PLUSTAX ASSOCIATES

AUDIT QUALITY MANAGEMENT GUIDE MANUAL

International Standards on Quality Management - **ISQM**

EDITION 2025



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PLUSTAX ASSOCIATES INTERNATIONAL STANDARD ON QUALITY MANAGEMENT (ISQM)

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ABBREVIATIONS

CPD.....Continuous Professional Development
CISA.....Certified Information Systems Auditor
EIP.....Ethical and Independence Partner
GAAP.....Generally Accepted Accounting Principles
HQ.....Head Quarter
ICAEW.....Institute of Chartered Accountants of England and Wales
INTOSAI.....International Organization of Supreme Audit Institutions
IFAC.....International Federation of Accountants
IFRS.....International Financial Reporting Standards
IPSAS.....International Public Sector Accounting Standards
ISQM.....International Standards on Quality Management
ISQC.....International Standards on Quality Control
SOQM.....System of quality management
ISA.....International Standards on Auditing
IESBA.....International Ethics Standards Board of Accountants
NAO.....National Audit Office
NBAA.....National Board of Accountants and Auditors
PCAS.....Private Company Auditing system
SAI.....Supreme Audit Institution
SQCS.....Statement on Quality Control Standards
TAA.....Tanzania Association of Accountants

PLUSTAX ASSOCIATES INTERNATIONAL STANDARD ON QUALITY MANAGEMENT (ISQM)

DEFINITIONS

For the purposes of **ISQM**, the following terms have the meanings attributed below:

Engagement documentation – The record of work performed, results obtained, and conclusions the practitioner reached (terms such as "working papers" or "work papers" are sometimes used).

Engagement partner– The partner or other individual, appointed by the firm, who is responsible for the engagement and its performance, and for the report that is issued on behalf of the firm,and who, where required, has the appropriate authority from a professional, legal or regulatory body.



Engagement quality review

An objective evaluation of the significant judgments made by the engagement team and the conclusions reached thereon, performed by the engagement quality reviewer and completed on or before the date of the engagement report.

Engagement quality reviewer

A partner, other individual in the firm, or an external individual,appointed by the firm to perform the engagement quality review.

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Engagement team

All partners and staff performing the engagement, and any other individuals who perform procedures on the engagement, excluding an external expert and internal auditors who provide direct assistance on an engagement.

Firm

A sole practitioner, partnership or corporation or other entity of professional accountants, or public sector equivalent.

Personnel

Partners and staff in the firm.

Professional standards

IAASB Engagement Standards, as defined in the IAASB's Preface to theInternational Quality Management, Auditing, Review, Other Assurance, and Related ServicesPronouncements, and relevant ethical requirements.

Findings

(in relation to a system of quality management)
– Information about the design,implementation and operation of the system of quality management that has been accumulated from the performance of monitoring activities, external inspections and other relevant sources,which indicates that one or more deficiencies may exist.

Partner

Any individual with authority to bind the firm with respect to the performance of a professional services engagement.

Professional judgment

The application of relevant training, knowledge and experience, within the context of professional standards, in making informed decisions about the courses of action that are appropriate in the design, implementation and operation of the firm's system of quality management.

Quality risk

A risk that has a reasonable possibility of:

- Occurring; and
- Individually, or in combination with other risks, adversely affecting the achievement of one or more quality objectives.

Relevant ethical requirements

Principles of professional ethics and ethical requirements thatare applicable to professional accountants when undertaking engagements that are audits or reviews of financial statements or other assurance or related services engagements. Relevant ethical requirements ordinarily comprise the provisions of the IESBA Code related to audits or reviews of financial statements, or other assurance or related services engagements, together with national requirements that are more restrictive.

Staff

Professionals, other than partners, including any experts the firm employs.

Service provider (in the context of this ISQM)

An individual or organization external to thefirm that provides a resource that is used in the system of quality management or in the performance of engagements. Service providers exclude the firm's network, other network firms or other structures or organizations in the network.

System of quality management

A system designed, implemented and operated by a firm to provide the firm with reasonable assurance that:

- The firm and its personnel fulfill their responsibilities in accordance with professional standardsand applicable legal and regulatory requirements, and conduct engagements in accordance with such standards and requirements; and
- Engagement reports issued by the firm or engagement partners are appropriate in the circumstances.



INTRODUCTION

The purpose of this **"International Standard of Quality Management"** is to assist Plustax Associates (firm) to assure the high quality of work and services. Audit quality is obtained by a process of identifying and administering the activities needed to achieve the quality objectives of a firm. Staff need to understand the benefits that can be realized once audit quality is made a priority. Improving audit quality requires a systematic approach. Irregularly efforts by individuals and individual audit team are not enough and will not work. There are no quick fixes to be obtained where audit quality is concerned. Staff need to proceed methodically to fix each quality issue and problem in turn. As new problems will always emerge, this should be a continuous process for the firm. It is also evident that most audit quality related problems are mainly the result of poor compliance to this procedures manual which shall be closely followed up by audit managers and Engagement Partners.

This revision was prompted by introduction of **ISQM 1**(International Standards on Quality Management), which become effective from **December 2022** following revision of **ISQ1**. The management of Plustax Associates noted a need of updating its audit guide manual to go hand in hand with changes in the profession. Every staff is argued to fully comply with this manual in executing daily audit functions.

Scope of This ISQM.

This guide manual will be applicable for all audit or review of financial statements, or other assurance or related services engagement.

Who are the Key Players?

In order to ensure quality audit work, various players in the Firm are fundamental in the

Client

Clients as the owner of financial statements, has major role of plan in order to ensure quality audit. Robust internal control will lead into credible financial statements. Although Plustax Associates has no direct influence over the quality of supplied financial information, the firm shall design its conduct and procedures to influence supply of credible financial information through issue of quality audit opinion and management letter.

Audit Committees.

Good governance requires all audit matters, including the package for audit assignment to be processed through the audit committee. In order to ensure good practice and independence, all audit matters shall be processed through audit committee of the client, or any other independent selected committee appointed by the client.



Firm Audit Team Members

Members of the audit team shall be the focal point of this guideline. Plustax Associates as external auditors are supposed to be absolute independent and seen to be independent from the client to be able to give independent opinion as to whether the financial statements taken as a whole are fairly presented, in all material respects, in accordance with IFRS/IPSAS or other client's requirements such as donor's agreement. It is therefore critical for audit team members to take this guideline seriously and consistently in carry out their function. Where Plustax Associates may be assigned to provide internal audit function, these guidelines may also be applied. As defined by The Institute of Internal Auditors, "internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations." Where the firm will be required to provide internal audit function, this guideline will be customized and applied accordingly.

PLUSTAX ASSOCIATES SYSTEM OF QUALITY MANAGEMENT.



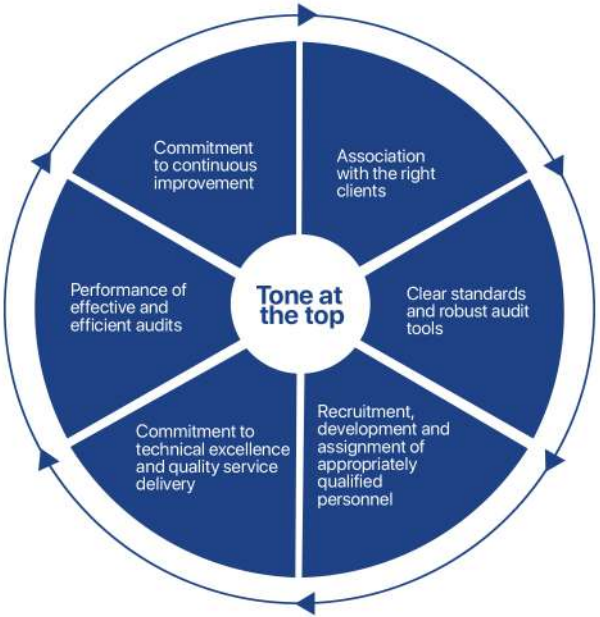
QUALITY MANAGEMENT

According to **International Standards on Quality Management 1 (ISQM1)**, a system of quality management **(SOQM)** is a system designed, implemented, and operated by a firm to provide the firm with reasonable assurance that:

1. The firm and its personnel fulfill their responsibilities in accordance with professional standards and applicable legal and regulatory requirements, and conduct engagements in accordance with such standards and requirements; and

2. Engagement reports issued by the firm or engagement partners are appropriate in the circumstances.

According to implementation guide for ISQM 1, the IAASB states the SOQM is the mechanism that creates an environment to enable and support engagement team in performing quality engagements. It helps the firm in achieving consistent engagement quality because it is focused on how the firm manages the quality of engagements performed. The SOQM should operate in a continual and iterative manner, much like the risk assessment process in an audit, and is responsive in the nature and circumstances of the firm and its engagements. Audit Quality Framework



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In order to create standard and quality work, Plustax Associates developed the quality framework which will facilitate quality work delivery. The strings of the framework are held by the management through the partners. The partners are supposed to set standard for quality work. Staff are expected to follow the standards set by the partners and managers. The figure below shows the quality framework adopted by the firm.

Components of the system of quality management

The system of quality management addresses the following eight components:

i. The firm's risk assessment process
ii. Governance and leadership
iii. Relevant ethical requirement
iv. Acceptance and continuance of client relationships and specific engagements
v. Engagement performance
vi. Resources
vii. Information and Communication
viii. Audit Monitoring and Remediation process



A) THE FIRM RISK ASSESSMENT PROCESS.

