



Public Practice Quality Assurance Review Self-Evaluation Questionnaire

Please complete and send this questionnaire to your quality assurance reviewer at least two weeks prior to the review. Please DO NOT include records or documents supporting your answers (have them ready for the reviewer to see on the day of the review)

Note: financial planning engagements are not within the scope of the review

MEMBER NUMBER/S:

.....

MEMBER SIGNATURE/S:

MEMBER SIGNATURE/S:

QUALITY ASSURANCE REVIEWER:

DATE OF REVIEW:..... /..... /.....

INTRODUCTION

This general questionnaire is designed to help you to keep down the time and cost required for the quality assurance review, while allowing you and the reviewer to carry out a thorough review of your practice. We hope you will pick up some valuable ways to improve your systems as you work through the questionnaire. We expect it will take around an hour (not including the implementation of any changes you may decide on as a result of completing the questionnaire). Could you please note how long you actually take, at the end of the questionnaire?

In preparing for the quality assurance review, please think about examples (including client files) that you can show to demonstrate that the controls are in place and are effective. If you achieve one or more of the principles in different ways for different types of engagement (eg tax, compilation) please be prepared to show examples of each.

Please note. Your procedures are “what you do to ensure the principle is complied with” (you may call them something other than “procedures”; the point is that they are consistently applied and they work). The reviewer will need to see on the day of the review examples of any checklists and forms that you use.

The reviewer will run through this questionnaire with you during the quality assurance review. If you need guidance to answer the questionnaire, please call the reviewer before the review. The questionnaire is a tool for the review, not a stand-alone document. There is not much space for answers to such questions as “*describe your procedures for...*” This is because you merely need to note briefly the part of your systems that are relevant to the question, and then show them to your reviewer during the review.

Some parts of the questionnaire may not be relevant for your business, particularly if you are a sole practitioner. **Please mark any such parts “N/A”, or cross out the sections.** These questions will give you an indication of likely requirements if and when you expand your practice.

Sole Practitioners

If you are sole practitioner with no technical staff or contractors employed, Section 4 Human Resources will not apply.

Partnerships

If the reviewer is reviewing more than one member in your practice, your answers (and the documents you provide) must show evidence that each person being reviewed complies with the requirements. Only one Quality Assurance Questionnaire is required for firms where there are two or more in the partnership. Please write the numbers of Members participating in the review on the front of the questionnaire.

The following elements of a system of quality control must exist to ensure that clients receive quality of services:

- The quality control policies and procedures should be documented and communicated to the firm's personnel.***

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1. LEADERSHIP RESPONSIBILITY FOR QUALITY

The firm should establish policies and procedures designed to promote an internal culture based on the recognition that quality is essential in performing engagements. Such policies and procedures should require the firm's chief executive officer (or equivalent) or, if appropriate, the firm's managing board of partners (or equivalent), to assume ultimate responsibility for the firm's system of quality control.

Questions for member and member's responses	Reviewer
1.1 Is there a Leadership responsibilities policy statement?	
1.2 (a) Has the practice appointed a person responsible for the maintenance of your policies and procedures and for the quality assurance review process? (b) If so, does the party to whom it is delegated have sufficient and appropriate experience and ability, and the necessary authority, to assume that responsibility?	
1.3 Is there evidence that the partner(s) responsible for the system of quality control in the firm have communicated at least annually to appropriate partners and others regarding the monitoring procedures performed over the past year, conclusions drawn from such procedures, and a description of any systemic, repetitive or other significant deficiencies found and action taken to resolve such deficiencies?	
1.4 Are there any particular matters or circumstances that require the firm to establish policies and procedures to meet the stated objective?	
1.5 Is there an Assignment of operational responsibility?	

2. ETHICAL REQUIREMENTS

2.1 Integrity, Objectivity, professional competence and due care, confidentiality, professional behaviour and Independence

When carrying out his or her duties, a member shall both be and appear to be free of any interest which might be regarded, whatever its actual effect, as being incompatible with integrity and objectivity.

Code of Ethics: ATMA Pronouncement No 1

A member in public practice “must not do anything which might impinge on the independence and professionalism of his practice;”

Conduct of Members in Public Practice: ATMA Pronouncement No 2

Integrity implies not merely honesty but fair dealing and truthfulness. The principle of objectivity imposes the obligation on all members to be fair, intellectually honest and free of conflicts of interest.

Questions for member and member's responses	Reviewer
2.1.1 Is there an Ethical requirements policy statement? Does it cover a) Public interest b) Integrity c) Objectivity d) Independence e) Confidentiality f) Compliance with mandatory ethical pronouncements	
2.1.2 Is there an Independence checklist?	
2.1.3 Do you have written policies and procedures relating to independence?	
2.1.4 How do you ensure that all staff meet this requirement? (eg. induction, monitoring)	
2.1.5 How do you ensure the independence of subcontractors when they carry out an engagement?	

