



ISQM
questions

Contents

1. Governance and leadership

2. Ethics

3. Acceptance and continuance

4. Engagement performance

5. Human resources

6. Other resources

7. Information and communication

8. Monitoring and remediation



1. Governance and leadership

1. How does the culture of our firm support high quality audits? What are the inhibitors?
2. How, if at all, are staff encouraged to challenge the actions and behaviour of the leadership team and what are the inhibitors?
3. In our firm how might financial and operational priorities impede good quality audits? How do we manage this risk?
4. Who is ultimately responsible for audit quality in the firm and who has operational responsibility? How do they demonstrate their commitment to quality?
5. How is the performance of the individuals ultimately responsible for audit quality and for operational responsibility in respect of audit quality appraised?
6. What is the firm's organisational structure and how does it contribute to good quality audits?
7. How do we address resource gaps in our audit team, including those responsible for quality management, and what are the most common form of skills gaps?

2. Ethics

8. How do we ensure that personnel at all levels within the audit team understand and fulfil their obligations under the FRC Ethical Standard (FRC ES)?
9. What aspects of FRC ES are most challenging for the firm and how are these challenges addressed?
10. How does the firm ensure that staff are not pressured from others to breach fundamental principles of ethics?
11. What service providers does the firm use (e.g. methodologies, training providers, software providers, file review/technical consultations, component auditors)?
12. What ethical considerations are relevant to the work that service providers carry out for the practice and how do you/they ensure that they are compliant?



3. Acceptance and continuance

13. How does the firm ensure it makes informed decision about client acceptance and continuance?
14. How are the integrity and ethical values of clients appraised and brought to bear when making decisions about client acceptance and continuance?
15. What is the firm's process for identifying and dealing with information that would have caused us to decline a client relationship if we had been aware of it previously?
16. What factors potentially inhibit the firm from having the requisite resources to accept/continue audits how are these factors managed?

4. Engagement performance

17. How do we ensure that staff, including those undertaking activities within the system of quality management, are committed to the performance of high quality audits?
18. How do we ensure that engagement teams are appropriately constructed and that team members are given the time and other resources to deliver high quality audits?
19. How do we ensure that the work of members of the audit team is adequately directed and supervised?
20. How do we ensure that engagement partners are sufficiently and appropriately involved throughout audit engagements to achieve high quality outcomes?
21. How do we ensure that the review of audit fieldwork is sufficiently robust and that review points are appropriately addressed?
22. How does the firm consult on contentious matters? What risks (if any) does this mechanism present?
23. How do we ensure that differences of opinion are addressed and appropriately resolved?
24. What is the firm's policy on file assembly and how do we ensure that it is followed?
25. What is the firm's policy for audit file retention? How do we ensure safe custody, integrity, accessibility and retrievability of underlying data and related technology?



5. Human resources

26. How does we ensure that newly employed staff have the competence and capabilities to consistently perform quality engagements?
27. How do we ensure that staff gain the knowledge and experience they need to consistently perform quality engagements and, where appropriate, to perform activities within the system of quality management?
28. How do we ensure that technical training appropriately develops staff competence and capabilities, including relevant industry and specialist technical knowledge?
29. How do we ensure that management and leadership skills are adequately developed in the practice?
30. How do we ensure that evaluation mechanisms for staff deal on a timely basis with all competencies relevant to the performance of quality engagements?
31. How does our appraisal process at all levels in the firm reward positive actions and behaviours and hold personnel accountable for actions or behaviours that negatively impact audit quality?

6. Other resources

32. What IT resources/applications are used when performing audits and in the system of quality management and how do we ensure that these are appropriately implemented, maintained and developed?
33. What intellectual resources are used when performing audits and in the system of quality management when performing audits and in the system of quality management and how do we ensure that these are appropriately implemented, maintained and developed?
34. How do we appraise the resources provided by service providers (e.g. methodologies, training providers, software providers, file review/technical consultations, component auditors) and ensure that these are appropriate for performing engagements and/or in the firm's system of quality management?



7. Information and communication

35. How do we ensure that relevant information about the system of quality management is adequately communicated within the firm? What does this communication look like?
36. How does the culture of our firm recognise and reinforce the responsibility of personnel to exchange information relevant to audit quality (including the system of quality management) with the firm and with one another?
37. How do we establish what information needs to be shared with external parties about audits (including the system of quality management)? What does this communication look like?
38. What is our firm's complaints policy? How do we ensure that it is properly communicated and that complaints are appropriately addressed?

8. Monitoring and remediation

39. How do we ensure that problems with audit quality (including the system of quality management) are identified and remediated on a timely basis?
40. Have compliance reviews in the last two years evidenced any problems with compliance in any of the above areas and, if so, how could they have been avoided?