

# Quality Control Manual

## Good Practice Policies & Procedures

### With Respect To ISQC-1

Issued on August 01, 2025, Effective from July 01, 2023



AUTHORIZED  
TRAINING  
EMPLOYER



**SHAHID AHMAD & CO**  
CHARTERED ACCOUNTANTS



**IFC**  
International  
Finance  
Corporation  
WORLD BANK GROUP

*Member Firm Of*  
**INTEGRA<sup>®</sup> INTERNATIONAL<sup>®</sup>**  
*Your Global Advantage*  
[www.integra-international.net](http://www.integra-international.net)



## CONTENTS

Serial	Description	Page
0	Forewords	00
1	Vision, Mission & Values	02
2	Definitions	03
3	Introduction, Objectives and Effective date of QCM	05
4	Objective of the System of Quality Controls	07
5	Applying and Complying with Relevant Requirements	08
6	Firm's Policy on Quality Controls	09
7	Elements of a System of Quality Controls	11
8	Policies and Procedures for Leadership Responsibilities	12
9	Policies & Procedures for Ethical Requirements	13
10	Policies & Procedures for Acceptance and Continuance of Client Relationships & Specific Engagements	19
11	Policies & Procedures for Human Resources	21
12	Policies and Procedures for Appointment and Eligibility of Engagement Quality Control Reviewers	28
13	Policies & Procedures for Engagement Performance	30
13	Policies & Procedures for Monitoring & Evaluation	37
14	Documentation of System of Quality Control	42
15	Complaints & Allegations	44
16	Implementation Strategy	46
17	Adoption of ICAP ISQC-1 Implementation Guide	49
18	Annexures	52-78



## **FOREWORDS**

Shahid Ahmad & Co., Chartered Accountants (SACO), a member firm of INTEGRA INTERNATIONAL, is registered with the Institute of Chartered Accountants of Pakistan (ICAP). Established in 1991, the firm has been led by its partners with a commitment to excellence, drawing around three decades of extensive professional experience to deliver quality services to its clients.

The partners of the firm recognize that the International Auditing and Assurance Standards Board (IAASB) has issued standards relating to firm-level and engagement-level quality management; namely ISQC 1 and ISA 220 (and, subsequently, the suite of Quality Management Standards). ISQC 1 (Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements) applies to firms of professional accountants in respect of audits, reviews of financial statements and other assurance/related services engagements. It therefore also applies to non-audit engagements such as reviews of prospective financial information and engagements to perform agreed-upon procedures. ISA 220 (Quality Control / Quality Management for an Audit of Financial Statements) is specific to audit engagements and contains requirements that should be adhered to in the performance of any audit.

ICAP adopted ISQC 1 with effect from 1 July 2016. The Quality Assurance Board (QAB) reports and related guidance emphasized that there is no “one-size-fits-all” approach, and accordingly practicing members were encouraged to design policies and procedures that are proportionate to the nature and circumstances of their firm and engagements.

Further, ICAP has adopted IAASB’s Quality Management Standards suite—ISQM 1, ISQM 2, and ISA 220 (Revised)—through Circular No. 06/2022. Under these standards, ISQC 1 is superseded by ISQM 1, reflecting a shift from a policies-and-procedures “quality control” approach to a risk-based system of quality management, requiring the firm to establish quality objectives, identify and assess quality risks, design and implement responses, perform monitoring and remediation, and evaluate the system on an ongoing basis.

In line with ICAP’s approved implementation approach, the effective dates are phased: 15 December 2023 for firms performing audits of Public Interest Companies (PICs) and 15 December 2024 for firms performing audits of entities other than PICs. In addition, ICAP has communicated a mandatory effective date of 1 July 2026 for SMCs, while encouraging earlier adoption. Accordingly, while this manual has historically been developed with reference to ISQC 1, the Firm is aligning its policies, procedures, templates, and documentation with the ISQM framework and ICAP’s implementation guidance, including relevant toolkits and workshops issued by ICAP from time to time.



Accordingly, this document has been updated to maintain compliance with applicable ICAP requirements during the transition and to facilitate full implementation of the Quality Management Standards within the Firm. It also incorporates improvements recommended through the Audit Practice Review and Support Program (APRSP) and additional guidelines on quality management systems within the INTEGRA INTERNATIONAL network ([www.integra-international.net](http://www.integra-international.net)).

It is important to emphasize that all partners, qualified assistants, and the teams involved in assurance engagements have thoroughly read and comprehended the contents of this Quality Control / Quality Management Manual (QCM). Furthermore, they have endorsed and signed the requisite 'Understanding Schedule' to affirm their acknowledgement of this statement. The Firm is committed to maintaining a strong culture of quality, continuous improvement, and robust compliance with professional standards and ICAP's quality assurance expectations.

**M. A. SHAHID**

FPFA., FAIA., FCA  
Managing Partner

Peshawar, the 1<sup>st</sup> day of August, 2025

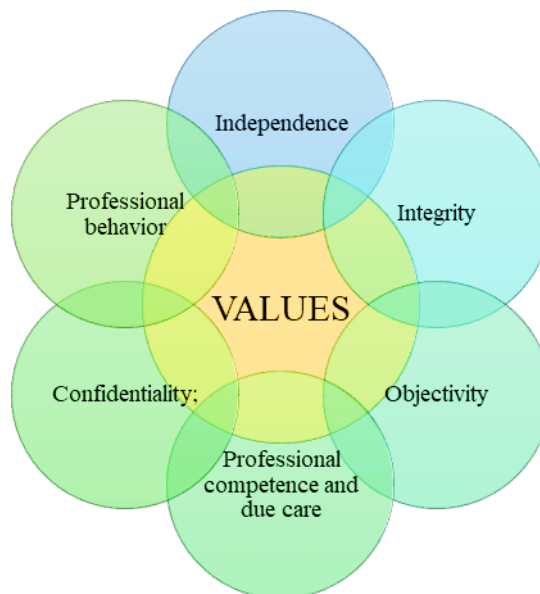


## VISION, MISSION & VALUES

We aim to lead the accounting profession by delivering unparalleled excellence that empowers our clients to make informed, strategic business decisions. Our commitment extends to upholding a robust, internationally benchmarked quality control and management system. This system encompasses all aspects of our practice—cultivating leadership, upholding the highest ethical standards, nurturing client relationships, managing human resources, ensuring superior engagement performance, and continuously monitoring and improving our practices to drive value and integrity in everything we do.

Our mission is to strive for a place among Pakistan's top ten accounting firms by providing a comprehensive, timely, and valued range of services that empower clients to make optimal business decisions. We are dedicated to developing and sustaining rigorous quality control systems, managed with professionalism and integrity. Leveraging cutting-edge IT resources, we ensure each assignment is executed, monitored, and evaluated in alignment with the quality standards set by ICAP and other regulatory bodies, showcasing our expertise and commitment to excellence.

To deliver high-quality assurance services that protect our clients' interests while strictly upholding the code of professional ethics. Our commitment is reinforced by the following core values and principles.





## DEFINITIONS

In this manual, the following terms have the meanings attributed below:

- i. **Date of report** - The date selected by the engagement partner to date the report.
- ii. **Engagement documentation** - The record of work performed, results obtained, and conclusions the practitioner reached (terms such as "working papers" or "work-papers" are sometimes used).
- iii. **Engagement partner** - The partner or other person in the firm who is responsible for the engagement and its performance, and for the report that is issued on behalf of the firm, and who, where required, has the appropriate authority from a professional, legal or regulatory body.
- iv. **Engagement quality control review** - A process designed to provide an objective evaluation, on or before the date of the report, of the significant judgments the engagement team made and the conclusions it reached in formulating the report. The engagement quality control review process is for audits of financial statements of listed entities, and those other engagements, if any, for which the firm has determined an engagement quality control review, is required.
- v. **Engagement quality control reviewer** - A partner, other person in the firm, suitably qualified external person, or a team made up of such individuals, none of whom is part of the engagement team, with sufficient and appropriate experience and authority to objectively evaluate the significant judgments the engagement team made and the conclusions it reached in formulating the report.
- vi. **Engagement team** - All partners and staff performing the engagement, and any individuals engaged by the firm or a network firm who perform procedures on the engagement. This excludes external experts engaged by the firm or a network firm.
- vii. **Firm** – Means ..... Shahid Ahmad & Co., Chartered Accountants (SACO).
- viii. **Steering Committee** – means a 'managing' or 'directing' committee comprising of steering partners specifically to denote 'committee' that determines order in which the business of the firm will be taken in hand and/or quality management will be maintained across the network offices of the firm.
- ix. **Inspection** - In relation to completed engagements, procedures designed to provide evidence of compliance by engagement teams with the firm's quality control policies and procedures.
- x. **Listed entity** - An entity whose shares, stock or debt are quoted or listed on a recognized stock exchange, or are marketed under the regulations of a recognized stock exchange or other equivalent body.
- xi. **Monitoring** - A process comprising an ongoing consideration and evaluation of the firm's system of quality control, including a periodic inspection of a selection of completed engagements, designed to provide the firm with reasonable assurance that its system of quality control is operating effectively.
- xii. **Network firm** - A firm or entity that belongs to a network.



- xiii. **Network** - A larger structure:
- That is aimed at cooperation, and
  - That is clearly aimed at profit or cost-sharing or shares common ownership, control or management, common quality control policies and procedures, common business strategy, the use of a common brand name, or a significant part of professional resources.
- xiv. **Partner** - Any individual with authority to bind the firm with respect to the performance of a professional services engagement.
- xv. **Personnel** - Partners and staff, employed by the firm and /or any other firm registered with ICAP through the same partners with authority to represent & practice in two firms simultaneously.
- xvi. **Professional standards** - IAASB Engagement Standards, as defined in the IAASB's *Preface to the International Standards on Quality Control, Auditing, Review, Other Assurance and Related Services*, and relevant ethical requirements.
- xvii. **Reasonable assurance** - In the context of this ISQC, a high, but not absolute, level of assurance.
- xviii. **Relevant ethical requirements** - Ethical requirements to which the engagement team and engagement quality control reviewer are subject, which ordinarily comprise Parts A and B of the International Federation of Accountants' *Code of Ethics for Professional Accountants* (IFAC Code) together with requirements of the Companies Act, 2017 and Code of Corporate Governance.
- xix. **Staff** - Professionals, other than partners, including any experts, when need arise, the firm, employs or borrow from another CA firm registered with ICAP through same partners with authority to represent & practice in two firms simultaneously.
- xx. **Suitably qualified external person** - An individual outside the firm with the competence and capabilities to act as an engagement partner, when need arise, for example a partner of another firm, or an employee (with appropriate experience) of either a professional accountancy body whose members may perform audits and reviews of historical financial information, or other assurance or related services engagements, or of an organization that provides relevant quality control services.

Note: This document, originally issued on December 15, 2023, is amended and issued on August 01, 2025, but shall be deemed effective from July 01, 2023. This effective date has been established to ensure compliance with ISQC-1 for the audit of financial statements for the year ending June 30, 2024 onwards. The decision to set July 01, 2023, as the effective date was made in light of advises received from the Director/Head of APRSP, ICAP, Lahore.



## **INTRODUCTION, OBJECTIVES & EFFECTIVE DATE OF QCM**

### **i. Scope**

- This International Standard on Quality Control–1 (**ISQC-1**) Manual (*herein after referred as firm's manual or 'quality control manual -QCM'*) deals with Shahid Ahmad & Co., Chartered Accountants' (*hereinafter referred to as 'firm' or any or all the offices of the firm*) responsibilities for system of quality control for audits and reviews of financial statements, and other assurance and related services engagements.
- Other pronouncements of the International Auditing and Assurance Standards Board (IAASB) set out additional standards and guidance on responsibilities of firm's personnel regarding quality control procedures for specific types of engagements. ISA- 220 for example, deals with quality control procedures for audits of financial statements are also applicable & covered in this manual.
- A system of quality control consists of policies designed to achieve the objective set out in paragraph 10 and the procedures necessary to implement and monitor compliance with those policies.

### **ii. Authority of this Manual**

- QCM applies to or in respect of audits and reviews of financial statements, and other assurance and related services engagements. The nature and extent of the policies and procedures developed by the firm to comply with this manual are devised considering the size and operating characteristics of the firm.
- The firm's manual contains the objective of the firm for following the ISQC, and requirements designed to enable the firm to meet that stated objective. In addition, it contains related guidance in the form of application and other explanatory material, as discussed further in paragraph 7 , and introductory material that provides context relevant to a proper understanding of the manual, and definitions.
- The objective provides the context in which the requirements of firm's manual are set, and is intended to assist the firm in: -
  - Understanding what needs to be accomplished; and
  - Deciding whether more needs to be done to achieve the objective.
- Where necessary, the application and other explanatory material provide further explanation of the requirements and guidance for carrying them out.





In particular, it may:

- Explain precisely what a requirement means, or is intended to cover; and
- Include examples of policies & procedures that may be appropriate in the circumstances.
- While such guidance does not in itself impose a requirement, it is relevant to the proper application of the requirements. The application and other explanatory material may also provide background information on matters addressed in this manual. Where appropriate, additional considerations specific to public sector audit organizations or smaller firms are included within the application and other explanatory material. These additional considerations assist in the application of the requirements in this manual.
- This manual includes, under the heading “Definitions,” a description of the meanings attributed to certain terms for purposes of this manual. These are provided to assist in the consistent application and interpretation of this manual, and are not intended to override definitions that may be established for other purposes, whether in law, regulation or otherwise.

### **iii. Effectiveness & Effective Date**

The system of quality control in compliance with ISQC-1 has been implemented for financial years ending on or after June 30, 2016.

This manual was last updated on August 01, 2025, after receipt of final report from Audit Practice Review and Support Program, ICAP, Lahore, but is deemed effective from July 01, 2023, for all future periods, unless amended or replaced by QM Standards (ISQM-1 and ISQM-2). These standards are intended to be effective for audits of the fiscal year 2024-2025 onwards. Any directives issued by ICAP, SECP, SBP, or AOB shall be considered an integral part of the Quality Control Manual (QCM) and ISQC-1, as adopted and implemented by the firm.