2.1.6 How do you ensure your policies and procedures relating to independence are carried out?	
2.1.7 Is Independence confirmed annually?	
2.1.8 Is ownership of the practice in the hands of the accountants in the practice?	
2.1.9 Do you undertake or follow any business or occupation that might be inconsistent with public practice accounting (in the opinion of the General Council of the ATMA)? ATMA Pronouncement No 2 Conduct of Members in Public Practice	
2.1.10 Do you receive remuneration in any way other than by professional fees computed in accordance with the requirements of the ATMA? ATMA Pronouncement No 1 Code of Ethics	
2.1.11 Do you charge contingency fees? If so, on what type of engagements?	
2.1.12 Do you provide investment advice and/or make investments on behalf of clients? If so, do you disclose in writing to clients, any commission received? (show an example) ATMA Pronouncement No 2 Conduct of Members in Public Practice and; ATMA Pronouncement No 1 Code of Ethics Financial services Reform Act 2001	
2.1.13 Before the commencement of the engagement, do you provide details on how the fees are computed and any billing arrangements to the client? (<i>eg in an engagement letter</i>)	

2.1.14	Has your professional indemnity insurance policy been endorsed with names of any companies to which you provide professional accounting services and for which you act or could be deemed to act as an officer? <i>(please show)</i>	
2.1.15	Do you provide a breakdown of fees to clients (eg in bills, on request)?	
2.1.16	What types of goods, services and gifts do you, your colleagues, staff and relations receive from clients? Could they compromise independence?	

2.2 Independence - Taxation, Compilation, Insolvency, Management Consulting and other non-audit engagement areas:

Questions for member and member's responses		Reviewer
2.2.1	<p>Are there any situations where a member of the practice (or near relative) has/is: (ATMA Pronouncement No 1 Code of Ethics)</p> <ul style="list-style-type: none"> a) A direct or indirect financial interest in a client? b) Loans to or borrowings from a client? c) A member of the Board, officer or employee of a client? d) Another commercial relationship with a client in addition to the provision of accountancy services? e) Undertaken audit for relatives or friends? f) A trustee of any trust or executor or administrator of any estate with a financial interest in a client company? g) reliance on a client's fees to the point of a significant portion of total fees? h) accepted gifts or hospitality of significant value from a client? i) also provided financial planning services to the client? j) a role as an advocate for a client in litigation or dispute-resolution processes? k) come under pressure to reduce the level of work done to below professionally acceptable levels in order to reduce fees? l) has provided services to clients who are competitors in the local market? <p>How do you maintain independence if any of the above situations occur?</p>	
2.2.2	Do you compile financial reports for clients where the practice is not independent? If so, do you state this in the compilation report?	

2.3 Independence - Audit Engagements:

If you do not conduct audit or assurance engagements, go to section 2.4

For assurance engagements provided to an audit client, the member, members of the assurance team, the firm and network firms are required to be independent of the client.

Questions for member and member's responses	Reviewer
2.3.1 How do you record relevant information about client engagements, including the scope of services and accumulated information gathered by the firm, so the firm may evaluate the overall impact, if any, on independence requirements and communicate these matters to engagement personnel?	
2.3.2 Is Partner Rotation required? If not, how will treat to independence be reduced to an acceptable level?	
2.3.3 Do you require annual written declarations of compliance with independence requirements from all personnel who are required by the ATMA Code of Ethics or the ethical requirements of another professional accounting body to be independent?	
2.3.4 What other ways (if any) do you have to ensure your policies and procedures relating to independence are carried out?	
2.3.5 Do your policies and procedures include a requirement that personnel promptly notify the firm of any threat to independence of which they are aware?	
2.3.6 Do you have policies and procedures that give reasonable assurance that the firm is notified of all independence breaches and is able to take appropriate actions if they occur?	

