
Quality Management and Ethics Manual

Policies and procedures

Use of manual and guidance

This manual contains a summary of the firm's policies and procedures implemented as responses over the quality risks identified by the firm as per the supporting material provided.

This manual on its own does not constitute a System of quality management and must be used together with the supporting material provided.

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Commitment by leadership

<p>We as leadership in our firm is responsible for driving engagement quality improvement and remediation of deficiencies within the firm. Upon signing this policy document, we confirm that we are fully committed to implementing the policies and procedures as outlined in this policy document. We are fully committed to:</p>
<p>Apply sound governance principles within our firm’s structures and policies, promoting an internal culture based on quality whereby our firm’s business strategy is subject to the overriding requirement to achieve quality in all the engagements that we perform, including ensuring that commercial interests do not override the quality of work performed.</p>
<p>Become more involved during the firm and engagement inspections and to appropriately and promptly address deficiencies raised through the inspection process and to implement remediation of deficiencies reported throughout the firm.</p>
<p>Promptly communicate and monitor weaknesses identified during firm and engagement inspections to all engagement teams and staff, implement training and remediation, and take appropriate action against negligent individuals.</p>
<p>Support engagement partners who have been found to have deficiencies in their engagements with their root cause analysis.</p>
<p>Ensure that engagement quality is appropriate on all levels and not only those engagements that are subject to our own internal monitoring review process.</p>

Signed by: Ulde Shumba

Position: CEO

Date: 2022/11/30

Signature:  Shumba

Release date of this policy manual: 2022/12/01

Part 1: Governance and Leadership

Objective 1: Leadership is responsible and accountable for quality. (ISQM1.28 (b))

Policy 1.1: The firm will design, implement and maintain a System of Quality management as documented, substantiated and evidenced by this manual and the supporting documents thereto.

Policy 1.2: The firm assigned ultimate responsibility and accountability for the system of quality management to the CEO who formally accepted this responsibility which includes: (ISQM 1.20)

- Documenting the System of Quality management
- Communicating the policies and procedures within the firm
- Setting the tone for culture of ethics
- Devoting resources to the System of quality management
- Updating the System as and when required

Policy 1.3: Operational responsibility for specific aspects of the system is assigned as follows: (ISQM1.20)

- System of quality management: Trust Moyo; Robert Musena
- Ethical and independence requirements: Dumisani Dube; Lorraine Musira
- Monitoring and Remediation: Edwin Rampele; Jimmy Mokgoko
- HR: Precious Makola; Abraham Ngwarati
- IT: Chalton Chikudza; Marry Machaka

Policy 1.4: These individuals have a direct line of communication to the individual assigned ultimate responsibility and accountability for the Quality Management System. (ISQM1.22)

Policy 1.5: The CEO hold individuals responsible and accountable for their assigned roles and responsibilities through performance evaluations that will include quality management criteria.

Policy 1.6: We shall evaluate the experience, knowledge, influence and authority within the firm of those with operational responsibility to ensure they understands their assigned roles.

Policy 1.7: We shall afford those with operational responsibility sufficient time, to fulfil their assigned responsibility. (ISQM1.21)

This is done through regularly scheduled meetings to address quality needs and perform progress evaluations.

Policy 1.8: Those responsible for the system of quality management shall undergo training of the relevant ISQM's, including the application and other explanatory material, to understand the objective of the ISQM's and to apply its requirements properly. (ISQM1.18)

Policy 1.9: We shall re-evaluate the nature and circumstances of the firm that impacts the risk assessment annually to identify any changes and document additional or modified risks and responses.

Responsible individual: The CEO

Supporting material:

- This manual and the annexures thereto as well as any other supporting material designated as such by the firm.
- Annexure 2.2: Evaluatin the naure and circumstances of the entity
- Annexure 3.1: Acceptance of ultimate responsibility for Quality Management.
- Annexure 3.2: Person’s responsible for elements of the Quality Management System.
- Annexure 3.4: Review of the Quality Management champion
- Annexure 3.7: Quality management indicators for performance evaluations

Objective 2: Commitment to quality through a culture that exists throughout the firm, which recognizes and reinforces:

- The firm’s role in serving the public interest by consistently performing quality engagements;
- The importance of professional ethics, values and attitudes;
- The responsibility of all personnel for quality relating to the performance of engagements or activities within the system of quality management, and their expected behaviour; and
- The importance of quality in the firm’s strategic decisions and actions, including the firm’s financial and operational priorities. (ISQM1.28(a))

Policy 2.1: The firm has a code of conduct that sets out the professional conduct for all employees and the actions to be taken should this not be complied with. It is a requirement of our code of conduct that employees comply with the policies and procedures contained in this manual.

Policy 2.2: The firm has an open door policy and all personnel is aware of the fact that discussions can be held without the fear of reprisal.

Responsible individual: The CEO

Supporting material:

- Code of conduct – own internal document
- HR Policy – own internal document

Objective 3: Leadership demonstrates a commitment to quality through their actions and behaviours. (ISQM1.28(c))

Policy 3.1: Leadership shall lead by example and conduct themselves in a manner that emphasizes the importance of quality. Action will be taken where this is found not to be the case.

Policy 3.2: Upward reviews shall be performed on a regular basis to evaluate if leadership is providing an example that emphasizes quality.

Responsible individual: All leadership

Supporting material:

- HR Policy – own internal document
- Annexure 8.5 Upward reviews of leadership

Objective 4: Resource needs, including financial resources, are planned for and resources are obtained, allocated or assigned in a manner that is consistent with the firm’s commitment to quality. (ISQM1.28 (e))

Policy 4.1: We shall not have incentives in place that are focused on financial and operational priorities that may discourage behaviours that demonstrate a commitment to quality. (ISQM1.A56)

Policy 4.2: Resources shall be planned for and allocated to the System of quality management in such a manner to ensure proper design and implementation, and to engagements in such a manner that the firm will have the ability to perform the engagement properly. (see resources section)

Policy 4.3: The cost of the system of quality management has been considered and the impact of this on the firm evaluated so that the cost can be absorbed into the fees charged for services.

Objective 5: The organizational structure and assignment of roles, responsibilities and authority is appropriate to enable the design, implementation and operation of the firm’s system of quality management.

Policy 5.1: The responsibility for quality related matters will be delegated to individuals with the necessary authority within the firm as indicated by Objective 1 and the responses thereto.

Part 2: Relevant ethical requirements

Objective 6: The firm, its personnel, others, including service providers, understand the relevant ethical requirements that apply to them respectively, and fulfil their responsibilities to which the firm and the firm’s engagements are subject. (ISQM 1.29) This includes the responsibilities and requirements of the IESBA code of conduct.

Policy 6.1: The relevant ethics and independence requirements as well as the firm’s policies and procedures shall be communicated to staff as follows:

Relevant training intervention		Yes/No
All new employees	Basic ethics awareness during induction (content dependent on position of employee)	Yes
SAIPA trainees	Annual training on SAIPA code	N/A
Tax employees	Basic ethics awareness	Yes
Managers and partners	Yearly CPD training	Yes
Whole office	Firm policies and procedures on identifying and communication breaches to ethical requirements	Yes
Whole office	Training on changes in the relevant code – as and when it occurs	Yes
Whole office	Independence and ethics manual	Yes
Specific engagement teams	Engagement meetings	Yes
Consultation employees	Basic ethics awareness	Yes
Admin personnel	Basic ethics awareness	Yes

Policy 6.2: The firm shall obtain, at least annually, a documented confirmation of compliance with independence requirements from all personnel required by relevant ethical requirements to be independent.

