



<b>Firm name</b>	Smiths & Co	<b>Firm number</b>	3123456	<b>Review date</b>	23 June 2024
<b>Email</b>	AndySmith@smithsandco.com	<b>Contact name</b>	Andy Smith	<b>SCO</b>	WH

### DETAILED FINDINGS ON AUDIT WORK

The description “satisfactory” and/or “unsatisfactory” is based on the evidence seen on the files during the review and is an assessment of whether or not the audit opinion was supported on each file inspected.

#### The audit files examined were:

<b>File No</b>	<b>Client (Business)</b>	<b>Year end (Audit report)</b>	<b>€Turnover (Fee)</b>	<b>Outcome</b>	<b>Reason</b>
1	Abacus International Ltd (Leasing and sale of used and repaired aircraft engines)	31.12.20 (16.2.21)	5,056,152 (9,000)	Unsatisfactory	Significant deficiencies found throughout the file rendering it unsatisfactory.
2	Delicious Foods Limited (Café)	25.8.20 (10.3.21)	509,784 (4,250)	Satisfactory	Audit opinion supported. However, some deficiencies were found in the performance and recording of the audit work.
3	Quantum Fresh Foods Wholesale Ltd (Sale of fresh merchandise to UK)	10.9.21 (20.4.22)	331,107 (3,200)	Unsatisfactory	Significant deficiencies found throughout the file rendering it unsatisfactory.

**PART 1: DEFICIENCIES IDENTIFIED FROM THE AUDIT FILE INSPECTIONS**

**Instructions to firms**

**Before completing this template, please read the instructions and guidance document provided.** For each area of non-compliance with International Standards on Auditing (ISA) identified below the firm should assess the root cause of the deficiency and explain the improvements in its controls and procedures which will prevent a recurrence of the deficiency in future.

**A. Audit documentation, including assembly of the final audit file (ISA 230)**

<b>File No: General observations, with reference to specific examples where appropriate.</b>	<b>Firm's comments</b>	<b>Root cause</b>	<b>Action (and implementation date)</b>
<p>Files 1, 2 and 3: The firm had not adequately documented matters which were important in providing audit evidence to support the audit opinion and show that it had carried out the audit in accordance with ISAs (ISA 230). It had not always recorded the objectives and results of the audit procedures performed and the conclusions reached thereon, or any significant professional judgements made in reaching those conclusions. In addition, the audit programme used by the firm was out of date.</p>	<p>Noted</p>	<p>Failure to fully apply up-to-date audit procedures and lack of appropriate CPD &amp; training for the AEP / RI.</p>	<p>The firm will obtain up-to-date audit programmes and ensure that they are applied and fully completed on all future audits. The firm will amend its testing templates taking into account the matters identified. The firm will ensure that the amended templates clearly record the work carried out, objectives and results of work carried out, including the conclusions reached. Firm will ensure to only include those template working papers that are applicable to the specific audits on the audit file and that appropriate back-up is retained on file. As part of the firm's ongoing CPD &amp; training programme, the firm will ensure that the matters noted in the visit are included. The firm will also engage the assistance of a third-party training organisation (OmniPro) to provide annual compliance reviews &amp; cold file review &amp; where appropriate, hot file reviews to ensure that the standard of the firms audit work improves. Through a combination of specific training and external assistance this issue will be addressed. Also, the audit engagement partner will allocate additional review time to ensure that all matters are addressed prior to sign-off.</p> <p>Implementation date; Immediately on all audits.</p>

<b>B. Compliance with ISA 500 - Audit evidence</b>				
<b>Audit area</b>	<b>File No: Deficiencies noted</b>	<b>Firm's comments</b>	<b>Root cause</b>	<b>Action (and implementation date)</b>
Existence of tangible assets	File 1: The firm had not recorded how it had calculated sample size and selected items for testing. In addition, it had used the cost of assets physically verified in its summary and evaluation of the work rather than using the net book value of the assets. This had skewed the results of the test performed.	Noted	Failure to fully apply up-to-date audit procedures and lack of appropriate CPD & training for the AEP / RI.	<p>Action for the root cause The audit engagement partner undertakes to carry out CPD in this area and obtain additional training on the application of sampling as part of the audit. The firm will obtain up-to-date audit programmes and ensure that its working paper template are amended to ensure that going forward the basis of sampling &amp; the reasons for the sample sized chosen are clearly recorded. With additional AEP time allocated to the audit, the firm will ensure to fully apply its audit procedures in relation to the application of sampling.</p> <p>Specific audit procedure for the deficiency The firm will update the planning procedures to ensure that the basis for sampling and the reasons for sample sizes chosen are clearly recorded. Sampling will be based on the AEP's judgements taking into account the overall risk assessment of the client and the individual sections of the file &amp; the characteristics of the population being tested. The firm will ensure to fully apply its audit programme which includes templates and guidance on the application of sampling. In relation to the specific matters noted, in future, selection of assets for physical verification will be based on nbv of asses.</p> <p>Implementation date; Immediately on all audits</p>
Existence, completeness and valuation of stock	Files 1 and 2: The firm had not recorded how it had determined sample sizes and selected items for testing.	Noted	Failure to fully apply up-to-date audit procedures and lack of appropriate CPD & training for the AEP / RI.	<p>Action for the root cause The audit engagement partner undertakes to carry out CPD in this area and obtain additional training on the application of sampling as part of the audit. The firm will obtain up-to-date audit programmes and ensure that its working paper template are amended to ensure that going forward the basis of sampling &amp; the</p>

				<p>reasons for the sample sized chosen are clearly recorded. With additional AEP time allocated to the audit, the firm will ensure to fully apply its audit procedures in relation to the application of sampling.</p> <p>Specific audit procedure for the deficiency The firm will update the planning procedures to ensure that the basis for sampling and the reasons for sample sizes chosen are clearly recorded. Sampling will be based on the AEP's judgements taking into account the overall risk assessment of the client and the individual sections of the file &amp; the characteristics of the population being tested. The firm will ensure to fully apply its audit programme which includes templates and guidance on the application of sampling.</p> <p>Implementation date; Immediately on all audits</p>
	<p>File 2: It did not appear that the firm had selected items for test counting during the stock take from both the stock sheets and from the physical stock, in order to verify existence and completeness respectively.</p>	<p>Noted</p>	<p>Failure to fully apply up-to-date audit procedures and lack of appropriate CPD &amp; training for the AEP / RI.</p>	<p>Action for the root cause The audit engagement partner will ensure they are fully knowledgeable of the requirements of ISA 500 and the requirement to gain evidence that supports each balance or transaction in the financial statements and to support this audit work with backup documentation. The firm will ensure to obtain practical audit training on Audit Evidence and Documentation and will obtain up-to-date audit programmes and ensure that they are applied and fully completed on all future audits. The firm will update its working paper templates to ensure to fully record &amp; summarise the work carried out, including appropriate cross-referencing to evidence that sufficient appropriate audit evidence has been obtained. The audit engagement partner will ensure to allocate additional review time at both fieldwork &amp; completion stages to ensure that this matter is addressed.</p> <p>Specific audit procedure for the deficiency</p>

