

Compliance with Framework of Quality Control General & Specific Controls

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SQC1 (Statement on Quality Control)

- What is SQC1?

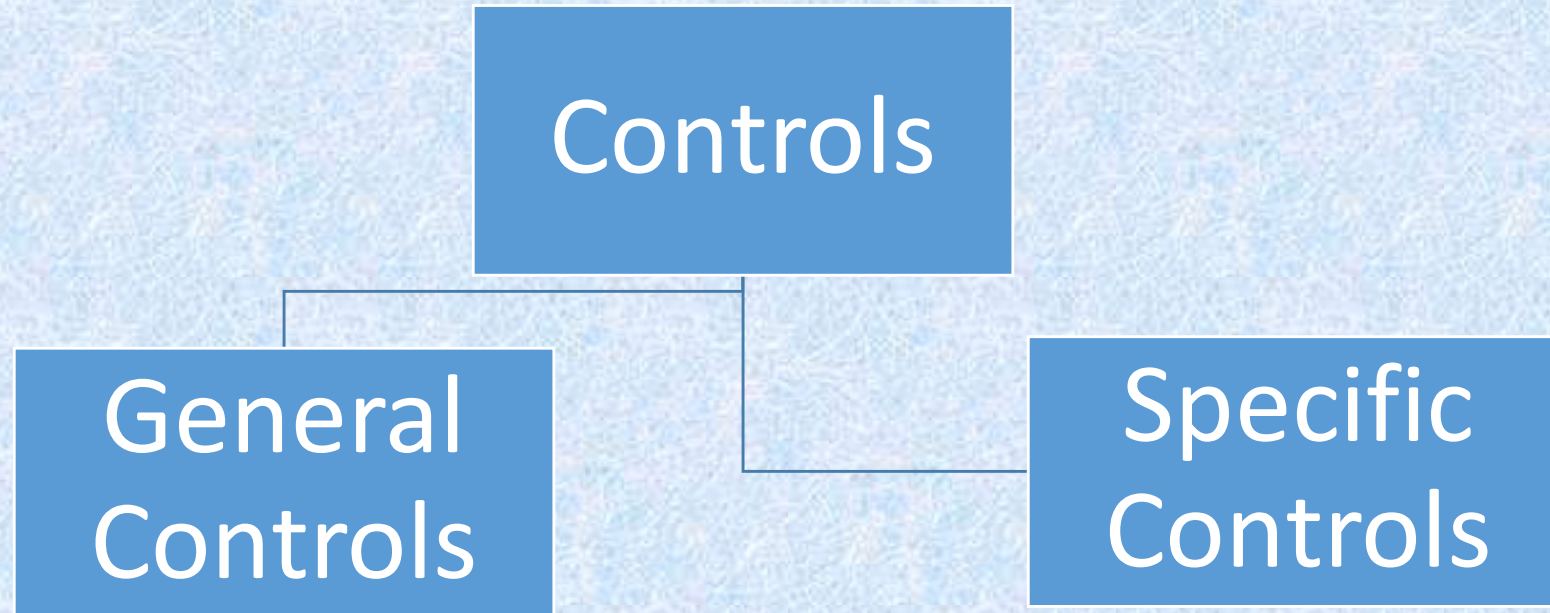
(Statement on Quality Control) issued by the Institute of Chartered Accountants of India (ICAI) provides **guidance** on quality control **for** firms that perform **audits and reviews** of historical financial information, and other assurance **and** related services engagements.

- Why is SQC1 of relevance?

These controls are designed **to ensure** that firms maintain the highest standards of **quality and ethics** in their audit and assurance engagements.

Implementing these controls effectively **can help** firms provide **reliable and credible** services to their clients.

SQC-1 Statement on Quality Control



General controls:

- General controls in the context of SQC1 of ICAI refer to
 - the overarching policies and procedures that a firm should establish and maintain to ensure the quality of its audit and assurance services.
 - These controls provide a framework for the firm's quality control system and are applicable to all aspects of the firm's operations.

General Controls

General Controls:

Leadership Responsibilities for Quality Within the Firm

Establishing policies and procedures regarding quality control.

