



## **PCAOB Concept Release No. 2015-005 on Audit Quality Indicators**

ICAEW welcomes the opportunity to comment on the *PCAOB Concept Release No. 2015-005 on Audit Quality Indicators* published by PCAOB on 1 July 2015, a copy of which is available from this [link](#).

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## **MAJOR POINTS**

**Audit Quality Indicators (AQIs) make a crucial contribution to audit quality and the topic is evolving rapidly**

1. We commend the PCAOB for giving priority to its project on Audit Quality Indicators (AQIs), as there is global interest in making progress on this important topic. We consider that the use of AQIs, particularly by audit committees and audit firms and those overseeing them, makes a crucial contribution to achieving high audit quality.
2. We understand that many audit firms, both at national and international network level, are giving considerable attention to AQIs and are committed to developing appropriate AQIs and making better use of them. Whilst some of the information being generated will be of a commercially sensitive nature, we support as much transparency as possible by the firms so as to better inform interested parties regarding the firms' approaches, indicators and performance. Increasing the amount and quality of data available might ultimately generate real insights on audit quality that could helpfully be widely shared with users. The general level of understanding of audit processes (and what might be needed to make them better) is likely to be enhanced by the AQIs project.
3. In deciding which AQIs to concentrate on, it will be helpful to the audit firms to learn as much as possible regarding the needs of other users on AQIs, for example the needs of audit committees. The PCAOB project should be helpful towards identifying relevant AQIs for the firms, given the amount of consultation that is taking place as part of the project with a variety of users.
4. The topic is evolving rapidly and it is inevitable there will be significant changes over the next few years regarding the AQIs that are used and how firms deal with, and report on, them. For the benefits of users and the markets that rely on audit, it is important to allow this activity to flourish naturally and not be too constrained or limited by approaches and measures imposed by regulators at an early stage in the process. Page 14 of the concept release recognises the likely evolution of the AQIs but it would be helpful for more consideration to be given regarding how the evolution process might happen in practice. There is a danger of the approach being too fixed and controlled, particularly if specific measures are formally adopted and mandated at the early stage. Irrespective of the PCAOB's final decisions regarding this particular proposal, we consider it to be very important for the PCAOB to view and promote this as the start of a process rather than the end of the story. This should be a key issue for the project as there needs to be the flexibility to allow the system to evolve in the most helpful way. The PCAOB should consider what other institutional measures will be needed to ensure the benefits of using AQIs are maximised, for example establishing formal arrangements and support in place to enable audit committees to have better discussions using AQIs. The PCAOB will also need continuous monitoring of the situation, for example researching whether the AQIs are in practice leading to better audit committee discussions.
5. We also consider that achieving global consistency on AQIs is a very important objective. Major audits are usually of multinational groups and so there is real benefit in the topic being approached globally so that AQIs are measured and used consistently around the globe.

**Key factors for achieving and evaluating audit quality, and the need to consider the impact of contextual factors on audit quality**

6. There are many factors involved in achieving audit quality. We consider that this is recognised very successfully in the IAASB's Audit Quality Framework that was issued in February 2014. The strength of this Framework is that it recognises the complex interplay of the various factors and the need for a holistic approach. The needs and perceptions of different users will vary and there will always be a need for judgement that includes taking account of the specific circumstances of the audit or audit firm being evaluated.

7. We consider it appropriate that the Framework emphasises a full set of audit quality drivers including the significant impact of contextual factors on quality. For example, the quality of company management and the quality of the company's accounts preparation process will have an impact on audit quality. Any interpretation of quality measures needs to take these contextual factors into account.
8. The legal and regulatory environment for audit is also important and this has clearly been evolving rapidly recently in most parts of the world. We support transparency of the audit inspection process and clear communication of audit inspection findings, both to audit firms themselves and to others such as audit committees as appropriate, as actions taken based on the findings can play an important part in enhancing audit quality.
9. We also support the current trend towards enhanced auditor reporting and welcome the IAASB's recently issued new and revised auditor reporting standards. In the UK enhanced auditor reporting is already having a positive impact (for example see the [recent report](#) on the impact of the UK changes on audit quality and costs) and the situation is evolving fast. It is likely that more information of relevance to investors will result from the changes to auditor reporting that are happening. We therefore believe it should be a priority everywhere to introduce and support enhanced auditor reporting. This, along with good and useful transparency reports from the audit firms, is the best way to meet the information needs of investors and to allow them to understand key matters and provide them with confidence regarding the audit process.

