

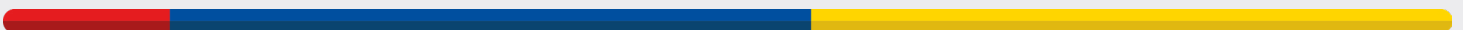


**INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
OF UGANDA**



**FREQUENTLY ASKED  
QUESTIONS  
(FAQs) ON**

**AUDIT QUALITY  
REVIEWS**



# FREQUENTLY ASKED QUESTIONS (FAQs) ON AUDIT QUALITY REVIEWS<sup>1</sup>

## 1. Why have I been selected for a visit and how often will I receive one?

All registered accounting firms are by law required to undergo a Quality Review exercise at least every three years. When to receive your review visit will also depend on the Institute's assessment of your risk. We use a risk based approach. We take into account the results of your past review visits and information from the Annual Practice Return which your firm submits. Therefore, you could receive a visit in a shorter time scale than three years. Where there are significant issues on the initial visit, a follow up visit is conducted at the firm's expense.

## 2. Who will conduct the visit?

All visits are conducted by the Quality Assurance Review Team of the Institute of Certified Public Accountants of Uganda (ICPAU), which acts as an agent to the Quality Assurance Board. The Review Team consists of Qualified Accountants who are full time employees of the Institute and have relevant professional experience and expertise. Each Reviewer is required to comply with strict independence requirements and is bound by confidentiality rules. The team reports the results of each review visit to the Quality Assurance Board. It is this Board, and not the quality assurance team, that makes the decision about the implications of the results of your review.

## 3. How big is the quality assurance review team?

The size of the team will depend on the size of the firm, number and nature of engagements and other considerations made by the Review Team Leader.

## 4. Do I receive any information prior to the visit?

Yes. You will receive a visit notification letter. This letter tells you when we plan to visit your firm and the proposed visit duration. You will usually be given at least four weeks' notice of the visit. The letter may also indicate, where applicable, that an inspection exercise for the firm's license is to be conducted at around the same time. The visit notification letter will normally ask you to provide a list of your clients by email, at least one week before the start of the visit to allow the review team to conduct pre-visit planning.

## 5. What do I do if the visit date is unsuitable?

- (a) Please try to stick to the proposed visit date. If the date is not convenient due to unavoidable circumstances, you must communicate your circumstances or reasons for unavailability in writing to the Secretary/CEO within fifteen (15) days from the date of the notification letter.
- (b) Requests for postponement of the review visit will only usually be accepted if a reasonable alternative date can be agreed upon between your firm and the review team. You may be subjected to a fee for the postponement.
- (c) You may be asked to take an alternative date earlier than the originally scheduled date, if there are no other available dates. You are less likely to be granted a postponement if you contact ICPAU shortly before the visit, given that no alternative visits to another firm can be scheduled at such short notice.

<sup>1</sup> This document has been prepared by ICPAU staff. It is a non-authoritative document, issued for information purposes only to provide insight into the ICPAU audit quality review process. The reader is encouraged to refer to the Accountants Act, 2013 and Regulations thereunder.

## **6. Are all practitioners required to be present at the visit?**

Yes, all engagement partners must be available during the visit in order to be able to respond to any findings or questions in their engagement files that have been selected for review. At least one of the partners, in case of a partnership, should be available for the entire duration of the visit.

## **7. What else should I expect prior to the visit?**

A pre-visit call from the Institute will be made to confirm the final arrangements, for the visit. The team will agree a starting time with you, which is usually 9.00 am or 9.30 am; although this may be different if the team is travelling a long distance to visit you. The team will also confirm other administrative matters, such as the number of team members, travel directions and parking details. It would be useful to have the documents and records list completed by then, as the pre-visit call is an opportunity for you to raise any questions or concerns that you have about the visit.

## **8. How much time will the AQR visit take?**

This depends on the size and nature of the firm and number of reviewers available. However, the visit normally takes one (1) to three (3) days.

## **9. What should I expect during the visit?**

The on-site visit usually has four distinct steps:

- the opening meeting;
- the engagement file review;
- the whole firm review; and
- the closing meeting.

## **10. What should I expect at the opening meeting?**

This meeting helps the team obtain an understanding of your firm, your audit clients and any issues or risks that the firm faces, and also helps to ensure that the visit proceeds efficiently. The meeting is usually held with the firm's assurance partner, but you may invite others to attend, such as those involved in internal compliance work, but please bear in mind that matters such as the firm's income will be discussed, if you are inviting members of staff other than partners. If your firm is particularly large, we may contact you to arrange an earlier opening meeting a number of days before the visit fieldwork. This is to allow your firm, and the quality assurance team, more time to prepare for the visit and to agree the practicalities of the visit before the fieldwork.