Policy 6.3: The firm identifies and responds to threats to compliance with ethical and independence requirements as follows:

- Acceptance and continuance procedures to ensure clients are only accepted where the ethical and independence requirements are met; (Refer to part 3 for more detail)
- We shall not undertake a professional activity if a circumstance or relationship unduly influence our professional judgment regarding that activity. (R112.2)
- Personnel and engagement teams shall communicate relevant information to the firm without fear of reprisals, such as situations that may create threats to independence or breaches of relevant ethical requirements. (ISQM1. A64)
- Referral of matters requiring consulting to be undertaken to the engagement partner
- Applying the conceptual framework to identified threats:
 - If threats cannot be eliminated or reduced to an acceptable level by applying appropriate safeguards, we shall eliminate the activity, interest, or relationship that is creating the threat, or shall refuse to accept or continue with the engagement.
 - The details of identified threats and the safeguards that were applied shall be documented.

Policy 6.4: The partner responsible for ethics and independence is ultimately responsible on our firm's behalf and, therefore (after consultation with other partners), shall have the final decision on any independence threat resolution, including:

- Resignation from a specific engagement or client relationship;
- Determining and imposing specified safeguards, actions, and procedures to manage threats and potential threats appropriately;
- Hearing and investigating unresolved independence compliance concerns raised by members of the engagement team, or by other partners or staff;
- Ensuring appropriate documentation of the process and resolution of each significant independence issue;
- Invoking sanctions for non-compliance;
- Initiating and participating in pre-emptive planning measures to help avoid and manage potential independence concerns;
- Arranging additional consultation, if needed; and
- Instituting and maintaining a policy requiring all partners and staff to review their specific circumstances for any independence threats or potential threats, and to inform the partner of any such threats identified.

These actions shall be documented as and when they are implemented

Policy 6.5: At the individual engagement level, the engagement partner considers whether he/she and the members of the engagement team have complied with ethical requirements, including independence.

Policy 6.6: All personnel shall promptly communicate identified breaches of ethical requirements to the engagement partner and [the ethics partner] who will determine whether we should take further action. This may be done on an anonymous basis.

Policy 6.7: The firm identifies and responds to breaches of ethical and independence requirements as follows:

- Communication of breaches or possible breaches identified during the acceptance process, to the engagement partner, to assess and respond to these breaches;
- Evaluating reported breaches to identify the significance and the required action. Action shall be taken as required by the IESBA code.
- Disciplinary or other action to be taken in instances where personnel or management is identified to have breached ethical and independence requirements;

Policy 6.8: We shall not knowingly be associated with reports, returns, communications or other information where we believe that the information:

- Contains a materially false or misleading statement;
- Contains statements or information furnished recklessly; or
- Omits or obscures information required to be included, where such omission or obscurity would be misleading. (R111.2)

Policy 6.9: If we become aware that we are associated with such information we shall take the necessary steps to be disassociated from such information. (R111.3)

Policy 6.10: We shall comply with relevant laws and regulations and avoid any conduct that we know or should know might discredit the profession.

Policy 6.11: When undertaking marketing or promotional activities, we shall not bring the profession into disrepute. We shall be honest and truthful and shall not make:

- Exaggerated claims for the services offered by, or the qualifications or experience of another accountant; or
- Disparaging references or unsubstantiated comparisons to the work of others. (R115.2)

Policy 6.12: If we are in doubt about whether a form of advertising or marketing is appropriate, we shall consult with our relevant professional body. (115.2 A1)

Responsible individual: Ethics officer and engagement partner

Supporting material:

- Training plan (if relevant)
- Annexure 4.1: Annual ethics and independence declarations by staff
- Annexure 4.8: Independence declaration per engagement
- Engagement documentation, specifically team meetings and acceptance documents
- Annexure 4.5 Reporting a breach of ethics and independence

Objective 7: Others, including service providers, who are subject to the relevant ethical and independence requirements to which our firm and our firm's engagements are subject to shall also understand the relevant ethical requirements and fulfil their responsibilities in relation to the relevant ethical and independence requirements that apply to them. (ISQM1.29).

Policy 7.1: Where resources are utilised from service providers, their knowledge of the relevant ethical requirements applicable to them will be evaluated, and they will be required to sign an ethical declaration to confirm their compliance before we will make sure of their services.

Policy 7.2: These individuals will also be included in team meetings or discussions regarding independence and ethics if applicable.

Responsible individual: Ethics officer and engagement partner

Supporting material:

- Annexure 4.3: Independence and confidentiality undertaking by a third party
- Engagement documentation, specifically team meetings and acceptance documents
- Annexure 6.4 Making use of the service providers
- Annexure 6.5 External staff utilised during the engagement

Part 3: Acceptance and continuance of clients

Objective 8: Judgments by the firm about whether to accept or continue a client relationship or specific engagement are appropriate based on:

- Information obtained about the nature and circumstances of the engagement and the integrity and ethical values of the client (including management, and, when appropriate, those charged with governance) that is sufficient to support such judgments, and
- The firm’s ability to perform the engagement in accordance with professional standards and applicable legal and regulatory requirements.

Policy 8.1: The firm shall only accept clients where we have considered the Nature and Circumstances of the engagement, the integrity and ethical values of the client, and the firm’s ability to perform the engagement.

Policy 8.2: These considerations, judgements and information will be documented by the engagement partner during the initial meeting with the client before considering acceptance. The decision shall be communicated to the firm.

Policy 8.3: Communications with a previous professional accountant will be made when necessary.

Policy 8.4: Once a determination has been made to accept a new client, after performing the above evaluation, we shall communicate this fact with the former professional accountant and prepare an engagement letter for signature by the new client.

Policy 8.5: The engagement partner will schedule a pre-planning meeting with the designated manager or senior (as applicable) to discuss the pre-engagement process and considerations for engagement planning purposes.

Policy 8.6: The engagement partner or senior in charge of the engagement will ensure that the client signs the engagement letter.

Policy 8.7: Regardless of the outcome of the above considerations, the firm policy is to decline or terminate engagements where the following is applicable:

(Where your answer below is NO, thus you will accept these engagements, please document your reason for accepting and the impact on the engagement risk assessment)

Type of engagement	Yes/No	Provide details
A fee quoted so low that it may diminish our ability to perform the engagement in accordance with professional standards and applicable legal and regulatory requirements. (ISQM1.A74)	Yes	

Clients where the client lacks integrity and ethical values (ISQM1.A73)	Yes	
Engagements over certain subject matters when we do not have appropriate expertise to perform the engagement	Yes	
Emerging entities with high levels of instability and erratic transactions	Yes	
Entities involved in money laundering or other criminal activities	Yes	
Clients with significant branches in locations where the firm is not represented	Yes	
A client operating in a specialised industry, and we lack the required expertise	Yes	
Deadlines that coincide with existing client pressures	Yes	
Aggressive interpretation of accounting standards by the client	Yes	
Independence issues have been highlighted	Yes	
Expert assistance is necessary but is not available	Yes	

Policy 8.8: The firm may be required by law or regulation to accept the client relationship or specific engagement, even where they would have decided to decline the engagement. Where this happens the engagement partner shall consider the impact on the engagement and communicate the steps taken to the firm.