## **OBJECTIVE OF SYSTEM OF QUALITY CONTROL**

The objective of the firm is to establish and maintain a system of quality control to provide it with reasonable assurance that:

- i. The firm and its personnel comply with professional standards and applicable legal and regulatory requirements; *and*
- ii. The reports issued by the firm or engagement partners from any or all the offices of the firm are appropriate in the circumstances.

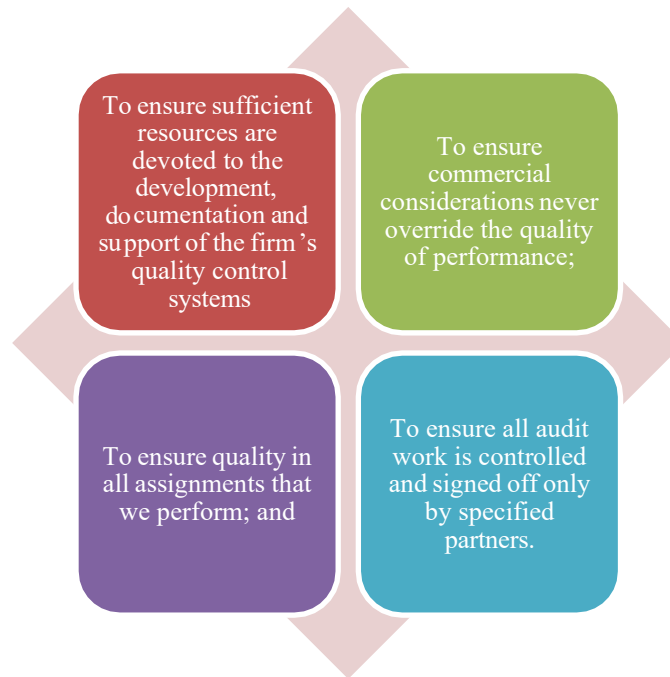


## **APPLYING AND COMPLYING WITH RELEVANT REQUIREMENTS**

- i. It is responsibility of all partners who are not part of engagement team for establishing and maintaining the firm's system of quality control for whom firm believe that these have an understanding of the entire text of this ISQC-1, including its application and other explanatory material, to understand its objective and to apply its requirements properly.
- ii. Shahid Ahmad & Co., shall comply with each requirement of ISQC unless in the circumstances of the firm, the requirement is not relevant to the services provided in respect of audits and reviews of financial statements, and other assurance and related service engagements.
- iii. The requirements are designed to enable the firm to achieve the objective stated in this manual. The proper application of the requirements is therefore expected to provide a sufficient basis for the achievement of the objective. However, because circumstances vary widely and all such circumstances cannot be anticipated, the firm consider whether there are particular matters or circumstances that require the firm to establish policies and procedures in addition to those required by this manual to meet the stated objective.

## FIRM'S POLICY ON QUALITY CONTROL

- i. The firm is committed to following requirements of ISQC 1 and promoting a culture of quality throughout the organization. The policy in this regard is:



ii. **Standing details**

Person in charge of compliance

Role of the Person in charge of compliance within the firm will be of all partners not part of engagement team because:

- They have sufficient knowledge of requirements of International Standard on Quality Control.
- They have sufficient knowledge of accounting and auditing procedures;
- They are acquainted with business processes and business practices;



**iii. Persons eligible to sign off audit reports**

Only the partners of the firm for the time being as per the partnership agreement are eligible to sign off audit reports issued by the firm.

**iv. Ethics Person**

The role of the Ethics Person within firm has been assigned to Mr. Muhammad Ahmad Shahid, FCA who is the lifetime Managing Partner of the firm besides being representing International Contact Partner to deal with Integra International as & when required as Head Office of the firm. Nonetheless, each office of the firm can entrust, subject to approval of the steering committee/ managing partner, to designate a member or partner in respective network/branch offices of the firm.

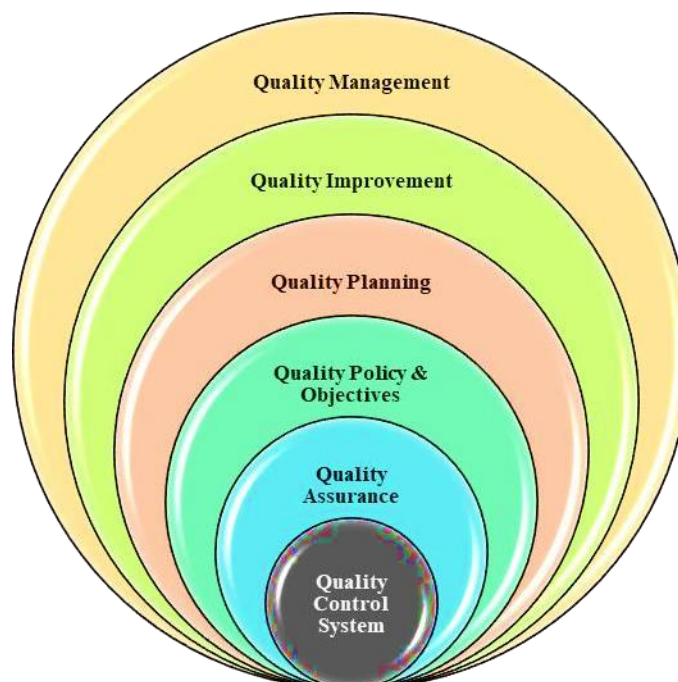
This person has been chosen to fulfil this role in view of the following:

- He has sufficient knowledge of ethical principles applicable to the assurance engagements;
- He is able to identify threats to independence and apply relevant safeguards to reduce the threats.
- He has conducted orientations of engagement team members so that they could understand the ethical principles of independence, integrity, objectivity, confidentiality, professional competence and due care and professional behavior.
- He can evaluate the client acceptance and maintenance procedures.



## ELEMENTS OF A SYSTEM OF QUALITY CONTROL

- i. The firm has established and maintained a system of quality control that includes policies and procedures that address each of the following elements: -
  - *Leadership responsibilities for quality within the firm.*
  - *Relevant ethical requirements.*
  - *Acceptance and continuance of client relationships and specific engagements.*
  - *Human resources.*
  - *Engagement performance.*
  - *Monitoring.*
  
- ii. SACO believes in documenting quality control systems based on effective planning by focusing objectives behind the same and targeting constant improvements and management thereof through well dedicated team of professionals employed across the offices network. Consequently, the firm has documented its policies and procedures and communicated these to the firm's personnel along with the related objective and message for their personal responsibility. Further, as a matter of the firm's quality control policy, it encourages personnel to communicate their views or concerns on quality control matters recognizes the importance of obtaining feedback on quality control system.





## **POLICIES & PROCEDURES FOR LEADERSHIP RESPONSIBILITIES**

### **i. Policy**

It is the policy of the firm to assign the leadership responsibility to the persons who can bind all the staff and are responsible persons with sufficient experience, skills and abilities to evaluate the proper functioning of quality control. The firm's Managing Board of Partners has the ultimate responsibility for audit quality at all times. They can delegate operational responsibility for this to a suitably qualified partner of the firm at their discretion.

### **ii. Procedures**

The firm has performed following procedures to demonstrate its commitment to the quality: -

- The leadership responsibility for quality within the firm is assigned to the firm's Governing Board of Partners/Steering committee constituted by the Board of Partners.
- Board of Partners is provided with the authority to delegate operational responsibility for this to a suitably qualified partner or other staff of the firm at their discretion.
- They gave operational responsibility for this particular function to one of the senior professional team members who will report to the Governing Board as and when required and at least on an annual basis.
- System of training seminars, meetings, formal dialogue and appraisal procedures for performance evaluation, compensation and promotion are in place to emphasize the culture that recognizes and reward high quality work.
- Firm has established its mission statement to demonstrate its commitment to quality which is prominently displayed on the website of the firm.
- The firm has assigned the operational responsibilities to its experienced staff as mentioned in earlier paragraphs. These staff have sufficient experience and abilities to enable the firm to develop maintain and implement related policies and procedures for quality. For this purpose, sufficient authority has also been given to such staff.



## POLICIES AND PROCEDURES FOR ETHICAL REQUIREMENTS

### POLICIES

IECnet believes in complying with professional code of ethics meant for the personnel engaged for professional services. The core principles adhered in this regard are as follows:

- *Independence;*
- *Integrity;*
- *Objectivity;*
- *Professional competence & due care;*
- *Confidentiality*
- *Professional behavior;*

#### Policies for independence

- All services provided to each client are identified and evaluated to ensure that they do not impair independence.
- Threats to independence will be regularly evaluated to identify the breaches and apply appropriate safeguards. The policy governs the following broad categories of threat to independence.
  - Self- interest;
  - Self- review;
  - Familiarity;
  - Advocacy; *and*
  - Intimidation.
- All potential independence threats must be notified promptly to the Audit Engagement Partner by all audit personnel.
- It is the responsibility of the Audit Engagement Partner to provide to the board of partners' information about the clients' engagements including scope of services to enable the firm to evaluate the overall impact and notify any breaches or potential problem areas to the person in charge of the compliance or Ethics Persons in charge, if any.
- It is the responsibility of personnel to intimate to the person in charge of the compliance or ethics person in charge any issue of independence that concern them and such in charge will communicate these to the board of partners who will communicate to the engagement partner and other concerned person for applying appropriate safeguards.



- SACO shall establish policies and procedures for the undermentioned requirements meant for independence:
  - Setting out criteria for determining the need for safeguards to reduce the familiarity threat to an acceptable level when using the same senior personnel on an assurance engagement over a long period of time; *and*
  - Requiring, for audits of the financial statements of listed companies, the rotation of the engagement partner and individuals responsible for engagement QCR, and, where applicable, others subject to rotation requirements after a specified period in compliance with relevant ethical requirements.

### **Policy for Integrity**

Firm and its personnel will be straight forward and honest in all professional & business relationships.

### **Policy for objectivity**

Firm and its personnel will not allow bias, conflict of interest or undue influence of others to override professional or business judgments.

### **Policy for Professional competence and due care**

- It is duty of firm and its personnel to maintain professional knowledge and skill at the level required to ensure that a client or employer receives competent professional service based on current developments in practice, legislation and techniques.
- Engagement partner shall act diligently and in accordance with applicable technical and professional standards when providing professional services.

### **Policy for confidentiality**

Firm and its personnel will respect the confidentiality of information acquired as a result of professional and business relationships and should not disclose any such information to third parties without proper and specific authority unless there is a legal or professional right or duty to disclose. Information acquired as a result of professional and business relationship will not be used for the personal advantage of the firm, its personnel or third parties.

### **Policy for professional behavior**

Firm and its personnel will comply with applicable laws and regulations and not indulge in any act that discredits the profession.



## PROCEDURES

### Procedures for independence

- All members of staff and partners shall complete independence form before being assigned to the engagement confirming their independence and compliance with the firm's policies and procedures.
- All identified independence threats must be included in the independence register and details of all public interest clients will be identified in the independence register.

The independence register provides following information in columnar form, only whichever is applicable: -

- Name of engagement partner;
- Length of engagement partner;
- Break up of services;
- Identified or suspected threats to independence;
- Business relationship with the client;
- Loan and/or guarantees to or from clients;
- Family relationships between engagement partner or any other senior level employees of the firm and assurance client;
- Detail of previous employment with assurance client of engagement partner;
- Serving as an officer, director on the Board of assurance client.
- Non assurance services to assurance client that may include:
  - *Preparing accounting records and financial statements;*
  - *Valuation services;*
  - *Taxation services;*
  - *Internal auditing services;*
  - *IT system services;*
  - *Temporary staff assignments;*
  - *Litigation support services;*
  - *Legal services;*
  - *Recruiting senior management;*
  - *Corporate finance & similar activities.*





- The independence register will specify the safeguards or to conclude that threats could not be reduced and thus it is appropriate to withdraw from the engagement or to rotate the engagement partner or senior personnel.
- Independence forms and register shall be properly reviewed by the compliance or ethics in charge.
- In case of association of engagement partner with the client for five years or above for audits other than of listed entity, the audit engagement partner will discuss the position with the compliance in charge and determine the appropriate action from the steps described below. This will be documented and approved before any work is undertaken on the audit.

**Ke following actions could be taken:**

- For listed entities, engagement partner must be rotated every five years to comply with the provisions of the Code of Corporate Governance.
- The audit engagement partner could stand down and the audit be taken over by another partner in the practice;
- Where there are no additional risk factors and person in charge of compliance is in agreement:
  - *Re client will be informed of about the risks resulting from the long association;*
  - *Re audit engagement partner will remain in place; and*
  - *Where any contentious or controversial issues arise during the course of the audit the audit engagement partner will request independent review by another chartered accountant whether within or outside the firm depending on circumstances.*
- Where there are additional risks but it is not appropriate to assign the audit to a different partner this should be documented on the file, agreed with the person in charge of compliance and the following actions will be taken:
  - *Client will be notified of the risks resulting from the long association; &*
  - *Re file will be subject to an independent review by a qualified individual not associated with the audit;*

The details of all audits where there is a long association will be recorded on the independence register and a sample will be included in the cold reviews undertaken as part of the annual compliance review.

- Firm will not accept the professional work where threat could not be reduced by applying the safeguards.



### **Procedures for integrity**

- Obtain representation from Client that information provided by them is not:
  - *Materially false or misleading;*
  - *Contains statement or information furnished recklessly; and*
  - *Omit or obscures information required to be included where such act lead to mislead the readers.*
- Modify his report to the client or refuse to perform the engagement, if there is risk that integrity will be impaired.

### **Procedures for objectivity**

- Engagement partner will discuss the level of fees charged with the those charged with governance;
- Fees charges shall commensurate with the volume of work;
- No benefits will be accepted other than professional charges.

### **Procedure for professional competence and due care.**

- Engagement team will be assigned to the client after considering their professional qualification and skills;
- Work of assistants will be subject to review by qualified staff;
- In house educational seminars will be arranged to develop the skills of staff.
- Staff will be bound to attend the seminars conducted by professional bodies to so that continued professional development will remain in place and clients could receive the best service.