				<p>The firm will obtain up-to-date audit programmes and ensure that its working paper template are amended to ensure that going forward audit testing to address the existence &amp; completeness of stock, the firm will ensure include multi-directional testing (i.e. test a sample of items from the physical stock on the floor to the stock sheets &amp; from the stock sheets to the physical stock on the floor). We will ensure to clearly record details of the basis for the sample selected &amp; the reason for the sample sizes chosen, &amp; the results and conclusion of the work. The audit engagement partner will ensure to allocate additional audit planning time to ensure that this multi-directional testing is planned in advance &amp; carried out. Additional audit engagement partner time will be allocated at all stages to ensure that the matters noted are addressed.</p> <p>Implementation date; Immediately on all audits.</p>
Net realisable value of stock	File 1: The firm had not recorded any work to verify net realisable value of stock by reference to actual selling prices after the balance sheet date. In addition, it had not tested the cut off of stock.	Noted	Failure to fully apply up-to-date audit procedures and lack of appropriate CPD & training for the AEP / RI.	<p>Action for the root cause</p> <p>The audit engagement partner will ensure they are fully knowledgeable of the requirements of ISA 500 and the requirement to gain evidence that supports each balance or transaction in the financial statements and to support this audit work with backup documentation. The firm will ensure to obtain practical audit training on Audit Evidence and Documentation and will obtain up-to-date audit programmes and ensure that they are applied and fully completed on all future audits. The firm will update its working paper templates to ensure to fully record &amp; summarise the work carried out, including appropriate cross-referencing to evidence that sufficient appropriate audit evidence has been obtained. The audit engagement partner will ensure to allocate additional review time at both fieldwork &amp; completion stages to ensure that this matter is addressed.</p> <p>Specific audit procedure for the deficiency</p>

				<p>The firm will obtain up-to-date audit programmes and ensure that its working paper template are amended to ensure that going forward audit testing to address the net realisable value of stock and stock cut-off id clearly recorded. In relation to our testing of net realisable value we will amend our templates to ensure that the NRV of stock is vouched to actual sales invoices post-year-end and record our conclusion that stock is carried at the lower of cost and NRV. Where this is not possible we will evaluate whether the absence of sales proceed post-year-end is an indicator of stock obsolescence or impairment. In relation to stock we will test a sample of both purchases &amp; sales pre &amp; post year-end to evaluate that stock has been recorded in the correct period. Additional audit engagement partner time will be allocated at all stages to ensure that the matters noted are addressed.</p> <p>Implementation date; Immediately on all audits.</p>
<p>Recoverability of trade debtors</p>	<p>File 1: The firm had not adequately explained how recoverability of trade debtors was verified. It was not clear if the firm had traced post year end receipts to bank statements.</p>	<p>Noted</p>	<p>Failure to fully apply up-to-date audit procedures and lack of appropriate CPD &amp; training for the AEP / RI.</p>	<p>Action for the Root Cause The audit engagement partner will ensure they are fully knowledgeable of the requirements of ISA 500 and the requirement to gain evidence that supports each balance or transaction in the financial statements and to support this audit work with backup documentation. The firm will ensure to obtain practical audit training on Audit Evidence and Documentation and will obtain up-to-date audit programmes and ensure that they are applied and fully completed on all future audits. The audit engagement partner will ensure to allocate additional review time at both fieldwork &amp; completion stages to ensure that this matter is addressed.</p> <p>Specific audit procedures for deficiency The firm will obtain up-to-date audit programmes and ensure that its working paper template are amended</p>

				<p>to ensure that going forward all material debtors are be tested for recoverability. In order to address recoverability the firm will fully record &amp; explain the testing carried out and will ensure that post-year-end receipts are vouched both to the individual debtor accounts and to bank statements &amp; the firm’s conclusion on the results is clearly recorded. Additional audit engagement partner time will be allocated at all stages to ensure that the matters noted are addressed.</p> <p>Implementation date; Immediately on all audits.</p>
<p>Validity of trading deposits</p>	<p>File 1: The firm had not verified the validity of trading deposits.</p>	<p>Noted</p>	<p>Failure to fully apply up-to-date audit procedures and lack of appropriate CPD &amp; training for the AEP / RI.</p>	<p>Action for the Root Cause The audit engagement partner will ensure they are fully knowledgeable of the requirements of ISA 500 and the requirement to gain evidence that supports each balance or transaction in the financial statements and to support this audit work with backup documentation. The firm will ensure to obtain practical audit training on Audit Evidence and Documentation and will obtain up-to-date audit programmes and ensure that they are applied and fully completed on all future audits. The audit engagement partner will ensure to allocate additional review time at both fieldwork &amp; completion stages to ensure that this matter is addressed.</p> <p>Specific audit procedures for deficiency The firm will obtain up-to-date audit programmes and ensure that its working paper template are amended to ensure that going forward all material trading deposits will be tested. In order to address validity the firm will obtain written confirmation of the year-end balance directly from the customer and / or agree the balance to the underlying documents supporting the deposit. Additional audit engagement partner time will be allocated at all stages to ensure that the matters noted are addressed.</p>

				Implementation date; Immediately on all audits.
Recoverability of other debtors	File 1: The firm had not verified the validity and recoverability of Nebula Innovations Ltd debtor balance, included in sundry debtors.	Noted	Failure to fully apply up-to-date audit procedures and lack of appropriate CPD & training for the AEP / RI.	<p>Action for the Root Cause The audit engagement partner will ensure they are fully knowledgeable of the requirements of ISA 500 and the requirement to gain evidence that supports each balance or transaction in the financial statements and to support this audit work with backup documentation. The firm will ensure to obtain practical audit training on Audit Evidence and Documentation and will obtain up-to-date audit programmes and ensure that they are applied and fully completed on all future audits. The audit engagement partner will ensure to allocate additional review time at both fieldwork &amp; completion stages to ensure that this matter is addressed.</p> <p>Specific audit procedures for deficiency The firm will obtain up-to-date audit programmes and ensure that its working paper template are amended to ensure that going forward all material debtors (including those included in other debtors) will be tested. In order to address validity the firm will obtain written confirmation of the year-end balance directly from the debtor and in order to test recoverability the firm will test post-year-end receipt &amp; ensure that this testing is extended up to date of audit report. Additional audit engagement partner time will be allocated at all stages to ensure that the matters noted are addressed.</p> <p>Implementation date; Immediately on all audits.</p>
Existence and completeness of bank balances (including loans)	Files 1, 2 and 3: The firm had not obtained bank confirmations.	Noted		<p>Action for the Root Cause The audit engagement partner will ensure they are fully knowledgeable of the requirements of ISA 500 and the requirement to gain evidence that supports each balance or transaction in the financial statements</p>