- Consider the effect of the information on the performance of the engagement;
- Consider the impact on our engagement report;
- Communicate the information to the engagement partner, and request the engagement partner to increase the extent and frequency of the direction and supervision of the engagement team members and review of their work;
- Assign more experienced personnel to the engagement;

Policy 8.9: If circumstances occur where we obtain information that would have caused us to decline the engagement had that information been available earlier (ISQM1.34(d)), it is our policy to:

- Consult at firm level regarding the impact of this information on the continuance of the engagement;
- Consult with legal counsel where appropriate;

- Discuss with the appropriate level of the client’s management and with those charged with governance or the engaging party the action that the firm might take based on the relevant facts and circumstances;

Policy 8.10: Where the decision was made to withdraw from the engagement, we shall inform the client’s management and those charged with governance or the engaging party of this decision and the reasons for the withdrawal on a formal WITHDRAWAL LETTER;

Responsible individual: Engagement partner and relevant engagement personnel

Supporting material:

- Annexure 5.1: Client Profile Listing
- Annexure 5.2: Client Acceptance checklist (including subsequent information)
- Annexure 5.3: Example engagement letters
- Annexure 5.4: Letter to predecessor professional accountant
- Annexure 5.5: Withdrawal letter
- Annexure 5.6: Engagement letter for non-assurance services
- Annexure 5.7: POPI Operators agreement (To go together with engagement letter)
- Annexure 5.10: Pre-planning meeting Agenda

Objective 9: The financial and operational priorities of the firm do not lead to inappropriate judgments about whether to accept or continue a client relationship or specific engagement. (ISQM1.30)

Policy 9.1: We shall not be overreliant on any clients for financial stability. We shall evaluate the fees of clients against the total fees generated by the firm to evaluate possible overreliance.

Responsible individual: Managing partner

Supporting material:

- Annexure 5.1: Client Profile Listing

Part 4: Resources

Objective 10: Personnel are hired, developed and retained and have the competence and capabilities to:

- Consistently perform quality engagements, including having knowledge or experience relevant to the engagements the firm performs; or
- Perform activities or carry out responsibilities in relation to the operation of the firm’s system of quality management.

Policy 10.1: Our policy is to recruit individuals who have, or are able to develop, appropriate competence. (ISQM1.A90) This shall be dealt with in compliance with our HR policies and based on yearly resource planning.

Policy 10.2: We shall create an annual plan to indicate our clients, assignments and deadlines in order to evaluate if we have sufficient human resources to perform these. If not new employees will be employed.

Policy 10.3: We shall periodically review the effectiveness of our recruitment program together with an assessment of our current resource needs to identify whether revisions to the program are required.

Policy 10.4: Our firm is committed to develop the competence of our staff through a variety of methods, including professional education, continuing professional development, training, work experience or coaching of less experienced engagement team members by more experienced engagement team members. (ISQM1.A88)

Policy 10.5: We shall remunerate employees commensurate with their qualifications, level of experience and responsibilities attached to them.

Policy 10.6: We shall recognise and reward employees for achievement and promotion of the system of quality management. The assessment shall be conducted annually.

Policy 10.7: Formal training shall be planned for and scheduled during the year as required in terms of our Training and CPD policies. Training shall include:

- All newly appointed staff shall be required to attend our induction program. The materials used in the training shall include our policies and procedures, personnel policies handbook, accounting and assurance manuals which include our methodologies and other firm-specific information. The training shall also focus on ethics and professional conduct.
- CPD for registered professionals - The partners and staff shall meet the minimum continuing professional development (CPD) requirements as defined by their individual professional bodies. Should they not belong to a specific professional body, they shall be expected to keep abreast of all changes within their respective fields of expertise.

Responsible individual: HR and Training Officer

Supporting material:

- Human Resources manual – Own internal document
- Annual planning – Own internal document
- Training and CPD manual.
- Personnel files.

Objective 11: Personnel demonstrate a commitment to quality through their actions and behaviors, develop and maintain the appropriate competence to perform their roles, and are held accountable or recognized through timely evaluations, compensation, promotion and other incentives.

Policy 11.1: Yearly performance reviews shall be performed as follows:

- Partner and managers: The quality of work produced by engagement partners and managers shall be measured partly based on the outcome of the monitoring quality control reviews and external regulatory reviews.
- Permanent staff: Performance reviews to be based on their specific duties and feedback from managers or clients on their performance
- Trainees: Performance will be evaluate in accordance with the training contract as described in our Training and CPD Manual.

Policy 11.2: Performing high-quality engagements shall be appropriately recognised as a priority in performance evaluations and in compensation, promotion and retention decisions. Performance measures shall be clearly and carefully communicated to ensure that all staff members understand that quality work is a priority.

Policy 11.3: We shall undertake periodic performance evaluations of the individual(s) assigned ultimate responsibility and accountability for the system of quality management, and the individual(s) assigned operational responsibility for the system of quality management. In doing so, we shall take into account the evaluation of the system of quality management (ISQM1.56)

Policy 11.4: We shall take corrective actions to address a negative performance evaluation that may affect the firm's achievement of its quality objectives. (ISQM1.A200)

- Training interventions where it is due to a lack of knowledge
- Considering the effect of the matter on the evaluation, compensation, promotion or other incentives of those involved
- Disciplinary interventions where it is due to negligence or misconduct
 - Non-compliance with the System of Quality Management
 - Not performing duties in respect of the System of quality management
 - Breaching ethical requirements

Responsible individual: HR and Training Officer

Supporting material:

- Annexure 3.7: Quality Management Performance Indicators
- Human Resources manual – Own internal document
- Personnel files.

Objective 12: Engagement team members are assigned to each engagement, including an engagement partner, who have appropriate competence and capabilities, including being given sufficient time, to consistently perform quality engagements. This includes any individuals external to the firm who perform procedures on the engagement.

- Policy 12.1:** We assign responsibility for each engagement to an engagement partner. Our policies and procedures require that:
- The identity and role of the engagement partner are communicated to key members of client management and those charged with governance;
 - The engagement partner has the appropriate capabilities, competence, authority and time to perform the role; and
 - The responsibilities of the engagement partner are clearly defined and communicated to that partner.
- Policy 12.2:** Our firm assigns appropriate staff with the necessary capabilities, competence and time to perform engagements in accordance with professional standards and applicable legal and regulatory requirements, and to enable engagement partners to issue reports that are appropriate in the circumstances.
- Policy 12.3:** When determining the appropriate personnel to assign to an engagement, attention shall be given to continuity with the client, balanced with rotation requirements, to ensure an adequate complement of skills and experience on the engagement team. Consideration shall also be given to the individuals:
- Understanding of the engagements, along with experience and training in performing such engagements;
 - Understanding of professional standards and the regulatory and legal requirements applicable to the engagement;
 - Technical accounting knowledge and expertise;
 - Understanding of the nature of the entity’s operations and knowledge of specific industries, as appropriate;
 - Ability and expertise to exercise professional judgment; and
 - Understanding the quality management system.
- Policy 12.4:** Not all individuals within the engagement team shall be required to be highly qualified. Those individuals with lower qualifications shall be assigned less responsibility combined with more supervision from more experienced staff.
- Policy 12.5:** On individual engagements, the engagement partner must be satisfied that the engagement team and any experts who are not part of the engagement team, collectively have the appropriate capabilities, competence, time, assurance skills, techniques and expertise in financial reporting to perform the engagement in accordance with professional standards and applicable legal and regulatory requirements, and to enable the report that is appropriate in the circumstances to be issued. (ISQM1.A96)
- Policy 12.6:** The engagement partner shall communicate any concerns about the competence and capabilities of engagement team members to the firm on a timely basis.

Responsible individual: Engagement partners

Supporting material:

- Annual planning – Own internal document
- Engagement specific documents
- Annexure 4.8: Independence declaration per engagement – evaluation of resources

Objective 13: Individuals are obtained from external sources (i.e., or a service provider) when the firm does not have sufficient or appropriate personnel to enable the operation of firm’s system of quality management or performance of engagements.