This overview demonstrates Plustax associates proactive stance in safeguarding its operations and aligning with best practices in risk management. Plustax associates risks assessment process has a number of objectives and goals which are

- Identify and evaluate risk, The primary objective is to identify and evaluate risk that could significantly impact the firm's ability to reach its objectives.
- Risk based audit planning, this process helps in formulating a risk-based audit planning by identify events which may give rise to risk or opportunity in audit universe.
- Assess impact and probability of risks, it involves assessing risks in term of their impact and probability, which aids in prioritizing the audit activities.
- Monitoring and review, the process involves regular monitoring and review of risks to ensure that the audit plan remains relevant and effective.
- Support decision making, risk assessment process provides valuable information that support decision making in resource allocation and audit planning.

Plans for adjusting risk management strategies based on feedback and evolving circumstances.

Feedback Analysis:

Regularly collect and analyze feedback from various stakeholders, including employees, clients, and partners. This can help identify areas of improvement in the current risk management strategies

Risk Prioritization:

Prioritize risks based on their potential impact and likelihood. Adjuststrategies to focus more on high-priority risks

Strategy Review and Update:

Schedule regular meetings with key stakeholders, including audit team members, to discuss and update risk assessments. Communication is crucial for staying informed about changes in the business environment.

Training and Education:

Provide ongoing training to audit team members on risk assessment methodologies, tools, and relevant industry knowledge. This helps ensure the team's capability to identify and assess risks effectively.

Leverage Technology:

Use advanced technologies and tools for risk identification, assessment, and mitigation. They can provide real-time insights and help in making quick adjustments to strategies

Continual Improvement:

Adopt a culture of continual improvement. Encourage employees to come up with innovative ideas to improve risk management strategies



In conducting risk assessment of a client, Plustax Associates has developed four steps to be followed as summarized below;

Step 1—Obtain an Understanding of Client and Its Environment.

The first step in the process of risk assessment is to obtain and documented as an understanding of client and its environment. The assessment will include the risk review of the industry in which that client operates, the regulatory environment around the client, and other external factors.



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As the auditor, we need to understand how our client makes money and the risk involved in the process of making money. We need to know what are the products our client sell, who are its customers, and what gives our client a strategic advantage. For example, we need to establish whether our client obtains a new customer because it is a low-cost provider or whether our client have a unique product or strategy that allows it higher than average profit margins. We also have to obtain and document our understanding of the industry in which our client operates. This includes not only the type of industry, but whether that industry is very competitive, easy to enter, what unique revenue characteristics might it have, how quickly do the products change, and other specialcircumstances, which may need to be documented as possible source of risk. All these information will assist us to establish risk associated with our client.



In making risk assessment, the engagement partner or audit manager will lead engagement team in filling the form or compiling client industry information. Staff should be guided on how to prepare industry information not just for the sake of compiling information but for assessing client risk associated with the industry.

Client industry information should be updated on yearly basis in order to understand or to take on board changes in the industry including, new regulation or laws. Our firm will keep client industry information in a form of Agreement than a checklist. We prefer keeping information in form of agreement because it provides more information than a mere checklist.

Step 2—Obtain an Understanding of Client Internal Control.

The risk assessment standards require the auditor to obtain an understanding and document key aspects of the client's internal control over financial reporting. Literally all entities have controls though may not be documented. We should think first about the control environment—does the client want to do the right thing? How does the client communicate his or her intentions to the employees? Although you might not realize it, how the client acts and how the client communicates expectations to employees are controls and these are controls that we want to document and determine that they have been placed in operation. Controls will be in different documents including financial procedures, staff manuals, accounting manual, various policies etc. In testing client controls in place, in every assignment, the audit team will be required to conduct testing of internal controls by customizing the internal control questionnaire in place. Through use of internal control questionnaire, the audit team will be able to establish areas of internal controls weakness. (see internal control questionnaire under annex I)





In review internal controls, we will review the reporting side of the client. We will Review whether there is properly established reporting structure, with clear templates and whether the structure is in use. The purpose is to see whether there are chances of possible misstatement of reports without management detections. We will also test the integrity of the reporting structure to see whether they are credible and can be relied upon. Though this review identify weakness in the reporting structure to enable to assess whether there is significant deficiencies or material weakness and therefore areas of significant risks.

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Step 3—Brainstorming Session

In every engagement there will be a brainstorming session with an intention of audit team to get better understanding of the client and to try to dig possible risks related to the client. The brainstorming session shall be organized by the assignment team leader with involvement of the engagement partner. The brainstorm session shall be done after acceptance of a client and after receiving preliminary information and draft accounts or trial balance from the client.

The brainstorming session should be free to allow every member to contribute freely about how material misstatement whether due to error or fraud can occur. The discussion should cover possible risk of misstatement from employees' incentive and employer or owner's incentive. There can be different incentives for misstatement depending on stakeholder's interest. This session should be conducted taking into consideration the client's accounting processes and controls and taking into consideration the fraud triangle—incentive, opportunity, and rationalization.

As an auditor, we should always maintain professional skepticism and always be alert to those threats that could ruin our career and firm's reputation. It should be emphasized the purpose of this exercise is to identify significant risks of misstatement, whether caused by error or fraud thus the discussion should be free and deep. One member of the team should be appointed to document the discussion for incorporation in the audit plan and strategy.







Step 4—Summarization of the Audit Risk Assessment

As stated in step three above, one member of the audit team shall be appointed to document the brainstorming session. All identified risks should be summarized for the particular assignment. Risk assessment should be conducted for every client in every year and should be documented and be part of the working paper for the respective client for the respective year.



Once we identify risks that are significant and we have determined the accounts and assertions that could be affected, the engagement team under the engagement partner and team leader should design or draft audit plan steps that will uniquely mitigate the significant risks identified. As part of the audit documentation, we should document the linkage between the significant risks identified and the audit plans designed to mitigate and respond to those significant risks. Chances are these audit procedures will be unique to this client and for this year only. It is for this good reason the preparation of the audit plan steps should be done senior staff to the level of assignment team leader/manager or engagement partners only.



The documented audit plan steps developed to mitigate assessed risk should be documented and be part of the audit plan for the particular client.

B) GOVERNANCE AND LEADERSHIP.

Plustax Associates strive to attract experienced partners with reputable experience in the market. Audit manager shall be a qualified professional with CPA/equivalent qualification and at least three years' experience in the industry.



Tone at the top.

Management of the firm is committed in promoting system of quality management by action and by example. Partners have a duty of monitoring quality from different angles including quality service, operational and financial performance, annual business plan, preparation of new business proposal, recruitment and retention of staff, preparation and management of remuneration policies etc



The engagement partners in collaboration with quality partner and audit manager shall ensure preparation of audit plan and discussion of the same before field work. The audit plan must be approved by the engagement partner. Audit team shall be given opportunity to go through and discuss the audit plan through the pre-audit engagement meeting to be chaired by the engagement partners and minutes to be taken by the audit manager or team leader. The audit plan shall be prepared to meet the requirement of ISA 300, 315, 320 and 330

There must be sufficient documentation for all system quality management. Documentation shall be both manual and electronic.

In order to ensure effective quality management, there shall be annual performance review for partners and audit manager to be carried out by a consultant

Client Portfolio Management

The management appoints engagement partner, who have the appropriate competence, capabilities, time and authority to perform the role for each engagement. We review each engagement partner's client portfolio in individual discussion with him. The review considers the industry, nature and risk of the client portfolio as a whole along with the competence, capabilities and capacity of the engagement partner to deliver a quality audit for every client.





C) RELEVANT ETHICAL REQUIREMENTS.

Auditor independence is a cornerstone of International professional standards and regulatory requirement, which Plustax Associates strive to attain. This guideline will provide guidance to staff on how to meet ethical requirements. Under this section the firm shall strive to meet International Code of ethics for professional accountants.

In order to meet professional ethical requirements including independence, all assignment team members shall be required to fill special forms to declare independence from the client -**ISA 200**. Declaration of client independence shall be made through special forms developed by the firms following **IFAC** standards (see annex F). Declaration form shall be filled at least three days before start of assignment to enable team leader to re-plan a team in case of found independence impairment.

Apart from the **IFAC** ethical requirements, Plustax Associates and its staff shall observe professional ethics and requirements as issued by NBAA from time to time. **NBAA** professional requirement shall form integral part of this internal guiding document.



In order to attain ethical requirement, the Quality partner shall also take responsibility of Ethics and Independence Partner **(EIP)** who shall be responsible ensuring compliance with ethics and independence of firm members.



EIP is responsible for communicating and implementing Plustax Associates policies and procedures and ensuring that policies and procedures are effectively implemented.

The EIP is responsible for:

- Implementing/monitoring the ethics and independence quality control process and structure within the firm.
- Overseeing the process related to the evaluation of specific independence threats in connection with clients and prospective clients.
- Participating in the development and delivery of training materials.
- Monitoring compliance with policies and procedures.
- Overseeing the disciplinary process for ethics and independence matters.

The firm staffs are required to consult the EIP on independence and ethical matters as defined in this document.

Personal Financial Independence

Partners and members of staff are prohibited from having financial relationship with clients, including its related entities or affiliates, their management or directors. In case of a public company, partners and members of the firm are prohibited from owning stock of the client.

Partners and members of staff are supposed to declare financial independence before and engagement with any client. It will be the duty of the EIP to ensure compliance with this requirement of declaring financial independence

Firm Financial Independence

Plustax Associates is required to be free from financial interest from the client through either investment or borrowings, custodial, trust, etc.

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Business Relationship

Business relationship between our firm and client must meet IESBA/NBAA code of ethics or other guidelines issued by regulator such as **DSE.**

Fee Dependency

Plustax Associates recognize that self-interest or intimidation threats may arise if the total fees from audit client represent a large proportion of the total fees of our firm. The firm shall strive to limit total fee from one client not to exceed 20% of annual fee for two consecutive years.