### **Procedure for confidentiality**

- It will be placed in the notice board that confidentiality of information provided by third parties is moral duty of personnel including partners.
- All breaches of confidentiality will be noted by compliance in charge and punishment will be given to those who do not respect the related policy.
- Written authority of the client will be obtained before the disclosure of any confidential information.
- Legal advice will be obtained whenever disclosure is required by law, Institute.

### **Procedure for professional behavior**

- Firm's governing board of partners, compliance in charge and ethics in charge and person responsible for maintenance of quality control will always remain updated for laws and regulations and changes therein. This will be done through formal or informal dialogues among Partners, compliance in charge and ethics officer.
- Ethics in charge and compliance in charge will arrange discussions with the staff of the firm for discussion on applicable laws and regulations and evaluate the breaches and notify to the firm for identified breaches so that appropriate course of action could be taken.



## POLICIES & PROCEDURES FOR ACCEPTANCE AND CONTINUANCE OF CLIENT RELATIONSHIPS AND SPECIFIC ENGAGEMENTS

### POLICY

The firm will only accept or continue an assignment provided we have established that the client concerned does not lack integrity, that we are competent to perform the services required and that we can comply with ethical standards and the Code of Ethics for Chartered Accountants. Further, the firm will only undertake the assignment or continue relationship if has considered the integrity of the client, and does not have information that would lead it to conclude that the client lacks integrity in any manner.

### PROCEDURES

- The Audit Engagement Partner must complete the firm's client acceptance or reappointment documentation before the start of every assignment. The relevant section of the firm's standard audit procedures must be completed during the planning stage of the assignment.
- The Audit Engagement Partner must consider immediately any information which arises in respect of an assignment which could have had an impact on the decision to accept the appointment initially.

### POLICIES & PROCEDURES TOGETHER:

Under **ISQC-1, paragraph 28**, firms are required to establish policies and procedures related to the **Acceptance and Continuance of Client-relationships and specific engagements**. Specifically, paragraph 28 emphasizes that these policies and procedures should include considerations of:

#### a. Professional and Legal Responsibilities:

The firm must assess whether it has any professional or legal responsibilities in the given circumstances. This can include the requirement to **report certain matters** to the person or entity that appointed the firm, or in some cases, to **regulatory authorities**. The firm should be mindful of obligations to disclose any significant findings that impact the engagement, as well as any regulatory compliance requirements.

#### b. Possibility of Withdrawal:

The policies should also cover the **possibility of withdrawing from the engagement** or from both the engagement and the client relationship. If continuing the engagement poses risks to the firm's integrity, compliance, or professional standards, the firm should assess whether to terminate the engagement or client relationship in a manner that aligns with ethical and legal considerations. This includes documenting the rationale for withdrawal and adhering to appropriate procedures for ending the engagement.

ISQC-1, paragraph 28, therefore, underscores the importance of ongoing risk assessment and the ability to take action when a client or engagement no longer meets the firm's standards, particularly if compliance with ethical or legal responsibilities could be at risk. The goal of these requirements is to help firms maintain high standards of professional conduct, protect their reputation, and ensure that engagements are only continued when they meet all necessary ethical, professional, and legal requirements.







## **POLICIES AND PROCEDURES ON HUMAN RESOURCES**

### **POLICIES**

To improve the standard of quality within the firm, the firm has established its policies on following matters so that engagements could be performed in accordance with professional standards and applicable legal and regularly requirements and appropriate audit report could be issued;

<b>Recruitment</b>	<b>Competence</b>
<b>Performance evaluation</b>	<b>Career development</b>
<b>Capabilities for timely work</b>	<b>Promotion</b>
<b>Compensation</b>	<b>Estimation of personnel need</b>

### **HR POLICIES IN ALIGNMENT OF ISQC-1**

In alignment with ISQC-1, paragraphs 30 and 31, SACO, establishes Human Resources (HR) policies and procedures to ensure that the firm's personnel are capable of carrying out engagements competently and ethically. These policies focus on maintaining high standards of competence, ethical compliance, and capacity within the HR function, ensuring that personnel meet the necessary qualifications and receive appropriate support to fulfill their responsibilities.

### **POLICIES IN RELATION TO ISQC-1**

#### **(PARA 30)**

The firm assigned responsibility for each engagement to an engagement partner and has established policies and procedures requiring that:

- The identity and role of the engagement partner are communicated to key members of client management and those charged with governance;
- The EP (engagement partner) has the appropriate competence, capabilities, and authority to perform the role; and
- The responsibilities of the engagement partner are clearly defined and communicated to that partner. (ISQC1 para 30)



**(PARA 31)**

The firm established policies and procedures to assign appropriate personnel with the necessary competence, and capabilities to:

- Perform engagements in accordance with professional standards and regulatory and legal requirements; and
- Enable the firm or engagement partner (EP) to issue that are appropriate in the circumstances. (ISQC-1 para 31)

**Policy on recruitment**

The firm will recruit the individuals of integrity with capacities to develop the competence and capabilities necessary to perform the firm's work and who possess the appropriate characteristics to enable them to perform competently.

**Policy on performance evaluation, compensation and promotion**

The Firm will give due recognition and reward to the development and maintenance of competence and commitment to ethical principles.

**Policy on capabilities including time to perform engagements**

Capabilities of individuals will be maintained and developed through continuing professional development and individuals will be guided to follow reporting deadlines.

**Policy on competence**

Firm will recruit the individuals who are competent and have capacity to develop their competences

**Policy on career development**

The company will guide and help its staff in developing the career path.

**Policy on estimation of personnel needs**

Firm will recruit and assign sufficient personnel to that work could be done in effective way and reporting deadlines could be followed.



## PROCEDURES

### **Procedure for recruitment of audit trainees:**

The applicant will complete the recruitment Form and enclose Curriculum Vitae (C.V) with it. Following standards have been set for applying to the firm: -

- Passed CAF or referred in maximum two papers of CAF examination as conducted by the Institute of Chartered Accountants of Pakistan (ICAP).
- Students of Associate Certified Chartered Accountants (ACCA) or Institute of Cost and Management Accountants (ICMA) who have passed at least 9 papers of their exams, giving preference to qualified ACCA or finalist of ICMAP.
- Students from other Institutes will be considered depending on manpower requirements.
- Forms will be available from 1st day of April and October and could be submitted up to 10th of same months.
- Manager HR or officer nominated specifically by the partner in-charge of the respective office of the firm will short list the application form considering the aforesaid criteria and forward to the interviewers the
- short-listed application Forms.
- Interviews will be conducted by Senior Manager, Compliance In-charge or Ethics Officer depending on circumstances.
- Partner will approve the appointment by signing the application form or disapprove the appointment by writing his conclusion.
- Successful candidates will be informed by manager Human Resources up to end of month in which interviews will be held. Unsuccessful candidates could confirm their status by telephoning to the interviewer whether they are on waiting list or their application was refused.
- Successful students will furnish photo copies of their academic qualification after offering for review the original documents.
- On completion of two months' probationary period, ICAP students eligible for registration will apply for registration so that their training period could commence.



**Procedure for recruitment of supervisor:**

- Jobs will be advertised on the notice board of the ICAP, yahoo groups or when necessary, in the newspaper narrating the academic qualification required to perform the role which shall be CA finalist having passed at-least five papers of final examinations of ICAP or ACCA qualified with completion of prescribed training period from reputable audit firm. Qualification below the stated above will be considered depending on the experience.
- Recruitment will be conducted when vacancy arise due to increase in work volume or resign or termination of existing staff.
- Manager Human Resources will short list the application Form considering the aforesaid criteria and forward to the interviewers.
- Interviews will be conducted by Manager Audit, Compliance In charge or Ethics Officer depending on circumstances and short list the C.Vs for partner's consideration.
- Partner will conduct the final interview and approve the appointment by signing the C.V or may disapprove the appointment by writing his conclusion and notify to the manager Human Resources.
- Manager Human Resources will inform to the successful candidates immediately by the partner's approval. Unsuccessful candidates could confirm their status by telephoning to the interviewer whether they are on waiting list or their application was refused.
- Successful candidates will furnish photo copies of their academic qualification after offering for review the original documents.

**Procedure for recruitment of Managers:**

- Jobs will be advertised on the notice board of the ICAP, yahoo groups or when necessary, in the newspaper. Incumbent shall be Chartered Accountant from ICAP having five years of post-qualification experience out of which three years shall be in reputable practicing firm. Qualification below the stated above will be considered depending on the experience.
- Recruitment will be conducted when vacancy arise due to increase in work volume or resign or termination of existing staff.
- Manager Human Resources will short list the application Form considering the aforesaid criteria and forward to the interviewers.



- Interviews will be conducted by Board of Partners to whom such manager will report.
- Manager Human Resources will inform to the successful candidates immediately by the partner's approval. Unsuccessful candidates could confirm their status by telephoning to the Manager Human Resources whether they are on waiting list or their application was refused.
- Successful candidates will furnish photo copies of their academic qualification after offering for review the original documents.

#### **Procedure for recruitment of Engagement Partners**

- Engagement partner will be selected from the existing hierarchy of the firm having five years of post-qualification experience. The limit of five years may be further increased or decreased by the Board of Partners in the exceptional circumstances.
- Recruitment will be conducted when vacancy arise due to increase in work volume or resign by the existing partners.
- Interviews will be conducted by existing Board of Partners who will make write up of their conclusion.

#### **Procedures on performance evaluation, compensation and promotion**

- Skills assessment questionnaires will be completed for each staff bi annually so that performance could be evaluated and promotion and benefits could be justified.
- Following hierarchies for trainees are set:
  - Assistants I
  - Assistants II
  - Audit Seniors
  - Supervising Seniors

The questionnaire will be subject to following minimum standards:

- For promoting as Assistants II, Assistants I must have completed one year of practical training and during this year he must pass at least two papers.
- For promoting as Audit Seniors, Assistants II must have completed two and half year of practical training since joining and during this period he must pass at least four papers.





- For promoting as supervising senior, students must have completed their training period and have passed at-least 5 papers of CA final examinations or become ACCA qualified.
- Other criteria in assessment FORM will be punctuality, behavioral aspects, assignments done and rate of error in work performed, manager and partner remarks.

**Procedures on capabilities including time to perform engagements:**

- Continuing Professional Development activities are part of firm's culture, these include:
  - In house seminars;
  - Participation in seminars conducted by ICAP;
  - Allowing students to spare time from normal working hours to attend classes of their professional courses.
  - Formal / informal discussions on financial statements disclosures and types of audit opinion issued by various companies and auditors respectively and available on websites.
  - Foreign secondments to different countries with firms on the network of MSI.
- Development and following of logistics plan narrating reporting deadlines for deliverables.

**Procedures on competence**

Firm always value personnel with competence and skills required to perform the work and have following procedures in place:

- Screening process for recruiting competent personnel [refer recruitment procedures paragraph – 29 (i) – (iv) above];
- Appraisal process is in place for performance evaluation, compensation and promotion to reward the competent personnel [ refer paragraph – 29 (v) above];
- Continuing Professional development for maintaining professional competence [refer paragraph – 29 (vi) above];



**Procedures on career development:**

- The firm has maintained its internal hierarchy as defined in reporting structure which defines career development path;
- The firm has policies and procedures for performance evaluation, compensation and promotion which will induce the personnel to develop their career [refer paragraph – 29 (v) above];
- The firm has culture of continuing professional development [refer paragraph -29 (vi) above] to guide the personnel in career development.
- Appropriate exam leaves schedule is decided for students so that students could get prepared for their professional exams. The leave schedule is as follows:
  - For exams in March and June
    - For appearing first time, per paper allowed leave will be 15 days;
    - For subsequent attempts, per paper allowed leave will be 10 days.
  - For exams in October and December
    - For appearing first time, per paper allowed leave will be 10 days;
    - For subsequent attempts, per paper allowed leave will be 7 days.

**Procedures on, estimation of personnel needs, assignment of engagement team;**

- The Firm recruit trainee staff twice a year as defined in paragraph – 29 (i) above. Number of trainees to be recruited varies each year depending on the trainees turn over, new engagements accepted, expansion of business by recurring audits which require additional staff to handle the assignment.
- The company has sufficient numbers of supervisors, managers' engagement partners for overseeing the engagement performance.
- Work load is managed by assigning the appropriate engagement team as defined in firm's reporting structure and monitored through development of logistics plan
- Logistics plan is communicated to the audit client narrating role of engagement partner and his responsibilities, manager audit, supervising seniors, assistants and budgeted time required to complete each head of accounts.
- Discussions amongst engagement team are held and documented so that applicable legal and regulatory requirements could be identified and appropriate opinion could be expressed by the engagement team.



**POLICIES AND PROCEDURES  
FOR APPOINTMENT AND ELIGIBILITY  
OF  
ENGAGEMENT QUALITY CONTROL REVIEWERS**

To reinforce the Firm's commitment to audit quality and to support consistent compliance with applicable professional standards and ICAP's quality management expectations, Shahid Ahmad & Co., Chartered Accountants has established formal policies and procedures for the appointment, eligibility and conduct of Engagement Quality Control Reviewers (EQCRs) (also referred to as Engagement Quality Reviewers / EQRs, where applicable). The purpose of these requirements is to ensure that engagements subject to an engagement quality review are reviewed by an individual who is suitably qualified, appropriately experienced, and demonstrably objective, and who can provide an effective challenge to significant judgements made by the engagement team before the report is issued.

Accordingly, the Firm ensures that only individuals meeting defined eligibility criteria are appointed as EQCRs, including possessing the required technical competence and practical experience commensurate with the nature and complexity of the engagement, and holding sufficient authority and seniority within the Firm to challenge the engagement team's professional judgements. The Firm also permits appropriate consultation between the engagement team and the EQCR during the course of the engagement, provided that the nature and extent of such consultation does not compromise the EQCR's objectivity or result in the EQCR assuming management or decision-making responsibilities for the engagement. [para 40]

Further, the Firm maintains and enforces policies designed to safeguard the objectivity of the EQCR, including that—where practicable—the EQCR is not selected by the engagement partner, does not otherwise participate in the engagement during the period of review, does not make decisions for the engagement team, and is not subject to any other circumstances or considerations that may create threats to objectivity. These safeguards are integral to preserving the independence of the review function and ensuring that the EQCR's conclusion is reached without undue influence, bias, or self-review threat.

