

The firm's evaluation of each type of deficiency should result in recommendations for one or more of the following:

- (a) Taking appropriate remedial action in relation to an individual engagement or member of personnel;
- (b) The communication of the findings to those responsible for training and professional development;
- (c) Changes to the quality control policies and procedures; and
- (d) Disciplinary action against those who fail to comply with the policies and procedures of the firm, especially those who do so repeatedly.

At least once every year the findings should be reported to the managing board of partners or equivalent.

Appropriate documentation relating to monitoring should be maintained.

Performing the Audit Compliance Review

This section is set out in the order that the items appear within the [Annual audit compliance review checklist](#). The audit compliance review must be carried out by somebody who is suitably qualified to do it. It can provide benefit to the practice either by identifying potential areas for improvement or by giving assurance that everything is satisfactory.

The practice should identify the person best placed to conduct the review. This will usually be the partner responsible for compliance or an external reviewer. The external reviewer may be from another firm of registered auditors or a specialist organisation, such as a training company which provides a review service.

One problem to be aware of however, is that in the case of a sole practitioner or where the partner in charge of compliance has carried out the review, they may not be objective enough to carry out cold reviews on their own files. It is generally preferable to use someone independent of the assignment to carry out the cold file reviews.

Changes at firm

Any changes in the partners or PCC or in the firm's address must be notified to the Institute as soon as practicable.

Whole firm fit and proper

In order for a firm to carry out audit work it should consider whether it is fit and proper. Part of this consideration should be looking at the fit and proper status of the practice as a whole ([Fit and proper form for a firm as a whole](#)). This is in addition to each of the individual partners completing a fit and proper form ([Staff Confirmation checklist](#)) in their own right.

Good practice would require these forms to be completed on an annual basis for all partners and staff, including subcontractors and consultants, involved in audit. They also recommend that they are completed for staff not involved in audit.

It is important to ensure that any potential independence problems identified from these forms have been fed through to the relevant audit clients so that appropriate action can be taken. Due to the sensitive nature of their content, the partner in charge of audit compliance must ensure that they are placed in a secure place and that only the issues of relevance are fed through to the audit files. It should also be noted that although a potential problem has been identified on the form this does not necessarily mean that the individual in question is not fit and proper. However, if the individual

fails to notify the problem to the partner in charge of compliance, then this means that the individual is not fit and proper.

Considering competence of staff

A sample of CPD records for both staff working on audit and partners should be reviewed to ensure that all staff and partners have undertaken sufficient suitable CPD. Where someone has not achieved the requisite number of hours, overall and particularly in audit then the reviewer should ascertain what action is being taken to rectify this for the current year. In fact the firm may want to assess progress part way through the year to ensure that the individual is on target.

It should also be remembered that where the practice is employing consultants on audit who are members of the Institute, these individuals are also required to comply with the CPD requirements.

If anyone is regularly failing to achieve their CPD target the reviewer should consider if it is reasonable for them to still be involved in audits.

Competence of staff and staff appraisals

The Regulations of most professional bodies require firms of registered auditors to make arrangements so that all partners and employees (including subcontractors and consultants) doing audit work are, and continue to be, competent to carry out the audits for which they are responsible or employed'. Part of this requirement is a continual assessment of the competence of the individual to work on the audit.

The consideration of the competence must start at the point that an individual is recruited. References should be obtained for all new members of staff. When completing the annual audit compliance review the sample of staff files selected should include a sample of new employees (where applicable) to ensure that such references have been obtained, and that the reference responses have been fully considered.

A sample of staff appraisal forms should be selected to ensure that the firm has considered whether each member of staff used on audit is competent to do the work. The reviewer also needs to consider if the appraisals are reasonable, i.e. they are a fair reflection of the individual staff member's abilities.

The reviewer also needs to consider whether any action plan arising from these appraisals has been implemented, for example, has the individual been booked onto a relevant course when a training need has been identified. The reviewer also needs to consider whether the reviews are undertaken frequently enough and whether they are adequately recorded.

Adequacy of Partners and Partner appraisals

To do this, the work of a sample of partners should be selected and reviewed. Particular emphasis should be placed on the action points and the evidence that these are being properly followed up. Although the practice may wish to take this opportunity to look at all aspects of an individual partner's performance, it is only the technical competence that needs to be assessed. This appraisal can be carried out at the time that a series of cold file reviews is undertaken. It must be discussed with the individuals responsible who must agree to any remedial action which is deemed necessary.

The individual completing the annual audit compliance review must consider whether the points being raised are appropriate and whether there is evidence to show that the agreed action is taking place.

Use of subcontractors

The role and involvement of subcontractors should be examined. It is important to ensure that if a firm uses subcontractors they have a written agreement in place with the subcontractor to maintain confidentiality and also that their competence, fitness and propriety are assessed.

The use of subcontractors on an audit needs to be well controlled. The subcontractor needs to meet all the requirements that are expected of an employee of the practice in respect of fit and proper, independence, CPD etc. Many of these issues are best addressed through a subcontractor agreement and the reviewer needs to consider for all subcontractors used whether a suitable agreement or alternative has been obtained. A sample of these should be inspected at the audit compliance review. A subcontractor agreement in line with the example in this Guide should be in place for all individuals used ([Specimen sub contractor agreement](#)).

Independence

This is an area that frequently leads to problems for audit practices. The Code of Ethics for Chartered Accountants specifies situations which could be a threat to the firm's independence. The firm's procedures must be such that their independence is considered at both the start and the end of the audit. At the start they are considering whether anything has occurred since reappointment which would impact on the firm's or the engagement partner's ability to act. At the end they are considering whether anything has occurred which would impact their ability to seek reappointment. Although many of the issues being addressed only involve the engagement partner, the procedures must also ensure that all the staff used on the assignment is independent.

The issue of the practice independence will usually be addressed via the audit documentation and it is essential that all relevant forms are properly completed. The issue of the staff's independence will often be addressed via the annual completion of the statement of independence and confidentiality and confirmation of fit and proper status. Where a potential problem has been identified on one of these forms then the partner in charge of compliance, as part of his review, should ensure that any necessary action is fed through to the relevant audit file.

Most audit programs contains an independence checklist ([Independence checklist](#)). The traditional safeguard to ensure that the practice's independence is not compromised is to suggest that there is a second qualified partner review of independence. Such a second partner review can be restricted to the planning, completion and control section of the audit but must be evidenced as having taken place. Frequently the independence form has highlighted a particular issue and says that a second partner or external review will be undertaken but, at the end of the job, one does not seem to have been carried out.

In addition to the consideration of independence the firm needs to have procedures to ensure that they have considered whether they are competent to do the assignment and that they have adequate resources. Part of the consideration of adequate resources needs to consider whether the practice has enough senior people to ensure that the work is adequately supervised. They also need to consider whether the client is one that the practice would want to be associated with.

Money Laundering Regulations

With the advent of tougher Money Laundering Regulations around the world, it is important to have adequate procedures in place in relation to Money Laundering.

Documentation

The reviewer needs to consider what audit system is being used and whether it is kept up to date. If the firm does not subscribe to an update service then the reviewer should consider whether the firm can and is keeping the system up to date. The reviewer also needs to consider whether such updates are done promptly and whether it is appropriate given the nature of the firm's clients.

Particular consideration is required where the firm has a number of specialist audit clients to ensure that the programmes and checklists being used are appropriate for those clients. There is a major risk that these audits will not be undertaken properly.

The firm also needs to consider whether all the staff is aware of the requirements of the systems that have been adopted and that they are kept up to date on the requirements.

Where there have been any updates to the regulations in the period since the last review the reviewer should ensure that these have been incorporated in the guide.

The firm's quality control procedures should be reflected in its procedures manual. The reviewer needs to ensure that all partners and staff involved in audit have confirmed their understanding of the procedures within the manual and confirmed their willingness to comply.

Consultation procedures

The firm should have clearly set down procedures for the circumstances in which they are going to seek advice from consultants, in particular the use of hot reviews in situations where there is a threat to independence and in relation to Public Interest clients. All staff and subcontractors should be aware of what these are.

ISQC 1 specifies that the responsibility for consultation rests with the engagement partner. They must be satisfied that appropriate consultation has been sought and that the results have been agreed with the party consulted. The conclusion must be implemented and all discussions documented.

The firm's procedures must provide guidance on when consultation should take place and who it should be with. Consultation can be with an individual or individuals within the practice or with another suitable organisation.

The individual undertaking the annual audit compliance review should review the guidance given on consultation and ensure that it is suitable. This issue is particularly important where there is a large number of staff. The reviewer should then consider when undertaking the review whether consultation has taken place wherever necessary. The reviewer should also consider whether a written agreement has been obtained where consultation is undertaken with another organization or firm.

Cold file reviews

Cold file reviews performed should be spread across the partners and managers so that they are representative of the standard of the firm as a whole. It is important that the results of the review are properly recorded and that any deficiencies are identified and subsequently addressed.

Previous audit compliance review

The previous review should be examined to ensure that suitable action has been taken to resolve any problems previously encountered. This action should be noted on or alongside the previous review. This should cover any shortfalls in the whole firm procedures as well as on the individual audit files.