<p>2.3.7 Are there any examples of, and if so, how do you maintain independence, where the firm, a member of the practice, or near relative:</p> <ul style="list-style-type: none"> • has a direct financial interest or material indirect financial interest in an assurance client? • has a loan or guarantee to or from an assurance client or any of its directors or officers? • is a member of the assurance team being, or having recently been, a director or officer, or an employee in a significant position, of the assurance client? • has a close business relationship with an assurance client? • has an immediate family member or close family member who is a director or officer of the assurance client? • is facing the threat of replacement over a disagreement with the application of an accounting principle? • is facing pressure to inappropriately reduce the amount of work performed in order to reduce fees? • is performing services for an assurance client that directly affect the subject matter of the assurance engagement? • also provides financial planning services? • has acted as an advocate for the client in litigation or resolving disputes with third parties (eg tax representation)? • has provided services to clients who are competitors in the local market? 	
<p>2.3.8 How do you ensure that your practice does not provide an 'independent' valuation to a client, if any person in the practice is acting as auditor or officer of the client, and the valuation is to be referred to in the audit report?</p>	
<p>2.3.9 How does your practice assess and record compliance with the independence requirements of Section 324 of the <i>Corporations Act 2001</i> for <i>Corporations Law</i> audits?</p>	
<p>2.3.10 Is professional independence put at risk because the practice or an individual partner depends excessively on revenues from any one client? If so, detail any safeguards applied to eliminate this threat or reduce it to an acceptable level.</p>	
<p>2.3.11 Does the practice audit financial statements of clients for whom it also:</p> <ul style="list-style-type: none"> • prepares original data used to generate financial statements; • prepares other records that are the subject matter of the assurance engagement; or • makes judgements or decisions in respect of the financial statements? <p>How does your practice ensure independence is maintained in such situations?</p>	
<p>2.3.12 Do you have criteria setting out how the familiarity threat to independence will be addressed when you have senior personnel who have been engaged on an audit for a long period of time?</p>	

2.3.13 If you audit the financial statements of listed clients, do you rotate audit personnel in accordance with the requirements of the Corporations Act 2001?	
2.3.14 Do you, the firm and members of the assurance team only accept gifts or hospitality of insignificant value that would not compromise independence?	
2.3.15 How do you plan for the audit? (show documents used, eg programs, checklists) <i>ASA 300; Planning an audit of financial report, ASA 300; Understanding an entity and its environment and assessing the risk of material misstatement</i>	
2.3.16 How do you ensure that audit outcomes are fully and adequately documented? <i>(show examples)</i>	
2.3.17 How do you make clear the purpose of the audit (eg if prepared for Special Purpose Financial Reports) so as not to mislead any recipient? <i>(show audit report formats you use)</i> <i>ASA 800; The Auditors Report in Special Purpose Engagements</i>	
2.3.18 How does the firm review engagement performance to ensure it meets professional requirements and that the report issued is appropriate for the circumstances?	
2.3.19 How do you identify State/Federal/Other requirements that restrict performance of audits to Registered Company Auditors, and have you only undertaken audit engagements where you meet the applicable eligibility criteria?	
2.3.20 Do you have policies and procedures for dealing with and resolving differences of opinion within an audit engagement team? (if so, show records)	

2.4 Professional behaviour - Trust accounts

Members who hold Trust Money are required to establish and maintain Trust Bank Accounts, Trust Accounts and appropriate supporting records and have their trust accounts audited annually.

Pronouncement No 8 Client Money and the Audit of a Member's Trust Accounts

Questions for member and member's responses	Reviewer
<p>2.4.1 Do you receive "Trust money" as defined in ATMA Pronouncement 8 (Definitions)?</p> <p>If yes, have you established a trust bank account?</p>	
2.4.2 At the review, please show the latest auditor's report for the trust account.	
2.4.3 If the auditor's report for the trust account is qualified, have you confirmed that the auditor has sent a copy to the ATMA within 3 months of the trust account balance date?	
2.4.4 Do you always get written authority if you set up a separate trust bank account for a client?	
2.4.5 Is the trust bank account(s) set up and maintained in compliance with all clauses in the Establishing a Trust Account, Operation of Trust Accounts sections of the Pronouncement)?	
2.4.6 Are all the duties set out in the Duties of the Member section of the Pronouncement complied with?	
2.4.7 Are all the audit and diligence clauses in the Audit of the trust account and Money Laundering sections of the Pronouncement complied with?	
2.4.8 Where you withdraw fees from a client's refund cheque do you ensure that the client has given prior written approval for the withdrawal and the amount? (show an example on the day of the review) ATMA Pronouncement No 1 Code of Ethics	
2.4.9 Where you act on an authority to negotiate a cheque received on behalf of a client, are such cheques banked into a trust account?	
2.4.10 Where trust money (including client tax refund cheques negotiated with the client's written authority) has been received, have you maintained a trust account and caused it to be audited in accordance with ATMA Pronouncement No. 8 Client Money and the Audit of a Member's Trust Accounts (show records)	
2.4.11 Do you ensure that the client has given prior written approval for each trust account withdrawal and for the amount? (eg fees from client's refund cheque) (show an example on the day of the review) ATMA Pronouncement No. 8 Client Money and the Audit of a Member's Trust Account	

2.5 Professional behaviour – firm / individual

A member should act in a manner consistent with the good reputation of the profession and refrain from any conduct that might bring discredit to the profession.

