



QUALITY ASSURANCE REVIEW SYSTEM ("QARS")

SUMMARY REPORT

2014

Background

All CISPA licensed practitioners ("practitioner members") are subject to review by means of the QARS. The reviews encompass the practitioner member firm's quality control procedures and all assurance engagements and assess the firm's compliance with ISQC1. The focus for cycle 2 was audits.

The Institute of Chartered Accountants in England and Wales ("ICAEW") is the Review Body appointed to undertake the QARS monitoring visits, determine the review methodology and issue reports designed to assist firms in rectifying deficiencies and making improvements to the standard of their audit work.

The first reviews took place in 2013 and as for 2014 and 2015 are a transitional review whereby no referrals to investigation on the basis of quality control-related findings will be made, unless Public Accountants Law Section 18 grounds are discovered and it would be against the public interest not to refer to investigation.

Process

At the time of selecting members for review there were 42 firms and 69 practitioner members. The selection was made to ensure that the profile



of the entire profession was represented. Thus in year two, the selection comprised one large network firm, three mid-tier firm and six small firms.

All firms except one were notified of their selection at the start of January 2014 and all confirmed the proposed dates for the visits within the prescribed time. One firm was notified in May 2014 due to change in the schedule.

Prior to the visits a number of firms submitted enquiries to CISPA and/or the Review Body and these were answered. Prior to the visit all selected firms were contacted by the Review Body and had a meeting by telephone to prepare for the visits.

The visits took place during the period 9-21 July entailing 24 onsite visit days. During that time three reviewers examined the firms' whole firm procedures along with 29 audit files.

Before the end of the visits the reviewers discussed their closing record with the firms and this was then provided to the firms with the opportunity to respond within 15 days.

Findings

The first year of cycle 2 reviews has produced satisfactory results. All firms visited fully cooperated with the review process and submitted comprehensive responses to the issues raised. Each firm was provided with constructive recommendations which CISPA has confirmed should be implemented prior to the next visit in the second cycle. There were no findings that required CISPA to refer any matters to investigation at this time or direct that a second review must be brought forward from the standard three year cycle.