				<p>and to support this audit work with backup documentation. The firm will ensure to obtain practical audit training on Audit Evidence and Documentation and will obtain up-to-date audit programmes and ensure that they are applied and fully completed on all future audits. The audit engagement partner will ensure to allocate additional review time at both fieldwork &amp; completion stages to ensure that this matter is addressed.</p> <p>Specific audit procedures for deficiency The firm will obtain up-to-date audit programmes and ensure that its working paper template are amended to ensure that going forward bank confirmation letters are obtained for all bank accounts. The firm has updated its audit planning process and once an audit has been accepted the bank letter forms part of the initial client pack. The letter must be received back from the client prior to the commencement of the audit; therefore bank confirmation letters are now received prior to the audit commencement. The firm will obtain bank confirmation letters for all audits and where a bank letter is unable to be obtained or not obtained before the signing of the audit report the firm will carry out alternative procedures in order to verify the completeness and accuracy of the bank account listing, to vouch the year end bank account balances and whether the entity's bankers hold any securities or guarantees.</p> <p>Implementation date; Immediately on all audits.</p>
	<p>File 2: The firm had not carried out cash count at year end.</p>	<p>Noted</p>	<p>Failure to fully apply up-to-date audit procedures, lack of appropriate planning and appropriate CPD &amp; training for the AEP / RI.</p>	<p>Action for the root cause This was an oversight resulting from last of planning and should have been undertaken while the AEP was on site carrying out stock-take procedures. The audit engagement partner will ensure to allocate additional audit planning time to ensure that all time-sensitive matters (such as stock-takes &amp; year-end cash counts)</p>

				<p>are planned in advance &amp; carried out. The AEP will also allocate additional review time at both fieldwork &amp; completion stages to ensure that this matter is addressed.</p> <p>Specific audit procedure for the deficiency The firm will obtain up-to-date audit programmes and ensure that its working paper template are amended to ensure to fully record details of year-end cash counts are recorded. Cash-counts will be carried out as part of year-end stock-take procedure. Additional audit engagement partner time will be allocated at all stages to ensure that the matters noted are addressed.</p> <p>Implementation date; Immediately on all audits.</p>
<p>Completeness of income</p>	<p>Files 1 and 3: The firm had not verified the completeness of income. The work recorded by the firm only verified validity of income.</p>	<p>Noted</p>	<p>Failure to fully apply up-to-date audit procedures and lack of appropriate CPD &amp; training for the AEP / RI.</p>	<p>Action for the root cause The audit engagement partner will ensure they are fully knowledgeable of the requirements of ISA 500 and the requirement to gain evidence that supports each balance or transaction in the financial statements and to support this audit work with backup documentation. The firm will ensure to obtain practical audit training on Audit Evidence and Documentation and will obtain up-to-date audit programmes and ensure that they are applied and fully completed on all future audits. The firm will update its working paper templates to ensure to fully record &amp; summarise the work carried out, including appropriate cross-referencing to evidence that sufficient appropriate audit evidence has been obtained. The audit engagement partner will ensure to allocate additional review time at both fieldwork &amp; completion stages to ensure that this matter is addressed.</p> <p>Specific audit procedure for the deficiency The firm will obtain up-to-date audit programmes and ensure that its working paper template are amended</p>

				<p>to ensure to fully record &amp; summarise the work carried out, including appropriate cross-referencing to evidence that sufficient appropriate audit evidence has been obtained. In relation to the specific matter noted, the firm will update our income testing templates to ensure to address all audit assertions including completeness of income for all material income streams. Testing of completeness of income will involve, cut-off testing, analytical review and systems testing ('cradle-to-grave' testing). Our 'cradle to grave' transactional testing will consist of testing of the income system by agreeing transactions to initiating documents / records and finishing with evidence of receipt through bank account in relation to all material income streams. Additional audit engagement partner time will be allocated at all stages to ensure that the matters noted are addressed.</p> <p>Implementation date; Immediately on all audits.</p>
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**C. Compliance with other ISAs**

File No: Deficiencies noted	Firm's comments	Root cause	Action (and implementation date)
Agreeing the terms of the engagement (ISA 210)			

<p>Files 1, 2 and 3: The firm had not updated its engagement letter to refer to ISAs (Ireland).</p>	<p>Noted</p>	<p>Failure to fully apply up-to-date audit procedures, lack of AEP/ RI review at planning and lack of appropriate CPD &amp; training for the AEP / RI.</p>	<p><b>Action for the Root Cause</b>                  The firm has obtained access to external resources (OmniPro Accountants Resource Centre (ARC)) where up-to-date letters of engagement are available. The firm will ensure to obtain these up-to-date letters of engagements going forward. Additional time at planning will be allocated by the audit engagement partner to ensure that letters of engagement are up-to-date before issue to the client. As part of the firm's ongoing CPD &amp; training programme, the firm will ensure that ISA 210 is included. The firm will also engage the assistance of a third-party training organisation (OmniPro) to provide annual compliance reviews &amp; cold file review &amp; where appropriate, hot file reviews to ensure that the standard of the firms audit work improves. Through a combination of specific training and external assistance this issue will be addressed. Also, the audit engagement partner will allocate additional review time to ensure that all matters are addressed prior to sign-off.</p> <p><b>Specific Audit procedure for the Deficiency</b>                  The firm will ensure that additional time will be allocated at planning to ensure that up-to-date letters of engagement are issued. The firm has obtained access to external resources (OmniPro ARC) and when updates are required these will be actioned immediately. The audit engagement partner will enhance his review of this area to ensure the matter is addressed on each individual file.</p> <p>Implementation date: Immediately on all audits.</p>
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**Understanding of the entity - Including accounting systems & internal controls (ISA 315)**

<p>Files 1, 2 and 3: The firm's files did not contain adequate information to show the firm's understanding of the key elements of the entity and its environment, the identified and assessed risks of material misstatement at the financial statement level and/or the assertion level and the significant risks and related controls identified. There was insufficient information about the nature of the client, its ownership and governance structure, the industry in which it operates and its internal controls including its accounting systems.</p>	<p>Noted</p>	<p>Failure to fully apply up-to-date audit procedures and lack of appropriate CPD &amp; training for the AEP / RI.</p>	<p>Action for the root cause                  The firm will obtain up-to-date audit programmes and ensure that they are applied and fully completed on all future audits. The firm will ensure that its audit planning memo, which addresses, understanding of the nature of entity &amp; its environment, risks of material misstatement etc, is completed in full. The firm will also fully document its understanding of the client's accounting systems &amp; internal controls &amp; ensure to record our evaluation of the design and implementation of internal controls, including details of walk-through testing carried out. As part of the firm's ongoing CPD &amp; training programme, the firm will ensure that ISA 315 is included. The firm will also engage the assistance of a third-party training organisation (OmniPro) to provide annual compliance reviews &amp; cold file review &amp; where appropriate, hot file reviews to ensure that the standard of the firms audit work improves. Through a combination of specific training and external assistance this issue will be addressed. Also, the audit engagement partner will allocate additional review time to ensure that all matters are addressed prior to sign-off.</p> <p>Specific audit procedure for the deficiency                  The firm will update its audit procedures to ensure that the matters noted in relation to understanding of the entity are addressed in full. As noted above, The firm will ensure that its audit planning memo, which addresses, understanding of the nature of entity &amp; its environment, risks of material misstatement etc, is completed in full. The firm will also fully document its understanding of the client's accounting systems &amp; internal controls &amp; ensure to record our evaluation of the design and implementation of internal controls, including details of walk-through testing carried out. Additional audit engagement partner time will be allocated at all stages to ensure that the matters noted are addressed.</p> <p>Implementation date; Immediately on all audits.</p>
<p><b>Risk assessment including analytical procedures (ISA 315)</b></p>			

