

# QUALITY REVIEW PROGRAM

GENERAL QUALITY CONTROL QUESTIONNAIRE  
– AUSTRALIAN PPC HOLDERS ONLY

BE HEARD.  
BE RECOGNISED.



Review Code(s)	
Reviewer	
Date submitted to Reviewer	

## QUALITY REVIEW PROGRAM GENERAL QUALITY CONTROL QUESTIONNAIRE

Members who provide audit and assurance services are advised to refer to **ASQC1** (issued by the AUASB) in addition to **APES 320** to ensure they comply with all mandatory quality control requirements.

This form has been designed to be completed electronically. It can be found at [cpaaustralia.com.au/qualityreview](http://cpaaustralia.com.au/qualityreview)

Should you choose to manually fill out a hard copy, please circle the appropriate yes/no answers, where applicable. The completed form should be sent to your reviewer, electronically or by mail, in advance of your planning meeting.

### PRIVACY

In this Privacy Statement, “Personal Information” has the same meaning as in the *Privacy Act 1988* (Cth).

CPA Australia Ltd is committed to protecting the privacy and security of the Personal Information which it holds about you.

The Personal Information which you provide us with in this Questionnaire will be used by CPA Australia Ltd to process your Quality Review; and may be used for aggregated statistics for monitoring and research. This information may be viewed by the CPA Australia Quality Review Advisory Committee and also the Financial Reporting Council and any other Regulatory authority.

If you do not provide us with this Personal Information, we may not be able to process your review.

You have the right to access any Personal Information which CPA Australia Ltd holds about you, subject to the exceptions in the *Privacy Act 1988* (Cth). You may also request the correction of information which is inaccurate. Access and/or correction requests can be made at your local CPA Australia office.

For more information on CPA Australia’s Privacy Policy, visit our website at [cpaaustralia.com.au/privacypolicy](http://cpaaustralia.com.au/privacypolicy)

**For the members to ‘tick’ their acceptance;**

- I have read the Privacy Policy at [cpaaustralia.com.au/privacypolicy](http://cpaaustralia.com.au/privacypolicy) and consent to my personal information being collected, held, used and disclosed in the manner and for the purposes stated there.

**For the reviewers to ‘tick’ their acceptance;**

- I have read the Privacy Policy at [cpaaustralia.com.au/privacy-policy](http://cpaaustralia.com.au/privacy-policy) and agree that I will collect, hold, use and disclose any personal information that I access (on behalf of CPA Australia) in the manner and for the purposes stated there.

## INTRODUCTION

This questionnaire addresses your general quality control policies and procedures.

The questions are based on **APES 320** which lists the six elements a professional firm's system of quality control shall address.

The six elements are as follows:

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.

The requirements of **APES 320** apply to all firms to the extent that those requirements are relevant to the services provided by the firm. The nature of the policies and procedures developed by firms to comply with **APES 320** depends on various factors including the size and operating characteristics of the firm, and whether it is part of a network.

The application of the elements of quality control may also differ according to the type of engagement. For example, the firm's policy on independence for assurance engagements (see below for definition of assurance engagement and independence) differs from the independence policy for tax engagements. (Note: There are paragraphs in **APES 320** which are only applicable to assurance engagements.)

This questionnaire also includes questions on:

- independence, which arise from **APES 110** and the **Corporations Act 2001 (Cth)**;
- marketing, which arise from **APES 110**; and
- risk management, which arise from **APES 325 Risk Management for Firms**

The Corporations Act 2001 can be accessed on line: [austlii.edu.au/au/legis/cth/consol\\_act/ca2001172/](http://austlii.edu.au/au/legis/cth/consol_act/ca2001172/) or in the CPA Australia library.

# QUALITY REVIEW PROGRAM

## GENERAL QUALITY CONTROL QUESTIONNAIRE

Please note when answering the questions contained within this document:

- the questionnaire should be completed prior to the review so that it can be discussed with your reviewer at the planning meeting and during the review if need be
- you should respond directly with 'yes', 'no', or 'N/A' answers and, where appropriate, provide a brief description of your quality control procedures, which relate to the question asked. In the event that you have a quality control manual, the review process will be enhanced if your responses are cross-referenced to the relevant section(s) of your quality control manual. In the event that you do not have a quality control manual, diligent completion of this questionnaire will provide you with a base document from which a quality control manual can be developed.

Your reviewer may assist you in this process or make the appropriate recommendations.

- documents that you use to implement quality control procedures (such as standard forms, checklists, etc.) should be available during the review

Your responses to this questionnaire will be discussed with your reviewer during the planning meeting. Your planning meeting may be conducted by telephone rather than in a face-to-face meeting.

### SOLE PRACTITIONERS

Where there are questions that do not apply to your firm, either write 'N/A' or cross these sections out. Parts B and C of this questionnaire do not apply to sole practitioners with no staff.

### PARTNERSHIPS

Only one General Quality Control Questionnaire needs to be completed for firms where there are two or more partners. Please write all member numbers on the front of the questionnaire.