Technical library

The library should be viewed and its contents considered. The reviewer should consider if the library contains all the relevant books and if these are all up to date. The bare minimum that needs to be included within the library has been detailed in the annual audit compliance review checklist and it is important that the reviewer ensures that these are all available for the staff to use. In a constantly changing profession, it is important to have up to date copies of company's legislation. In periods of change, such as we have at the moment, it is essential that the company's legislation maintained by the practice is constantly reviewed to ensure that it is up to date. In addition, where

the practice has any special category or regulated audits, the reviewer needs to consider whether the library contains adequate information in respect of these entities. It must be remembered that the list within the annual audit compliance review checklist is the minimum requirement and most practices will need further literature.

Follow-up the results of the audit compliance review

It is important that action is taken to follow up any points arising as a result of the audit compliance review and the file reviews undertaken. [File review follow up schedule](#) is also included within forms and letters section of the Guide.

Both the annual audit compliance review and the series of file reviews would have resulted in an action points list. Wherever possible this list should have target dates for completing these points. The reviewer should then carry out selective reviews to monitor and report on progress before the following compliance review. The results of the individual file reviews can be recorded using the [Detailed points from file reviews](#) schedule that can be found in the Guide.

At least annually ISQC 1 requires that the firm should communicate the results of the monitoring of its quality control system to all partners, including the managing partner or chief executive officer. This communication must include:

- a description of the monitoring procedures performed;
- the conclusions drawn; and
- a description of the deficiencies and the action taken to resolve them.

Dealing with a multi-office practice

It is more difficult if the practice has more than one office as it is essential to ensure that the firm's procedures are adopted throughout all offices. The results of the annual audit compliance review must be properly communicated to all offices, with resulting action points being agreed. Consistency of work between offices is difficult to achieve, but is an essential requirement of ISQC 1.

Again, it remains the responsibility of the partner in charge of compliance to make sure that the firm's audit procedures are adopted uniformly throughout the practice. The partner in charge of compliance should ensure that the firm's quality control procedures in respect of such offices are sufficient in theory to ensure the quality of the audit work. They should assess if these procedures are being applied rigorously in practice as part of the annual review process.

Inconsistency amongst partners

There is often a problem with one particular partner within the practice who fails to properly comply with the firm's audit procedures. When the results of an audit compliance review identify such an incidence, then the issue should be addressed with priority at partner level.

In the first instance, it is appropriate to agree a course of action with the partner concerned. The situation should be monitored at the next annual audit compliance review, and also by audit monitoring as well.

If the remedial action that has been agreed is not effective in producing audit files of a suitable quality, then further action will need to be taken. Examples of suitable action in such instances would include:

- second partner reviews on the audits of the partner concerned before any audit report is signed;
- involvement of an external training company;
- rigorous reviews to be carried out by qualified staff, before the partner review; and
- removal of the individual from the list of partners.

The PCC must remember that although this may be a difficult situation that is not easy to handle, once the problem has been isolated, it is his responsibility to ensure that the issue is resolved. If it is not resolved it is the whole practice which has the problem, not just one partner and ultimately the firm could be subject to conditions being imposed on their certificate, or even ultimately losing the right to audit. ISQC 1 requires action to be taken in this case.

Complaints and allegations

ISQC 1 requires firms to have policies and procedures for handling complaints. There are two types of complaint that need to be considered. Firstly complaints that the firm has failed to comply with professional standards and regulatory and legal requirements and secondly allegations of non compliance with the firm's system of quality control. This issue has been addressed in the '[Our firm's procedures](#)' section of the Guide.

All complaints should be investigated in accordance with the firm's procedures and must be supervised by a partner with sufficient experience who is not otherwise involved in the engagement. Small firms may use the services of a suitably qualified external person, or another firm to carry out the investigation. All complaints and their firm's responses must be documented. A [Complaints form](#) included within the Guide can be used to help demonstrate this.

Documentation

The requirements in respect of documentation contained in ISQC 1 have been slightly amended following the issue of ISA 230 (revised). These changes became effective on 15 June 2006.

The firm should establish policies and procedures for engagement teams to complete the assembly of final engagement files on a timely basis after the engagement reports have been finalized. Law or regulation may prescribe the time limits by which the assembly of final engagement files for specific types of engagement should be completed. Where no such time limits are prescribed in law or regulation, the firm establishes time limits appropriate to the nature of the engagements that reflect the need to complete the assembly of final engagement files on a timely basis. In the case of an audit, for example, such a time limit is ordinarily not more than 60 days after the date of the auditor's report.

Firms must have sufficient documentation to provide evidence that their quality control system is operating effectively. The nature of this documentation will vary according to the size of the firm, but it must be sufficient to enable an experienced auditor with no previous connection with the audit to understand the work performed, the results and evidence obtained and the significant matters identified and the conclusions reached thereon.

The standard specifies that documentation can be electronic, or it can take the form of manual notes, checklists and forms. The form and content of the documentation should take into account the size of the firm, number of offices, the degree of authority both personnel and offices have and the nature and complexity of the firm's structure.

The firm should establish policies and procedures for the retention of engagement documentation for a period sufficient to meet the needs of the firm or as required by law or regulation. The needs of the firm for retention of engagement documentation, and the period of such retention, will vary with the nature of the engagement and the firm's circumstances, for example, whether the engagement documentation is needed to provide a record of matters of continuing significance to future engagements. The retention period may also depend on other factors, such as whether local law or regulation prescribes specific retention periods for certain types of engagements, or whether there are generally accepted retention periods in the jurisdiction in the absence of specific legal or regulatory requirements. In the specific case of audit engagements, the retention period ordinarily is no shorter than five years from the date of the auditor's report, or, if later, the date of the group auditor's report.

The firm must also now establish policies and procedures designed to maintain the confidentiality, safe custody, integrity, accessibility and retrievability of engagement documentation. A policy has been included in the ['Our firm's procedures'](#) section of the Guide.

Quality procedures for insert practice name
(Modify as per your firm's requirements)

Our policy on quality control

The firm is committed to following the requirements of ISQC 1 and promoting a culture of quality throughout the organisation. Our policy is:

- To ensure quality in all assignments that we perform;
- To ensure commercial considerations never override the quality of performance;
- To ensure sufficient resources are devoted to the development, documentation and support of the firm's quality control policies and procedures; and
- To ensure all audit work is controlled and signed off only by specified partners.

Standing details

Partner in charge of compliance

The Partner in charge of compliance within the firm is insert name

This person has been chosen to fulfil this role because:

- insert details

Persons eligible to sign off audit reports

Only the following persons are eligible to sign off audit reports issued by the firm.

Name	Position	Date eligible from
insert name	insert position	insert date
insert name	insert position	insert date
insert name	insert position	insert date
insert name	insert position	insert date
insert name	insert position	insert date
insert name	insert position	insert date

Ethics Partner /Person (in case of sole partnership firm)

The Ethics Partner within the firm is insert name

This person has been chosen to fulfil this role because:

- insert details

Our policy and procedure on leadership responsibility

For a larger firm

Policy

The firm's insert details for example chief executive officer/managing partner/management committee has the ultimate responsibility for audit quality at all times. They can delegate operational responsibility for this to a suitably qualified partner of the firm at their discretion.

Procedure

On insert date insert details for example chief executive officer/managing partner/management committee agreed to assume responsibility for audit quality within the firm. They gave operational responsibility for this function to insert name who will report to the management board, as required and at least on an annual basis. insert name is now the Partner in Charge of Compliance for this firm.

For a Small Firm/ Sole Practitioner

Policy

insert name has the ultimate responsibility in respect of audit quality within this firm. In case of sole practitioner the only partner is the responsible person. He may assign the operational responsibility for firm's quality control system to a person who has sufficient and appropriate experience, ability and authority.

Procedure

- Any changes to our audit procedures can only be made after authorisation has been given by insert name

Our policies and procedures on ethics and independence

Policy on Code of Ethics

- We will ensure that we follow the requirements of the ICAP Code of Ethics for Chartered Accountants.
- All services provided to each client are identified and evaluated to ensure that they do not impair independence.
- The Ethics person or partner is empowered to perform such checks as may be required to ensure that all personnel respect and follow the independence and ethics policies of the firm. Breaches, if any' should be promptly reported to the Managing Partner, who should take such disciplinary action as is warranted.\

Procedure on Code of Ethics

All members of staff and partners should complete annually an independence form confirming their independence and compliance with the firm's policies and procedures.

Policy on independence threats

In cases where the firm's independence is threatened (other than those cases where we are specifically not allowed to act), then an independent review will be carried out by insert name in order to safeguard our position. If this is not possible, another safeguard will be put in place or the firm will resign as auditors. Any such safeguard will be agreed by the Partner in charge of Compliance (PCC) or Ethics Partner, if any.

Procedure on independence threats

All independence threats identified must be included in the independence register and details of all public interest clients will be recorded in the register of public interest clients.

All potential independence threats must be notified promptly to the Audit Engagement Partner by all audit personnel.

It is the responsibility of the Audit Engagement Partner to notify any breaches or potential problem areas to the PCC or Ethics Partner, if any.

Policy on non-audit services

The firm will only provide an audit client with non-audit services provided that the principles contained within the Code of Ethics for Chartered Accountants and Listing Regulations of stock exchanges are not breached.

Procedure on non-audit services

All partners, other than the audit engagement partner who intends to carry out work for an audit client, must notify the audit engagement partner before any such work starts so that they can assess the overall impact of ethical requirements on the audit engagement.

Policy in the case where the partner has a long association with a client

The firm will utilise appropriate safeguards to ensure that any familiarity threat arising from long association with a client by either a partner or key staff member is reduced to an acceptably low level.