Questions for member and member's responses	Reviewer
<p>2.5.1 Are your personal and practice payment and lodgement obligations in respect of taxation and other regulatory matters up to date?</p> <p><i>Note your reviewer will not ask to sight proof or inspect your personal taxation information. Failure to remain up to date may affect your registrations, eg as a tax agent.</i></p>	
<p>2.5.2 Have you been the subject of a formal complaint to a professional accounting body, regulator, or court of law in the last 5 years that has not previously been advised to the ATMA?</p>	
<p>2.5.3 Do you promote or on-sell a tax scheme for which no Product ruling exists?</p>	
<p>2.5.4 Do you promote or on-sell a tax scheme for which a product ruling does exist, without ensuring that the scheme is implemented in accordance with the Product ruling?</p> <p><i>There are substantial penalties for promoters of unsustainable tax schemes, in addition to the risk, penalties and interest that may accompany a scheme that fails for tax purposes. It is strongly recommended that members who develop or are asked to sell a tax scheme seek a product ruling or private binding ruling on the tax consequences of the scheme.</i></p> <p><i>Members who answer yes to either question above are providing an indicator of a high risk-taking practice and the reviewer must refer the member to the ATMA Disciplinary Board irrespective of the result of the remainder of the review.</i></p>	

2.6 Confidentiality

A member should respect the confidentiality of information acquired during the course of performing professional services and should not use or disclose any such information without proper and specific authority or unless there is a legal or professional right or duty to disclose.

Questions for member and member's responses	Reviewer
<p>2.6.1 How do you ensure that access to, and distribution of, tax file numbers, tax agents portal codes, bank account numbers, security-holder reference numbers and other sensitive data is restricted to authorised personnel?</p>	
<p>2.6.2 How do you ensure that, in the absence of a legal or professional duty to disclose confidential information, such disclosure by your practice is authorised by the affected parties? <i>(eg engagement letter, authority form for release to bank)</i></p>	
<p>2.6.3 Do you always advise your client when confidential information is disclosed, except when you are prohibited to do so by law?</p>	
<p>2.6.4 If you are subject to the Privacy Act, do you advise clients of your privacy policies and obtain their authority for your collection and retention of personal information? <i>(show an example on the day of the review)</i></p> <p><i>Privacy Act 1988 (applicable to businesses with turnover > \$3m) See TFN Guidelines</i></p>	

2.7 Publicity

In the marketing and promotion of themselves and their work, members should not bring the profession into disrepute. Members should be honest and truthful and should not:

- (a) Make exaggerated claims for the services they are able to offer, the qualifications they possess, or experience they have gained; or***
- (b) Make disparaging reference or unsubstantiated comparisons to the work of others.***

Questions for member and member's responses	Reviewer
2.7.1 What business name(s) do you use in your public practice? Is this the name(s) registered with the ATMA?	
2.7.2 Is all advertising and other promotion undertaken by the practice consistent with professional requirements? <i>(Please advise the types of advertising used)</i>	
2.7.3 Have you checked that your descriptions / titles on letterheads, business cards and any other business stationery or publicity material is consistent with ATMA requirements?	
2.7.4 What steps have you taken to ensure clients do not publish a report you prepare in a way that might mislead the public as to the report's nature or meaning?	

2.8 Professional Indemnity Insurance

Members must have a current policy providing prescribed levels of professional indemnity insurance By Law 9.1.8

Questions for member and member's responses	Reviewer
2.8.1 Do you have a PI policy covering the firm and all principals? State level of cover and excess. <i>(show policy and evidence of currency, eg certificate of currency)</i>	
2.8.2 State any exclusions from cover for services that you do perform?	
2.8.3 Is your professional indemnity insurance endorsed accordingly if you act or could be deemed to act as an officer of a company? <i>(please show)</i>	

3. ACCEPTANCE AND CONTINUANCE OF CLIENTS AND SPECIFIC ENGAGEMENTS

Acceptance and continuance of clients should be conducted in a manner which protects the practice from engagement with clients not willing to act with integrity, and ensures that an ethical professional approach is taken by the practice when receiving clients from or relinquishing clients to another accountant.

Questions for member and member's responses	Reviewer
3.1 Is there an Acceptance and continuance of Client Relationships Policy statement?	
3.2 What policies and procedures do you have in place for evaluating potential clients? <i>(show records)</i> Do the procedures cover whether: <ul style="list-style-type: none"> a) the potential client lacks integrity or otherwise presents any unusual risk to your practice? b) you have, or you can source personnel with, the necessary resources of skills and expertise to provide the services the client requires within required timeframes? c) you will comply with ethical requirements? d) the client satisfies any criteria you have established (eg nature of service, client profile) e) Independence? f) Users of the financial statements/reports? 	
3.3 Is there a new Client form?	
3.4 Is there a New Client Acceptance Check List?	
3.5 Is there a Client Engagement task Checklist?	
3.6 Is there a Lost client Form?	
3.7 Is there a Disengagement Letter?	
3.8 Do you re-assess your clients from time to time to determine whether the relationship should continue? How is this re-assessment documented? <i>(show records)</i>	
3.9 Is there a Client Retention Checklist?	