Partner Rotation

A partner can serve as an engagement partner for one client to the maximum of two terms of three years each. After the two terms the partner will be rotated

During time out period the retired engagement partner is prohibited from;

- Participate in the audit
- Consult with the client regarding technical or industry specific issues A partner will serve a cool off period of three years.

Non-Audit Service

The firm shall strive as far as possible to avoid provision of non-audit service unless such service complies with **IESBA** code and pose no threat of independence. The **EIP** will constantly be involve in the review of potential independence issue related to non-audit assignment. In case of non- Audit assignment, as far as possible different staff from audit staff will be used

Compliance with Laws, Regulation and Anti-bribery and Corruption

Compliance with laws and regulation is a key aspect for every member of Plustax Associates. The firm has zero tolerance of bribery and corruption. Bribery can be in different forms including financial form, bribery in kind or sexual bribery. We prohibit involvement in any type of bribery. We do not tolerate bribery by third parties, including our clients, suppliers and public officials. Members of staffs are advised to report any suspect of bribery or corruption to the EIP or the managing partner immediately they suspect so.

The EIP will be contact person to the Financial Intelligence Unit -FIU.

Firm Rotation

Firm is allowed to save the same public interest client for maximum of nine (9) years, followed with four (4) years cool off period. For private entity there is no limit. However, the firm will strive to limit itself to maximum of ten years.

Confidentiality

It is the policy of the firm to maintain confidentiality of client's information. Staffs are strictly prohibited to share client information to third part or to public unless required so by the law

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D) ACCEPTANCE AND CONTINUANCE OF CLIENT RELATIONSHIPS AND SPECIFIC ENGAGEMENTS

The firm will conduct sufficient assessment of its ability to serve existing and new client on yearly basis. Before accepting a new client, a checklist for accepting new client (Annex E) shall be filled. The checklist is designed to identify and evaluate any potential risk prior to accepting or continuing any client relationship or to performing any specific engagement.



The checklist should assess external as well as internal risk factors. External factors will include fulfilment of legal requirement and clearance from the previous auditor, while internal factors will include availability of sufficient resources in terms of human resources, special expertise, working tools, availability of man-hours, working tools etc. Where a client/engagement acceptance or continuance decision pose a significant risk, partners will discuss and consider possible mitigation factors before final decision on whether to accept or turn down the assignment.

Firm Rotation

Other client evaluation factors will include obtaining information on client management and its beneficial owners and then properly analyzing the information to be able to make informed acceptance decision. Information can be obtained through research from client website, interview or questionnaire.

Client Engagement Evaluation

Plustax Associates focus is to associate with right clients. In carrying out client engagement evaluation, apart from the checklist, other factors to consider will include, public perception as well as factors specific to the type of engagement. Consideration will be given on the competence of the client's financial management team and skills and experience of the employees, directors assigned to the engagement.



Where audit service is to be provided for the first time, the prospective engagement team is required to perform additional independence evaluation procedures, including a review of any non-audit services provided to the client and of other relevant business, financial and personal relationship.

Similar independence evaluation is performed when an existing audit client become a public interest entity or additional independence restriction apply following change in the circumstances of the client.

Depending on overall risk assessment of the prospective client and engagement, additional safeguards may be introduced to help mitigate the identified risks. Any potential independence or conflict of interest issues are required to be documented and resolved prior to acceptance.

A prospective client or engagement will be declined if a potential independence or conflict issue cannot be resolved satisfactorily in accordance with professional standards or policies, and legal and regulatory requirements or if there are other quality and risk issues that cannot be appropriately mitigated.

Continuance process

Plustax Associates undertakes an annual re-evaluation of all its audit client. The re- evaluation identifies any issues in relation to continuing association and any mitigation procedures that need to be put in place, such as assignment of professionals or a need to involve additional specialists on the audit.

Recurring or long running non-audit engagement are also subject to periodic re-evaluation



Similarly, clients and engagements are required to be re-evaluated if there is any indication that there may be a change in their risk profile, and as part of continuous independence evaluation process, engagement team are required to identify if there have been any changes to previously identified threats or if there are new threats to independence. The threats are then evaluated and, if not at an acceptable level, are eliminated or appropriate safeguards are applied to reduce the threats to acceptable level.

Client Withdrawal Process

Where the firm comes to conclusion which indicates that we should withdraw from an engagement or client relationship, we consult internally and identify and required legal, professional and regulatory responsibilities. We then communicate as necessary with those charged with governance and any other appropriately authority.

E) ENGAGEMENT PERFORMANCE



Plustax Associates strive to adhere to international standards in auditing covering different sectors including public and private sector. Our firm understand and appreciate the importance of investing and adopting technology in the audit industry. Digital audit is integral to the way how Plustax Associates staffs obtain audit evidence and interact to the client in the digital era.

In order to maintain quality service, our firm will continue to ensure:

- Timely partner and manager are involved in the engagement throughout the assignment
- Access to the right knowledge including involvement of experts and relevant industry experts
- Critical assessment of all audit evidence obtained during the audit, exercising appropriate professional judgment
- Ongoing monitoring, supervision and review of the engagement team
- Managing and documenting the audit

Consistent Audit Management Tool

In order to ensure quality performance and consistency, the audit methodology below shall be used:

Planning stage

- We will Perform risk assessment procedure and identify risk.
- We will Determine Audit strategy and identify critical accounting matters.
- We will Determine planned audit approach
- We will Review possibility of conflict of interest
- We will Review laws and procedures governing the sector.

Control evaluation

- We will ensure Understanding of accounting and reporting activities of the client.
- We will Evaluate design and implementation of selected controls
- Testing operating effectiveness of selected controls
- Assessing control risk and risk of significant misstatement.

Substantive Testing

- Planning substantive procedures
- Performing substantive procedures
- To Consider if audit evidence is sufficient and relevant
- To Consider critical accounting matters.
- To apply the appropriate e-audit tool

Completion

- Performing completion procedures
- Performing overall evaluation of financial statement and disclosures
- To Form an audit opinion.

Staff are reminded to apply professional skepticism throughout the audit especially at this time of economic uncertainty due to various issues, such as wars in different parts of the world, **COVID 19** restrictions, instability of American dollar etc. Audit members are reminded to raise awareness of key audit risks such as doubtful going concern and impairment of cash generating assets especially due to the aforesaid factors. At this time when working from remote office is becoming new norm members are encouraged to make use of e-audit tools and to raise risk of potential management bias or a fraud risk from such remote areas.

There shall also be three tier review process as summarized below:

1st Level review
Team leader review (audit Mgr)

2nd Level review
Engagement Partner Review

3rd Level Review
Quality Review Partner



In order to ensure good performance, engagement partner shall ensure competent composition of audit team given complexity and the nature of client.

We appreciate that in order to deliver quality audits, we need to continually evolve and develop our technology solutions to keep pace with today's digital world. That is why we are keeping on exposing our staff to technological changes through attending seminars, workshop and in house training from technology experts. We will also continue keep on changing e-audit tools as they avail in the market and from our cooperation partners.

Observing professionalism in the engagement

The Appointment of an engagement partner will depend on someone's experience, skills, industry specialization, complexity of the assignment and availability.



Engagement partner must make sure the team has relevant training, capability, skills and qualification to perform the audit following the firm methodology. Depending on the engagement requirement and nature of the industry, the firm may be required to hire experts from the relevant industry or staff from the recognized list of part time staffs.

When preparing audit team, the engagement partner shall consider the following key issues:

- An understanding of, and practical experience with, audit engagement of similar nature and complexity through appropriate training and participation
- Understanding of professional standards and legal and regulatory requirements
- Appropriate technical skills, including those related relevant information technology and specialized area of accounting and auditing
- Knowledge of relevant industries in which the client operates
- Ability to apply professional judgment
- An understanding of firm's quality control policies and procedures
- Quality performance review **(QPR)** results and results of regulatory inspection including **NBAA** and **TRA**

Audit Planning



Audit planning is critical for attaining quality work. The firm will adopt the framework below in developing audit plan:

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Contents of Audit Plan

1. Legal Framework for the audit;
2. Brief description of the activity, programme or body to be audited (including a summary of the results of previous audits and their impacts);

3. Reasons for the audit;

4. Factors affecting the audit, including those determining the materiality of matters to be considered;

5. Risk Assessment;

6. Audit Objectives;

7. Audit Scope and Approach: what evidence is to be obtained to meet the audit objectives; **when; how?**

- Materiality thresholds;
- Systems to be evaluated and tested;
- Internal Control Questionnaire to be used
- Methodologies to be employed;
- Sampling strategies;
- Anticipated sample sizes;
- Reliance on other auditors/experts; and
- Any special problems foreseen.

8. Resources required, and when:
- Audit staff **(in detail/CV)**, responsibilities;
- Specialist staff (who and when);
- External experts;
- Travel requirements;
- Time and cost budgets.

9. If appropriate, an estimate of the fee to be charged for the audit;

10. Details of those within the audited entity responsible for the liaison;

11. Timetable for the audit, and the date that draft report will be available for internal consideration;

12. Assignment allocation between audit team

13. Management arrangements for the audit;

14. Form, content and users of the final output and

15. Draft Engagement Letter

NB: There shall be pre-engagement meeting between the Audit manager/Engagement partner and the audit team to go through the audit plan and to get common understanding of the engagement and the plan.
The audit plan will be prepared using the guideline above and audit checklist under Annex A

Audit Execution

The Audit Manager should maintain adequate supervision of those involved in the audit to assure that the audit tasks are carried out properly. If anyone finds it difficult to carry out an assigned task, this should be reported promptly to that person's supervisor, who may need to provide further assistance. If significant unanticipated problems are encountered, or if audit results are obtained on material issues that are markedly at variance from those that were anticipated, these should be reported to the Audit Manager who may need to adjust the audit scope and/or audit task plan.