In conclusion, the Firm's policies and procedures for the appointment and eligibility of Engagement Quality Control Reviewers (EQCRs) are designed to ensure that engagement quality reviews are performed only by individuals who are technically competent, sufficiently senior, adequately resourced, and demonstrably objective. The appointment process is controlled and documented, and—where practicable—kept independent of the engagement partner's influence. Appropriate consultation with the engagement team is permitted strictly within safeguards that prevent the EQCR from participating in, directing, or making decisions for the engagement. These measures collectively strengthen the integrity, independence, and effectiveness of the engagement quality review, thereby enhancing overall engagement quality and ensuring compliance with applicable professional standards and ICAP's quality management expectations.



## **SPECIFIC POLICIES IN RELATION TO ISQC-1**

### **1. POLICY ON APPOINTMENT OF 'EQCR- REVIEWERS'**

#### **(PARA 39)**

The firm establishes policies and procedures governing the appointment of Engagement Quality Control Reviewers (EQCRs) to ensure that only suitably qualified and objective individuals perform this role.

### **2. ELIGIBILITY CRITERIA FOR EQCR REVIEWERS**

To be eligible for appointment as an Engagement Quality Control Reviewer, the individual must:

- Possess appropriate technical qualifications, professional certification, and practical experience relevant to the nature and complexity of the engagement.
- Have sufficient authority and seniority within the firm to challenge the judgments made by the engagement team.
- The firm permits consultation between the engagement team and the EQCR reviewer during the engagement, provided that the nature and extent of consultation do not compromise the reviewer's objectivity.

### **3. OBJECTIVITY OF THE ENGAGEMENT QUALITY CONTROL REVIEWER (PARA 40)**

The firm is required to establish policies and procedures designed to maintain objectivity of the engagement quality control reviewer. Accordingly, such policies and procedures provide that the engagement quality control reviewer:

- Where practicable, is not selected by the engagement partner
- Does not otherwise participate in the engagement during the period of review
- Does not make decisions for the engagement team; and
- Is not subject to other considerations that would threaten the reviewer's objectivity.



## **POLICIES AND PROCEDURES ON ENGAGEMENT PERFORMANCE**

The firm has established policies and procedures to assist in the following matters:

- i. In obtaining reasonable assurance that engagements are performed in accordance with professional standards and applicable legal and regulatory requirements, and that the firm or the engagement partner issue reports that are appropriate in the circumstances;
- ii. In obtaining reasonable assurance that, appropriate consultation has taken place on difficult or contentious matters, sufficient resources are available to enable appropriate consultation to take place, such consultation are agreed by both consulted person and individual seeking consultation and such consultations are documented.
- iii. In the performance of engagement quality control review;
- iv. In determining nature, timing and extent of engagement quality control review;
- v. In resolving differences of opinion
- vi. In appropriate engagement documentation including related matters;

### **SPECIFIC POLICIES IN RELATION TO ISQC-1**

#### **(PARA 41)**

Firm's policies and procedures of the replacement of the engagement quality control reviewer (EQCR) where the reviewer's ability to perform an objective review may be impaired. (ISQC-1 para 41);

#### **(PARA 42)**

Firm's policies and procedures on documentation of the engagement quality control review which require documentation that:

- The procedures required by the firm's policies on engagement quality control review have been performed;
- The engagement quality control review has been completed on or before the date of the report; and
- The reviewer is not aware of any unresolved matters that would cause the reviewer to believe that the significant judgments the engagement team made and the conclusions it reached were not appropriate. (ISQC1 para 42)



## **POLICIES**

### **Policy on performance of engagement**

It is the policy of firm that all engagements will be performed in accordance with professional standards and applicable legal and regulatory requirements, and that the firm or the engagement partner issue reports that are appropriate in the circumstances.

### **Policy on consultation**

It is policy of firm that appropriate consultation will be taken on difficult or contentious matters and agreed both by individual seeking and providing the consultation and matters consulted and relevant conclusion shall be documented.

### **Policy on engagement quality control review**

- It is the policy of the firm that all audits of listed companies, public unquoted companies and companies where significant public interest is involved shall be subject to engagement quality control review. Further responsibilities of engagement partner will not reduce as a result of engagement quality control review.
- The reviewer will be replaced if his objectivity is impaired.

### **Policy on nature, timing, extent and documentation of engagement QCR**

For each assignment undertaken, **the nature, timing and extent of the review must be agreed in advance**. Set criteria must be followed in respect of the eligibility of the reviewer particularly regarding their qualifications and objections. Adequate documentation must be produced regarding the review to demonstrate that the review has been carried out in a proper and timely fashion and to show that any unresolved matters have been dealt with.

### **Policy on differences of opinion**

In situations where differences of opinion arise, either within the engagement team, with those consulted or between engagement partner and engagement quality control reviewer, all conclusions reached must be documented and implemented and the report must not be issued until the matter is resolved.

### **Policy on engagement documentation**

All working papers will be prepared, maintained and assembled on time in accordance with the requirement of ISA – 230 audit documentations, kept confidential in safe custody where their integrity, and accessibility could be maintained.



## PROCEDURES

### Procedures on performance of engagement:

- Discussion amongst engagement team is occurred and documented so that areas where the company's financial statements are susceptible to risk of material misstatements could be identified and engagement team could be briefed and audit plan could cater for such risk.
- Appropriate Audit plan and audit programs narrating the nature, timing and extent of audit procedures will be used to direct the engagement team on the audit approach and audit procedures necessary in the circumstances and will be filed in working papers with the relevant head of accounts.
- Audit program will define the assertions addressed to evaluate compliance with the ISA on Audit Evidence No – 500.
- Audit programs will be cross referred with relevant financial statements head of accounts and with procedures performed document.
- Checklists are developed for evaluation the companies' compliance with the IFRS, laws and regulations and evaluating the companies' internal controls.
- Basis to determine materiality and sample size are developed and will be followed.
- Engagement team will be assigned to each audit engagement which includes the senior audit assistants, semi senior audit assistants and junior audit assistants.
- Senior assistant will review the work of junior and semi senior audit assistants and will report to the supervisor.
- Supervising senior will assist the assistants in applying the audit plan and audit procedures and report to the manager in charge of the engagement, findings and difficulties arising in course of performance of the engagement.
- Manager in charge will review the working papers during different stages of the audit and discuss the matters with client' coordinator and meet with the person overall responsible for the financial aspects of the company (say) Chief Financial Officer, Chief Accountant to discuss significant findings.
- Manager will track audit progress on daily basis and visits to audit clients regularly and report his review summary to partner on weekly basis.
- Engagement partner visits the audit clients for discussing the matters that are significant and review the working papers during different stages of audit.
- Significant findings will be reported to the charged with the governance and it will be agreed in advance with the company that with whom matters of governance interest will be discussed.
- Manager Audit and Engagement Partner will decide the matters on which consultation need to be sought.



### **Procedures on Consultation**

- Firm has designated a consultant for extending corporate and taxation advisory services under the Companies Act 2017 and Taxation Laws of the country such as Income Tax Ordinance 2001 and Sales Tax Act 1990. All other services required with respect to Federal Excise, Custom Laws, Capital value tax and technical matters like valuation and impairment of assets, etc., has sufficient expertise to deal with matters arising from these laws;
- Firm has designated a consultant for legal issues who has sufficient expertise to deal matters arising like disclosure of confidential information, publication of financials before signing of audit report.
- Firm has procedure to consult with ICAP on matters requiring interpretation of IFRS, ISA's further matters relating to registration of the firm with Audit Oversight Board and Securities & Exchange Commission of Pakistan will also be dealt through the same arrangements.
- Reviewer will be consulted on issues relating to ethical requirements.
- Reviewer will be consulted for issues relating to ISQC other than ethical requirements.
- All consultation will be sought within one week of the issue being arisen.
- All issues on which consultation was sought will be documented in electronic 'record of consultation' including conclusions there on and remarks by individual seeking consultation and from whom consultation was sought evidencing their agreement on the conclusion.
- Date of implementation of conclusion from consultation will also be reflected in the 'record of consultation'.





### **Procedures on Engagement quality control review & nature, timing, extent and documentation of such review**

- All partners except engagement partner may act as reviewer for listed, public unlisted companies and for companies where there is significant public interest.
- Reviewer could be consulted by the Engagement Partner during the course of Audit in a manner that does not influence the decisions of the Reviewer or his objectivity. Matters for consultation include establishing, not at late stage of the audit, that judgment by engagement partner will be acceptable to the reviewer.
- Following precautions are taken to avoid the impairment of reviewers' objectivity: -
  - Reviewer shall be selected by the firm's governing board of partners;
  - Not otherwise participate in the engagement during the period of review;
  - Does not make decisions about engagement team;
  - Reviewer will not consider other work that would threaten the reviewer's objectivity.
- The engagement report shall not be dated until the completion of the engagement quality control review.
- Firm encourage the completion of documentation of EQCR before the date of report, however, due to practical reasons documentation of engagement quality control review may be completed after the date of the report.
- Reviewer work will commence on completion of each significant head of account so that significant matters could be promptly resolved before the date of the report.
- The reviewer will discuss the significant matters and findings with the engagement partner and document the discussions by preparing the minutes of discussions.
- Reviewer shall review the financial statements or the other subject matter information and the proposed report for their and submit his report to the engagement partner before signing of the financial statements.
- Reviewer shall review the selected engagement documentation relating to significant judgments made by the engagement team and the conclusions they reached and place his conclusion in reviewer report document. Matters where significant judgments required to be reviewed by reviewer include consideration of:
  - Significant risks identified during the engagement and responses thereto;
  - Judgments made particularly with respect to materiality;
  - Significance and disposition of corrected and uncorrected misstatements identified during the engagement;
  - Matters to be communicated to management, those charged with governance and where applicable to other parties e.g. regulatory bodies.
- Evaluate the conclusions reached in formulating the report considering whether the proposed report is appropriate and place his comments in reviewer documentation.
- Reviewer will document the extent of review whether it is increased due to complexity of the engagement, risk of inappropriate report and place his comments in reviewer report document.



- Reviewer shall also consider that how engagement team evaluate the firm's independence in relation to specific engagement and place his conclusion in reviewer report document.
- Reviewer shall consider whether appropriate consultation has taken place where difference of opinion exists or on difficult matters and related conclusion reached and place his conclusion in reviewer report document.
- Reviewer report document include opinion that 'the reviewer is not aware of any unresolved matters that would cause the reviewer to believe that the significant judgments the engagement team made and the conclusions it reached were not appropriate'. If this not the case shall modify his report and with draw from the post of reviewer.
- Date of completion of review shall be mentioned in reviewer report document.

#### **Procedures on differences of opinion**

- All differences of opinion, conclusion there on along with date of implementation will be documented in the 'record of consultation'.
- Report will not be dated until the matter is resolved.

#### **Procedure on engagement documentation**

- Assembly of working papers will be done before the date of auditor's report, however, for practical difficulties; it may be done with in sixty days of audit report by not later than sixty days.
- A file librarian is appointed who maintained the log book in columnar form for files.
- Log book narrates the names of the clients, and:
  - date the file enters in the record room;
  - date the file was moved out from record room;
  - Name of person authorizing the retrieval of files;
  - Name and signature of person retrieving the files;
  - Signature of file librarian.
- The working papers include the signature of preparer and date of work performed.
- The working papers include the signature of reviewer and date of review.
- In case of any change in working papers, these will include the sign and date of persons making and reviewing such changes.
- Client's written authority will be obtained before disclosure of working papers to third parties unless there is legal or professional duty for such disclosure.
- Password protection is in place for electronic working papers.
- Appropriate backups are taken on portable hard disk on weekly basis.



- Backups are taken quarterly on DVDs.
- Confirmations from third parties will be electronically scanned before being added in the working papers.
- Electronic index of scanned copies will be maintained.
- Engagement documentation will be retained for a period of six years from the date of the auditor's report or in case of audit of component Six Years from the date of group auditor's report or such other extended number of years/periods as notified by ICAP.
- Firm's name and style will be printed on top schedules, lead schedules four column sheets, twelve column sheets and other internal generated documents used in preparing engagement documentation.



## **POLICIES AND PROCEDURES FOR MONITORING & EVALUATION**

The firm has established a monitoring process designed to provide it with reasonable assurance that the policies and procedures relating to the system of quality control are relevant, adequate, and operating effectively. This process:

- i. Include an ongoing consideration and evaluation of the firm's system of quality control including, on a cyclical basis, inspection of at least one completed engagement for each engagement partner;
- ii. Require responsibility for the monitoring process to be assigned to persons with sufficient and appropriate experience and authority in the firm to assume that responsibility; and
- iii. Require that those performing the engagement or the engagement quality control review are not involved in inspecting the engagements.
- iv. Require that complaints and allegations for non-compliance with the professional standards and applicable legal and regulatory requirements and firm's system of quality control will be dealt appropriately so that instances will not be repeated.