Policy 13.1: If the engagement partner determines that there are not sufficient or appropriate personnel to perform the engagement, the engagement partner, or another senior member of the engagement team may submit a written request to the firm for personnel to be assigned to the engagement.

Policy 13.2: The following information shall be obtained from an external service provider about the individuals assigned to the engagement:

- Their level, training and experience;
- If they have the necessary and appropriate competence and capabilities (and time) to perform the assigned work. (ISQM1. A96)
- This will be documented on engagement documentation together with other team members.

Policy 13.2: The engagement partner shall communicate any concerns about the competence and capabilities of engagement team members assigned by the external service provider to the firm on a timely basis.

Responsible individual: Engagement partners

Supporting material:

- Annual planning – Own internal document
- Engagement specific documents
- Annexure 4.8: Independence declaration per engagement – evaluation of resources
- Annexure 6.3 Written request for assignment of external personnel
- Annexure 6.4 Making use of the service providers
- Annexure 6.5 External staff utilised during the engagement

Objective 14: Appropriate technological resources are obtained or developed, implemented, maintained, and used, to enable the operation of the system of quality management and the performance of engagements. (ISQM1.32(f))

Policy 14.1: We have approved the following IT resources for use in the firm:

Technological resource	Yes/No	Describe the technical resource used where applicable and how the firm determined that it is appropriate for its function:

IT applications for independence monitoring	No	
IT applications for client acceptance and continuance	No	
IT applications used to monitor the QMS.	Yes	Spreadsheets
IT applications for recording time, and to track personnel's time off	Yes	
IT applications to support training and for personnel's performance evaluations	Yes	Projectors and teams platform
IT applications for budgeting (planning and allocation of financial resources)	No	
IT applications for retaining and maintaining engagement documentation	Yes	Draftworx and own server
IT applications for recording and tracking consultations	Yes	
IT applications used to prepare and compile engagement documentation	Yes	Draftworx
IT applications used for intellectual resources (e.g., IT applications with policy manuals and methodologies)	No	
IT applications that are used as automated tools and	No	

techniques, including the use of Excel and macros in Excel		
Operating systems and databases	No	
Hardware (e.g., network systems and user hardware such as laptops)	Yes	
IT systems to manage access to the operating system and IT applications (i.e., password applications)	Yes	
Add more		

Policy 14.2: We shall consider the following matters in obtaining, developing, implementing and maintaining the IT applications identified above:

- The data inputs are complete and appropriate;
- Confidentiality of the data is preserved;
- The IT application operates as designed and achieves the purpose for which it is intended;
- The outputs of the IT application achieve the purpose for which they will be used;
- The general IT controls necessary to support the IT application’s continued operation as designed are appropriate;
- The need for specialized skills to utilize the IT application effectively, including the training of individuals who will use the IT application; and
- The need to develop procedures that set out how the IT application operates. (ISQM1.A100)

Policy 14.3: The use of IT applications or features of IT applications is strictly prohibited until such time that it has been determined that they operate appropriately and have been approved for use by the firm. (ISQM1.A101)

Policy 14.4: Engagement teams shall only use the firm’s approved engagement methodology, tools and guidance documents.

Policy 14.5: Should the engagement team consider the use of other intellectual resources due to the nature and circumstances of the engagement, for example, an industry-specific methodology or related guides and performance aids, approval must be obtained from the firm before its use. (ISQM1.A101)

Policy 14.6: Security breaches that lead to unauthorized access to client data shall be reported to without delay.

Responsible individual: Director

Supporting material:

- Annexure 6.4 Making use of service providers, technological or intellectual resources

Objective 15: Appropriate intellectual resources are obtained or developed, implemented, maintained, and used. Such intellectual resources are consistent with professional standards and applicable legal and regulatory requirements. (ISQM1.32(g))

Policy 15.1: Intellectual resources include the information the firm uses to enable the operation of the system of quality management and promote consistency in the performance of engagements. The firm makes use of the following intellectual resources:

Intellectual resource	Yes/No	Describe the intellectual resource used where applicable and how the firm determined that it is appropriate for its function:
CIPC website services	Yes	
Research resources (google, specific websites)	Yes	
Guides provided by regulatory bodies (IRBA, SAICA etc.)	Yes	
ISA and IFRS electronic copies (IFRS website, IAASB website)	Yes	
Legislation electronic copies or internet sources (Contemporary gazette, etc.)	Yes	
Subscription services (deedsearch)	Yes	
Own engagement methodology, policies, etc.	Yes	Internal audit methodology – Annexure 6.6 Advisory services methodology
E-code or electronic code of conduct	Yes	
Add more		

Policy 15.2: We shall consider the following matters in obtaining, developing, implementing and maintaining the intellectual resources identified above:

- Whether such intellectual resources are consistent with professional standards and applicable legal and regulatory requirements
- Who are the users and would they have access
- The extent of customisation necessary
- Is there support available for the use of this resource (whether internally or externally)
- Does the employees know how to use this resource - do we need specialised skills
- Will the resource be updated regularly if necessary
- Has the use of the resource been communicated to the relevant engagement partners and do they understand their responsibilities in using the resource
- Confidentiality of the data is preserved;

Policy 15.3: The engagement partner shall be responsible for determining that sufficient and appropriate resources to perform the engagement are assigned or made available to the engagement team in a timely manner. (ISQM1.A94)

Policy 15.4: The engagement partner shall ensure that engagement teams do not place undue reliance on IT applications or intellectual resources by evaluating all conclusion made based on information provided by these resources.

Responsible individual: Director

Supporting material:

- Annexure 6.4 Making use of service providers, technological or intellectual resources

Objective 16: Human, technological or intellectual resources from service providers are appropriate for use in the system of quality management and the performance of engagements (ISQM1.32 (h))

Policy 16.1: Our firm may use resources that are provided by a service provider when we do not have access to the appropriate resources internally. (ISQM1.A105))

Service providers will be used for the following:

Reason for use	Name of approved service provider
Consultation on technical matters during engagements	Altimax
Performance of file reviews other than EQR	
Monitoring of the quality management system	

To provide practice manuals used in the quality management system (e.g. HR manuals, ISQM manual etc.)	
To provide training for personel	ProBeta, Altimax
Commercial IT application for performance of engagements	Data Prime Solutions
Provision of template documents for engagement performance	Data Prime Solutions
Provision of human resources for engagement purposes (E.g. component auditors/loan personnel)	
Experts used during engagements	ESS, ARCH
Performance of engagements	
Add more	

Policy 16.2: The firm has identified the above service providers as the approved list of service providers for these listed services. These providers have been evaluated as below to ensure that the services received from them will be compliant with the professional standards applicable to the firm.

Policy 16.3: The following will be considered by our firm before we make use of a service provider:

- The nature of the resources provided by service providers, how and the extent to which they will be used by our firm (ISQM1.A106)
- The service provider’s experience in the industry and reputation in the market (ISQM1.A107)
- Our firm’s previous experience with the service provider. (ISQM1.A107)
- Whether such intellectual resources are consistent with professional standards and applicable legal and regulatory requirements, where applicable. (ISQM1.32 (g))
- That the intellectual resources obtained from service providers are appropriate for use in our system of quality management and the performance of engagements (ISQM1.32(h)). The following information should be obtained from the service provider to determine if it is appropriate for use:
 - How often do they update the technological or intellectual resources to reflect changes in professional standards and applicable legal and regulatory requirements? (ISQM1.A107)
 - If there are any limitations on the use of the IT application? (ISQM1.A107)

- How will the service provider address the confidentiality of data? (ISQM1.A107)
- The extent of customization of the resource for the firm and whether our firm comprise of the necessary skills (ISQM1.A107)

Policy 16.4: The confidentiality rules established by our firm applies to all service providers when they have access to client information. (ISQM1.A65)

Policy 16.5: We shall ensure that service providers appointed by our firm understand the relevant ethical requirements that apply to them and that they fulfil their responsibilities in relation to the relevant ethical requirements that apply to them. (ISQM1.29 (b)) This will be confirmed on a written engagement letter.