Some questions seek an individual response. However, where a reviewer is conducting a review of more than one member in your firm, the questions should be interpreted so that a firm-wide response is provided. In the event that differences in policies and/or procedures exist within a multi-partner firm, the policies and procedures followed by the individual partners should be described.

### DEFINITIONS AND EXTRACTS

Assurance Engagement means an engagement in which a conclusion is expressed by a member in public practice designed to enhance the degree of confidence of the intended users other than the responsible party about the outcome of the evaluation or measurement of a subject matter against criteria. **[APES 320, para. AUST 2.1]**

### INDEPENDENCE MEANS:

- independence of mind – the state of mind that permits the provision of an opinion without being affected by influences that compromise professional judgment, allowing an individual to act with integrity, and exercise objectivity and professional scepticism; and
- independence in appearance – the avoidance of facts and circumstances that are so significant a reasonable and informed third party, having knowledge of all relevant information, including any safeguards applied, would reasonably conclude a firm's, or a member of the engagement team's, integrity, objectivity or professional scepticism had been compromised. **[APES 320, para. AUST 2.1]**

**APES 110.290.4** In the case of an audit engagement it is in the public interest and, therefore, required by this Code of Ethics, that members of audit, firms and, when applicable, network firms be independent of assurance clients.

**APES 110.291.3** In the case of an assurance engagement it is in the public interest and, therefore, required by this Code of Ethics, that members of assurance teams, firms and, when applicable, network firms be independent of assurance clients.

### SELF-INTEREST THREAT (APES 110)

This is the threat that a financial or other interest will inappropriately influence the Member's judgment or behaviour.

For example:

- A member of the Assurance Team having a Direct Financial Interest in the Assurance Client.
- A Firm having undue dependence on total fees from a client.
- A member of the Assurance Team having a significant close business relationship with an Assurance Client.
- A Firm being concerned about the possibility of losing a significant client.
- A member of the Audit Team entering into employment negotiations with the Audit Client.
- A Firm entering into a Contingent Fee arrangement relating to an Assurance Engagement.
- A Member discovering a significant error when evaluating the results of a previous Professional Service performed by a member of the Member's Firm.

### SELF-REVIEW THREAT (APES 110)

This is the threat that a Member will not appropriately evaluate the results of a previous judgment made or service performed by the Member, or by another individual within the Member's Firm or employing organisation, on which the Member will rely when forming a judgment as part of providing a current service. For example:

- A Firm issuing an assurance report on the effectiveness of the operation of financial systems after designing or implementing the systems.
- A Firm having prepared the original data used to generate records that are the subject matter of the Assurance Engagement.
- A member of the Assurance Team being, or having recently been, a Director or Officer of the client.
- A member of the Assurance Team being, or having recently been, employed by the client in a position to exert significant influence over the subject matter of the engagement.
- The Firm performing a service for an Assurance Client that directly affects the subject matter information of the Assurance Engagement.

**Please note:**

It is the responsibility of audit client management to ensure that accounting records are kept and financial statements are prepared, although they may request the firm to provide assistance. If firm, or network firm, personnel providing such assistance make management decisions, the self-review threat created could not be reduced to an acceptable level by any safeguards. Consequently, personnel should not make such decisions. Examples of such managerial decisions include:

- Determining or changing journal entries, or the classifications for accounts or transaction or other accounting records without obtaining the approval of the audit client
- Authorising or approving transactions; and
- Preparing source documents or originating data (including decisions on valuation assumptions), or making changes to such documents or data

**ADVOCACY THREAT (APES 110)**

This is the threat that a Member will promote a client's or employer's position to the point that the Member's objectivity is compromised. For example:

- The Firm promoting shares in an Audit Client.
- A Member acting as an advocate on behalf of an Audit Client in litigation or disputes with third parties.

**FAMILIARITY THREAT (APES 110)**

This is the threat that due to a long or close relationship with a client or employer, a Member will be too sympathetic to their interests or too accepting of their work. For example:

- A member of the Engagement Team having a Close or Immediate Family member who is a Director or Officer of the client.
- A member of the Engagement Team having a Close or Immediate Family member who is an employee of the client who is in a position to exert significant influence over the subject matter of the engagement.
- A Director or Officer of the client or an employee in a position to exert significant influence over the subject matter of the engagement having recently served as the Engagement Partner.
- A Member accepting gifts or preferential treatment from a client, unless the value is trivial or inconsequential.
- Senior personnel having a long association with the Assurance Client.

**INTIMIDATION THREAT (APES 110)**

This is the threat that a Member will be deterred from acting objectively because of actual or perceived pressures, including attempts to exercise undue influence over the Member. For example:

- A Firm being threatened with dismissal from a Client Engagement.
- An Audit Client indicating that it will not award a planned non-assurance contract to the Firm if the Firm continues to disagree with the client's accounting treatment for a particular transaction.
- A Firm being threatened with litigation by the client.
- A Firm being pressured to reduce inappropriately the extent of work performed in order to reduce fees.
- A Member feeling pressured to agree with the judgment of a client employee because the employee has more expertise on the matter in question.
- A Member being informed by a partner of the Firm that a planned promotion will not occur unless the Member agrees with an Audit Client's inappropriate accounting treatment.

