

**AUDIT PRACTICE BULLETIN NO. 1 OF 2013**

**QUALITY CONTROL FOR FIRMS THAT PERFORM AUDITS AND REVIEWS  
OF FINANCIAL STATEMENTS, AND OTHER ASSURANCE AND RELATED  
SERVICES ENGAGEMENTS (PART 4)**

**(A) ENGAGEMENT PERFORMANCE**

**(B) MONITORING**

**31 JANUARY 2013**

1. Part 4<sup>1</sup> of the series of Audit Practice Bulletins (APBs) on Singapore Standard on Quality Control (SSQC) 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*<sup>2</sup> discusses ACRA's inspection observations on the fifth and sixth element of SSQC 1 – Engagement Performance and Monitoring respectively.

<b>(A) Engagement Performance</b>
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2. SSQC 1.32 states that firms shall establish policies and procedures designed to provide them with reasonable assurance that engagements are performed in accordance with professional standards and applicable legal and regulatory requirements, and that the firms or the engagement partners issue reports that are appropriate.
3. In ACRA's inspections of firms that audit public interest entities (PIE), emphasis is placed on the effectiveness of policies and quality controls that are established to ensure consistent delivery of quality audits. As part of the firm-level inspection, ACRA selects a sample of engagement files and adopts an "attribute testing" approach to assess the quality of the engagement performance.
4. From the inspections, ACRA continued to note opportunities for improvement in key areas by the firms. Whilst the findings are based on the inspection of firms which audit PIEs, the principles behind such findings would apply to all firms.

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<sup>1</sup> Parts 1, 2 and 3 were published on 13 August 2012, 18 September 2012 and 3 December 2012 respectively and are available for download at: <https://www.acra.gov.sg/public-accountants/professional-resources/audit-practice-bulletins>

<sup>2</sup> SSQC 1, which is issued by the Institute of Certified Public Accountants of Singapore (ICPAS), is based on the equivalent of the International Standard on Quality Control 1 issued by the International Federation of Accountants, with amendments as were considered appropriate for local adoption. SSQC 1 is available for download at <https://isca.org.sg/media/775785/ssqc-1-2009-17april13.pdf>.

## Key Observations

### (a) *Audit Manuals*

5. To achieve consistency in the quality of engagement performance, most firms have adopted the audit manuals of their international networks which encompass audit programmes, manual/electronic documentation tools and technical guidance materials. Firms that are not part of international networks can also adopt audit manuals that are commercially available or developed by accountancy professional bodies<sup>3</sup>.
6. Some examples of matters that may be included in the audit manual are:
  - (a) how to perform planning, risk assessment and analytical procedures;
  - (b) how to determine materiality and sampling sizes;
  - (c) how to evaluate errors; and
  - (d) firm's file assembly requirements.
7. With changing technical and professional standards and regulations, firms need to periodically review and update their audit manuals. The updates should also take into account firm-wide audit deficiencies that have been detected during internal quality reviews.
8. Following the adoption of the audit manual, firms must ensure that staff are properly trained to (a) understand the audit methodology; (b) perform the procedures set out in the audit programmes; and (c) document the work accordingly. Firms can conduct in-house training, engage external instructors or tap on external training. In this connection, the national professional body, the Institute of Certified Public Accountants of Singapore (ICPAS) had introduced the Structured Audit Core Training Programme which is customised for audit staff of the small and medium-sized audit practices (SMPs).

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<sup>3</sup> For example, ICPAS has issued an "Audit Manual for Small Companies" in May 2011. This manual is specifically catered for audits of small companies and incorporates the audit programmes required to enable compliance with the new clarified Singapore Standards on Auditing. The International Federation of Accountants has also issued its "Guide to Using International Standards on Auditing in the Audits of Small- and Medium-Sized Entities, Third Edition" in November 2011. The two volumes guide can be downloaded free of charge from <https://www.ifac.org/publications-resources/guide-using-international-standards-auditing-auditssmall-and-medium-sized-en>.

