

Overview

This document provides guidelines for the preparation of a *Report on Member's Compliance with Quality Control Standard*.

Reviewers should use these guidelines when preparing a report on a Quality Review, to ensure the appropriate type and format of report is prepared.

Items included in these guidelines:	Refer pages
Types of report that can be issued on the review findings	2 – 3
Examples of review findings and the nature of report appropriate	4 – 25
Examples of reasons for inclusion in the <i>Recommendation - Assurance to be provided</i> and <i>Recommendation - Follow-up review</i> reports	4 – 25

Types of review report

1. Report on Member's Compliance with Quality Control Standard: Recommendation - Accept Report:

- › where the Reviewer is of the opinion that the quality control system of the Member provides reasonable assurance that the Member is conforming with professional standards, then the Reviewer prepares an *Recommendation - Accept Report* report
- › this report should be accompanied by a *Reviewer's Summary – Other Matters* report
- › the *Reviewer's Summary – Other Matters* report should not identify areas of non-compliance with mandatory standards
- › if the Reviewer identified areas of non-compliance, a *Recommendation - Accept Report* report should not be issued and the report should then be considered under either a *Recommendation - Assurance to be provided* or *Recommendation - Follow-up review* format

2. Report on Member's Compliance with Quality Control Standard: Recommendation - Assurance to be provided:

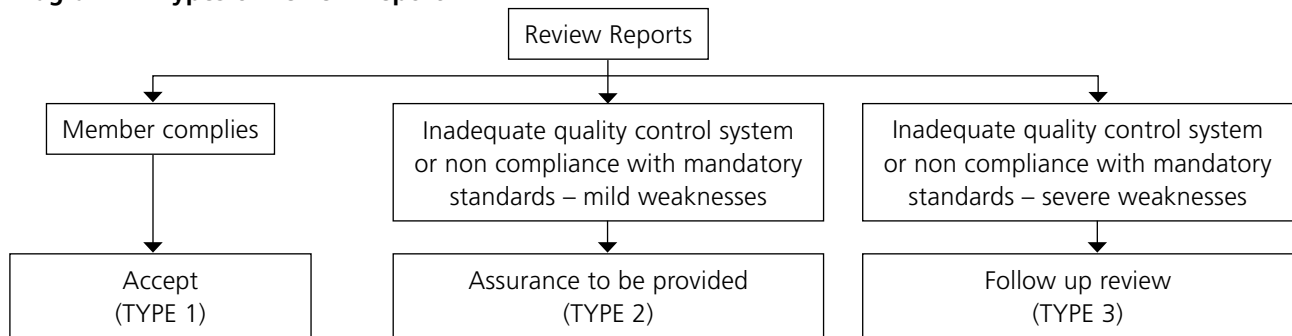
- › the Reviewer should issue this type of the report when:
 - the Reviewer has identified inadequacies in the quality control system and is of the opinion that these inadequacies have resulted in situations where the Member has failed to comply with mandatory professional standards; and
 - the Quality Assurance Department can obtain satisfaction that the Member is now or will be complying with the relevant requirement through requesting an assurance from the Member
- › examples of findings when a *Recommendation - Assurance to be provided* report would generally be appropriate are listed at pages 4 – 25 with a **Report Type '2'**. Usually in these instances, the Quality Assurance Department can obtain satisfaction that the problem has been or will be rectified by seeking written assurance from the Member that the matter has been attended to
- › where a Reviewer is unsure whether a *Recommendation - Assurance to be provided* report is appropriate in a particular instance, the Quality Assurance Department should be contacted directly for an opinion
- › a type 2 report should be accompanied by a *Reviewer's Summary – Matters Leading to Assurance Recommendation* and a *Reviewer's Summary – Other Matters* report
- › the *Reviewer's Summary – Matters Leading to Assurance Recommendation* report should detail the specific findings with regard to each instance of non-compliance identified and include specific recommendations as to how the Member can ensure compliance in each area
- › when an *Recommendation - Assurance to be provided* report is issued, it is recommended that the Reviewer advises the Member to submit a written assurance together with supporting evidence with their signed report. This allows the Quality Assurance Department to consider the report and assurance concurrently and speed up the acceptance process

For example, where there has been a non-compliance with report format requirements (e.g. APES 205.6 and APS 9) the Member should be advised to submit an assurance that the correct reporting format will be used for future engagements together with an example of the report format to be used

3. Report on Member’s Compliance with Quality Control Standard: Recommendation - Follow-up review:

- › the Reviewer should issue this type of the report when:
 - the Reviewer has identified inadequacies in the quality control system and is of the opinion that these inadequacies have resulted in situations where the Member has failed to comply with mandatory professional standards; and
 - the Quality Assurance Department requires that a follow up review be conducted to ensure that the Member has rectified the issue(s) identified and ensured appropriate policies and procedures are in place to maintain compliance with professional standards
- › examples of findings when a *Recommendation - Follow-up review* report would generally be appropriate are listed at pages 4 – 25 with a **Report Type ‘3’**. Usually in instances such as these, it is required that the Member undergoes a follow up review to ensure that the Member has addressed the issue(s) identified and ensured appropriate policies and procedures are in place to maintain compliance with professional standards
- › where a Reviewer is unsure whether a *Recommendation - Follow-up review* report is appropriate in a particular instance, the Quality Assurance Department should be contacted directly for an opinion
- › a type 3 report should be accompanied by a *Reviewer’s Summary – Matters Leading to Follow Up Recommendation* and a *Reviewer’s Summary – Other Matters* report
- › the *Reviewer’s Summary – Matters Leading to Follow Up Recommendation* report should detail the specific findings with regard to each instance of non-compliance identified and include specific recommendations as to how the Member can ensure compliance in each area

Diagram 1 – Types of Review Report



Note: Any concern a reviewer has should be directed to the Quality Assurance Department for resolution.