As each task in the audit task plan is completed, that fact and a detailed record of the results should be documented promptly by the individual(s) who performed that task. That documentation should be reviewed, evidenced and approved by the immediate supervisor of the responsible auditor, as well as by at least one other supervisor at a stage later on in the audit. Reviews need to be clearly evidenced and dated. The Audit Manager is supposed to review subordinates work on daily basis while engagement Partner making review on weekly basis.

Audit working papers are an essential part of the audit process. They should be systematically collected, reviewed and maintained. The working papers should be organized in a way that facilitates subsequent preparation and review of the audit report. The working papers should be self-explanatory and clearly cross-referenced

Before starting the actual fieldwork of the audit, the Audit Manager should carefully review the plan to assure that it can be properly implemented. This review should be performed in conjunction with the members of the team, to ensure that everyone understands the plan as a whole as well as their roles in the audit, and to give them an opportunity to raise any concerns that they may have. Issues that are raised and resolved at this stage can help avoid problems and delays later in the audit.



Engagement Performance

Before starting field work there shall be entry meeting between client and audit team led by the engagement Partners where key issue/agenda of the meeting will be as follows:

1. Introduction
2. Overview of client legal framework and organization structure
3. Client Business update
4. Discussion on the Audit plan, methodology and time frame for different audit activities
5. Identification of contact person from both sides
6. Agreement on the audit fees
7. Any other as circumstance may dictate During the course of an audit the Audit Manager should supervise the work of the team members, to ensure that work is being carried out appropriately, in accordance with the plan. The extent and nature of the supervision will depend upon such factors as the number of persons in the audit assignment, their experience, expertise, qualifications and aptitude.

8. The audit progresses in accordance with the plan;

9. Changes in methodologies or other elements of the plan are approved by the Audit Manager and, if appropriate, by other officials of the firm; and

10. He/she and the members of the audit team, if any, properly document in the audit working papers the results of all audit testing and findings. The findings should be described objectively, truthfully, precisely, completely and comprehensively, with emphasis on materiality and conciseness. Problems should, if necessary, be reported to and resolved with the assistance of more senior auditors. Both problems and their resolution should be documented and, if necessary, sorted out with the more senior auditors.

The Audit Manager should ensure that appropriate measures are taken in the following areas:





11. Audit documentation is being properly kept, adequately describes audit tests and findings, is referenced and is easily traced to the relevant elements of the task plan and detailed audit programmes;

12. Audit evidence is sufficient and appropriate;

13. Audit evidence procedures are properly followed;

14. The planned audit approach remains appropriate in the light of information gathered in the audit or that appropriate changes are made;

15. Internal control systems of the auditee are properly documented, evaluated and tested;
16. Controls of an IT nature are adequately taken into account;

17. Proper sampling, analytical procedures, data gathering techniques and techniques for information analysis are used, where appropriate; and

18. Working papers include relevant, reliable and sufficient evidence supporting all findings, opinions, conclusions and recommendations. It is not uncommon, during the course of an audit, for the Audit Manager or one or more members of an audit team to encounter unanticipated difficulties, the resolution of which is beyond their capabilities. Team members should be encouraged, in these situations, to seek assistance from the team leader and members. The team leader may likewise seek assistance from his/her superiors/Engagement Partner. If unexpected problems or technical issues are encountered during the audit that requires skills beyond those represented on the team, the Audit Manager should seek assistance from needed experts. For example, if legal issues arise, it may be appropriate for the Audit Manager to seek advice from legal experts from the client or within the firm or from external sources.

Audit Report



The draft of the audit report shall be prepared by the Audit Manager in consultation with Engagement Partner.

The draft of the audit report shall be carefully reviewed for adequacy by the Quality Partner who is independent of the audit team. Only key issues shall appear in the draft report. The Audit Manager should respond appropriately to any comments by this reviewer. This review, any comments by the reviewer, and actions taken in response should be documented and retained in the audit working papers.

After the draft report is reviewed internally, including, review by quality Partner, it shall be provided to the auditee(s), for review and comment within a maximum of two weeks. Comments received from an auditee should be carefully considered by the Audit Manager, who shall report the comments to the Engagement Partner and, if applicable, to the Quality Partner. Factual disagreements should be resolved, possibly necessitating additional audit work. Issues responded sufficiently by the auditee shall be dropped provided there is sufficient evidence. For NAO assignment, the draft report from Auditee shall be submitted to NAO for review before finalization. Audit Manager shall ensure Comments from NAO are worked upon

to the satisfaction of **NAO** before finalization of report. All changes shall be documented. Similarly, where it involves reporting branches or project operations to **HQ**, client may require review of draft report by head office before report finalization, such details should be discussed at the planning stage and adhered to.

There should be clear statutory provision and internal guidance as to who has the authority to approve and issue the audit report. The Audit Manager has the primary responsibility for drafting the audit report. If the Audit Manager is leading an audit team, this shall be accomplished with assistance from the other members of the audit team with assistance of Engagement Partner.

In drafting the report, the Audit Manager and the supervisor or other reviewer should have particular regard for ensuring the following:

- All audit findings have been evaluated as to their materiality; legality and factual evidence and all relevant material findings are included;
- There is documentary evidence in support of all conclusions and opinions, and there is a clear audit trail for audit steps, findings, conclusions and recommendations prepared by the Audit Manager and his assistants and fully cross-referenced to the working papers;
- All the relevant facts are fairly presented in neutral terms;
- Sources of facts, figures and quotations should always be mentioned;
- The report is concise, clear, timely, precise, simple, objective, balanced and constructive. Positive conclusions may also be presented. Relevant measures and, if applicable, sanctions to be taken by the firm should be clearly stated;
- Views of the auditee are mentioned (if appropriate) and questions of fact are to be resolved with the auditee. Any divergence of opinion should have been discussed and resolved, if possible, during an exit conference;
- Structure of the report is in line with applicable policies and standards;
- Relevant and material events subsequent to the audit are taken into account, to the extent that the Audit Manager is aware of and documents them;
- Written representations are made by management of the auditee, particularly in instances where certain audit findings cannot otherwise be confirmed;
- Applicable procedures are followed with regard to serious irregularities and fraud discovered in the audit; and
- Time limits are adhered to.

Contents of an Audit Report

- Report on Financial Statement as required by ISA 700
- Title (indicate that it is the report of an independent auditor)
- Addressee (Basing on circumstance of engagement)
- Auditor's Opinion (you can use either of the standard phrases above). Where the reporting framework is different from IFRS or IPSAS, the auditor shall identify the jurisdiction of origin of the framework
- Basis for opinion, i.e., basing on ISA, refer section of the auditor's report that describe the auditor's responsibility, also include the statement that the auditor is independent of the entity
- Section on going concern as per ISA 570
- Section on key Audit matters as per ISA 701
- Section on other information as per ISA 720
- Section on responsibilities for those responsible for preparation of F. statement
- Section on Auditor's responsibility for the audit of financial statement including professional care, ethics, skepticism etc.
- Section on other reporting responsibility
- Name of the Engagement Partners (only for listed entities)
- Auditor's Signature
- Auditor's Address
- Date if the Auditor's Report



If an unusual or important matter **("Emphasis of Matter")** needs to be included in the Audit Report to enable the reader to correctly understand the Financial Statements, this should be contained in a separate paragraph from the audit opinion in order not to give the impression that the Audit Report is being qualified **(Ref ISA 706)**.

If the auditor is unable to provide an unqualified opinion, the auditor usually provides one of the following audit opinions **(ISA 705: 7-10):**

Qualified Opinion

The Auditor having obtained sufficient appropriate audit evidence concludes that the misstatement, individually or in aggregate are material but not pervasive to the financial statement or

b. The Auditor is unable to obtain sufficient appropriate audit evidence on which to base the opinion but the auditor concludes that the possible effects on the financial statement of
undetected misstatement of any could be material but not pervasive **(ISA 705: 7)**

Adverse Opinion

The Auditor shall express an adverse opinion when the auditor, having obtained sufficient appropriate audit evidence concludes that misstatements individually or in aggregate are both material and pervasive to the financial statement
(ISA 705:8)

Disclaimer of Opinion

The Auditor has not been able to obtain sufficient evidence to support and express an opinion on the financial statement and the auditor concludes that the possible effect on the financial statement of undetected misstatement, if any, could be material and pervasive. The auditor shall disclaim an opinion when extremely rare circumstances involving multiple uncertainties, the auditor concludes that notwithstanding having obtained sufficient appropriate audit evidence regarding uncertainties, it is not possible to form an opinion on the financial statement due to the potential interaction of the uncertainties and their possible cumulative effect on the financial statement **(ISA 705:9-10)**

PLUSTAX ASSOCIATES



SPECIAL CASE

Performance Audit Reports normally include the following elements (7.2 of Guideline No. 41of
the European Implementing Guidelines):

- Summary of the environment within which the activity subject to audit takes place;
- Objectives of the audit;
- Summary of audit methodologies used for collecting and analyzing data and indication of sources of data;
- Explanation of criteria, such as benchmarks, used to interpret findings;
- Findings that are considered material to the intended users of the report;
- Conclusions relating to audit objectives; and
- Recommendations.