#### **The limitations of AQIs and the risks and costs of formally adopting a limited number of quantified measures as AQIs**

10. AQIs can play a key part in this total complex picture but ideally they should be just one part of that bigger picture. We recognise that AQIs might assume greater importance in the absence of other measures but it is important that their limitations are recognised. Care needs to be given both to avoid misinterpretation of measures that are provided and also to avoid undue focus on a specific but necessarily limited number of measures which might lead to missing the important bigger picture and other key matters that are not addressed by the measures. There is also a danger of a detrimental impact on audit quality if the audit firms give undue attention towards achieving the 'right' results on the mandated AQIs, thereby not giving sufficient attention to other matters that might be more important to achieving audit quality in their circumstances. For example, as stated on page 7 of the concept release, it is not easy to measure professional scepticism directly and yet this is fundamental to audit quality. Quantitative measures do not address those matters that can only be considered qualitatively.
11. We note that the PCAOB started with about 70 possible AQIs and has reduced this to the 28 potential AQIs outlined in the concept release. The PCAOB's desire to limit the number is understandable (and we note that it is still substantially more than the number of AQIs produced in other countries where AQIs are required), but it does emphasise that just focusing on the 28 AQIs can never give the complete picture to draw conclusions on audit quality. We do fear that firms might skew their activities towards getting the 'right' results on the mandated AQIs which could actually have the unintended consequence of being detrimental to achieving audit quality, assessed in totality. The PCAOB needs to be alert to this risk and to take the necessary action when there is evidence of this happening.
12. We question whether it is in fact feasible to agree a definitive set of AQIs that can justifiably be used as standard measures for all types and sizes of firm and for the different sizes and types of audited entities. There will also be cultural factors that are relevant and any analysis should take account of the environments in the countries in which the firms are operating. The type of network to which an audit firm belongs may also be potentially an important factor given that international networks possess a wide variety of characteristics, and the control exerted from the centre can vary from a high level in the larger networks to a looser arrangement in many of the smaller ones.

13. As stated above, it is important to use AQIs along with the contextual information. This is recognised on page 3 of the concept release where it states that AQIs “are not formulas and may have their greatest use as generators of questions for the auditor”. This role of AQIs as ‘tin openers’ or ‘tools’ for further investigation or questions, as recognised at the top of page 7 of the concept release, is the most appropriate way of using them. It is important that users appreciate this and that they are empowered through appropriate guidance to make the best use of them, being aware of the pitfall of simplistic interpretation. The provision of narrative information by the firms, along with the numbers, should also play a key part, in a similar way to an auditor wanting to see thoughtful narrative to accompany ratios as part of good analytical procedures. The ratios by themselves provide limited value.
14. We fear that, irrespective of whether the PCAOB issues supplementary material to explain how to use AQIs most effectively, if a limited number of quantified AQIs are mandated by the PCAOB, the risk of these being misused is very significant and the PCAOB should recognise this risk. Some users are likely to see some figures in a range as always being ‘good’ or ‘bad’ without exploring what the factors are that give rise to those figures. For example, where there is a high level of technical resource on audits, this might be interpreted as ‘good’ as it shows that the firm provides the support. However, it might also be an indicator of ‘bad’ if the reason that there needs to be this level of resource is that there are shortcomings in the competencies of the audit staff to carry out the audit engagements that the firm has perhaps inappropriately accepted. Where a firm has a large number of training hours (‘good’), this provides no information regarding the quality or effectiveness of the training provided or the reasons why the firm deems it necessary to have such a high level of training; for example, it could be that serious shortcomings in the competencies of partners and staff have been identified. Another firm might have a very low level of training hours (‘bad’), but is actually very effective in training and developing staff in other ways, for example through their ‘on the job’ supervision, development and support. Interpretation of this sort of indicator also needs to take account of the firm’s client portfolio, for example the proportion of complex, specialist audits. The PCAOB therefore needs to build the AQIs system carefully and to monitor how AQIs are being used in practice, so that appropriate actions can be taken.
15. This risk of misuse of AQIs is very relevant in the European context where the new requirement for audit firm rotation or tendering in certain circumstances means that there will be a significant increase in the amount of audit tendering. There will be added pressure on audit committees and this might drive the AQIs as a key determinant of auditor selection irrespective of other information provided by the PCAOB and others on the use of AQIs.
16. Whilst much of the data for these AQIs is probably already captured by the large audit firms/networks, it may not be done in a systematic or uniform way across the firm or whole network at the current time. Also it is likely that the larger firms/networks currently have different systems and approaches to the measures they gather, which will complicate comparability across those firms/networks. We consider that even if the PCAOB concludes that it is justifiable, the cost of gathering the data in a consistent way across firms/networks, setting up appropriate monitoring and other controls to ensure the quality of the data, and then aggregating it across the firm/network should not be under-estimated. We consider that the new cost of providing the information to ensure comparability might be considerable and disproportionately so for smaller firms/networks. The networks with less control from the centre are at the moment less likely to have uniform approaches across the network.
17. There are also likely to be concerns regarding the reliability of the figures. Firms generally find it difficult to obtain accurate details of time recorded on the audit broken down by planning, risk areas etc, and a year-on-year comparison of any such data is usually distorted by a whole range of factors, both external factors involving changes at the client, and internal factors such as changes to audit policies and methodologies. Any analysis on an individual audit or across the firm’s portfolio is likely to be difficult.