Audit engagements

Please note:

- Reviewers must consider all aspects of the Member’s system of quality control and its implementation, and may identify matters not addressed in these guidelines
- when in doubt as to the type of report to issue in a particular set of circumstances, Reviewers are requested to contact the Quality Assurance Department directly to seek advice
- audit engagements must be considered in light of the mandatory professional standards contained in the ASA series
- the report type suggested in each instance below is the type that should be issued by a Reviewer in such an instance. The Quality Assurance Department and/or the Quality Review Committee will consider each recommendation and may change the type of report issued to a Member at its discretion
- the Quality Assurance Department and/or the Quality Review Committee on considering the report prepared by the Reviewer in conjunction with the Member’s comments may change the category of the report

Example Review Findings (Audit)	Report Type	Explanation – to be included in <i>Report on Member’s Compliance with Quality Control Standard</i>
Audit Independence		
1. Member has not identified, evaluated and treated threats to compliance with fundamental principles of integrity and objectivity	3	Non-compliance with APES 110.110/APES 110.120/ASA 200.7
2. Member undertook activity/engagement in circumstances where the threat associated with the activity/engagement was so significant that it could not be mitigated against	3	Non-compliance with APES 110.110/APES 110.120/ASA 200.7.
3. For audit of companies, registered schemes or disclosing entities, Member did not provide an Auditor’s Independence Declaration to the directors of such entities	3	Non-compliance with s.307C(1) of the Corporations Act 2001
Audit Planning and Risk Assessment		
4. Overall audit strategy for the audit not established	3	Non-compliance with ASA 300.12
5. Member did not obtain a general understanding of the relevant financial reporting framework applicable to the entity	3	Non-compliance with ASA 200.5
6. Member did not obtain a general understanding of the relevant legal and regulatory framework applicable to the entity	3	Non-compliance with ASA 250.20
7. Member did not obtain an understanding of the entity’s selection and application of accounting policies and consider whether they are appropriate for its business and consistent with the applicable financial reporting framework and accounting policies used in the relevant industry	3	Non-compliance with ASA 315.36
8. Audit plan to reduce audit risk to an acceptably low level not developed	3	Non-compliance with ASA 300.18
9. Member did not perform required risk assessment procedures to gain an understanding of the entity and its environment, including its internal control	3	Non-compliance with ASA 315.11

Example Review Findings (Audit)	Report Type	Explanation – to be included in Report on Member's Compliance with Quality Control Standard
10. Member did not obtain a sufficient understanding of control activities to assess the risk of material misstatement at each assertion level and to design further audit procedures responsive to assessed risks	3	Non-compliance with ASA 315.105
11. Member did not identify and assess the risks of material misstatement at the financial report level, and at the assertion level for classes of transactions, account balances, and disclosures	3	Non-compliance with ASA 315.117
12. Member did not document the identified and assessed risks of material misstatement at the financial report level and at the assertion level as required by ASA 315.117	3	Non-compliance with ASA 315.143
13. Risks of material misstatement at the financial report level and at the assertion level that require special audit consideration were not determined	3	Non-compliance with ASA 315.126
14. Analytical procedures were not applied as risk assessment procedures to obtain an understanding of the entity and its environment and in the overall review at the end of the audit	3	Non-compliance with ASA 520.5
15. Member did not consider the risks of material misstatement in the financial report due to fraud	3	Non-compliance with ASA 240.6
16. Presence of fraud risk factors was not considered in obtaining an understanding of the entity and its environment, including its internal control	3	Non-compliance with ASA 240.52
17. Nature, timing and extent of direction, supervision and review not planned	3	Non-compliance with ASA 300.23
18. Relevance of information obtained in prior period was not considered in relying on such information in the current audit	3	Non-compliance with ASA 315.17
19. Member did not perform audit procedures designed to reduce to an acceptably low level the risk of material misstatements in the financial report resulting from the existence of related parties and related party transactions	3	Non-compliance with ASA 550.5(b)
20. Insufficient appropriate audit evidence obtained regarding the proper disclosure of related party transactions	3	Non-compliance with ASA 550.29
21. Reasonable basis for the use of the work of an actuary was not considered	3	Non-compliance with AUS 524
22. Member, being the principal auditor, had not considered the effect of the work of another auditor on the audit	3	Non-compliance with ASA 600.5
23. The activities of internal audit and their effect, if any, on external audit procedures were not considered	3	Non-compliance with ASA 610.5
24. Events or conditions and related business risks which may cast significant doubt on the entity's ability to continue as a going concern were not considered	3	Non-compliance with ASA 570.16

Example Review Findings (Audit)	Report Type	Explanation – to be included in Report on Member's Compliance with Quality Control Standard
25. SMSF audit – Member did not test if trustee(s) had ensured that all money and other assets of the SMSF were kept separately from that of the trustee personally or of a standard employer sponsor, or an associate of a standard employer sponsor, of the SMSF	3	Non-compliance with s52(2)(d) of SIS Act
26. SMSF audit – Member did not test if trustee(s) entered into any contract, or did anything else, that would hinder the trustee in performing the trustee's functions and powers	3	Non-compliance with s52(2)(e) of SIS Act
27. SMSF audit – Member did not test if the sole purpose test had been observed by the SMSF	3	Non-compliance with s62 of SIS Act
28. SMSF audit – Member did not satisfy him/herself that the trustee(s) had not lent money, or provided any other financial assistance to a member or relative of a member of the SMSF	3	Non-compliance with s65 of SIS Act
29. SMSF audit – Member did not satisfy him/herself that the trustee(s) did not acquire any assets from any related party	3	Non-compliance with s66 of SIS Act
30. SMSF audit - Member did not satisfy him/herself that the trustee(s) did not borrow any moneys or enter into an overdraft position at any time during the financial year, except for the purposes and under the conditions permitted	3	Non-compliance with s67 of SIS Act
31. SMSF audit – Member did not examine all loans, investments, and leases to determine if these were made to related parties or a related trust. If made to related parties or related trusts of the fund, member did not satisfy him/herself that the total in-house asset ratio did not exceed the specified limits	3	Non-compliance with s69-71E/ s73-75/s80-85 of SIS Act
32. SMSF audit – Member did not confirm that the minutes of all the trustee meetings had been kept and retained for at least 10 years	3	Non-compliance with s103 of SIS Act
33. SMSF audit – Member did not confirm that the trustee(s) had given written notice to the ATO where the fund has changed its status to become/or cease to be a SMSF	3	Non-compliance with s106 of SIS Act
34. SMSF audit – Member did not satisfy him/herself that all of the fund's investment transactions had been made and maintained at arm's length	3	Non-compliance with s109 of SIS Act
35. SMSF audit – Member did not confirm that accounting records had been kept for at least 5 years	3	Non-compliance with s111 of SIS Act
36. SMSF audit – Member did not confirm that the accounts and statements had been maintained and prepared in accordance with accepted Australian accounting principles and practices	3	Non-compliance with s112 of SIS Act
37. SMSF audit – Member failed to complete the audit within the specified time	3	Non-compliance with s113(1A) of SIS Act