Policy 16.6: Relevant and reliable information shall be communicated to service providers to enable the service providers to fulfil their responsibilities relating to the resources provided by them and to support the service provider’s understanding of the system of quality management. (ISQM1.33 (d))

Responsible individual: Managing Partner

Supporting material:

- Annexure 6.4 Making use of service providers, technological or intellectual resources
- Annexure 6.6 Engagement letter of service provider

Objective 17: Individuals are assigned to perform activities within the system of quality management who have appropriate competence and capabilities, including sufficient time, to perform such activities.

Refer to governance and leadership for the policies to achieve this objective

Part 5: Engagement Performance

Objective 18: Engagement teams understand and fulfill their responsibilities in connection with the engagements, including, as applicable, the overall responsibility of engagement partners for managing and achieving quality on the engagement and being sufficiently and appropriately involved throughout the engagement. The engagement partner shall be responsible for signing the engagement report. (ISQM1.31(a))

Policy 18.1: As the leader of the engagement team, the engagement partner shall be responsible for:

- The overall quality for each engagement to which the engagement partner is assigned including taking responsibility for creating an environment for the engagement that emphasizes the firm’s culture and expected behaviour of engagement team members. (ISQM1.A75)
- Forming a conclusion on compliance with independence requirements regarding the client, and in doing so, obtaining the information required to identify threats to independence, taking action to eliminate such threats or reduce them to an acceptable level by applying appropriate

safeguards, and ensuring that appropriate documentation is completed (refer Part 4: Relevant ethical requirements);

- Ensuring that appropriate procedures regarding the acceptance and continuance of client relationships have been followed and that conclusions reached in this regard are appropriate and have been documented (refer Part 5: Acceptance and continuance of clients);
- Ensuring that the engagement team collectively has the appropriate capabilities, competence, and time to perform the engagement (refer Part 6.1: Human Resources);
- Determine that sufficient and appropriate resources to perform the engagement are assigned or made available to the engagement team in a timely manner (Refer part 6: Resources).
- Supervising and/or performing the engagement and ensuring that the engagement report issued is appropriate in the circumstances by being sufficiently and appropriately involved throughout the engagement; (ISQM1.A75)
- Communicating to key members of the client’s management and those charged with governance his or her identity and role as engagement partner;
- Ensuring, through review of the engagement documentation and discussion with the engagement team, that sufficient appropriate evidence has been obtained to support the conclusions reached and for the engagement report to be issued;
- Assuming responsibility for the engagement through appropriate consultation (both internal and external) on difficult or contentious matters; and

Policy 18.2: The engagement partner shall demonstrate that he/she was sufficiently and appropriately involved throughout the engagement when procedures, tasks or actions have been assigned to other members of the engagement team as follows:

- By informing assignees about the nature of their responsibilities and authority, the scope of the work being assigned and the objectives thereof and to provide any other necessary instructions and relevant information.
- Being involved in the direction and supervision of the assignees.

Policy 18.3: The engagement partner shall determine that members of the engagement team, and any auditor’s external experts and internal auditors who provide direct assistance who are not part of the engagement team, collectively have the appropriate competence and capabilities, including sufficient time, to perform the engagement.

Policy 18.4: The engagement partner shall consider such matters such as:

- The understanding of, and practical experience with engagements of a similar nature and complexity.
- The understanding of professional standards and applicable legal and regulatory requirements.
- Expertise in specialized areas of accounting.
- Expertise in IT used by the entity or automated tools or techniques that are to be used by the engagement team in planning and performing the engagement.

- Knowledge of relevant industries in which the client operates.
- Ability to exercise professional scepticism and professional judgment.
- Understanding of the firm’s policies or procedures.

Policy 18.5: The engagement partner shall take responsibility for clear, consistent and effective actions being taken that reflect the firm’s commitment to quality and establish and communicate the expected behaviour of engagement team members. The following shall be communicated to all team members during the engagement:

- That all engagement team members are responsible for contributing to the management and achievement of quality at the engagement level;
- The importance of professional ethics, values, attitudes and independence.
- The importance of open and robust communication within the engagement team, and that engagement team members can raise concerns without fear of reprisal; and

Policy 18.6: If the engagement team includes individuals who are from another firm, care should be taken by the firm or the engagement partner to make them aware of our firm policies and procedures relating to relevant ethical and independence requirements.

Policy 18.7: To facilitate partner and staff performance on engagements consistently and according to professional standards, regulatory and legal requirements, we provide sample working paper templates for documenting the engagement process for clients. These templates are updated as required to reflect any changes in professional standards. Staff members shall use these templates to document key facts, risks, and assessments related to the acceptance and continuance of each engagement.

Responsible individual: Engagement Partner

Supporting material:

- Engagement specific documentation – Minutes of meetings, evaluation of competence of team, etc.
- Intellectual resources (such as template working papers) as documented under part 4
- Annexure 7.20 Training plan
- Annexure 7.21 Annual plan

Objective 19: The nature, timing and extent of direction and supervision of engagement teams and review of the work performed is appropriate based on the nature and circumstances of the engagements and the resources assigned or made available to the engagement teams, and the work performed by less experienced engagement team members is directed, supervised and reviewed by more experienced engagement team members. (ISQM1.31(b))

Policy 19.1: This responsibility is discharged by the engagement partner who:

- Accepts responsibility for appropriate engagement documentation being maintained

- Accepts responsibility for working paper reviews being performed in accordance with our working paper review policies and procedures
- Reviews documentation and has discussions with the engagement team to satisfy himself/herself, before the report is issued, that sufficient appropriate evidence has been obtained to support the conclusions reached, and for the report to be issued.

Policy 19.2: Supervision shall include the following:

- Tracking the progress of the engagement;
- Considering the capabilities and competence of individual members of the engagement team, whether they have sufficient time to carry out their work, understand their instructions, and that the work is carried out in accordance with the planned approach to the engagement;
- Addressing significant issues arising during the engagement, considering their significance and modifying the planned approach appropriately; and
- Identifying matters for consultation or consideration by more experienced engagement team members during the engagement. (ISQM1.A76)

Policy 19.3: Ongoing discussion and communication among members of the engagement team allows less experienced engagement team members to raise questions with more experienced engagement team members (including the engagement partner) in a timely manner and enables effective direction, supervision and review.

Policy 19.4: Direction of the engagement team involves informing the members of the engagement team of their responsibilities, such as:

- Contributing to the management and achievement of quality at the engagement level through their personal conduct, communication and actions.
- Maintaining a questioning mind and being aware of unconscious or conscious biases in exercising professional scepticism when gathering and evaluating engagement evidence.
- Fulfilling relevant ethical requirements.
- The responsibilities of respective partners when more than one partner is involved in the conduct of an engagement.
- The responsibilities of respective engagement team members to perform engagement procedures and of more experienced engagement team members to direct, supervise and review the work of less experienced engagement team members.
- Understanding the objectives of the work to be performed and the detailed instructions regarding the nature, timing and extent of planned engagement procedures as outlined in the overall engagement strategy and engagement plan.