Ensuring that individuals responsible for quality control have the necessary authority and access to resources.

Relevant Ethical Requirements

Complying with ethical requirements relevant to audit and assurance engagements.

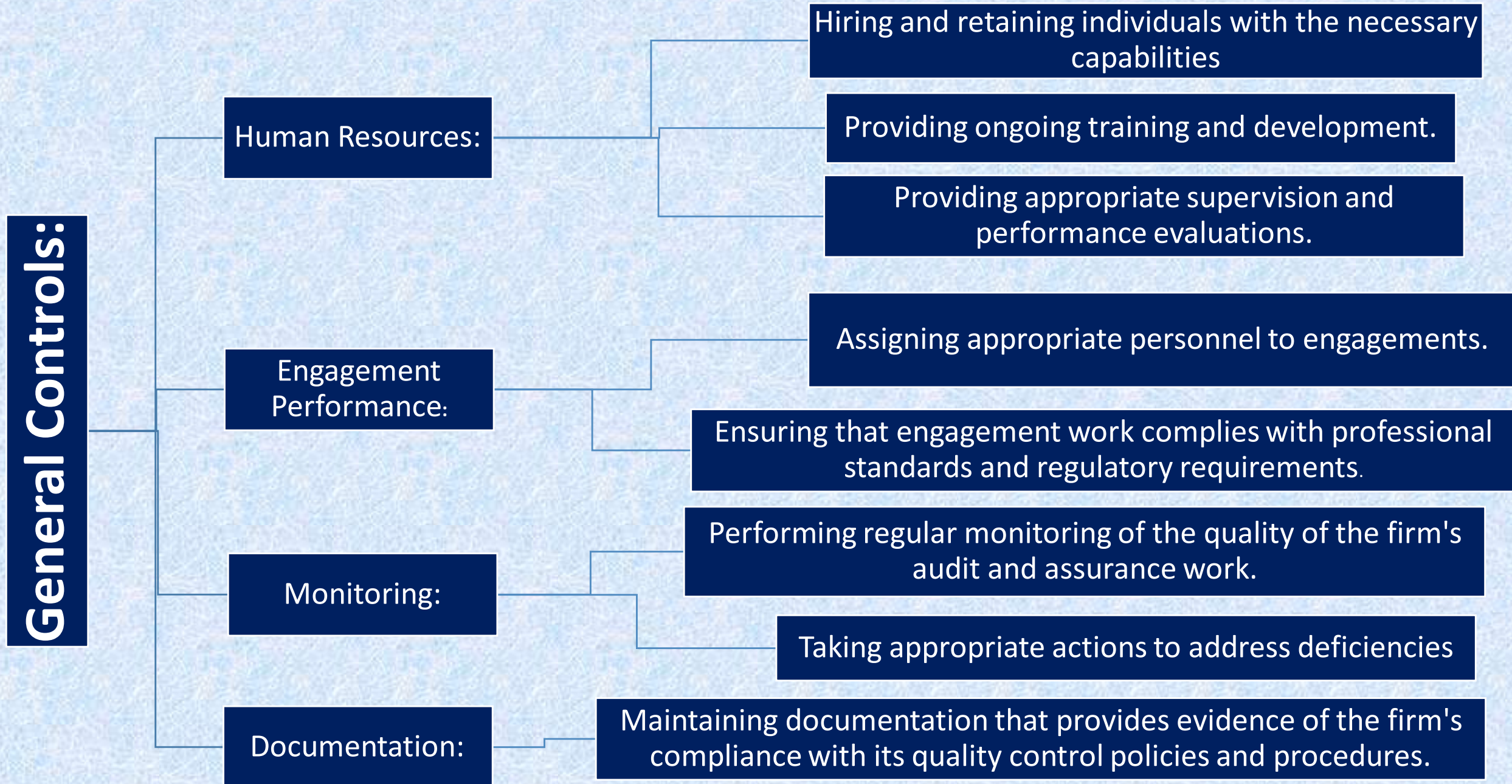
Acceptance and Continuance of Client Relationships and Specific Engagements:

Evaluating prospective clients and engagements to determine if the firm has the necessary skills and resources.