**CONFIDENTIALITY**

Please do not identify the name of your firm, any personnel (partners, staff etc.) or clients of the firm in this questionnaire.

**GENERAL ASSISTANCE**

Guidance in the completion of this questionnaire may be obtained from **APES 320**, your reviewer or CPA Australia's Quality Review Department.

## PART A:

### THIS SECTION APPLIES TO ALL MEMBERS

Please note: "Member" should read as "Members" where more than one partner is being reviewed. Please select the appropriate responses.

Are you a sole practitioner without staff?

Yes (Complete part A only)

Are you in partnership or employing staff?

Yes (Complete parts A, B and C)

No. of staff?  No. of professional staff?

Is the firm incorporated?

Yes  No

Please indicate the type of office system you are currently running:

Paperless  Transitional Paperless/Paper  Paper

Please state what software you are running:

QUESTIONS	MEMBER RESPONSE (PLEASE SEE INTRODUCTION FOR DIRECTIONS)	REVIEWER COMMENTS
<b>OBJECTIVE</b>		
1. How often do you review CPA Australia's By Laws and Public Practice Statements? (Specify how you access this information)		
2. From where do you access the latest versions of the Professional Standards, Auditing and Assurance Standards, and other legislative and regulatory requirements as they apply to the services your firms offer? (Specify how often you review)		
3. How has the firm established and maintained a system of quality control in accordance with the objective of APES 320? [APES 320.3]		
<b>APPLYING AND COMPLYING</b>		
4. Do the personnel responsible for establishing and maintaining the firm's system of quality control have an understanding of the entire text of APES 320 to understand its objective and to apply its requirements properly? [APES 320.6]		
5. Has the firm complied with each requirement of APES 320 unless, in the circumstances of the firm, the requirement is not relevant to the services provided by the firm? [APES 320.7]  Please note which requirements are not deemed relevant (e.g. requirements relating to assurance practices, firms with employees, etc).		
6. Are there any particular matters or circumstances that require the firm to establish policies and procedures in addition to those required by APES 320 to meet the stated objective? [APES 320.9]  Please note such matters or circumstances and how they were attended to.		

QUESTIONS	MEMBER RESPONSE (PLEASE SEE INTRODUCTION FOR DIRECTIONS)	REVIEWER COMMENTS
<b>ELEMENTS</b>		
7. Has the firm established and maintained a system of quality control that includes policies and procedures addressing each of the six elements of quality control, as identified on page 3 of this questionnaire? [APES 320.10]		
8. Has the firm documented its policies and procedures? [APES 320.11]  Please note where and how such documentation is stored.		
<b>LEADERSHIP RESPONSIBILITIES</b>		
9. What policies and procedures have been established to promote that quality is essential in performing engagements? [APES 320.14]		
10. What policies and procedures have been established to ensure that those who have been assigned responsibility for the quality control system have sufficient and appropriate experience ability? [APES320.17]		
<b>RELEVANT ETHICAL REQUIREMENTS</b>		
11. What policies and procedures do you implement to ensure you and your staff are free of any self interest which might be regarded, whatever its actual effect, as being incompatible with integrity and objectivity? [APES 320.19]		
12. What policies and procedures do you implement to ensure you and your staff adhere to the other ethical standards outlined in APES 110, being integrity, objectivity, professional competence and due care, confidentiality, and professional behaviour? [APES 320.19]		
<b>INDEPENDENCE</b>		
13. Has the firm established policies and procedures designed to provide it with reasonable assurance that the firm, its personnel and, where applicable, others subject to independence requirements maintain independence where required by relevant ethical requirements? Please provide your reviewer with copies of these policies and procedures. [APES 320.24]		

QUESTIONS	MEMBER RESPONSE (PLEASE SEE INTRODUCTION FOR DIRECTIONS)	REVIEWER COMMENTS
<b>FIRMS THAT PROVIDE AUDIT, ASSURANCE AND REVIEW ENGAGEMENTS - COMPLETE QUESTIONS 14 – 27</b>		
14. How does the firm evaluate the impact of client engagements, circumstances or relationships on independence requirements and what action is taken to reduce threats to an acceptable level? [APES 320.25]		
15. What policies and procedures exist to notify the firm of breaches of independence requirements, to enable it to take appropriate actions to resolve such situations? [APES 320.26]		
16. Does the firm, at least annually, obtain written confirmation of compliance with its policies and procedures on independence from all firm personnel required to be independent by relevant ethical requirements? [APES 320.29]		
17. What safeguards are applied where the firm uses the same senior personnel on assurance engagements over a long period of time? [APES 320.31(a)]		
18. For audits of listed entities, does the firm rotate all individuals subject to rotation requirements in compliance with relevant ethical requirements? [APES 320.31(b)]		
<b>APES 110 REQUIREMENTS</b>		
<b>Non-Compliance with Laws and Regulations – Audits of Financial Statements</b>		
<p>19. Has the firm developed policies and procedures to ensure that in the instance of becoming aware of a non-compliance or suspected non-compliance the firm will seek to:</p> <ul style="list-style-type: none"> <li>• obtain an understanding of the matter;</li> <li>• discuss the matter with management;</li> <li>• advise management/those charged with governance to take appropriate and timely actions;</li> <li>• comply with applicable laws, regulations and requirements under the Auditing and Assurance standards;</li> <li>• assess the appropriateness of the response of management;</li> <li>• determine whether further action is needed in the public interest;</li> <li>• consider whether to inform their client before disclosing the matter to appropriate authority;</li> <li>• document all decisions made and actions taken?</li> </ul> <p>[APES 110.225.12-38]</p>		



