ED promotion candidate forms, the firm senior leadership evaluates whether the form addresses specific competencies and needs by the respective service departments (such as Audit, Tax, consulting etc.), where applicable and provides feedback and commentary for updates required.	For ED roles: On an annual basis, the firm senior leadership reviews and approves the Promotion Forms and guidance (such as KPIs of ED).	CEO / Managing Partner	Annually
RE-QR-4 RE-QR-5	RE-QO-03	Review of accreditation requirements (IFRS/aligned to IFRS)	To determine that accreditation requirements address relevant IFRS considerations	Accreditation requirements are assessed based on the applicable financial reporting framework (including IFRSs).	Firm leadership determines the IFRS accreditation requirements.	Firm leadership	Annually/ On regular basis as per firm's policy
RE-QR-4 RE-QR-5	RE-QO-03	Assess and review potential conflict of interest and provide suggested safeguards to mitigate threats to conflict of interest.	To identify, evaluate, and address threats relating to conflict of interest	<p>In instances where a conflict check is triggered, the Conflicts sub function assesses relevant information documented such as:</p> <ul style="list-style-type: none"> <li>• Details of the main client;</li> <li>• Details of additional parties included in the additional parties grid (including their role);</li> <li>• Scope of services;</li> <li>• Other relevant information depending on the triggers.</li> </ul> <p>The Conflicts reviewer will assess if any of the following are present, where the firm provides a professional service related to a particular matter:</p> <ul style="list-style-type: none"> <li>• For two or more clients whose interests with respect to that matter are in conflict;</li> </ul>	The firm must develop IT tool or alternative method of triggering conflict check by the conflict check. Where a conflict check has been triggered, the same must be reviewed and proposed safeguards must be considered by the engagement partner.	Firm leadership	Event Driven

Quality Risk(s)	Related Quality Objective	Control Name	Control Objective	Control Criteria	Control Description	Control Owner	Frequency
				<ul style="list-style-type: none"> <li>To a client whose interests could conflict with the firm's interests in that matter.</li> </ul>			
RE-QR-17	RE-QO-05	Compensation decision details first level review and approval	To perform a first line review and approval of the compensation details as per the compensation plan, prior to sharing with the Senior Leadership team.	<p>Compensation Reviewer/relevant responsible Partner performs a first line review and makes recommendation of increase to base and/or incentive compensation before review by the Second Level Compensation Reviewer. The detailed compensation recommendation is determined by considering mainly the following factors:</p> <ul style="list-style-type: none"> <li>Performance output from the evaluation process</li> <li>Promotion/ progression</li> </ul> <p>As applicable, the control owner reviews and verifies that all reports are complete and accurate.</p>	Annually, a detailed recommendation of increase to base and/or incentive compensation is prepared by the Compensation Reviewer / Partner responsible for Compensation review, for the compensations/promotions based on the approved compensation plan, which is then reviewed by the Second Level Compensation Reviewer / Firm Leadership Reviewer.	Compensation Reviewer / Firm Leadership	Annually
RE-QR-19	RE-QO-10: (Obtain individuals from external sources)	Review and approve the appropriateness of using partners from other Member Firm (MF) as Engagement Partner (EP) for local audits	To ensure the use of Partners from other countries in the network as audit EP is appropriate in the jurisdiction that the firm operates.	<p>When the need to use partners from other country as audit EPs on local audit engagements are identified, the Managing Partner reviews and approves the appropriateness of the EP to serve as a Partner.</p> <p>In evaluating the appropriateness to use Partners from other member practices as audit EP on audit, review and other assurance engagements, the following needs to be considered as a minimum:</p> <ul style="list-style-type: none"> <li>Accreditation and qualification;</li> </ul>	Firm leadership reviews and approves the EP candidacy, when MF identifies a need to source partner from another MF to be used in a jurisdiction other than the one he is licensed in. Approval is obtained prior to assignment of EP to the engagement.	Managing Partner /Firm leadership	Event Driven

Quality Risk(s)	Related Quality Objective	Control Name	Control Objective	Control Criteria	Control Description	Control Owner	Frequency
				<ul style="list-style-type: none"> <li>Qualifications and experience (years and industry);</li> <li>Quality results (internal and external inspections); and</li> <li>Other jurisdictional specific limitations and requirements.</li> </ul> <p>Firm leadership seeks input to ensure that legal implications are covered.</p>			
RE-QR-28	RE-QO-16: (Obtain resources from service providers)	Review and approval of deviation from standard contract template, if required.	To ensure that the contract entered into between the Country and the service provider is appropriate.	<p>Where applicable, each country based on global guidance/templates develops and maintains a standard contract to be used when procuring resources from service providers. The contract must include as a minimum:</p> <ul style="list-style-type: none"> <li>The nature and scope of the resources to be used;</li> <li>Specific risk management requirements such as Independence, declarations of interest, confidentiality etc.; and</li> <li>Any other local requirements determined by the firm leadership.</li> </ul> <p>Any deviations from the standard contract needs to be approved by the firm leadership.</p>	Mandatory use of standard contract template for all third-party contractors. Any deviations from the standard contract require advance approval from the firm leadership.	Firm Leadership	Event Driven
RE-QR-20 RE-QR-21	RE-QO-11: (Assign engagement teams)	Competency of Partner in-charge	To ensure that the Engagement Partner has enough availability and experience to serve the clients he/she is assigned	<p>Engagement Partner is reviewed with respect to the below mentioned criteria:</p> <ul style="list-style-type: none"> <li>The appropriate experience and availability;</li> </ul>	Managing Partner to ensure that EP has sufficient availability and appropriate competence and capabilities to perform the engagement.	Managing Partner	Annually

Quality Risk(s)	Related Quality Objective	Control Name	Control Objective	Control Criteria	Control Description	Control Owner	Frequency
				<ul style="list-style-type: none"> <li>Specialized industrial expertise for complex engagements, audits of listed companies/ PIEs audits;</li> <li>Knowledge of the individuals assignments and priorities;</li> <li>Workload is appropriately balanced;</li> <li>Consider key metrics such as total client hours, total hours, utilization, aggregate number of clients;</li> <li>Challenge the reasonableness of the current year estimate;</li> <li>Consider the time spent on quality initiatives or other service line or office responsibilities.</li> </ul>			
<p>RE-QR-20 RE-QR-21 RE-QR-26</p>	<p>RE-QO-11: (Assign engagement teams)</p>	<p>Review of partner's anticipated workload</p>	<p>To facilitate a meaningful conversation and review of each audit partner's anticipated workload for the upcoming fiscal year in order to assist in determining that sufficient time is available throughout the year to execute quality audits and fulfil other responsibilities, if any.</p>	<p>Firm's Leadership review and incorporate the following activities:</p> <ul style="list-style-type: none"> <li>Evaluate whether the partner has the appropriate experience and availability to serve in assigned client roles. Critical focus should be placed on assignments with elevated risk, such as engagements designated as complex, audits of listed companies/ PIEs or audits that may require specialized industry expertise.</li> <li>Evaluate the completeness and accuracy of the individual's assignments and priorities for the financial year xxx.</li> </ul>	<p>Managing Partner reviews and verifies information, follow up and document any identified exceptions.</p>	<p>Managing Partner</p>	<p>Annually</p>

Quality Risk(s)	Related Quality Objective	Control Name	Control Objective	Control Criteria	Control Description	Control Owner	Frequency
				<ul style="list-style-type: none"> <li>• Based on all of the partner's roles and the audit year-end dates, assess whether workload is appropriately balanced to identify any time compression concerns.</li> <li>• Whether the above includes estimates of the time spent on quality initiatives or other service line or office responsibilities, including:                             <ul style="list-style-type: none"> <li>a. Participating in firm monitoring activities, including pre-issuance reviews and practice reviews and whether that estimated time is properly reported in chargeable monitoring and coaching activities;</li> <li>b. Where known, time expected to be incurred for participating in inspections;</li> <li>c. Staying current with accounting and auditing matters;</li> <li>d. Listening to firm webcasts (if any) and attending relevant trainings;</li> <li>e. Mentoring and/or counselling people;</li> <li>f. Executing the partner's non-client roles and responsibilities (e.g., practice development, Quality related authorized projects)</li> </ul> </li> </ul>			

Quality Risk(s)	Related Quality Objective	Control Name	Control Objective	Control Criteria	Control Description	Control Owner	Frequency
				<p>g. Reach agreement on other activities that should be undertaken by the partner (e.g., recruiting, training, etc.)</p> <ul style="list-style-type: none"> <li>• Through discussion with the partner, challenge whether above estimates consider:               <ul style="list-style-type: none"> <li>a. The need for execution of quality audits, including appropriate time for integrated audits, multi-location scoping and other key areas of focus;</li> <li>b. Significant changes / transactions anticipated at clients that would result in increased hours / effort;</li> <li>c. Key audit milestone dates;</li> <li>d. The effect of the client continuance engagement risk conclusion on engagement hours, particularly for engagements identified as complex;</li> <li>e. Travel time if the client is located outside of the partner's office city;</li> <li>f. The effort necessary to coordinate, supervise and review the work of any component teams;</li> <li>g. Percentage of audit partner time on each audit</li> </ul> </li> </ul>			

Quality Risk(s)	Related Quality Objective	Control Name	Control Objective	Control Criteria	Control Description	Control Owner	Frequency
				<p>engagement and whether percentage is appropriate (consider the planned total partner time in relation to total audit engagement hours);</p> <ul style="list-style-type: none"> <li>Consider key metrics such as total client hours, total hours, utilization, aggregate number of clients, number of other roles (such quality reviewer).</li> </ul> <p>The above control may not be executed for smaller firms. In this circumstance, smaller firms will need to design sufficient controls to mitigate the quality risk.</p>			
RE-QR-5 RE-QR-15 RE-QR-17 RE-QR-18	RE-QO-02 RE-QO-03 RE-QO-05 RE-QO-09	Quality rating for Assurance Partner review and approval	To review and approve quality ratings for Assurance Partner in line with firm's policy / Global Accountability Framework (where applicable)	Quality ratings for Assurance Partners are determined, reviewed and approved in reference to the firm policies and procedures/ Global Accountability Framework in accordance with the prescribed criteria as per firm's policy.	Quality ratings for Assurance Partners are determined, reviewed and approved in reference to the firm's policy/ Global Accountability Framework.	MP/ Country Assurance Talent Leader	Annually
RE-QR-28	RE-QO-16: (Obtain resources from service providers)	Review of the reports for ongoing technology services that are used in the year	To ensure technological resources used on performance of engagements and within the system of quality management are appropriate.	On a periodic basis, the IT Team reviews the reports for services performed by 3rd party service providers. If any control exceptions or deficiencies are identified that can have a direct/indirect impact on the firm's quality processes, management takes necessary actions to remediate and/or mitigate them.	On a periodic basis, the IT team/IT Security Team reviews the applicable reports for services performed by 3rd party service providers. If any control exceptions or deficiencies are identified that can have a direct/indirect impact on the firm's quality processes, management takes necessary actions to remediate and/or mitigate them.	IT team/IT Security Team	Event Driven
RE-QR-28	RE-QO-16: (Obtain resources from service providers)	The IT team / IT Security Team reviews the documentation obtained from 3rd	To ensure technological resources procured from external service	The IT team/IT Security Team verifies the Inherent Risk Assessment (IRA). Where IRA is Medium or High further security due diligence is required. The IT Security Team completes the due	The IT Security Team completes an IRA and Security Controls due diligence (if IRA is High or Medium) for all suppliers that provide products or services to the firm that store,	IT Security Team /IT team	Event Driven

Quality Risk(s)	Related Quality Objective	Control Name	Control Objective	Control Criteria	Control Description	Control Owner	Frequency
		party suppliers and approves the 3rd party supplier for future cooperation with the firm	providers are appropriate for use.	<p>diligence based on the following evidence provided (where relevant):</p> <ul style="list-style-type: none"> <li>Research including existing firm records, internet research, and monitoring tools</li> <li>Information Security Architecture assessments</li> <li>Third Party Attestation Reports assessment</li> <li>Security Controls Self-Assessment</li> </ul>	process, transmit, or access the firm or its client information.		
RE-QR-17	RE-QO-09	Compensation decision consolidation review and approval	To review and approve compensation decision by verifying if the HR team/another authorised person applied the reward guidelines as agreed during the initial planning phase along with the performance/ promotion data uploaded by HR team/another authorised person into the compensation tool and to perform a correlation of the compensation recommendation with the allocated budget.	<p>A firm leadership reviews and approves the compensation decisions. The final compensation decision is approved based on the allocated budget and the compensation recommendation that has been approved by the HR team/another authorised person.</p> <p>The detailed compensation recommendation is determined by considering mainly the following factors:</p> <ul style="list-style-type: none"> <li>Performance output from the evaluation process (i.e. Quality rating, and other quality results)</li> <li>Promotion/ progression.</li> </ul>	Annually, a firm leadership reviews and approves the compensation decisions.	Firm leadership	Annually
RE-QR-5, 6, 7 RE-QR-34 RE-QR-35 RE-QR-36	RE-QO-06 RE-QO-08 RE-QO-15	Review of forms / templates / interpretive materials	To periodically evaluate whether Independence forms, templates and interpretive guidance available to the firm's	<p>When reviewing the listing of forms/ templates/ interpretive materials, the independence executive for each group considers the following:</p> <ul style="list-style-type: none"> <li>Are there any forms/ templates/ interpretive materials they are</li> </ul>	At least annually, the Independence leader/ partner/ 'Global Independence Authorized Executive - Firm resource and Materials' reviews the portion of the listing of forms, templates, and interpretive materials assigned to his or her group to determine:	Independence leader/ Partner/ 'Global Independence Authorized Executive -	Annually