### **SPECIFIC POLICIES IN RELATION TO ISQC-1**

#### **(PARA 53)**

The firm shall communicate at least annually the results of the monitoring of its system of quality control to engagement partners and other appropriate individuals within the firm, including the firm's chief executive officer or, if appropriate, its managing board of partners. This communication sufficient to enable the firm and these individuals to take prompt and appropriate action where necessary in accordance with their defined roles and responsibilities. Information communicated shall include the following:

- A description of the monitoring procedures performed.
- The conclusions drawn from the monitoring procedures.
- Where relevant, a description of systemic, repetitive or other significant deficiencies and of the actions taken to resolve or amend those deficiencies. (ISQC1 para 53)

#### **(PARA 58)**

The firm's policies and procedures that require retention of documentation for a period of time sufficient to permit those performing monitoring procedures to evaluate the firm's compliance with its system of quality control, or for a longer period if required by law or regulation. (ISQC1 para 58)



ISQC-1 Paragraph	Requirement	Policy Summary	Key Procedures
<b>Para 53</b>	<b>Communication of Monitoring Results</b>	Communicate results of quality control monitoring at least annually to engagement partners and other key individuals. Enable firm leadership to take timely action on any identified issues.	<ul style="list-style-type: none"> <li>• Prepare an annual monitoring report for engagement partners, the CEO, and other key stakeholders.</li> <li>• Include a description of monitoring procedures, conclusions, and significant deficiencies, if any.</li> <li>• Develop action plans to address identified issues.</li> <li>• Conduct follow-ups to ensure progress and document implementation of corrective actions.</li> </ul>
<b>Para 58</b>	<b>Retention of Documentation</b>	Retain documentation for a sufficient period to allow evaluation of the firm's compliance with its quality control system, extended as required by law or regulation.	<ul style="list-style-type: none"> <li>• Retain quality control documents (e.g., inspections, peer reviews) for at least five years or as required by regulations.</li> <li>• Store documentation securely with access limited to authorized personnel.</li> <li>• Ensure periodic review and updates of retention policies, with any changes communicated to relevant personnel.</li> </ul>

### ADDITIONAL POLICIES ON MONITORING CONTROLS

- The firm is committed to maintaining a rigorous and effective system of quality control. To achieve this, it is the firm's policy to regularly monitor the relevance, adequacy, and effectiveness of its established policies and procedures for quality control. This ensures that all processes align with current standards, regulatory requirements, and the firm's quality objectives.
- When deficiencies are identified through the monitoring process, the firm will take appropriate corrective actions to address and mitigate their effects. If issues are found regarding non-compliance with professional standards, legal or regulatory requirements, or the firm's quality control systems, suitable disciplinary measures will be implemented.
- To support continuous improvement, the firm will provide constructive feedback on policies and procedures, particularly those related to education and training, to enhance the skills and knowledge of its personnel and reinforce the firm's commitment to quality and professional excellence.





## PROCEDURES FOR MONITORING & EVALUATION

- Responsibility for Monitoring function is designated to a competent person who is not involved in assurance engagements and quality control process and has sufficient experience and authority to assume the responsibility for monitoring function.
- Monitoring in charge will prepare 'annual compliance summary' indicating the following;
  - Consideration and evaluation of the firm's system of quality control;
  - Inspection of one completed engagement for each engagement partner for compliance with professional standards, legal and regulatory requirements and quality control policies and procedures of the firm. The inspection will be carried out once in every three years;
  - Deficiencies noted in the selected engagements and system of quality control;
  - Corrective actions necessary in the circumstances;
  - Analysis of:
    - New developments in the IFRSs, ISAs, taxation laws, corporate laws, labor laws and how these are reflected in the firm's policies and procedures for engagement performance;
    - Written confirmation on compliance with policies and procedures on independence;
    - Continuing professional development, including training;
    - Decisions related to acceptance and continuance of client relationships and specific engagements;
  - Annual compliance summary will be circulated to the engagement partners.
  - Engagement partner will communicate the deficiencies to the other engagement team member in the meeting (refer meeting summary document)
- An investigating officer is designated for complaints and allegations which may originate from within or outside the firm that may be made by firm's personnel, clients or other third parties. Investigating officer has appropriate experience and is given sufficient authority to assume the responsibility.
- Investigating officer is authorized to involve legal counsel, when necessary.

- Following disciplinary actions are in place for violators of system of quality control and firm's policies and procedures:
  - Issuance of show cause letters;
  - Demotions;
  - Non assignment of professional work;
  - Terminations of training/ employment contracts;
  - Postponement of promotions;
  - Non deputation to foreign-seconded positions, even if due.
- If monitoring procedures applied by the firm results that a report is (or may be) inappropriate or that procedures were omitted during performance of engagement, such policies and procedures shall require the firm to evaluate or determine what further action is appropriate to comply with relevant professional standards and applicable legal and regulatory requirements, and to consider whether to obtain legal advice.







## **DOCUMENTATION OF SYSTEM OF QUALITY CONTROL**






### **Quality Control Documentation Policy**

SACO has established comprehensive policies and procedures to document its system of Quality Control, also called as QM- quality management, ensuring there is clear evidence of each quality control element's operation. This documentation is essential for demonstrating adherence to quality standards and serves as a reference for ongoing monitoring and evaluation of quality control practices. Additionally, these policies outline specific retention periods for all quality control records, ensuring that documentation is available for review over a defined period, in line with regulatory and organizational requirements.

### **POLICY STATEMENT**

SACO (the 'firm') will systematically document all policies and procedures related to its quality control system. This documentation is readily accessible to all relevant personnel, enabling them to reference, understand, and implement the quality control measures effectively. By maintaining detailed records, the firm through its Quality Management Team aims to ensure that any issues or challenges associated with quality control can be addressed promptly and effectively, supporting a proactive approach to quality management across the organization.

This approach helps:

-  Ensure transparency and accountability in quality control practices.
-  Facilitate problem resolution by providing a clear, documented framework for all quality control elements.
-  Support ongoing compliance with regulatory requirements.
-  Enhance organizational learning and continuous improvement by keeping a record of quality control practices.
-  Policies and procedures on documentation of system of quality control are established to provide evidence of operation of each element of system of quality control. Policies also specify the retention period of such documentation



## QM - DOCUMENTATION PROCEDURES

The firm has developed a comprehensive Quality Control Manual detailing all policies and procedures essential for maintaining quality standards. This manual provides a complete reference for establishing, implementing, and sustaining quality across the organization, covering key elements such as policy statements, step-by-step quality assurance procedures, and clearly defined responsibilities for each team member to ensure accountability and compliance. It includes essential documentation such as monitoring and review logs to track ongoing quality activities, training records to confirm staff readiness, and risk assessment plans to proactively address potential issues. Additionally, the manual specifies retention and archiving policies, outlining how long each document is kept to comply with regulatory requirements. This structured approach to documentation ensures that quality control processes are transparent, accessible, and regularly reviewed, supporting a culture of continuous improvement and high standards.

Nature of Document	Placement
Firm's manual – This manual	Firm's library
Mission statement	Notice board
Independence Form	Audit working papers
Independence register	Firm's library
Representation from client on integrity	Audit working papers
Confidentiality	Notice board
Client acceptance document	Audit working papers
Client continuance document	Audit working papers
Recruitment Form	Staff personal files
Skills assessment questionnaire	Staff personal files
Minutes of in house seminars	Audit database
Logistics plan	Audit working papers
Hierarchy document	Firm's library
Meetings summary document among engagement team and / or with client.	Audit working papers
Overall audit plan	Audit working papers
Manager review notes	Audit working papers
Partner review notes	Audit working papers
Record of consultation	Audit working papers
Reviewer report document	Reviewer's custody
Document narrating significant judgments and conclusions by the engagement team for reviewer consideration.	Reviewer's custody
Log book	File librarian
Annual compliance summary for monitoring	Firm's library



## COMPLAINTS & ALLEGATIONS

ISQC-1 mandates that firms establish comprehensive policies and procedures for addressing complaints. There are two primary categories of complaints to consider: first, those alleging that the firm has not adhered to professional standards, regulatory requirements, or legal obligations; and second, allegations concerning non-compliance with the firm's quality control system.

The firm is committed to delivering high-quality services to all clients. It is imperative that all complaints and allegations related to professional matters are handled appropriately. We encourage our staff, clients, suppliers, regulators, and other third parties to promptly raise any concerns regarding the firm's quality control procedures or other issues with a Partner. This encourages a proactive approach, even in instances where there is no definitive evidence of a process failure.

The Steering Committee, or the board of partners has a critical role in addressing each matter raised and determining the appropriate course of action. Their responsibilities include:

Supervising Investigations: The committee shall oversee any necessary investigations or inquiries into the matters raised, ensuring that they are conducted thoroughly and impartially.

Documenting Complaints and Actions Taken: Each complaint must be meticulously documented, including the actions taken in response. Where applicable, the committee should also make recommendations for modifications to policies or training programs aimed at preventing future occurrences.

Reporting to the Informant: It is essential to maintain transparency by reporting back to the individual who raised the concern, providing them with the results of the investigation and outlining any proposed courses of action.

The initial supervision of the investigation will be entrusted to a partner or a qualified assistant designated by the partner. This individual must possess sufficient experience and authority within the firm and should not be involved in the engagement or matter being investigated. When necessary, legal counsel will also be engaged to ensure that the investigation is conducted in compliance with applicable laws and regulations. In order to foster a culture of continuous improvement, quarterly reports summarizing complaints will be circulated to all partners. These reports will highlight trends and patterns that emerge from the complaints, enabling the firm to identify areas needing further attention, such as additional advice, training initiatives, disciplinary actions, or necessary changes to the firm's quality control systems.



## **PROTECTION**

No action will be taken against anyone who makes an allegation in good faith, reasonably believing it to be true, even if the concern is not subsequently confirmed by the investigation. Nobody raising a concern will be at risk of losing their job or suffering any other form of retribution, provided that:

- The allegation was made in good faith.
- Basis for believing that the complaint or allegation to be substantially true.
- There is no obvious personal gain or motivation involved.

Every effort will be made to ensure the confidentiality of the informant. Where the firm is not able to resolve the concern without revealing the person's identity, such as where evidence is needed in court, this will first be discussed with the informant. Subject to legal constraints, the informant will normally be notified of the final outcome of the investigation. Anonymous reports will not be accepted as they are generally more difficult to investigate. Where an allegation relates to a partner of the firm, the informant may take the complaint to another partner and will be provided the same protection as if the informant approached the Partner or Board of Partners of the firm.



## IMPLEMENTATION STRATEGY

In order to document and/or demonstrate effective implementation of quality controls under ISQC-1 (International Standard on Quality Control-1), SACO will establish and maintain a comprehensive quality control framework. This framework is designed to uphold the firm's commitment to professional excellence, ethical conduct, and compliance with global standards. Each element of quality control will be supported by robust documentation, policies, and procedures that not only ensure consistency in practice but also serve as evidence of our dedication to quality in every aspect of our work.

The key elements of ISQC 1 include leadership responsibilities, ethical requirements, client acceptance, human resources, engagement performance, and monitoring. By implementing these elements rigorously, the firm ensures that its quality control system is both effective and adaptable, meeting the evolving demands of the profession and stakeholders' expectations. The following is an outline of the essential documents and processes that Shahid Ahmad & Co. will implement to support each quality control element under ISQC 1:

### **1. Leadership Responsibilities for Quality**

**Quality Policy Statement:** This signed statement by firm leadership declares our commitment to quality, ethical principles, and compliance. It establishes the tone at the top, underscoring the firm's dedication to high-quality service and the values that guide decision-making. A specimen of QPS is provided in annexes-I to this manual.

**Roles and Responsibilities Document:** This document outlines the specific roles and responsibilities of partners, managers, and staff, especially in upholding quality standards. By clarifying responsibilities, it supports accountability and ensures that quality is integrated across all levels of the firm.

**Internal Communication Plan:** Regular, documented communications from leadership regarding quality priorities, ethical practices, and compliance help embed quality as a core principle throughout the firm. This includes firm-wide meetings, email updates, and training sessions.

### **2. Ethical Requirements**

**Code of Ethics Policy:** This comprehensive document outlines the ethical standards expected of all personnel, based on ICAP and IFAC guidelines, and covers aspects such as independence, integrity, confidentiality, and objectivity. It sets clear expectations for ethical behavior.

**Independence Declaration Forms:** Annual independence declarations signed by all partners and staff involved in audit engagements. These declarations ensure compliance with independence requirements and demonstrate the firm's commitment to objectivity.



**Ethics Compliance Checklist:** At the beginning of each engagement, a checklist is completed to confirm that all ethical requirements are met. This document helps identify any potential conflicts and ensures ongoing compliance with ethical standards.

**Conflict of Interest Register:** This register is a centralized record of any identified conflicts of interest, with measures taken to address and mitigate them. It is updated as necessary to reflect current engagements and relationships.

### **3. Acceptance and Continuance of Client Relationships and Engagements**

**Client Acceptance and Continuance Form:** This form is used to evaluate potential clients, assessing factors such as reputation, business integrity, and alignment with the firm's values. It documents the risk assessment process, ensuring that clients meet the firm's quality and ethical standards.

**Risk Assessment Worksheet:** Each new client or engagement is evaluated through a risk assessment worksheet, documenting potential risks and the measures in place to address them. This helps the firm manage risk at the outset and ensure that engagements align with firm standards.

**Standardized Engagement Letters:** Engagement letters outline the scope of work, responsibilities, and terms for each engagement. They set clear expectations with clients and reinforce the firm's commitment to transparency and quality.

### **4. Human Resources**

**Recruitment and Training Policies:** These policies ensure that the firm attracts, develops, and retains qualified and competent staff. They outline criteria for hiring, training programs, and professional development initiatives aligned with firm values.

**Performance Evaluation Templates:** Regular performance reviews are documented using standardized templates, allowing for systematic evaluations of staff competencies, adherence to firm values, and development needs.

**Continuing Education Records:** Documented records of continuing professional development (CPD) hours for each team member ensure compliance with ICAP and IFAC requirements, promoting a workforce that is both knowledgeable and skilled in current industry practices.

The firm has drafted its Service Rules covering recruitment and training policies by ensuring that the process adopted, forms used and conditions stipulated therein are not conflicting the ICAP's training regulations in any manner.



## **5. Engagement Performance**

**Audit Program and Checklists:** Standardized audit programs and detailed checklists are used to guide audit engagements and ensure thoroughness and consistency in procedures. These documents help standardize audit work, aligning it with the firm's quality control objectives.

**Engagement Supervision and Review Forms:** Forms documenting supervision levels and review processes confirm that all engagements receive adequate oversight from experienced managers and partners. This ensures that quality standards are maintained at every stage.

**Consultation Records:** Records of any consultations—whether within the firm or with external experts—are maintained to document how complex or contentious issues are resolved. These records show that due diligence is applied in cases requiring expert opinions or additional guidance.

## **6. Monitoring**

**Quality Control Monitoring Plan:** A plan for monitoring quality control on a regular basis ensures that policies and procedures remain effective and aligned with firm objectives. This includes internal inspections, peer reviews, and self-assessment activities.