Detailed policies for specific type of entities

S. No.	Type of Entities	Rotation Requirement	Time Out Period
A	All listed Banks / listed DFIs, Non-banking Financial Companies (NBFCs), Modarabas and Insurance Companies.	Rotation of Firm after 5 years as required by Code of Corporate Governance and by BSD circular letter No. 4 dated 15 March 2005 issued by State Bank of Pakistan.	In case of recommendation by the Audit Committee for change of external auditors before the elapse of three consecutive financial years, the reasons for the same shall be included in the Directors' Report.
B	All Pakistani incorporated non – listed Banks and DFIs.	Rotation of Firm after 5 years as required by BSD circular letter No. 4 dated 15 March 2005 issued by State Bank of Pakistan.	In case of recommendation by the Audit Committee for change of external auditors before the elapse of three consecutive financial years, the reasons for the same shall be included in the Directors' Report.
C	All Listed entities in Pakistan.	Partner's rotation after 5 years as required by Code of Corporate Governance.	2 years.

Procedures in the case where the partner has a long association with a client

The following process will be applied where the audit engagement partner has a long association with an audit client and in any case when dealing with a listed plc where the association is of 7 years duration.

1. The audit engagement partner will discuss the position with the partner in charge of compliance and determine the appropriate action from the steps described in step 2 below. This will be documented and approved before any work is undertaken on the audit.
2. The following actions could be taken:
 - a. The audit engagement partner could stand down and the audit be taken over by another partner in the practice;
 - b. Where there are no additional risk factors and the partner in charge of compliance is in agreement:
 - i. The client will be informed of the risks resulting from the long association;
 - ii. The audit engagement partner will remain in place; and
 - iii. Where any contentious issues arise during the course of the audit the audit engagement partner will request that a hot review is undertaken.
 - c. Where there are additional risks but it is not appropriate to assign the audit to a different partner this should be documented on the file, agreed with the partner in charge of compliance and the following actions will be taken:
 - i. The client will be notified of the risks resulting from the long association; and
 - ii. The file will be subjected to an independent hot review by a qualified individual not associated with the audit;
3. The details of all audits where there is a long association will be recorded on the independence register and a sample will be included in the cold reviews undertaken as part of the annual compliance review.

Our policy and procedure on acceptance and continuance of client relationships and specific engagements

Policy

The firm will only accept or continue an assignment provided we have established that the client concerned does not lack integrity, that we are competent to perform the services required and that we can comply with ethical standards and the Code of Ethics for Chartered Accountants.

If the firm obtains information that would have caused it to reject an engagement if that information had been made available earlier, then the firm must:

- consider the professional and legal responsibilities that apply to the circumstances, including any reporting which might be necessary to those who made the appointment or to any regulatory authority; and
- Consider the possibility of withdrawing from the engagement or from both the engagement and the client relationship.

Procedure

The Audit Engagement Partner must complete the firm's client acceptance/reappointment documentation before the start of every assignment. The relevant section of the firm's standard audit procedures must be completed during the planning stage of the assignment.

The Audit Engagement Partner must consider immediately any information which arises in respect of an assignment which could have had an impact on the decision to accept the appointment initially.

Our policy and procedure on human resources

Policy

The firm will only employ audit staff who have the relevant integrity and competencies and meet the high standards expected of the firm.

Procedure

The firm has a comprehensive recruitment procedure and always obtains references for new staff. The firm conducts an annual assessment of all staff employed on audits. This is carried out by completion of questionnaires and skill assessments. The firm considers training as a part of the skills assessment review and the appointment process and decides on appropriate training programmes based on this.

Our policy and procedure on assignment of audit team

Policy

The firm's policy is to ensure that an Engagement Partner is assigned to each job and their name and role is communicated to the client. The Engagement Partner must have the necessary skills, competence and time to undertake the role.

The firm's policy is to ensure that appropriately competent individuals are assigned to each job so that each job can be performed to the necessary standard.

Procedure

An appropriate budget will be prepared for each job. Staff will have individual job descriptions and these will be updated on a regular basis.

The identity and role of the Engagement Partner will be communicated to the client firstly via the engagement letter and secondly by way of a face to face meeting with the client before the assignment commences.

Our policies and procedures in respect of engagement performance

Policy on engagement procedures

The firm's policy is to ensure that all engagements are performed in accordance with professional standards and regulatory and legal requirements and all reports issued are appropriate in the circumstances.

Procedure on engagement procedures

The firm's procedure is to use the insert details audit manual for all limited company audit clients and the insert details audit manual for regulated assignments. Disclosure checklists will be used to demonstrate that the financial statements comply with IFRS and local regulations.

Policy on contentious issues

Where difficult or contentious issues arise, the firm is committed to ensuring that appropriate consultation is undertaken and the nature, scope, extent and results of the work are documented.

Procedure on contentious issues

Consultation will either be with those having appropriate knowledge, seniority and experience within the firm or outside the firm on significant technical, ethical and other matters insert details. A written agreement exists for all external engagements. Irrespective of whether or not the consultation is internal or external, a [record of consultation](#) must be completed. All consultations must take place within insert timescale of the matter being notified as arising.

Policy on differences of opinion

In situations where differences of opinion arise, either within the engagement team, with those consulted or between engagement partner and engagement quality control reviewer, all conclusions reached must be documented and implemented and the report must not be issued until the matter is resolved.

Procedure on differences of opinion

Contentious issues and disputes will be documented by using the [record of consultation](#).

Policy on conduct of engagement quality control reviews

Criteria have been set for the conduct of all engagement quality control reviews (EQCR). These criteria are based on audit risk, type of client, size of fee, public interest and regulatory requirements.

Procedure on conduct of engagement quality control reviews

For every audit the firm performs, the Audit Engagement Partner carries out an assessment against the specific criteria set by the firm and if necessary reports the need for a review by an Engagement Quality Control Reviewer. This need is then considered by insert name (the senior audit partner in the firm) and the appointment is subsequently made. The review is always completed before any report is issued.

Policy on nature, timing and extent of review

For each assignment undertaken, the nature, timing and extent of the review must be agreed in advance. Set criteria must be followed in respect of the eligibility of the reviewer particularly regarding their qualifications and objections. Adequate documentation must be produced regarding the review to demonstrate that the review has been carried out in a proper and timely fashion and to show that any unresolved matters have been dealt with.

Procedure on nature, timing and extent of review

The Engagement Quality Control Reviewer is not selected by the engagement partner. The selection is made at the planning stage of the audit (or as soon after this as a need becomes apparent). The reviewer considers their own independence and experience to deal with the issues arising after reviewing the audit plan. The review is fully documented using the firm's standard approach and any unresolved matters are cleared.

Our policy and procedure on monitoring

Policy on monitoring

The firm's policy is that our system of quality control procedures will be subject to a robust review on an annual basis. This review will be conducted by insert name PCC or insert name external consultants and will include a sample of file reviews. All deficiencies arising from this review and any associated file reviews will be acted upon and corrective action to the system will be made.

The firm's policy is to take disciplinary action against members and staffs who persistently fail to comply with the standards expected by the firm. These may involve preventing the partner concerned from acting as an audit engagement partner or for staff preventing them from being involved in audit work.

Procedure on monitoring

An annual compliance review is carried out by the firm using a set methodology. As part of this review, a series of file reviews are planned and undertaken. Deficiencies arising from these reviews are followed up to ensure that they are addressed. Changes in the firm's procedures are made accordingly. Disciplinary action is taken against those partners and staffs who repeatedly fail to produce work of an acceptable standard and follow the firm's procedures.

An annual summary of the main points arising from the ECQR is provided to all Audit engagement partners and any other persons involved in signing off audit reports at least once a year. If action is required by individual partners, this is followed up to ensure that it has been performed.

Disciplinary policy (Applicable for Ethics Independence):

In order to provide for consistency of treatment, openness of the procedures and clarity for professionals as to what constitutes a violation and the severity of the associated penalty, the Firm has established the following disciplinary policies and procedures.

Failure to comply with the independence policies of the Firm may result in disciplinary action, up to and including termination from the Firm. The Firm has established guidelines for actions to be taken against individuals for violation(s) of independence policies.

The Firm's Ethics & Independence partner is responsible for administering compliance with the independence policies. Disciplinary actions shall be determined by a disciplinary committee consisting of Senior Partner, Ethics & Independence Partner and Function / Location Head. Individuals facing disciplinary action will be provided with the opportunity to explain whether mitigating circumstances should be considered when such violations are evaluated.

There are four general categories of violations and the disciplinary action imposed may differ, depending upon the severity or frequency of such violations.

Category I

Category I violations are situations that generally involve one-time inadvertent violations. Most Category I violations will result in a notification letter that will be sent to the individual and included in the individual's personnel file. Notification letters will include a description of the violation, recommendations on how to prevent future violations and a description of possible disciplinary actions that could result from additional violations.

Category II

Category II violations include multiple instances of investments in, or loans from, audit clients, incomplete, inaccurate, or the independence affidavit, failure to cure a violation of the independence policies of the Firm or attending or completing independence training on a timely basis or any other similar type of violation.

Disciplinary actions could include any or all of the following:

- Notification to the Location and Functional Leaders;
- Prior approval of all new investments or a requirement to send duplicate brokerage statements and trade confirms directly to the Firm's Ethics & Independence Partner / Compliance Manager for a specified period of time;
- Additional independence training requirements;

- Compensation adjustment; and/or
- Performance appraisal adjustment.