Example Review Findings (Audit)	Report Type	Explanation – to be included in Report on Member's Compliance with Quality Control Standard
38. SMSF audit – Member did not confirm with each trustee if the trustee is or has at any time during the year been a disqualified person	3	Non-compliance with s121 of SIS Act
39. SMSF audit - Member did not assess if trustee of the fund had formulated an appropriate investment strategy that had regard to all the circumstances of the fund	3	Non-compliance with Reg 4.09 of SIS Reg
40. SMSF audit – Member did not assess if minimum benefits of the fund's member had been maintained by the trustee(s) in the fund	3	Non-compliance with Reg 5.08 of SIS Reg
41. SMSF audit – Member did not assess if fund member's benefits in the fund had been paid in accordance with certain conditions of release	3	Non-compliance with Reg 6.17 of SIS Reg
42. SMSF audit - Member did not confirm if trustee(s) only accept contributions in circumstances as specified	3	Non-compliance with Reg 7.04 of SIS Reg
43. SMSF audit - Member did not confirm that the trustee(s) had not recognised an assignment of a superannuation interest of a member or beneficiary	3	Non-compliance with Reg 13.12 of SIS Reg
44. SMSF audit - Member did not confirm that the trustee(s) had not recognised a charge over benefits of the fund's member	3	Non-compliance with Reg 13.13 of SIS Reg
45. SMSF audit – Member did not confirm that the trustee(s) had not given a charge over an asset of the fund	3	Non-compliance with Reg 13.14 of SIS Reg
Terms of Audit Engagements		
46. Member and client had not agreed on terms of the engagement	3	Non-compliance with ASA 210.5
47. Applicable financial reporting framework was not identified in the terms of engagement	3	Non-compliance with ASA 210.7
48. Member did not confirm in writing the terms of the recurring engagement with the client when circumstances arose which would require the terms of the engagement to be revised	3	Non-compliance with ASA 210.18
Materiality		
49. Materiality not considered when determining the nature, timing and extent of audit procedures	3	Non-compliance with ASA 320.9
Audit Sampling and Other Selective Testing Procedures		
50. Member did not design and perform further audit procedures whose nature, timing, and extent are responsive to the assessed risks of material misstatement at the assertion level	3	Non-compliance with ASA 330.12
51. Insufficient appropriate audit evidence obtained regarding the effective operation of controls when the auditor's assessment of risks of material misstatement at the assertion level includes an expectation that controls are operating effectively	3	Non-compliance with ASA 330.30

Example Review Findings (Audit)	Report Type	Explanation – to be included in Report on Member's Compliance with Quality Control Standard
52. Member did not determine an appropriate means for selecting items for testing so as to gather audit evidence to meet the objectives of audit tests	3	Non-compliance with ASA 530.25
53. Member did not design and perform substantive procedures for each material class of transaction, account balance, and disclosure	3	Non-compliance with ASA 330.67
54. Member's substantive procedures did not include agreeing the financial report to the underlying accounting records and examining material journal entries and other adjustments made during the course of preparing the financial report	3	Non-compliance with ASA 330.69
55. Conditions which may cast significant doubt on the entity's ability to continue as a going concern were identified but Member did not review the management's plans for future actions based on its going concern assessment	3	Non-compliance with ASA 570.31(a)
56. Conditions which may cast significant doubt on the entity's ability to continue as a going concern were identified but Member did not gather sufficient appropriate audit evidence to confirm if a material uncertainty existed through carrying out audit procedures considered necessary	3	Non-compliance with ASA 570.31(b)
57. Conditions which may cast significant doubt on the entity's ability to continue as a going concern were identified but Member did not obtain written representations from management regarding its plans for future action	3	Non-compliance with ASA 570.31(c)
Audit Workpapers		
58. Inadequate or untimely documentation of discussions of significant matters with those charged with governance, management and others	3	Non-compliance with ASA 230.18
59. Inadequate documentation of the way member addressed the contradiction or inconsistency in forming the final conclusion	3	Non-compliance with ASA 230.20
60. Inadequate or untimely documentation of matters important in providing evidence to support the Member's report and evidence that the audit was performed in accordance with Australian Auditing Standards and applicable legal and regulatory requirements	3	Non-compliance with ASA 230.5
61. Inadequate audit documentation resulting in an experienced auditor unable to understand the nature, timing and extent of the audit procedures performed	3	Non-compliance with ASA 230.11(a)
62. Inadequate audit documentation resulting in an experienced auditor unable to understand the results of the audit procedures and the audit evidence obtained	3	Non-compliance with ASA 230.11(b)

