

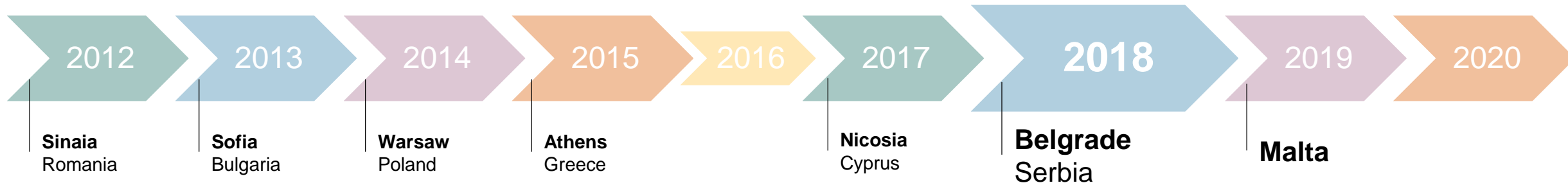


**Martin Manuzi, ICAEW Regional Director, Europe**  
*Introduction to APSF and Quality Assurance  
Networks (QANs)*

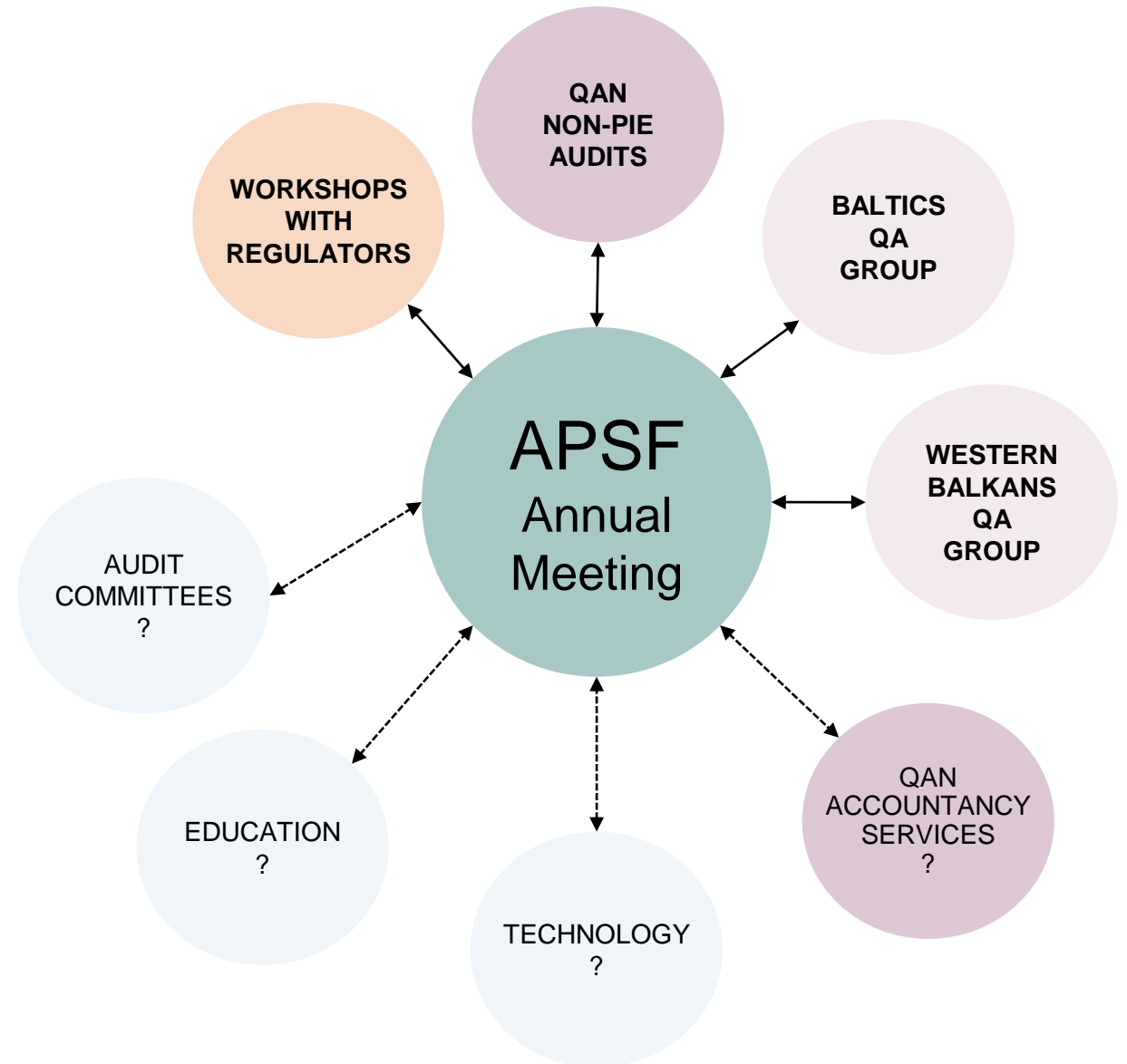
**Ciprian Mihailescu, President, CAFR**  
*CAFR Benefits from QAN-Audit and views on future  
of quality assurance*