Category III

Category III violations are characterized by a pattern of carelessness resulting in excessive violations of the independence policies of the Firm. Examples include repeated instances of investments in, or loans from, audit clients, incomplete, inaccurate, or late reporting of significant facts on independence affidavits, a refusal to timely submit an affidavit or information on financial interests, failure to complete independence training, or cure a violation of the Firm's independence rules on a timely basis, or any other similar type of violation.

Disciplinary actions could include any or all of the following:

- Notification to the Location Head and Functional Head;
- Prior approval of all new investments or a requirement to send duplicate brokerage statements and trade confirms directly to the Firm's Ethics & Independence Partner / Compliance Manager for a specified period of time;
- Additional independence training requirements;
- Compensation adjustment; and/or
- Performance appraisal adjustment.

Category IV

Category IV violations include situations characterized by a blatant disregard of the independence policies of the Firm. Category IV violations may include a combination of violations that were previously considered Category I to III violations and also specifically include situations where a professional knowingly acquires or holds securities of, or has a non-permitted loan with, an audit client for whom he or she has provided services.

Disciplinary actions for Category IV violations may include any or all of the disciplinary actions recommended above or may include termination of employment or resignation as a partner / director.

Our policy and procedure on complaints

Policy on complaints

The firm's policy is to ensure that a high quality service is provided to all our clients. All complaints and allegations against the firm in relation to professional matters must be dealt with in an appropriate manner.

Procedure on complaints

Any complaint received by the firm is reported to insert name (or Complaints Partner, if any) using the firm's standard documentation. These partners then instigate the necessary action and response. The investigation is supervised by a partner with sufficient and appropriate experience and authority within the firm but who is not otherwise involved in the engagement, and includes involving legal counsel as necessary. On a monthly basis, reports of complaints are circulated to all partners and trends are identified for further advice, training, disciplinary action and changes to the firm's system.

Further a Hotline is also available for recording and perusal of any complaints.

Our policies and procedures on documentation

Policy on documentation

All audit files should be completed on a timely basis. It is the policy of this firm to ensure that all audit work is complete and is documented before the audit report is signed off. All audit files and supporting documentation must be retained for the minimum period of time required by local laws or by the Institute.

Procedure on documentation

All the audit files and working papers produced by this firm follow our audit system. In the specific case of audit engagements, the retention period is no shorter than five years from the date of the audit report, or, if later, the date of the group auditor's report.

Policy on custody of documentation

All engagement documentation must be subject to controls over its custody, accessibility, confidentiality and retrievability.

Procedure on custody of documentation

The firm's ethical guidelines require all personnel to maintain confidentiality of all information at any point in time unless there is a legal or professional reason not to. The firm has put in place procedures to maintain confidentiality, safe custody, integrity, accessibility and retrievability of engagement documentation. This is achieved by using passwords to restrict access to electronic documents, use of safe back up facilities, restrictive access to files and good physical security of the files.

Fit and proper form for the whole firm

I confirm that:

1. In the last ten years the firm has not made any compromise or arrangement with its creditors, or otherwise failed to satisfy creditors in full' except as detailed below.

Date of agreement	Reason that it does not impact on our ability to act as auditors?

2. In the last five years the firm has not been the subject of any civil action relating to its professional or business activities which resulted in a finding against it by a court, or a settlement being agreed except as detailed below.

Date of action	Brief details of action	Reason that it does not impact on our ability to act as auditors?

3. In the last ten years the firm has not been:
 - a. refused or restricted in the right to carry on any trade, business or profession for which a specific licence, registration or other authority is required;
 - b. refused entry to any professional body or trade association, or decided not to continue with an application;
 - c. reprimanded, warned about future conduct, disciplined or publicly criticised by any professional or regulatory body;
 - d. made the subject of a court order at the instigation of any professional or regulatory body; or
 - e. investigated on allegations of misconduct or malpractice in connection with its professional or business activities which resulted in a formal complaint being proved but no disciplinary order being made except as detailed below:

Date of action	Brief details of action and professional body	Reason that it does not impact on our ability to act as auditors

Signed:

(Partner in Charge of Compliance)

Date:

Staff Compliance Confirmation Checklist

Annual Statement of independence and confidentiality and confirmation of fit and proper status

Name:

Generally professional bodies audit regulations require the firm to obtain confirmation from all partners, staff, sub-contractors and consultants involved in audits that they:

- are independent;
- will adhere to the rules of confidentiality;
- are fit and proper individuals.

Please complete this form, sign it and return it to (name) by (date) at the latest.

Please let the partner know if you have any questions. You will be asked to renew this statement every year. In the meantime, any changes must immediately be notified to the partner in charge of compliance.

A. Independence

In accordance with the policy of this firm, all partners, professional staff and others involved in or otherwise connected with audit work must complete and sign a statement of independence as a condition of employment.

S. No.	Independence Assertions to be made	YES/NO
1.	<p>I was in compliance with Firm's independence policies as outlined in the Code of Ethics for Chartered Accountants and the Companies Ordinance, 1984 regarding any direct or material indirect financial interest in an audit client of the firm during the Confirmation Period.</p>	
	<p>I confirm that with respect to all clients audited by the firm I :</p> <ul style="list-style-type: none"> • Have any beneficial interest <input type="checkbox"/> • Do not have any beneficial interest <input type="checkbox"/> <p>Where the answer is 'affirmative', please list below the investments held.</p> <p>1-</p> <p>2-</p> <p>3-</p>	
2.	<p>I was in compliance with Firm's independence policies as outlined in the Code of Ethics for Chartered Accountants and the Companies Ordinance, 1984 regarding business relationships during the Confirmation Period.</p> <p>Where the answer is 'negative' or if there are any exceptions, please list below the details:</p> <p>1-</p>	

S. No.	Independence Assertions to be made	YES/NO
	2- 3-	
3.	<p>I was in compliance with Firm's independence policies as outlined in the Code of Ethics for Chartered Accountants and the Companies Ordinance, 1984 regarding Loans during the Confirmation Period.</p> <p>Where the answer is 'negative' or if there are any exceptions, please list below the details:</p> 1- 2- 3-	
4.	<p>I was in compliance with Firm's independence policies as outlined in the Code of Ethics for Chartered Accountants and the Companies Ordinance, 1984 regarding Credit Cards during the Confirmation Period.</p> <p>Where the answer is 'negative' or if there are any exceptions, please list below the details:</p> 1- 2- 3-	
5.	<p>I was in compliance with Firm's independence policies as outlined in the Code of Ethics for Chartered Accountants and the Companies Ordinance, 1984 regarding Savings and cheque accounts during the Confirmation Period.</p> <p>Where the answer is 'negative' or if there are any exceptions, please list below the details:</p> 1- 2- 3-	
6.	<p>I was in compliance with Firm's independence policies as outlined in the Code of Ethics for Chartered Accountants and the Companies Ordinance, 1984 regarding Insurance policies during the Confirmation Period.</p> <p>Where the answer is 'negative' or if there are any exceptions, please list below the details:</p> 1- 2- 3-	
7.	<p>I was in compliance with Firm's independence policies as outlined in the Code of Ethics for Chartered Accountants and the Companies Ordinance, 1984 regarding</p>	

S. No.	Independence Assertions to be made	YES/NO
	<p>employment of family members and personal relationships during the Confirmation Period.</p> <p>Where the answer is 'negative' or if there are any exceptions, please list below the details:</p> <p>1-</p> <p>2-</p> <p>3-</p>	
8.	<p>I was in compliance with Firm's independence policies as outlined in the Code of Ethics for Chartered Accountants and the Companies Ordinance, 1984 regarding employment with audit clients in certain prohibited roles during the Confirmation Period.</p> <p>Where the answer is 'negative' or if there are any exceptions, please list below the details:</p> <p>1-</p> <p>2-</p> <p>3-</p>	
9.	<p>I was in compliance with Firm's independence policies as outlined in the Code of Ethics for Chartered Accountants and the Companies Ordinance, 1984 regarding recent service (during the last two years) with audit clients during the Confirmation Period.</p> <p>Where the answer is 'negative' or if there are any exceptions, please list below the details:</p> <p>1-</p> <p>2-</p> <p>3-</p>	
10.	<p>I am a partner in any other audit firm?</p> <ul style="list-style-type: none"> • Yes <input type="checkbox"/> • No <input type="checkbox"/> <p>Where the answer is 'affirmative', please list below the Details.</p> <p>1-</p> <p>2-</p> <p>3-</p>	
11.	<p>I was in compliance with Firm's independence policies as outlined in the Code of Ethics for Chartered Accountants and the Companies Ordinance, 1984 regarding</p>	

S. No.	Independence Assertions to be made	YES/NO
	<p data-bbox="337 254 1317 342">purchase of goods and services during the Confirmation Period and didn't accept any material goods or services on favourable terms, or received undue hospitality from any audit client?</p> <p data-bbox="337 373 1003 405">If there are any exceptions, please list below the details:.</p> <p data-bbox="337 436 362 468">1-</p> <p data-bbox="337 499 362 531">2-</p> <p data-bbox="337 562 362 594">3-</p>	

*Beneficial interest includes ownership of shares by yourself or a closely connected person. The ownership may be direct or indirect, for example as a trustee of a trust that has an interest.

The following will normally be regarded as being closely connected with a person:

- (a) his spouse or cohabitant, except in the case of a spouse from whom the person is separated or a shareholding of a spouse or cohabitant of whose financial affairs the person has been denied knowledge;
- (b) his minor children, including step children; and
- (c) a company in which he has a 20 per cent or more interest.