<p>Files 1, 2 and 3: The firm's risk assessment procedures did not include the performance of analytical review procedures to help identify the existence of unusual transactions or events, and amounts, ratios, and trends that might indicate matters that have audit implications.</p>	<p>Noted</p>	<p>Failure to fully apply up-to-date audit procedures and lack of appropriate CPD &amp; training for the AEP / RI.</p>	<p>Action for the root cause The firm will obtain up-to-date audit programmes and ensure that they are applied and fully completed on all future audits. The firm will ensure that its preliminary analytical review template is completed in full, detailing the reasons for major / material variances noted and linking any conclusions &amp; matters identified to the firms audit plan. As part of the firm's ongoing CPD &amp; training programme, the firm will ensure that ISA 315 is included. The firm will also engage the assistance of a third-party training organisation (OmniPro) to provide annual compliance reviews &amp; cold file review &amp; where appropriate, hot file reviews to ensure that the standard of the firms audit work improves. Through a combination of specific training and external assistance this issue will be addressed. Also, the audit engagement partner will allocate additional review time to ensure that all matters are addressed prior to sign-off.</p> <p>Specific audit procedure for the deficiency The firm will update its audit procedures to ensure that the matters noted in relation to preliminary analytical review procedures are addressed in full. As noted above, the firm will ensure that its preliminary analytical review template is completed in full, detailing the reasons for major / material variances noted and linking any conclusions &amp; matters identified to the firms audit plan. Additional audit engagement partner time will be allocated at planning stage to ensure that the matters noted are addressed.</p> <p>Implementation date; Immediately on all audits.</p>
<p><b>Overall audit strategy, development of audit plan and suitable audit programme (ISA 300)</b></p>			

<p>Files 1, 2 and 3: The firm had not carried out adequate planning procedures and had not established an overall audit strategy setting the scope, timing and direction of the audit. The firm had not highlighted the key areas of the audit and recorded the nature of the testing required to obtain adequate audit evidence in those areas. The firm had used an out-of-date audit programme which was not tailored to the needs of the audit of the individual client.</p>	<p>Noted</p>	<p>Failure to fully apply up-to-date audit procedures and lack of appropriate CPD &amp; training for the AEP / RI.</p>	<p><b>Action for the root cause</b>                  The firm will obtain up-to-date audit programmes and ensure that they are applied and fully completed on all future audits. The firm will ensure that its audit planning memo, which addresses, an overall audit strategy, scope, timing &amp; resources identifying the audit risks and the auditors response, including the work / testing to be carried out is completed in full. As part of the firm's ongoing CPD &amp; training programme, the firm will ensure that ISAs 300, 215 &amp; 330 are included. The firm will also engage the assistance of a third-party training organisation (OmniPro) to provide annual compliance reviews &amp; cold file review &amp; where appropriate, hot file reviews to ensure that the standard of the firms audit work improves. Through a combination of specific training and external assistance this issue will be addressed. Also, the audit engagement partner will allocate additional review time to ensure that all matters are addressed prior to sign-off.</p> <p><b>Specific audit procedure for the deficiency</b>                  The firm will update its audit procedures to ensure that the matters noted in relation to audit planning are addressed in full. As noted above, the firm will ensure that its audit planning memo, which addresses, an overall audit strategy, scope, timing &amp; resources identifying the audit risks and the auditors response, including the work / testing to be carried out is completed in full. Additional audit engagement partner time will be allocated at all stages to ensure that the matters noted are addressed.</p> <p>Implementation date; Immediately on all audits.</p>
<p><b>Fraud (ISA 240)</b></p>			

<p>Files 1, 2 and 3: The file did not contain adequate information to show the firm had made inquiries of management regarding management’s assessment of the risk that the financial statements may be materially misstated due to fraud. In particular, the firm had not ascertained the management’s process for identifying and responding to the risks of fraud in the entity. In addition, the working papers did not contain adequate information to show that it had designed audit procedures to address the risks of fraud relating to management override of controls.</p>	<p>Noted</p>	<p>Failure to fully apply up-to-date audit procedures and lack of appropriate CPD &amp; training for the AEP / RI</p>	<p><b>Action for the root cause</b>                  The firm will obtain up-to-date audit programmes and ensure that they are applied and fully completed on all future audits. The firm will ensure that its audit planning memo, which addresses fraud is completed in full. Consideration at planning will include identification of specific fraud risks, including at a minimum, revenue recognition and mgmt. over-ride, the risk of material misstatement and the auditors response, including the work to be carried out to address the risk. The firm will also fully record its initial planning meeting with mgmt. where it will record enquiries with mgmt. regarding fraud, including its processes for identifying and responding to fraud. At the completion stage those fraud risks identified at planning will be reviewed to ensure sufficient, appropriate audit evidence has been obtained &amp; concluded on. As part of the firm's ongoing CPD &amp; training programme, the firm will ensure that ISA 240 is included. The firm will also engage the assistance of a third-party training organisation (OmniPro) to provide annual compliance reviews &amp; cold file review &amp; where appropriate, hot file reviews to ensure that the standard of the firms audit work improves. Through a combination of specific training and external assistance this issue will be addressed. Also, the audit engagement partner will allocate additional review time to ensure that all matters are addressed prior to sign-off.</p> <p><b>Specific audit procedure for the deficiency</b>                  The firm will update its audit procedures to ensure that the matters noted in relation to laws and regulations are addressed in full. As noted above, the firm will ensure that its audit planning memo, which addresses fraud is completed in full. Consideration at planning will include identification of specific fraud risks, including at a minimum, revenue recognition and mgmt. over-ride, the risk of material misstatement and the auditors response, including the work to be carried out to address the risk. The firm will also fully record its initial planning meeting with mgmt. where it will record enquiries with mgmt. regarding fraud, including its processes for identifying and responding to fraud. At the completion stage those fraud risks identified at planning will be reviewed to ensure sufficient, appropriate audit evidence has been obtained &amp; concluded on. In relation to the fraud risk of mgmt. over-ride we will ensure our audit testing includes testing</p>
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			<p>/ review of material / major journal entries made by mgmt. and / or a review of the nominal ledger, where appropriate, for large and / or unusual transactions outside the ordinary. Additional audit engagement partner time will be allocated at all stages to ensure that the matters noted are addressed.</p>
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Implementation date; Immediately on all audits.