Management of the audited body should also be given the opportunity to comment on the draft report and have its comments included, where deemed appropriate.
The Audit Opinion (Findings, Conclusions and Recommendations in Performance Audit Reports) presents either a favorable opinion or highlights all significant instances of non-compliance and criticisms that are pertinent to the objectives of the audit. It also provides independent information on whether economy, efficiency and effectiveness have been achieved or how they can be improved upon

F) RESOURCES

Plustax Associates will deploy different resources in conducting audit including, Human Resources, Technological Resources and Intellectual Resources.



Human Resources.

Human resources will be key resources in conducting auditing. The firm strives to employ qualified and experienced staffs for quality professional services. The recruitment process starts with internship, where potential young professionals are offered internship with the firm. Interns are monitored for a period of six month and the best ones are employed on contracts basis. All non-professional staff are encouraged to pursue professional exams. It is the policy of the firm to promote qualified staff to the position of auditor after three years post professional qualification. The firm support staff in different forms to acquire professional qualification.



Staff are employed on one year renewal basis. In order to ensure retaining good human resources, the firm has developed human resources manual, which contain good working environment and staff retention policy. All staff will be subjected to annual performance review covering among others audit quality assessment. Rewards will be hinged around quality performance using internally developed appraisal system (ref Annex H) Quality partner will be custodian of staff assessment and appraisal process.



Admission of a new partner will be based on qualification, professionalism, experience, integrity, quality and a vision of moving the firm to higher growth level, while at the same time improving brand name of the firm.

Technological System Resources

Plustax Associates will strive to use available technological system for supporting quality audit service. Technology system will include use of software for auditing service. Example CASEWARE for Auditing.

Staff are employed on one year renewal basis. In order to ensure retaining good human resources, the firm has developed human resources manual, which contain good working environment and staff retention policy. All staff will be subjected to annual performance review covering among others audit quality assessment. Rewards will be hinged around quality performance using internally developed appraisal system (ref Annex H) Quality partner will be custodian of staff assessment and appraisal process.

Intellectual Resources.

The firm will develop standard template for various activities which should be customized based on the client specific environment. Such template includes, engagement letter, letter of representation and audit plan. We also have standard working paper for various nature of audit. Staffs are bound to use such template in order to ensure standard working practice and to facilitate smooth and standard quality review. Sample of the standards templates are included in the appendices.



G) INFORMATION AND COMMUNICATION.

In order to ensure effective and timely communication within and outside the firm, Plustax Associates follows the following guideline:

- Morning briefing. Staff will get briefing from the partners/audit manager in every morning for daily assignment.
- Use of flip chart Board. All pending assignment with deadline will be posted at the flip chartboard by either the engagement partner or audit manager/team leader
- Pre-engagement meeting. Before starting any assignment, there shall be pre- engagement meeting to be chaired by the engagement partner or audit manager. In this pre-engagement meeting, there will be discussion on the client background, audit plan and other pertinent issues.
- All communication to outside shall be made through the Managing partner or engagement partner.
- All written communication to outside shall be made using Plustax Associates headed papers ***(Refer Annex F)***
- All official electronic communication shall be made using firm email address ***@info@plustaxassociates.com***
- General firm email shall be ***info@plustaxassociates.com***
- Our official website shall be ***www.plustaxassociates.com***

PLUSTAX ASSOCIATES



H) SPECIFIED RESPONSES.

After an audit report is issued, Audit Manager shall take appropriate steps to determine what action, if any, an auditee has taken to correct problems disclosed in the audit report and what effect such action(s) may have had.

A) Audit follow-up has two purposes. One is to encourage an appropriate response to audit findings on the part of the auditee or other responsible entities. If an auditee has acted to overcome problems found during an audit, it is appropriate for the Auditor to recognize that fact. If, on the other hand, the auditee has not acted in response to the audit, it is also appropriate for the Auditor to disclose that the problem(s) persist and this should appear in the subsequent management report as part of last year audit issues follow up.

B) The other purpose of audit follow-up is to lay the foundation for future audit work. If previously disclosed problems are believed to have been resolved, subsequent audit work in that area may require only minimal testing to confirm that the problem no longer persists. If the problem has not been overcome, further audit work may be warranted to confirm the nature and significance of the problem, with the purpose of evoking a more appropriate response from the auditee.

C) Actions required for serious and effective follow-up will vary widely from one situation to another. In some circumstances, a simple inquiry directed to the managers of the auditee may be sufficient. In other cases, more substantive examination and testing will be required. The nature of the client and management attitude will determine the enquiry method to be taken.

D)The Audit Manager will pursue the audit follow-up responsibilities in various ways. In some situations, follow-up may be a separate phase of the audit process. This would be appropriate if the auditee is unlikely to be subject to further audits in the near future. In other cases, follow-up on the results of previous audits may be incorporated into the plan for a subsequent audit. This would be appropriate if the entity is subject to recurring audits on a relatively frequent basis.

E)Evaluation of findings and identifying deficiencies

Plustax Associates has different framework for evaluation as listed below;

- Staff appraisal. In order to ensure quality work, staff are appraised on yearly basis, using internally developed appraisal system as shown in Annex H.
- External evaluation. Plustax Associates has arrangement with other firms for external evaluation. In conducting external evaluation, the firm will conduct cold review of working paper files. The firm has collaboration for external evaluation with IFS and R&S Associates Investigation on deficiency. In case of deficiency in performance, the management may commission investigation.





I) MONITORING AND REMEDIATION PROCESS

During audit process, there shall be continuous monitoring of the audit process. Plustax Associates uses various tools for audit monitoring. Some of the tools for audit monitoring includes;

a. Assignment allocation. Before starting assignment, the team leader shall prepare assignment allocation with estimated working hours.

b. Time sheet. Every member of the team shall be required to fill time sheet and number of hours spent on a specific activity. Time spent for specific audit activity shall be filled in the working paper. Actual time spent will be compared to budget time to make evaluation of individual performance.

c. Review by the team leader. Team leader shall review team members working papers at the end of every working day, while engagement partner shall make review at least once in every week.

d. After the Audit Manager has completed preparation of a draft of the audit report, it is very useful to have the draft report reviewed by Engagement Partner and then by the Quality assurance Partners. All review comments shall be worked upon before finalization of report.

e. The results of all reviews should be documented and retained in the audit working papers. A checklist of matters to be considered in such a review process is presented in Annex B.

f. The draft audit report shall be shared to the client for response. The client shall be given maximum of two week to give response.

g. The Audit Manager and the audit team, if any, should give fair consideration to issues raised by the Client in the contradictory procedure. Every effort should be made to resolve disagreements and to adjust the report in response to valid points made by the Client(s).

h. Before finalization of any audit there shall be exit conference where all response from client will be discussed with concluding remarks from the auditor clearly made to theclient. The engagement partner shall make all efforts to make sure all points of disagreement are resolved before finalization of audit. Where there is difference with client on professional matters, the issues will be referred to collaborating audit firm i.e., Innovation Flexible Solution (IFS) Firm for clarification. Where issues could not be resolved by collaborating firms, then this will be forwarded to NBAA for final decision.

i. When the contradictory procedure has been completed, the next step is to prepare summary of exit meeting minutes to be part of the working paper file.





J) NETWORK REQUIREMENTS OR NETWORK SERVICES.

Plustax Associates are required to include additional quality objectives or quality risks in the firm system of quality management that are common across the network firms.

The firm included responses in the firm system of quality management that are common across the network firms. Such responses designed by the network may include network policies or procedures that specify the leadership roles and responsibilities, including how the firm is expected to assign authority and responsibility within the firm, or resources, such as network developed methodologies for the performance of engagements or IT applications.



The firm is subjected to the network's monitoring activities. These monitoring activities may relate to network requirements (e.g., monitoring implemented network's methodology appropriately), or firm system of quality management in general.

Also, Services or resources that are optional for the firm to use in its system of quality management or in the performance of engagements, such as voluntary training programs, use of component auditors or experts from within the network, or use of a service delivery. The firm has IT infrastructures and IT processes in place to support an IT application provided by the network that the firm uses in the system of quality management.

The firm provides wide training on the methodology provided by the network, including when updates are made to the methodology.

The firm utilize an IT application for the acceptance and continuance client relationships and specific engagements that is standardized across the network. This may give rise to a quality risk that the IT application does not address matters in local laws or regulations that need to be considered by the firm in accepting and maintaining client relationships and specific engagements.

K) EVALUATING THE SYSTEM OF QUALITY MANAGEMENT

There shall be two levels quality control. The first level shall be done from internal through hot quality review to be done by the firm Audit Manager, engagement partner and quality control partner. The second level shall be cold review to be done by independent reviewer different from audit team.

The quality assurance partners for the firm shall alternate between ***Mr. Jabir K Hamza*** and ***Mr. Frank Leonidas***, engagement partners for a certain client the other one shall be the quality control partner for the same. The role of quality control Partners shall be to:

- Determine if needed Audit controls are in place;
- Determine whether adherence to professional standards and applicable legal and regulatory requirements
- Determine whether the firm quality control policies and procedures have been operating effectively so that reports that are issued by the firm are appropriate in the circumstances.
- Determine if existing controls are being properly implemented;
- Confirm the quality of the audit practices and reports; and
- Identify potential ways of strengthening or otherwise improving the controls.



The quality control assessment procedures by Quality Partner should include review of audit plan and review of working papers. Cold review of file for the purpose of assessing audit quality shall be performed by individuals and; or collaborating firms who are independent of the audits under review. At least once in a year collaborating firm IFS or R & S Associates shall be invited for cold file review. As a matter of regulatory function, firm's audit file shall be subject to review by the NBAA's audit quality review staff. This guide manual shall be quality control reference document.