In all considerations of the independence of a person or firm, regard must be given to the substance of a relationship. The above list is not, therefore, exhaustive.

B. Outside business interests

The firm must be independent in its dealings with business clients. Please list below any business interests, directorships, etc. that you have. If you have none, please state "none".

Business interests:

Directorships:

Other:

C. Confidentiality

In accordance with the policy of the firm, all partners, staff, sub-contractors and consultants involved in or connected with audit work, must complete and sign a statement of confidentiality as a condition of employment. Your attention is drawn to the need for confidentiality on all audit assignments, in particular:

- working papers must always be kept secure so that unauthorised access is not gained by either the client's staff or third parties;
- the firm's audit procedures should not be disclosed to third parties without proper approval from the partner in charge;
- information about the client should not be disclosed to either the client's staff or third parties without proper approval from the partner in charge or the client.

Breach of the rules regarding confidential information will be considered as gross misconduct and normally, subject to investigation, will result in instant dismissal and, in certain circumstances, legal action.

D. 'Fit and proper' status

Financial integrity and reliability

S. No.	Queries to be replied	YES/NO
1.	In the last ten years, has any court, given any judgement against you about a debt?	
2.	In the last ten years have you made any compromise arrangement with your creditors?	
3.	Have you ever been declared bankrupt or been the subject of a bankruptcy court order, or has a bankruptcy petition ever been served on you?	
4.	Have you ever signed a trust deed for a creditor, made an assignment for the benefit of creditors, or made any arrangements for the payment of a composition to creditors?	

Convictions or Civil Liabilities

NB

There is no need to mention any offences committed before the age of 17 (unless committed within the last ten years) and road traffic offences that did not lead to a disqualification or prison sentence.

S. No.	Queries to be replied	YES/NO
5.	Have you at any time pleaded guilty to or been found guilty of any offence? If so, give details, at the end of this form, of the court which convicted you, the offence, and the penalty imposed and date of conviction.	
6.	In the last five years have you, in the Pakistan or elsewhere, been the subject of any civil action relating to your professional or business activities which has resulted in a finding against you by a court or a settlement being agreed?	
7.	Have you ever been disqualified by a court from being a director, or from acting in the management or conduct of the affairs of any company?	

Good reputation and character

S. No.	Queries to be replied	YES/NO
8.	Have you ever been: <ul style="list-style-type: none"> refused the right or been restricted in the right to carry on any trade, business or profession for which a specific license, registration or other authority is required? 	
	<ul style="list-style-type: none"> investigated about allegations of misconduct or malpractice in connection with your professional activities which resulted in a formal complaint being proved but no disciplinary order being made? 	
	<ul style="list-style-type: none"> the subject of disciplinary procedures by a professional body or employer resulting in a finding against you? 	
	<ul style="list-style-type: none"> reprimanded, excluded, disciplined or publicly criticised by any professional body which you belong or have belonged to? 	

S. No.	Queries to be replied	YES/NO
	<ul style="list-style-type: none"> refused entry to or excluded from membership of any profession or vocation? 	
	<ul style="list-style-type: none"> dismissed from any office (other than as auditor) or employment or requested to resign from any office, employment or partnership? 	
	<ul style="list-style-type: none"> reprimanded, warned about future conduct, disciplined, or publicly criticised by any regulatory body, or any officially appointed enquiry concerned with the regulation of a financial, professional or other business activity? 	
	<ul style="list-style-type: none"> the subject of a court order at the instigation of any regulatory body, or any officially appointed enquiry concerned with the regulation of a financial, professional or other business activity? 	
9.	Are you currently undergoing any investigation or disciplinary procedure as described in 8 above?	

Please give detail above of the circumstances surrounding any 'yes' answer.

Other issues

10.		
-----	--	--

E. Confirmation

I have read and understood the requirements prescribed under the Code of Ethics for Chartered Accountants and the Companies Ordinance, 1984.

I have read and understood the restrictions on insider dealing and am aware of the need to avoid any conflict with clients' interests.

I am aware of the need to keep clients' affairs confidential.

I am aware of the firm's money laundering procedures and am not aware of any suspicion that has not been notified to the State Bank of Pakistan (SBP).

I am not aware of any actual or potential claims against the practice that have not already been notified to the partner in charge of compliance.

I have answered the questions above truthfully and honestly, to the best of my knowledge and belief. Should any of the circumstances above change, I shall inform the partner in charge of compliance immediately.

Signed _____

Date _____

F. Review

I have considered the answers given on the Staff Compliance Confirmation Checklist I am satisfied that the above person is eligible to carry out audit work for this firm.

(Insert details below to explain the reasons behind the above statement where the answer to any of the above questions is 'yes'.)

Signed _____
Partner in charge of compliance

Date _____

Independence Register

Firm name **Date completed**

Record 1 **Client name**

Record 2 **Client name**

Record 3 **Client name**

Record 4 **Client name**

Record 5 **Client name**

Record 6 **Client name**

Record 7 **Client name**

Record 8 **Client name**

Record 9 **Client name**

Record 10 **Client name**

Record 11 **Client name**

Record 12 **Client name**

Independence Register

Client name

Entity type	
Fee	
Services provided	

Audit partner	
No. of years in role	

Audit manager	
No. of years in role	

Independence issues	
Action required	

New Client Checklist

Basic Information

Question	Answer	Initials
Full Legal Name of the Entity		
Entity's Principal Address		
Detailed Information		
Name of Ultimate Parent		
Major Shareholder Section	Names of Major Shareholders: 1. 2. 3.	
Principal Officer Section	Number of Principal Officers: Names and Designations: 1. 2. 3.	
Client Function that is the primary service provider for this Entity.	Please Tick: Audit Advisory Tax	
What is the functional organizational unit that is the primary service provider for this entity?		
Industry that most closely describes the primary business of the Entity.		
Entity's Main Business (Provide Description)		
Has firm previously declined to accept this Entity?		
Is the Entity listed or planning to list its securities in any stock exchange in the next twelve months?		
Does the Entity have control or have significant influence over another public		

company?		
Does another public company have control or significant influence over the Entity?		
Is this a public interest Entity?		
Is the industry in which the Entity operates considered higher risk?		
Is the Entity part of a complex legal ownership structure that cannot be justified?		
Is the Entity's business or business model subject to significant uncertainties?		

Ethical considerations

	Yes/No	Comments	Initials
Are we satisfied that there are no threats to objectivity or independence?			
Does the firm have adequate knowledge and resources?			
Can we confirm that acceptance of the client will not create a conflict of interest?			
Are we satisfied that the acceptance of the appointment would not have an adverse effect on the reputation of the practice?			
Are we satisfied that there are no other ethical reasons why the firm should not accept the client?			
Are we satisfied that there are no other reasons why we would not wish to act for the client (for example, financial difficulties or litigation)?			

Change in appointment

	Yes/No	Comments	Initials
Has the previous auditor been contacted in accordance with the Institute's regulations?			
Does any information contained in the reply impact the client acceptance?			

Have the statutory resignation procedures been complied with?			

Money laundering

	Yes/No	Comments	Initials
Have we confirmed the identities and addresses of the client and relevant individuals (directors/owners)?			
Are we satisfied that the entity is a bona fide organization?			
Have we carried out a company search?			
Have we addressed all concerns about the integrity of the owners and management of the entity?			

Administration

	Yes/No	Comments	Initials
Has a permanent file been set up?			
Do we have all the necessary details of directors and major shareholders?			
Has a company search been performed, where appropriate?			
Has the letter of engagement been drafted?			
Have the new client's details been included in the firm's time recording system?			
Has the client signed or agreed to sign the necessary authorizations in respect of: <ul style="list-style-type: none"> • the relevant tax authorities • the bank • building societies • the previous auditor • solicitors • others (specify)? 			

Other

	Yes/No	Comments	Initials
Have we established how this new client was gained by the firm?			
Do we have the following? <ul style="list-style-type: none"> • Certificate of incorporation • Memorandum and Articles of Association • Latest annual return • Relevant tax returns • Latest set of accounts • Details of books and records maintained • Fixed asset register • Organization chart • Signed authorities to enable communication with banks, etc. 			
Have we written to the previous auditor for all necessary information?			
Have we written for information from other sources? (Specify)			
In the light of the risk attaching to this client, have we considered the need for a hot review of any work performed?			
Engagement Quality Control Reviewer Required If "Yes" Please specify name:			

The client acceptance process (can/cannot) continue.

If the client has not been accepted, this document should be retained by the partner/director. Its contents should be considered before any disclosure is made to a third party.