**Laws and regulations (ISA 250)**

<p>Files 2 and 3: The firm had not listed all laws and regulations central to the entity and recorded how the entity was complying with them.</p>	<p>Noted</p>	<p>Failure to fully apply up-to-date audit procedures and lack of appropriate CPD &amp; training for the AEP / RI.</p>	<p><b>Action for the root cause</b>                  The firm will obtain up-to-date audit programmes and ensure that they are applied and fully completed on all future audits. The firm will ensure that its audit planning memo, which addresses compliance with laws and regulations is completed in full. Consideration at planning will include identification of those laws and regulations having a direct material impact, how the client is in compliance with those laws and regulations, the risk of misstatement and the auditors response, including work to be carried out to address the risk. As part of the firm's ongoing CPD &amp; training programme, the firm will ensure that ISA 250 is included. The firm will also engage the assistance of a third-party training organisation (OmniPro) to provide annual compliance reviews &amp; cold file review &amp; where appropriate, hot file reviews to ensure that the standard of the firms audit work improves. Through a combination of specific training and external assistance this issue will be addressed. Also, the audit engagement partner will allocate additional review time to ensure that all matters are addressed prior to sign-off.</p> <p><b>Specific audit procedure for the deficiency</b>                  The firm will update its audit procedures to ensure that the matters noted in relation to laws and regulations are addressed in full. As noted above, the firm will ensure that its audit planning memo, which addresses compliance with laws and regulations is completed in full. Consideration at planning will include identification of those laws and regulations having a direct material impact, recording how the client is complying with those laws and regulations, the risk of misstatement and the auditors response, including work to be carried out to address the risk. At the fieldwork stage, regulatory files will be reviewed and any breaches noted with consideration of the impact on the audit recorded. Additional audit engagement partner time will be allocated at all stages to ensure that the matters noted are addressed.</p> <p>Implementation date; Immediately on all audits.</p>
<p><b>Materiality and performance materiality (ISA 320)</b></p>			

<p>Files 1, 2 and 3: The firm had not calculated performance materiality.</p>	<p>Noted</p>	<p>Failure to fully apply up-to-date audit procedures, lack of AEP/ RI review and lack of appropriate CPD &amp; training for the AEP / RI.</p>	<p><b>Action for the root cause</b>                  The firm will obtain up-to-date audit programmes and ensure that they are applied and fully completed on all future audits. The firm will ensure that its audit planning procedures, which addresses materiality is completed in full, including, calculating overall materiality, performance materiality &amp; clearly trivial levels, recording the benchmark used in the materiality calculation &amp; a justification for choosing same &amp; a justification for materially levels chosen. As part of the firm's ongoing CPD &amp; training programme, the firm will ensure that ISA 320 is included. The firm will also engage the assistance of a third-party training organisation (OmniPro) to provide annual compliance reviews &amp; cold file review &amp; where appropriate, hot file reviews to ensure that the standard of the firms audit work improves. Through a combination of specific training and external assistance this issue will be addressed. Also, the audit engagement partner will allocate additional review time to ensure that all matters are addressed prior to sign-off.</p> <p><b>Specific audit procedure for the deficiency</b>                  The firm will update its audit procedures to ensure that the matters noted in relation to materiality are addressed in full. As noted above, the firm will ensure that its audit planning procedures, which addresses materiality is completed in full, including, calculating overall materiality, performance materiality &amp; clearly trivial levels, recording the benchmark used in the materiality calculation &amp; a justification for choosing same &amp; a justification for materially levels chosen. Additional audit engagement partner time will be allocated at all stages to ensure that the matters noted are addressed.</p> <p>Implementation date; Immediately on all audits.</p>
<p><b>Audit sampling (ISA 530)</b></p>			

<p>Files 1, 2 and 3: The firm had not recorded how it had structured the sample and selected items for testing.</p>	<p>Noted</p>	<p>Failure to fully apply up-to-date audit procedures and lack of appropriate CPD &amp; training for the AEP / RI.</p>	<p><b>Action for the root cause</b>                  The firm will obtain up-to-date audit programmes and ensure that they are applied and fully completed on all future audits. The AEP / RI undertakes to carry out CPD &amp; training in this area and obtain additional training on the application of sampling as part of the audit. As part of its planning procedures the firm will fully record the basis of sampling &amp; the reasons for the sample sizes selected. The firm will also engage the assistance of a third-party training organisation (OmniPro) to provide annual compliance reviews &amp; cold file review &amp; where appropriate, hot file reviews to ensure that the standard of the firms audit work improves. Through a combination of specific training and external assistance this issue will be addressed. Also, the audit engagement partner will allocate additional review time to ensure that all matters are addressed prior to sign-off.</p> <p><b>Specific audit procedure for the deficiency</b>                  The firm will update its audit procedures to ensure that the matters noted in relation to materiality are addressed in full. As noted above, the AEP / RI undertakes to carry out CPD &amp; training in this area and obtain additional training on the application of sampling as part of the audit. As part of its planning procedures the firm will fully record the basis of sampling &amp; the reasons for the sample sizes selected. Additional audit engagement partner time will be allocated at all stages to ensure that the matters noted are addressed.</p> <p>Implementation date; Immediately on all audits</p>
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**Related parties (ISA 550)**

<p>Files 1, 2 and 3: The firm had not documented the names of the identified related parties and the nature of the relationships.</p>	<p>Noted</p>	<p>Failure to fully apply up-to-date audit procedures and lack of appropriate CPD &amp; training for the AEP / RI.</p>	<p><b>Action for the root cause</b>                  The firm will obtain up-to-date audit programmes and ensure that they are applied and fully completed on all future audits. The firm will ensure that its audit planning memo, which addresses related parties, the identification of same, the nature of the relationship, including fraud &amp; other risk factors, is completed in full. The firm will also fully record its initial planning meeting with mgmt. where it will record enquiries with mgmt. regarding related parties. Finally, the firm will ensure that its disclosure checklists are applied and fully completed on all future audits to ensure appropriate disclosure. As part of the firm's ongoing CPD &amp; training programme, the firm will ensure that ISA 550 is included. The firm will also engage the assistance of a third-party training organisation (OmniPro) to provide annual compliance reviews &amp; cold file review &amp; where appropriate, hot file reviews to ensure that the standard of the firms audit work improves. Through a combination of specific training and external assistance this issue will be addressed. Also, the audit engagement partner will allocate additional review time to ensure that all matters are addressed prior to sign-off.</p> <p><b>Specific audit procedure for the deficiency</b>                  The firm will update its audit procedures to ensure that the matters noted in relation to related parties are addressed in full. As noted above, the firm will ensure that its audit planning memo, which addresses related parties, the identification of same, the nature of the relationship, including fraud &amp; other risk factors, is completed in full. The firm will also fully record its initial planning meeting with mgmt. where it will record enquiries with mgmt. regarding related parties. Finally, the firm will ensure that its disclosure checklists are applied and fully completed on all future audits to ensure appropriate disclosure. Additional audit engagement partner time will be allocated at completion stage to ensure that the matters noted are addressed.</p> <p>Implementation date; Immediately on all audits.</p>
<p><b>Analytical procedures (ISA 520)</b></p>			

