

# Advancing Audit Quality Assurance Systems: Trends and Opportunities

CHAMBER OF AUDITORS OF AZERBAIJAN

*26-27 April 2018, Vienna*


*AUDIT QUALITY ASSURANCE SYSTEM IN THE REPUBLIC OF AZERBAIJAN*

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 LE GOUVERNEMENT  
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# **Legal and regulatory framework for audit quality assurance**

- Law of the RA on Audit Service
- International Standards on Auditing
- Quality assurance requirements of the IFAC
- Audit Development Concept in the Republic of Azerbaijan  
(2012-2020)
- Quality Assurance Rules (as approved by the Chamber of  
Auditors Board on 30 September 2018)

# Audit Quality Assurance Mechanisms Framework

Quality assurance independent from the audit profession

Financial Markets Control Chamber

Ministry for Taxes

Central Bank

Department for Combatting Corruption under the General Prosecutor's Office  
of the RA

Confederation of Entrepreneurs

Audit quality assurance  
mechanisms

In-house quality  
assurance

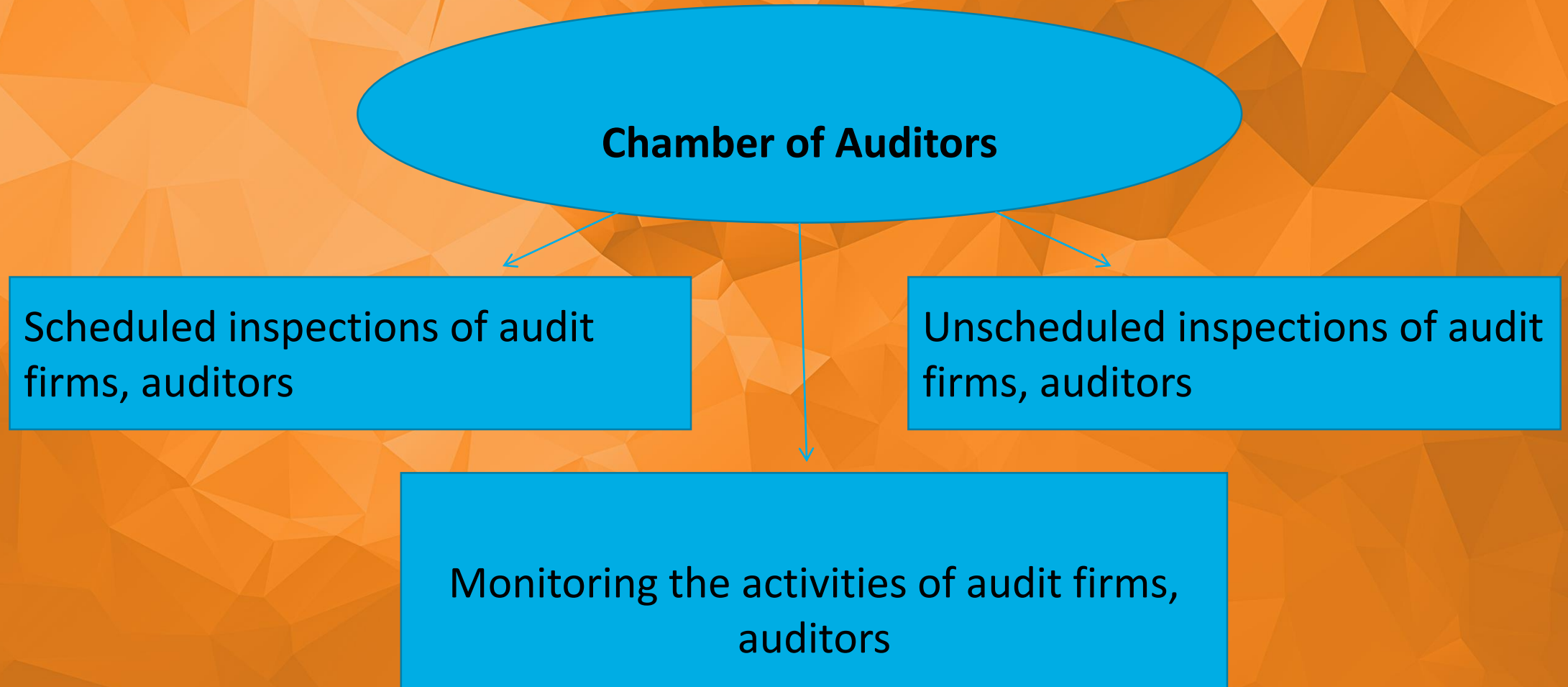
Self-control by auditor

Quality assurance by the  
audit profession

**Generally speaking, all the  
stakeholders are engaged in the  
audit quality assurance**



# Modalities of quality assurance by the audit profession



# Grounds for Inspections by the Chamber of Auditors

## Scheduled Inspections

One year since audit firm (self-employed auditor) data was entered in the Registry of Auditors and Audit Firms of the Chamber of Auditors