Example Review Findings (Audit)	Report Type	Explanation – to be included in Report on Member’s Compliance with Quality Control Standard
63. Inadequate audit documentation resulting in an experienced auditor unable to understand significant matters arising during the audit and the conclusions reached thereon	3	Non-compliance with ASA 230.11(c)
64. No record on audit documentation as to who perform the audit work and the date such work was completed	3	Non-compliance with ASA 230.26(a)
65. No record on audit documentation as to who reviewed the audit work performed and the date and extent of such review	3	Non-compliance with ASA 230.26(b)
66. Inadequate documentation as to when and by whom modification to existing audit documentation or new audit documentation was made, and (where applicable) reviewed	3	Non-compliance with ASA 230.34(a)
67. Inadequate documentation as to why modification to existing audit documentation or new audit documentation was made	3	Non-compliance with ASA 230.34(b)
68. Inadequate documentation as to the effect of modification to existing audit documentation or new audit documentation on the auditor’s conclusions	3	Non-compliance with ASA 230.34(c)
69. Member did not adopt appropriate procedures for maintaining the confidentiality, safe custody, integrity, accessibility and retrievability of the audit documentation	3	Non-compliance with ASA 230.37
Audit Evidence		
70. Member did not qualify the auditor’s report on the basis that the comparatives are unaudited and that no opinion on them was expressed	3	Non-compliance with ASA 710.23
71. Member did not use assertions for classes of transactions, account balances, and presentation and disclosures in sufficient detail to form a basis for the assessment of risks of material misstatement and design and performance of further audit procedures	3	Non-compliance with ASA 500.20
72. Insufficient appropriate audit evidence obtained from external sources to confirm, amongst other things, material receivables balances	3	Non-compliance with ASA 505.5
73. Insufficient appropriate audit evidence obtained regarding the existence and valuation of material inventory balances	3	Non-compliance with ASA 501.5
74. Member did not evaluate the methods used by the management in the valuation of inventory	3	Non-compliance with ASA 501.30
75. Insufficient appropriate audit evidence obtained regarding litigation and claims and the impact of these	3	Non-compliance with ASA 508.5
76. Insufficient appropriate audit evidence obtained regarding the accuracy of the opening balances, consistency of the application of accounting policies, proper accounting for and adequate presentation & disclosure of changes in accounting policies	3	Non-compliance with ASA 510.5

Example Review Findings (Audit)	Report Type	Explanation – to be included in Report on Member's Compliance with Quality Control Standard
77. Member did not adopt one or a combination of the following approaches in the audit of an accounting estimate: <ul style="list-style-type: none"> a. review and test the process used by management to develop the estimate b. use an independent estimate for comparison with that prepared by management, or c. review subsequent events which provide audit evidence of the reasonableness of the estimate made 	3	Non-compliance with ASA 540.14
78. Insufficient appropriate evidence obtained regarding the evaluation of the risk that the comparatives may be materially misstated and that the comparatives meet the requirements of the applicable financial reporting framework	3	Non-compliance with ASA 710.8
Management Representations		
79. Insufficient evidence obtained to confirm that management acknowledges its responsibility for the fair presentation of the financial report and has approved the financial report	3	Non-compliance with ASA 580.7
80. Written representations not endeavoured to be obtained from management on specific material matters when other sufficient appropriate audit evidence could not reasonably be expected to exist	3	Non-compliance with ASA 580.9
81. Insufficient audit evidence obtained to confirm that management acknowledges its responsibility for the design and implementation of internal control to prevent and detect error	3	Non-compliance with ASA 580.12(a)
82. Insufficient audit evidence obtained to confirm that management believes the effects of those uncorrected financial report misstatements aggregated by the auditor during the audit are immaterial, both individually and in the aggregate, to the financial report taken as a whole	3	Non-compliance with ASA 580.12(b)
83. Insufficient audit evidence obtained to confirm that management acknowledges its responsibility for the implementation and operations of accounting and internal control systems that are designed to prevent and detect fraud	3	Non-compliance with ASA 240.96(a)
84. Insufficient audit evidence obtained to confirm that management acknowledges its responsibility for the reasonableness of significant assumptions in respect of the fair value measurements or disclosures	3	Non-compliance with ASA 545.72
85. Insufficient audit evidence obtained to confirm that management has disclosed all significant facts relating to any frauds or suspected frauds known	3	Non-compliance with ASA 240.96(c)
86. Insufficient audit evidence obtained to confirm that management has disclosed the results of its assessment of the risk that the financial report may be materially misstated as a result of fraud	3	Non-compliance with ASA 240.96(b)

Example Review Findings (Audit)	Report Type	Explanation – to be included in <i>Report on Member's Compliance with Quality Control Standard</i>
87. Insufficient audit evidence obtained regarding the reasonableness of significant assumptions used by management in making accounting estimates	3	Non-compliance with ASA 540.32
88. Insufficient appropriate audit evidence obtained regarding steps taken by management to ensure anyone in receipt of the initial financial report and auditor's report is issued with a revised report	3	Non compliance with ASA 560.23
89. Insufficient appropriate audit evidence obtained to confirm that fair value measurements and disclosure are in accordance with the entity's applicable financial reporting framework	3	Non compliance with ASA 545.7
90. Member did not perform audit procedures on the data used to develop the fair value measurements and disclosures and did not evaluate if the fair value measurements had been properly determined from such data and management's assumptions	3	Non compliance with ASA 545.58
91. Insufficient appropriate audit evidence obtained regarding the adequacy of the work of an expert for the purpose of the audit	3	Non compliance with ASA 620.5
92. Member did not evaluate the professional competence of the expert employed in the audit engagement	3	Non compliance with ASA 620.12
Auditor's Report		
93. GPFR – audit report does not contain all required elements and appropriate wording	3	Non-compliance with ASA 700.8
94. Member represented compliance with Auditing Standards where he/she had not complied fully with ALL the Auditing Standards relevant to the audit	3	Non compliance with ASA 200.18
95. SPFR – Member did not review and assess the conclusions drawn from the audit evidence obtained as the basis for expressing an opinion	3	Non-compliance with ASA 800.5
96. Member did not review other information to identify material inconsistencies with the audited financial report	3	Non compliance with ASA 720.5
97. SPFR – Member has not taken reasonable steps to ensure that the SPFR and audit report clearly states that it is a SPFR, the specific purpose for which it has been prepared and the significant accounting policies that have, or have not, been adopted	3	Non-compliance with ASA 260.5
98. Member did not communicate a material misstatement in the financial report involving fraud with those charged with governance as soon as practicable	3	Non compliance with ASA 240.101