<p>Files 1 and 2: The firm had not designed and performed adequate analytical procedures on balance sheet, near the end of the audit which assisted it in forming an overall conclusion as to whether the financial statements were consistent with its understanding of the entity.</p>	<p>Noted</p>	<p>Failure to fully apply up-to-date audit procedures and lack of appropriate CPD &amp; training for the AEP / RI.</p>	<p><b>Action for the root cause</b>                  The firm will obtain up-to-date audit programmes and ensure that they are applied and fully completed on all future audits. The firm will ensure that its analytical review template is completed in full, detailing the reasons for major / material variances noted and a conclusion linking conclusions from the fieldwork to the final overall audit report conclusion. As part of the firm's ongoing CPD &amp; training programme, the firm will ensure that ISA 520 is included. The firm will also engage the assistance of a third-party training organisation (OmniPro) to provide annual compliance reviews &amp; cold file review &amp; where appropriate, hot file reviews to ensure that the standard of the firms audit work improves. Through a combination of specific training and external assistance this issue will be addressed. Also, the audit engagement partner will allocate additional review time to ensure that all matters are addressed prior to sign-off.</p> <p><b>Specific audit procedure for the deficiency</b>                  The firm will update its audit procedures to ensure that the matters noted in relation to analytical review procedures are addressed in full. As noted above, the firm will ensure that its analytical review template (from OmniPro audit procedures) is completed in full, detailing the reasons for major / material variances noted and a conclusion linking conclusions from the fieldwork to the final overall audit report conclusion. Additional audit engagement partner time will be allocated at completion stage to ensure that the matters noted are addressed.</p> <p>Implementation date; Immediately on all audits.</p>
<p><b>Subsequent events review (ISA 560)</b></p>			

<p>File 1: The firm had noted the records reviewed post year end, but it had not recorded the extent of its review. It did not appear that the firm had carried out a review of the financial information up to the date of signing the audit report.</p>	<p>Noted</p>	<p>Failure to fully apply up-to-date audit procedures and lack of appropriate CPD &amp; training for the AEP / RI.</p>	<p><b>Action for the root cause</b>                  The firm will obtain up-to-date audit programmes and ensure that they are applied and fully completed on all future audits. The firm will ensure that its subsequent events review template is completed in full, ensuring that both details of the documents reviewed &amp; period covered (up to date of signing of the audit report) as part of its review of subsequent events are fully recorded. As part of the firm's ongoing CPD &amp; training programme, the firm will ensure that ISA 560 is included. The firm will also engage the assistance of a third-party training organisation (OmniPro) to provide annual compliance reviews &amp; cold file review &amp; where appropriate, hot file reviews to ensure that the standard of the firms audit work improves. Through a combination of specific training and external assistance this issue will be addressed. Also, the audit engagement partner will allocate additional review time to ensure that all matters are addressed prior to sign-off.</p> <p><b>Specific audit procedure for the deficiency</b>                  The firm will update its audit procedures to ensure that the matters noted in relation to subsequent events and as noted above, the firm will ensure that its subsequent events review template is completed in full, ensuring that both details of the documents reviewed &amp; period covered (up to date of signing of the audit report) as part of its review of subsequent events are fully recorded. Additional audit engagement partner time will be allocated at completion stage to ensure that the matters noted are addressed.</p> <p>Implementation date; Immediately on all audits.</p>
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<p>Files 1, 2 and 3: The firm had made inquiries of management as to whether any subsequent events had occurred which might have affected the financial statements. However, there was no record of the questions asked and management's responses.</p>	<p>Noted</p>	<p>Failure to fully apply up-to-date audit procedures and lack of appropriate CPD &amp; training for the AEP / RI.</p>	<p><b>Action for the root cause</b>                  The firm will obtain up-to-date audit programmes and ensure that they are applied and fully completed on all future audits. The firm will ensure to fully record initial planning &amp; completion meetings with mgmt. where it will record enquiries with mgmt. regarding subsequent events. As part of the firm's ongoing CPD &amp; training programme, the firm will ensure that ISA 560 is included. The firm will also engage the assistance of a third-party training organisation (OmniPro) to provide annual compliance reviews &amp; cold file review &amp; where appropriate, hot file reviews to ensure that the standard of the firms audit work improves. Through a combination of specific training and external assistance this issue will be addressed. Also, the audit engagement partner will allocate additional review time to ensure that all matters are addressed prior to sign-off.</p> <p><b>Specific audit procedure for the deficiency</b>                  The firm will update its audit procedures to ensure that the matters noted in relation to subsequent events and as noted above, the firm will ensure to fully record initial planning &amp; completion meetings with mgmt. where it will record enquiries with mgmt. regarding subsequent events. Additional audit engagement partner time will be allocated at completion stage to ensure that the matters noted are addressed.</p> <p>Implementation date; Immediately on all audits.</p>
<p><b>Going concern review (ISA 570)</b></p>			



<p>Files 1, 2 and 3: The firm had not adequately performed and recorded its evaluation of the management’s assessment of the entity’s ability to continue as a going concern. The firm had not recorded that it had obtained sufficient information and evidence to support the management’s view that each entity would be a going concern for at least a year from the date the financial statements were approved. In addition, on all files the firm had not recorded the impact of Covid 19 and on file 3, the impact of Brexit on the entity’s trade.</p>	<p>Noted</p>	<p>Failure to fully apply up-to-date audit procedures and lack of appropriate CPD &amp; training for the AEP / RI.</p>	<p><b>Action for the root cause</b>                  The firm will obtain up-to-date audit programmes and ensure that they are applied and fully completed on all future audits. We will update our working papers to ensure we obtain mgmts. assessment of going concern, including cash flow projections and budgets (covering a period of 12-months from sign-off). We will also update the working papers to ensure all assumptions made (including those relation to Covid-19 &amp; Brexit) are documented and record our assessment &amp; evaluation of same. As part of the firm's ongoing CPD &amp; training programme, the firm will ensure that ISA 570 is included. The firm will also engage the assistance of a third-party training organisation (OmniPro) to provide annual compliance reviews &amp; cold file review &amp; where appropriate, hot file reviews to ensure that the standard of the firms audit work improves. Through a combination of specific training and external assistance this issue will be addressed. Also, the audit engagement partner will allocate additional review time to ensure that all matters are addressed prior to sign-off.</p> <p><b>Specific audit procedure for the deficiency</b>                  The firm will update our audit procedures to ensure that the matters noted in relation to going concern are addressed in full. As noted above, the firm will ensure that its going concern working papers records details of the accounting records reviewed &amp; the period covered as part of the firms assessment of going concern. We will update our working papers to ensure we obtain mgmts. assessment of going concern, including cash flow projections and budgets. We will also update the working papers to ensure all assumptions made (including those relation to Covid-19 &amp; Brexit) are documented and record our assessment &amp; evaluation of same. Additional audit engagement partner time will be allocated at completion stage to ensure that the matters noted are addressed.</p> <p>Implementation date; Immediately on all audits.</p>
<p><b>Review of financial statements, including comparatives (ISA 330.24, ISA 500 &amp; ISA 710)</b></p>			