Policy 19.5: Although the engagement partner shall be ultimately responsible for reviewing the team members' work, some of the reviewing responsibilities may be delegated to the more experienced team members. Reviewers shall consider whether:

- The work has been performed in accordance with professional standards, regulatory and legal requirements;
- Significant matters have been raised for further consideration;
- Appropriate consultation has taken place and the resulting conclusions have been documented and implemented;
- There is a need to revise the nature, timing and extent of work performed;
- The work performed supports the conclusions reached and is appropriately documented;
- The evidence obtained is sufficient and appropriate to support the report; and
- The objectives of the engagement procedures have been achieved. (ISQM1.A76)

Policy 19.6: Where a new engagement partner takes over an engagement during the engagement, he/she shall review the work performed to the date of the change. This is to ensure that the work performed to the date of the review has been planned and performed in accordance with professional standards, regulatory and legal requirements.

Policy 19.7: Where more than one partner is involved in the conduct of the engagement, it is important that the responsibilities of the respective partners are clearly defined and understood by the engagement team.

Responsible individual: Engagement Partner and seniors

Supporting material:

- Engagement specific documentation.

Objective 20: Engagement teams exercise appropriate professional judgment and, when applicable to the type of engagement, professional skepticism. (ISQM1.31(c))

Policy 20.1: It is the policy of our firm to foster an appropriately independent and challenging sceptical mindset of the engagement partner and engagement teams.

Policy 20.2: Staff members are encouraged to exercise professional judgment when modifying templates to ensure that such matters are appropriately documented and assessed for each engagement in accordance with professional standards and our policies.

Policy 20.3: The engagement partner is responsible for emphasizing the importance of each engagement team member exercising professional scepticism throughout the engagement.

Policy 20.4: The following actions will be undertaken by our firm to support engagement teams in exercising appropriate professional judgment and professional scepticism:

- Robust actions to embed a culture that demonstrates the firm's commitment to quality.

- Our leadership shall take responsibility and accountability for quality and demonstrate our commitment to quality through our actions and behaviours.
- Assign appropriate resources to engagements, including human resources, technological resources, and financial resources
- Develop appropriate intellectual resources, including creating alerts for engagement teams on circumstances that are giving rise to the need for professional judgment and professional scepticism and providing guidance for engagement teams in these circumstances.
- Manage the assignment of personnel to engagements, including ensuring they have adequate time to perform their work and fulfil their responsibilities.
- Make appropriate judgments about accepting and continuing engagements, such as considering whether the firm has appropriate resources to perform the engagement and whether the firm has the time to undertake the engagement given the firm's other commitments.
- Provide appropriate training.

Objective 21: Consultation on difficult or contentious matters is undertaken and the conclusions agreed are implemented. (ISQM1.31(d))

Policy 21.1: We encourage consultation among the engagement team and, for significant matters, with others inside and, with authorisation, outside the Firm. (ISQM1.A79)

Policy 21.2: We shall ensure the availability of sufficiently skilled personnel and financial and information resources to allow appropriate internal or external consultations to take place

Policy 21.3: A technical reference library is maintained to assist personnel in resolving practical problems. The managing partner is responsible for reviewing the library contents and making necessary additions to ensure that the library is up-to-date and includes material related to the clients served.

Policy 21.4: On individual engagements, the engagement partner:

- Accepts responsibility for the engagement team undertaking appropriate consultation on difficult or contentious matters, both within the engagement team and between the engagement team and others at the appropriate level within or outside our firm;
- Ensures that the nature and scope of, and conclusions resulting from, such consultations are documented and agreed with the party consulted; and
- Ensures that conclusions resulting from consultations have been implemented.

Policy 21.5: When internal consultation is sought and the issue is determined to be significant, the engagement team member shall document the consultation and the result, providing enough detail to allow file readers to understand the full extent of the issue and nature of the consultation, the external expert's qualifications and relevant competencies, the results/ decisions taken, and the course of action recommended.

Policy 21.6: An external expert shall be supplied with all relevant facts to be able to provide informed advice. When seeking advice, we shall not withhold facts or direct the information flow to get the desired

result. The external expert shall be independent of the client, free of conflict of interest, and held to a high standard of objectivity.

Policy 21.7: The external expert’s advice shall ordinarily be implemented as the resolution or form part of the resolution of the contentious issue. If the advice is not implemented or is substantially different from the conclusion, there shall be an explanation documenting the reasons and alternatives considered, with (or cross-referenced to) the consultation record provided by the engagement partner.

Policy 21.8: For all external consultations, privacy rights and client confidentiality requirements shall be observed. It may be necessary to seek legal advice on these or other issues regarding ethics, professional conduct, or regulatory or legal matters. Refer to Part 2 for more details.

Policy 21.9: The following may be issues where internal and/or external consultations may be required, depending on the professional judgement of the engagement team:

- A probable going concern issue;
- Suspected or discovered fraud or other irregularities;
- Questions about management’s integrity;
- The need to modify a report for the current year;
- A proposed restatement of prior-year financial statements;
- A significant third-party claim against the client or our firm;
- Significant, complex and/or new accounting treatment;
- A plan to list or otherwise acquire third party funding.

Responsible individual: Engagement Partner and team members

Supporting material:

- Annexure 4.3: Independence and confidentiality undertaking by a third party
- Annexure 7.1: Record of consultation
- Annexure 7.4: Written agreement for consultation purposes
- Engagement specific documentation

Objective 22: Differences of opinion within the engagement team, or between the engagement team and the engagement quality reviewer or individuals performing activities within the firm’s system of quality management are brought to the attention of the firm and resolved. (ISQM1.31(e))

Policy 22.1: Our policies and procedures are designed for dealing with and resolving differences of opinion within the engagement team, with those consulted and, where applicable, between the engagement partner and the engagement Quality Reviewer. These policies and procedures require that:

- Conclusions reached are documented and implemented; and
- The report only be dated once the matter is resolved.

- Policy 22.2:** Partners and staff shall take the necessary steps in accordance with our policies and professional standards, to adequately identify, consider, document, and resolve differences of opinion that may arise in a wide range of circumstances.
- Policy 22.3:** All partners and staff shall strive to be objective, conscientious, open-minded, and reasonable in assisting, facilitating, or reaching a timely and non-confrontational resolution of any disputes or differences of opinion between personnel.
- Policy 22.4:** Anyone who is a party to a dispute or difference of opinion shall attempt to resolve the matter in a timely, professional, respectful, and courteous manner through discussion, research, and consultation with the other individual(s).
- Policy 22.5:** If the matter cannot be resolved or there is uncertainty over what action shall be taken, the parties shall refer the matter to a more senior engagement team member or the engagement partner.
- Policy 22.6:** If the issue involves a specific area of professional oversight or practice administration within our firm, it shall be referred to the managing partner by the engagement partner. The managing partner will consider the matter promptly and decide, through consultation with the parties, how to resolve the matter. The managing partner shall then inform the parties of the decision and the reasons behind it.
- Policy 22.7:** If a dispute or difference of opinion remains, or one or more of the individuals involved is not satisfied with the decision(s), the individual(s) shall consider whether the matter is enough of a quality concern or may be of sufficient impact to warrant referring it directly to the managing partner.
- Policy 22.8:** All partners and staff shall be protected from any form of retribution, career limitation, or punitive actions for bringing attention to a legitimate and significant issue, in good faith and with the true interests of the public, client, our firm, or co-worker in mind.
- Policy 22.9:** Disputes or differences of opinion shall be documented in the same way as consultations for any matter involving an engagement. In all instances, the engagement report will not be dated until the matter is resolved.
- Policy 22.10:** Should any differences of opinion give rise to conflict in the firm or personnel avoid raising these differences out of fear of reprisal our firm may determine it appropriate to make use of a service provider for the purposes of receiving and resolving differences of opinion.