# *Accountancy Profession Strategic Forum*

A community of national professional accountancy organisations focused on proactively developing strategies to enhance their role and relevance in national economic life and the public interest



The Annual APSF Meetings have led to focused collaborative initiatives to address specific objectives, working in a practical, cost-effective and outward-looking way.



# Accountancy Profession Strategic Forum – Quality Assurance Networks

## QAN AUDIT

Bulgaria

Estonia

Greece

Lithuania

Malta

Moldova

Romania

Slovakia

Poland

## QAN ACCOUNTING

Western  
Balkans


Baltic states

And  
considering  
wider  
participation  
from CEE.

# ***QAN- Audit: Objective, Components, Deliverables***


- Create a cost-effective and self-sustaining initiative to strengthen audit monitoring practices which provide confidence to POBs in continuing delegation to PAOs, with priority focus on policies, procedures, methodologies and the content and structure of working papers and approach to audit file review.
- A standing network for exchanges between reviewers and a series of focused workshop meetings, hosted on a rotation basis and open to audit monitoring staff of participating bodies.
- Engagement with POBs to share QAN developments and exchange and resolve practical challenges
- Hosting of audit monitoring staff to accompany ICAEW quality assurance reviewers on UK audit firm reviews
- Practical assistance to achieve alignment around best practice
- Development of key common reference and support materials
- Informal guidance on strategic issues

# QAN-Audit: online community




ICAEW Communities

## APSF Quality Assurance Network - Audit




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### Vienna workshops 22/23 May: request for information

 **Sofia Mane** 3 days ago

Dear Linda and Nick, good morning!

 0  Unlike  1 [Reply](#) [More](#)

 **Nick Reynolds** 21 hours ago *in reply to Sofia Mane*




Good afternoon Sofia, thanks for your comment that you completed with an email to Linda and I. I'm sure that others will have similar questions!


You asked us whether we needed the translation of all of the findings, complete notes and queries for all four audit files. You said that for the four audit files this would be really huge, and could you proceed with the translation for the common identified weaknesses of the files?

Linda replied that, if the notes and queries are that huge only translate the queries that result in you raising a finding (an issue that you raise in your final report that the firm must address).



We need to know what lead to all the findings on a file so we can all judge their significance to be able to put a quality grade on the file during the workshop.

I hope this is helpful, please let us know if you have any other questions.

 0  Like  1 [Reply](#) [More](#)

 **Sofia Mane** 3 hours ago *in reply to Nick Reynolds*


Dear Nick, thank you for your email. Your reply was explanatory and we have no more questions for now. Thank you and have a nice day!