**(b) *Involvement of Engagement Partners***

9. Audit quality is closely linked to the experience of the audit team. The audit team's experience level needs to be calibrated according to the complexity of each engagement. Experienced personnel, especially managers and partners, must be substantively involved in all stages of the audit process from planning to execution to completion to ensure that the necessary business knowledge and technical skills is brought to bear on each engagement and the work of the less experienced staff members is carefully supervised and reviewed.
10. ACRA has constantly emphasized the importance of partner involvement and supervision of audit engagement which is essential to quality control. ACRA looks at the time recorded as an indicator of partner involvement and has noted that the level of partner involvement in audits continues to be low. In many instances, the time records also do not indicate that reviews of key audit documents such as planning and completion memorandums were performed on a timely basis by the engagement partner.
11. ACRA has not attempted to set a minimum standard for an acceptable level of engagement partner involvement as we recognize that the extent of involvement should be material and vary according to the complexity and risk of the engagement. However, as a starting point, ACRA regard 5% of total engagement time for a low risk engagement as a reasonable target and up to 10% of total engagement time for higher risk engagement.
12. It is expected that the flatter organisation structures of SMPs would allow for higher partner involvement. SMPs should use this as a value proposition to attract and retain staff as they have more opportunities to learn directly from the more experienced audit managers and partners.

**(c) *Involvement of Engagement Quality Control Reviewer ("EQCR")***

13. The engagement quality control review process is an important aspect of a firm's controls over audit quality. It serves as a safeguard in ensuring that key audit risks have been appropriately addressed and the audit opinions issued are appropriate and sufficiently supported.
14. ACRA's APB No. 1 of 2011 *Engagement Quality Control Review*<sup>4</sup> issued on 16 September 2011 has provided guidance on how firms should assign EQCRs to engagements, what

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<sup>4</sup> The APB is available for download at: [https://www.acra.gov.sg/docs/default-source/default-document-library/public-accountants/audit-practice-bulletins/AuditPracticeBulletinNo1of2011\\_16Sep2011.pdf](https://www.acra.gov.sg/docs/default-source/default-document-library/public-accountants/audit-practice-bulletins/AuditPracticeBulletinNo1of2011_16Sep2011.pdf).

constitute sufficient and timely involvement of EQCRs in an engagement and how the role of EQCRs can be strengthened by enhancing its accountability. Public accountants should continue to refer to this APB for guidance.

15. Similar to engagement partner involvement, ACRA has found the level of EQCR involvement in many firms to be low. In looking at the procedures that an EQCR would have to carry out on a publicly listed entity audit, ACRA estimates that in performing such procedures<sup>5</sup>, an EQCR should be spending at least 13 to 24 hours.
16. Whilst SMPs generally do not undertake audit engagements that require an engagement quality control review<sup>6</sup>, nonetheless, SMPs may still undertake audits that have varying audit risks. For higher risk engagements, SMPs should consider adopting the concept of an EQCR review within the firm. Resources available to SMPs are further elaborated in paragraphs 38 and 39 of this APB.

**(d) Consultations**

17. A key component of audit quality is the existence and active use of a consultation process which would include the availability of subject matter experts, requirements to consult with them, frequency of consultations, documentation of consultations, escalation process and process for dealing with disagreements.
18. SSQC 1.34 requires firms to establish policies and procedures designed to provide them 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, and conclusions resulting from, such consultations are documented and are agreed by both the individual seeking consultation and the individual consulted; and (d) conclusions resulting from consultations are implemented.
19. ACRA noted that the larger-sized firms have in place various resources within them that support consultations through different avenues e.g. informal telephone queries or formal written consultation to the technical department. However, the number of formal technical consultations seemed low for most of these firms considering the large and complex

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<sup>5</sup> As illustrated in APB No. 1 of 2011.

<sup>6</sup> SSQC 1.35 imposes engagement quality control review requirement on the audits of financial statements of listed entities. For the audits of financial statements of non-listed entities, SSQC 1 provides that a firm should consider the risks and public interest element in an engagement and the requirements of the laws or regulations when determining whether to subject the engagement to an engagement quality control review.

clientele they had. The firms explained that some of the consultations were not tracked or logged. Firms should consider logging in the enquires for the purpose of building up a database on common or problematic accounting and auditing issues so that engagement teams can deal with similar issues expediently in future.