Quality Risk(s)	Related Quality Objective	Control Name	Control Objective	Control Criteria	Control Description	Control Owner	Frequency
			professionals is appropriately updated.	<p>aware of and responsible for that are missing from the list?</p> <ul style="list-style-type: none"> <li>Are any changes/updates necessary for the risk ratings reflected for each form/ template/ interpretive material?</li> <li>Are there any updates needed to the content of the forms/ templates/ interpretive materials included in the listing?</li> <li>Can any forms/ templates/ guidance be removed when the content is no longer relevant?</li> </ul>	<ul style="list-style-type: none"> <li>whether the risk ratings assigned are appropriate;</li> <li>whether revisions are needed or forms, template or materials should be removed; and</li> <li>when revisions are needed, the revisions planned and timing are appropriate.</li> </ul> <p>Upon completing his or her review, materials are electronically or manually signed by the respective reviewers.</p>	For firm resources and Materials'	
RE-QR-6 RE-QR-7 RE-QR-9 RE-QR-10	RE-QO-06 RE-QO-08 RE-QO-15	Engagement Team Confirmation	To proactively avoid potential independence breaches involving audit engagement team members prior to the individual charging any time to an audit engagement.	<p>Assurance/Audit Team professionals are unable to access an audit engagement file if:</p> <ul style="list-style-type: none"> <li>They have not yet completed the independence inquires.</li> <li>They have completed their independence inquires and noted an exception that needs to be reviewed.</li> </ul> <p>Assurance / Audit Team professionals are able to access an audit engagement Canvas file:</p> <ul style="list-style-type: none"> <li>Once any exceptions in their completed independence inquiries are cleared.</li> <li>Once they have completed their independence inquiries if they reported no exceptions.</li> </ul>	The firms procedures must prohibits audit engagement team members (Including Tax and other support) from accessing the firm record if they have not confirmed their independence of the audit client. If a team member indicates that there may be an independence exception, he/she will not be able to access the engagement until the engagement's Partner, Principal or Executive Director manually resolves the exception and grants the team member access (if applicable).	Independence leader / partner / Global Independence Authorized Executive	Event Driven (when an engagement team member requests access).
RE-QR-8 RE-QR-9	RE-QO-09	Relationship Monitoring –	To monitor the independence	The Independence Manager / Independence Partner/ Partner	The Independence Manager/ Independence Partner/ Partner	Independence Manager /	Annually

Quality Risk(s)	Related Quality Objective	Control Name	Control Objective	Control Criteria	Control Description	Control Owner	Frequency
RE-QR-10		Independence considerations and renewal	considerations related to approved ecosystem relationships and identify any changes to the facts and circumstances that may pose an independence threat.	evaluate the applicable criteria related to the agreed-upon independence monitoring.	reviews the agreed-upon independence monitoring documentation, and the MP approves the firm's Business Relationship, concluding on the permissibility of the relationship.	Independence Partner / Partner	
RE-QR-6 RE-QR-8 RE-QR-12	RE-QO-06 RE-QO-07 RE-QO-08	Independence Review	To review and approve business relationships by concluding on permissibility, completeness, accuracy and timeliness and prevent entering into business relationships that may pose a threat to the firm's independence.	As part of the independence review process, Independence Executives assess the factors to determine completeness, accuracy, timeliness and permissibility of the proposed business relationship as per firm's policy.	Independence Executives/ Partner reviews the forms routed to Independence for completeness, accuracy, timeliness, and permissibility and evaluates the contents of the form (e.g., general information, counter party information) and any related attachments that have been uploaded to the form (e.g., Audit Client Vendor form, research, contractual agreements) in order to concur on the proposed relationship's compliance with the applicable independence rules. Based on review, the Independence executive either approves or rejects the proposed relationship and reflects the conclusion and his/her sign off within the form.	Independence executives/ Partner authorized to approve submissions	Event Driven
RE-QR-6 RE-QR-7 RE-QR- 9 RE-QR-10	RE-QO-06 RE-QO-08	Consultation Approval	To determine that appropriate conclusions are reached for all formal consultations and that the fields within the Independence Consultation Database record are complete and accurate.	The Independence Partner/ Leader evaluates the contents of the consultation memo and considers the following:  Based on the background information provided for the client, are the applicable independence rules appropriately identified and described within the memo?  • Is the independence matter driving the consultation clearly	Upon reviewing the formal consultation memorandum and other attachments (if applicable), the Independence Partner/ leader evaluates its contents and provides feedback to the engagement team related to any questions, suggested edits, etc. that are identified. Once all items are appropriately addressed by the engagement team, the applicable Independence Partner/ leader evaluates the contents of the related consultation record (and associated	Independence Partner/ Leader	Event Driven

Quality Risk(s)	Related Quality Objective	Control Name	Control Objective	Control Criteria	Control Description	Control Owner	Frequency
				<p>articulated by the respective team?</p> <ul style="list-style-type: none"> <li>• Are the necessary safeguards appropriately reflected in the memo (as applicable)?</li> <li>• Is the conclusion reached by the team appropriate based on the facts and circumstances described in the memo considering applicable policies and regulations?</li> </ul> <p>The Independence Partner/leader evaluates the following when reviewing the record:</p> <ul style="list-style-type: none"> <li>• Are the pertinent details of the completed consultation (e.g., company name, consultation topic, applicable independence rules, associated breach/violation fields, etc.) complete and accurate?</li> <li>• Are the individuals selected for approvals listed in the appropriate roles?</li> <li>• If the consultation involved a regulatory/ professional standards breach or policy violation, has that breach or violation record been linked to the consultation and were the fields within the breach/violation record appropriately completed by the engagement team?</li> <li>• Has the consultation memo (and related attachments, including the Audit Committee</li> </ul>	<p>breach / violation record, if applicable) within the Independence Database to determine that they are complete and accurate and that all applicable team members have denoted their approval.</p> <p>Upon determining that the consultation record (and associated breach / violation record, if applicable) is complete and accurate, the Independence Partner/ leader approves the record within the Independence Consultation Database.</p>		

Quality Risk(s)	Related Quality Objective	Control Name	Control Objective	Control Criteria	Control Description	Control Owner	Frequency
				communication(s), as applicable) been uploaded to the record, and does the memo match the final memo that was agreed-upon during the consultation process?			
RE-QR-10 RE-QR-12	RE-QO-08	Independence Database Record Edits	To restrict preparers and approvers from making inappropriate changes to completed Independence Consultation Database records.	Subsequent to the approval and completion of an Independence Database record, the Database restricts the preparer from having the ability to edit the record.	After the Independence Database record is finalized, the system restricts the preparer and approvers from making any modifications to the approved record.	Independence Leader/ Independence Partner	Event Driven
RE-QR-12 RE-QR-13	RE-QO-08	Breach Independence Database Review	To provide a review of key data for all regulatory breaches within the Independence Database and determine that breaches are released to the impacted partners	The control owners assess the following when determining if the descriptions and related data of the regulatory breaches are appropriately reflected in the Independence Database: <ul style="list-style-type: none"> <li>Is the jurisdiction in which the breach took place accurately reflected within the Independence Database record?</li> <li>Is the breach description included in the Independence Database record consistent with the description reflected in the final consultation memo?</li> <li>Are there multiple breaches that exist for a single record within the Independence Database? If so, have all distinct breaches been properly reflected and referenced in the consultation?</li> </ul>	On a regular basis, for each breach in the Breaches ready to be released report from the Independence Database, the data reflected in the breach record (e.g., client name, breach description, start/end dates) is reviewed and verified for completeness and accuracy based on the consultation memo (if applicable). All approvals should be done and documented as per firm's policy.	Global Independence Breach Partner/ Independence Partner	Event Driven
RE-QR-12 RE-QR-13	RE-QO-08	Review and Concurrence of Audit Committee Communications	To determine that regulatory independence breaches are appropriately	When assessing the appropriateness of the draft independence letter addressed to the Audit Committee or those charged with governance which includes communication of regulatory	As part of review of the draft consultation memo, the firm leadership/ independence leader determines that the draft independence letter addressed to the	Firm Leadership/ Independence Leader	Event Driven

Quality Risk(s)	Related Quality Objective	Control Name	Control Objective	Control Criteria	Control Description	Control Owner	Frequency
			<p>communicated to the Audit Committee in accordance with the firm policy and applicable regulatory requirements</p>	<p>matter(s), the firm leadership / independence leader considers the following:</p> <ul style="list-style-type: none"> <li>• Whether the breach is described consistent with information reflected in the applicable consultation memo;</li> <li>• Whether the date in which the engagement team plans to communicate the breach to the Audit Committee is considered to be timely;</li> <li>• Whether the draft communications include a description of:                             <ul style="list-style-type: none"> <li>○ The independence rules the matter(s) is (are) inconsistent with;</li> <li>○ The firm's policies and procedures relevant to the breach(es) designed to provide it with reasonable assurance that independence is maintained, the actions we have taken or propose to take to resolve the breach, and the actions we have taken or will take to avoid the risk of future breaches occurring;</li> <li>○ An analysis of why we believe the impact of each breach, and if more than one breach, all breaches taken together, do not impair firm's objectivity and ability to</li> </ul> </li> </ul>	<p>Audit Committee or those charged with governance describes each breach in accordance with the guidance reflected in the applicable independence communication template. After following up with the engagement team to address any questions identified during the review and determining that the draft letter is complete and accurate, the firm leadership/ independence leader evidences his/her review and concurrence by electronically approving the applicable Independence Consultation Database record.</p>		

Quality Risk(s)	Related Quality Objective	Control Name	Control Objective	Control Criteria	Control Description	Control Owner	Frequency
				<p>exercise impartial judgment in conducting the audit(s), and whether a reasonable investor with knowledge of all relevant facts and circumstances would reach the same conclusion;</p> <ul style="list-style-type: none"> <li>“Except for” statement in the assertion paragraph within an annual communication.</li> </ul>			
RE-QR-8 RE-QR-12 RE-QR-13	RE-QO-08	Firm Financial Investment Monitoring	To evaluate and monitor firm financial investments for continued compliance with independence rules and regulations.	The independence related criteria being monitored, as per firm's policy, is in accordance with applicable laws and regulations.	The respective firm personnel/ executive for investments monitors firm financial investments to review and approve compliance with the firm independence requirements on regular basis to prevent and identify potential breaches of the established independence guidelines. These monitoring activities include preparation and/or approval of internal calculations and analysis performed to monitor independence criteria.	Respective firm personnel/ Executive for Investments	On Regularly basis
RE-QR-8 RE-QR-12 RE-QR-13	RE-QO-08	Firm Financial Investment Reporting	To report firm financial investments	The security/ investment names within database are compared to the Account/ Trustee statement for completeness and accuracy.	The Treasury/ Finance personnel reconciles the investments in the account statement on a monthly basis and update the database as necessary. The procedures performed are evidenced by notations and/or signoff on the reconciliation.	Treasury/ Finance Personnel	Monthly
RE-QR-4 RE-QR-35 RE-QR-36	RE-QO-06 RE-QO-15	Design and development of firm's courses	To determine that:  (1) independence learning content considers prior feedback/course evaluations and is aligned with relevant topics where the firm or network firm (if	<p>When reviewing the outline, the Independence Leadership considers the following:</p> <ul style="list-style-type: none"> <li>Does the content of the course meet the established learning objectives set?</li> </ul>	<p>An outline for the independence course is first reviewed by the firm leadership who evidences his/her review by providing a signature on the document.</p> <p>Prior to publishing the final content, the firm's leader verifies that documents of the course content were reviewed by these subject</p>	Independence Leadership	Event driven

Quality Risk(s)	Related Quality Objective	Control Name	Control Objective	Control Criteria	Control Description	Control Owner	Frequency
			<p>applicable) has noted unfavorable trends in regulatory breaches, policy violations or general need for increased awareness of independence rules, or new or revised rules/policies; and</p> <p>(2) content design meets the established learning objectives and is technically accurate.</p>	<ul style="list-style-type: none"> <li>Has the content been designed appropriately for the audience receiving the course?</li> <li>Are the topics in the course relevant to what a learner is encountering?</li> <li>Has prior feedback and course evaluations been considered in the design of the course?</li> <li>Is the content addressing unfavorable trends in regulatory breaches or policy violations?</li> </ul>	matter resource(s) and evidences that these reviews have taken place through a signature on the document.		
RE-QR-6 RE-QR-18 RE-QR-35	RE-QO-02 RE-QO-03 RE-QO-05	Independence course deployment and completion monitoring	To verify that independence courses are deployed to the appropriate audience based on the minimum criteria as determined by the Independence coordinator and to have timely completion of required learning programs monitored.	When reviewing and verifying the population profile for the course, the Independence coordinator considers input from stakeholders on the appropriate population for the local independence course.	The Independence coordinator evidences their review of the deployment of courses and related follow-up procedures.	Independence Leadership	Event Driven
RE-QR-6 RE-QR-18 RE-QR-35	RE-QO-02 RE-QO-03 RE-QO-05	New hire independence courses deployment criteria	To determine the criteria to be used by the areas/regions to establish the population of individuals (by rank/level) to which the required new hire independence learning courses are planned to be deployed is complete.	When reviewing the minimum deployment "assignment" criteria, the Independence Leader will assess whether the criteria are consistent with the firm's Independence Learning Guide, including whether, for example, a re-hire is required to take the course if they have taken the same course or a previous version.	The firm Independence Leader reviews and approves the minimum deployment "assignment" criteria for the population profile and timing of the assignments for the independence new hire courses and signs off in the document as evidence of his / her approval.	Independence Leader	Annually