18. These challenges are likely to be disproportionately greater for smaller firms and there is also a risk that they will be disadvantaged by overly simplistic conclusions on the figures they produce, for example if they don't have the level of internal technical support that larger firms have. They might also audit less well managed companies, this being the main factor that leads to them having 'worse' AQIs than larger firms have. There is a suggestion on page 5 of the concept release that the publication of the AQIs will help smaller firms to compete but we do not understand the rationale for this comment. The PCAOB needs to assess fully the impact on competition if they proceed with mandating a set of AQIs.
19. The quality of the audit committee itself might also be a factor in producing 'worse' AQIs. This might create challenges for the communications between auditors and audit committees as in such circumstances the auditors will need to explain the reasons for these AQIs to the audit committee.
20. We consider that given the above concerns regarding risk of misuse, cost, reliability and competition, the PCAOB should carry out a full cost-benefit analysis before any final decisions are made on mandating the suggested 28 AQIs. However, this should not stop the PCAOB continuing with its project and encouraging rapid evolution of AQIs as outlined in paragraph 4 above. The PCAOB should facilitate a greater amount of better quality data regarding audit processes becoming available which we consider will ultimately help to improve audit quality.

#### **Need for clear identification of the users of AQIs and the uses they will make of them**

21. The PCAOB has identified the following as potential users of AQIs: audit committees; audit firms; investors; PCAOB; company management; business press; academics; and the general public. Whilst this accurately reflects the large number of users with an interest in audit and maintaining audit quality, trying to satisfy the needs of all these users through one set of AQIs is unlikely to be successful.
22. We consider that it would be preferable to limit the targeting of these AQIs to audit firms, audit committees and the PCAOB. Academics might also find some of the information helpful if they are studying particular areas within the context of bigger academic projects where the information could be explained and put into context. We consider it unlikely that the other users identified will carry out the full investigations that are necessary, as outlined above, to make proper use of the AQIs. Enhancing the confidence of those other users in audit will be better achieved through a range of other measures, including summarising the key insights provided by the AQIs and those measures outlined below.
23. As stated above, we believe that for audit firms the best approach is to not constrain them too much as they develop appropriate AQIs. They will learn as they develop new systems and increase the information they have and the conclusions they are drawing from it.
24. For audit committees the priority should be to educate them to be able to interpret AQIs effectively and thereby ask appropriate questions. Clear guidance and support for them should be provided to help them to do this. In our view the ideal scenario would be to encourage audit committees to come up with their own indicators that are appropriate to their circumstances, many of which will be qualitative rather than quantitative measures. There might only be a small number of these. We consider that whilst some of the AQIs might be helpful to them, by focusing unduly on all the PCAOB's AQIs, there is a risk of making the auditor evaluation/selection process far too complicated and diverting it from the key matters to focus on. It would be more useful and effective to give simple clear guidance for audit committees on this process and we commend the document issued by FEE in October 2013 which did this. The document focuses on selection but the approach can also be used to help with annual evaluation of the auditors and the audit they have done.
25. For the PCAOB, there is the opportunity to oversee and learn from the AQI initiatives being carried out by the firms/networks. Any concerns regarding how this process is going could be addressed directly with the firms involved and suggestions made for improvement. As stated

above, the PCAOB should ensure it has formal processes in place to help the operation and evolution of the AQIs system. The PCAOB will gain knowledge from what is being done across the firms and act on this accordingly, thereby assisting the evolution described previously. The PCAOB will be able to use the AQIs in an appropriate way, ie as a tool, as part of the audit inspection process. In doing this the PCAOB will need to be aware of any real concerns there still are, for example on the reliability of the data. The PCAOB will need to be cautious in drawing conclusions, for example those based on comparisons between firms.