20. SSQC 1.A40 acknowledges that firms without appropriate internal resources, may need to consult externally and such firms may take advantage of advisory services provided by other firms; professional and regulatory bodies; or commercial organizations that provide relevant quality control services. However, before contracting for such services, consideration of the competence, capabilities and independence of the external provider helps the firm to determine whether the external provider is suitably qualified for that purpose.
21. In this regard, numerous initiatives <sup>7</sup> have been rolled out by various accountancy professional bodies in Singapore to help the profession, particularly the SMPs which generally lack dedicated technical resources. ACRA also encourages these practitioners to discuss and consult with their peers in the profession on technical issues encountered. Practitioners are also encouraged to actively participate in various technical clinics and discussion groups held by the accountancy professional bodies<sup>8</sup>. Such avenues not only provide a platform for public accountants to share various perspectives relating to auditing and accounting issues but also allow them to network with one another and share ideas. In recent years, ACRA and ICPAS have published audit guidance to highlight current or emerging issues that may have a bearing on the conduct of audits by public accountants. Public accountants can refer to such guidance on the websites of ACRA and ICPAS<sup>9</sup>.
22. Firms should also nurture a culture of consultation and encourage staff to consult on difficult or contentious matters. Consultations help to promote quality and improve the

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<sup>7</sup> Examples include (a) ICPAS' online technical forum which is a dedicated platform for its members to share their technical enquiries, experiences and views with one another to promote learning within the profession; (b) ICPAS' annual Seminar on Observations by the Financial Statements Review Committee aimed at sharing with the profession common weaknesses and mistakes noted in the presentation and disclosure of financial statements; (c) CPA Australia's monthly workshop on "Public Practice Development Program" where programmes are focused on current challenges and emerging trends in public practice in the areas of tax, practice management, audits and business refining strategies; or (d) ICPAS' practical guidance documents to assist public accountants in their assessment and responses to identified common audit risks.

<sup>8</sup> Such as the regular "Practitioners' Clinics" held by ACCA for public accountants to discuss the latest technical and business issues relevant to SMPs and ICPAS' "Technical clinics" which are topical-based small group discussions held by a senior facilitator.

<sup>9</sup> ACRA's APBs and ICPAS' practical guidance are available for download at: <https://www.acra.gov.sg/public-accountants/professional-resources/audit-practice-bulletins> and <https://isca.org.sg/tkc/aa/resources/practical-guidances/isca-practical-guidance-series/> respectively.

application of professional judgement. Technical resources and materials should be made available to staff so that appropriate research can be performed by staff before discussing with their supervisors and partners. Consultations, whether internal or external, should be made with those having appropriate expertise in the relevant area and should be appropriately documented.

23. Improvement in quality control of engagement performance can also be in the form of issuance of audit guidance. Firms should monitor issues that are recurring, pervasive or firm-wide and provide appropriate guidance to address them. Such guidance may be in the form of emails, publications or even training.

*(e) Archival of working papers*

24. Improved audit quality is a positive step towards reducing the risk of potential litigation against practitioners. The archival of working papers is an important aspect to reducing such risk as this policy prevents the modification of working papers after a prescribed timeframe from the date of auditor's report.
25. SSQC 1.45 states that firms shall establish policies and procedures for engagement teams to complete the assembly of final engagement files on a timely basis after the engagement reports have been finalised. SSQC 1.A54 also states that law or regulation may prescribe the time limits by which the assembly of final engagement files for specific types of engagement is to be completed. Where no such time limits are prescribed in law or regulation, SSQC 1.45 requires the firm to establish time limits that reflect the need to complete the assembly of final engagement files on a timely basis. In the case of an audit, for example, such a time limit would ordinarily not be more than 60 days after the date of the auditor's report.
26. Whilst firms generally have policies relating to the assembly and archival of audit files, it was observed that in most firms, such policies were not strictly adhered to. ACRA has observed numerous instances where the assembly and archival of the audit files were not performed within 60 days after the date of the auditor's report. There was no audit trail for the completion date of the assembly of audit files and no independent monitoring mechanism to ensure timely completion of such a process.
27. In some firms, it was also noted that audit working papers were omitted and not assembled as part of the archived files or some audit working papers were modified after the engagement partner/manager's review and these working papers were not reviewed again prior to the archival of the audit files. Firms need to ensure that there is a process for the timely and complete assembly of the audit working papers.

(f) *Others - Engagement specific findings*

28. Since 2007, ACRA has published public reports highlighting the key observations and common findings arising from firm-level reviews and engagement reviews conducted under ACRA's Practice Monitoring Programme (PMP). The table below provides a listing of such observations and common findings in the PIE and non-PIE segments. Public accountants may refer to the respective reports<sup>10</sup> for further details.