<p>Files 1, 2 and 3: On all files the firm had not adequately evaluated whether the overall presentation of the financial statements was in accordance with the applicable financial reporting framework. The firm had not used a checklist or any other appropriate means to ensure that the financial statements complied with statutory and professional requirements.</p>	<p>Noted</p>	<p>Failure to fully apply up-to-date audit procedures, lack of use of firm's financial statements disclosure checklist, and lack of appropriate CPD &amp; training for the AEP / RI.</p>	<p><b>Action for the root cause</b>                  The firm will obtain up-to-date audit programmes, including financial statements disclosure checklists and ensure that they are applied and fully completed on all future audits. As part of the firm's ongoing CPD &amp; training programme, the firm will ensure that financial reporting and financial disclosures are included The firm will also engage the assistance of a third-party training organisation (OmniPro) to provide annual compliance reviews &amp; cold file review &amp; where appropriate, hot file reviews to ensure that the standard of the firms audit work improves. Through a combination of specific training and external assistance this issue will be addressed. Also, the audit engagement partner will allocate additional review time to ensure that all matters are addressed prior to sign-off.</p> <p><b>Specific audit procedure for the deficiency</b>                  The firm will update its audit completion procedures to ensure that all financial reporting and disclosure matters are addressed. As noted above, the firm will ensure that its disclosure checklists are applied and fully completed on all future audits and that external assistance is obtained. Also, additional audit engagement partner time will be allocated at completion to ensure that the matters noted are addressed.</p> <p>Implementation date; Immediately on all audits.</p>
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<p>File 1: Accounting policy note in the financial statements incorrectly referred to Auditing Practices Board's Ethical Standards.</p>	<p>Noted</p>	<p>Failure to fully apply up-to-date audit procedures, lack of use of firm's financial statements disclosure checklist, &amp; lack of appropriate AEP / RI review.</p>	<p>Action for the root cause The firm will obtain up-to-date audit programmes, including financial statements disclosure checklists and ensure that they are applied and fully completed on all future audits. As part of the firm's ongoing CPD &amp; training programme, the firm will ensure that financial reporting and financial disclosures. The firm will also engage the assistance of a third-party training organisation (OmniPro) to provide annual compliance reviews &amp; cold file review &amp; where appropriate, hot file reviews to ensure that the standard of the firms audit work improves. Through a combination of specific training and external assistance this issue will be addressed. Also, the audit engagement partner will allocate additional review time to ensure that all matters are addressed prior to sign-off.</p> <p>Specific audit procedure for the deficiency The firm will update its audit completion procedures to ensure that all financial reporting and disclosure matters are addressed, including the use of out-of-date ethical standards references. As noted above, the firm will ensure that its disclosure checklists are applied and fully completed on all future audits and that external assistance is obtained. Also, additional audit engagement partner time will be allocated at completion to ensure that the matters noted are addressed.</p> <p>Implementation date; Immediately on all audits.</p>
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**Management representations (ISA 580)**

<p>File 1: The letter of representation was not on the client's business stationery.</p>	<p>Noted</p>	<p>Failure to fully apply up-to-date audit procedures &amp; lack of appropriate AEP / RI review.</p>	<p>Action for the root cause The firm will ensure that the client provides letters of representation on their head paper.</p> <p>Specific audit procedure for deficiency The firm will request headed paper from the client for the preparation of representation letters.</p> <p>Implementation date; Immediately on all audits.</p>
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**Communication with those charged with governance (ISA 260), including deficiencies in internal control (ISA 265)**

<p>Files 1, 2 and 3: The firm could not show that it had adequately communicated to those charged with governance its responsibilities as auditor of the financial statements. In particular, it was not clear that it had provided an overview of the planned scope and timing of the audit.</p>	<p>Noted</p>	<p>Failure to fully apply up-to-date audit procedures and lack of appropriate CPD &amp; training for the AEP / RI.</p>	<p><b>Action for the root cause</b>                  The firm will obtain up-to-date audit programmes and ensure that they are applied and fully completed on all future audits. The firm will ensure that a letter of engagement is issued to each client annually and that the contents of some are discussed at the planning meeting. The firm will also fully record its initial planning meeting with mgmt. where it will record discussions regarding the scope, timing &amp; nature of the audit. As part of the firm's ongoing CPD &amp; training programme, the firm will ensure that ISA 260 is included. The firm will also engage the assistance of a third-party training organisation (OmniPro) to provide annual compliance reviews &amp; cold file review &amp; where appropriate, hot file reviews to ensure that the standard of the firms audit work improves. Through a combination of specific training and external assistance this issue will be addressed. Also, the audit engagement partner will allocate additional review time to ensure that all matters are addressed prior to sign-off.</p> <p><b>Specific audit procedure for the deficiency</b>                  The firm will update its audit procedures to ensure that the matters noted in relation to communications with the client are addressed in full. As noted above, the firm will ensure that a letter of engagement is issued to each client annually and that the contents of some are discussed at the planning meeting. The firm will also fully record its initial planning meeting with mgmt. where it will record discussions regarding the scope, timing &amp; nature of the audit. Additional audit engagement partner time will be allocated at completion stage to ensure that the matters noted are addressed.</p> <p><b>Implementation date;</b> Immediately on all audits.</p>
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<p>Files 2 and 3: The firm had not communicated in writing any significant deficiencies in the entity’s internal control which it may have found during the course of its audit to those charged with governance.</p>	<p>Noted</p>	<p>Failure to fully apply up-to-date audit procedures and lack of appropriate CPD &amp; training for the AEP / RI.</p>	<p><b>Action for the root cause</b>                  The firm will obtain up-to-date audit programmes and ensure that they are applied and fully completed on all future audits. The firm will ensure that a management letter / audit findings letter, detailing any significant deficiencies in the entity’s internal control which it may have found during the course of the audit, is issued on all future audits. As part of the firm's ongoing CPD &amp; training programme, the firm will ensure that ISA 260 is included. The firm will also engage the assistance of a third-party training organisation (OmniPro) to provide annual compliance reviews &amp; cold file review &amp; where appropriate, hot file reviews to ensure that the standard of the firms audit work improves. Through a combination of specific training and external assistance this issue will be addressed. Also, the audit engagement partner will allocate additional review time to ensure that all matters are addressed prior to sign-off.</p> <p><b>Specific audit procedure for the deficiency</b>                  The firm will update its audit procedures to ensure that the matters noted in relation to communications with the client are addressed in full. As noted above, the firm will ensure that a management letter / audit findings letter, detailing any significant deficiencies in the entity’s internal control which it may have found during the course of the audit, is issued on all future audits. Additional audit engagement partner time will be allocated at completion stage to ensure that the matters noted are addressed.</p> <p>Implementation date; Immediately on all audits.</p>
<p><b>Audit reports (ISA 700, ISA 705 &amp; ISA 706)</b></p>			