Compilation engagements

Please note:

- Reviewers must consider all aspects of the Member’s system of quality control and its implementation, and may identify matters not addressed in these guidelines
- when in doubt as to the type of report to issue in a particular set of circumstances, Reviewers are requested to contact the Quality Assurance Department directly to seek advice
- compilation engagements must be considered in light of the mandatory professional standards contained in APES 205 and APS 9
- the report type suggested in each instance below is the type that should be issued by a Reviewer in such an instance. The Quality Assurance Department and/or the Quality Review Committee will consider each recommendation and may change the type of report issued to a Member at its discretion
- the Quality Assurance Department and/or the Quality Review Committee, on considering the report prepared by the Reviewer in conjunction with the Member’s comments, may change the category of the report

Example Review Findings (Compilation)	Report Type	Explanation – to be included in Report on Member’s Compliance with Quality Control Standard
1. Member has not ensured that only engagements where clients are of integrity will be undertaken or continued	2	Non-compliance with APES 320.28(a)
2. Member has not ensured that only engagements where they are sufficiently competent to perform the engagements will be undertaken or continued	2	Non-compliance with APES 320.28(b)
3. Member has not ensured that only engagements where they can comply with ethical requirements will be undertaken or continued	2	Non-compliance with APES 320.28(c)
4. Member has not ensured that engagements are performed in accordance with professional standards and regulatory and legal requirements	2	Non-compliance with APES 320.46
5. Written records of the client’s instructions are not retained for periods sufficient to meet statutory and other requirements	2	Non-compliance with APES 320.73i
6. Member has not complied with the fundamental principles associated with independence, being integrity and objectivity	2	Non-compliance with APES 110.110/APES 110.120
7. Member has not made a statement in the report that they are not independent	2	Non-compliance with APS 9.14 and APS 9.32(h)
8. Member has not ensured a clear understanding between the client and the Member regarding the terms of engagement (note post 1 July 2008 these terms must be documented)	2	Non-compliance with APS 9.15 or APES 305.3.1 post 1 July 2008
9. Work not planned so that the engagement would be performed in an effective manner	2	Non-compliance with APS 9.18
10. Member has not documented matters which are important in providing evidence that the engagement was appropriately carried out	2	Non-compliance with APS 9.19

Example Review Findings (Compilation)	Report Type	Explanation – to be included in Report on Member's Compliance with Quality Control Standard
11. Member lacks general knowledge of the business and operations of the client	2	Non-compliance with APS 9.20
12. Member is unfamiliar with the accounting principles and practices of the industry in which the client operates	2	Non-compliance with APS 9.20
13. Member is unfamiliar with form and content of the financial report appropriate in the circumstances	2	Non-compliance with APS 9.20
14. Member has not considered whether the compiled financial report appears to be appropriate in form and free from material misstatements	2	Non-compliance with APS 9.24
15. Member has not issued a compilation report and the Member's firm does not audit the financial report prepared	2	Non-compliance with APS 9.30
16. Compilation report issued does not contain all required elements	2	Non-compliance with APS 9.32 / APES 205.6.1
17. Financial report compiled by member does not include a reference such as "Unaudited", "Refer to Compilation Report", etc on each page	2	Non-compliance with APS 9.33
18. GPFR – Member has not ensured that any departure from Australian Accounting Standards, the reason for such departure and its financial effects are properly disclosed and explained in the GPFR	2	Non-compliance with APES 205.5.2
19. SPFR – it appears reasonable to expect that the SPFR will not be used solely for internal purposes, and the Member has not taken reasonable steps to ensure that the SPFR and compilation report clearly states that it is a SPFR, the specific purpose for which it has been prepared and the extent to which significant accounting policies have, or have not, been adopted	2	Non-compliance with APES 205.6.1

Taxation engagements

Please note:

- Reviewers must consider all aspects of the Member’s system of quality control and its implementation, and may identify matters not addressed in these guidelines
- when in doubt as to the type of report to issue in a particular set of circumstances, Reviewers are requested to contact the Quality Assurance Department directly to seek advice
- Taxation engagements must be considered in light of the mandatory professional standards contained in APES 220
- the report type suggested in each instance below is the type that should generally be issued by a Reviewer in such an instance. The Quality Assurance Department and/or the Quality Review Committee will consider each recommendation and may change the type of report issued to a Member at its discretion
- Reviewers are to use their judgment in deciding between either a **Report Type 2** (Assurance) or **Report Type 3** (Follow-up). Where there is an isolated incident, **Report Type 2** may be sufficient however where a number of breaches have been identified it may be necessary to issue a **Report Type 3**
- the Quality Assurance Department and/or the Quality Review Committee, on considering the report prepared by the Reviewer in conjunction with the Member’s comments, may change the category of the report

Example Review Findings (Taxation)	Report Type	Explanation – to be included in Report on Member’s Compliance with Quality Control Standard
1. Member has not advised the client of their rights, obligations and options under the taxation law, including private rulings, objections and appeals	2 or 3	Non-compliance with APES 220.3.14(a)
2. Member has not advised the client in writing that responsibility for the accuracy and completeness of the particulars and information provided by the client rests with the client	2 or 3	Non-compliance with APES 220.3.15(a)
3. Member has not submitted all required lodgements in accordance with the information provided by the client, their instructions, and the relevant taxation law	2 or 3	Non-compliance with APES 220.4.1
4. Member has not ensured that clients are fully informed of the details of any tax schemes or arrangements and their current and future ramifications including risks and uncertainties	2 or 3	Non-compliance with APES 220.5.2
5. Member has been knowingly or recklessly associated with an arrangement which involved documents or accounting entries intended to misrepresent a transaction or which depended upon lack of disclosure for its effectiveness	2 or 3	Non-compliance with APES 220.5.3
6. Member has promoted or assisted in the promotion of a scheme or arrangement where the dominant purpose is to derive a tax benefit that is not reasonably arguable	2 or 3	Non-compliance with APES 220.5.4
7. Member has a financial interest in an organisation that predominantly promotes tax schemes or arrangements or has provided professional services to such an organisation in which an immediate or close family has a financial interest	2 or 3	Non-compliance with APES 220.5.7