Signed.....
Partner/Director

Date

Reappointment Schedule

Client name:

Period end:

Basic Information

Question	Answer	Initials
Full Name of the Entity		
Entity's Principal Address		
Detailed Information		
Name of Ultimate Parent		
Major Shareholder Section	Names of Major Shareholders: 1. 2. 3.	
Engagement Quality Control Reviewer Required	YES <input type="checkbox"/> NO <input type="checkbox"/> If "Yes" Please specify name:	
Client Function that is the primary service provider for this Entity.	Audit <input type="checkbox"/> Advisory <input type="checkbox"/> Tax <input type="checkbox"/>	

History with client

Question	Answer	Initials
What is the sophistication and experience of the client with regard to the service to be provided?	Please tick below appropriately: <ul style="list-style-type: none"> • Experienced Client • Previously received similar services • New service for this client 	
Is this a public interest Entity?		
Is the industry in which the Entity operates considered higher risk?		
Is the Entity part of a complex legal ownership structure that cannot be justified?		
Is the Entity's business or business model		

subject to significant uncertainties?		
Is the client or the prospective purchaser a Private Equity House or Hedge Fund?	If Yes Describe how this risk will be mitigated	

Specific Considerations

Issues	Yes/No	Comment/action
Have any issues in respect of independence arisen during the audit?		
Have any issues in respect of client integrity arisen during the audit?		
Have any issues arisen in respect of the firm's competence during the audit?		
Do we have reason to believe that the audit will not make an adequate recovery in future?		
Did the Firm previously decline to accept this engagement?		
Are there any other issues that should be taken in to consideration when determining whether reappointment should be sought?		
Conclusion		

Partner _____

Date _____

Candidate Evaluation Form for Professional Employees

Applicant's name:					
	Last		First		Middle

Candidate for:		Grade:		Management		Non-Management
Position						

Discipline:		Assurance		Tax		Advisory	
-------------	--	-----------	--	-----	--	----------	--

1 Person Specifications

	Firm's Requirement	Candidate
Academic Qualifications	<div style="border: 1px solid black; width: 100%; height: 100%;"></div>	<div style="border: 1px solid black; width: 100%; height: 100%;"></div>
Professional Qualifications	<div style="border: 1px solid black; width: 100%; height: 100%;"></div>	<div style="border: 1px solid black; width: 100%; height: 100%;"></div>
Professional Experience (No. of years)	<div style="border: 1px solid black; width: 100%; height: 100%;"></div>	<div style="border: 1px solid black; width: 100%; height: 100%;"></div>
Computer Skills Level User <input type="checkbox"/> Competent <input type="checkbox"/>	<div style="border: 1px solid black; width: 100%; height: 100%;"></div>	<div style="border: 1px solid black; width: 100%; height: 100%;"></div>

SUITABLE CANDIDATE

HOLD

2

Overall evaluation of potential to demonstrate skills, knowledge and behaviours as per Global Competency Framework appropriate to this level based on competency ratings on the next page

High

Medium

Fair

3 **Recommendation**

Recruit

Hold

Interviewed By:

Name

Signature

Date

Please complete this form immediately following the interview and return it to the HR Coordinator

Please ✓ the appropriate rating

Global Skills & Behaviors

<u>High</u>	<u>Medium</u>	<u>Fair</u>
-------------	---------------	-------------

1. Business Focus			
2. Accountability			
3. Drive and Resilience			
4. Feedback and Learning			
5. Developing People			
6. Building Relationship			
7. Problem Solving			
8. Making an Impact			
9. Professionalism			
10. Delivering Quality Service			
11. Technical Knowledge			
Overall Evaluation			

Interview Questions

Name:	Position sought:
Date available:	Salary required:
Other considerations: (Insert specific issues resulting from your review of the application form or relating to the specific job)	
Question (insert specific questions resulting from your review of the application form)	Participant's answer

Juniors and above	Participant's answer
What benefits do you feel a company derives from a statutory audit?	
What do you understand the purpose of an audit of a small business to be?	
What steps would you take to ensure that your work/section was ready for review by your senior?	
How would you achieve the (insert specific objective e.g. completeness) objective when auditing (insert section) for a (insert nature of the business)?	
Why do you attend a stock take?	
What is the purpose of a bank letter?	
Why would you be asked to perform a debtors' circularization?	
How will you organise your work and study time?	

Senior and above	Participant's answer
How would you explain the process of an audit to a junior member of the staff?	
How would you manage a junior's time on an audit and what work/areas do you think they should complete?	
How would you approach discussing a potential audit qualification with a client?	
What would you discuss at the planning meeting with a client in the..... (insert nature of the business)?	
Give some examples of how you would use a spreadsheet to improve the efficiency of your work.	

General questions	Participant's answer
What do you feel are the key communication skills required by an auditor when dealing with a client?	
Give some examples of how you have dealt with multiple projects.	
How would you approach discussing below standard work with a junior?	
How would you prepare for a meeting with a potential client?	
Give an example of how you have responded to constructive criticism.	

Conclusion (use this space to record your initial thoughts on the candidates suitability for the post)

Post interview assessment

Candidate name:

Position sought:

Date of interview:

Partner/Manager conducting interview:

Question	Answer/Comment
1. Did the candidate meet the requirements for the position applied for, in terms of: a. Qualification? b. Experience?	
2. What are the salary and benefits expectations of the candidate?	
3. What notice period does the candidate have to give?	
4. What professional training commitment does the individual have?	
5. Does the candidate have any holiday commitments, and can these be easily accommodated?	
6. Will the candidate fit in with the current staff profile?	
7. Was the candidate: a. Well presented? b. Polite? c. Orally competent?	
8. What rating would you give the individual, on as scale of 1-6? 1 being ideal and 6 being unsuitable.	

Letter requesting references

Insert name and address of referee

Dear (insert name)

Re.: (insert applicant's name)

..... (insert applicant's name) residing at
(insert applicant's address), has applied to us for the position of
(insert details of the job applied for) and has submitted your name as a referee.

In your capacity as referee, we would be grateful if you could complete the questionnaire attached and return it to us in the envelope provided by (insert date).

We thank you for your co-operation.

Yours sincerely,

..... (insert name)

Questionnaire (to be filled by the Referee)

Strictly Private & Confidential

1. In what capacity and for how long have you known (insert applicant's name)?

.....
.....
.....
.....

2. How would you rate (insert applicant's name) in relation to the following:

(1-Very Poor, 2 – Poor, 3 – Average, 4 – Good, 5 – Excellent)

(i)	Motivation	1	2	3	4	5
(ii)	Willingness to learn	1	2	3	4	5
(iii)	Competence	1	2	3	4	5
(iv)	Attendance	1	2	3	4	5
(v)	Timekeeping	1	2	3	4	5

3. Which of the following characteristics would best describe the candidate's personality?

(select any three)

Honest	<input type="checkbox"/>	Mature	<input type="checkbox"/>	Tactful	<input type="checkbox"/>
Cooperative	<input type="checkbox"/>	Diligent	<input type="checkbox"/>	Confident	<input type="checkbox"/>

4. Are you aware of any personal issues, which could affect the candidate's performance?

- Yes
- No

If Yes please describe.

5. How would you describe candidate's communication skills

- Written Fair Good Excellent
- Verbal Fair Good Excellent

6. The key responsibilities necessary for the role applied for are:

.....
.....

.....
..... (insert details).

Please give reasons why you feel (insert applicant's name) would be suitable for this position:

.....
.....
.....
.....

Give reasons why you may hesitate in employing (insert applicant's name) *(if any)*:

.....
.....
.....

7. Is there any other information that you feel is relevant, which should be brought to our attention?

.....
.....

I confirm that I have read this reference form and filled out the details as truthfully and accurately as possible.

Signed:

Dated:

Training Needs Analysis Form

Name of Employee:

.....

Department:

.....

General

1. Are you a new employee or a long-standing employee of the company?

.....

2. How long have you been in your **present** job?

.....

Confirmation of Current Duties

3. Do you have a Job Description for your job?

Yes

No (Go to Q 6)

4. Is your job accurately described in the Job Description?

Yes (Go to Q 14)

No

5.A If no, what extra duties do you do that need to be added to your Job Description?

.....

.....

.....

5.B What duties are no longer part of your job and can be deleted from your Job Description?

.....

.....

.....

Job Analysis

6. Describe the tasks you regularly perform that are critical to carrying out your job effectively.

.....

.....

7. Describe the type of equipment you are required to use (for example, , computer, machinery, tools of trade, etc).

.....

.....

8. Do you require a high degree of technical knowledge for your job?

Yes

No

9. How do you work? Please circle

Alone

Part of a team

Other (specify below)

10. If you work as part of a team, do you perform the same of different work to members of your team?

11. To what extent does your job require you to work closely with other people, such as customers, clients or people in your own organization? Please circle.

Very little

Moderately

A lot

12. How much autonomy is there in your job, i.e., to what extent do you decide how to proceed with your work? Please circle.

Very little

Moderately

A lot

13. How much variety is there in your job, i.e., to what extent do you do different things at work, using several skills and talents? Please circle.

Very little

Moderately

A lot

Training Needs

14. **To perform your current job:** What training do you still need (either on-the-job or a formal course) to perform your current job competently (e.g., Excel, bookkeeping, English as a second language, etc)?

15. **To perform other jobs in the organization:** What other roles in the organization would you be interested in doing if a vacancy became available (e.g. transfer to another section, supervisor position, etc)?

16. **To perform other jobs in the organization:** What training or experience would be required (e.g., machine operation, negotiation skills, Occupational Health and Safety Awareness, etc)?

Future Development Needs

17. What are your career aspirations?

.....
.....
.....

18. What training or development do you need to help make this happen (e.g. external degree study, formal meeting procedures, leadership training, etc.)?

.....
.....
.....

Recognition of Prior Learning

19. What training have you attended within the last three years? (This will help identify if any training sessions have been missed or if any refresher training is required.)

.....
.....

20. What training or skills have you acquired outside your current job that may be relevant to the wider organization?

.....
.....

Action Plan

Agreed training and development to be provided over the next 12 months :

(Record the details of training courses, on-the-job experiences, mentor arrangements, and include the recommended dates the staff member can expect these to occur.)

Training

Date

.....
.....
.....