<p>Files 1, 2 and 3: The firm's audit report did not comply with ISA 700.</p>	<p>Noted</p>	<p>Failure to fully apply up-to-date audit procedures, lack of use of firm's financial statements disclosure checklist, and lack of appropriate CPD &amp; training for the AEP / RI.</p>	<p><b>Action for the root cause</b>                  The firm will obtain up-to-date audit programmes, including financial statements disclosure checklists and ensure that they are applied and fully completed on all future audits. As part of the firm's ongoing CPD &amp; training programme, the firm will ensure that financial reporting and financial disclosures, including the format of the auditor's report are included. The firm will also engage the assistance of a third-party training organisation (OmniPro) to provide annual compliance reviews &amp; cold file review &amp; where appropriate, hot file reviews to ensure that the standard of the firms audit work improves. Through a combination of specific training and external assistance this issue will be addressed. Also, the audit engagement partner will allocate additional review time to ensure that all matters are addressed prior to sign-off.</p> <p><b>Specific audit procedure for the deficiency</b>                  The firm will update its audit completion procedures to ensure that all financial reporting and disclosure matters, including those related to the format of the auditors' report are addressed. As noted above, the firm will ensure that its disclosure checklists are applied and fully completed on all future audits and that external assistance is obtained. Also, additional audit engagement partner time will be allocated at completion to ensure that the matters noted are addressed.</p> <p>Implementation date; Immediately on all audits.</p>
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**PART 2: ENHANCEMENTS TO THE SYSTEM OF QUALITY CONTROL FOR AUDIT WORK (ISQC 1)**

**Instructions to firms**

ISQC1.11 requires the firm to establish and maintain a system of quality control\* to provide it with reasonable assurance that:

- The firm and its personnel comply with professional standards and applicable regulatory and legal requirements; and
- Reports issued by the firm or the engagement partner(s) are appropriate in the circumstances (ISQC1.11).

\* A system of quality control consists of **policies** designed to achieve the objective set out above and the **procedures** necessary to implement and monitor compliance with those policies (ISQC1.3).

The firm should review the deficiencies reported in Part 1 and the root causes subsequently identified (including, but not limited to, deficiencies arising due to weaknesses in quality control procedures at the engagement level [ISA 220]) and explain in detail the changes and improvements to its system of quality control.

Element	Action	Implementation date(s)
<b>Leadership responsibilities for quality within the firm</b>	The AEP / RI takes responsibility for quality on all audit files. The AEP / RI has noted the weaknesses in the audit work performed to date and will improve the quality of audit work on all future audits. The firm will engage with a third-party training organisation (OmniPro) to provide both cold file reviews and hot file reviews and training were appropriate.	To be implemented throughout 2022 & 2023
<b>Relevant ethical requirements</b>	The firm will continue to ensure that ethical and independence requirements are addressed through the application of its audit procedures. Where ethical risks are noted the firm will implement appropriate safeguards to ensure risks are addressed and where no safeguard is available the firm will resign from the engagement.	Immediately
<b>Acceptance and continuance of client relationships and specific engagements</b>	The firm will continue to use its OmniPro audit working papers and other supporting materials on all future audits. The audit working papers include detailed client acceptance schedules which the firm will continue to ensure are implemented on all future audits. The use of these checklists and schedules will ensure that appropriate procedures are applied to ensure the firm accepts appropriate client engagements.	To be implemented throughout 2022 & 2023
<b>Human resources</b>	The firm will ensure that it provides an appropriate platform through the provision of training through external courses to ensure that all staff (including the AEP / RI) are kept up to date with professional updates and changing standards. The firm will ensure that staff are appropriately trained and knowledgeable for the work they are required to undertake, including appropriately documenting audit tests in accordance with ISA 230 and obtaining appropriate evidence under ISA 500 to be able to address the issues identified from this monitoring process. The firm will also ensure that appropriate training is provided in the use and application of its audit programmes.	On-going throughout 2022 & 2023
<b>Engagement performance</b>	The firm will continue to ensure that all audit and assurance assignments are carried out to a high standard of performance and compliance. In the future, the firm will continue to perform annual cold file reviews as required by the ISQC 1 (/ ISQM 1) and will ensure to obtain training to address the weaknesses noted as part of these reviews and of this review.	To be implemented throughout 2022 & 2023
<b>Monitoring</b>	The firm will engage with a third-party training organisation (OmniPro) to provide ongoing support to ensure the weaknesses are appropriately addressed from the monitoring visit and ensure the firm maintains quality control as required by its ISQC 1. The AEP / RI will ensure that the results of monitoring visit and annual cold file reviews and compliance reviews are considered and a plan is drawn up to ensure the issues do not reoccur.	On-going throughout 2022 & 2023

**PART 3: ACTION THE FIRM HAS TAKEN TO ASSIST IT IN MAKING THE IMPROVEMENTS REQUIRED**

**Instructions to firms**

The firm should explain **in detail** any external assistance it has obtained since the monitoring visit or which it plans to obtain in future (where applicable).

Potential action	Firm's response	Implementation date(s)
Additional audit or other relevant CPD and training planned for audit principals and audit staff	As part of the firm's on-going CPD programme, the AEP / RI will ensure to obtain training in relation to the matters noted in this monitoring visit in order to address the key issues identified in the monitoring process.	To be implemented throughout 2022 & into 2023
Arrangements made with an external training organisation	The firm has engaged OmniPro to aid and assist it in addressing the deficiencies identified through the monitoring process. Annual compliance reviews, cold file reviews & in-house training will be undertaken in order to assist in addressing the issues noted.	To be implemented throughout 2022 & into 2023
Other external assistance	N/A	

PART 4: ATTACHMENTS / ENCLOSURES			
The firm should list below any documents which form part of its action plan and provide copies to ACCA:			
1		6	
2		7	
3		8	
4		9	
5		10	

PART 5: DECLARATION	
<p>I confirm that <u>all</u> audit principals and/or responsible individuals in the firm at the date of this submission:</p> <ul style="list-style-type: none"> <li>• have been consulted in the preparation of this action plan;</li> <li>• have been provided with a copy; and</li> <li>• agree to effect the improvements set out herein.</li> </ul> <p>Furthermore, the audit principals understand that failure to implement the improvements set out in this plan may result in an unsatisfactory outcome to the next audit monitoring visit and that this may seriously jeopardise their and the firm's continuing audit registration.</p>	
Confirmed/submitted by:	Andy Smith





<b>Capacity:</b> (e.g. contact principal, audit compliance principal)	principal
<b>Date of submission of action plan to ACCA:</b>	03/07/2024