<b>PMP report</b>	<b>PIE Segment</b>	<b>Non-PIE Segment</b>
July 2007 <sup>11</sup>	<ul style="list-style-type: none"> <li>(i) Acceptance and continuance of client relationships and specific engagements;</li> <li>(ii) Audit planning;</li> <li>(iii) External confirmation;</li> <li>(iv) Subsequent events;</li> <li>(v) Assessment of the work of another auditor;</li> <li>(vi) Inventory count procedures;</li> <li>(vii) Assessment of susceptibility of financial statements to material misstatement due to error or fraud; and</li> <li>(viii) Corroborative evidence.</li> </ul>	
July 2008	<ul style="list-style-type: none"> <li>(i) Consideration of fraud risk;</li> <li>(ii) Assessment of the work of another auditor;</li> <li>(iii) Follow-up work from the issuance of group audit instructions; and</li> <li>(iv) Business combination and impairment of assets.</li> </ul>	<ul style="list-style-type: none"> <li>(i) No/inadequate documentation of audit procedures;</li> <li>(ii) Audit procedures carried out that do not meet the audit objectives;</li> <li>(iii) No/inadequate assessment of functional currency;</li> <li>(iv) Inadequate consideration of related party transactions;</li> <li>(v) Inadequate use of analytical procedures;</li> <li>(vi) Failure to adequately address going concern considerations; and</li> <li>(vii) Other fundamental lapses.</li> </ul>

<sup>10</sup> The PMP Reports are available for download at: <https://www.acra.gov.sg/training-and-resources/publications/reports/practice-monitoring-programme-public-reports>

<sup>11</sup> In the July 2007 PMP Report, observations and findings were not segregated into the PIE and non-PIE segments.

<b>PMP report</b>	<b>PIE Segment</b>	<b>Non-PIE Segment</b>
August 2009	(i) Using the work of other auditors; and (ii) Risk assessment including fraud risk considerations.	(i) Planning and risk assessment; (ii) Existence and accuracy of revenue and trade receivables; (iii) Recoverability of receivables and assessment of inventories obsolescence and write-down; (iv) Other fundamental lapses; and (v) Findings relating to audits of industry-specific companies.
July 2010	(i) Impairment of non-financial assets; and (ii) Group audits.	(i) Planning and setting materiality; (ii) Existence and accuracy of revenue; (iii) Existence and recoverability of accounts receivables;  (iv) Valuation of inventory balances; and (v) Functional currency.
July 2011	(i) Documentation of audit evidence; and (ii) Using the work of an expert.	(i) Valuation and existence of inventories; (ii) No/inadequate procedures performed for circularisation and valuation of accounts receivables; (iii) No/inadequate review on postbalance sheet events; (iv) No/inadequate assessment of functional currency; and (v) No/inadequate work performed in the profit and loss components.
August 2012	(i) Audit of accounting estimates; and (ii) Group audit considerations.	(i) Audits of construction contracts.



**(B) Monitoring**

29. A robust monitoring process is one of the cornerstones of an effective system of quality control. SSQC 1.48 requires firms to establish a monitoring process designed to provide it with reasonable assurance that the policies and procedures relating to the system of quality control are relevant, adequate and operating effectively.
30. Monitoring processes, when properly planned and implemented, will improve the firm's audit processes and reduce its audit risks. ACRA noted that most of the PIE firms inspected have a formal monitoring process to monitor the quality of the audit engagements as well as their overall systems of quality controls. This could be in the form of international network firm reviews, internal pre-issuance and post-issuance reviews, or other forms of internal monitoring.

**Key Observations**

**(a) *International network firm reviews***

31. Most firms which are members of an international network will be subjected to cyclical post-issuance reviews by their international network firms. For the larger-sized firms, these international reviews usually cover both the firm-level system of quality controls as well as audit engagements and are conducted approximately once in every 1-3 years. International reviews at mid-tier firms only cover audit engagements and are aimed to cover every partner once in every 3 to 5 years.
32. It was observed that for a particular firm's international quality review, the composition of the review team comprises a majority of audit partners from the Singapore office. This raises concerns about the lack of independence and objectivity of the inspection team performing the quality review. This composition of reviewers represents a weaker model as compared to a composition where the majority of the reviewers are independent and from an international team of reviewers.
33. To further strengthen the quality control procedures, some firms have also instituted annual internal practice reviews to supplement the international reviews. This is a commendable effort by the firms as it involves substantial investments in dedicated technical resources. Such reviews comprise a review (usually self-review) of the firm's system of quality control and may include a (post-issuance) review<sup>12</sup> of individual engagements and the

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<sup>12</sup> Refer to section (b) for further discussion on post-issuance reviews.

reviews are carried out by members of the firm during the intervening years between international reviews. ACRA has evaluated some of these processes and noted some opportunities for improvement in terms of meeting the standards the firms have set for the program.