Quality Risk(s)	Related Quality Objective	Control Name	Control Objective	Control Criteria	Control Description	Control Owner	Frequency
RE-QR-6 RE-QR-18 RE-QR-35	RE-QO-02 RE-QO-03 RE-QO-05	Annual independence course completion monitoring	To have timely completion of learning programs monitored with necessary follow-ups and escalations for outstanding learners	The review of the Annual course deployment and completion statistics report, would be as per firm's policy.	<p>The Independence leader reviews and verifies the completion report which assists in monitoring the progress of annual independence course completion. Any unusual changes or lack of change in statistics (e.g., unexpected significant increase or decrease (&gt;5% change from prior week) in active population or observing relatively low completion rate of progress as compared to prior week's change) are investigated and evaluated for any necessary remediation with the appropriate learning contacts.</p> <p>The Independence leader continues to monitor during the deployment period in order to follow-up with learners until a stipulated completion percentage of the active population from the initial deployment period for the course is attained.</p> <p>The Independence leader also reviews and affirms the completion report in order to monitor progress and provide oversight and provides evidence through sign-off.</p> <p>These analysis are performed less frequently (monthly) after substantially all offices have attained the stipulated completion percentage.</p>	Independence Leader	Weekly / Monthly /Regular Basis
RE-QR-6 RE-QR-18 RE-QR-35	RE-QO-02 RE-QO-03 RE-QO-05	New hire independence courses completion monitoring	To have timely completion of learning programs monitored with necessary follow-ups and escalations for outstanding learners	The review of monthly analysis of compliance reports is done Independence leader/ any other authorised person. Any unusual changes or lack of change in statistics are reviewed and investigated, and any necessary remediation is	The Independence leader/ authorised person reviews and verifies a monthly analysis for each office to assess the status of the new hire course completion. For any professional(s) to which a new hire course was deployed that is aging >30 days overdue, the Independence leader	Independence leader/ Authorised person	Monthly

Quality Risk(s)	Related Quality Objective	Control Name	Control Objective	Control Criteria	Control Description	Control Owner	Frequency
				determined with the appropriate learning contacts.	follows-up with that office independence team and requests that they submit a response confirming they are following-up with the outstanding learners to complete the course.  The Independence leader/ authorised person continues to review and verify the monthly analysis and also reviews and affirms the analysis of the active population assigned, by offices, for the course.		
RE-QR-12 RE-QR-13	RE-QO-08	Identification of individuals with potential Covered Person breaches	To timely identify Potential Covered Person issues through daily monitoring of the securities, family relationships and financial relationships reported in the data base on the firm's defined independence rules.	The relevant firm executive identifies Potential Covered Person violations related to securities/ financial relationships/ family relationships reported in the database.	The firm database places potential violations in the 'Covered Person Monitoring' system on a regular basis. The relevant executive identifies potential covered person violations related to securities or financial relationships reported in the database.	Independence Executive / Partner	Daily /On regular basis
RE-QR-7	RE-QO-2 RE-QO-4 RE-QO-6	Updates to the independence confirmations	To ensure that updates to be made to the confirmation for each confirmation cycle meet the local law, regulation, or a demonstrable high-risk test and have been properly approved by the firm's leadership.	The Independence Leader/ authorised person considers the changes required in the confirmation such as whether changes are required as a result of the updates to local requirements that affect Independence.	The Independence Leader/ authorised person reviews the drafted confirmation and provide their suggestions. All requests must have approval from the firm's leadership.	Independence Leader/ Firm's Leadership	Event Driven
RE-QR-9	RE-QO-8	Reconciliation and Monitoring of Potential Breaches	To verify that complete population of potential breaches are timely concluded.	When reconciling the potential breaches identified in monitoring to the breaches reported into Independence database, the Independence leader verifies that each and every potential breach was	On a regular basis, the Independence Leader reconciles the potential breaches. Once the Independence Leader confirms that all new potential breaches within the file have all been reported to the database, he/she	Independence Leadership	Event Driven

Quality Risk(s)	Related Quality Objective	Control Name	Control Objective	Control Criteria	Control Description	Control Owner	Frequency
				<p>reviewed and signed off has been properly reported in the document.</p> <p>When reviewing the aging of potential breaches that have not yet been concluded, the Independence leader focuses on the potential breaches that are (xxx days, as per firm policy) reported past that date the potential breach was included in the database.</p>	<p>manually adds the date (when the potential breach was reported).</p> <p>Monthly or on regular basis, the Independence Leader reviews the potential breaches and prepares an analysis on the aging of incomplete reviews of potential breaches. Potential breaches aged past xxx days are investigated through outreach by the Independence leader to the assigned reviewer.</p>		
RE-QR-13	RE-QO-08	Independence programming for Potential Breach Routing and Finalization	To properly route potential breaches for approval and to prevent the breaches from being designated as complete until the appropriate approvals occur.	<p>Potential breaches are assigned to the designated reviewer.</p> <p>Potential breaches cannot be designated as complete until the reviewer's approval occurs in the Independence program/ database.</p>	The Independence program/ database places potential breaches to the reviewer and routes the breach for review through each designated reviewer, including the Independence leader. The potential breach is prevented from being designated as complete in the Independence program/ database until each assigned reviewer has approved whether or not the potential breach is concluded to be a breach within the Independence program/ database.	Independence Leadership/ Authorised person	Event Driven
RE-QR-9	RE-QO-08	Review of sampling requirements	To determine whether the audit sample selection throughout the reporting year is in accordance with the firm's instructions /Network Firm instructions	The sampling requirements disclosed in the final approved list are considered in reviewing and affirming the audit sample selection based on the firms defined criteria.	The Independence Leader reviews the sample selection summary for reasonableness to verify that all professionals are considered in audit sampling.	Independence Leader	Quarterly
RE-QR-9	RE-QO-08	Approval signature(s) for audit 'completion'	To prevent audit file's status to be moved to "complete" before the audit file is reviewed and approved by appropriate firm's personnel	The required level/authority of the signature is based on the firm / member firm policy	At the completion of an independence compliance audit, a file's audit status moves from 'Communicated' to 'Complete' that shows that all required procedures and approval(s) have taken place.	Independence Leadership	Event Driven

Quality Risk(s)	Related Quality Objective	Control Name	Control Objective	Control Criteria	Control Description	Control Owner	Frequency
RE-QR-12 RE-QR-13	RE-QO-08	Review of reconciliation of Ethics matters report (or equivalent report) of personal independence breaches and audit findings and proposed consequences	To determine whether the Ethics Matters report (or equivalent report) is complete and that the recommended consequences are appropriate.	<ul style="list-style-type: none"> <li>Independence leader (or equivalent manager) reviews and verifies that the draft Ethics Matters report (or equivalent report) agrees exactly to the independent data sources</li> <li>Independence Leadership or designated person expects the consequences to be: <ul style="list-style-type: none"> <li>Based on prior precedents;</li> <li>In accordance with the consequence framework;</li> <li>Consistent for all professionals with similar facts / circumstances.</li> </ul> </li> </ul>	Independence leader (or equivalent manager) reviews the Ethics Matters Report (or equivalent report) with names to verify all newly detected breaches/violations since the previous Ethics report was prepared. Independence leader evidences his/her review via sign off on the assigned tasks on Ethics Matters Report (or equivalent report).	Independence Leader	Event Driven
RE-QR-13	RE-QO-08	Administration of Consequences / results	To verify consequences/results are assigned to the appropriate firm professional and are properly executed by the professional (e.g., training) or administered by management team responsible (e.g., financial penalties).	<p>Independence leader:</p> <ul style="list-style-type: none"> <li>Reviews and considers the consequences monitored and are addressed timely (such as xxx number of days)</li> <li>If consequences are not addressed timely, follow-up with the professional occurs and leadership is notified if necessary.</li> </ul>	Independence leader (or equivalent) maintains an Ethics Consequence / Results record (or equivalent tracker) to review the assigned consequences (i.e. educational memo, financial penalty, etc.) and verify that each consequence on the Final Ethics Report with Approved Consequences (or equivalent report) is addressed and completed by the professional or communicated to the responsible management team. The Ethics Consequence/ Results record is updated periodically.	Independence leader	Event Driven
RE-QR-34 RE-QR-40	RE-QO-15 RE-QO-16	Intellectual resources from service providers are not appropriate	To ensure that the intellectual resources obtained from service providers (IT application that is off the shelf package) are appropriate for use in	Off the shelf package is out-of-date. The outdated modules and templates provided by the service provider in the Off the shelf package may result in a deficiency in the work performed on the engagement.	The Engagement Partner/ engagement team lead needs to check and ensure that the required modules, template, checklist or table available in the off the shelf solution is updated and contained the necessary	Engagement partner / engagement team lead	Event driven

Quality Risk(s)	Related Quality Objective	Control Name	Control Objective	Control Criteria	Control Description	Control Owner	Frequency
			the firm's system of quality management and in the performance of engagements.		required changes of the law and professional standards.		
RE-QR-30 RE-QR-37	RE-QO-13	Team consists of experienced Resources	To ensure that right people with appropriate skills and experience with completing required certification for IT application.	The firm has right people with appropriate skills/ experience for IT tools/application.	IT team consists of skilled and experienced resources with a mix of experience from audit and technology, who receive appropriate training on the certification process.	IT Team	Event Driven
RE-QR-33	RE-QO-13 RE-QO-14	Change Testing and Approval	To ensure that all changes to the system receive proper authorization, testing and approval prior to migration into production.	Proper authorization, testing and approval has been done by authorised person.	All changes to production information systems are formally requested, tested, reviewed and approved.	IT team	Event Driven
RE-QR-31	RE-QO-13 RE-QO-14	Developer vs user	To ensure that there is a segregation of duties between the user that develops the change and the user that migrates the change into production and that access is properly restricted.	The key considerations which are kept in mind during the review of this control include but are not limited to: <ul style="list-style-type: none"> <li>Users who have access to develop changes do not have access to migrate changes to the application.</li> </ul>	Segregation of duties between developers and those that can implement changes in production is enforced.	IT Team	Event Driven
RE-QR-31	RE-QO-13 RE-QO-14	Password	To ensure that the system authentication settings are set according to the firm's Information Security Password Policy.	The key considerations and procedures which are kept in mind during the review of this control include but are not limited to: <p>Review that the application's password policies include the complexity requirements, such as:</p> <ul style="list-style-type: none"> <li>Password expiration</li> <li>Password complexity</li> </ul>	Information systems passwords settings must comply with the approved Information Security Password Policy/ Firm policy requirements.	IT Team	Event Driven

Quality Risk(s)	Related Quality Objective	Control Name	Control Objective	Control Criteria	Control Description	Control Owner	Frequency
				<ul style="list-style-type: none"> <li>Password changes</li> <li>Password history</li> <li>Password confidentiality</li> <li>Storage and transmission of passwords</li> <li>Temporary passwords</li> <li>Account lockout after pre-set number of failed authentication attempts during a specified time period</li> <li>Unlocking of locked accounts.</li> </ul>			
RE-QR-31	RE-QO-14	User Access Review	To ensure that user and privileged user access entitlements to the system/ records are regularly reviewed for appropriateness	<p>The key considerations which are kept in mind during the review of this control include but are not limited to:</p> <ul style="list-style-type: none"> <li>A process is in place to periodically review user access for those who have more than the baseline (default/ birth right) access.</li> <li>Authorized and appropriate individual(s) initiated and performed the user access review based on the defined frequency and that this is sufficiently supported by evidence (such as email).</li> <li>The approval/ recertification of access was granted by an authorized individual.</li> <li>Any unauthorized entitlements identified as part of the review are revoked in a timely fashion,</li> </ul>	Periodic access reviews are performed for users with more than the baseline/ default access. Unauthorized entitlements, identified as part of the review, are revoked in a timely fashion.	IT Team	Quarterly /On regular basis as per firm's policy

Quality Risk(s)	Related Quality Objective	Control Name	Control Objective	Control Criteria	Control Description	Control Owner	Frequency
				<p>as logged within the review ticket or audit log.</p> <ul style="list-style-type: none"> <li>As applicable the control owners validate the completeness and accuracy of information used to execute the control.</li> </ul>			
RE-QR-33	RE-QO-13 RE-QO-14	Incident Management	To ensure that there is a process in place to resolve incidents to the system.	<p>The key considerations which are kept in mind during the review of this control include but are not limited to:</p> <ul style="list-style-type: none"> <li>A process of raising and identifying incidents and/or job failures is in place.</li> <li>Incidents and/or critical job failures were addressed by the appropriate responsible individuals/ teams (e.g. IT team, business owners) and resolved in a timely manner as evidenced by available documentation.</li> <li>If a change is required to be made for the sample incident or job failure, the review and approval required from the appropriate individuals (such as via email or IT ticket) were obtained before moving the change into production.</li> </ul>	Procedures for identifying, classifying, responding to and communicating incidents to management are clearly defined and implemented. These procedures follow the Information Security Policy and Plan.	IT Team	Event Driven
RE-QR-31a	RE-QO-13	New User Registration	To ensure that new user access to the system is properly requested and approved prior to provisioning new access.	<p>The key considerations which are kept in mind during the review of this control include but are not limited to:</p> <ul style="list-style-type: none"> <li>A defined process to request and approve (or reject) user access is in place.</li> <li>There is sufficient documentation of the initiation and approval of</li> </ul>	A process for granting and/or modifying access to all information systems and services is developed, documented, and followed.	IT Team	Event Driven

Quality Risk(s)	Related Quality Objective	Control Name	Control Objective	Control Criteria	Control Description	Control Owner	Frequency
				<p>the access request (such as via email).</p> <ul style="list-style-type: none"> <li>The individual/s who approved the access request are authorized/appropriate (e.g. end user's manager, application business owner or other delegates).</li> </ul>			
RE-QR-31a	RE-QO-13	User Access Review	To ensure that user and privileged user access entitlements to the system are regularly reviewed for appropriateness.	<p>The key considerations which are kept in mind during the review of this control include but are not limited to:</p> <ul style="list-style-type: none"> <li>A process is in place to periodically review user access for those who have more than the baseline (default/birth right) access.</li> <li>Authorized and appropriate individual/s initiated and performed the user access review based on the defined frequency and that this is sufficiently supported by evidence (such as, via email or within an IT ticket).</li> <li>The approval/ recertification of access was granted by an authorized individual.</li> <li>Any unauthorized entitlements identified as part of the review are revoked in a timely fashion, as logged within the review ticket or audit log.</li> <li>As applicable, the control owners validate the completeness and accuracy of information used to execute the control.</li> </ul>	Periodic access reviews are performed for users with more than the baseline/ default access. Unauthorized entitlements, identified as part of the review, are revoked in a timely fashion.	IT/Technology Team	Annually