QUESTIONS	MEMBER RESPONSE (PLEASE SEE INTRODUCTION FOR DIRECTIONS)	REVIEWER COMMENTS
<p><b>Self-Interest threat</b></p> <p>20. Do you have any audit, review or other assurance engagements where a self-interest threat has been identified? If yes, please describe how the firm has applied safeguards to ensure independence requirements are met. [APES 110.290 &amp; 291]</p>		
<p><b>Self-Review threat</b></p> <p>21. Do you have audit, review or other assurance engagements where a self-review threat has been identified? If yes, please describe how the firm has applied safeguards to ensure independence requirements are met. [APES 110.290 &amp; 291]</p>		
<p><b>Advocacy threat</b></p> <p>22. Do you have any audit, review or other assurance engagements where an advocacy threat has been identified? If yes, please describe how the firm has applied safeguards to ensure independence requirements are met. [APES 110.290 &amp; 291]</p>		
<p><b>Familiarity threat</b></p> <p>23. Do you have any audit, review or other assurance engagements where a familiarity threat has been identified? If yes, please describe how the firm has applied safeguards to ensure independence requirements are met. [APES 110.290 &amp; 291]</p>		
<p><b>Intimidation threat</b></p> <p>24. Do you have any audit, review or other assurance engagements where an intimidation threat has been identified? If yes, please describe how the firm has applied safeguards to ensure independence requirements are met. [APES 110.290 &amp; 291]</p>		
<p><b>Corporations Act 2001 (Cth) requirements</b></p> <p>25. Do you perform any audits subject to the Corporations Act 2001? If 'no', then please ignore the remainder of the questions relating to independence. If 'yes', then please respond to the following questions relating to independence.</p>		
<p><b>General requirements</b></p> <p>26. Has a conflict of interest existed in relation to any of your audit clients? If yes: was the conflict of interest resolved within 7 days? If no: was ASIC informed of the conflict? [Corporations Act 2001: Sections 324CA; 324CB; 324CC; 324CD]</p>		

QUESTIONS	MEMBER RESPONSE (PLEASE SEE INTRODUCTION FOR DIRECTIONS)	REVIEWER COMMENTS
<b>Specific requirements</b> 27. Are you, or have you:		
<ul style="list-style-type: none"> <li>• Been an officer or an audit-critical employee of any audit client?</li> </ul>		
<ul style="list-style-type: none"> <li>• Been a partner of; an employer of; an employee of; a partner or employee of an employee of; provided remuneration for acting as a consultant to; an officer of the audit client; or an audit-critical employee of the audit client?</li> </ul>		
<ul style="list-style-type: none"> <li>• Been an officer or audit-critical employee of the audit client at any time during:               <ul style="list-style-type: none"> <li>– the period to which the audit relates; or</li> <li>– the 12 months immediately preceding the beginning of the period to which the audit relates; or</li> <li>– the period during which the audit is being conducted or the audit report is being prepared?</li> </ul> </li> </ul> <p>Note: These items do not apply if the audit client is a small proprietary company for the relevant financial year.) Corporations Act 2001: Sections 324CE, 324CF, 324CG, 324CH]</p>		
28. Are you, or have you: <ul style="list-style-type: none"> <li>• had an asset that is:               <ul style="list-style-type: none"> <li>– an investment in the audit client</li> </ul> </li> </ul>		
<ul style="list-style-type: none"> <li>– a beneficial interest in an investment in the audit client and has control over that asset</li> </ul>		
<ul style="list-style-type: none"> <li>– a beneficial interest in an investment in the audit client that is a material interest</li> </ul>		
<ul style="list-style-type: none"> <li>– a beneficial interest in an investment in the audit client that is a material interest</li> </ul>		
<ul style="list-style-type: none"> <li>– a material investment in an entity that has a controlling interest in the audit client; or</li> </ul>		
<ul style="list-style-type: none"> <li>– a material beneficial interest in an investment in an entity that has a controlling interest in the audit client?</li> </ul>		
<ul style="list-style-type: none"> <li>• owed an amount to; owed an amount by; is liable under a guarantee of a loan made to; is entitled to the benefit of a guarantee given by:               <ul style="list-style-type: none"> <li>a. the audit client on</li> <li>b. a related body corporate; or</li> <li>c. an entity that the audit client controls?</li> </ul> </li> </ul> <p>[Corporations Act 2001: Sections 324CE; 324CF; 324CG; 324CH]</p>		
<b>CLIENT RELATIONSHIPS &amp; ENGAGEMENTS</b>		
<b>Client relationships &amp; engagements</b> 29. With regards to accepting and continuing client relationships and specific engagements, how does the firm ensure that it:		
<ul style="list-style-type: none"> <li>a. is competent and capable? [APES 320.38(a)]</li> </ul>		

