

AUDIT QUALITY REVIEWS

Date: 17th March 2017

Venue: Gelian Hotel Machakos

Presenter: CPA Nebart Avutswa

Why AQR

- ❖ The accountant's Act No. 15 of 2008 section 13(2) provides that the Institute should carry the function of monitoring compliance with professional, quality assurance and other standards published by the Council for observance by the members of the Institute
- ❖ ICPAK being a member of IFAC is required to comply with various standards and smos. One of such requirement is SMO₁

IFAC statement of Members Obligation (SMOs)

- Statements of Members Obligations (SMOs) provide clear benchmarks to current and potential IFAC members to assist them in ensuring high quality performance by professional accountants.

Statements of Membership Obligations

- The SMOs give IFAC member bodies obligations to support the:
Adoption and implementation of international standards and other pronouncements issued by the –International Auditing and Assurance Board (IAASB), International Accounting Education Standards Board (IAESB)

SMO 1



Smo1

IFAC member bodies are required to establish a system of conducting Quality Assurance review systems for its members who perform audits, reviews, other assurance and related services.

- Thus in compliance of the requirement of this smo1, the institute in 2004 established a system of Audit quality review for conducting Audit quality Reviews

SMO₁

- Statements of Membership Obligations 1
SMO.21 & 22 Firms are responsible for implementing policies and procedures that comply with ISQC₁.
- A quality assurance review system monitors compliance with those policies and procedures

TYPES OF QUALITY ASSUARANCE REVIEWS

FIRM REVIEW

An assessment of the design, implementation and operating effectiveness of a Firm's quality control policies and procedures to address all elements of ISQC ¹.

FILE/ENGAGEMENT REVIEW

An assessment of a practitioner's compliance with relevant professional standards in the performance of an assurance engagement

Firm Review



A firm review is the assessment of the design, implementation and operating effectiveness of a firm's quality control policies and procedures to address the following elements of a system of quality control:

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

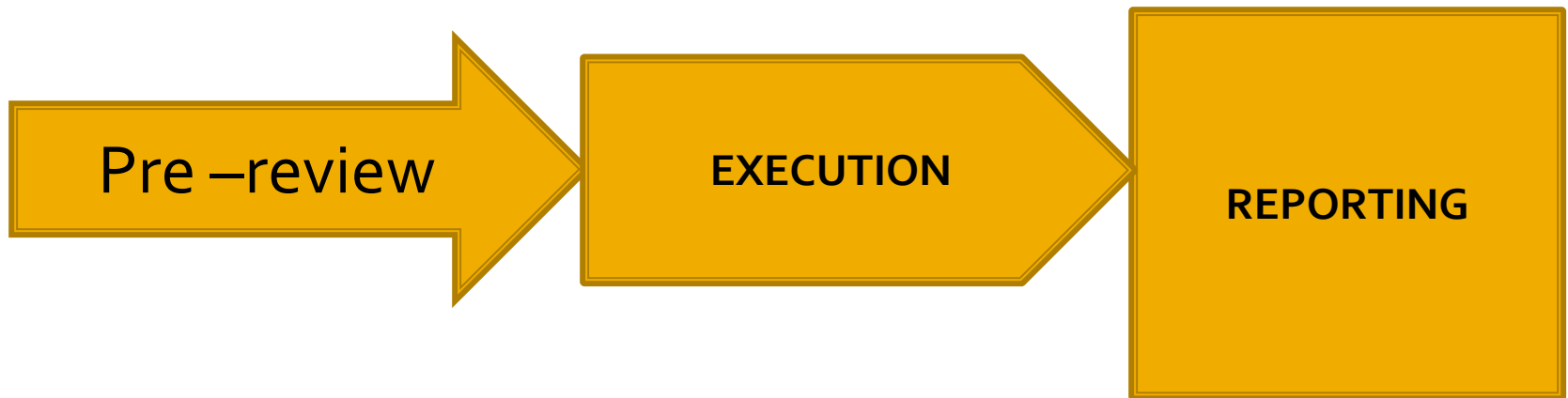
File/ Engagement Review

- A file review is an assessment of an engagement partner's compliance with the relevant professional standards in the performance of an audit engagement through the selection of an engagement working paper file for the engagement partner. The engagement working paper file must relate to an audit engagement for which the engagement partner was responsible for the audit report.

File/engagement Review

- The review includes an independent assessment of whether the engagement partner obtained sufficient appropriate audit evidence in order to form the audit opinion

Review process



AQR FINDINGS –isqc1

Documentation

Communication

Implementation

AQR FINDING- FILE/ENGAGEMENT

Pre-engagement

Planning

Documentation and audit evidence

Completion

AQR FINDINGS

- Through the review process the reviewers have found that the quality of the work in the firm depends with the altitude of the leaders (partners).
- Although a number of firms are ready for Audit quality reviews there are a few firms that are not willing to undergo Audit Quality review.

Remember

If it is not documented it was not done