34. ACRA's findings relating to the timeliness and effectiveness of the firms' internal review programmes are elaborated in sections (c) and (d) below.

**(b) *Internal pre-issuance and post-issuance reviews***

35. In addition to the international or internal practice reviews, most firms also administer the internal pre- and post-issuance reviews to monitor and evaluate the engagement partners and engagement team's performance. Apart from checking for compliance with the firm's methodology, checklists, templates and documentation, the scope of such review should also include looking into technical matters and judgements made during the course of the audit.
36. In some firms, internal hot reviews on engagements are conducted as a way of coaching the engagement teams on the firm's audit methodology; similar to that of a "learning and coaching" exercise. Some of these reviews are designed to cover all engagement partners in each review cycle. The coaching comments from such internal hot review process are documented in a database. ACRA believes that this is a good initiative that can help improve audit quality.
37. SSQC 1.A68 states that monitoring procedures may need to be performed by individuals who are responsible for the design and implementation of the firm's quality control policies and procedures, or who may be involved in performing the engagement quality control review. Small firms with a limited number of persons may choose to use a suitably qualified external person or another firm to carry out engagement reviews and other monitoring procedures. Alternatively, the firm may establish arrangements to share resources with other appropriate organizations to facilitate monitoring activities.
38. Smaller-sized firms may wish to consider implementing a "peer review" program to help them to make improvements in their work by having a suitably qualified fellow professional to review their work. The timing, selection of the audit engagements and peer reviewers can be determined by the firms. Any suitably qualified public accountant or former public accountant who has kept himself sufficiently abreast of the changes to the audit processes can be appointed as the peer reviewer so long as there is no conflict of interest or independence issue. ACRA has worked with ICPAS to make available a list of "peer reviewers" that public accountants can seek assistance from. In the event that public

accountants are unable to source for a peer reviewer on their own, they may wish to refer to the list of peer reviewers<sup>13</sup> as an alternative source.

39. Another avenue for smaller-sized firms to obtain assistance in the monitoring programme is through ICPAS' Quality Assurance Review Programme (QAR) or CPA Australia's Quality Assurance Review Mentor Program. The ICPAS QAR is a consultative programme to provide guidance to SMPs through review of signed-off engagement files and focus on recommendations and action plan. This will also provide learning opportunities for practitioners and staff through sharing of QAR findings and proposed action plans. The CPA Australia's program is a mentoring programme which aims to assist audit practitioners in complying with the relevant professional standards in their course of work. Through this review process, they will also be informed of areas requiring improvements.

**(c) *Timeliness of reviews***

40. ACRA observed that some firms rely solely on their international networks to conduct quality control reviews. For these firms, it is important that such reviews be carried out periodically as planned. There were instances where the international firm network reviews have not been performed frequently or as required in accordance with the network firm's global monitoring policy. Without any monitoring controls, firms may fail to detect non-compliances with SSQC 1 and to a more serious extent, risks associated with audit failures. In the absence of any other internal reviews, firms would also have no means to relate the quality of audit engagements to partners' performance and compensation.
41. Whilst reliance may be placed on the international network for a quality assurance review, firms should evaluate whether the frequency and scope of such reviews are appropriate and sufficient for the purposes of providing reasonable assurance that the policies and procedures related to the system of quality controls are relevant, adequate and operating effectively in the areas reviewed. For areas which have not been subjected to a quality assurance review over a stipulated inspection cycle, firms could consider forming an internal team to conduct systematic periodic checks in those areas.
42. In other instances, ACRA noted that post-issuance reviews were not completed on a timely basis. Ideally, such reviews should be completed and any improvement areas should be communicated, before commencement of the planning for the subsequent year's audit. Firms are also reminded to adhere to the requirements of SSA 230 *Audit Documentation*

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<sup>13</sup> The list of peer reviewers can be obtained from ICPAS Member Services website at <https://isca.org.sg/member-services/practice-monitoring-programme/peer-review-panel/>

in relation to making any modifications to existing audit documentation as a result of quality reviews which occur subsequent to the complete assembly and archival of audit files.