One year since the most recent scheduled inspection of an audit firm, self-employed auditor

## Unscheduled Inspections

Lodged complaint against actions (omissions) of an audit firm (self-employed auditor) violating the requirements of the Law on Audit Service, audit standards, auditor and audit firm independence rules, or code of professional ethics of auditors

Other grounds established by the Chamber of Auditors

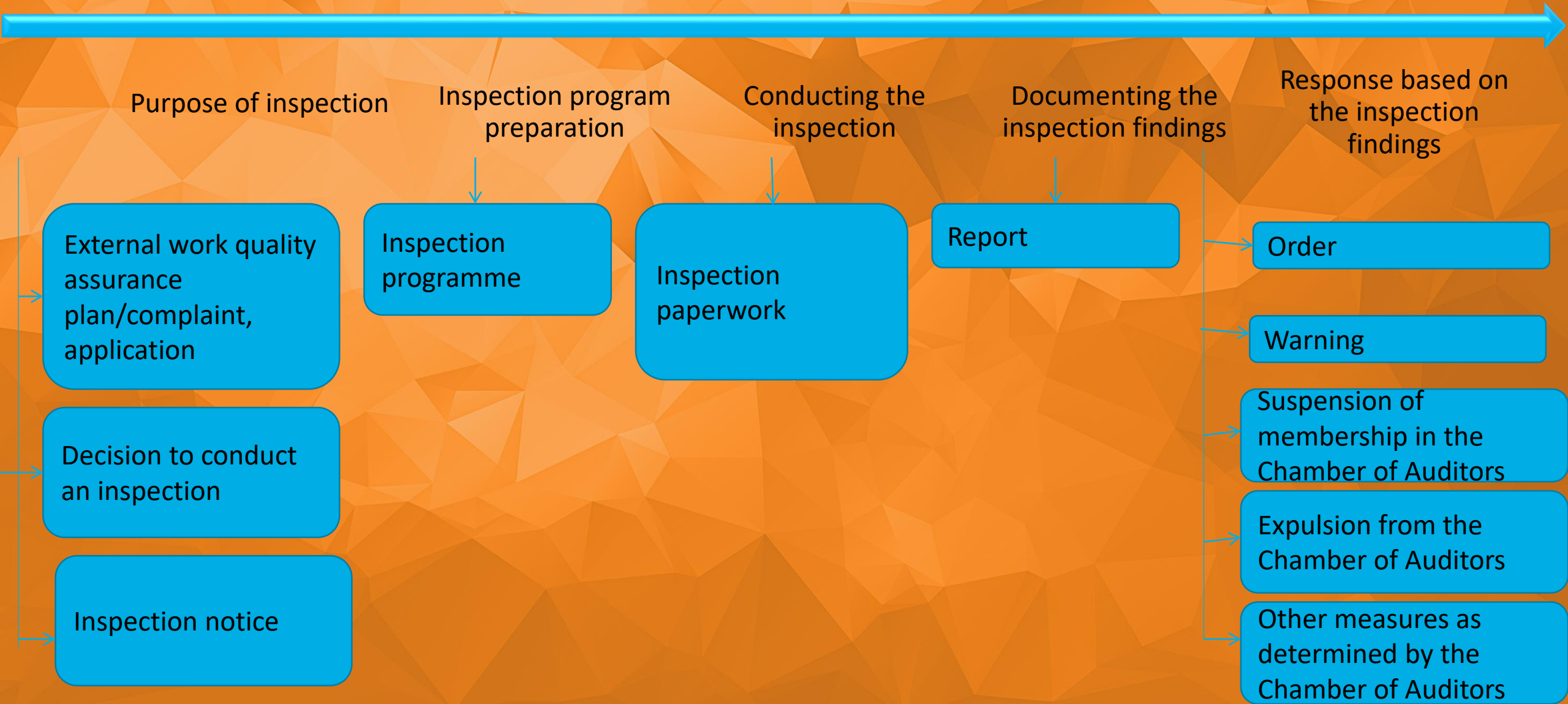
## **The Quality Assurance Committee under the Chamber of Auditors Board comprised of:**

a representative from the Central Bank;  
representative from the Financial Markets Control  
Chamber;

representative from the Ministry for Taxes; and  
representatives of self-employed auditors and audit firms

☐ **is an authorized quality assurance body.**

# Procedure for Inspection by the Chamber of Auditors





# Modalities of in-house quality assurance



# In-house quality assurance – internal work quality assurance

Establishment and compliance by an audit firm (self-employed auditor) of internal work quality assurance rules

Quality assurance system

Review engagement (conducted before an audit report or another report is issued)

Monitoring (review and assessment of an audit firm's quality assurance system)