QUESTIONS	MEMBER RESPONSE (PLEASE SEE INTRODUCTION FOR DIRECTIONS)	REVIEWER COMMENTS
b. complies with relevant ethical requirements? [APES 320.38(b)]		
c. appropriately assesses the integrity of the client? [APES 320.38(c)]		
d. how does the firm obtain the necessary information before accepting an engagement with a new client, when deciding whether to continue an existing engagement and when considering acceptance of new engagement with an existing client [APES 320.42(a)]		
<p>30. How does your firm ensure there is a clear understanding with the client regarding the terms of the engagement?</p> <p>Note: Engagement document/s are compulsory under APES 305 for non-audit engagements (Engagement documents may include letters, agreements or any other appropriate means in writing). For audit engagements, the engagement document must be in the form of a letter and are compulsory under ASA 210. See the following question for further guidance.</p>		
<p>31. Does each engagement document adequately cover the following common elements?</p> <p>Note: If the firm does not include these in their engagement documents, this does not constitute a breach of the professional/legislative standard(s). However, it is recommended they be incorporated in future. Further guidance on preparing an engagement document is found in APES 305.</p>		
a. an introduction explaining that the purpose of the engagement document is to confirm the member's understanding of the terms of the engagement?		
b. the purpose of the engagement?		
c. the scope of the engagement, including the period of appointment and time schedules, the applicability of any legislation and professional standards relevant to the engagement, information required of the client or any other pertinent matter?		

QUESTIONS	MEMBER RESPONSE (PLEASE SEE INTRODUCTION FOR DIRECTIONS)	REVIEWER COMMENTS
<p>d. for taxation engagements, a description of the self-assessment rules (e.g. substantiation audits, reasonable care) which informs clients of their responsibilities and the penalties relating to any tax shortfall?</p>		
<p>e. for taxation engagements, a statement in writing that the responsibility for the accuracy and completeness of the particulars and information provided by the client rests with the client. That any advice given to the client is only an opinion based on your knowledge of the client's particular circumstances. Finally that a taxpayer has obligations under self assessment to keep full and proper records in order to facilitate the preparation of accurate returns</p> <p>Note: It is not compulsory to be included in the engagement document. Where this is not please advise what other document you are providing to your clients with the statement in writing.</p>		
<p>f. for compilation engagements, a reference to an appropriate disclaimer of liability and the limitations of the engagement?</p>		
<p>g. the client's responsibility for the completeness and accuracy of the financial information/report?</p> <p>Note: It is not compulsory to be included in the engagement document. Where this is not please advise what other document you are using to obtain the client's acknowledgement.</p>		
<p>h. the form of report you will issue (if applicable)?</p>		
<p>i. for audit engagements, the objective of the audit, the scope of the audit and an explanation as to the extent to which an audit can be relied on to detect material misstatements?</p> <p>Note: Further examples of recommended elements of an audit engagement letter can be found in Audit Standard ASA 210</p>		
<p>j. the request for the client to confirm the terms of the engagement by acknowledging receipt of the engagement document?</p>		
<p>32. How have you advised your clients of any referral fees received and what safeguards have you put in place for any potential self-interest threats to objectivity and professional competence and due care referral fees may create (if applicable) ? [APES 110.240.5-7]</p>		
<p>33. How does the firm deal with potential conflicts of interest that have been identified prior to, or during, and engagement? What documentation is kept on file in such situations? [APES 320.42(b)&amp;(c) and APES 110.220]</p>		