Managing Institutional Risk



A) Plustax Associates will strive to minimize possibility of audit failure which may cost firm credibility. In order to minimize audit risk, our firm will ensure deploying team of competent auditors coupled with expertise with different specialty depending on audit requirement. ***All audit will be subjected to documented risk assessment covering:***

- **Complexity of the audit;**
- **Audit Costs;**
- **Controversy associated with the matters being audited; and**
- **Likely co-operation or resistance by the auditee.**

Basing on this assessment management will make appropriate allocation of resources including experts needed and level of Engagement partner involvement in the field work.

B) Professional Indemnity Insurance: In order to minimize institutional risk Plustax Associates will always buy professional indemnity insurance to cover any possible eventuality in case of unexpected professional failure.

Considered evaluation of the system and controls to include the following:

- Review of selected administrative and personnel records pertaining to the quality control elements
- Review of engagement documentation, reports, and client's financial statements
- Discussions with staff regarding audit quality
- Determination of corrective actions to be taken and improvements to be made in the system, including providing feedback into our policies and procedures relating to education and training
- Communication to staff regarding weakness noted during the audit
- New development in the professional standards and changes in legal requirement
- Written confirmation of compliance with policies and procedures on independence such as signing confirmation of independence form in annex F
- Use of standard working paper in the format provided in annex G
- Use of standard working paper in the format provided in annex G ***Some of the review can be achieved though***
- Engagement quality control review to confirm compliance with engagement checklist
- Review of engagement documentation, reports and clients' financial statement for selected engagements after the report release date
- Inspection procedures

C) using internal resources or hired consultant.



L) DOCUMENTATION.

Annex A – Audit Planning Checklist

When reviewing the adequacy of audit planning, We consider the following matters:

- Obtaining relevant information regarding laws and regulations that might have a significant impact on the audit objectives.
- Preliminary investigative audit (an audit that aims at conducting an initial study of specific issues to help prepare the audit task plan).

- Determining objectives and scope of audit.
- Identification of sources (e.g., media, findings of auditee's internal audit,
- Determining list of activities for audit.
- Highlighting of special problems foreseen when planning the audit.
- Ensuring that members of audit team have a clear and consistent understanding of the audit task plan.
- Follow-up is made of issues in previous related audits.
- Understanding the finance, accounting and other relevant functions of the
- Identification of key elements of internal control system of auditee.
- Using appropriate analytical procedures.
- Identification and analysis of relevant ratios and comparative figures.
- Identification of trends or deviations from predicted amounts.
- Identification of sampling method and sampling population
- Choice of relevant performance indicators.
- Assessment of inherent and control risks.
- Establishment of materiality criteria and thresholds.
- Establishment of degree of confidence decided for audit.
- Choice of appropriate experts/consultants.
- Preparation of budget and schedule for audit.
- Assessment of reasonable resources necessary to undertake audit.
- Assessment of staff requirements and team allocated for audit.
- Investigation and settlement of queries raised during review stage.
- Drawing up, approval, review of audit task plan by supervisors, if applicable.
- Other procedures and practices used in the planning phase of an audit.
- Practices to continuously enhance quality control procedures in the planning

Annex B – Audit Execution Checklist

When reviewing the adequacy of audit execution we focus on the following matters:



a) The audit is carried out in accordance with auditing policies, standards, manuals, guidelines and practices of the firm.
b) Auditors have a sound understanding of techniques and procedures such as inspection, observation, enquiry, interviewing, etc. to collect audit evidence.
c) All phases of the audit have been carried out as planned and approved.
d) Valid explanations are available for non-implementation of any significant areas in the audit task plan.
e) Appropriate approval exists for significant deviations that have taken place from approved audit plan.
f) Staff resources used for audit are largely in line with those planned in terms of time, grade of staff and expenses entailed.
g) Justification is available for material deviations from budgeted staff resources.
h) Appropriate audit techniques and audit procedures were used to fulfill each audit objective in order to provide for effective audit evidence.
i) Computer assisted audit techniques (CAATS) were used as appropriate.
j) Appropriate tests were used for evaluating the reliability of internal controls.
k) Appropriate analytical procedures were used and the reliability, independence and quality of relevant supporting data were assessed.
l) Sampling methods were used according to the firm's manuals and/or sound statistical methods.
m) All tests of transactions are clearly related to audit objectives, adequately explain nature and extent of audit work and provide an overall conclusion as to results of audit work.
n) Audit steps and procedures were designed to obtain sufficient and appropriate evidence.
o) Full investigation was made of all queries raised during audit.
p) There are adequate working papers in respect of:

- **Evaluation of internal control systems;**
- **Audit of routine procedures;**
- **Tests of controls;**
- **Analytical review;**
- **Substantive tests; and**
- **Audit of computer-based applications.**

q) Working Papers are appropriately cross-referenced.
r) Audit completion checklists are comprehensive and have been completed, approved and duly evidenced.
s) Work of consultants and other experts has been properly monitored.
t) Other procedures and practices used in the execution phase of an audit.
u) Practices to continuously enhance procedures in the execution phase of audit.

Annex C – Audit Reporting Checklist



i. Reporting is in accordance with auditing policies, standards, manuals, guidelines and practices of the firm.
ii. The form and content of reports are in accordance with established procedures (e.g., title, signature and date, objectives and scope, addressee, legal basis, timeliness, etc.).
iii. Terminology used in report can be easily understood by persons to whom report is presented and technical terms are fully explained.
iv. All audit findings have been evaluated in terms of materiality, errors and other irregularities.
v. All errors, deficiencies and unusual matters have been properly identified, documented and satisfactorily resolved or brought to the attention of a senior firm officer, if applicable.
vi. The final Audit Report covers all areas representing the objectives of the audit or explanations are provided for omissions.
vii. Observations and conclusions in report are supported and well documented to ensure completeness, accuracy and validity of working papers.
viii. All evaluations and conclusions are soundly based and supported by competent, relevant and reasonable audit evidence.
ix. Only sufficiently material audit findings are included in the main audit report.
x. The report is timely, comprehensive, performed by suitably qualified staff, appropriately documented and adequately incorporates the audit opinion.
xi. Letters of Weakness/ Queries/ Management Letters are submitted to auditee in due time.
xii. Receipt of relevant and timely replies to firm reports and other correspondence is ensured.
xiii. Replies are carefully studied.
xiv. All findings, conclusions and recommendations contested by auditee are duly evaluated.
xv. Material relevant comments by auditee are referred to in the audit report, if applicable.
xvi. Relevant significant events occurring following completion of audit are taken into account in final audit report.
xvii. All significant fraud or other irregularities are notified to appropriate authorities.
xviii. Permanent audit files have been updated to take into account results of audit.
xix. Material items requiring subsequent follow-up by firm have been duly identified, recorded and taken into account.
xx. Other procedures and practices used in the reporting phase of an audit.
xxi. Practices to continuously enhance procedures in reporting phase of audit.



Annex D – Checklist for Self-Assessment and Obtaining Views of Auditees

When considering to seek the views of auditees about the work of a firm may wish to consider some of the following possible lines of inquiry. These questions could also be used for a ***"self-assessment"*** process.



Adding value

Was the focus of the audit too wide, too narrow, about, right? What insights into services did the audit provide? What changes have been prompted or reinforced by the audit?

Approach and methods

Do you consider that the examination used suitable techniques for:

- Obtaining data?
- Analyzing data?

Was the auditee given the opportunity to comment on:

- Aims of the audit?
- Proposed methodology?
- Appointment of consultants?

If negative answers are received, explanations should be sought.

Working relationships

To what extent was the audit staff courteous and professional in dealings with the auditee and its staff?

Was the auditee:

- Kept up to date with progress?
- Given an opportunity to comment as results emerged?

If negative answers are received, explanations should be sought.

Contribution to modernizing Government

To what extent did this report make a positive contribution to the following aspects of the Government?

- Promoting good governance Better
- financial management Supporting
- innovation
- Forward looking
- Citizen-focused
- Supporting appropriate risk-taking
- Improving the civil service Outcome
- focused
- Better use of Information Technology

If negative answers are received, explanations should be sought

Fair and objective reporting
Did the draft reports present the facts?

- Accurately?
- Fairly?
  Were the views of other parties:
- Incorporated?
- Given a fair hearing?
  How good and fair was the press coverage?



General comments

How would you rate the overall quality of the audit report(s)?

How effective was the report in making things better? Or in saving money?

Annex E: New client checklist

1. Are we satisfied that we are independent and are likely to have adequate resources and knowledge complete the audit?
2. Are we satisfied that the acceptance of the appointment would not have an adverse effect on the reputation of the practice?
3. Are we satisfied that the acceptance of the engagement will not create any conflict of interest with existing clients?
4. Are we satisfied that there are no other reasons why we would not wish to act for the client (for example financial difficulties or litigation)?

Money laundering considerations

1. Are we satisfied that the company is a bona fide business?
2. Are we satisfied that there are no concerns regarding the integrity of the directors, management or shareholders of the company?
3. Have we established the ultimate control of the company?
4. If the client has been introduced by the Partners or staff members of the firm, or a long-standing client, do we have written confirmation from the introducer of the client's identity?
5. Is there proof of our appointment form Shareholders meeting?
6. Have we written for references from other sources? specify:
7. Have we obtained and copied for file specific proof of identity (e.g., passport or photo driving license) for all directors and shareholders (or the controlling shareholders if any)? specify:
8. Have we obtained and copied for file specific proof of client's address? (E.g., a current utility bill) specify:

Points for interview

1. Have we identified which marketing source gave rise to new client? Specify:
2. Name of previous accountant obtained? Specify:
3. Full personal details of directors and shareholders obtained?
4. Have we completed section 1 of the permanent file?
5. Have we requested details/ copies of the items below?