*(d) Effectiveness of reviews*

43. In order to act as an effective tool to monitor and improve audit quality, it is essential that the quality review programmes incorporate the following elements:

- *Robust and relevant review scope, including file selection;*

ACRA has encountered instances where the firm's quality review merely focused on less critical aspects of an audit such as the quality of documentation and compliance with checklists and templates. This is far from ideal as emphasis should instead be placed in reviewing the adequacy of audit work and sufficiency of audit evidence gathered given that identification and rectification of these deficiencies are essential to the monitoring process.

- *Competent and adequate resources*

Appropriate assignment of competent and sufficient resources as well as staff/partner with sufficient experience and clout is critical to upholding the rigor of the review process, especially in the review of areas involving significant judgment and accounting estimates.

- *Clear distinction of results reflecting the quality of files reviewed*

In addition, ACRA has noted instances where the quality of the individual engagement files were not adequately assessed as the firm's quality rating system was not granular enough to differentiate between the varying severities of audit deficiencies noted. Providing clearer distinctions of the review results would allow for a more effective assessment of audit quality. The firm can then prioritise remediation plans based on these results.

- *Open and timely communication of review findings*

All staff should be informed of the relevant findings in a timely manner so as to minimise the recurrence of findings on future engagements. This could be done via training sessions or in the form of written communications. In some firms inspected, ACRA noted that communication of review findings was only restricted to the partners and engagement teams subjected to the review and not shared with the rest of the audit staff to increase awareness of audit deficiencies.

- *Clear linkage between results of quality reviews and the audit professional's performance evaluation and compensation*

ACRA found instances where there was no linkage between the results of quality reviews and the performance evaluation and compensation of the engagement team. In order to inculcate a right behavior towards upholding audit quality, the quality review results should impact the performance appraisals of the engagement partner and senior team members. Ideally, elements of this evaluation should also be extended to the EQCR reviewer in order to promote accountability given that the EQCR reviewer plays an equally important role in safeguarding the quality of an audit engagement. All things being equal, there should be some differentiation in the remuneration of someone who has done well for a quality review versus another who has not.

## **Conclusion**

44. Audit quality is the cornerstone of market confidence in the reliability of the financial information. A strong audit profession helps maintain and promote confidence and integrity in Singapore's capital and business markets.
45. ACRA has issued the series of APBs on SSQC 1 to highlight areas that require the attention and focus of the profession in order to enhance audit quality in Singapore. Firms, however, should not assume that the areas and issues noted in this series of APBs are the only areas requiring attention. Each firm should, in the course of monitoring its own performance, identify and address any specific impediments to compliance with professional standards.
46. While SSQC 1 applies to all firms regardless of their size, the nature and extent of the policies and procedures developed in compliance with the standard will depend largely on the size of the firm and its resources. However, it is expected that such policies and procedures are designed in a manner that they meet the minimum compliance benchmarks of SSQC 1. In larger-sized firms, greater focus needs to be placed on the effectiveness of the implementation of the system of quality control, whereas in smaller-sized firms, it is often the comprehensiveness of the system of quality control that could be improved.
47. Firms are reminded that the six elements of SSQC 1 quality controls are overlapping and the entire system of quality controls becomes effective when all six elements<sup>14</sup> are working. Having a system of quality control will provide a sustainable structure for ensuring consistency in audit quality without depending on any single individual to maintain the

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<sup>14</sup> The six quality control elements set out in SSQC 1 are leadership responsibilities for quality within the firm, relevant ethical requirements, acceptance and continuance of client relationships and specific engagements, human resources, engagement performance and monitoring.

level of audit quality. Firms that invest in a robust system of quality control will be better positioned to maintain audit quality when faced with ongoing recruitment and retention challenges; and to respond to significant audit risks associated with increased complexity in financial reporting and a changing economic environment.

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Note: Please note that the contents of the Audit Practice Bulletin are provided for the guidance of public accountants to supplement prescribed professional standards, and include criteria that ACRA considers in evaluating the work of public accountants. They are not rules of ACRA and are not intended to serve as a substitute for the relevant auditing standards. Public accountants must observe, maintain and apply the prescribed professional standards, methods, procedures and other requirements in carrying out the audits of financial statements.