Responsible individual: Managing partner, engagement Partner and team members

Supporting material:

- Technical reference library
- Annexure 4.3: Independence and confidentiality undertaking by a third party
- Annexure 7.5: Reporting a complaint
- Annexure 7.6: Resolving a difference in opinion

- Objective 23:** Engagement documentation is assembled on a timely basis after the date of the engagement report, and is appropriately maintained and retained to meet the needs of the firm and comply with law, regulation, relevant ethical requirements, or professional standards. (ISQM1.31(f))
- Policy 23.1:** Our engagement working papers shall be kept for five years after the date of our report. This includes our working papers and other documents that contain conclusions, analyses and financial data. (ISQM1.A85)
- Policy 23.2:** The minimum retention period for a former client working papers and files shall be 5 years from the date of the engagement report, however information on tax services may be kept for a longer period. (ISQM1.A85)
- Policy 23.3:** An accessible, permanent record of all files stored off-site will be maintained, and each storage container will be appropriately labelled for easy identification and retrieval. The managing partner approves any destruction of files and keeps permanent records of all materials destroyed.
- Policy 23.4:** For other types of reports, the retention periods as prescribed in the SAICA guide will be followed.
- Policy 23.5:** Our electronic record-keeping system is designed to provide adequate precautions against loss of records as a result of damage to, or failure of, the media on which the records are kept, and ensures that the records are at all times capable of being retrieved to a readable and printable form, including by converting the records from obsolete systems to later systems, storage media, or software, to the extent necessary from time to time.
- Policy 23.6:** All electronic files are backed up to our network. Offsite storage is also used for these backups.
- Policy 23.7:** All engagement documentation is kept in a fireproof strong room, to which access is restricted to authorised personnel only.
- Policy 23.8:** All engagement working papers, reports, and other documents prepared by us, including client prepared worksheets, are confidential and shall be protected from unauthorised access.
- Policy 23.9:** An engagement partner or the managing partner must approve all external requests to review working papers and any release of the documents will not be completed until this approval is obtained.
- Policy 23.10:** The engagement working papers shall not be made available to third parties unless:
- The client has authorised the disclosure in writing;
 - There is a professional duty to disclose the information;
 - To comply with the quality review of a professional body;
 - To respond to an inquiry or investigation by a professional or regulatory body;
 - To protect our professional interests in legal proceedings; or
 - To comply with technical and professional standards, including ethical requirements. (114.1 A1)

- Disclosure is required by a legal, ethical or judicial process; or
 - Production of documents or other provision of evidence in the course of legal proceedings;
 - Disclosure to the appropriate public authorities of infringements of the law that come to light;
- Disclosure is required by law or regulation.

Policy 23.11: In deciding whether to disclose confidential information, factors to consider include:

- Whether the interests of any parties, including third parties whose interests might be affected, could be harmed if the client consents to the disclosure of information.
- Whether all the relevant information is known and substantiated. Factors affecting the decision to disclose include:
 - Unsubstantiated facts.
 - Incomplete information.
 - Unsubstantiated conclusions.
- The proposed type of communication, and to whom it is addressed.
- Whether the parties to whom the communication is addressed are appropriate recipients. (114.1 A2)

Policy 23.12: For all requests made, we shall not contract to provide access to engagement working papers. Should we be presented with a subpoena or other similar legal instrument (this will include a request under the Promotion of Access to Information Act, 2000) demanding access to specific engagement working papers, the following should occur:

- Obtain legal advice;
- Inform the client; and
- Restrict access in terms of the request or subpoena.

Policy 23.13: We manage our risk of establishing a duty of care to third parties by obtaining a signed acknowledgement letter from the third party.

Policy 23.14: In the event the engagement working papers are subpoenaed, our firm and legal counsel, if retained, should be immediately notified. Once subject to subpoena, the engagement working papers must be produced intact and may not be changed. When engagement working papers are subpoenaed, the engagement working papers shall be photocopied or scanned before we release them from our possession or other appropriate action must be taken as directed by legal counsel.

Policy 23.15: The original engagement working papers may not be altered in any way. Working papers or other information may not be added, discarded, or changed on the original engagement working papers. Any additions or other changes to the original engagement working papers must be

- Approved by the engagement partner;
- Made on a photocopy of the original working paper; and

- Filed in a clearly labelled supplemental file, which may be part of our submission in response to the subpoena.

Part 6: Communication of the quality Management System

Objective 24: The information system identifies, captures, processes and maintains relevant and reliable information that supports the system of quality management, whether from internal or external sources. (ISQM1.33(a))

Policy 24.1: This system of Quality Management has been created and will be maintained based on open, honest and regular discussions within the firm and feedback from external sources such as clients and regulatory bodies. All personnel must communicate any quality deficiencies or other matters to the quality partner as and when they become known.

Policy 24.2: A copy of this Quality Management and Ethics Manual is kept on the Server and is accessible to all staff members.

Policy 24.3: Communication within the firm is facilitated through an open door policy.

Objective 25: The culture of the firm recognizes and reinforces the responsibility of personnel to exchange information with the firm and with one another. (ISQM1.33(b))

Policy 25.1: The importance of quality and all elements of quality management is communicated to all personnel at various stages. Personnel are required to sign a declaration that they have access to the manual, have read it, and understands the policies and procedures and their responsibilities. This process is followed:

Communication avenues	Yes/No
When joining the firm	Yes
During training sessions	Yes
In annual declarations	Yes
During the supervision and review of engagements	Yes
Whenever there are significant changes to these policies or procedures	Yes
[Insert additional item or delete the line]	Choose an item.

Policy 25.2: Regularly scheduled staff meetings are held, where the partners remind both the other partners and the staff to adhere to the quality management policies and procedures, and to utilise the tools available to assist engagement teams with these requirements. Comments and suggestions are welcomed and considered at these sessions.

Policy 25.3: The Firm organises bi-annual staff meetings with all professional staff. This accords management the opportunity to disseminate and discuss matters such as:

Discussion points	Yes/No
The responsibility for implementing the firm’s responses to personnel and engagement teams (ISQM1.A112)	Yes
The Firm’s recent achievements and performance;	Yes
Plans for the year ahead	Yes
Upcoming new/revised accounting standards	Yes
Changes and updates to the Firm’s Quality Management System (ISQM1.A112)	Yes
Recurring review findings raised by the engagement partner, as well as review findings of regulatory bodies	Yes
Disciplinary findings regarding noted breaches of the Quality Management System	Yes
Updates to the Codes of Professional Conduct and Ethics and other ethical requirements	Yes
List any other discussion points or delete the row	Choose an item.

Matters discussed at these staff meetings shall be duly documented for future reference.

Policy 25.4: Other avenues of communication shall include:

Communication avenues	Yes/No
Quality Control and Ethics training	Yes
Staff training courses and professional development updates	Yes
Mentoring programs where more experienced staff coach junior staff	Yes
On-the-job training with regards to specific engagements	Yes
Consultations with engagement partners concerning quality management issues for specific engagements	Yes

Performance appraisals of which compliance with quality control policies and procedures are an important element	Yes
Recognition of personnel for quality service	Yes
Feedback from quality control reviews	Yes
List any other communication avenues or delete the row	Choose an item.