- Certificate of incorporation
- Memorandum and Articles of Association
- Last annual return
- Books and records
- Organization chart
- Last set of accounts
- Fixed asset register

6. Have we obtained all the documentation required for the consideration of money laundering, as noted above?
7. Has the client signed or agreed to sign the necessary authorizations?

Bank authority
Other (Specify)

8. Has the client been quoted a fee for the audit? if yes, give details below:

Offices Procedures

1. Have we written to the previous auditors for all necessary information?
2. Have all statutory matters concerning the resignation of the previous auditors and our appointment been dealt with?
3. Have we carried out a company search?
4. Have we written for information from other sources? Specify:
5. Have we sent an engagement letter covering all the services that we will provide to the client?
6. Have the necessary files been opened?
7. Have the client's details been entered onto the time records?
8. Have we carried out an initial assessment to determine whether the client will require a hot file review under the firm's quality control procedures?

Where "no" answer has been given to any of the questions and the appointment has been accepted detail below the action taken and reasons, where necessary:

Prepared by: Date

Engagement Partner: Date

Annex F: Assurance Engagement Independence and Ethics Confirmation

In line with the requirements of International Standards on Auditing (ISA), and IFAC's Code of Ethics for Professional Accountants, we need to have a record of the compliance with independence and ethics requirements of all team members providing audit services .....

On that basis, could you please confirm your compliance with independence and ethics requirements (based on the criteria below); kindly communicate this to audit partner.....as soon as possible. By appending your signature below, you shall be making the following declarations: -

INDEPENDENCE CONFIRMATION

1. I confirm that I am in compliance with the applicable independence rules with respect to ..... and all of its related company and I have read and understood the independence rules, including the specific rules specified below:
2. No close family member (spouse, spousal equivalent or defendants) is employed in a key position or in an accounting role or financial reporting oversight role, or acted as a director, with this client or any affiliate, or was employed in such a role during the period covered by the audit, or has the ability to exercise significant influence over the client or any affiliate.
3. I do not have a close family member who has a beneficial ownership of more than **5%** of the equity securities in this client or any affiliate and I have no knowledge that a close family member owns a financial interest in this client or any affiliate that is material to the close family member.
4. I or my immediate family members have not served as a trustee of any trust or as an executor or administrator of any estate or have power of attorney over a person's assets that have or are committed to acquire a direct or material indirect financial interest in this audit client or any affiliate.
5. I am not aware that I or an immediate family member has been named as a devisee, legatee, or beneficiary of a trust of any individual that has a material interest in this audit client or any affiliate. I understand that an interest would not be considered material if it does not exceed **5%** of the individual's net worth. I am not, nor is an immediate family member, the sole beneficiary of a trust with any interest in this client or any affiliate.

INDEPENDENCE CONFIRMATION

6. I have not disclosed information about the client, not available to the public, to anyone, including employees of Plustax & Associates who do not have a need for thatinformation, and I have not exploited any such information.
7. I or my immediate family members do not have a direct or material indirect financial interest in this audit client or any affiliate. I acknowledge that any interests held via a blind trust, or by a nominee, or managed on a discretionary basis, are treated as direct financial interests.
8. I or my immediate family members do not have any loans to or from this client or any related entity or any significant shareholder, officer or director thereof (none of which are financial institutions.)
9. I or my immediate family members do not have any loans, other than those extended under normal lending procedures and within the ordinary course of business with this client or any related entity or any significant shareholder, officer or director thereof (which is a financial institution).
10. I was not employed by this client or any affiliate at any point during the audit or the professional engagement period. I do not participate in any employee benefit program sponsored by this client or any affiliate.
11. I or my immediate family members do not have a financial interest in a joint venture, closely held business investment or business relationship (or commitment to do so) with the client or any related entity or any officer, director, or substantial stockholder of this client.

I confirm that I have not accepted any gifts or favor from this client or its relatedentities that are not of a token nature.

ETHICS CONFIRMATION

I confirm that: -

1. I am familiar with the IFAC's Code of Ethics for Professional Accountants *("IFAC's Code") (http://www.ifac/org/Ethics).*
2. I understand that I have a personal responsibility to comply with the IFAC's Code and I confirm that I am and will remain in compliance with the principles of the IFAC's Code.
3. I understand that I should report and express my concerns about behavior inconsistent with the IFAC's Code and must do so in good faith, fairly, honestly and respectfully. I should report matters related to my personal behavior, as well as the behavior of the firm and others within the firm.
4. I am aware of the confidential resources available to me to report issues and concerns. I also understand that I have a professional obligation to raise matters of concern related to accounting and auditing for the client to which I am assigned.

DECLARATION

I have read the information above and I confirm my independence and compliance with ethical requirements with regard to .....

Name: .....

Signature: ..... Date: .....

Annex G: Sample of Audit Working Paper

Plustax Associates

Ref:

Client name:
Audit period:
Subject:

Initials
Prepared by: .... Date
Reviewed by: ....
Approved by: ....

Audit Objectives:

Audit Programme:

Work Done:

Conclusion

Staff Appraisal Form

Performance Appraisal **General Form #1-A**

For the Period Covering from:	To:

Position	Level:	
Name:		
ID No:	Date Hired:	Duration in the Firm:

Instruction:

By referring to PERFORMANCE RATING GUIDELINES, please write down, in the appropriate Rating column, the number that corresponds to the description that most nearly expresses your assessment/ judgment on each dimension. Please put an "X" mark in the appropriate space to relevant dimension. 5= Excellent; 4= Very Good: 3=Good; 2= Fair; and 1= Unsatisfactor

The care and accuracy with which this appraisal is made will determine its value to you, to the employee and to the

ASSESSING CRITERIA &	Staff Rating					Supervisor Rating					Agreed Rating				
	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5
ABILITY AND SKILLS															
1. Job Knowledge															
2. Quality of Work as per ISQM requirement															
3. Quantity of Work as per engagement plan															
4. Dependability															
5. Creativity & Innovation															
6. Planning & Organization															
7. Initiative															
8. Industriousness															
9. Communication															
10. Professionalism															
11. Stress Tolerance															
12. Supervision															
13. Ability to work under pressure															
II ATTITUDE															
1. Attitude towards work & Firm															
2. Cooperation / Teamwork															
3. Personality / Decorum															
4. Attendance & Punctuality															
5. Professional Standards Consciousness & Housekeeping															
6. Timely completion of assignment															
7. Support for Firm activities / programs															

ASSESSMENT AND CAREER DEVELOPMENT PLAN

EMPLOYEE STRENGTHS: To be completed by the staff before meeting 1. 2. 3. 4. 5.	**EMPLOYEE STRENGTHS**: To be completed by the Supervisor by before meeting 1. 2. 3. 4. 5.
AREAS FOR IMPROVEMENT: To be completed together at the meeting	**AREAS FOR IMPROVEMENT**: To be completed together at the meeting
IDENTIFY AND RECOMMEND TRAINING NEEDS AND CAREER DEVELOPMENT PLAN TO IMPROVE PERFORMANCE	
STAFF SIGNATURE	**DATE:**
SUPERVISOR SIGNATURE	**DATE:**
PARTNER'S SIGNATURE	**DATE:**

Annex I: Internal Control Questionnaire

Internal Control Questionnaires - & Best Practices Checklist

Internal Control Questionnaires - & Best Practices Checklist

1. Budgeting and Accounting

Question	Yes	No	N/A
Potential control weakness that should be addressed.			
1.Do we have Financial Regulation and accounting manual ?			
2.Are written Accounting policy and procedural manuals regularly updated and distributed to appropriate personnel?			
3.Is a current copy of the CLIENT Accounting Policy and Financial Regulations Manual; General Policy and accounting manual available to the staff with responsibility for the key business activities?			
4.Do we have approved organization structure?			
5.Have approval authorization forms or signature cards approved by the management been reviewed periodically to ensure that authority to initiate or approve accounting transactions, contract, receiving repForts and employment authorizations are limited to appropriate personnel?			
6.Is signature authority promptly revoked when the employee leaves CLIENT or significantly changes job duties?			
7.Are large expenditures for purchases, travel, etc., obligated ahead of time to ensure budgeted funds are available?			
8.Is a system in place to provide the management with explanations of significant variances between budgeted and actual financial status?			

Annex I: Internal Control Questionnaire

2. Cash Receipts

Question	Yes	No	N/A
1.Have procedures been developed which specify how the staff will comply with CLIENT requirements regarding the receipt, recording, safeguarding, deposit, and reconciliation of receipts? (Receipts include cash, cheques, and credit card transactions, etc. per CLIENT accounting manual.)			
2.Are cash receipts physically safeguarded against theft and loss?			
3.Are all receipts pre-numbered serially or cash register receipts promptly issued to individuals for in-person payments?			
4.Are customers instructed to make all cheques or direct funds transfers payable to the CLIENT?			
5.Are all Transfers/cheques promptly restrictively endorsed for deposit only to CLIENT?			
6.Are receipts deposited in accordance with CLIENT policy (e.g. at least the following working day)?			
7.Are receipts deposited intact, with no cash retained or expended? (control number system)			
8.Is there regular reconciliation of bank collection account with students deposits through receipts or direct transfers?			
9.Are cash shortages identified and analyzed to determine if corrective action is necessary?			
10.Does an individual independent of the person who deposits the funds verify that the validated report of cash received agrees to the CLIENT's record?			