Review of complaints or claims of an audit firm staff or other persons

Conducted on a continuous basis by

Audit firm manager or another authorized person

Outside competent person or group of such persons (other audit firms)

Continuous review and assessment of an audit firm's quality assurance system

Periodic random inspections of completed engagements

As a complaint or claim is lodged, conducted by

Audit firm manager not involved in the engagement

Outside competent person or another audit firm

Conducted by

Audit firm manager or another authorized person

A network the audit firm is a member of

# Quality assurance independent from the audit profession

**Quality assurance  
independent from the audit  
profession**

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graph TD; A([Quality assurance independent from the audit profession]) --> B[Quality assurance by supervisory authority]; A --> C[Quality assurance by audited entity]; A --> D[Public oversight];
```

The diagram illustrates the concept of quality assurance independent from the audit profession. A central blue oval contains the text "Quality assurance independent from the audit profession". Three arrows point from this oval to three separate blue rectangular boxes below it. The boxes are labeled "Quality assurance by supervisory authority", "Quality assurance by audited entity", and "Public oversight".

Quality assurance by  
supervisory authority

Quality assurance by  
audited entity

Public oversight

## **Modalities of quality assurance by audited entity**

**Quality assurance by  
audited entity**

```
graph TD; A([Quality assurance by audited entity]) --> B[Quality assurance by the Audit Committee]; A --> C[Quality assurance by the audited entity's management];
```

**Quality assurance by the Audit  
Committee**

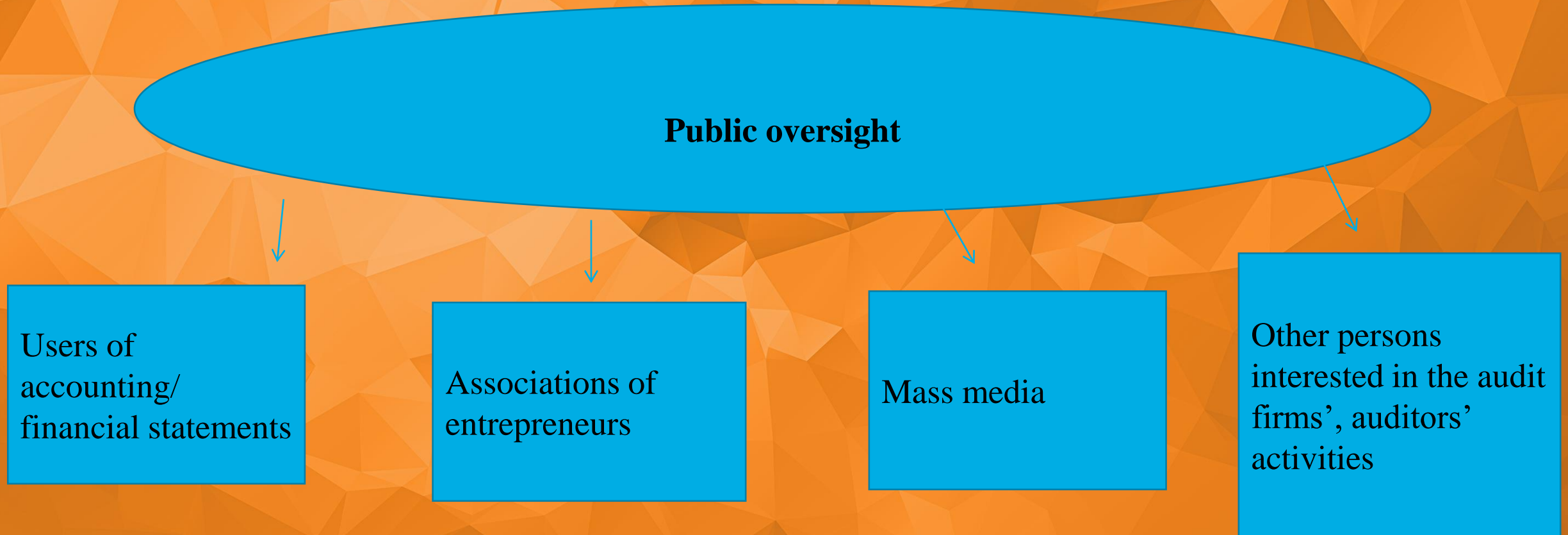
**Quality assurance by the audited  
entity's management**



# Procedure for Quality Assurance by Audited Entity



# Public oversight entities



**It is envisaged that independent auditors will be authorised to conduct tax audits alongside audits of financial statements. It is expected that inspections of the auditors' performance will be conducted jointly with the Ministry for Taxes representatives.**

The background is a solid orange color with a complex, low-poly geometric pattern. The pattern consists of numerous irregular polygons of varying sizes and shades of orange, creating a textured, crystalline effect. The colors range from a light, pale orange to a deeper, more saturated orange, with some areas appearing slightly darker due to the overlapping shapes.

THANK YOU