3.10	Where issues arise in relation to acceptance and continuance of engagements, do you document the resolution of those issues? (<i>Documentation needs to be shown to the Reviewer</i>)	
3.11	Before accepting an appointment, do you notify the previous accountant, and write to enquire whether there is any professional reason why you should not accept the appointment? (<i>show records</i>) ATMA Pronouncement No 2 Conduct of Members in Public Practice	
3.12	Before accepting an appointment where the client will continue to be serviced in other areas by another accountant, do you communicate with that accountant?	
3.13	When relinquishing an appointment, do you interact with the receiving accountant according to ATMA requirements? ATMA Pronouncement No 1 Code of Ethics	
3.14	Does your practice require an engagement letter for each of the following types of engagement? <ul style="list-style-type: none"> • Taxation • Compilation • Audit (<i>mandatory, see Auditing Standard ASA 210; Terms of Audit Engagement</i>) • SMSF Audits • Superannuation • Other <p>If not:</p> <p>(a) what alternate processes do you adopt to protect your practice from risks arising from unclear or ambiguous engagements;</p> <p>(b) how will can you demonstrate to the ATMA that the client was not mislead as to the basis on which fees for the current and subsequent years are to be determined; and</p> <p>(c) how do you assess when an engagement letter is required?</p>	
3.15	When you use letters of engagement, do they normally include: <ul style="list-style-type: none"> • the nature of the engagement, and whether or not an audit will be carried out; • the scope of the work; • for audit engagements, the scope and objective of audit, and an explanation as to the extent to which an audit can be relied upon to detect material misstatements; ○ Engagement letters are mandatory for Audit Engagements – Aus204 reference. • for taxation engagements, a description of the self-assessment rules (eg, work-related expenses audits, reasonable care) which informs clients of their responsibilities and of penalties and General Interest Charge relating to any tax shortfall; • for compilation engagements, reference to an appropriate disclaimer of liability • the information to be supplied by the client; • the client's responsibility for the completeness and accuracy of the financial information / report; • the form of report you will issue (if applicable); • the basis on which fees are to be computed and particulars of any billing 	

<p>arrangements;</p> <p>Request for client authority for files to be accessed during a quality review conducted by the ATMA</p> <p>A request for the client to confirm the terms of the engagement by acknowledging receipt of the engagement letter.</p>	
<p>3.16 Where an engagement letter is not issued;</p> <p>(a) how do you document that there is an agreement for work to be done;</p> <p>(b) how are any special terms or unusual scope defined and agreed;</p> <p>(c) for taxation engagements, how do you ensure that clients understand their responsibilities under the self-assessment system (eg work-related expense audits, reasonable care) and the penalty and General Interest Charge regime;</p> <p>(d) for compilation engagements, how do you ensure the clients understand:</p> <p>i) the nature of the engagement including the fact that neither an audit nor a review will be carried out; accordingly no assurance will be expressed and</p> <p>ii) the nature and effect of the disclaimer to be included in the compilation report issued;</p> <p>(e) what is the basis for deciding if scope and terms of engagement need to change?</p> <p>(show records, if any, to indicate how the above issues are addressed)</p>	
<p>3.17 Where an engagement letter is not issued, what is the basis or trigger for annual review of the engagement?</p>	
<p>3.18 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>3.19 How does the client acknowledge responsibility for the accuracy of the accounts and the various reports?</p>	
<p>3.20 How is the client made aware of the meaning of the compilation report?</p>	

4. HUMAN RESOURCES

If you do not employ staff, go to section 4.4

4.1 Staff: Hiring

The firm's recruitment processes include procedures that help the firm select individuals of integrity with the capacity to develop the capabilities and competence necessary to perform the firm's work.

Personnel assigned to engagements will have the degree of technical training and proficiency required in the circumstances.

Questions for member and member's responses	Reviewer
4.1.1 How do you decide what staff you need, and what skills are required?	
4.1.2 Is there a Human Resources policy?	
4.1.3 Has a partner been allocated responsibility for Human Resource issues?	
4.1.4 What procedures do you follow in recruiting new staff? (<i>sourcing, selection, engagement, induction</i>)	
4.1.5 Does the firm have job descriptions for each position in the firm?	
4.1.6 Is there a Candidate interview and evaluation checklist?	
4.1.7 How do you inform potential employees about: <ul style="list-style-type: none"> a) the profile of your practice; b) the terms and conditions of employment; and c) the responsibilities, duties and prospects of the position? 	
4.1.8 How do ensure the validity of candidates' statements? (<i>reference checks, skills tests etc.</i>)	

4.2 Staff: Assignment and Supervision

The firm should assign appropriate staff with the necessary capabilities, competence and time to perform engagements in accordance with professional standards and regulatory and legal requirements, and to enable the firm or engagement partners to issue reports that are appropriate in the circumstances.