QUESTIONS	MEMBER RESPONSE (PLEASE SEE INTRODUCTION FOR DIRECTIONS)	REVIEWER COMMENTS
<b>Non Compliance with Laws and Regulations</b>		
<p>34. For services other than Audits of Financial statements, has the firm developed policies and procedures to ensure that in the instance of becoming aware of a non-compliance or suspected non-compliance the member will seek to:</p> <ul style="list-style-type: none"> <li>• obtain an understanding of the matter;</li> <li>• discuss the matter with management;</li> <li>• communicate the matter with the firm;</li> <li>• consider whether to communicate to client's external auditor;</li> <li>• determine if further action is needed;</li> <li>• consider whether to inform a client before disclosing the matter to appropriate authority; and</li> <li>• document all decisions made and actions taken?</li> </ul> <p>[APES 110.225.39-56]</p>		
<p>35. How does the firm deal with situations where new information at hand would have caused the firm to decline an engagement? [APES 320.44]</p>		
<b>FOR AUDIT, ASSURANCE AND REVIEW ENGAGEMENTS – COMPLETE 36</b>		
<p>36. Do you require management representation letters from clients?</p> <p>Note: This is mandatory for audit engagements as per audit standard ASA 580. For engagements other than audit engagements, we recommend you suggest to the member that, where applicable, they request such representation.</p>		
<p>37. For compilation engagements how does the client acknowledge their responsibility for the reliability, accuracy and completeness of the accounting records and disclosure to you of all material and relevant information?</p> <p>Note: This is a mandatory requirement of APES 315.9.1</p>		
<p>38. How is the client made aware that where no audit or review has been carried out, no assurance is expressed in the engagement?</p>		
<p>39. How is the client made aware of the meaning of the compilation report?</p>		
<p>40. Is the former accountant of each new client contacted by letter, with the new client's written permission, requesting appropriate information to assist the firm in deciding whether to accept the appointment?</p> <p>Note: This is a mandatory requirement for the acceptance of audit engagements. It is recommended for all other engagements also.</p>		

QUESTIONS	MEMBER RESPONSE (PLEASE SEE INTRODUCTION FOR DIRECTIONS)	REVIEWER COMMENTS
41. How does the firm deal with being asked to provide a second opinion on behalf of a company or an entity that is not an existing client? [APES 110.230]		
<b>HUMAN RESOURCES</b>		
42. How does the firm ensure it has sufficient personnel with the competence, capabilities and commitment to ethical principles? [APES 320.47]		
43. Have you complied with the Continuing Professional Development requirements, consisting of a minimum of 20 hours per year with at least 120 hours per triennium? [By-Law 4.1]		
44. How do you maintain your Continuing Professional Development records? [By-Law 4.2] (specify for each partner being reviewed)		
<b>ENGAGEMENT PERFORMANCE</b>		
45. What policies and procedures exist to help ensure that engagements are performed in accordance with professional standards and applicable legal and regulatory requirements, and that the firm or the engagement partner issue reports that are appropriate in the circumstances? [APES 320.58]		
<b>CONSULTATION</b>		
46. Are the firm's policies and procedures designed to ensure appropriate consultation takes place, with either internal or external professionals possessing the relevant expertise, to resolve difficult or contentious matters including to: <ul style="list-style-type: none"> <li>• appropriate consultation takes place on difficult or contentious matters</li> <li>• sufficient resources are available to enable appropriate consultation to take place</li> </ul>		
<b>FIRMS THAT PROVIDE AUDIT, ASSURANCE AND REVIEW ENGAGEMENTS – COMPLETE THE BULLET POINT QUESTION BELOW</b>		
<ul style="list-style-type: none"> <li>• document and agree conclusions ; and</li> </ul>		
<ul style="list-style-type: none"> <li>• implementing conclusions? [APES 320.64]</li> </ul>		
47. Are standard checklists, manuals, working papers and/or other appropriate methods used for client engagements to ensure consistency in the quality of each engagement performance and to provide guidance to new or junior staff?		
<b>FIRMS THAT PROVIDE AUDIT, ASSURANCE AND REVIEW ENGAGEMENTS – COMPLETE QUESTIONS 48 – 50</b>		
<b>ENGAGEMENT QUALITY CONTROL REVIEW</b>		
48. How are engagement quality control reviews (i.e. second partner reviews) conducted for appropriate engagements in order to meet the requirements of APES 320? [APES 320.70, 72, 73, 77, 88]  (Note: This is particularly relevant for major clients, audit clients or higher risk profiled clients.)		

QUESTIONS	MEMBER RESPONSE (PLEASE SEE INTRODUCTION FOR DIRECTIONS)	REVIEWER COMMENTS
49. How does the firm establish the eligibility, and maintain the objectivity, of engagement quality control reviewers? [APES 320.80, 83, 87]		
<b>DIFFERENCES OF OPINION</b>		
50. How does the firm deal with and resolve differences of opinion regarding the performance and outcomes of an engagement? [APES 320.89, 90]		
<b>ENGAGEMENT DOCUMENTATION</b>		
51. What policies and procedures exist to:		
a. complete the assembly of final engagement files on a timely basis? [APES 320.93]		
b. maintain the confidentiality, safe custody, integrity, accessibility and retrievability of engagement documentation? [APES 320.96]		
c. retain engagement documentation for a period sufficient to meet the needs of the firm or as required by law or regulation?[APES 320.101]		
52. Are the requirements of the Privacy Act being addressed in files?		
53. Are file-notes maintained to document issues which are not addressed in the standard working papers?		
54. Are carry-forward working papers maintained? (Note: This should include file-notes which document issues for future periods.)		
55. Do you have policies and procedures to ensure that you adequately monitor the tax lodgement process?		
56. Do you have procedures in place to avoid the submission of misleading or incorrect information to the authorities or to the client? Please describe.		
57. If compilation reports are prepared and reviewed, do they meet the requirements of <b>APES 315</b> <i>Compilation of Financial Information</i> and <b>APES 205</b> <i>Conformity with Accounting Standards</i> ?		