**Internal Review Documentation:** Documentation of reviews conducted on specific audit engagements to assess compliance with firm policies and standards. It includes records of findings and recommendations for improvement.

**Corrective Action Log:** A log that records any deficiencies identified during monitoring activities, along with assigned corrective actions, responsible individuals, and deadlines. This document ensures that deficiencies are promptly addressed.

**Feedback Mechanism:** A documented process for collecting and reviewing feedback from both clients and staff on the firm's quality control system. This feedback is used to identify areas for improvement and to enhance the overall effectiveness of quality control practices.



## ADOPTION OF ICAP ISQC-1 IMPLANTATION GUIDE

### 1. Purpose

The Firm acknowledges that effective implementation of ISQC-1 requires consistent interpretation, practical application, and periodic refresh of quality control policies and procedures. To support this objective, the Firm formally adopts the ISQC-1 Implementation Guide issued by the Institute of Chartered Accountants of Pakistan (ICAP) as an authoritative reference document for guidance whenever clarification is required on the intent, application, or practical implementation of ISQC-1 requirements.

### 2. Status of the Guide and Hierarchy

The ICAP ISQC-1 Implementation Guide is adopted **as guidance**, and is used to:

- interpret ISQC-1 requirements in a practical manner;
- design and refine Firm-level policies and procedures; and
- support consistent application across engagements, departments, and offices.

Where there is any inconsistency between:

- applicable laws and regulations,
- ISQC-1 / applicable auditing and assurance standards, or
- directives/notifications issued by ICAP/competent authorities,  
**the higher authority shall prevail**, and the guide shall be used only to the extent it remains consistent with such requirements.

### 3. Scope of Application

This adoption applies to all partners and staff involved in audits, reviews, other assurance engagements, and related services, including (but not limited to) activities relating to:

- leadership responsibilities for quality;
- ethical requirements and independence;
- acceptance and continuance of client relationships and engagements;
- human resources (recruitment, performance evaluation, training needs, competence);
- engagement performance, consultation, and EQCR (where applicable); and
- monitoring, remedial actions, and documentation.





#### **4. Responsibilities**

##### **a) Managing Partner / Quality Control Partner (QCP)**

The QCP is responsible to:

- ensure the latest version of the ICAP guide is accessible to all relevant personnel;
- incorporate relevant guidance into the Firm's training plans, templates, and checklists;
- evaluate whether updates to the guide require revisions in this Quality Control Manual; and
- ensure significant interpretations and firm positions are communicated and implemented consistently.

##### **b) Engagement Partners / Managers**

Engagement leadership shall:

- consult the guide when faced with interpretational or implementation issues;
- ensure that engagement documentation reflects the firm's policies and the rationale where judgement is applied; and
- escalate complex or unusual matters to the QCP for consultation.

##### **(c) All Staff**

All staff shall:

- use the guide as a practical reference when performing responsibilities under the Firm's quality control system; and
- follow established consultation protocols when encountering uncertainty.



## 5. Procedure for Use and Documentation

1. **When to refer:** Personnel shall refer to the ICAP guide when there is uncertainty regarding the application of any ISQC-1 requirement or when implementing/refreshing any quality control procedure (e.g., training needs assessment, performance evaluation evidence, independence safeguards, acceptance decisions, consultation requirements, monitoring actions).
2. **Consultation and escalation:** Where the guidance suggests alternative approaches or where the matter is judgmental, the issue shall be documented and, where appropriate, escalated to the QCP.
3. **Documentation:** If reliance on the guide materially influences a policy decision, an engagement judgement, or a remedial action, the relevant file/record should include:
  - the issue considered,
  - the conclusion reached,
  - the reference to the relevant guidance portion of the ICAP guide, and
  - approvals/consultations obtained (if applicable).

## 6. Review and Updates

The Firm shall review the ICAP guide periodically (at least annually, or earlier if ICAP issues significant updates) to assess whether the Firm's policies, training content, checklists, and monitoring procedures require revision. Any changes adopted shall be communicated to all relevant personnel and incorporated into the Firm's quality control training and implementation evidence.

## 7. Access Link (ICAP Website)

For reference and access to the guide, the following ICAP webpage is maintained by the Institute:  
<https://icap.org.pk/quality-assurance/qcr-documents/>



**Annexes: I**

**QUALITY POLICY STATEMENT**

At Shahid Ahmad & Co., Chartered Accountants (SACO), we are committed to upholding the highest standards of quality, integrity, and professional excellence in all aspects of our services. Our Quality Policy is rooted in our dedication to providing value-driven audit, assurance, and advisory solutions that consistently meet and exceed the expectations of our clients and stakeholders.

We affirm our commitment to:

1. **Quality Assurance:** Continuously improve our service quality by adhering to rigorous quality control procedures in alignment with professional standards, including those established by the Institute of Chartered Accountants of Pakistan (ICAP) and Integra International.
2. **Ethical Values:** Conduct our business in strict accordance with ethical principles, maintaining honesty, integrity, and transparency. We believe in fostering a culture of accountability and ethical decision-making at every level of our organization.
3. **Compliance with Standards:** Fully comply with all applicable laws, regulations, and professional standards governing our profession. Our policies are aligned with national and international standards to ensure the reliability and integrity of our work.
4. **Continuous Learning and Development:** Support the ongoing professional development of our team, enabling them to stay current with evolving regulations, standards, and best practices. We prioritize building a knowledgeable, highly skilled workforce to serve our clients effectively.
5. **Stakeholder Satisfaction:** Strive for excellence in every engagement, ensuring the highest levels of satisfaction for our clients, regulatory authorities, and other valued stakeholders.

This Quality Policy reflects the commitment of Shahid Ahmad & Co.'s leadership to uphold these values and principles in all professional endeavors. We are dedicated to achieving and maintaining a reputation for quality and trustworthiness, recognized across the industry.

**Shahid Ahmad & Co.,**  
Chartered Accountants

Cc: ISQC-1 file/Master file/EP file

Note: This form is subject to modification, partially or altogether without compromising on the basic theme, with prior approval of the EP/Partner of the firm.



## Annexes- II

### JOB DESCRIPTION/ROLES AND RESPONSIBILITIES DOCUMENT

This document outlines the roles and responsibilities of partners, managers, and staff within Shahid Ahmad & Co., Chartered Accountants. The purpose is to clarify responsibilities, foster accountability, and ensure that quality standards are upheld consistently across all engagements. Each role is integral to the firm's commitment to excellence, client service, and compliance with professional standards.

#### 1. Partners

**Position Summary:** Partners hold the ultimate responsibility for the firm's overall quality, strategic direction, and client relationships. They ensure that the firm adheres to quality standards, regulatory requirements, and ethical practices, while setting a positive example for the entire team.

##### Key Responsibilities:

- **Leadership in Quality Control:** Set the tone at the top by promoting a culture of integrity, quality, and accountability across the firm.
- **Client Relationship Management:** Maintain and develop client relationships, oversee engagements, and manage high-stakes interactions. Partners ensure engagements align with the firm's values and standards.
- **Quality Assurance:** Review and approve key deliverables, ensuring that engagements meet the firm's standards and comply with professional regulations. Participate in quality control assessments and make final decisions on quality-related matters.
- **Risk Management and Compliance:** Evaluate risks associated with client engagements, ensuring compliance with ISQC 1, ICAP, and other regulatory requirements.
- **Business Development:** Drive growth by identifying new business opportunities and expanding the firm's services. Partners play a key role in the strategic direction and client acquisition.
- **Staff Development:** Mentor and support managers and junior staff, fostering their professional growth and ensuring a knowledgeable, skilled workforce.

##### Accountability Measures

- Conduct periodic reviews of engagement files to confirm adherence to quality standards.
- Sign-off on key client engagements, confirming compliance with the firm's ethical and quality standards.
- Engage in ongoing professional education to stay informed of industry developments.



## 2. Managers

### Position Summary:

Managers are responsible for the day-to-day management of client engagements, providing guidance and supervision to staff, and ensuring that work is executed in line with the firm's quality standards. They play a key role in translating the firm's quality and client service goals into actionable plans and processes.

### Key Responsibilities

- **Engagement Management:** Plan, execute, and oversee audit and assurance engagements, ensuring that each step aligns with the firm's quality objectives and client expectations.
- **Supervision and Review:** Review working papers, reports, and other deliverables prepared by junior staff to ensure quality and compliance with the firm's policies and procedures.
- **Risk Assessment:** Conduct risk assessments for each engagement, implementing necessary procedures to mitigate identified risks. Ensure documentation accurately reflects the risk management process.
- **Compliance and Quality Control:** Ensure that engagements comply with ISQC 1 standards and other regulatory requirements. Identify areas for improvement in engagement processes and recommend corrective actions.
- **Client Communication:** Maintain regular communication with clients, addressing questions, providing updates, and ensuring transparency throughout the engagement process.
- **Training and Development:** Mentor junior staff, providing feedback and guidance on technical skills, professional conduct, and adherence to firm policies.

### Accountability Measures

- Regularly report to partners on engagement progress, issues, and quality control measures.
- Document and report on quality control reviews, identifying any deviations from standards and the corrective actions taken.
- Engage in continuous professional development to enhance technical expertise and stay updated on regulatory changes.



### 3. Senior Associates / Supervisors

#### **Position Summary:**

Senior Associates / Supervisors support managers in executing audit engagements and are responsible for leading smaller assignments. They supervise junior staff, review work for accuracy, and assist in ensuring engagements meet quality standards.

#### **Key Responsibilities:**

- **Engagement Execution:** Lead sections of audit engagements, including planning, substantive testing, and finalization, under the guidance of managers.
- **Work Review:** Review work completed by junior associates, checking for accuracy, completeness, and alignment with firm standards.
- **Client Interaction:** Serve as the primary contact for clients on certain engagements, handling basic inquiries and providing updates on engagement progress.
- **Documentation:** Ensure all work is properly documented, reviewed, and filed in accordance with the firm's quality control guidelines.
- **Quality Control Adherence:** Apply the firm's quality control policies within the scope of assigned work, identifying any issues and escalating as needed.
- **Training Support:** Provide on-the-job training for junior associates, sharing technical knowledge and best practices.

#### **Accountability Measures**

- Complete engagement checklists to confirm compliance with quality standards.
- Report engagement progress and findings to managers regularly.
- Maintain personal development logs to track ongoing training and skills enhancement.



#### 4. Junior Associates / Staff

##### Position Summary

Junior Associates are responsible for performing the foundational tasks of audit and assurance engagements, working under the supervision of senior staff and managers. Their role involves gathering data, executing tests, and assisting in maintaining documentation accuracy.

##### Key Responsibilities

- **Data Collection and Testing:** Perform basic audit procedures such as data gathering, substantive testing, and control testing according to established audit programs.
- **Documentation:** Accurately document findings and procedures, maintaining well-organized working papers in line with firm standards.
- **Learning and Development:** Engage in continuous learning, attending training sessions and familiarizing themselves with the firm's quality control policies.
- **Task Execution:** Complete tasks as assigned by supervisors, adhering to deadlines and quality expectations.
- **Compliance Adherence:** Follow ethical guidelines and firm policies, reporting any potential conflicts or ethical concerns to supervisors.

##### Accountability Measures

- Submit completed work for review in a timely manner.
- Maintain personal performance logs to document progress and development needs.
- Complete required training programs to build foundational knowledge and technical skills.

##### Quality Integration Across All Levels

Each role within Shahid Ahmad & Co., Chartered Accountants, contributes to the firm's overall quality objectives. By defining and communicating specific roles and responsibilities, the firm ensures that every member of the team understands their contribution to maintaining the high standards expected by clients, regulatory bodies, and stakeholders.

This **Roles and Responsibilities/ Job Description Document** is part of the firm's Quality Control Manual and is updated periodically to reflect changes in professional standards, regulatory requirements, and the firm's strategic objectives.



**Annexes- III**

**INDEPENDENCE DECLARATION FORM**

*Ris form is to be completed and signed annually by all partners and staff involved in audit engagements. It ensures that each individual acknowledges and complies with the firm's independence requirements, demonstrating our commitment to objectivity and adherence to professional standards.*

**Section 1: Personal Information**

- **Name:** \_\_\_\_\_
- **Position:** (Partner / Manager / Senior Associate / Junior Associate)
- **Department:** \_\_\_\_\_
- **Date:** \_\_\_\_\_

**Section 2: Independence Declaration**

I, the undersigned, declare that:

**1. Compliance with Independence Requirements**

- I understand and have read the independence policies of Shahid Ahmad & Co., Chartered Accountants, as well as relevant regulatory guidelines (including ICAP and IFAC independence standards).
- I confirm that I am, to the best of my knowledge and belief, independent of all audit clients of Shahid Ahmad & Co., Chartered Accountants, in compliance with these policies and regulatory guidelines.

**2. Relationships with Clients**

- I have not entered into any financial, employment, or other personal relationships with any audit client that would compromise, or appear to compromise, my independence.
- I confirm that I have no direct or indirect financial interest in any audit client of the firm that could impair, or appear to impair, my objectivity.





**3. Immediate Family Members and Financial Interests**

- To the best of my knowledge, no immediate family members (spouse, dependent children, or other household members) hold financial interests or positions with any audit client that would impair, or appear to impair, my independence.
- I have reviewed and, if necessary, disclosed any potential independence concerns involving my immediate family members as per firm policy.

**4. Loans, Gifts, and Hospitality**

- I confirm that neither I, nor any immediate family member, have accepted any gifts, loans, or undue hospitality from any audit client that could reasonably be considered to affect my independence.

**5. Additional Services**

- I confirm that any additional services I may provide to an audit client, outside the scope of audit and assurance, have been reviewed and approved as per the firm's policies to ensure independence is maintained.

**6. Changes in Circumstances**

- I understand that should my circumstances change in a way that could affect my independence, I am required to notify the firm immediately and seek guidance on any potential conflict.

**Section 3: Confirmation of Understanding and Compliance**

I acknowledge that I have read and understood the independence policies of Shahid Ahmad & Co., Chartered Accountants. I agree to abide by these policies and confirm that, to the best of my knowledge and belief, I am in compliance with them.