Signature of Staff Member : **Date** :

Signature of Supervisor : **Date** :

Training assessment form

Name:

Training course attended: (insert course title)

Training course provider:

Date attended:

Course objective:
Course summary:
Work experience that is needed to reinforce the training given:
How is this going to be achieved?
Was the training course effective?
Would you recommend it to someone else?
Attendee _____ Date _____
Action agreed:
Supervisor _____ Date _____

CPD training record

Name:

Position:

Year:

Learning objectives for the period

--

Satisfaction of objectives

Reading

Ref	Details	Comment

Course attendance

Date	Details	Comment

Other

Ref	Details	Comment

Conclusion

Objectives achieved:	
Objectives for next year:	
Conclusion:	
Individual _____	Date _____
Reviewer _____	Date _____

Skills questionnaire – whole firm

Skill	Capacity required (hours)	Capacity available (hours)	Sufficient skill present?	How is gap to be filled?	Comments
Technical					
Audit supervision					
Audit senior					
Audit junior					
Taxation specialist					
Personal tax					
Corporate tax					
Capital tax					
Payroll taxes					
Indirect taxes					
Accounts clerk					
Company					
Secretarial					
IT					
Training					
Web design					
Spreadsheets					
Word processing					
Databases					
Presentations					
Other					
Presentations					

Marketing					
Assurance services (specify)					
Insolvency					
Investment Business					
Other (specify)					

Action required by the firm:	By whom	By when

Skills questionnaire – individual

Name:

Position:

Date completed:

Skill	Level expected (1 – 6)	Level attained (1 – 6)	Comments
Technical skills:			
IT skills:			
Analytical skills:			
Judgmental skills:			
Communication skills			
Oral			
Written			

Skill	Level expected (1 – 6)	Level attained (1 – 6)	Comments
Leadership skills			
Ability to organize self			
Ability to organize others			
Mentoring abilities			
Client skills			
Personal qualities			
Other			

Action plan

Development issue identified	Method of satisfying need	Date accomplished

Reviewer's comments

Confirmation and comments on action plan:

Conclusion on level of competence and role that the individual can undertake on assignments:

Reviewer _____

Date _____

Individual _____

Date _____

Assignment of Audit Team

Client:

Date:

Issue	Answer	Comment
Does the team have sufficient practical experience to enable them to undertake this assignment?		
Does the team have sufficient understanding of professional standards and regulatory and legal requirements?		
Does the team have sufficient up to date technical knowledge including knowledge of relevant information technology?		
Does the team have sufficient knowledge of the business and of the industry in which the client operates?		
Does the team have sufficient members who are able to apply sound professional judgment?		
Does the team have sufficient knowledge of the firm's quality control policies and procedures?		
Conclusion		

Partner _____

Date _____

Written agreement for consultation purposes

Insert name and address of consultants

Dear (insert name)

This letter sets out the terms on which (I / we) agree to provide consultation services for your firm. (I / We) will provide your firm with consultation on ethical and audit related issues, where requested and possible.

Agreement of independent consultant

1. (I / We) confirm that assignments will only be completed where..... (I am / We are) independent.
2. (I / We) confirm that assignments will only be completed where (I / We) have no conflict of interest.
3. (I / We) confirm that any information obtained during the course of any consultation or review will be treated in confidence and no information will be divulged to any other party, without your prior written consent.
4. The work will be undertaken on the basis that no legal action or other claims will be made against (me / us) by you in respect of any reviews conducted.

Yours sincerely

.....
(name of consultant)

Record of consultation

Client:

Year/Period end:

Problem to be considered:
Name of consultant used and reason for selection:
Actions discussed:
Conclusion:

Preparer _____

Date _____

Reviewer _____

Date _____

EQCR, Hot and Cold File Review Planning and Control Schedule

Engagement Quality Control Review (EQCR) planning and control schedule

Firm:

Period covered:

1. Detail below the people undertaking the EQCRs.

.....

2. Details of files to be reviewed:

Engagement partner/ senior member of staff	Files to be reviewed	Reviewer

Issue	Yes / No
Have all the people detailed above confirmed their independence on the assignments being reviewed and, where appropriate, signed the agreement for consultation purposes?	
Has the scope of the review been agreed?	
Were the findings in line with the review?	

Cold file review planning and control schedule

Firm:

Period covered:

1 Detail below the people undertaking the cold file reviews.

.....

2 Details of files to be reviewed:

Engagement partner/ senior member of staff	Files to be reviewed	Reviewer

Issue	Yes / No
Have all the people detailed above confirmed their independence on the assignments being reviewed and, where appropriate, signed the agreement for consultation purposes?	
Does the sample of files selected give adequate coverage of all audit partners and senior staff in the practice? (Two /three files per partner.)	
Does the sample of files selected give adequate coverage of high risk and special category audits?	
Has the independence register been reviewed to ensure that all necessary files have been included in the sample?	

Hot file review planning and control schedule

Firm

Period covered

1 Detail below the people undertaking the hot file reviews.

.....

2. Details of files to be reviewed:

Engagement partner/ senior member of staff	Files to be reviewed	Reviewer

Issue	Yes / No
Have all the people detailed above confirmed their independence on the assignments being reviewed and, where appropriate, signed the agreement for consultation purposes?	
Does the sample of files selected give adequate coverage of high risk and special category audits?	
Has the independence register been reviewed to ensure that all necessary files have been included in the sample?	

Detailed points from file reviews

Key to files reviewed

File	Client	Period end	Partner	Type of review	Result
1.					
2.					
3.					

File review points

General

Permanent file

Points Raised	Action Taken
Engagement letter	
Background knowledge	
Laws and regulations	
Related parties	
Business risk	
Consideration of controls	
Assessment of accounting system	

Planning

Points Raised	Action Taken
Independence	
Risk and materiality	
Assessment of key & high risk areas	
Preliminary analytical review	
Consideration of fraud and error	
Initial assessment of going concern	
Client meeting	
Staff briefing	
Other planning issues	

Completion and control

Points Raised	Action Taken
Adequate control procedures	
Final analytical review	
Disclosure review	
Post balance sheet events	
Final assessment of going concern	
Representation letter	
Unadjusted errors	
Audit report and conclusion	

Detailed work

Points Raised	Action Taken
Intangible fixed assets	
Tangible fixed assets	
Investments	
Stock	
Debtors	
Cash in hand and at bank	
Creditors	
Long term loans and deferred income	
Provisions	

Points Raised	Action Taken
Capital and reserves	
Direct and indirect taxation	
Profit and loss account – income	
Profit and loss account – expenses	
Profit and loss account – payroll	
Other	

Engagement Quality Control Reviewer Checklist

Client

Period-end

I. Engagement partner		
		Comment
1.	<p>I have not dated the auditor's report, until:</p> <ul style="list-style-type: none"> • I have discussed significant matters arising during the audit engagement, including those identified during the engagement quality control review, with the engagement quality control reviewer, • All comments and issues raised by the engagement quality control reviewer have been satisfactorily resolved, and • The engagement quality control review has been completed. 	
▶	<p>Signature:</p> <p>Partner: _____</p> <p>Date: _____</p>	

II. Engagement quality control reviewer		
		Comment
2.	<p>I confirm that I have performed an objective evaluation of the significant judgments made by the engagement team, and the conclusions reached in formulating the auditor's report, by:</p> <ul style="list-style-type: none"> a. Discussing significant matters with the engagement partner and, if appropriate, others. b. Reviewing: <ul style="list-style-type: none"> i. The financial statements, ii. The proposed auditor's report, and iii. Significant written communications and other reports to those 	

charged with governance, management or, where applicable, other parties such as regulatory bodies prior to issuance of such communications and other reports.

(Note: such communications and other reports are those that the engagement quality control reviewer or the engagement partner has determined to be significant.)

- c. Reviewing selected audit documentation relating to the significant judgments the engagement team made and the conclusions they have reached, including:
 - i. Significant risks identified by the engagement team and the response to those risks, including the engagement team's assessment of and response to risk of fraud, and
 - ii. Other activities and documentation related to significant judgments.

(Note: such activities and documentation are those that the engagement quality control reviewer or the engagement partner has determined to be appropriate for review.)

- d. Considering:
 - i. Whether the proposed auditor's report is appropriate,
 - ii. Whether the financial statements are presented in conformity with the applicable financial reporting framework,
 - iii. The engagement team's evaluation of Firm's independence.
 - iv. Whether appropriate consultation has taken place on matters involving differences of opinion or other difficult or contentious matters, and the conclusions arising from those consultations, and
 - v. Whether audit documentation reviewed reflects the work performed in relation to the significant judgments made and supports the conclusions reached.

