HELPSHEET

GUIDE TO QUALITY ASSURANCE REVIEW VISITS

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OVERVIEW

This Supplement provides an overview of the quality assurance review visit process and what to expect before, during and after a review visit. You should read the detailed information provided at the CIIPA Briefing Session held in May 2016 (click here for a link to the presentation). If you have any questions regarding this information and what to expect in Cycle 2 (2017-2019) you are encouraged to contact us.

Your quality assurance review visit is designed to focus on your firm's procedures, processes and controls to ensure that:

- assurance engagements comply with applicable professional standards; and
- your firm meets the requirements of ISQC1 and applicable standards.

During a visit, we assess and comment on the quality of assurance work performed by your firm. Our review visits contribute to CIIPA's Strategic Objective #3 To promote high-quality practices by the accounting profession.

CIIPA has appointed the Institute of Chartered Accountants of England and Wales as the review body to undertake the visits on its behalf. Thus, it is a CIIPA quality assurance review not an ICAEW review.

All CIIPA registered firms are included in the scope of the Quality Assurance Review System.

HOW ARE VISITS ARRANGED?

CIIPA selects firms for a visit according to a three-year cycle and it may visit firms more frequently if weaknesses are identified on registration or renewal or deficiencies are identified in a previous quality assurance review visit. For the second cycle of reviews (2017-2019) selected firms will be notified in writing in January prior to the visit in May. You will not necessarily receive a visit at the same month/year in cycle 2 that you did in cycle 1. Further your cycle 2 review visit may differ in duration to cycle 1.

BEFORE THE VISIT

After you have been notified of a visit we will request that you complete and return within 10 business days the ***Pre-Visit Information Form and Declaration*** after which, the reviewer will telephone you to discuss, answer any questions you may have about the visit, and agree the practical arrangements for the visit.

You will need to have other documents and records as listed below ready for the start of the visit. (Not every document or record listed will necessarily be relevant to your practice.)

ASSURANCE SAMPLE SELECTION

The planned duration of visits assumes that quality assurance reviewers will have access to assurance files without delay. For larger firms, or firms which need time to arrange for assurance files to be made available, the process of sample selection needs to be done in advance of the visit. You should discuss this process with your reviewer during the pre-visit telephone call.

THE OPENING MEETING

Our approach is open and we start with an opening meeting to gain a general understanding or update of your firm. The opening meeting helps the reviewer understand:

- the nature of your assurance practice
- how you operate your practice
- your approach to achieving assurance quality.

The opening meeting gives the firm an opportunity to raise specific points about how your firm operates and to ask questions. You are welcome to invite colleagues, such as the firm's Quality Partner[1] and others who are involved in internal compliance work, to join you.

If you are a multi-partner firm, we will probably need to arrange a meeting with:

[1] Person designated as having responsibility for quality controls or risk

- appropriate senior personnel to gain an understanding of the firm's vision, strategy and objectives
- the head of assurance
- the principal responsible for risk management (assurance service line)
- the principal responsible for HR (assurance service line)
- the ethics principal.

We understand that the same person may perform a number of these roles and also certain key persons may not be in Cayman at the time of the visit in which case the meeting can be held by video or conference call.

VISIT FIELD WORK

We will select and review a sample of assurance files and may re-perform a sample of your internal reviews (performed as part of your periodic inspection of completed engagements "ISQC1 Monitoring Processes") to confirm the firm's results.

If your internal review has identified quality matters that need to be addressed, the reviewer will look to see how you've dealt with them.

We will also cover relevant whole-firm procedures, including those pertaining to referral engagements[2] performed by other firms or offices if applicable, and will review underlying records such as training, appraisal records and annual declarations.

We will discuss our findings on the assurance files with the person responsible for the assurance engagement to make sure the underlying facts relating to our findings are understood and agreed by the review team and the engagement leader. In Cycle 2 the communication of any findings and your responses must be in writing. We will also discuss with you any more general findings and the reasons behind them and, if appropriate, work with you to develop practical solutions.

[2] An audit engagement where a substantial portion of the audit work on an individual audit engagement is conducted by another network or third party firm.

THE CLOSING RECORD

After our review, we summarise our findings and discuss them with you. The purpose of the Closing Record is to:

- communicate the findings from our visit
- discuss any issues that have arisen
- provide you with an opportunity to share your perspective on the findings.

We will highlight any more significant issues, including any areas where we consider the firm has not met the requirements of ISQC1 and applicable standards.

YOUR RESPONSE

We require you to respond to our findings in writing within 15 business days otherwise they might not be taken into account prior to the issuance of the Draft Quality Assurance Review Report.

Your responses are an important part of the visit process so please take particular care when you draft them. Be specific and refer to any actions you have already taken or plan to take, and state by what date. If you disagree with the Findings you will have an opportunity to bring that to CIIPA's attention in your response to the Draft Quality Assurance Review Report.

AFTER THE VISIT

When we receive your response, we complete our working papers and report. We will only be able to close the process once we have received and reviewed your responses.

If we have any questions, we will contact you as soon as possible, by phone.

You will then receive your Draft Quality Assurance Review Report and will have a further 15 days to respond to this. The Draft Report may include any conditions imposed to improve your firm's system of quality control and if so an explanation of the potential consequences of not complying with the conditions.

The final stage is to send to you the Final Quality Assurance Review Report and if there are any material differences to the draft Quality Assurance Review Report you will be given a further 10 days to submit comments to CIIPA.

COMPLAINTS

Please write to the Council of CIIPA if you have any comments or complaints about the visit process.

LIST OF DOCUMENTS AND RECORDS

The list below sets out information that we may ask to see. Although it would be helpful to have these available in the office for the start of the visit, we will not necessarily look at everything. If any items are not clear, please discuss them during our pre-visit phone call.

ALL FIRMS

i. Audit manual and your ISQC1 documentation

ii. Updated Pre-Visit Information Form and Declaration where there are significant changes since submission.

iii. Access to all selected files of current assurance clients, including for the avoidance of doubt, files archived in offices overseas where such documentation is not archived by the Cayman firm.

iv. Results of the firm's last two internal monitoring reviews, documented to a level of detail that will enable us to re-perform and thereby evaluate the process (where applicable).

v. List of subcontractors used in selected engagements, indicating their level of involvement in assurance engagements, and the subcontractor agreements

vi. Appraisals of staff involved in selected engagements.

vii. CPD, training, ethics and competence records and any related declarations for the previous two years for engagement partners and designated professional involved in the selected engagements (including subcontractors).

viii. Records of complaints received since last visit (or date of registration if no previous visit) and how they have been resolved; or, if still outstanding, a summary of the issues involved

ix. Records of any recent disciplinary cases

x. Details of PII cover which may be in the form of a letter of confirmation from the insurer or broker

SOLE PRACTITIONERS

i. Consultation arrangements on ethical, technical, practical or other significant issues

PARTNERSHIPS AND COMPANIES

i. Details of the control of the firm, such as the partnership or company structure, reporting and supervisory responsibilities and arrangements within the firm for consultation on ethical, technical, practical or other significant issues

ii. All Engagement Partner appraisals and assessments