Quality Risk(s)	Related Quality Objective	Control Name	Control Objective	Control Criteria	Control Description	Control Owner	Frequency
RE-QR-31a	RE-QO-13	Termination	To ensure that deprovisioning access to the system is properly requested and access is removed in a timely manner.	<p>The key considerations which are kept in mind during the review of this control include but are not limited to:</p> <ul style="list-style-type: none"> <li>A defined process is in place to revoke user access in a timely manner.</li> <li>There is sufficient evidence showing that user access of individuals were revoked upon termination in a timely fashion.</li> </ul>	A process for revoking access to all information systems and services is developed, documented and followed.	IT/ Technology Team	Event Driven
RE-QR-33	RE-QO-13 RE-QO-14	Appropriate governance is in place	To ensure that the firm appropriately identifies and prioritizes technology needs necessary to enable ISQM requirements.	<p>The considerations which are kept in mind during the performance of this control include but are not limited to:</p> <ul style="list-style-type: none"> <li>The oversight committee or authorised personnel meeting should be conducted on a regular basis;</li> <li>Meeting notes/results should be documented and retained;</li> <li>Evidence of approvals, if any, should be retained (this may also be captured in the minutes of the meeting)</li> </ul>	The oversight committee or authorised personnel meets regularly to identify which technology resource needs should be prioritized and implemented to enable the effective operation of the firm's system of quality management or the performance of quality engagements.	Firm leadership and oversight or authorised personnel	Event Driven
RE-QR-2	RE-QO-01	Background investigation results / findings review and verification (New Partner)	To validate partner applicant's education/qualifications, experience and background including criminal history via background investigation (if necessary).	<p>Background investigation reports are reviewed and verified by Senior Partner/ Executive Board. If there are red flags on the candidate's report, Senior Partner/Executive Board will communicate findings to Risk leader/ Firm Leadership. The criteria for investigation may include:</p> <ul style="list-style-type: none"> <li>Type/ severity of criminal findings</li> <li>Extent of employment discrepancies (e.g., inability to</li> </ul>	Senior Partner/ Executive Board reviews and verify the results of the candidates completed background investigation, prior to onboarding. If issues are identified then Senior Partner/ Executive Board follows up with the candidate and obtains Risk leader/ firm leadership review and approval on the finding.	Senior Partner/ Executive Board	Event Driven

Quality Risk(s)	Related Quality Objective	Control Name	Control Objective	Control Criteria	Control Description	Control Owner	Frequency
				<p>confirm employment, position discrepancies, date discrepancies)</p> <ul style="list-style-type: none"> <li>Education/ qualification discrepancies.</li> </ul>			
RE-QR-2	RE-QO-01	Candidate evaluation form review and approval	To ensure that candidates have the qualifications, competencies, and capabilities necessary for fulfillment of responsibilities	<p>The following are taken into consideration when assessing whether the candidates have received positive ratings:</p> <ul style="list-style-type: none"> <li>Applicant resume/ Candidate qualifications</li> <li>Test assessment (only in certain markets)</li> <li>Interview evaluation forms</li> <li>Additional feedback provided for candidate</li> </ul> <p>Based on the hiring recommendation from the Senior Managers/ HR involved in the interview process for that candidate, on behalf of the Firm Leadership/ Service Line Leader/ Authorised person processes the approval or rejection of the evaluation forms.</p>	Post interview, the candidate qualifications, interview evaluation forms, test assessment results (if applicable), and other feedback for the candidate are reviewed to ensure the candidate has the appropriate qualifications, competencies and capabilities necessary to fulfil responsibilities at their level. The HR/ Authorised person processes the approval of the evaluation forms based on the hiring recommendations from the Senior Managers/HR who are involved in the interview process for that candidate, on behalf of the firm leadership.	Firm Leadership	Semi-Annual/As per need basis
RE-QR-1 RE-QR-2 RE-QR-21	RE-QO-01	Background investigation results / findings review and verification	To validate applicant's education/qualifications, experience and background including criminal history via background investigation (if necessary).	Background investigations are performed for candidates as per firm policy. All background investigation reports are reviewed by HR/ authorised person even if there have been no issues identified or flagged. If there are red flags on the candidate's report, the HR/ authorised person will communicate findings to firm leadership for appropriate action as per firm policy.	The HR/ authorised person reviews the results of each completed background investigation, prior to the applicant onboarding to the firm (where local law permits). The background investigation is performed by an authorised person which includes validating the applicant's education / qualifications, experience and background for any discrepancies and criminal history.	HR/Authorised person/Firm leadership	Semi-Annual/As per need basis

Quality Risk(s)	Related Quality Objective	Control Name	Control Objective	Control Criteria	Control Description	Control Owner	Frequency
<p>RE-QR-28 RE-QR-37 RE-QR-39</p>	<p>RE-QO-02 RE-QO-10: (Obtain individuals from external sources) RE-QO-16: (Obtain resources from service providers)</p>	<p>Review and approval of use of external resources by firm leadership</p>	<p>To evaluate:</p> <ul style="list-style-type: none"> <li>- The need/motivation for procuring resources from an external service provider;</li> <li>- The appropriateness of the proposed service provider;</li> <li>- The proposed nature and scope of the resources.</li> </ul>	<p>The firm leadership (Or the engagement partner if at an engagement level) completes the documentation which includes the following:</p> <ul style="list-style-type: none"> <li>• A description on why there is a need to include resources from an external service provider in firm's service delivery model;</li> <li>• A description of the nature (Human resources, Intellectual resources, Technological resources) and proposed scope and use of resources;</li> <li>• Details of proposed external service provider;</li> <li>• Descriptions of the core competencies (Human resources) or specifications/ attributes (Intellectual and technological resources) of the resources;</li> <li>• Any other local requirement or criteria as determined by the MP or equivalent;</li> <li>• Results of preliminary risk assessment/due diligences. This assessment includes:                             <ul style="list-style-type: none"> <li>○ Background checks (including considerations of AML, Anti-Bribery and corruption checks, media searches);</li> <li>○ Declarations of interests; and</li> </ul> </li> </ul>	<p>When a decision is taken by a firm leadership to procure resources from external service provider, engagement team or other requestor completes a necessary documentation, which includes evaluation of competence/ capabilities, review and approval by the firm leadership.</p>	<p>Firm Leadership/ MP</p>	<p>Event Driven</p>

Quality Risk(s)	Related Quality Objective	Control Name	Control Objective	Control Criteria	Control Description	Control Owner	Frequency
				<ul style="list-style-type: none"> <li>○ Any other activities prescribed by firm leadership.</li> <li>• Overall conclusion of the firm leadership (Or the engagement partner if at an engagement level) on whether the resources of the proposed external service provider is appropriate and responsive to the need identified.</li> </ul>			
RE-QR-15 RE-QR-18	RE-QO-02 RE-QO-03	Employee performance / promotion review and approval	To review and approve employee performance data and evaluate whether employees are progressing and developing (including those who did not meet their professional responsibilities), and approve those identified as eligible for promotion.	<p>At year-end, firm leadership meets to discuss review and approve employee performance. The purpose of this review is to evaluate whether employees are progressing and developing as expected.</p> <p>The following decisions are captured in the review process:</p> <ul style="list-style-type: none"> <li>• Promotion/ progression;</li> <li>• Conclusion on Quality, Risk Management, and Technical Excellence;</li> <li>• Tier, Leadership adjustment, and justification for change;</li> <li>• Leadership comments</li> </ul> <p>After leadership review decisions are finalized, the review result is locked and communicated.</p>	At year-end, the firm leadership reviews and approves employee performance data through the Review process, as per firm policy and approves eligible employees for promotion.	Firm leadership/ Authorised person	Annually
RE-QR-4 RE-QR-35	RE-QO-03	Learning Deployment plan review and approval	To review and approve the appropriateness and completeness of	Key stakeholders review and approve the Learning Deployment Plan to ensure appropriateness and completeness annually and as	Key stakeholders at the firm level review and approve the Learning Deployment Plan for learning curriculum/programs developed at all levels (partners to staff).	Firm Leadership/ learning team	Event Driven/ Regular basis

Quality Risk(s)	Related Quality Objective	Control Name	Control Objective	Control Criteria	Control Description	Control Owner	Frequency
			Learning Deployment Plan.	needed for updates during the learning cycle. The firm leadership/ learning team considers whether appropriate core curriculum and incremental local learning object deployment is planned in an appropriate timeframe aligned with learners' needs and local learning policies (accreditation requirement) where applicable. Firm leadership/learning team are responsive to developments in the learning needs and related curriculum ensuring plans evolve to enable timely delivery of the latest learning content.			
RE-QR-4 RE-QR-35	RE-QO-03	Learning facilitators review and verification	To review and verify selection of skilled and capable trainers/ facilitators.	Firm's Learning Team defines facilitator requirements for relevant learning object. Trainers/ facilitator's skills and capabilities are reviewed against learning object facilitator criteria and confirms selection into facilitator pool to deliver learning object.	The Learning Team reviews and verifies accredited/approved pool of trainers/ facilitators for selection of trainers/facilitators for relevant learning object.	Firm's Learning Team Leader/Firm leadership	Event Driven/ Regular basis
RE-QR-4 RE-QR-5	RE-QO-03	Firm's learning compliance review and verification	To review and verify compliance of learning requirements.	Firm's Learning Team/ Authorised person review compliance status of training plan of the firm and working with Quality leaders/firm leadership to follow up with non-compliant individuals.	Firm Leadership/ Learning Team reviews the summary compliance information for the relevant learning material and any other identified incremental local learning to verify completions against assigned learnings.	Firm's Learning Team Leader/ Firm leadership	Event Driven/ Regular basis
RE-QR-4	RE-QO-03	Review of accreditation requirements (Applicable Accounting Framework)	To determine that accreditation requirements address relevant accounting framework.	Accreditation requirements are assessed based on the applicable accounting framework (such as IFRS/ IFRS for SMEs / AFRS for SSEs / NPO Standard). Accreditation requirements would be expected to cover foundation and maintenance requirements, nature, extent and timing of training, and special situations.	The firm leadership approves accreditation requirements for assurance professionals to address the applicable accounting framework.	Firm Leadership	Annually

Quality Risk(s)	Related Quality Objective	Control Name	Control Objective	Control Criteria	Control Description	Control Owner	Frequency
RE-QR-3	RE-QO-03	Maintenance of practice license records for signing executives	To determine that the firm maintains an accurate record of the licensing status of signing executives which is updated timely for business changes.	Reviewer uses all available information from relevant internal and external sources to identify and summarize required changes – such sources of information may relate to partner hiring, promotion, resignation and retirement.	Firm maintains register of signing executives and their licensing status and performs periodic validation checks to identify changes (partner hiring), promotion, resignation and retirement.	Firm Leadership	On Regular basis as per firm policy
RE-QR-5	RE-QO-03	Monitoring of continuous education compliance	To determine that compliance with continuous education requirements is monitored.	Reviewer uses pre-determined criteria to identify exceptions to continuous education requirements. All instances of non-compliance are escalated to firm leadership for further action which may affect engagement assignment as well as performance evaluation.	The firm review compliance data for the population of applicable client-serving professionals subject to continuous education compliance and identifies exceptions to policy for further action.	Firm's Learning Team Leader/ Firm Leadership	Annually
RE-QR-7 RE-QR-8 RE-QR-9 RE-QR-10 RE-QR-11 RE-QR-12 RE-QR-13 RE-QR-14	RE-QO-05 RE-QO-08	Respond to, investigate, and close all ethics reports / other matters. (Subject to laws and regulations)	To investigate, respond and conclude on whether: <ul style="list-style-type: none"> <li>- The matters reported underwent appropriate steps or protocols as per the agreed plan/scope.</li> <li>- The reporter was updated on the status and the outcome of the matter reported to the extent appropriate and in the manner agreed with Risk Leader/Authorised person.</li> </ul>	To investigate, respond and conclude on whether: <ul style="list-style-type: none"> <li>• The matters reported underwent appropriate steps or protocols as per the agreed plan/ scope, including notifying appropriate Internal/ external parties as deemed appropriate and evaluating significance of the breach.</li> <li>• Quality matters and proposed actions pertaining to assurance clients and engagements is reviewed by authorised person;</li> <li>• Sanctions to be applied and/or actions to be taken are appropriate for the nature of the matter and applicable employment laws/regulations;</li> <li>• Reporter was updated on the outcome of the matter reported as appropriate;</li> <li>• Appropriate advice was obtained before updating the reporter</li> </ul>	Assigned Reviewer or assigned representative (Responsible Partner) responds to, investigates, and closes all ethics reports on steps taken, sanctions to be applied and/or actions to be taken on Partners/Employees and updates the status and outcome of the matter to the reporter, considering confidentiality and sensitivity of the issue, based on manner agreed upon with appropriate functions i.e., Risk Leader/ Authorised person.	Risk Leader/Firm Leadership	Event Driven

Quality Risk(s)	Related Quality Objective	Control Name	Control Objective	Control Criteria	Control Description	Control Owner	Frequency
				<p>considering the confidentiality / sensitivity of the issue.</p> <ul style="list-style-type: none"> <li>• Considerations in respect of client confidentiality and whether reporting such a matter to an external party would be a breach of contract or other requirements of applicable laws and regulations.</li> </ul>			
RE-QR-1 RE-QR-2 RE-QR-19 RE-QR-37	RE-QO-01 RE-QO-02 RE-QO-10	Business strategy/ vision review and approval	To review and approve key information as part of the annual update to the multi-year business strategy/ vision to allow for proper workforce planning	The review and approval of the multi-year business strategy/ vision information by the firm leadership/ Executive Board.	Annually, the firm leadership reviews and approves the content and updates to multi-year business strategy/ vision (i.e. strategic workforce plan).	Managing Partner/ Executive Board	Annually