Questions for member and member's responses	Reviewer
4.2.1 How do you manage human resources and schedule engagements to ensure that personnel with appropriate skills and expertise are available for engagements as required? <i>(show plan/schedule)</i>	
4.2.2 For audit and assurance engagements, is responsibility for each engagement assigned to a partner who has the necessary skills and expertise to undertake the task?	
4.2.3 What are your policies and procedures in respect of identifying and communicating to team members the roles of the engagement team?	
4.2.4 What processes do you follow to review the work of staff and consultants? <i>(show records of review)</i>	

4.3 Staff: Advancement

The continuing competence of the firm's personnel depends to a significant extent on an appropriate level of continuing professional development so that personnel maintain their knowledge and capabilities. The firm should therefore emphasise in its policies and procedures the need for continuing training for all levels of firm personnel, and provides the necessary training resources and assistance to enable personnel to develop and maintain the required capabilities and competence.

Questions for member and member's responses	Reviewer
4.3.1 Do you carry out staff appraisals on a routine basis, and inform staff of the outcomes? <i>(show procedure, appraisal records)</i>	
4.3.2 Are there written performance criteria for each role in the practice? Are they used in the appraisal process as a basis for assessment?	
4.3.3 If no to questions 4.3.1 & 4.3.2, how do you ensure your staff know your policies for advancement?	
4.3.4 Do you maintain personnel files that include records of training, appraisal and advancement? <i>(show records)</i>	

4.4 Professional development

Accountants rendering professional services are required to maintain and enhance their competence. The public interest requires that accountants providing professional

services do so in a competent manner. In recognition of this, the ATMA has developed a policy of continuing professional education for its members.

ATMA Pronouncement 3 - Continuing Professional Development (CPD)

The objectives of the ATMA's CPD program are to maintain and enhance the level of technical knowledge among its members, to assist members in coping with rapid legislative and technological changes and changing responsibilities, and to demonstrate concern for the public interest by requiring members to enhance their technical skills to provide services reasonably expected of them.

Competent professional service requires the exercise of sound judgment in applying professional knowledge and skill in the performance of such service. Professional competence may be divided into two separate phases:

- a) attainment of professional competence; and***
- b) maintenance of professional competence.***

The maintenance of professional competence requires a continuing awareness and an understanding of relevant technical professional and business developments.

Continuing professional development develops and maintains the capabilities that enable a Member to perform competently within the professional environments.

A Member should take steps to ensure that those working under the Member's authority in a professional capacity have appropriate training and supervision.

Where appropriate, a Member should make Clients, employers or other users of their services aware of limitations inherent in the services to avoid the misinterpretation of an expression of opinion as an assertion of fact.

Questions for member and member's responses	Reviewer
4.4.1 Do you have a plan or program for your own professional education and that of colleagues, if any)? <i>(If yes, please provide a copy for the Reviewer to peruse)</i>	
4.4.2 Do you keep a record of the Continuing Professional Development (CPD) programs you have attended as required by ATMA Pronouncement 3? <i>(show records)</i>	
4.4.3 How do you make available to yourself and (where applicable) to your staff information about current developments in professional technical standards, and encourage personnel to engage in continuing education activities?	
4.4.4 What procedures or processes do you have in place to ensure all staff maintain the necessary level of skill and competence to conduct your practice? <i>(show documents)</i>	
4.4.5 How does your practice provide training programs to meet the needs of the practice for staff with expertise in specialised areas and industries?	
4.4.6 Do any of the partners sign audit reports for SMSFs?	
4.4.7 Have these partners met the minimum continuing professional development standards	

as set out in the 'Competency Requirements for Auditors of Self-Managed Superannuation Funds'?	
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4.5 Staff: Occupational Health & Safety (OH&S)

Questions for member and member's responses	Reviewer
4.5.1 What procedures does the practice have to provide a safe working environment for all staff? <i>(eg hazard identification, posture, fire evacuation procedures)</i>	
4.5.2 Does the practice have a Workers' Compensation insurance policy? <i>(please show reviewer)</i>	

5. ENGAGEMENT PERFORMANCE

5.1 Consultation and Technical Assistance

Members in public practice should refrain from agreeing to perform professional services which they are not competent to carry out unless competent advice and assistance is obtained so as to enable them to satisfactorily perform such services. If a member does not have the competence to perform a specific part of the professional service, technical advice may be sought from experts.