QUESTIONS	MEMBER RESPONSE (PLEASE SEE INTRODUCTION FOR DIRECTIONS)	REVIEWER COMMENTS
58. Are all fees charged out according to time spent at an hourly rate?		
59. If fees are charged out according to any other method, please provide details.		
<b>MONITORING</b>		
60. How do you regularly monitor the firm's quality control policies and procedures to ensure they are relevant, adequate, and operating effectively? [APES 320.106]		
61. Is the responsibility for monitoring the firm's quality control policies and procedures entrusted to personnel possessing sufficient and appropriate experience and authority? [APES 320.106(b)]		
62. Does the monitoring process consider issues such as new developments in professional, regulatory and legal standards, continuing professional development, issues concerned with the acceptance and continuance of client relationships, plus any other appropriate items?		
<b>FIRMS THAT PROVIDE AUDIT, ASSURANCE AND REVIEW ENGAGEMENTS – COMPLETE QUESTION 63</b>		
63. How does the firm evaluate the effect of, communicate and remedy deficiencies noted as a result of the monitoring process? [APES 320.112, 113, 115, 116, 117, 118]		
<b>COMPLAINTS AND ALLEGATIONS</b>		
64. What policies and procedures exist to appropriately deal with complaints and allegations regarding performance of engagements and/or non-compliance with the quality control system? [APES 320.119 & 122]		
<b>DOCUMENTATION</b>		
65. Does the firm have formally documented quality control policies and procedures that:		
a. provide evidence of the operation of each element of the system of quality control? [APES 320.124]		
b. require retention of documentation for sufficient time periods to allow monitoring of performance and compliance with the system of quality control? [APES 320.128]		



QUESTIONS	MEMBER RESPONSE (PLEASE SEE INTRODUCTION FOR DIRECTIONS)	REVIEWER COMMENTS
c. require documentation of complaints and allegations and the responses to them? [APES 320.129]		
<b>MARKETING</b>		
66. Is the firm's marketing honest and truthful and not: <ul style="list-style-type: none"> <li>a. Make exaggerated claims for services offered, qualifications possessed, or experience gained; or</li> <li>b. Make disparaging references or unsubstantiated comparisons to the work of another.</li> </ul> [APES 110.250]		
<b>RISK MANAGEMENT FRAMEWORK [APES 325]</b>		
67. Has your firm established a risk management framework that takes into consideration public interest obligations? [APES 325.4.1]		
68. How have you documented your Risk Management policies and procedures and communicated them to your firm's personnel? [APES 325.6.1 & 325.6.3]		
69. Does your risk management framework include policies and procedures that identify, assess and manage key organisational risks? [APES 325.4.2]		
70. Who is responsible for establishing and maintaining the firm's Risk Management Framework and state how they have the necessary skills, experience, commitment and authority? [APES 325.4.6]		
71. What evaluation policies and procedures have you established to assess the firm's monitoring process of its Risk Management Framework? [APES 325.5.1]		
72. What process(es) have been established so that instances of non-compliance with the Firm's Risk Management policies and procedures are brought to the attention of the Firm's leadership to enable to take appropriate corrective action? [APES 325.5.2]		

QUESTIONS	MEMBER RESPONSE (PLEASE SEE INTRODUCTION FOR DIRECTIONS)	REVIEWER COMMENTS
73. How have you documented your succession plan as part of your Risk Management Framework? [APES 325.6.6]		
74. How do you ensure that all relevant documentation is retained for a sufficient time for the monitoring process to evaluate the firm's compliance with its Risk Management Framework and compliance with applicable legal and regulatory requirements for record retention? [APES 325.6.8]		
75. How do you ensure that all instances of non-compliance with the firm's Risk Management policies and procedures detected through your monitoring process and the actions taken by the firm's leadership in respect of those instances of non-compliance? [APES 325.6.9]		
<p>76. Have you included in your Risk Management Framework policies and procedures to ensure that you meet your obligations under the Notifiable Data Breaches Scheme, as governed by Part IIIIC of the Privacy Act 1988, in the instance that there is a data breach to your system which is likely to result in serious harm?</p> <p>*Please note the scheme became effective from 22 February 2018 with the obligation applying to businesses with an annual turnover of \$3 million or more. For those members whose turnover is less than \$3 million CPA Australia recommends that it still good practice that policies and procedures be in place but understands their is no obligation to notify.</p> <p>For further guidance please visit the Office of the Australian Information Commissioner website <a href="http://www.oaic.gov.au/privacy-law/privacy-act/notifiable-data-breaches-scheme">www.oaic.gov.au/privacy-law/privacy-act/notifiable-data-breaches-scheme</a></p>		