26. There is also the issue of weighting that the PCAOB should consider providing guidance on. Does the PCAOB consider some of the AQIs to be more important than the others or are they all of equal importance? In the absence of guidance there is likely to be a tendency for users to prioritise them, which is likely to lead to more international inconsistency.

**Achieving the information needs of users that will help improve audit quality by using other approaches, rather than giving undue focus to using the quantified measures that are proposed by the PCAOB**

27. We consider there are many ways of achieving the information needs of users to help improve audit quality, rather than giving undue focus to publication of mandated AQIs as currently proposed by the PCAOB. As previously stated, there are many factors that would help to improve audit quality and these include requiring transparency reports from the firms with appropriate information about their approach to audit quality and how they have done, establishing transparency of the audit inspection regime and the PCAOB's findings on firms and specific audits, and introducing a requirement for enhanced auditor reporting.
28. We consider that establishing appropriate enhanced auditor reporting should be one of the PCAOB's main priorities in meeting the needs of investors so that through reading the audit report they obtain clear information regarding the audit approach and the key matters arising on the audit. A great deal of thought and due process is going into the precise content of enhanced audit reports and this information might therefore be of superior quality and relevance to investors than the PCAOB's AQIs, and to be less likely of being misinterpreted.
29. Page 6 of the concept release suggests that it is a problem in obtaining confidence in the quality of the audit, that the audit is conducted "primarily under the surface". For some users this is true but for many users we do not consider it a problem or necessary to provide detailed quantified information of the sort proposed by the PCAOB. For example, people having hospital operations do not need to know in great detail what the surgeon is doing under the surface. But they do need to have confidence that the surgeon is properly qualified and competent to carry out the operation, and to believe the surgeon will therefore do a good job. That confidence in the surgeon is gained through many other professional and regulatory measures that the patients know are in place, including published information on performance. In the same way, many stakeholders with an interest in the audit process need no more than the information necessary to give high-level confidence regarding the professional standards for auditors and their regulation. For many users high-level key insights from the AQIs being generated would be easier to use and more helpful.
30. There are many other important matters in the audit quality debate that could be mentioned. Probably the development of greatest relevance is the IAASB's current quality control project which is reviewing the IAASB's quality control standard ISQC 1. This is likely to result in revised requirements that might be considered as part of the PCAOB project. In general we consider that an appropriate and simple approach to AQIs is to use ISQC 1 as the starting point for compiling some appropriate matters to focus on, for example the questions that audit committees might ask auditors.
31. ICAEW has previously suggested taking a threats and safeguards approach to audit quality, and we still consider that there is merit in such an approach. We suggest that the PCAOB might consider this approach as part of its work on audit quality – the Annex on this that we included

in our response to the IAASB consultation on its Audit Quality Framework is attached to this letter.

### **Need for global consensus and direction on AQIs and how to make the best use of them to improve audit quality**

32. We believe strongly that significant benefits would arise from a global consensus emerging on the content and uses of AQIs. Whilst we agree that the specific AQIs to be used should take account of local circumstances, we consider that the use of globally adopted norms regarding AQIs will lead to the better functioning of global markets arising from better, and well understood, information on the reliability of audited financial information.
33. At the current time a number of countries have AQIs initiatives. For example, apart from the US, we are aware of initiatives in the Netherlands, Switzerland, the UK, Australia and New Zealand, Canada and Singapore. Different approaches are being taken in these different countries, for example ranging from proposed quality measures in the Netherlands to high-level quality indicators in Australia and New Zealand. ICAEW's view is that there is more value in focusing on a small number of high-level key indicators rather than a complicated set of AQIs, but we consider that it is important to debate this properly at international level.
34. We believe it is unhelpful for there to be such a range of approaches and we call on the appropriate international bodies, for example IAASB, IFIAR and IOSCO, to show leadership towards establishing internationally recognised norms regarding AQIs.
35. In particular we consider that the IAASB should prioritise this topic in its work programme and include AQIs as a key part of its current quality control project. The IAASB should build on the publication of its Audit Quality Framework by issuing authoritative supplementary material regarding the use of AQIs based on the Framework.