**Quality Component 6**

**Information & Communication**

## Quality Component 6: Information &amp; Communication

## Risk and Control Template

Quality Objectives as per paragraph 33 of ISQM 1	Quality Risks
<p>33. The firm shall establish the following quality objectives that address obtaining, generating or using information regarding the system of quality management, and communicating information within the firm and to external parties on a timely basis to enable the design, implementation and operation of the system of quality management: (Ref: Para. A109)</p>	
<p><b>IC-QO-1:</b> a) The information system identifies, captures, processes and maintains relevant and reliable information that supports the SOQM, whether from internal or external sources. (Ref: Para. A109)</p>	<p><b>IC-QR-1:</b> The firm's manual systems that support information and communication do not allow the identification, capture, processing and maintenance of information that is accurate, complete, timely, valid and relevant, based on the source information, to support the SOQM.</p> <p>(Note: To be tailored by firm for manual systems used in the SOQM - consider client acceptance and continuance systems; scheduling and resourcing systems; performance management systems; time recording, professional development systems, etc.)</p> <p><b>IC-QR-1A:</b> The firm's IT systems that support information and communication do not allow the identification, capture, processing and maintenance of information that is accurate, complete, timely, valid and relevant, based on the source information, to support the SOQM (Note: To be tailored by member firm for IT systems used in the firm's SOQM).</p> <p><b>IC-QR-1B:</b> The firm uses off-the-shelf software that does not allow the customization to provide appropriate information to support the effective monitoring of the SOQM.</p> <p><b>IC-QR-1C:</b> The firm has insufficiently tailored its SOQM to allow the identification, capturing, processing or maintenance of information that is accurate, complete, timely, valid and relevant, based on source information.</p> <p><b>IC-QR-1D:</b> The firm information systems and its client data is not sufficiently protected against potential breach of security.</p> <p><b>IC-QR-1E:</b> The firm does not have any mechanisms to receive, investigate and resolve complaints and allegations, or the mechanism exist but not made available to all stakeholders of the firm.</p>
<p><b>IC-QO-2:</b> b) The culture of the firm recognizes and reinforces the responsibility of personnel to exchange information with the firm and with one another. (Ref: Para. A112)</p>	<p><b>IC-QR-2A:</b> Failure of firm to create or promote a culture where personnel feel responsible for exchanging information with the firm and with one another.</p> <p><b>IC-QR-2B:</b> There may be a risk that the information is not passed from top to bottom. Likewise the information captured by the team is not fully documented and passed to senior levels like partners and EQCR Partner</p>

Quality Objectives as per paragraph 33 of ISQM 1	Quality Risks
<p><b>IC-QO-3:</b> c) Relevant and reliable information is exchanged throughout the firm and with engagement teams, including: (Ref: Para. A112)</p> <p>(i) Information is communicated to personnel and engagement teams, and the nature, timing and extent of the information is sufficient to enable them to understand and carry out their responsibilities relating to performing activities within the SOQM or engagements; and</p>	<p><b>IC-QR-3:</b> Failure of the firm to communicate information to personnel and engagement teams.</p> <p><b>IC-QR-3A:</b> Partners and personnel do not have access to resources and information that is relevant to their responsibilities.</p> <p><b>IC-QR-3B:</b> Information identified by the firm and changes to existing information that is relevant to specific engagements are not communicated (or not timely communicated) to, and received by, respective engagement teams (e.g., information identified during client acceptance).</p> <p><b>IC-QR-3C:</b> Information relevant to the SOQM/changes to SOQM are not communicated or not timely communicated to the personnel and engagement teams, to the extent that these are relevant to take prompt and appropriate action to fulfil their responsibilities.</p>
<p><b>IC-QO-4:</b> (ii) Personnel and engagement teams communicate information to the firm when performing activities within the SOQM or engagements. (Para 33c of ISQM 1)</p>	<p><b>IC-QR-4:</b> Failure of personnel and engagement teams to communicate information to the firm - to those responsible for the SOQM in the firm, or to other teams or people in the firm that may be impacted by the information.</p> <p><b>IC-QR-4A:</b> Outdated or erroneous information (in firm's and/or network resources material) identified by the engagement team, is not communicated to the firm/network in a timely manner.</p> <p><b>IC-QR-4B:</b> Personnel are not aware of mechanism to make complaints and allegations to those responsible in the firm.</p> <p><b>IC-QR-4C:</b> Personnel are not comfortable using mechanisms for making complaints and allegations - may be their understanding about the process is not clear or due to fear of reprisal.</p>
<p><b>IC-QO-5:</b> d) Relevant and reliable information is communicated to external parties, including:</p> <p>(i) Information is communicated by the firm to or within the firm's network or to service providers, if any, enabling the network or service providers to fulfill their responsibilities relating to the network requirements or network services or resources provided by them; (Ref: Para. A113)</p> <p>(ii) Information is communicated externally when required by law, regulation or professional standards, or to support external parties' understanding of the SOQM. (Ref: Para. A114-115)</p>	<p><b>IC-QR-5:</b> Professionals assigned with SOQM responsibilities are failed to communicate (within the firm OR to external parties)</p> <p><b>IC-QR-5A:</b> The firm does not communicate with regulatory bodies if required to do so, or, consult with legal counsel.</p> <p><b>IC-QR-5B:</b> The firm and its personnel do not fully understand what and to whom they are required to report about relevant laws and regulations.</p> <p><b>IC-QR-5C:</b> The engagement team does not communicate with those charged with governance when performing an audit of financial statements of listed entities about how the SOQM supports the consistent performance of quality audit engagements.</p> <p><b>IC-QR-5D:</b> The engagement team does not communicate with those charged with governance when the results of regulatory inspections require them to do so.</p> <p><b>IC-QR-5E:</b> Non-compliance with laws and regulations (NOCLAR) by an entity is not reported or not reported in a timely manner to an appropriate authority outside the entity, if required by laws and regulations.</p> <p><b>IC-QR-5F:</b> The firm does not have adequate two-way communication with the service providers in relation to mutual responsibilities or services or resources provided by them.</p>

Quality Risk(s)	Related Quality Objective	Control Name	Control Objective	Control Criteria	Control Description	Control Owner	Frequency
IC-QR-1 IC-QR-2 IC-QR-5	IC-QO-1 IC-QO-2 IC-QO-5	Review and approval of the adequacy of communication channels or mechanisms (Area/Region)	To evaluate whether communication channels or mechanisms are adequate in the circumstances.	<p>When considering the adequacy of communication channels or mechanisms for distributing resources, the individual(s) responsible for the review and approval considers whether:</p> <ul style="list-style-type: none"> <li>The communication channel or mechanism reaches the appropriate targeted audience;</li> <li>The communication reaches the target audience in a timely manner (e.g., timely year-end reminders sent to personnel after inspection of completed engagements).</li> </ul>	Periodically, individual(s) responsible for SOQM reviews and approves the adequacy of firm communication channels or mechanisms for distributing resources that enable personnel and engagement teams to understand and carry out their responsibilities relating to performing activities within the SOQM or engagements.	Area/ region Leadership	Event Driven
IC-QR-1A IC-QR-1B	IC-QO-1	Support from audit software/ IT to provide effective information	To ensure that audit software which the firm is using allows customization to provide appropriate (relevant, updated and reliable) information to support the effective monitoring of the SOQM.	The off-the-shelf software has feature to allow customization to provide relevant and reliable information.	The firm uses off-the-shelf software that allows for customization to provide appropriate information to support the effective monitoring of the SOQM.	Individual responsible for firm's SOQM/ firm independence partner/ engagement partner	Event Driven
IC-QR-1C IC-QR-2B	IC-QO-1	Effectiveness of SOQM	To ensure that the firm's SOQM is properly designed that allow the identification, capturing, processing or maintenance of information that is accurate,	The individual responsible for designing, operation and implementation SOQM in the firm needs to perform the root cause analysis to identify the deficiencies/ gaps in the firm's information system and accordingly tailor the SOQM.	Periodically, individual(s) responsible for SOQM need to check and ensure that the firm's information system is updated and accurate and that the information is timely communicated to personnel and engagement team. For this the firm needs to establish policies or procedures that address the information to be provided / shared when communicating internally and externally.	Individual responsible for firm's SOQM/ Firm Independence Partner/ Engagement Partner	Event Driven

Quality Risk(s)	Related Quality Objective	Control Name	Control Objective	Control Criteria	Control Description	Control Owner	Frequency
			complete, timely, valid and relevant.		<p>For example:</p> <ul style="list-style-type: none"> <li>The firm's independence check before the rotation was not done for other than PIEs client</li> <li>Audit teams have not been informed about the submission of monthly time sheets within five days of the previous month.</li> </ul>		
IC-QR-1D	IC-QO-1	Breach of firm's information security system	To protect firm information systems and its client data from potential breach of security that may lead to unauthorized access to firm and client data .	<p>The firm's IT team /engagement team needs to ensure that data inputs are complete and appropriate and confidentiality of the data is preserved.</p> <p>Further, IT controls are in place to support the IT application's continued operation.</p>	<p>The communication of breaches of the relevant ethical requirements about firm's Information System (IS) to appropriate personnel including:</p> <ul style="list-style-type: none"> <li>The evaluation of the significance of a breach and its effect on compliance with relevant ethical and any legal requirements;</li> <li>The actions to be taken to satisfactorily address the consequences of a breach, as soon as practicable;</li> <li>To determine whether to report a breach to external parties, such as software company or an external oversight authority; and</li> <li>To determine the appropriate actions to be taken in relation to the individual(s) responsible for the breach.</li> <li>Availability of specialized skilled staff to use IT application effectively, including the access right to individuals for use of IT application; and</li> </ul>	Individual responsible for firm's SOQM/ IT head/ engagement partner/ engagement team.	Event Driven/ Monthly or quarterly trainings

Quality Risk(s)	Related Quality Objective	Control Name	Control Objective	Control Criteria	Control Description	Control Owner	Frequency
					<ul style="list-style-type: none"> <li>There is a need to develop procedural manuals etc. and also to conduct staff trainings.</li> </ul>		
<p>IC-QR-1E IC-QR-4C</p>	<p>IC-QO-1 IC-QO-4</p>	<p>Complaints and allegations mechanism</p>	<p>To have a mechanism to receive, investigate and resolve complaints and allegations (received from personnel, clients or external parties) and what steps have been taken and final outcome of the matter reported.</p>	<p>The firm needs to establish policies or procedures for dealing with complaints and allegations. This may assist the firm in preventing the issuance of inappropriate engagement reports and to deal with SOQM deficiencies.</p>	<p>To investigate, respond and conclude on whether:</p> <ul style="list-style-type: none"> <li>There is an individual, responsible to receive, investigate and resolve complaints and allegations, who has appropriate competence and capabilities, including sufficient time, to perform the role.</li> <li>The matters reported underwent appropriate steps or protocols as per the agreed plan / scope, including notifying appropriate Internal / external parties as deemed appropriate and evaluating significance of the breach;</li> <li>Quality matters and proposed actions pertaining to assurance clients and engagements are reviewed by the relevant authorised individual/ partner of quality assurance partner, as appropriate;</li> <li>Obtain all relevant facts from both sides of the matter and then develop an appropriate plan of action to address the matter, supervise the investigation or inquiry required, document the findings and conclusions reached.</li> <li>Actions to be taken are appropriate for the nature of the matter and applicable local employment laws / regulations;</li> </ul>	<p>Individual assigned to receive, investigate and resolve complaints/ allegations and individual(s) assigned ultimate responsibility and accountability for the SOQM</p>	<p>Event Driven/ Monthly or quarterly reporting to the leadership about the resolution of issues</p>

Quality Risk(s)	Related Quality Objective	Control Name	Control Objective	Control Criteria	Control Description	Control Owner	Frequency
					<ul style="list-style-type: none"> <li>Appropriate advice was obtained before updating the reporter considering the confidentiality/ sensitivity of the issue;</li> <li>A direct line of communication is established with the individual(s) assigned ultimate responsibility for the SOQM. The individual responsible for the SOQM shall also report back to the informant on the results of any investigation and proposed courses of action.</li> <li>There should be a policy when to report to the firm's leadership, when issues are critical.</li> </ul>		
<p>IC-QR-2 IC-QR-4</p>	<p>IC-QO-2 IC-QO-4</p>	<p>Promoting a culture of exchanging information</p>	<p>To promote the effective two-way communication and assign the responsibility for implementing the firm's responses to personnel and engagement teams.</p>	<p>The firm may communicate about external and internal developments, changes to policies and procedures (e.g. of firm's network or from a service provider), information known to leadership that impacts specific engagement teams.</p> <p>From the engagement team, the information obtained during the performance of an engagement that may have caused the firm to decline the client relationship or specific engagement had that information been known prior to accepting /continuing and the operation of SOQM responses (e.g., concerns about the processes for assigning personnel to engagements), which in some cases, may indicate a deficiency in the SOQM.</p>	<p>There are a variety of methods a firm may use to communicate information, (for example) direct oral communication, manuals of policies or procedures, newsletters, alerts, emails, intranet or other web-based applications, training, presentations, social media, or webcasts.</p> <p>In determining the most appropriate method(s) and frequency of communication, the firm may take into consideration a variety of factors, including:</p> <ul style="list-style-type: none"> <li>The audience to whom the communication is targeted;</li> <li>The nature and urgency of the information being communicated (the more important the communication, the more formal the communication is likely to be).</li> </ul>	<p>Firm leadership (such as CEO/ Managing Partner)/ Individual responsible for the SOQM, and engagement partners</p>	<p>As required/ Regular Intervals</p>

Quality Risk(s)	Related Quality Objective	Control Name	Control Objective	Control Criteria	Control Description	Control Owner	Frequency
					The firm exchange of information with individuals from within the firm's network or service provider may differ from how the firm exchanges information with their personnel. For e.g., the firm's communication to component auditors from within the firm's network or a service provider may be via the group auditor.		
IC-QR-3A	IC-QO-3	Engagement teams and personnel have restricted or no access to firm's /network firm resources and required information	To ensure that firm's partners, engagement teams and personnel have access to requisite resources and information that is relevant to their roles and responsibilities.	<ul style="list-style-type: none"> <li>A change or new information about the firm or its engagements indicates that additional quality objectives, or additional or modified quality risks or responses are needed. If information becomes known to the partners or firm's staff, the information should be appropriately communicated to the individuals with ultimate responsibility for the SOQM who in turn will communicate to the individual with operational responsibility for the SOQM.</li> <li>Firm's communication to staff/ engagement team about the firm/ network firm resources available, may be through email, newsletters, memos, trainings.</li> </ul>	<p>On a quarterly basis, the individual with operational responsibility for the SOQM has to review the nature and circumstances of the firm and its engagements to identify any changes either within the firm or in the external environment. If such information is identified, the information will be considered and when appropriate:</p> <ul style="list-style-type: none"> <li>Establish additional quality objectives or modify additional quality objectives already established by the firm.</li> <li>Identify and assess additional quality risks, modify the quality risks or reassess the quality risks.</li> <li>Design and implement additional responses, or modify the responses.</li> </ul>	Firm leadership (such as CEO/Managing Partner)/ Individual responsible for the SOQM, and engagement partners	Event Driven
IC-QR-3B	IC-QO-3	New information obtained after acceptance/ continuance of client engagements	To consider the impact of change in the information after client's acceptance or continuance	In case of this, the engagement partner needs to determine and discuss the plan of action about any professional and legal responsibilities.	Where new information is obtained that would have caused the firm to decline the engagement had that information been available earlier, the engagement partner shall discuss the matter with the individual(s) with ultimate responsibility for the SOQM and agree on an appropriate course of action. This would include consideration of:	Engagement Partner/ Individual responsible for SOQM	Event Driven