I understand that failure to maintain independence or to disclose any relationships or situations that could impair independence may result in disciplinary action as per the firm's policies.

**Signature:** \_\_\_\_\_

**Date:** \_\_\_\_\_

Note: This form is subject to modification, partially or altogether without compromising on the basic theme, with prior approval of the EP/Partner of the firm.



Annexes- IV

Shahid Ahmad & Co.,  
Chartered Accountants

**RISK ASSESSMENT WORKSHEET**

Section 1: Client and Engagement Information

Client Name \_\_\_\_\_ Client Industry \_\_\_\_\_  
Engagement Type (e.g., Audit, Review, Advisory) \_\_\_\_\_ Engagement Start Date \_\_\_\_\_  
Engagement Partner \_\_\_\_\_ Assessment Date \_\_\_\_\_

Section 2: Risk Categories and Assessment

Risk Category	Likelihood	Impact	Concerns	Mitigation Measures
1. Client Integrity & Ethical Standards	(Low / Medium / High)	(Low / Medium / High)	_____	_____
2. Financial Health and Stability	(Low / Medium / High)	(Low / Medium / High)	_____	_____
3. Regulatory and Compliance Risk	(Low / Medium / High)	(Low / Medium / High)	_____	_____
4. Complexity of Engagement	(Low / Medium / High)	(Low / Medium / High)	_____	_____
5. Independence and Conflict of Interest	(Low / Medium / High)	(Low / Medium / High)	_____	_____
6. Engagement Scope and Resource Availability	(Low / Medium / High)	(Low / Medium / High)	_____	_____
7. Management Involvement and Governance	(Low / Medium / High)	(Low / Medium / High)	_____	_____

Section 3: Overall Risk Rating and Engagement Decision

Overall Risk Rating (Low / Medium / High) \_\_\_\_\_ Key Concern \_\_\_\_\_  
Final Recommendations \_\_\_\_\_  
Decision ☐ Accept Engagement ☐ Decline Engagement ☐ Proceed with Risk Mitigation  
Signatures \_\_\_\_\_ Date \_\_\_\_\_  
Prepared By \_\_\_\_\_ Date \_\_\_\_\_  
Reviewed By \_\_\_\_\_ Date \_\_\_\_\_  
Partner Approval \_\_\_\_\_ Date \_\_\_\_\_

Note: This form is subject to modification, partially or altogether without compromising on the basic theme, with prior approval of the EP/Partner of the firm.



Annexes-V

**AUDIT ENGAGEMENT LETTER**

[This letter serves as a model, ensuring that each engagement aligns with professional standards, regulatory guidelines, and the firm's commitment to quality]

No. ABC/AEL/2025

Date: \_\_\_\_\_

The Board of Directors  
ABC Limited  
Industrial Estate  
XYZ

Engagement Letter for Audit of Financial Statements for the year ended June 30, 2025

Gentlemen;

We are pleased to confirm our engagement to audit the financial statements of ABC Limited for the year ending June 30, 2025. This letter outlines the scope and objectives of our audit, our responsibilities as auditors, and the terms and conditions of our engagement.

1. Objective and Scope of the Audit

Our audit will be conducted in accordance with International Standards on Auditing (ISAs) as adopted by the Institute of Chartered Accountants of Pakistan (ICAP) and other applicable regulatory guidelines. The purpose of our audit is to express an opinion on whether the financial statements present fairly, in all material respects, the financial position of ABC Limited in accordance with International Financial Reporting Standards (IFRS). This audit will involve examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. It will also include assessing the accounting principles used, significant estimates made by management, and the overall financial statement presentation.

2. Responsibilities of Management and Those Charged with Governance

Management and those charged with governance are responsible for:

The preparation and fair presentation of the financial statements in accordance with the applicable financial reporting framework. The design, implementation, and maintenance of effective internal controls to prevent and detect fraud and error. Ensuring compliance with all relevant laws and regulations applicable to the ABC Limited. Making available to us all records, documentation, and other information necessary for the preparation and fair presentation of the financial statements and for the audit. Management is also responsible for providing us with access to information relevant to the audit, unrestricted access to persons within the entity, and additional information as we may request.



3. Auditor's Responsibilities

As your auditors, we are responsible for conducting an audit in accordance with ISAs. Our audit will provide reasonable assurance that the financial statements are free from material misstatement, whether due to fraud or error. However, due to the inherent limitations of an audit, combined with the inherent limitations of internal control, an unavoidable risk exists that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with ISAs. Our responsibility includes reporting on significant deficiencies in internal control identified during the audit, if any, and communicating audit findings as per ISA guidelines.

4. Independence

We confirm that we are independent of ABC Limited in accordance with the ICAP Code of Ethics for Chartered Accountants. We will promptly communicate any relationships or other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards applied.

5. Fees and Billing Arrangements

Our fees for the audit engagement will be [Fee Amount], based on the scope and timing of our work and the level of skill and experience required. Additional fees may apply if the audit scope needs to be adjusted due to unforeseen circumstances, including changes in regulations or additional audit requirements. We will inform you in advance of any significant adjustments to our fees.

6. Reporting

Upon completion of our audit, we will issue an audit report addressed to \*\*[Client's Name]\*\* and in a form consistent with the relevant auditing standards. The audit report will include our opinion on the financial statements and, where applicable, may include additional commentary on other matters required by the applicable regulations or ISAs.

7. Other Terms of Engagement

This engagement letter, along with the annexed terms and conditions, constitutes the entire agreement between Shahid Ahmad & Co., Chartered Accountants and ABC Limited regarding the audit engagement. Either party may terminate this engagement at any time, subject to providing written notice and resolving any outstanding obligations, including fees for work performed up to the date of termination.



8. Acknowledgement and Acceptance

Please acknowledge your agreement to the terms of this engagement by signing and returning a copy of this letter.

We look forward to working with ABC Limited, and are committed to providing quality audit services to meet your business needs.

Yours sincerely,

[Name of Engagement Partner]

*Partner*

*Shahid Ahmad & Co., Chartered Accountants*

Acknowledged and Accepted by

[ABD Limited]

Signature \_\_\_\_\_  
Name: \_\_\_\_\_  
Title : \_\_\_\_\_  
Date: \_\_\_\_\_

This Engagement Letter template is included in the Audit Quality Control Manual to establish consistency in our engagement communications, reflecting our commitment to transparency, quality, and adherence to ethical standards. Please note that this template may be modified or updated as deemed necessary by the Engagement Partner to align with evolving standards and specific client needs.



## ANNUAL TRAINING PLAN

The firm prepares an Annual Training Plan covering all staff, which links training topics to target staff, delivery method (in-house/external/online), dates, and expected outcomes. Training is explicitly connected to quality risks and review findings. Each session is assigned a responsible trainer, target skill level, required resources, follow-up actions, and evaluation method to ensure learning is applied.

### Training Management – ICQC1 Procedure (SACO)

#### 1. Purpose

The purpose of this procedure is to ensure that all SACO staff receive appropriate training to perform their duties effectively, safely, and in compliance with company and regulatory requirements.

#### 2. Scope

This procedure applies to all SACO employees, including permanent, temporary, and contract staff, across all departments.

#### 3. Responsibilities

- Department Managers: Identify training needs for their staff.
- Human Resources / Training Coordinator: Organize, schedule, and document trainings.
- Trainers: Deliver the training and evaluate effectiveness.
- Staff: Attend trainings and apply learned skills.

#### 4. Procedure

##### 4.1 Identification of Training Needs

- Training needs are identified through:
  - o Performance evaluations
  - o Job descriptions and new role requirements
  - o Regulatory or compliance requirements
  - o Internal audits or customer feedback

##### 4.2 Planning and Scheduling Training

- Training sessions are scheduled based on identified needs.
- Each training session includes:
  - o Target Staff: Employees who require the training
  - o Role: Job position of the participants
  - o Training Objectives: Goals to be achieved during training
  - o Responsible Trainer: Person delivering the training
  - o Planned Date: Scheduled date of the training



#### 4.3 Training Delivery

- Trainings can be conducted via:
  - o Classroom sessions
  - o On-the-job coaching
  - o Workshops or seminars
  - o Online courses

#### 4.4 Evaluation of Training

- Each training session is evaluated to ensure effectiveness using methods such as:
  - o Quizzes or written assessments
  - o Practical demonstrations
  - o Observation of on-the-job application
- Effectiveness is rated as: Excellent, Satisfactory, or Needs Improvement.

#### 4.5 Documentation and Follow-up

- All trainings are recorded in the ICQC1 Training Record, including:
  - o Date of training
  - o Target staff and role
  - o Training objectives and content
  - o Training need identified and method of identification
  - o Evaluation method and results
  - o Follow-up actions
  - o Responsible trainer and completion date
- Follow-up actions may include refresher trainings, additional coaching, or corrective measures.

#### 4.6 Review and Continuous Improvement

- Training records are reviewed periodically to ensure all staff maintain required competencies.
- Lessons learned and feedback are incorporated into future training plans to improve effectiveness.

### 5. References

- ICQC1 Training Record Template
- SACO HR Policy Manual



**Annexes-VII**

**TRAINING NEEDS ANALYSIS**

NAME & CRN OF THE TRAINEE: \_\_\_\_\_

Job analysis	Current duties	Training required for current role	Action plan for future development

Manager Training : \_\_\_\_\_

Director Quality Assurance: \_\_\_\_\_





Annexes-VIII

TRAINING NEEDS SUMMARY

NAME & CRN OF THE TRAINEE: \_\_\_\_\_

Name	Role	Training need identified	Identification method	Action Plan	Target date	Completion date	Remarks
Date of training	Target staff	Training objectives	Evaluation method	Follow up actions	Responsible trainer	Completion date	Training effectiveness



**Annexes-IX**

**ACCEPTANCE AND CONTINUATION OF CLIENT RELATIONSHIPS**

Sr No	Client name	Ethical Issues	Date of identification	Stage of identification	Communicated by	Communicated to EP	Withdrawal / Safeguard	Remarks
1								
2								
3								
4								
5								
6								
7								
8								
9								
10								
11								
12								
13								
14								



**Annexes-X**

**CLIENT ACCEPTANCE PROCEDURES**

Client name	Desire to act	Reason for change	Source of business	Client background and reputation	Fee issues	Scope of work	Ethical considerations	Technical competence and procedures



**Annexes-XI**

**ASSESSING FIRM CAPABILITIES AND RESOURCES**

AREA	Matters to Consider	Y/N
Industry knowledge	Do firm personnel have knowledge of the relevant industry?	
Subject matter expertise	Do staff and partners have appropriate knowledge of the subject matter involved in the engagement?	
Technical competence	Do personnel have the necessary technical skills and professional qualifications?	
Experience	Do staff have prior experience with similar engagements?	
Time availability	Are sufficient time and staffing resources available to complete the engagement within deadlines?	
Staffing levels	Are appropriate partners and staff available at all relevant levels (senior, junior, specialist)?	
Use of experts	Is there a need for specialists, and are they available if required?	
Continuity (existing clients)	For existing clients, is there adequate continuity of experienced personnel on the engagement?	



List of ISQM 1 Service Providers

International Service Providers

Names	Description of ISQM 1 Products & Services	Retail Price	Discounted Price for ICAP members
<b>1. Mercia Group Ltd.</b>			
Products and Services	<b>1. International Quality Management Manual (International)</b>  Mercia offer prices for the manual according to the number of audit partners in the firm as follows: <ul style="list-style-type: none"> <li>1 Audit Partner</li> <li>2-4 Audit Partners</li> <li>5-9 Audit Partners</li> <li>10+ Audit Partners</li> </ul> <b>Mercia is offering 10% discount to ICAP members on ISQM Manual.</b>	<b>Annual subscription</b>	<b>Annual subscription</b>
		£350	£315
		£585	£526.50
		£820	£738
Features of the product		Price on application	Price on application
	<b>2. ISQM trainings</b>	£199	
	<b>3. ISQM reviews</b>	Price on booking	
Features of the product	The ISQM Manual (International) can be browsed online or downloaded in <b>Microsoft Word or PDF</b> .  <b>Manual includes:</b> <ul style="list-style-type: none"> <li>Database of potential risk assessment tool.</li> <li>Quality control checklists.</li> <li>Quality management policies.</li> <li>Staff appraisal forms and processes</li> </ul> <b>Contents of the Manual includes:</b> <ul style="list-style-type: none"> <li>General requirements of developing a system of quality management.</li> <li>ISQM 1 risk assessment:                             <ul style="list-style-type: none"> <li>Risk assessment tool and example quality management policy.</li> <li>Template – Assessing your Service Provider</li> <li>Template – Annual declaration form for individuals</li> <li>Template – Fit &amp; proper form for staff</li> </ul> </li> </ul>		



### List of ISQM 1 Service Providers

Names	Description of ISQM 1 Products & Services	Retail Price	Discounted Price for ICAP members
	<ul style="list-style-type: none"> <li>Staff appraisal form</li> <li>ISQM 1 Monitoring and Remediation:                             <ul style="list-style-type: none"> <li>Example quality management policy and quality control procedures program.</li> <li>Internal quality control checklist.</li> <li>Cold file review summary and review checklist.</li> <li>Root cause analysis program.</li> </ul> </li> <li>Support with other ISQM requirements -networks.</li> <li>ISQM 2 engagement quality review:                             <ul style="list-style-type: none"> <li>Example engagement quality review policy and EQ engagement forms</li> </ul> </li> </ul>		
How does it cater the bespoke nature of ISQM?	Risk assessment database with over 100 risks.		
	<b>Training Modules:</b>  There are 3 online on demand training modules which cover following areas: <ol style="list-style-type: none"> <li>Monitoring and Remediation (1 hour)</li> <li>Root cause analysis (1.5 hour)</li> <li>The annual evaluation (1.5 hour)</li> </ol>		
Web link:	<a href="https://www.mercia-group.com/support-overview/isqm/">https://www.mercia-group.com/support-overview/isqm/</a>		
Contact details	Hannah Howe FCA, Key Accounts Director <a href="mailto:Hannah.Howe@mercia-group.com">Hannah.Howe@mercia-group.com</a> Telephone: 0116 258 1203		
<b>2. PCP (Proactive Consulting for Practitioners Limited)</b>			
<b>Products and Services</b>	• <b>ISQM Manual (International) (One - time purchase)</b>	£350	£280
	• Online ISQM 1 Training Tool	£125 (likely to increase to £175)	£100
	• ISQM package (ISQM Manual + 12-month access to training)	£425 (likely to increase to £475)	£340