### **RESPONSES TO SPECIFIC QUESTIONS**

**Q1: Is increasing knowledge about, and use of, the audit quality indicators discussed in this release likely to provide insights about how to evaluate, and ultimately improve, audit quality? If so, why? If not, why not?**

36. Yes. We consider that increasing the amount and quality of data available might ultimately generate real insights on audit quality that could helpfully be widely shared with users. The general level of understanding of audit processes (and what might be needed to make them better) is likely to be enhanced by the AQIs project. See our comments in paragraphs 1 to 5 above.
37. It is important to see this initiative as the start of the process and the PCAOB should consider what other institutional measures will be needed to ensure the benefits of using AQIs are maximised.
38. We believe strongly that significant benefits would arise from a global consensus emerging on the content and uses of AQIs. In paragraphs 32 to 35 above we outline the need for global consensus and direction on AQIs and how to make best use of them to improve audit quality.

**Q2: Are the AQI project, and some number of the 28 specific indicators described below, likely to build a strong knowledge base to enhance discussions of audits among those involved in the financial reporting process or other users of AQIs?**

39. Yes. As stated in the previous answer, we consider that increasing the information available about the audit process is a positive development. However, support for the use of AQIs should be provided and AQIs should be seen as just one part of a much bigger picture towards improving audit quality. Our comments in paragraphs 6 to 9 above highlight the importance of contextual factors and the other measures that are important to achieve improved audit quality.

**Q3: Can the development of audit quality indicators, as described in this release, have unintended consequences, either positive or negative, for audit committees, audit firms, investors, or audit or other regulators? What are they? Can any negative consequences be alleviated? How?**

40. Yes, there can be unintended consequences arising from the development and use of AQIs and these are commented on in paragraphs 10 to 20 above.

41. Steps ought to be taken by the PCAOB to monitor the situation, identify and alleviate these consequences. Given our concerns regarding the risk of misuse, cost, reliability and competition, we consider that the PCAOB should carry out a full cost-benefit analysis before any final decisions are made on mandating the suggested 28 AQIs.

**Q4: What is the nature of the context that those using AQIs as a basis for analysis and discussion will generally require to be able to benefit from that use? Is the information required to build that context available? Is access to the necessary contextual information feasible?**

42. The context is of crucial importance to using the AQIs effectively, for example see our comments regarding contextual factors in paragraphs 6 and 7 above. Those using AQIs need to take account of contextual information and that should be feasible in most cases. However, support needs to be provided to users to facilitate this happening.

**Q15: What are the elements of "context" required for successful analysis of the 28 potential AQIs? Are those elements ordinarily available to AQI users? If not, is it feasible to make the elements of context available?**

43. See our answer to Q4 above. These elements will vary according to the specific circumstances but support could be developed and provided to AQI users, for example to audit committees.

**Q18: What are the costs and obstacles to audit firms of compiling the relevant data? Can data be created at reasonable cost for any indicator for which they are not now available? If not, is there another indicator of comparable scope, either among the 28 or otherwise, for which it would be less costly to obtain the necessary data?**

44. See our comments in paragraphs 16 to 18 above on the costs and challenges for firms in compiling the relevant data. As stated in paragraph 20, we consider that a thorough assessment of these matters is needed before final decisions are made on mandating the suggested 28 AQIs.

**Q20: Could the collection and evaluation costs of AQIs be a greater economic burden for smaller audit firms than larger audit firms? Could this burden disadvantage smaller firms in competing for audit business if perceptions of quality are driven by the indicators?**

45. Yes, we consider that the costs and challenges for smaller audit firms might be greater and they might be disadvantaged. The consequences for smaller firms should be fully considered before measures are introduced and their position should be monitored thereafter. Users need to be made aware of the likely differences between larger and smaller firms when using the AQIs.

**Q21: In what ways should the various indicators be evaluated or field-tested?**

46. As stated in paragraph 20 above, we consider that full evaluation should be made before final decisions are made. It will be important that the AQIs system is allowed to evolve, as outlined in paragraph 4 above. Given that there is currently very little of this type of information available, it is inevitable that firms and users will learn from experience and changes will result.