Considering the integrity of the client.

Considering the firm's ability to meet applicable legal and ethical requirements.

General Controls Contd: ...



Specific Controls:

- Essentially the same as the general controls but are applied in a **specific context or focus** on a particular aspect of the firm's operations

Specific Controls:

Specific Controls:

Leadership Responsibilities for Quality Within the Firm

Policies and Procedures:
Leadership Commitment:

Relevant Ethical Requirements

Ethical Compliance:
Ethics Training: Ethical Compliance: Ethics Training:

Acceptance and Continuance of Client Relationships and Specific Engagements:

Client Evaluation:
Engagement Acceptance Criteria: Client Evaluation: Engagement Acceptance Criteria:

Specific Controls Contd: ...

Specific Controls:

Human Resources:

Competence:

Resource Allocation:Competence: Resource Allocation:

Engagement Performance:

Engagement Planning:

Quality Control Review:Engagement Planning: Quality Control Review:

Monitoring:

Quality Monitoring:

Corrective Action:Quality Monitoring: Corrective Action:

Documentation:

Record Keeping:

Document Retention:Record Keeping: Document Retention:

Policies and Procedures:

Leadership Commitment:

- Policies and Procedures:

Establishing policies and procedures specifically related to leadership responsibilities for quality control, which should include assigning roles and responsibilities, defining accountability, and ensuring that there is a clear understanding of quality expectations.

Leadership Commitment:

Demonstrating visible and active commitment to quality by leaders within the firm, which includes promoting a culture that emphasizes the importance of quality in all aspects of the firm's operations. Specific Controls:

Ethical Compliance:

Ethics Training:

- **Ethical Compliance:**

Ensuring that the firm and its personnel comply with all relevant ethical requirements, including independence, integrity, and objectivity, as outlined in the applicable codes of ethics and professional standards.

- **Ethics Training:**

Providing training to personnel on ethical requirements and expectations, including how to identify and address ethical dilemmas that may arise during engagements. Specific Controls:

Client Evaluation:

Engagement Acceptance Criteria:

- **Client Evaluation:**

Evaluating prospective clients and specific engagements to ensure that they align with the firm's capabilities, values, and ethical standards.

- **Engagement Acceptance Criteria:**

Establishing clear criteria for accepting new engagements and continuing existing ones, which should include considerations such as the firm's ability to meet the engagement requirements and the client's integrity. Specific Controls:

Competence:

Resource Allocation:

- **Competence:**

Ensuring that the firm's personnel have the necessary competence and capabilities to perform their roles effectively, which includes providing ongoing training and development opportunities.

- **Resource Allocation:**

Assigning personnel to engagements based on their skills, experience, and availability, to ensure that engagements are performed competently and efficiently. [Specific Controls Contd: ...](#)

Engagement Planning:

Quality Control Review:

- **Engagement Planning:**

Planning engagements to ensure that they are performed in accordance with professional standards and regulatory requirements, including assigning roles and responsibilities, and developing a detailed engagement plan.

- **Quality Control Review:**

Conducting a quality control review of each engagement to ensure that the work performed meets the firm's quality standards and regulatory requirements. [Specific Controls Contd:](#)



Quality Monitoring: Corrective Action:

- **Quality Monitoring:**

Monitoring the firm's quality control processes on an ongoing basis to identify areas for improvement and ensure that the firm's quality objectives are being met.

- **Corrective Action:**

Taking corrective action when deficiencies are identified, which may include revising policies and procedures, providing additional training, or implementing other measures to improve quality. [Specific Controls Contd: ...](#)

Record Keeping: Document Retention:

- **Record Keeping:**

Maintaining complete and accurate documentation of all aspects of the firm's quality control processes, including decisions made, actions taken, and the basis for those decisions and actions.

- **Document Retention:**

Establishing policies and procedures for the retention of documentation to ensure that it is retained for the appropriate period and is readily accessible when needed. [Specific Controls](#)

[Contd: ...](#)

THANK YOU !!

ANY QUESTIONS ??