### List of ISQM 1 Service Providers

Names	Description of ISQM 1 Products & Services	Retail Price	Discounted Price for ICAP members
	<b>Discount available to ICAP members</b> (ISQM Manual + 12-month online training)	20%	
	<b>Discount code for ICAP members</b>	"ICAP20"	
	- ISQM reviews	Price on booking	
Features of the product	<p><b>ISQM Manual</b> comprise of three volumes:</p> <ol style="list-style-type: none"> <li>1. Risk Assessment;</li> <li>2. Policies and Procedures; and</li> <li>3. Templates and Forms, including a section on root cause analysis.</li> </ol> <p><b>PCP's Training Modules</b> are divided into four pre-recorded sections, totaling approximately 4 hours, and cover ISQM 1 generally.</p> <p>The training includes presentation slides, can be viewed multiple times by the purchaser.</p>		
Who is the target audience?	Various sizes of firms.		
How does it cater the bespoke nature of ISQM?	Customizable Toolkit.		
Access limited to a single user or shared across multiple team members	Can be used by multiple team members after one time purchase by the firm.		
Web link:	<p><a href="https://www.pcplimited.com/shop/">https://www.pcplimited.com/shop/</a></p> <p>(On purchase from the PCP online shop practitioners are provided with their own dedicated account where they are able to access and download PCP products. A discount code to be used by ICAP members when checking out from the online shop).</p>		
Contact details	<p>Margaret - <a href="mailto:Margaret@pcplimited.com">Margaret@pcplimited.com</a></p> <p>Director: Michael Scott - <a href="mailto:Michael@pcplimited.com">Michael@pcplimited.com</a></p>		

### List of ISQM 1 Service Providers

Names	Description of ISQM 1 Products & Services	Retail Price	Discounted Price for ICAP members
<b>3. Croner-I Quality Management Tool</b>			
Products and Services	<p>ISQM contents are included in <b>Audit Quality and Compliance program</b> area of Navigate Audit</p> <ul style="list-style-type: none"> <li><u>3 years</u> <ul style="list-style-type: none"> <li>1<sup>st</sup> user</li> <li>Additional users</li> </ul> </li> <li><u>5 years</u> <ul style="list-style-type: none"> <li>1<sup>st</sup> user</li> <li>Additional users</li> </ul> </li> </ul> <p><b>Insight courses (Audit and Accounting CPD)</b></p> <ul style="list-style-type: none"> <li><u>3 years</u> <ul style="list-style-type: none"> <li>1<sup>st</sup> user</li> <li>Additional users</li> </ul> </li> <li><u>5 years</u> <ul style="list-style-type: none"> <li>1<sup>st</sup> user</li> <li>Additional users</li> </ul> </li> </ul> <p><i>*Guidance and tools are based on the UK version of ISQM (UK) 1. The UK standard contains everything that is in the international standard but has some additions highlighted in grey on our platform and so are easy for your users to spot.</i></p>	<p>£54 / month £10.8/ month</p> <p>£48 / month £9.6 / month</p> <p>£45 / month £6.75/ month</p> <p>£40 / month £6 / month</p>	
Features of the product	<p><b>Sections</b> of ISQM includes:</p> <ol style="list-style-type: none"> <li><a href="#">Overview and scope of ISQM (UK) 1</a></li> <li><a href="#">The ISQM (UK) 1 risk assessment process</a></li> <li><a href="#">Components of the quality management system</a></li> <li><a href="#">Evaluating the quality management system</a></li> <li><a href="#">Documentation of the quality management system</a></li> <li><a href="#">Monitoring and remediation under ISQM (UK) 1</a></li> <li><a href="#">Networks under ISQM (UK) 1</a></li> <li><a href="#">Service providers under ISQM (UK) 1</a></li> </ol> <p><b>Tools</b> available are:</p> <ol style="list-style-type: none"> <li><a href="#">Quality Management Tool</a> (contains risk list of all the required objectives, risk identification phase, Progress checklist, many to one / one to many mapping of objectives, Monitoring and Remediation tab etc.)</li> </ol>		



### List of ISQM 1 Service Providers

Names	Description of ISQM 1 Products & Services	Retail Price	Discounted Price for ICAP members
	<p>2. <a href="#">Record of Findings Tool</a> (collate all your findings and then determine which are considered to be a deficiency requiring a root cause analysis to be performed).</p> <p>3. <a href="#">Root Cause Analysis Tool</a> (that can help you to perform RCA and to bring issues on surface)</p> <p>4. Example Files showing how the QM tool and RCA tool can be used.</p> <p><b>Insight courses</b> on ISQM 1 includes the following features:</p> <ol style="list-style-type: none"> <li>15 – 30 minutes in length.</li> <li>Includes knowledge check questions, resources and a certificate of completion.</li> </ol>		
Web link:	<a href="https://library.cronerl.co.uk/coh_uk/naagm-02/gm1-1">https://library.cronerl.co.uk/coh_uk/naagm-02/gm1-1</a>		
Who is the target audience?	Various sizes of firms.		
How does it cater the bespoke nature of ISQM?	Flexibility for firms to edit and customize the toolkit as needed.		
<b>4. Insight training UK</b>			
Products and Services	- ISQM Toolkit	£250 + VAT	
	- ISQM Risk Assessment Questionnaire	Free	
	- Training, Consultancy and Workshops (ISQM)	Price available on booking	
	- ISQM Reviews		
Features of the product	<p><b>ISQM Toolkit</b> comprise of three parts:</p> <ol style="list-style-type: none"> <li>Quality objectives and risks</li> <li>Risk assessment and responses</li> <li>Monitoring and remediation</li> </ol> <ul style="list-style-type: none"> <li>Toolkit prompts for several likely risk areas; it doesn't contain a 'bank' of these and certainly doesn't set out a list of preloaded responses.</li> <li>Toolkit includes a resource pack with additional documents.</li> </ul>		

**List of ISQM 1 Service Providers**

<b>Names</b>	<b>Description of ISQM 1 Products &amp; Services</b>	<b>Retail Price</b>	<b>Discounted Price for ICAP members</b>
	<p><b>Risk assessment questionnaire</b> comprise of 40 questions pertaining to following topics:</p> <ol style="list-style-type: none"> <li>1. Governance and leadership</li> <li>2. Ethics</li> <li>3. Acceptance and continuance</li> <li>4. Engagement performance</li> <li>5. Human resources</li> <li>6. Other resources</li> <li>7. Information and communication</li> <li>8. Monitoring and remediation</li> </ol>		
Web link:	<a href="https://insight-training.co.uk/isqm/">https://insight-training.co.uk/isqm/</a>		
Who is the target audience?	Firms with fewer than ten audit partners and 100 audits.		
How does it cater the bespoke nature of ISQM?	<ul style="list-style-type: none"> <li>• The documents (in Microsoft Word format)</li> <li>• Provide space for you to identify and assess the quality objectives, the quality risks your firm faces and the responses you need to adopt.</li> </ul>		
<b>5. Falconry360</b>			
<b>Products and Services</b>	<p>Falconry360 enables firms to digitalize their ISQM-1 compliance through automation, integration, and inspection-ready documentation. Through the ISQM-1 Module of Falconry360, firms can:</p> <ul style="list-style-type: none"> <li>• Establish a central risk and control repository aligned with ISQM-1 requirements, covering governance, ethics, client acceptance, engagement performance, human resources, and information systems.</li> <li>• Document and track deficiencies with built-in findings register linked directly to remedial actions and closure status.</li> <li>• Automate workflows for monitoring activities, periodic evaluations, and annual assessments of the SoQM.</li> <li>• Leverage dashboards and reporting to give leadership and partners a real-time view of quality objectives, risks, and remediation progress.</li> <li>• Integrate with other Falconry360 modules (e.g., AML/KYC, performance management, cybersecurity, and training) to</li> </ul>	AED 2,500/- per month	AED 2,200/- per month



### List of ISQM 1 Service Providers

Names	Description of ISQM 1 Products & Services	Retail Price	Discounted Price for ICAP members
	<p>ensure quality management is not siloed but embedded across the firm's operations.</p> <ul style="list-style-type: none"> <li>Support inspections and regulatory reviews by providing inspection-ready documentation, audit trails, and evidence of monitoring, evaluation, and remediation activities.</li> </ul>		
	<p><b>Operationalisation Modules</b></p> <p><b>Engagement Management</b> Streamlines client onboarding and engagement decisions through risk scoring, automated approvals, and regulator-aligned documentation.</p> <p><b>Learning</b> Provides a centralized training hub with automated assignments, CPD/CPE tracking, and performance integration.</p> <p><b>Timesheet Management</b> Captures staff effort with digital timesheets, approval workflows, and utilization tracking, linking time to engagements and enabling productivity, budgeting, and ISQM-1 compliance.</p> <p><b>Cyber &amp; Privacy</b> Safeguards firm and client data with ISO/GDPR-aligned controls, risk assessments, breach management, and dashboards, ensuring cyber resilience and privacy compliance.</p> <p><b>Performance Management</b> Delivers structured appraisals, role-based KPIs, and quality-linked feedback with integration to learning and ethics.</p>	Add-on modules available separately (pricing on request).	
<b>Target Audience</b>	<p>Falconry360 caters to:</p> <ul style="list-style-type: none"> <li>Small firms: affordable entry point with preloaded libraries and simplified workflows.</li> <li>Mid-tier firms: integrated modules without heavy IT investment.</li> <li>Large firms: scalable dashboards, KPIs, KRIs, and inspection-ready automation.</li> </ul>		
<b>How does it cater the bespoke nature of ISQM?</b>	Customizable Objectives, Risks and Controls library for each ISQM-1 component with standard risks integrated into the module, editable templates for different firm sizes, assignment of control owners, one-click dashboard insights for Risk leaders across the firm with integrated KPIs and KRIs.		

**List of ISQM 1 Service Providers**

Names	Description of ISQM 1 Products & Services	Retail Price	Discounted Price for ICAP members
<b>Web link</b>	<a href="https://www.firmgrc.com">https://www.firmgrc.com</a> <a href="https://falconry360.com/firmsgrc/">https://falconry360.com/firmsgrc/</a>		
<b>Contact Details</b>	Mr. Uzair Aman, ACA Senior Manager – GRC Solutions, Falconry LLC. <a href="mailto:contact@falconry.solutions">contact@falconry.solutions</a>		
<b>6. Scribd</b>			
Products and Services	<ul style="list-style-type: none"> <li>Auditing documents (quality management manuals etc.)</li> <li>ISQM Test Checklist 2024</li> </ul>	Free trial 30 days, then \$9.99/month	
Web links:	<a href="https://www.scribd.com/document/717124539/International-Standards-on-Quality-Management-part-1-ISQM-1">https://www.scribd.com/document/717124539/International-Standards-on-Quality-Management-part-1-ISQM-1</a> <a href="https://www.scribd.com/document/697469809/ISQM-Test-Checklist-2024">https://www.scribd.com/document/697469809/ISQM-Test-Checklist-2024</a>		
<b>7. HAT ISQM Pack</b>			
Products and Services	ISQM 1 pack (on-demand training, risk assessment documentation, completed risk assessment)	£400 + VAT	
Features of the product	ISQM 1 pack includes the following: <ul style="list-style-type: none"> <li>ISQM 1 compliance pack containing risk assessment and annual review documentation.</li> <li>Audit Regulatory and ISQM procedures pack</li> </ul>		
Web link:	<a href="https://hatgroup.co.uk/isqm-1-support/">https://hatgroup.co.uk/isqm-1-support/</a>		
Who is the target audience?	From sole practitioners to firms with around a dozen partners		
How does it cater the bespoke nature of ISQM?	The ISQM pack is issued in Word format with a guide on what must be completed and tailored. Firms can add additional guidance or cross-reference to existing procedures.		

### List of ISQM 1 Service Providers

Names	Description of ISQM 1 Products & Services	Retail Price	Discounted Price for ICAP members
<b>8. Info QMS</b>			
Products and Services	Quality Management Solution (QMS creation, risk management, task management)	Price on booking	
Web link:	<a href="https://www.info.com/quality-management/">https://www.info.com/quality-management/</a>		
Who is the target audience?	Scalable to any firm's size		
How does it cater the bespoke nature of ISQM?	Flexibility to tailor the system to a firm's specific needs through easy customization screens.		
<b>9. Zampa partners</b>			
Products and Services	<ul style="list-style-type: none"> <li>ISQM assessment</li> <li>Customized training</li> <li>Review of completed engagements</li> </ul>	Price on booking	
Services offered	<ol style="list-style-type: none"> <li>Assisting firms in drafting ISQM 1 manual.</li> <li>Review of ISQM 1 manual</li> <li>Assessment of firms' risk assessment procedures</li> <li>Design and implementation of monitoring activities</li> <li>Guidance on annual requirement to carry out evaluation of the firms' system of quality management.</li> </ol>		
Web link:	<a href="https://zampapartners.com/services/audit-engagement/">https://zampapartners.com/services/audit-engagement/</a>		

### Local Service Providers

<b>1. Muhammad Ahsan &amp; Co. Chartered Accountants</b>	
<b>Services offered</b>	- Updating existing quality control policies and procedures to align them with ISQM 1 and ISQM.
	- Capacity-building programs and training sessions
	- Engagement quality reviews and cyclical reviews
	- Annual or interim evaluations of system of quality management
<b>Contact Person</b>	Mohammed Ahsan - <a href="mailto:ahsan@mahsanco.com">ahsan@mahsanco.com</a>



**Peshawar**

**19-A, Jamrud Lane University Town, Peshawar**

**Telephones: (091) 5701605-5701606-5701607**

**Email: [info@saco.com.pk](mailto:info@saco.com.pk), [shahidfca@accountant.com](mailto:shahidfca@accountant.com)**