Quality Risk(s)	Related Quality Objective	Control Name	Control Objective	Control Criteria	Control Description	Control Owner	Frequency
					<ul style="list-style-type: none"> <li>Any professional and legal responsibilities, such as reporting to the person who made the appointment or regulatory authorities.</li> <li>Withdrawing from the engagement or from both the engagement and the client relationship.</li> <li>Whether there is an obligation to accept or continue an engagement or is unable to withdraw from an engagement.</li> </ul> <p>When a plan of action has been determined, the engagement partner will:</p> <ul style="list-style-type: none"> <li>Document the nature of the new information received, the consultations made, conclusions reached and the basis for the conclusions.</li> <li>Implement the action plan, including withdrawal from the engagement where necessary after providing reasonable notice.</li> <li>If withdrawing from the engagement, inform the client's management and TCWG and the reasons for the withdrawal.</li> </ul>		
IC-QR-3B	IC-QO-3	Independence Confirmations Deployment	To verify that independence confirmations are properly deployed.	<p>The confirmation period should be defined and should be opened for the following users, at a minimum, during the confirmation cycle:</p> <ul style="list-style-type: none"> <li>Staff/ Senior Independence Confirmation</li> </ul>	As per policy, the system opens the confirmation period and the Annual Code of Conduct for a complete and accurate population of professionals once the confirmation cycle is initiated.	Independence Partner/ Engagement Partner	Event Driven

Quality Risk(s)	Related Quality Objective	Control Name	Control Objective	Control Criteria	Control Description	Control Owner	Frequency
				<ul style="list-style-type: none"> <li>• Manager/ Senior Manager Independence Confirmation</li> <li>• Partner Independence Confirmation</li> <li>• Executive Director Independence Confirmation.</li> </ul> <p>The confirmation can be done automatically or manually as per firm's policy.</p>			
IC-QR-3B	IC-QO-3	Exceptions reported in the "Matters to be Reported" are reviewed	To verify all matters subject to review are properly evaluated in accordance with firm Independence policy, in order to enable proper monitoring of reported information.	<p>On regular basis as per firm's policy, all personal independence categories of exceptions reported from the "Matters to be Reported" are reviewed by the Independence partner/EP.</p> <p>Each review consists of evaluating comments on the "actions taken" or "actions to be taken" and add any commentary with respect to the conclusions made.</p>	As per firm's policy, the Independence Partner reviews and verifies that the file/ report contains a complete and accurate information.	Independence Partner	Regular Basis as per firm policy
IC-QR-3C	IC-QO-3	Lack of communication about the changes to the SOQM	To ensure that firm's personnel and engagement teams are aware of the SOQM or any changes made to the SOQM to understand and fulfill their responsibilities.	There is regular communication relevant to personnel's and engagement team's responsibilities contained in the SOQM including any changes when they occur.	When breaches or non-compliance with the SOQM are identified, then root cause analysis should be conducted, to assess if personnel understand their responsibilities and whether communications about the change was appropriately or timely made.	Individual responsible for the SOQM	Event Driven/ Regular Basis as per firm policy

Quality Risk(s)	Related Quality Objective	Control Name	Control Objective	Control Criteria	Control Description	Control Owner	Frequency
IC-QR-3C	IC-QO-3	Compliance with relevant ethical requirements	To ensure that firm's partner and staff have done the independence check before accepting or continuing the engagement.	The firm must have policy to ensure that the fundamental principles as given in the ICAP Code of Ethics for independence has been followed by each partner and the engagement team.	<p>Prior to the commencement of every engagement, the engagement partner is required to prepare (or review) the client acceptance/continuance form/document and identify:</p> <ul style="list-style-type: none"> <li>• Threats to compliance with relevant ethical requirements.</li> <li>• Safeguards put in place to reduce the threats to an acceptable level.</li> </ul> <p>Communicate the nature and potential effect of any unresolved threats to the individual with ultimate responsibility over the SOQM in a timely manner.</p>	Engagement Partner	Event Driven
IC-QR-4	IC-QO-4	Engagement Team Confirmation	To proactively avoid potential independence breaches involving audit engagement team members prior to the individual charging any time to an audit engagement.	<p>Engagement team are only able to access an audit engagement file:</p> <ul style="list-style-type: none"> <li>• Once any exceptions in their completed independence inquiries are cleared.</li> <li>• Once they have completed their independence inquiries, if they reported, no exceptions.</li> </ul>	<p>There must be procedure whereby no one has access to the audit file unless they have confirmed their independence of the audit client. If a team member indicates that there may be an independence exception, he/she will not be able to access the engagement until the engagement partner or other authorised person resolves the exception and grants the team member access.</p>	Firm Independence Partner	Event Driven (when an engagement team member requests access to audit file).
IC-QR-4	IC-QO-4	Reporting breaches of relevant ethical requirements	To ensure that all the breaches to ethical requirements have been reported.	Partners and staff shall immediately report to the individual with operational responsibility for the SOQM any breach of the relevant ethical requirements, such as impairment of independence or possible conflict of interest, who shall inform to the engagement partner about the matter(s) reported.	<p>The actions taken by Engagement Team would include:</p> <ul style="list-style-type: none"> <li>• Stopping work on any engagement in process until the implications of the new information can be assessed.</li> <li>• Evaluating and documenting the significance of the breach and its effect on compliance with relevant ethical requirements.</li> </ul>	Individual responsible for the SOQM	Event Driven

Quality Risk(s)	Related Quality Objective	Control Name	Control Objective	Control Criteria	Control Description	Control Owner	Frequency
					<ul style="list-style-type: none"> <li>Identifying the actions to be taken to satisfactorily address the consequences of the breach.</li> <li>Determining whether to report the breach to external parties, such as those charged with governance of the entity to which the breach relates or an external oversight authority.</li> <li>Determining the actions to be taken in relation to the individual(s) responsible for the breach.</li> </ul>		
IC-QR-4	IC-QO-4	Professional Practice review and concurrence of formal consultation conclusions	To make sure the nature, scope and conclusion of the consultations are agreed upon, understood and documented by both the individual(s) seeking consultation and the individual(s) consulted.	<p>The Professional Practice reviews the concurrence/ consultation memorandum and any supporting documentation for accuracy and completeness (i.e., the nature, scope and conclusion), including whether the information presented supports the conclusions reached, prior to approval of the concurrence memorandum.</p> <p>At a minimum, a concurrence/ consultation memorandum should include a description of the matter, any action taken with respect to the matter and the basis for conclusions. Further, management assertions (including the names of the person(s) making the assertion) that provide substantive support for our conclusion should be clearly documented and, if appropriate, included in management's letter of representations.</p> <p>Finally, the documentation of the concurrence should only include information necessary and relevant to the subject matter of the formal consultation with, and related concurrence by engagement partner.</p>	<p>Prior to submitting a concurrence/ memorandum to the consulting partner (such as Professional Practice Partner) or other authorised person, the engagement partner discusses the matter with and makes inquiries of the engagement team to make sure a thorough understanding is obtained of the facts and circumstances related to the matter under consultation. The consulting partner or other authorised person reads the concurrence memorandum and, if necessary, provides the engagement team with follow-up questions/comments to clarify his or her understanding of the matter and/or the documentation supporting the consultation.</p> <p>Once the engagement team has provided the final concurrence/ consultation memorandum and any supporting documentation, the consulting partner or other authorised person evidences approval of the concurrence memorandum.</p>	Consulting Partner or other authorised person	Event Driven

Quality Risk(s)	Related Quality Objective	Control Name	Control Objective	Control Criteria	Control Description	Control Owner	Frequency
IC-QR-4	IC-QO-4	Consultation Approval	To determine that appropriate conclusions are reached for all formal consultations and that the Independence Consultation Database record are complete and accurate.	<p>The firm Independence Partner/ Leader evaluates the contents of the consultation memo and considers the following:</p> <ul style="list-style-type: none"> <li>Based on the background information provided for the client, are the applicable independence rules appropriately identified and described within the memo?</li> <li>Is the independence matter driving the consultation clearly articulated by the service line team?</li> <li>Are the necessary safeguards appropriately reflected in the memo (as applicable)?</li> <li>For instances in which a regulatory breach has occurred, based on the assessment of firm's objectivity and impartiality included in the memo and communications with the Audit Committee (or governance body), is a formal submission to the SECP warranted?</li> <li>For regulatory breaches, did the team draft the Audit Committee communication that describes the matter?</li> <li>Is the conclusion reached by the team appropriate, based on the facts and circumstances described in the memo?</li> </ul> <p>The Independence Partner evaluates the following when reviewing the record created within the Independence Consultation Database:</p>	Upon reviewing the formal consultation memorandum, the firm independence partner evaluates and provides feedback to the engagement team related to any questions, suggested edits, etc. that are identified. Once all items are appropriately addressed by the engagement team, the firm independence partner evaluates the contents of the related consultation record (and associated breach/violation record, if applicable) within the Independence Consultation Database to determine that they are complete and accurate and that all applicable team members have denoted their approval. Upon determining that the consultation record is complete and accurate, the firm Independence Partner approves the record.	Firm Independence Partner	Event Driven

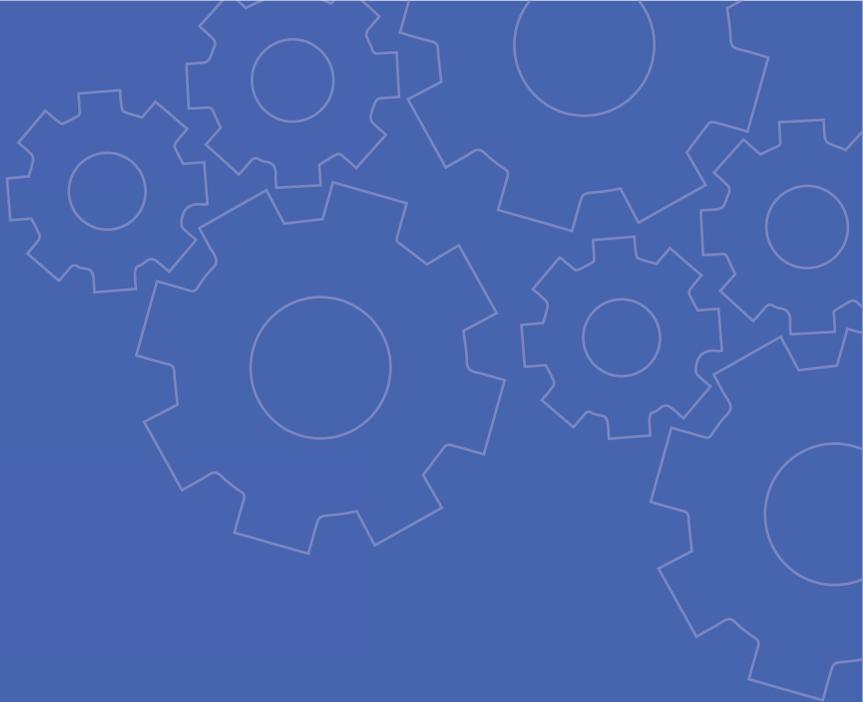
Quality Risk(s)	Related Quality Objective	Control Name	Control Objective	Control Criteria	Control Description	Control Owner	Frequency
				<ul style="list-style-type: none"> <li>• Are the pertinent details of the completed consultation (e.g., company name, consultation topic, applicable independence rules, associated breach/violation fields, etc.) complete and accurate?</li> <li>• Are the individuals selected for approvals listed in the appropriate roles?</li> <li>• If the consultation involved a regulatory / professional standards breach or policy violation, has that breach or violation record been linked to the consultation and the breach/violation record appropriately completed by the engagement team?</li> <li>• Has the consultation memo (and related attachments, including the Audit Committee communication(s), as applicable) been attached to the record, and does the memo match the final memo that was agreed-upon during the consultation process?</li> <li>• Have all attached files been checked to ensure that draft watermarks, comments, and other review marks have been removed?</li> </ul>			
IC-QR-4	IC-QO-4	Member firm monitoring of unsigned confirmations and related consequences	To monitor the professionals that have not signed their required annual independence confirmation and to enforce	When reviewing the listing, the Independence Partner is considering whether each individual in the file has been analyzed and whether the conclusions reached and subsequent actions which may include the following:	On a regular basis, the Independence Partner reviews the file listing all professionals who have not signed annual confirmation and reviews the actions to investigate and the related conclusions in the file.	Independence Partner	Regular basis as per firm's policy