The firm should establish policies and procedures designed to provide it with reasonable assurance that:

- (a) appropriate consultation takes place on difficult or contentious matters;**
- (b) sufficient resources are available to enable appropriate consultation to take place;**
- (c) the nature and scope of such consultations are documented; and**
- (d) conclusions resulting from consultations are documented and implemented.**

Questions for member and member's responses	Reviewer
5.1.1 Is there an Engagement Performance Policy Statement? Does it <ul style="list-style-type: none"> a) include matters relevant to promoting consistency in the quality of engagement performance? b) Supervision Responsibilities? c) Review Responsibilities? 	
5.1.2 What channels do you use to consult outside the practice when you need expert opinions on areas outside the scope of your professional expertise? <i>(show records)</i>	
5.1.3 Is there a List of preferred Specialist Consultants?	
5.1.4 Is there a Checklist for the use of outside consultants?	
5.1.5 What resources do you maintain and provide access and encouragement for use of, in the way of reference libraries, web sites and other authoritative sources?	
5.1.6 How do you obtain and provide your staff (if any) with access to Accounting Standards? <i>(available on ATMA website)</i> ATMA Pronouncement No 6 Conforming with Auditing Standards	
5.1.7 How do you ensure you keep reference materials and computer programs up to date? <i>(show evidence)</i> Do you provide staff or in the case of sole practitioners, yourself with access to current versions of the following, where relevant to your practice: <ul style="list-style-type: none"> • Taxation Law • Corporations Law • Accounting Standards <i>(available through the ATMA website)</i> 	

5.1.8 Do you document in client files the reasons for decisions reached, and a reference to the source of the advice used? (show records)	
5.1.9 Is there a procedure for Differences of Opinion resolution?	

5.2 Office Systems and Workflow Management

The firm should establish policies and procedures designed to provide it with reasonable assurance that engagements are performed in accordance with professional standards and regulatory and legal requirements, and that the firm or the engagement partner issue reports that are appropriate in the circumstances.

Questions for member and member's responses	Reviewer
5.2.1 Before accepting a new engagement, how do you assess the capacity of the practice to adequately service the potential client in terms of available time, staff resources, expertise, etc? <i>(show documents used)</i>	
5.2.2 Can you show evidence that you routinely reply to professional correspondence and enquiries expeditiously? <i>(Please show an example to the Reviewer)</i> ATMA Pronouncement No 1 Code of Ethics	
5.2.3 Does your practice use standard working papers for engagements for: <i>(show examples in use)</i> audit? _____ compilation? _____ taxation? _____ other? _____	
5.2.4 Are working papers organised in a standard order, with a standard index? <i>(show examples in use)</i>	
5.2.5 Do all workpapers clearly identify the preparer and reviewer?	
5.2.6 In what areas do you use standard forms, templates, questionnaires and/or checklists? <i>(state the areas and show examples)</i> How do you ensure consistent use? <i>(eg procedures manual, file index)</i>	
5.2.7 If you use contractors or other practices, how do you ensure the work is adequate and complete? <i>(show records)</i>	

<p>5.2.8 What is your policy for review of your work by another partner or an external resource for matters of serious consequence or potential dispute? <i>(show records)</i></p>	
<p>5.2.9 How do you ensure that:</p> <ul style="list-style-type: none"> (a) files are retained for at least the statutory minimum period; and (b) files are stored secure from fire and/or destruction? (c) Access to files, TFNs is restricted to authorised personnel? <p><i>for Corporations Act audit engagements, minimum 7 years from date of audit report, other audits typically not less than 7 years ASA 230.31~33.</i></p>	
<p>5.2.10 Do you maintain:</p> <ul style="list-style-type: none"> (a) copies of all client correspondence; (b) list of matters to carry forward to next period; (c) notes relating to client operations? (eg the software they use, communication preferences, family and related entities, tax roles) <p><i>(show records)</i></p>	

5.3 Performing Taxation Engagements

If you do not perform taxation engagements (eg income tax, BAS/GST, FBT), go to section 5.4

Questions for member and member's responses	Reviewer
<p>5.3.1 Do you have a master Tax Return Lodgement Client List that:</p> <ul style="list-style-type: none"> (a) is reconciled to the tax office lodgement program lists; <i>(state reconciliation frequency)</i> (b) incorporates other returns which rely on self-assessment; and (c) incorporates new clients? <p>If not, how do control the timely lodgement of returns and other taxation documents?</p>	
<p>5.3.2 What is the period of time before you delete clients from the Tax Office list if they have not been in touch with your office for a few years?</p> <p>Do you communicate this deletion to the clients?</p>	
<p>5.3.3 How do you schedule and control the Client List? <i>(Indicate frequency and show records)</i></p> <p><i>e.g. do you:</i></p> <ul style="list-style-type: none"> - <i>set targets to measure your performance in achieving your lodgement program objectives?</i> - <i>record and review the outcome of your lodgement program?</i> - <i>distinguish between total performance and performance excluding clients who do not bring their work to you even after you have requested them to do so? and/or</i> - <i>have a track record of meeting your lodgement program?</i> 	
<p>5.3.4 Do you tell your clients when you require them to deliver their tax information to you?</p>	
<p>5.3.5 If you use the Electronic Lodgement System (ELS), describe your control procedures in respect of the required declaration.</p>	
<p>5.3.6 How do you ensure you retain a copy of the lodged tax return when ELS is not used <i>(eg software)</i>?</p>	
<p>5.3.7 Briefly describe your procedures for:</p> <ul style="list-style-type: none"> ▪ identifying company and superannuation returns which require payments by certain dates; ▪ checking assessments and lodging objections within the prescribed period when 	