## DEALING WITH CLIENT MONIES AND TRUST ACCOUNTS

77. Have you, or any of your personnel dealt with client monies?  
 Yes  No
78. Did you or your personnel have any present entitlement to the above?  
 Yes  No
79. Have you negotiated (e.g. transferred, converted, assigned) any money on behalf of a client such as deducted your fees from client moneys banked?  
 Yes  No
80. Did you retain the written authorities to negotiate moneys held or received which were payable to a client?  
 Yes  No
81. Do you have a Trust Bank Account?  
 Yes  No

**If you have answered YES to any one of questions 77, 79 – 81 and NO to 78 then you are Dealing with Client Monies. You are required to have your Dealing with Client Monies transactions and/or Trust Account audited within 3 months from the Applicable Year End Date. Please provide a copy of the audit report, and please state:**

82. The last financial year end that has been audited:

83. The name of the auditor, the Accounting body they are a member of and their membership number:

84. The date of the audit report:

85. Was the audit report Qualified or Unqualified?  
 Qualified  Unqualified
86. Where the audit report was qualified, was a copy forwarded to the Professional Conduct Business Unit of CPA Australia?  
 Yes  No

\*Please note – The Applicable Year End Date is the month-end following the Member in Public Practice opening a Trust Account or the Member obtaining the authority to operate a Client Bank Account. (eg if opening a trust account 15 April 2012, the applicable year end date will be 30 April 2013.) It is suggested for the member to have their trust account and client monies transactions audited at the same time.

## PART B:

### THIS SECTION APPLIES TO A MEMBER WHO IS IN PARTNERSHIP OR EMPLOYING STAFF

Please Note: "Member" should read as "Members" where a partnership is being reviewed.

QUESTIONS	MEMBER RESPONSE (PLEASE SEE INTRODUCTION FOR DIRECTIONS)	REVIEWER COMMENTS
<b>ELEMENTS</b>		
1. Has the firm communicated the policies and procedures relating to quality control to the firm's personnel? [APES 320.11]		
<b>LEADERSHIP RESPONSIBILITIES</b>		
2. Does the CEO / managing board of partners (or equivalent) understand that they have ultimate responsibility for the quality control system? [APES 320.14]		
3. What policies and procedures exist to ensure that operational responsibility for the system of quality control has been appropriately assigned? [APES 320.17]		
<b>HUMAN RESOURCES</b>		
<b>ASSIGNMENT OF ENGAGEMENT TEAMS</b>		
4. By what method does the firm communicate the engagement partner's identity and role to the client? [APES 320.54(a)]		
5. How does the firm ensure that each engagement partner understands their responsibilities, and possesses the appropriate capabilities, competence and authority to perform the role? [APES 320.54(b) and (c)]		
6. What policies and procedures does the firm implement to ensure all personnel assigned to an engagement possess the necessary competence and capabilities to perform each engagement? [APES 320.56]		
7. How do you review personnel requirements of the firm?		
8. Is this review documented?		
9. Do job descriptions exist to be considered when hiring additional staff?		

QUESTIONS	MEMBER RESPONSE (PLEASE SEE INTRODUCTION FOR DIRECTIONS)	REVIEWER COMMENTS
10. Is there a duty statement?		
11. Are the references of all prospective employees checked?		
12. Do you maintain formal personnel files?		
13. Are regular staff appraisals conducted?		
14. If so, are there performance criteria established for each role?		
<b>ENGAGEMENT PERFORMANCE</b>		
15. What policies and procedures have been established to ensure Engagements are performed in accordance with Professional Standards and applicable legal and regulatory requirements, and that the Firm or the Engagement Partner issue reports that are appropriate in the circumstances. Do these policies and procedures include: <ul style="list-style-type: none"> <li>a. Matters relevant to promoting consistency in the quality of Engagement performance;</li> <li>b. Supervision responsibilities; and</li> <li>c. Review responsibilities.</li> </ul> [APES 320.58]		
16. Do the firm's quality control procedures include the requirement for more senior personnel to supervise within the firm to supervise the work of new or junior staff? [APES 320.63]		

## PART C: THIS SECTION APPLIES TO A MEMBER WHO IS A MEMBER OF A MULTI-DISCIPLINARY PRACTICE (MDP)

Please Note: "Member" should read as "Members" where a partnership is being reviewed.

QUESTIONS	MEMBER RESPONSE (PLEASE SEE INTRODUCTION FOR DIRECTIONS)	REVIEWER COMMENTS
STRUCTURE		
1. Do Members control 75% or less with the remainder held by members of an approved professional body? If <b>YES</b> , go to question 3. If <b>NO</b> , go to question 2.  NB: 'Approved Professional Body' is a body that has equivalent professional entry standards to CPA Australia.		
2. Do Members control 75% or less with remainder held by members of a non-approved professional body?  NB: Non-CPAs have degrees or experience in a chosen field, Non-CPAs hold tertiary qualifications and 5 years appropriate experience in their chosen field OR Non-CPAs hold non-tertiary education and 10 years appropriate experience in chosen field.		
3. Do Non-CPAs provide accounting services?		
4. If so, do they comply with CPA Australia's ethical and professional standards?		
5. Do Members have full responsibility for public accounting professional standards?		

