

Finding (ISQM 1, par. 16h) <i>Description of the issue</i>	Source (ISQM 1, par. A157) <i>What is the source of information from where the finding was identified</i>	Assessment of whether the finding leads to a deficiency (ISQM 1, par A159–A162)  <i>Professional judgement applied in determining whether findings, individually or in combination with other findings, give rise to a deficiency in the SoQM.</i>	Conclusion on whether it is a deficiency (ISQM 1, par A159–A162)	Root cause(s) (ISQM 1, par 41a)  <i>Understand why the deficiency has occurred</i>	Remedial action plans (ISQM 1, par. 42)  <i>What actions are planned to be taken to ensure that the finding does not re-occur</i>	Who is responsible  <i>Individual responsible to implement the remedial action identified</i>	When/ deadline  <i>Timing of when the actions planned should be implemented</i>	How will the effectiveness of the remedial actions be monitored? (ISQM 1, par. 44)  <i>What monitoring will be performed to validate that the action/s taken is effective (i.e the outcome is that there are no further issues)</i>	Actions considered to be effective  Yes/ No  <i>If no, additional actions are required or existing actions should be modified</i>
Engagement documentation is not assembled on a timely basis after the signing of the report.	Inspection of completed engagements as required by ISQM 1 par 38	Consider: <b>nature</b> of the finding The  Whether there is an indication of a <b>trend</b> or <b>systemic</b> issue  The <b>extent</b> of the finding <b>in relation to the population</b> being monitored  If the finding relates to a risk response: <b>The impact of the response on the quality risk(s)</b> , with consideration of other responses that address the same risk  <i>For the purpose of this example, we will not delve into the details.</i>	Yes - concluded to be a deficiency for purposes of this example	<b>SLIDO 2:</b> 1. Engagement teams <b>do not understand</b> the risk and quality implications of not assembling the final audit file as required by ISA 230 par A21. 2. <b>Lack of discipline</b> to have the audit file 100% complete at the report signing date, including administrative matters	<b>SLIDO 3:</b> 1. Do specific training for staff on the ISA requirements and why this is necessary 2. Establish best practice within the firm; that engagement leaders do not sign an opinion if the file is not fully completed. If based on monitoring procedures, exceptions still exists, hold the engagement leaders accountable.	<i>Left out for the purpose of this example</i>	<i>Left out for the purpose of this example</i>	<b>SLIDO 4:</b> A sample of completed engagements will be selected, from all engagements signed after the actions were implemented, to validate whether the assembly of the final audit file was completed within the timeframe set out in the firm's policy. (Note that there are also some software programmes available for purchase that can monitor compliance.)	Yes (assumed for purposes of this example)  <i>For the purpose of this example, we will not delve into further details</i>
Personal independence non-compliance	Ongoing and Periodic Monitoring as required by ISQM 1 par 38	Consider: <b>nature</b> of the finding The  Whether there is an indication of a <b>trend</b> or <b>systemic</b> issue  The <b>extent</b> of the finding <b>in relation to the population</b> being monitored  If the finding relates to a risk response: <b>The impact of the response on the quality risk(s)</b> , with consideration of other responses that address the same risk  <i>For the purpose of this example, we will not delve into the details.</i>	Yes - concluded to be a deficiency for purposes of this example	<b>SLIDO 5:</b> 1. There is a <b>behavioural issue</b> within the firm where partners, managers and staff do not understand the importance of updating the independence tool and see this as an administrative task. 2. <b>Spouses</b> independence is not included and updated.	<b>SLIDO 6:</b> 1. Mandatory discussions with manager and above by leadership to explain the severity of the non compliance and the responsibility that each individual has. 2. Independence screening will be extended to cover all externally hired managers before joining the firm. All staff before promotion to manager, undergo screening that will cover personal and spousal independence if applicable. 3. Communications and roadshows to include personal plus spousal independence reminders and training.	<i>Left out for the purpose of this example</i>	<i>Left out for the purpose of this example</i>	<b>SLIDO 7:</b> 1. Inspect communication from leadership to ensure that personal plus spousal independence reminders are included. 2. A sample of evidence will be selected that these discussions were held with managers and above. 3. A sample of evidence will be selected for independence screening for both personal and spousal for externally hired managers and new managers to ensure compliance is met.	Yes (assumed for purposes of this example)  <i>For the purpose of this example, we will not delve into further details</i>
The presumption of fraud in revenue recognition when assessing ROMM was not rebutted.	Inspection of completed engagements as required by ISQM 1 par 38	Consider: <b>nature</b> of the finding The  Whether there is an indication of a <b>trend</b> or <b>systemic</b> issue  The <b>extent</b> of the finding <b>in relation to the population</b> being monitored  If the finding relates to a risk response: <b>The impact of the response on the quality risk(s)</b> , with consideration of other responses that address the same risk  <i>For the purpose of this example, we will not delve into the details.</i>	Yes - concluded to be a deficiency for purposes of this example	<b>SLIDO 8:</b> 1. Lack of <b>understanding</b> of fraud risk. 2. Lack of <b>training</b> (area not covered in training or the relevant training not attended by the audit team).	<b>SLIDO 9:</b> 1. ISA 240 related training. 2. Communications to audit teams relating to the requirements of ISA 240. 3. Monitoring of training attendance.	<i>Left out for the purpose of this example</i>	<i>Left out for the purpose of this example</i>	<b>SLIDO 10:</b> 1. All members of audit team attended the ISA 240 training. 2. Subsequent reviews of engagement files. 3. Verification that communications related to ISA 240 requirements were sent to audit staff.	Yes (assumed for purposes of this example)  <i>For the purpose of this example, we will not delve into further details</i>