Example Review Findings (Taxation)	Report Type	Explanation – to be included in Report on Member’s Compliance with Quality Control Standard
8. Member has prepared or been associated with the preparation of returns or submissions involving the use of estimates when their use was not generally acceptable or where exact data could have been obtained	2 or 3	Non-compliance with APES 220.6.1
9. Member provided a taxation service to a client where the Member had found that material on which the taxation service was based contained false or misleading information or omitted material information	2 or 3	Non-compliance with APES 220.7.1
10. Member has not obtained the consent of a third party that has provided opinions or advices in connection with the performance of a taxation service, prior to disclosing such information	2 or 3	Non-compliance with APES 220.8.4

Corporate secretarial engagements

Please note:

- Reviewers must consider all aspects of the Member’s system of quality control and its implementation, and may identify matters not addressed in these guidelines
- when in doubt as to the type of report to issue in a particular set of circumstances, Reviewers are requested to contact the Quality Assurance Department directly to seek advice
- Corporate secretarial engagements must be considered in light of the requirements of the Corporations Act 2001 (Cwlth). As there have been a number of legislative changes, Reviewers should consult the Act to determine the requirements when reviewing this work
- the report type suggested in each instance below is the type that should be issued by a Reviewer in such an instance. The Quality Assurance Department and/or the Quality Review Committee will consider each recommendation and may change the type of report issued to a Member at its discretion
- the Quality Assurance Department and/or the Quality Review Committee, on considering the report prepared by the Reviewer in conjunction with the Member’s comments, may change the category of the report

Example Review Findings (Corporate Secretarial)	Report Type	Explanation – to be included in Report on Member’s Compliance with Quality Control Standard
1. Member has not documented and communicated the terms of engagement with clients	2	Non-compliance with APES 305.3.1
2. Written records of the client’s instructions are not retained for periods sufficient to meet statutory and other requirements	2	Non-compliance with APES 320.73i
3. Statutory records, where required, are not up to date or missing	2	Non-compliance with: <ul style="list-style-type: none"> ➤ s.169 - must keep a register of members ➤ s.170 - must keep register of options holders/copies of options documents ➤ s.171 - must keep register of debenture holders ➤ s.271(1) & (2) - must keep register of charges/copies of charges documents of the Corporations Act

Example Review Findings (Corporate Secretarial)	Report Type	Explanation – to be included in Report on Member’s Compliance with Quality Control Standard
4. Statutory records, where required, do not contain required information	2	Non-compliance with: <ul style="list-style-type: none"> ➤ s.169 - information to be contained in register of members ➤ s.170 - information to be contained in register of option holders ➤ s.171 - information to be contained in register of debenture holders ➤ s.271(2) - information to be contained in register of charges of the Corporations Act
5. Consents to act as Director or Secretary not maintained	2	Non-compliance with s.201D & s204C of the Corporations Act
6. Minute books containing the minutes of proceedings and resolutions of any general meetings and directors’ meetings not maintained, where required	2	Non-compliance with s.251A of the Corporations Act
7. Minutes of all general meetings and directors’ meetings not entered into the minute books within 1 month after the relevant meeting held	2	Non-compliance with s.251A of the Corporations Act
8. Minutes not signed by the chairman of the meeting to which the minutes relate or the chairman of the next meeting	2	Non-compliance with s.251A of the Corporations Act
9. Member’s firm is the registered office of a public company but does not prominently display a sign reflecting such	2	Non-compliance with s.144 of the Corporations Act
10. Member has not ensured that only engagements where clients are of integrity will be undertaken or continued	2	Non-compliance with APES 320.28(a)
11. Member has not ensured that only engagements where they are sufficiently competent to perform the engagements will be undertaken or continued	2	Non-compliance with APES 320.28(b)
12. Member has not ensured that only engagements where they can comply with ethical requirements will be undertaken or continued	2	Non-compliance with APES 320.28(c)
13. Member has not ensured that engagements are performed in accordance with professional standards and regulatory and legal requirements	2	Non-compliance with APES 320.46

Insolvency services

Please note:

- Reviewers must consider all aspects of the Member’s system of quality control and its implementation, and may identify matters not addressed in these guidelines
- when in doubt as to the type of report to issue in a particular set of circumstances, Reviewers are requested to contact the Quality Assurance Department directly to seek advice
- Insolvency engagements must be considered in light of the mandatory professional standards contained in APS 7
- the report type suggested in each instance below is the type that should be issued by a Reviewer in such an instance. The Quality Assurance Department and/or the Quality Review Committee will consider each recommendation and may change the type of report issued to a Member at its discretion
- the Quality Assurance Department and/or the Quality Review Committee, on considering the report prepared by the Reviewer in conjunction with the Member’s comments, may change the category of the report