Quality Risk(s)	Related Quality Objective	Control Name	Control Objective	Control Criteria	Control Description	Control Owner	Frequency
			consequences, or secure the signed confirmation.	<ul style="list-style-type: none"> <li>Professional was on leave and no further action is needed as per the information received from Payroll Department/ Payroll record;</li> <li>Professional was contacted and subsequently returned completed Independence Confirmation; and</li> <li>Other actions consistent with the firm's policy.</li> </ul>	<p>The individuals that did not sign the annual confirmation as a result of being on leave are reviewed and investigated, to determine the confirmations are completed timely upon return from leave.</p> <p>During the quarter following the close of the Annual Confirmation, individuals that were not excluded due to leave are analyzed to determine the professional subsequently completed the confirmation or other actions were taken consistent with the firm's policy.</p> <p>The Independence Partner signs off on the file of all professionals who have not signed as evidence of his/her review.</p>		
IC-QR-4 IC-QR-5E	IC-QO-4 IC-QO-5	Review and approval of further required actions for instances of non-compliance or suspected non-compliance with laws and regulations deemed to be more than clearly inconsequential.	To determine if the firm's response to potential non-compliance by audit clients is sufficient and appropriate.	<p>The engagement partner notifies and obtains approval from the firm's leadership/individual responsible for SOQM of an identified or suspected instance of non-compliance by an audit client or its staff when it comes under the NOCLAR provisions contained in the applicable ICAP Code of Ethics.</p> <p>On receipt of the notification, the individual responsible for SOQM reviews the details of the matter and recommends any additional actions to the engagement partner (including the impact on the decision to continue the client/engagement relationship) by signing off.</p>	The individual responsible for SOQM reviews and provides approval on further actions identified by the engagement team providing services in the scope of ISQM.	Individual responsible for SOQM	Event Driven
IC-QR-5	IC-QO-5	Review and approval of conclusion on whether to report the	To determine if the actions taken by the firm when a client fails to take timely or	<p>The firm Independent Partner/ leadership reviews:</p> <ul style="list-style-type: none"> <li>The engagement partner's understanding of the reasons why</li> </ul>	The firm Independent Partner/ leadership reviews and approves the proposed decision by the engagement partner.	Independent Partner/ Firm Leadership	Event Driven

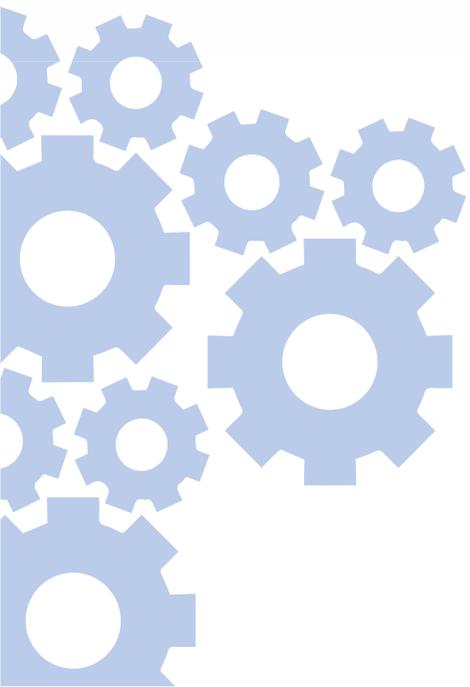
Quality Risk(s)	Related Quality Objective	Control Name	Control Objective	Control Criteria	Control Description	Control Owner	Frequency
		matter to an appropriate external authority to comply with relevant ethical requirements.	appropriate remedial action in response to identified or suspected NOCLAR, is sufficient and appropriate in line with the relevant ethical requirements, as set out in the ICAP Code of Ethics.	<p>the client is not taking timely or appropriate remedial actions.</p> <ul style="list-style-type: none"> <li>• Considerations in respect of client confidentiality and whether reporting such a matter to an external party would be a breach of contract or other requirements of laws and regulation.</li> <li>• The firm may consider to consult with legal advisor and act accordingly.</li> </ul>			
IC-QR-5A IC-QR-5B	IC-QO-5	Review and approval of communications with respect to SOQM to external parties	To evaluate whether the SOQM communication to external parties is timely, accurate, complete and appropriate in the circumstances.	<p>The individual(s) responsible for the review and approval of the communication considers whether:</p> <ul style="list-style-type: none"> <li>• The communication is timely, accurate, complete and appropriate under the circumstances (e.g., prepared in accordance with regulations);</li> <li>• The data and statistics, if applicable, included within the communication have been through the appropriate levels of approval;</li> <li>• The communication is made available to the appropriate external parties;</li> <li>• Modifications / amendments to any requirement have been gone through the appropriate review and approval ladder prior to being communicated (e.g., transparency report)</li> </ul>	<p>On need basis, an individual/ partner reviews and approves the communications about the SOQM that are required by law, regulation (e.g., transparency report) or professional standards, or to support external parties' understanding of the SOQM (e.g., audit quality report).</p> <p>As part of the review, this individual(s) evaluates whether the information being communicated is accurate, complete and appropriate under the circumstances.</p>	Individual(s) responsible for the SOQM communication	Event Driven

Quality Risk(s)	Related Quality Objective	Control Name	Control Objective	Control Criteria	Control Description	Control Owner	Frequency
IC-QR-5C	IC-QO-5	Communication with those charged with governance (TGWG)	To ensure that the firm communicates with those charged with governance when performing an audit of financial statements of listed entities	<p>The firm shall communicate to external third parties about the firm's SOQM when required, in accordance with law or regulation, such as when performing an audit of financial statements of listed entities.</p> <p>Requests from other external third parties about the firm's SOQM will be evaluated and approved on a case-by-case basis by the individual(s) with ultimately responsibility for the SOQM.</p> <p>The following criteria should be considered when evaluating whether to communicate with an external third party regarding the firm's SOQM:</p> <ul style="list-style-type: none"> <li>• <i>The types of engagements performed by the firm and the types of entities for which such engagements are undertaken.</i></li> <li>• <i>The nature and circumstances of the firm, including the nature of its operating environment.</i></li> <li>• <i>Jurisdictional trends and expectations of stakeholders in the firm's jurisdiction.</i></li> <li>• <i>The extent to which the firm has already communicated with external parties in accordance with law or regulation.</i></li> <li>• <i>Information that is already available to the third parties.</i></li> <li>• <i>How external parties may use the information and their understanding of matters related to the firms SOQM.</i></li> </ul>	<p>When communicating in writing about the firm's SOQM, it will be addressed to those charged with governance and will include how the SOQM supports the consistent performance of quality audit engagements.</p> <p>The form of communication will be approved by the individual with ultimate responsibility for the SOQM.</p>	Individual(s) responsible for the SOQM communication	Event Driven

Quality Risk(s)	Related Quality Objective	Control Name	Control Objective	Control Criteria	Control Description	Control Owner	Frequency
				<ul style="list-style-type: none"> <li>• <i>The public interest benefits of external communication and if they outweigh the potential costs of such communication.</i></li> </ul> <p>When the firm communicates with third parties about the SOQM, the following matters will be taken into consideration:</p> <ul style="list-style-type: none"> <li>• The information is specific to the circumstances of the firm.</li> <li>• The information will be presented in a clear and understandable manner.</li> <li>• The manner of presentation is neither misleading nor would inappropriately influence the users of the communication.</li> <li>• The information is accurate and complete and does not contain information that is misleading.</li> <li>• The information takes into consideration the information needs of the intended users.</li> </ul> <p>The form of communication will be appropriate in the circumstances.</p>			



**Part IV**



**Evaluating the System of Quality  
Management (SOQM)**

## Part IV – Evaluating the System of Quality Management (SOQM)

ISQM 1, under paragraph 53, requires that the individual(s) assigned ultimate responsibility and accountability for the system of quality management shall evaluate, on behalf of the firm, the system of quality management. The evaluation of system of quality management shall be undertaken at least annually.

The firm shall also undertake periodic performance evaluations of the individual(s) assigned ultimate responsibility and accountability for the system of quality management, and the individual(s) assigned operational responsibility for the system of quality management.

Based on the evaluation, the individual(s) assigned ultimate responsibility and accountability for the system of quality management shall conclude, one of the following:

- a) The system of quality management provides the firm with reasonable assurance that the objectives of the system of quality management are being achieved;
- b) Except for matters related to identified deficiencies that have a severe but not pervasive effect on the design, implementation and operation of the system of quality management, the system of quality management provides the firm with reasonable assurance that the objectives of the system of quality management are being achieved; or
- c) The system of quality management does not provide the firm with reasonable assurance that the objectives of the system of quality management are being achieved.

If the conclusion is based on (b) or (c) above, the firm is required to:

- a) Take prompt and appropriate action; and
- b) Communicate to engagement teams and other individuals assigned activities within the system of quality.

The evaluation is internal to the firm, and firm is not required to obtain independent assurance about the effectiveness of its SOQM.

- In a less complex firm, the firm may engage a service provider to perform the evaluation, or the results of the firm's monitoring activities may provide an indication of the performance of the individual.
- In a more complex firm, the performance evaluations may be undertaken by an independent non-executive member of the firm's governing body, or a special committee overseen by the firm's governing body.

### Need to establish an oversight committee

As mentioned, a more complex firm may form an oversight committee to set the role and responsibilities at the top or at governance level. The term of reference of the committee may include the following areas:

- a) Key activities and deliverables;
- b) Governance structure around (a) operation and (b) monitoring (central and/ or office level);
- c) Activity vs Timelines;
- d) Document maintenance/ archival policy including use of IT systems; and
- e) Delegation of powers to team testing and monitoring controls.



**Part V**

**Documentation of SOQM**

## Part V – Documentation of SOQM

ISQM provides an overarching principles-based requirement for documentation of system of quality management. It provides evidence that the firm complies with this ISQM, as well as law, regulation or relevant ethical requirements. It may be useful for training personnel and engagement teams, ensuring the retention of organizational knowledge and providing a history of the basis for decisions made by the firm about its system of quality management.

Documentation may take the form of formal written manuals, checklists and forms, may be informally documented (e.g., e-mail communication or postings on websites), or may be held in IT applications or other digital forms (e.g., in databases).

ISQM 1 does not prescribe every matter that needs to be documented by the firm, because the nature and extent of documentation will vary as a result of a number of factors, including the size and complexity of the firm and the types of engagements performed by the firm. ISQM 1 requires the firm to prepare documentation to achieve three principles:

1. Support a consistent understanding of the SOQM by the firm's personnel, including an understanding of their roles and responsibilities with respect to the SOQM and the performance of engagements;
2. Support the consistent implementation and operation of the responses;
3. Provide evidence of the design, implementation and operation of the responses, to support the evaluation of the system of quality management by the individual(s) assigned ultimate responsibility and accountability for SOQM.

Over and above applying these principles, ISQM 1 requires the firm to prepare documentation addressing specific matters. This includes a requirement to document the following related to the firm's risk assessment process:

- The quality objectives;
- The quality risks;
- A description of the responses and how the firm's responses address the quality risks;
- Evidence of the monitoring activities performed, evaluation of findings/ deficiencies, their related root cause(s) and remedial actions;
- Communications about monitoring and remediation; and
- The basis for the conclusion reached pursuant to paragraph 54 of ISQM 1.

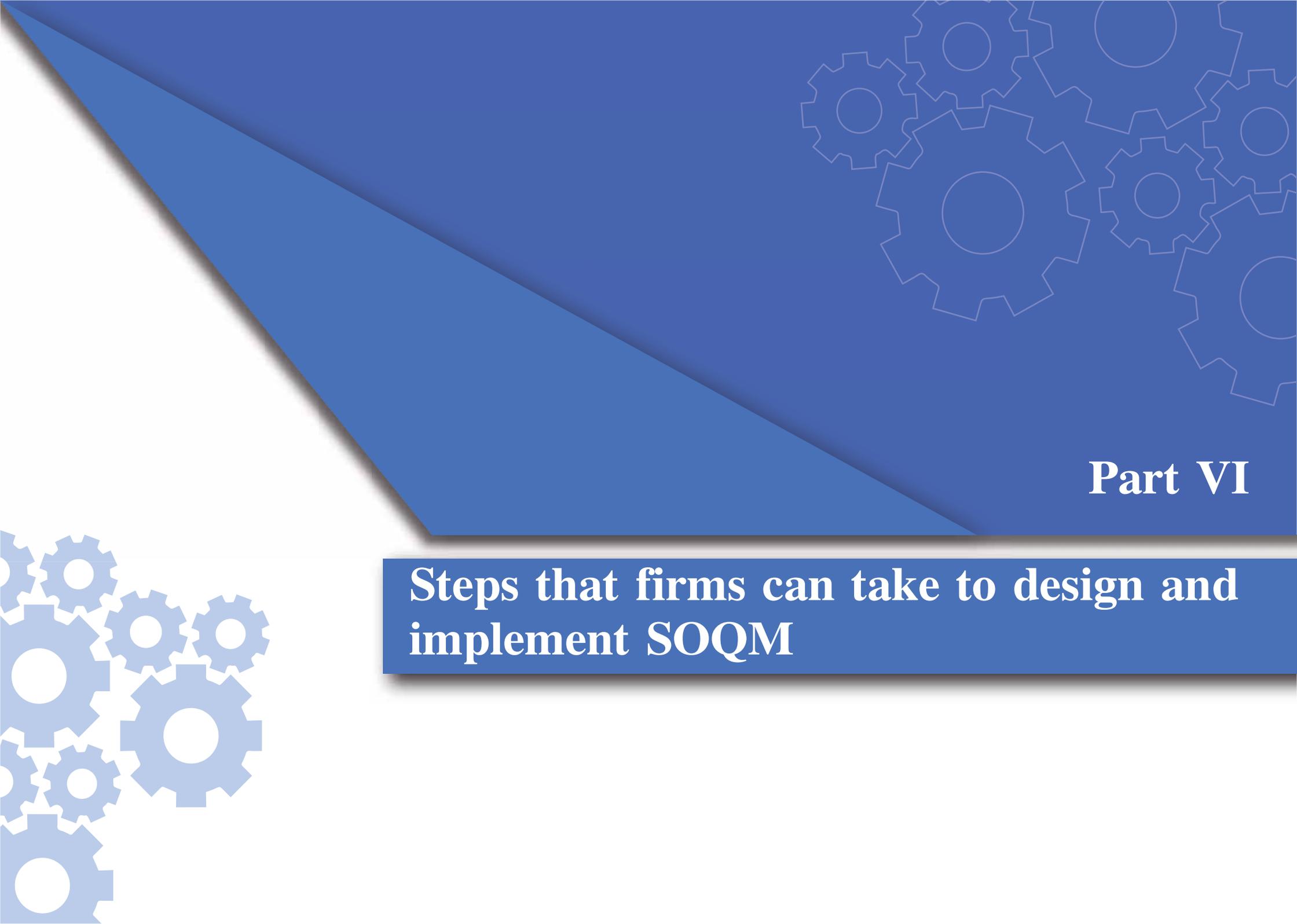
Paragraph A205 of ISQM 1 suggests that, in documenting how the firm's responses address the quality risks, the firm may document the reasons for the assessment given to the quality risks (i.e., the considered occurrence and effect on the achievement of one or more quality objectives).

