

SA 220 → Quality Control for an Audit of F's

Element of system of Quality Control

1. Acceptance & Continuance of Client Relationship
2. H.R
3. Assignment of Engagement team
4. Ethical Req.
5. Leadership Responsibility
6. Engagement Performance
7. Monitoring
8. Quality Review.

1. Acceptance & Continuance of Client Relationship

Integrity of the Principle owners

- ↳ Business Reputation → Client Attitude for AS and Q. Control
- ↳ operation
- ↳ Firm fee
- ↳ Limitation on scope of work.
- ↳ Money Laundering
- ↳ Reason of Proposed Appointment.

Competence & Capability of engagement team

Ethical Req.

Significant Matters.

2. H.R → Policy & Procedure [SQC 1]

Recruitment

→ Compensation

Performance Evaluation

→ Capability

Promotion

→ Competence

Personal Needs

→ Career Development.

3. Assignment of Eng. Team

↳ Team + Auditor Expert (SA620)

Appropriate Competence and Capability to

→ Perform Audit as per Prof. Std. & Reg. & Legal Req.

→ Enable an Appropriate Report.

4. Independence & Ethical Requirement. ⇒ Refer SA200

5. Leadership Responsibility.

- ↳ Compliance with Professional Std. and Legal & Reg. Req.
- ↳ Compliance with Firm Quality Control Policy.
- ↳ Issue an Appropriate Audit Report.
- ↳ Quality is Essential

6. Engagement Performance

→ Direction, supervision & Performance of Engagement team in compliance with Prof. Std., legal and Reg. Requirement.

→ Report are being Appropriate.

→ Review → in Accordance with Firm Review Policy and Procedure.
SOA Audit Evidence obtained before Audit Report date

→ Consultation → Appropriate Consultation on difficult matters

- ↳ Within the team & between the team
- ↳ Nature & scope of Consultation Agreed.
- ↳ Conclusion Implemented

7 Engagement Quality Control Review

Partner	Eng. Quality Control Reviewer
1. Quality Control Reviewer had been implemented	Review → F.S → Proposed Audit Report
2. Discuss significant Matters	→ same
3. Not date Audit Report until Review Completed.	→ Review Documentation → Review Conclusion → Review Ethical Req. including Independence. → Review Consultation taken

Difference of opinion ⇒ Firm Policy

7. Policy for Consistency of Quality and Monitoring.

Matters to be included in Policy :-

1. How Engagement team are briefed for understanding of objective
2. Process of Complying with Engagement Standards.
3. Process of Engagement Supervision, Staff Training
4. Methods of Review of Work Performed → Significant Judgement
5. Appropriate Documentation and Process to keep all Policy and Procedure Current.

Purpose of Monitoring

1. Adherence to Prof. std and Legal and Regulatory Req.
2. Whether the Quality Control System has been Appropriately designed and Effectively Implemented.
3. Reports are Appropriate
4. Follow-up so that Necessary Modification are Promptly made