



Practice Inspection Quality Management Questionnaire

Firms who only perform compilation engagements

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All accounting firms who perform compilation engagements were required to have their System of Quality Management (SoQM) designed and implemented by December 15, 2023.

CSQM 1 requires the firm to prepare documentation including:

- Quality objectives specified in CSQM 1 and any additional objectives identified by the firm;
- Quality risks identified and assessed (i.e., what would prevent the firm from achieving the firm's quality objectives); and
- A description of the responses (policies or procedures) to quality risks.

This questionnaire will be used to assist your inspector in assessing your firm's SoQM. However, it is not a substitute for the requirement to document the design, implementation, and operation of the firm's SoQM (CSQM 1 para. 57-60).

When completing the questionnaire, you may either include references to the firm's SoQM documentation or provide detailed responses below.

1. Roles and responsibilities (CSQM 1 para. 20)

- a) Provide the name of the individual with ultimate responsibility and accountability for the SoQM as well as any individual(s) with operational responsibilities.

2. Quality Objectives (CSQM 1 para. 28-33)

Firms are required to establish the quality objectives prescribed in CSQM 1 for the following components:

- Governance and leadership (CSQM 1 para. 28)
 - Relevant ethical requirements (CSQM 1 para. 29)
 - Acceptance and continuance of client relationships and specific engagements (CSQM 1 para. 30)
 - Engagement performance (CSQM 1 para. 31)
 - Resources (human, technological, intellectual and service providers) (CSQM 1 para. 32)
 - Information and communication (CSQM 1 para. 33)
- a) Describe any prescribed quality objectives that are not relevant to the firm and the reasons (e.g., the firm does not have any staff or is not part of a network).



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3. Quality Risks and Responses (CSQM 1 para. 25, 26, 34)

- a) Governance and leadership
 - i. Describe quality risks identified that would prevent the firm from achieving the governance and leadership objectives (e.g., business strategy and planning do not adequately incorporate quality objectives, commercial interests take precedence over engagement quality).

 - ii. Describe the firm's policies or procedures for receiving, investigating and resolving complaints and allegations.

 - iii. Describe any complaints or allegations in the past year and how they were resolved.

 - iv. Describe any additional policies or procedures that the firm has designed and implemented to address the quality risks identified.

- b) Relevant ethical requirements
 - i. Describe quality risks identified that would prevent the firm from achieving the relevant ethical requirements objectives (e.g., inadequate communication regarding conflicts of interest, no disclosure in the compilation report when not independent).



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- ii. Describe the firm's policies or procedures for identifying, evaluating and addressing threats and breaches to compliance with the ethical requirements.

- iii. Describe any ethical breaches in the past year and how they were resolved.

- iv. Describe any additional policies or procedures that the firm has designed and implemented to address the quality risks identified.

c) Acceptance and continuance of client relationships and specific engagements

- i. Describe quality risks identified that would prevent the firm from achieving the acceptance and continuance of client relationships and specific engagements objectives (e.g., the firm accepts/retains clients or engagements that pose undue risk to the firm, the firm does not have sufficient time to perform engagements accepted/retained).

- ii. Describe the firm's policies or procedures for acceptance and continuance of client relationships and specific engagements (e.g., use of forms or checklists).

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iii. Describe any additional policies or procedures that the firm has designed and implemented to address the quality risks identified.

d) Engagement performance

i. Describe quality risks identified that would prevent the firm from achieving the engagement performance objectives (e.g., firm tools are not updated in a timely manner or are inappropriately used, documentation does not support the reports issued, there is insufficient time allocated to complete engagements, there is inappropriate supervision, direction and review of work performed, files are not assembled on a timely basis).

ii. Describe the firm's policies or procedures to evidence the supervision, direction and review of work performed (e.g., manual/electronic dates and signatures).

iii. Describe the firm's policies or procedures for any differences of opinion within engagement teams and when consultations are undertaken.

iv. Describe the firm's policies or procedures to complete the assembly of engagement documentation (e.g., no later than 60 days from the date of the engagement report) and how file assembly is documented (e.g., use of forms or CaseWare lockdown feature).

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v. Describe any additional policies or procedures that the firm has designed and implemented to address the quality risks identified.

e) Resources (human, technological, intellectual and service providers)

i. Describe quality risks identified that would prevent the firm from achieving the resources objectives (e.g., users are not properly trained on the use of tools and software, information systems are not sufficiently protected against potential breaches of security, training and development does not support personnel in developing and maintaining the appropriate competencies).

ii. Describe the firm's policies or procedures to ensure individuals have the appropriate competence and capabilities to consistently perform quality engagements (e.g., professional development course attendance, sufficient time to complete engagements).

iii. Describe the firm's policies or procedures for maintaining and using technological resources for the performance of engagements (e.g., use of CaseWare).

iv. Describe any additional policies or procedures that the firm has designed and implemented to address the quality risks identified.



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- f) Information and communication
 - i. Describe quality risks identified that would prevent the firm from achieving the information and communication objectives (e.g., the firm fails to create a culture where personnel feel responsible for exchanging information with the firm and with one another).

 - ii. Describe any policies or procedures that the firm has designed and implemented to address the quality risks identified.

4. Monitoring and Remediation Process (CSQM 1 para. 9, 35-56)

All firms are required to complete an evaluation of the SoQM annually. For firms who only perform compilation engagements, the first evaluation must be completed no later than December 15, 2024.

- a) Describe the design, implementation and operation of the firm's monitoring and remediation process.

- b) Describe the firm's policies and procedures for the cyclical inspection of completed engagements (e.g., the cyclical inspection period, which engagements to select, the competence, capabilities and objectivity of the individual(s) performing the monitoring, evaluation of any findings).

- c) Has the firm included the cyclical inspection of completed engagements in its monitoring activities?
Yes No
If yes, date of last cyclical inspection of completed engagements (mm/dd/yyyy): / /



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- d) Has the firm, at least annually, evaluated the SoQM and concluded whether the SoQM provides the firm with reasonable assurance that the objectives are being achieved?

Yes

No

If yes, date of last annual evaluation (mm/dd/yyyy): / /

(Practice Inspection is not a substitute for the requirement that the firm conduct its own inspection of completed engagements. Those performing the cyclical inspection of completed engagements must be independent.)