Example Review Findings (Insolvency)	Report Type	Explanation – to be included in Report on Member’s Compliance with Quality Control Standard
1. Member consented to act when a conflict of interest was present, or did not, as soon as practicable, fully disclose a conflict during an engagement	3	Non-compliance with APS 7.10
2. Member has accepted an appointment where they had a continuing professional relationship within the previous two years	3	Non-compliance with APS 7.11
3. Member did not give reasonable notice where they were requested to act in an administration in competition with another member who has commenced insolvency proceedings	3	Non-compliance with APS 7.12
4. Member has created obligations to or by those who are responsible for the appointment	3	Non compliance with APS 7.13
5. Member, his/her partners/employees, their relatives or associated entities acquired property or derived a pecuniary interest from dealing with property which came under the Member’s control for the benefit of others, without prior approval of the Court or creditors	3	Non-compliance with APS 7.14
6. Information acquired by the Member used for purposes beyond the proper performance of professional duties	3	Non-compliance with APS 7.15
7. Member accepted appointment without having the special skills required, the necessary resources and/or enough time to effectively and efficiently conduct the work	3	Non-compliance with APS 7.18
8. Member has drawn remuneration without proper authorisation	3	Non-compliance with APS 7.19
9. Member failed to make a Declaration of Indemnities and Relevant Relationships after being appointed as administrator	3	Non-compliance with s.436DA of the Corporations Act
10. The report does not contain the information about the company’s business, property, affairs and financial circumstances	3	Non-compliance with s.439A(4) of the Corporations Act
11. Threats to compliance with the fundamental principles arising from the level of fees quoted were not considered and addressed accordingly by Member	3	Non compliance with APES 110.240

Management consulting services

Please note:

- Reviewers must consider all aspects of the Member’s system of quality control and its implementation, and may identify matters not addressed in these guidelines
- when in doubt as to the type of report to issue in a particular set of circumstances, Reviewers are requested to contact the Quality Assurance Department directly to seek advice
- management consulting engagements must be considered in light of the mandatory professional standards contained in APS 8
- the report type suggested in each instance below is the type that should be issued by a Reviewer in such an instance. The Quality Assurance Department and/or the Quality Review Committee will consider each recommendation and may change the type of report issued to a Member at its discretion
- the Quality Assurance Department and/or the Quality Review Committee, on considering the report prepared by the Reviewer in conjunction with the Member’s comments, may change the category of the report

Example Review Findings (Management Consulting)	Report Type	Explanation – to be included in Report on Member’s Compliance with Quality Control Standard
1. Member has not complied with the fundamental principles associated with independence, being integrity and objectivity	2	Non-compliance with APES 110.110/APES 110.120
2. Member does not possess the required ability and competence to render the particular management consulting services	2	Non compliance with APES 320.28
3. Member has engaged staff who do not have the necessary capabilities, competence and time to perform the engagement	2	Non compliance with APES 320.44
4. Member has not ensured that engagements are performed in accordance with professional standards and regulatory and legal requirements	2	Non-compliance with APES 320.46
5. Permission was not obtained by Member prior to disclosure of information about a client’s affairs to a third party	2	Non-compliance with APES 110.140
6. Member allowed the name of another member to be used in connection with the preparation of a report without the knowledge and consent of the other member	2	Non-compliance with APS 8.19
7. Member provides EDP consulting services and supplies his/her own software to the same client without full disclosure of this fact to the client	2	Non compliance with APES 110.120
8. The objective and anticipated outcomes identified at the commencement of the project are not addressed in the final report of Member	2	Non compliance with APES 110.130
9. Insufficient appropriate evidence to support the work performed and the project outcome	2	Non-compliance with APES 320.94
10. Working paper and supporting documentation for the engagement are not well organized and maintained	2	Non- compliance with APES 320.73

Example Review Findings (Management Consulting)	Report Type	Explanation – to be included in Report on Member’s Compliance with Quality Control Standard
11. Member has prepared or been associated with the preparation of reports involving the use of estimates when their use was not generally acceptable or where exact data could have been obtained	2	Non-compliance with APS 8.21
12. Member has not established appropriate safeguards to eliminate or reduce to an acceptable level, any threat to objectivity or professional competence and due care	2	Non compliance with APES 110.120/APES 110.130

Forensic accounting services

Please note:

- Reviewers must consider all aspects of the Member’s system of quality control and its implementation, and may identify matters not addressed in these guidelines
- when in doubt as to the type of report to issue in a particular set of circumstances, Reviewers are requested to contact the Quality Assurance Department directly to seek advice
- forensic accounting engagements must be considered in light of the mandatory professional standards contained in APS 11
- the report type suggested in each instance below is the type that should be issued by a Reviewer in such an instance. The Quality Assurance Department and/or the Quality Review Committee will consider each recommendation and may change the type of report issued to a Member at its discretion
- the Quality Assurance Department and/or the Quality Review Committee, on considering the report prepared by the Reviewer in conjunction with the Member’s comments, may change the category of the report

Example Review Findings (Forensic Accounting)	Report Type	Explanation – to be included in Report on Member’s Compliance with Quality Control Standard
1. Member’s professional independence has or appears to have been compromised by acceptance of the engagement	3	Non compliance with APS 11.06
2. Member has not taken all reasonable steps to avoid a position of conflict	3	Non compliance with APS 11.07
3. Member did not bring the conflict or perceived conflict to the attention of the client	3	Non compliance with APS 11.08
4. Member did not undertake remedial action that adequately resolve the conflict or perceived conflict which will compromise Member’s independence	3	Non compliance with APS 11.08
5. Member was not adequately qualified to undertake the type and range of forensic accounting work	3	Non compliance with APS 11.10
6. Insufficient evidence of relevant CPD to confirm Member is adequately qualified to offer the forensic accounting services	3	Non compliance with APS 11.11
7. Extent of reliance on external experts has not been disclosed by Member	3	Non compliance with APS 11.12
8. No clear understanding between Member and the client regarding the terms of engagement	3	Non compliance with APS 11.15/ APES 305.4.6
9. Member used information received in the course of the forensic accounting engagement for purposes other than the proper performance of the engagement	3	Non compliance with APS 11.16
10. Client’s permission was not obtained prior to disclosure of confidential information	3	Non compliance with APS 11.17
11. Member has not complied with provisions of professional codes in undertaking new forensic accounting engagement	3	Non compliance with APS 11.18