- 3. I confirm that I have met the necessary experience and training requirements for IFRS or the necessary waivers are in place if applicable.
- 4. I confirm that, if I had reason to believe that the engagement team collectively may not have the appropriate competence and capabilities, I have discussed the matter on a timely basis with the engagement partner and, if the matter was not resolved to my satisfaction, I have discussed the matter with the risk management partner.
- 5. I am satisfied that:
 - a. The required engagement quality control review procedures have been performed.
 - b. The engagement quality control review has been completed on or before the date of the auditor's report.
- 6. I have confirmed with the engagement partner that there are no unresolved matters that would cause me to believe that the significant judgments the

<p>engagement team made and the conclusions they reached were not appropriate.</p> <p>7. Based on my review and the relevant facts and circumstances of which I have knowledge, no matters have come to my attention that cause me to believe that:</p> <ul style="list-style-type: none"> a. The entity's financial statements covered by our report are not in conformity with the applicable financial reporting framework in all material respects, b. The audit was not performed in accordance with the relevant auditing standards and Firm's requirements, or c. Auditor's report is not appropriate in the circumstances. 	
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	<p>Signature: _____</p> <p>Engagement quality control reviewer: _____</p> <p>Date: _____</p>
--	--

Engagement Quality Control Review

Client name:	
Period end:	
Audit engagement partner:	
EQC reviewer:	
Reason for the review:	
Scope and extent of the review:	
Detailed findings:	
Issue	Clearance
Conclusion:	

Annual Audit Compliance (ISQC 1) Review Questionnaire

Issue		Yes /No /NA	Comments
Detail below the structure of the practice, along with the details of the partners.			
Practice Structure:			
Partners			
1			
2			
3			
4			
5			
6			
7			
8			
Is there a partner (or other person with sufficient and appropriate experience and authority) responsible for monitoring the effectiveness of the quality system and compliance as well as a partner responsible for establishing the system (usually the PCC)? Name:			
Are these roles allocated to the most suitable individuals? If no what is the suggested action?			
Is sufficient time allocated to enable the individuals to fulfil their roles?			
If no state what remedial action is being taken?			
Consider whether this structure:			

Issue	Yes /No /NA	Comments
➤ Is acceptable?		
➤ Reflects the position recorded on the annual return?		
Consider the number and nature of audits undertaken, have these been adequately covered in the cold reviews undertaken?		
Where there have been changes since the previous review have these been properly and timely notified to the Institute? List changes:		
Has the firm taken adequate steps to demonstrate that it is a fit and proper practice? Including: ➤ Completing a fit and proper declaration for the firm as a whole? ➤ Ensuring all staff and partners involved in audit (and others if desired) have completed a fit and proper declaration and that there is evidence to show that all negative answers have been considered by the partner in charge of compliance and dealt with adequately.		
Has the firm demonstrated that they have considered the competence of the staff and partners working on audits, paying particular attention to: ➤ Completion of appraisals (partners and staff), including setting objectives ➤ Production of a training plan ➤ Follow up of any action plan from the previous appraisal ➤ Consideration of the adequacy of the CPD training including where there are special category audits		
Does the firm have adequate audit partners to ensure that the work of all staff is adequately supervised?		
Consider whether the firm uses sub contractors on any of its audits, if so:		
➤ How many have been used and in what capacity?		
➤ Have they been required to sign an agreement that covers their responsibilities, supervision and confidentiality?		

Issue	Yes /No /NA	Comments
➤ Has their competence been assessed?		
➤ Have they been required to complete a fit and proper questionnaire and statement of independence?		
➤ Has the cold file review confirmed that their work has been adequately planned, controlled and reviewed?		
<p>Has the firm taken steps to ensure that the firm and its employees remain independent, in particular covering the following issues:</p> <ul style="list-style-type: none"> ➤ Undue dependence on an audit client or group of clients ➤ Personal or family relationships ➤ Beneficial interests in trusts which have an investment in an audit client ➤ Involvement as a trustee in an audit client ➤ Mutual business interests ➤ Signing power on any client bank account ➤ Long association with the client 		
➤ Other: specify		
<p>Where any of the above has been recognised as a problem have adequate steps been taken to mitigate the risks?</p> <p>List below the steps taken</p>		
<p>Has the firm appointed an Ethics Partner? Name:</p>		
<p>Does the firm have adequate arrangements to ensure that it prevents undue influence from being applied by any person? specify below:</p>		

Issue	Yes /No /NA	Comments
Do the above procedures ensure that there is a process for dealing with conflicting views regarding important matters between audit staff, between audit staff and the audit engagement partner and between the audit engagement partner and the independent partner?		
<p>Do the firms procedures for appointment and reappointment cover the following areas:</p> <ul style="list-style-type: none"> ➤ Competence? ➤ Resources? ➤ Independence? ➤ Consideration of the integrity of the owners, directors and management of the entity? ➤ Consideration of whether the rules have been complied with in respect of a change in appointment? 		
Does the firm have adequate procedures for ensuring that if any issues arise during the course of the audit there is consideration of whether the firm should continue acting?		
Is particular attention paid to whether the firm should seek reappointment at the end of the audit?		
Does the firm have adequate procedures to demonstrate compliance with the Money Laundering Legislation?		
Has the firm received any claims or complaints in respect of their audit work or any other work undertaken in the practice?		
Is the firm aware of a potential claim or complaint resulting from their audit work or any other work undertaken in the practice?		
If so has action been taken to ensure that the action resulting in the complaint will not be repeated? Identify action taken:		

Issue	Yes /No /NA	Comments
<p>Does the firm have policies and procedures in place to comply with ISQC 1 in respect of:</p> <ul style="list-style-type: none"> ➤ Leadership responsibilities ➤ Ethics ➤ Acceptance and continuance of appointment ➤ Human Resources ➤ Engagement performance ➤ Monitoring ➤ Documentation 		
<p>Consider the documentation used for carrying out audits and ensuring compliance in the financial statements:</p> <ul style="list-style-type: none"> ➤ Are there suitable programmes and disclosure checklists for all types of work? ➤ Are these kept up to date? ➤ Where there are specialist audits, is suitable and up to date documentation used? ➤ Are there procedures in place to ensure that any changes to the system have been notified to the staff? ➤ Are there procedures in place to ensure that all new staff is thoroughly briefed on the use of the documentation? 		
<p>Does the firm have adequate procedures for consultation that have been notified to all staff and sub contractors?</p>		
<p>Does the firm have a procedure to ensure that an independent review is undertaken whenever necessary?</p>		
<p>Does this procedure cover the procedures to be adopted for the following:</p> <ul style="list-style-type: none"> ➤ Listed companies? 		
<ul style="list-style-type: none"> ➤ Public interest audits? ➤ High risk audits? 		
<p>Has an independence register been completed including a list of files that should be subjected to cold or hot review?</p>		

Issue	Yes /No /NA	Comments
Has this register been followed when undertaking cold reviews?		
Where an independent review has been deemed necessary has this been undertaken before the audit report has been signed?		
<p>Has the firm undertaken a series of cold file reviews? Covering all of the following:</p> <ul style="list-style-type: none"> ➤ Ensuring that all partners and senior staff have been covered? ➤ All files identified as needing a cold review on the independence register have been reviewed? ➤ All audits have been completed in accordance with the auditing standards? ➤ All financial statements comply with the relevant disclosure requirements? ➤ An appropriate audit opinion has been signed? ➤ All audit reports have been signed using the correct registered name, with registered auditor displayed prominently? ➤ Identified action where needed and assessed that the firm has the ability and resources to carry it out? 		
<p>Detail below the action points arising from the previous compliance review:</p> <ul style="list-style-type: none"> ➤ ➤ ➤ ➤ ➤ ➤ 		
Has appropriate action been taken in all of these areas?		
<p>Detail below the main action points arising from the previous series of cold file reviews:</p> <ul style="list-style-type: none"> ➤ ➤ ➤ ➤ ➤ 		
Has appropriate action been taken in all of these areas?		
Have any managers/partners in the firm consistently failed to produce work of an acceptable standard?		

Issue	Yes /No /NA	Comments
If so what action has been taken to address this issue?		
<p>Does the firm have a readily accessible technical library containing the following manual or computerised versions of:</p> <ul style="list-style-type: none"> ➤ Company's legislation? ➤ Audit regulations? ➤ Institute's member's handbook/ Rulebook? ➤ Auditing and accounting standards? ➤ Institute's magazines? ➤ Specialist audit literature and documentation? ➤ Other?: Specify 		

File Review Follow Up Schedule

Issue arising	Required action	By whom	By when	Comments

Sub-contractor agreement

Firm Name:
Name of sub-contractor:
Office:
Date on which work commenced:

I/We confirm that:

I/We have completed the statement of independence and confidentiality and confirmation of fit and proper status.

I/We have read the firm's *ISQC 1 Compliance Manual* and confirm my/our understanding of the firm's auditing procedures and my/our agreement to comply with them.

I/We will undertake adequate audit CPD necessary to maintain competence and comply with the regulations. Structured CPD will be paid for by myself/ourselves/the firm.

I/We have read and understood the office rules and procedures and will comply with them when carrying out work on behalf of the practice.

I/We am/are responsible to
when carrying out work on behalf of the practice.

Signed:

Sub contractor: _____

Date: _____

Partner in Charge of Compliance: _____

Date: _____

Independence Checklist

Completed by:	Date:	Ref:
Reviewed by:	Date:	

When answering the questions below, consideration should be given to the contents of the Code of Ethics for Chartered Accountants of the Institute.

Issue	Yes/ No	Details	Proposed action
Are there any issues that could result in a self interest threat?			
Are there any issues that could result in a self review threat?			
Are there any issues that could result in an advocacy threat?			
Are there any issues that could result in a familiarity or trust threat?			
Are there any issues that could result in an intimidation threat?			
Do we have adequate resources and skills to complete the assignment?			
Are there any other reasons why we may not wish to act for this client?			

Conclusion

Partner _____ **Date** _____

Second Partner Conclusion (where necessary)

Signed _____ **Date** _____

Complaints Form

Client name _____

Date _____

Client partner _____

Partner responsible for dealing with the complaint: _____

Nature of the complaint:

Detail below the results of the investigation into the complaint:

Detail below the action that needs to be taken:

Detail below the clients response:

Are there any issues that need to be communicated to staff? If so, state how this has been dealt with: