

# FIRM POLICY



# Firm Policy



- Based on International Standards on Quality Control 1 (ISQC 1) and ISA 220.
- Every practice unit regardless of its size is expected to have a system of quality control for its practice.
- Quality control is based on policies and procedures applicable to audit services provided by the firm.

# Elements of a System of Quality Control



1. **Leadership responsibilities for control within the firm**
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  - Promote internal culture that quality is essential
  - Partner assumes ultimate responsibility
  - Assigned operational responsibility

# Elements of a System of Quality Control



## 2. Ethical requirements

IESBA Code establishes the fundamental principles of professional ethics .

- Independence
- Integrity
- Objectivity
- Professional competence and due care
- Confidentiality
- Professional behavior

***NOTE: If there is a threat, the firm MUST establish safeguards to the threats***

# Elements of a System of Quality Control



3. **Acceptance and continuance of client relationships and specific engagements.**
  - Integrity of client
  - Industry knowledge
  - Competence
  - Capabilities
  - Resources
  - Reporting deadlines

*Note: If a firm declines an engagement, the reasons should be communicated to the firm.*

# Elements of a System of Quality Control

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## 4. Human resources

- Recruitment
- Performance evaluation
- Capabilities
- Career development
- Competence
- Promotion
- Compensation
- Estimation of personnel needs.

# Elements of a System of Quality Control



## 5. Engagement performance

“consistence in the quality of engagement performance”

- Team briefing
- Compliance with applicable engagement standards
- Supervision, staff training and coaching
- Review of work performed
- Documentation of work performed
- Processes and procedures to keep policies current.

## 6. Monitoring

- Relevancy of policies of QC – Adherence to professional standards and applicable legal and regulatory requirements.
- Effective operations of the policies- design and implementation.
- Compliance with the policies- Application.

## 7. Documentation of the system of QC

“The form and content of documentation is judgmental and depends on a number of factors e.g.

- Size of firm and number of offices
- Nature and complexity of firms practice and organization.

# END



# Questions