## **11. What is expected of me during the engagement file review and whole firm review?**

This meeting helps the team to obtain an understanding of your firm, your audit clients and any issues or risks that the firm faces, and also helps to ensure that the visit proceeds efficiently. The meeting is usually held with the firm's assurance partner, but you may invite others to attend, such as those involved in internal compliance work, but please bear in mind that matters such as the firm's income will be discussed, if you are inviting members of staff other than partners. If your firm is particularly large, we may contact you to arrange an earlier opening meeting a number of days before the visit fieldwork. This is to allow your firm, and the quality assurance team, more time to prepare for the visit and to agree the practicalities of the visit before the fieldwork.

## 12. What does the team consider in selecting the files for review?

We aim to select files that show how firms respond to the risks and challenges they face in performing audits. The number and extent of the engagement file reviews will vary from visit to visit, and will normally depend on factors, such as the extent of risks or matters to be addressed, the size of the firm and the number of partners.

## 13. What can I expect at the closing meeting?

The purpose of the closing meeting is to discuss any:

- Issues that have arisen; and
- Initial thoughts on any action that the review team may suggest to help your firm.

If issues or shortcomings are identified, the team will assess how the firm has dealt with the problems, or if they have not yet been dealt with, will try to find the underlying causes, and then seek your solution. The team may obtain initial responses from you regarding your proposed follow up action. They will seek to be helpful and may make suggestions on the action you may take, but you must decide your own responses, appropriate to your own circumstances.

## 14. Other than the audit files and firm policies, am I required to provide any other information?

Yes, you must cooperate with the Quality Assurance Review Team. Section 6(5) of the Accountants Practice Regulations, 2019, requires practising accountants to;

- a) Provide to the Quality Assurance Board any information and explanations requested for the monitoring process; and
- b) Provide access to the documents and records of the practising accountant.

## 15. How safe is the information to which the review team gets access?

All reviewers comply with the ethical principles as per the International Ethics Standards Board for Accountants (IESBA) code of ethics as well as the ICPAU code of ethics. The team selection is such that the members are independent from the firm as well as the firm's clients. The review team further operates within the law. Section 6(4) of the Accountants Practice Regulations 2019 provides that, "the Quality Assurance Board shall keep confidential the material and information obtained during a monitoring process, except where, by law, this information is required to be disclosed or where the concerned practising accountant consents to the disclosure". The Quality Assurance Board has put in place measures to protect the confidentiality of information and material obtained through the quality assurance programme.

## 16. What do we expect after the visit?

Following each completed review, a confidential detailed report is sent to you, pointing out the weaknesses identified and your responses. You are required to provide your planned corrective action within a period of 4 weeks from the date of receipt of the report. If you feel that you require more time, please explain the reasons to the Reviewer and the Review Team Leader may allow you more time to respond. You will also receive a visit feedback form. This form has a series of questions about the visit process. It allows you to comment on the process and to help the Institute monitor how the process is working.

## 17. How does ICPAU grade audit visits?

The firm is graded in four (4) classes; 1, 2A, 2B and 3 depending on the outcome of the review.

Grading CLASS	DESCRIPTION
1	Satisfactory; No concerns regarding the sufficiency and quality of audit evidence or the appropriateness of significant audit judgments in the areas reviewed, Only limited weaknesses in documentation of audit work. <b>AND</b> Any concerns in other areas are limited in nature (both individually and collectively)
2A	Generally acceptable but a small number of improvements required; Only limited concerns regarding the sufficiency or quality of audit evidence or the appropriateness of significant audit judgments in the areas reviewed <b>AND/OR</b> ; Weaknesses in documentation of audit work are restricted to a small number of areas <b>AND/OR</b> ; Some concerns, assessed as less than significant(individually and collectively), in other areas.
2B	Major improvements required; Concerns assessed as less than significant, regarding the sufficiency or quality of audit evidence <b>AND/OR</b> ; More widespread weaknesses in documentation of audit work. <b>AND/OR</b> ; Significant concerns in other areas (individually or collectively).
3	Significant improvements required; Significant concerns regarding the sufficiency or quality of audit evidence or the appropriateness of significant audit judgments in the areas reviewed (not limited to the documentation of the underlying thought processes). <b>AND/OR</b> ; Very significant concerns in other areas (individually or collectively).

### 18. What happens if one of the partners' files performs poorly yet the others' are excellent?

The firm will be rated a poor performer. This is because we grade the firm as a whole. It is advised that partners should consult one another to ensure that the firm's quality is not compromised.

### 19. What are the implications of a poor grade?

The Quality Assurance Board may invite you to:

- Explain the findings and action plan directly to the Board.
- Supply further information to show that your proposed actions were successful.

In case there are significant non-compliance issues, the Board may prohibit the firm from accepting new professional appointments and/or refer you to the disciplinary Committee for further handling.

## 20. How does my firm compare to those of a similar size?

A popular question and one to which there is no easy answer. Our annual audit quality review reports will give you some insights into our findings from the review of all firms during the year. This will be uploaded on the Institute's website, [www.icpau.co.ug](http://www.icpau.co.ug).

## 21. How do I get further guidance?

For further inquiries, please contact us at [standards@icpau.co.ug](mailto:standards@icpau.co.ug).

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