Annex I: Internal Control Questionnaire

2. Cash Receipts

Question	Yes	No	N/A
11.When receiving cash for reimbursements or payments, are receipts issued or other documentation maintained that support the deposit in detail?			
12.Is the individual responsible for collecting cash different from the person responsible for preparing the deposit?			
13.Are steps taken to ensure that cash collections are not held over the weekend?			
14.Are daily collections held in a secure manner (e.g. under lock and key) until deposited in the Cashier's Office?			
15.Are differences between cash collected and receipts issued investigated and coded to the over/short account?			
16.Are employees prohibited from using money from the change fund for employee loans, purchases, or to cash a cheque?			
17.Are employees prohibited from using money from the petty cash fund for employee loans or to cash cheques?			
18.Are cash collections or change funds kept separately from the petty cash fund?			
19.Are change or petty cash funds stored in a secure location?			
20.Is the Petty Cash Fund periodically reconciled to ensure that cash on hand plus paid receipts equal the amount of the Fund?			

3. Petty Cash

Question	Yes	No	N/A
1.Are petty cash funds used only for appropriate purposes that are supportedby receipts signed by the person making the expenditure?			
2.Is the fund periodically counted by someone other than the custodian and who is not under the control of the custodian?			
3.Is the petty cash limit being observed?			
4.Is there limit for payment from petty cash?			

4. Expenditures

Question	Yes	No	N/A
1.Has CLIENT developed written procedures regarding the initiation, review, and approval of all non-payroll expenditures?			
2.Are procedures in place to ensure that statements are reviewed by an individual who does not approve vouchers and requisitions?			
3.Are all expenditure transactions and related vouchers independently reviewed for completeness, accuracy, and compliance with CLIENT's policies, and agreement to supporting documentation before being approved?			
4.Are there procedures in place to prevent or detect duplicate payments to vendors, or payment for material not received?			
5.Are supplier invoices checked for accuracy and agreed to purchase orders, contract terms, receiving reports, etc. to ensure proper payment?			
6.Do procedures ensure that the person who benefits from expenditure doesnot approve the voucher?			

Annex I: Internal Control Questionnaire

5. Inventory

Question	Yes	No	N/A
1.Have written procedures been developed regarding the receipt, storage, issuance of, and the accounting for inventory?			
2.Are inventories physically safeguarded from unauthorized access and physical deterioration?			
3.Are all reductions of inventory supported by appropriate documentation (e.g. requisition, sales document)?			
4.Are all additions to inventory supported by appropriate documentation (e.g. receiving report/notes)?			
5.Are inventory records maintained by individuals who do not have access to the inventory?			
6.Is the inventory counted periodically and reconciled to inventory records?			
7.Is the use of bin cards in force and duly updated as appropriate?			
8.Are discrepancies between the records and physical counts documented and brought to the attention of appropriate management and the employee responsible for inventory records?			
9.Are discrepancies between the records and physical counts appropriately investigated, and records adjusted?			
10.Are inventory records reconciled (and differences explained) to organization accounts on a regular basis?			
11.Are year-end stock count sheets sequentially pre-numbered and signed by persons who take stock and countersigned by appropriate officials?			
12.Is the stores control system computerized			

6. Movable Furniture and Equipment

Question	Yes	No	N/A
1.Does CLIENT conduct periodic furniture and equipment counts as required bythe financial regulations?			
2.Are CLIENT furniture and equipment properly tagged and identified/coded?			
3.Are there added safeguards on easily stolen fixed assets?			
4.Is the Fixed Assets Register / Property Accounting System maintained up-to-date in as much as being reviewed and updated to ensure that all additions, disposals, or thefts /changes in condition and availability of furniture and equipment are taken into account? (There is a weakness on FAR, currently the system could not open)			

Annex I: Internal Control Questionnaire

7. Organization and Management

Question	Yes	No	N/A
1.Has the responsibility for achieving objectives been assigned and documented?			
2.Have the lines of authority and responsibility been clearly communicated throughout the CLIENT?			
3.Do written procedures exist for systems that are critical to the operations of the CLIENT?			
4.Has the CLIENT management developed a system or procedures for communicating expectations and for coordinating efforts between offices, collages, programs and staff members (e.g., staff or management meetings, newsletters, memorandums)?			
5.Are reports that summarize activities, programs, transactions and financial status reviewed by the CLIENT management on a regular basis?			
6.Have procedures been implemented in the CLIENT to verify the accuracy of data in management and monitoring reports?			
7.Have measurement criteria been developed to assess progress toward objectives specified in planning and budget documents?			
8.Is there active Council/BoD?			
9.Are Council/BoD Meetings held in the year as per the requirements?			
10.Are there Council committees as per the Regulations?			
11.Do committees meet regularly?			
12.Are Council directives attended by the Management?			
13.Are Council minutes kept properly?			
14.Were draft accounts approved by the Finance Committee?			

8. Personnel and Payroll

Question	Yes	No	N/A
11.Have procedures been established to record the usage of employee benefit time (e.g., sick leave, vacation, other leave) for Technical, Operations and Staff employees?			
12.Do we have system to monitor staff attendance? (Register system)			
13.Are attendance records reviewed by management so that excessive absences are dealt with properly?			
14.For non-exempt employees (those eligible for overtime pay) do procedures existto ensure that overtime and other non-standard work hours like extra teaching allowance are appropriate and approved in advance by an employee's supervisor?			
15.Has staff evaluation and performance appraisal been carried out in the year under review?			
16.Are the reports that provide the details of the payroll amounts charged to the CLIENT accounts (Payroll Account Distribution Vouchers) reviewed and compared to a copy of the approved Standard Time Report (and any approved Time Report Adjustments, if applicable) by someone who did not prepare the Standard Time Report?			

9. Procurement

Question	Yes	No	N/A
1.Do we have procurement policy?			
2.Do we have procurement regulations/guidelines?			
3.Do we have procurement officer?			
4.Do we have procurement committee?			
5.Do we have annual procurement plan?			
6.Are procedures in place to prevent multiple purchases that are intended to circumventing bid or approval limitations?			
7.Do procedures exist to ensure all goods received are accurately counted and examined to see that they meet quality standards and fulfill the requirements of the purchase order?			
8.Are procedures in place that require the person receiving goods or services to document the receipt by signing the invoice or receiving report?			
9.Are procurement file well kept			
10.Are the persons responsible for receiving and inspecting goods received separate from those responsible for requisitioning goods or initiating accounting transactions?			
11.Do we have list of preferred suppliers			
12.Are written contracts used for all professional and technical services?			
13.Do procedures exist to review billings for contractors for compliance with the contract prior to making payments?			

Annex I: Internal Control Questionnaire

Fixed Assets

Question	Yes	No	N/A
1.Are minutes maintained of all Council meetings and management meetings authorizing capital expenditure and also disposals?			
2.Does CLIENT maintain fixed assets purchase order requisitions, which are pre-numbered, authorized and controlled?			
3.Is there evidence to show that the addition invoices have been checked for accuracy and that the posting code has been checked before the items are posted into the General Ledger?			
4.Is the Fixed Assets Register regularly reconciled to the General Ledger account, and also to actual physical assets?			
5.s there independent checking of calculations of profits and losses on disposal?			
6.Is there evidence to show that there have been regular inspections of the condition and use of assets?			

J. Information Technology

Question	Yes	No	N/A
1.Are there controls to prevent unauthorized access to data that may result in destruction of data or improper changes to data, including the recording of unauthorized or non-existent transactions, or inaccurate recording of transactions? (Note –Particular risks may arise where multiple users access a common database).			
2.Can personnel gain access privileges to systems beyond those necessary to perform their assigned duties thereby breaking down segregation of duties?			
3.Are there controls to prevent unauthorized changesto data in master files?			
4.Are all necessary changes to systems or programs made on a timely basis?			
5.Are there controls to prevent inappropriate manual intervention?			
6.Do we have ICT policy and guidelines			
7.Are there controls to prevent potential loss of data or inability to access data as required? (Only done at departmental level)			
8.Are appropriate back-up and disaster recovery systems in place?			
9. Do we test our back up on regular basis			
10. Do we have valid contract for all software in place			

K. General

Question	Yes	No	N/A
1.Is the culture of the CLIENT conducive to the effective operation of internal controls?			
2.Does management use their influence in the CLIENT to promote the effective operation of internal controls?			
3.Are reliable management accounts produced at least quarterly and reviewed by the management so that significant errors would be identified and corrected?			

L. Related Party Transactions

Question	Yes	No	N/A
1.Are all significant related party transactions and transactions outside the normal course of business authorized and approved?			
2.Are mechanisms in place to identify related party transactions and transactions outside the normal course of business?			
3.Are there controls in place to ensure all related party transactions and relationships are accounted for and disclosed in accordance with the financial reporting framework?			

Annex I: Internal Control Questionnaire

Insurance

Question	Yes	No	N/A
1.Do we have Insurance policy against fire and perils, burglary, fidelity guarantee, Motor vehicle insurance, customer injuries? (only for MV)			
2.Are assets insured at cost or replacement cost? At cost			
3.Do we have all insurance policy cover?			

Facilities for Disabled and Others

Question	Yes	No	N/A
1.Do we have policy on disabled people (as per the law)			
2.Do we have facilities for disabled students such as washrooms, buildings access and dormitories?			
3.Do we have dedicated place for fire assembly points?			
4.Do we have fire detectors in the dormitories and classrooms?			
5.Do we have fire extinguishers in all recommended places?			
6.Do we have fire hose in all relevant buildings?			
7.Do we have estate management policy and guidelines			



PLUSTAX
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