**Q22: For what class or classes of users would AQIs be most valuable? Would some AQIs be more valuable than others to various classes of users?**

47. We comment on the need for clear identification of the users of AQIs and the uses they will make of them in paragraphs 21 to 26 above. We consider that it would be preferable to limit the targeting of these AQIs to audit firms, audit committees and the PCAOB.
48. Rather than giving undue focus to the quantified measures that are proposed by the PCAOB, we consider that there are other important measures that can be taken to achieve the information needs of users that will help to improve audit quality. See our comments on this in paragraphs 27 to 31 above.

**ANNEX: EXAMPLES OF ISSUES WHERE A THREATS AND SAFEGUARDS APPROACH TO AUDIT QUALITY MIGHT BE APPLIED**

Threat	Possible safeguards include
<p>Audit methodology that is not designed for specialist audits being undertaken</p>	<ul style="list-style-type: none"> <li>• appropriate acceptance procedures to consider whether the firm can provide the necessary specialist knowledge</li> <li>• modify methodology so it can be applied for these audits or acquire new methodology</li> <li>• ensure guidance from regulatory bodies and others on these specialist audits is followed</li> <li>• seek guidance from specialists or experts and/or involve them in the audit</li> <li>• increase direction, supervision and review during the course of the audit</li> <li>• consider whether an engagement quality control review is needed</li> </ul>
<p>Audit staff with insufficient skills or experience for this audit work</p>	<ul style="list-style-type: none"> <li>• train staff with specific tailored training</li> <li>• review how staff are assigned to particular audits</li> <li>• acquire new staff with the appropriate skills/experience</li> <li>• increase direction, supervision and review during the course of the audit</li> <li>• consider whether an engagement quality control review is needed</li> </ul>
<p>Unhelpful or poor management</p>	<ul style="list-style-type: none"> <li>• apply professional scepticism in communications with management</li> <li>• obtain evidence from other sources rather than relying on management explanations or representations</li> <li>• factor into fraud risk discussions</li> <li>• recommend audit committee enhances role to ensure management commitment to providing reliable financial information</li> <li>• use more experienced/senior/confident staff to lead interactions with difficult individuals</li> </ul>
<p>Culture in parts of the firm places insufficient emphasis on audit quality</p>	<ul style="list-style-type: none"> <li>• provide leadership from the top to ensure all firm staff are aware that the firm places paramount importance on achieving quality</li> <li>• review policies and procedures so that they promote this quality culture</li> <li>• recruit and develop staff so they have the necessary attributes and mindset</li> </ul>
<p>No consultation happens on difficult or contentious issues when it should do</p>	<ul style="list-style-type: none"> <li>• have a policy and procedures on consultation so that it is clear when consultation is needed</li> <li>• promote a culture where consultation is seen as the right thing to do</li> <li>• ensure that all relevant staff are trained on</li> </ul>

	<p>the above mentioned policies and procedures, and 'buy in' to what the firm is trying to achieve</p> <ul style="list-style-type: none"> <li>• ensure that the firm has arrangements in place so that effective consultation can happen in a timely manner when needed</li> </ul>
<p>Consultation does happen but is not properly documented or acted upon</p>	<ul style="list-style-type: none"> <li>• ensure there are clearly agreed expectations for the consultant's communication to the audit team and the documentation of that</li> <li>• have processes in place to ensure appropriate action is taken</li> <li>• ensure appropriate review happens</li> </ul>
<p>There are unresolved differences of opinion between the engagement partner and the engagement quality control reviewer</p>	<ul style="list-style-type: none"> <li>• procedures ensure that differences of opinion are acted upon and resolved between the partner and reviewer if at all possible</li> <li>• firm has dispute resolution procedures to deal with situations where this proves not to be possible</li> </ul>
<p>Appraisal and remuneration processes place too great an emphasis on matters other than quality</p>	<ul style="list-style-type: none"> <li>• ensure the firm has human resources policies and procedures that emphasise the importance of achieving quality and reward staff accordingly</li> <li>• set performance objectives linked to quality of work</li> <li>• have effective post audit reviews that are linked to appraisal processes</li> <li>• give clear leadership from the top regarding the values of the firm and the commitment to quality</li> </ul>
<p>Failure to deal with a serious complaint or inadequate response to such a complaint</p>	<ul style="list-style-type: none"> <li>• firm to have clear policy and procedures regarding complaints that ensures they are dealt with appropriately</li> <li>• firm culture is to value providing a quality service and to take complaints seriously and view this positively as part of continuous improvement</li> </ul>