### Retention of SOQM Documentation

A firm is required to establish a period of time for the retention of documentation for the SOQM. This would enable the firm to monitor the design, implementation and operation of the firm's SOQM, or for a longer period if required by law or regulation. The period of retention of documentation of the SOQM is a matter of professional judgment, however, recommended to be retained for a longer period.

In the case of engagements conducted under the ISAs or ISAEs, the retention period is ordinarily no shorter than five years from the date of the engagement report, or, if later, the date of the auditor's report on the group financial statements, when applicable.

- A less complex firm may not need to have granular documentation, such as a matrix, that indicates the quality objective, the related quality risk(s), and the related responses to address those quality risks. In these circumstances, the firm's documentation may include lists of the quality objectives and quality risks, and a memorandum that explains the responses and how they address the quality risks.
- As the complexity of the firm's SOQM increases, there may be a need to have more granular documentation that indicates the quality objective, the related quality risk(s), and the related responses to address those quality risks. This may become important when the volume of quality risks and responses create challenges in being able to identify which quality risks relate to which quality objectives, and which responses address which quality risks.



## Part VI

# Steps that firms can take to design and implement SOQM

## Part VI – Steps that firms can take to design and implement SOQM

The firm can follow below suggested steps to become familiar with the new and revised requirements of the ISQM standards and how to prepare for the design and implement SOQM:

- Step 01** Read and understand the requirements of quality management standards in full and other resource materials issued by IAASB (First-Time Implementation Guides on ISQM 1, ISQM 2 and ISA 220 (Revised) etc.).
- Step 02** Obtain an understanding of the nature and circumstances of the firm relating to:
- Nature, complexity and operating characteristics of the firm.
  - The strategic and operational decisions and actions, business processes and business model of the firm.
  - The characteristics and management style of leadership.
  - Evaluate the resources of the firm, including the resources provided by the service providers, such as audit software, data analytics tools, methodologies and quality reviews and whether resources from service providers are appropriate for use in the firm's SOQM and in the performance of engagements.
  - Laws, regulations, professional standards and the environment in which the firm operates.
  - For network firms, evaluate how the network requirements or network services need to be adapted or supplemented by the firm that is appropriate for use in its SOQM.
- Step 03** Obtain an understanding of the firm's engagements, for example, types of engagements and the reports to be issued.
- Step 04** Set up a plan for implementation, including the assignment of responsibilities to meet the requirements of ISQM 1.
- Step 05** Identify existing policies or procedures /processes within the firm that address quality objectives and their associated risks, how the requirements of ISQM 1 affect them (including how they relate to a quality objective or risk under ISQM 1) and what needs to be revised.
- Step 06** Identify gaps where processes or policies and procedures are missing. In some cases, the processes may not be documented in a formal way but being followed, so it may help to walk through how the firm meets the quality objectives.
- Step 07** Based on the understanding of the firm's circumstances and engagements, identify risks (i.e., what can go wrong) that may prevent the firm from achieving its quality objectives. If the firm finds that the current ISQC 1 policies or procedures do not fit any of the identified quality risks, then either that quality risk has been missed or policy or procedure is not needed.
- Step 08** Develop policies and procedures that are responsive to the quality risks identified and address the specified responses included in ISQM 1.
- Step 09** Perform a gap analysis, driven by the risk assessment, to help identify the areas where firms may need to design and implement additional or different responses.
- Step 10** Design and implement new responses to address quality risks.
- Step 11** Determine the nature, timing and extent of the ongoing and periodic monitoring activities and who will be responsible for performing the monitoring activities.



## Appendix A

# Overview of ISQM Standards

## Appendix A – Overview of ISQM Standards

### Overview of the Quality Management Standards

The new and revised quality management standards have been designed with the objective to strengthen and improve the management of quality at the firm and at engagement level.

The standards introduced a risk-based approach to quality management. The new risk-based approach requires a firm to design, implement and operate a SOQM for audits or reviews of financial statements, or other assurance or related services engagements, that is responsive to their specific risks.

ISQMs require firms to consider the nature and circumstances of their practices to adopt a risk-based approach to manage audit quality. The proactive risk management approach aims to create efficiencies in firms by targeting responses that address the specific risks that the firm faces, rather than focusing on responses that are less relevant to the firm's nature and circumstances. This is a step-change from the requirements of the extant ISQC 1.

### The Firm's System of Quality Management

ISQM 1 aims to strengthen a firm's SOQM through a robust, proactive, integrated, scalable and tailored approach on quality management. An effective SOQM at the firm level will drive enhanced audit quality at the engagement level.

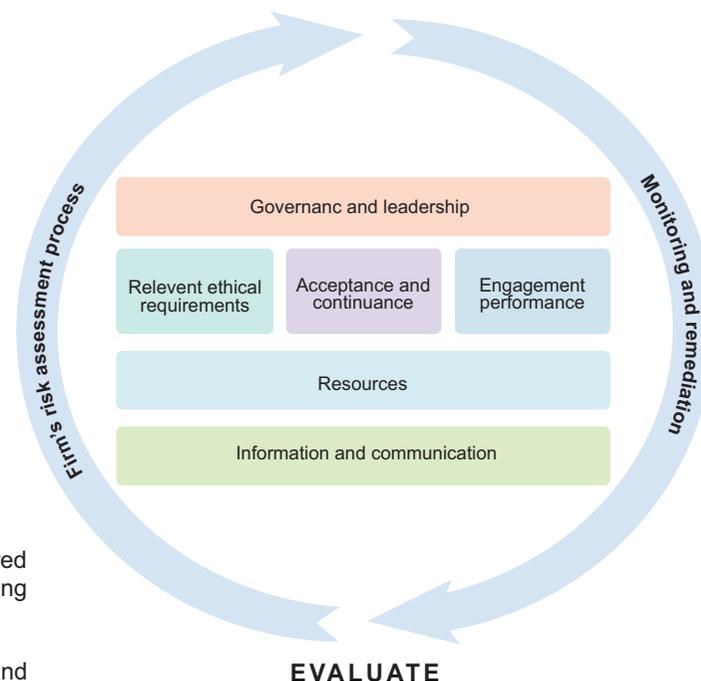
ISQM 1 consists of following eight components (paragraphs 23-33 of ISQM 1) that operate in an integrated manner:

- The Firm's Risk Assessment process;
- Governance and leadership;
- Relevant ethical requirements;
- Acceptance and continuance of client relationships and specific engagements;
- Engagement performance;
- Resources;
- Information and communication; and
- Monitoring and remediation process.

The firm's risk assessment process and monitoring and remediation process sets out specific procedures that the firm is required to follow. The remaining components comprise quality objectives the firm is required to establish, that form the basis for identifying and assessing quality risks and designing and implementing responses.

ISQM 1 promotes integrating quality management into the culture of the firm, the firm's strategy, operational activities (e.g., IT and human resources) and business processes.

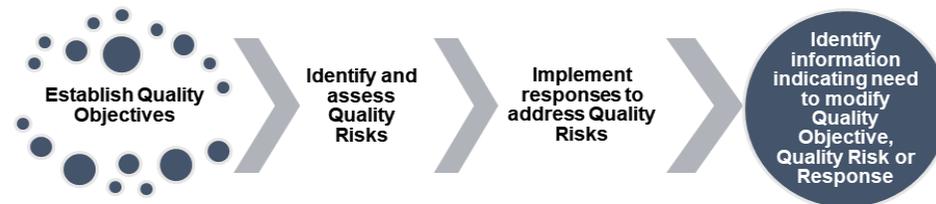
ISQM 1 is scalable and requires the firm to tailor the design, implementation and operation of its SOQM based on the nature and circumstances of the firm and the engagements it performs. This will help the firm in effectively managing the audit quality through concentrating on what matters most to the firm. Accordingly, paragraph 19 of ISQM 1 requires a firm to exercise professional judgment in designing, implementing and operating the SOQM.



### The Firm’s Risk Assessment Process

The Firm’s risk assessment process is the process that is used to:

1. Establish quality objectives;
2. Identify and assess quality risks; and
3. Design and implement responses to address the quality risks.



ISQM 1 sets out requirements for how risk assessment process should be applied:

The risk assessment is not a standalone process; it will affect all processes and procedures of a firm. This process applies to all the components of ISQM 1, except for monitoring and remediation.

#### a) What Quality Objectives the Firm is required to Establish

Quality Objectives as defined in ISQM 1 are “The desired outcomes in relation to the components of the SOQM to be achieved by the firm”. ISQM 1 prescribes outcome-based quality objectives and any additional quality objectives that the firm considers are necessary to achieve the objectives of SOQM.

ISQM 1 includes mandatory quality objectives for six components, out of the eight components (paragraphs 28-33 of ISQM 1). There are no mandatory quality objectives for risk assessment or monitoring and remediation process.

The quality objectives will help the firm in focusing more specifically on what needs to be achieved, and ‘*what could go wrong*’ in achieving the quality objectives. Further these will aid the firm in properly identifying and assessing quality risks in achieving quality objectives for the six components.

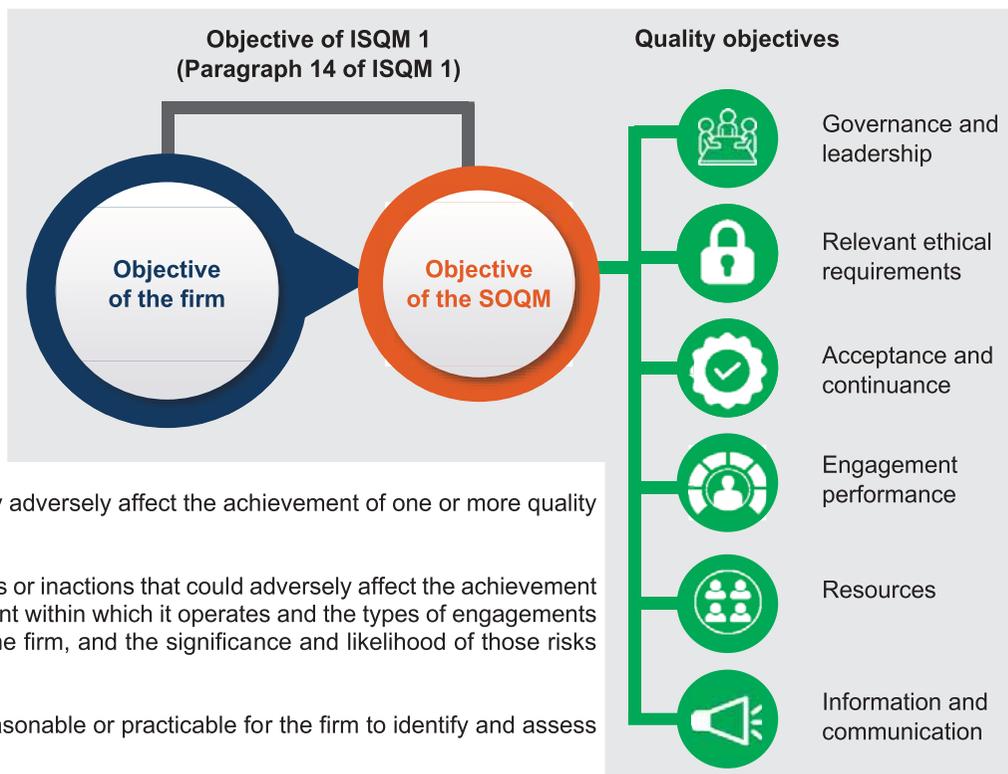
#### b) How the firm Identifies and Assesses Quality Risks that threaten the achievement of quality objectives

A quality risk as defined in ISQM 1 is a risk that has a reasonable possibility of occurring and may adversely affect the achievement of one or more quality objectives, individually, or in combination with other risks.

In identifying quality risks, a firm need to understand the conditions, events, circumstances, actions or inactions that could adversely affect the achievement of the quality objectives. The nature and circumstances of the firm is dependent on the environment within which it operates and the types of engagements it perform. All of these things can have an impact on the quality risks that are most relevant to the firm, and the significance and likelihood of those risks crystallizing.

ISQM 1 also explains that not all the risks can be considered as quality risks because it is not reasonable or practicable for the firm to identify and assess every possible risk, and to design and implement responses for every risk.

The assessment of the quality risks is also affected by how, and the degree to which, the conditions, events, circumstances actions or inactions affect the quality objectives, and the possible occurrence. As a result, the identification and assessment of the quality risks may be undertaken simultaneously.



**c) How the firm Designs and Implements Responses**

Based on the quality risks identified and assessed, ISQM 1 requires the firm to design and implement responses (policies and procedures or a combination of both) that properly address the quality risks.

Policies are statements of what should, or should not, be done to address a quality risk. Such statements may be documented, explicitly stated in communications or implied through actions and decisions. Procedures are actions to implement policies. It is not necessary to have a policy and a procedure to address the same quality risk; it can be one or the other or a combination.

The nature, timing and extent of the responses is driven by the quality risks, which are determined based on the nature and circumstances of the firm and its engagements. There are many mandatory specified responses given in paragraph 34 of ISQM 1, however, firm may have additional responses taking into consideration the firm's need.

The firm would have many of the policies and procedures in place as per the current ISQC 1 that are likely to be relevant, however, these need to be linked back to the quality risks the firm has identified in order to accomplish quality objectives.

**The Need for Additions or Modifications to the Quality Objectives, Quality Risks or Responses**

Establishing quality objectives, quality risks or their responses is not a one-time exercise. The quality objectives, quality risks or responses may need to be changed/modified because of changes in the nature and circumstances of firm or its engagements and remedial actions to address deficiencies in the firm's SOQM.





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