Example Review Findings (Forensic Accounting)	Report Type	Explanation – to be included in Report on Member’s Compliance with Quality Control Standard
12. Member has associated him/herself with a report or an expression of opinion even if he/she is aware of that report or opinion is based upon or contains incorrect or misleading information, or omits material information	3	Non compliance with APS 11.19
13. Member has not ensured that staff employed in engagement have sufficient proficiency and training, and are adequately supervised and directed	3	Non compliance with APS 11.22(b)
14. Member has not ensured that each assignment is adequately documented	3	Non compliance with APS 11.22(b)
15. Member has not ensured that the use of estimates or assumptions is reasonable in the circumstances of the engagement	3	Non compliance with APS 11.23(a)
16. Member has not ensured that the use of estimates or assumptions is suitably qualified and disclosed	3	Non compliance with APS 11.23(b)
17. Member has not complied with duties and performance requirements imposed under the laws and court rules or guidelines that are relevant to the engagement	3	Non compliance with APS 11.24
18. Member has not been remunerated by way only of professional fees computed in accordance with the code of professional conducts	3	Non compliance with APS 11.25
19. Member has been remunerated by way of a contingency fee arrangement	3	Non compliance with APS 11.26

Other

Please note:

- Reviewers must consider all aspects of the member’s system of quality control and its implementation, and may identify matters not addressed in these guidelines
- when in doubt as to the type of report to issue in a particular set of circumstances, Reviewers are requested to contact the Quality Assurance Department directly to seek advice
- Reviewers must consider the mandatory professional standards contained in APES 320, APES 110, RMS 1 and APS 10 when considering the findings listed below
- the report type suggested in each instance below is the type that should be issued by a Reviewer in such an instance. The Quality Assurance Department and/or the Quality Review Committee will consider each recommendation and may change the type of report issued to a Member at its discretion
- the Quality Assurance Department and/or the Quality Review Committee, on considering the report prepared by the Reviewer in conjunction with the Member’s comments, may change the category of the report

Example Review Findings (Other)	Report Type	Explanation – to be included in <i>Report on Member’s Compliance with Quality Control Standard</i>
APES 320 Quality Control for Firms		
1. Member has not documented and communicated policies and procedures relevant to his/her operations having due regard to all of the following elements of quality control: <ul style="list-style-type: none"> a. leadership responsibilities for quality within the firm b. ethical requirements c. acceptance and continuance of client relationships and specific engagements d. human resources e. engagement performance f. monitoring 	2	Non-compliance with APES 320
APES 110 Code of Ethics for Professional Accountants		
2. Member has not considered all of the following fundamental principles in his/her professional conduct: <ul style="list-style-type: none"> a. integrity b. objectivity c. professional competence and due care d. confidentiality e. professional behaviour 	2	Non-compliance with APES 110
Trust Money and Trust Accounts		
<ul style="list-style-type: none"> ➤ where a Member banks any trust money, including client tax refund cheques, to an account which is NOT A TRUST ACCOUNT, the report MUST BE A TYPE 2 REPORT REGARDLESS OF THE NUMBER OF TIMES THIS HAS BEEN UNDERTAKEN BY THE MEMBER ➤ where a breach of APS 10 is identified, the Quality Assurance Department will refer the matter to the Professional Conduct team for clearance 		

Example Review Findings (Other)	Report Type	Explanation – to be included in Report on Member's Compliance with Quality Control Standard
3. money held or received by a Member payable to clients not dispatched promptly to the client or dealt with in accordance with the client's instructions, despite the Member not having any written authority to transfer, convert or assign the money	2	Non-compliance with APS 10.08
4. Member has acted on an authority to transfer, convert or assign money on behalf of a client but has not deposited to the credit of the trust account as soon as reasonably practicable	2	Non-compliance with APS 10.11
5. Trust money (including client tax refund cheques negotiated with the client's written authority) has been received, but the member has not maintained a trust account and caused it to be audited in accordance with requirements	2	Non-compliance with APS 10.12.1
6. Trust money (including client tax refund cheques negotiated with the client's written authority) has been received and the member has maintained a trust account, but not caused it to be audited in accordance with requirements	2	Non-compliance with APS 10.12.1 and APS 10.34.1.2
Risk Management		
7. Member has not appropriately identified and managed the firm's risks	2	Non-compliance with RMS 1
CPD		
8. insufficient/inappropriate CPD undertaken by Member	2	Non-compliance with CPA Australia By-Laws 4.1 and 4.2
Changes in Professional Appointment		
9. Member has not determined whether there are any reasons for not accepting an engagement	2	Non-compliance with APES 110.210.10 and APES 320.28
Fees		
10. Contingency fee arrangements entered into for services requiring objectivity, resulting in significant threats without appropriate safeguards in place	2	Non-compliance with APES 110.240.3 and 110.240.4
11. An agency, commission or other form of arrangement was entered into with a third party and the Member did not inform the client in writing of the existence of such an arrangement and the details of the arrangement including any benefit occurring directly or indirectly to the Member	2	Non-compliance with APES 110.240.7
Independence		
12. Instances noted where the Member is not, or does not appear to be, free of any interest which is incompatible with objectivity on an engagement.	3	Non-compliance with APES 110.280.1
13. Member has not ensured that the Member, his/her firm, or his/her team does not have a conflict of interest with a client.	2	Non-compliance with APES 110.220.2

Example Review Findings (Other)	Report Type	Explanation – to be included in <i>Report on Member's Compliance with Quality Control Standard</i>
14. Member has not taken steps to reduce a threat to independence that is not clearly insignificant to an acceptable level.	2	Non-compliance with APES 110.290.27.
15. Member has conducted an assurance engagement for a company when a person in the Member's firm is an employee, director or other officer of that company resulting in significant threats without appropriate safeguards.	3	Non-compliance with APES 110.290.144
16. Member accepted appointment as auditor of a company having been a liquidator, provisional liquidator, controller, scheme manager, official manager or administrator within previous two years.	3	Non-compliance with APS 7.11
17. Member, a person in the Member's firm or their immediate family member has a direct or indirect financial interest in an assurance client without appropriate safeguards in place.	3	Non-compliance with APES 110.290.106