<p>necessary;</p> <ul style="list-style-type: none"> ▪ monitoring correspondence with the ATO; ▪ prompt dispatch of refunds; ▪ monitoring PAYG payments; ▪ monitoring GST payments; and ▪ monitoring lodgement of BAS. 	
<p>5.3.8 What policies/procedures do you have in place to ensure that you take reasonable professional care in the performance of work undertaken in your practice?</p> <p><i>ATMA Pronouncement 1 Code of Ethics</i></p>	
<p>5.3.9 What policies/procedures do you have in place to ensure that there is no misleading or incorrect information contained in any submission or return prepared by your practice?</p> <p><i>ATMA Pronouncement 1 Code of Ethics</i></p>	
<p>5.3.10 How do you make ensure that your clients are made aware of the implications when they are involved in tax arrangements which may attract Part IVA of the Income Tax Assessment Act 1936?</p> <p><i>ATMA Pronouncement 1 Code of Ethics</i></p>	
<p>5.3.11 Do you read the annually published ATO lodgment program guidelines?</p>	

5.4 Performing Compilation Engagements

If you do not perform compilation engagements (eg prepare / produce accounts), go to section 5.5

Questions for member and member's responses	Reviewer
5.4.1 Do you ensure that the purpose and any constraints relating to financial reports are clearly stated within the report? <i>(show examples of compilation reports and notes to the accounts)</i>	
5.4.2 Do you prepare compilation reports in accordance with professional requirements, including: <ul style="list-style-type: none"> (a) providing a signed and dated compilation report; and (b) showing a reference to the compilation report on all pages of the compiled information? <i>*show examples of Special and General Purpose Financial Reports</i> ATMA Pronouncement No 4 Compilation of Financial Statements	

5.5 Conduct of Audit Engagements

Questions for member and member's responses	Reviewer
5.5.1 How do you plan for the audit? <i>(show documents used, eg checklists)</i>	
5.5.2 How do you ensure that audit outcomes are fully and adequately documented? <i>(show examples)</i>	
5.5.3 How do you make clear the purpose of the audit (eg if prepared for Special purpose Financial Reports) so as not to mislead any recipient? <i>(show audit report formats you use)</i>	

6. MONITORING

Monitoring by inspection is intended to ensure that all the processes and procedures covered in the above review questions:

- (a) are in place at all times, not just prior to or following quality assurance reviews; and
- (b) are routinely reviewed and modified to improve their effectiveness.

The firm should establish policies and procedures designed to provide reasonable assurance that policies and procedures relating to the system of quality control are relevant, adequate, operating effectively and complied with in practice. Such policies and procedures should include an ongoing consideration and evaluation of the firm's system of quality control, including a periodic inspection of a selection of completed engagements.

Questions for member and member's responses	Reviewer
6.1 Is there a Monitoring Policy Statement?	
6.2 Is there a Job Review form?	
6.3 Is there a Firm Feedback form?	
6.4 Is there a system review form?	
6.5 Is there a Quality Culture Assessment?	
6.6 How do you monitor the effectiveness of your control policies and procedures? (eg file reviews, periodic internal reviews?) (show records)	
6.7 Does the firm have policies for communicating and addressing deficiencies identified through monitoring of its quality assurance policies and procedures? If so, what are they?	
6.8 If you conduct audits, do you undertake your own quality assurance reviews on appropriate audit engagements? Are there policies governing when and how such reviews will be conducted and documented?	
6.9 Are there policies and procedures addressing who may conduct such reviews?	

6.10	Do you have a system for dealing with internal and external complaints and allegations that work has not been performed in accordance with the professional requirements, legal and regulatory requirements and/or your system of quality control?	
6.11	Do you review a client's file at least annually?	

We hope that the time you have spent answering the above questions has been time well spent. The questions may have prompted you to make improvements to your systems. In any case, the questionnaire is an essential tool in ensuring that the quality assurance review you undergo is relevant and effective for your practice.

Thank you for your assistance.

I took approximately minutes to complete the questionnaire. (optional)