 0  Like [Reply](#) [More](#)

#### Post Details

8 days ago  
3 comments  
18 views

#### Author Details



**Nick Reynolds**

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- Report as abusive
- Manage blog
- Move

# ***QAN-Audit: interaction with POBs***



***QAN launch, Prague  
2015***

***Athens workshop 2016***

***Brussels workshop 2017  
(photo)***

***CEAOB presentation  
June 2018***

# *CAFR Benefits from QAN-Audit*

- exchange of information between participant PAOs on QA procedures
- acquaintance with the QA practices on the audit services of PAOs with similar history, status and traditions
- improved communication and demonstrating positive changes in front of POB
- objective assessment of CAFR practices against model of ICAEW and network members – weaknesses, advantages and directions for change and improvement,
- training of the CAFRs reviewers based on practical cases during the QAN workshops



# *CAFR Benefits from QAN-Audit*

- CAFRs reviewers “shadowed” ICAEW reviewers conducting audit quality reviews- November 2016 & March 2017
- CAFR changed its inspection norm in 2016 based on experienced gained within the QAN project, resulting in:
- a better planning of the visits and a more detailed presentation on the inspection note about how the inspectors are testing the professional judgement. The new approach is more principle based than ruled based and has the followed advantage:
- an improved communication between the reviewers and auditors and an increased transparency of the whole process

# *CAFR Benefits from QAN-Audit*

- enhancement the quality of audit files due to new focus on testing the professional judgement of the auditors
- the new approach is reducing the possibility for auditors to challenge the Inspection Note,
- this approach will help the analysis of the cases where is a different opinion between auditors and reviewers about the inspection outcome/rank granted to auditors
- inspection on request- **new concept introduced by the new legislation**. Auditors who believed have improved their activity, including audit files documentation and QA procedures, could ask to be reviewed earlier within normal term of inspection ( 6 years for non PIEs audits and 3 years for PIEs audits)

# *CAFR views on future of quality assurance*

- new possibility for the auditors who have never been inspected to ask to be inspected by QAD teams in order to be sure that their activity is done properly
- non-PIEs audit review common methodology: CAFR believes QAN members should pursue such a goal in the light of the CEAOB objective for PIEs inspections. CAFR is considering the followings procedures to be implemented in the near future:
- QA reviewers will send auditors a set of questions about how they have implemented the ISQC1 requirements **before the visit**

# *CAFR views on future of quality assurance*

- the answers will be discussed with the auditors at the very beginning of the inspection, before starting the review itself, to have a better understanding of auditors ISQC1 implementation
- a risk based approach : assesing the risk at the beginning of the review and selecting the objectives of the review based on the identified risks
- the Inspection Note to be hot reviewed by other principal reviewer of QAD or by the Head of QAD, before issuing the Final Inspection Note in order to try to avoid as much as possible any possible errors done by the QAD inspection team during the review

# ***QAN Audit Workplan 2018/19***

- Continue developing dialogue with POBs and with the CEAOB and EC
- Develop common principles-based approach to audit monitoring
- Workshops to focus on specific topics to explore in depth
- QAN members will pilot ideas in their own reviews and share results
- Produce reports / materials jointly as 'QAN' (eg. thematic reviews)
- User experience – seek feedback from international accounting networks / associations (e.g. EGIAN)

# *Specific areas of attention*

## **Laws and regulations**

- Exchange of information to identify common issues / solutions

## **Common principles**

- Visit cycles including risks
- Visit grading and action
- Audit file grading – comparability between countries

## **Checklists and file documents**

- File review selection method
- File review approach ('full', 'focused' or similar)
- Approach to testing ISQC1

# ***“Challenging” areas under consideration***

- **Detail of visit administration, communication / notification of visits**
- **Checklists that include country-specific laws and regulations**
- **Fines and sanctions**
- **Reporting structures**
- **Review file documentation**
- **Software solutions for monitoring**