Objective 26: Relevant and reliable information is exchanged throughout the firm and with engagement teams, including:

- Information is communicated to personnel and engagement teams, and the nature, timing and extent of the information is sufficient to enable them to understand and carry out their responsibilities relating to performing activities within the system of quality management or engagements; and
- Personnel and engagement teams communicate information to the firm when performing activities within the system of quality management or engagements. (ISQM1.33(c))

Policy 26.1: We shall communicate the Firm’s Quality Management System to all staff, with the message that each staff member is individually responsible for upholding quality within the Firm.

Objective 27: Relevant and reliable information is communicated to external parties, including:

- Information is communicated by the firm to or within the firm’s network or to service providers, if any, enabling the network or service providers to fulfill their responsibilities relating to the network requirements or network services or resources provided by them; and
- Information is communicated externally when required by law, regulation or professional standards, or to support external parties’ understanding of the system of quality management. (ISQM1.33(d))

Responsible person: All Personnel

Supporting material:

- Annexure 1.1: Declaration by staff members
- Annexure 3.5: Staff meetings held
- Annexure 3.6: SOQM Training sessions conducted
- Upward reviews

Part 7: Monitoring, Remediation and Evaluation of the System of Quality management

Part 7.1: Monitoring and Remediation Process

It is the responsibility of the Monitoring Partner to ensure that this process takes place. Our monitoring process consists of the following steps:

- Performing monitoring activities
- Documenting the outcomes of these monitoring activities
- Identifying deficiencies in our system of quality management based on the outcomes of monitoring activities
- Evaluating these deficiencies and performing root cause analyses
- Identifying and implementing remedial actions based on the root cause analyses

Monitoring activities will include the following:

- Reviews performed by regulatory bodies on engagement files
- Communication from regulatory authority for example LPC/EAAB feedback
- Inspection of ongoing Engagement files - ongoing basis
- Inspection of completed engagement files - Compulsory
- Engagement partner review of engagement files
- Internal Partner reviews
- Performance reviews
- Upward reviews/employee questionnaire
- Internal communications process
- Complaints from clients
- Quality management Checklist
- Evaluating reports, conclusions and information provided by service providers; (ISQM1.A148)
- Peer reviews
- Evaluating media of other failures
- Evaluate changes in circumstances to identify if the SOQM addressed the new circumstances
- Compare last year's identified deficiencies with this year - did the remedial action of last year work?
- Personnel reviews of managers, partners and other management
- Evaluating the outcome of previous monitoring and remediation processes – was the response to the deficiencies appropriate?

Timing of monitoring activities

Our monitoring activities include an ongoing consideration and evaluation of our system of quality management. (ISQM1.A139)

Monitoring activities are identified as routine (ongoing) or periodic. Please refer to Annexure 8.1: Monitoring activities.

Identifying and Evaluating Deficiencies

The monitoring partner will be responsible for accumulating findings from the performance of monitoring activities, external inspections and other relevant sources. (ISQM1. A157)

These findings shall be evaluated to determine whether deficiencies exist. (ISQM1.40)

The severity and pervasiveness of each identified deficiencies shall be evaluated by:

- Investigating the root causes of the identified deficiencies.
- Evaluating the effect of the identified deficiencies, individually and in aggregate, on the system of quality management. (ISQM1.41)

Responding to Identified Deficiencies

We shall design and implement remedial actions to address identified deficiencies that are responsive to the results of the root cause analysis. (ISQM1.42)

The monitoring partner shall evaluate whether the remedial actions:

- Are appropriately designed to address the identified deficiencies and their related root causes and determine that they have been implemented; and
- Implemented to address previously identified deficiencies are effective. (ISQM1.43)

If the evaluation indicates that the remedial actions are not appropriately designed and implemented or are not effective, CEO shall take appropriate action to determine that the remedial actions are appropriately modified such that they are effective. (ISQM1.44)

Communicating monitoring activities

CEO shall communicate on an Annual basis to the individual assigned ultimate responsibility and accountability for the system of quality management and the individual assigned operational responsibility for the system of quality management:

- A description of the monitoring activities performed;
- The identified deficiencies, including the severity and pervasiveness of such deficiencies; and
- The remedial actions to address the identified deficiencies. (ISQM1.46)

CEO shall also communicate the identified deficiencies to engagement teams and other individuals assigned activities within the system of quality management to enable them to take prompt and appropriate action in line with their responsibilities. (ISQM1.47)

Findings about a Particular Engagement

We shall respond to circumstances when findings indicate that there is an engagement for which procedures required were omitted during the performance of the engagement or the report issued may be inappropriate. Our response shall include:

- Consulting with appropriate individuals regarding the appropriate action.
- Discussing the matter with the management of the entity or those charged with governance.
- Performing the omitted procedures.
- Considering whether to obtain legal advice. (ISQM1.45 & A173)

The engagement partner shall:

- Obtain an understanding of the information from the monitoring and remediation process, as communicated by the firm;
- Determine the relevance and effect of the information on the engagement and take appropriate action; and

Non-compliance with the System of Quality Management

We shall investigate and resolve any complaints and allegations received about failures to perform work in accordance with professional standards and applicable legal and regulatory requirements, or non-compliance with policies or procedures. (ISQM1. 34 (c))

Non-compliance with our Quality Management System is a serious matter, particularly if staff members have willfully refused to comply with the system.

We shall address wilful non-compliance transparently and rigorously. Wilful non-compliance shall be addressed in several ways, including instituting a plan to improve performance, performance reviews and reconsideration of opportunities for promotion and increased compensation, and ultimately termination of employment.

Structural flaws indicated by deficiencies may require changes to the Quality Management System. The CEO shall ensure that these changes are made.

We shall carefully consider significant deficiencies and follow professional standards, regulatory and legal requirements if it appears that we have issued an inappropriate engagement report or that the engagement report's subject matter contained a misstatement or inaccuracy. In such circumstances, we shall consider obtaining legal advice.

In some circumstances, it may be necessary to impose a temporary oversight regime for partners and staff who have difficulty complying with the Quality Management System. This may include requiring a review of the work performed by another partner or having the managing partner assess the work before the release of the engagement report.

Alternatively, we may restrict the type of work performed, for example, by restricting involvement in engagements of large entities, on either a temporary or a permanent basis.

Responsible person: Monitoring

Supporting material:

- Annexure 8.1: Monitoring activities.
- Annexure 8.2: Monitoring findings report.
- Annexure 8.3: Monitoring review follow up schedule.
- Annexure 8.4: Quality management checklist.

Part 7.2: Annual evaluation of the Quality Management System

It is the responsibility of the Managing Partner to evaluate the system of quality management annually. (ISQM1.53)

The annual evaluation shall be undertaken to coincide with the fiscal year-end of the firm or the completion of an annual monitoring cycle. (ISQM1.A188)

In evaluating the system of quality management, the managing partner shall communicate with the monitoring partner, evaluate the monitoring outcomes, consider the effect of deficiencies on the achievement of the quality objectives, and evaluate the remedial action sput in place.

We will conclude on the system of quality management on document: Annexure 3.8 Final conclusion on evaluation of SOQM

Responsible person: Monitoring partner and Managing partner

Supporting material:

- Annexure 8.1: Monitoring activities.
- Annexure 8.2: Monitoring findings report.
- Annexure 8.3: Monitoring review follow up schedule.
- Annexure 8.4: Quality management checklist.
- Annexure 3.8 Final conclusion on evaluation of SOQM